Province of the
EASTERN CAPE
PROVINCIAL TREASURY

ANNUAL REPORT
VOTE 12

2021/22 FINANCIAL YEAR

PR: 239/2022

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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	IPPF	International Professional Practices Framework
ACCF	Audit Committee Chairpersons Forum	IT	Information Technology
ACFE	Association of Certified Fraud Examiners	IYM	In-Year Monitoring
AFS	Annual Financial Statements	LED	Local Economic Development
AG-SA	Auditor General South Africa	LEDPF	Local Economic Development Procurement Framework
AIDS	Acquired Immunodeficiency Syndrome	LOGIS	Logistical Information System
AIP	Audit Improvement Plan	KRAs	Key Result Areas
AO	Accounting Officer	KSD	King Sabata Dalindyebo
APP	Annual Performance Plan	LGFIDPM	Local Government Framework for Infrastructure Delivery and Procurement Management
ART	Anti-Retroviral Treatment	MCS	Modified Cash Standards
BAS	Basic Accounting System	MEC	Member of the Executive Council
B-BBEE	Broad-Based Black Economic Empowerment	MFMA	Municipal Finance Management Act
BPM	Business Process Mapping	MINCOMBUD	Minister's Committee on the Budget
CAE	Chief Audit Executive	MoA	Memorandum of Agreement
CBC	Cabinet Budget Committee	MPAC	Municipal Public Accounts Committee
CD	Chief Director	MPAT	Management Performance Assessment Tool
CFE	Certified Fraud Examiners	MTBPS	Medium Term Budget Policy Statement
CFO	Chief Financial Officer	MTEC	Medium Term Expenditure Committee
CGICTPF	Corporate Governance of Information and Communication Technology Framework	MTEF	Medium Term Expenditure Framework
CoE	Compensation of Employees	MTSF	Medium Term Strategic Framework
COGTA	Cooperative Governance and Traditional Affairs	mSCOA	Municipal Standard Chart of Accounts
COI	Conflict of Interest	MuniMEC	Municipalities and Member of the Executive Council
COVID-19	Corona Virus Disease – 2019	NDP	National Development Plan
CRO	Chief Risk Officer	NHI	National Health Insurance
CSD	Central Supplier Database	NQF	National Qualifications Framework
DC	District Committee	NT	National Treasury
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	NTR	National Treasury Regulations
DFI	Development Finance Institute	OD	Organisational Development
DNA	Deoxyribonucleic Acid	OHS	Occupational Health and Safety
DoE	Department of Education	OHSA	Occupational Health and Safety Act
DOEL	Department of Employment and Labour	OTP	Office of The Premier
DoH	Department of Health	PAIA	Promotion of Access to Information Act
DoRA	Division of Revenue Act	PAIP	Provincial Audit Improvement Plan
DoT	Department of Transport	PCMT	Provincial Coordinating Monitoring Team
DPSA	Department of Public Service and Administration	PDP	Provincial Development Plan

DPW	Department of Public Works	PERSAL	Personnel and Salary System
DRDAR	Department of Rural Development and Agrarian Reform	PFMA	Public Finance Management Act
DRP	Disaster Recovery Plan	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
EC	Eastern Cape	POPIA	Protection of Personal Information Act
ECDC	Eastern Cape Development Corporation	PPP	Public Private Partnership
ECGB	Eastern Cape Gambling Board	PPPFA	Preferential Procurement Policy Framework Act
ECPACC	Eastern Cape Provincial Arts and Culture Council	PRF	Provincial Revenue Fund
ECPT	Eastern Cape Provincial Treasury	PSETA	Public Service Sector Education and Training Authority
ECPTA	Eastern Cape Parks and Tourism Agency	PSC	Public Service Commission
ECPGDSC	Eastern Cape Provincial Government Debt Steering Committee	PSCBC	Public Service Co-ordinating Bargaining Council
EWMP	Employee Wellness Management Policy	PSLVDC	Provincial State Land Vetting and Disposal Committee
ECSECC	Eastern Cape Socio-Economic Consultative Council	PT	Provincial Treasury
EWP	Employee Wellness Programme	QAR	Quality Assurance reviews
EXCO	Executive Council	QLFS	Quarter Labour Force Survey
FASSET	Finance and Accounting Services Sector Education and Training Authority.	RMC	Risk Management Committee
FAU	Forensic Audit Unit	RMCCF	Risk Management Committee Chairpersons Forum
FFC	Finance and Fiscal Commission	SA	South Africa
FIDPM	Framework for Infrastructure Delivery and Procurement Management	SAPS	South African Police Service
FIS	Financial Information System	SABC	South African Broadcasting Corporation
FM	Financial Management	SALGA	South African Local Government Association
FMAF	Financial Management Accountability Framework	SANRAL	South African National Road Agency Limited
FMCMM	Financial management capability maturity model	SAQA	South African Qualifications Authority
FMCS	Financial Management Case Study	SARS	South African Revenue Service
FY	Financial Year	SETA	Sector Education Training Authority
GAAP	Generally Accepted Accounting Practice	SEZ	Specialised Economic Zone
GEMS	Government Employees Medical Scheme	SCM	Supply Chain Management
GPAA	Government Pensions Administration Agency	SCMO	Supply Chain Management Office
GPEF	Government Pension Employment Fund	SCOA	Standard Chart of Accounts
GRAP	Generally Recognised Accounting Practice	SCOPA	Select Committee on Public Accounts
GTAC	Government Technical Advisory Centre	SDIP	Service Delivery Improvement Plan
GWEA	Government Wide Enterprise Architecture	SDM	Service Delivery Model
HDIs	Historically Disadvantaged Individuals	SHERQ	Safety , Health, Environment, Risk and Quality

HIBP	Have-I-Been-Paid	SIPDM	Standard for Infrastructure Procurement and Delivery Management
HIV	Human Immunodeficiency Virus	SITA	State Information Technology Agency
HoD	Head of Department	SLA	Service Level Agreement
HR	Human Resource	SMS	Senior Management Service
HRD	Human Resource Development	SMMEs	Small, Medium and Micro-Enterprises
HRIP	Human Resource Improvement Plan	SOP	Standard Operating Procedure
HRM	Human Resource Management	SPU	Special programmes Unit
HRP	Human Resource Plan	S&T	Subsistence and Travel
IA	Internal Audit	TVET	Technical and Vocational Education Training
IBAC	Interim Bid Advisory Committee	ToR	Terms of Reference
ICT	Information and Communications Technology	TRM	Transversal Risk Management
IDMS	Infrastructure Delivery Management System	SOP	Standard Operating Procedures
IIASA	Institute of Internal Auditors of South Africa	SDM	Service Delivery Model
IFMS	Integrated Financial Management Systems	UAMP	User Asset Management Plan
IGC	Integrated Governance Committee	UPS	Uninterrupted Power Supply
IKM	Innovations and Knowledge Management	WAN	Wide Area Network
IPMM	Infrastructure Procurement Maturity Model	WSP	Workplace Skills Plan

1.3. Foreword by the MEC

Mlungisi Mvoko
Honourable MEC for Finance

In the year under review, we committed to implement the Annual Performance Plan towards attaining our envisioned target of “a better life for all”. We began the year at the back of a declining economy, compounded by the impact of COVID-19. These challenges, however, did not deter us from adhering to our commitment of doing more with less. Cost containment measures formed the basis of our Fiscal Consolidation Strategy to stabilise provincial finances especially during the period of constrained economic activity worsened by the COVID-19 pandemic.

The inflating wage bill was managed by maintaining spending ceilings utilising various measures that include controlling 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, working closely with the Office of the Premier (OTP). We worked closely with revenue generating departments in the province to implement the Revenue Generation and Enhancement study recommendations. We gave targeted support to the Department of Public Works to maximise revenue generated from the property portfolio. We tackled the contingency liability costs against the Department of Health that are posing a serious threat to the Provincial Revenue Fund. The multi-disciplinary team involving the Office of the Premier, Health and Provincial Treasury is addressing this challenge.

Our recommendations for the re-purposing of public entities is gaining momentum. It will not be long before we realise efficiencies in these entities towards boosting the provincial economy. The Public Expenditure Review to assess the extent to which departmental policies influence spending on cost drivers so that it can inform more efficient future resource allocation is gaining momentum. We are not relaxing our efforts to monitor the implementation of the outcomes of the research study to ensure that the root causes of the accruals and payables are addressed.

Supply Chain Management is prone to fraud and corruption, and it is for this reason that we worked together with Government Technical Advisory Centre (GTAC), on Supply Chain Management Review in the province. The aim was to identify best practices that can be included within the SCM regulatory environment, identify current SCM challenges including underlying causes and propose improvements.

We provided opportunities to SMMEs and Cooperatives to do business with government through the implementation of the Local Economic Development Procurement Framework. We are on track in paying our creditors on time to help ease cash flow challenges and improve financial sustainability of these SMMEs. The rollout of the invoice tracking online application has yielded positive results. We intensified our efforts in monitoring the implementation of the procurement plans to eradicate delays in service delivery. We further ensured that we pay market related prices for commodities through closely monitoring the adherence to the Price Index.

We continued with our supporting role to infrastructure delivery in the Province, through implementation of Infrastructure Delivery Management System (IDMS).

We enforced the implementation of the Financial Management Accountability Framework towards ensuring that our provincial departments and municipalities reach an acceptable level of maturity with regards to governance and accountability. We implemented audit improvement strategies which assist in building public confidence that government resources are being used appropriately. 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 essential 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 2021/22 financial year.

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HONOURABLE MLUNGISI MVOKO
MEC FOR FINANCE
DATE: 31 AUGUST 2022

1.4. Report of the Accounting Officer

Mr D Majeke
Accounting Officer

In the 2021/22 financial year, Provincial Treasury, guided by government priorities and set policies, continued to implement sound financial management in the Province with the intention of speeding up service delivery. COVID-19 continued to plague the country, causing disruptions in PT operations hence it became necessary to modify strategies and plans to maintain business continuity. Relevant health protocols were implemented to secure the workplace in line with the government's risk adjusted strategy.

More focus was put on the use of ICT and technology to enable staff to work remotely coupled with the implementation of the remote working policy which provided guidance to flexible working arrangements and working from home to contain the negative impact of the pandemic on the workforce.

The highly uncertain economic outlook and the deployment of financial resources to contain the coronavirus forced us to take appropriate measures to stabilise provincial finances. Socio-economic obligations had to be balanced with measures that promote fiscal prudence in the province. PT enforced fiscal consolidation measures 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. Zero based budgeting, as a substitute to the conventional incremental budgeting, was initiated to determine suitable departmental baselines in Provincial departments and to align spending with strategic outcomes and service delivery priorities. The intention was to eliminate 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.

The recommendations of the research study that had identified new sources of own revenue are being implemented, resulting in positive results within the constricted fiscal environment. As at 31 March 2022, the province collected an amount of R1.404 billion against the revised projected amount of R1.503 billion and thus recorded an under collection of R99 million. Although overall there was under collection, nine departments over collected. The Provincial Revenue Fund (PRF) continues to be carefully managed to mitigate liquidity risks.

In the year under review, the rationalisation of public entities project continued with an intention to reduce their number, operating costs and further improve their efficiency. A comprehensive project plan was compiled and regular progress was provided to the relevant stakeholders.

In an effort to improve procurement efficiencies, Provincial Treasury continued to identify number of opportunities for transversal contracting, capacitation of suppliers on opportunities available to enable

SMMEs to do business with government, including registration on the Central Supplier Database and LOGIS. The SMME development was inclusive of women, persons with disabilities, youth and military veterans together with their dependants, with a special focus on local procurement.

The monitoring of the implementation of the procurement plans was enhanced to eliminate delays in service delivery and underspending of allocated budgets. In our efforts to eliminate unethical behaviour in the public service, Provincial Treasury continued to identify officials that do business with government and escalated such to their respective departments.

Despite the uncertainty created by the latest Constitutional Court ruling on the invalidity of the Preferential Procurement Regulations, 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 took an average number of 6 days to pay suppliers as part of continuous improvement of the payment cycle of creditors in support of SMMEs. During the period under review, the department procured goods and services from local suppliers amounting to R12.8 million, whilst a total amount of R2. 6 billion of which R1. 3 billion (52.23%) was spent on EC based suppliers. The implementation of the invoice tracking application that assists suppliers to enquire about the outstanding invoices online is ongoing.

To address infrastructure challenges, PT continues to facilitate the institutionalisation of the Infrastructure Delivery Management System (IDMS) within the province and support departments in the implementation of Framework for Infrastructure Delivery and Procurement Management (FIDPM). Concerted effort is being placed on ensuring alignment of infrastructure projects to the District Development Model to strengthen integrated infrastructure planning, procurement and delivery across the infrastructure value chain. Implementation of infrastructure projects and infrastructure grants spending is being closely monitored at both provincial and local spheres to ensure value for money. The support given to the Department of Education and the Department of Health is yielding positive results in relation to incentives linked to the Infrastructure Performance Based System.

To promote accountability and fiscal discipline in the departments, PT continued to use the Financial Management Accountability Framework and contraventions thereof were escalated to the Executive Authorities of departments. The monitoring of the implementation of Provincial Audit Plan and analysis of audit action plans in municipalities directed departments and municipalities towards improvement in audit outcomes. Ongoing financial management and governance support continued to be provided to provincial departments and municipalities (including mSCOA implementation).

Various interventions in departments and municipalities were undertaken to eradicate the threat posed by financial mismanagement to the fiscus. The formation of a multi-disciplinary team involving the Office of the Premier, Health and Provincial Treasury continued to address the challenge of escalating medico-legal claims. Over and above addressing specific Health systemic and administrative challenges, focus was on strengthening legal services to investigate and defend cases. In its effort to stabilise municipal finances, PT is engaged in intervention programmes at Makana, Enoch Mgijima and Amathole municipalities. Spatial referenced support, aligned to the District Development Model, and Municipal Integrated Development Plans is provided to municipalities.

The use of more outcomes based performance indicators focused on medium term results as opposed to compliance driven ones, were reflected in the departmental performance. Notwithstanding the challenging workplace environment, exacerbated by the COVID-19 pandemic, the department cumulatively achieved 59 or 66% of the planned 89 Annual Performance Plan (APP) targets as at 31 March 2022 and spent R382 404 million (98.8%) against the projected expenditure of R387.028 million.

Provincial Treasury strengthened its drive to develop staff through various skills development programmes and change management initiatives with an intention to attain its strategic priorities. PT continued to prioritise 50% minimum representation of women in management training and development programmes so that the inequity in employment of women at senior management levels is fully addressed.

Batho Pele principles continued to be the basis of Provincial Treasury's customer care initiatives to deliver a seamless and quality service to its clients.

As at 31 March 2022, Provincial Treasury's vacancy rate was 2.2% due to a higher number of staff attritions. The average days to fill posts stood at 84 days, 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 60% female and 40% male. Females at SMS level are at 52.2%, thus exceeding the set target of 50%. People with disabilities constitute 1.7% of the total staff establishment. Youth comprise 23.3% of the departmental staff complement.

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	2021/2022			2020/2021		
	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	262	210	52	249	216	33
Interest, dividends and rent on land	120 047	359 021	(238 974)	113 897	512 695	(398 798)
Transactions in financial assets and liabilities	881	21	860	836	94	742
Total	**121 190**	**359 252**	**(238 062)**	**114 982**	**513 005**	**(398 023)**

The total departmental receipts as indicated in the table above amounted to R359.252 million for the 2021/22 financial year against a budget of R121.190 million. An amount of R358.993 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 2021/22 financial year is R323 347.02. The write-off pertains to long outstanding tax reconciliation differences that could not be resolved as well as irrecoverable staff debts.

Interest, dividends and rent on land

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

Departmental Expenditure

Table 1.4.2: Departmental Expenditure

Programme Name	2021/2022			2020/2021		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Administration	158 911	155 500	3 411	157 057	150 563	6 494
Sustainable Resource Management	73 649	73 460	189	72 610	70 485	2 125
Asset and Liabilities Management	25 558	25 369	189	25 604	24 644	960
Financial Governance	80 920	80 439	481	82 875	81 619	1 256
Municipal Financial Governance	47 990	47 636	354	46 433	45 927	506
Total	**387 028**	**382 404**	**4 624**	**384 579**	**373 238**	**11 341**

The department underspent its budget by R4.624 million from an adjusted budget of R387.028 million. Departmental unspent funds decreased compared to the 2020/21 financial year unspent funds amounting to R11.341 million. This is mainly due to unspent funds in goods and services.

The reasons for unspent funds on Compensation of Employees (CoE) is mainly due to staff attrition.

The main contributors to unspent funds on goods and services are:

- Training and Development - The Municipal Financial Management training was rescheduled due to delays encountered in the finalisation of the Service Level Agreement (SLA).
- Travel and Subsistence - Savings mainly due to meetings and trainings held virtually.
- Consumables - Savings due to the invoice processed for the printing of the provincial gazette being lower than anticipated, non-delivery of screen protectors due to unavailability of stock from the manufacturer and quotations received for printer cartridges that did not meet the specification criteria.
- Computer Services - Renewal of computer utility software licences due to the request for quotations being non-responsive as well as savings due to the invoice processed for transversal systems and internet services being lower than anticipated.
- Consultancy Fees - Savings mainly due to invoice processed for qualification verification and Organisational Review project being lower than anticipated.
- Operating Payments - Provisions made for resettlement costs for new appointees were not utilised as some of these posts were filled internally.
- Contractors - The request for quotations for the maintenance of computer server equipment was non-responsive as well as provisions made for transportation in case of employee bereavement were not fully utilised.
- Operating Leases - Savings due to lower rental emanating from extension of the RT3 contract.
- Communication - Savings were realised due to lower airtime and data claims processed.

Unspent funds in transfers and subsidies mainly pertain to provisions made for external bursaries. There were no new intakes in the current financial year.

Unspent funds in payment for capital assets is mainly due to:

- Office Equipment - Provisions made for office equipment were not fully utilised as no requests were forthcoming.
- Computer Equipment - Savings due to invoice processed for computer laptops being lower than anticipated.
- Computer Server - Delays encountered in procuring servers for district offices. The purchase order had to be amended due to changes in the foreign exchange rate.

Virements

The department recorded the following virements due to a shortfall emanating from payment of an early retirement pension liability:

- Saving amounting to R546 000 was shifted from Programme 1: Administration to Programme 2: Sustainable Resource Management.

Roll overs

There were no roll over requests made.

Unauthorised, fruitless and wasteful expenditure

The department has no unauthorised expenditure for the year under review. The department did not incur any irregular expenditure during the year under review. The department had a prior year balance of R179 024 of which an amount of R32 990 was condoned during the year. The matters under investigation pertain to contract amount exceeded for Provincial SCM training and non-compliance with SCM delegations on the procurement of accommodation for a new appointee as well as on procurement of a recruitment agency to assist the department with headhunting.

The department incurred an amount of R19 000 on fruitless and wasteful expenditure during the year under review. The department has an outstanding balance of R9 273 for the prior year due to late cancellations for accommodation and air tickets. These matters are under investigation.

Public Private Partnerships

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

Owing to unforeseen service delivery needs in the Department of Transport, budget was reprioritised to redirect resources towards the department. The amount of own revenue collected target was revised from R1.516 billion to R1.503 billion.

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 2021/22 financial year.

Adjusting events after the reporting date

There were adjusting events that affected the interest and this has been correctly disclosed in the final audited adjusted AFS.

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 2021/22 financial year. I would also like to encourage all staff to continue doing the same in 2022/23 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 2021/22 financial year despite the challenging operational and service delivery environment compounded by the continued prevalence of the COVID-19 pandemic. Our performance reflects a steady progress towards realising departmental strategic outcomes.

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D MAJEKE
ACCOUNTING OFFICER
DATE: 31 AUGUST 2022

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 2022.

Yours faithfully

D MAJEKE
ACCOUNTING OFFICER:
DATE: 31 AUGUST 2022

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.

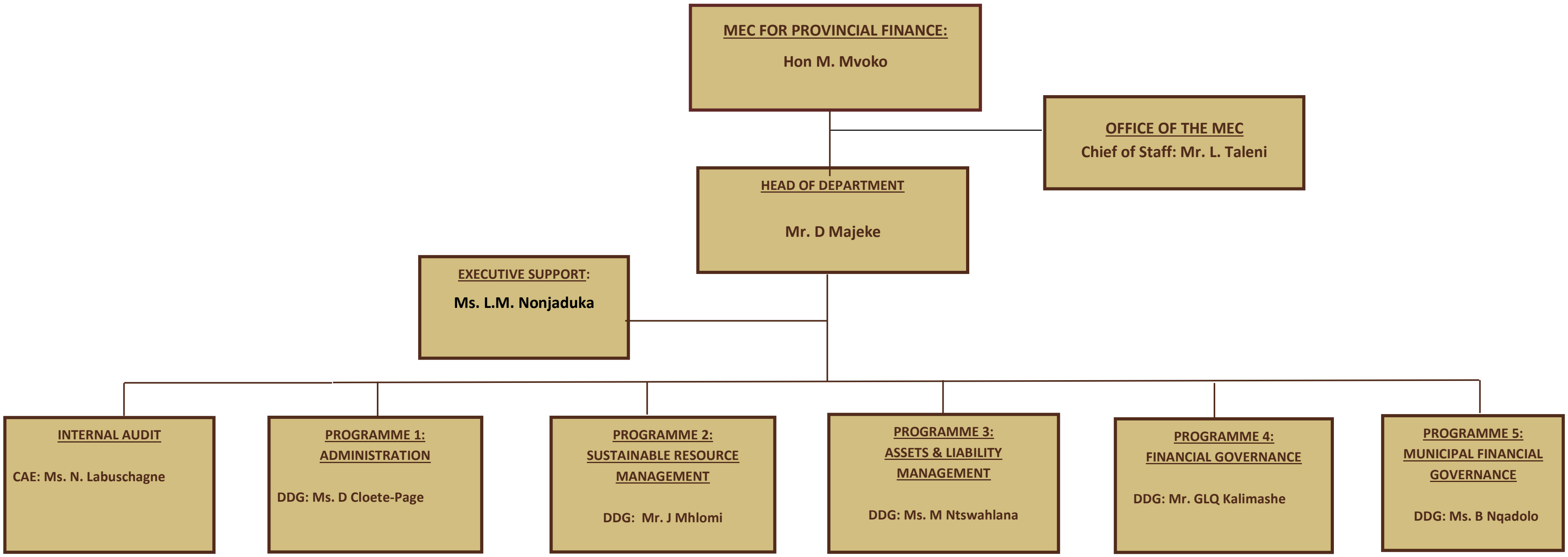
During the 2021/22 financial year, the MEC for Finance tabled the following Bills in the Eastern Cape Provincial Legislature:

- Adjustment Appropriation Bill on 07 December 2021 for the 2020/21 financial year.
- Eastern Cape Second Adjustment Appropriation Bill was tabled on 23 March 2022.

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.

The chart below represents organisational structure as at 31 March 2022.



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 selected programmes 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 departments' annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2 – Sustainable Resource Management	42 – 52

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.

Programme 2 – Sustainable Resource Management

5. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme

Other matter

6. I draw attention to the matter below.

Achievement of planned targets

7. Refer to the annual performance report on pages 32 to 68 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Refer to page 150 of the Report of the Auditor General, published as Part E: Financial Information.

2.2. Overview of Departmental Performance

2.2.1. Service delivery environment

The 2021/22 financial year saw the continuation of the different lockdown levels declared by the President in line with the National Disaster Act as a result of the global COVID-19 pandemic. The prevalence of the pandemic warranted Provincial Treasury to enhance the business continuity endeavours to secure the workplace with an intention to curb the disruptions of the department's operations as well as the service delivery environment. A certain percentage of the staff was allowed to be at the workplace as per the guidelines set by the Department of Public Service and Administration (DPSA). A COVID-19 workplace plan was implemented together with relevant health protocols.

Fiscal vulnerabilities, worsened by the pandemic, still persist. The challenge is to balance socio-economic imperatives with measures that promote fiscal sustainability in the province. This entails enforcing budget expenditure ceilings, managing the wage bill, implementing cost containment measures and enhancing provincial revenue.

Various strategies have been introduced to curb inefficiencies and reduce cost of service delivery. These measures include, amongst others, expenditure reviews and zero based budgeting. Personnel appointments of provincial departments continue to be authorised centrally on PERSAL in line with Provincial Coordinating Monitoring Team (PCMT) approvals. These measures are meant to enforce adherence to cost containment and curb the unsustainable rise in personnel costs in the province.

Strategies to enhance and increase provincial revenue are negatively impacted by the current constrained economic environment. The province collected reduced own revenue during the 2021/22 financial year due to the limitations imposed by the pandemic and the economic downturn. Despite these challenges, efforts were made to explore and implement ways of enhancing and increasing provincial revenue. Concerted effort is still being placed on engaging departments to ensure that revenue collected by municipalities is paid over and that departments improve on revenue collection by implementing the recommendations of the research study. The Provincial Revenue Fund (PRF) continues to be carefully managed to mitigate liquidity risks. One of the key risks to liquidity is the medico-legal claims against the Department of Health. Progress is beginning to be made by the Medico Legal Claims Project established by PT to address the root causes of these medico legal claims.

Debt owed to municipalities by various spheres of government, communities and business, worsened also by inefficiencies in revenue collection, is creating 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.

The rising trends in poverty, unemployment, and drought in some parts of the province are posing an increased challenge to government. Recurring 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 Constitutional Court ruling on the invalidity of the Preferential Procurement Regulations created uncertainty and had a potential of limiting the implementation of LED Procurement Framework. Nevertheless, provincial departments are supported to promote local content and procurement opportunities for local suppliers with an intention to promote SMME development. A concerted effort is put to ensure prioritisation of designated groups in procurement with payment of creditors within a 30-day period, as regulated, moving the province closer to enhance SMME sustainability. The implementation of the invoice tracking system to update suppliers about the processing stages of their invoices is continuing same applies as assisting SMMEs to register on Central Supplier Database (CSD) and LOGIS.

Although a lot has improved over the past years, the province is still 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. Institutionalisation of the Infrastructure Delivery Management System (IDMS) within the province is facilitated. Constant support is provided to departments to implement the Framework for Infrastructure Delivery and Procurement Management (FIDPM) and align infrastructure projects to the District Development Model. This alignment reinforces integrated infrastructure planning, procurement and delivery across the infrastructure value chain.

Provincial Treasury continues to provide support to the departments and municipalities with heightened audit risks through the implementation of audit improvement plans to ensure improved audit outcomes. Ongoing financial management and governance support is being provided to provincial departments and municipalities, including mSCOA implementation as part of improvement of financial management in local government. PT support to municipalities is spatially referenced and aligned to District Development Model and Municipal Integrated Development Plans. PT is participating in intervention programmes at Makana, Enoch Mgijima and Amathole municipalities in an effort to stabilise their finances. To institutionalise discipline in the management of public resources and ensure that departments and entities move towards sustainable financial maturity, PT continued with the implementation of the Financial Management Accountability Framework.

Legal cases against the Department of Health due to medical negligence are the primary root cause, among others, of the liquidity challenges in the department thus posing a serious risk to the provincial liquidity. Most of these claims were never funded resulting in an equal amount of accruals accumulating in the Department. This medical legal contingency and employee benefits inclusive of capped leave are likely to affect the provincial finances if they are ignored. In mitigating these contingencies, various measures have been instituted to address this challenge. A Medico Legal Claim Project team was established to oversee a number of streams established to address various weaknesses that were identified as major contributing factors to the medico legal claims. The project is yielding results as a decrease in the number of new claimants is observed.

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 Treasury had developed a three-year Service Delivery Improvement Plan (SDIP) that commenced at the start of the 2018/19 to 2021 financial year. Therefore, for this reporting cycle of the 2021/22 financial year PT did not have a SDIP that was tabled in the legislature, this was caused by DPSA, which delayed the issuing of guidelines to develop the SDIP. The PT then decided to redo the last financial year (2020/21 FY) of key services which are:

- Key Service 1: The payment of suppliers within 30 days; and
- Key Service 2: Reduction of debt owed by provincial departments to municipalities.

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 30 June 2019 2018/19 Audited AFS was R85 million 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 have been R47.5 million since the baseline was R190 million (over 90 days) in June 2021. Total outstanding debt owed by government to municipalities was R411 million at 31 March 2022 exceeding 90 days. PT will continue to have engagement and one-on-one sessions to resolve disputes, which will in turn further reduce the debt 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	Annually on average provincial departments took 12 days to settle invoices. During the fourth quarter, Departments took 16 days, 66 464 (or 74%) of invoices were paid within 30 days. 23 280 invoices exceeded 30 days. 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	The municipal current and arrear debt engagements took place at district level as follows: • Sarah Baartman District on the 29 March 2022; • Chris Hani and Joe Gqabi District on the 30 March 2022; • Alfred Nzo District and • OR Tambo District on the 24 March 2022.
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	Use of available social media platforms to disseminate information	4 social media networks were utilised
Website	Use of the departmental website to disseminate information	Significant number of visits to the website.
Annual Report	Distribution of Annual Report to stakeholders	• Distributed to internal and external stakeholders • Available on website
Annual Performance Plan	Distribution of Annual Performance Plan to stakeholders	• Distributed to stakeholders • Available on website
Service Delivery Improvement Plan	Distribution of Service Delivery Improvement Plan to stakeholders	• Distributed to stakeholders • Available on website
Strategic Plan	Distribution of Annual Report to stakeholders	• 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 timely resolved.
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 2021/22 financial year was characterised by the continued prevalence of the COVID-19 pandemic and its restrictions that disrupted departmental operations. It therefore became increasingly necessary for the department to maintain business continuity by adjusting its operations in response to the changed circumstances.

Relevant health protocols were implemented 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 implemented to the letter, 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 which was responsive and adaptive to the ever-changing COVID-19 environment was also implemented. A remote working policy that provided guidance to flexible working arrangements and working from home to contain the negative impact of the pandemic on the workforce continued to be implemented. At the core of enabling these measures to curb the spread of Coronavirus was enhanced focus on ICT and technology to minimise disruptions and enable staff to work remotely. The increased use of technology also promoted efficiency in the department's operations.

Various ICT intervention strategies were deployed, 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, was finalised. The strategy outlines those business processes that were earmarked for automation to improve service delivery, particularly during the pandemic, and lower costs.

In supporting departments, public entities and municipalities to improve financial performance during the COVID-19 outbreak, PT continued with innovative ways of communicating with departments through maximum utilisation of electronic platforms at its disposal. The use of technology was, in some instances, not smooth sailing as it was marred with increased network disruptions, which resulted in erratic connectivity. As provincial departments are, as per regulations, dependent on the Office of the Premier (OTP) for the provision of Wide Area Network (WAN) connectivity through SITA, PT engaged OTP to resolve the matter with SITA to ensure that there are no further disruptions to the service.

The pandemic necessitated the enhancement of the change management programme with the intention to assisting staff to make a successful change to remote work. A Coronavirus Business Resilience Survey which was undertaken in the previous financial year resulted in the development of the Business Resilience Plan, whose implementation was frequently monitored.

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 is in place. Amid challenges experienced with the service provider, the development of the departmental organogram continued and is in its final stages. 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 efforts and resources support the strategy.

It takes the right structure for a strategy to succeed hence the functional structure is aligned to the Service Delivery Model (SDM) which serves as a framework for implementation of departmental plans to address challenges of financial management, governance, procurement and infrastructure delivery. The 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. The implementation of the SDM was realised through the Integrated Governance Committee (IGC) which 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. Other interventions the department embarked upon were also directed by the SDM.

Complete support to municipalities was propelled by intensifying continuous collaboration with key coordinating departments like OTP and COGTA. 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 did not deter the department in stepping up its implementation of 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 successful amid being negatively affected by various factors that include, amongst others, female staff resignations. Females at SMS level were at 52% (higher than the targeted 50%), whilst people with disabilities constituted 1.7% of the total staff establishment (lower than the targeted 2% but an improvement from the 1.5% achieved in the previous financial year). In its endeavour to achieve the set equity targets, the department gave 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 continue to be managed with more focus put 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 (2021/22)**
1.	Highly effective department	Unqualified audit opinion achieved	Unqualified audit opinion with no findings	Unqualified audit opinion with no findings	Awaiting audit results
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 65.5:34.5 • 99.7% of public money was spent in provincial departments. • The province identified 16 municipalities that are financially distressed and out of that 6 municipalities are under section 139 and 2 municipalities are under section 154. • Phase four of the rationalisation of provincial public entities project plan, which entails development and monitoring of the consolidated project plan, has been completed.
		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 • Phase four of the rationalisation of provincial public entities project plan, which entails development and monitoring of the consolidated project plan, has been completed. • 35 municipalities attained an average of FMCMM level 2.85 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	• 12 provincial departments with unqualified audit opinion • 10 Public Entities with unqualified audit opinion. • 20 Municipalities achieved unqualified audit 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: 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 regards 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 ***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), the Operational Plan and the Service Delivery and Improvement Plan (SDIP). In order to assist Legislative Oversight, the unit coordinated and facilitated departmental responses and requests for information. Furthermore, the directorate facilitated the implementation of Intervention Framework that seeks to provide guidance to the department on intervention strategies.

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.

Departmental policies were reviewed and analysed using the approved Policy Development Framework in fulfilment of policy co-ordination function.

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 2022/23 provincial budget.

Bi-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.

Guidelines for the containment or management of COVID-19 in the department were implemented, 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 that is responsive and adaptive to the ever-changing COVID-19 environment was also implemented. 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 Historical Disadvantaged Individuals (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 2021/22 Appropriation Bill as well as the Adjustment Appropriation Bill and the Finance Bill. Promotion of Access to Information Act (PAIA) manual was updated with Protection of Personal Information Act (POPIA) requirements.

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. As part of continuous improvement of the CGICTPF, the ICT Strategy has been reviewed. Enhancement and improvement of business processes including Intranet, website, eSubmission, Data Warehouse, and Invoice Tracking System were conducted during 2021/22 financial year. Procurement of servers for Joe Gqabi and Alfred Nzo is in progress. Testing of the Disaster Recovery Plan (DRP) was successful during the period under review. All departmental servers were fully backed up using an automated built-in backup solution. Laptops were procured to assist staff with the required work tools during COVID-19 period.

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 2.2%, which is below the public sector 10% threshold. The Employment Equity Committee monitors the achievement of the equity targets in line with the Employment Equity Plan. The department equity target of People with Disabilities stands at 1.7% of the total establishment. At the end of the reporting period female representation at SMS level was at 52%.

After completion of the functional structure, which aligns the organisational structure to business processes and Service Delivery Model, the directorate has embarked on the process of developing the organogram.

The directorate has embarked on a number of change management initiatives to bring about requisite culture change to the department. The Coronavirus Business Resilience Survey which was conducted in the previous financial year resulted in the development of the Business Resilience Plan. The Plan was monitored on a quarterly basis.

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. 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 that 50% or more female representation. Annual assessments and payment of incentives were concluded in line with the directives of the Department of Public Service and Administration.

The ***Employee Wellness*** unit provided support to all employees with occupational health and safety measures. Due to the nature of Covid-19, Occupational Health and Safety in relation to the workplace readiness for containment of the spread of COVID-19 was prioritised. The Covid-19 Risk assessment and Workplace Readiness Plan was developed as per the Department of Employment and Labour requirements. The plans were reviewed in preparation of the different alert levels for the workplace to be responsive and adaptive to the ever-changing COVID-19 environment.

In order to ensure a speedy response to cases of suspected infections, Employee Wellness Unit has been leading the contact tracing process. This process is intended to arrest the further spread of infections especially among employees. During the year under review, ninety-seven (97) employees were confirmed to have contracted COVID-19 and three hundred and eight (308) were quarantined due to having been in close contact with an infected person. There were five (5) deaths and ninety-two (92) recoveries.

The department collaborated with Clicks through Workforce Solutions for the provision of onsite Covid-19 vaccination services. This service was extended to contractors and employees. Two vaccination drives were embarked upon and a total number of 59 employees were vaccinated during the onsite vaccination. To date 138 employees have reported to be vaccinated.

A service provider was appointed during the second quarter to render psycho-social services. For the year under review 41 new cases were reported and psychosocial services were rendered.

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 to pursue its strategic objectives. During the year under review, the directorate working together with the Wellness unit, 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 procured goods and services from suppliers within the province amounting to R13 950 506 during the 2021/22 financial year. The following LED spend was achieved within the department based on gender considerations during the 2021/22 financial year:

Females – 35.2%

Female Youth – 1%

Male – 60.8%

Male Youth- 1%

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:

	Outcome	Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	Reasons on deviations
Sub-programme 1.1: MANAGEMENT SERVICES - STRATEGIC MANAGEMENT									
1.	Highly effective department	Achievement of departmental performance targets	Percentage departmental performance indicator targets achieved	-	-	95%	66%	-29%	Non-achievement of some performance targets
Sub-programme 1.2 : CORPORATE SERVICES									
1.	Highly effective department	Human resources that meet departmental priorities	Percentage HR Plan Targets achieved	-	-	80%	81%	1%	Continuous monitoring of the implementation of the HR Plan targets was enhanced hence the positive results were attained.
Sub-programme 1.3 : FINANCIAL MANAGEMENT (Office of the CFO)									
1.	Highly effective department	Financial performance that meets departmental priorities	Percentage reduction on financial information audit findings	-	-	25%	0%	-25%	There was an increase of 25% on prior year control audit findings.
2			Percentage of valid invoices / claims paid / settled within 30 days	-	-	100%	98%	-2%	The contributing factor for the delay of the payment of these invoices was the unavailability of the network due to electricity outages that were

Outcome		Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	Reasons on deviations
									experienced by the department during the 4th quarter.
Sub-programme 1.4 : INTERNAL AUDIT									
1.	Highly effective department	Audits conducted	Number of audits conducted to improve internal controls	16	8	15	11	-4	The targets were not achieved due to staff incapacity related to illness.

Strategy to overcome areas of underperformance

The programme has Audit Improvement Plan (AIP) in place and is monitoring the implementation of action items in addressing the findings. Furthermore, all outstanding invoices will be paid in the first quarter of the new financial year.

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
Programme 1	Provided onsite Covid-19 vaccination services and psycho-social services.	Bhisho – Head Office	162	n/a	n/a	65 215*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

In the 2021/22 financial year the President announced the move from Covid-19 Alert level 3 to Alert level 1 in response to the low level of infections across the country. The DPSA issued Circular 1 of 2021 instructing all officials to come back to work (100% attendance). All employees are still expected to adhere to all health protocols and social distancing measures at the workplace.

In response to Circular 1 of 2021, the department continued to hold regular Business Continuity Governance Committee meetings to update employees regarding COVID-19 status and developments, ensure adherence to DPSA guidelines and mitigate risks 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 onsite COVID-19 vaccination services. 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 that the department is effective at preventing officials from getting sick and infecting each other with COVID -19 at the workplace in line with the government's risk adjusted strategy.

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. After the DPSA released Circular 1 of 2021, the employee attendance at the workplace was kept at 50% of the staff complement initially and later increased to 100%. For the financial year under review, a total number of 97 employees were infected, 308 were quarantined, whilst 5 deaths were recorded and 92 recoveries.

Linking performance with budgets

For the year under review, the Programme achieved 1 (20%) out of 5 planned Annual Performance Plan (APP) indicators and spent R155. 500 million (97.9%) of the adjusted budget of R158. 911 million with an under expenditure of R3.411 million.

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

- Training and Development - The Municipal Financial Management training was rescheduled due to delays encountered in the finalisation of the SLA.

- Consumables - Savings due to the invoice processed for the printing of the provincial gazette being lower than anticipated, non-delivery of screen protectors due to unavailability of stock from the manufacturer and quotations received for printer cartridges that did not meet the specification criteria.
- Computer Services - Renewal of computer utility software licences due to the request for quotations being non-responsive as well as savings due to the invoice processed for transversal systems and internet services being lower than anticipated.
- Travel and Subsistence - Savings mainly due to meetings and trainings held virtually.
- Consultancy Fees - Savings due to invoice processed for qualification verification and Organisational Review project being lower than anticipated.
- Contractors - The request for quotations for the maintenance of computer server equipment was non-responsive as well as provisions made for transportation in case of employee bereavement were not fully utilised.
- Operating Leases - Savings due to lower rental emanating from extension of the RT3 contract.
- Communication - Savings due to airtime and data claims processed being lower than anticipated.

The underspending in payment for capital assets mainly pertains to:

- Office Equipment - Provisions made for office equipment were not fully utilised as no requests were forthcoming.
- Computer Equipment - Savings due to invoice processed for computer laptops being lower than anticipated.
- Computer Server - Delays encountered in procuring servers for district offices. The purchase order had to be amended due to changes in the foreign exchange rate.

Other items that contributed to underspending include:

- Compensation of employees due to staff attrition.
- Transfers and subsidies due to provisions made for external bursaries. There were no new intakes in the current financial year.

Table 2.4.1.2: Sub-programme expenditure

PROGRAMME 1	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Office of the MEC	7 141	6 913	228	7 372	7 140	232
Management Services	46 546	45 717	829	48 123	44 237	3 886
Corporate Services	45 739	44 358	1 381	43 258	42 215	1 043
Financial Management	51 498	50 533	965	51 375	50 129	1 246
Internal Audit and Risk Management	7 987	7 979	8	6 929	6 842	87
Programme Total	**158 911**	**155 500**	**3 411**	**157 057**	**150 563**	**6 494**

2.4.2. Programme 2: Sustainable Resource Management

Purpose: Allocative efficacy through budget preparations, infrastructure budgeting, expenditure monitoring economic analysis and fiscal policy to all provincial departments, public entities and management of financial assets and liabilities.

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 2021/22 financial year, the directorate tabled the 2021/22 Provincial Medium Term Budget Policy Statement (MTBPS) and the revenue numbers and narrative were provided for the 2021/22 Adjusted Estimates.

Additionally, in line with the unit's expected outcomes for 2021/22, the following Quarterly Policy Briefs were developed, namely,

- Inefficiencies in District Health Services;
- A review of the effectiveness of the Guidelines for the Management of the Learner Teacher Support Material (LTSM) in the Eastern Cape (Buffalo City Region) – A case of bringing back the book;
- Understanding and curtailing the cost of employment in the Eastern Cape; and
- An evaluative assessment of the Eastern Cape Provincial Price Index.

Quarterly reports and analyses of Statistics South Africa's 2022 Quarter Labour Force Surveys (QLFS) results for the Eastern Cape were produced. The reports highlighted how both the national and provincial (EC) economy are recovering and creating jobs in the face of the devastating effects of the Covid-19 pandemic.

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 2022, R1.405 billion against the adjusted budget of R1.503 billion was collected, and thus recorded under collection of R98.219 million. Nine departments over collected while five departments under collected the revenue targets, and this resulted in the aggregate revenue under collection as at March 2022.

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 provincial Public Entities were supported to efficiently spend their budgets as per the allocations. This resulted in Entities spending on average 99% of the allocated budget. Phase four of the rationalisation of provincial public entities project plan, which entails development and monitoring of the consolidated project plan, has been completed.

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 2021/22 financial year, the unit achieved the following:

- The 2022 MTEF budget was tabled within the legislated timeframe together with the Appropriation Bill and Gazette on transfers to hospitals and schools.
- In December 2021, the 2021/22 Adjustment Estimates and the Medium Term Budget Policy Statement were tabled.
- The unit prepared and tabled a second 2021/22 Adjustment Estimates in March 2022.
- The programme achieved seven of the planned ten targets. Covid-19 related challenges were one of the cited reasons for under performance.
- PERSAL authorisation and appointments were done as per the terms of reference and reports prepared. The Programme also drafted a report to the Public Protector on their investigation into the deteriorating health services in the province. As part of the continued Health Intervention, the Programme provided various inputs to the funding of health, as well as the overall cash position of the province to Senior Counsel in preparation for court application to reduce writs served to the Department of Health PMG account.
- Issued the Guidelines for the preparation of the Estimates of Provincial Revenue and Expenditure-2022 MTEF to ensure that the documentation prepared by departments and its entities provide all the relevant information on the main strategic proposals and recommendations in respect of the budget. This is required by the budget decision-making structures at a national level such as Budget Council, Ministers' Committee on the Budget (MINCOMBUD) and Cabinet as well as at a provincial level such as the Cabinet Budget Committee and Executive Council.
- 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 2021/22 MTEF.
- 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 PRF continues to have an unqualified audit opinion for the fifth consecutive year, which is evident and consistent to PT's proper financial management.
- 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.
- Annually on average provincial departments took 12 days to settle their supplier payments. Department of Health (consistently throughout the year, with 2nd quarter exception) and Department of Transport (in the last two quarters of the FY) exceeded 30 days.
- Provincial suppliers continue to utilise the Invoice Tracking System, which was developed by PT in the previous financial year. This System is referred to as "Have I Been Paid ", with the following benefits:
  - Suppliers being able to track their submitted invoices and follow-up with departments when there are delays in payments; and
  - Provides information (on provincial contacts) to suppliers on escalation of unpaid invoices.

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

- As at 31 March 2022, the province spent an amount of R7.870 billion (93.49 per cent) of the infrastructure second adjusted budget of R8.418 billion against a projected amount of R6.596 billion. The Province has under spent by R547.924 million as at the end of March 2021/22 as compared to the second adjustment budget.
- In moving towards improving infrastructure performance, the unit initiated IRM sessions to support infrastructure departments in improving the integrity of IRM data such that bottlenecks to delivery are identified earlier. The unit also played a key role in the resuscitation of the Sub CBC Cluster meetings as well as the resuscitation of the Infrastructure Technical Committee which will be co-chaired by DPWI and PT. This initiative seeks to resolve the bottlenecks in the delivery of Infrastructure and supports the achievement of value for money.
- PT further continued with the implementation and institutionalization of the IDMS in the period under review. In terms of the DORA and the performance based incentive system, the department of Education and Health qualify for incentives and thus need to be moderated and scored.

However, PT applied the requirements to all Infrastructure Departments for best practice and all departments were thus supported on Infrastructure bidding requirements including the End of Year Report, the planning Infrastructure Reporting Model (IRM), the Long Term Infrastructure Plan (User Asset Management Plans) and the Infrastructure Program Management Plan (IPMP)

- As a result of the support provided and the provincial moderation of the infrastructure plans and reports, the Province qualified for incentive allocation for DoH and DoE as follows:
  - DoH attained a final score of 83 per cent and qualified for an incentive of R65.4 million
  - DoE attained a final score of 75% and qualifies for an incentive allocation of R 78.1 million.
- The incentive allocations were included as part of the final allocations and have been factored into the 2022/23 MTEF project lists for DoE and DoH.
- In respect of the budget process the unit provided support to infrastructure departments in the 2021/22 main and second adjustment budget in respect of the amendments to the project lists as well as in the 2022/23 MTEF infrastructure project lists. This process involved facilitating the alignment between the B5 project list, IRM and the database. The unit also contributed to the MTBPS and Benchmark Hearings as related to infrastructure inputs.
- Lastly, PT in the period under concern concluded a tender to support infrastructure departments in the planning and resourcing of projects as under performance is also related to inadequate upfront planning which leads to significant underspending. To this end the planning checklist will be applied to all projects to ensure that projects on the project list are indeed ready to utilize the funds and are climate resilient.

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

Outcome		Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22) Until date of re-tabling	Deviation from planned target to Actual Achievement for (2021/22)	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	-	-	R1.516 billion	R535 563 million	N/A	The deliverable was due only after the re-tabling period	The revenue target for DEDEAT was adjusted hence the revision of targets.
		Spent total infrastructure budget	% expenditure by infrastructure departments	-	-	98%	37%	4.21%	Departments projected to spend 41.7 per cent as at end September 2021	The target was changed from 98% to 90% due to infrastructure expenditure not

Outcome	Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22) Until date of re-tabling	Deviation from planned target to Actual Achievement for (2021/22)	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
		of allocated capital budget						but spent 37.49% thus under spending by 4.21 per cent. The underspending is mainly of the following entities: ECDC, ECGB, ECPTA, ECPACC and ECSECC.	measured using the linear straight line.

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

	Outcome	Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	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	Number of policy briefs produced on key sector focus areas	4	4	4	4	0	
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	-	R1.386 billion	R1 503 billion	R1 404 billion	-R99 million	• The revenue target was not achieved mainly against Health, Transport, DPWI and DEDEAT. • Health under collected due to delays in pay-overs for patient fees from mainly the Road Accident Fund (RAF). PT requested formally for NT assistance with Road Accident Fund for collection of outstanding revenue. • Transport under collected due to outstanding pay-overs of license fees by municipalities. The department enforces service level agreement and is suspending issuance of motor vehicle transacting documents to collect the outstanding revenue. • DPWI under collected due to outstanding property rentals that has not been recovered from tenants that are non-compliant with lease contract with the charge of market related rentals for properties. • DEDEAT under collected due to

	Outcome	Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	Reasons for deviations
									fewer casino taxes collected which was impacted by the lockdown levels that resulted in less revenue collected by casinos
PUBLIC ENTITIES									
2.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Use of allocated resources	% expenditure by entities within allocated budget	-	-	98%	99%	1%	Continuous monitoring of expenditure by public entities was enhanced hence the positive results were attained.
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	% expenditure by departments within allocated budget	-	-	98%	99.7%	1.7%	Continuous monitoring of expenditure by departments was enhanced hence the positive results were attained.
2.		Reduced Provincial CoE Ratio	CoE Ratio	-	66.4:33.6	63:37	65.5:34.5	2:5	• The main reason for the increase in the ratio is the 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. • Furthermore, the COVID-19 pandemic continued and with that the need for additional medical staff as well as Education receiving again additional funding of R841 million for the Presidential employment initiative, which increased the spending on Compensation of Employees.
FINANCIAL ASSET MANAGEMENT									

	Outcome	Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	Reasons for deviations
3.	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	1	0	
4.		Creditors paid within 30 days	Departments paying creditors within 30 days	-	13	13	12	-1	Department of Health (DoH) exceeded 30 days
INFRASTRUCTURE									
5.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Infrastructure delivery plans	Number of infrastructure plans aligned to planning reforms	-	-	11	11	0	
6.		Spent total infrastructure budget	% expenditure by infrastructure departments of allocated capital budget	-	-	90%	93.49%	3.49%	Departments spent 93.49% of their infrastructure budgets.
7.		Increased gross capital formation	% increase in Gross Capital Formation	-	-	10%	10%	0%	

Strategy to overcome areas of underperformance

Amount of own revenue collected

Provincial Treasury intervened at the Department of Health through workgroup meetings together with the National Treasury (NT) by providing support by means of Intergovernmental Relations Structures to resolve the pay-overs of claims.

The Department of Transport enforces Service Level Agreements (SLAs) and implement necessary measures such as suspending issuance of motor vehicle transacting documents to ensure that municipalities pay over the outstanding revenue.

CoE Ratio

The province instituted the measures outlined below to manage the CoE.

- PT does not allow any shifting of funds by departments away from CoE.
- Departments should improve their personnel management and controls in order to reduce any excess staff and ensure compliance with the current proposal of the moratorium of filling vacant posts that are non-essential for service delivery.
- All posts excluding the teachers and medical staff must be submitted to the PCMT for scrutinising and approval before being advertised.
- Departments should refrain from offering personal notches for new appointments.
- Instead of monetary payment of overtime for all non-essential services staff, time-off should be considered in lieu of the monetary payment.
- Monetary overtime for essential services should be strictly managed and not to exceed 30 per cent of the monthly basic salary.
- Departments must also not exceed appointing interns above the 5 per cent threshold.

Departments paying creditors within 30 days

- There is a need to address DoH cash flow challenges, which affect their payment cycle.
- DoT working on compliance with continuous monitoring mechanisms by PT in place.

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 onsite covid-19 vaccination services and psycho-social services.	Bhisho – Head Office	82	n/a	n/a	65 215*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

Linking performance with budgets

For the year under review, the Programme achieved 7 (70%) of the 10 planned APP indicators and spent R73.460 million (99.7%) of the adjusted budget of R73.649 million with an under expenditure of R189 000.

Table 2.4.2.2 below outlines programme expenditure per sub-programme. Major contributor to unspent funds in goods and services is:

- Savings realised in Provincial Expenditure Performance Review project due to lesser hours worked than anticipated.

Other items that contributed to the unspent funds include:

- Compensation of employees due to staff attrition.
- Transfers and subsidies pertains to leave gratuity payments.

Table 2.4.2.2 Sub-programme expenditure

PROGRAMME 2	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Programme Support	4 703	4 597	106	5 294	3 450	1 844
Economic Analysis	3 566	3 559	7	3 432	3 407	25
Fiscal Policy	8 946	8 934	12	8 573	8 563	10
Budget Management	56 434	56 370	64	55 311	55 065	246
Programme Total	**73 649**	**73 460**	**189**	**72 610**	**70 485**	**2 125**

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 entails 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 2020/21 year-end reporting and assets related disclosure in the Annual Financial Statements. The departmental asset registers (movable, fleet and immovable including Capital Work In Progress) were reviewed for compliance to the NT requirements. Provincial Departments were also supported to ensure that infrastructure assets comply with NT guidelines. This support by PT led to provincial departments achieving level 3 on asset management maturity.

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 60% local spend. The total procurement spend for 2021/22 financial year amounted to R2 656 024 739.50 and out of this amount R1 387 226 282.31 (52.23%) was spent on EC based suppliers. The

60% target was not achieved due to the court ruling on the PPPFA regulations, which affected procurement. Provincial Treasury awarded two contracts for General Supplies to two hundred and forty-five (245) Eastern Cape based suppliers and for manufacturing of Textiles awarded to twelve (12) Eastern Cape based manufacturers. 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 were 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.

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) continued during the period under review. The Help Desk assisted two thousand one hundred and seventy-seven (2177) 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). Departments and Public Entities were supported on the interpretation and implementation of various SCM prescripts and legislation. In addition, the Unit issued circulars on SCM. 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-nine (49) tender bulletins containing one thousand three hundred and forty (1340) bid notices were published in the Provincial Tender Bulletin and E-tender publication portal. The unit hosted eight (8) SCM Forum meetings. Officials from provincial departments were trained on two focus areas of SCM, namely, Bid Committees, and Strategic Sourcing.

The unit conducted three (3) gateway reviews with DOE, DPWI and DHS 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 Infra Procurement Maturity Model (IPMM) roll-out, the Programme did not limit the tool to 50% of the infrastructure departments, but to all seven (7) infrastructure departments. It was as a result of the responses received from more departments that the initially targeted 50% in year one of the IPMM roll-out which resulted in the 63% achievement rate.

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

	Outcome	Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	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	EC suppliers benefiting from procurement spend	% procurement spend on EC Suppliers	-	-	60%	59%	N/A	Most contracts that have been awarded were to reflect in the subsequent reporting period.	The wording of the output indicator was not specific.

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

	Outcome	Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	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 procurement spend	Achievement of supply chain management maturity level	-	-	Level 3	Level 3	0	-
2.			Achievement of infrastructure procurement maturity level	-	67%	50%	63%	13%	The Unit was able to verify more POE by following with departments and assisting with various areas of the IPMM.
3.		EC suppliers benefiting from procurement spend	% procurement spend on EC suppliers by provincial departments	-	58%	60%	52%	-8%	The court ruling on the PPPFA Regulations affected procurement during Q4.

Strategy to overcome areas of underperformance

Provincial Treasury will continue to monitor and support the implementation of the LEDPF in the 2022/23 financial year.

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 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 3	Provided onsite covid-19 vaccination services and psycho-social services.	Bhisho – Head Office	31	n/a	n/a	65 215*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

Linking performance with budgets:

For the year under review, the Programme achieved 3 (75%) of the 4 planned APP indicators and spent R25.369 million (99.3%) of the adjusted budget of R25.558 million with an under expenditure of R189 000.

Table 2.4.3.2 below outlines programme expenditure per sub-programme. Unspent funds in goods and services pertain to:

- Savings on training and development due to invoice processed being lower than anticipated.

Other items that contributed to the unspent funds include:

- Compensation of employees due to staff attrition.

Table 2.4.3.2: Sub-programme expenditure

PROGRAMME 3	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Programme Support	-	-	-	-	-	-
Asset Management	25 558	25 369	189	25 604	24 644	960
Programme Total	**25 558**	**25 369**	**189**	**25 604**	**24 644**	**960**

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. <u>High Level Achievements</u>

During 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. Audit Improvement Plans (AIP) submitted by departments 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 and recommendations were made for the departments to update their action plans in areas where they were not addressing the root causes. In addition to the above processes, PT provided technical support in resolving disputes between departments and the AGSA especially around the interpretation of accounting standards, reporting frameworks and the Treasury Instructions, through interactions with National Treasury and the AGSA. The objective is to narrow the gap of varying interpretations on the accounting treatment of technical aspects, accounting reforms and the SCM Instruction Notes.

The integrated approach by PT through the PAIP is expected to result in sustainable improvement in audit outcomes through implementation of preventative controls and improved control environment in the departments. Focus needs to be placed on improving internal controls on Supply Chain Management Asset Management, as well as more effective implementation of quarterly financial reporting through the submission of quality Interim Financial Statements, to enable quality AFS with no material findings and adjustments. The success in achieving unqualified audits is dependent on the change in the culture of the province in holding the Accounting Officers accountable for non-improvement in the audit outcomes, including hesitance in instilling discipline of holding those responsible for financial management breaches to account.

Norms and Standards continued with the roll out of Financial management capacity Study (FMCS) study phase two (2), which focuses on reviewing the contents of financial management policies and the existence of documented Standard Operation Procedures (SOPs) in provincial departments. The objective of phase 2 is to confirm whether the financial management policies remain sufficient, appropriate and are aligned with the current legislative framework and that SOPs are clearly documented.

Internal Control Forum which complements CFO and internal control framework continues to function effectively. The objective of the forum is to share best practices that enhances the implementation of preventative, detective and mitigating controls across the provincial departments so as to ensure the integrity of financial and non-financial information and also promote good governance that will better support the achievement of departments mandate. The current challenge with the capacity building as a programme or project within Norms and Standards is that this preventative measures are not given the required importance with the focus being dealing with crisis rather than putting more effort on ensuring that the requisite capacity exists within the provincial departments. The added impetus includes being part of the strategic HRD Forum currently being facilitated by the OTP and being able to negotiate with Budget Management and motivate for the funding of CFO branch posts that need to be filled. 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. Provincial Treasury made recommendations to affected departments to implement consequence management against officials who transgressed the applicable prescripts.

The ***Transversal Risk Management*** 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. Risk maturity of the province has showed an improvement. One of the key development areas remain creating a risk management culture at a top management level. Advancements have been made in maintaining the Chief Risk Officers (CRO) Forum and Risk Management Committee Chairpersons Forum (RMCCF), professionalising risk management. No formal training was conducted for risk practitioners and stakeholders. The developmental area in of Risk Management is defining risk appetite and tolerance levels in the individual departments. Advancement have been made in identifying material risks that impact the performance of the province, in the form of a provincial risk profile.

The ***Transversal Internal Audit Services*** has during the year under review, provided support to all departments towards achieving the desired internal audit maturity level which is still progressing. All 13 departments' Internal Audit functions' maturity status were assessed utilising the Financial Management Capability Maturity Model (FMCMM) tool which has shown an improvement. FMCMM is the model that provides the basis for the assessment of the Internal Audit maturity. One of the key developmental areas is a need for improvement in the implementation and maturity of Combined Assurance Framework. The Audit Managers Forum, the Chief Audit Executive Forum and the Audit Committee Chairpersons Forum have been beneficial in ensuring standardisation and improvement for the maturity and effectiveness of Internal Audit and Audit Committees in the province. To improve competency and skills, there were structured Learnership programmes during the year for the Internal Auditors practitioners. Moreover, Continuous Professional Development training was conducted for all levels of Internal Audit practitioners during the year. Quality Assurance Reviews were conducted which consisted of both external and periodic reviews to assess Internal Audit functions' conformance with the Internal Auditing Standards and to add value in terms of maturity of the Internal Audit units in the province.

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, with a new panel of 19 Forensic Service Providers appointed in October 2021 that will serve the Province for the next three years. The unit hosted the Certified Fraud Examiner (CFE) training for 20 officials in this financial year to officials from various departments to expand the skill base of the province. In addition, the Forensic Audit Unit (FAU) hosted 4 webinars on investigation-related topics for the Eastern Cape branch of the Association of Certified Fraud Examiners (ACFE).

The ***Supporting and Interlinked Financial Systems*** 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.

All 14 departments had no material findings on Financial Information Systems (FIS) User Account Management Arising from the FIS reviews conducted during the quarter. The FIS Unit therefore overachieved as departments are making significant strides in terms of implementing the user account management controls and are responding to the support provided by the Provincial Treasury in this regard. The unit conducted user account management reviews remotely on BAS, PERSAL and LOGIS for all departments.

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

Outcome		Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement	Deviation from planned target to Actual Achievement for (2021/22)	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
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	Audited Consolidated Financial Statements tabled at Legislature	-	-	1	N/A	N/A	The deliverable was due only after the re-tabling period	The wording of the output indicator was revised to align with the actual deliverable.

	Outcome	Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement	Deviation from planned target to Actual Achievement for (2021/22)	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
SUB-PROGRAMME 4.3 : RISK MANAGEMENT										
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Provincial risk profile and mitigation measures	% provincial risk profile mitigation measures implemented by departments	-	-	100%	100%	-	-	The wording of the output indicator was revised to align with the actual deliverable.
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 financialinformation produced	Departments with no material audit findings on FIS User Account Management	-	-	9	9	14	This target was over-achieved as no department had findings arising from the reviews	The wording of the output indicator was revised to align with the actual deliverable.

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

	Outcome	Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	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	Number of Institutions that achieve unqualified audits	-	21	22	22	0	-
2.		Credible consolidated Financial Statements tabled at Legislature	Audited Consolidated Financial Statements submitted at Legislature for tabling	-	-	1	1	0	-
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	% Financial Management Accountability Framework (FMAF) standards implemented	-	-	70%	69%	-1%	Financial management deviations were identified against the Accountability Model Logic (AML) standards in some departments

Outcome		Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	Reasons for deviations
2.		Adequate financial management capacity in departments	% Financial Management Capacity Study elements implemented	-	-	90%	92%	+2%	The DPWI organogram was approved
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	-
2.		Provincial risk profile and mitigation measures	% provincial risk profile mitigation measures initiated by departments	-	-	100%	100%	0	-
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 by departments	Level of internal audit maturity achieved	-	-	2.8	2.89	0.09	Departments improved in implementation of External Quality Assurance findings and PT assisting in best practises
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 no material review findings on FIS User Account Management	-	14	9	14	5	All departments co-operated with PT on user account management reviews and this target was over-achieved as no department had findings arising from the reviews.

Strategy to overcome areas of underperformance

Provincial Treasury will issue non-compliance transgressions that will be escalated to the Executive Authorities and that will be the basis of inviting them to one-on-one sessions with the MEC Finance. Furthermore, PT will continue to make follow up with departments that have not submitted the organograms.

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 onsite covid-19 vaccination services and psycho-social services.	Bhisho – Head Office	72	n/a	n/a	65 215*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

Linking performance with budgets

For the year under review, the Programme achieved 7 (88%) of the 8 planned APP indicators and spent R80.439 million (99.4%) of the adjusted budget of R80.920 million with an under expenditure of R481 000.

Table 2.4.4.2 below outlines programme expenditure per sub-programme. Unspent funds in goods and services pertain to the following:

- Training and Development: The invoice for CAE training was lower than anticipated resulting in savings.
- Travel and Subsistence: Savings mainly due to meetings and trainings held virtually.

Other items that contributed to the unspent funds include:

- Compensation of employees due to staff attrition;
- Transfers and subsidies due to leave gratuity payments and is immaterial.

Table 2.4.4.2: Sub-programme expenditure

PROGRAMME 4	2021/2022			2020/2021		
	Final Appropriation (R'000)	Actual Expenditure (R'000)	(Over)/Under Expenditure (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	(Over)/Under Expenditure (R'000)
Programme Support	13 865	13 845	20	17 920	17 889	31
Accounting Services	13 881	13 847	34	13 244	13 027	217
Norms and Standards	7 191	6 958	233	7 843	7 821	22
Risk Management	4 322	4 278	44	4 637	4 600	37
Provincial Internal Audit Services	18 765	18 678	87	16 056	15 188	868
Supporting and Interlinked Financial Systems	22 896	22 833	63	23 175	23 094	81
Programme Total	**80 920**	**80 439**	**481**	**82 875**	**81 619**	**1 256**

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 2021/22 draft MTREF budget of all municipalities. Twenty-nine (29) of the thirty-six (36) municipalities assessed had funded budgets and the remaining municipalities with unfunded budgets have high outstanding creditors and start the financial year with commitments from previous financial years, which presents a risk on the municipality's ability to meet the current year's commitments and subsequent service delivery mandate. Some of the municipalities with unfunded budgets have adopted turnaround plans/ Financial

Recovery Plans which will be monitored monthly to assist them to adopt funded budgets. Furthermore, due to the increasing number of municipalities adopting unfunded budgets nationally, National Treasury together with Provincial Treasuries initiated a process where they would actively monitor and assist municipalities with unfunded budget by having extensive technical sessions during the period between July 2021 and December 2021. This is to address findings from the budget assessment reports with the view of incorporating all workings into the 2021/22 Main Adjustments Budget in February 2022.

In terms of the Municipal Infrastructure Conditional Grants the Province received the main budget of R7,062 billion and it was adjusted by R44,218 million to R7,106 billion, with expenditure of R3,062 billion or 43% with a balance of R4,044 billion as at end February 2022. 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 participate quarterly in the 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 Municipal Public Accounts Committee (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 continued to assist municipalities with the implementation of mSCOA including facilitating sessions with municipalities together with their financial system 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 assess the readiness of municipalities to submit AFS within the due date. The Province is one of the Provinces with most improvements (8) in the audit outcomes for 2020/21 financial year. The analysis of the 2020/21 audit outcomes revealed an overall improvement in the Province as follows: unqualified audit opinions with no findings increased from two to four municipalities (Senqu, Elundini, Joe Gqabi & Winnie Madikizela-Mandela); with adverse audit opinions from two to one municipality (Amathole

District) and four (4) disclaimed audit opinions which are (Chris Hani District, Makana, Sundays River Valley & Walter Sisulu).

It is important to acknowledge that eight (8) improvements (Joe Gqabi; Great Kei; Mhlontlo; Port St. Johns, Sakhisizwe, Ingquza, Umzimvubu and Winnie Madikizela-Mandela) in the province whilst on the other hand there has been three (3) regressions (Emalahleni, Engcobo & Walter Sisulu). The following municipalities were identified as requiring hands-on support, namely, Makana, Sundays River, Chris Hani, Walter Sisulu and Amathole. PT will continue to assist municipalities by analysing all the municipal audit reports and management reports, in order to assess all issues not resolved to be incorporated in the audit action plans. Support will also be provided on all transversal issues raised by AGSA through capacity building.

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

Outcome		Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22) until date of re-tabling	Deviation from planned target to Actual Achievement for (2021/22)	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
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.	Spent allocated Municipal Infrastructure Conditional Grants budget	% expenditure of Municipal Infrastructure Conditional Grants	-	-	89%	10%	N/A	N/A	The targets on the APP were adjusted in order to correctly align it to the municipality year, in other words the Q3 target was changed to 40%, and Q4 target was changed to 65%.

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

Outcome		Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	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	Financially sustainable municipalities	Municipalities adopting credible funded budgets	22	27	30	29	-1	Remaining Municipalities with unfunded budgets have high employee related costs, low collection rates and high outstanding creditors which negatively affects their working capital requirements and cash flows.

Outcome		Output	Output indicator	Actual Achievement (2019/20)	Actual Achievement (2020/21)	Planned Target (2021/22)	Actual Achievement (2021/22)	Deviation from planned target to Actual Achievement for (2021/22)	Reasons for deviations
2.	and municipalities		Number of funded Main Adjustments budgets adopted by municipalities	-	-	30	25	-5	Eskom and Water Board arrear debt still a challenge to some of municipalities. Technical mistakes in the data strings.
3.		Spent allocated Municipal Infrastructure Conditional Grants budget	% expenditure of Municipal Infrastructure Conditional Grants	-	-	89%	51 %	-38%	Various factors that include, amongst others, slow procurement processes and projects implementation delays.
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	Level of prescribed financial maturity achieved	-	2.8	2.85	2.85	0	
2.		Irregular expenditure in municipalities reduced	Percentage reduction of irregular expenditure	-	-	40%	40%	0	
3.		Unqualified audit opinions achieved by municipalities	Number of municipalities that achieve unqualified audits	-	-	20	20	0	

Strategy to overcome areas of underperformance

Municipalities adopting credible funded budgets

Provincial Treasury has provided support to the municipalities that have adopted unfunded budgets and all the municipalities have adopted budget turn around plans/ budget funding plans and the plans are monitored monthly.

Number of funded Main Adjustments budgets adopted by municipalities

Provincial Treasury assisted municipalities to develop turnaround plans and provided support through engagements with financial system vendors for mSCOA.

% expenditure of Municipal Infrastructure Conditional Grants

Provincial Treasury conducted Gateway Reviews in terms of Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM) in collaboration with CoGTA.

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 onsite covid-19 vaccination services and psycho-social services.	Bhisho – Head Office; PT District Offices (Amathole; Sarah Baartman; Alfred Nzo; Chris Hani; Joe Gqabi; OR Tambo)	60	n/a	n/a	65 215*	n/a	Safe work environment

*COVID-19 Response Expenditure for the Department

Linking performance with budgets

For the year under review, the Programme achieved 3 (50%) of the 6 planned APP indicators and spent R47.636 million (99.3%) of the adjusted budget of R47.990 million with an under expenditure of R354 000.

Table 2.4.5.2 below outlines Programme expenditure per sub-programme. Unspent funds in goods and services pertain to:

- Operating Payments: Provisions made for resettlement costs for new appointees were not utilised as these posts were filled internally.
- Travel and Subsistence: Savings due to meetings and trainings held virtually.

Other items that contributed to the unspent funds include:

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

Table 2.4.5.2: Sub-programme expenditure

PROGRAMME 5	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Programme Support	12 233	12 044	189	9 793	9 675	118
Municipal Budget and Institutional Governance	19 644	19 535	109	19 305	19 161	144
Municipal Accounting and Reporting	16 113	16 057	56	17 335	17 091	244
Programme Total	**47 990**	**47 636**	**354**	**46 433**	**45 927**	**506**

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 consists 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 2021 to 31 March 2022

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	848	n/a	n/a
Ex-employees	Households	Leave Gratuity	n/a	3 095	n/a	n/a
Tertiary Institutions	Households	Bursaries - Non-employees	n/a	229	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 2021/22 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 R5.361 million. The R5.361 million includes an amount of R2.862 million in respect of finance lease payments for motor vehicles and mobile communications.

The transfer table 2.3.7 below pertain to social infrastructure interventions. All these projects were completed in 2019/20, hence no further allocations in 2021/22.

Table 2.3.7: The table below reflects the infrastructure transfer payments made for the period 1 April 2021 to 31 March 2022.

Infrastructure projects	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Infrastructure transfer						
- Capital	-	-	-			
Total	**-**	**-**	**-**			

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.

Provincial Treasury continued to extend the annual financial declarations to include all financial personnel, supply chain management personnel and all officials above 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 implemented. The Risk Management Plan was developed so 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
March 2021	The department has underspent on its R384, 479 million final appropriations by an amount of R11, 341 million. This is a 2.9% under-expenditure, which is an improvement from the 6.2% under-expenditure of the previous financial year. This under-expenditure, however, is above the 2% threshold as set by the National Treasury. The department thus has a twelve-year average under-expenditure of 7.2%. Once more the department has underspent its budget.	During the year under review the department experienced delays in most projects due to the COVID-19 pandemic. Also the department had some savings as some travelling and subsistence, landlines, were not fully utilized due to the pandemic.
	On page 13 the department states that: “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.” This is appreciated, however this seems to be compromised by the lack of finalisation of the phase 2 of the Provincial Price Index, that, of high value-low volume items, that is infrastructure. Recent media reports on several infrastructure projects at the local sphere seem to negate this claim of close monitoring of infrastructure projects at both provincial and local spheres. Can the department comment on this as well as apparent overpricing of infrastructure projects?	Infrastructure projects are complex in nature and differ based on underlying factors such as the design, terrain, etc. It is common practice in the industry to have a cost estimate for each project prepared by a professional like a quantity surveyor. During the evaluation of tenders, the cost estimate is used to determine reasonability of the tendered prices. Most Infrastructure projects go through a competitive bidding process and prices are determined by the market. Where prices are found to be unreasonable, negotiations are undertaken to arrive at a reasonable price.
	The department reports that “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.[1]” Is this applicable to Provincial Treasury only, or does it extend to all provincial departments? If not extending to other departments, why not?	All Provincial Departments finance and supply chain management officials are required to declare their financial declarations on an annual basis as per Department of Public Service and Administration Regulations and Public Service Commission requirements.
	Much as the Committee is aware of certain reprioritisations due to Covid-19, in June 2020, the Department advanced that “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.[2]” How much roll-over funds were requested at the end of the year under review? Were all these granted? Can the	The request made by departments for roll over amounted to R481.223 million, of which R428.099 million was approved by the NT for the conditional grants. This was based on the supporting documentation provided by the departments to substantiate the roll over request i.e. invoices, goods received voucher and letter of award for infrastructure projects. Furthermore, the audited expenditure was taken into account and where there is an over expenditure at year end for the conditional grant like for Health, the rollover could not be approved. Therefore, the full amount requested was not approved.

[1] Annual Report, PT, 2020/21, page 60.
[2] Annual Report, PT, 2020/21, page 62.

Date	Matters raised	How the Department addressed the matters raised
	department indicate the grants for which roll-overs were requested and how much was granted?	
	Over the years the department has ensured support of the Magwa and Majola Tea Estates. An improvement was realised in sales when comparing the past three years as demonstrated below: o 2017/18 FY Revenue / Sales: R 3.2 million, o 2018/19 FY Revenue / Sales: R12.8 million, and o 2019/20 FY Revenue / Sales: R21.5 million Can the department provide sales figures for the year under review?	In 2020/21 financial year, Magwa generated a revenue amounting to R19.185 million.
	In June 2018, DRDAR requested nomination of PT official to serve as Chief Financial Officer for Magwa Enterprise Tea as part of the interim management team. This request was granted and an extension was made up to 30 September 2020. What is the situation now, does Magwa have a permanent CFO?	The Financial Manager was appointed on 01 October 2020 on a 5-year contract, there is no CFO.
	Once more network disruptions and erratic connectivity come to the fore, as the department reports that "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 service3". This was raised by the Committee when considering the 2021/22 budget – what is the current status regarding this? A meeting was suggested between the Committee OTP and SITA.	SITA indicated that the current core infrastructure is not scalable, lacks redundancy and has a single point of failure. SITA also indicated that when an infrastructure revamp was performed in 2015, not the entire infrastructure was revamped as required. They indicated that they have prepared a proposal of what is required to get the core network stable to the relevant structures and this was approved. SITA indicated that they have started with the initial work towards the implementation of this proposal. Provincial broadband will provide an additional layer to the core network in the Eastern Cape. As departments migrate to broadband there will be improvements. SITA still has to build redundancy for backhaul out of the Province.
May 2021	Joint Committee meeting of Governance Cluster must be convened to look critically on the issue of SITA and SITA should come and account on the meeting so as to resolve the concerns of the network.	The recommendation is noted. The PT will liaise with OTP to facilitate a Joint Committee meeting of Governance Cluster for SITA to come and account so as to resolve the concerns of the network. It should also be noted that PT did write to OTP in April 2021 voicing concerns regarding disruptions to the network.
	Provincial Treasury articulated to the Committee that they are in the process of launching a revamped website to ensure that content is updated regularly and on time. The department must have a clear timeframe and costs that will be involved in the whole project and report to the Committee.	The departmental website was launched on the 31 August 2021. The website was developed internally using departmental ICT officials hence there were no costs involved except for the budgeted compensation of employees.
	The department must liaise with the OTP to engender a process to eliminate the concern and report to the Committee regarding this effort	The recommendation is noted. Departments have fully-fledged Organisational Development units that conduct person to post matching and job evaluation. There is a job evaluation committee housed at OTP that comprises of officials from various departments that moderates the job evaluation for all departments. The work of Work Study officials is therefore monitored by OTP.

[3] Annual Report, PT, 2020/21, page 29.

Date	Matters raised	How the Department addressed the matters raised
	When finalised and ready for operationalization, the Provincial Treasury should forward the framework to the Committee/Legislature. The legislature should facilitate quarterly joint meetings between the Portfolio Committees on Finance and COGTA with regards to municipal finances and governance.	The recommendation is noted. PT welcomes the joint quarterly meetings between the Portfolio Committees on Finance and COGTA facilitated by Legislature with regards to municipal finances and governance.
	The Provincial Treasury must ensure that this under-expenditure is eliminated and the 2021/22 budget is spent optimally. The Premier should consider charging the Accounting Officer for continuous under-spending.	This is noted and the department is committed to the 7-point Government Improvement Plan which requires that no less than 25% of the budget should be spent per quarter and 98% expenditure by year end. This requires quarterly reporting on the financial performance and providing remedial actions for any deviations. It should also be noted that 35% of the departmental budget for subsistence and travelling has been ring-fenced to address cost pressures on COVID-19 pandemic at the Department of Health. This has also affected any under spending on Compensation of Employees. The department is continuing to use monthly In-Year Monitoring report to closely monitor expenditure.
	Provincial Treasury must ensure that they get the inputs from affected departments and submit Final consolidated plan to EXCO for approval by June 2021	Subsequent to the circulation of the revised project charter to the affected Departments and Entities, the Provincial Treasury (PT) received process maps and project plans from DRDAR, OTP and DSRAC to be synchronized with the master project plan. OTP is well ahead of the project schedule as ECSECC now has the Bill that will be tabled in the Legislature for approval. The only department that is still outstanding is DEDEAT but the HoD of DEDEAT made a commitment in the meeting held on 19 August 2021 and that they will submit the process map and the project plan to PT once completed. DEDEAT further made an undertaking that the department will be establishing a Project Management Office (PMO) to run with the project. Once the consolidated Plan is completed that includes DEDEAT information, PT will on quarterly basis report to the Committee.
	The Provincial Treasury must ensure that the Department of Education submits the plan and report. A progress report regarding this should be included in the quarter 2 provincial creditor report.	The recommendation is noted. PT will include the Education report (which was discussed with the department at the end of September 2021) in the quarter two-creditor management report.
	The Provincial Treasury should keep the Legislature updated on developments regarding the rationalization of public entities. On completion and approval by EXCO, the process maps and project plans should be submitted to Committee.	The recommendation is noted. PT will update the Committee on progress regarding the rationalisation of Entities. Subsequent to the circulation of the revised project charter to the affected Departments and Entities, the Provincial Treasury (PT) received process maps and project plans from DRDAR, OTP and DSRAC to be synchronized with the master project plan. OTP is well ahead of the project schedule as ECSECC now has the Bill that will be tabled in the Legislature for approval. The only department that is still outstanding is DEDEAT but the HoD of DEDEAT made a commitment in the meeting held on 19 August 2021 and that they will submit the process map and the project plan to PT once completed. DEDEAT further made an undertaking that the department will be establishing a Project Management Office (PMO) to run with the project. Once the consolidated Plan is completed that includes DEDEAT information, PT will on quarterly basis report to the Committee.

Date	Matters raised	How the Department addressed the matters raised
	Provincial Treasury must ensure that the service level challenges are levelled with SITA, relevant stake holders should be involved and the department must report the progress to the Committee.	The recommendation is noted. PT will engage the Office of the Chief Information Officer within the Office of the Premier to address the service level challenges with SITA and progress will be reported to the Committee accordingly.
	The department should ensure that non-deserving suppliers are restricted as per SCM Instruction Note No. 3 of 2016/17 on Preventing and Combating abuse in Supply Chain Management. The Provincial Treasury should escalate the non-compliance and report to the Committee.	The recommendation is noted. PT will also continue to raise the matter with the departments in the Contract Management and SCM Forums and progress will be reported to the Committee accordingly.
	The department must ensure adherence to the Contract Management Framework and any non-compliance and implementation of remedial action be escalated as per the Financial Management Accountability Framework (FMAF).	The recommendation is noted. PT will escalate non-compliance to the Contract Management Framework through the FMAF.
	The 1st Quarter FMAF Report covering these areas should be submitted to the Committee. The Legislature should facilitate a joint sitting between the Portfolio Committee on Finance with the Portfolio Committee on the Office of the Premier	The recommendation is noted. The Quarter 4 of 2020-21 FMAF issued in Quarter 1 of 2021-22 has been attached as a submission to the Committee. The facilitation of the joint sittings by the Legislature between the two Portfolio Committees (Finance and OTP) would be appreciated by Provincial Treasury, as it would help facilitate the need for implementation of consequence management for identified transgressions.
	The Provincial Treasury should through SCOPA/ Portfolio Committee on Finance ensure that Audit Improvement Plans of departments are also veiled to the corresponding Portfolio Committees.	The recommendation is noted. PT will ensure that progress on the implementation of Audit Improvement Plans of departments is submitted to the respective Portfolio Committees.
	The recommendation is noted. PT will ensure that progress on the implementation of Audit Improvement Plans of departments is submitted to the respective Portfolio Committees.	The recommendation is noted. Training is being provided to municipal Bid Committees.
	Provincial Treasury must regularly brief the Committee, through MFMA Section 71 reports on the consolidated financial statements of municipalities in the province. The Legislature should program joint quarterly meetings between the Portfolio Committee on Finance and the Portfolio Committee on COGTA.	The recommendation is noted. PT will continue briefing the Committee quarterly, through MFMA Section 71 reports, on the consolidated financial statements of municipalities in the province. PT welcomes the holding of joint quarterly meetings between the Portfolio Committees on Finance and COGTA facilitated by Legislature with regards to municipal finances and governance.
October 2021	Efforts to manage wage bill through PCMT and centralisation of appointments on PERSAL are appreciated. The Committee has long since argued that central to these efforts should be approved departmental organograms. In the Vote 12 Policy speech the MEC states that, "Service delivery models and organograms are also being validated in an effort to ensure that our capacity to deliver services is not compromised." Can the department expand more on the validation of organograms as well as associated time frames?	The function of validating the organograms is the responsibility of the Office of the Premier, which should be done within 3 to 5 years of strategic reviewing process. PT validates the budget in terms of calculating the costs of the posts and compares this to the budget allocation to department to ensure affordability. Furthermore, PT also looks at the service delivery model in terms of the departments' strategy, for example, whether the department will in-source or out-source. This is to ensure that there is no duplication of functions between the department and its entities. PT remains concerned that departments may not fully conduct post-to-person matching. In instances where there are posts that are additional to the organogram, PT refers this matter to the department. PT is also concerned about the role of the work-study officers and the job evaluation processes undertaken by Departments.
	The department provides that, "Ongoing support will continue to be 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". On a question raised by the Committee with respect to the DDM, the Provincial	The project lists (B5) that are tabled with the budget address the issues of spatial reference (DDM) which is as a result of the vigorous process with the infrastructure departments through the institutionalization of the Infrastructure Delivery Management System (IDMS) process. The aforementioned process is further strengthened through collaboration with the Supply Chain Management Office (Programme 3) on the principles of the

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	Treasury responded that, "The whole aspect of DDM Institutionalization Framework is still at a conceptualisation and approval stages and will be processed through the G&A cluster for approval by EXCO to realize the management, accountability and implementation of DDM. The process was envisaged to be completed by September 2020, with the set-up and roll-out scheduled by the end of 2021 financial year. This process was delayed by the recent lockdown." Has this framework been completed? If completed, can it be availed to the Committee for oversight purposes? Who are the custodians of the framework?	Framework for Infrastructure Delivery and Procurement Management (FIDPM). See attached FIDPM Framework. The custodian of the DDM Institutionalization Framework is COGTA and PT is still engaging the department to provide progress in that regard.
	The MEC stated that "Provincial Treasury, Honourable Speaker, will continue to lead the implementation of zero-based budgeting exercise in the province that has yielded much needed savings for the provincial fiscus. All spending must be justified and aligned with strategic outcomes and service delivery priorities to eliminate inefficiencies whilst strengthening allocative efficacy. It also is appreciated that R90.3 million was saved in 2020/21". Minister of Finance provided that, "National Treasury is finalising the framework to implement zero-based budgeting across government. This will be done through spending reviews which have been used internationally to achieve spending efficiencies. These reviews are already underway and will shape this framework. The Department of Public Enterprises and the National Treasury will be first to pilot a new budgeting methodology. The intention is to produce significantly re-costed budgets from 2022/2024." May the department comment on this? With respect to zero-based budgeting, the province seems to be ahead of the roll-out by the National Treasury, as evidenced by the following pronouncements by the MEC: Finance and the National Minister of Finance.	National Treasury (NT) indicated that, they are in the process of putting together a Framework which will be piloted in few departments in the next financial year (2022/23). NT will only issue Guidelines or Framework related thereto upon completion of this work. NT further indicated that, like any other budget process, it will include participation of Provincial Treasuries and departments in due course. The EC Province initiated the zero based budget before National Treasury. It is envisaged that PT will align its processes to the Framework at a stage where it is rolled out by NT. However, the EC Province in its own efforts to identify savings and efficiency, announced the zero based budgeting in the 2020 budget speech as a means to yield savings for the provincial fiscus due to the Province being faced with continuous reduction in revenue transfers from national. In 2020/21, Provincial Treasury presented the framework on the Zero Based Budgeting at the Chief Financial Officer Forum, Provincial Top Management, Cabinet Budget Committee and Executive Council. Provincial Treasury will continue with zero based budgeting implementation in the 2021/22 financial year for all departments with a view to establishing a baseline understanding of key fiscal management and policy challenges, and set the agenda for the next phase of budgetary planning.
	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. In its response to a question regarding this in the 2020/21 vote 12 meetings the department responded that, "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". Can the department brief the Committee on the progress regarding the MSIF?	The Framework after being developed went through the processes of consultation. It was presented and discussed in all the structures of the Governance & Administration Cluster (Local Government Working Group; G&A Cluster; Cabinet Committee & EXCO). It was finally approved in a sitting of the EXCO in November 2020. Subsequent to that an Implementation Plan has been developed and that plan is now being jointly scrutinised by PT & COGTA for its finalisation. On its finalisation, it will then be presented to the working group for operationalisation.

[4] National Budget Speech, 2021/22, page 16.

Date	Matters raised	How the Department addressed the matters raised
	In the 2020/21 financial year, the Provincial Treasury approved the secondment of an acting CFO to Magwa Tea Estate for a second secondment period from 01 April 2020 - 30 September 2020. What is the status now, is there a permanent CFO? How is the estate progressing?	Provincial Treasury seconded an Official to Magwa Enterprise Tea as Acting Chief Financial Officer (CFO) with effect from 01 April 2019 to 31 March 2020. The Acting CFO contract and secondment came to an end on 31 March 2020. In terms of Section 63 (1) of the Public Service Regulations, 2016, an employee directed to perform other functions in terms of section 32(1) of the Act shall perform the functions so directed for a period not exceeding 12 consecutive calendar months. The Enterprise has appointed a Finance Manager with effect from October 2020 and is not intending appointing a permanent CFO as the finance manager is carrying out the all financial duties supported by ECRDA CFO. There are also several appointments that have been made in the areas of Corporate Services, Field Operations, and Engineering Services etc. to ensure the smooth running of the operations in Magwa. The Magwa Tea Enterprise has taken-off on an upward trajectory by repositioning and reasserting its brand in the market, following its emergence from business rescue in 2019. The Enterprise has graduated from being a supplier of bulk tea to a producer and marketer of diversified products. The Enterprise has been engaging the market to learn and keep abreast with best practices in the market.
	Maintenance of a secure reliable network server and computing infrastructure is one of the operational areas of the programme. However, at the beginning of this calendar year the Provincial Treasury network has been beset by periods of being down on several occasions. This the Committee believes disadvantages external stakeholders that seek to interface with the department. May the department comment on this? This happens despite an increase in the capital assets budget in 2020/21 to cater for replacement of obsolete computer equipment and server infrastructure.	The interaction between external stakeholders and the department is made possible through the Wide Area Network (WAN). Most provincial departments, including Provincial Treasury, are connected to the WAN through the Bhisho Campus Network controlled and managed by the Office of the Premier (OTP). OTP is the contract owner of the Wide Area Network Service Level Agreement with the State Information Technology Agency (SITA) on behalf of all government departments within the Eastern Cape. SITA managed WAN is the network through which financial information systems users in the Eastern Cape access the mainframes for BAS, PERSAL and LOGIS. This is also the primary means by which email systems used by departments send and receive email and the route that the Internet is accessed for all computers on the government network. Therefore, the departments in the Eastern Cape are directly dependent on the Office of the Premier for the provision of Wide Area Network (WAN) connectivity. The departments are responsible for their Local Area Networks (LAN). This is the network which enables connection / communication between computers within an office or building. The LAN assist in cost reduction in that it enables sharing of resources such as printing, central storage etc. The LAN requires equipment such as server, switches, cabling, operating systems and end user computing equipment such as laptops, desktops, printers etc. The department had been replacing obsolete server infrastructure as well as end user equipment which had become obsolete therefore not performing as required and also posing security risks. Connection to the WAN i.e. sending information to other Departments/stakeholders is made possible through the LAN. Hence it becomes imperative to have a secure, reliable and up-to-date LAN infrastructure.

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	Additionally, in its output of external communication activities, one such activity is the maintenance of regular updates of the departmental website contents. What much time elapses between tabling and updating of the content? The Committee believes that with restricted access to both the department and the Legislature due to Covid-19 regulations, regular updates are of paramount importance, as an example, the Combined Financial Statements 2019/20 were uploaded on 12 April 2021 with tabling having been the 10 March.	The Committee's observation and concern is noted. PT is in the process of launching a revamped website and will ensure that content is updated regularly and on time.
	Besides support to municipal financial management, are there other functions and/or services provided by the departments' district offices? Additional to this and in line with the enhancement of LEPDF, registration of suppliers on the CSD is of utmost importance, is there assistance provided for walk-in suppliers at district offices	CSD support is provided in all PT district offices as there are trained officials who, as part of their responsibilities, assist walk in suppliers with CSD queries and registrations. PT has also trained over 1500 provincial departments officials and municipal officials on the CSD throughout the Province to ensure that prospective suppliers can walk into any government/ municipal office to be assisted on CSD related matters.
	The Committee has raised quality control issues with the department before, this financial year they raise themselves in the form of an APP whose pages are not correctly sequenced from pages 1-7. Can the department comment on this?	The Committee's observation and concern is noted. However, after going through the 2021/22 APP page numbers again and also checking with the printers, there appears to be no incorrect sequencing of page numbers. It should be noted that, for ease of page identification, numbering for all the left side pages is near the bottom-left edge and numbering for the write side pages is near the bottom-right edge.
	On a question related to ICS in the 2020/21, that, "Have ICS adjustments been factored into the 2020/21 CoE budget as the increment in CoE from 2016/17 to 2019/20 has mainly been attributed to ICS adjustments", the Provincial Treasury responded that, "The ICS adjustments have been factored over the 2020/21 MTEF. It is a requirement in terms of the provincial budget circular issued when compiling budgets". Is that the case as at 2021/22, can the department expand more on this?	In terms of the 2021/22 MTEF provincial budget circular issued, adjustments were made to the 2020 MTEF baseline which resulted in reductions on Compensation of Employees (CoE) due to wage freeze and CoE fiscal consolidation. Therefore, ICS adjustments have not been factored into CoE budget over the MTEF.
	Even with the onset of Covid-19 in 2020, the Committee expected higher projections on this budget. Can the department comment on this? On monitoring and reporting on the implementation of findings of revenue research study, have any reports been submitted by departments with respect to the implementation of these findings? If yes, may the department share these with the Committee? On rationalisation of Public Entities as well as review of SOC's the province seems once more ahead of national efforts as demonstrated by the President pronouncing that "A centralised SOE model is being implemented this financial year, which will ensure a standardised governance, financial management and operational performance framework for all SOEs. The mandates of all SOEs are being re-evaluated to ensure that they are responsive to the country's needs and the implementation of the National Development Plan." And at provincial level the MEC pronounced that "The rationalisation of public entities report was presented to the EXCO and approved for implementation. Measures have been put in place to closely monitor the implementation of the project in order to maximise economic benefits to the province". May the department once more comment on this?	Even with the onset of Covid-19 in 2020, the Committee expected higher projections on this budget. Can the department comment on this? The higher collections in financial years that precede the budgeted 2021/22 financial year is as a result of revenue sources that are not budgeted in the 2021/22 revenue budget due to their unpredictability for estimation as these revenue sources represent once-off collections. These revenue sources consist of the higher interest earned on positive bank balances, the sale of capital assets and once-off recoveries of surpluses by public entities. In 2020/21, the revenue budget was adjusted from R1.551 billion to R1.062 billion in the Special Adjusted Budget due to the impact of COVID-19 and various sectors of the economy not operating at capacity including not generating the projected revenue. Tax receipts from gambling taxes, liquor license fees, motor vehicle license fees and revenue from hospitals were significantly affected, while other revenue sources have also been reduced. The province collected an amount of R1.386 billion and recorded an over collection of R324.418 million against the 2021/22 adjusted budget. The over collection is mainly reflected against motor vehicle license fees due to collection agents that have collected more than anticipated revenue in respect of license renewals, casino taxes, horse racing taxes and liquor licenses.

Date	Matters raised	How the Department addressed the matters raised
		Own revenue in the 2021/22 financial year is budgeted at R1.516 billion, which is an increase when compared to the revenue collection in the 2020/21 financial year. The 2021/22 revenue increase from 2020/21 account for the easing of the lockdown restrictions and the opening up of the economy which results in economic activities to take place and an increase in own revenue generation. Own revenue is estimated to increase to R1.591 billion in 2022/23 and R1.663 billion in 2023/24. Have any reports been submitted by departments with respect to the implementation of these findings? If yes, may the department share these with the Committee? A revenue reporting template was issued to departments that were identified by the revenue study, namely the departments of Public Works, Transport, Health, and Economic Development, Environmental Affairs and Tourism. Departments have started to report on the achievement of the revenue targets of the revenue study in the monthly revenue meetings, which commenced in September 2020. The departments have reported in the attached revenue report the progress of the implementation of the revenue sources in the meetings that were held in October 2020, January 2021, February 2021 and March 2021. Attached (Annexure B) are the reports of the departments of Public Works, Transport, Health, and Economic Development, Environmental Affairs and Tourism, Rural Development and Agrarian Reform and Education. The department of Public Works has submitted a report in a different format but will adapt the report in the April 2021 report that is due on 15 May 2021. On rationalisation of Public Entities as well as review of SOC's the province seems once more ahead of national efforts as demonstrated by the President pronouncing that "A centralised SOE model is being implemented this financial year, which will ensure a standardised governance, financial management and operational performance framework for all SOEs. The mandates of all SOEs are being re-evaluated to ensure that they are responsive to the country's needs and the implementation of the National Development Plan." And at provincial level the MEC pronounced that the rationalisation of public entities report was presented to the EXCO and approved for implementation. Measures have been put in place to closely monitor the implementation of the project in order to maximise economic benefits to the province". May the department once more comment on this? HOD of DOT has assembled a team which consist of the Legal Section, MTC CEO and Senior Officials responsible for Public Transport to provide a process map that was presented to the Law Review Committee of the department and drive the process of repealing the old Ciskei Act in MTC and develop enabling legislation for MTC and this from within the department and this will be followed by listing in the PFMA. The process of applying for ECRDA to changes the status of listing from 3C to 3D entity is getting momentum and the department is reporting on progress to this on a quarterly basis to PT. DRDAR is developing a business case to support the application for ECRDA to change its listing to a Schedule 3D entity in the PFMA. The process is driven by DDG as the chair and convener of the Project Steering Committee. The last progress report was received by PT on 15 February 2021. Towards the end of 2020 the DG (OTP) convened the first detailed brainstorming session between OTP and ECSECC. The decision of

Date	Matters raised	How the Department addressed the matters raised
		the meeting was the establishment of a multi-stakeholder team to drive the policy position development towards the Legislation, with stakeholders chosen on the basis of their mandate and collaborative linkage to the ECSECC founding mandate. These include OTP (Lead); COGTA; SALGA; DEDEAT; DPW; PT and ECSECC. The above team convened its first meeting on 11 January 2021 and discussed the concept note that was developed in November 2020. The next meeting was held on 16 April 2020 to receive feedback from the team that was tasked to develop the mandate of ECSECC. Meeting was held with DEDEAT on Friday the 14 August 2020 together with state Law advisor office. A follow up meeting was held with office Chief State Law advisor on 23 February 2021 for role clarification between DEDEAT and PT in the implementation of rationalisation project.
	As per submission of a project charter on Public Entities Rationalisation to the Committee, June 2021 was set for "Final consolidated plan to EXCO for approval", is this still the case? If not, why not, and what are the new timelines?	The June 2021 timeline for the Project Plan is still the same. The revised project charter has been circulated for inputs and comments. PT is following up with affected departments on the implementation of the EXCO resolutions and submission of their process maps and project plans to be synchronized with the master project plan.
	On Financial Asset Management, the programme has an output indicator for departments to pay creditors within 30 days. As at 31 December 2020 accruals were at R992.550 million and payables at R2.445 billion. This suggests inadequacy in the realisation of this output despite a research on accruals and payables for DOE, which made several recommendations. What will be done differently in the 2021/22 financial year to ensure that this is realised?	With regards to Accruals and Payable challenges, the research report did point out the root causes and departments were requested to institute an implementation plan to roll out the recommendations. PT has been engaging the departments as a follow up on the implementation plan following the Provincial Top Management meeting. To date, Department of Health submitted the Implementation plan and there is progress in some areas. Department of Education did not submit the plan and progress report. Provincial Treasury has, however, instituted dedicated Monthly Creditor Management Forums (see the attached monthly schedule, Annexure C) effective from the current financial year focusing on Department of Health and Department of Education to ensure closer monitoring of their implementation plans. These monthly meetings are in addition to the quarterly forums that were already in place for all departments. The Forum will follow up on implementation of research recommendations. The Forum includes different expertise from SCM, Budget, Infrastructure, Accounting Services Creditor Payments and Systems. PT will continue with quarterly Creditor Management Forums. Provincial Treasury will monitor the reconciliation of major accounts (suppliers rendering services and delivering goods on a monthly basis) and communicate findings with CFOs for better decision making and clearing of account balances; attend to supplier complaints for invoices exceeding 30days; liaise with departments monthly and escalate if the queries are not resolved by departments; keep detailed statistics on complaints for invoices over 30 days; provide feedback to suppliers; monitor invoice tracking system (HIBP) usage statistics. Although it is reported erroneously through the report received from the Portfolio Committee that the figures outstanding for accruals and payables are R992.550 million and R2.445 billion respectively, these are actually amounts paid as at December 2020 of accruals and payables and not the outstanding amounts. However, the correct amounts should read R48.358 million and R1.203 billion respectively

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<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td>The Committee appreciates that updates on the “Low-Value High- Volume Price Index” is made twice a year but there seems to be nothing on monitoring compliance to this in the operational plan? May the department comment on this?</td><td>As a pro-active measure, Accounting Officers and Accounting Authorities of respective departments are required to ensure that the Price Index is implemented and monitor adherence thereto. Such monitoring should be undertaken by the Internal Control Unit (ICU) or Pre-Audit Unit of provincial departments prior to orders being issued. In this manner, non-adherence to the Price Index will be detected at an early stage and can then be rectified before the order is issued. Furthermore, departments have been requested to include assurance of adherence to the Price Index in its audit plans and also report thereon to the Department’s Audit Committee. The Auditor General South Africa also tests adherence to the Price Index during the annual audits of departments.</td></tr>
<tr><td></td><td>This is of concern to the Committee as procurement methods must be guided by the prescribed thresholds.

The National Treasury Website has a database of restricted suppliers. Listed in the database are about 138 suppliers from various national and provincial departments, municipalities and government agencies. The most common reasons for restrictions vary, amongst others from, collusive bidding and fronting; Supplier submitted a fraudulent BBBEE Certificate; Fraud and Corruption; Non-performance and Fraud; Misrepresentation of information.

The Eastern Cape seems not to have made a contribution to this database. Does the Province have such a list? If yes, what are the most common reasons for restrictions? What has the department done concerning these? If not, why not?</td><td>National Treasury (NT) issued SCM Practice Note No. 5 of 2006: Restriction of Suppliers and Augmentation of General Conditions of Contract which contained information on steps that should be followed by Accounting Officers when imposing restriction on Suppliers. This Practice Note therefore assigns the responsibility of initiating and restricting suppliers to Accounting Officers. Upon restricting a supplier, all the supporting documentation is submitted to National Treasury for due consideration and listing of the supplier on the database. The database is managed and maintained by National Treasury.

In 2012, PT noted with concern that the database did not contain suppliers that were restricted by Eastern Cape departments. In November 2012, PT issued Circular No. 7 of 2012/13 raising this concern and provided guidelines on restricting of suppliers.

In April 2016, National Treasury issued SCM Instruction Note No. 3 of 2016/17 on Preventing and Combating abuse in Supply Chain Management. Paragraph 7 of this Instruction Note outlines the process of restricting of suppliers by Accounting Officers.

PT has raised this matter in several platforms, however, it appears that departments are reluctant to restrict suppliers when circumstances warrant such.</td></tr>
<tr><td></td><td>On supply chain management (SCM) the department has a host of activities planned. These entail amongst others, contract management, compilation of procurement plans, conflict of interest searches. However, in the year ending 31 March 2020, the Auditor-General stated that, “the provincial departments incurred irregular expenditure of R820 million, as supply chain management processes were not followed.” This has been an on-going problem. Of interest is that SCM processes were not followed. Deviations also have an effect on irregular expenditure. Some of the deviations are due to spending without budget, poor planning and poor contract management.

May the department comment on these and what will be done differently with respect to SCM processes in the 2021/22 financial year?</td><td>PT has conducted an analysis of the findings related to supply chain management, as reflected in the Auditor General (AG) reports for the 2019-20 financial year. PT has also identified the root causes of these findings and provided possible solutions thereto. The AG’s findings include, amongst others, the following:
• Poor Contract Management; and
• Deviations from normal procurement processes.
Contract Management

Contract Management follows a demand management process and a procurement/acquisition process in line with SCM legislation and prescripts to:
• Curb irregular, fruitless and wasteful expenditure;
• Mitigate risks and litigation; and
• Achieve value for money.

In June 2019, PT developed and issued a Contract Management Framework and compliance checklist to ensure that contracts are managed in an integrated and uniform manner. PT also issued</td></tr>
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		contract register template that contains the minimum information that should appear in the contracts register. In spite of the efforts by PT to improve contract management, there are still challenges in this regard. These challenges can be attributed to poor resourcing of the Contract Management Units, lack of coordination between the contract management units' end- users'/ project managers and failure by departments to manage their contracts resulting in variations/ extensions and deviations. In the current financial year and in future years, departments will report monthly on the implementation of the Contract Management Framework. PT will analyze the reports and provide feedback with remedial action where necessary. Failure to implement remedial action will be escalated through the Financial Management Accountability Framework. Deviations from normal procurement processes Treasury Regulation 16A6.4 states that "if in a specific case it is impractical to invite competitive bids, the accounting officer or accounting authority may procure the required goods and services by other means, provided that the reasons for deviating from inviting competitive bids must be recorded and approved by the accounting officer or accounting authority". In order to limit the number of deviations in 2016, the National Treasury issued SCM Instruction Note No 3 of 2016-2017 on Prevention and Combating abuse in SCM. Paragraph 8 of the said Instruction Note deals specifically with "Deviations from normal bidding process". In terms of this provision, the Accounting Officer/Accounting Authority must only deviate from inviting competitive bids in case of emergency and sole supplier status. Any other deviation will be allowed in exceptional cases subject to the prior written approval from the Provincial Treasury. In the 2020/21 FY, PT received 33 deviation requests from Departments and Public Entities: • 14 Deviations were approved; and • 19 Deviations were not approved; Challenges in Approving Deviations • Each case is treated on its own merits and the reasons provided for deviating from normal SCM processes are not sound and justifiable for the request to be approved. • Supporting documents are not submitted with the request, similarly when supporting documentation is requested there are considerable delays in such being submitted to Provincial Treasury. • Requests with very constrained time lines. • No proof that value for money will be derived from deviating.

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	Is a deviation record/report maintained by SCM units in the Province? May the department brief the Committee on this?	Each department maintains its own deviations register. Paragraph 3.1 of National Treasury Instruction Note 6 of 2007/2008 requires Accounting Officers to report all cases whereby goods and services above the value of R1 million that were procured in terms of TR16A6.4 to be reported within ten working days to Provincial Treasury and the Auditor General. Furthermore, the Auditor General requests departments to submit their deviations registers at the beginning of the compliance audit.
	On a question raised on Integrated Financial Management System (IFMS) in the previous financial year the provincial treasury responded that "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." How vulnerable is the Province due to this overreliance on manual documentation?	The Eastern Cape Province has the following vulnerabilities due to the overreliance on manual documentation: • Manual documentation takes longer to get reviewed and signed off as it has to be physically presented to the relevant authority; • Manual Documentation is vulnerable to damage from environmental conditions e.g. fire, water damage, theft / Manipulation; • Manual Documentation may go missing while in the workflow resulting in lost time in processing documentation, recreating submissions; • Manual Documentation required key HR, SCM and Payment officials to work at the office during the height of the COVID-19 pandemic making these officials more vulnerable to the virus; • Manual Documentation is very labour intensive to control and store; • The processes around manual documentation require well designed and controlled processes, which are people centric, ultimately dependent on having fully staffed administrative functions in place of disciplined and well supervised people. Examples of projects underway to address these challenges: • Deployment of In-house Developed and government owned E-Leave system to all departments in the Province is underway (no system licensing Fees) with the endorsement of NT. • In-house Developed e-submissions system at Provincial Treasury with the endorsement of NT. • Approval received from National Treasury IFMS Office to develop and deploy a Web-based Budgeting System in collaboration with NT budget office. • Appeal to National Treasury for an E-Invoice Management System for the Department of Health. • Appeal to National Treasury for the Automation of the Financial Statements Development Process. The current situation is suboptimal and it is acknowledged the associated risks cannot be tolerated. The problem remains the provincial departments are limited in terms of what they are

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		allowed to do, due to a combination of restrictions of developing and acquiring systems, as well as the service level challenges experienced working with SITA.
	In its plans the department plans to continue to implement the Financial Management Accountability Framework to institutionalise discipline in the management of public resources and ensure that departments and entities move towards sustainable financial maturity. Some of the activities include collecting and analysing information from transversal departments and the DDG producing a signed report on this. What happens to this report? The department has previously mentioned that transgressions are escalated to MECs and the Premier, however consequence management seems to be lacking, as declared by the A-G. Can the department comment on this and brief the Committee on what will be done differently to ensure fiscal discipline and accountability in departments?	The issues identified are escalated to the MEC for consideration and referral for consequence management. However, with the DG's interventions and the Provincial Management Forum's resolution to focus on financial management maturity as well as non-implementation of consequence management for transgressions, the focus has now moved to unspent conditional grants, irregular expenditure, fruitless and wasteful expenditure, unauthorised expenditure, conflict of interest, non-adherence to procurement plans and resolution of financial misconduct cases. The 4th Quarter FMAF Report will cover these areas.
	On improvement of turnaround time for the resolution of financial misconduct cases the department makes mention of obtaining quarterly registers of financial misconduct from provincial departments , no mention is made of public entities, what is the situation regarding the entities?	Currently PT is monitoring only the provincial departments. However, PT we can look at including public entities, so as start with monitoring their turnaround time for the resolution of financial misconduct cases.
	Section 71(7) of the MFMA states that, the MEC for Finance must submit a consolidated statement of municipalities 'budget to the provincial legislature no later than 45 days after the end of each quarter. Receipt of these has not been adequate in the past 3 financial years. If received they are received very late. Can the department comment on this, as these are part of the tools through which the Committee exercises oversight over Programme 5 and the department?	The department acknowledges the late submission of Section 71(7) reports. The department has a monitoring mechanism (reporting schedule) with clear deadline and responsibilities to be implemented to ensure that the Section 71(7) reports are submitted to relevant stakeholders no later than 45 days after the end of each quarter. The lapses in the process have been dealt with through a disciplinary process and will not recur.
	The department has a figure of 6 municipalities targeted for improved revenue collection. May the department name these 6 municipalities and the basis for their selection?	The six (6) municipalities targeted are: • Makana Local Municipality; • Walter Sisulu Local Municipality; • Enoch Mgijima Local Municipality; • Amathole District Municipality; • Amahlathi Local Municipality; and • Port St Johns Local Municipality. The six (6) municipalities were selected on the basis that they were under intervention. These municipalities had prepared either Financial Recovery Plans or Municipal Financial Turnaround strategies which PT is monitoring and assisting them to implement. It must be noted that the department provides support to all municipalities in the province with respect to Revenue Management.
	On the number of municipalities supported to improve compliance with regulations, the department intends to monitor implementation of the procurement plans for 12 catalytic conditional infrastructure projects? Can the	Provincial Treasury has observed delays in the appointment of contractors in the past for conditional infrastructure projects. The department decided to select and monitor projects from procurement stage to implementation. Upon receipt of Project

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	department brief the Committee on these identified projects, if not yet identified, the basis for identification? May the department brief the Committee on the challenges and achievements in the municipal infrastructure conditional grant environment?	Implementation Plans (PIPs) specifically for Municipal Infrastructure Grant (MIG) projects, which are due on 30th April annually, the department selects projects which are still at procurement stage with a budget of not less than 60 per cent of the annual allocation. For the 2021/22 financial year the department has decided to focus on Water Services, Bridges and Sport Facilities as catalytic projects to be monitored. During the first quarter of 2021/22, projects will be selected and municipalities will be advised on projects selected as catalytic projects for monitoring in the financial year. The department has noticed in the past, during the rollover assessment process, that a number of municipalities have lost funds at the end of the financial year which were meant for backlog eradication. One of the contributing factors is the late appointment of contractors. MFMA circular 108 specifies that appointment of contractors shall be done before the end of March each year. Non-sitting of the Bid Committees has been an issue raised during engagements with municipalities. Out of seven (7) catalytic projects monitored during 2020/21 six (6) were awarded before the end of March 2020 and only one (1) could not been awarded due to non-responsiveness of bidders.
	What informs the 89% targeted expenditure on conditional grants by municipalities ?	The 89 per cent target is based on the threshold set on the Division of Revenue Act 2021 framework conditions and the expenditure trends noted in previous financial years. The Division of Revenue Act 2021 framework for conditional grants requires municipalities to spend at least 40 per cent of their total allocation by December 2021 or end of the second quarter of the financial year.
	Furthermore, the MEC stated that, "Our support to municipalities is spatially referenced and aligned to District Development Model and Municipal Integrated Development Plans". May the department expand on this?	The Provincial Treasury has an oversight responsibility over 36 delegated municipalities (and also monitors the 3 non - delegated municipalities working with National Treasury). Due to vastness of the province, Provincial Treasury opted to operate from six (6) district offices in order to be close to municipalities where service delivery is performed. Support to municipalities ensures that the planning processes (IDP and Budget) are co-ordinated and integrated at a local, district, provincial and national levels through IGR structures. The aim is to ensure that projects planned at a local and district levels are integrated with projects planned by Provincial and National stakeholders (Intergovernmental project pipelines) to effectively respond to community needs, address historical infrastructure backlogs, achieve alignment with the municipal Spatial Development Framework and to ensure that there is alignment to the provincial and national developmental priorities. This support is provided in collaboration with Provincial and National stakeholders such as OTP, CoGTA, SALGA, National Treasury and DCoG so as to assist municipalities to achieve the objectives of the DDM of having a single plan and single budget at a district level.
	The department as pronounced by the MEC is participating on various intervention programmes at Makana, Enoch Mgijima and Amathole district municipalities in an effort to stabilise their finances. We are still at the initial stages of development of the financial recovery plans at Makana and Amathole, while the implementation of the financial	Intervention Project is implemented in three Phases: • Rescue (6 – 12 months) • Stabilisation (over 12 months)

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	recovery plan at Enoch Mgijima is showing progress. Can the department brief the Committee on these interventions?	• Sustainability (guided by the outcomes of the two phases and exiting will be considered at the end of this phase) Enoch Mgijima Local Municipality: the project is on -track the municipality has made significant strides in implementing the key activities within the FRP. Progress Made: • Council committees and other governance structures are sitting; • Municipality has established the DC board and adopted of the TOR; • Draft organisational structure has been developed and consultation on the structure is in progress; • All Senior Managers have been appointed by Council, except the recently re advertised position of the Technical Services director; and • No performance bonuses were paid due to financial constraints. Challenges Noted: It has been noted that the municipality is struggling on the Infrastructure and service delivery improvements strategy. A number of activities under this strategy are either in progress or are yet to start. Amatole District Municipality the project is on- track on finalisation the Status Quo Report and FRP Implementation Plan Progress as per the Roadmap: • ECPT/NTMFRS engagements on partnership for MFMA S139 FRP preparation; • Compilation of FRP Status Quo Review Report; • Preparation of desktop draft status quo assessment report with findings and 1St Draft FRP and Implementation Plan; • Consultation with Stakeholder: Engagements with Top 10 Creditors; • Consultations with Labour Forum; and • Finance Work Stream held working sessions held on the 25 Feb, 17, 19 & 25 Mar to provide inputs for the finalisation of the Status Quo Report and FRP implementation Plan on Rescue Phase. Challenges Noted: Lack of functionality in other work streams has negative impact on the non-achievement of cross cutting ‘focus areas’. Makana Local Municipality the project is slightly delayed on finalisation the status quo report and development of the FRP Implementation Plan.

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		Progress as per the Roadmap: • Preparation of desktop draft status quo assessment report with findings and incorporation of some of the inputs; and • Invitations for the consultation with Stakeholder: Local Labour Forum and Top 10 Creditors on the 12 & 13 May. Challenges Noted: No establishment of the work streams.
October 2021	The Provincial Treasury should ensure that departments adhere to TR 8.2.3 and that consequence management action is taken upon non-adherence.	Provincial Treasury acknowledges that in terms of NTR 8.2.3 Accounting Officers should ensure that they settle all their creditors within 30 days unless determined otherwise in a contract or agreement. This is in line with PFMA Section 38, which alludes to the responsibilities of the Accounting Officers. Section 18 of PFMA also requires PT to assist departments in building their capacity for efficient, effective and transparent financial management. Considering the above, PT did a research study on the causes of accruals and payables for departments of Health (DOH) and Education (DOE), which were presented to the legislature, through the Portfolio Committee on Finance. In monitoring the recommendations of the study, PT has implemented the monthly creditors' forums, which will enforce implementation of the recommendations. Furthermore, there is continuous communication with all provincial departments, reminding the Accounting Officers to ensure that their payments are processed timeously and progress on payments of accruals and payables is presented to CBC and EXCO on monthly basis, for enforcement of timeous payments.
	Provincial Treasury should ensure that departments do not underspend and consequence management should take place on officials who do not comply. Provincial Treasury should ensure that consequence management is effected in relation to conditional grant under expenditure and through the OTP to ensure that departments are capacitated to prevent under-expenditure in conditional grants.	The spending performance on conditional grant is reported on a monthly basis to the Cabinet Budget Committee and Executive Council, wherein the MECs and the Accounting Officers of Departments are present. Accounting Officers of Departments should therefore ensure that they spend the conditional grants and implement recovery plans where required. Financial Management transgressions such as underspending of conditional grants are escalated for consequence management to the respective Executive Authorities through the Financial Management Accountability Framework (FMAF) in each quarter of a financial year. In instances of persistent transgressions consequence management is escalated to the Office of the Premier (OTP).
	The Provincial Treasury should ensure that departments adhere to the agreements and deviations to agreements should be escalated to the Executive Authorities.	Provincial Treasury has developed a format for the monthly reporting on progress of the implementation of the provincial revenue plans. Departments also attend monthly technical meetings and report on the revenue targets. The most recent meetings were held on 30 August 2021 and 22 September 2021 respectively. Departments of Public Works and Infrastructure (DPWI), Health, Transport and DEDEAT attended these meetings. Quarterly meetings are held with Heads of Departments on progress made and remedial actions on the implementation of the provincial revenue plans. The meetings with HODs of the Departments of Transport, Health, Public Works & Infrastructure, and Economic Development, Environmental Affairs and Tourism were held in 1 June 2021, 8 June 2021, 1 July 2021 and 18 July 2021 respectively.

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		Departments are not reneging on the implementation of the revenue study. However, the delays with the implementation are due to the areas such as property leases for rental at DPWI that require additional information as per Provincial Treasury letter issued in August 2021. The roll-out of the limited pay-out machines at DEDEAT is subject to a court ruling that is still in progress. As a result of the delays with the revenue plans, PT is working with departments to assess and review the revenue targets over the medium term.
	The Provincial Treasury should ensure that Department of Rural Development and Agrarian Reform eliminates this under-expenditure and assist the department in framing terms for the renegotiation of the conditions of their grants where necessary.	The recommendation is noted. The Provincial Treasury has been concerned with the under expenditure and this was reported to Provincial Management, CBC and EXCO. Furthermore, the department has submitted its recovery plan as per Treasury's request and PT will monitor its implementation. In addition, there are forums whereby performance of departments is discussed such as Budget Achievability, Cash-flow and MTEC hearings. It is worth mentioning that the under expenditure recorded on DRDAR's conditional grants has declined from 9.7 per cent in 2018/19 to 2.7 per cent in 2020/21. However, the under expenditure remains a matter of concern hence the continuous engagement. The departments conditional grants are managed in terms of the framework as detailed in the division of Revenue Act. There are key areas which are considered per each grant, which include strategic goals and purpose of the grant, as well as criteria and rationale for the allocation between provinces. Furthermore, the past performance of the grants is taken into consideration and this includes the responsibilities by the transferring national officer and the receiving provincial officer. In November of each financialyear, these matters are discussed and agreed upon for the financial year. This culminates in final allocation to the province as part of provincial final allocation. Provincial Treasury attends the DoRA conditional workshops where discussions are held for each conditional grant. Thus in consideration of the above, PT will take into account the guidance from Legislature and liaise with DRDAR to take the matter to the sector.
October 2021	A centralised SOE model is being implemented this financial year, which will ensure a standardised governance, financial management and operational performance framework for all SOEs. The mandates of all SOEs are being re-evaluated to ensure that they are responsive to the country's needs and the implementation of the National Development Plan."	The PT welcomes the developments at national level and would support provincial departments and their entities in adopting and incorporating recommendations that are aligned to the PFMA listing of Entities.
	In this context, the South African economy is expected to rebound by 3.3 per cent this year, following a 7.2 per cent contraction in 2020 and average 1.9 per cent in the outer two years. However, all these efforts to expand infrastructure will be wasted if the end user does not pay a cost-reflective tariff for usage.	The EC participates in the National Economic Infrastructure funding platforms such as the Budget Facility for Infrastructure (BFI) and the Presidential Packaged mega projects including Strategic Integrated Projects (SIPs). The OTP has formally engaged Coega to help the Province in Project Packaging towards increasing chances for funding. This has been the key challenge for the province to unblock its economic potential for Domestic and Foreign Investment Attraction.

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	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 and has evened out despite an "own revenue study" meant to boost provincial own revenue. In 2020/21 the department responded that, "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."	Provincial own revenue is increasing from an audited outcome of R1.944 billion in 2017/18 to audited revenue collections of R1.978 billion in 2018/19 and R2.283 billion in 2020/21. In 2020/21, the province budgeted for revenue collection of R1.551 billion which was adjusted to R1.062 billion in the Special Adjusted Budget due to the impact of Covid-19 and various sectors of the economy not operating to full capacity. The province collected an amount of R1.386 billion and recorded an over collection of R324.418 million against the 2020/21 adjusted budget. The over collection is attributed to more than anticipated motor vehicle license renewals, casino taxes, horse racing taxes and liquor licenses. A decline of own revenue to total receipts was due to once-off collections such as interest earned on positive bank balances, the sale of capital assets, once-off expenditure recoveries and surrenders of surpluses by public entities, which are not factored into the revenue estimates due to their unpredictability for estimation. National Treasury held a revenue forum with Provincial Treasuries on 30 March 2021 and provided the revenue performance as at 28 February 2021. In 2021/22, own revenue is estimated at a total amount of R1.516 billion, which is an increase when compared to the revenue collection in the 2020/21 financial year. The revenue estimate shows an 8 per cent increase from the 2020/21 revised estimate which accounts for the easing of the lockdown restrictions and the opening up of the economy, which results in economic activities to take place and improve own revenue generation. Own revenue is estimated to increase to R1.663 billion in 2023/24. With regard to the implementation of the new revenue sources, PT has set up formal meetings with Heads of Departments to ensure that departments commit amounts that will be collected in 2021/22 with the implementation of the revenue sources as identified in the revenue study. These revenue sources will be supported with project plans. Departments will report on the progress of implementation of project plans monthly. PT will assess the implementation of the departments' revenue sources.
	May the department provide the Committee with the province's under- expenditure on conditional grants from 2018/19 to the 2020/21? May the department comment on this? What will the department do differently in the 2021/22 financial year to ensure adequate conditional grant expenditure?	The Department agrees with the Committee's view that any underspending sends a negative signal on the province's capacity to spend. However, Provincial and National Treasury analyses the rollover request by Departments and ensures that the criteria for rollovers are strictly adhered. It is agreed that the current performance of the conditional grants affects, to a certain extent, future grant allocations which are identified and agreed to by each sector. For example, the Health sector will decide on the total country-wide allocations which will then be allocated for each province. PT also raised the concern of the under-performance of conditional grants at Cabinet Budget Committee (CBC) and Executive Council (EXCO). PT will increase its monitoring and reporting of the performance of grants in line with the approved business plans. Furthermore, PT will initiate quarterly meetings with Provincial Departments and national counterparts where the grants are under-performing to ensure strategies are identified

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		and implemented to increase performance and report these to the CBC and EXCO for intervention at the level of MECs. PT will also refer these matters to MECs in terms of Financial Management Accountability Framework. There will also be an ongoing advice by PT especially on the SCM processes.
	At face value these double digit increases in the CoE budget for some departments is a cause for concern when considering the 60:40 targeted budget split. This is compounded by that the CoE budgets of supposedly CoE intensive departments like Education and Health are showing declines of 7.4% and 6.8% respectively. May the department remark on this?	The compensation of employees budgets for the provincial departments (page 38 of the 2021/22 Estimates of Provincial Revenue and Expenditure - EPRE). The Office of the Premier and the Department of Economic Development, Environmental Affairs, and Tourism have double digit increases from 2020/21 to 2021/22. Office of the Premier: The increase in the allocation for COE from R266.027 million (in 2020/21) to R317.949 million (in 2021/22) is due to planned recruitment (that include Broadband posts) which could not be concluded in 2020/21 mainly due to Covid-19 pandemic. Economic Development, Environmental Affairs and Tourism: The increase in the allocation for COE from R259.919 million (in 2020/21) to R294.656 million (in 2021/22) is due to a total of 81 posts (across all programmes) not filled in 2020/21 due to slow recruitment processes because of Covid-19. Provision was also made for 30 interns that were also not filled in the last financial year but funds have been included in the budget for 2021/22. The Departments of Education and Health are showing declines of 7.4% and 6.8% respectively. This is mainly due to the fact that there were zero per cent salary increases factored into the budget baseline in 2021/22, for which funds had been included in 2020/21. Despite the decrease in the budget, Education personnel numbers increase from 70 156 in 2020/21 to 70 317 in 2021/22. Health personnel numbers decrease from 48 879 in 2020/21 to 48 674 in 2021/22 as the allocations for 2020/21 include once-off appointments for Covid-19 (page 38 of the 2021/22 EPRE).
	If infrastructure is one of the major vehicles towards economic recovery, the growth or absence of, in the 2021/22 MTEF provincial infrastructure budget seems not to be supportive of this, as evidenced by the figures in the graph above.	• The Department is supportive that boosting of Gross Capital Formation (GCF) is critical to raise the economy's potential growth rate. In a developing country there is a minimum requirement for GCF to reach 25 per cent in order to do so. • The Gross Capital Formation (GCF) based on Provincial Infrastructure Allocations progressively shrinks over the 2021/22 MTEF amounting to 10.57 per cent, 10.11 per cent and 10.04 per cent over the 2021/22 MTEF respectively. • However, when looking at the individual sectors, Human Settlements, Transport and Public Works do manage to achieve a GCF rate of more than 25 per cent as compared to their total departmental allocations bearing in mind that Infrastructure is the core mandate of these departments. • Investment in Infrastructure has been difficult to influence taking into account the departmental reliance on grant funding as a consequence of the shrinking fiscus. The funding of Infrastructure should be on a 1:1 basis (equally

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		funded by both Equitable Share and Conditional Grant). This has been further impacted by the COVID-19 developments which resulted in Protective Personal Equipment (PPE) being prioritised. • The department is participating in the Budget Facility for Infrastructure (BFI) and Sustainable Infrastructure Development Symposium (SIDS) projects as a means to obtain additional funds to supplement the province's infrastructure allocation. • There are continued efforts to influence departments to protect the infrastructure allocations through proper planning and value in delivery as well as to prioritize Equitable Share towards Infrastructure investments.
	In raising this, the Committee is not oblivious to the Presidency SIDS projects as submitted by the province during the 2020/21 Provincial Appropriation meetings.	The Sustainable Infrastructure Development Symposium (SIDS) took place on 23 June 2020. EC submitted 38 submissions amounting to R123 billion. 4 EC based projects have been gazetted as additional Strategic Integrated Projects (SIPs) by the Presidential Infrastructure Coordinating Commission Council and have been included in the Infrastructure Development Act. These projects are as follows: • Strategic Integrated Project No 19: Water and Sanitation-Mzimvubu Water Project • Strategic Integrated Project No 21: Transport- Small Harbours Development: National • Strategic Integrated Project No 23: Agriculture and Agro-processing- Marine Tilapia Industry • Strategic Integrated Project No 24: Human Settlements- N2 Nodal Development The province also stands to benefit from the following national programmes which have sub-projects in the EC. • Strategic Integrated Project No 25: Rural Bridges "Welisizwe" Programme • Strategic Integrated Project No 26: Rural Roads Upgrade Programme • Strategic Integrated Project No 27: Upgrading and Repair of Township Roads in Municipalities Programme • Strategic Integrated Project No 34: Student Accommodation • Strategic Integrated Project No 35: SA Connect Phase 1B Programme No actual funds have been allocated to these projects as they are still at various development stages.
	At the Department of Health in the 2017/18 financial year, 63 projects had cost overruns amounting to R159, 3 million, in 2018/19 there were 15 projects with cost overruns amounting to R123.3 million and in 2019/20 cost overruns totalling R63.5 million over 20 projects were incurred.	• In the 2020/21 financial year, the Department of Health had 98 projects that had cost over runs amounting to R315.982 million.

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	May the department comment on this and provide the Committee with the latest cost overruns for the department as well as a brief account on the status of the department's infrastructure delivery achievements and challenges.	• In respect of the infrastructure delivery achievements, as at the end of the 2020/21 financial year, the Department of Health had 21 projects in practical completion and 9 projects in the final completion stage. • The Department of Health (DOH) had also experienced challenges during the 2020/21 financial year as funds from the Infrastructure plans had to be diverted to deal with COVID-19 related issues and projects. In addition, DOH had experienced challenges whereby the department had exhausted its Equitable Share (ES) and therefore there were invoices which could not be paid.
	The budget allocation is for the provision of adequate resources i.e. Learner Teacher Support Material (LTSM) and school furniture, creating a conducing learning environment through the provision of infrastructure in schools, the universalisation of Early Childhood Development (ECD), the continued improvement in the quality education through the timely provisioning of qualified educators in public schools and the training thereof, as part of Education Transformation Plan. This is in line with Priority 2 "Education, Skills and Health" of the PDP. The department projects to spend R105.804 billion over the 2021 MTEF. In 2021/22, the budget decreases significantly by 8.4 per cent to R35.076 billion from the 2020/21 revised estimate of R38.295 million mainly due to baseline reductions of R4.342 million (and R15.402 billion over the 2021 MTEF). In spite of the reduction, an allocation of R194.114 million over the 2021 MTEF period of which R64.010 million is in 2021/22, was reprioritised by the province to cushion the baseline. The education component of the provincial equitable share for the province has plunged from 16.3% of the national share in 2012 to 13.7% in 2021. This is usually attributed to emigration from the province. Much as the Committee acknowledges this, can the department vouch on the credibility of data submitted by the provincial department for this purpose? If the department is in doubt of the credibility of data, what recommendations can be made to improve on this aspect, as it has financial implications for the province?	PT is working with the Department of Education to ensure that the school enrolment numbers that the department provides to the national Department of Education is accurate and has been assessed by Provincial Treasury. The department has not provided the required information to PT before submission to the national Department of Education and this is an area that the PT working with DoE, needs to improve on, with regard to the concurrence of school enrolment data.
	As at 31 December 2020, the department was projecting to overspend by R2.138 billion of which R1.837 billion was mainly attributed to unaffordability of Compensation of Employees subsequent to budget reductions that were effected in the department's baseline during the 2020 Adjustments Budget as part of national fiscal consolidation. Can the department update the Committee on the status of under-expenditure/over-expenditure by the department at year end, and how this unaffordability of CoE has been factored in the 2021 MTEF budget, as well as the impact of this on the department's service delivery?	At the end of the 2020/21 financial year, the department overspent its compensation of employees' adjusted budget of R28.957 billion by an amount of R648.672 million. These are preliminary outcomes as the audit process for the 2020/21 financial year is underway and the department will close its books. For the 2021/22 MTEF, National Treasury further effected budget cuts on all compensation of employees' budgets for all departments in the country. Compensation of employees over the 2021/22 MTEF shows a growth 7.4 percent decline from 2020/21 revised estimate to 2021/22. It is likely that these cuts will have a severe impact in the filling of vacant posts and service delivery. The arrangement between Provincial Treasury and Education is

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		that in the event that not all posts can be afforded, then DoE should prioritize critical posts that are crucial for service delivery. PT has also advised the department to ensure that efficiencies on its internal arrangements and service delivery is attained, deal with inefficiencies including PERSAL clean-up. However, even if the department adopts this approach, it is unlikely that all critical posts can be filled due to the magnitude of the cuts. It is unfortunate that at a provincial level, funds could not be sourced to support the department of education to supplement its compensation of employees' budget. This is informed by the provincial liquidity fiscus as it is also constrained, faced with all priorities and obligations especially both from the two big departments of Health and Education. In response to these challenges, the MEC for Finance and Head of Treasury wrote to Minister of Finance and Director General of National Treasury in February 2021 citing the imminent dangers posed by budget cuts on service delivery, particularly on labour-intensive departments like Health and Education. Moreover, this matter was also raised by Provincial Treasury in the Basic Education sector and National Treasury sectors 10x10 meeting on 13 April 2021, where there was an undertaking by National Treasury to lead the establishment of a technical team that will look into issues of compensation of employees' affordability for the 2021 MTEF. From Provincial Treasury's perspective, we are still waiting for directions from National Treasury on the establishment of this technical team, which it is hoped that it will provide a solution to the compensation of employees' challenges, including amongst other things, looking on the Service Delivery Model.
	The budget allocation is for the improvement of health outcomes including the increased implementation of the National Health Insurance, prevention and reduction of the disease burden as well as promotion of health in line with Priority 2 "Education, Skills and Health" of the PDP. The department is projecting to spend R77.640 billion over the 2021 MTEF. In 2021/22, the budget decreases by 8.2 per cent to R26.430 billion due to baseline reductions of R2.407 billion (and R8.395 billion over the 2021 MTEF). However, included in 2021/22 is the additional allocation of R1.039 billion to fight the COVID-19 pandemic, including rolling out the COVID-19 vaccination programme. Further additional allocations amounting to R78.690 million in 2021/22, R79.589 million in 2022/23 and R80.354 million in 2023/24 was reprioritised by the province for Health budget pressures to fund non-negotiable items. Furthermore, an amount of R764 million is allocated in the outer year for the carry through costs of the funding provided in the 2018 MTEF for Compensation of employees Payables for the department as at 31 December 2020 were at R1. 163 billion. The department managed to pay 65% of payables due at 31 March 2020, which were R3. 281 billion. This is of concern to the Committee as it compromises the credibility of the department's 2021/22 budget. What was the situation as at 31 March 2021?	The department did not manage to settle payables for accruals due to insufficient budget (more than 50% of the R1.1 billion is due to Department of Justice, smaller percentages for NHLS and SITA). At year-end an amount of R1.206 billion was not paid.

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	At 31 December 2020, the department had overspent by R820.265 million due to the following: • Unfunded additional COVID-19 appointments Cost of R256.1 million. The department was allocated an additional funding to appoint 6 393 officials (993 nurses and 5 400 CHW) for COVID-19. However, to date the COVID-19 appointments is 7 755 officials; Unfunded carry through costs of appointing 55 medical interns, as directed by National Health, currently projected at R18.779 million for the year; and • Unfunded costs from indirect funding from the President's Emergency Plan for AIDS Relief (PEPFAR) currently projected at R24.160 million for the year. What action has been taken regarding these unfunded appointments as well as PEPFAR costs, will they affect the department's 2021/22 budget?	Unfunded costs will have a negative effect on the 2021/22 budget. COVID-19 Appointments: As at end April 2021, no unfunded COVID-19 Appointments were carried through to the new financial year 2021/22. As things stand, they are not expected to affect the 2021/22 budget. All COVID-19 appointments were on contract basis ending 31 March 2021. However, the 5 400 Community Health Care Workers (CHW) contracts were extended for 12 months at a projected cost of R228 900 million. The 993 Nurses and other Medical allied and support services workers, 1 956 contracts were extended for 3 months to end June 2021 at a projected cost of R186 792 million. These contract extensions will be funded from the additional funding of R1.039 billion which was specifically allocated for COVID-19 which can be further broken down into: • R484.9 million for compensation of employees (carry through costs of COVID-19 appointments) and • R554.2 million for good and services (Vaccine Supply, Medicine, Medical Supplies, waste disposal, NHLS for on-going tests). • President's Emergency Plan for AIDS Relief (PEPFAR): The department will continue to engage the National Department of Health (NDOH) to ensure that indirect funding flows into the province timeously, as per the Service Level Agreement. As per the PEPFAR agreement, provinces must incur expenditure for the programme and on quarterly basis submit a claim (in the form of proof of payment) to NDOH to be reimbursed.
	Medico-legal claims continue to consume a substantial portion of the department's budget. Much as reports on strategies to reduce these have been presented to the Committee, it is rather concerning that implementation seems to be a drawn out process, and seem to be having limited impact. Additional to this concern is a possible evolution of the modus operandi of the fraudulent claimants which with time may render the strategies ineffective. May the department remark on this?	At the outset, for the clinical aspects, which is focused on reducing medical negligence incidents by HR, ICT, Records etc, it was anticipated to take 3-5 years before the visible impact of the interventions would filter through. For the legal strategy, it was also expected there would be a delay since litigation is a claimant-driven process. Delaying the resolution of cases does assist the liquidity crunch that DOH faces. The early feedback of the impact of the legal strategy has been a significant reduction in PAIA requests from an average of 1,400 per annum to approximately 300 for the 2020/21 financial year. (PAIA requests are seen to be an early indicator of potential medical-legal claims). The strategy of the investigation of medico-legal matters is predicated on Treasury's mandate in s18(2)(f) of the PFMA and focusses on the financial aspect of the cases. The investigation strategy was designed around this focus. While the delayed capacitation of the investigation capacity has impacted on the number of cases that have been referred for criminal prosecution to date, the investigation methodology took into account the risk of the possible evolution of the modus operandi of the fraudulent claimants.
	The budget allocation is for addressing social challenges directly linked to poverty in communities, which include prevention of substance abuse, childcare and protection, care of older persons, crime prevention and support services as well as victim support services. This is in line	The department has finally paid OSD in April 2021 amounting to R76.469 million to all qualifying personnel in the department. Validation process by internal audit was done. National Department of Social Development was consulted to verify the calculations and Auditor General reviewed the process of OSD and

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	with Priority 4 “Consolidating the Social Wage through Reliable and Quality Basic Services” of the PDP. The department is projecting to spend R9.252 billion over the 2021 MTEF. In 2021/22, the budget decreases by 5.1 per cent to R3.054 billion due to baseline reductions of R329.050 million (and R1.167 billion over the 2021 MTEF). In 2021/22, the CoE budget increases by 3.9 per cent from R1.792 billion to R1.862 billion due to provision for pay progression and implementation of OSD as well as reclassification of EPWP conditional grant from households to COE. May the department comment on this seemingly drawn out OSD process in the department? This is a matter which the provincial government was engaged in, more than 5 years ago.	their auditing was based on the completed work done by the department.
	The budget allocation is for improving safety and security in line with Priority 5 “Social Cohesion and Safe Communities”. The department is projecting to spend R311.719 million over the 2021 MTEF. In 2021/22, the budget decreases by 3.8 per cent to R105.010 million due to the baseline reductions amounting to R13.369 million (and R47 457 million over the 2021 MTEF). The department is piloting the Court Watch Brief programme which entails analysing all Gender Based Violence (GBV) dockets that have either been thrown out of court or withdrawn for purposes of a possible review and returned back into the court roll for conclusion. Much as this effort is appreciated, DNA testing remains one of the cornerstones in the prosecution of GBV cases. What progress have been made by the Province in ensuring that such facilities are available within the Province?	There would be a joint team led by both the MEC for Safety and the MEC for Health, who would be the political leaders for the DNA lab project. The political heads would report back to EXCO on this matter in the future. This is a nationally driven process. Tender process began in September 2020. A site presentation was scheduled for December 2020, but due to COVID-19 positive cases it could not take place. There is however no date set for the presentation at this point.
	The budget is aligned to Priority 1 “Economic Transformation and Job Creation” of the PDP, through playing a custodian role of provincial government immovable assets and being a coordinator and provider of sustainable infrastructure, resulting in socio-economic transformation and development. The department is projecting to spend R7.418 billion over the 2021 MTEF. In 2021/22, the budget grows by 2.5 per cent to R2.505 billion due to baseline reductions of R189.551 million (and R689.025 million over the 2021 MTEF). The Department of Public Works states that, “The department will intensify its transformation programme by: Transfer of functions from various departments whereby the department will continue to engage all the relevant stakeholders. Does this imply that infrastructure units located in various departments will be transferred to Public Works, as the department intends to transform from Public Works to be a Public Works and Infrastructure? If so, what timelines are in place for this transformation?	In terms of Public Service Regulation 32, transfer of functions from various departments includes the staff that were performing the function. However, the functions to be transferred have not been formally proclaimed and gazetted by the Province. What has been gazetted (Gazette No 44416 of 06 April 2021) relates to name change only and does not indicate the functions to be transferred. Timelines will be informed by the formal mandate.
	In his speech the Premier pronounced that, “This year will see the completion and handover of the government Office Park in Maletswai, Komani and Mt Frere as we consolidate Government Office Precincts strategy in Mt Ayliff, Addo and Bhisho in partnership with Infrastructure South Africa. Due	Bhisho Office Precinct: The DPWI in association with Provincial Treasury requested approval from National Treasury for a deviation from normal procurement procedures for a limited bidding process with four SOE’s (Public Investment Corporation, Independent Development Trust, Coega Development

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	to the Covid19 pandemic that negatively impacted many of our plans, we had to review office space needs for the Bhisho Office Precinct. I am happy to announce that the protracted litigation on the Bhisho Erf 1 which many of you know as Amatola Sun has been settled." Can the department brief the Committee on developments regarding the Bhisho Office Precinct, what is in place, what progress has been made, as well as plans regarding Bhisho Erf 1?	Corporation and Development Bank of South Africa). The letter was issued by Provincial Treasury to National Treasury and the DPWI is awaiting a response on the application. Amatola Sun – Approval requested from the Office of the Premier for long term land leasing and awaiting response.
	Four projects older than 5 years, worth R198 million, 3 projects of which were extended, due to contractors failing to meet all contractual obligations. This failure to meet contractual obligations and underperformance by contractors is mainly provided as the reason for extended construction periods. This also the case with the DoE with projects older than 5 years, worth R694 million. What has the Provincial Treasury and affected departments done to eradicate this poor performance?	PT has implemented Infrastructure tools which attempt to check whether Infrastructure projects are adequately budgeted for using the District Development Model Template. However, this still does not give Provincial Treasury the assurance that payments to contractors, which affects contractor performance, will be settled timeously by the Accounting Officers of the Infrastructure Department. As a means of monitoring, Provincial Treasury utilizes the Infrastructure Reporting Model (IRM) to track project performance on a monthly basis and also reports on such performance to the institutional structures for escalation.
	Rental from residential properties as well as their disposal is one of the revenue streams contributing towards own revenue maximization. Can the department brief the Committee on developments on the disposal of these properties as well as improvements on efficiencies with regard to rental collection? What is the residential property portfolio vacancy rate in the 2 metros and the province's secondary cities/towns which are Mthatha, Komani and Makhanda?	According to Public Works: • The DPWI commenced with disposal of residential properties in KSD and Raymond Mhlaba Municipalities. Market related valuation assessments are in progress. Occupants will commence signing Offers to Purchase for the disposals to be finalised. • The DPWI does not have a vacancy rate in the current residential portfolio. The lack of adequate revenue stream related to the historic payment of rentals rates as per the DPSA Housing Policy and resistance to payment of market related rentals. The PT has not yet conducted a technical conditional assessment of the buildings to determine the actual cost for maintenance strategy.
	The budget is for facilitating and coordinating quality housing access, integrated and sustainable human settlements that offer communities a better living environment across the province; rural development; informal settlement development and upgrading; provision of title deeds to beneficiaries and provision for connecting households to basic water and sanitation, as well as improve rental and social housing access. The department's budget is aligned to Priority 8, whose objective is "Sustainable Human Settlements and Improved Quality of Household Life", with the aim of developing quality human settlements for dignified social and economic livelihoods and human development. The department is projecting to spend R7.207 billion over the 2021 MTEF. In 2021/22, the budget increases by 3.0 per cent to R2.325 billion due to baseline reductions of R61.324 million in 2021/22 (and R215.896 million over the 2021 MTEF). In the Second Adjustments budget tabled at the Legislature, it was advanced that an amount of R338 million from the Human Settlements Development Grant (HSDG) has been stopped by the National Department of Human	Poor performance by the department was mainly due to COVID-19 lockdowns and poor performance by the contractors as well. The department has now decided to go on a sustainable intervention plan to utilize services of municipalities as implementing agents. At year-end, 31 March 2021 the department recorded an under expenditure of R352.208 million of which the department has applied for a rollover of R292 million. In 2021/22, the allocation for the Human Settlements Development Grant (HSDG) is R1.491 billion which is reduced by 11.2 per cent from the revised estimate of R1.679 billion. The underspending incurred by the department can be attributed project delays caused by the COVID Lockdown, material shortages as well as delays in the beneficiary registration process. Internally the department's procurement processes were also delayed. The support provided to the department focused on quick-win areas that the department could implement in order to turn-around performance. The areas included the filling of key vacant positions, the convening of procurement committees and processing of projects by the procurement unit. The department coordinated efforts to recoup performance through active projects at the districts while

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	Settlements because of continuous underspending by the grant in 2020/21. This decision was taken after consultation with the Eastern Cape Department of Human Settlements. The province is working on a sustainable intervention plan in order to alleviate this in future. Can the department brief the Committee on the reasons for this poor performance and provide the Committee with details of the intervention plan referred to? As at 31 December 2020, the department was projecting to underspend by R113 million, what was the total under-expenditure at the end of the financial year? Has this under-expenditure been factored into the 2021/22 budget?	prioritising implementation of planned projects. The department spent 81.1% of its HSDG thereby underspending by R278.984 million this is attributed to the non-performance on the Upgrade of Informal Settlements Programme which had an allocation of R270 million allocation. The implementation of the UISP grant could not be realised despite a change in strategy by the department as it had initially intended to implement UISP in the role of the developer. This strategy was subsequently changed in January 2021 when the department opted to contract with municipalities.
	The budget allocation is for, amongst others, the upgrade, rehabilitation and maintenance of provincial roads, the extension of subsidised buses, the transportation of qualifying learners to the nearest public school and the empowering of emerging contractors. These are in line with Priority 1 "Economic Transformation and Job Creation" as well as Priority 4 "Spatial Integration, Human Settlements and Local Government" of the PDP. The department is projecting to spend R15.109 billion over the 2021 MTEF. In 2021/22, the budget increases by 4.5 per cent to R5.161 billion due to baseline reductions of R240.9 million in 2021/22 (and R875.007 million over the 2021 MTEF). However, included is allocation of R28 million in 2021/22 rescheduled from 2020/21 for the Middleburg Traffic Control Centre as well as the R231.661 million allocated additional for the Provincial Roads Maintenance Grant. Transfers and Subsidies increased from R490.753 million in 2017/18 to R593.891 million in the 2020/21 revised estimate due to additional allocations for Mayibuye Transport Corporation (MTC) and AB350 for the implementation of additional routes. Which additional routes have been implemented, as a submission from the Portfolio Committee on Transport suggests that MTC is ever cutting their routes due to shortage of budget and less revenue generated?	There are no additional routes for both Mayibuye and AB350. The increase in budget over time is as a results of rates adjustments for bus companies that receive financial assistance and the application of the escalation factor to the rates for all these years.
	The Scholar Transport budget for the 2021/22 financial year is R688 million, a 0.6% increase from the 2020/21 revised estimate. However, the department seems to be ever receiving request to transport more scholars but this is difficult to come to reality due to budget constraints. • Can the department remark on this demand? • How consistent is the scholar transport budget with the apparently declining pupil enrolment numbers as well as the building of hostels? The Committee believes there should be a correlation between these.	Scholar Transport is still receiving requests from the Department of Education to provide transport for learners from schools that have been rationalized. But due to budget constraints, the Department is unable to consider these requests. Department of Transport, through the Scholar Transport programme, is not aware of any decline in pupil enrolment numbers as the department only receives a database of qualifying learners identified by Education. However, the department does undertake learner verification exercises so as to be able to account for the learners benefiting from the programme and align these numbers with the budget available. Furthermore, Education has not completed any hostels to accommodate some learners being provided with transport currently and therefore no correlation exists.
	The Office of the Premier is projecting to spend R2.944 billion over the 2021 MTEF. In 2021/22, the budget increases by 9.3 per cent to R1.032 billion, due to additional funding of R71 million for a total funding of R186 million Small Town Revitalisation (STR)	The Small Town Revitalization (STR) projects have been subjected to site visits. However, due to the COVID-19 pandemic, PT has stopped with site visits and instead the Infrastructure Reporting Model (IRM) is now used as a means of monitoring project performance. PT is dependent on the department as the spending

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	programme as well as the shifting of funds from DEDEAT for Isiqalo Youth Fund at R34.088 million and Oceans Economy Masterplan at R3.567 million. Over the 2021 MTEF, the STR programme gets additional allocation of R123 million in 2022/23 and R183 million in 2023/24. Are the STR projects also subjected to the Provincial Treasury infrastructure site visits, is there value for money in the projects?	is verified by the quality assurers. Payment is made based on the certification of work done by the quality assurers.
	The OTP has been underspending in the past financial years. In 2018/19 the OTP posted an under-expenditure of R153 million and in 2019/20 the under-expenditure was R241 million. This under-expenditure was then attributed to delays in the implementation of the Broadband project. Does the department have the capacity to manage additional projects like the Isiqalo Youth Fund as well as the Oceans Economy master plan which have since been shifted from DEDEAT? What justification was advanced for this shifting?	With respect to capacity to manage these additional projects, OTP indicated that they are in the process of reviewing its organisational structure to align it with the new functions that have been assigned to it as well as policy imperatives of the sixth administration. The demand for additional capacity to deal with new functions is being considered as part of the organisational review. OTP has indicated that the justification for the transfer of these projects is due to the transversal nature of the master plan and therefore OTP is more suitable to coordinate other departments than DEDEAT. Hence the transfer of the coordination function of the Oceans Economy. Furthermore, Isiqalo Fund was moved to the OTP to ensure alignment of that Fund with the Youth Directorate. This also meant to address efficiencies in the disbursement of fund to youth entrepreneurs.
	The Legislature is projecting to spend R1.649 billion over the 2021 MTEF. In 2021/22, the budget decreases by 7.9 per cent to R553.250 million due to baseline reductions of R46.646 million in 2021/22 (and R169.159 million over the 2021 MTEF). However, included is an additional allocation for 2021/22 of R5 million for Constituency allowance funding through the reprioritisation by the province. Furthermore, an amount of R7.359 million is allocated in the outer year for the carry through costs of the funding provided in the 2020 MTEF for Compensation of employees. Payments for capital assets increased from R6.810 million in 2017/18 to the revised estimate of R16.607 million in 2020/21 due to provision for Enterprise Resource Planning system. In the 2021/22 financial year, budget for the capital assets will decrease by 50 per cent due to delays in procurement of capital assets. Can the department brief the Committee on progress made on the Enterprise Resource Planning System, as well as upgrading of the Legislature ICT infrastructure, these projects have been long running and are of significance in the virtual meeting environment? Can the department provide the reasons behind the delays in the procurement of capital assets, which the Committee believes include computers and laptops, which should be a priority in the current Covid-19 induced working environment?	Status of ITC Projects: Enterprise Resource Planning (ERP) • The tender will be evaluated by the Bid Evaluation Committee and on completion will be submitted to Bid Adjudication Committee (BAC). • The BAC Meeting is planned to be held by end May 2021 pending BEC finalisation by BEC. • The BAC will be an open process inviting internal and external stakeholders: Management, Bidders, MPLs, Probity Auditors and Treasury to observe the BAC process. ICT Server Infrastructure • Bid was advised earlier in 2021, however due to poor responses from prospective service providers, SCM will have to re-advertise the bid. ICT Network Infrastructure • Bid was advised earlier in 2021, however due to poor responses from prospective service providers, SCM will have to re-advertise the bid. • Delays in procurement of Capital Assets in financial year 2020/2021 The procurement of the capital assets was planned for the 2021/2021 financial year. However, due to the Covid-19 (C-19) pandemic level 5 lockdown that was imposed in March 2020 and the progressive lockdown levels, has negatively impacted on the Legislature rolling out its procurement plan. • The procurement of capital assets procurement plan includes the ITC upgrades and ERP system.

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<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td></td><td>Consequently, the C-19 lockdown restrictions resulted in the underspending of R15.3 million of the budget during the 2020/2021 financial year.
The remaining Capital Asset budget of R15.3 million for the 2020/2021 financial year has been ring-fenced and will be rolled over to the current financial year 2021/2022.</td></tr>
<tr><td></td><td>The Provincial Treasury is projecting to spend R1.252 billion over the 2021 MTEF.
In 2021/22, the allocation increases by 5.4 per cent to R406.490 million mainly due to budget reductions effected in 2020/21 in response to the global COVID-19 crisis thus reducing the revised estimates.
Notwithstanding, the baseline reductions in 2021/22 amount to R56.413 million (and R201.070 million over the 2021 MTEF). Included in the allocations over the 2021 MTEF is the rescheduling from 2020/21 of R5 million to 2022/23 for the Infrastructure Support and the R8.475 million to 2023/24 for the Municipal Interventions.
Furthermore, an amount of R5.600 million is allocated in the outer year for the carry through costs of the funding provided in the 2020 MTEF for Compensation of employees.
Of concern to the Committee is that the department has underspent its budget for the past 9 financial years</td><td>The concern of the Committee is noted. However, the brief analysis below shows that the department has improved on Compensation of Employees and Transfers and Subsidies. Goods and Services was largely affected by Covid-19 in the last financial year. This resulted in certain projects not being implemented thus resulting in under expenditure.
The high levels of under expenditure for Provincial Treasury were recorded in 2015/16 with 31.1 and declined to 5.5 per cent and 4.7 per cent respectively in 2016/17 and 2018/19 respectively. In 2019/20, the under expenditure escalated to 6.1 per cent. In other years, including 2020/21, the under expenditure has been relatively low compared to the mentioned years, thus slightly higher or lower than the 2 per cent threshold by National Treasure. Annexure B is attached for the details.
The high levels of under expenditure in the specific years mentioned above was mainly registered in Compensation of Employees, Goods and Services, and Transfers and Subsidies.

Compensation of Employees

The department has registered an average of 2.3 per cent of under expenditure from 2012/13 to 2017/18. This has declined to an average of 0.6 per cent in 2018/19 to 2020/21. In the previous early years, the department was in the process of reviewing its organizational structure and thus had a moratorium in filling posts except for the critical post until the processed was finalized. Once the process was finalized, the department embarked on an accelerated recruitment drive and thus reduced the number of months taken to fill vacant posts. This reflects PT improvement on its recruitment processes as well as on the expenditure and will continue improving.

Goods and services

In 2020/21 it was mainly the impact of COVID-19 on departmental projects and activities. In 2019/20 it was mainly delays experienced with forensic investigations as well as the Provincial Expenditure Performance and Supply Chain Management Review project conducted by GTAC. In 2016/17 and 2018/19 underspending mainly pertains to delays experienced with organisational development, Business Process mapping and SEZ Analysis projects and travel and subsistence due to the cancellation and rescheduling of official engagements, resulting in savings. In 2014/15 it was mainly due to postponement of</td></tr>
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		financial management trainings aa a result of non-availability of departmental candidates and service providers. In 2013/14 it was mainly due to challenges experienced with regard to Vision 2030 second phase implementation affecting consultancy fees, advertising, communication and travelling expenditure. In 2012/13 underspending was mainly due to delays in the completion of the Planning Commission projects affecting communication, consultancy fees, catering, travelling costs and venues and facilities. Transfers and Subsidies The bulk budget in 2015/16, was allocated funds for social infrastructure, which included rural roads, electricity and drought intervention projects. These projects were implemented through municipalities, and there were delays experienced due to poor performance as well as cash flow challenges experienced by contractors. Though the projects faced some challenges, there were performance improvements reflected by a decline in the under expenditure recorded under Transfers and Subsidies in 2015/16 from 52 per cent to 7 per cent in 2019/20.
November 2021	Of the 4 subprogrammes reported on, two did not achieve the set targets for the period under review. This is attributed to: • Incomplete Portfolio of Evidence received due to non-achievement of some indicator targets. • Delays were experienced on the remaining two audits due to staff illness and effects of the rotational work environment. The PT advances that additional hours will be worked in order to complete the tasks. Would it be correct for the Committee to assume that these will not be on an overtime basis?	The Internal Audit unit will make up lost time due to illness and the rotational work environment without charging overtime to the department.
	Even though the department obtained a clean audit, control findings were raised by the AG on ICT, Asset Management and leave management. What plans are in place to eliminate these control findings?	A detailed audit intervention plan has been developed to respond to all management and audit report matters raised by the AGSA. This will be monitored on a monthly basis by the Internal Control Unit including submission of portfolio of evidence.
	The department reports that "With the easing of the lockdown regulations in the country to alert level 1, the Programme has taken a stance to adopt and continue with these virtual platforms in the foreseeable future to promote effectiveness and efficiencies with regards to cost containment." This is commended, the Committee is aware that this programme is internally focussed while the other 4 programmes have transversal responsibilities. Is this adoption of virtual platforms restricted to this programme or will it be extended to other programmes in the department?	The adoption of virtual platforms is a department-wide approach and not necessarily confined to Programme 1.
	The provincial government spends a fortune on rental of office space, are there any lessons learnt during the Covid-19 enhanced lockdowns towards remote working and hence reduction of provincial rental spend? This is non-service delivery oriented expenditure.	The departmental employees were able to work remotely which meant the non-utilization of offices. The lesson learnt was that some work was done efficiently without any bottlenecks whilst employees worked remotely. It has been observed that in some instances work could not be done remotely due to the sensitive nature of those areas of work. Even though there were savings on usage of telephones, an increase on data usage was experienced. It means therefore the issue of space allocation and rentals will be assessed.

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	The department reports that a total number of 72 employees have been vaccinated as at end September 2021. Of a staff complement of 423, is this the total number of employees vaccinated? This is a mere 17% of the staff and well below the national target of 67% by the end of the financial year. May the department comment on this? Province has vaccinated 57% of population during the period.	Since the compilation of the previous report, the number of those that have vaccinated has increased to 127 employees. The number supplied previously was based on statistics received from GEMS. It therefore excluded employees that utilised other medical aid schemes and public facilities for vaccination, most of whom have not disclosed their vaccination status to the department. Furthermore, the disclosure of vaccination status, while it has been widely encouraged in the department, is not compulsory, hence some employees still keep it as a private matter. The current indications are that the number of those that have vaccinated and have not disclosed their vaccination status is higher than the number of those that have disclosed their vaccination status. The department is currently looking into various ways of incentivising disclosures by those who have vaccinated without infringing on the rights of those who have elected not to disclose.
	May the department brief the Committee on developments regarding the Budget Facility -Infrastructure, the engagements between the MEC, NCOP, National Treasury, OTP and any other requisite bodies to drive this and any other engagements the MEC may have in advancing the needs of the Province.	The province had appointed Coega to undertake the project packaging so that the Province is able to participate in the BFI processes and to improve the access to Budget Facility for Infrastructure (BFI) and Sustainable Infrastructure Development Symposium (SIDS) opportunities. Budget Facility for Infrastructure The BFI seeks to funds large and strategic projects exceeding R3 billion in the education, health, human settlements, water and sanitation, energy, communication and transport sectors. Preparation towards submissions for the 4th Bid Window in 2020, commenced in February 2020. Prior to submitting to NT, the proposals were jointly reviewed by PT, OTP, ECSECC, DEDEAT and ECDC. EC has submitted 12 proposals amounting to R41.397 billion with one submission being a resubmission from the 2019 Bid Window. There were also 3 Requests for Assistance from DRDAR, Nyandeni and Matatiele Local Municipalities have also been submitted. In respect of Window 5, the following projects have been short listed for technical evaluation: Agriculture & Agro-Processing: • Integrated infrastructure for Marine tilapia industry programme. • Chris Hani development agency agro-processing. • Water and Sanitation: Nelson Mandela bay water security programme • Human Settlements: Nelson Mandela Bay Municipality N2 Nodal Development Precinct • Information Communication & Technology: Amathole District Municipality Broadband Programme • Special Economic Zone: Coega Seawater pipeline. • Coega Desalination Plant and Bulk Infrastructure. • Wild Coast SEZ. Sustainable Infrastructure Development Symposium (SIDS) • The province had submitted funding requests with an estimated total investment amounting to R123 billion for 20 projects inclusive of two multi-province projects. To date 3 projects have been gazetted as additional Strategic

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		Integrated Projects (SIP's) by the Presidential Infrastructure Coordinating Commission Council. In addition, the Province has projects that have been shortlisted for technical evaluation as follows: • Mkhambati Junior Primary School • Eastern Cape Hostels and Special Needs School Upgrade Programme • BCMM Duncan Village and Greater Buffalo City Informal Settlement Upgrade • Umzimvubu Multipurpose Development Water Project • Port St Johns Small Harbour Development • Makana Water and Sanitation Projects • Ndlambe Water and Sanitation Projects • Ncora Irrigation Scheme • Port St Johns/Lambasi/Zanyokwe/Ngqushwa Irrigation Schemes • Bhisho Office Precinct and State Accommodation • Small Towns Revitalization Programme (Addo, Mount Ayliff - Emaxesibeni Office & Housing Development) • EL Port Development • Mbhashe Marine Tilapia Incubator and Integrated Marine Aquaculture Cluster • N2 Nodal Development • Rural Roads Programme • Uitenhage/Despatch/Kwanobuhle Informal Settlement Upgrade • Gauteng – EC High Capacity Rail Freight Corridor • El IDZ Aquafarm • Magwa + Majola Tea Enterprise • Southernport PE Waterfront Development
	The department conducted a study which made recommendations on joblessness in the province. May the department share these with the Committee?	PT does a desktop analysis on STATS SA quarterly labour force survey tracking and reporting on national and provincial labour force performance. A summary report is then produced on a quarterly basis
	The annual target for CoE ratio is 63:37 which would be an improvement from the 64.8: 35.2 realised in 2020/21. May the department comment on the finalisation or non-finalisation of departmental organograms? Is it correct for the Committee to assume that, in provinces, the DPSA and OTP are part of the structuring/restructuring of organograms in departments? Who guides the structuring/restricting of organograms in Legislatures? If the DPSA and OTP are not part of the process, how then is this guided?	OTP is responsible for the finalisation of departmental organograms including the timeframes. The Committee is correct that DPSA and OTP are part of the restructuring of Organograms in the province. The norm for reviewing organograms in the Public Service is that organograms should be reviewed at least every 5 years, unless there are changes in the mandate, in which case it should take place at the time of the change in the mandate. The following departments have reviewed their organograms in the past 5 years: Office of the Premier (OTP); Health (partly – Head and District Office level, not at the institutional level); Education; DEDEAT; Human Settlements; and DSRAC. The following are in the process of reviewing their current approved organograms: OTP;

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		Health; Social Development; Public Works; COGTA; DRDAR; Transport; Provincial Treasury and Safety and Liaison. The DPSA and OTP are part of the organogram process. The OTP supports the restructuring process in departments and, upon completion thereof, validates the draft organogram in the terms of DPSA prescripts. The organogram is then sent to DPSA for concurrence, according to which the Minister for the Public Service and Administration considers the organogram and indicate support for the proposed organogram or propose further amendments. The organogram is finally approved by the Executive Authority of the relevant Department. Legislature is the independent arm of the State which does not fall within the Executive. DPSA and OTP are therefore not part of their organogram review processes (unless they are requested to provide guidance or support). Legislatures could therefore benchmark with each other and National Parliament during their organogram review process. Legislature is guided by the Remuneration of Public Office Bearers Act, 20 of 1998 as well as the Commission that has been appointed by the President in all personnel related matters. In the Eastern Cape Provincial Legislature, it is the purview of the Rules Committee to decide on the issues related to the organogram review. However, ECPT wrote to National Treasury requesting Intergovernmental Relations Forum of Legislature and Parliamentary sector and Treasury sector to sit and discuss amongst other things the cost of living adjustments as well as the resourcing of the sector.
	A net amount of R32.019 million on conditional grants was not received for the period ending September 2021, reason for this are mainly: • Failure to spend at least 25% in the first quarter • Failure to report on projects registered • Delays in signing of business plans Concern was previously raised by the Committee on these. The Provincial Treasury should follow up on this. This may lead to under-expenditure by financial year end and thus detract from the provincial plea of an increased provincial share of the national fiscus made year in and year out at the NCOP by the province.	The Department of Public Works, as part of its coordination efforts, will continue to implement the following interventions to improve the spending and reporting of the EPWP grants: • Continuous one on one engagements with Public Bodies; • Continuous provision of Technical Support to Public Bodies; • Conduct continuous EPWP Grant workshops to Public Bodies within the Province; • Assist Public Bodies to comply with the DORA requirements; • Assist Public Bodies in the collection of data for reporting; and • Assist Public Bodies on the reporting of W/O created through the Grant and other funding sources. The above interventions will assist that tranches are not withheld due to incorrect usage of project identifier/ code when reporting and non-compliance to the DORA requirements. Furthermore, the Department has established functional structures at all spheres with the Provincial Steering Committee as well as Sector Committees (Infrastructure, Social as well as Environment & Culture) where appointed Public Leaders converge to reflect on progress on the implementation of the programme, share performance, best practices and discuss policy related matters. The structures reports progress and elevate challenges that cannot be resolved at its level to upper structures. In addition, PT on its oversight function will continue making follow ups with departments as part of monitoring expenditure on a monthly basis.

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	On CoE the provincial expenditure to date for this item amounts to R28.018 billion or 51.8 per cent of the allocated budget of R54.044 billion resulting to a projected material overall over expenditure of R588.067 million. Furthermore, the expenditure takes into account part of the wage agreement for 2021/22 where departments paid the cash allowances to salary staff from level 1 to level 12. The 1.5% pay progression has not yet been paid by departments and will be paid once been implemented by National Treasury. May the department comment on this, what implications are there for the province should the pay progression be implemented?	The province has budgeted for 1.5 per cent increase for the pay progression of officials that qualify in terms of the performance management development system. This budget provision for the pay progression, however, does not include all personnel in the province that is covered in the wage agreement. The province therefore has to pay the 1.5 per cent increase for the pay progression of officials that are on the maximum notch and those that do not qualify for 1.5 per cent pay progression in terms of the performance management development system. This has resulted in an extra budgetary pressure for the province for which the NT has not provided funding for in the 2021/22 Adjustments Budget.
	On Goods &Services, the Department of Education is projected to overspend, it is reported that, "this is mainly attributable to a decision made by the department to prioritize the payment of previous year's commitments on various items purchased such as the roll out of tablets for learners, the continued implementation of Learner Attainment Improvement Strategy (Agencies and Support) and teacher laptop initiatives (Communication) etc." May the department comment on this as the statement suggests that this was done without the PT approval? Were any ring-fenced funds used for this reprioritisation by the Department of Education?	The department had a total budget allocation of R244.039 million appropriated for Agency and Support Services, of which R624.517 million was spent as at end September 2021, thus recording overspending of R394.910 million. Included in this spending is R257.187 million incurred in respect of Learner Attainment Improvement Strategy (LAIS) which emanates from the payment of previous year commitments. Also, spending on Communication amounted to R87.993 million against appropriated budget of R63.880 million, recording excess spending of R54.007 million. According to the system (BAS), a significant amount of R271.877 million earmarked for leaner teacher support material (LTSM) was shifted towards alleviating these pressures without prior approval being sought. As per September IYM Model, LTSM recorded a total expenditure of R359.522 million against R598.128 million, leaving R31.850 million still to be spent for the remainder of the financial year.
	On Transfers and Subsidies, the department reports that, "Transport overspent by R42.937 million due to the payment of R8 million to MTC which was not projected. This payment was made in order to assist MTC to procure SIGA Capital Asset Finance buses from ABSA bank. The buses were previously leased by MTC from SIGA Capital Asset Finance and Lease Solutions (PTY) LTD and SIGA had a master contract with ABSA. However, SIGA did not pay the instalments to ABSA, and in order to save from repossession of these buses, MTC had to pay ABSA." What becomes of SIGA Capital Asset Finance and Lease Solutions (PTY) LTD?	PT received a Bi-Weekly Progress Update Report on the SIGA Arbitration / ABSA Acquisition of Buses. The latest report October 2021 indicates that the MTC awaits a report on whether SIGA is financially distressed or not, which is due on the 30 November 2021. MTC instituted arbitration processes in March 2021 in order to claim the R30 million that is owed by SIGA in line with the claims established. The arbitration process was halted in June 2021 in order for the Corporation to concentrate on negotiating with ABSA and to circumvent the operational damage of the repossession of buses, which are in the possession and use by MTC. The arbitration process was revived in August 2021 with a pre-arbitration hearing scheduled for the 23 August 2021. However, the session did not continue as SIGA filed an application for business rescue proceedings of which such notice was provided to MTC Attorneys on the 23 August 2021 before the pre-arbitration hearing.
	At the beginning of the financial year, the following allocations were made guided by the Provincial Economic Development Strategy (PEDS), the Provincial Economic Stimulus Fund (PESF), the COVID -19 economic recovery relief and the provincial Jobs Stimulus fund: • R40 million for Informal sector scheme by ECDC • R8.900 million for Incubation for Entrepreneurs and Graduates in Digital Economy by ELIDZ	Non-Infrastructure: • R40 million for Informal sector scheme by ECDC • R8.900 million for Incubation for Entrepreneurs and Graduates in Digital Economy by ELIDZ • R7.894 million by SMME Virtual Ecosystem of Support by ECDC • R1.500 million for SMME Product & Process Certification Support by ECDC

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	• R7.894 million by SMME Virtual Ecosystem of Support by ECDC • R2.829 million for Wild Coast SEZ - security fencing to prevent land invasion by CDC • R1.500 million for SMME Product & Process Certification Support by ECDC • R123.752 million for Coega Abalone Farm by CDC • R 76.885 million for Dimbaza Industrial Parks by ECDC • R 39.345 million for Wild Coast SEZ by CDC, with an additional R40 million being an indicative commitment by DTIC for bulk infrastructure development within the proposed zone. • R27 million for Job Stimulus Fund by ECDC • R25 million for film industry development by ECPACC • R13.741 million for Informal Trade Infrastructure - Mt Ayliff by ECDC • R 8.500 million for Grain Industry Development Value Chain by ECRDA • R31.621 million for Reserves Upgrade by ECPTA • R0.985 million for Queensindustria electrification by ECDC • R34.088 million for Isiqalo Youth Funds by DEDEAT • R 4.872 million for Gas to Power by CDC These projects are meant to alleviate joblessness in the province as well as stimulate economic growth. What progress can be reported regarding these?	• R27 million for Job Stimulus Fund by ECDC • R25 million for film industry development by ECPACC • R8.500 million for Grain Industry Development Value Chain by ECRDA • R31.621 million for Reserves Upgrade by ECPTA • R34.088 million for Isiqalo Youth Funds by DEDEAT Infrastructure: • R2.829 million for Wild Coast SEZ - security fencing to prevent land invasion by CDC • R123.752 million for Coega Abalone Farm by CDC • R76.885 million for Dimbaza Industrial Parks by ECDC • R 39.345 million for Wild Coast SEZ by CDC, with an additional R40 million being an indicative commitment by DTIC for bulk infrastructure development within the proposed zone. • R 13.741 million for Informal Trade Infrastructure - Mt Ayliff by ECDC • R 0.985 million for Queensindustria electrification by ECDC • R 4.872 million for Gas to Power by CDC
	With regards to Rationalisation of Public Entities, formal letters were written to all concerned entities and their controlling departments requesting a session for them to present to PT their project plans and process maps so that they could be synchronised with the master project plan for rationalisation project. Upon finalisation and approval of these plans by EXCO, the project plans and process maps should be submitted to the Committee for oversight purposes. What time frame does the department commit to with respect to this finalisation as well as submission?	All affected Public Entities with the exception of DEDEAT have submitted their Project Plans to PT. PT will submit a consolidated Project Plan to EXCO in January 2022 which will allow time for DEDEAT to also submit. PT will report progress of the rationalisation to the PCF on a quarterly basis.
	The department reports that, "In terms of monitoring financial misconduct cases to ensure reporting and finalisation, the provincial administration reported a cumulative 880 cases as at 31 March 2021. Out of these cases, 290 cases had taken a total average time of 458 days to finalise. Five hundred and ninety (590) cases were pending for a total average time of 1 051 days by the provincial administration." and that "Departments that were contributing to the improvements in finalising cases are DPW, DRDAR and DOT and this improvement can be attributed to the commitment by investigators as well as senior management in setting the tone of a strong control environment at the top." Of these pending cases are the relevant Portfolio Committees aware of the pending cases	The Provincial Treasury requires departments to submit their updated financial misconduct register on a quarterly basis for tracking and monitoring of progress and more importantly, the timeous finalization of cases. The results of the analysis done by Provincial Treasury is relayed back to departmental Accounting Officers through feedback letters and to the Executive Authority through the Financial Management Accountability Framework (FMAF) escalation letters.

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	relating to the department they have oversight on? If not, why not?	
	Three departments, DPW, DRDAR and DOT are cited as having improved in finalisation of cases. Are the Executing Authorities of the other departments aware of the implied lack of commitment by investigators as well as weaknesses in setting a tone (culture) of a strong control environment? If no, when will they be informed? If yes, what other action needs to be taken?	As stated above, the Provincial Treasury requires departments to submit their updated financial misconduct register on a quarterly basis for tracking and monitoring of progress and more importantly, the timeous finalization of cases. The results of the analysis done by Provincial Treasury is relayed back to departmental Accounting Officers through feedback letters and to the Executive Authority through the Financial Management Accountability Framework (FMAF) escalation letters.
	With respect to the Financial Management Capacity Study elements implemented, only 8 out of the 13 provincial departments have revised and finalised organograms to be in line with the CFO generic structure. What of the other 5 departments and what are the implications of this?	The other five departments' revised organograms have not been finalized and are at various stages of consultation either with the DPSA, OTP or still within the department itself. The implication of the revised organograms not being finalized is that some of the identified capacity challenges cannot be addressed through the filling of the critical posts. These critical posts are in the revised organograms that have not been finalized or approved as yet
	It is also reported that, "Nine (9) provincial departments have since submitted their Financial Management policies and these included DRDAR, DPW, DoH, DEDEAT, Human Settlements, Safety, DSRAC, Provincial Treasury and DoT while OTP, DoE, Legislature, CoGTA and Social Development have not yet submitted their policies for review." It is of concern to the Committee that the OTP, COGTA and the Legislature, departments which are tasked with oversight as well as ensuring governance have as yet not submitted their Financial Management policies as expected.	It is concerning and other approaches have been explored to ensure that these departments submit the required documents for review and inputs in the form of feedback from Provincial Treasury. The non-submission will now be escalated as part of the Financial Management Accountability Framework (FMAF), without resorting to more stringent measures, as PT believes that the departments have been afforded enough opportunities to submit these policies.
	Much as the Committee understands that the Provincial Legislature manages its finances through FIMPLA and is on accrual accounting may the Provincial Treasury comment on the Legislature's absence of expenditure per programme as per the National Treasury Annual Report guidelines. This has also been observed in the National Parliament Annual Report 2020/21. What is the posture of the National and provincial treasuries on this?	The Legislature does not report their financial statements in accordance with Modified Cash Standards (MCS) like the departments. They prepare their financial statements as per the Generally Recognised Accounting Practice (GRAP) standards. As per GRAP 24, it is not a requirement for institutions that prepare their AFS in accordance with GRAP (e.g. legislature, public entities) to report on the expenditure per programme. GRAP 24 requires institutions that make their budgets publicly available to present a comparison of budget and expenditure in their financial statements between: • last approved and final budget amounts (which includes changes made by management within the prescribed limits); • budget and actual amounts on a comparable basis; and • explanations of material differences between budget and actual amounts, except where explanations have been included in other documents published in conjunction with the financial statements and cross reference to these documents is made. Comparisons of the budget and actual amounts are presented as either a separate additional financial statement, called the Statement of comparison of budget and actual amounts or as additional budget columns added in the financial statements currently presented.

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	On the indicator on number of funded annual budgets adopted by municipalities one municipality had an unfunded budget. This is attributed to extremely high employee related costs, low collection rates and high outstanding creditors which negatively affect their working capital requirements and cash flows. The municipality has since adopted budget turn around plans monitored by the PT. Brief the Committee on progress regarding this. Which municipality is this?	The municipality is Chris Hani District Municipality which is currently implementing the budget turnaround plan. Further assessment of whether the budget is funded or not will be determined during the main budget adjustment in February 2022. The support and monitoring of the progress forms part of the monthly support provided to the municipality to assist the municipality to first get to a funded position during the main budget adjustment. The support will continue to assist municipality to get to a funded position during the 2022/23 MTREF. The municipality's progress reporting to PT is on a quarterly basis. For a budget to be funded and ensuring full implementation of the turnaround plan lies directly with the Councillors. The administration is responsible for the implementation and submission of progress reports of the turnaround plan to Council.
	With regards to percentage expenditure of Municipal Infrastructure Conditional Grants the reporting on targets is affected by non-alignment between the PFMA and MFMA financial years. However, much as this is appreciated, it is of concern to the Committee that "The Eastern Cape has lost R776.5 million or 51% of the R1.5 billion unspent by the Province. Out of R2.4 billion lost by the Country, EC has contributed 32% which is the highest contributor" What strategies/plans are in place to improve municipal infrastructure grant expenditure?	The Covid-19 lockdowns had a negative impact on grant expenditure resulting in unspent amount of R776.5 million due to contractors being unable to work for a period of two months (April and May). The following plans are in place to improve municipal infrastructure expenditure: • Encouraging municipalities not to have vacant positions of Municipal Managers and Chief Financial Officers for more than six (6) months; • Newly elected municipal Political Leadership will be workshopped by SALGA, CoGTA & PT on expectation of municipal infrastructure oversight; • Workshops on 2022 Division of Revenue Act will be conducted in May 2022, to equip newly elected municipal Political Leadership on conditions of conditional grants; • Encouragement of accountability to section 56 Managers by Mayoral Committees, upon non-performance on service delivery; • CoGTA & PT: MEC's engagements with municipal Political Leadership will be held on quarterly basis, in order for Executive Mayor and Mayors to account of municipal performance; • Provincial Joint Tactical Task Team (PJT3) site visits on conditional grants will be held on quarterly basis, to deal with all infrastructure management
	During the reporting period, there were fifteen (15) essential indicators that were important to ensure each municipality should be able to execute on a monthly basis to comply with mSCOA. With regard to monthly submission (Month 11) there were only two municipalities (Engcobo and Nelson Mandela Metropolitan) that did not comply with submissions whilst Raymond Mhlaba's submission had errors. Can the department brief the Committee on the outcomes of the engagements it held with these two municipalities and financial system vendors regarding this?	• Raymond Mhlaba - Provincial Treasury facilitated a meeting between the Municipality and the Service Provider. A number of resolutions were taken with regard to the functionality of the financial system and the capacity of the municipality to use the system. Corrections were made on the errors (Month 11) and to date all mSCOA data strings have been submitted successfully to National Treasury and have passed the first and second stage of validation.

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		• Engcobo – there are no outstanding mSCOA data strings as all monthly submissions have been submitted successfully to National Treasury and have passed the first and second stage of validation. • Nelson Mandela Metro - There has been a number of outstanding submissions in 2020/21 financial year including month 11 & 12. It must be noted that the database from National Treasury is locked after the due date therefore no late submission can be loaded to the database. Through engagements between NT, PT & Metro there has been progress in the 2021/22 financial year as monthly submissions to NT are up to date
	It is further reported that, "PT participated on various intervention programmes at Makana, Enoch Mgijima and Amathole district municipalities in an effort to stabilise their finances. The financial recovery plans for these municipalities were developed and PT is monitoring them on a monthly basis. The implementation of these financial recovery plans is showing progress". May the department brief the Committee on this?	• Makana: the budget approved by Council is funded. Terms of Reference for the Finance Work stream has been signed-off and circulated to all members. The work stream meetings are held bi-monthly where there are discussions on the progress of the implementation of the Financial Recovery Plan (FRP) on Pillar Three – Financial Management indicating steps taken, progress made, financial impact and other developments. The Province has been lagging behind with regard to the FRP participation in other work streams (Governance, Institutional and Service Delivery). Progress made by the Makana Finance Work Stream will be derailed if other Work Streams do not sit as there are cross cutting activities. There has been a delay from NT with regard to the sign-off of the FRP and this negatively affects the implementation of the FRP. • Amathole District: Terms of Reference for the Finance Work stream have been signed-off and circulated to all members. NT shared the Budget Funding Plan, 2021/22 budget session on re-assessment of budget held by both ADM & PT taking into account restructured creditors. The outcome is FUNDED in the two outer years of the MTREF. However, the budget remains UNFUNDED for the 2021/22 financial year. NT conducted feedback on the Finance Work Stream on the ADM FRP Model with set parameters. Monthly reports are prepared on the Cash Flow Projections. There has been progress on a decrease in the cost of overtime / travel allowance. SOP's have been reviewed. ADM maintains an indigent register and Contract register, and the status is reported in the Sec 71 and Sec 52(d) report. MEC has signed FRP on the 28 October 2021 and this will positively improve the continued implementation of the FRP. • Enoch Mgijima: Council committees and other Governance structures are sitting. Municipality has established the DC

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		board and adopted of the TOR. Draft organisational structure has been developed and consultation on the structure is in progress. Skills Audit process is in progress. First phase was done and all Senior Managers have been appointed by Council, except the recently re advertised position of the Technical Services director. Policies are approved by Council. No performance bonuses were paid due to financial constraints. The budget was prepared from the mSCOA system and supported with data string from the system. Only cash-flow is a problem. The terms of reference of the Administrator are currently being reviewed to improve the Administrator's office effectiveness in the Municipality as tensions are running high between the Administrator and the Accounting Officer, since the Corporate Services functions still rest with the Accounting Officer. A number of activities are either in progress or are yet to be started and non-cooperation between the Accounting Officer and CFO is stalling the intervention.
	Are there any new Regulation 32 of Supply Chain Management (piggy backing) contracts entered into by the provincial municipalities? If yes, which municipalities are those, what is the value of the contracts and what do they entail?	There are no new contracts entered into using Regulation 32 in the province as per the latest Reporting Information from our municipalities. This is as a result of the position of the Province where the use of Regulation 32 is not encouraged due to its implementation complexity.
February 2022	The total adjustments for the Province amount to R3.793 billion of which: • R2.889 billion is from National (Equitable Share) • R113.411 million is from National (adjustment to conditional grants) • R428.099 million is national roll-overs(Conditional grants) • R238.242 million is provincial roll-overs (equitable share) • R159.179 million (additional provincial adjustment) National Treasury approved conditional grant roll over requests of R428.099 million for the following departments: • Human Settlements (R274.315 million); • Education (R90.541 million); • Social Development (54.370 million); • DSRAC (R8.237 million) and • DRDAR (R636 thousand) Of the total roll-overs approved, how much was initially applied for? How much has been lost to the Province and reasons thereof? What plans are in place to make up for this loss?	The roll over request was R481.223 million, which was as follows: • Human Settlement at R290.494 million • Education at R110.120 million • Social Development at R62.880 million • Sport, Recreation, Arts and Culture at R8.237 million • Health at R8.401 million • Rural Development and Agrarian Reform at R1.091 million In terms of the preliminary amount to be surrendered back to National from the 2020/21 allocations for conditional grants, it is R196.268 million. This amount was lost as these funds was not committed and supported by invoices and SLA's while for infrastructure projects, where there was no invoice, it had to have order numbers issued to contractors and the proof of commitment. Departments have been advised improve its internal processes so that the projects are going according to plan and that the payments are processed timeously when invoices are received. Where contractors are not performing, project management needs to be improved so that their performance improves to meet the targets set as planned
	The MEC in his Adjustment Budget Speech states that "Many businesses lost revenue, some closed down and our people lost jobs. This reflects the extent of economic devastation that we have suffered, which has put a further	The Economic Stimulus Fund had a total budget of R1.097 billion which was allocated over the 2019 MTEF. Of this amount, R933 million was allocated to various projects. The balance of R164 million was not committed to any projects by 2021/22, which was

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	strain on our fiscal environment. "This truly is the state of affairs in the province as well as the country, however, the adjustment budget shows a devoting of R164 million from DEDEAT, funds that were meant for the Economic Stimulus fund. May the department comment on this apparent contradiction?	devoted. Due to the budget pressures in Health and Education, these funds was subsequently allocated to these departments in the 2021/22 Adjustments Budget. However, the province is working towards development of an investment fund that will be in partnership with the private sector to strategically fund the economic development initiatives in the province. Already a concept document has been concluded and consulted within the public sector including the executive council. Further consultations will be done with the National Treasury and the DTIC.
	In the conditional grant adjusted budget R53.693 million has been allocated of which R3.693 million is for the Mental Health Services Component and R50 million is for the Oncology Services Component, these allocations will allow the department to procure directly for the provision of mental health and oncology services. May the department brief the Committee on how these were previously procured as well as the readiness of the province to take over this funding and management?	It was an indirect grant – National Department of Health previously procured on behalf of the province. The conditional grant now has been changed to be a direct grant to allow the province to have full control and management including procurement. In terms of readiness, the department says there are plans in place to ensure that procurement is done before the end of the financial year; although delivery is not guaranteed to be in the current financial year since the equipment is coming from abroad (overseas).
	The credibility of the Department of Health budget is once more of concern as the MEC points that "We also allocated an additional funding of R369.728 million for the CoE and non-CoE costs pressures experienced by the department, with the condition that the department prioritises the payment of SMMEs who have rendered services to the department, to address the pressures resulting from the 2020/21 accruals and payables." This it at the half-way stage of a following financial year. Moreover, R24.500 million has been provided for current writs in execution though there are currently 48 cases totalling R379.971 that should have been paid in 2021/22. May the department brief the Committee on the outcome/progress of its court application to pay these in instalments?	The financial problems for the department started when it was inundated by the medico-legal claims where an amount of R3.462 billion has been paid from the period 2014/15 to 2020/21. The department has contingent liability amounting to R38.842 billion as per the 2020/21 audited Annual Financial Statement. In pursuit of an interim relief of the above, Provincial Treasury and the Department have sought a court order to prohibit and interdict any plaintiffs who have instituted medico-legal claims against the Department from executing any attachment order / writ against the Department's immovable and movable assets located at any of its facilities, or its paymaster general bank account(s). It is envisaged that judgment creditors would be restricted to executing orders only up to R500 000 in the interim, pending the determination of the relief being sought. This would be inclusive of a limitation imposed on legal fees of not more than 25 per cent of the amount to which such judgment creditor would be entitled, or R125 000 thereof, whichever is the lesser. This relief is being sought as an interim measure pending the finalisation of the relief to have a structured payment plan implemented in respect of court orders granted in medico-legal claims obtained against the Department. In doing so reliance will also be placed on section 3(3)(a) of the State Liability Act 20 of 1957 ("SLA"). However, the above is not a permanent solution to the challenge of medico-legal claims hence the national legislation in the form of amended State Liability Act is being persuaded at a national level whilst Provincial Treasury is working with the department on addressing service delivery models, inefficiency issues and resourcing of the department in line with the World Health Organisation (WHO) standards. It is also critical to mention that since 2013/14 financial year where the province lost R54.4 billion due to fiscal consolidation, cost of living adjustments and data updates on the Provincial Equitable Share. Provincial Treasury continued to fund the department with an amount of R9.524 billion which resulted into the department funded at 31.1 per cent which is above the 27 per cent weight of the health component as determined by the PES formula. It is also important to report that the department continues to break the provincial Appropriation Act which is a

Date	Matters raised	How the Department addressed the matters raised
		binding law of budget allocation as in most instances funds were moved from the non-negotiable items to fund the medico-legal payments without following proper approval processes. With respect to progress on the court application to pay in instalments, there is no outcome yet as court case that was to take place on 11 to 12 November 2021 has been postponed and a new date has been scheduled is 18 to 21 January 2022.
	It is commendable that the Department of Education's budget has been adjusted upwards by R2.268 billion. Of this amount, it is pronounced that R841.591 million will be for the employment of education assistants and general school assistants at public ordinary and public special schools in the province, through the Presidential Youth Employment Initiative. Other funds will cater for Leaner Teacher Support Material (LTSM), Compensation of Employees and payment of creditors. Of concern to the Committee is the deployment of these funds for their intended purposes as in the Provincial Financial Position as at 30 September 2021 it was mentioned that the department was projecting to overspend by R314.998 million which was mainly attributable to a decision made by the department to prioritize the payment of previous year's commitments on various items purchased such as the roll out of tablets for learners, the continued implementation of Learner Attainment Improvement Strategy (Agencies and Support) and teacher laptop initiatives (Communication) etc May the department comment on this concern?	The additional allocation of R2.268 billion made available to the department is distributed as follows: • R1.054 billion is in respect Cash Gratuity payment that is backdated from 01 April 2021, with a quantified expenditure of R518.078 million being reported. The remaining balance is to be spent in the 2nd half of the financial year. • R841.591 million for Presidential Youth Employment Initiative, mainly targeting young graduates (Educator Assistants and General Assistants in deserving schools) in a five (5) months contract, with a monthly stipend of R3 827 at 40 316 anticipated opportunities in this project. Further, there is a special segment created for SCOA classification where these amounts are to be reflected in BAS. • R84.036 million for Norms and Standards at various schools for the payment of municipal Services for the schools which the department is currently undertaking to pay. • R223.699 million for Learner Teacher Support Material (both stationery & textbooks). This funding is specifically allocated for the LTSM and therefore prohibited to be shifted towards other areas than what is intended for. The department is in the process or placing orders and procurement for the 2022 academic year (as per department). With the above earmarked allocations, department is expected utilise these funds for the stated areas. Furthermore, the Accounting Officer of the department is entrusted with the duty of making sure that spending is not exceeding the allocation, thus avoiding unauthorised expenditure.
	The MEC pronounces that "The Province has invested R35 million for security fencing for the demarcated industrial platform for development and the installation of high security fencing is at 90%, and so far 6 SMMEs have been appointed as subcontractors and 50 people have been employed." The security fencing of identified areas is commended. May the department provide the Committee with the total cost of fencing in the province with respect to revival of previous industrial areas or zones including the Bhisho (Amatola Sun), Dimbaza, and any other such former industrial areas in Butterworth, Queenstown and Mthatha? A list of the SMMEs involved should also be supplied to the Committee inclusive of those tasked with the R35 million Wild Coast SEZ fencing.	The Eastern Cape has been in a drive to revive its former industrial parks, however fencing in the industrial parks such as the Dimbaza was funded R2.897 million in 2018/19 towards the upgrading of 14 kilometers for security fencing construction. Fort Jackson was funded R5.671 million in 2018/19 for 6.2 kilometers for high security fencing. In 2020/21 during the Adjustments Estimate, the Department of Public Works and Infrastructure set aside an amount of R10.5 million for the Amatola Sun for 3.6 kilometers to proactively prevent invasion and R35 million for Wild Coast SEZ to fence 3.198 kilometres

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

3.11.1. Internal Audit

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.

3.11.2. 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
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	5	5
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	5	5
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	5	5
Ms. P. Mzizi	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	5	5

3.12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2022

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 2021/22 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:

- Direct Assistance was provided to the Auditor-General SA on the verification of employees and assets;
- Review of the Draft Annual Financial Statements;
- Review of the Draft Annual Performance Report;
- Communication and Stakeholder Liaison (Consulting Review);
- Service Delivery Improvement Plan;
- Security Management;
- Draft Annual Performance Plan Review;
- ICT (Follow Up);

- Audit of Predetermined Objectives (Quarter 1 and Quarter 2);
- Enterprise Risk Management (Consulting Review);
- Ethics Management (Consulting Review);
- Leave Management (Follow Up);
- Asset Management and Loss Control;
- Quality Assurance and Improvement Report;
- Supply Chain Management (Performance Review).

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 fifth 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 2021/22 unaudited and audited Annual Financial Statements prepared by the department.
- Reviewed the 2021/22 draft and final Annual Performance Report.

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.

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: 31/05/2022

3.13. 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?	No	N/A
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

4. 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

4.1.1. The status of human resources in the department

For the period under review, the department consists of 447 employees with 269 females and 178 males. The department has 67 SMS members, which consists of 32 males 48% and 35 females 52, 2%. Total number of youth in the department is 101 and that is 23.4%. The total number of interns in the department is 25 (this includes six (6) former bursary holders) and that is 5.8%.

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

The priority was to appoint more females at SMS level 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.

4.1.3. 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 to improve their qualifications and skills.

4.1.4. 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.

4.1.5. Employee wellness programmes

Due to the lockdown and Covid-19 restrictions, no physical contact sessions have been conducted for the better part of the financial year. The focus was mainly on ensuring that the workplace is compliant with Covid-19 regulations. Educational events were held through virtual platforms in partnership with various stakeholders.

The department is currently implementing the 100% work attendance as from 14 February 2022. Only two employees were granted permission to work remotely based on uncontrollable comorbidities and related conditions. In assessing individual remote work applications, the department utilised the services of Alexander Forbes, the newly appointed Health Risk Manager. Achievements according to the Employee Health and Wellness Pillars are summarised below.

- **HIV, AIDS and TB Management**

The World Aids Day Programme was well attended by 79 employees across all levels by educating employees on issues relating to Gender Based Violence and HIV AIDS. Twenty-five employees participated in HIV testing during the fourth quarter. According to GEMS Stakeholder report three employees enrolled on the Anti-Retroviral Treatment (ART) programme.

- **Health and Productivity Management**

Departmental employees participated in two GEMS wellness sessions focusing on issues of mental health and building resilience. During the month of October, the services of a psychotherapist were employed to facilitate a session on mental health awareness. This was conducted against the backdrop of the Covid-19 pandemic and its impact on employees and their families. One cancer awareness group session as conducted and 17 females attended. Sick leave analysis was conducted for the periods January to June and January to December 2021 respectively. 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.

- **Individual Wellness**

A service provider was appointed during the second quarter to render psycho-social services. For the financial year, 41 new cases were reported and psychosocial services based on the presenting problems, the following is recommended:

  - Managerial awareness session to ensure managers are aware of the referral process via DNA Wellness and are equipped with how to support employees;

- Stress Management- burnout, stress and work life balance seem to be issues employees are currently struggling with;
- Mental Health Awareness-Sessions focus on factors contributing to mental health, early warning signs, Covid-19 related stress and anxiety; and
- Loss and Grief presentation focusing on the cycle and journey of grief and loss and tools on how to identify the different reactions to grief and explore coping mechanisms on how to deal with grief.

- **Organisational Wellness**

During the month of December 2021, the Employee Wellness Unit collaborated with the Special Programmes Unit and Change Management to address critical issues relating to Organisational Culture and Well-being. An integrated Programme hosted on 10 December 2021 exchanged knowledge on Work Life Integration, Gender Based Violence, Covid-19 Workplace Vaccination. The session ended with an award ceremony recognising excellent service and awarding employees who were deemed to be living according to the Treasury Way Values. Two hundred and eighty-six (286) employees participated.
Every Friday throughout the month of August, Women's Dialogues were held on various topics relating to women empowerment. External speakers were invited to present the topics while women across all levels participated in the facilitation of the sessions.

During the Month of November 2021 the focus was mainly on Men's Health. Weekly Virtual sessions were conducted addressing issues on Men and Relationships, Sex and Consent, Role of Men in Society, Men's Physical and Sexual Health, Men and Mental Health. Total number of employees who participated in the men's health session is one hundred and three (103).

Retirement workshop was conducted during the first quarter in partnership with GPAA, SARS and the high court. The focus was on how different life events such as divorce, disability and death impacts on one's retirement benefits.

An independent financial coach conducted a very effective financial management workshop during the fourth quarter.

Occupational Health and Safety Management

The department reviewed its Risk Assessment regularly in order to ensure 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.

- **Covid-19 Infections and contact tracing**

In order to ensure a speedy response to cases of suspected infections, Employee Wellness has been leading the contact tracing process. This process is intended to arrest further spread of infections especially among employees. By 15 April 2022, ninety-seven (97) employees were confirmed to have contracted COVID-19 and three hundred and eight (308) were quarantined due to having been in close contact with an infected person. There were five (5) deaths and ninety-two (92) recoveries.

- **Vaccination Roll Out**

The department has developed and submitted to OTP a Vaccination plan covering the period September to March 2022. As part of the implementation, the departments collaborated with Clicks through Workforce Solutions for the provision of onsite covid-19 vaccination services. This service was extended to contractors and employees. A pre-vaccination session was conducted by a medical practitioner, to address questions and concerns regarding vaccination. The first session took place on 14 October and the follow up session on 1 December 2021. A total number of 59 employees were vaccinated during the onsite vaccination. To date 138 employees have reported to be vaccinated.

- **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.

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

The department managed to appoint youth and interns during the period under review. The number of interns is 26 or 5.8%. The target of 50% for women at SMS level has been achieved with 52.2% of female representatives at SMS level. All Wellness Programme outcomes were achieved and as a result the department was recognised as the best department in the Province in implementing wellness

Programmes. Furthermore, one PT employee was received an award for being the best Wellness Practitioner in the Province. The target of 2% for people with disability was not achieved as the department is sitting at 1.7%. The department has taken a decision to develop a database for all people with disability so as meet the target of 2% and more.

The Human Resource Development Strategy has been developed and will be implemented with effect from 1 April 2022. 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 near 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 2021 and 31 March 2022

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	155 500	111 493	1 857	4 658	72	590
Sustainable Resource Management	73 460	70 857	0	1 583	96	864
Asset and Liability Management	25 369	23 728	551	843	94	765
Financial Governance	80 439	67 454	1 225	1 358	84	843
Municipal finance governance	47 636	45 746	0	0	96	704
Total	**382 404**	**319 278**	**3 633**	**8 442**	**83**	**714**

Table 4.3.1.2 Personnel costs by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (level 3-5)	6 282	2.0	16	329
Highly skilled production (levels 6-8)	42 753	13.4	118	1 021
Highly skilled supervision (levels 9-12)	182 911	57.3	246	1 507
Senior and Top management (levels 13-16)	87 332	27.4	67	2 724
Total	**319 278**	**100**	**447**	**714**

Total number of 449 on Vulindlela report is inclusive of two (2) periodical employees that are no longer in the Department.

Table 4.3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2021 and 31 March 2022

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	94 378	84.6	0.00	0.00	2 785	2.5	4 285	3.8
Sustainable Resource Management	61 105	86.2	0.00	0.00	1 253	1.8	1 920	2.7
Asset and Liability Management	20 180	85.0	0.00	0.00	566	2.4	843	3.5
Financial Governance	59 030	87.5	0.00	0.00	841	1.2	1 357	2.0
Municipal finance governance	40 357	88.2	0.00	0.00	634	1.4	889	1.9
Total	**275 050**	**86.1**	**0.00**	**0.00**	**6 079**	**1.9**	**9 294**	**2.9**

Table 4.3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2021 and 31 March 2022

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	3 040	48.4	0.0	0.0	205	5.5	351	9.4
Highly skilled production (levels 6-8)	36 697	85.8	0.0	0.0	1 620	3.9	2 852	6.9
Highly skilled supervision (levels 9-12	157 587	86.2	0.0	0.0	2 488	1.4	5 474	3.1
Senior management (level 13-16)	77 726	89.0	0.0	0.0	1 766	3.9	617	0.8
Total	**275 050**	**86.1**	**0.0**	**0.0**	**6 079**	**1.9**	**9 294**	**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 2022

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme – 1	164	162	1.21	26
Programme – 2	83	82	1.20	0
Programme – 3	34	31	8.82	1
Programme – 4	75	72	4	8
Programme – 5	60	60	0	5
Total	**416**	**407**	**2.2**	**40**

The total number of 416 comprises of 407 filled posts, and 9 vacant posts.

Table 4.3.2.2 Employment and vacancies by salary band as at 31 March 2022

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	0	0	0	0
Skilled (3-5)	14	14	0	0
Highly skilled production (6-8)	95	92	3.2	26
Highly skilled supervision (9-12)	246	240	2.4	8
Senior management (13-16)	61	61	0	6
Total	**416**	**407**	**2.2**	**40**

Table 4.3.2.3 Employment and vacancies by critical occupations as on 31 March 2022

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	60	58	3.33	0
Communication and information related, Permanent	2	2	0	0
Finance and economics related, Permanent	8	8	0	0
Financial and related professionals, Permanent	191	185	3.14	8
Financial clerks and credit controllers, Permanent	4	4	0	0
General legal administration & rel. professionals, Permanent	1	1	0	0
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources related, Permanent	33	33	0	26
Information technology related, Permanent	17	17	0	0
Library mail and related clerks, Permanent	8	8	0	0
Light vehicle drivers, Permanent	2	2	0	0
Logistical support personnel, Permanent	22	21	4.54	0
Messengers porters and deliverers, Permanent	1	1	0	0
Executive Authority	1	1	0	0
Secretaries & other keyboard operating clerks, Permanent	7	7	0	0
Senior managers, Permanent	58	58	0	6
Total	**416**	**407**	**2.2**	**40**

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 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
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	13	13	100	0	0
Salary Level 13	47	47	100	0	0
Total	**67**	**67**	**100**	**0**	**0**

Table 4.3.3.2 SMS post information as on 30 September 2021

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	1	1	100	0	0
Salary Level 15	5	5	100	0	0
Salary Level 14	13	13	100	0	0
Salary Level 13	47	47	100	0	0
Total	**67**	**67**	**100**	**0**	**0**

Table 4.3.3.3 Advertising and filling of SMS posts for the period 1 April 2021 and 31 March 2022

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	1	1	0
Salary Level 13	8	8	0
Total	**9**	**9**	**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 2021 and 31 March 2022

Reasons for vacancies not advertised within six months
None.

Reasons for vacancies not filled within twelve months
None

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 2021 and 31 March 2022

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 2021 and 31 March 2022

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	14	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	95	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	246	0	0	0	0	0	0
Senior Management Service Band A	41	0	0	0	0	0	0
Senior Management Service Band B	**13**	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	416	**0**	**0**	**0**	**0**	**0**	**0**

Table 4.3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2021 and 31 March 2022

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

Table 4.3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2021 and 31 March 2022

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
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**

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

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 2021 and 31 March 2022

Salary band	Number of employees at the beginning of period – 01 April 2021	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)	15	2	2	13.33
Highly skilled production (Levels 6-8)	124	6	11	8.87
Highly skilled supervision (Levels 9-12)	239	20	16	6.69
Senior Management Service Bands A	47	6	8	17.02
Senior Management Service Bands B	13	1	2	15.38
Senior Management Service Bands C	5	0	1	20
Senior Management Service Bands D	2	0	0	0
Contracts	0	0	0	0
Total	**445**	**57**	**62**	**13.93**

Table 4.3.5.2 Annual turnover rates by critical occupation for the period 1 April 2021 and 31 March 2022

Critical occupation	Number of employees at beginning of period- 1 April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	58	1	5	8.62
Communication and information related	2	0	0	0
Finance and economics related	8	0	0	0
Financial and related professionals	205	14	28	13.65
Financial clerks and credit controllers	4	0	0	0
General legal administration & rel. professionals	1	0	0	0
Head of department/chief executive officer	1	0	0	0
Human resources related	43	23	12	27.90
Information technology related	17	1	2	11.76
Library mail and related clerks	8	0	0	0
Light vehicle drivers	2	0	0	0
Logistical support personnel	22	2	3	13.63
Messengers porters and deliverers	1	0	0	0
Executive Authority	1	0	0	0
Secretaries & other keyboard operating clerks	7	1	1	14.28
Senior managers	65	8	11	16.92
TOTAL	**445**	**57**	**62**	**13.93**

- 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 2021 and 31 March 2022

Termination Type	Number	% of Total Resignations
Death	2	3.07
Resignation	16	24.61
Expiry of contract	32	51.61
Dismissal – operational changes	0.00	0.00
Dismissal – misconduct	0.00	0.00
Dismissal – inefficiency	0.00	0.00
Discharged due to ill-health	0.00	0.00
Retirement	7	10.76
Transfer to other Public Service Departments	5	7.69
Other (early retirement)		
Total	**62**	**100**
Total number of employees who left as a % of total employment		**13.93**

Table 4.3.5.4 Promotions by critical occupation for the period 1 April 2021 and 31 March 2022

Occupation	Employees 1 April 2021	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative Related	58	3	5.17	59	101.72
Communication and Information Related	2	0.00	0.00	2	100
Finance and Economics related	8	0.00	0.00	8	100
Financial and Related Professionals	205	3	1.46	193	94.14
Financial Clerks and Credit Controllers	4	0.00	0.00	4	100
General Legal Administration & Related Professionals	1	0.00	0.00	1	100
Head of Department/Chief Executive Officer	1	0.00	0.00	0	0.00
Human Resources Related	43	3	6.97	33	76.74
Information technology related	17	0.00	0.00	17	100
Library Mail and Related Clerks	8	0.00	0.00	8	100
Light Vehicle Drivers	2	0.00	0.00	2	100
Logistical support personnel,	22	0.00	0.00	21	95.45
Messengers; Porters and Deliverers	1	0.00	0.00	1	100.00
Executive Authority	1	0.00	0.00	0	0.00
Secretaries & Other Keyboard Operating Clerks	7	0.00	0.00	8	114.28
Senior Managers	65	1	1.53	43	66.15
TOTAL	**445**	**10**	**2.24**	**400**	**89.88**

Table 4.3.5.5 Promotions by salary band for the period 1 April 2021 and 31 March 2022

Salary Band	Employees 1 April 2021	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0	0	0
Skilled (Levels 3-5)	15	0	0.00	13.00	86.66
Highly skilled production (Levels 6-8)	124	3	2.41	99.00	79.83
Highly skilled supervision (Levels 9-12)	239	6	2.51	245.00	102.51
Senior Management Service Bands A	47	1	2.12	43.00	91.48
Senior Management Service Bands B	13	0	0.00	0.00	0.00
Senior Management Service Bands C	5	0	0.00	0.00	0.00
Senior Management Service Bands D	2	0	0.00	0.00	0.00
Contracts	0	0	0.00	0.00	0.00
Total	**445**	**10**	**2.24**	**400**	**89.88**

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 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	24	3	3	2	31	0	2	2	**67**
Professionals	100	6	2	3	157	3	2	3	**276**
Technicians and associate professionals	27	0	0	1	50	2	1	0	**81**
Clerks	5	0	0	0	15	0	0	0	**20**
Service and sales workers	1	0	0	0	0	0	0	0	**1**
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	**0**
Craft and related trades workers	0	0	0	0	0	0	0	0	**0**
Plant and machine operators and assemblers	2	0	0	0	0	0	0	0	**2**
Elementary occupations	0	0	0	0	0	0	0	0	**0**
Total	**159**	**9**	**5**	**6**	**253**	**5**	**5**	**5**	**447**
Employees with disabilities	**4**	**0**	**1**	**1**	**2**	**0**	**0**	**0**	**8**

Table 4.3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	0	0	0	2	0	0	1	7
Senior Management	20	3	3	2	29	0	2	1	60
Professionally qualified and experienced specialists and mid-management	59	4	2	3	92	3	3	1	167
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	54	2	0	1	112	2	0	2	173
Semi-skilled and discretionary decision making	12	0	0	0	4	0	0	0	16
Unskilled and defined decision making	10	0	0	0	14	0	0	0	24
Total	**159**	**9**	**5**	**6**	**253**	**5**	**5**	**5**	**447**

Table 4.3.6.3 Recruitment for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	8	0	0	0	9
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	1	0	0	8	0	0	0	17
Semi-skilled and discretionary decision making	1	0	0	0	4	0	0	0	5
Unskilled and defined decision making	12	0	0	0	14	0	0	0	26
Total	**22**	**1**	**0**	**0**	**34**	**0**	**0**	**0**	**57**
Employees with disabilities	**0**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**1**
OTHER -INTERN	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 4.3.6.4 Promotions for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	1	0	0	0	1
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	1	0	0	3	0	0	0	6
Semi-skilled and discretionary decision making	1	0	0	0	1	0	0	0	2
Unskilled and defined decision making	1	0	0	0	0	0	0	0	1
Total	**4**	**1**	**0**	**0**	**5**	**0**	**0**	**0**	**10**
Employees with disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 4.3.6.5 Terminations for the period 1 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	2	0	0	4	0	0	1	11
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	10	0	0	0	4	0	0	0	14
Semi-skilled and discretionary decision making	3	0	0	0	7	0	0	0	10
Unskilled and defined decision making	10	0	0	0	17	0	0	0	27
Total	**27**	**2**	**0**	**0**	**32**	**0**	**0**	**1**	**62**
Employees with Disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 4.3.6.6 Disciplinary action for the period 1 April 2021 to 31 March 2022

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	3	0	0	0	0	0	0	0	2
Suspension without pay	1	0	0	0	0	0	0	0	1
TOTAL	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3**

Two (2) employees were subjected to informal procedures which resulted in the issuing of two (2) final written warnings. One (1) employee was subjected to formal processes which resulted in a combination of sanction of a final written warning and suspension without pay.

Table 4.3.6.7 Skills development for the period 1 April 2021 to 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3	0	1	1	2	0	1	0	8
Professionals	26	2	0	1	56	0	0	0	85
Technicians and associate professionals	2	0	0	0	4	0	0	0	6
Clerks	12	0	0	0	34	0	0	0	46
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	11	0	0	0	10	0	0	0	21
Total	54	2	1	2	106	0	1	0	166
Employees with disabilities	2	0	0	0	1	0	0	0	2

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	13	13	12	92
Salary Level 13	45	45	44	98
Total	**64**	**64**	**62**	**97**

Reasons
One member at salary level 14 and one SMS member at salary level 13, they were both deployed in the Medico-legal project in the Department of Health. They have since left the department on 30 September 2021 and December 2021 (contract expiry).

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 contract expiry.

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 2021 to 31 March 2022

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	**86**	**406**	**21.20**	**1 518.45**	**17 656.00**
Male	31	154	20.10	694.11	22 391.00
Female	55	252	21.80	824.31	14 987.00
Asian	**4**	**9**	**44.40**	**104.45**	**26 111.00**
Male	2	4	50	56.21	28 100.00
Female	2	5	40	48.24	24 122.00
Coloured	**4**	**14**	**28.60**	**96.48**	**24 120.00**
Male	3	9	33.30	76.16	25 387.00
Female	1	5	20	20.32	20 319.00
White	**3**	**10**	**30.00**	**78.36**	**26 121.00**
Male	3	5	60	78.36	26 121.00
Female	0	5	0	0.00	0.00
Employees with disability	**2**	**8**	**25.00**	**41.50**	**20 749.00**
Total	**99**	**447**	**22.10**	**1 839.21**	**18 578.00**

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 2021 to 31 March 2022

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	0	0	0	0	0.00
Skilled (level 3-5)	0	14	0	0	0	0.00
Highly skilled production (level 6-8)	19	91	20.90	165.15	8 692.00	11.82
Highly skilled supervision (level 9-12)	62	238	26.10	1 147.80	18 513.00	88.17
Other	0	24	0	0	0	0.00
Contract (Levels 6-8)	0	5	0	0	0	0.00
Contract (Levels 9-12)	0	8	0	0	0	0.00
Total	**81**	**380**	**21.30**	**1 312.94**	**16 209.00**	**100**

Table 4.3.8.3 Performance Rewards by critical occupation for the period 1 April 2021 to 31 March 2022

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	14	60	23.30	157.40	11 243.00
Communication and information related	0	2	0	0	0
Finance and economics related	3	8	37.50	62.04	20 678.00
Financial and related professionals	45	193	23.30	824.83	18 329.00
Financial clerks and credit controllers	0	4	0	0	0
General legal administration & rel. professionals	1	1	100	21.15	21 149.00
Head of department/chief executive officer	0	1	0	0	0
Human resources related	4	55	7.30	66.44	16 611.00
Information technology related	10	17	58.80	143.67	14 367.00
Library mail and related clerks	0	8	0	0	0
Light vehicle drivers	0	2	0	0	0
Logistical support personnel	2	21	9.50	20.52	10 262.00
Messengers porters and deliverers	0	1	0	0	0
Executive Authority	0	1	0	0	0
Secretaries & other keyboard operating clerks	2	8	25.00	16.89	8 446.00
Senior managers	18	65	27.70	526.27	29 237.00
Total	**99**	**447**	**21.25**	**1 839.21**	**18 578.00**

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 2021 to 31 March 2022

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	11	47	23.40	296.31	26 937.20	0.50
Band B	4	13	30.80	124.05	31 012.10	0.70
Band C	3	5	60.00	105.91	35 304.10	1.20
Band D	0	2	0.00	0	0	0.00
Total	**18**	**67**	**26.90**	**526.27**	**29 237.20**	**60**

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 2021 and 31 March 2022

Salary band	01 April 2021		31 March 2022		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 2021 and 31 March 2022

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 2021 to 31 December 2021

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	33.00	51.50	10.00	4.50	3.00	32.00
Highly skilled production (Levels 6-8)	354.00	54.00	51.00	23.10	7.00	421.00
Highly skilled supervision (Levels 9-12)	653.00	85.10	103.00	46.60	6.00	1 824.00
Senior management (Levels 13-16)	183.00	69.40	32.00	14.50	6.00	741.00
TOTAL	1 223.00	79.20	221.00	100.00	6.00	3 162.00

This is inclusive of contract workers (including Interns)

Table 4.3.10.2 Disability leave (temporary and permanent) for the period 1 January 2021 to 31 December 2021

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Higly skilled production (Levels 6-8)	15.00	100.00	1.00	11.10	15.00	10.00
Highly skilled supervision (Levels 9-12)	70.00	100.00	6.00	66.70	12.00	161.00
Senior management (Levels 13-16)	48.00	45.80	1.00	11.10	48.00	107.00
TOTAL	133.00	100.00	9.00	100.00	15.00	388.00

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 2021 to 31 December 2021

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Skilled (Levels 3-5)	379.00	22.00	17.00
Highly skilled production (Levels 6-8)	2 852.00	29.00	99.00
Highly skilled supervision (Levels 9-12)	5 917.00	24.00	248.00
Senior management (Levels 13-16)	1 713.00	29.00	60.00
TOTAL	10 861.00	22.00	503.00

Table 4.3.10.4 Capped leave for the period 1 January 2021 to 31 December 2021

Salary Band	Total Days of Capped Leave Taken	Number of Employees using Capped Leave	Average Number of Days Taken per Employee	Average Capped Leave per Employee as at End of Period
Skilled (Levels 3-5)	0.00	0.00	0.00	105.00
Highly skilled production (Levels 6-8)	12.00	2.00	6.00	138.00
Highly skilled supervision (Levels 9-12)	0.00	0.00	0.00	83.00
Senior management (Levels 13-16)	0.00	0.00	0.00	69.00
TOTAL	12.00	2.00	6.00	99.00

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 2021 and 31 March 2022

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
ANNUAL - DISCOUNTING PREVIOUS APPOINTMENT	49.00	1.00	49 000.00
ANNUAL - DISCOUNTING WITH RESIGNATION (WORK DAYS)	670.00	32.00	20 938.00
ANNUAL - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK	338.00	9.00	37 556.00
CAPPED - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK	1 823.00	9.00	202.556
TOTAL	2 880.00	41.00	70.24

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%	A virtual World Aids Day Programme was held to address issues of gender based violence, behaviour changes and living with HIV. During the fourth quarter 25 employees were tested for HIV since restrictions were relaxed and allowed for health screening to be done.no positive test results reported.

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. Utilisation of the EAP programme for the year since the inception of the service provider is 30.
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, Mrs B Cain-Noveve, Mr X Qinga, Mr M Qeqe, Ms V Lupoko, Mr Tafeni, Mr B Sijadu, Ms Z Qondani, Ms N Msutu, Mr T Dimbaza There also are representatives from PT district offices. Both trade unions and management nominate participants for the SHERQ Committee.
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		The department have reviewed employee wellness policies including HIV and TB Management policies. All policies still to be submitted for approval to the HOD.
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. Measures to manage infected employees are outlined in the HIV and TB management policy.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that have been achieved.	X		HIV screening and testing was conducted during the fourth quarter and twenty-five employees participated. This was the first physical intervention since Covid-19 restrictions were relaxed.
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. The department has also conducted a business resilience survey that included employee health and wellness.

4.3.12 Labour Relations

Table 4.3.12.1 Collective agreements for the period 1 April 2021 and 31 March 2022

Subject matter	Date
Total number of Collective agreements	**None**

No collective agreements were concluded. The department does not have its 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 2021 and 31 March 2022

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	3	75%
Suspended without pay	1	25%
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	**4**	**100%**

The above arose from one (1) formal and two informal disciplinary processes. Three (3) employees were subjected to disciplinary processes.

Table 4.3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2021 and 31 March 2022

Type of misconduct	Number	% of total
Dereliction of duty	1	17%
Prejudiced the administration discipline or efficiency of the department	2	33%
Insubordination	2	33%
Excessive absenteeism	1	17%
Total	**6**	**100%**

The above summarises that the nature of the allegations of misconduct that were proffered against employees. This is in respect of three (3) employees that were subjected to disciplinary processes.

Table 4.3.12.4 Grievances logged for the period 1 April 2021 and 31 March 2022

Grievances	Number	% of Total
Number of grievances resolved	3	75%
Number of grievances not resolved	1	25%
Total number of grievances lodged	**4**	**100%**

Four (4) employees lodged grievances. One (1) was substantiated, two (2) were unsubstantiated and one (1) had not been finalised by 31 March 2022, due to disciplinary processes that were pending against the employee.

Table 4.3.12.5 Disputes lodged with Councils for the period 1 April 2021 and 31 March 2022

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

No disputes that were lodged during the year under review.

Table 4.3.12.6 Strike actions for the period 1 April 2021 and 31 March 2022

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

No employees participated in strike action during the year under review.

Table 4.3.12.7 Precautionary suspensions for the period 1 April 2021 and 31 March 2022

Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	21
Cost of suspension(R'000)	R31,855.22

One employee was placed on precautionary suspension, pending the outcome of a formal disciplinary hearing for misconduct. The above figure is based on the number of working days the employee was on suspension.

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 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	30	0	8	2	10
	Male	38	0	7	3	10
Professionals	Female	139	0	18	2	20
	Male	100	0	13	2	15
Technicians and associate professionals	Female	2	0	5	4	9
	Male	5	0	3	3	6
Clerks	Female	72	0	25	5	30
	Male	19	0	15	5	20
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

Occupational category	Gender	Number of employees as at 1 April 2021	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes and other short courses	Other forms of training	Total
Elementary occupations	Female	19	0	**5**	**5**	**10**
	Male	**21**	0	**5**	**5**	**10**
Sub Total	**Female**	**262**	**0**	**61**	**18**	**79**
	Male	**183**	**0**	**43**	**18**	**61**
Total		**445**	**0**	**104**	**36**	**140**

Table 4.3.13.2 Training provided for the period 1 April 2021 and 31 March 2022

Occupational category	Gender	Number of employees as at 1 April 2021	Training provided within the reporting period			
			Learner ships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	30	0	3	0	3
	Male	38	0	4	0	4
Professionals	Female	139	0	12	9	12
	Male	100	0	11	0	11
Technicians and associate professionals	Female	2	0	3	0	3
	Male	5	0	2	0	2
Clerks	Female	72	0	12	0	12
	Male	19	0	7	0	7
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	19	0	6	0	6
	Male	**21**	0	5	0	5
Sub Total	Female	**262**	**0**	**36**	**0**	**36**
	Male	**183**	**0**	**29**	**0**	**29**
Total		**445**	**0**	**65**	**0**	**65**

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 2021 and 31 March 2022

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	**0**	**0**

4.3.15 Utilisation of Consultants

The following tables relates to 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 2021 and 31 March 2022

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 2021 and 31 March 2022

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

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 2021 and 31 March 2022

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

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**

5. Part E: Financial Information

5.1. Report of the Auditor-General to the 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 153 to 190 which comprise the appropriation statement, statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Eastern Cape Provincial Treasury as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance with Modified Cash Standard (MCS) as prescribed by the National Treasury, the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Division of Revenue Act 9 of 2021 (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.

Responsibilities of the accounting officer for the financial statements

6. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS as prescribed by the National Treasury and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. 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

8. 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.

9. 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

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

11. 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.

12. 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 departments' annual performance report for the year ended 31 March 2022:

Programme	Pages in the annual performance report
Programme 2 – Sustainable Resource Management	42 – 52

13. 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.

Programme 2 – Sustainable Resource Management

14. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme.

    - Programme 2 – Sustainable Resource Management

Other matter

15. I draw attention to the matter below.

Achievement of planned targets

16. Refer to the annual performance report on pages 32 to 68 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

18. 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

19. 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.

20. 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.

21. 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.

22. If based on the work I have performed on the other information that I obtained prior to the date of this auditors report, I concluded that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

23. 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

29 July 2022

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

5.2. Annual Financial Statements (for the year ended 31 March 2022)

5.2.1. Appropriation Statement

APPROPRIATION PER PROGRAMME									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	159,457	-	(546)	158,911	155,500	3,411	97.9%	157,057	150,563
2. Sustainable Resource Management	73,103	-	546	73,649	73,460	189	99.7%	72,610	70,485
3. Asset and Liabilities Management	25,558	-	-	25,558	25,369	189	99.3%	25,604	24,644
4. Financial Governance	80,920	-	-	80,920	80,439	481	99.4%	82,875	81,619
5. Municipal Financial Governance	47,990	-	-	47,990	47,636	354	99.3%	46,433	45,927
Subtotal	**387,028**	**-**	**-**	**387,028**	**382,404**	**4,624**	**98.8%**	**384,579**	**373,238**
TOTAL	**387,028**	**-**	**-**	**387,028**	**382,404**	**4,624**	**98.8%**	**384,579**	**373,238**

	2021/22			2020/21	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
Reconciliation with Statement of Financial Performance					
ADD					
Departmental receipts	238,034			398,023	
Actual amounts per Statement of Financial Performance (Total Revenue)	**625,062**			**782,602**	
Actual amounts per Statement of Financial Performance (Total Expenditure)		**382,404**			**373,238**

Appropriation per economic classification									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
Current payments	**378,257**	**(1,235)**	**-**	**377,022**	**372,547**	**4,475**	**98.8%**	**372,130**	**362,448**
Compensation of employees	320,254	(336)	-	319,918	319,278	640	99.8%	318,666	318,430
Goods and services	58,003	(899)	-	57,104	53,269	3,835	93.3%	53,464	44,018
Transfers and subsidies	**3,400**	**875**	**-**	**4,275**	**4,173**	**102**	**97.6%**	**6,193**	**6,100**
Departmental agencies and accounts	863	-	-	863	849	14	98.4%	**957**	**942**
Households	2,537	875	-	3,412	3,324	88	97.4%	**5,236**	**5,158**
Payments for capital assets	**5,371**	**360**	**-**	**5,731**	**5,361**	**370**	**93.5%**	**6,256**	**4,514**
Machinery and equipment	5,371	360	-	5,731	5,361	370	93.5%	5,906	4,514
Intangible assets	-	-	-	-	-	-	-	350	-
Payments for financial assets	**-**	**-**	**-**	**-**	**323**	**(323)**	**-**	**-**	**176**
TOTAL	**387,028**	**-**	**-**	**387,028**	**382,404**	**4,624**	**98.8%**	**384,579**	**373,238**

Detail per Programme 1 – Administration

PROGRAMME 1: ADMINISTRATION									
	2021/22							2020/21	
	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	7,174	2	(35)	7,141	6,913	228	96.8%	7,372	7,140
1.2 Management Services	45,591	1,195	(240)	46,546	45,717	829	98.2%	48,123	44,237
1.3 Corporate Services	46,684	(674)	(271)	45,739	44,358	1,381	97.0%	43,258	42,215
1.4 Financial Management	52,021	(523)	-	51,498	50,533	965	98.1%	51,375	50,129
1.5 Internal Audit Unit	7,987	-	-	7,987	7,979	8	99.9%	6,929	6,842
Total for sub programmes	**159,457**	**-**	**(546)**	**158,911**	**155,500**	**3,411**	**97.9%**	**157,057**	**150,563**
Economic classification									
Current payments	**152,307**	**(363)**	**(546)**	**151,398**	**148,131**	**3,267**	**97.8%**	**148,454**	**143,612**
Compensation of employees	112,136	(3)	(546)	111,587	111,493	94	99.9%	110,176	110,133
Goods and services	40,171	(360)	-	39,811	36,638	3,173	92.0%	38,278	33,479
Transfers and subsidies	**1,779**	**3**	**-**	**1,782**	**1,685**	**97**	**94.6%**	**2,347**	**2,261**
Departmental agencies and accounts	863	-	-	863	849	14	98.4%	957	942
Households	916	3	-	919	836	83	91.0%	1,390	1,319
Payments for capital assets	**5,371**	**360**	**-**	**5,731**	**5,361**	**370**	**93.5%**	**6,256**	**4,514**
Machinery and equipment	5,371	360	-	5,731	5,361	370	93.5%	5,906	4,514
Intangible assets	-	-	-	-	-	-	-	350	-
Payments for financial assets	**-**	**-**	**-**	**-**	**323**	**(323)**	**-**	**-**	**176**
Total	**159,457**	**-**	**(546)**	**158,911**	**155,500**	**3,411**	**97.9%**	**157,057**	**150,563**

Detail per Programme 2 – Sustainable

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programmes	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
2.1 Programme Support	4,603	-	100	4,703	4,597	106	97.7%	5,294	3,450
2.2 Economic Analysis	3,517	-	49	3,566	3,559	7	99.8%	3,432	3,407
2.3 Fiscal Policy	8,797	-	149	8,946	8,934	12	99.9%	8,573	8,563
2.4 Budget Management	56,186	-	248	56,434	56,370	64	99.9%	55,311	55,065
Total for sub programmes	**73,103**	**-**	**546**	**73,649**	**73,460**	**189**	**99.7%**	**72,610**	**70,485**
Economic classification									
Current payments	**73,046**	**(48)**	**546**	**73,544**	**73,356**	**188**	**99.7%**	**72,170**	**70,045**
Compensation of employees	70,335	-	546	70,881	70,857	24	100.0%	68,691	68,690
Goods and services	2,711	(48)	-	2,663	2,499	164	93.8%	3,479	1,355
Transfers and subsidies	**57**	**48**	**-**	**105**	**104**	**1**	**99.0%**	**440**	**440**
Households	57	48	-	105	104	1	99.0%	440	440
Total	**73,103**	**-**	**546**	**73,649**	**73,460**	**189**	**99.7%**	**72,610**	**70,485**

Detail per Programme 3 – Asset and Liabilities Management

PROGRAMME 3: ASSET AND LIABILITIES MANAGEMENT									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programme	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
3.1 Asset Management	25,558	-	-	25,558	25,369	189	99.3%	25,604	24,644
Total for sub programmes	**25,558**	**-**	**-**	**25,558**	**25,369**	**189**	**99.3%**	**25,604**	**24,644**
Economic classification									
Current payments	**25,558**	**(69)**	**-**	**25,489**	**25,300**	**189**	**99.3%**	**24,657**	**23,697**
Compensation of employees	23,959	(69)	-	23,890	23,728	162	99.3%	22,462	22,445
Goods and services	1,599	-	-	1,599	1,572	27	98.3%	2,195	1,252
Transfers and subsidies	**-**	**69**	**-**	**69**	**69**	**-**	**100.0%**	**947**	**947**
Households	-	69	-	69	69	-	100.0%	947	947
Total	**25,558**	**-**	**-**	**25,558**	**25,369**	**189**	**99.3%**	**25,604**	**24,644**

Detail per Programme 4 – Financial Governance

PROGRAMME 4: FINANCIAL GOVERNANCE									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Sub programmes	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
4.1 Programme Support	14,323	(458)	-	13,865	13,845	20	99.9%	17,920	17,889
4.2 Accounting Services	13,647	234	-	13,881	13,847	34	99.8%	13,244	13,027
4.3 Norms and Standards	6,491	700	-	7,191	6,958	233	96.8%	7,843	7,821
4.4 Risk Management	4,364	(42)	-	4,322	4,278	44	99.0%	4,637	4,600
4.5 Provincial Internal Audit	18,653	112	-	18,765	18,678	87	99.5%	16,056	15,188
4.6 Supporting &Interlinked Financial Systems	23,442	(546)	-	22,896	22,833	63	99.7%	23,175	23,094
Total for sub programmes	**80,920**	**-**	**-**	**80,920**	**80,439**	**481**	**99.4%**	**82,875**	**81,619**
Economic classification									
Current payments	**80,179**	**(687)**	**-**	**79,492**	**79,013**	**479**	**99.4%**	**82,035**	**80,781**
Compensation of employees	67,916	(196)	-	67,720	67,454	266	99.6%	73,279	73,195
Goods and services	12,263	(491)	-	11,772	11,559	213	98.2%	8,756	7,586
Transfers and subsidies	**741**	**687**	**-**	**1,428**	**1,426**	**2**	**99.9%**	**840**	**838**
Households	741	687	-	1,428	1,426	2	99.9%	840	838
Total	**80,920**	**-**	**-**	**80,920**	**80,439**	**481**	**99.4%**	**82,875**	**81,619**

Detail per Programme 5 – Municipal Financial Governance

PROGRAMME 5: MUNICIPAL FINANCIAL GOVERNANCE									
	2021/22							2020/21	
	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	12,484	(251)	-	12,233	12,044	189	98.5%	9,793	9,675
5.2 Municipal Budget & Institutional Governance	19,466	178	-	19,644	19,535	109	99.4%	19,305	19,161
5.3 Municipal Accounting & Reporting	16,040	73	-	16,113	16,057	56	99.7%	17,335	17,091
Total for sub programmes	**47,990**	**-**	**-**	**47,990**	**47,636**	**354**	**99.3%**	**46,433**	**45,927**
Economic classification									
Current payments	**47,167**	**(68)**	**-**	**47,099**	**46,747**	**352**	**99.3%**	**44,814**	**44,313**
Compensation of employees	45,908	(68)	-	45,840	45,746	94	99.8%	44,058	43,967
Goods and services	1,259	-	-	1,259	1,001	258	79.5%	756	346
Transfers and subsidies	**823**	**68**	**-**	**891**	**889**	**2**	**99.8%**	**1,619**	**1,614**
Households	823	68	-	891	889	2	99.8%	1,619	1,614
Total	**47,990**	**-**	**-**	**47,990**	**47,636**	**354**	**99.3%**	**46,433**	**45,927**

5.2.2. Notes to the appropriation statement

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

Detail of these transactions can be viewed in note 6 (Transfers and Subsidies), disclosure notes and Annexure 1 A and B 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 5 (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	158,911	155,500	3,411	2.1%
(II) Sustainable Resource Management	73,649	73,460	189	0.3%
(III) Asset and Liabilities Management	25,558	25,369	189	0.7%
(IV) Financial Governance	80,920	80,439	481	0.6%
(V) Municipal Financial Governance	47,990	47,636	354	0.7%
Total	**387,028**	**382,404**	**4,624**	**1.2%**

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current Payments	**377,022**	**372,547**	**4,475**	**1.2%**
Compensation of employees	319,918	319,278	640	0.2%
Goods and services	57,104	53,269	3,835	6.7%
Transfers & Subsidies	**4,275**	**4,173**	**102**	**2.4%**
Departmental agencies & accounts	863	849	14	1.6%
Households	3,412	3,324	88	2.6%
Payment for Capital Assets	**5,731**	**5,361**	**370**	**6.5%**
Machinery & equipment	5,731	5,361	370	6.5%
Payment for Financial Assets	**-**	**323**	**(323)**	**0.0%**
Thefts and Losses	-	323	(323)	0.0%
Total	**387,028**	**382,404**	**4,624**	**1.2%**

(I) Programme 1: Administration – R3.411 million.

Compensation of Employees

Variance: R0.094 million.

The variance is immaterial.

Goods and Services

Variance: R3.173 million.

The variance mainly pertains to:

- Training and Development: The Municipal Financial Management training was rescheduled due to delays encountered in the finalisation of the service level agreement (SLA).
- Consumables: Savings due to the invoice processed for the printing of the provincial gazette being lower than anticipated, non-delivery of screen protectors due to unavailability of stock from the manufacturer and quotations received for printer cartridges that did not meet the specification criteria.
- Computer Services: The request for quotations for renewal of computer utility software licences was non-responsive as well as savings due to the invoice processed for transversal systems and internet services being lower than anticipated.
- Travel and Subsistence: Savings mainly due to meetings and trainings that were held virtually.
- Consultancy Fees: Savings due to invoice processed for qualification verification and Organisational Review project being lower than anticipated.
- Contractors: The request for quotations for the maintenance of computer server equipment was non-responsive as well as provisions made for transportation in case of employee bereavement were not fully utilised.
- Operating Leases: Savings due to lower rental emanating from extension of the RT3 contract.
- Communication: Savings due to airtime and data claims processed being lower than anticipated.

Transfers and Subsidies

Variance: R0.097 million.

The variance is due to provisions made for external bursaries. There were no new intakes in the current financial year.

Payment of Capital Assets

Variance: R0. 370 million.

The variance mainly pertains to:

- Office Equipment: Provisions made for office equipment were not fully utilised as no requests were forthcoming.
- Computer Equipment: Savings due to invoice processed for computer laptops being lower than anticipated.
- Computer Server: Delays encountered in procuring servers for district offices. The purchase order had to be amended due to changes in the foreign exchange rate.

Payment for Financial Assets

Variance: (R0. 323 million).

- The variance pertains to write-offs in respect of long outstanding tax reconciliation differences that could not be resolved as they emanated from prior years as well as irrecoverable staff debts.

(II) Programme 2: Sustainable Resource Management – R0.189 million.

Compensation of Employees

Variance: R0.024 million.

The variance is immaterial.

Goods and Services

Variance: R0.164 million.

- Savings realised in the Provincial Expenditure Performance Review project due to lesser hours worked than anticipated.

Transfers and Subsidies

Variance: R0.001 million.

The variance pertains to leave gratuity payments and is immaterial.

(III) Programme 3: Asset and Liability Management – R0.189 million.

Compensation of Employees

Variance: R0.162 million.

The variance is due to staff attrition and is immaterial.

Goods and Services

Variance: R0.027 million.

- Savings in training and development due to invoice processed being lower than anticipated.

(IV) Programme 4: Financial Governance – R0.481 million.

Compensation of Employees

Variance: R0.266 million.

The variance is due to staff attrition and is immaterial.

Goods and Services

Variance: R0.213 million.

The variance mainly pertains to:

- Training and Development: The invoice for CAE training was lower than anticipated resulting in savings.
- Travel and Subsistence: Savings mainly due to meetings and trainings that were held virtually.

Transfers and Subsidies

Variance: R0.002 million.

The variance is due to leave gratuity payments and is immaterial.

(V) Programme 5: Municipal Financial Governance – R0.354 million.

Compensation of Employees

Variance: R0.094 million.

The variance is immaterial.

Goods and Services

Variance: R0.258 million.

The variance mainly pertains to:

- Operating Payments: Provisions made for resettlement costs for new appointees were not utilised as these posts were filled internally.
- Travel and Subsistence: Savings due to meetings and trainings that were held virtually.

Transfers and Subsidies

Variance: R0.002 million.

The variance is due to leave gratuity payments and is immaterial.

5.2.3. Statement of Financial Performance

	Note	2021/22 R'000	2020/21 R'000
REVENUE			
Annual appropriation	1	387,028	384,579
Departmental revenue	2	238,034	398,023
TOTAL REVENUE		**625,062**	**782,602**
EXPENDITURE			
Current expenditure			
Compensation of employees	3	319,278	318,430
Goods and services	4	53,269	44,018
Total current expenditure		**372,547**	**362,448**
Transfers and subsidies			
Transfers and subsidies	6	4,173	6,100
Total transfers and subsidies		**4,173**	**6,100**
Expenditure for capital assets			
Tangible assets	7	5,361	4,514
Total expenditure for capital assets		**5,361**	**4,514**
Payments for financial assets	5	**323**	**176**
TOTAL EXPENDITURE		**382,404**	**373,238**
SURPLUS FOR THE YEAR		**242,658**	**409,364**

Reconciliation of Net Surplus for the year			
Voted funds		4,624	11,341
Annual appropriation		4,624	11,341
Departmental revenue	11	238,034	398,023
SURPLUS FOR THE YEAR		**242,658**	**409,364**

5.2.4. Statement of Financial Position

	Note	2021/22 R'000	2020/21 R'000
ASSETS			
Current assets		**5,017**	**11,640**
Cash and cash equivalents	*8*	4,216	11,472
Receivables	*9*	801	168
Non-Current assets		**422**	**396**
Receivables	*9*	422	396
TOTAL ASSETS		**5,439**	**12,036**
LIABILITIES			
Current liabilities		**5,211**	**11,808**
Voted funds to be surrendered to the Revenue Fund	*10*	4,624	11,341
Departmental revenue to be surrendered to the Revenue Fund	*11*	27	18
Payables	*12*	560	449
TOTAL LIABILITIES		**5,211**	**11,808**
NET ASSETS		**228**	**228**
Represented by:			
Recoverable revenue		228	228
TOTAL		**228**	**228**

5.2.5. Statement of Changes In Net Assets

NET ASSETS	Note	2021/22 R'000	2020/21 R'000
Recoverable revenue			
Opening balance		228	248
Transfers:		-	(20)
Debts recovered (included in departmental receipts)		(21)	(23)
Debts raised		21	3
Closing balance		**228**	**228**
TOTAL		**228**	**228**

5.2.6. Cash Flow Statement

	Note	2021/22 R'000	2020/21 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**746,252**	**897,584**
Annual appropriated funds received	1.1	387,028	384,579
Departmental revenue received	2	231	310
Interest received	2.2	358,993	512,695
Net (increase)/ decrease in working capital		(522)	234
Surrendered to Revenue Fund		(370,556)	(540,896)
Current payments		(372,547)	(362,448)
Payments for financial assets		(323)	(176)
Transfers and subsidies paid		(4,173)	(6,100)
Net cash flow available from operating activities	13	**(1,869)**	**(11,802)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(5,361)	(4,514)
(Increase)/ decrease in non-current receivables		(26)	280
Net cash flows from investing activities		**(5,387)**	**(4,234)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in net assets		-	(20)
Net cash flows from financing activities		**-**	**(20)**
Net decrease in cash and cash equivalents		(7,256)	(16,056)
Cash and cash equivalents at beginning of period		11,472	27,528
Cash and cash equivalents at end of period	14	**4,216**	**11,472**

5.2.7. Notes on Annual Financial Statements – Accounting Policies

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	**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.
10	**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.
11	**Financial assets**
11.1	**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.
11.2	**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.
12	**Payables** Payables recognised in the statement of financial position are recognised at cost.
13	**Capital Assets**
13.1	**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.
13.2	**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.
13.3	**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.
13.4	**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.
14	**Provisions and Contingents**
14.1	**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.
14.2	**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.
14.3	**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.
15	**Capital Commitments** Capital commitments are recorded at cost in the notes to the financial statements.
16	**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.
17	**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.
18	**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.
19	**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.
20	**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.
21	**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	2021/22			2020/21		
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation Received	Funds not requested/ not received
	R'000	R'000	R'000	R'000	R'000	
Administration	158,911	158,911	-	157,057	157,057	-
Sustainable Resource Management	73,649	73,649	-	72,610	72,610	-
Asset and Liabilities Management	25,558	25,558	-	25,604	25,604	-
Financial Governance	80,920	80,920	-	82,875	82,875	-
Municipal Financial Governance	47,990	47,990	-	46,433	46,433	-
Total	**387,028**	**387,028**	**-**	**384,579**	**384,579**	**-**

2. Departmental revenue

	Note	2021/22 R'000	2020/21 R'000
Sales of goods and services other than capital assets	*2.1*	210	216
Interest, dividends and rent on land	*2.2*	358,993	512,695
Transactions in financial assets and liabilities	*2.3*	21	94
Total revenue collected		**359,224**	**513,005**
Less: Own revenue included in appropriation	*11*	(121,190)	(114,982)
Departmental revenue collected		**238,034**	**398,023**

The significant decrease in revenue 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. The prior year figure under Interest, Dividends and Rent on land were restated due to a prior period error.

2.1 Sales of goods and services other than capital assets

	Note	2021/22	2020/21
	2		
Sales of goods and services produced by the department		**210**	**216**
Other sales		210	216
Total		**210**	**216**

2.2 Interest, dividends and rent on land

	Note	2021/22	2020/21
	2		
Interest		358,993	512,695
Total		**358,993**	**512,695**

2.3 Transactions in financial assets and liabilities

	Note	2021/22 R'000	2020/21 R'000
	2		
Other Receipts including Recoverable Revenue		21	94
Total		**21**	**94**

2.4 Transfers received

2.4.1 Donations received in-kind

	Annex 2		
List in-kind transfers received			
Donation of ten 5 litre Saniprop disinfectant sanitiser		-	3
Donation of PPE at NMMM for Mandela Day Outreach Programme		-	235
Donation of iPhone 13 Pro from Vodacom.		11	-
Sponsor of school shoes for 20-Day Walk Education Campaign		98	-
Sponsor of school bags for 20-Day Walk Education Campaign		48	-
Total		**157**	**238**

3. Compensation of employees

3.1 Salaries and Wages

Basic salary	219,628	223,828
Performance award	1,839	2,615
Service Based	200	294
Compensative/circumstantial	448	549
Periodic payments	27	74
Other non-pensionable allowances	59,014	52,039
Total	**281,156**	**279,399**

3.2 Social contributions

Employer contributions		
Pension	28,782	29,814
Medical	9,294	9,171
Bargaining council	46	46
Total	**38,122**	**39,031**
Total compensation of employees	**319,278**	**318,430**
Average number of employees	**452**	**467**

4. Goods and services

	Note	2021/22 R'000	2020/21 R'000
Administrative fees		427	154
Advertising		651	794
Minor assets	4.1	263	81
Bursaries (employees)		530	446
Catering		190	14
Communication		2,282	2,569
Computer services	4.2	8,880	9,186
Consultants: Business and advisory services		6,784	3,802
Legal services		1,429	-
Contractors		229	1,071
Entertainment		40	29
Audit cost – external	4.3	13,314	10,100
Fleet services		464	435
Consumables	4.4	941	425
Operating leases		1,717	2,736
Property payments	4.5	5,923	6,180
Travel and subsistence	4.6	1,815	755
Venues and facilities		42	1
Training and development		3,633	1,087
Other operating expenditure	4.7	3,715	4,153
Total		**53,269**	**44,018**

The increase in Consultants: Business and advisory services is due to the finalisation of the Provincial Expenditure Review project, Quality Assurance Reviews that could not be conducted in the prior year and planned Organisational Development projects. The increase in Training and Development is due to a reduction in lockdown restrictions imposed.

4.1 Minor assets

	Note	2021/22	2020/21
	4		
Tangible assets		**263**	**81**
Machinery and equipment		263	81
Total		**263**	**81**

The difference of R65 717.65 in minor assets between the general ledger and note compared to asset register in 2021/22 financial year is due to assets that are not included in the asset register as per the Departmental Asset Management Policy. The increase is due to once-off office furniture procured in 2021/22 financial year.

4.2 Computer services

	Note	2021/22	2020/21
		R'000	R'000
SITA computer services		1,479	2,044
External computer service providers		7,401	7,142
Total		**8,880**	**9,186**

The decrease is due to quotations for the renewal of computer utility software licences being non-responsive as well as savings on charges for transversal systems and internet services.

4.3 Audit cost – External

	Note	2021/22	2020/21
		R'000	R'000
	4		
Regularity audits		5,737	4,682
Investigations		5,997	4,154
Computer Audits		1,580	1,264
Total		**13,314**	**10,100**

The increase in Investigations is due to a rise in provincial forensic investigations conducted and the increase in Regularity audits is due to a reduction in lockdown restrictions imposed.

4.4 Consumables

	Note	2021/22	2020/21
	4		
Consumable supplies		246	263
Uniform and clothing		-	109
Household supplies		39	95
Communication accessories		136	-
IT consumables		20	22
Other consumables		51	37
Stationery, printing and office supplies		695	162
Total		**941**	**425**

The increase in Stationery is due to a reduction in lockdown restrictions imposed. Communication accessories relates to cellular phone screen protectors and covers.

4.5 Property payments

	Note	2021/22	2020/21
	4		
Property maintenance and repairs		3,763	3,894
Other		2,160	2,286
Total		**5,923**	**6,180**

The amount reflected under 'Other' pertains to safeguarding and security of property.

4.6 Travel and subsistence

	Note	2021/22	2020/21
		R'000	R'000
Local		1,815	753
Foreign		-	2
Total		**1,815**	**755**

The increase is due to a reduction in lockdown restrictions imposed.

4.7 Other operating expenditure

	Note	2021/22	2020/21
		R'000	R'000
	4		
Professional bodies, membership and subscription fees		244	157
Resettlement costs		682	347
Other		2,789	3,649
Total		**3,715**	**4,153**

The amount reflected under 'Other' pertains to printing and publications. The decrease is due to a reduction in the volume of strategic documents printed.

4.8 Remuneration of members of a commission or committee (Included in Consultants: Business and advisory services)

		2021/22	2020/21
		R'000	R'000
Name of Commission / Committee	**No. of members**		
Audit Committee	4	375	
Audit Committee Chairperson Forum	1	66	
Risk Management Committee	1	85	
Risk Management Committee Chairperson Forum	1	31	
Total		**557**	

The prior year figures are not reflected due to new reporting requirements introduced in 2021/22 financial year.

5. Payments for financial assets

	Note		
	5.1		
Debts written off		323	176
Total		**323**	**176**

5.1 Debts written off

	Note		
	5		
Other Debts written off			
Debt written off		323	176
Total		**323**	**176**
Total debt written off		**323**	**176**

The amount written-off is in respect of long outstanding tax reconciliation differences that could not be resolved as they emanated from prior years, as well as irrecoverable staff debts.

6. Transfers and subsidies

	Note	**2021/22 R'000**	**2020/21 R'000**
Departmental agencies and accounts	*Annex 1A*	849	942
Households	*Annex 1B*	3,324	5,158
Total		**4,173**	**6,100**

The decrease in Households is due to a reduction in staff attrition compared to the prior year.

7. Expenditure for capital assets

	Note		
	26		
Tangible assets		**5,361**	**4,514**
Machinery and equipment		5,361	4,514
Total		**5,361**	**4,514**

7.1 Analysis of funds utilised to acquire capital assets – 2021/22

	Voted Funds R'000	**Total R'000**
Tangible assets	**5,361**	**5,361**
Machinery and equipment	5,361	5,361
Total	**5,361**	**5,361**

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

	Voted Funds 2021/22 R'000	Total 2020/21 R'000
Tangible assets	**4,514**	**4,514**
Machinery and equipment	4,514	4,514
Total	**4,514**	**4,514**

7.3 Finance lease expenditure included in Expenditure for Capital Assets

	R'000	R'000
Tangible assets		
Machinery and equipment	2,862	1,707
Total	**2,862**	**1,707**

8. Cash and cash equivalents

	2021/22 R'000	2020/21 R'000
Consolidated Paymaster General Account	4,211	11,467
Cash on hand	5	5
Total	**4,216**	**11,472**

The decrease is due to higher unspent funds in the prior year.

9. Receivables

		2021/22			2020/21		
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	*9.1*	747	-	747	87	-	87
Staff debt	*9.2*	5	422	427	77	396	473
Other receivables	*9.3*	49	-	49	-	-	-
Fruitless and wasteful expenditure	*9.4*	-	-	-	4	-	4
Total		**801**	**422**	**1,223**	**168**	**396**	**564**

9.1 Claims recoverable

	Note	2021/22 R'000	2020/21 R'000
	9 & Annex 5		
Provincial departments		747	87
Total		**747**	**87**

9.2 Staff debt

	Note		
	9		
Debt Account		427	473
Total		**427**	**473**

9.3 Other receivables

	Note		
	9		
Sal: Reversal Control		36	-
Sal: Medical Aid		9	-
Sal: Pension Fund		4	-
Total		**49**	**-**

9.4 Fruitless and wasteful expenditure

	Note	2021/22 R'000	2020/21 R'000
	9		
Opening balance		4	-
Transfers from note 22 fruitless and wasteful expenditure		-	4
Less: amount recovered		(4)	-
Total		**-**	**4**

9.5 Impairment of receivables

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

The impairment was written off in 2021/22.

10. Voted funds to be surrendered to the Revenue Fund

Opening balance	11,341	27,823
Transfer from Statement of Financial Performance	4,624	11,341
Paid during the year	(11,341)	(27,823)
Closing balance	**4,624**	**11,341**

11. Departmental revenue to be surrendered to the Revenue Fund

	2021/22	2020/21
	R'000	R'000
Opening balance	18	86
Transfer from Statement of Financial Performance	238,034	398,023
Own revenue included in appropriation	121,190	114,982
Paid during the year	(359,215)	(513,073)
Closing balance	**27**	**18**

12. Payables – current

Clearing accounts	*Annex 6 & 12.1*	560	449
Total		**560**	**449**

12.1 Clearing accounts

		2021/22	2020/21
		R'000	R'000
	12		
Sal: GEHS Refund Control Account		69	-
Sal: Income Tax		393	327
Sal: Pension Fund		-	122
Payables:Adv::P/Dept:EC Adv Acc:CL		98	-
Total		**560**	**449**

13. Net cash flow available from operating activities

Net surplus as per Statement of Financial Performance	242,658	409,364
Add back non cash/cash movements not deemed operating activities	(244,527)	(421,166)
Increase in receivables – current	(633)	(53)
Increase in payables – current	111	287
Expenditure on capital assets	5,361	4,514
Surrenders to Revenue Fund	(370,556)	(540,896)
Own revenue included in appropriation	121,190	114,982
Net cash flow generated by operating activities	**(1,869)**	**(11,802)**

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

Consolidated Paymaster General account	4,211	11,467
Cash on hand	5	5
Total	**4,216**	**11,472**

15. Contingent liabilities and contingent assets

15.1 Contingent liabilities

		2021/22	2020/21
		R'000	R'000
Claims against the department	*Annex 4*	500	100
Total		**500**	**100**

The contingent liability disclosed relates to litigation against the Department in respect of gambling tax revenue. At this stage the department is unable to disclose the timing of any outflow or the possibility of any reimbursement because the matter is pending in court.

16. Capital Commitments

	2021/22	2020/21
	R'000	R'000
Machinery and Equipment	76	99
Total	**76**	**99**

17. Accruals and payables not recognised

17.1 Accruals

			2021/22	2020/21
			R'000	R'000
Listed by economic classification				
	30 Days	**30+ Days**	**Total**	**Total**
Goods and services	2,094	2,878	4,972	1,112
Compensation of employees	-	-	-	17
Transfers and subsidies	132	-	132	86
Total	**2,226**	**2,878**	**5,104**	**1,215**

	2021/22	2020/21
Listed by programme level		
Administration	5,053	1,115
Sustainable Resource Management	28	1
Assets and Liabilities Management	1	6
Financial Governance	20	-
Municipal Financial Governance	2	93
Total	**5,104**	**1,215**

Material accruals include legal fees for Medico-Legal intervention and Regularity audit fees. The prior year figure was restated due to a prior period error.

17.2 Payables not recognised

			2021/22	2020/21
			R'000	R'000
Listed by economic classification				
	30 Days	**30+ Days**	**Total**	**Total**
Compensation of employees	74	-	74	-
Goods and services	-	-	-	18
Total	**74**	**-**	**74**	**18**

	2021/22	2020/21
Listed by programme level		
Administration	74	5
Assets and Liabilities Management	-	13
Total	**74**	**18**

	Note	2021/22	2020/21
Included in the above totals are the following:		**R'000**	**R'000**
Confirmed balances with other departments	*Annex 6*	98	-
Total		**98**	**-**

The prior year figure was restated due to a prior period error.

18. Employee benefits

	2021/22	2020/21
Leave entitlement	15,075	17,878
Service bonus	8,567	8,362
Performance awards	5,100	6,143
Capped leave commitments	11,974	13,177
Other	442	430
Total	**41,158**	**45,990**

1. *The amount reflected under 'Other' pertains to estimated long service awards for the ensuing financial year, employee accruals and employee payables not recognised. At this stage the department is not able to reliably measure the long-term portion of the long service awards. The prior year figure under 'Other' was restated due to a prior period error.*
2. *Leave entitlement includes an amount of R203 928.95 for 78.67 days in respect of officials who have negative leave in the current cycle pro-rata credits. This is due to leave taken more than accrued. The decrease is due to leave taken by employees as they gradually returned to the office.*

19. Lease commitments

19.1 Operating leases expenditure

2021/22	Machinery and Equipment R'000	Total R'000
Not later than 1 year	137	137
Later than 1 year and not later than 5 years	-	-
Total lease commitments	**137**	**137**

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

The department occupies buildings that are owned by / under the custodianship of / leased by the Department of Public Works. These buildings are occupied for no consideration and no amounts are paid to the Department of Public Works for the occupation of these premises. The department entered into a lease agreement for office equipment and the contract expired in August 2021. The contract was extended to June 2022, hence the decrease compared to the prior year.

19.2 Finance leases expenditure

2021/22	Machinery and Equipment R'000	Total R'000
Not later than 1 year	3,506	3,506
Later than 1 year and not later than 5 years	6,878	6,878
Total lease commitments	**10,384**	**10,384**

2020/21	Machinery and Equipment R'000	Total 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**

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. The calculations are based on the new client rate card and vehicles are replaced on a five-year cycle. Six vehicles are expected to be replaced in August 2022. The figures above also include cellular phone and data lease commitments. The significant increase is due to the Department

participating in the RT 15 of 2021 transversal contract for mobile communication solutions and it includes all eligible ECPT employees as per the policy.

20. Accrued departmental revenue

	2021/22	2020/21
	R'000	R'000
Interest, dividends and rent on land	2,681	2,685
Total	**2,681**	**2,685**

20.1 Analysis of accrued departmental revenue

	2021/22	2020/21
	R'000	R'000
Opening balance	2,685	2,174
Less: amounts received	(2,685)	(2,174)
Add: amounts recognised	2,681	2,685
Closing balance	**2,681**	**2,685**

21. Irregular expenditure

21.1 Reconciliation of irregular expenditure

	Note	2021/22	2020/21
		R'000	R'000
Opening balance		179	51
Add: Irregular expenditure – relating to prior year		-	39
Add: Irregular expenditure – relating to current year	*21.2*	19	89
Less: Prior year amounts condoned	*21.3*	(33)	-
Closing balance		**165**	**179**
Analysis of closing balance			
Current year		19	89
Prior year		146	90
Total		**165**	**179**

21.2 Details of irregular expenditure condoned

Incident	Disciplinary steps taken/ criminal proceedings	2021/22 R'000

1. Non-compliance with the requirements of PPPFA.	The matter is under investigation.	19
Total		**19**

21.3 Details of irregular expenditure condoned

Incident	Condoned by (Relevant Authority)	2021/22 R'000
1. 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).	Eastern Cape Provincial Treasury (Office of Provincial Accountant General)	33
Total		**33**

The opening balance of R179 000 pertains to irregular expenditure incurred due to non-compliance with National Treasury Notice 05 of 2020/21 and Notice 08 of 2007/08. Part of this amount was condoned in 2021/22 financial year and other matters are under investigation.

22. Fruitless and wasteful expenditure

22.1 Reconciliation of fruitless and wasteful expenditure

	Note	2021/22 R'000	2020/21 R'000
Opening balance		9	13
Fruitless and wasteful expenditure – relating to current year		-	176
Less: Amounts recoverable	*9.4*	-	(4)
Less: Amounts written off		-	(176)
Closing balance		**9**	**9**

The opening balance of R9 000 pertains to fruitless and wasteful expenditure incurred due to non-cancellation fees for booked accommodation and air ticket. The matter is under investigation.

23. Related party transactions

1. *The Department occupies buildings that are owned by / under the custodianship of / leased by the Department of 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.*
2. *The Member of the Executive Council for Finance is also the political head of Department of Economic Development, Environmental Affairs and Tourism.*

24. Key management personnel

	No. of Individuals	2021/22 R'000	2020/21 R'000
Political office bearers	1	1,978	1,978
Officials:			
Level 15 and 16	6	10,973	10,820
Level 14	14	17,926	18,430
Total		**30,877**	**31,228**

25. Non-adjusting events after reporting date

As at the reporting date, interest revenue and departmental accrued revenue were overstated by R28 000.33 and R331 964.84 respectively. These emanated from PRF reconciliation errors and were subsequently adjusted.

26. Movable Tangible Capital Assets

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

	Opening balance R'000	Value adjustment	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	**58,239**	**-**	**2,499**	**1,543**	**59,195**
Computer equipment	35,981	-	2,325	1,423	36,883
Furniture and office equipment	9,469	-	-	75	9,394
Other machinery and equipment	12,789	-	174	45	12,918
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**58,239**	**-**	**2,499**	**1,543**	**59,195**

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. The Department is participating in the RT 15 of 2021 transversal contract for mobile communication solutions.

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	16	201

These assets were stolen and 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.

26.1 Movement for 2020/21

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

	Opening balance	Prior Period Error	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**

26.2 Minor assets

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

	Machinery and equipment	Total
	R'000	R'000
Opening balance	9,493	9,493
Additions	197	197
Disposals	(192)	(192)
Total Minor Assets	**9,498**	**9,498**

	Machinery and equipment	Total
Number of R1 minor assets	7	7
Number of minor assets at cost	5,206	5,206
TOTAL NUMBER OF MINOR ASSETS	**5,213**	**5,213**

The difference of R65,717.65 in minor assets between the general ledger and note compared to the asset register in 2021/22 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	1	1

These assets were stolen and 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.

26.3 Movement for 2020/21

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

	Machinery and equipment R'000	Total 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**

26.4 Movable assets written off

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

	Machinery and equipment R'000	Total R'000
Assets written off	638	638
TOTAL MOVABLE ASSETS WRITTEN OFF	**638**	**638**

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

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

27. Intangible Capital Assets

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

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

27.1 Movement for 2020/21

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

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

28. Prior period errors

28.1 Correction of prior period errors

	Note	Amount before error correction 2020/21 R'000	Prior period error 2020/21 R'000	Restated Amount 2020/21 R'000
Revenue:				
Departmental Revenue	2	398,333	(310)	398,023
Net effect		**398,333**	**(310)**	**398,023**

The prior period error amounting to R310 397.46 pertains to an investment withdrawal incorrectly disclosed as interest earned.

	Note	Amount before error correction 2020/21	Prior period error 2020/21	Restated Amount 2020/21
		R'000	R'000	R'000
Other:				
Accruals	*17.1*	1,374	(159)	1,215
Payables not recognised	*17.2*	89	(71)	18
Employee benefit	*18*	45,760	230	45,990
Net effect		**47,223**	**-**	**47,223**

The prior period error refers to employee accruals and payables not recognised restated to employee benefits.

29. Broad Based Black Economic Empowerment Performance

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

30. Covid-19 Response Expenditure

	Note	2021/22 R'000	2020/21 R'000
	Annex 7		
Goods and services		28	409
Expenditure for capital assets		-	27
Total		**28**	**436**

5.2.9. Unaudited Annexures to the Annual Financial Statements

ANNEXURE 1A
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2020/21
	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)	862	-	862	848	98%	956
Total	**863**	**-**	**863**	**849**		**957**

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

ANNEXURE 1B
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2020/21
	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	2,210	-	894	3,104	3,095	100%	4,756
Bursaries to Non-Employees	327	-	(19)	308	229	74%	480
Total	**2,537**	**-**	**875**	**3,412**	**3,324**		**5,236**

ANNEXURE 2
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2021/22 R'000	2020/21 R'000
Received in kind			
Old Mutual	Donation of ten 5 litre Saniprop disinfectant sanitiser.	-	3
Standard Bank	Donation of PPE at NMMM for Mandela Day Outreach Programme.	-	235
ABSA	Sponsor of school shoes for 20-Day Walk Education Campaign.	98	-
ABSA	Sponsor of school bags for 20-Day Walk Education Campaign.	48	-
Vodacom	Donation of iPhone 13 Pro.	11	-
TOTAL		**157**	**238**

PPE - Personal Protective Equipment

NMMM – Nelson Mandela Metropolitan Municipality

ANNEXURE 3
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation	2021/22 R'000	2020/21 R'000
Made in kind		
Sponsor of school shoes for 20-Day Walk Education Campaign	98	-
Sponsor of school bags for 20-Day Walk Education Campaign	48	-
TOTAL	**146**	**-**

ANNEXURE 4
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2022

Nature of Liability	Opening Balance 1 April 2021 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31 March 2022 R'000
Claims against the department					
Litigation	100	500	(100)	-	500
TOTAL	**100**	**500**	**(100)**	**-**	**500**

ANNEXURE 5
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2021/22*	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021	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	-	-	-	56	-	56		-
EC: Economic Development	90	5	-	-	90	5		-
EC: Health	657	6	-	-	657	6		-
EC: Sport	-	8	-	-	-	8		-
WC: Office of the Premier	-	12	-	-	-	12		-
Subtotal	**747**	**31**	**-**	**56**	**747**	**87**		**-**
TOTAL	**747**	**31**	**-**	**56**	**747**	**87**		**-**

ANNEXURE 6
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2021/22*	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021	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								
EC: Human Settlement	36	-	-	-	36	-		
EC: Office of the Premier	62	-	-	-	62	-		-
Subtotal	**98**	**-**	**-**	**-**	**98**	**-**		**-**
TOTAL	**98**	**-**	**-**	**-**	**98**	**-**		**-**

ANNEXURE 7

COVID-19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2021/22					2020/21
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	**-**	**-**	**28**	**-**	**28**	**409**
Consumables	-	-	28	-	28	223
Property Payments	-	-	-	-	-	178
Minor Assets	-	-	-	-	-	8
Expenditure for capital assets	**-**	**-**	**-**	**-**	**-**	**27**
Machinery and Equipment	-	-	-	-	-	27
TOTAL COVID-19 RESPONSE EXPENDITURE	**-**	**-**	**28**	**-**	**28**	**436**