PROVINCIAL TREASURY

ANNUAL REPORT VOTE 12

2020/21

Province of the
EASTERN CAPE
PROVINCIAL TREASURY

Province of the
EASTERN CAPE
PROVINCIAL TREASURY

ANNUAL REPORT
VOTE 12

2020/21FINANCIAL YEAR

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EASTERN CAPE PROVINCIAL TREASURY

DEPARTMENTAL DETAILS

PHYSICAL ADDRESS:
Tyamzashe Building
Phalo Avenue
Bhisho
5605

POSTAL ADDRESS:
Eastern Cape Provincial Treasury
Private Bag X0029
Bhisho
5605

Ms Nomawethu Skoti-Mawonga
Tel: (040) 101 0157
Fax: (040) 101 0725
Email: nomawethu.skoti@ectreasury.gov.za

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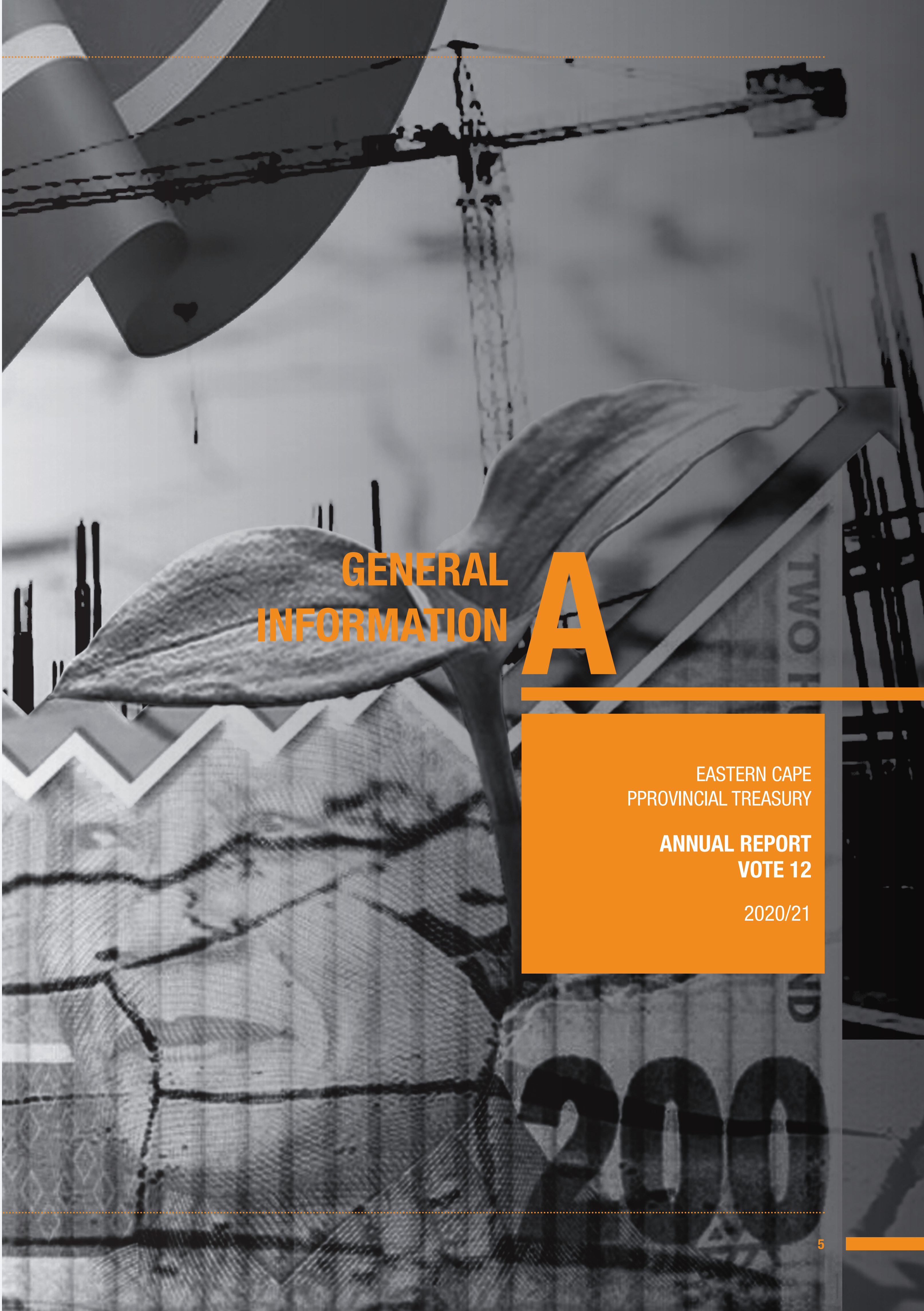

GENERAL INFORMATION

A

EASTERN CAPE
PPROVINCIAL TREASURY

ANNUAL REPORT
VOTE 12

2020/21

1. PART A: GENERAL INFORMATION

1.1 DEPARTMENT'S GENERAL INFORMATION

EASTERN CAPE PROVINCIAL TREASURY

DEPARTMENTAL DETAILS

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1.2 LIST OF ABBREVIATIONS

AC	Audit Committee	**KRAs**	Key Result Areas
ACCF	Audit Committee Chairpersons Forum	**KSD**	King Sabata Dalindyebo
AFS	Annual Financial Statements	**MCS**	Modified Cash Standards
AG-SA	Auditor General South Africa	**MEC**	Member of the Executive Council
AO	Accounting Officer	**MFMA**	Municipal Finance Management Act
APP	Annual Performance Plan	**MoA**	Memorandum of Agreement
BAS	Basic Accounting System	**MPAC**	Municipal Public Accounts Committee
B-BBEE	Broad-Based Black Economic Empowerment	**MPAT**	Management Performance Assessment Tool
BPM	Business Process Mapping	**MTBPS**	Medium Term Budget Policy Statement
CAE	Chief Audit Executive	**MTEC**	Medium Term Expenditure Committee
CBC	Cabinet Budget Committee	**MTEF**	Medium Term Expenditure Framework
CD	Chief Director	**MTSF**	Medium Term Strategic Framework
CFO	Chief Financial Officer	**MSCOA**	Municipal Standard Chart of Accounts
CoE	Compensation of Employees	**MuniMEC**	Municipalities and Member of the Executive Council
COGTA	Cooperative Governance and Traditional Affairs	**NDP**	National Development Plan
COI	Conflict of Interest	**NHI**	National Health Insurance
COVID-19	Corona Virus Disease – 2019	**NQF**	National Qualifications Framework
CRO	Chief Risk Officer	**NTR**	National Treasury Regulations
CSD	Central Supplier Database	**OD**	Organisational Development
DC	District Committee	**OHS**	Occupational Health and Safety
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	**OHSA**	Occupational Health and Safety Act
DFI	Development Finance Institute	**OTP**	Office of The Premier
DoE	Department of Education	**PAIP**	Provincial Audit Improvement Plan
DoH	Department of Health	**PCMT**	Provincial Coordinating Monitoring Team
DoRA	Division of Revenue Act	**PDP**	Provincial Development Plan
DPSA	Department of Public Service and Administration	**PERSAL**	Personnel and Salary System
DPW	Department of Public Works	**PFMA**	Public Finance Management Act
DRDAR	Department of Rural Development and Agrarian Reform	**PIAS**	Provincial Internal Audit Services
DSL	Department of Safety and Liaison	**PISF**	Provincial Infrastructure Strategic Framework
DSRAC	Department of Sports, Recreation, Arts and Culture	**PMG**	Paymaster General
EAP	Employee Assistance Programme	**PMDS**	Performance Management and Development System
ECPT	Eastern Cape Provincial Treasury	**PPP**	Public Private Partnership
ECPGDSC	Eastern Cape Provincial Government Debt Steering Committee	**PRF**	Provincial Revenue Fund
EWMP	Employee Wellness Management Policy	**PSETA**	Public Service Sector Education and Training Authority
EWP	Employee Wellness Programme	**PSC**	Public Service Commission
EXCO	Executive Council	**PSCBC**	Public Service Co-ordinating Bargaining Council
FASSET	Finance and Accounting Services Sector Education and Training Authority.	**PSLVDC**	Provincial State Land Vetting and Disposal Committee
FFC	Finance and Fiscal Commission	**QAR**	Quality Assurance reviews
FIDPM	Framework for Infrastructure Delivery and Procurement Management	**QLFS**	Quarter Labour Force Survey
FIS	Financial Information System	**RMC**	Risk Management Committee
FM	Financial Management	**RMCCF**	Risk Management Committee Chairpersons Forum
FMAF	Financial Management Accountability Framework	**SA**	South Africa

FMCMM	Financial management capability maturity model	SAPS	South African Police Service
GAAP	Generally Accepted Accounting Practice	SABC	South African Broadcasting Corporation
GEMS	Government Employees Medical Scheme	SALGA	South African Local Government Association
GPEF	Government Pension Employment Fund	SANRAL	South African National Road Agency Limited
GRAP	Generally Recognised Accounting Practice	SAQA	South African Qualifications Authority
GTAC	Government Technical Advisory Centre	SARS	South African Revenue Service
GWEA	Government Wide Enterprise Architecture	SETA	Sector Education Training Authority
HDI	Historically Disadvantaged Individuals	SEZ	Specialised Economic Zone
HIBP	Have-I-Been-Paid	SCM	Supply Chain Management
HoD	Head of Department	SCMO	Supply Chain Management Office
HR	Human Resource	SCOA	Standard Chart of Accounts
HRD	Human Resource Development	SCOPA	Select Committee on Public Accounts
HRIP	Human Resource Improvement Plan	SDIP	Service Delivery Improvement Plan
HRM	Human Resource Management	SHERQ	Safety , Health, Environment, Risk and Quality
HRP	Human Resource Plan	SIPDM	Standard for Infrastructure Procurement and Delivery Management
IA	Internal Audit	SITA	State Information Technology Agency
IBAC	Interim Bid Advisory Committee	SMS	Senior Management Service
ICT	Information and Communications Technology	SMMEs	Small, Medium and Micro-Enterprises
IDMS	Infrastructure Delivery Management System	SPU	Special programmes Unit
IIASA	Institute of Internal Auditors of South Africa	S&T	Subsistence and Travel
IFMS	Integrated Financial Management Systems	TVET	Technical and Vocational Education Training
IKM	Innovations and Knowledge Management	ToR	Terms of Reference
IPPF	International Professional Practices Framework	TRM	Transversal Risk Management
IT	Information Technology	SOP	Standard Operating Procedures
LED	Local Economic Development	SDM	Service Delivery Model
LEDPF	Local Economic Development Procurement Framework	UAMP	User Asset Management Plan
LOGIS	Logistical Information System	UPS	Uninterrupted Power Supply

1.3 FOREWORD BY THE MEC

Mlungisi Mvoko
Honourable MEC for Finance

The outbreak of Coronavirus came at a time the country was faced with the distressing results of an economic slump. The pandemic has further stifled the economic growth prospects. This necessitated the Eastern Cape Provincial Government to dedicate all its efforts in alleviating the consequences thereof. Despite these challenges, the Provincial Treasury remained resolute in addressing the challenges to ensure financial sustainability by implementing its mandate of ensuring sound financial management and governance towards improving service delivery in the province.

Tight fiscal discipline was exercised, especially in light of the further budget cuts that have been implemented for the 2020 MTEF and subsequent reprioritisation as a result of the pandemic. Subsequently, strategic plans and budget had to be adjusted to accommodate the new challenges we faced in the year under review.

The challenges of electricity outages and the persistent drought that threatens food security did not spare the Eastern Cape Province. These challenges in a rural province like ours beset by high unemployment especially among the youth, had a negative impact on the implementation of government priorities.

Notwithstanding, we made strides in implementing the key strategic priorities we committed on. We implemented cost containment measures and prioritisation of expenditure on core service delivery programmes to ensure that the province moves from consumption expenditure to investment spending. Although the prevalence of COVID-19 forced us to readjust our own revenue collection targets, we still managed to over collect due to our efforts to increase the own revenue sources. We participated in the Provincial Coordinating Monitoring Team (PCMT) and centralised Persal to optimise the utilisation of human capital.

The Performance Expenditure Review Exercise we embarked on identified areas for savings. The interventions in the Departments of Health and Education were embarked upon. The recommendations of the study on the increase of accruals and payables in these departments will assist us in maintaining the liquidity of the Provincial Revenue Fund.

Supply Chain Management Reforms which entail support to SMMEs through preferential procurement and payment of suppliers within 30 days were prioritised in the year under review. The HAVE I BEEN PAID invoice tracking system assisted in improving the turnaround time for payment of suppliers.

We continued with the Infrastructure Support which enhances infrastructure planning and delivery. Gateway reviews were conducted with the aim to deliver infrastructure in a cost effective way.

We enhanced Provincial and Municipal Governance and Accountability to improve financial management, audit outcomes and delivery of services in the Province through, amongst other measures, enforcing the Financial Management Accountability Framework. Working with the Office of the Premier and the Department of Corporate Governance and Traditional Affairs, we participated in measures taken to implement the District Development Model aimed at promoting integration and collaboration in the province.

The ongoing development of staff through various training programmes and change management initiatives remains key to the accomplishment of the department's strategic outcomes. Let me thank the Head of Department, Mr Daluhlanga Majeke, and the Provincial Treasury staff for their support and hard work.

I, Mlungisi Mvoko, MEC for Finance, in terms of the requirements of Section 65(1) (a) of the Public Finance Management Act and Chapter 1 of the Public Service Regulations, do hereby table the Annual Report for the 2020/21 financial year.

……………………………………………………………………

HONOURABLE MLUNGISI MVOKO
MEC FOR FINANCE

DATE: 31 AUGUST 2021

1.4 REPORT OF THE ACCOUNTING OFFICER

Mr D Majeke
Accounting Officer

In the year under review, the Department once again remained committed to implementing policies that enhanced sound financial management in the Province for the acceleration of service delivery based on government priorities. The 2020/21 financial year was characterised by the COVID-19 pandemic and its restrictions that disrupted operations. It became increasingly necessary for the department to reconsider its operations to adjust to the changed circumstances. This necessitated adjustment in our strategies and plans and the state of affairs affected organisational performance.

The department implemented relevant health protocols to secure the workplace in line with the government's risk adjusted strategy. Hence the department's focus on ICT and technology to ensure business continuity to enable staff to work remotely. A remote working policy was developed that provided guidance to flexible working arrangements and working from home to contain the negative impact of the pandemic on the workforce.

With the economic outlook still highly uncertain and the economic activity restricted to contain the spread of coronavirus, appropriate measures had to be taken to stabilise provincial finances. The challenge was to balance socio-economic imperatives with measures that promote fiscal prudence in the province. Fiscal consolidation measures continued to be enforced through the implementation of cost containment measures by prioritising funds on key service delivery areas rather than on non-core items, whilst also improving governance and oversight in the Province. The introduction of zero based budgeting, instead of the conventional incremental budgeting, was initiated to determine appropriate departmental baselines in Provincial departments. This exercise further helped to align spending with strategic outcomes and service delivery priorities, and eliminated inefficiencies on expenditure thus strengthening allocative efficacy. Personnel appointments of Provincial departments continued to be authorized centrally on PERSAL in line with Provincial Coordinating Monitoring Team (PCMT) approvals. These measures were meant to enforce adherence to cost containment and curb the unsustainable rise in personnel costs in the province.

Despite the negative impact on tax revenues due to economic contraction brought about by COVID-19, strategies to enhance and increase provincial revenue continued to provide positive results amid the tight fiscal environment. As at 31 March 2021, the province collected an amount of R1. 576 billion[1] (IYM of pre-audited AFS) against the projected targeted amount of R1.062 billion and thus recorded an over collection of R514.873 million. The Provincial Revenue Fund (PRF) continues to be carefully managed to mitigate liquidity risks.

Regardless of some delays, the rationalisation of provincial public entities is on course to strengthen and improve financial management and governance in these entities in order to maximise economic benefits to the province. PT is working with departments to streamline the functions of public entities.

To improve procurement efficiencies, Provincial Treasury continued to identify a number of opportunities for transversal contracting, capacitation of suppliers on opportunities available to enable SMMEs to do business with government, including registration on Central Supplier Database and LOGIS. The Department continued to prioritise the SMME development inclusive of women, persons with disabilities and youth, with a special focus on local procurement.

Efforts were intensified in monitoring the implementation of the procurement plans to eradicate delays in service delivery. We continued to confront head-on the unethical tendency of government employees doing business with the state by identifying the wrongdoers and escalating such to their respective departments.

1. This figure is subject to change, post final audited IYM figures.

The implementation of LED Procurement Framework continues to be prioritised. Provincial departments are supported to promote local content and procurement opportunities for local suppliers. Special focus is on SMME development, preferential procurement (that includes designated groups) and payment of creditors within a 30-day period. The department continued to take on average less than 10 days to pay suppliers as part of continuous improvement of payment cycle of creditors in support of SMMEs. During the period under review, the department procured goods and services from local suppliers amounting to R8.9 million. The implementation of the invoice tracking application (HIBP system) that assists suppliers to enquire about the outstanding invoices online is ongoing.

Provincial Treasury continued to provide support to infrastructure delivery in the Province in line with the Provincial Infrastructure Strategy. Despite ongoing challenges on infrastructure development and maintenance, strides are being made in institutionalising the implementation of well-defined infrastructure processes in order to achieve effective infrastructure delivery in all spheres of government. PT assisted Infrastructure Departments to revise and reprioritize infrastructure plans in preparation for the special adjustment budget due to COVID-19 pandemic. The support given to the Department of Health and the Department of Education regarding infrastructure plans has led to both departments receiving incentive funding of R63.3 million and R78.1 million respectively. Ongoing support is being provided to departments to implement the Framework for Infrastructure Delivery and Procurement Management (FIDPM) and align infrastructure projects to the District Development Model to strengthen integrated infrastructure planning, procurement and delivery across the infrastructure value chain. Infrastructure grants spending is being closely monitored at both provincial and local spheres.

PT continues to use the Financial Management Accountability Framework to promote accountability and fiscal discipline in the departments. Breaches of the Accountability Framework standards are escalated to the Executive Authorities of departments. In an effort to improve audit outcomes, we continued to co-ordinate audit improvement strategies through monitoring the implementation of the Provincial Audit Intervention Plan and analysis of audit action plans in municipalities. Ongoing financial management and governance support continued to be provided to provincial departments and municipalities (including mSCOA implementation).

Notwithstanding the challenging workplace environment, the department cumulatively achieved 25 or 89% of the planned 28 Annual Performance Plan (APP) indicators as at 31 March 2021 and spent R373.238 million (97%) against the projected expenditure target of R384.579 million.

The accomplishment of the department’s strategic priorities is linked to the ongoing development of staff through various training programmes and change management initiatives. PT continued to prioritise 50% minimum representation of women in management training and development programmes.

Our customer care initiatives continue to ensure that services are delivered to our clients in accordance with Batho Pele principles. The key component of the Invoice Tracking System is customer care to ensure that supplier invoice queries are addressed. Customer complaints received and logged through the Presidential Hotline were resolved.

As at 31 March 2021, the department’s vacancy rate was at 1.7%, which is below the public sector 10% threshold. The average days to fill posts stood at 121 days as at 31 March 2021, which is above the set national standard of 90 days. Implementation of the department’s employment equity strategy is ongoing with a view to achieving set equity targets. The gender profile of the department stands at 59% female and 41% male. Females at SMS level are at 44%. Males at SMS level are at 56%, whilst people with disabilities constitute 1.5% of the total staff establishment. The department continued to recruit youth in Internship and Learnership Programmes. The employment of interns, which is part of the Departmental Youth Strategy, stood at 7.2% of the total establishment, above the minimum requirement of 5%, as at 31 March 2020. Youth comprise 32% of the total staff establishment.

Despite the challenging operational and service delivery environment due to the outbreak of the COVID-19 pandemic early in 2020, further worsened by shrinking financial resources, the department still managed to make steady progress towards realising strategic outcomes.

Departmental Receipts

Table 1.4.1: Departmental Receipts

Departmental receipts	2020/2021			2019/2020		
	Estimate	Actual Amount Collected	(Over)/ Under Collection	Estimate	Actual Amount Collected	(Over)/ Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	249	216	33	236	215	21
Interest, dividends and rent on land	113 897	513 005	(399 108)	107 959	947 730	(839 771)
Transactions in financial assets and liabilities	836	94	742	792	2	790
Total	**114 982**	**513 315**	**(398 333)**	**108 987**	**947 947**	**(838 960)**

The total departmental receipts as indicated in the table above amounted to R513.315 million for the 2020/21 financial year against a budget of R114.982 million. An amount of R513.005 million was earned from interest on investments made from the Provincial Revenue Fund.

The other source of revenue is the amount collected from commission on insurance deductions and garnishee orders from employees of the department.

Financial transactions in assets and liabilities are recoveries from previous financial years and they vary from year to year.

Bad debts written off

The amount of bad debts written off for 2020/21 financial year is R176,095.92. The write-off pertains to interest and penalties incurred by South African Revenue Services (SARS) due to the late payment of VAT on Microsoft licenses.

Interest, dividends and rent on land

The department received higher interest than projected. The major driver is the interest earned through the Provincial Revenue Fund.

Departmental Expenditure

Table 1.4.2: Departmental Expenditure

Programme Name	2019/2020			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	157 057	150 563	6 494	172 354	157 462	14 892
Sustainable Resource Management	72 610	70 485	2 125	72 432	70 473	1 959
Asset and Liabilities Management	25 604	24 644	960	27 039	26 135	904
Financial Governance	82 875	81 619	1 256	97 075	90 439	6 636
Municipal Financial Governance	46 433	45 927	506	80 157	76 725	3 432
Total	**384 579**	**373 238**	**11 341**	**449 057**	**421 234**	**27 823**

The department underspent its budget by R11.341 million from an adjusted budget of R384.579 million. Departmental under spending decreased compared to the 2019/20 financial year where underspending amounted to R27.823 million. This is mainly due to underspending in goods and services and payments for capital assets.

The reasons for under spending in Compensation of Employees (CoE) is mainly due to staff attrition.

The main contributors to underspending in goods and services are:

- Consultancy Fees - Provisions made for provincial interventions were not fully utilised since no further interventions were required, resulting in savings. Delays were experienced with Change Management projects due to the global COVID-19 pandemic. Provincial Expenditure and SCM Review project conducted by GTAC was delayed due to the global COVID-19 pandemic. A rollover was requested for the unspent funds in respect of Change Management projects, Provincial Expenditure and SCM Review projects.
- Computer Services - Delays in the completion of the ICT Strategy Review due to the global COVID-19 pandemic. A rollover was requested for the unspent funds.
- Training and Development - Planned trainings could not be undertaken due to the global COVID-19 pandemic.
- Contractors - The bid for Unified Communication Services (UCS) was cancelled due to non-responsiveness. A rollover was requested for the unspent funds.
- Legal Fees - Savings were realised in provisions for litigations since no claims were forthcoming.
- Fleet Services - Lower usage of departmental vehicles resulted in savings.
- Communication – Savings were realised due to lower airtime and data claims as well as provisions made for maintenance of the UCS. The UCS bid was cancelled due to non-responsiveness. A rollover was requested for the unspent funds.
- Forensic Investigations - Delays were encountered in obtaining information from Department of Human Settlements in respect of SCM forensic investigations. Provincial COVID-19 expenditure investigations were put on hold as the set deliverables were not met by the service provider. A rollover was requested for the unspent funds.

Underspending in transfers and subsidies pertains to non-receipts of statements from institutions in respect of non-employee bursaries.

- The underspending in payment for capital assets is mainly due to:
- UCS - The bid was cancelled due to non-responsiveness.
- Delays experienced in the procurement of printers due to incorrect specifications quoted by service providers.
- The SITA procurement process for laptops took much longer than anticipated.

A rollover was requested for these unspent funds.

Virements

The department recorded the following virements due to a shortfall emanating from posts which were filled earlier than anticipated as well as a shortfall on performance incentives:

- Savings amounting to R159 000 was shifted from Programme 4: Financial Governance to Programme 1: Administration.
- Savings amounting to R348 000 was shifted from Programme 5: Municipal Financial Governance to Programme 1: Administration.
- Savings amounting to R204 500 was shifted from Programme 5: Municipal Financial Governance to Programme 2: Sustainable Resource Management.

Roll overs

The department applied for a rollover amounting to R6.013 million in 2021/22 from 2020/21 financial year. This is in respect of UCS, finalization of the Departmental ICT Strategy, Change Management projects, Capital Budget (Desktop Printers, Computer Laptops and UCS), finalization of the Provincial Expenditure and SCM Review project conducted by GTAC and the finalization of SCM and COVID-19 Expenditure forensic investigations.

Unauthorised, fruitless and wasteful expenditure

The department has no unauthorised expenditure for the year under review. The department incurred irregular expenditure amounting to R89 479.40 during the year under review. This pertains to non-compliance with National Treasury Notice 5 of 2020/21 on the procurement of personal protective equipment as well as non-compliance with SCM policy on the procurement of recruitment agency services. The department also has a prior year balance of R89 545 due to non-compliance with SCM delegations on the procurement of accommodation for a new appointee as well as contract amount exceeded for Provincial SCM training. These cases are under investigation.

The department incurred fruitless and wasteful expenditure of R176 095.92 during the year under review. This pertains to interest and penalties incurred by South African Revenue Services (SARS) due to the late payment of VAT on Microsoft licenses. This was written-off. The department has an outstanding balance for prior year due to late cancellation of accommodation and air ticket. This matter is under investigation.

The department does not have any public private partnerships under its control, but has oversight responsibility over departments with PPP operations mainly the Department of Public Works.

Discontinued activities

There were no activities that were discontinued for the year under review.

New or proposed activities

The Provincial Treasury's Annual Performance Plan gives the details of all projects that the department will be engaged in during 2020/21 financial year. Given the abrupt end to the financial year due to the lockdown declared by the President owing to the global COVID-19 pandemic, plans and budget will have to be reprioritised to redirect resources towards responding to the pandemic.

Supply Chain Management

The department did not receive or conclude any unsolicited bid proposals during the year under review. Supply Chain Management processes and systems are in place to address irregular expenditure. The department applied for deviations in cases where it was impractical to follow normal procurement process and these were approved by the Accounting Officer in terms of the National Treasury guidelines and prescripts.

Gifts and Donations received in kind from non-related parties

Gifts and donations are disclosed in the annexures of the Annual Financial Statements (AFS).

Exemptions and deviations received from the National Treasury

There were no exemptions or deviations requested or received from National Treasury during the 2020/21 financial year except for the extension regarding the date of submission of financial statements as a result of the lockdown.

Non-adjusting events after the reporting date

National Treasury issued RT 15 of 2021 contract in respect of mobile communication services with effect from 01 April 2021 for a period of 5 years. The department opted to partake in this contract and it will be effected once the stipulated processes by National Treasury are completed and approved.

Acknowledgement and Appreciation

I wish to thank the MEC for his stewardship, and all my staff members for their hard work and dedication during the 2020/21 financial year. I would also like to encourage all staff to continue doing the same in 2020/21 financial year in an endeavour to serve the department and indeed our province with pride.

Conclusion

It is encouraging to have achieved a fairly good performance during the 2020/21 financial year despite the challenging operational and service delivery environment compounded by the outbreak of the COVID-19 pandemic early in 2020. Our performance reflects a steady progress towards realising departmental strategic outcomes.

D MAJEKE
ACCOUNTING OFFICER
DATE: 31 AUGUST 2021

1.5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Modified Cash Standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2021.

Yours faithfully

....

D MAJEKE
ACCOUNTING OFFICER
DATE: 31 AUGUST 2021

1.6 STRATEGIC OVERVIEW

1.6.1 Vision

We envision a prosperous province supported by sound financial, governance and resource management.

1.6.2 Mission

Our mission is to provide strategic and technical leadership in the allocation, management and utilisation of financial resources for socio-economic development in the province.

1.6.3 Values

We strive for EXCELLENCE through:

- Dedication - We are 100% committed to our work
- Integrity - We steadfastly adhere to high professional standards of openness and transparency, responsiveness and innovation
- Accountability - We take full responsibility for our actions and our work
- Collaboration - We share responsibility, common goals, agreed plans and governance

1.7 LEGISLATIVE AND OTHER MANDATE

The department derives its existence from Sections 213, 215, 216, 217, 218 and 219 of the Constitution of the Republic of South Africa (Act 108 of 1996), Sections 17 and 18 of the Public Finance Management Act (PFMA), 1999 as amended, Municipal Finance Management Act (MFMA) of 2003 and National Treasury Regulations, which provide for the establishment of Provincial Treasuries that are mandated to fulfil the following functions:

Prepare the provincial budget;

- Exercise control over the implementation of the provincial budget;
- Promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities;
- Ensure that its fiscal policies do not materially and unreasonably prejudice national economic policies.
- Issue ECPT instructions not inconsistent with the PFMA;
- Enforce the PFMA, MFMA and any prescribed national and provincial norms and standards, including any prescribed standards of generally recognised accounting practice and uniform classification systems, in provincial departments;
- Comply with the annual Division of Revenue Act and monitor and assess the implementation of that Act in provincial public entities;
- Monitor and assess the implementation in provincial public entities of national and provincial norms and standards;
- May assist provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management;
- May investigate any system of financial management and internal control applied by a provincial department or a provincial public entity;
- Intervene by taking appropriate steps, which may include the withholding of funds, to address a serious or persistent material breach of this PFMA by a provincial department or a provincial public entity;
- Promptly provide any information required by the National Treasury in terms of the PFMA; and
- May do anything further that is necessary to fulfil its responsibilities effectively.

Additional functions and activities of the department are derived from the following (the list is not exhaustive):

- Preferential Procurement Policy Framework Act;
- Appropriation Act;
- Intergovernmental Fiscal Relations Act;
- Public Service Act and Regulations;
- Medium Term Budget Policy Statement;
- Report of the Auditor General on the Accounts of the Government;
- Budget Review;
- Recommendations of the FFC; and
- Supply Chain Management Framework.

During the 2020/21 financial year, the MEC for Finance tabled the following Bills in the Eastern Cape Provincial Legislature:

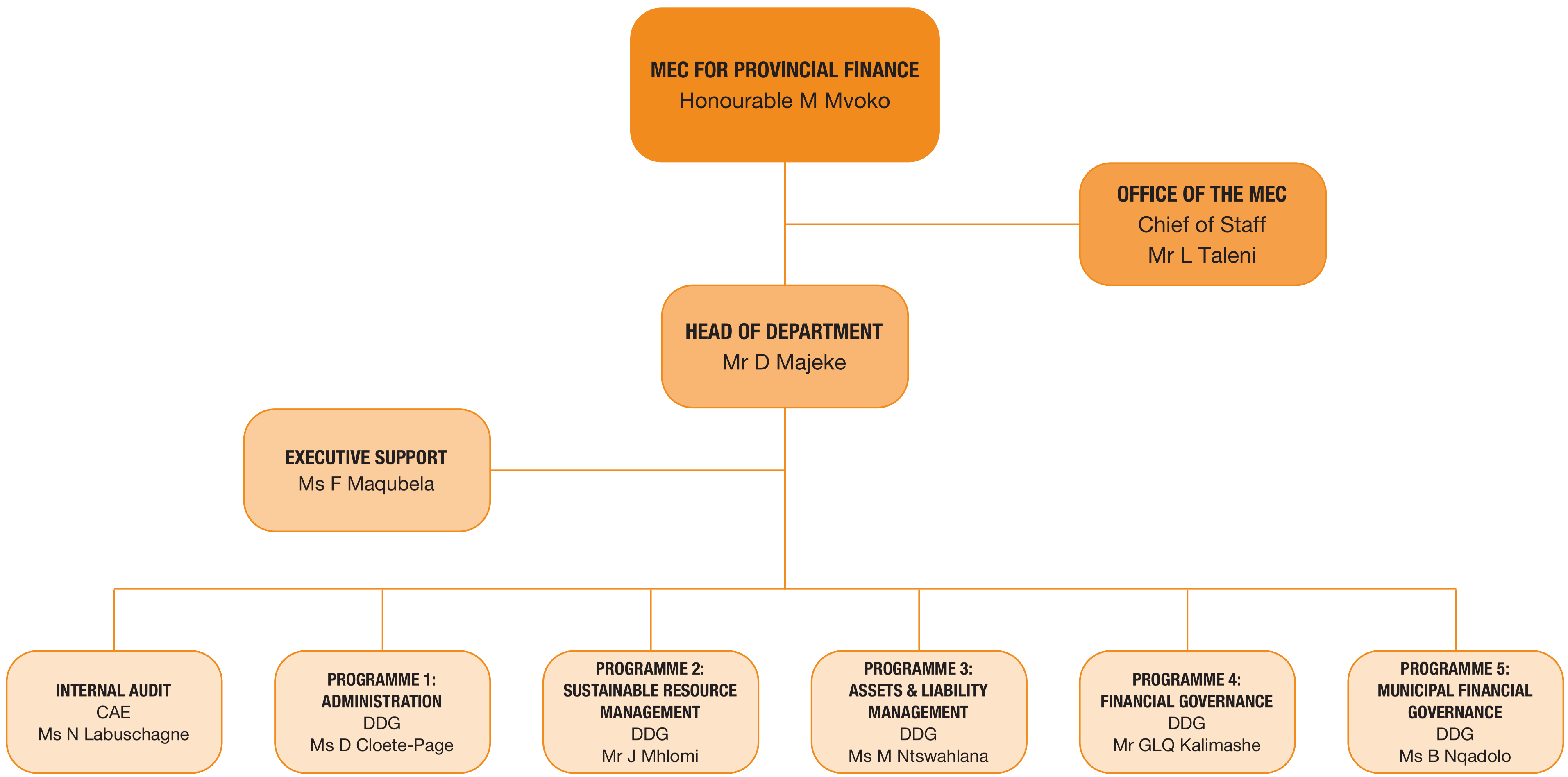
- Eastern Cape Appropriation Bill 5 March 2020 for 2020/21 MTEF.
- Eastern Cape Special Adjustment Appropriation Bill was tabled in 23 July 2020.
- Adjustment Appropriation Bill on 26 November 2020 for the 2020/21 financial year.
- Eastern Cape Second Adjustment Appropriation Bill was tabled on 10 March 2021.

1.8 ORGANISATIONAL STRUCTURE

The following diagram provides a high-level organisational structure of the department starting with the Executive Authority to the level of the officials reporting directly to the Accounting Officer and the programmes that these officials are responsible for.

ORGANISATIONAL STRUCTURE AS AT 31 MARCH 2021

The chart below represents organisational structure as at 31 March 2021.



PERFORMANCE INFORMATION B

EASTERN CAPE
PPROVINCIAL TREASURY

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2. PART B: PERFORMANCE INFORMATION

2.1 AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Introduction and scope

1. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

2. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

3. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the department's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3 – assets and liabilities management	44 - 47

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

5. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programme (see full AGSA report on page 105).

2.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.2.1 Service delivery environment

The 2020/21 financial year started rather on an unfortunate note due to the lockdown declared by the President owing to the global COVID-19 pandemic. The pandemic disrupted the department's operations as well as the service delivery environment resulting in most employees working from home except for those performing critical and essential services. The department instituted relevant measures to secure the workplace in line with the government's risk adjusted strategy. A COVID-19 workplace plan was developed and relevant health protocols were implemented. With the economic outlook highly uncertain and the economic activity restricted to contain the spread of coronavirus, appropriate measures had to be taken to stabilise provincial finances. Fiscal consolidation measures continued to be enforced through the implementation of cost containment measures. Funds were prioritised on key service delivery areas rather than on non-core items, whilst also improving governance and oversight in the province. The introduction of zero based budgeting further helped to align spending with strategic outcomes and service delivery priorities, and eliminate inefficiencies on expenditure whilst strengthening allocative efficacy. The wage bill spending ceilings had to be maintained through various measures that include tight management of the Compensation of the Employees (CoE) in the province through participation in the Provincial Coordinating Monitoring Team (PCMT) and the centralisation of authorisation of appointments on PERSAL to ensure fiscal discipline whilst being cognisant of not compromising the services delivery imperatives.

The pandemic, coupled with fiscal vulnerabilities, placed huge pressures on government tax revenues. The Province projected reduced own revenue collection during the 2020/21 financial year due to the economic downturn. Despite these challenges, efforts were made to explore and implement ways of enhancing and increasing provincial revenue.

Financial viability of municipalities remains a challenge and has a negative impact on service delivery. Huge arrear debts resulting from various factors that include, amongst others, amounts owed to municipalities by various spheres of government, communities and business, inefficiencies in revenue collection, create cash flow challenges and the inability of municipalities to provide adequate services to their communities and to pay their creditors. The PT in collaboration with COGTA and SALGA continued to provide financial management and service delivery support to municipalities.

It had become increasingly challenging for government to address rising trends in poverty, unemployment, and accelerate the pace of economic transformation. Recurrent disruptions in domestic electricity supply and slow pace in the restructuring of state owned entities, amongst others, have held down economic activity. Whilst the province may have minimal influence over the macro-economic conditions as a result of various factors that include global economic realities, it is at the micro level, through the activities and projects undertaken on a daily basis by SMMEs that the growth potential of the province can be unlocked. The inadequate performance of the provincial manufacturing sector has resulted in goods being brought in from other provinces thus weakening local economy and resulting in reduced employment levels. The drive to implement LED Procurement Framework remained one of the key strategies of the Provincial Treasury support to provincial departments to promote local content and procurement opportunities for local suppliers. Consideration was given to women, persons with disabilities and youth on departmental procurement spend. Special focus remained on SMME development, preferential procurement and payment of creditors within a 30-day period. The invoice tracking application for the province assisted suppliers to enquire about the outstanding invoices online. SMMEs continued to be assisted to register on Central Supplier Database (CSD) and LOGIS. Furthermore, PT is working with departments to streamline the functions of public entities to help boost provincial economic activity.

Legal cases against the Department of Health due to medical negligence are escalating thus posing a serious risk to the provincial liquidity. This medical legal contingency and employee benefits inclusive of capped leave are likely to cripple the provincial finances if they are ignored. It is critical that the province mitigates these contingencies. Various measures have been instituted to address this challenge.

Increased disruptions to network connectivity resulting from failing provincial IT infrastructure has affected productivity and delivery of services. PT engaged OTP to address these connectivity challenges.

The province is characterised by poorly developed and maintained road and rail infrastructure. Social infrastructure is poor, with access to schools, clinics and hospitals being a challenge. This has a negative impact on communities and development. Both provincial departments and municipalities struggle to deliver capital projects due to various factors. Despite ongoing challenges on infrastructure development and maintenance, worsened by the pandemic, Provincial Treasury continued to provide support to infrastructure delivery in the province in line with the Provincial Infrastructure Strategy. PT assisted Infrastructure Departments to revise and reprioritize infrastructure plans in preparation for the special adjustment budget due to COVID-19 pandemic. Ongoing support was provided to departments to implement the Framework for Infrastructure Delivery and Procurement Management (FIDPM) and align infrastructure projects to the District Development Model to strengthen integrated infrastructure planning, procurement and delivery across the infrastructure value chain.

Implementation of the Financial Management Accountability Framework continue to be prioritised to ensure good governance and accountability in the departments and municipalities. To improve audit outcomes in the province, the department continued to co-ordinate audit improvement strategies through the implementation and monitoring of the Provincial Audit Intervention Plan (PAIP) and analysis of audit action plans in municipalities.

2.2.2 Service Delivery Improvement Plan

In accordance with the Public Service Regulations 2016, Chapter 3, Part 3 Regulation 38, all departments are required to develop a Service Delivery Improvement Plan (SDIP) and to publish an annual statement of public service commitment which will set out the department's service standards that the public and customers can expect and which will serve to explain how the department will meet each of the standards. The following tables reflect the components of the SDIP as well as progress made in the implementation of the plans.

Table 2.2.1 – Main services provided and standards

Main services	Beneficiaries	Current/ Actual Standard of service	Desired Standard of service	Actual achievement against standards
Reduction of debt owed by Departments to Municipalities	Municipalities	Provincial government debt ageing over 90 days (balance as at 2016/17 Audited AFS is R1.3 billion Gross Government debtors)	75% reduction of confirmed provincial government debt ageing over 90 days	The SDIP for the 2020/21 Financial Year had planned a 75% reduction of confirmed provincial government debt ageing over 90 days, this means, at the end of this financial year the amount owed should be R975 million as the baseline was R1.3 billion. Actual achievement, the total provincial government debt, which was reported by the EC municipalities amounted to R1.2 billion in February 2021. This is showing a decrease of R175 million when compared to R1.4 billion reported in the previous quarter. The breakdown of the R1.2 billion is as follows: • 0-30 days = R158 009 000 • 31-60 days = R69 061 680 • 61-90 days = R54 178 180 • over 90 days = R955 598 910 PT will continue to have constant engagement and one-on-one session to resolve disputes, which will in turn further reduce the debt to in order to, achieve the 75% target.
Suppliers are paid within 30 days.	Service Providers/ SMME's	100% of invoices are paid within 30 days.	100% of invoices are paid within 30 days	On average provincial departments took 16 days to settle invoices. 74.9% of invoices were paid within 30 days. A total of 54 284 out of 73 296 invoices were settled within 30 days, whilst 19 642 invoices were paid after 30 days during the fourth quarter. PT is strengthening monitoring mechanisms to ensure that supplier queries are resolved on time.

Table 2.2.2 – Batho Pele Arrangement with Beneficiaries (Consultation, etc.)

Current / actual arrangements	Desired Customers	Actual achievements
Quarterly meetings	ECPGDSC and District Arrear Government Debt Meeting in terms of section 44 of the MFMA One on one working sessions with affected departments and municipalities	During fourth quarter of the period under review, the MEC for Finance undertook an initiative to write letters to all provincial departments with outstanding debt owed to municipalities. The initiative will be concluded during the first quarter of the 2021/22 financial year.
Annual Reports, pronouncements during budget speech	Avail annual reports to all citizens, distribute budget speech booklets to the public.	Annual Report was posted on website for accessibility to the public. Budget Speech was also posted on website. Furthermore, a Budget Speech was summarised on a Budget Flyer which was distributed to the public through commercial newspapers.

Table 2.2.3 – Batho Pele Arrangement Service Delivery Access Strategy

Current Arrangement	Desired Arrangement	Actual achievements
Integration of meetings and provide input platform workshop on process of payment, one-on-one, site meetings and site inspections	Integration of meetings and provide input platform workshop on process of payment, one-on-one, site meetings and site inspections	The organs of state current and arrear debt engagements took place at the following districts: Sarah Baartman, Chris Hani, Joe Gqabi, Alfred Nzo, OR Tambo and Amathole.

Table 2.2.4 – Service Delivery Information Tool

Current / Actual information tool	Desired information tool	Actual achievements
Newspapers	Use all the local newspapers	Utilized 4 local newspapers
Radio	Use of all local radio stations	16 local radio stations were utilised
Newsletters/Pamphlets	Distribute to all public centres	Distributed widely to stakeholders and public
Plasma Screens	To have information screens at all district offices	One Plasma Screen is available at the foyer of Bhisho departmental main building. However, the Plasma Screen was not utilised due to COVID-19 Regulation and restrictions. No visitors were permitted in the department. Instead, the department opted for live screening on Social Media Networks
Social media	N/A	4 social media networks were utilised
Website	N/A	Significant number of visits to the website.
Annual Report	N/A	• Distributed to stakeholders • Available on website
Annual Performance Plan	N/A	• Distributed to stakeholders • Available on website
Service Delivery Improvement Plan	N/A	• Distributed to stakeholders • Available on website
Strategic Plan	N/A	• Distributed to stakeholders • Available on website

Table 2.2.5 – Complaints mechanism

Current / Actual Complaints Mechanism	Desired Complaints Mechanism	Actual achievements
There is a formal complaints and grievance handling framework in place. In line with the framework, a complaints register is in place	Approved complaints and grievance handling framework	100% Customer Care complaints were resolved timeously.
Those complaints that were received from other clients, (e.g. service providers or the general public) were channelled through the Customer Care Centre and resolved by relevant officials	The complaints received are forwarded to the customer centre using unified communication system platform	The department received many complaints and queries as compared to the previous reporting periods. This is due to the fact that many suppliers wanted to apply for PPE tender during the pandemic. The complaints received were related to the following issues: • LOGIS/ CSD enquiries • Scholar Transport • TIMS password reset • Tenders • Tender Bulletin • Non-payment of the Supplier • Pension enquiries • HR related issues (internship) • Poor service delivery The introduction of the web based invoice tracking system, 'Have I Been Paid' (HIBP), contributed to the reduction of complaints, as service providers are able to track payment stages of their invoices.

2.2.3 Organisational environment

The 2020/21 financial year was characterised by the COVID-19 pandemic and its restrictions that disrupted departmental operations. It became increasingly necessary for the department to reconsider its operations to adjust to the changed circumstances. This necessitated adjustment in departmental strategies and plans going forward. The state of affairs affected organisational performance.

As stated above, the department implemented relevant health protocols to secure the workplace in line with the government's risk adjusted strategy. Guidelines for the containment or management of COVID-19 in the department were developed, including communication protocol that guides and stipulates the manner in which communication is to be handled during this period, to ensure that reliable and accurate information is communicated to the department, and to better manage anxiety amongst staff. The COVID-19 workplace readiness plan was reviewed to be responsive and adaptive to the ever-changing COVID-19 environment. A remote working policy was developed that provided guidance to flexible working arrangements and working from home to contain the negative impact of the pandemic on the workforce. Hence the department's focus on ICT and technology to ensure business continuity and enable staff to work remotely.

Various ICT intervention strategies were developed, that included, amongst others, the deployment of "Extranet" which is an application that allows for remote collaboration and sharing of information, facilitating Virtual Private Network remote access, and promoting the use of video conferencing platforms to enable ongoing live engagements between staff. The process of reviewing the five-year ICT Strategy to align it to departmental strategy using the Government Wide Enterprise Architecture (GWEA) framework, is almost complete. The strategy will outline those business processes that will be automated to improve service delivery, particularly during the pandemic, and lower costs. ICT remains key enabler to department's operations. In supporting departments, public entities and municipalities to improve financial performance during the COVID-19 outbreak, PT had to adopt new ways of communicating with departments through maximum utilisation of electronic platforms at its disposal. Increased network disruptions, however, resulting in erratic connectivity, affected departmental operations. Provincial departments are dependent on the Office of the Premier (OTP) for the provision of Wide Area Network (WAN) connectivity through SITA. The PT engaged OTP to resolve the matter with SITA to ensure that there are no further disruptions to the service.

During this period of the pandemic, workforce was taken through the management of change in time of crisis, helping staff to making a successful change to remote work. A Coronavirus Business Resilience Survey was conducted.

In response to the pandemic, the 2020/21 annual performance plan and budget was revised and re-tabled to ensure that funds are redirected towards addressing COVID-19 priorities. Because of the nature of the pandemic and the need for an immediate response to COVID-19, the province allocated emergency funding amounting to R307.100 million to the Department of Health in terms of Section 25 of the Public Finance Management Act. These funds were sourced from savings on travel and subsistence, as there was limited travelling by government during the lockdown period. All departments travel and subsistence budget for 2020/21 was cut by 45%.

Since embarking on a restructuring process with the aim of aligning the organisational systems, procedures, processes and human resources to the department's strategic intent, the functional structure has been completed. The next phase involves the completion of the organogram. For the department to deliver its plans, the strategy and the structure must be linked. Organisational structure allocates responsibilities for optimal results, create branches, and decide whether individual efforts or group participation is the best method for the organisation to achieve its outcomes. How everything is done and everything operates needs to be integrated so that all the effort and resources support the strategy.

It takes the right structure for a strategy to succeed. The structure should also be aligned to the Service Delivery Model (SDM). The SDM serves as a framework for implementation of our plans to address challenges of financial management, governance, procurement and infrastructure delivery. SDM describes "how" the department should deliver its plans in a coordinated and integrated manner as one Treasury and not as individual divisions and units working independently from each other. To implement SDM in the department, PT established an Integrated Governance Committee (IGC). The IGC consists of Programme Managers of all five Programmes and its role is to promote convergence at strategic level of leadership and encourage new ways of working to address the integration challenge so that PT is more effective in delivering on its mandate. The SDM approach was used in appointing a multi-disciplinary intervention task team to address medico legal claims and contingent liability that were putting a strain on the provincial finances in the Department of Health.

Ongoing collaboration with key coordinating departments like OTP and COGTA is critical to providing a comprehensive support to municipalities. Collaboration is also achieved through the District Development Model that promotes integration and synchronisation amongst the different spheres of government when planning, implementing, monitoring and evaluating programmes for development and impact on the lives of the citizens.

The pandemic affected the ongoing development of workforce through various training programmes, key amongst these being KHAEDU, that requires a visit to a targeted public institution to unblock service delivery challenges. Most training programmes were conducted online with 50% minimum representation of women in management training and development programmes to enhance their leadership skills and competence to ensure full participation in decision making.

Implementation of the department's employment equity strategy was negatively affected by various factors that include, amongst others, staff resignations and COVID-19 fatalities. Females at SMS level were at 44% (lower than the targeted 50%), whilst people with disabilities constituted 1.5% of the total staff establishment (lower than the targeted 2%). To achieve set equity targets, the department will be giving preference to females with regards to the filling of senior management posts, and people with disabilities for all posts particularly at entry level including internships.

Despite the challenging operational and service delivery environment due to the outbreak of the COVID-19 pandemic early in 2020, further worsened by shrinking financial resources, the department still managed to make steady progress towards realising strategic outcomes. The risks posed by the ongoing pandemic will have to be managed. More focus should be on the use of technology to enhance departmental operations and service delivery.

2.2.4 Key policy developments and legislative changes

There have been no key policy developments nor revision to the legislative mandate of the department.

2.3 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact Statements:		Effective governance and sustainable management of financial resources for socio-economic development in the province.			
Outcome		Outcome Indicator	Baseline	Five year target (2024/25)	Actual Achievement (2020/21)
1.	Highly effective department	Unqualified audit opinion achieved	Unqualified audit opinion with no findings	Unqualified audit opinion with no findings	Unqualified audit opinion with no findings
2.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities.	Number of public institutions (provincial departments, public entities, and municipalities) that utilise resources optimally for service delivery in the province.	• CoE ratio 64.5:35.5 • 99.5% of public spending to ensure value for money 23 municipalities with improved financial performance and governance • Zero rationalised public entities • Gross capital formation	• CoE ratio 60:40 • 100% of public spending to ensure value for money • 36 municipalities with improved financial performance and governance • 4 public entities rationalised	• CoE ratio 66.4: 33.6 • The Province spent R83.494 billion or 99.6 per cent of its adjusted allocated budget of R83.791 billion. • 36 municipalities with improved financial performance and governance • Rationalisation of provincial public entities report has been endorsed by EXCO and it is being implemented.
		Number of departments, entities and municipalities with improved supply chain and asset management governance practices	• 8 departments attained Financial Management Capability Maturity Model (FMCMM) level 3 on SCM • Eleven (11) departments attained FMCMM level 3 on Asset Management • No baseline on the level of achievement of entities on SCM and Asset Management • 30 municipalities achieved FMCMM level 2.7	• 13 departments attain FMCMM level 5 on SCM and Asset Management • 10 entities attain FMCMM level 5 on SCM and Asset Management • 36 municipalities attain FMCMM level 3 on SCM and Asset Management	• 13 departments attain FMCMM level 3 on SCM and Asset Management • Rationalisation of provincial public entities report has been endorsed by EXCO and its implementation will include assessment of FMCMM on SCM and Asset Management • 36 municipalities attained FMCMM level 2.8 on SCM and Asset Management
		Number of public institutions (provincial departments, public entities and municipalities) that obtained an unqualified audit opinion.	• 12 provincial departments achieved unqualified audit opinion (3 clean audit opinion) • 10 Public Entities with unqualified audit opinion • 21 Municipalities with unqualified audit opinion	• 14 provincial departments with unqualified (clean) audit opinion • 10 Public Entities with unqualified opinion • 36 Municipalities with unqualified audit opinion	• 11 provincial departments with unqualified audit opinion • 10 Public Entities with unqualified opinion

2.4 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

The powers and functions of the ECPT are mainly determined by the Public Finance Management Act, 1999 (PFMA) and the Municipal Finance Management Act, 2003 (MFMA). All powers of the ECPT are vested in the MEC for Finance in terms of chapter 3 of the PFMA, 1999. In terms of section 20 of this Act, powers are delegated to the Head Official of the ECPT and some of his/her duly appointed senior managers. Similar provisions apply in the case of the MFMA, 2003.

In order for the department to fulfil its mandate and achieve the goals and strategic objectives as outlined in the strategic and annual performance plans, the following programmes were adopted in line with the uniform budget structures recommended by the National Treasury.

- Programme 1: Administration
- Programme 2: Sustainable Resource Management

- Programme 3: Asset and Liabilities Management
- Programme 4: Financial Governance
- Programme 5: Municipal Financial Governance

The purpose and objectives of these programmes are discussed in detail below. All services rendered by PT are rendered to other departments mainly in terms of the PFMA or to municipalities as per the MFMA, as referred to above.

2.4.1 Programme 1: Administration

Purpose: The purpose of this programme is to provide leadership and strategic management and appropriate support services to all other programmes.

The programme consists of five sub-programmes, namely:

Office of the MEC	Sets priorities and political directives in order to meet the mandate of the department.
Management Services	Translates policies and priorities into strategies for effective service delivery and monitors organisational performance and provides legal services and information technology support.
Corporate Services	Provides an internal enabling environment and support service to other programmes with regard to human resource management and development, records management and security & facilities management.
Financial Management (Office of the CFO)	Manages and facilitates the provision of financial, supply chain, asset management, and internal control services to the department.
Internal Audit	Manages internal audit and risk management services.

List of Programme Outcomes:

- Highly effective department.

2.4.1.1 High level achievements

The Business Continuity response to the COVID crisis was driven through Programme 1 during the 2020/21 financial year.

The Management Services sub programme is made up of the office of the Head of Department, and the Strategy and Planning (S&P) chief directorate. The S&P chief directorate is divided into the following directorates: Strategic Management, Information and Communications Technology (ICT), and Legal Services.

The Strategic Management directorate provided strategic as well as annual performance planning, monitoring and reporting to facilitate the achievement of departmental outcomes and institutionalise quality service delivery. The directorate ensured the collection of performance information, information analysis and feedback to encourage performance improvement. The directorate further assisted the department to perform its statutory obligations by developing and publishing the Annual Performance Plan (APP), and programme specific operational planning. In order to assist Legislative Oversight, the unit coordinated and facilitated departmental responses and requests for information. Furthermore, an Intervention Framework that seeks to provide guidance to the department on intervention strategies was compiled.

In support of the integrated approach to deliver services in the province, the directorate monitored the implementation of the Provincial Programme of Action through facilitating quarterly reporting for the Improved Financial Performance Working Group of the Governance and Administration Cluster.

In fulfilment of its policy co-ordination function, departmental policies were analysed based on the approved Policy Development Framework.

Customer care remains the basis of the department’s strategy to ensure that services are delivered to our clients in accordance with Batho Pele principles. The key component of the Invoice Tracking System is customer care to ensure that supplier invoice queries are addressed. Customer complaints received and logged through the Presidential Hotline were resolved.

Communication of departmental activities both internally to staff and externally to the public and key stakeholders remains one of the critical functions, hence the profiling of departmental activities on social media, internal and external publications, including the issuing of media statements on electronic and print media. Ongoing brand positioning and profiling of the Department was maintained through successful management of campaigns, programmes and events that include, amongst others, the preparation and publication of the 2021/22 provincial budget.

Weekly Business Continuity Governance Committee meetings were held to monitor departmental COVID-19 risk status and developments, and to also ensure that such risk areas were attended to. A compliance officer was appointed to ensure that DPSA guidelines were implemented in the workplace. Guidelines for the containment or management of COVID-19 in the department were developed, including communication protocol that guides and stipulates the manner in which communication is to be handled during this period, to ensure that dependable and accurate information is communicated to the department, and to better manage anxiety amongst staff. The COVID-19 Ready workplace plan was reviewed to be responsive and adaptive to the ever-changing COVID-19 environment. The department through communication unit continues to communicate via communication platforms including other social media platforms (like WhatsApp) to disseminate information.

During the period under review, the Special Programmes Unit continued to analyse and monitor policies and Programmes for their sensitivity to issues affecting all designated groups and HDIs within the department.

The Legal Services directorate continued to provide legal advice and litigation support to the department. On-going support and advice was provided in the drafting of legal documents that include legal opinions, contracts and service level agreements to ensure compliance with relevant legal prescripts. The unit further assisted the department in the drafting of the 2020/21 Appropriation Bill as well as the Adjustment Appropriation Bill.

The Information and Communications Technology (ICT) directorate provides an internal enabling environment and support service with regard to information and technology management in order for the department to pursue its strategic objectives. The continuous improvement of governance and management of ICT remains one of the department's key focus areas, particularly its alignment to the departmental strategy. Implementation of the Corporate Governance of Information and Communication Technology Framework (CGICTPF) enables the department to get value from its ICT investments and further ensures that ICT projects are in line with the department's strategy. The department is on the monitoring and continuous improvement phase i.e. Phase 3 of the CGICTPF, which focuses on the implementation, monitoring and continuous improvement of Phases 1 and 2. The ICT Strategy review is in progress. A new server infrastructure was installed at Bhisho and PT district offices (Amathole, Chris Hani, OR Tambo and Sarah Baartman) thus increasing data storage capacity for present and future needs. The programme successfully conducted DRP tests during the year under review. All departmental servers were fully backed up using an automated built-in backup solution, whilst end-user computers have an automated network based backup solution for backing up information.

The Corporates Services sub-programme is made up of the following directorates: Human Resource Admin Services, Organisational Development (OD) and Change Management, the Human Resource Utilization and Development; and Security Management, Office Support and Auxiliary Services.

The Human Resource Admin Services, OD and Change Management directorate is responsible for the management of recruitment, conditions of service, organisational development, change management and PERSAL Management. In order to support the core business, a Human Resource Plan was implemented that is aligned to the MTEF period. The directorate has committed itself to ensuring timeous filling of posts, hence the majority of posts were filled within six months of becoming vacant. The department's vacancy rate at the end of the period under review was at 1.7%, which is below the public sector 10% threshold. Following the approval of the Employment Equity Plan, an Employment Equity Committee was appointed and inducted by the Department of Labour. The department equity target of People with Disabilities stands at 1.5% of the total establishment. At the end of the reporting period female representation at SMS level was at 44%.

The department has embarked on an organisational functionality review that aims to align organisational structure to business processes and service delivery model. The department with the guidance of OTP is currently busy with the procurement of a suitable Service Provider to complete the organisational structure.

The department has embarked on a number of change management initiatives to bring about requisite culture change to the department. Organizations need a change management approach to support and facilitate understanding of changes and their effect on the organization and its people in order to achieve the envisaged business results. A Coronavirus Business Resilience Survey was conducted. Management was taken through the management of change in time of crisis to help staff to make a successful change to remote work.

The Human Resource Utilisation and Development directorate is responsible for human resource development, employee performance management and development, employee health and wellness and employment relations. During the year under review, the unit identified human resource development needs of the department, and implemented the Workplace Skills Plan (WSP). Employees benefited from various training programmes. Participation in all training and development programmes, especially leadership development programmes, has been deliberately structured to ensure 50% or more female representation. Annual assessments and payment of incentives were concluded before 31 March 2021, in line with the concession announced by the Department of Public Service and Administration.

During the year under review, Employee Wellness unit provided support to all employees with occupational health and safety measures. Employees were provided with PPEs, COVID-19 health screenings, contact tracing and counselling services. The 24-hour wellness programme on psychosocial assessment, counselling and referral services to employees and dependents was provided. Employee Wellness has been leading the contact tracing process of suspected officials with COVID-19. This process is intended to arrest further spreading of infections within the department. As at end of March 2021, seventy-seven (77) employees were confirmed to have contracted COVID-19 and two hundred and seventy-eight (278) were quarantined due to having been in close contact with an infected person. There has been five (5) COVID-19 related deaths and seventy-two (72) recoveries that were recorded. In order to ensure that there is no congestion at the workplace and the social distancing protocols are adhered to at all times, the department implemented a rotational work schedule for all essential and non-essential services to access the workplace. People with comorbidities were approved to work remotely in trying to manage congestions and further spreading of the virus. Following the DPSA and OTP circulars 1 & 2 of 2021, which allowed for no more than 50% physical occupation in the workplace, ECPT has been implementing physical office attendance based on these circulars. However, the productivity and operations of the departmental work functioning have been ensured and monitored by the supervisors and management on a regular basis.

The Employee Relations unit continued to focus on dispute prevention that entailed capacitation and empowerment of line management in the handling of disputes and potential disputes. Disciplinary cases and grievances were finalised within the stipulated timeframes.

The Security, Office Support and Auxiliary Services directorate provides an internal enabling environment and support service with regard to physical and information security, occupational health and safety, refurbishments, maintenance, environmental and space management in order for the department pursue its strategic objectives. During the year under review, Security & Facilities unit working together with Wellness, ensured adequate provision and procurement of health and safety protective equipment. The unit further facilitated allocation of office space to staff in line with COVID-19 safety regulations. The Department of Public Works experienced capacity challenges in addressing increased office space and facilities maintenance demands from provincial departments.

The Financial Management sub-programme facilitates the provision of financial, supply chain, asset management, and internal control services to the department. The sub-programme continued to provide financial support to the department by ensuring that all statutory requirements are complied with in terms of the Public Financial Management Act (PFMA) and related prescripts that led to improved spending and audit outcomes. It is within this context that the department is aiming to maintain its positive audit outcomes. In promoting the Local Economic Development of the Eastern Cape province, PT has procured goods and services from suppliers within the province amounting to R17 806 769 for the 2020/21 financial year. In monitoring LED spend within the department in terms of gender considerations, the following results have been achieved in the total procurement spend of the department:

- Females - 57%
- Female Youth – 2.5%
- Male – 45.5%
- Disability – 2.7%

The Internal Control Unit (ICU) ensured that all loss control cases are investigated in line with the Loss Control Policy. The unit consistently implemented controls in the department to prevent any non-compliance to prescripts.

The Internal Audit unit is an independent, objective assurance and consulting unit designed to add value and improve the department's operations. It helps the department meet its objectives by using a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The unit supports the Audit Committee (AC), Risk Management Committee (RMC), and management in enhancing the system of internal control, embedding good corporate governance, continuously improving on management practices, and improving the maturity of risk management processes. The unit has provided assurance and consulting services to this effect and continues to improve on the above-mentioned areas.

Outcomes, outputs, output indictors, targets and actual achievements table (before re-tabling):

	Outcome	Output	Output indicator	Actual Achievement (2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21) Until date of re-tabling	Deviation from planned target to Actual Achievement for (2020/21)	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Sub-programme 1.1: MANAGEMENT SERVICES - STRATEGIC MANAGEMENT										
1.	Highly effective department	Digitalized business processes	Number of digitalized business processes to improve departmental processes	-	-	2	0	N/A	The deliverable was due only after the re-tabling period	Due to limited human resource capacity (system development personnel) and COVID-19 disruptions.
Sub-programme 1.4 : INTERNAL AUDIT										
1.	Highly effective department	Audits conducted	Number of audits conducted to improve internal controls	-	16	15	4	11		Due to COVID-19 adjustments

Outcomes, outputs, output indictors, targets and actual achievements table:

	Outcome	Output	Output indicator	Actual Achievement (2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21)	Deviation from planned target to Actual Achievement for (2020/21)	Reasons on deviations
Sub-programme 1.1: MANAGEMENT SERVICES - STRATEGIC MANAGEMENT									
1.	Highly effective Department	Unqualified audit opinion	Unqualified audit opinion on predetermined objectives	1	1	1	1	0	
2.		Digitalized business processes	Number of digitalized business processes to improve departmental processes	-	-	1	1	0	
Sub-programme 1.2 : CORPORATE SERVICES									
1.	Highly effective Department	No material Auditor General (AG) audit findings on Human Resource Management (HRM)	Material AG audit findings on HRM	-	-	0	0	0	
Sub-programme 1.3 : FINANCIAL MANAGEMENT (Office of the CFO)									
1.	Highly effective Department	Unqualified audit opinion	Unqualified audit opinion on financial information	1	1	1	1	0	
Sub-programme 1.4 : INTERNAL AUDIT									
1.	Highly effective Department	Audits conducted	Number of audits conducted to improve internal controls	-	16	8	8	0	

Strategy to overcome areas of underperformance

The programme will continue to explore avenues for continuous improvement to realise strategic objectives and outcomes.

Institutional Response to the COVID-19 Pandemic

Table 2.4.1.1: Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ District/ local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Programe 1	Provided PPEs to staff in the Programme	Bhisho – Head Office	177	n/a	n/a	436*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

The 2020/21 financial year was characterised by lockdown declared by the President owing to the global COVID-19 pandemic. The country saw an increasing impact of Coronavirus (COVID-19) on the public service, people's lives and the economy as infection rates escalated in the country and in the world.

In response to the pandemic, the department resuscitated the Business Continuity Committee. The Business Continuity Management Policy and Plan were reviewed to respond to the unfolding pandemic. Weekly Business Continuity Governance Committee meetings were held to update employees on the departmental COVID-19 status and developments, and to also ensure that risk areas are attended to and DPSA guidelines are adhered to and implemented in the workplace. Guidelines for the containment or management of COVID-19 in the department were developed, including communication protocol that guides and stipulates the manner in which communication is to be handled during this period. The department had to communicate reliable and accurate information to counteract any misinformation that might lead to panic and anxiety.

As a department, we had a legal obligation in accordance with Section 8 of the Occupational Health and Safety Act, 1993 to provide and maintain a safe and healthy service delivery environment for employees and members of the public. It is in this context that the department took all necessary measures to ensure that we continue to provide services with due regard to the safety and health required as the COVID-19 situation unfolded. These protocols sought to outline the actions to be taken and measures to be instituted to ensure that the department is ready for the resumption of duty in an environment that that will protect employees against COVID-19 infection. Buildings were decontaminated. Employees were provided with PPEs, COVID-19 health screenings and contact tracing was initiated. The 24-hour wellness programme on psychosocial assessment, counselling and referral services to employees and dependents was provided. These measures were intended to ensure adherence to the standards of hygiene and health protocols relating to COVID -19 at the workplace in line with the government's risk adjusted strategy.

The pandemic disrupted the department's operating as well as the service delivery environment resulting in most employees working from home except for those performing critical and essential services. Employee attendance at the workplace was kept at one third of the staff complement initially and later increased to 50%. The department introduced work rotation plans to ensure that attendance at workplace is limited to required numbers. This was to ensure that the necessary precautions (wearing of masks, social distancing and regular sanitisation) are taken to prevent transmission of infections. Hence the department's focus on ICT and access to virtual platforms to ensure business continuity and enable staff to work remotely. A remote working policy was developed. As at 31 March 2021, a total number of 77 employees were infected, 278 were quarantined, whilst 5 deaths were recorded.

The department conducted a Coronavirus Business Resilience Survey. The purpose of the resilience survey was to get employee opinions and views and a better understanding of employee morale. This was to further consider employee wellbeing and mental health, and assess departmental response to the impact this pandemic has had on the workforce. Survey results were shared with staff and the resultant action plan has been developed to address areas needing improvement.

Linking performance with budgets

For the year under review, the Programme achieved all of the 5 (100%) planned Annual Performance Plan (APP) indicators and spent R150. 563 million (95.9%) of the adjusted budget of R157. 057 million with an under expenditure of R6.494 million.

Table 2.4.1.2 below shows Programme 1 expenditure per sub-programme. Major contributors to the underspending in goods and services were:

- Consultancy Fees - Provisions made for provincial interventions were not fully utilised since no further interventions were required, resulting in savings. Delays were experienced with Change Management projects due to the global COVID-19 pandemic. A rollover was requested for the unspent Change Management project funds.
- Computer Services - Delays were experienced in the completion of the ICT Strategy Review due to the global COVID-19 pandemic. A rollover was requested for the unspent funds.
- Training and Development - Planned trainings could not be undertaken due to the global COVID-19 pandemic.
- Travel and Subsistence - Official trips (domestic and foreign) could not be undertaken due to the global COVID-19 pandemic.
- Contractors - The bid for Unified Communication Services (UCS) was cancelled due to non-responsiveness. A rollover was requested for the unspent funds.
- Legal Fees - Savings were realised in provisions for litigations since no claims were forthcoming.
- Fleet Services - Lower usage of departmental vehicles resulted in savings.
- Communication - Savings were realised due to lower airtime and data claims as well as provisions made for maintenance of the UCS. The UCS bid was cancelled due to non-responsiveness and a rollover was requested for the unspent funds.

The underspending in payment for capital assets is mainly due to:

- UCS - The bid was cancelled due to being non-responsiveness.
- Delays experienced in the procurement of printers due to incorrect specifications quoted by service providers.
- The SITA procurement process for laptops took much longer than anticipated.

A rollover was requested for these unspent funds.

Other items that contributed to underspending include:

- Compensation of employees due to staff attrition. The amount is, however, immaterial.
- Transfers and subsidies due to non-receipts of statements from institutions in respect of non-employee bursaries.

Table 2.4.1.2: Sub-programme expenditure

PROGRAMME 1	2020/2021			2019/2020		
	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	7 372	7 140	232	8 407	7 482	925
Management Services	48 123	44 237	3 886	53 291	45 260	8 031
Corporate Services	43 258	42 215	1 043	48 513	45 708	2 805
Financial Management	51 375	50 129	1 246	54 140	51 733	2 407
Internal Audit and Risk Management	6 929	6 842	87	8 003	7 279	724
Programme Total	**157 057**	**150 563**	**6 494**	**172 354**	**157 462**	**14 892**

2.4.2 Programme 2: Sustainable Resource Management

Purpose: To ensure the Effective and Efficient Planning, Utilization, Implementation and Monitoring of Provincial Fiscal Resources.

The programme consists of four sub-programmes, namely:

Programme Support	Provides strategic leadership in implementing strategies to ensure the programme's contribution in realising departmental objectives
Economic Analysis	Determines and evaluates economic parameters and socio-economic imperatives within a provincial and macro-economic context
Fiscal Policy	Promotes optimal financial resource allocation and enables government to finance its service delivery obligations, and also promotes sound planning, budgeting, financial management and reporting in Public Entities
Budget Management	Promotes effective optimal resource allocation, manages fiscal assets, optimises liquidity requirements and returns on financial investments and maximises the latter within acceptable levels of risk.

List of Programme Outcomes:

- Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities.

2.4.2.1 High Level Achievements

The ***Economic Analysis*** directorate determines and evaluates economic parameters and socio-economic imperatives within a provincial and macro-economic context. For the 2020/21 financial year, the directorate tabled the 2020/21 Provincial Medium Term Budget Policy Statement (MTBPS) that outlined the 2020 medium-term resource allocations framework for key socio-economic programmes that underpin economic growth and development in the province.

Additionally, in line with the unit's expected outcomes for 2020/21, the following Quarterly Policy Briefs were developed, namely,

- The Impact of COVID-19 in the Economy: The case of Eastern Cape, Ensuring viable rural enterprise development hubs in the province;
- E-Learning as an enabler to adequate access to Education in the Eastern Cape; and
- The evaluation of the implementation of the 2016 scholar transport policy in the Eastern Cape.

Quarterly reports and analyses of Statistics South Africa's 2020 Quarter Labour Force Surveys (QLFS) results for the Eastern Cape were produced, highlighting the rising challenge of joblessness in the province which has been exacerbated by the onset of COVID-19. The analysis shows a continued decline in employment at both a national and provincial levels both on quarterly and annual assessment periods. Not only is unemployment still at crisis levels, the EC growth path continues to favour jobs in the sectors that do not guarantee sustainable employment.

The ***Fiscal Policy*** directorate promotes optimal financial resource allocation and enables government to finance its service delivery obligations. The unit continued to focus on increasing the provincial revenue base. The Provincial Revenue Generation Strategy continued to be implemented by key revenue generating departments. As at 31 March 2021, the province collected an amount R1.576 billion[2] against adjusted budget of R1.062 billion and thus led to over collection of R514 million. Revenue collecting departments over collected their adjusted revenue estimates. As part of the provincial revenue generation strategy, departments are preparing their revenue plans for implementation of the newly identified own revenue sources.

Inputs and comments were provided on the Financial and Fiscal Commission recommendations to ensure that all areas are covered especially in respect of implementation and funding of priorities that affect the province. Inputs and comments relating to the conversion of indirect grants to direct grants in respect of infrastructure spending at provincial and local government level, were provided on the first and second drafts

2. This figure is subject to change, post final audited IYM figures.

of the 2021 Division of Revenue Bill. These comments were taken into consideration with the finalisation of the final 2021 Division of Revenue Bill.

The ***Public Entities*** directorate promotes sound planning, budgeting, financial management and reporting on Public Entities. This role also involves quarterly monitoring and reporting of financial expenditure and non-financial performance. The rationalisation of provincial public entities report has been endorsed by EXCO in June 2020 and the project is being implemented.

The ***Budget Management*** unit promotes effective optimal resource allocation, manages fiscal assets, optimises liquidity requirements and returns on financial investments and maximises the latter within acceptable levels of risk. During the 2020/21 financial year, the unit achieved the following:

- The 2021 MTEF budget was tabled within the legislated timeframe together with the Appropriation Bill and Gazette on transfers to hospitals and schools.
- In July 2020, the Special Adjustment Estimates was tabled to respond to the Covid-19 epidemic. In November 2020, the Adjustment Estimates and the Medium Term Budget Policy Statement were tabled. The Second Adjusted Estimates for 2020/21 was to effect the reduction in the Human Settlement Development Grant as well as the adjustments to provincial departments that surrendered savings to be allocated to the Department of Health and to the Provincial Legislature.
- In order to determine performance of departments for previous year and current year, budget achievability hearings were held together with National Treasury and specific departments in July 2020. This was preceded by budget guidelines and review workshops whereby departments, amongst others, were encouraged to adopt integrated budget planning.
- In order to enforce Budget Consultative processes and emphasise the implementation of the National and Provincial Priorities, Medium Term Expenditure Committee (MTEC) Hearings were held with departments including public entities. Separate MTEC hearings were conducted for infrastructure.
- The unit undertook continuous monitoring of expenditure and monthly reporting on the provincial finances and submitted to the relevant stakeholders such as Provincial Top Management, Cabinet Budget Committee (CBC), Executive Council (EXCO), National Treasury and Portfolio Committee on Finance on time to promote financial prudence.
- Benchmark Hearings were held with National Treasury to ensure the budget allocative efficacy and alignment to sector priorities.
- The Budget Office provided technical financial support to the Provincial Coordinating Monitoring Team (PCMT) towards the containment of the Provincial Wage Bill. This is to ensure that the core posts are prioritised and filled by the departments.
- Cash flow hearings were conducted to align departments spending with the cash drawn on a monthly basis from National Treasury. The credibility of spending is maintained by ensuring that adequate funds are available for departments’ expenditure throughout the year.

The ***Financial Asset Management*** Unit manages fiscal assets, optimises liquidity requirements and returns on financial investments and maximises the latter within acceptable levels of risk. The Unit achieved the following during the period under review:

- Maintained the liquidity and financial health of the Provincial Revenue Fund (PRF) resulting in funding of government priorities during the 2020/21MTEF.
- The Provincial Banking relationship continued to be maintained with various banks, including the Provincial Banker, which led to an improved investment income, for provincial revenue generation.
- The unit held quarterly Creditors and Debtors Forums to share best practices with departments to ensure the payment of creditors within 30 days as required by National Treasury Regulations (NTR) 8.2.3.

- The Provincial Departments took an average of 16 days to settle invoices during 2020/21 financial year.
- In supporting and ensuring supplier payments within 30 days, the in-house invoice tracking system (referred to as "Have I Been Paid"), which assists suppliers to track their invoices online and escalate reporting on long outstanding invoices, was rolled out to all the provincial departments.

In the year under review, the ***Infrastructure Management*** Unit, which promotes effective optimal infrastructure resource allocation, achieved the following:

- As at 31 March 2021, the Province spent R6.971.974 billion (83.27 per cent) of the infrastructure adjusted budget of R8.372 billion. The cumulative under spending for the Province as at the end of March 20/21 was R1.400 billion. An amount of R4.886 billion (86.73 per cent) of the grant adjusted budget of R5.634 billion was spent resulting in the cumulative grant under spending of R726.459 million. The Departments which contributed to the majority of the under spending are Health (under spending of R655.027million), Human Settlements (under spending of R692.367 million) and Transport (under spending of R689.027 million).
- In terms of the DORA, the departments of Education and Health qualified for incentives as a result of the support provided. Accordingly, both departments submitted all required planning documents wherein the information provided was incorporated into the 2021/22 budget.

In terms of the Infrastructure Performance, the unit facilitated the submission of the Infrastructure Long Term Plans as well as the Program Implementation Plans, Infrastructure Reporting Model (IRM) and the refinement of the District Development Model templates (Integrated Planning and Delivery Template). In respect of the IRM and the Budget submission, the automation of the B5 was introduced to the departments as a new initiative to streamline reporting. Hands on support was thus provided to the Infrastructure departments. The Provincial Budget Database Submission for Infrastructure was done through the IRM.

Outcomes, outputs, output indictors, targets and actual achievements table (before re-tabling):

	Outcome	Output	Output indicator	Actual Achievement (2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21)Until date of re-tabling	Deviation from planned target to Actual Achievement for (2020/21)	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Sub-programme 2.2: FISCAL POLICY										
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities.	Revenue collected	Amount of own revenue collected	-	-	R1.6 billion	R1. 386 billion	N/A	The deliverable was due only after the re-tabling period	The projected revenue collection was adjusted due to Covid-19

Outcomes, outputs, output indictors, targets and actual achievements table:

	Outcome	Output	Output indicator	Actual Achievement (2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21)	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Sub-programme 2.1 ECONOMIC ANALYSIS									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Economic analysis that guides budget and investment decisions	Policy briefs produced on key sector focus areas	4	4	4	4	0	

	Outcome	Output	Output indicator	Actual Achievement (2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21)	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
Sub-programme 2.2: FISCAL POLICY									
FISCAL POLICY									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Revenue collected	Amount of own revenue collected	-	-	R1. 062 billion	R1. 576 billion[3]	R514 million	All departments over collected revenue
PUBLIC ENTITIES									
2.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Use of allocated resources	Public entities spending within allocated budget	-	-	10	10	0	
Sub-programme 2.3 : BUDGET MANAGEMENT									
BUDGET OFFICE									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Efficient public spending of allocated budget	Departments spending within allocated budget	-	-	13	13	0	
2.		Reduced Provincial CoE Ratio	CoE Ratio	-	-	64: 36	66.4: 33.6	2.04:33.6	This is due to budget cuts on departmental baselines where the departments effect these budget cuts on non-COE instead of COE, as the latter has a contractual obligation especially with the permanent posts. This was compounded by further need for additional staff of which DoH received R1,2 billion which increased the CoE spending.
3.		Compliance to allocative efficacy	Departments in compliance with allocative efficacy.	-	-	13	13	0	
FINANCIAL ASSET MANAGEMENT									
4.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Management of financial assets and liabilities	Positive cash balance in the Provincial Revenue Fund	-	-	1	1	0	
5.		Creditors paid within 30 days	Departments paying creditors within 30 days	-	-	13	13	0	

3. This figure is subject to change, post final audited IYM figures.

	Outcome	Output	Output indicator	Actual Achievement (2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21)	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
INFRASTRUCTURE									
6.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Infrastructure delivery plans	Infrastructure plans aligned to planning reforms	-	-	11	11	0	
7.		Total infrastructure spending	Departments with efficient spending of allocated capital budget	-	-	11	11	0	
8.		Increased gross capital formation	Number of departments supported to increase Gross Capital Formation	-	-	11	11	0	

Strategy to overcome areas of underperformance

In an effort to curb escalating medico legal claims from DoH, Provincial Treasury formed an inter-provincial intervention team to respond to section 18 (2)(g) of the PFMA. Budget Management unit is part of the intervention team. PT will continue enforcing proper planning by departments in terms of complying with conditions attached to the receipt of grant funds.

Institutional Response to the COVID-19 Pandemic

Table 2.4.2.1: Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location Province/ District/ local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Programme 2	Provided PPEs to staff in the Programme	Bhisho – Head Office	83	n/a	n/a	436*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

Linking performance with budgets

For the year under review, the Programme achieved 9 (90%) of the 10 planned APP indicators and spent R70.473 million (97.2%) of the adjusted budget of R72.432 million with an under expenditure of R1.959 million.

Table 2.4.2.2 below outlines programme expenditure per sub-programme. Major contributors to underspending in goods and services are:

- Consultancy fees - pertaining to the Provincial Expenditure Performance Review project conducted by GTAC. The project was delayed due to the global COVID-19 pandemic. A rollover was requested for the unspent funds.
- Audit costs - due to fewer resources allocated by the Auditor General (AG) resulting in savings.
- Operating expenditure - due to provisions made for resettlement costs for a new appointee. The post was declined resulting in savings.
- Travel and Subsistence - pertaining to meetings that were conducted virtually due to the global COVID-19 pandemic.
- Catering - pertaining to meetings that could not be held due to the global COVID-19 pandemic as well as those held virtually resulting in savings.

Table 2.4.2.2 Sub-programme expenditure

PROGRAMME 2	2019/2020			20209/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Programme Support	5 294	3 450	1 844	3 946	2 740	1 206
Economic Analysis	3 432	3 407	25	3 621	3 476	145
Fiscal Policy	8 573	8 563	10	8 564	8 507	57
Budget Management	55 311	55 065	246	56 301	55 750	551
Programme Total	**72 610**	**70 485**	**2 125**	**72 432**	**70 473**	**1 959**

2.4.3 Programme 3: Asset and Liability Management

Purpose: To provide policy direction, promote and enforce transparency and effectiveness of Supply Chain Management and Asset Management in the province.

The programme consists of two sub-programmes, namely:

Programme Support	Provides strategic leadership in implementing strategies to ensure the programme's contribution in realising departmental objectives;
Asset Management	Provides policy direction, facilitates the effective and efficient management of physical assets and promotes economic development targeted government procurement.

List of Programme Outcomes:

Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities.

2.4.3.1 High Level Achievements

The Asset Management directorate's purpose is to ensure that the province has sound policies, processes and systems to effectively manage state assets. This involves ensuring that only assets which support service delivery are purchased, optimally utilised and safeguarded against losses and abuse. All 13 departments were supported to update their asset registers in preparation for the audit by Auditor General in terms of the Section 40(2) of the Public Finance Management Act (PFMA).

Departments were supported with the preparation of 2019/20 year-end reporting and assets related disclosure in the Annual Financial Statements. The Asset Management Unit is part of the PT intervention team to assist DOH with the medico legal issues that threaten provincial liquidity. Support is also provided to DOH with regard to other financial management issues that include spiralling accruals, high incidents of irregular expenditure, inadequate controls and compliance failures, resulting in negative audit opinion. Furthermore, the unit hosted virtual Asset Management Forum to discuss common concerns observed in the Departments with implementation of controls, asset verification and audit readiness.

The Supply Chain Management Office continued with its endeavour to improve compliance with relevant legislation to promote Local Economic Development (LED) and achieve value for money. Departments were supported on the implementation of the LED Procurement Framework in order to achieve 50% local spend.

The total provincial procurement spend for the 2020/21 Financial Year amounts to R14 932 786 189.05 and R8 670 023 740.28 (58.06%) of the total amount was spent on EC based suppliers. Conflict of Interest (COI) reports were generated with details of officials whose names are reflected as directors and/or owners of companies on the CSD. These reports issued to the affected departments for action. Where action was not forthcoming, COI findings were escalated to the Accounting Officers of the departments to take remedial action against the affected officials. A significant drop in the number of officials registered on the CSD was noticed following Provincial Treasury intervention in the Departments of Education and Health. PT engaged National Treasury with regards to reconfiguration of the CSD system to block/restrict government officials from registering on the system as owners/ or directors of businesses.

The drive to improve procurement efficiencies through transversal contracts, the capacitation of suppliers on opportunities available to enable Small, Medium and Micro-Enterprises (SMMEs) to do business with government, including administrative support and registration on the Central Supplier Database (CSD) and Logistical Information System (LOGIS) was continued during the period under review. The Help Desk assisted 4262 walk-in suppliers with on-line registration support on the CSD. More suppliers were assisted telephonically and via email.

The monitoring of adherence to procurement plans by Departments was undertaken in thirteen (13) departments as planned. Hands–on support on adherence to procurement plans was also provided to departments, which included, amongst others, serving on bid committees, and meeting with the Executive Management of Departments. Persistent non-adherence to the procurement plans were reported to the Legislative structures and escalated through the Financial Management Accountability Framework (FMAF). The SCM Policy Norms and Compliance Monitoring Unit also undertook compliance assessments in six (6) Departments. Departments and Public Entities were supported on the interpretation and implementation of various SCM prescripts and legislation. In addition, the Unit issued nineteen (19) circulars on SCM. A procurement guide was also issued in response to National Lockdown due to COVID-19. To enhance compliance, infrastructure procurement /contract management related circular was issued to Departments and Public Entities. In addition, two (2) updates of the Price Index for low-value high-volume commodities were undertaken and issued to departments.

Forty-seven (47) tender bulletins containing nine hundred and eighty-one (981) bid notices were published in the Provincial Tender Bulletin on E-tender publication portal. The unit hosted seven (7) SCM Forum meetings. Officials from provincial departments were trained on various areas of SCM, namely, Bid Committees, Irregular Expenditure, Unauthorised, fruitless and wasteful expenditure and Strategic Sourcing.

Furthermore, the unit conducted Gateway Review of one project of DRDAR in line with the Framework for Infrastructure Delivery and Procurement Management. The Gateway Review was also conducted in line with Section 5.2.2 (i) of the Framework for Infrastructure Delivery and Procurement Management. During the process of the IPMM roll-out, the Programme did not limit the tool to 50% of the infrastructure departments, but to all seven (07) infrastructure departments. It was as a result of the responses received from more departments than the initially targeted 50% in year one of the IPMM roll-out which resulted in the 67% achievement rate.

Outcomes, outputs, output indictors, targets and actual achievements table (before re-tabling):

	Outcome	Output	Output indicator	Actual Achievement (2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21) Until date of re-tabling	Deviation from planned target to Actual Achievement for (2020/21)	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
SUB-PROGRAMME 3.2 : SUPPLY CHAIN MANAGEMENT OFFICE										
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities.	Value for money achieved on departmental procurement spend	Achievement of infrastructure procurement maturity level	-	-	50%	50%	N/A	The deliverable was due only after the re-tabling period	The target can only be reported at the end of the final year.

Outcomes, outputs, output indictors, targets and actual achievements table:

	Outcome	Output	Output indicator	Actual Achievement (2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21)	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
SUB-PROGRAMME 3.1 : ASSET MANAGEMENT OFFICE									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Optimal utilisation of Assets	Achievement of asset management maturity level	-	-	Level 3	Level 3	0	.
SUB-PROGRAMME 3.2 : SUPPLY CHAIN MANAGEMENT OFFICE									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Value for money achieved on departmental procurement spend	Achievement of supply chain management maturity level	-	-	Level 3	Level 3	0	
2.			Achievement of infrastructure procurement maturity level	-	-	50%	67%	17%	In view of the fact that the implementation of infrastructure procurement is at its infancy stages, it was anticipated that departments would be at 50% of the expected maturity level of 3. However, due to concerted efforts and support by Provincial Treasury, it transpired that departments have developed more controls in the implementation of infrastructure procurement.
3.		50% local procurement Spend	Value of contracts awarded to EC suppliers	-	-	50%	58%	8%	PT has been closely monitoring LEDPF identified projects through an analysis of Procurement Plans on a monthly basis, it is one of the flagship initiatives identified by the Premier of the Province. Hence the positive variance

Strategy to overcome areas of underperformance

The programme will continue to explore avenues for continuous improvement to realise strategic outcomes.

Institutional Response to the COVID-19 Pandemic

Table 2.4.3.1 Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ District/ local municipality) (Where Possible)	No. of bene. ficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Programme 3	Provided PPEs to staff in the Programme	Bhisho – Head Office	30	n/a	n/a	436*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

Linking performance with budgets:

For the year under review, the Programme achieved all 4 or 100% of the planned APP indicators and spent R24.644 million (96.3%) of the adjusted budget of R25.604 million with an under expenditure of R960 000.

Table 2.4.3.2 below outlines programme expenditure per sub-programme. Underspending in goods and services pertains to the Provincial Supply Chain Management Review project conducted by GTAC. The project was delayed due to the global COVID-19 pandemic and a rollover was requested for the unspent funds.

Other items that contributed to underspending include:

- Compensation of employees due to performance incentives being lower than projected.
- Operating expenditure due to provisions made for resettlement costs. An internal candidate was appointed resulting in savings.

Table 2.4.3.2: Sub-programme expenditure

PROGRAMME 3	2020/2021			2019/2020		
	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	-	-	-	-	-	-
Asset Management	25 604	24 644	960	27 039	26 135	904
Programme Total	**25 604**	**24 644**	**960**	**27 039**	**26 135**	**904**

2.4.4 Programme 4: Financial Governance

Purpose: To promote accountability through comprehensive accounting practices, financial information systems, governance as well as compliance with financial norms and standards in PFMA compliant institutions and financial systems management.

The programme consists of five sub-programmes, namely:

Programme Support	Provides strategic leadership in implementing strategies to ensure the programme's contribution in realising departmental objectives
Accounting Services	Ensures effective implementation of accounting practices in line with Generally Accepted Accounting Practice (GAAP), Generally Recognized Accounting Practice (GRAP) and prepares consolidated financial statements that reflect the financial position of the province
Norms and Standards	Develops and implements financial norms and standards and ensures effective communication
Risk Management	Provides risk profile of the province , develops and monitors the implementation of the Provincial Risk Management Framework
Provincial Internal Audit Services	Coordinates the activities and provide technical support for all provincial internal audit units and audit committees
Supporting and Interlinked Financial Systems	Provides oversight and management of existing financial systems and the transition to the Integrated Financial Management Systems, enhances systems to support the business processes of government and provides capacity building in the usage of financial systems aimed at better provincial financial management.

List of Programme Outcomes:

- Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities.

2.4.4.1 High Level Achievements

In the year under review, the Accounting Services unit continued with its mandate of providing technical support on the interpretation of the accounting standards to departments as well as to ensure that the financial statements are prepared in accordance with the accounting framework. Submitted Audit Improvement Plans (AIP) were reviewed to assess if they meet the set AIP guidelines and for adequacy in addressing the root causes of the audit findings. Feedback was provided to the departments on the review that was done. Recommendations were made for the departments to update their action plans in areas where they were not addressing the root causes. Furthermore, audit risks continued to be assessed and audit findings interventions initiated across all departments and public entities. The unit coordinated virtual training that was offered by ASB and National Treasury to the CFOs of public entities.

The Norms and Standards unit continues to foster a culture of improved discipline in the management of public resources. Support was provided to all departments to assess financial management policies for alignment to legislative framework. Ongoing monitoring of risk management practices in the departments was conducted using Financial Management Capability Maturity Model (FMCMM). The implementation of Financial Management Accountability Framework (FMAF) continued. Breaches of the Accountability Framework standards were escalated to the Executive Authorities of departments. Furthermore, the feedback was given to departments in relation to a number of financial management deviations against the Accountability Model Logic standards.

Other support measures being implemented towards sustainable financial maturity include Capacity Building Programmes. Ongoing support is provided to provincial departments in line with the Financial Management Capacity Study (FMCS) and other financial management capacity initiatives. This is to ensure the creation of an enabling financial management environment that supports the core mandate of a department whilst also preventing imminent loss of public funds due to weaknesses in the system. The unit reviewed six of the thirteen departments organograms for their implementation of capacity study recommendations. Financial management policies of provincial departments were assessed to ensure that they comply with legislative requirements and are aligned to best practises.

The unit has been supporting departments to reduce irregular expenditure balances by submission of applications for condonation of irregular expenditure to the relevant condoning authorities. PT made recommendations to affected departments to implement consequence management against officials who transgressed the applicable prescripts.

The Transversal Risk Management (TRM) has during the year under review, provided support to all departments towards achieving the desired risk maturity level. All 13 departments risk management maturity status were assessed utilising a diagnostic assessment tool. Mitigating action plans were developed to address gaps identified. Strides have been made in holding the CRO Forum and Risk Management Committee Chairpersons Forum (RMCCF), professionalising risk management and facilitating training for risk practitioners. The RMCCF serves as a communication and advocacy platform to support Risk Management Committees to be more effective in helping the departments meet their service delivery objectives. The Committee also provides an opportunity for Risk Management Committee Chairpersons to share best practices and contribute towards uniformity and effective Risk Management.

The Provincial Internal Audit Services (PIAS) provides technical support and oversight of provincial internal audit and audit committee activities. Furthermore, the unit continued to conduct periodic quality assurance reviews for various Departments. These reviews are conducted to ensure departments conformance and to prepare them for their 5 yearly external quality assurance reviews. The unit coordinated a CPD training on IT General Controls for Non-IT Auditors (ITGC) Short Learning Programme Training attended by 23 provincial Internal Auditors from 13 departments.

Thirteen (13) provincial Departments were analysed and feedback provided using FMCMM tool. The unit conducted two Managers Forums, three Chief Audit Executive Forums and three Audit Committee Chairpersons Forums in the 2020/21 financial year. The Forums continue to serve as a communication and advocacy platform for the purposes of coordinating and improving Internal Audit and Audit Committee effectiveness provincially. These Forums also assist to improve governance provincially as it is a communication and consultative structure needed that drive reforms through the sharing of leading practices on Internal Audit and Audit Committees.

The Forensic Audit unit's purpose is to oversee forensic investigations at provincial departments, provincial entities and municipalities as directed by the Head of Department of the Provincial Treasury. The influence of the unit continues to expand significantly with investigations from various Departments, Public Entities and Municipalities as well as forging relationships with various law enforcement agencies. The forensic panel used by the unit has proven to be responsive to new requests for investigations. The unit completed the registration process and appointment of a service provider to coordinate training for 7 candidates from various Departments with a view to increasing the number of qualified Certified Fraud Examiners across the province. In addition, the FAU is also sponsoring 4 webinars on investigation-related topics for the Eastern Cape branch of the ACFE to deepen the knowledge of best practice in the province and enhance the profile of Provincial Treasury.

The Supporting and Interlinked Financial Systems (FIS) unit provides oversight and management of existing financial systems and the transition to the Integrated Financial Management Systems, enhances systems to support the business processes of government and facilitates capacity building in the usage of financial systems aimed at better provincial financial management.

The unit conducted online training for BAS (General Principles), LOGIS (Literacy) and PERSAL (Introduction) a total number of 154 officials. The Eastern Cape was the first province in the country to develop and rollout online training. This method of training was recognised by other provinces. The KZN Treasury benchmarked against the online training material and methodology developed by the Eastern Cape Treasury. PT presented online training approach and methodology to KZN Treasury and offered to collaborate with KZN in future.

User account management reviews were conducted for all departments to ensure credibility of financial information. The unit also provided reports on monitoring the COVID-19 expenditure from LOGIS and the Vulindlela Datasets. These reports were shared with the SCMO and Budget Offices.

In addition, the FIS unit benchmarked with several other provinces on how best to use the financial systems data to monitor the COVID-19 expenditure. Reports with recommendations on how the SCOA items can be monitored to track COVID-19 expenditure were given to EXMA, SCMO and the Budget office.

The functions of data analysis and intelligent reporting are assisting in highlighting areas where stricter controls need to be implemented in order to reduce fruitless and wasteful expenditure, unauthorised payments, system abuses, and access violations. The unit undertaken a key interventions and identified the incorrect use of the Compensation Allowance. Concerns over the use of this allowance were communicated by DPSA. The Data Warehouse unit discussed this matter with the National Treasury PERSAL unit who took the decision to discontinue the use of this code on PERSAL country wide from 1 December 2020 onwards. The department wherein this transgression was identified subsequently implemented a project to address the matter. The department was able to programmatically, with the aid of NT, correct all of those officials appointed against the Compensation Allowance to the correct code.

Outcomes, outputs, output indictors, targets and actual achievements:

	Outcome	Output	Output indicator	Actual Achievement 2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21)	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
SUB-PROGRAMME 4.1 : ACCOUNTING SERVICES									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Unqualified Financial Statements for the PFMA institutions	Institutions that achieve unqualified audits	-	-	23	21	2	DoT and DoE received qualified audits
SUB-PROGRAMME 4.2 : NORMS AND STANDARDS									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Fiscal discipline and accountability in departments	Compliance with Financial Management Accountability Framework (FMAF)	-	-	4	0	4	Performance verification is not complete
2.		Adequate financial management capacity in departments	Absence of financial management exceptions/ deviations	-	-	4	4	0	
SUB-PROGRAMME 4.3 : RISK MANAGEMENT									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Risk management maturity achieved	Departments that achieve risk maturity level	-	-	Level 3	Level 3	0	The indicator is reported bi-annually. However, only the fourth quarter was not achieved
SUB-PROGRAMME 4.4 : PROVINCIAL INTERNAL AUDIT SERVICES									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Internal audit maturity achieved	Departments that achieve optimised process controls	-	-	13	13	0	
SUB-PROGRAMME 4.5 : SUPPORTING AND INTERLINKED SYSTEMS									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Credibility of financial information produced	Departments with credible financial information	-	-	13	14	1	An opportunity arose for BAS and PERSAL teams to perform User Account Management in 14 departments

Strategy to overcome areas of underperformance

PT will develop a PAIP based on the aggregate of the transversal findings from the departmental AIPs including findings that are likely to be a high risk of regression in the audit outcomes of the department. The aim is to address the root causes of the audit findings and provide clear milestones, responsibilities, indicators of progress and measures to address key controls weaknesses identified.

Also, PT will continue to conduct a risk management maturity reviews in departments to identify the opportunities for improvement in the existing Enterprise Risk Management (ERM) programme and to provide practical advice and assistance in the enhancement of the ECPT's ERM Maturity towards a risk intelligent organisation. Furthermore, PT will continue to explore avenues for continuous improvement to realise strategic objectives and outcomes.

Institutional Response to the COVID-19 Pandemic

Table 2.4.4.1 Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ District/ local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Programme 4	Provided PPEs to staff in the Programme	Bhisho – Head Office	77	n/a	n/a	436*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

Linking performance with budgets

For the year under review, the Programme achieved 4 (66%) of the 6 planned APP indicators and spent R81.619 million (98.5%) of the adjusted budget of R82.875 million with an under expenditure of R1.256 million.

Table 2.4.4.2 below outlines programme expenditure per sub-programme. Underspending in goods and services is due to the following:

- Audit cost pertaining to Consolidated Annual Financial Statements due to invoice processed being lower than anticipated resulting in savings; SCM forensic investigations due to delays encountered in obtaining information from Department of Human Settlements; and COVID-19 expenditure investigations due to investigations put on hold as the set deliverables were not met by the service provider. A rollover was requested for the unspent funds in respect of forensic investigations.
- Travel and subsistence pertaining to official trips that could not be undertaken due to the global COVID-19 pandemic.

Other items that contributed to underspending include:

- Compensation of employees due to staff attrition;
- Transfers and subsidies due to leave gratuity payments being lower than anticipate.

Table 2.4.4.2: Sub-programme expenditure

PROGRAMME 4	2020/2021			2019/2020		
	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	17 920	17 889	31	19 560	17 909	1 651
Accounting Services	13 244	13 027	217	15 874	13 720	2 154
Norms and Standards	7 843	7 821	22	6 578	6 407	171
Risk Management	4 637	4 600	37	4 941	4 833	108
Provincial Internal Audit Services	16 056	15 188	868	25 924	23 384	2 540
Supporting and Interlinked Financial Systems	23 175	23 094	81	24 198	24 186	12
Programme Total	**82 875**	**81 619**	**1 256**	**97 075**	**90 439**	**6 636**

2.4.5 Programme 5: Municipal Financial Governance

Purpose: Provides support for the achievement of sound and sustainable financial management at municipal level through the provision of technical support, and capacity building in the following areas: budgeting, accounting practices, supply chain management, asset management, as well as MFMA compliance.

The programme consists of three (3) sub-programmes, namely:

Programme Support	Provides strategic leadership in implementing strategies to ensure the programme's contribution in realising departmental objectives.
Municipal Budget and Institutional Governance	Monitors the implementation of the budgeting frameworks, coordinates, monitors and report on MFMA.
Municipal Accounting and Reporting	Ensures that accounting and financial reporting of municipalities is according to the prescribed Generally Recognised Accounting Practices (GRAP) and assists municipalities in complying with Supply Chain Management and Asset Management regulations.

List of Programme Outcomes:

- Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities.

2.4.5.1 High Level Achievements

The ***Municipal Financial Governance (MFG)*** Programme provides support to the achievement of sound and sustainable financial management in municipalities through the provision of technical support and capacity building in the following areas: Budget Management, Risk Management, Internal Audit, Accounting practices, Supply Chain Management, Asset Management, Governance, as well as MFMA compliance. The Programme is made up of three sub-programmes namely: Programme Support, Municipal Budget and Institutional Governance, and Municipal Accounting and Reporting.

The ***Municipal Budget and Institutional Governance*** sub-programme continued to support municipalities with sound and prudent financial management (revenue, expenditure, asset and liabilities) as informed by municipal budget assessments, risk and internal audit assessments and mid- year performance results. The unit assessed tabled 2020/21 draft MTREF budget of all municipalities. Twenty-seven of the thirty-six (75%) municipalities assessed had funded budgets. Municipalities were assisted with reprioritisation of activities, and the development of budget funding plans that take into consideration restructuring of their long term debts to affordable payment arrangements. This was to ensure that the adjustments budget, as approved by the Council, is funded, including providing feedback on the adjustment budget assessments. The department collaborated with GIZ on institutional capacity assessment of two municipalities.

In terms of unspent conditional infrastructure grants, provincial rollover assessments were conducted amounting to R1.5 billion from the received allocation of R7 billion in the 2019/20 financial year. Site visits were conducted to monitor implementation of Conditional Grants Infrastructure projects by municipalities and assess progress levels against actual spending of all Conditional Grants in line with Division of Revenue Act (DORA). The DoRA capacity building workshops for the political leadership of municipalities were conducted in six districts in order to capacitate them on their oversight role particularly on expenditure monitoring. Infrastructure development, planning, coordination and integration between the national, provincial and local government spheres of government was strengthened through the establishment of the Provincial Joint Technical Task Team made up of both national and provincial sector departments that make transfers of conditional grants to municipalities.

To enhance municipal governance, the unit conducted quarterly Provincial Chief Audit Executive (CAE) Forum in collaboration with CoGTA. Further support was provided to internal audit and risk management structures as well as oversight structures like MPAC.

The ***Municipal Accounting and Reporting*** sub-programme continued to support municipalities to improve financial management (revenue, expenditure, asset and liabilities) as informed by Financial Management Capability Maturity Model (FMCMM). The unit conducted SCM Forum in collaboration with National Treasury and also participated in AGSA Technical Meetings that involved AG, SALGA and COGTA. The unit continued to assist municipalities with the implementation of mSCOA including facilitating sessions with municipalities together with their subsystem vendors. mSCOA data strings were analysed and findings were communicated to municipalities. The functionality of the municipal financial systems was monitored monthly to address challenges. The Unit conducted virtual engagements to monitor audit action plans and to assess the readiness of municipalities to submit AFS within the due date. Support was provided to nine municipalities with adverse/disclaimed audit opinions on the preparation of Annual Financial Statements. Results of the extensive engagement assisted all thirty-nine municipalities to submit their annual financial statements by the due date of 31 October 2020. Improvement in the municipal audit outcomes was noticed with a reduction of disclaimed audit opinion from eight in the previous year to four, with four of the amalgamated municipalities moving from disclaimers to qualified audit opinion.

Outcomes, outputs, output indictors, targets and actual achievements:

	Outcome	Output	Output indicator	Actual Achievement (2018/19)	Actual Achievement (2019/20)	Planned Target (2020/21)	Actual Achievement (2020/21)	Deviation from planned target to Actual Achievement for 2020/21	Reasons for deviations
SUB-PROGRAMME 5.2 : MUNICIPAL BUDGET AND INSTITUTIONAL GOVERNANCE									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Financially sustainable municipalities	Municipalities adopting credible funded budgets	-	-	26	27	1	This was mainly due to NT's and PT's stance that no municipalities must adopt unfunded budgets and more effort/ support was put in by PT and municipalities which resulted in improved performance than anticipated
SUB-PROGRAMME 5.3 : MUNICIPAL ACCOUNTING AND REPORTING									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Financial management maturity achieved	Achievement of prescribed financial maturity level	-	-	2.8	2.8	0	

Strategy to overcome areas of underperformance

All the planned targets for the year under review were achieved, however, the programme will continue to explore avenues for continuous improvement to realise strategic objectives and outcomes.

Institutional Response to the COVID-19 Pandemic

Table 2.4.5.1: Progress on Institutional Response to the COVID-19 Pandemic

Budget Programme	Intervention	Geographic location (Province/ District/local municipality) (Where Possible)	No. of beneficiaries (Where Possible)	Disaggregation of Beneficiaries (Where Possible)	Total budget allocation per intervention (R'000)	Budget spent per intervention	Contribution to the Outputs in the APP (where applicable)	Immediate outcomes
Programme 5	Provided PPEs to staff in the Programme	Bhisho – Head Office; PT District Offices (Amathole; Sarah Baartman; Alfred Nzo; Chris Hani; Joe Gqabi; OR Tambo)	56	n/a	n/a	436*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

Linking performance with budgets

For the year under review, the Programme achieved all of the 2 (100%) planned APP indicators and spent R45.927 million (98.9%) of the adjusted budget of R46.433 million with an under expenditure of R506 000.

Table 2.4.5.2 below outlines Programme expenditure per sub-programme. Underspending in travel and subsistence pertains to meetings conducted virtually due to the global COVID-19 pandemic.

Other items that contributed to underspending include:

- Compensation of employees due to staff attrition;
- Transfers and subsidies due to leave gratuity payments being lower than anticipated.

Table 2.4.5.2: Sub-programme expenditure

PROGRAMME 5	2020/2021			2019/2020		
	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	9 793	9 675	118	39 008	35 912	3 096
Municipal Budget and Institutional Governance	19 305	19 161	144	22 050	21 878	172
Municipal Accounting and Reporting	17 335	17 091	244	19 099	18 935	164
Programme Total	**46 433**	**45 927**	**506**	**80 157**	**76 725**	**3 432**

2.5 TRANSFER PAYMENTS

2.5.1 Transfer payments to Public Entities

There were no transfer payments to public entities in the year under review.

2.5.2 Transfer payments to all organisations other than public entities

Transfer payments consist of television license payments to South African Broadcasting Corporation (SABC), skills development levies to Finance and Accounting Services Sector Education and Training Authority (FASSET), leave gratuities to employees exiting the government service and bursary payments to tertiary institutions in respect of external bursary recipients.

Table 2.3.6: The table below reflects the transfer payments made for the period 1 April 2020 to 31 March 2021

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
SABC	Departmental Agency	Television Licencing	n/a	1	n/a	n/a
FASSET	Departmental Agency	Skills Development Levy	n/a	941	n/a	n/a
Ex-employees	Households	Leave Gratuity	n/a	4 745	n/a	n/a
Tertiary Institutions	Households	Bursaries - Non-employees	n/a	413	n/a	n/a

2.6 CONDITIONAL GRANTS

2.6.1 Conditional grants and earmarked funds paid

Neither conditional grants were received nor earmarked funds paid by the department.

2.7 DONOR FUNDS

2.7.1 Donor Funds Received

The department received no donor funds during the 2020/21 financial year.

2.8 CAPITAL INVESTMENT

2.8.1 Capital investment, maintenance and asset management plan

For the year under review the department procured movable assets to the value of R4.514 million. The R4.514 million includes an amount of R1.707 million in respect of finance lease payments for motor vehicles and cellular phones.

The transfer allocations reflected in 2019/20 in table 2.3.7 below pertain to social infrastructure interventions. All these projects were completed in 2019/20, hence no further allocations in 2020/21.

Table 2.3.7: The table below reflects the infrastructure transfer payments made for the period 1 April 2020 to 31 March 2021.

Infrastructure projects	2020/2021			2019/2020		
	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
Infrastructure transfer						
- Capital	-	-	-	25 572	23 587	1 985
Total	**-**	**-**	**-**	**25 572**	**23 587**	**1 985**

GOVERNANCE C

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3. PART C: GOVERNANCE

3.1 INTRODUCTION

Provincial Treasury is committed to maintain the highest standards of governance and has subsequently complied with the Public Finance Management Act, Act 1 of 1999 and the National Treasury regulations.

During the year under review the department's management, Audit Committee and the Risk Management Committee worked on addressing internal control deficiencies identified in the previous audit. Efforts undertaken enabled transparency and improved accountability thereby strengthening the internal control systems in order to ensure that public finances and resources are effectively, efficiently, and economically used.

3.2 RISK MANAGEMENT

Risk management is the systematic process of understanding, evaluating and addressing risks in order to maximise the likelihood of objectives being achieved and ensuring organisations function optimally.

During the year, the department continued to implement its risk management policies and strategy by conducting the strategic and the operational risk assessments. Risk Management reporting was undertaken on a quarterly basis to enable effective risk management and the identification of emerging risks.

The established Risk Management Committee (RMC) comprised an independent chairperson and the programme managers. The RMC chairperson updated the audit committee on a quarterly basis discussing, inter alia, risk identification reviews and mitigating plans, and the maturity of risk management in the department.

The inclusion of the programme managers in the RMC has resulted in a more participative risk management process. As part of effective enterprise-wide risk management, the department has established fraud and corruption risk management measures.

3.3 FRAUD AND CORRUPTION

Incidents of fraud and corruption in the public sector negatively impact on the economy, lower investment levels, and reduce public finances.

The department is pro-actively managing, monitoring, and reporting on its fraud and corruption mitigating actions by:

- Ensuring that the department implements a fraud prevention policy and plan.
- Implementing reporting mechanisms for fraud and corruption through the national anti-corruption hotline, Office of the Head of Department, Office of the Public Protector and the Office of the Auditor-General.
- In addition to reporting suspected fraud and corruption to the national hotline, staff is encouraged to make disclosures through internal mechanisms such as internal audit, legal services, and security management.
- Investigating alleged fraud and corruption cases and reporting relevant cases to the relevant institution depending on the outcome of the preliminary investigation.

3.4 MINIMISING CONFLICT OF INTEREST

A conflict of interest arises when financial or other private interest or undertaking that could directly or indirectly compromise the performance of the public servant's duties or the reputation of a public servant's department in its relationship with its stakeholders, takes place.

Conflict of interest is minimised through the utilisation of annual financial declarations, maintenance of a gift register and a declaration of interest form (ECBD4) for all procurement undertaken.

In the previous financial year, the annual financial declarations have been extended to include all financial personnel, supply chain management personnel and all officials above a salary level 7.

3.5 CODE OF CONDUCT

The department adopted the Code of Conduct for the Public Service, issued by the Public Service Commission, as its Code of Conduct. A copy of the Code of Conduct is made available to newly appointed employees. Furthermore, workshops on the Code of Conduct are conducted at least twice during the financial year, in order to create awareness on the contents and the expectations arising from the Code of Conduct. Values enshrined in the Code of Conduct are enforced. Breaches to the Code are addressed through the normal disciplinary processes.

3.6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The COVID-19 Ready workplace plan was signed by the HOD and submitted to OTP on 13 May 2020. The pre-lockdown risk assessment was conducted and submitted to the Department of Employment and Labour (DoEL). During the second quarter, the department reviewed its Risk Management Plan in order that it is responsive and adaptive to the ever-changing COVID-19 environment.

The Business Continuity Committee consistently dealt with the departmental Covid-19 response to ensure compliance in terms of DoEL guidelines and regulations. SHERQ Committee continued to meet quarterly as planned.

3.7 PORTFOLIO COMMITTEES

Date	Matters raised	How the Department addressed the matters raised
June 2020	In the 5th administration the Provincial Treasury (PT) introduced a programme 5 for improved flexibility and decision making through capacitation and strengthening of district offices to enable rapid response to local government challenges. An MOU was signed between OTP, CoGTA and PT, however, there is still no proper coordination and integration of support with other role players like CoGTA and OTP[4]. It is acknowledged that integrated Support and Intervention (PT, CoGTA, and SALGA) in municipalities is critical. How is this integration going to be ensured considering that the MoU seems not to be performing as expected?	Since the MoU was signed between Provincial Treasury, CoGTA and OTP as well as with the support of SALGA a coordinated joint support to municipalities has improved during the 2018/19 and continues during current year under implementation. The first process was to improve the Tri-partite support activities towards improvement in municipalities. This has resulted in a number of sessions taking place jointly to support and improve municipal financial management. A joint support has been experienced during the MECs engagement with municipalities at district level where the pillars of governance are discussed at length. Provincial CoGTA in consultation with Provincial Treasury, SALGA and OTP is currently reviewing the Municipal Support Intervention Framework (MSIF) for the province which will ensure that support and interventions in municipalities is structured and coordinated. This review will also strengthen and support the objectives of the MoU
	The implementation of the Integrated Financial Management System (IFMS) which as way back as 2009 was touted to be modernisation as well as improvement of accountability and a better performing financial management environment has still not been realised. However, the department reports that it has been selected as one of the departments to pilot IFMS. Even though the Committee understands that this is a National Treasury driven, can the department comment on the delay and its effect on the financial management environment?	National Treasury reports that the current IFMS Programme delay is due to a myriad of challenges, such as the placing of the State Information Technology Agency (SITA) under administration. Alternative measures are being put in place to ensure that the project time lost is recovered and the projected timelines will still be met. The delay in this programme has restricted the province from implementing world class financial management systems which has resulted in an overreliance on manual documentation, lengthy business processes, and a lack of ease of access to an integrated set of quality information for planning, reporting and better decision making in the management of public resources.

4. Provincial Treasury Strategic Plan 2020/25, page 27.

Date	Matters raised	How the Department addressed the matters raised
	May the department brief the Committee on the financial performance of the Magwa and Majola tea estates and expand on the provision of CFO support as referred to in the APP[5]?	• The preliminary total expenditure as at end March 2020 amounting to R100.2 million, included in these expenses are salaries backlog (11 month unpaid) of employees of R20.7 million. • Magwa received a total of R84.9 million in 2019/20 from the Department of Rural Development and Agrarian Reform. • Magwa Enterprise Tea (Pty) Ltd managed to collect R21.5 million as sales during 2019/20 financial year. This is an improvement when comparing with the past three years as demonstrated below: - 2017/18 FY Revenue / Sales : R 3.2 million, - 2018/19 FY Revenue / Sales : R12.8 million, and - 2019/20 FY Revenue / Sales : R21.5 million **CFO Support** • On 26 June 2018, Provincial Treasury received a letter from Department of Rural Development and Agrarian Reform (DRDAR) requesting a nomination of PT official to serve as Chief Financial Officer for Magwa Enterprise Tea as part of the interim management team. Subsequently, PT approved the secondment of a Manager within Budget Management to Magwa Enterprise Tea as Acting CFO with effect from 01 April 2019 to 31 March 2020. The secondment came to an end on 31 March 2020 and Provincial Treasury has received another letter from DRDAR requesting the extension of the Acting CFO's secondment for Magwa Enterprise Tea for a period of six months with effect from 01 April 2020 to 30 September 2020. PT has approved the extension of the secondment of Acting CFO for six months as requested to allow for a smooth hand over of operations and the financial responsibilities to the permanent appointed official to manage this finance portfolio.
	May the department ensure that these supplementary reports are submitted to the Committee, as and when expected?	(i) The Provincial Financial Position is submitted to the Committee on a quarterly basis. (ii) The Creditor report will be submitted on a quarterly basis as requested.
	May the department submit the own revenue plans by the departments to the Committee as well as the Provincial Treasury's monitoring plan of the implementation thereof as per operational plan.	• Revenue plans for the implementation of new revenue sources are attached and these were submitted by the Departments of Transport, Health, Public Works and Rural Development and Agrarian Reform and Education. Updated revenue plans were submitted by the Department of Health, Public Works as well as Sport, Recreation, Arts and Culture. • The assessment of the implementation of the revenue plans is conducted through workgroup meetings with departments and the attendance registers are attached for the meetings that were conducted with the Departments of Transport, Health, Public Works and Rural Development and Agrarian Reform, Economic Development, Environmental Affairs and Tourism and Education during the 2019/20 financial year.
	The MEC also states that *"We will also initiate a zero-based budgeting exercise, instead of the conventional incremental budgeting, to determine true departmental baselines in the Provincial departments."* This is commendable. May the department expand on this? Does this suggest implementation of zero-based budgets in the 2021/22 financial year? If so, what then of the indicative outer year MTEF figures tabled in the 2020/21 MTEF? **This also is in view of the fact that predictability is one of the key principles of good budgeting.**	The Zero-based budgeting will be used as a basis to inform the 2021/22 MTEF budget.
	The statement by the MEC that *"We will therefore execute the long standing report of the Government Technical Advisory Centre (GTAC) on the maximization and efficiencies of public entities with the urgency that it deserves. Our intention is to rationalise the targeted public entities in the Province"* is most welcome. May the department then provide time-frames attached to this undertaking? One of the previous responses by the department on this issue was *"On the rationalization of Entities, the consultation process was finalised at an administrative level which includes provincial CFOs' Forum, Provincial Top Management and Governance and Administration Cluster. Further consultations were made with the Cabinet Committees (Cabinet Budget Committee and Economic Development Cabinet Committee) where deliberations are still awaited to be completed before submission to Executive Council. Subsequent to this process, a briefing memo on rationalisation of Public Entities was developed and presented to the new MEC of Finance. The report will be submitted to the Committee once the aforementioned processes have been finalised."*	A memo on rationalisation of Public Entities was developed and presented to the new MEC of Finance. The report will be presented in the next Economic Development Cabinet Committee which is likely to take place on 10 June 2020.

5. Provincial Treasury APP, 2020/21, page 31.

Date	Matters raised	How the Department addressed the matters raised
	How does this unit interface with municipalities? Would this directorate be suited for playing a role in the recently launched District Development Model (DDM)	Although the 2014 organisation structure had the Municipal Infrastructure Directorate, Provincial Treasury (PT) did not populate structure to perform the entire infrastructure delivery management across the various spheres. Currently the unit deals with the DDM by aligning the infrastructure budgets per department, per district and differentiated between projects in planning and construction. PT is in a process of reviewing the organisation structure to separate the infrastructure Management of the PFMA and MFMA where then the DDM will be run by the municipal directorate to allow for the integration.
	Has the PT received any formal response to the letters as submitted on the 29 October 2019? Besides the delayed or non-response from OTP, what other challenges does the PT experience with regards to effecting consequence management?	The PT has received no response from the OTP for these letters submitted in October 2019 and another subsequent one affecting DOE submitted in January 2020. The challenges experienced by PT with regard to consequence management is that PT has no power to discipline (whether corrective or punitive) Accounting Officers for financial management transgressions. The escalation for consequence management to the OTP comes after PT has repeatedly brought the matters to the Accounting Officers attention (both informally and formally) to give them an opportunity to implement remedial actions. The only power that PT has is punitive and it involves effecting consequence management on the department not the Accounting Officer, by withholding funds. This is not a power that PT wishes to exercise as it is draconian and would ultimately affect service delivery and not the Accounting Officer. PT is following up with the OTP on the responses to the escalations.
June 2020	It is of concern to the Committee that from the 2016/17 outcomes leading to the 2019/20 revised estimate the provincial own revenue is steadily declining	The actual own revenue collection was R1.924 billion in 2016/17 and this amount increased to R1.944 billion in 2017/18 and R1.978 billion in 2018/19 and further increased to was R1.994 billion in 2019/20 as reflected on page 30 of the 2020/21 Estimates of Provincial Revenue and Expenditure (EPRE). Own revenue collections are projected to decrease to R1.551 billion in 2020/21, which is as a result of once-off revenue sources, which in particular relate to higher interest earned on positive bank balances, the sale of capital assets and once-off recoveries of surpluses by public entities that were not factored into the 2020/21 estimated revenue due to their unpredictability for estimation.
	The graph shows a decline, over an eight-year period, in the % composition of grants to total budget. This is rather concerning as this is accompanied by a steady decline in the provincial equitable share. The National Treasury reluctance is at times informed by their insistence of the province's apparent inability to spend its budget as is shown in the table below.	Conditional grants are allocated to the province in terms of specific allocations and for concurrent functions that are performed at both national and provincial levels. Conditional grants have reduced due to fiscal consolidation at a national level and the underperformance of conditional grants at provinces. Certain direct conditional grants were converted to indirect conditional grants, such as the Ilima / Letsema conditional grant, as well as conditional grants such as the Comprehensive Agriculture Support Programme grant has been reprioritised to the national department to support animal and plant health and sustain exports at a national level. The under spending on conditional grants as at the end of a financial year are requested for roll over from National Treasury. Supporting documents in terms of invoices, order numbers and commitment reports were submitted by departments. Commitments as per the invoice and/or goods receive voucher and the proof of the commitments were provided by the departments and were submitted to the National Treasury. Subsequently, an amount of R37.172 million was approved for roll-over from 2015/16 to 2016/17, an amount of R78.759 million was rolled-over from 2016/17 to 2017/18, an amount of R92.110 million was rolled-over from 2017/18 to 2018/19 and an amount of R105.622 million was rolled-over from 2018/19 to 2019/20 as reflected on page 28 of the 2020/21 Estimates of Provincial Revenue and Expenditure.
	What would be the ideal CoE expenditure rate for Public Entities? May the department provide the CoE to budget ratio of municipalities? Currently the CoE unit costs for Public Entities and Provincial government is R588 000 and R410 000, respectively. Can the department comment on this?	With respect to the CoE unit costs in public entities and provincial government, it should be noted that the cost of living adjustments of public entities is determined by boards while the increase of provincial government is determined by the bargaining chamber at a national level. However, for the 2019/20 financial year, National Treasury issues a circular to public entities to regulate the increase of salaries of executives at public entities. Additionally, Provincial Treasury issued a directive in support of the national circular to public entities to suspend increases of executives of public entities.
	May the department also comment on the single public service concept?	It is noted that this matter affects the macro organization of government and as such this preserve of the Office of the Presidency, Office of the Premiers with technical assistance of the Department of Public Service and Administration. The re-organisation will assist with the current fiscal constraints of government.
	With respect to the different phases in the basic education system, which group of learners is targeted by this funding?	The department is prioritising Grade 12 learners across all quintile schools in the province, with high priority being given to Quintile 1-3. Further, in quintile 4 and 5 in instances where leaners are exempted from paying the fees.

Date	Matters raised	How the Department addressed the matters raised
	This is commendable. Can the department comment on the progress made so far with response to the Premier's pronouncement in 2019/20 that, "We are going to look closely at the need for establishing three special schools in the Province for children with special needs such as autism, at Nelson Mandela Metro, Buffalo City Metro and at King Sabata Dalindyebo local municipality".	The department has conducted a conditional assessment on the schools and costed the renovations and refurbishment of existing schools to be converted and resourced as Special Schools for learners with Autism. The initial list (as was pronounced in the speech included 3 schools, however, this has since been revised to include the fourth school due to expected high demand of learners with these special needs to be accommodated in these schools. The list of schools with Autism include the followings: • Manzabila Primary School – O.R Tambo Coastal; • Nomvume Primary School - Zwelitsha – Buffalo City Municipality (BCM) • Merryvale replacing Thembalabantu School in Port Elizabeth – Nelson Mandela Municipality (NMM) • Habumnzima replaced to Rose School - Mthatha – O.R Tambo Inland.
	Which sites will be prioritized and what guides the prioritization process?	At the time of budget allocation, the department had prioritise 100 sites. However, the department has now reported that, due to Covid-19 pandemic, a decision was taken to prioritise all High schools and Combined schools offering Grade 12 based on budget resources (attached is the list of schools).
October 2020	The Provincial Treasury must engage the National Treasury for a return of some of the funds during the adjustment period, so as to proceed with the projects as planned, if worst case scenarios are not realized in the progress of the pandemic.	If the earmarked conditional grant funds are not fully spent, Provincial Treasury will engage National Treasury on this issue to return unspent conditional grant funds to province during the Adjustments Estimates.
	The Provincial Treasury must consider cancelling some interventions or repurpose their use and reallocate some of the funds to areas of need through the next adjustment budget.	Provincial Treasury will assess funding and the current expenditure during the Adjustments Estimates (scheduled for November 2020) and funds from non-performing projects/programmes will be reprioritised to other high priority areas because of the current negative economic environment that requires fiscal consolidation.
	The Provincial Treasury, through the following adjustments budget and future budgets should reflect redress of these deficiencies contingent to the progress of the pandemic.	The department of Health's budget will be assessed in the Adjustments Estimates and future budgets depending on the progress of the Covid19 pandemic. The Minister of Finance, in the 2020 Supplementary Budget Review (dated 24 June 2020), indicated that government expenditure should be curtailed in order to make payments to reduce the government debt. Thus, provinces may expect reductions in the equitable share allocations of future budgets, and the Province will protect the non-negotiables of the Department of health's budget.

Date	Matters raised	How the Department addressed the matters raised
	The Provincial Treasury and DEDEAT should expedite finalization of projects and programmes in order to ensure that the allocated funds are spent effectively and responsibly in order to contribute to economic recovery. Provincial Treasury, DEDEAT and OTP should engage their national counterparts on the low investment in the province by key economic sector departments such as Department of Trade and Industry; Small Business Development; Agriculture Land Reform and Rural Development.	On assessment of the project information provided for the R114 million funding, which included some business plans, Provincial Treasury (PT) concluded that DEDEAT is not in a position to transfer the funds due to the following reasons: • Due to the nature of the identified projects, all of them would represent a principal-agent relationship between DEDEAT and the public entities and would therefore require that they incur expenditure first and only claim for goods and services received with value for money demonstrated. Therefore, upfront transfer would not be possible in terms of Transfers and Subsidies but would be classified as Goods and Services; • All the projects indicated the need for procurement and conclusion of agreements and these have not been done, but are awaiting the provision of upfront funding through Transfers and Subsidies; • The procurement lead times and the classification of Goods and Services means that the ability of the public entities to derive value for money by 31 March 2021 from all the proposed projects is severely compromised; and • The COVID-19 link to the proposed expenditure cannot be established through any credible data, as all the projects can be linked to stimulating and supporting economic development in the province in the identified sectors, and this is already in line with the respective mandates. Based on the above, the PT requested DEDEAT to surrender the R114.218 million back to the Provincial Revenue Fund during the Adjustment Estimates for 2020/21. Furthermore, DEDEAT will have to request PT to provide the funding in the 2021/22 financial year for the completion of the projects by either the department or its entities. The Provincial Departments engage with national departments and entities in respect to numerous investment related items. These include among others: • Engagement with the Department of Agriculture, Land Reform and Rural Development and the Department of Trade, Industry and Competition (DTIC) through the National Agro Processing Forum to ensure that provincial interests are represented in national planning. • Collaboration with the Technology Innovation Agency of the Department of Science, Technology and Innovation, in order to ensure investment in innovation in the Province. • Collaboration with the DTIC for the establishment and operations of the InvestSA One Stop Shop in the province. • Implemented of informal economy support in line with the approved Informal Business Strategy 2019-2024 in partnership with Department of Small Business Development (DSBD) and Municipalities. This aligns with the DSBD second wave of interventions for funding informal businesses as well as collaboration with OR Tambo district Municipality on Retail project focusing on Ingquza Hill LM and KSD LM as two sites of the pilot project. • Engagement with the DTIC Critical Infrastructure Programme (CIP). This has resulted in the approval of R50-million by the DTIC for the first phase of the revitalisation of the Dimbaza Industrial Park.
March 2021	The department must ensure that this under expenditure does not continue in the next financial years and must identify the causes and consequence management must take place where applicable. The Provincial Treasury must submit the information to the Committee within 30 days after the adoption of this report in the House. The department must facilitate finalization of the process and submit a report to the Committee upon completion.	ICT Projects, purchase of capital assets, leasing of certain assets like vehicles, photocopiers are centralized in Programme One and projects relating to change management and employee wellness programmes. Delays are always experienced in the procurement process of these goods and services and this results in under spending being incurred. During this year most projects have been implemented and invoices settled but there were cases where no suitable service providers could be obtained and the funds were surrendered during the second adjustment estimates. During the financial year the department had a catch-up plan to ensure that the budget is spent. During adjustment estimates there were also budget cuts that were done and also surrenders that were made. It is envisaged that the budget will be fully utilized this year and unauthorized expenditure will be avoided. GEMS is currently the main sponsor for HIV testing. However, since the national lockdown, there has not been much activity on that front. In the light of the outbreak of COVID-19 all health screening services were stopped to prevent transmission of the virus and these have not yet resumed. Also, GEMS quarterly reporting with regard to utilisation of their services by employees has not been regular and is lagging behind. This has made it difficult to secure the required information for reporting. Currently, there is no updated and reliable information on which the department can base a reliable report for submission to the House. The matter is currently being followed directly with GEMS. The dispute scheduled for 7 - 9 December 2020 was finalized and the award issued in favour of the Employer on 1 February 2021. The dispute scheduled for the 12-13 January 2021 was partly heard and has since been rescheduled for 29 - 31 March 2021.

Date	Matters raised	How the Department addressed the matters raised
	Departments of Transport and Social Development did not submit the approved assessment controls, although follow-up letters were sent to the Accounting Officers to escalate the non-submission, and the matter was also escalated to their MECs. The Province recorded 1355 officials that were registered on the Central Supplier Database (CSD) although the department indicated that the number of officials registered on the CSD decreased by 38% to 576, none of the departments has effectively reported on consequence management taken against affected officials	1. A follow up was made with the two (2) Departments and signed control assessments were subsequently submitted to Provincial Treasury. 2. The process of instituting disciplinary actions against affected officials is a Human Resources (HR) function within a Department. This is why PT provides the Accounting Officers of the affected Departments with all the information relating to these officials on a quarterly basis in order for the Accounting Officer to engage HR on disciplinary processes to be followed. PT cannot institute disciplinary actions against an official of another Department. In the Quarterly COI letters to the Accounting Officers, PT requests Accounting Officers of take action against transgressors and implement consequence management against conflicted officials. There is no department that has adequately addressed the issue of consequence management in the 2019/20 Financial Year. The details of the responses to the COI letters from departments in the 2019/20 Financial Year are as follows; • The Department of Cooperative Governance and Traditional Affairs (COGTA) reported back once. It had two (2) conflicted and eight (8) potentially conflicted officials in Quarter 1. In their response letter, the Department stated that it had issued a circular to all officials advising them of the new requirements as stipulated in the PSR, 2016. In addition, the Department stated that it held a number of awareness workshops where officials with companies on the CSD were requested to submit proof of their resignation from these companies, or removal from the CSD. A summary of further feedback received from the Department is as follows: • The Department provided CK documents showing that one (1) conflicted official and one (1) potentially conflicted official had resigned from the companies in question. Furthermore, proof of resignation from the company or de-registration from the CSD was requested by the Department from four (4) potentially conflicted officials; • The Department also provided an endorsement from the Department of Justice and Constitutional Development showing the other one (1) conflicted official had resigned from the Trust in question; • A letter for disciplinary enquiry was issued to one (1) potentially conflicted official; • The Department stated that one (1) potentially conflicted official was in the process of retiring; and • The Department identified one (1) potentially conflicted official as being an intern, and thus non-conflicted. The Department of Education (DoE) reported back four times. It had ten (10) conflicted and six hundred and eighty-four (684) potentially conflicted officials in Quarter 1. In their response letter, which was received by PT in Quarter 2, the Department committed to the PT Intervention launched in Quarter 2 to assist officials in that Department to remove themselves from the CSD. The Department dedicated officials from Supply Chain Management, Human Resource Management, Labour Relations and Risk Management to the combined Task Team to deal with the COI matter. In addition, the Department responded with the following actions it had taken: • Two hundred and twelve (212) potentially conflicted officials were contacted by DOE, who agreed to be assisted to remove themselves from the CSD; • One hundred and seventy-four (174) potentially conflicted officials could not be contacted as calls were unanswered or went straight to voicemail; • Three (3) of the conflicted officials removed themselves from the CSD; • Four (4) of the conflicted officials were board members and thus non-conflicted; • Two (2) of the conflicted officials received periodical remuneration (exam assistant and invigilator) and were thus non-conflicted; and • One (1) of the conflicted officials is being investigated by Labour Relations to institute disciplinary action. In addition, the Risk Management Unit has also undertaken criminal investigations. DoE then had three (3) conflicted and one hundred and ninety (190) Potentially Conflicted Officials in Quarter 2. In the response the Department explained that one (1) of the Conflicted officials rendered the service before being appointed by the Department, and the order was processed and paid after they accepted employment within the Department. The other two (2) officials were referred to Risk Management and Labour Relations for disciplinary action. The Potentially Conflicted Officials would be dealt with through continued work instituted by the Intervention to assist officials to remove themselves from the CSD.

Date	Matters raised	How the Department addressed the matters raised
		DoE explained for Quarter 3 that the one (1) conflicted official was reported to Risk Management and Labour Relations. A preliminary report received stated that the employee has resigned as a government official. Risk Management is still awaiting details of the order from the National Department of Labour to compare the date of the transaction with the employment record of the official. DoE explained for Quarter 4 that the three (3) conflicted officials were reported to Risk Management and Labour Relations. All three officials are being investigated. The report also included updates on disciplinary procedures relating to Quarters 1, 2 and 3 of the 2019/20 FY. However, none of these disciplinary procedures have reached a conclusion, according to the Department. The Department was requested to speed up this process and urgently respond to PT and OTP with awaited outcomes. The Department of Health (DoH) reported back once. DOH had four (4) conflicted and five hundred nineteen (519) potentially conflicted officials in Quarter 1. In their response letter, the Department committed to a future PT Intervention that is being planned to assist officials in that Department to remove themselves from the CSD, much like the Intervention that is taking place at the DoE. In addition, the Department provided feedback on the four (4) conflicted officials which is summarized as follows: • One (1) of the conflicted officials serves as a non-remunerative board member of the organization in question, and is thus non-conflicted; • One (1) of the conflicted officials serves as a non-remunerative treasurer of an NPO, and is thus non-conflicted; • One (1) of the conflicted officials is an intern and thus non-conflicted; and • One (1) of the conflicted officials is no longer an employee of the State. The Office of the Premier (OTP) reported back once It had eight (8) potentially conflicted officials in Quarter 1. In their response letter OTP provided feedback on the eight (8) officials. The feedback is summarized as follows: • Four (4) of the officials were learners and thus non-conflicted; • Three (3) of the officials removed themselves from the CSD; and • One (1) official is a non-remunerative board member of an NPO, and thus non-conflicted. The Department of Social Development (DSD) reported back twice. It had thirty-two (32) potentially conflicted officials in Quarter 1. In their response letter, the Department stated that it had written to all the affected officials seeking an explanation on possible misconduct. The Department further provided feedback on the conflicted officials and is summarized as follow:
		• The Department assisted thirteen (13) officials to remove themselves from the CSD; • Two (2) officials are no longer employed by the State; • Four (4) officials are interns and are thus non-conflicted; • One (1) official agreed to remove themselves from the CSD; and • Ten (10) officials could not be contacted. The DSD reported back that the following actions had been undertaken by the Department for Quarter 3; • The Department in conjunction with PT had assisted some officials to remove themselves from the CSD; • All new appointments would be verified against the CSD; • Workshops had been conducted to sensitize officials about the implications of Section 8 of PAMA; • The Department submitted an official response to PT on the COI for Quarter 2 of the 2019/20 FY; and • The Department is assisting officials to de-register from CIPC. The Department had however not provided details or documentary support to any of the above actions. The Department of Public Works and Infrastructure (DPWI) reported back twice. It had twenty-six (26) potentially conflicted officials as per the COI Quarter 3 letter. The Department also reported back on the one (1) conflicted official. The one (1) conflicted official received the order from the Department of Health before starting work at the Department. Proof to this regard was supplied. In addition, the Department confirmed the non-conflicted status of one (1) official.

Date	Matters raised	How the Department addressed the matters raised
		The DPWI reported back that the one (1) conflicted official from Quarter 4 received the order prior to being employed by the Department. In the response the Department provided copies of court papers showing that the company went into liquidation on 14 January 2020. The official in question started work at the Department on 02 February 2020. The response further reported that sixteen (16) of the twenty-one (21) potentially conflicted officials were in learnership programmes in the Department. The Department of Rural Development and Agrarian Reform (DRDAR) reported back twice. For Quarter 3 one (1) conflicted official was issued with an Administration of Justice Letter on 24 March 2020, after Fraud and Anti-Corruption investigated the matter. They recommended that formal disciplinary steps be initiated against the official as well as criminal action. The DRDAR reported that final written warnings have been issued to the two (2) potentially conflicted officials reported in Quarter 4. However, copies of the actual letters were not submitted as the portfolio of evidence along with the response. The Department of Sports Recreation Arts and Culture (DSRAC) reported back once. All 14 potentially conflicted officials as per the COI Quarter 3 letter were being investigated. In addition, the Department confirmed the non-conflicted status of 5 officials. The actions taken by the Departments have resulted in the number of CSD registered officials to be reduced to 421 for Quarter 3 of the 2020/21 Financial Year. In addition, only one (1) of those officials in Quarter 3, an official from the Department of Transport, was actually conflicted. That official received two (2) orders to the value of R44 960.
	Despite all the interventions by Provincial Treasury, the municipalities continue to underperform and become bankrupt. The Provincial Treasury must ensure that financially distressed municipalities have sustainable financial recovery plans along with the action steps to realize them.	Recommendation is noted. Currently all municipalities in the province that have adopted unfunded budgets were required to prepare and adopt turnaround plans or Financial Recovery Plans. This was to ensure that these municipalities will move towards adopting Credible funded budgets which are sustainable and implementable by council as a start, towards ensuring that financially distressed municipalities move towards being sustainable and viable entities. Over and above this Provincial Treasury (PT) is currently working with EC CoGTA and OTP to assist and monitor financially distressed municipalities in the province. The collaborative efforts will be significantly strengthened once the Municipal Support and Intervention Framework (MSIF), to which PT provided inputs, is finalized and can be implemented. Further to this PT has adopted National Treasury's New Approach to Financial Recovery plans and Interventions to support financially distressed municipalities.

3.8 SCOPA RESOLUTIONS

There were no SCOPA resolutions or outstanding from the previous years related to the Department for the period under review.

3.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior audit modifications to audit reports.

3.10 INTERNAL CONTROL UNIT

During the period under review the Internal Control Unit continued to ensure that the Department complies with laws and regulations by implementing preventative, investigative and corrective internal controls measures to address and report cases of non-compliance and deviation from normal processes and procedures. This unit has managed the Irregular, Unauthorised, Fruitless and Wasteful Expenditure case files and registers and performed investigations of such on a monthly basis.

It has also conducted investigation of loss control cases until they are finalised and written off where necessary. The unit prepared the Audit Improvement Plan for both the Internal Audit and Auditor General findings. This plan was monitored on a monthly basis to track progress made in resolving the audit findings. The Audit Committee was updated on the status of these findings.

3.11 INTERNAL AUDIT AND AUDIT COMMITTEES

The departmental internal audit activity provides independent and objective assurance and consulting services to management on the effectiveness of governance, risk management, and internal control systems to enable the department to meet its objectives. The audit projects were undertaken as per the approved operational audit plan, and the results reported to management and the audit committee. Where areas of improvement have been identified, management continues to implement corrective action.

The overall strategy is to ensure an internal audit activity that can meet stakeholder requirements. The following are critical for the effectiveness of the Internal Audit function:

- An internal audit activity operating on the principles of an independent and objective assurance and consulting activity;
- Adequate resources (staff, hardware, software, funding);
- Relevant methodologies and practices to support the achievement of stakeholder objectives. Aspects which include the:
  - Human resources (skills, competencies, professionalism, certifications, empowerment and team cohesion);
  - Internal audit tools (hardware, software);
  - Administrative practices and methodologies;
  - Marketing of the internal audit activity;
  - Conformance with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors and other relevant professional bodies; and
  - Adherence to statutory and other profession-related requirements such as the PFMA, MFMA, National Treasury Regulations and King IV Code on Corporate Governance in SA.

The scope of work of the internal audit activity is to determine whether the departmental system of internal control, risk management, and governance processes are designed, implemented, and maintained by management and whether these controls are adequate and functioning in a manner that ensures that:

- Risks are appropriately identified and adequately mitigated;
- Significant financial, managerial, and operating information is accurate, reliable, and timely;
- Compliance to applicable laws and regulations, and policies and procedures is enforced;
- Resources are acquired economically, utilised efficiently, and adequately safeguarded;
- Quality and continuous improvement is fostered in departmental control processes; and
- Pro-active measures are taken to recognise and properly address regulatory and legislative issues, which may affect the department.

The type of audit work performed is based on assurance and consulting reviews and the nature is presented below:

- Assurance services recognises the IAA staff member's objective evaluation of evidence to provide an independent, objective opinion/conclusion about the department, its operations, functions, processes, systems or other relevant disciplines. The nature and scope of these types of engagement are identified by the IAA and approved by the AC in the annual operational plan.
- Consulting services are advisory in nature and are mostly in response to specific requests by the Executive Authority, HoD, Audit Committee, and management. The nature and scope of these reviews are subject to agreement, and focusses on problem-solving activities to add value.

3.12 AUDIT COMMITTEE

The audit committee monitors compliance with applicable laws and regulations, governance processes, and assesses the performance of the risk management unit, and of the internal audit activity. The latter is to determine the levels of effectiveness of these units within the department. The audit committee operates in accordance with an approved charter document and in compliance with the requirements of the PFMA and National Treasury Regulations.

The audit committee is an independent governance structure that provides an oversight role on the financial reporting process, audit process, the process for monitoring compliance with laws and regulations and the code of conduct, the system of internal control, risk management, and governance processes. Governance entails how the department is managed, and includes policies and procedures, the culture, and strategies.

The audit committee also assesses the progress of the internal audit activity on the execution of the risk-based internal audit plan, and assesses the effectiveness of the internal audit activity.

Furthermore, the audit committee provides counsel to the Executive Authority, HoD, and management.

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

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned / term concluded	No. of meetings attended	No. of meetings held
Ms. P. Mzizi CA(SA)	B. Bus Sci Finance Hons, B. Compt Honours CTA, CA(SA), B. Com Hons in Transport Economics.	External member	N/A	December 2017	December 2020 Reappointed for second term	9	9
Mr. P. Zitumane	B. Comm, Master of Business Leadership, Doctor of Administration (In Progress)	External member	N/A	December 2017	December 2020 Reappointed for second term	9	9
Ms. M.J. Gunther	B. Compt., Masters in Cost Accounting, CIA, CRMA, AGA.	External member	N/A	December 2017	December 2020 Reappointed for second term	9	9
Ms. A Badimo	Msc Applied Science, MBA, Bsc Hons Computer Science, COBOL Programming Diploma, CGEIT, CISM, CISA	External member	N/A	November 2014	December 2020	6	9
Dr. T. Sethibe	Doctor of Business Leadership; Master of Business Leadership; Master of Information Technology; BSc in Computer Science (Honours); BSc in Computer Science and Applied Mathematics	External member	N/A	December 2020	N/A	3	9

3.13 AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2021.

Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded, and that liabilities are effectively managed. As per the PFMA requirements, internal audit and the Auditor-General South Africa evaluate the internal controls for adequacy and effectiveness. This is achieved by assessing the effectiveness of risk management, and the identification of corrective actions and suggested enhancements to controls and internal processes. Based on these evaluations and assessment of the management commitment to good governance, the Audit Committee considers the internal control environment adequate and effective.

Internal audit

The audit committee reviewed and approved the annual internal audit plan for 2020/21 and monitored performance of the internal audit against this plan on a quarterly basis. The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks specific to the department in conducting the reviews.

The following internal audit assignments were completed during the year under review and the committee will continue to monitor the progress made against the corrective action plans implemented by management:

- Review of the draft annual financial statements;
- Review of the draft annual performance report;
- Audit of predetermined objectives;
- Procurement and contract management;
- Business continuity;
- Review of the draft consolidated annual financial statements;
- Leave management;
- Ethics management;
- Information communication and technology (ICT) management.

Whilst the department is starting to implement a combined assurance model, the Internal Audit Activity and Auditor-General have established a strong working relationship. The AGSA has placed reliance on the work of internal audit for the fourth concurrent financial year.

While the internal control environment is considered effective, improvements are required in the area of:

- ICT governance;
- IT services continuity;
- Risk management; and
- Timely implementation of recommendations made by the Internal Audit Activity and Auditor-General South Africa.

Risk management

Risk management continues to mature in the department. The Audit Committee monitors the achievement of risk management deliverables on a quarterly basis through the review of quarterly risk management progress reports by the Risk Management Committee. The department has an established Risk Management Committee chaired by an independent member who is also a member of the Audit Committee. The Risk Management Committee reviews the adequacy of the risk management strategy, policy and plan. Risk management is a permanent agenda item at Audit Committee meetings to ensure continuous risk management oversight.

In-Year Management and Monthly/Quarterly Report

The department reports to the Executive Authority and National Treasury as required by the PFMA. The Audit Committee is satisfied with the content and quality of reports presented. Continuous oversight by the Committee has resulted in improvements in the quality of performance reporting.

Evaluation of Financial Statements

The Committee submits that it has:

- Reviewed the 2020/21 unaudited and audited Annual Financial Statements prepared by the department.
- Reviewed the 2020/21 draft and final Annual Performance Report.

The review conclusion was that the draft Annual Performance Report submitted to the AGSA and the draft Annual Financial Statements were of the required standards and met the regulatory requirements.

Auditor-General's Report

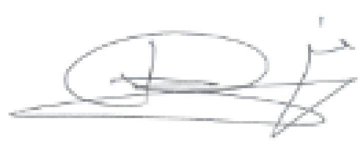
The Audit Committee has met and discussed with the Auditor-General South Africa their audit report, to ensure that there are no unresolved issues. We have also reviewed the management responses to the audit issues raised in the AGSA management report and continuous oversight will be exercised to ensure that unresolved findings are adequately addressed.

We have reviewed the department's implementation plan for audit issues raised in the previous year and we are satisfied that the matters raised were substantially resolved.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General.

Appreciation

The Audit Committee expresses its sincere appreciation to the Executive Authority, Accounting Officer, AGSA, Management, and internal audit for their support and co-operation.



PHUMZILE G ZITUMANE
CHAIRPERSON OF THE AUDIT COMMITTEE
EASTERN CAPE PROVINCIAL TREASURY
DATE: 2 AUGUST 2021

3.14 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	**Response Yes / No**	**Discussion (include a discussion on your response and indicate what measures have been taken to comply)**
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	N/A
Developing and implementing a preferential procurement policy?	Yes	The Department adheres strictly to the preferential procurement policy.
Determining qualification criteria for the sale of state-owned enterprises?	No	N/A
Developing criteria for entering into partnerships with the private sector?	No	N/A
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	No	N/A

HUMAN RESOURCE MANAGEMENT

D

EASTERN CAPE
PPROVINCIAL TREASURY

ANNUAL REPORT
VOTE 12

2020/21

PART D: HUMAN RESOURCE MANAGEMENT

4.1 INTRODUCTION

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

4.2 OVERVIEW OF HUMAN RESOURCES

4.2.1 The status of human resources in the department

In this period under review, the department consists of 447 employees with 264 females and 183 males (the total number of 447 includes 2 casual workers). The department has 68 SMS members which consists of 56% males and 44% females. Total number of youth in the department is 119, and that is 3% and the total number of interns in the department is 25 and that is 6%.

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

The priorities were to appoint females at SMS level so as to meet 50% target and also to appoint people with disability so as to meet 2% target. The other priority was to focus on attracting and appointing youth in the department.

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

Future plans of the department is the development of new structure and also to capacitate employees who do not hold any qualification in the department.

4.2.4 Employee performance management

The revision of policies in order to bring them into line with national and provincial frameworks was undertaken. These have since been approved for implementation.

Both Interim Review Committee structures and the Departmental Moderating Committee are in place and are functional. The new policy has introduced a Departmental Interim Review Committee to ensure coordination across Programmes of the department.

Annual assessments and payment of incentives was concluded before 31 March 2021, in line with the concession announced by the Department of Public Service and Administration.

4.2.5 Employee wellness programmes

- **HIV, AIDS and TB Management**

  Due to Covid -19 restrictions all contact sessions and screening were suspended.

  A virtual World Aids Day Programme was held on 7 December 2020 under the theme “We‘re in this together, Cheka Impilo” This event was hosted in partnership with Eastern Cape Aids Council and the Men’s Alliance. Seventy-nine employees across all levels participated in the The World Aids Day Programme.

- **Health and Productivity Management**

  One group trauma intervention was conducted for immediate colleagues after the death of an employee. Sick leave analysis was conducted for the period January to June 2020 and compared to the same period in the previous year. These reports were shared with all Programme Managers to discuss in programme meetings.

- **Wellness Management**

  In the context of the Covid-19 pandemic, the focus of wellness management was mainly on providing psychosocial support to employees and their immediate family members, equipping employees with coping mechanisms. Furthermore, in partnership with Momentum financial education in relation to estate planning and the importance of wills and testaments.

  Electronic Health Messages were shared with employees on various topics e.g. managing stress during lockdown and other health related topics.

  Weekly electronic wellness messages are displayed on various topics e.g. financial wellbeing, parenting, health, legal and mental Illness.

- **Occupational Health and Safety Management**

  The Covid-19 Ready workplace plan was signed by the HOD and submitted to OTP on 13 May 2020. The pre-lockdown risk assessment was conducted and submitted to the DOEL. During the second quarter, the department reviewed its Risk Management Plan in order that it is responsive and adaptive to the ever-changing COVID-19 environment.

  The Business Continuity Committee consistently dealt with the departmental Covid-19 response to ensure compliance in terms of DOEL guidelines and regulations. SHERQ Committee continued to meet quarterly as planned.

- **Code of Conduct**

  The department adopted the Code of Conduct for the Public Service, issued by the public service Commission, as its Code of Conduct. A copy of the Code of Conduct is made available to newly appointed employees on their reporting for duty. Further, workshops on the Code of Conduct are conducted at least twice in each financial year, in order to create awareness on the contents and the expectations arising from the Code of Conduct. Values enshrined in the Code of Conduct are enforced, when breaches occur, through the normal disciplinary processes.

4.2.6 Highlight achievements and challenges faced by the department, as well as future human resource plans /goals

The department managed to achieve the appointment of youth in the department during this period. Also, the target of 2% for people with disability was not achieved as the department is sitting at 1.7% due to the 1 resignation, 1 contract expiry and the passing on of 2 people with disabilities. The department has achieved in appointing interns as the number of interns is 25 and that is 6%. The target of 50% for women at SMS level was not achieved due to covid-19. The department had to cancel all the interviews due to the lockdown nationwide. The department is at 44% for female and 56% for males at SMS level.

The Human Resource Development Strategy has been developed and will be implemented with effect from 1 April 2021. The Human Capacity Development Policy which replaces the Skills Development Policy also has been developed and will support the implementation of the Human Resource Development Strategy. With regard to delivery of human capacity development programmes, priority was given to those available through online platforms. This should continue into the foreseeable future.

4.3 HUMAN RESOURCES OVERSIGHT STATISTICS

4.3.1 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 4.3.1.1 Personnel expenditure by programme for the period 1 April 2020 and 31 March 2021

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	150 563	110 133	447	3 057	73	622
Sustainable Resource Management	70 485	68 690	0	491	97	828
Asset and Liability Management	24 644	22 445	0	1 110	91	748
Financial Governance	81 619	73 195	640	215	90	841
Municipal finance governance	45 927	43 967	0	0	96	643
Total	**373 238**	**318 430**	**1 087**	**4 873**	**85**	**716**

Table 4.3.1.2 Personnel costs by salary band for the period 1 April 2020 and 31 March 2021

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 (level 3-5)	6 705	2.1	15	447
Highly skilled production (levels 6-8)	44 384	13.9	123	361
Highly skilled supervision (levels 9-12)	179 893	56.5	239	753
Senior and Top management (levels 13-16)	87 448	27.5	68	1286
Total	**318 430**	**100**	**445**	**716**

Total number of employees is exclusive of two (2) periodical employees.

Table 4.3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2020 and 31 March 2021

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	93 046	84.5	5	0.0	2 753	2.5	4 251	3.9
Sustainable Resource Management	59 080	86.0	0	0.0	1 159	1.7	1 939	2.8
Asset and Liability Management	18 432	82.1	0	0.0	574	2.6	764	3.4
Financial Governance	64 578	88.2	0	0.0	922	1.3	1 345	1.8
Municipal finance governance	38 209	86.9	0	0.0	648	1.5	872	2.0
Total	**273 343**	**85.8**	**5**	**0.0**	**6 056**	**1.9**	**9 171**	**2.9**

Table 4.3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2020 and 31 March 2021

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	3 290	49.2	5	0.1	252	5.7	412	9.2
Highly skilled production (levels 6-8)	37 575	84.6	0	0.0	1 559	3.7	2 838	6.8
Highly skilled supervision (levels 9-12	154 563	85.9	0	0.0	2 416	1.4	5 256	3.0
Senior management (level 13-16)	77 915	89.1	0	0.0	1 589	4.2	665	0.9
Total	**273 343**	**85.8**	**5**	**0.0**	**6 056**	**1.9**	**9 171**	**2.9**

4.3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes below).

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 4.3.2.1 Employment and vacancies by programme as on 31 March 2021

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme – 1	178.00	177	1.80	21.00
Programme – 2	84.00	83	1.20	0.00
Programme – 3	32.00	30	6.30	0.00
Programme – 4	88.00	87	1.30	11.00
Programme – 5	68.00	68	0.00	12.00
Total	**450.00**	**445**	**1.70**	**44.00**

The department has 7 vacant funded posts against 407 permanent positions hence the vacancy is 1.7.

Table 4.3.2.2 Employment and vacancies by salary band as at 31 March 2021

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)	15	15	0.00	0
Highly skilled production (6-8)	125	123	1.60	28
Highly skilled supervision (9-12)	241	239	1.20	7
Senior management (13-16)	69	68	1.40	9
Total	**450**	**445**	**1.7**	**44**

The total number of 445 includes 38 contract employees and excludes 2 casual workers.

Table 4.3.2.3 Employment and vacancies by critical occupations as on 31 March 2021

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	58	58	0.00	4
Communication and information related, Permanent	2	2	0.00	0
Finance and economics related, Permanent	8	8	0.00	0
Financial and related professionals, Permanent	209	205	1.90	18
Financial clerks and credit controllers, Permanent	4	4	0.00	0
General legal administration & rel. professionals, Permanent	1	1	0.00	0
Head of department/chief executive officer, Permanent	1	1	0.00	0
Human resources related, Permanent	43	43	0.00	11
Information technology related, Permanent	17	17	0.00	2
Library mail and related clerks, Permanent	8	8	0.00	0
Light vehicle drivers, Permanent	2	2	0.00	0
Logistical support personnel, Permanent	22	22	0.00	0
Messengers porters and deliverers, Permanent	1	1	0.00	0
Executive Authority	1	1	0.00	0
Secretaries & other keyboard operating clerks, Permanent	7	7	0.00	0
Senior managers, Permanent	66	65	1.50	9
Total	**450**	**445**	**1.70**	**44**

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –

(a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;

(b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;

(c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and

(d) In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

4.3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 4.3.3.1 SMS post information as on 31 March 2021

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	5	5	100	0	0
Salary Level 14	16	16	100	0	0
Salary Level 13	46	45	98	1	2
Total	**69**	**68**	**99**	**1**	**1**

This includes seven (7) funded SMS posts additional to the establishment

Table 4.3.3.2 SMS post information as on 30 September 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	5	5	100	0	0
Salary Level 14	16	16	100	0	0
Salary Level 13	46	45	98	1	2
Total	**69**	**68**	**99**	**1**	**1**

Table 4.3.3.3 Advertising and filling of SMS posts for the period 1 April 2020 and 31 March 2021

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	1	0	0
Total	**1**	**0**	**0**

Table 4.3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2020 and 31 March 2021

Reasons for vacancies not advertised within six months
None.

Reasons for vacancies not filled within twelve months
The position is not yet filled due to various reasons. The post became vacant on 1 January 2020 and it was initially advertised on 2&3 February 2020. The shortlisting was held on 2 March 2020. Due to National Lockdown the interviews could not be conducted during the period of March 2020 and the department only managed to do virtual interviews on 2 September 2020. The memo was approved by the MEC on 29 September 2020, however the recommended candidate declined the offer.
The position had to be re-advertised again on 11&12 October with 30 October 2020 set as the closing date of the applications. This position was frozen as it was affected by COE budget cut. It became unfunded and the funds were only provided on this new financial year i.e. 2021/22.
The shortlisting is scheduled for Tuesday 4th May 2021.

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 4.3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2020 and 31 March 2021

Reasons for vacancies not advertised within six months
None

Reasons for vacancies not filled within six months
None

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A (1) or (2) of the Public Service Act.

4.3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 4.3.4.1 Job Evaluation by Salary band for the period 1 April 2020 and 31 March 2021

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 (Levels1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	15	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	125	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	241	0	0	0	0	0	0
Senior Management Service Band A	48	0	0	0	0	0	0
Senior Management Service Band B	14	0	0	0	0	0	0
Senior Management Service Band C	5	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Total	**450**	**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 4.3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2020 and 31 March 2021

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	**0**
Male	0	0	0	0	**0**
Total	**0**	**0**	**0**	**0**	**0**
Employees with a disability					**0**

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

Table 4.3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2020 and 31 March 2021

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Female	0	0	0	0
Male	0	0	0	0
Male	0	0	0	0
Total	**0**	**0**	**0**	**0**
Employees with a Disability	**0**	**0**	**0**	**0**
Total number of employees whose salaries exceeded the level determined by job evaluation				**0**
Percentage of total employed				**0**

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2020 and 31 March 2021

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**
Employees with a Disability					**0**

Notes

- If there were no cases where the salary levels were higher than those determined by job evaluation, keep the heading and replace the table with the following:

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None

4.3.5 Employment Changes

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

Table 4.3.5.1 Annual turnover rates by salary band for the period 1 April 2020 and 31 March 2021

Salary band	Number of employees at the beginning of period – 01 April 2020	Appointments and Transfers into the Department	Terminations and Transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	17.0	1.0	3.0	17.6
Highly skilled production (Levels 6-8)	103.0	4.0	12.0	10.6
Highly skilled supervision (Levels 9-12)	241.0	12.0	16.0	6.6
Senior Management Service Bands A	41.0	0.0	1.0	2.4
Senior Management Service Bands B	13.0	0.0	0.0	0.0
Senior Management Service Bands C	5.0	0.0	0.0	0.0
Senior Management Service Bands D	1.0	0.0	0.0	0.0
Contracts	61.0	16	32.0	50.8
Total	**482**	**33**	**64.0**	**13.2**

Table 4.3.5.2 Annual turnover rates by critical occupation for the period 1 April 2020 and 31 March 2021

Critical occupation	Number of employees at beginning of period- 1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	64	2.00	4.00	7.80
Communication and information related	2	0	0.00	0.00
Finance and economics related	8	0	0.00	0.00
Financial and related professionals	222	19	37.00	13.50
Financial clerks and credit controllers	6	0	0.00	33.30
General legal administration & rel. professionals	1	0	0.00	0.00
Head of department/chief executive officer	1	0	0.00	0.00
Human resources related	52	1	9.00	19.20
Information technology related	18	3	5.00	27.80
Library mail and related clerks	7	1	0.00	0.00
Light vehicle drivers	2	0	0.00	0.00
Logistical support personnel	23	0	1.00	4.30
Messengers porters and deliverers	1	0	0.00	0.00
Executive Authority	1	0	0.00	0.00
Secretaries & other keyboard operating clerks	8	1	2.00	25.0
Senior managers	66	6	6.00	7.70
TOTAL	**482**	**33**	**64.00**	**13.2**

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –

(a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;

(b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;

(c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and

(d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

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

Table 4.3.5.3 Reasons why staff left the department for the period 1 April 2020 and 31 March 2021

Termination Type	Number	% of Total Resignations
Death	11.00	15.8
Resignation	13.00	20.6
Expiry of contract	27.00	42.8
Dismissal – operational changes	0.00	0.00
Dismissal – misconduct	0.00	0.00
Dismissal – inefficiency	0.00	0.00
Discharged due to ill-health	2.00	3.1
Retirement	8.00	12.6
Transfer to other Public Service Departments	3.00	4.7
Other (early retirement)		
Total	**64.00**	**100**
Total number of employees who left as a % of total employment		**13.2**

No Dismissal(s) in this year under review

Table 4.3.5.4 Promotions by critical occupation for the period 1 April 2020 and 31 March 2021

Occupation	Employees 1 April 2020	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
Administrative Related	64	0.00	0.00	38.0	59.40
Communication and Information Related	2	0.00	0.00	2.00	100.00
Finance and Economics related	8	0.00	0.00	4.00	50.00
Financial and Related Professionals	222	3.00	1.30	140.00	62.80
Financial Clerks and Credit Controllers	6	0.00	0.00	2.00	33.30
General Legal Administration & Related Professionals	1	0.00	0.00	1.00	100.00
Head of Department/Chief Executive Officer	1	0.00	0.00	0.00	0.00
Human Resources Related	52	0.00	0.00	21.00	40.40
Information technology related	18	0.00	0.00	10.00	55.60
Library Mail and Related Clerks	7	0.00	0.00	6.00	85.70
Light Vehicle Drivers	2	0.00	0.00	2.00	100.00
Logistical support personnel,	23	0.00	0.00	16.00	69.60
Messengers; Porters and Deliverers	1	0.00	0.00	1.00	100.00
Executive Authority	1	0.00	0.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks	8	0.00	0.00	6.00	75.00
Senior Managers	66	0.00	0.00	45.00	69.20
TOTAL	**482**	**3.00**	**0.60**	**294.00**	**61.00**

Table 4.3.5.5 Promotions by salary band for the period 1 April 2020 and 31 March 2021

Salary Band	Employees 1 April 2020	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels 3-5)	17	0	0.00	11.00	64.70
Highly skilled production (Levels 6-8)	103	0	0.00	57.00	55.30
Highly skilled supervision (Levels 9-12)	241	3	1.20	18.00	74.70
Senior Management Service Bands A	60	0	0.00	46.00	76.70
Senior Management Service Bands B	0	0	0.00	0.00	0.00
Senior Management Service Bands C	0	0	0.00	0.00	0.00
Senior Management Service Bands D	0	0	0.00	0.00	0.00
Contracts	61	0	0.00	0.00	0.00
Total	**482**	**3**	**0.60**	**294.00**	**61.00**

4.3.6 Employment Equity

Table 4.3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2021

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	28	5	3	2	26	0	2	2	**68**
Professionals	56	4	1	3	90	03	03	1	**161**
Technicians and associate professionals	67	1	0	1	125	1	0	2	**197**
Clerks	12	0	0	0	7	0	0	0	**19**
Service and sales workers	0	0	0	0	0	0	0	0	**0**
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	**0**
Craft and related trades workers	0	0	0	0	0	0	0	0	**0**
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	**0**
Elementary occupations	0	0	0	0	0	0	0	0	**0**
Total	**163**	**10**	**4**	**6**	**248**	**4**	**5**	**5**	**445**
Employees with disabilities	**4**	**0**	**1**	**1**	**0**	**1**	**0**	**0**	**7**

Table 4.3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	0	0	0	2	0	0	1	**7**
Senior Management	24	5	3	2	27	0	2	1	**61**
Professionally qualified and experienced specialists and mid-management	89	6	1	4	131	3	3	2	**239**
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	33	0	0	0	84	1	0	1	**119**
Semi-skilled and discretionary decision making	12	0	0	0	6	0	0	0	**18**
Unskilled and defined decision making	1	0	0	0	0	0	0	0	**1**
Total	**163**	**11**	**4**	**6**	**247**	**4**	**5**	**5**	**445**

Table 4.3.6.3 Recruitment for the period 1 April 2020 to 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	**0**
Senior Management	3	2	0	1	0	0	0	0	**6**
Professionally qualified and experienced specialists and mid-management	7	3	0	0	7	1	0	0	**18**
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	5	0	0	0	3	0	0	0	**8**
Semi-skilled and discretionary decision making	1	0	0	0	0	0	0	0	**1**
Unskilled and defined decision making	0	0	0	0	0	0	0	0	**0**
Total	**16**	**5**	**0**	**1**	**10**	**1**	**0**	**0**	**33**
Employees with disabilities	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**2**

Table 4.3.6.4 Promotions for the period 1 April 2020 to 31 March 2021

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

Table 4.3.6.5 Terminations for the period 1 April 2020 to 31 March 2021

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	**0**
Senior Management	1	0	0	2	3	0	0	0	**6**
Professionally qualified and experienced specialists and mid-management	13	2	0	1	8	0	0	0	**24**
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	20	0	0	1	**22**
Semi-skilled and discretionary decision making	4	0	0	0	8	0	0	0	**12**
Unskilled and defined decision making	0	0	0	0	0	0	0	0	**0**
Total	**19**	**2**	**0**	**3**	**39**	**0**	**0**	**1**	**64**
Employees with Disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 4.3.6.6 Disciplinary action for the period 1 April 2020 to 31 March 2021

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	0	0	0	0	0	0	0	0	**0**
Final written warning	0	0	0	0	0	0	0	0	**0**
Suspension without pay	0	0	0	0	0	0	0	0	**0**
TOTAL	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Although there was an employee that was subjected to disciplinary action, the matter had not been concluded by 31 March 2021.

Table 4.3.6.7 Skills development for the period 1 April 2020 to 31 March 2021

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	2	0	0	0	4	0	0	0	6
Professionals	12	1	0	2	21	4	0	2	42
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	1	0	0	0	7	0	0	0	8
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	7	0	0	0	12
Total	**20**	**1**	**0**	**2**	**39**	**4**	**0**	**2**	**68**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

4.3.7 Signing of Performance Agreements by SMS Members

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

Table 4.3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2021

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100
Salary Level 16	0	0	0	0
Salary Level 15	5	5	5	100
Salary Level 14	14	14	13	93
Salary Level 13	47	45	43	96
Total	**68**	**65**	**62**	**95**

Table 4.3.7.2 Reasons for not having concluded Performance Agreements for all SMS members as on 31 March 2021

Reasons
One member at salary level 14 and two at salary level 13 left the department during the year, without having submitted performance agreements.

Table 4.3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance Agreements as on 31 March 2021

Reasons
Members left the department on retirement or resignation.

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

4.3.8 Performance Rewards

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

Table 4.3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2020 to 31 March 2021

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	**115**	**405**	**28.39**	**2 278.33**	**20 841.50**
Male	73	247	29.55	1 374.73	19 093
Female	42	158	26.58	903.60	22 590
Asian	**4**	**8**	**50.00**	**126.82**	**31 705.00**
Male	3	5	60.00	84.51	28 172
Female	1	3	33.30	42.31	42 313
Coloured	**5**	**15**	**33.30**	**117.79**	**23 558.00**
Male	2	4	50.00	45.76	22 882
Female	3	11	27.30	72.03	24 009
White	**2**	**10**	**20.00**	**48.31**	**24 155.00**
Male	0	5	0.00	0.00	0
Female	2	5	40.00	48.31	24 157
Employees with disability	**1**	**7**	**14.30**	**43.83**	**43 830**
Total	**127**	**445**	**28.50**	**2 615.00**	**20 591**

The above indicates performance bonuses that were paid to employees per gender, race and disability, regardless of salary or seniority level in the department.

Table 4.3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2020 to 31 March 2021

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0.00
Skilled (level 3-5)	4	15	26.70	23.37	5 843.00	0.01
Highly skilled production (level 6-8)	24	95	25.26	226.65	9 443.75	0.05
Highly skilled supervision (level 9-12)	79	232	34.05	1 629.44	20 625.79	0.01
Other	0	25	0	0	0	0.00
Contract (Levels 6-8)	0	3	0	0	0	0.00
Contract (Levels 9-12)	0	7	0	0	0	0.00
Total	**107**	**377**	**28.38**	**1 879.46**	**17 565.00**	**0.01**

Table 4.3.8.3 Performance Rewards by critical occupation for the period 1 April 2020 to 31 March 2021

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks and Credit Controllers	0	4	0	0	0
Messengers Porters and Deliverers	0	1	0	0	0
Finance And Economics Related	3	8	37.50	52.02	17 339
Logistical Support Personnel	11	22	50	171.73	15 611
Other Occupations	0	1	0	0	0
Financial and Related Professionals	54	205	26.34	1 041.15	19 281
Administrative Related	17	58	29.30	255.02	15 001
Communication and Information Related	2	2	100	88.38	44 190
Secretaries & Other Keyboard Operating Clerks	4	7	57.10	37.84	9 461
Library Mail and Related Clerks	0	8	0	0	0
Human Resources Related	9	43	20.93	113.42	12 602
Head of Department/Chief Executive Officer	0	1	0	0	0
General Legal Administration & Related Professionals	1	1	100	21.62	21 622
Senior Managers	17	65	26.20	735.63	43 272
Light Vehicle Drivers	0	2	0	0	0
Information Technology Related	6	17	35.30	98.28	16 380
Total	**124**	**445**	**27.87**	**2 615.00**	**21 048**

Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
  - (a) in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
  - (b) for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  - (c) where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - (d) in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

Table 4.3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2020 to 31 March 2021

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	10	47	21.30	394.57	39 456.60	0.12
Band B	4	14	28.60	189.04	47 261	0.06
Band C	3	5	60	152.02	50 673.40	0.05
Band D	0	2	0	0	0	0.00
Total	**17**	**68**	**25**	**735.63**	**43 272.40**	**0.23**

4.3.9 Foreign Workers

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

Table 4.3.9.1 Foreign workers by salary band for the period 1 April 2020 and 31 March 2021

Salary band	01 April 2019		31 March 2020		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)	0	0	0	0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**

Table 4.3.9.2 Foreign workers by major occupation for the period 1 April 2020 and 31 March 2021

Major occupation	01 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
N/A	0	0	0	0	0	0
N/A	0	0	0	0	0	0

4.3.10 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 4.3.10.1 Sick leave for the period 1 January 2020 to 31 December 2020

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)	100	67	15	3.80	7.00	97.00
Highly skilled production (levels 6-8)	864	213.50	129	32.8	15.0	1213
Highly skilled supervision (levels 9 -12)	1 266	141.80	206	52.4	11.00	3 482.00
Top and Senior management (levels 13-16)	323	184.50	43	10.9	15.00	1527
Total	**2 553**	**78.80**	**393**	**100**	**6.00**	**6 319.00**

This is inclusive of contract workers (including Interns)

Table 4.3.10.2 Disability leave (temporary and permanent) for the period 1 January 2020 to 31 December 2020

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)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	154	100	2	33.30	77.0	298.00
Highly skilled supervision (Levels 9-12)	135	100	4	66.70	34.00	387.00
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	**289**	**100**	**6**	**100**	**48.00**	**685.00**

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 4.3.10.3 Annual Leave for the period 1 January 2020 to 31 December 2020

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)	346	19	26.00
Highly skilled production (Levels 6-8)	2519	165	33.00
Highly skilled supervision(Levels 9-12)	4867	258	26.00
Senior management (Levels 13-16)	1431	69	38.00
Total	**9 163.00**	**511**	**18.00**

Table 4.3.10.4 Capped leave for the period 1 January 2020 to 31 December 2020

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2020
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	3	1	3	135
Highly skilled supervision(Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	75
Total	**3**	**1**	**3**	**97**

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

Table 4.3.10.5 Leave pay-outs for the period 1 April 2020 and 31 March 2021

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay-out for 2020/2021 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2020/2021	2982	14	213 000
Current leave pay-outs on termination of service for 2020/2021	746	35	21 314
Total	**3 728**	**49**	**76, 081**

4.3.11 HIV/AIDS & Health Promotion Programmes

Table 4.3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
According to GEMS Stakeholder reports, employees aged 30-39 are at high risk with a prevalence rate of 16.9%	No HIV screening and testing was done during the past financial year due to Covid-19 restrictions. A virtual World Aids Day Programme was held to address issues of gender based violence.

Table 4.3.11.2 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		Mr SK Ngqangweni - Director: HRUD
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 Employee Wellness Programme Unit has 3 designated staff members.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		The Employee Health and Wellness Programme is structured according to the four pillars namely HIV, TB and STI Management, Health and Productivity, SHERQ Management and Wellness Management. The department contracted a service provider to render EAP services that consist of counselling, trauma debriefing, supervisory and management training and education and awareness on specific topics identified by the department.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		The department has an active Health and Safety Committee consisting of employees across occupational levels. The members are: Mr SK Ngqangweni, Ms L Stofile, Mrs B Cain-Noveve, Mr X Qinga, Mr M Qeqe, Ms V Lupoko, Ms Diapeng, Mr Tafeni, Mr B Sijadu, Ms Z Qondani, Ms N Msutu. There also are representatives from PT district offices. Participants are nominated by both trade unions and management.
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.		X	
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Both the Labour Relations and EWP Units have regular interventions to educate employees on human rights issues, stigma and discrimination. This is in the form of workshops and educational sessions.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		No HIV screening and testing was conducted during the year under review due to Covid-19 restrictions.
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		The impact of health promotion programmes is assessed through sick leave utilisation analysis reports.

4.3.12 Labour Relations

Table 4.3.12.1 Collective agreements for the period 1 April 2020 and 31 March 2021

Subject matter	Date
Total number of Collective agreements	None

No collective agreements were concluded. The department does not have an own bargaining chamber but participates in a provincial bargaining chamber.

Table 4.3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2020 and 31 March 2021

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

There were no disciplinary cases that were finalised. There was, however, 1 matter that was in process.

Table 4.3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2020 and 31 March 2022

Type of misconduct	Number	% of total
Insolent behaviour	0	0
Dishonesty	0	0
Insubordination	0	0
Excessive absenteeism	0	0
Total	**0**	**0**

The above summarises that the nature of the allegations of misconduct that were proffered against employees.

Table 4.3.12.4 Grievances logged for the period 1 April 2020 and 31 March 2021

Grievances	Number	% of Total
Number of grievances resolved	0	0
Number of grievances not resolved	0	0
Total number of grievances lodged	**0**	**0**

Table 4.3.12.5 Disputes lodged with Councils for the period 1 April 2020 and 31 March 2021

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	3	75
Total number of disputes lodged	**4**	**100**

There were four (4) disputes that were in the process of resolution, 1 by the CCMA and 3 by the GPSSBC. The dispute lodged with the CCMA and 2 with the GPSSBC were decided in favour of the department. The ruling on the 1 remaining dispute is still pending.

Table 4.3.12.6 Strike actions for the period 1 April 2020 and 31 March 2021

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

Table 4.3.12.7 Precautionary suspensions for the period 1 April 2020 and 31 March 2021

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost of suspension(R'000)	R0.00

4.3.13 Skills development

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

Table 4.3.13.1 Training needs identified for the period 1 April 2020 and 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	30	0	10	1	11
	Male	38	0	10	1	11
Professionals	Female	139	0	20	2	22
	Male	100	0	15	1	16
Technicians and associate professionals	Female	2	0	2	3	5
	Male	5	0	2	2	4
Clerks	Female	72	0	20	3	23
	Male	19	0	10	2	12
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	19	0	3	2	5
	Male	21	0	3	2	5
Sub Total	**Female**	**262**	**0**	**55**	**11**	**66**
	Male	**182**	**0**	**40**	**8**	**48**
Total		**445**	**0**	**95**	**19**	**114**

Table 4.3.13.2 Training provided for the period 1 April 2020 and 31 March 2021

Occupational category	Gender	Number of employees as at 1 April 2020	Training provided within the reporting period			
			Learner ships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	30	0	3	1	4
	Male	38	0	2	0	2
Professionals	Female	139	0	18	9	27
	Male	100	0	11	4	15
Technicians and associate professionals	Female	2	0	0	0	0
	Male	5	0	0	0	0
Clerks	Female	72	0	6	1	7
	Male	19	0	0	1	1
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	19	0	6	1	7
	Male	21	0	3	2	5
Sub Total	**Female**	**262**	**0**	**33**	**12**	**45**
	Male	**183**	**0**	**16**	**7**	**23**
Total		**445**	**0**	**49**	**19**	**68**

4.3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 4.3.14.1 Injury on duty for the period 1 April 2019 and 31 March 2020

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**

4.3.15 Utilisation of Consultants

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

(a) The rendering of expert advice;

(b) The drafting of proposals for the execution of specific tasks; and

(c) The execution of a specific task, which is of a technical or intellectual nature, but excludes an employee of a department.

Table 4.3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2020 and 31 March 2021

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Total number of projects	**Total individual consultants**	**Total duration Work days**	**Total contract value in Rand**

Table 4.3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2020 and 31 March 2021

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

Table 4.3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2020 and 31 March 2021

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
Total number of projects	**Total individual consultants**	**Total duration Work days**	**Total contract value in Rand**

Table 4.3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2020 and 31 March 2021

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

4.3.16 Severance Packages

Table 4.3.16.1 Granting of employee initiated severance packages for the period 1 April 2020 and 31 March 2021

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

FINANCIAL INFORMATION

E

EASTERN CAPE
PPROVINCIAL TREASURY

ANNUAL REPORT
VOTE 12

2020/21

5. PART E: FINANCIAL INFORMATION

5.1 REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON VOTE NO. 12: EASTERN CAPE PROVINCIAL TREASURY

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Eastern Cape Provincial Treasury set out on pages 108 to 152 which comprise the appropriation statement, statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Provincial Treasury as at 31 March 2021 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management of South Africa 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa 2020 (Act No. 4 of 2020) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

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

Unaudited supplementary schedules

7. The supplementary information set out on pages 153 to 158 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard (MCS) as 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 the Division of Revenue Act of South Africa 2020 (Act No. 4 of 2020) (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.

9. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and

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

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

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

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the department's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the department enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the department's annual performance report for the year ended 31 March 2021:

Programme	Pages in the annual performance report
Programme 3 – assets and liabilities management	44 - 47

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

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programme:

Other matters

17. I draw attention to the matters below.

Achievement of planned targets

18. Refer to the annual performance report on pages 44 to 47 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Adjustment of material misstatements

19. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was on the reported performance information of programme 3 - assets and liabilities management. As management subsequently corrected the misstatement I did not raise any material findings on the reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

22. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.

23. My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, I conclude there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

Auditor General

East London
30 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

5.2 ANNUAL FINANCIAL STATEMENTS (FOR THE YEAR ENDED 31 MARCH 2021)

5.2.1 Appropriation Statement

APPROPRIATION PER PROGRAMME									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	156,550	-	507	157,057	150,563	6,494	95.9%	172,354	157,462
2. Sustainable Resource Management	72,406	-	204	72,610	70,485	2,125	97.1%	72,432	70,473
3. Asset and Liabilities Management	25,604	-	-	25,604	24,644	960	96.3%	27,039	26,135
4. Financial Governance	83,034	-	(159)	82,875	81,619	1,256	98.5%	97,075	90,439
5.Municipal Financial Governance	46,985	-	(552)	46,433	45,927	506	98.9%	80,157	76,725
Subtotal	**384,579**	**-**	**-**	**384,579**	**373,238**	**11,341**	**97.1%**	**449,057**	**421,234**
TOTAL	**384,579**	**-**	**-**	**384,579**	**373,238**	**11,341**	**97.1%**	**449,057**	**421,234**

	2020/21			2019/20	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
Reconciliation with Statement of Financial Performance					
ADD					
Departmental receipts	398,333			838,960	
Actual amounts per Statement of Financial Performance (Total Revenue)	**782,912**			**1,288,017**	
Aid Assistance					-
Actual amounts per Statement of Financial Performance (Total Expenditure)		**373,238**			**421,234**

Appropriation per economic classification									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**373,425**	**(1,295)**	**-**	**372,130**	**362,448**	**9,682**	**97.4%**	**409,654**	**390,036**
Compensation of employees	319,428	(762)	-	318,666	318,430	236	99.9%	326,267	322,350
Salaries and wages	280,774	(1,250)	73	279,597	279,400	197	99.9%	288,108	284,394
Social contributions	38,654	488	(73)	39,069	39,030	39	99.9%	38,159	37,956
Goods and services	53,997	(533)	-	53,464	44,018	9,446	82.3%	83,387	67,686
Administrative fees	344	(176)	-	168	154	14	91.7%	211	143
Advertising	928	(81)	-	847	794	53	93.7%	1,153	1,109
Minor assets	246	(9)	-	237	81	156	34.2%	889	301
Audit costs: External	11,797	(642)	-	11,155	10,100	1,055	90.5%	20,303	16,952
Bursaries: Employees	534	-	-	534	446	88	83.5%	401	397
Catering: Departmental activities	239	(45)	-	194	14	180	7.2%	2,183	1,980
Communication	2,592	243	-	2,835	2,569	266	90.6%	1,697	1,639
Computer services	9,988	(48)	-	9,940	9,186	754	92.4%	8,372	7,376
Consultants: Business and advisory services	7,794	(296)	-	7,498	3,802	3,696	50.7%	6,533	3,203
Legal services	300	-	-	300	-	300	0.0%	62	1
Contractors	1,941	(538)	-	1,403	1,071	332	76.3%	1,723	1,416
Agency and support / outsourced services	37	(29)	-	8	-	8	0.0%	-	-
Entertainment	79	(2)	-	77	29	48	37.7%	134	106
Fleet services	722	(22)	-	700	435	265	62.1%	696	684
Consumable supplies	453	(93)	-	360	263	97	73.1%	1,408	871
Consumable: Stationery, printing and office supplies	1,072	(823)	-	249	162	87	65.1%	1,360	1,293
Operating leases	2,714	23	-	2,737	2,736	1	100.0%	2,958	2,880
Property payments	5,455	831	-	6,286	6,180	106	98.3%	6,344	5,386
Transport provided: Departmental activity	-	-	-	-	-	-	-	13	11
Travel and subsistence	1,703	56	-	1,759	755	1,004	42.9%	14,421	11,234
Training and development	1,439	222	-	1,661	1,087	574	65.4%	7,023	5,787
Operating payments	3,535	896	-	4,431	4,153	278	93.7%	4,804	4,556
Venues and facilities	85	-	-	85	1	84	1.2%	699	361

Appropriation per economic classification									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	**4,898**	**1,295**	**-**	**6,193**	**6,100**	**93**	**98.5%**	**28,348**	**26,357**
Provinces and municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,572**	**23,587**
Municipalities	-	-	-	-	-	-	-	25,572	23,587
Municipal bank accounts	-	-	-	-	-	-	-	25,572	23,587
Departmental agencies and accounts	**1,086**	**(129)**	**-**	**957**	**942**	**15**	**98.4%**	**816**	**816**
Departmental agencies and accounts (non-business entities)	1,086	(129)	-	957	942	15	98.4%	816	816
Households	**3,812**	**1,424**	**-**	**5,236**	**5,158**	**78**	**98.5%**	**1,960**	**1,954**
Social benefits	3,332	1,424	-	4,756	4,745	11	99.8%	1,705	1,700
Other transfers to households	480	-	-	480	413	67	86.0%	255	254
Payments for capital assets	**6,256**	**-**	**-**	**6,256**	**4,514**	**1,742**	**72.2%**	**11,055**	**4,528**
Machinery and equipment	5,906	-	-	5,906	4,514	1,392	76.4%	10,825	4,492
Transport equipment	1,223	-	-	1,223	1,022	201	83.6%	1,182	1,180
Other machinery and equipment	4,683	-	-	4,683	3,492	1,191	74.6%	9,643	3,312
Software and other intangible assets	350	-	-	350	-	350	0.0%	230	36
Payments for financial assets	**-**	**-**	**-**	**-**	**176**	**(176)**	**0.0%**	**-**	**313**
TOTAL	**384,579**	**-**	**-**	**384,579**	**373,238**	**11,341**	**97.1%**	**449,057**	**421,234**

Detail per Programme 1 – Administration (for the year ended 31 March 2021)

PROGRAMME 1: ADMINISTRATION									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programmes	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Office of the MEC	7,516	(144)	-	7,372	7,140	232	96.9%	8,407	7,482
1.2 Management Services	48,035	(357)	445	48,123	44,237	3,886	91.9%	53,291	45,260
1.3 Corporate Services	42,428	830	-	43,258	42,215	1,043	97.6%	48,513	45,708
1.4 Financial Management	51,620	(245)	-	51,375	50,129	1,246	97.6%	54,140	51,733
1.5 Internal Audit Unit	6,951	(84)	62	6,929	6,842	87	98.7%	8,003	7,279
Total for sub programmes	**156,550**	**-**	**507**	**157,057**	**150,563**	**6,494**	**95.9%**	**172,354**	**157,462**
Economic classification									
Current payments	**148,597**	**(650)**	**507**	**148,454**	**143,612**	**4,842**	**96.7%**	**159,567**	**151,205**
Compensation of employees	109,786	(117)	507	110,176	110,133	43	100.0%	110,982	110,039
Salaries and wages	95,514	(186)	504	95,832	95,801	31	100.0%	96,758	95,913
Social contributions	14,272	69	3	14,344	14,332	12	99.9%	14,224	14,126
Goods and services	38,811	(533)	-	38,278	33,479	4,799	87.5%	48,585	41,166
Administrative fees	244	(176)	-	68	65	3	95.6%	61	58
Advertising	913	(81)	-	832	779	53	93.6%	1,153	1,109
Minor assets	246	(9)	-	237	81	156	34.2%	889	301
Audit costs: External	4,468	(642)	-	3,826	3,820	6	99.8%	5,514	4,861
Bursaries: Employees	534	-	-	534	446	88	83.5%	401	397
Catering: Departmental activities	111	2	-	113	3	110	2.7%	963	854
Communication	2,592	243	-	2,835	2,569	266	90.6%	1,697	1,639
Computer services	8,976	(83)	-	8,893	8,139	754	91.5%	7,397	6,402
Consultants: Business and advisory services	3,556	(512)	-	3,044	1,986	1,058	65.2%	2,090	1,942
Legal services	300	-	-	300	-	300	0.0%	62	1
Contractors	1,941	(538)	-	1,403	1,071	332	76.3%	1,707	1,400
Agency and support / outsourced services	37	(29)	-	8	-	8	0.0%	-	-
Entertainment	28	(1)	-	27	11	16	40.7%	58	49
Fleet services	722	(22)	-	700	435	265	62.1%	696	684
Consumable supplies	453	(93)	-	360	263	97	73.1%	1,408	871
Consumable: Stationery, printing and office supplies	1,072	(823)	-	249	162	87	65.1%	1,360	1,293
Operating leases	2,714	23	-	2,737	2,736	1	100.0%	2,958	2,880

PROGRAMME 1: ADMINISTRATION									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programmes	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Property payments	5,455	831	-	6,286	6,180	106	98.3%	6,344	5,386
Transport provided: Departmental activity	-	-	-	-	-	-	-	13	11
Travel and subsistence	789	52	-	841	447	394	53.2%	5,136	3,734
Training and development	571	438	-	1,009	447	562	44.3%	4,499	3,271
Operating payments	3,038	887	-	3,925	3,838	87	97.8%	3,927	3,804
Venues and facilities	51	-	-	51	1	50	2.0%	252	219
Transfers and subsidies	1,697	650	-	2,347	2,261	86	96.3%	1,732	1,729
Departmental agencies and accounts	1,086	(129)	-	957	942	15	98.4%	816	816
Departmental agencies (non-business entities)	1,086	(129)	-	957	942	15	98.4%	816	816
Households	**611**	**779**	**-**	**1,390**	**1,319**	**71**	**94.9%**	**916**	**913**
Social benefits	131	779	-	910	906	4	99.6%	661	659
Other transfers to households	480	-	-	480	413	67	86.0%	255	254
Payments for capital assets	**6,256**	**-**	**-**	**6,256**	**4,514**	**1,742**	**72.2%**	**11,055**	**4,528**
Machinery and equipment	5,906	-	-	5,906	4,514	1,392	76.4%	10,825	4,492
Transport equipment	1,223	-	-	1,223	1,022	201	83.6%	1,182	1,180
Other machinery and equipment	4,683	-	-	4,683	3,492	1,191	74.6%	9,643	3,312
Software and other intangible assets	350	-	-	350	-	350	0.0%	230	36
Payments for financial assets	**-**	**-**	**-**	**-**	**176**	**(176)**		**-**	**-**
Total	**156,550**	**-**	**507**	**157,057**	**150,563**	**6,494**	**95.9%**	**172,354**	**157,462**

1.1 OFFICE OF THE MEC									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**7,516**	**(164)**	**-**	**7,352**	**7,120**	**232**	**96.8%**	**8,288**	**7,363**
Compensation of employees	7,046	(163)	-	6,883	6,878	5	99.9%	6,220	6,083
Goods and services	470	(1)	-	469	242	227	51.6%	2,068	1,280
Transfers and subsidies	**-**	**20**	**-**	**20**	**20**	**-**	**100.0%**	**119**	**119**
Households	-	20	-	20	20	-	100.0%	119	119

1.2 MANAGEMENT SERVICES									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**44,211**	**(330)**	**445**	**44,326**	**41,598**	**2,728**	**93.8%**	**44,791**	**42,589**
Compensation of employees	25,759	229	445	26,433	26,425	8	100.0%	25,566	25,523
Goods and services	18,452	(559)	-	17,893	15,173	2,720	84.8%	19,225	17,066
Transfers and subsidies	**64**	**-**	**-**	**64**	**35**	**29**	**54.7%**	**8**	**8**
Households	64	-	-	64	35	29	54.7%	8	8
Payments for capital assets	**3,760**	**(27)**	**-**	**3,733**	**2,428**	**1,305**	**65.0%**	**8,492**	**2,663**
Machinery and equipment	3,410	(27)	-	3,383	2,428	955	71.8%	8,262	2,627
Software and other intangible assets	350	-	-	350	-	350	0.0%	230	36
Payments for financial assets	**-**	**-**	**-**	**-**	**176**	**(176)**	**0.0%**	**-**	**-**

1.3 CORPORATE SERVICES									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**40,796**	**803**	**-**	**41,599**	**40,611**	**988**	**97.6%**	**46,968**	**44,165**
Compensation of employees	32,382	(86)	-	32,296	32,283	13	100.0%	33,737	33,663
Goods and services	8,414	889	-	9,303	8,328	975	89.5%	13,231	10,502
Transfers and subsidies	**1,632**	**-**	**-**	**1,632**	**1,577**	**55**	**96.6%**	**1,545**	**1,543**
Departmental agencies and accounts	1,085	(129)	-	956	941	15	98.4%	815	815
Households	547	129	-	676	636	40	94.1%	730	728
Payments for capital assets	**-**	**27**	**-**	**27**	**27**	**-**	**100.0%**	**-**	**-**
Machinery and equipment	-	27	-	27	27	-	100.0%	-	-

1.4 FINANCIAL MANAGEMENT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**49,123**	**(875)**	**-**	**48,248**	**47,441**	**807**	**98.3%**	**51,522**	**49,814**
Compensation of employees	38,387	(142)	-	38,245	38,229	16	100.0%	38,411	38,264
Goods and services	10,736	(733)	-	10,003	9,212	791	92.1%	13,111	11,550
Transfers and subsidies	**1**	**630**	**-**	**631**	**629**	**2**	**99.7%**	**55**	**54**
Departmental agencies and accounts	1	-	-	1	1	-	100.0%	1	1
Households	-	630	-	630	628	2	99.7%	54	53
Payments for capital assets	**2,496**	**-**	**-**	**2,496**	**2,059**	**437**	**82.5%**	**2,563**	**1,865**
Machinery and equipment	2,496	-	-	2,496	2,059	437	82.5%	2,563	1,865

1.5 INTERNAL AUDIT UNIT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**6,951**	**(84)**	**62**	**6,929**	**6,842**	**87**	**98.7%**	**7,998**	**7,274**
Compensation of employees	6,212	45	62	6,319	6,318	1	100.0%	7,048	6,506
Goods and services	739	(129)	-	610	524	86	85.9%	950	768
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**5**
Households	-	-	-	-	-	-	-	5	5

Detail per Programme 2 – Sustainable Resource Management (for the year ended 31 March 2021)

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programmes	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Programme Support	5,236	38	20	5,294	3,450	1,844	65.2%	3,946	2,740
2.2 Economic Analysis	3,451	(40)	21	3,432	3,407	25	99.3%	3,621	3,476
2.3 Fiscal Policy	8,549	(4)	28	8,573	8,563	10	99.9%	8,564	8,507
2.4 Budget Management	55,170	6	135	55,311	55,065	246	99.6%	56,301	55,750
Total for sub programmes	**72,406**	**-**	**204**	**72,610**	**70,485**	**2,125**	**97.1%**	**72,432**	**70,473**
Economic classification									
Current payments	**71,966**	**-**	**204**	**72,170**	**70,045**	**2,125**	**97.1%**	**72,432**	**70,473**
Compensation of employees	68,487	-	204	68,691	68,690	1	100.0%	68,084	68,050
Salaries and wages	60,024	12	204	60,240	60,240	-	100.0%	60,145	60,119
Social contributions	8,463	(12)	-	8,451	8,450	1	100.0%	7,939	7,931
Goods and services	3,479	-	-	3,479	1,355	2,124	38.9%	4,348	2,423
Administrative fees	100	-	-	100	89	11	89.0%	150	85
Audit costs: External	740	-	-	740	656	84	88.6%	779	528
Catering: Departmental activities	62	-	-	62	1	61	1.6%	216	189
Consultants: Business and advisory services	2,285	-	-	2,285	491	1,794	21.5%	1,080	-
Contractors	-	-	-	-	-	-	-	16	16
Entertainment	27	-	-	27	11	16	40.7%	29	24
Travel and subsistence	143	31	-	174	107	67	61.5%	1,911	1,481
Operating payments	100	(31)	-	69	-	69	0.0%	95	95
Venues and facilities	22	-	-	22	-	22	0.0%	72	5
Transfers and subsidies	**440**	**-**	**-**	**440**	**440**	**-**	**100.0%**	**-**	**-**
Households	**440**	**-**	**-**	**440**	**440**	**-**	**100.0%**	**-**	**-**
Social benefits	440	-	-	440	440	-	100.0%	-	-
Total	**72,406**	**-**	**204**	**72,610**	**70,485**	**2,125**	**97.1%**	**72,432**	**70,473**

2.1 PROGRAMME SUPPORT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**5,236**	**38**	**20**	**5,294**	**3,450**	**1,844**	**65.2%**	**3,946**	**2,740**
Compensation of employees	2,901	38	20	2,959	2,958	1	100.0%	2,586	2,582
Goods and services	2,335	-	-	2,335	492	1,843	21.1%	1,360	158

2.2 ECONOMIC ANALYSIS									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**3,451**	**(40)**	**21**	**3,432**	**3,407**	**25**	**99.3%**	**3,621**	**3,476**
Compensation of employees	3,337	(40)	21	3,318	3,318	-	100.0%	3,263	3,262
Goods and services	114	-	-	114	89	25	78.1%	358	214

2.3 FISCAL POLICY									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**8,549**	**(4)**	**28**	**8,573**	**8,563**	**10**	**99.9%**	**8,564**	**8,507**
Compensation of employees	8,532	(3)	28	8,557	8,557	-	100.0%	8,288	8,282
Goods and services	17	(1)	-	16	6	10	37.5%	276	225

2.4 BUDGET MANAGEMENT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**54,730**	**6**	**135**	**54,871**	**54,625**	**246**	**99.6%**	**56,301**	**55,750**
Compensation of employees	53,717	5	135	53,857	53,857	-	100.0%	53,947	53,924
Goods and services	1,013	1	-	1,014	768	246	75.7%	2,354	1,826
Transfers and subsidies	**440**	**-**	**-**	**440**	**440**	**-**	**100.0%**	**-**	**-**
Households	440	-	-	440	440	-	100.0%	-	-

Detail per Programme 3 – Asset and Liabilities Management (for the year ended 31 March 2021)

PROGRAMME 3: ASSET AND LIABILITIES MANAGEMENT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub prograqmme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Asset Management	25,604	-	-	25,604	24,644	960	96.3%	27,039	26,135
Total for sub programmes	**25,604**	**-**	**-**	**25,604**	**24,644**	**960**	**96.3%**	**27,039**	**26,135**
Economic classification									
Current payments	**24,711**	**(54)**	**-**	**24,657**	**23,697**	**960**	**96.1%**	**26,932**	**26,028**
Compensation of employees	22,516	(54)	-	22,462	22,445	17	99.9%	25,163	24,739
Salaries and wages	19,097	(76)	-	19,021	19,005	16	99.9%	22,028	21,644
Social contributions	3,419	22	-	3,441	3,440	1	100.0%	3,135	3,095
Goods and services	2,195	-	-	2,195	1,252	943	57.0%	1,769	1,289
Advertising	15	-	-	15	15	-	100.0%	-	-
Catering: Departmental activities	13	(12)	-	1	-	1	0.0%	144	144
Consultants: Business and advisory services	1,953	-	-	1,953	1,110	843	56.8%	487	67
Entertainment	9	(1)	-	8	1	7	12.5%	9	8
Travel and subsistence	66	13	-	79	52	27	65.8%	352	308
Training and development	-	-	-	-	-	-	-	737	736
Operating payments	133	-	-	133	74	59	55.6%	7	7
Venues and facilities	6	-	-	6	-	6	0.0%	33	19
Transfers and subsidies	**893**	**54**	**-**	**947**	**947**	**-**	**100.0%**	**107**	**107**
Households	**893**	**54**	**-**	**947**	**947**	**-**	**100.0%**	**107**	**107**
Social benefits	893	54	-	947	947	-	100.0%	107	107
Total	**25,604**	**-**	**-**	**25,604**	**24,644**	**960**	**96.3%**	**27,039**	**26,135**

3.1 ASSET MANAGEMENT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**24,711**	**(54)**	**-**	**24,657**	**23,697**	**960**	**96.1%**	**26,932**	**26,028**
Compensation of employees	22,516	(54)	-	22,462	22,445	17	99.9%	25,163	24,739
Goods and services	2,195	-	-	2,195	1,252	943	57.0%	1,769	1,289
Transfers and subsidies	**893**	**54**	**-**	**947**	**947**	**-**	**100.0%**	**107**	**107**
Households	893	54	-	947	947	-	100.0%	107	107

Detail per Programme 4 – Financial Governance (for the year ended 31 March 2021)

PROGRAMME 4: FINANCIAL GOVERNANCE									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programmes	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Programme Support	18,572	(576)	(76)	17,920	17,889	31	99.8%	19,560	17,909
4.2 Accounting Services	13,382	(55)	(83)	13,244	13,027	217	98.4%	15,874	13,720
4.3 Norms and Standards	7,261	582	-	7,843	7,821	22	99.7%	6,578	6,407
4.4 Risk Management	4,637	-	-	4,637	4,600	37	99.2%	4,941	4,833
4.5 Provincial Internal Audit	16,199	(143)	-	16,056	15,188	868	94.6%	25,924	23,384
4.6 Supporting & Interlinked Financial Systems	22,983	192	-	23,175	23,094	81	99.7%	24,198	24,186
Total for sub programmes	**83,034**	**-**	**(159)**	**82,875**	**81,619**	**1,256**	**98.5%**	**97,075**	**90,439**
Economic classification									
Current payments	**82,625**	**(431)**	**(159)**	**82,035**	**80,781**	**1,254**	**98.5%**	**96,652**	**89,705**
Compensation of employees	73,869	(431)	(159)	73,279	73,195	84	99.9%	73,591	71,107
Salaries and wages	66,513	(789)	(149)	65,575	65,500	75	99.9%	66,532	64,091
Social contributions	7,356	358	(10)	7,704	7,695	9	99.9%	7,059	7,016
Goods and services	8,756	-	-	8,756	7,586	1,170	86.6%	23,061	18,598
Audit costs: External	6,589	-	-	6,589	5,624	965	85.4%	14,010	11,563
Catering: Departmental activities	14	-	-	14	6	8	42.9%	366	322
Computer services	1,012	35	-	1,047	1,047	-	100.0%	975	974
Consultants: Business and advisory services	-	216	-	216	215	1	99.5%	2,876	1,194
Entertainment	9	-	-	9	3	6	33.3%	24	17
Travel and subsistence	258	(35)	-	223	51	172	22.9%	2,435	2,254
Training and development	868	(216)	-	652	640	12	98.2%	1,787	1,780
Operating payments	-	-	-	-	-	-	-	440	427
Venues and facilities	6	-	-	6	-	6	0.0%	148	67
Transfers and subsidies	**409**	**431**	**-**	**840**	**838**	**2**	**99.8%**	**423**	**421**
Households	**409**	**431**	**-**	**840**	**838**	**2**	**99.8%**	**423**	**421**
Social benefits	409	431	-	840	838	2	99.8%	423	421
Payment for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**313**
Total	**83,034**	**-**	**(159)**	**82,875**	**81,619**	**1,256**	**98.5%**	**97,075**	**90,439**

4.1 PROGRAMME SUPPORT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**18,469**	**(819)**	**(76)**	**17,574**	**17,543**	**31**	**99.8%**	**19,364**	**17,401**
Compensation of employees	18,436	(819)	(76)	17,541	17,535	6	100.0%	18,868	16,962
Goods and services	33	-	-	33	8	25	24.2%	496	439
Transfers and subsidies	**103**	**243**	**-**	**346**	**346**	**-**	**100.0%**	**196**	**195**
Households	103	243	-	346	346	-	100.0%	196	195
Payment for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**313**

4.2 ACCOUNTING SERVICES									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**13,382**	**(55)**	**(83)**	**13,244**	**13,027**	**217**	**98.4%**	**15,647**	**13,494**
Compensation of employees	12,771	(55)	(83)	12,633	12,615	18	99.9%	12,623	12,296
Goods and services	611	-	-	611	412	199	67.4%	3,024	1,198
Transfers and subsidies	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**227**	**226**
Households	-	-	-	-	-	-	-	227	226

4.3 NORMS AND STANDARDS									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**6,969**	**582**	**-**	**7,551**	**7,530**	**21**	**99.7%**	**6,578**	**6,407**
Compensation of employees	6,950	582	-	7,532	7,529	3	100.0%	6,527	6,366
Goods and services	19	-	-	19	1	18	5.3%	51	41
Transfers and subsidies	**292**	**-**	**-**	**292**	**291**	**1**	**99.7%**	**-**	**-**
Households	292	-	-	292	291	1	99.7%	-	-

4.4 RISK MANAGEMENT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**4,637**	**-**	**-**	**4,637**	**4,600**	**37**	**99.2%**	**4,941**	**4,833**
Compensation of employees	4,123	-	-	4,123	4,098	25	99.4%	4,079	4,005
Goods and services	514	-	-	514	502	12	97.7%	862	828

4.5 PROVINCIAL INTERNAL AUDIT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**16,199**	**(282)**	**-**	**15,917**	**15,050**	**867**	**94.6%**	**25,924**	**23,384**
Compensation of employees	9,751	(282)	-	9,469	9,440	29	99.7%	9,485	9,473
Goods and services	6,448	-	-	6,448	5,610	838	87.0%	16,439	13,911
Transfers and subsidies	**-**	**139**	**-**	**139**	**138**	**1**	**99.3%**	**-**	**-**
Households	-	139	-	139	138	1	99.3%	-	-

4.6 SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**22,969**	**143**	**-**	**23,112**	**23,031**	**81**	**99.6%**	**24,198**	**24,186**
Compensation of employees	21,838	143	-	21,981	21,978	3	100.0%	22,009	22,005
Goods and services	1,131	-	-	1,131	1,053	78	93.1%	2,189	2,181
Transfers and subsidies	**14**	**49**	**-**	**63**	**63**	**-**	**100.0%**	**-**	**-**
Households	14	49	-	63	63	-	100.0%	-	-

Detail per Programme 5 – Municipal Financial Governance (for the year ended 31 March 2021)

PROGRAMME 5: MUNICIPAL FINANCIAL GOVERNANCE									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programmes	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Programme Support	10,294	(62)	(439)	9,793	9,675	118	98.8%	39,008	35,912
5.2 Municipal Budget & Institutional Governance	19,276	58	(29)	19,305	19,161	144	99.3%	22,050	21,878
5.3 Municipal Accounting & Reporting	17,415	4	(84)	17,335	17,091	244	98.6	19,099	18,935
Total for sub programmes	**46,985**	**-**	**(552)**	**46,433**	**45,927**	**506**	**98.9%**	**80,157**	**76,725**
Economic classification									
Current payments	**45,526**	**(160)**	**(552)**	**44,814**	**44,313**	**501**	**98.9%**	**54,071**	**52,625**
Compensation of employees	44,770	(160)	(552)	44,058	43,967	91	99.8%	48,447	48,415
Salaries and wages	39,626	(211)	(486)	38,929	38,854	75	99.8%	42,645	42,627
Social contributions	5,144	51	(66)	5,129	5,113	16	99.7%	5,802	5,788
Goods and services	756	-	-	756	346	410	45.8%	5,624	4,210
Catering: Departmental activities	39	(35)	-	4	4	-	100.0%	494	471
Entertainment	6	-	-	6	3	3	50.0%	14	8
Travel and subsistence	447	(5)	-	442	98	344	22.2%	4,587	3,457
Operating payments	264	40	-	304	241	63	79.3%	335	223
Venues and facilities	-	-	-	-	-	-	-	194	51
Transfers and subsidies	**1,459**	**160**	**-**	**1,619**	**1,614**	**5**	**99.7%**	**26,086**	**24,100**
Provinces and municipalities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,572**	**23,587**
Municipalities	-	-	-	-	-	-	-	25,572	23,587
Municipal bank accounts	-	-	-	-	-	-	-	25,572	23,587
Departmental agencies and accounts	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Departmental agencies and accounts (non-business entities)	-	-	-	-	-	-	-	-	-
Households	**1,459**	**160**	**-**	**1,619**	**1,614**	**5**	**99.7%**	**514**	**513**
Social benefits	1,459	160	-	1,619	1,614	5	99.7%	514	513
Total	**46,985**	**-**	**(552)**	**46,433**	**45,927**	**506**	**98.9%**	**80,157**	**76,725**

5.1 PROGRAMME SUPPORT									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**10,290**	**(62)**	**(439)**	**9,789**	**9,671**	**118**	**98.8%**	**13,399**	**12,288**
Compensation of employees	10,113	(62)	(439)	9,612	9,558	54	99.4%	10,382	10,377
Goods and services	177	-	-	177	113	64	63.8%	3,017	1,911
Transfers and subsidies	**4**	**-**	**-**	**4**	**4**	**-**	**100.0%**	**25,609**	**23,624**
Provinces & Municipalities	-	-	-	-	-	-	-	25,572	23,587
Households	4	-	-	4	4	-	100.0%	37	37

5.2 MUNICIPAL BUDGET & INSTITUTIONAL GOVERNANCE									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**18,920**	**23**	**(29)**	**18,914**	**18,772**	**142**	**99.2%**	**21,591**	**21,420**
Compensation of employees	18,757	23	(29)	18,751	18,728	23	99.9%	20,409	20,394
Goods and services	163	-	-	163	44	119	27.0%	1,182	1,026
Transfers and subsidies	**356**	**35**	**-**	**391**	**389**	**2**	**99.5%**	**459**	**458**
Households	356	35	-	391	389	2	99.5%	459	458

5.3 MUNICIPAL ACCOUNTING & REPORTING									
	2020/21							2019/20	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	**16,316**	**(121)**	**(84)**	**16,111**	**15,870**	**241**	**98.5%**	**19,081**	**18,917**
Compensation of employees	15,900	(121)	(84)	15,695	15,681	14	99.9%	17,656	17,644
Goods and services	416	-	-	416	189	227	45.4%	1,425	1,273
Transfers and subsidies	**1,099**	**125**	**-**	**1,224**	**1,221**	**3**	**99.8%**	**18**	**18**
Households	1,099	125	-	1,224	1,221	3	99.8%	18	18

5.2.2 Notes to the appropriation statement (for the year ended 31 March 2021)

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

Detail of these transactions can be viewed in note 7 (Transfers and Subsidies), disclosure notes and Annexure 1 A-C of the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in note 6 (Payments for Financial Assets) of the Annual Financial Statements.

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
(I) Administration	157,057	150,563	6,494	4.1%
(II) Sustainable Resource Management	72,610	70,485	2,125	2.9%
(III) Asset and Liabilities Management	25,604	24,644	960	3.7%
(IV) Financial Governance	82,875	81,619	1,256	1.5%
(V) Municipal Financial Governance	46,433	45,927	506	1.1%
Total	**384,579**	**373,238**	**11,341**	**2.9%**

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current Payments	**372,130**	**362,448**	**9,682**	**2.6%**
Compensation of employees	318,666	318,430	236	0.1%
Goods and services	53,464	44,018	9,446	17.7%
Transfers & Subsidies	**6,193**	**6,100**	**93**	**1.5%**
Departmental agencies & accounts	957	942	15	1.6%
Households	5,236	5,158	78	1.5%
Payment for Capital Assets	**6,256**	**4,514**	**1,742**	**27.8%**
Machinery & equipment	5,906	4,514	1,392	23.6%
Software and other intangible assets	350	-	350	100.0%
Payment for Financial Assets	**-**	**176**	**(176)**	**0.0%**
Thefts and Losses	-	176	(176)	0.0%
Total	**384,579**	**373,238**	**11,341**	**2.9%**

(I) Programme 1: Administration – R6.494 million.

Compensation of Employees

Variance: R0.043 million.
The variance is immaterial.

Goods and Services

Variance: R4.799 million.
The variance mainly pertains to:

- Consultancy Fees: Provisions made for provincial interventions were not fully utilised since no further interventions were required, resulting in savings. Delays experienced with Change Management projects due to the global COVID-19 pandemic. A rollover was requested for the unspent Change Management project funds.
- Computer Services: Delays in the completion of the ICT Strategy Review due to the global COVID-19 pandemic. A rollover was requested for the unspent funds.
- Training and Development: Planned trainings could not be undertaken due to the global COVID-19 pandemic.
- Contractors: The bid for Unified Communication Services (UCS) was cancelled due to it being non-responsive. A rollover was requested for the unspent funds.
- Legal Fees: Savings realised in provisions for litigations since no claims were forthcoming.
- Fleet Services: Lower usage of departmental vehicles resulted in savings.
- Communication – Savings realised due to lower usage of landlines as well as provisions made for maintenance of the UCS. The UCS bid was cancelled due to it being non-responsive and a rollover was requested for the unspent funds.

Transfers and Subsidies

Variance: R0.086 million.
The variance is due to non-receipts of statements from institutions in respect of non-employee bursaries.

Payment of Capital Assets

Variance: R1.742 million.
The variance pertains to:

- UCS. The bid was cancelled due to being non-responsive.
- Delays experienced in the procurement of printers due to incorrect specifications quoted by service providers.
- The SITA procurement process for laptops took much longer than anticipated.

A rollover was requested for these unspent funds.

Payment for Financial Assets

Variance: (R0.176 million).
The variance pertains to a write-off of interest and penalties raised by South African Revenue Services (SARS) due to the late payment of VAT on Microsoft licenses.

Programme 2: Sustainable Resource Management – R2.125 million.

Compensation of Employees

Variance: R0.001 million.
The variance is immaterial.

Goods and Services

Variance: R2.124 million.

The variance mainly pertains to consultancy fees in respect of the Provincial Expenditure Review project conducted by GTAC. The project was delayed due to the global COVID-19 pandemic and a rollover was requested for the unspent funds.

(III) Programme 3: Asset and Liability Management – R0.960 million.

Compensation of Employees

Variance: R0.017 million.

The variance is immaterial.

Goods and Services

Variance: R0.943 million.

The variance mainly pertains to consultancy fees in respect of the Provincial SCM Review project conducted by GTAC. The project was delayed due to the global COVID-19 pandemic and a rollover was requested for the unspent funds.

(IV) Programme 4: Financial Governance – R1.256 million.

Compensation of Employees

Variance: R0.084 million.

The variance is due to staff attrition and is immaterial.

Goods and Services

Variance: R1.170 million.

The variance mainly pertains to audit fees in respect of:

- Consolidated Annual Financial Statements. The invoice processed was lower than anticipated resulting in savings.
- SCM forensic investigations. Delays encountered in obtaining information from Department of Human Settlements and a rollover was requested for the unspent funds.
- COVID-19 expenditure investigations. Investigations were put on hold as the set deliverables were not met by the service provider and a rollover was requested for the unspent funds.

Transfers and Subsidies

Variance: R0.002 million.

The variance pertains to leave gratuity payments and is immaterial.

(V) Programme 5: Municipal Financial Governance – R0.506 million.

Compensation of Employees

Variance: R0.091 million.

The variance is due to staff attrition and is immaterial.

Goods and Services

Variance: R0.410 million.

The variance mainly pertains to savings realised in travel and subsistence. Meetings and official engagements were held virtually due to the global COVID-19 pandemic.

Transfers and Subsidies

Variance: R0.005 million.

The variance pertains to leave gratuity payments and is immaterial.

5.2.3 Statement of Financial Performance (for the year ended 31 March 2021)

	Note	2020/21	2019/20
		R'000	R'000
REVENUE			
Annual appropriation	1	384,579	449,057
Departmental revenue	2	398,333	838,960
TOTAL REVENUE		**782,912**	**1,288,017**
EXPENDITURE			
Current expenditure			
Compensation of employees	4	318,430	322,350
Goods and services	5	44,018	67,686
Total current expenditure		**362,448**	**390,036**
Transfers and subsidies			
Transfers and subsidies	7	6,100	26,357
Total transfers and subsidies		**6,100**	**26,357**
Expenditure for capital assets			
Tangible assets	8	4,514	4,492
Intangible assets	8	-	36
Total expenditure for capital assets		**4,514**	**4,528**
Payments for financial assets	**6**	**176**	**313**
TOTAL EXPENDITURE		**373,238**	**421,234**
SURPLUS FOR THE YEAR		**409,674**	**866,783**
Reconciliation of Net Surplus for the year			
Voted funds		11,341	27,823
Annual appropriation		11,341	27,823
Departmental revenue	12	398,333	838,960
SURPLUS FOR THE YEAR		**409,674**	**866,783**

5.2.4 Statement of Financial Position (for the year ended 31 March 2021)

	Note	2020/21	2019/20
		R'000	R'000
ASSETS			
Current assets		**11,640**	**27,643**
Cash and cash equivalents	9	11,472	27,528
Receivables	10	168	115
Non-Current assets		**396**	**676**
Receivables	10	396	676
TOTAL ASSETS		**12,036**	**28,319**
LIABILITIES			
Current liabilities		**11,808**	**28,071**
Voted funds to be surrendered to the Revenue Fund	11	11,341	27,823
Departmental revenue to be surrendered to the Revenue Fund	12	18	86
Payables	13	449	162
TOTAL LIABILITIES		**11,808**	**28,071**
NET ASSETS		**228**	**248**
Represented by:			
Recoverable revenue		228	248
TOTAL		**228**	**248**

5.2.5 Statement of Changes in Net Assets (for the year ended 31 March 2021)

NET ASSETS	Note	2020/21	2019/20
		R'000	R'000
Recoverable revenue			
Opening balance		248	260
Transfers:		(20)	(12)
Debts recovered (included in departmental receipts)		(23)	(111)
Debts raised		3	99
Closing balance		228	248
TOTAL		**228**	**248**

5.2.6 Cash Flow Statement (for the year ended 31 March 2021)

	Note	2020/21	2019/20
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**897,894**	**1,397,004**
Annual appropriated funds received	1.1	384,579	449,057
Departmental revenue received	2	310	217
Interest received	2.2	513,005	947,730
Net decrease in working capital		234	(147)
Surrendered to Revenue Fund		(541,206)	(969,585)
Surrendered to RDP Fund/ Donor		-	(12)
Current payments		(362,448)	(390,036)
Payments for financial assets		(176)	(313)
Transfers and subsidies paid		(6,100)	(26,357)
Net cash flow available from operating activities	**14**	**(11,802)**	**10,554**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(4,514)	(4,528)
Decrease in non-current receivables		280	46
Net cash flows from investing activities		**(4,234)**	**(4,482)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in net assets		(20)	(12)
Net cash flows from financing activities		**(20)**	**(12)**
Net decrease in cash and cash equivalents		(16,056)	6,060
Cash and cash equivalents at beginning of period		27,528	21,468
Cash and cash equivalents at end of period	**15**	**11,472**	**27,528**

5.2.7 Notes on Annual Financial Statements – Accounting Policies for the year ended 31 March 2021)

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

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

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1	**Basis of preparation** The financial statements have been prepared in accordance with the Modified Cash Standard.
2	**Going concern** The financial statements have been prepared on a going concern basis.
3	**Presentation currency** Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	**Rounding** Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5	**Foreign currency translation** Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6	**Comparative information**
6.1	**Prior period comparative information** Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2	**Current year comparison with budget** A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	**Revenue**
7.1	**Appropriated funds** Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	**Departmental revenue** Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	**Accrued departmental revenue** Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.

8	**Expenditure**
8.1	**Compensation of employees**
8.1.1	**Salaries and wages** Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	**Social contributions** Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.
8.2	**Other expenditure** Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.
8.3	**Accruals and payables not recognised** Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
8.4	**Leases**
8.4.1	**Operating leases** Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	**Finance leases** Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	**Aid Assistance**
9.1	**Aid assistance received** Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
9.2	**Aid assistance paid** Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
10	**Cash and cash equivalents** Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. 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.
11	**Loans and receivables** Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.
12	**Financial assets**
12.1	**Financial assets (not covered elsewhere)** A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

12.2	**Impairment of financial assets** Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
13	**Payables** Payables recognised in the statement of financial position are recognised at cost.
14	**Capital Assets**
14.1	**Immovable capital assets** Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
14.2	**Movable capital assets** Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
14.3	**Intangible assets** Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
14.4	**Project Costs: Work-in-progress** Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
15	**Provisions and Contingents**
15.1	**Provisions** Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
15.2	**Contingent liabilities** Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.
15.3	**Contingent assets** Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.
16	**Capital Commitments** Capital commitments are recorded at cost in the notes to the financial statements.

17	**Fruitless and wasteful expenditure** Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred. Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off. Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
18	**Irregular expenditure** Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note. Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off. Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.
19	**Events after the reporting date** Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.
20	**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 National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.
21	**Related party transactions** Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.
22	**Employee benefits** The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

5.2.8 Notes to the Annual Financial Statements – Explanatory Notes

PART B: EXPLANATORY NOTES

1. Annual Appropriation

1.1 Annual Appropriation

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

Programmes	2020/21			2019/20		
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation Received	Funds not requested/not received
	R'000	R'000	R'000	R'000	R'000	
Administration	157,057	157,057	-	172,354	172,354	-
Sustainable Resource Management	72,610	72,610	-	72,432	72,432	-
Asset and Liabilities Management	25,604	25,604	-	27,039	27,039	-
Financial Governance	82,875	82,875	-	97,075	97,075	-
Municipal Financial Governance	46,433	46,433	-	80,157	80,157	-
Total	**384,579**	**384,579**	**-**	**449,057**	**449,057**	**-**

2. Departmental revenue

	Note	2020/21	2019/20
		R'000	R'000
Sales of goods and services other than capital assets	2.1	216	215
Interest, dividends and rent on land	2.2	513,005	947,730
Transactions in financial assets and liabilities	2.3	94	2
Total revenue collected		**513,315**	**947,947**
Less: Own revenue included in appropriation	12	114,982	108,987
Departmental revenue collected		**398,333**	**838,960**

The significant decrease in revenue as compared to the prior year mainly pertains to interest earned on investments from the Provincial Revenue Fund (PRF). This is due to lower cash balances in the PRF in response to the COVID-19 fiscal crisis.

2.1 Sales of goods and services other than capital assets

	2		
Sales of goods and services produced by the department		216	215
Other sales		216	215
Total		**216**	**215**

2.2 Interest, dividends and rent on land

	Note	2020/21	2019/20
		R'000	R'000
	2		
Interest		513,005	947,730
Total		**513,005**	**947,730**

2.3 Transactions in financial assets and liabilities

	Note	2020/21	2019/20
	2		
Other Receipts including Recoverable Revenue		94	2
Total		**94**	**2**

3. Aid assistance

	2020/21	2019/20
Opening Balance	-	12
Transferred from statement of financial performance	-	-
Paid during the year	-	(12)
Closing Balance	-	-

4. Compensation of employees

4.1 Salaries and Wages

	2020/21	2019/20
Basic salary	223,828	227,171
Performance award	2,615	4,446
Service Based	294	358
Compensative/circumstantial	549	582
Periodic payments	74	145
Other non-pensionable allowances	52,039	51,692
Total	**279,399**	**284,394**

4.2 Social contributions

	2020/21	2019/20
Employer contributions		
Pension	29,814	29,298
Medical	9,171	8,615
Bargaining council	46	43
Total	**39,031**	**37,956**
Total compensation of employees	**318,430**	**322,350**
Average number of employees	**467**	**489**

5. Goods and services

	Note	2020/21 R'000	2019/20 R'000
Administrative fees		154	143
Advertising		794	1,109
Minor assets	5.1	81	301
Bursaries (employees)		446	397
Catering		14	1,980
Communication		2,569	1,639
Computer services	5.2	9,186	7,376
Consultants: Business and advisory services		3,802	3,203
Legal services		-	1
Contractors		1,071	1,416
Entertainment		29	106
Audit cost – external	5.3	10,100	16,952
Fleet services		435	684
Consumables	5.4	425	2,164
Operating leases		2,736	2,880
Property payments	5.5	6,180	5,386
Transport provided as part of the departmental activities		-	11
Travel and subsistence	5.6	755	11,234
Venues and facilities		1	361
Training and development		1,087	5,787
Other operating expenditure	5.7	4,153	4,556
Total		**44,018**	**67,686**

The significant decrease in Goods and Services is due to lockdown restrictions imposed emanating from COVID-19 pandemic. The items mainly affected are catering, consumables, training and development as well as travel and subsistence. Communication costs increased as a result of connectivity requirements during this period.

5.1 Minor assets

	5		
Tangible assets		**81**	**301**
Machinery and equipment		81	301
Total		**81**	**301**

The difference of R43 981.13 in minor assets between the general ledger and note compared to asset register in 2020/21 financial year is due to assets that are not included in the asset register as per the Departmental Asset Management Policy.

5.2 Computer services

	Note	2020/21	2019/20
		R'000	R'000
	5		
SITA computer services		2,044	1,411
External computer service providers		7,142	5,965
Total		9,186	7,376

Increase in computer services in the current year is due to the review of the departmental ICT strategy as well as VAT claim from SARS and an increase in exchange rates for Microsoft licences.

5.3 Audit cost – External

	5		
Regularity audits		4,682	5,579
Investigations		4,154	11,373
Computer Audits		1,264	-
Total		**10,100**	**16,952**

The significant decrease in investigations is due to once-off municipal forensic investigations conducted by National Treasury in 2019/20.

5.4 Consumables

	5		
Consumable supplies		263	871
Uniform and clothing		109	61
Household supplies		95	538
Building material and supplies		-	251
Communication accessories		-	-
IT consumables		22	7
Other consumables		37	14
Stationery, printing and office supplies		162	1,293
Total		**425**	**2,164**

The significant decrease in household supplies and stationery is due to lockdown restrictions imposed and remote working conditions emanating from COVID-19 pandemic.

5.5 Property payments

	Note	2020/21 R'000	2019/20 R'000
	5		
Property maintenance and repairs		3,894	3,384
Other		2,286	2,002
Total		**6,180**	**5,386**

The increase in property payments due to the implementation of new cleaning contracts for Alfred Nzo and Joe Gqabi District offices where temporary cleaning staff were previously sourced.

5.6 Travel and subsistence

	Note	2020/21	2019/20
Local	5	753	11,039
Foreign		2	195
Total		**755**	**11,234**

The significant decrease in travel and subsistence is due to lockdown restrictions imposed and virtual meetings held emanating from COVID-19 pandemic.

5.7 Other operating expenditure

	Note	2020/21	2019/20
Professional bodies, membership and subscription fees	5	157	217
Resettlement costs		347	827
Other		3,649	3,512
Total		**4,153**	**4,556**

6. Payments for financial assets

	Note	2020/21	2019/20
Debts written off	6.1	176	313
Total		**176**	**313**

6.1 Debts written off

	Note	2020/21	2019/20
Other Debts written off	6		
Debt written off		176	313
Total		**176**	**313**
Total debt written off		**176**	**313**

The write-off pertains to interest and penalties raised by South African Revenue Services (SARS) due to the late payment of VAT on Microsoft licenses. The means of recovery were implemented and it was not possible to recover the amount paid as there was no one identified as liable for the fruitless and wasteful expenditure.

7. Transfers and subsidies

	Note	2020/21 R'000	2019/20 R'000
Provinces and municipalities	29 & Annex 1A	-	23,587
Departmental agencies and accounts	Annex 1B	942	816
Households	Annex 1C	5,158	1,954
Total		**6,100**	**26,357**

The department initiated social municipal infrastructure projects in the 2015/16 financial year. Transfer payments in respect of these projects were concluded in 2019/20.

8. Expenditure for capital assets

	Note	2020/21 R'000	2019/20 R'000
Tangible assets		**4,514**	**4,492**
Machinery and equipment	27	4,514	4,492
Intangible assets		**-**	**36**
Software	28	-	36
Total		**4,514**	**4,528**

8.1 Analysis of funds utilised to acquire capital assets – 2020/21

	Voted Funds R'000	Total R'000
Tangible assets	**4,514**	**4,514**
Machinery and equipment	4,514	4,514
Intangible assets	**-**	**-**
Software	-	-
Total	**4,514**	**4,514**

8.2 Analysis of funds utilised to acquire capital assets – 2019/20

	Voted Funds R'000	Total R'000
Tangible assets	**4,492**	**4,492**
Machinery and equipment	4,492	4,492
Intangible assets	**36**	**36**
Software	36	36
Total	**4,528**	**4,528**

8.3 Finance lease expenditure included in Expenditure for Capital Assets

	Note	2020/21 R'000	2019/20 R'000
Tangible assets			
Machinery and equipment		1,707	1,753
Total		**1,707**	**1,753**

9. Cash and cash equivalents

		2020/21	2019/20
Consolidated Paymaster General Account		11,467	27,523
Cash on hand		5	5
Total		**11,472**	**27,528**

10. Receivables

		2020/21			2019/20		
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	87	-	87	43	-	43
Staff debt	10.2	77	396	473	63	409	472
Other receivables	10.3	-	-	-	9	267	276
Fruitless and wasteful expenditure	10.4	4	-	4	-	-	-
Total		**168**	**396**	**564**	**115**	**676**	**791**

10.1 Claims recoverable

	Note	2020/21 R'000	2019/20 R'000
	10 & Annex 4		
Provincial departments		87	43
Total		**87**	**43**

10.2 Staff debt

	Note	2020/21	2019/20
	10		
Debt Account		473	472
Total		**473**	**472**

10.3 Other receivables

	Note	2020/21	2019/20
		R'000	R'000
	10		
Sal: Tax Debt		-	9
Sal: Income Tax		-	267
Total		**-**	**276**

10.4 Fruitless and wasteful expenditure

Opening balance		-	-
Transfers from note 22 fruitless and wasteful expenditure		4	-
Less: amount recovered		-	-
Total		**4**	**-**

10.5 Impairment of receivables

Estimate of impairment of receivables		290	290
Total		**290**	**290**

The estimate is the balance of the Pay-As-You-Earn (PAYE) tax reconciliation amount that is under investigation.

11. Voted funds to be surrendered to the Revenue Fund

Opening balance		27,823	21,695
Transfer from Statement of Financial Performance		11,341	27,823
Paid during the year		(27,823)	(21,695)
Closing balance		**11,341**	**27,823**

12. Departmental revenue to be surrendered to the Revenue Fund

Opening balance		86	29
Transfer from Statement of Financial Performance		398,333	838,960
Own revenue included in appropriation		114,982	108,987
Paid during the year		(513,383)	(947,890)
Closing balance		**18**	**86**

13. Payables – current

Amounts owing to other entities	Annex 5	-	10
Clearing accounts	13.1	449	152
Total		**449**	**162**

13.1 Clearing accounts

	Note	2020/21	2019/20
	13	R'000	R'000
Sal: ACB Recalls		-	89
Sal: GEHS Refund Control Account		-	63
Sal: Income Tax		327	-
Sal: Pension Fund		122	-
Total		**449**	**152**

14. Net cash flow available from operating activities

		2020/21	2019/20
Net surplus as per Statement of Financial Performance		409,674	866,783
Add back non cash/cash movements not deemed operating activities		(421,476)	(856,229)
Increase in receivables – current		(53)	258
Increase in payables – current		287	(405)
Expenditure on capital assets		4,514	4,528
Surrenders to Revenue Fund		(541,206)	(969,585)
Surrenders to RDP Fund / Donor		-	(12)
Own revenue included in appropriation		114,982	108,987
Net cash flow generated by operating activities		**(11,802)**	**10,554**

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

		2020/21	2019/20
Consolidated Paymaster General account		11,467	27,523
Cash on hand		5	5
Total		**11,472**	**27,528**

16. Contingent liabilities and contingent assets

16.1 Contingent liabilities

		2020/21	2019/20
Liable to Nature			
Claims against the department	Annex 3	100	-
Total		**100**	**-**

The contingent liability disclosed relates to litigation against the department for re-instatement of internship contract. At this stage, we are unable to disclose the amount that the department might be liable to pay as it is not practicable to do so because the matter is still pending in court.

The Labour Appeal Court (LAC) declared the salary increases for the 2020/2021 financial year unlawful and invalid. The LAC ruling has been appealed and referred to the Constitutional Court. The ruling by the Constitutional Court will confirm if the department will be obligated to pay the salary increases in dispute.

17. Capital Commitments

	2020/21	2019/20
	R'000	R'000
Computer Equipment	99	2,088
Furniture and Office Equipment	-	633
Total	**99**	**2,721**

Due to changes in the 2019/20 MCS which require departments to disclose only contracted capital commitments (and exclude current commitments and those not contracted).

18. Accruals and payables not recognised

18.1 Accruals

Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	1,047	204	1,251	1,420
Compensation of employees	37	-	37	183
Transfers and subsidies	86	-	86	17
Total	**1,170**	**204**	**1,374**	**1,620**

Listed by programme level		
Administration	1,273	1,447
Sustainable Resource Management	2	10
Assets and Liabilities Management	6	17
Financial Governance	-	53
Municipal Financial Governance	93	93
Total	**1,374**	**1,620**

18.2 Payables not recognised

Listed by economic classification	30 Days	30+ Days	Total	Total
Compensation of employees	-	-	-	34
Goods and services	34	55	89	-
Total	**34**	**55**	**89**	**34**

Listed by programme level		
Administration	76	8
Sustainable Resource Management	-	-
Assets and Liabilities Management	13	-
Financial Governance	-	26
Municipal Financial Governance	-	-
Total	**89**	**34**

	Note	2020/21	2019/20
Included in the above totals are the following:		**R'000**	**R'000**
Confirmed balances with other departments	Annex 5	-	10
Confirmed balances with other government entities	Annex 5	-	-
Total		**-**	**10**

19. Employee benefits

		2020/21	2019/20
Leave entitlement		17,878	12,867
Service bonus		8,362	8,815
Performance awards		6,143	7,950
Capped leave commitments		13,177	16,595
Other		200	297
Total		**45,760**	**46,524**

1. At this stage the department is not able to reliably measure the long-term portion of the long service awards. The amount reflected under 'Other' pertains to estimated long service awards for the ensuing financial year.

2. Leave entitlement: The leave entitlement includes an amount of R25 418.05 of 10.68 days for 10 officials who have negative credits in their current cycle pro-rata credits due to the fact that they have used more of their leave days than they accrued during this period.

3. The significant increase in leave entitlement is due to the COVID-19 global pandemic. Employees could not utilise all their vacation leave days since they were working remotely.

20. Lease commitments

20.1 Operating leases expenditure

2020/21	Machinery and Equipment	Total
	R'000	R'000
Not later than 1 year	935	935
Later than 1 year and not later than 5 years	-	-
Total lease commitments	**935**	**935**

2019/20	Machinery and Equipment	Total
	R'000	R'000
Not later than 1 year	2,224	2,224
Later than 1 year and not later than 5 years	934	934
Total lease commitments	**3,158**	**3,158**

The department occupies buildings that are owned by / under the custodianship of / leased by the Department of Roads and Public Works. These buildings are occupied for no consideration and no amounts are paid to the Department of Roads and Public Works for the occupation of these premises. The department has entered into a lease agreement for office equipment and will expire in September 2021.

20.2 Finance leases expenditure

2020/21	Machinery and Equipment	Total
	R'000	R'000
Not later than 1 year	740	740
Later than 1 year and not later than 5 years	563	563
Total lease commitments	**1,303**	**1,303**

2019/20	Machinery and Equipment	Total
	R'000	R'000
Not later than 1 year	1,210	1,210
Later than 1 year and not later than 5 years	1,247	1,247
Total lease commitments	**2,457**	**2,457**

The Department entered into a lease agreement with the Department of Transport for the provision of fourteen vehicles and the lease is treated as a finance lease. Out of the fourteen vehicles, the lease term for six vehicles expired in March 2021and will be on month-to-month basis as from April 2021. The figures above also include cellular phone and data lease commitments. The department has been participating in the RT 15 of 2016 transversal contract for cellular phones and data and the contracts will expire in April 2021. The usage of cellular phones and data is on a month-to-month contract until RT 15 of 2021 is approved and implemented by the department.

21. Accrued departmental revenue

	2020/21	2019/20
	R'000	R'000
Interest, dividends and rent on land	2,685	2,174
Total	**2,685**	**2,174**

21.1 Analysis of accrued departmental revenue

Opening balance	2,174	222,449
Less: amounts received	(2,174)	(222,449)
Add: amounts recognised	2,685	2,174
Closing balance	**2,685**	**2,174**

22. rregular expenditure

22.1 Reconciliation of irregular expenditure

	Note	2020/21	2019/20
		R'000	R'000
Opening balance		51	-
Add: Irregular expenditure – relating to prior year		39	
Add: Irregular expenditure – relating to current year	22.2	89	51
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		-	-
Closing balance		**179**	**51**
Analysis of closing balance			
Current year		89	51
Prior year		90	-
Total		**179**	**51**

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

Incident	Disciplinary steps taken / criminal proceedings	2020/21 R'000
Non-compliance with National Treasury Notice 05 of 2020/21 when procuring PPE for Eastern Cape Provincial Treasury during May 2020. The supplier was not registered with the Department of Small Business Development (DSBD).	The matter is under investigation.	33
Non-compliance with National Treasury Notice 8 of 2007/08 when procuring accommodation services for a newly appointed official. The reasons for deviation were not documented and approved by the Accounting Officer.	The matter is under investigation.	39
Non-compliance with National Treasury Notice 8 of 2007/08 when procuring services of a recruitment agency. The reasons for deviation were not documented and approved by the Accounting Officer.	The matter is under investigation.	56
Total		**128**

The opening balance of R51 000 pertains to irregular expenditure incurred due to contract amount exceeded and the matter is under investigation.

23. Fruitless and wasteful expenditure

23.1 Reconciliation of fruitless and wasteful expenditure

	Note	2020/21	2019/20
		R'000	R'000
Opening balance		13	8
Fruitless and wasteful expenditure – relating to current year	23.2	176	5
Less: Amounts recoverable	10.4 & 23.3	(4)	-
Less: Amounts written off	23.4	(176)	-
Closing balance		**9**	**13**

23.2 Details of current and prior year fruitless and wasteful expenditure- added current year (under determination and investigation)

Incident	Disciplinary steps taken /criminal proceedings	2020/21 R'000
Payment of interest and penalties raised by SARS due to the late payment of VAT on Microsoft licenses.	The amount has been written-off in 2020/21 financial year.	176
Total		**176**

23.4 Details of fruitless and wasteful expenditure recoverable

Incident	
Missed flight and the employee agrees to pay the debt in monthly instalments.	4
Total	**4**

23.4 Details of fruitless and wasteful expenditure written off

Incident	
Payment of interest and penalties raised by SARS due to the late payment of VAT on Microsoft licenses.	176
Total	**176**

The opening balance of R13 000 pertains to fruitless and wasteful expenditure incurred due to non-cancellation fees for booked accommodation, air ticket and a hired vehicle. Part of this amount is transferred to receivables and other matters are under investigation.

24. Related party transactions

The Department occupies buildings that are owned by / under the custodianship of / leased by the Department of Roads and Public Works. These buildings are occupied for no considerations and no amounts are paid to the Department of Roads and Public Works for the occupation of these premises.

The Member of the Executive Council for Finance is also the political head of Department of Economic Development, Environmental Affairs and Tourism.

25. Key management personnel

	No. of Individuals	2020/21	2019/20
		R'000	R'000
Political office bearers	1	1,978	1,754
Officials:			
Level 15 and 16	6	10,820	10,929
Level 14	13	18,430	18,457
Total		**31,228**	**31,140**

26. Non-adjusting events after reporting date

National Treasury issued RT 15 of 2021 contract in respect of mobile communication services with effect from 01 April 2021 for a period of 5 years. The department has opted to partake in this contract and it will be effected once the stipulated processes by National Treasury are completed and approved.

27. Movable Tangible Capital Assets

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

	Opening balance	Value adjustment	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
MACHINERY AND EQUIPMENT	55,432	-	2,807	-	58,239
Computer equipment	33,553	-	2,428	-	35,981
Furniture and office equipment	9,254	-	215	-	9,469
Other machinery and equipment	12,625	-	164	-	12,789
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**55,432**	**-**	**2,807**	**-**	**58,239**

The Department entered into a lease agreement with the Department of Transport for the provision of fourteen vehicles and the lease is treated as a finance lease. Out of the fourteen vehicles, the lease term for six vehicles expired in March 2021and will be on month-to-month basis as from April 2021. The figures above also include cellular phone and data lease commitments. The department has been participating in the RT 15 of 2016 transversal contract for cellular phones and data and the contracts will expire in April 2021. The usage of cellular phones and data is on a month-to-month contract until RT 15 of 2021 is approved and implemented by the department.

Movable Tangible Capital Assets under investigation

	Number	Value
		R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	17	239

These assets were stolen and were reported to the loss control officer. The loss control officer will conduct investigations and the findings are submitted to the departmental disposal committee for recommendations. These recommendations are then submitted to the Head of Department for approval.

27.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	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	**4,514**	**-**	**(1,707)**	**-**	**2,807**
Transport assets	1,022	-	(1,022)	-	-
Computer equipment	2,428	-	-	-	2,428
Furniture and office equipment	215	-	-	-	215
Other machinery and equipment	849	-	(685)	-	164
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	**4,514**	**-**	**(1,707)**	**-**	**2,807**

27.2 Movement for 2019/20

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Prior Period Error	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
MACHINERY AND EQUIPMENT	**53,133**	**-**	**2,739**	**(440)**	**55,432**
Computer equipment	31,298	-	2,627	(372)	33,553
Furniture and office equipment	9,268	-	38	(52)	9,254
Other machinery and equipment	12,567	-	74	(16)	12,625
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**53,133**	**-**	**2,739**	**(440)**	**55,432**

27.3 Minor assets

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

	Machinery and equipment	Total
	R'000	R'000
Opening balance	9,456	9,456
Additions	37	37
Total Minor Assets	**9,493**	**9,493**

	Machinery and equipment	Total
Number of R1 minor assets	8	8
Number of minor assets at cost	6,526	6,526
TOTAL NUMBER OF MINOR ASSETS	**6,534**	**6,534**

The difference of R43 981.13 in minor assets between the general ledger and note compared to asset register in 2020/21 financial year is due to assets that are not included in the asset register as per the Departmental Asset Management Policy.

Minor Assets under investigation		
	Number	**Value**
		R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	4	4

These assets were stolen and were reported to the loss control officer. The loss control officer will conduct investigations and the findings are submitted to the departmental disposal committee for recommendations. These recommendations are then submitted to the Head of Department for approval.

27.4 Movement for 2019/20

MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Machinery and equipment	Total
	R'000	R'000
Opening balance	9,269	9,269
Additions	240	240
Disposals	(53)	(53)
Total Minor Assets	**9,456**	**9,456**

Number of R1 minor assets	8	8
Number of minor assets at cost	6,503	6,503
TOTAL NUMBER OF MINOR ASSETS	**6,511**	**6,511**

27.5 Movable assets written off

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

	Machinery and equipment	Total
	R'000	R'000
Assets written off	-	-
TOTAL MOVABLE ASSETS WRITTEN OFF	**-**	**-**

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Machinery and equipment	Total
	R'000	R'000
Assets written off	60	60
TOTAL MOVABLE ASSETS WRITTEN OFF	**60**	**60**

28. Intangible Capital Assets

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

	Opening balance	Value adjustment	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	492	-	-	-	492
TOTAL INTANGIBLE CAPITAL ASSETS	**492**	**-**	**-**	**-**	**492**

28.1 Movement for 2019/20

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	456	-	36	-	492
TOTAL INTANGIBLE CAPITAL ASSETS	**456**	**-**	**36**	**-**	**492**

29. Statement of conditional grants and other transfers paid to municipalities

NAME OF MUNICIPALITY	2020/21							2019/20	
	GRANT ALLOCATION				TRANSFER				
	Equitable Share	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Equitable Share	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
King Sabatha Dalindyebo	-	-	-	-	-	-	-	7,050	5,065
Joe Gqabi	-	-	-	-	-	-	-	14,000	14,000
Ntabankulu	-	-	-	-	-	-	-	4,522	4,522
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,572**	**23,587**

30. Covid-19 Response Expenditure

	Note	2020/21	2019/20
		R'000	R'000
Goods and services	Annex 6	409	-
Expenditure for capital assets		27	-
Total		**436**	**-**

5.2.9 Unaudited Annexures to the Annual Financial Statements

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	ALLOCATION				TRANSFER			SPENT			2019/20	
	Equitable Share	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Reallocations by Provincial Treasury	Amount received by Municipality	Amount spent by municipality	% of available funds spent by municipality	Equitable Share	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
King Sabatha Dalindyebo	-	-	-	-	-	-	-	-	-	-	7,050	5,065
Joe Gqabi	-	-	-	-	-	-	-	-	-	-	14,000	14,000
Ntabankulu	-	-	-	-	-	-	-	-	-	-	4,522	4,522
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**25,572**	**23,587**

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2019/20
	Adjusted Appropriation	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	%	R'000
South African Broadcasting Corporation (SABC)	1	-	1	1	100%	1
Finance and Accounting Services Sector Education and Training Authority (FASSET)	1,085	(129)	956	941	98%	815
Total	**1,086**	**(129)**	**957**	**942**		**816**

Transfer to SABC is for TV licence costs and transfer to FASSET is in respect of skills development fund levies.

ANNEXURE 1C

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2019/20
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave Gratuity	3,332	-	1,424	4,756	4,745	100%	1,705
Bursaries to Non-Employees	480	-	-	480	413	86%	255
Total	**3,812**	**-**	**1,424**	**5,236**	**5,158**		**1,960**

ANNEXURE 2

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2020/21	2019/20
		R'000	R'000
Received in kind			
Standard Bank	Sponsorship of venue and catering for the Budget Business Breakfast.	-	94
Standard Bank	Sponsorship of catering for Budget Day.	-	80
Standard Bank	Accommodation and show tickets for National Arts Festival.	-	4
Commerce Edge	Gifts won during Smart Indaba Procurement.	-	14
Old Mutual	Donation of ten 5 litre of Saniprop disinfectant sanitiser.	3	-
Standard Bank	Donation of PPE at NMMM for Mandela Day Outreach Programme.	235	-
TOTAL		**238**	**192**

PPE - Personal Protective Equipment

NMMM – Nelson Mandela Metropolitan Municipality

ANNEXURE 3

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2021

Nature of Liability	Opening Balance 1 April 2020	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable	Closing Balance 31 March 2021
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Litigation	-	100	-	-	100
TOTAL	**-**	**100**	**-**	**-**	**100**

ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2020/21*	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
EC: Agriculture	-	21	56	22	56	43		-
EC:Economic Development	5	-	-	-	5	-		-
EC: Health	6	-	-	-	6	-		-
EC:Sport	8	-	-	-	8	-		-
WC:Office of the Premier	12	-	-	-	12	-		-
Subtotal	**31**	**21**	**56**	**22**	**87**	**43**		**-**
TOTAL	**31**	**21**	**56**	**22**	**87**	**43**		**-**

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2020/21*	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020	31/03/2021	31/03/2020	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
South African Police Services	-	10	-	-	-	10		-
Subtotal	**-**	**10**	**-**	**-**	**-**	**10**		**-**
TOTAL	**-**	**10**	**-**	**-**	**-**	**10**		**-**

ANNEXURE 6
COVID-19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2020/21					2019/20
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	**214**	**61**	**94**	**40**	**409**	**-**
Consumables	163	28	-	32	223	-
Property Payments	51	33	94	-	178	-
Minor Assets	-	-	-	8	8	-
Expenditure for capital assets	**-**	**-**	**-**	**27**	**27**	**-**
Machinery and Equipment	-	-	-	27	27	-
TOTAL COVID-19 RESPONSE EXPENDITURE	**214**	**61**	**94**	**67**	**436**	**-**

NOTES

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HOME OF LEGENDS

CONTACT INFORMATION

Private Bag X0029, Bhisho, 5605
Tel 040 101 0157 | Fax 040 101 0707
nomawethu.skoti@ectreasury.gov.za
www.ectreasury.gov.za

gemprint 043 722 0755 (63247)