Province of the
EASTERN CAPE
PROVINCIAL TREASURY

ANNUAL REPORT - VOTE 12

2023/24 FINANCIAL YEAR

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1. Part A: General Information

1.1. Department's General Information

EASTERN CAPE PROVINCIAL TREASURY

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1.2. List of Abbreviations

AC	Audit Committee	IRM	Infrastructure Reporting Model
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	MSMEs	Medium, Small 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
IPPF	International Professional Practices Framework		

1.3. Foreword by the MEC

Mr Mlungisi Mvoko
Honourable MEC for Finance

Throughout the fiscal year under review, we remained steadfast in carrying out our duty of providing strategic and technical leadership in the allocation, management, and utilisation of financial resources for socioeconomic development in the province. We began the year with a weakening economy, which was exacerbated by continuous drought, natural disasters caused by climate change, and an unstable electrical grid, which led to regular load shedding, network connectivity interruptions and unstable water supply.

The challenges we encountered, however, did not stop us from sticking to our goal of achieving greater results by doing more with less. Cost-cutting measures formed the basis of our Fiscal Consolidation Strategy, which was designed to facilitate prudent use of provincial financial resources at a period of subdued economic growth. The escalating wage bill was managed by sustaining spending ceilings through a variety of measures, that entailed careful control of personnel budget and expenditure through authorisation of appointments on PERSAL that are centralised in line with Provincial Coordinating Monitoring Team (PCMT) directives, in collaboration with the Office of the Premier (OTP). We provided the necessary assistance to provincial departments that are driving our revenue generation strategy in order to enhance and expand provincial revenue, resulting in an overcollection. Through a multi-disciplinary team comprised of the Office of the Premier, Health, and Provincial Treasury (PT), we maintained our concerted effort to address the contingency liabilities that result in fiscal instability in Department of Health (DoH) that is posing a significant risk to the Provincial Revenue Fund (PRF). Furthermore, we are stepping up our support to stabilise the finances of the Department of Education (DoE), in collaboration with OTP, by focusing on specific areas that need special attention.

Our proposals for repurposing public entities are being pursued, as evidenced by the full implementation of the ECSECC resolution, which resulted in the ECSECC White Paper and Bill being tabled in the Provincial Legislature. Furthermore, we funded the recapitalisation of the ECDC in the 2022/23 financial year and over the MTEF. PT, OTP and GTAC jointly monitored the implementation of the project plan. We have increased our efforts to monitor the implementation of the Public Expenditure Review findings to ensure that the underlying causes of accruals and payables are addressed.

In accordance with the Local Economic Development Procurement Framework, we boosted our support for women, youth, people with disabilities, and military veterans, with a special emphasis on youth, to ensure that 30% of procurement spend is directed towards youth-owned businesses. Furthermore, we continued to identify a number of opportunities for transversal contracting, and capacitated suppliers on opportunities available to enable MSMEs to do business with government, including administrative support and registration on CSD and LOGIS. We enhanced our efforts to monitor procurement plans implementation in order to avoid service delivery delays.

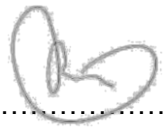
We continued to evaluate infrastructure budget performance in line with procurement objectives, in collaboration with the Department of Public Works and Infrastructure (DPWI), to avoid project blockages. Departments were also given assistance in aligning infrastructure projects with the District Development Model (DDM) in order to improve integrated infrastructure planning, procurement, and delivery along the infrastructure value chain.

We continued to utilise the FMAF in order to institutionalise discipline in the administration of public resources and ensure that departments and entities progress towards long-term financial maturity. We escalated breaches of the Framework standards to departmental Executive Authorities as and when they arose.

The Municipal Infrastructure Grant spending was enhanced through various interventions, ranging from appointment of Municipal Managers and Chief Financial Officers, early procurement, proper monitoring of procurement plans, District Infrastructure Forums, adherence to approved grant deadlines, to capacity building.

Staff development through various training programmes and change management efforts remained critical to achieving the department's strategic outcomes. Let me express my gratitude to the Head of Department, Mr Daluhlanga Majeke, and the Provincial Treasury employees for their tireless efforts and dedication to 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 2022/23 financial year.



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HONORABLE MLUNGISI MVOKO
MEC FOR FINANCE
DATE: 31 AUGUST 2024

1.4. Report of the Accounting Officer

Mr Daluhlanga Majeke
Accounting Officer

This report presents the financial and non-financial performance information for the 2023/24 fiscal year, marking the culmination of the fourth year in our five-year strategic plan (2020-2025). It highlights the progress made towards achieving the departmental strategic outcomes outlined in both the strategic plan and the annual performance plan. The focus was on implementing the four key strategic priorities of the department, namely, fiscal consolidation, supply chain management reforms, infrastructure support, provincial and municipal governance, and accountability.

As of March 31, 2024, the department has achieved 43 or 60% of its 72 Annual Performance Plan (APP) targets. Additionally, the department spent R398 984 million (92.90%) against a projected expenditure of R429 446 million.

Given the persistently uncertain economic landscape, the department remains steadfast in implementing measures to uphold fiscal prudence within the province. Fiscal consolidation remains a priority, with continued enforcement of budget expenditure ceilings, reduction of the wage bill, and initiatives aimed at enhancing own revenue. To ensure fiscal sustainability, the budget confirmation for the opening of the certain PERSAL codes such as acting allowances, salary arrears and overtime for essential services is being continued with, thus curbing the unsustainable growth in personnel costs.

The implementation of recommendations stemming from a research study aimed at identifying new sources of provincial revenue has yielded promising outcomes despite the constrained fiscal environment. By March 31, 2024, the province successfully collected R2.219 billion, surpassing the projected amount of R1.689 billion by R529 million, signalling an over-collection. Management of the Provincial Revenue Fund (PRF) remains a top priority, with careful oversight to mitigate liquidity risks. Collaborative efforts persist between the department, the Department of Health, and the Office of the Premier to address medico-legal claims, which represent a significant liquidity risk to the provincial fiscus. These concerted actions underscore a proactive approach to fiscal management and risk mitigation.

The rationalisation of provincial public entities is gaining momentum, with PT actively engaging the Government Technical Advisory Centre (GTAC) to streamline crucial processes essential for project completion. Collaborating closely with affected departments, PT is committed to ensuring the efficient execution of this initiative.

PT actively supported departments in implementing the Preferential Procurement Regulations of 2022. We continued assisting departments in applying their own specific goals with the primary focus on supporting designated groups such as women, youth, people with disabilities and military veterans. Additionally, PT was dedicated to facilitating the involvement of Medium, Small and Micro Enterprises

(MSMEs) and cooperatives in government procurement through the implementation of the Local Economic Development Procurement Framework (LEDPF).

In its endeavour to drive food security, the Provincial Government has embarked on the Government Procurement of Agricultural Products Programme (GPAP) which aims to systematically integrate small-scale farmers into the value chains for mainstream government procurement. The Programme is mainly targeting School Nutrition, Patient Food and Food Parcels for the needy. The Provincial Treasury in collaboration with the Department of Economic Development, Environmental Affairs and Tourism as well as the Department of Rural Development and Agrarian Reform are facilitating the implementation of the Programme. The Task Team which includes the procuring departments has developed a Model that will be utilised to procure the targeted products. It is envisaged that the Model will be approved in the 2024/25 Financial Year. The GPAP Model is a combination of a centralised and decentralised approach wherein there will be a Programme Management Office (PMO) that will coordinate the programme to ensure that supplier production capacity is able to meet Government's demand. Efforts to alleviate cash flow challenges and enhance the financial sustainability of MSMEs were underway, with creditors (suppliers and service providers) being paid promptly. The adoption of an online invoice tracking application proved beneficial, yielding positive results in financial management processes.

PT intensified its monitoring efforts to ensure the timely implementation of procurement plans, thereby minimising delays in service delivery. To this end, departments are required to undertake procurement in the financial year prior to the year in which the relevant good, works and services are required. This assists to prevent underspending and surrendering of allocated budgets. Furthermore, the department was committed to maintaining market-related prices for commodities by periodic updating of the Price Index, the implementation of which is subject to scrutiny by the Auditor General SA. These proactive measures underscored PT's dedication to enhancing efficiency and transparency in procurement processes while fostering economic empowerment and sustainability

During the period under review, the department procured goods and services from local suppliers totalling R22 361 884.37 million, with 70% of the beneficiaries being female-owned suppliers. Additionally, provincial departments expended a total of R1.5 billion on Small, Medium, and Micro Enterprises (MSMEs), with R619.6 million (39.25%) directed towards Eastern Cape-based MSMEs.

To address cash flow challenges and strengthen the financial health of MSMEs, initiatives were undertaken to expedite payments to creditors. The timely settlement of invoices to suppliers and service providers was prioritized. An online invoice tracking system was implemented to streamline financial management and enable suppliers to easily inquire about outstanding payments. This system has shown promising results, with the organization consistently surpassing the provincial average payment period. Specifically, invoices were settled within an average of six days, compared to the provincial average of fifteen days for all departments during the review period.

Continued support was provided to MSMEs for registration on the Central Supplier Database (CSD) and LOGIS, further enhancing their accessibility to procurement opportunities. These initiatives underscore PT's commitment to promoting local economic development and supporting small businesses.

To tackle infrastructure challenges effectively, PT has been actively facilitating the institutionalization of the Infrastructure Delivery Management System (IDMS) throughout the province. Additionally, support is provided to departments in implementing the Framework for Infrastructure Delivery and Procurement Management (FIDPM).

A concerted effort is underway to ensure that infrastructure projects are aligned with the District Development Model, enhancing integrated infrastructure planning, procurement, and delivery across the infrastructure value chain. Close monitoring of infrastructure projects and spending of infrastructure grants is conducted at both provincial and local levels to ensure optimal value for money. In 2023, the province implemented a new Infrastructure Coordination model, including technical streams led by the Provincial Treasury, Public Works and Infrastructure, and the Office of the Premier. During the 2023/24 financial year, the Provincial Treasury participated in site visits led by the Portfolio Committee of Finance, Standing Committee on Public Accounts, and National Treasury to enhance the credibility of infrastructure project reports.

These initiatives underscore PT's commitment to improving infrastructure development and delivery processes, ultimately contributing to the overall socio-economic development of the province.

PT has maintained its coordination of audit improvement strategies by actively implementing and monitoring the Provincial Audit Intervention Plan (PAIP). This comprehensive plan includes the development of guidelines, and the adoption of a project management approach aimed at addressing findings highlighted by the Auditor-General of South Africa (AGSA).

PT has supported departments in the resolution of the cumulative Irregular Expenditure balances, resulting in a reduction of about R6 billion of the balance between 2022/23 to 2023/24. This will be further evidenced when the annual reports of the provincial departments are published.

Support provided by PT to departments and municipalities is strategically directed towards areas that are deemed to have a substantial impact on enhancing audit outcomes. Furthermore, assistance is extended to these entities in applying Accounting Standards and relevant prescripts, with a particular emphasis on the implementation of mSCOA (Municipal Standard Chart of Accounts) in municipalities.

To tackle underlying financial management challenges that pose risks to the fiscus, a range of interventions are being implemented in departments and municipalities. Multi-disciplinary teams have been mobilized to provide targeted support to the Departments of Health and Education.

In municipalities, intervention programmes are currently underway in four specific areas: Amathole District Municipality, Makana, OR Tambo District Municipality, Walter Sisulu and Enoch Mgijima. PT's

support to municipalities is closely aligned with the Municipal Integrated Development Plans and the District Development Model, ensuring that interventions are coordinated with broader local development objectives.

By addressing financial management issues head-on and providing tailored support, PT aims to bolster fiscal sustainability, strengthen governance, and promote effective service delivery in both departments and municipalities, ultimately contributing to the overall well-being of the province.

These efforts signify PT's commitment to fostering accountability, transparency, and adherence to audit standards within the provincial and municipal spheres, thereby contributing to improved governance and financial management practices.

In its ongoing commitment to service excellence, PT persistently upheld the principles of Batho Pele in delivering services to its clients. Throughout the 2023/24 Financial Year under review, no customer complaints were received and logged through the Presidential Hotline, underscoring the department's dedication to providing efficient and satisfactory service experiences to its stakeholders. This achievement reflects PT's continuous efforts to prioritize customer satisfaction and responsiveness in its operations.

Recognizing the significance of ongoing staff development in achieving organizational strategic outcomes, PT has been actively implementing various training programmes and change management initiatives. In addition to the Director Leadership Enhancement & Advancement Programme (LEAP), which targets senior managers within the department, efforts have been made to ensure comprehensive development opportunities for all staff members.

During the reporting period under review, a total of 120 employees participated in training and development initiatives, with 66 individuals representing 55% of the cohort being female.

This prioritization of female employees in training and development programmes aligns with PT's strategy to enhance skills and promote employment equity within the organization.

For the period under review, the department employed 447 staff members, including 273 females and 174 males. The SMS level comprised 62 members, with an equal gender representation of 50% each. Year-on-year changes showed a decrease in female representation from 56% in 2020/21 to 50% in 2023/24, with a corresponding increase in male representation. By 2023/24, gender representation was equalized at 50%, and 21% of the workforce comprised youths.

By investing in the professional growth of its workforce, particularly by empowering female employees, PT demonstrates its commitment to fostering a diverse and inclusive workplace culture while also equipping its staff with the necessary capabilities to contribute effectively to the organization's objectives.

As of March 31, 2024, the department's vacancy rate has improved significantly, dropping to 2.9% compared to 5.6% at the same time last year. Women make up 60% of the workforce, while men

account for the remaining 40%. PT is committed to achieving gender equality in leadership positions. Currently, females hold 50% of Senior Management Service (SMS) roles, meeting our established target.

Additionally, individuals with disabilities comprise 2.4% of our staff, and we are actively working to create an even more inclusive work environment. PT remains dedicated to implementing its employment equity strategy to ensure a representative workforce that reflects the broader community.

Furthermore, the department has prioritized the inclusion of youth within its workforce, with 21% of the staff complement comprising individuals who are part of the Departmental Youth Strategy. These initiatives underscore PT's dedication to fostering diversity, equity, and inclusion within its workforce while also nurturing the next generation of talent.

The department remains firmly on track to realize its five-year strategic objectives, meticulously laid out in the Strategic Plan.

Departmental Receipts

Table 1.4.1: Departmental Receipts

Departmental receipts	2023/2024			2022/2023		
	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	287	201	86	262	206	56
Interest, dividends and rent on land	131 471	872 676	(741 205)	125 742	570 739	(444 997)
Transactions in financial assets and liabilities	836	120	716	881	157	724
Total	**132 594**	**872 997**	**(740 403)**	**126 885**	**571 102**	**(444 217)**

The total departmental receipts as indicated in the table above amount to R872.997 million for the 2023/24 financial year against a budget of R132.594 million. An amount of R872.675 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 the 2023/24 financial year is R9 273.14. The write-off is in respect of fruitless and wasteful expenditure incurred due to late cancellation and 'no-show' of booked accommodation and air transport.

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	2023/2024			2022/2023		
	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	183 833	166 660	17 173	176 489	165 275	11 214
Sustainable Resource Management	78 719	75 651	3 068	77 752	75 243	2 509
Asset and Liabilities Management	27 286	26 713	573	26 214	26 028	186
Financial Governance	88 674	79 077	9 597	83 147	73 168	9 979
Municipal Financial Governance	50 934	50 883	51	53 226	50 281	2 945
Total	**429 446**	**398 984**	**30 462**	**416 828**	**389 995**	**26 833**

The department underspent its budget by R30.462 million from an adjusted budget of R429.446 million. Departmental unspent funds increased compared to the 2022/23 financial year unspent funds of R26.833 million. This is mainly due to unspent funds on CoE, Goods and Services as well as payment of capital assets.

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

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

- Audit Costs - The nature of forensic investigations is influenced by uncertainties stemming from factors such as limitations on the scope of investigations, situations where further investigation is not feasible and delays in the execution of investigations due to difficulties in obtaining documents or lack of co-operation from stakeholders.
- Training and Development – Savings pertaining to provincial training that could not be undertaken due to unforeseen circumstances and invoice processed being lower than anticipated.
- Travel and Subsistence – Savings pertains to meetings that were cancelled due to unforeseen circumstances as well as meetings held virtually.

- Consultancy Fees – Payment could not be processed due to non-submission of the necessary information and reports by the Provincial Infrastructure Support project service provider.
- Minor Assets - Delays encountered in the SITA procurement process for the replacement of network cabling and components. A request for a rollover of funds will be made.
- Consumables - Partial delivery of mobile communication accessories due to stock shortages.
- Contractors - Unspent funds due to delays encountered in the SITA procurement process for extension of support and maintenance to computer server infrastructure.
- Bursaries - Savings due to late issuing of student results by universities, thereby delaying the bursary award process.
- Computer Services - Due to invoice processed for BAS licences being lower than anticipated.

Unspent funds in transfers and subsidies mainly pertain to savings due to invoice processed for skills development levies being lower than anticipated as well as provisions made for leave gratuity payment which were not fully utilised.

Unspent funds in Payment for Capital Assets mainly due to delays encountered in the SITA procurement process for acquiring Local Area Network equipment. A request for a rollover of funds will be made.

Virements

The department recorded the following virement due to a shortfall emanating from a request to participate in the roll out of public hearings on the public procurement bill conducted by Eastern Cape Provincial Legislature. This was not provided for in the 2023/24 adjustment estimates.

- Savings amounting to R73 000 was shifted from Programme 1: Administration to Programme 3: Asset and Liability Management.

Rollovers

The department applied for a rollover amounting to R12 843 million in 2023/24 to 2024/25 financial year for acquiring Local Area Network infrastructure and for the replacement of network cabling and components. These could not be finalised at year end due to delays encountered in the SITA procurement processes.

Unauthorised, fruitless and wasteful expenditure

The department has no unauthorised expenditure for the year under review. The department incurred irregular expenditure amounting to R223 861.30 during the 2023/2024 financial year. The amounts are explained as follows:

- 2023/2024 financial year transaction: R137 611.30 – second leg of the two part-payment where the department contravened SCM Instruction Note 2 of 2021/2022. The payment was made on

06/07/2023. The first leg of the payment was made during the 2022/2023 financial year, amounting to R199 000.00, as explained in third bullet below.

- 2023/2024 financial year transaction: R86 250.00 – irregular expenditure incurred as a result of contravening the Instruction Note 11 of 2016/2017 where a service provider provided services before issuance of a purchase order.
- The 2022/2023 financial year adjusted balance amounted to R250 000.00. The adjustment is made up of R51 000.00 which was a 2022/2023 closing balance and an amount of R199 000.00 which is irregular expenditure incurred prior the end of the 2022/2023 financial year but discovered in the 2023/2024 financial year.

An amount of R423 000.00 was condoned during the 2023/2024 financial year and the remaining balance for the irregular expenditure is R51 000.00. An application to condone the remaining balance was submitted during May 2024 and was subsequently condoned.

The opening balance for fruitless and wasteful expenditure is R9 773.14. Of this balance, an amount of R9 273.14 was a result of late cancellation in respect of accommodation and air ticket together and an amount of R500-00 was a result of a no-show for a rented vehicle. An application to write off the R9 273.14 has been approved during May 2024 and the R500.00 for the no-show has been recovered from the responsible party. During the 2023/2024 financial year, the department incurred an amount of R865.35 as result of a no-show for a rented vehicle, amounting to R606.35, and a cancelled departmental Wellness Fun Run event, amounting to R259.00. The amount for a no-show has been recovered from the responsible party and the application to write-off the amount for a cancelled event has been submitted for consideration.

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

There were no new or proposed activities for the year under review.

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 2023/24 financial year.

Adjusting events after the reporting date

There were no adjusting events after the reporting date.

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 2023/24 financial year. I would also like to encourage all staff to continue doing the same in 2024/25 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 2023/24 financial year despite the challenging operational and service delivery environment. Our performance reflects a steady progress towards realising departmental strategic outcomes.

. ……

D MAJEKE
ACCOUNTING OFFICER
DATE: 31 AUGUST 2024

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 F) 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 2024.

Yours faithfully

D MAJEKE
ACCOUNTING OFFICER:
DATE: 31 AUGUST 2024

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 Mandates

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.

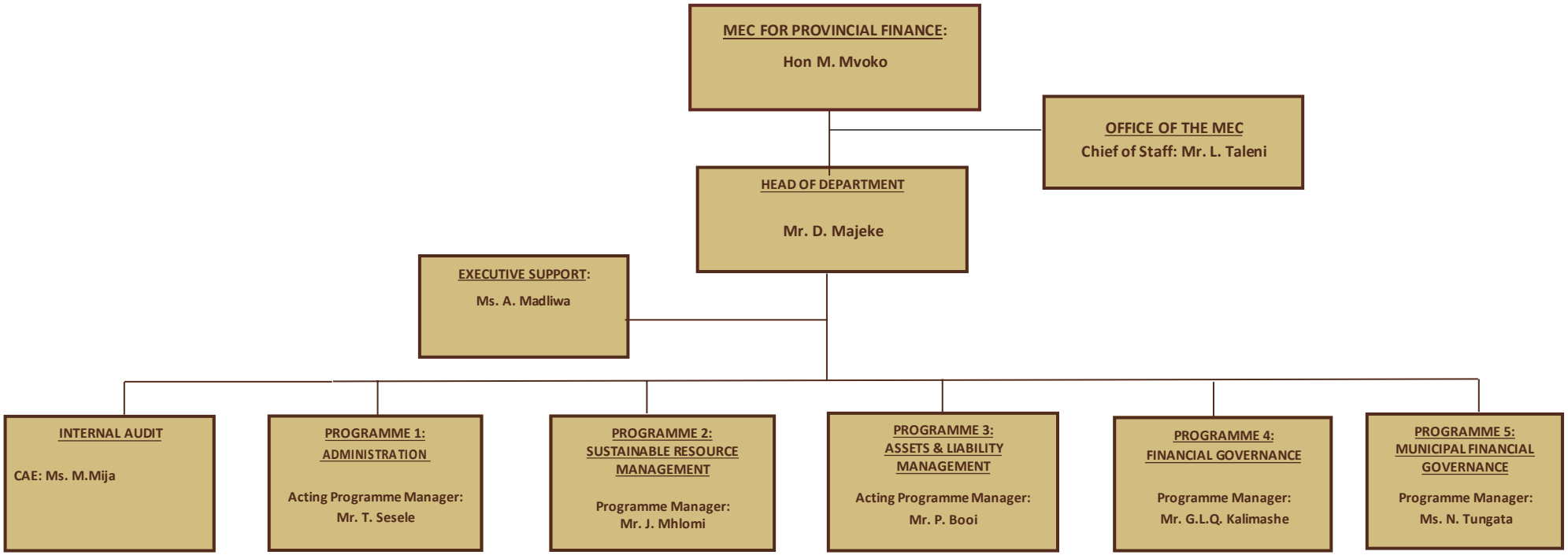
During the 2023/24 financial year, the MEC for Finance tabled the following Bill in the Eastern Cape Provincial Legislature:

- Adjustment Appropriation Bill on 23 November 2023 for the 2023/24 financial year.

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 of 31 March 2024.



2. Part B: Performance Information

2.1. Auditor-General's Report: Predetermined Objectives

1. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

2. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Sustainable Resource Management	**43 - 53**	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.
Asset and Liability Management	**54 - 58**	To provide policy direction, promote and enforce transparency and effectiveness of Supply Chain Management and Asset Management in the province.
Financial Governance	**59 - 69**	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.
Programme 5: Municipal Financial Governance	**70 - 76**	Provides support to 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.

3. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides the users with useful and reliable information and insights on the department's planning and delivery on its mandate and objectives.

4. I performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives.
    - all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included.
    - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
    - the indicators and targets reported on in the annual performance report are the same as were committed to in the approved initial or revised planning documents.
    - the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.
    - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

5. I performed the procedures for the purpose of reporting material findings only, and not to express an assurance opinion or conclusion.

6. I did not identify any material findings on the reported performance information of the selected programmes.

Other matters

7. I draw attention to the matters below.

Achievement of planned targets

8. The annual performance report includes information on reported achievements against planned targets and provides explanation for over- and underachievement.

9. The table that follows provides information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages **40** to **74**.

Sustainable Resource Management

Targets achieved: 60% *Budget spent: 96,1%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Percentage expenditure by entities within allocated budget	98%	88%
CoE ratio	61:39	64.9:35.1
Number of departments paying creditors within 30 days	13	12
Percentage gross capital formation for Provincial Infrastructure Departments	10,5%	6,04%

Asset and liability management

Targets achieved: 50% *Budget spent: 97,9%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Level of infrastructure procurement management maturity achieved	Level 3	Level 2
Percentage of provincial departments procurement spend on EC based suppliers	60%	46,6%

Finance Governance

Targets achieved: 62,5% *Budget spent: 89,2%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of Institutions that achieve unqualified audits	23	20
Percentage of Financial Management Capacity Study elements implemented	95%	94%
Percentage of provincial risk profile mitigation measures initiated by departments	13	12

Municipal financial governance

Targets achieved: 20% *Budget spent: 99,9%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of Institutions that achieve unqualified audits	23	20
Percentage of Financial Management Capacity Study elements implemented	95%	94%
Percentage of provincial risk profile mitigation measures initiated by departments	13	12

2.2. Overview of Departmental Performance

2.2.1. Service delivery environment.

The economy remains susceptible to vulnerability, presenting a significant challenge in finding the delicate balance between addressing social and economic needs while maintaining the fiscal stability of the province. Achieving this equilibrium necessitates implementing measures such as budgetary spending caps, wage bill management, cost-saving initiatives, and enhancing provincial revenue streams.

The introduction of several measures has effectively reduced inefficiencies and lowered service delivery costs. Key among these strategies are zero-based budgeting and expenditure reviews, which lead to more streamlined processes and resource allocation.

Recognizing the challenge of rising CoE driven by annual salary adjustments mandated by the Public Service Bargaining Chamber (PSCBC), the Provincial Treasury has implemented several measures to achieve cost-containment. Centralized appointment approvals through the PERSAL system, aligned with PCMT directives, ensure stricter control over new hires. Furthermore, we actively collaborate with provincial departments to identify opportunities for streamlining personnel structures and optimizing staffing levels. These coordinated efforts aim to achieve cost savings without compromising service delivery and curb the province's escalating staff costs.

Despite facing ongoing challenges, the province successfully exceeded revenue collection targets in the 2023/24 financial year. This achievement is attributed to intensified efforts in implementing recommendations from a revenue study, coupled with enhanced monitoring by revenue-collecting departments. A coordinated initiative is underway to engage departments, ensuring that municipal revenues are promptly transferred and that departments actively adopt the study's recommendations to boost revenue

collection. Concurrently, meticulous management of the Provincial Revenue Fund (PRF) continues to mitigate liquidity risks.

In response to the pressing need to mitigate the detrimental impact of financial mismanagement on the provincial fiscus, a series of targeted interventions have been initiated across departments and municipalities. Recognizing the urgency of the situation, focused support is being channelled towards the Departments of Education and Health, both of which have faced challenges related to overspending budgets. The Department of Health (DoH) is currently grappling with a significant challenge related to medical negligence claims, which pose a primary risk to liquidity. This issue stems from legal actions filed against the department due to instances of medical malpractice, significantly impacting provincial liquidity. The accumulation of unpaid claims has resulted in a substantial increase in accruals within the Department. Ignoring these medical legal contingencies and employee benefits, such as capped leave, could potentially strain the provincial budget.

Addressing the alarming rise in medico-legal cases, a cross-functional team has been formed to oversee the project's multiple streams, focusing on mitigating the vulnerabilities contributing to the contingency liabilities associated with medico-legal claims. This collaborative effort aims to tackle the root causes of these cases while bolstering legal resources to effectively manage and defend against such claims. Furthermore, concerted efforts are underway to address systemic and administrative issues within the healthcare sector, thereby enhancing its overall resilience.

Signs of progress are becoming evident as the project gains traction. Fewer new claims are being registered, applications for writs are proving successful, and there is a notable increase in available data compared to the project's inception. These positive developments indicate the effectiveness of the project in addressing the underlying issues and managing the associated risks more efficiently.

The new turnaround approach to ECDOH termed “A Multi-Dimensional Approach to Sustainable Public Healthcare Delivery” builds on the foundations established by the 2020 Health Intervention Framework, which identified 15 focus areas for immediate cash benefits. Among these, the liquidity of the Provincial Revenue Fund (PRF) emerged as a critical issue, with medico-legal claims highlighted as a primary driver of liquidity challenges within the Department of Health. As a result, medico-legal issues were prioritised as a central focus area.

Since then, substantial progress has been made in improving the management of medico-legal claims, particularly through enhanced case management and data reliability. Collaboration with legal experts and contributions to law reform have further strengthened our position. The Thandiswa Noyila obo D // MEC for Health and Zoliswa Ketelo obo Alizwa Ketelo // MEC for Health judgements stand as milestone victories in

the province's efforts to tackle spiralling medico-legal claims head-on. This success sends a strong message to the legal profession that the government will not passively accept these claims.

In early July 2024, The Office of the Premier in collaboration with Provincial Treasury introduced the new turnaround approach for the Eastern Cape Department of Health. The focus of this new approach is on 5 Strategic Areas namely:

1. Leadership, Organisational Development & Human Resources
2. Financial Sustainability
3. Clinical and Specialised Services
4. Infrastructure, Facilities, and Equipment
5. Digitisation and Litigation; build on past successes and aim to accelerate progress.

By integrating these strategic pillars into a unified framework, we are enhancing our capacity to address critical aspects of health service delivery more efficiently. The project is currently in the planning phase, with concrete plans expected to be developed over the next month. Implementation is scheduled to commence within six months. The 5 Strategic Areas will drive a more streamlined and accelerated execution of the program, building on past successes to achieve a sustainable public health service.

In the realm of education, specific areas requiring support have been identified, and proactive measures are being taken to address them. Concurrently, PT has commenced monitoring triggers for financial challenges within municipalities, leading to the formulation of comprehensive Financial Recovery Plans (FRPs). Notably, municipalities such as Amathole District Municipality, Makana, OR Tambo District Municipality, and Enoch Mgijima have already developed their respective FRPs, focusing on critical areas such as Financial Management, Governance, Human Resources, and Service Delivery.

Moreover, PT's support to municipalities is strategically aligned with the district development model and municipal integrated development plans, ensuring spatial relevance and coherence. Collaborating with the Eastern Cape Department of Human Settlements (DHS), PT has devised a recovery plan to mitigate risks stemming from underspending. The DHS Intervention is nearing completion, what is left is a thorough review of the Housing Development Agency (HDA)'s role as an Implementing Agent, alongside the utilization of an established Panel of Contractors for efficient contractor appointments.

Municipalities are experiencing liquidity issues and are unable to both offer enough services to their communities and pay their creditors due to indebtedness by different levels of government, communities, and industry. This problem is exacerbated by bottlenecks in the way revenue is collected. Municipalities continued to get assistance from the PT, COGTA, and SALGA with regard to managing their finances and providing services.

The government is encountering heightened challenges due to an increase in poverty, unemployment, and drought across various regions of the province. The economy is facing constraints stemming from persistent issues related to the power grid and the slow pace of reform in public entities, among other factors. While the province may have limited control over the macroeconomic climate due to various global economic conditions, there is potential for activation at the micro level through ongoing operations and initiatives led by Small, Medium, and Micro Enterprises (MSMEs). These efforts hold promise for driving development within the province.

Due to the underperformance of the provincial manufacturing sector, there has been a reliance on importing commodities from other provinces, negatively impacting the local economy, and diminishing job opportunities. Overcoming procurement challenges to ensure transparency, fairness, and value for money has been another significant hurdle. The department had to navigate procurement processes meticulously to prevent delays and ensure efficient procurement of goods and services.

During the period when the Constitutional Court declared the Preferential Procurement Regulations of 2017 invalid, departments encountered a procurement "impasse." This invalidated status hindered departments from proceeding with any procurement tasks unless they obtained exemptions from the provisions of the Preferential Procurement Policy Framework Act, 2000, which could only be granted by the Minister of Finance. Subsequent to this period, the introduction of new Preferential Procurement Regulations of 2022 which came into effect on 16 January 2023 reinstated standard procurement procedures, allowing departments to resume their procurement activities without the need for exemptions.

To enhance the growth of Small, Medium, and Micro Enterprises (MSMEs), provincial departments are being urged to cultivate local offerings and sourcing opportunities for suppliers within the province. A concerted effort is being made to ensure that designated groups receive preferential treatment in procurement processes, and that creditors are paid within the mandated 30-day timeframe, thereby advancing the province's goal of bolstering SMME resilience. Implementing an invoice tracking system is one strategy being employed to keep suppliers informed about the status of their invoices' processing.

Through targeted interventions like training programmes and the introduction of an invoice tracking system, endeavours are being made to improve procurement efficiency, streamline processes, and increase the involvement of local suppliers in government procurement endeavours. These reforms not only foster economic growth and job creation but also contribute to the establishment of a more inclusive and sustainable procurement ecosystem.

Despite significant positive changes in recent years, the province's road and rail infrastructure continues to deteriorate. The lack of adequate social infrastructure poses challenges in accessing essential services such as hospitals, clinics, and schools, negatively impacting both public welfare and economic growth.

Various challenges hinder provincial departments and municipalities from completing crucial infrastructure improvements.

Nevertheless, the Provincial Treasury persists in supporting the completion of infrastructure projects across the province in alignment with the Provincial Infrastructure Strategy, despite ongoing obstacles in infrastructure development and maintenance. The province is actively involved in institutionalizing the Infrastructure Delivery Management System (IDMS), while departments receive ongoing support from the Provincial Treasury in implementing both the Framework for Infrastructure Delivery and Procurement Management (FIDPM) and the District Development Model. This concerted effort strengthens the integrated planning, procurement, and delivery processes within the infrastructure value chain.

Provincial Treasury remains committed to improving audit outcomes through the implementation of audit improvement plans, providing ongoing assistance to departments and municipalities facing heightened audit risks. Efforts are focused on bolstering financial oversight in local government by offering continuous guidance and leadership on financial matters to provincial departments and municipalities, including the application of mSCOA. To ensure targeted support, PT aligns its assistance with the Municipal Integrated Development Plans and District Development Model.

Furthermore, the implementation of the Financial Management Accountability Framework continues unabated. This framework aims to instil discipline in the administration of public funds and drive progress towards fiscal prudence within departments and entities. Through these concerted efforts, Provincial Treasury remains dedicated to fostering financial stability and accountability across the province.

2.2.2. Service Delivery Improvement Plan

An SDIP outlines a department's service standards that the public and its customers can expect, as the SDIP has statements that explains how the department will meet each standard. This is in compliance with the Public Service Regulations 2016, Chapter 3, Part 3 Regulation 38, which stipulated that 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.

In complying with the regulations as directed by the DPSA, the Provincial Treasury had developed a three-year Service Delivery Improvement Plan (SDIP) that ran from the beginning of the 2018/19 fiscal year to the end of the 2021/22 fiscal year. For the reporting periods 2022–2023 and 2023–2024, the PT was unable to table the SDIP before the Legislature as the Department of Public Service and Administration (DPSA) was unable to issue SDIP development guidelines.

Based on this background, the PT has decided to continue monitoring the last financial year's (2021/22 FY) SDIP which is focusing on the following key services:

- 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
Reduction of debt owed by Departments to Municipalities	Municipalities	Provincial government debt ageing over 90 days. As at 31 March 2023, debt owed to municipalities in the Eastern Cape amounted to R31.9 billion. Departments debt amounts to R1.37 billion (4.3 % of the total debt) while businesses owe R6.4 billion (10% of the total debt). The household debt is R25 billion (72% of the total debt)	95% reduction of confirmed provincial government debt ageing over 90 days	Total debt owed by government to municipalities as at 31 March 2024 was R1.8 billion. This constitutes 5% of the total debt owed to municipalities for the same period. The total debt owed was reported at R36.9 billion across all consumer categories. Currently, the debt collection rates across all municipalities does not comply to the 95% norm prescribed by the NT. Major Contributors to this departmental debt are the following departments: DoH and DPW and DALRRD. PT will continue to have engagement and one-on-one sessions to resolve disputes, which will in turn further reduce the debt to achieve the 95% target.
Suppliers are paid within 30 days	Service Providers/ SMME's	100% of invoices are paid within 30 days.	100% of invoices are paid within 30 days	On average provincial departments took 17 days to settle invoices as ninety one percent (91%) of invoices were paid within 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	Eastern Cape Provincial Government Debt Steering Committee (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 Alfred Nzo, OR Tambo, Amathole on BCM, Chris Hani, Joe Gqabi and Sarah Baartman and NMB.

Current/ actual arrangements	Desired Customers	Actual achievements
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 – Service Delivery Information Tool

Current/ Actual information tool	Desired information tool	Actual achievements
Newspapers	Use all the local newspapers	Utilised 2 local newspapers and six community newspapers
Radio	Use of all local radio stations	14 community radio stations and 4 national 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.
Social media	Use of available social media platforms to disseminate information	4 social media platforms 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 2.2.4 – 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 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	• Our department is committed to addressing customer concerns promptly and effectively. We maintain a centralized Customer Care Issue Tracker to record and track all complaints received from both internal and external sources. Upon receiving a complaint, we ensure it is promptly logged into the system for efficient management. • To uphold our high standards of service, we adhere to a clearly defined Service Level Agreement (SLA). This SLA guarantees that all complaints are acknowledged within three business days of receipt. The acknowledgement includes details of the assigned staff member responsible for handling the complaint and an estimated timeframe for resolution. This approach fosters transparency and keeps you informed throughout the process. • The complaints received were related to the following issues: o LOGIS/ CSD enquiries o Non-payment (Leave Gratuity)

Current/ Actual Complaints Mechanism	Desired Complaints Mechanism	Actual achievements
		o Social Grant o Public Protector Report o Invitation o Internships o Contact Details o Confirmation of employment o Reset of TIMS password • 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

In the wake of the COVID-19 pandemic's resolution, the operational landscape for the Eastern Cape Provincial Treasury has shifted, with new challenges emerging to affect its functions. Issues such as electricity load shedding, inadequate network connectivity, crumbling infrastructure facilities, and water shortages have come to the forefront, impacting the department's ability to operate effectively.

Provincial Treasury has increased its business continuity efforts to safeguard work environments in an effort to prevent interruptions to the department's operations and maintain a healthy environment for the provision of services. As a result, the Business Continuity Plan's implementation continued to be closely monitored.

The focus on business continuity remains paramount, albeit with a shift towards addressing these new challenges. Safety measures to protect employees have been adapted to reflect the current circumstances, ensuring compliance with government guidelines. Despite occasional disruptions caused by network outages, the department continues to leverage technology to enhance efficiency and service delivery, aligning with the Government Wide Enterprise Architecture (GWEA) framework-based ICT strategy.

The challenges of electricity and water outages can significantly disrupt operations, impact safety, and hinder service delivery. To mitigate these risks, PT is prioritizing communication with municipalities as suppliers, and exploring alternative energy sources to ensure a more reliable supply and reduce dependence on external grids. This will improve business continuity and our environmental footprint.

The Business Resilience Plan has been adopted as a proactive strategy aimed at fortifying the department against operational challenges and external disruptions. It includes meticulous risk assessments, contingency planning, and the cultivation of organizational agility to swiftly adapt to evolving circumstances. By prioritizing stakeholder engagement and fostering a resilient organizational culture, the plan ensures the continuity of critical functions and the safeguarding of stakeholders' interests.

The change management programme is an ongoing initiative within the department, aimed at facilitating smooth transitions and organizational improvements. Regular reviews are conducted to assess the

effectiveness of current strategies and make necessary adjustments in response to evolving circumstances. By maintaining a dynamic approach to change management, the department ensures its ability to adapt to new challenges and opportunities, fostering continuous growth and development.

Furthermore, efforts have been initiated to engage the Department of Public Works and Infrastructure (DPWI) in resolving building repairs and maintenance issues. Additionally, the department has taken steps to update its eSubmission system, an electronic platform utilized for memorandum submissions and expediting approvals. This temporary measure aims to streamline processes while a more comprehensive project to implement a document management system is underway.

Provincial Treasury has initiated a Business Intelligence project aimed at enhancing its management information capabilities. This project involves integrating financial, human resource, and other relevant data sets into regular reports, which are crucial for aiding decision-making processes and meeting the requirements of various oversight bodies. Despite existing limitations in financial systems, efforts have been made to develop a Datawarehouse and utilize tools like MS Power BI and MS Excel for analysis and visualization. However, there is a pressing need to further expand and mature the business intelligence and reporting aspects of the Treasury to incorporate all key data sets into an Integrated Business Intelligence Solution. This initiative requires dedicated financial and human resources, as well as close collaboration with the Office of the Premier and other strategic partners to align with broader provincial data and BI projects. Ultimately, the goal is to provide an agile set of information dashboards that enhance monitoring and evaluation capabilities within the Eastern Cape Provincial Government.

An additional hurdle to optimizing human resource capacity is the challenge of delays in organogram approvals. This can hinder the department's ability to fill critical positions and implement its restructuring efforts. Despite these delays, the department has proactively initiated organizational restructuring efforts to realign systems, practices, and human resources with its strategic objectives. This comprehensive endeavour aims to optimize internal processes, enhance operational efficiency, and ensure seamless alignment with the department's overarching goals. By strategically aligning its organizational structure, the Treasury positions itself to better address evolving challenges and opportunities, fostering a more agile and responsive operational framework.

The Service Delivery Model (SDM) serves as a guiding framework for departmental plans within the Eastern Cape Provincial Treasury, emphasizing coordinated execution across all Programmes. This structured approach ensures that resources, efforts, and initiatives are strategically aligned to maximize efficiency and effectiveness in service delivery. By promoting synchronized implementation, the SDM enhances collaboration, communication, and overall performance, driving the Treasury towards its goals with greater cohesion and impact.

The department has implemented the Operations Management Framework (OMF) and remains committed to further enhancing its implementation. This comprehensive set of tools and guidelines empowers the Treasury to continually improve its efficiency and effectiveness in delivering services to citizens. Key components of the OMF, including the Service Delivery Model, Managed and Mapped Business Processes, Standard Operating Procedures (SOPs), Service Standards, and a Published Service Charter, are being actively utilized and refined by the Treasury. By embracing the OMF, the Provincial Treasury anticipates continued benefits such as improved service delivery, increased efficiency, enhanced accountability, and better decision-making. The Treasury is supported in this endeavour by resources and assistance provided by the Department of Public Service and Administration (DPSA), ensuring a structured approach to continually enhancing service delivery capabilities and meeting the needs of the public.

Training programs, including KHAEDU, are prioritizing staff development within the Provincial Treasury, with a particular emphasis on fostering women's leadership and representation in management roles. These initiatives aim to empower female employees by providing them with the necessary skills and opportunities to advance in their careers and assume leadership positions within the department.

Building on the successes of past Project KHAEDU deployments, the department recently monitored implementation plans at various facilities. One such example is the Nelson Mandela Academic Hospital (NMAH), where significant progress was observed. Following the project's intervention, the municipality addressed the health hazard of a nearby dumping site, expired fire extinguishers were replaced, and washing machines were repaired. While progress is being made on filling vacant posts at the hospital, budgetary constraints continue to pose a challenge.

By focusing on gender diversity and inclusivity in management, the Treasury is striving to create a more equitable and supportive work environment conducive to professional growth and success.

Despite facing constraints posed by economic instability and resource constraints, the department remains steadfast in its pursuit of strategic objectives. Emphasis is placed on leveraging technological innovations to improve efficiency and service provision, ensuring continued progress towards overarching goals.

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 (2023/24)**
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. • 25% Gross Capital Formation	• CoE ratio 64.9:35.1 • 88% of public money was spent by public entities and 99.6% by provincial departments. • Twenty-eight (28) municipalities with improved financial performance and governance. • Zero (0) public entities rationalised. • 6.16 % Gross Capital Formation.
		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 • 36 municipalities attain FMCMM level 3 on SCM and Asset Management	• 10 departments achieved unqualified audit opinion on Asset Management • 36 municipalities attained an average of FMCMM level 2.82 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	• 20 institutions obtain unqualified audits from AG report 8 departments received clean audit opinion, 3 departments namely received unqualified audit opinion with findings, and 3 received qualified audit opinion. • 7 entities received clean audit opinion, 1 received a qualified audit opinion, 1 entity received a disclaimer opinion, and 2 entities received unqualified audit opinions with findings. • Twenty-one (21) municipalities received unqualified audit opinions.

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). 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.

With the ongoing implementation of the departmental service delivery model to institutionalise a coordinated and integrated approach to deliver services, the unit facilitated the holding of departmental Integrated Governance Committee meetings and further monitored the implementation of the Provincial Programme of Action by compiling quarterly reports for the Improving Financial Performance Working Group of the Governance and Administration Cluster.

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 Improving 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 the 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 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 2024/25 provincial budget.

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 were 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 2023/24 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. Appropriate measures were taken to facilitate the implementation of POPI Act to ensure compliance and its institutionalisation in the department.

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. Information Security Awareness campaigns were conducted to mitigate cybersecurity risks. The 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. Ongoing enhancement, support and maintenance of automated business processes that include, amongst others, Data Warehouse and e-Leave system, was given.

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. To support the core business, a Human Resource Plan was implemented

that is aligned to the MTEF period. Timeous filling of posts was pursued, 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 2.9%, 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 2.4% of the total establishment, which is above the required target of 2%. At the end of the reporting period female representation at SMS level was at 50%. The organisational structure was approved by HoD and MEC and department is in the process of implementing the structure.

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 as a strategy towards skills enhancement and employment equity. Following successful implementation of the LEAP Program for Executive Management and Directors, the department is embarking on the implementation of the Programme for the Middle Management to build a cohesive team and improve teamwork. An incentives policy was developed that ensured that employees performance incentives were aligned to the policy as well as Department of Public Service and Administration directives.

The ***Employee Wellness*** unit provided support to all employees with occupational health and safety measures. Several events were conducted during the month of August 2023, to celebrate women's month. Men's dialogues were conducted during the month of November 2023 which provided men an opportunity to engage on various men empowerment programmes. Various wellness programmes were conducted during the year under review to promote physical wellness, mental health and wellbeing of employees. All these programmes culminated in the holding of the Integrated Employee Day.

The Employee Relations unit continued to focus on dispute prevention that entailed capacitation and empowerment of line management in the handling of disputes and other labour related matters. 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 regarding physical and information security, occupational health and safety, refurbishments, maintenance, environmental and space management for the department to pursue its strategic objectives. During the year under review, departmental building and security

assessments were conducted to identify areas that required repairs and maintenance including security upgrades.

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 (LED) of the Eastern Cape province, PT procured goods and services from suppliers within the province amounting to R22 361 884.37 during the 2023/24 financial year. The following LED spend was achieved within the department based on gender considerations during the 2023/24 financial year:

Females – 67.76%

Female Youth – 3.08%

Male – 19.14%

Male Youth- 10.15%

Disability -0.11%

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

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

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

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24) until date of re-tabling	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Sub-programme 1.1: MANAGEMENT SERVICES										
1.	Highly effective department	ICT Strategy projects implemented	Number of ICT Strategy projects implemented	-	-	12	-	N/A	N/A	The target on the APP was adjusted from 12 to 6

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

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons on deviations
Sub-programme 1.1: MANAGEMENT SERVICES									
1.	Highly effective department	Organisational productivity achieved	Percentage of organisational productivity achieved	-	60.8%	80%	80%	-	-
2.		ICT Strategy projects implemented	Number of ICT Strategy projects implemented	-	7	6	4	-2	Delays from the SITA procurement processes.
Sub-programme 1.2: CORPORATE SERVICES									
1.	Highly effective department	Human resource plan targets implemented	Percentage of HR Plan Targets achieved	81%	85%	90%	90%	-	-
Sub-programme 1.3: FINANCIAL MANAGEMENT									
1.	Highly effective department	Financial information audit findings reduced	Percentage reduction on financial information audit findings	-	0%	25%	0%	-25%	There have been recurring findings from the previous audit.
2.		Valid invoices / claims paid / settled within 30 days	Percentage of valid invoices / claims paid / settled within 30 days	-	100%	100%	99%	-1%	Invoice more than order amount for travelling required the recommitment process because amount had to change to accommodate increased invoice amount. Supplier delayed updating banking details.
3.		Departmental procurement spend on EC based suppliers	Percentage of departmental procurement spend on EC based suppliers	-	83%	60%	78.61%	18.61%	More local suppliers were awarded contracts than anticipated.

Linking performance with budgets

For the year under review, the Programme achieved 3 (50%) out of 6 planned Annual Performance Plan (APP) indicators and spent R166.642 million (90.6%) of the adjusted budget of R183.833 million with an under expenditure of R17.191 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:

- Minor Assets - Delays encountered in the SITA procurement process for the replacement of network cabling and components. A request for a rollover of funds will be made.
- Training and Development - Trainings that could not be undertaken as planned due to delays encountered with the advertising and selection of accredited service providers.
- Travel and Subsistence - Savings pertains to meetings that were cancelled due to unforeseen circumstances as well as meetings held virtually.
- Consultancy Fees - Receipt of the final invoice for the Rationalisation of Public Entities project after the last payment disbursement run date for March 2024.
- Consumables - Partial delivery of mobile communication accessories due to stock shortages.
- Contractors - Unspent funds due to delays encountered in the SITA procurement process for extension of support and maintenance to computer server infrastructure.
- Bursaries - Savings due to late issuing of student results by universities, thereby delaying the bursary award process.

The unspent funds in Payment for Capital Assets mainly pertains to:

- Delays encountered in the SITA procurement process for acquiring Local Area Network equipment. A request for a rollover of funds will be made.

Other items that contributed to underspending include:

- Compensation of Employees – Savings due to staff attrition.
- Transfers and Subsidies - Savings due to invoice processed for skills development levies being lower than anticipated.

Table 2.4.1.2: Sub-programme expenditure

PROGRAMME 1	2023/2024			2022/2023		
	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	8 002	7 998	4	7 599	7 353	246
Management Services	60 724	46 406	14 318	53 990	49 247	4 743
Corporate Services	52 471	50 785	1 686	51 219	49 428	1 791
Financial Management	54 860	53 736	1 124	55 835	51 633	4 202
Internal Audit and Risk Management	7 776	7 735	41	7 846	7 614	232
Programme Total	**183 833**	**166 660**	**17 173**	**176 489**	**165 275**	**11 214**

Strategy to overcome areas of underperformance.

Number of ICT Strategy projects implemented.

SITA has committed to review its procurement processes to address procurement delays.

Percentage reduction on financial information audit findings.

Implementation of continuous monitoring and follow-up of audit findings and recommendation. This will ensure that issues identified are resolved and address the root causes of the findings. Strengthening of internal controls and quality assurance reviews for all the processes to ensure compliance with policies and procedures.

Percentage of valid invoices / claims paid / settled within 30 days.

Ongoing monitoring of Creditor Age Analysis and intensifying follow up.

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

Within a provincial and macroeconomic context, the ***Economic Analysis*** directorate establishes and assesses emerging economic trends and socioeconomic imperatives. The directorate presented the 2023/24 Provincial Medium-Term Budget Policy Statement (MTBPS) for the fiscal year and coordinated the formulation and publication of the Overview of Provincial Revenue and Expenditure 2024/25 estimates (OPRE 2024/25).

Additionally, in line with the unit's expected outcomes for 2023/24, the following Quarterly Policy Briefs were developed, namely:

- Assessing current government interventions and expenditures towards recovering and improving reading and literacy among primary school going children in the Eastern Cape;
- An expenditure review of ECD programmes in the province supported by an evaluation of relevant budget proposals aimed at minimizing funding gaps and inefficiencies;
- Provincial Industrial Parks Resuscitation – An Investment Appraisal of the Current Public Expenditure;
- Assessing the Expenditure Impact of National Treasury Cost Containment Measures in the EC.

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 2024, a total of R2.219 billion has been collected and thus recorded over collection of R529.687 million. Seven departments over collected while seven departments under collected the revenue targets, and this resulted in the aggregate revenue over collection as of 31 March 2024. The over collection was mainly against Provincial Treasury owing to higher than anticipated interest received from exchequer investments such as South African Reserve Bank and other four accredited commercial banks, while Human Settlements was in respect of interest received from trust accounts. The departments of Transport (DoT), Health (DoH), Public Works and Infrastructure (DPWI), Economic Development, Environmental Affairs and Tourism (DEDEAT) and Education (DoE) under collected. DoT under collected due to lower than anticipated pay-overs from motor vehicle license fees collected by collection agents namely municipalities and the South African Post Office. DoH under collected due to the lower revenue from claims assessed and processed for payment from the namely the Road Accident Fund as the major medical funder as well as from the other medical funders such as the Department of Justice and Constitutional Development. DEDEAT under collected due to lower than anticipated collections mainly from casino taxes and horse racing taxes. Public Works and Infrastructure

under collected as a result of lower than anticipated rentals from tenants not paying the market-related rentals as well as leases that have not yet been renewed at market rates. Education recorded an under collection due to lower than anticipated revenue from boarding fees and the recovery of staff debts.

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 received assistance in making effective use of their allocated budget. The provincial entities spent 88% of their allocated budget.

The province is still committed to finalising the rationalisation project by 2024/25. A Project Steering Committee (PSC) has been set up to:

- Strategically guide the 4 x rationalisation processes and assist where delays or blockages are experienced,
- Review project progress, comment on project deliverables, and generally support the project teams to achieve the expected outcomes in relation to the 4 rationalisation processes,
- Comprising of HODs of the relevant shareholder departments and the CEOs of the affected public entities, together with representatives of PT & the OTP, and
- All the structures from the Joint Management Committee (JMC) to the Joint Board Task Team (JBTT) have been set up by GTAC and with agreed time intervals at which the meetings are scheduled per the ToR provided.

The GTAC support to the Rationalisation of Public Entities project came to an end on the 31 March 2024 with a provision to utilise the internal capacity within government departments and entities to conclude the project.

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 2023/24 financial year, the unit achieved the following:

- The unit is responsible for coordinating and preparing the provincial for tabling within legislative timeframes. In this regard, the 2024 MTEF budget was tabled in the Provincial Legislature in March 2024 together with the Appropriation Bill and Gazette on transfers to hospitals and schools. Furthermore, the 2023/24 Adjustment Estimates and the Medium-Term Budget Policy Statement were tabled in November 2023.
- Issued the Guidelines for the preparation of the 2024 MTEF Estimates of Provincial Revenue and Expenditure 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.

- The unit is responsible for monitoring and reporting on provincial departments compliance to allocative efficacy and on financial and non-financial performance of provincial departments. In this regard, the unit, together with National Treasury, held Budget Achievability Hearings with provincial departments in August 2023.
- In addition, Budget Benchmark Hearings were held with National Treasury in December 2023 to ensure the budget allocative efficacy and alignment to sector priorities.
- The unit continues to report on the provincial finances to provincial structures such as Provincial Top Management, Sub-Cabinet Budget Committee, Cabinet Budget Committee, Executive Council (EXCO) and Provincial Legislature. The unit further conducted an analysis of the Compensation of Employees (CoE) budget and the COE model was updated to analyse the impact of implementing the 2023 Wage agreement.
- A Zero-Based budgeting template was developed in collaboration with Budget Systems and introduced to Public Entities. In addition, a draft Zero-Based budgeting (ZBB) report for Coega Development Corporation (CDC) was discussed with DEDEAT and PT participated as part of the technical team. This process will be an input into the 2024/25 MTEF. The objective is to establish a baseline budget for the CDC.
- Cash Flow Projections – All departments submitted the Cash Flow Projections by the last day of February 2024 as stipulated in Section 40(4)(a) of PFMA and Section 15.10.2 of the Treasury Regulations. The province submitted to the National Treasury on 14 March 2024 a consolidated datafile. On 19 March 2024, a bilateral meeting was held with all the departments.

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 2023/24 MTEF.
- Maintained unqualified audit outcome on the financial statements submitted for audit.
- The Provincial Banking relationship continued to be maintained with various banks, including the Provincial Banker, which led to an improved investment income, for provincial revenue generation.

- The unit held quarterly Creditors and Debtors Forums to share best practices with departments to ensure the payment of creditors within 30 days as required by National Treasury Regulations (NTR) 8.2.3.
- Annually on average provincial departments took 17 days to settle their supplier payments. Department of Health exceeded 30 days.
- Provincial suppliers continue to utilise the Invoice Tracking System, which was developed by PT during 2019 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:

- The province has spent as at 31 March 2024 an amount of R8.098 billion (93.58 per cent) of the adjusted infrastructure budget of R8.653 billion. The province has underspent by R555.224 million (6.42 per cent) as at the end of March 2024 as compared to adjusted budget. However, the province has since introduced a model of Infrastructure coordination, monitoring, and support to deal with these challenges as the coordination of infrastructure demands the line of sight that includes Provincial Treasury, Public Works and Infrastructure and the Office of the Premier.
- PT further continued with the institutionalization of the IDMS in provincial departments and as such PT supported Infrastructure Departments in the compilation and submission of the End of Year Reports and the Infrastructure Asset Management Plans. In addition, PT has conducted Provincial Moderation sessions for the End of Year Report and the Long-Term Plans (UAMP) as required by DORA and the submissions were made to NT 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 such the Province qualified for incentives for the departments of Education and Health.
- In respect of the budget process the unit provided support to infrastructure departments in the 2023/24 adjustment budget in respect of the amendments to the project lists as well as in the 2024/25 MTEF final infrastructure project lists. This process involved facilitating the alignment between the B5 project list, IRM and the database.

Level of certainty on Site Visits:

- In order to deal with challenges in the infrastructure value chain including those related to value for money (time, cost and Quality), the province has since introduced in 2023, a model of Infrastructure coordination, monitoring and support as the coordination of infrastructure demands the line of sight that includes Provincial Treasury, Public Works and Infrastructure and the Office of the Premier.
- This model (PICC Governance Structure) allocates three technical streams i.e. Budget Monitoring led by Provincial Treasury, Project Monitoring and Implementation led by the Department of Public Works and Infrastructure and Service Delivery Monitoring and Site Visits led by Office of the Premier as the portfolio of projects on paper must also be tested on the ground, through service delivery site monitoring to enhance the credibility of reports.
- In the 2023/24 financial year, the Provincial Treasury joined infrastructure site visits which were led by the Portfolio Committee of Finance in September 2023) (Sarah Baartman, OR Tambo, Metro Nelson Mandela), the Standing Committee on Public Accounts site visits in October 2023 (Alfred Nzo, Amathole and Joe Gqabi) and with National Treasury in November 2023 (Chris Hani District) (see attached Annexures in respect of the summary of the PCF report on findings and the PT PCF report as well as the Annexure on the SCOPA recommendations with the PT response to the oversight visits and the National Treasury itinerary on projects visited).

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

Outcome	Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	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	Policy briefs that guide budget and investment decisions	Number of policy briefs produced on key sector focus areas	4	4	4	4	-	-
Sub-programme 2.2: FISCAL POLICY								
FISCAL POLICY								

	Outcome	Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Revenue collected	Amount of own revenue collected	R1.404 billion	R1.785 billion	R1.689 billion	R2.219 billion	R529 million	The over collection was mainly attributed to Provincial Treasury collecting higher than anticipated interest from exchequer investments while Human Settlements interest received from trust accounts.
PUBLIC ENTITIES									
2.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Public entities spending within allocated budget	Percentage expenditure by entities within allocated budget	99%	82%	98%	88%	-10%	The projects spending is the major contributor to slow spending due to procurement delays.
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	Public funds spent in accordance to allocated budget	Percentage expenditure by departments within allocated budget	99.7%	99%	98%	99.6%	1.6%	Departments were reminded about the expenditure during the continuous monthly reporting on Provincial Expenditure (sub-CBC, CBC, PICC, EXCO, PCF) and remedial actions and plans were implemented by Departments to ensure spending takes place.
2.		Reduced Provincial CoE Ratio	CoE Ratio	65.5:34.5	64:36	61:39	64.9:35.1	+3.9: - 3.9	Additional funding was provided during the Adjustments Estimates for the implementation of the wage agreement as a result of the National Bargaining Council agreements which resulted in the CoE budget increasing - thereby increasing the composition of COE spending against the total spending of the province.
FINANCIAL ASSET MANAGEMENT									

	Outcome	Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
3.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Increased financial assets and reduced liabilities	Net provincial position of the Revenue Fund	-	*R9.327 billion	R150 million	R8.773 billion	R8.623 billion	The reason for the variance of R8.623 billion is the effective management of cash flows to ensure that departments in general, spent within their allocated budgets and that funds not immediately required by departments for expenditure were invested to generate interest income which forms part of the year-end balance. It should be noted, however, that a portion of the R8.773 billion includes unspent conditional grants amounting to R236 million subject to rollover processes, as well as provision for committed funds from the PRF for service delivery projects over the MTEF.
4.		Creditors paid within 30 days	Number of departments paying creditors within 30 days	12	12	13	12	-1	Department of Health exceeded 30 days payments in the 2023/24 financial year. PT is holding working sessions with the department to assist them improve on their compliance with the 30- day payment requirement.
***R9.3 billion changed to R9.327 billion to reflect 3 decimal point. This amount is per the 2022/23 audited information.**									
INFRASTRUCTURE MANAGEMENT									
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	10	10	10	-	The province has since introduced a model of Infrastructure coordination, monitoring and support to deal with these challenges as the coordination of infrastructure demands the line of sight that includes Provincial Treasury, Public Works and Infrastructure and the

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
									Office of the Premier. This model allocates three technical streams i.e. Budget Monitoring led by Provincial Treasury, Project Monitoring and Implementation led by the Department of Public Works and Infrastructure and Service Delivery Monitoring and Site Visits led by Office of the Premier as the portfolio of projects on paper must also be tested on the ground, through service delivery site monitoring to enhance the credibility of reports. As such the infrastructure bottlenecks identified were progressively escalated through the recently established institutional structures for Infrastructure i.e. through the Departmental Provincial Steering Committees (PISCs) and thereafter for further intervention and escalation to the Technical Provincial Infrastructure Coordination Council (T-PICC) and Provincial Infrastructure Coordinating Council (PICC) for final resolution-
6.		Spent total infrastructure budget	Percentage expenditure of allocated capital budget by infrastructure departments	93.49%	91.02%	90%	93.58%	3.58%	The province has since introduced a model of Infrastructure coordination, monitoring and support to deal with

Outcome	Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
								these challenges as the coordination of infrastructure demands the line of sight that includes Provincial Treasury, Public Works and Infrastructure and the Office of the Premier. This model allocates three technical streams i.e. Budget Monitoring led by Provincial Treasury, Project Monitoring and Implementation led by the Department of Public Works and Infrastructure and Service Delivery Monitoring and Site Visits led by Office of the Premier as the portfolio of projects on paper must also be tested on the ground, through service delivery site monitoring to enhance the credibility of reports. As such the infrastructure bottlenecks identified were progressively escalated through the recently established institutional structures for Infrastructure i.e. through the Departmental Provincial Steering Committees (PISCs) and thereafter for further intervention and escalation to the Technical Provincial Infrastructure Coordination Council (T-PICC) and Provincial Infrastructure Coordinating Council

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
									(PICC) for final resolution.
7.		Increased gross capital formation for provincial infrastructure departments	Percentage gross capital formation for Provincial Infrastructure Departments	-	20%	10.5%	6.04%	-4.46%	The underperformance in the gross capital formation was mainly as a result of expenditure under performance in the current financial year due to the lack of project readiness, and delays in procurement, and delays of implementation of projects on time within available budget by the implementing agents, contractors and the professional service providers.

Linking performance with budgets

For the year under review, the Programme achieved 6 (60%) of the 10 planned APP indicators and spent R75.651 million (96.1%) of the adjusted budget of R78.719 million with an under expenditure of R3.068 million.

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

- Consultancy Fees –amounting to R1. 373 million attributed to the non-submission of the necessary information and reports by the Provincial Infrastructure Support project service provider.
- Travel and Subsistence which amounts to R370 000 - due to savings attributed from the utilisation of virtual platform as against physical meetings like Rollovers, 10x10 sector meetings, National Treasury Benchmark exercise and the Division of Revenue Bill discussions.
- Administration fees – the under expenditure of R200 000 under this item is due to non- renewal of subscription fees for Quantec Data
- Savings realised from Audit fees and Venues and facilities amounting to R50 000 and R59 000 respectively.

  Other items that contributed to the unspent funds include:

- Compensation of Employees – amounting to R975 000 due to staff attrition 3x Assistant Directors, 5x Deputy Directors and 2X Administration Assistants.
- Transfers and subsidies – The unspent funds pertain to leave gratuity payments and is immaterial.

Table 2.4.2.2 Sub-programme expenditure

PROGRAMME 2	2023/2024			2022/2023		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Programme Support	3 446	3 232	214	3 185	3 045	140
Economic Analysis	3 368	3 153	215	3 263	2 958	305
Fiscal Policy	9 361	9 187	174	8 975	8 919	56
Budget Management	62 544	60 079	2 465	62 329	60 321	2 008
Programme Total	**78 719**	**75 651**	**3 068**	**77 752**	**75 243**	**2 509**

Strategy to overcome areas of underperformance.

Percentage expenditure by entities within allocated budget

PT is monitoring spending and continuously engages entities on efficiency measures that ensure the full budget is spent efficiently by the end of the financial year.

PT is monitoring spending and continuously engages entities on efficiency measures that ensure the full budget is spent efficiently by the end of the financial year. The major contributor to expenditure underperformance is as a result of delays in capital projects due to procurement challenges which is prevalent in 3D entities, namely CDC, ECDC and ELIDZ.

The unit will enhance its oversight on public entities first by integrating infrastructure planning into the plans of the departments. This will ensure that infrastructure projects of public entities are included in the B5 of shareholder departments and reported in the IRM in the future. Provincial Treasury will additionally escalate issues of underperformance (financial & non-financial) in the DEDEAT quarterly CFO Forum. For the BFI, DEDEAT and the CDC have established a forum that sits quarterly to monitor and support performance and PT Infrastructure Unit and Public Entities Units are participants in the forum.

CoE Ratio

To implement costs containment measures for COE in 2024/25 focusing on the organisational structure that must be in line with the departmental Compensation of employees' baseline, filling of critical vacant posts based on the budget availability and overtime management of non-essential workers. Furthermore, the PT working closely with OTP and PCMT will also look at the departments organograms and sector

policies affecting CoE (rural allowances, occupation specific dispensation, commuted overtime) to ensure CoE costs are contained.

Number of departments paying creditors within 30 days

It is acknowledged that for the 2023-24 financial year, it was only the Department of Health that did not pay their suppliers on average within 30 days. As a result, a Medico Legal Task team comprising OTP, PT and DOH was formed previously to assist DOH in their medico legal claims and further there are streams that are attending to the financial sustainability of the department. The process of completion of the finance bill, working with the Provincial Accountant General's Office together with the Department of Health, must be prioritized to partly attend to the liquidity of the department as these impacts on the cash availability to settle creditors in-year.

To deal with the seepages that comes from the payment of large accounts (e.g. Fleet Management) the department is reminded in our various forum to ensure that they undertake to continue performing creditor reconciliations for their accounts and confirm balances with suppliers at the end of each month, including the Department of Justice. Further all departments are reminded to continue to maintain paying within 30 days, as reflected in the table above that twelve of thirteen department complied the payment of creditors.

Percentage gross capital formation for Provincial Infrastructure Departments

The key strategy is to facilitate improvements in the infrastructure value chain on the side of the client department especially as related to projects which are in the initiation (prefeasibility) and concept stage (feasibility) stage. This will be done in alignment with the requirement of the Infrastructure Delivery Management System, Capital Appraisal Guideline, which requires specific activities to be undertaken such that shovel ready projects are on hand. This will ensure that projects do not remain on the tabled project lists for extended periods, allowing them to progress according to the recommended timelines. Additionally, it will facilitate the development of a more robust pipeline of credible infrastructure projects, which will enhance access to various forms of financing supported by effective delivery mechanisms.

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. <u>High Level Achievements</u>

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 the Auditor General in terms of the Section 40(2) of the Public Finance Management Act (PFMA).

Departments were supported with the preparation of 2022/23 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 with the NT requirements. Provincial Departments were also supported to ensure that infrastructure assets comply with NT guidelines. This support by PT led to ten (10) provincial departments achieving unqualified audit opinion on asset management.

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 to achieve 60% local spend. For the period under review, the total procurement spend amounted to

R14 186 764 069.50 and out of this amount R6 749 899 879.85 i.e. 47.58**%** was spent on Eastern Cape based suppliers. The Provincial Legislature migrated to an Enterprise Resource Planning (ERP) System during 2023 /2024 and therefore there is no expenditure shown on BAS for the fourth quarter of 2023/2024 as all payments were processed through that system from that period onwards. The 60% target was not achieved since some of the goods and services procured are not readily available or manufactured in the Province. The other contributing factor is that bids above R1 million are advertised openly in the Provincial Tender Bulletin and E- Tender Publication Portal and are awarded to bidders that score the highest adjudication points regardless of the Province where they are located.

The monitoring of adherence to procurement plans by Departments was undertaken in thirteen (13) departments as planned. On a monthly basis, individual departments submit implementation of procurement plan reports which detail the performance of each individual department to Provincial Treasury for analysis. These reports are then consolidated as one report, which is then presented to the Sub-CBC, CBC, and EXCO. Hands–on support on adherence to procurement plans was also provided to departments, which included, amongst others, serving on bid committees in an advisory capacity, 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).

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 Medium and Micro-Enterprises (MMEs) 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 seven thousand three and sixty-one (7361) with on-line registration support on the CSD. 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. In addition, bi-annual updates of the Price Index for low-value high-volume commodities were undertaken and issued to departments.

Fifty (50) editions of the tender bulletin containing one thousand two hundred and forty-four (1244) bid notices were published in the Provincial Tender Bulletin and E-tender publication portal. The unit hosted seven (7) SCM Forum meetings. Officials from provincial departments were trained on demand

management, contracts management, asset management, inventory management, bid committees and strategic sourcing.

Outcomes, output indicators, targets, and actual achievements (before re-tabling):

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24) until date of re-tabling	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions for Output/ Indicator/Annual Targets
1	Improved governance and sustainable management of the financial resource in provincial departments, public entities, and municipalities	EC suppliers benefiting from provincial departments procurement spend	Percentage of provincial departments procurement spend on EC based suppliers.	52%	59%	60%	47%	-13%	This can be attributed to the fact that some of the goods procured are not readily available or manufactured in the province. The other contributing factor is that bids above R1 million are advertised in the open market and are awarded to bidders that score the highest adjudication points.	This was due to the Programme not being able to get information from the public entities to measure all provincial institutions.

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

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
SUB-PROGRAMME 3.1: ASSET MANAGEMENT OFFICE									
1.	Improved governance and sustainable management of the financial resource in provincial departments, public entities, and municipalities	Unqualified audit opinion on asset management	Number of departments achieving an unqualified audit opinion on asset management	-	-	10	10	-	-
SUB-PROGRAMME 3.2: SUPPLY CHAIN MANAGEMENT OFFICE									
1.	Improved governance sustainable management of the financial resources in	Procurement plans implemented by provincial departments	Percentage of procurement plans implemented by provincial departments	-	70%	80%	57.93%	-22.07%	• Departments experienced challenges with regards to submission of draft specification by end users.

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
	provincial departments, Public Entities, and municipalities								• Delays by implementing agents and some instances the sittings of bid specification committees.
2.		Infrastructure procurement management maturity achieved	Level of infrastructure procurement management maturity achieved	Level 3	Level 3	Level 3	Level 2.7	0.3	• In some areas, the infrastructure departments still putting systems in place and building capacity to perform infrastructure related functions effectively and efficiently.
3.		EC suppliers benefiting from provincial departments procurement spend	Percentage of provincial departments procurement spend on EC based suppliers	52%	59%	60%	%47%	-13%	• This can be attributed to the fact that some of the goods procured are not readily available or manufactured in the province. • The other contributing factor is that bids above R1 million are advertised in the open market and are awarded to bidders that score the highest adjudication points.

Linking performance with budgets:

For the year under review, the Programme achieved 2 (50%) of the 4 planned APP indicators and spent R26.713 million (97.9%) of the adjusted budget of R27.286 million with an under expenditure of R573 000.

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

- Savings in travel and subsistence mainly pertains to meetings cancelled due to unforeseen circumstances.

Other items that contributed to the unspent funds include:

- Compensation of Employees due to staff attrition.
- Transfers and subsidies pertain to leave gratuity payments which were not fully utilised.

Table 2.4.3.2: Sub-programme expenditure

PROGRAMME 3	2023/2024			2022/2023		
	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	27 286	26 713	573	26 214	26 028	186
Programme Total	**27 286**	**26 713**	**573**	**26 214**	**26 028**	**186**

Strategy to overcome areas of underperformance.

- **Percentage of procurement plans implemented by provincial departments.**

When departments fell short of their procurement goals, the issues were brought to the attention of both the Sub-Committee on Budget and Expenditure (Sub-CBC) and the Executive Council (EXCO). Departments were then tasked with creating recovery plans and accelerating the procurement process.

To ensure adherence to these plans, Provincial Treasury maintains a watchful eye. This includes attending Bid Specification Committee meetings as observers when necessary, and monitoring committee proceedings with reports generated afterwards. Any instances of non-compliance are then escalated to the Financial Management Advisory Forum (FMAF).

- **Percentage of provincial departments procurement spend on EC based suppliers.**

To maximize the impact of our spending, we need a two-pronged approach. Firstly, there should be a concerted effort to increase the amount spent on service providers based within the province. This will not only stimulate the local economy but also foster closer partnerships.

Secondly, we should collaborate with the Department of Economic Development, Environment, Agriculture and Tourism (DEDEAT) to implement a supplier development template. This template would equip provincial service providers with the necessary tools and knowledge to compete effectively for advertised bids, ultimately increasing their chances of success.

2.4.4. Programme 4: Financial Governance

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

The programme consists of five sub-programmes, namely:

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

List of Programme Outcomes:

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

2.4.4.1. High Level Achievements

In the period under review, 2023/24, ***Accounting Services*** provided technical support on interpretation of the accounting standards as well as to ensure that the financial statements are prepared in accordance with the accounting framework. Through a collaborative approach and comprehensive support programs, the Accounting Services has demonstrably improved departmental practices, leading to higher quality Annual Financial Statements (AFS) compliant with Modified Cash Standards (MCS).

The PT's success in fostering better financial reporting stems from its proactive engagement with departments. Throughout the year, PT staff provided technical guidance and assisted departments in navigating complex regulations. This collaboration ensured departments adhere to accounting standards, the PFMA, Treasury Regulations and Instructions. Furthermore, the PT offers practical support, including helping departments to clear irregular expenditures, prepare for year-end closure, and monitor interim financial statements (IFS). By identifying and resolving exceptions in the IFS submissions promptly, the PT promotes continuous improvement in departmental reporting practices.

Beyond supporting day-to-day operations, the PT took a proactive approach to ensure departments deliver high-quality AFS. This included comprehensive support to departments during the development and implementation of the departmental Audit Improvement Plans (AIPs). By reviewing AIPs for completeness, the PT strengthens departmental strategies for addressing audit qualification issues. The PT offered various resources, such as AFS preparation guidelines, training workshops, and facilitated discussions on best practices through the Chief Financial Officers (CFO) Forum.

Despite the PT's efforts, audit outcomes for most departments have remained stagnant for several years. Analysis by the PT identifies a key culprit: material misstatements in financial statement disclosures, supply chain management problems, and non-compliance with legislation. These issues often stem from management lapses, highlighting the need for a stronger emphasis on accountability. To address this, the PT has escalated instances of non-performance to Heads of Departments (HODs) and Members of the Executive Council (MECs).

The Provincial Audit Improvement Plan (PAIP), developed collaboratively by the PT and other departments, outlines specific actions to address these shortcomings. The PAIP focuses on key areas like capital work-in-progress, asset management, contingent liabilities and fruitless and wasteful expenditure (proper use of funds for scholar transport).

However, achieving unqualified audits requires more than just improved technical practices. A fundamental cultural shift within the province is necessary. Holding Accounting Officers accountable for regressions in audit outcomes and fostering a culture of discipline in financial management are crucial

steps. By prioritizing accountability and ethical practices, the PT's efforts can lead to a future of consistently strong financial reporting and control environment across all departments.

Norms and Standards (N&S), is tasked to develop, implements financial norms and standards, and ensures effective communication, continued foster a culture of improved discipline in the management of public resources. The implementation of Financial Management Accountability Framework (FMAF) continued, and breaches of the Accountability Framework standards were escalated to the Executive Authorities of departments. Furthermore, the feedback was given to departments in relation to a number of financial management deviations against the Accountability Model Logic standards.

Norms and Standards unit continued with regular tracking to ensure that departments have systems in place to guard against financial misconduct transgressions and to ensure that incidents of financial misconduct are dealt with, and responsible officials are held accountable.

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

The instruction note on the Internal Control Dashboard (ICD) was issued as Instruction Note 2 of 2023-24, effective from 1 November 2023. The ultimate objective of the Internal Control Dashboard (ICD) is to enforce quarterly reporting on the capacity of the CFO branch so that it can be strengthened in terms of re-emphasizing the minimum elements contained in the Internal Control Dashboard (ICD) and the triggers contained in the ICD that are recommended to be utilized as self-assessment measure to assess Internal Controls and report to Provincial Treasury for further assessment and intervention.

Provincial Treasury continues advising departments to speed up their processes in finalising organograms as these serves as a guide for providing clear framework within which proper planning, execution, control, and review can take place so as to enable the department to optimally perform its service delivery imperatives. Advisory services were provided internally and externally to ensure that the PFMA and Treasury Regulations are complied with and there are no contraventions. Feedback letters are sent to departments with Provincial Treasury analysis and findings with the departmental requests/submissions. This includes virements, requests for consultants, the issuing of instruction notes and circulars.

Transversal Risk Management Unit continued to monitor and assess the implementation of Risk Management practices in the province to ensure compliance with relevant prescripts and provided technical support, capacitation, and interventions where necessary. The unit issued quarterly reports to

the Accounting Officers and the Risk Committees that advise on the progress made with respect to risk management implementation as well as highlighting areas of improvement.

During 2023/2024, the province initiated the development of an integrated provincial risk profile. Risk assessment sessions were facilitated by the Provincial Treasury with support from the Office of the Premier. This exercise aims to instil a risk-awareness culture within public institutions, integrate risk management into planning, and drive provincial risk-based interventions. A draft profile was produced, reflecting the provincial risks identified, their root causes, and risk impacts. The TRMU then communicated these risks to relevant stakeholders. This work is ongoing and will continue in the 2024/2025 financial year, including the analysis of key provincial risks identified from departmental registers and strategic priorities.

With respect to capacity building, TRMU conducted trainings for risk practitioners at various departments and public entities that are critical to improving the application of risk management and which also earned participants Continuing Professional Development hours. The trainings were: Conducting Bow Ties for Risk Assessments and Control Training, Application of Key Risk Indicators, Business Resiliency, and Risk, and Public Sector Risk Management Oversight (for Chairpersons of Risk Management Committees as well as Chairperson of Audit Committees).

A comprehensive risk management maturity assessment using the Financial Management Capability Maturity Model (FMCMM) evaluated departments' risk management maturity.

TRMU facilitated the Chief Risk Officers' Forum and Risk Management Committee Chairpersons' Forum, serving as information-sharing bodies responsible for knowledge exchange among institutional Chief Risk Officers and Committee Chairpersons.

While fostering a risk management culture at the top management level remains a critical development area, significant progress has been made. The continued operation of the Chief Risk Officers (CRO) Forum and the Risk Management Committee Chairpersons' Forum (RMCCF) demonstrates a commitment to professionalizing risk management practices, providing valuable platforms for knowledge sharing and collaboration, and promoting consistency and effectiveness across the province.

In the upcoming 2024/25 financial year, to strengthen the province's risk management posture, the unit will prioritize three key areas. Firstly, it will continue delivering training programs, fostering both general risk awareness and advanced risk management skills. Secondly, the unit will provide oversight function and actively engage with relevant stakeholders, particularly departments, on the implementation of risk mitigation strategies contributing to risks that have impact on provincial integration plans. and finally, TRMU will review both the EC Provincial Risk Management Framework and the instruction note to improve risk management maturity. The framework review aims to strengthen the province's integrated

approach to risk management, while the instruction note revision will ensure improvement of risk management maturity in the province.

The Transversal Internal Audit Services is tasked with the responsibility to provide technical support and oversight to provincial Internal Audit and Audit Committees in the Province to ensure their effective and efficient functioning provincially. In the 2023/24 financial year, the TIAS facilitated various initiatives aligned with its plans. These included hosting forums for Chief Audit Executives (CAEs), Audit Committee Chairpersons (ACCF), and Internal Audit Managers. These forums served as platforms for knowledge sharing, communication, and advocating for best practices. Additionally, TIAS conducted or coordinated Continuing Professional Development (CPD) trainings on topics relevant to internal auditors, such as Combined Assurance, Auditing Business Management Continuity Plans, Supervising and Leadership Skills, developing audit plans, data analytics, and IT controls.

To improve competency and skills, continuous Professional Development training was conducted for all levels of Internal Audit practitioners during the year. The unit assisted with the Internal Audit Learnership Program which is a structured two (2) year programme and facilitated external Quality Assurance Reviews (QARs) for Government Fleet Management Services and Periodic QARs at various departments and municipality. Furthermore, TIAS monitored the functioning of Audit Committees within departments and attended their meetings to provide support and identify any areas requiring intervention by the PT. Finally, the unit played a key role in hosting at the inaugural Internal Audit Awareness Month and assessed the departments utilising the Financial Management Capability Maturity Model (FMCMM) assessment for all 13 provincial departments. These comprehensive efforts by TIAS contribute significantly to improving internal audit effectiveness and overall governance within the province.

For youth development initiatives to advance the Internal Audit profession, Treasury, through TIAS, approached the Finance and Accounting Services Sector Education and Training Authority (FASSET) for to request for funding to fund Internal Audit graduates from various universities within the province to get access to Internships. For this initiative, PT was awarded funding to access to roll out this programme in a form of a grant for 30 graduates' stipends on a two (2) year internship programme to gain on the job skills by the graduates. The interns are allocated to all Internal Audit units' departments.

The Forensic Audit Unit (FAU) actively investigates and coordinates inquiries into potential irregularities across provincial departments, public entities, and municipalities. During the reporting period, they initiated and continued such investigations. Building internal expertise is also a priority for the FAU. They conducted two rounds of forensic training programs at NQF levels 7 and 8 for officials across various departments and entities, aiming to increase the number of Certified Fraud Examiners (CFEs) in the province. While some candidates are still completing their certifications, the training has shown success

with a portion of participants passing their exams. Unfortunately, the procurement process for the 2022/23 training was put on hold due to an external complaint.

Beyond internal training, the FAU fosters collaboration and knowledge sharing. They host and participate in regional meetings of the South African Chapter of the Association of Certified Fraud Examiners (ACFE). These meetings, co-branded with the Eastern Cape Provincial Treasury (ECPT), attract participation from municipalities, law enforcement agencies, and other relevant stakeholders. The FAU also maintains strong relationships with other investigative bodies through collaboration meetings and participates in case review meetings with the Office of the Premier (OTP) to ensure comprehensive investigations into reported cases. Additionally, the FAU continues to engage and provide support to various structures, furthering their commitment to a robust forensic environment within the province.

The ***Supporting and Interlinked Financial Systems*** unit continued to provide oversight and management of existing financial systems during the financial year. The unit conducted User Account Management reviews on BAS, PERSAL and LOGIS for all departments. All 13 departments had no material findings on Financial Information Systems (FIS) User Account Management arising from the FIS reviews that were conducted.

Further to this, FIS Systems teams continue to perform key centralised PERSAL control functions for the province as well as managing the BAS Sundry Payment process. The LOGIS Implementation and Support team rendered assistance and support to several departments with regard to preparations to utilize the LOGIS Asset Portal application for Asset Management efficiently and effectively. Support was rendered to departments through responding to requests for data and the provision of capacity building on the use of the systems.

Outcomes, output indicators, targets, and actual achievements (before re-tabling):

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24) until date of re-tabling	Deviation from planned target to Actual Achievement for 2023/24	Reasons for deviations	Reasons for revisions for Output/ Indicator/Annual Targets
SUB-PROGRAMME 4.3: RISK MANAGEMENT										
1	Improved governance and sustainable management of the financial resource in provincial departments, public entities, and municipalities	Risk management maturity achieved	Level of risk maturity achieved by departments	Level 3	Level 4.8	Level 4	0	-Level 4	FMCMM questionnaires were not completed by some departments and FMCMM results were not released by NT due non-submission.	The planned target was changed from Level 4 to Level 3. This was due to the non-submission of the FMCMM questionnaires by departments.

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

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	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	22	22	23	20	-3	3 Departments (DoH, DoE, DoT) obtained qualified audits
2.		Credible consolidated Financial Statements tabled at Legislature	Number of Audited Consolidated Financial Statements submitted at Legislature.	1	1	1	1	-	-
SUB-PROGRAMME 4.2: NORMS AND STANDARDS									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Compliance with Financial Management Accountability Framework (FMAF) standards	Percentage of Financial Management Accountability Framework (FMAF) standards complied with	69%	65%	75%	86%	11%	Departments significantly improved on the standards relating to Conditional and Infrastructure grant spending as there has been no

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
									underspending in excess of 2% reported on conditional grants and only 2 departments underspent on their infrastructure grant. There were also improvements on COE spending, overall expenditure on Equitable share, number of Conflicted employees, and non-implementation of 50% of AIP Action Plans.
2.		Adequate financial management capacity in departments	Percentage of Financial Management Capacity Study elements implemented	92%	94%	95%	94%	-1%	Organograms for DSD, DRDAR and DCS still not finalised.
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	Level of risk maturity achieved by departments	Level 3	Level 4.8	Level 3	Level 3.8	Level 0.8	Nine out of thirteen departments performed the RM maturity assessments, all scoring above level 3, ranging from levels 4 to 5. The Eastern Cape provincial departments have made strides in implementing risk management policies and processes that align with the requirements of the public sector risk management framework from the National Treasury.

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
2.		Provincial risk profile and mitigation measures	Percentage of provincial risk profile mitigation measures initiated by departments	100%	15%	100%	0%	-100%	The province undertook a comprehensive review of the provincial risk profile, involving multiple stakeholders from provincial departments and public entities. The exercise aimed to integrate risk management into the provincial planning process to inform decision-making and develop risk-based integration plans. However, the process proved to be more comprehensive and lengthier than anticipated. As a result, by the close of the financial year, the process had not yet been completed, and the development of risk mitigation measures by departments had not yet been reached.
SUB-PROGRAMME 4.4: PROVINCIAL INTERNAL AUDIT									
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	2.89	2.9	3.0	3.0	-	-

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
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	Credible financial information produced by departments	Number of Departments with no material review findings on FIS User Account Management	14	14	13	13	-	-

Linking performance with budgets

For the year under review, the Programme achieved 5 (62.5%) of the 8 planned APP indicators and spent R79.077 million (89.2%) of the adjusted budget of R88.674 million with an under expenditure of R9.597 million.

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

- Audit Costs - The nature of forensic investigations is influenced by uncertainties stemming from factors such as limitations on the scope of investigations, situations where further investigation is not feasible and delays in the execution of investigations due to difficulties in obtaining documents or lack of co-operation from stakeholders.
- Training and Development – Savings pertaining to provincial training that could not be undertaken due to unforeseen circumstances and invoice processed being lower than anticipated.
- Computer Services - Savings due to invoice processed for BAS licences being lower than anticipated.

Other items that contributed to the unspent funds include:

- Compensation of Employees – Savings mainly due to staff attrition;
- Transfers and subsidies – Unspent funds pertain to leave gratuity payments and is immaterial.

Table 2.4.4.2: Sub-programme expenditure

PROGRAMME 4	2023/2024			2022/2023		
	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	14 062	13 271	791	12 335	9 973	2 362
Accounting Services	14 338	13 834	504	13 552	13 215	337
Norms and Standards	6 260	6 229	31	6 190	6 108	82
Risk Management	5 039	4 589	450	4 711	4 098	613
Provincial Internal Audit Services	23 018	15 922	7 096	21 418	15 216	6 202
Supporting and Interlinked Financial Systems	25 957	25 232	725	24 941	24 558	383
Programme Total	**88 674**	**79 077**	**9 597**	**83 147**	**73 168**	**9 979**

Strategy to overcome areas of underperformance.

Number of Institutions that achieve unqualified audits.

Plans are in place to support the departments in improving their audit outcomes during 2023/24 financial year.

Percentage of Financial Management Capacity Study elements implemented.

OTP and the three departments who have outstanding organograms are still working in finalising them with the DPSA approval. PT will continue to track the progress on these and provide further inputs where necessary.

Percentage of provincial risk profile mitigation measures initiated by departments.

The final Provincial Risk Profile will only be achieved after the following processes have been finalized:

- Phase 1 – Integrated provincial risk assessment.
- Phase 2 – Control analysis and risk mitigation plans
- Completion of Phase 2 of provincial government and public entities i.e. risk control analysis and risk mitigation plans is in progress to be finalized by 31 May 2024 for mapping of 2024/25 risk mitigation strategies.

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	To monitor compliance with Financial Management and Annual Reporting Framework, monitor the effective and efficient compliance with Financial Assets and Liability Management, enhance, monitor and enforce transparent and effective SCM and Asset Management.

List of Programme Outcomes:

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

2.4.5.1. <u>High Level Achievements</u>

The ***Municipal Financial Governance (MFG)*** Programme provides support to in achieving sound 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 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. Tabled 2023/24 draft MTREF budgets of all municipalities were assessed, twenty-eight (28) of the thirty-six (36) municipalities assessed had funded budgets and the remaining municipalities had unfunded budgets. Eight (08) municipalities adopted unfunded budgets due to various reasons such as low revenue collection levels, bloated organisational structures and arrear bulk accounts.

The Municipal Budget and Institutional Governance unit has observed a significant number of unpaid creditors at the beginning of the financial year. These outstanding obligations stem from previous financial years, posing a potential risk to the municipalities' capacity to fulfil their current-year

commitments and subsequent service delivery mandates. Some of the municipalities with unfunded budgets have adopted turnaround plans/Financial Recovery Plans, which are monitored monthly to assist them to adopt funded budgets. In the fiscal year 2023/24, Provincial municipalities adopted 28 funded budgets, reflecting a slight decrease from the 29 budgets adopted in the previous year, 2022/23. Additionally, recognizing the rising trend of municipalities adopting unfunded budgets nationwide, Provincial Treasuries have initiated a proactive process to monitor and provide assistance to municipalities with unfunded budgets.

In terms of the Municipal Infrastructure Conditional Infrastructure Grants the Province received a main budget of R7.993 billion and it was adjusted to R158 million to R7.835 billion. The total expenditure of R4.693 billion or 60% was achieved. The unspent balance of R3.142 billion is to be spent by 30 June 2024 in line with projections made by municipalities. One of the positive developments during the 2023/24 financial year is with respect to the overall spending of the MIG by municipalities. The total spending reported for the period ending 31 March 2024 amounted to R2.659 billion which is 78 percent of the adjusted allocation. MEC: Finance conducted one-on-one sessions with all thirty-six (36) municipalities, to deal with improvement of municipal financial outlook.

Due to this good performance, no funding was lost by any of our municipalities in the province on Municipal Infrastructure Grant (MIG), Integrated National Electrification Programme Grant (INEP), Water Services Infrastructure Grant (WSIG), Urban Settlement Development Grant (USDG) and Programme and Project Preparation Support Grant (PPPSG), instead additional funding was received through Section 19 of 2023 Division of Revenue Act (DORA). 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).

DoRA capacity building workshops for political leadership and administration were conducted in six districts 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.

In efforts to bolster municipal governance, the unit participated in quarterly Provincial Chief Audit Executive (CAE) Forums in collaboration with CoGTA. Additionally, PT facilitated a joint session with CAEs and CoGTA to share reviewed AFS Tools intended for use by Internal Auditors prior to submission to the Audit Committee and AGSA. Moreover, MFG issued communication to municipalities, urging them to provide tools for reviewing annual financial statements based on the GRAP Reporting Framework 2022/23. 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 support municipalities to improve financial management (revenue, expenditure, asset, and liabilities) as informed by Financial Management Capability Maturity Model (FMCMM). National Treasury launched the FMCMM web enabled system, encouraging all municipalities and municipal entities to register on the system and to complete the FMCMM through the online mechanism. In terms of the MFMA Circular No.114, an automated web enabled FMCMM system will assist municipalities and municipal entities address weaknesses by implementing actions and routinely executing duties that prevent financial loss, wastage and transgressions, which will lead to significant improvement in financial and performance management. Currently seven hundred and fifty-two (752) municipal officials are successfully registered, as of 31 March 2024, and all have full access and credentials to utilize the system, therefore in the current financial year an additional two hundred and seventy (270) users were successfully added into the system. The vast majority of successful registered officials or users are the other officials within the municipalities, which includes managers from the departments within municipalities.

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 is monitored monthly to address challenges. PT also participated in the Audit Committees meetings and provided comments on AFS reviews of all draft AFS submitted. In addition, AGSA Technical meetings were held on a weekly basis to discuss issues unresolved with AGSA and any disputes during the audit as well as the overall progress of the 2022/23 FY audit. The Unit conducted virtual engagements to monitor audit action plans and assessed the readiness of municipalities to submit AFS within the due date.

In the latest audit cycle, a total of twenty-one (21) municipalities were awarded unqualified audit opinions, signifying their adherence to sound financial practices and compliance with regulatory standards. Some municipalities failed to enact MFG's suggestions, leading to sluggish advancement in executing audit action plans, inadequate record-keeping, deficient monthly reporting procedures, insufficient oversight through monitoring and reviews, and a lack of leadership commitment to fostering a culture of clean administration.

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

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24) until date of re-tabling	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations	Reasons for revisions to the Outputs / Output indicators / Annual Targets
SUB-PROGRAMME 5.1: 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	Percentage expenditure of Municipal Infrastructure Conditional Grants	51%	67%	100%	67%	-33%	• Vacancy on Municipal Managers • Non-performance of Contractor • Litigation by Contractor • 4. Late procurement of Contractors	Reporting Period was changed from Q 1 (Apr – Jun 2023) to Q3 (Oct – Dec 2023). This was due to the reporting period not aligning to the municipalities reporting period and the use of audited figures
SUB- PROGRAMME 5.2: MUNICIPAL ACCOUNTING AND REPORTING										
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Irregular expenditure in municipalities reduced	Percentage reduction of irregular expenditure	40%	37%	75%	N/A	N/A	N/A	The method of calculation was changed due to the previous method of calculation was not measuring the indicator.
		Functional mSCOA Reporting Modules	Percentage functionality of mSCOA Reporting Modules	-	-	75%	N/A	N/A	N/A	The indicator was changed due to the previous indicator was focusing on the functionality of mSCOA reporting modules while it should focus on the performance of the mSCOA Assessment Criteria and affected the all the information under the TID.

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

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
SUB-PROGRAMME 5.1: MUNICIPAL BUDGET AND INSTITUTIONAL GOVERNANCE									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Financially sustainable municipalities	Number of funded annual budgets adopted by municipalities	29	29	34	28	-6	Various factors include: • Large balances of major creditors (bulk electricity and bulk water) negatively affect the budget funding status. • These municipalities are struggling to pay off these debts. • Six of these municipalities are participating in EKSOM debt relief program which will

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
									result in write over a 3- year period. • Low revenue collection rates, operating deficits, employee related costs and tariffs that are not cost reflective.
2.		Spent allocated Municipal Infrastructure Conditional Grants budget	Percentage expenditure of Municipal Infrastructure Conditional Grants	51%	67%	100%	91%	-9%	• Vacancy on Municipal Managers • Non-performance of Contractor • Late procurement of Contractors • The last quarter of our departmental financial year co-indices with the 3rd quarter of the Municipal Financial Year. Therefore, the total expenditure by municipalities is 3 months behind when compared to our own projections. • Final expenditure figures will be available upon submission of Pre-Audited Annual Financial Statement (AFS) on 31st August 2024. • Poor planning, and non-adherence to procurement plans • Poor SCM and Contract management
SUB-PROGRAMME 5.2: MUNICIPAL ACCOUNTING AND REPORTING									
1.	Improved governance and sustainable management of the financial resources in provincial departments, public entities and municipalities	Irregular expenditure in municipalities reduced	Percentage reduction of irregular expenditure	40%	37%	75%	26.40%	-48.60%	Some municipalities are not dealing with their irregular expenditure. MPAC's are taking long in investigating or not investigating. Some municipalities are not preventing irregular expenditure and there is still additional expenditure being incurred annually.
2.		Unqualified audit opinions achieved by municipalities	Number of municipalities that achieve unqualified audits	20	21	28	21	-7	Certain municipalities failed to implement MFG's recommendations due to non-corporation and commitment by municipal leadership and officials. This led to delays in the implementation of the Audit Action Plans, AFS Process Plans and late submission of AFS. Survey conducted by

Outcome		Output	Output indicator	Actual Achievement (2021/22)	Actual Achievement (2022/23)	Planned Target (2023/24)	Actual Achievement (2023/24)	Deviation from planned target to Actual Achievement for (2023/24)	Reasons for deviations
									MFG revealed that there is also a high reliance on consultants with no transfer of skills and value for money as audit outcomes are negative. As well as the lack of consequence management for poor performance and non-compliance.
3.		Improved financial reporting in municipalities	Percentage performance on mSCOA assessment criteria	-	-	75%	78%	3%	PT developed a template for roadmaps, 9 municipalities that did not previously have roadmaps were then encouraged to customise and implement the roadmap. This improved their overall points by 10 points and led to over achievement in % target.

Linking performance with budgets

For the year under review, the Programme achieved 1 (20%) of the 5 planned APP indicators and spent R50.883 million (99.9%) of the adjusted budget of R50.934 million with an under expenditure of R51 000.

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

- Travel and subsistence and is immaterial.

Other items that contributed to the unspent funds include:

- Compensation of Employees – Savings due to staff attrition.
- Transfers and Subsidies – The unspent funds pertain to leave gratuity payments and is immaterial.

Table 2.4.5.2: Sub-programme expenditure

PROGRAMME 5	2023/2024			2022/2023		
	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	13 257	13 246	11	15 979	14 214	1 765
Municipal Budget and Institutional Governance	19 523	19 498	25	19 506	18 817	689
Municipal Accounting and Reporting	18 154	18 139	15	17 741	17 250	491
Programme Total	**50 934**	**50 883**	**51**	**53 226**	**50 281**	**2 945**

Strategy to overcome areas of underperformance.

- **Number of funded Annual Budgets adopted by municipalities.**

The Provincial Treasury has extended assistance to municipalities that have embraced unfunded budgets. All municipalities have now developed budget turnaround plans or budget funding plans, which are subject to monthly monitoring. The Provincial Treasury is currently engaging with municipalities in preparation for tabling their respective annual budgets as their financial year starts in June.

- **Percentage expenditure of Municipal Infrastructure Conditional Grants**

Provincial Treasury (PT) will be a driving force in fortifying municipal procurement practices. First, PT will facilitate the timely appointment of Municipal Managers by Municipal Councils. Stable leadership is essential for efficient procurement processes. Second, PT will offer support to municipalities as they intensify contract management practices by municipal officials. This support could take the form of training programs or best practice resources. Third, PT will assist municipalities in identifying and appointing personnel with the requisite expertise to serve on Bid Committees. Finally, PT will provide guidance and tools to ensure municipalities consistently complete procurement activities on time. This comprehensive approach will ultimately culminate in a more efficient and effective procurement system across all municipalities.

- **Percentage reduction of irregular expenditure**

Irregular expenditure strategy has been reviewed during Q4 of 2023/24 financial year and 10 delegated municipalities identified for support. The Programme will be reviewing irregular expenditure registers and conducting training to MPAC committee members in Q1 of 2024/25 financial year to assist in reducing irregular expenditure. UIFWE is also an agenda item on the Programme's AFS engagements, with the next engagements to be held in June 2024.

Also, the monitoring of the UIFWE is included under pillar 1 (governance) of the municipal intervention projects.

- **Number of municipalities that achieve unqualified audits.**

Revised the Municipal Audit Strategy to provide hands-on support to prioritised municipalities in a differentiated manner. There is collaboration of support packages with other key stakeholders in the province: CoGTA, OTP and SALGA for the successful implementation of this strategy, that will lead to improvements in the municipal audit outcomes. Close monitoring of the implementation of the municipal support plans by Provincial Treasury for improved audit outcomes.

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 2023 to 31 March 2024

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	855	n/a	n/a
Ex-employees	Households	Leave Gratuity	n/a	2 000	n/a	n/a
Tertiary Institutions	Households	Bursaries - Non-employees	n/a	485	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 2023/24 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 R7.281 million. The R7.281 million includes an amount of R3.791 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 2023/24.

Table 2.3.7: The table below reflects the infrastructure transfer payments made for the period 1 April 2023 to 31 March 2024.

Infrastructure projects	2023/2024			2022/2023		
	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 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 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
12 April 2023	**Regarding the provincial reserve fund:** 1) How much has the provincial government allocated to the provincial reserve fund for the (i) 2019/20, (ii) 2020/21, (iii) 2021/22 and (iv) 2022/23 financial years respectively as at the latest specified date for which information is available; 2) With regard to (1) above, how much of these funds have been utilised for each financial year as at the latest specified date for which information is available; 3) Whether PT can kindly provide the reasons for the utilisation of the funds for each of the financial years mentioned above as at the latest specified date for which information is available; 4) What is the current balance of the provincial reserve fund; What are the main sources for the provincial reserve fund?	Response: 1) R2 billion has been allocated for each of the 2019/20, 2020/21, 2021/22 and 2022/23 financial years. 2) For each of these financial years, nothing has been utilised as yet. 3) Since no funds have been utilised, there is no information on utilisation of the funds. 4) The current balance of the provincial reserve fund remains at R2 billion due to non-utilisation of funds. The main sources are interest on short term investments, own revenue collected by the departments and unspent equitable share transferred back to the Provincial Revenue Fund (PRF).

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td>28 April 2023</td><td>With regard to the total unauthorised expenditure for each of the provincial departments:

1) Provide the total unauthorised expenditure for each department for the (i) 2021/22 and (ii) 2022/23 financial years as at the latest specified date for which information is available;

2) Provide a breakdown of how much the total unauthorised expenditure was (a) pre-2021/22;

3) Provide a breakdown of how much the total unauthorised expenditure was (a) pre-2022/23;

4)(a) how much of the unauthorised expenditure has the Provincial Treasury (PT) condoned for the 2021/22 financial year and (b) of the amount which was condoned, how much was condoned without the funds being investigated;

5)(a) how much of the unauthorised expenditure has the PT condoned for the 2022/23 financial year and (b) of the amount which was condoned, how much was condoned without the funds being investigated?</td><td>1)-3) Department of Education and Department of Health are the only departments that incurred Unauthorized Expenditure for the respective financial year as indicated in Table 1 and Table 2 below (figures are based on the Audited Financial Statements). Data with respect to the 2022/23 financial year Is not yet available.

TABLE 1: UNAUTHORISED EXPENDITURE DOE
<table><tr><th colspan="2">DOE</th></tr><tr><th></th><th>R'000</th></tr><tr><td>Total UE incurred as at 31 March 2022 (i.e. 2021/22 financial year)</td><td>R2,488,403</td></tr><tr><td>UE incurred during the 2021/22 financial year</td><td>R184,692</td></tr><tr><td>UE incurred in the 2018/19 financial year approved without funding</td><td>R279,830</td></tr><tr><td>UE incurred during the 2019/20 financial year</td><td>R990,489</td></tr><tr><td>2019/20 UE approved with funding (Finance Bill 2021)</td><td>R287,028</td></tr><tr><td>2019/20 UE approved without funding</td><td>R703,460</td></tr><tr><td>UE incurred during the 2020/21 financial year approved without funding</td><td>R1,033,392</td></tr></table>
TABLE 2: UNAUTHORISED EXPENDITURE – DOH
<table><tr><th colspan="3">DOH</th></tr><tr><th>FY</th><th>TOTAL UE
INCURRED DURING THE FY

R'000</th><th>OUTCOME DEFERRED

R'000</th></tr><tr><td>2018/19</td><td>R648,647</td><td>R648,647</td></tr><tr><td>2019/20</td><td>R598,224</td><td>R598,224</td></tr><tr><td>2020/21</td><td>R1,018,215</td><td>R1,018,215</td></tr><tr><td>2021/22</td><td>R277,144</td><td>R277,144</td></tr><tr><td>TOTAL</td><td>R2,542,230</td><td>R2,542,230</td></tr></table>
Provincial Treasury has recommended that for the Department of Health, the unauthorised expenditure incurred during the 2021/22 financial year amounting to R277.144 million, 2018/19 (R648.647 million), 2019/20 (R598.224 million) and 2020/21 (R1.018.215 billion) financial years, amounting in total to R2.542.230 billion</td></tr>
</table>

Date	Matters raised	How the Department addressed the matters raised
		be deferred and considered again after a period of 12 months, largely due to the incomplete forensic investigations. The recommendation for a deferral is informed by the key requirement of having to establish, whether the funds were spent in the public interest and/or whether value was received by the state. Where the department has received no value, such expenditure should not be considered for funding from the Provincial Revenue Fund (PRF) through the Finance Bill. In cases where there was no value derived, it is expected that the Legislature must insist that such expenditure is recovered. 4)-5) Provincial Treasury does not have the power to condone Unauthorised Expenditure (UE). Any incurrence of UE is dealt with in terms of Section 34 of the PFMA. **Implications on approval with and without funding on the Provincial Revenue Fund (PRF)** • Section 34 (1) (a) of the PFMA indicates that Unauthorized Expenditure does not become a charge against the Revenue Fund except when the Provincial Legislature approves as a direct charge against the Provincial Revenue Fund an additional amount of the overspending. • Section 34 (2) of the PFMA states that in the event that the Provincial Legislature does not approve the additional amount of the overspending, then the amount becomes a charge against the funds allocated for the next or future financial years for the relevant vote. **Approval with funding (direct charge against the PRF)** • the amount of the over expenditure will be funded by the Provincial Revenue Fund. Provincial Treasury will prepare the Finance Bill on receipt of the House Resolutions based on SCOPA Recommendations. The Legislature will then enact the Finance Bill as a Finance Act. • It is only once the Provincial Legislature has passed the Finance Bill, that the Unauthorized Expenditure is formally approved.

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td></td><td>• The Finance Act is used by Provincial Treasury to release funds from the Provincial Revenue Fund and to deposit the money into the department's Paymaster General (PMG) account.

APPROVAL WITHOUT FUNDING

• When the Provincial Legislature approves the Unauthorized Expenditure but does not approve the additional amount of the overspending, the amount becomes a charge against the funds allocated for the next or future financial years under the relevant vote. In other words, no additional funds is made available to the department and department resorts to making use of their own funds to "recoup" the Unauthorized Expenditure.

• Provincial Treasury, on receipt of the House Resolutions, will reduce the department's budget for the next financial year, as part of the main and/or adjustment estimates process.</td></tr>
<tr><td>12 May 2023</td><td>With regard to the expenditure of the provincial governments' equitable share:

1) How much was allocated to the province through the equitable share for the (i) 2020/21, (ii) 2021/22 and (iii) 2022/23 financial years as at the latest specified date for which information is available;

2) Regarding (1) above, can he kindly provide a breakdown of how much is spent on, (a) social services, (b) repayment of debts, (c) Cost of Employees (CoE) and (d) infrastructure expenditure, inclusive of percentages;

3) What is the expected Treasury norm with regard to (a) social service spending, (b) servicing of debts, (c) CoE and (d) maintenance and new infrastructure expenditure;</td><td>1) Table below provides the equitable share allocated to the province for 2020/21, 2021/22 and 2022/23.
<table>
<tr><th>(i) 2020/21</th><th>(ii) 2021/22</th><th>(iii) 2022/23</th></tr>
<tr><td>R'000</td><td>R'000</td><td>R'000</td></tr>
<tr><td>69 195 253</td><td>70 949 697</td><td>73 592 515</td></tr>
</table>
Sources: 2020/21 & 2021/22 is 2022 Budget, 2022/23 is 2022/23 Adjustments Budget

Table below provides the spending of the equitable share for each financial year for social services, repayment of debts, Cost of Employees (CoE) and infrastructure expenditure, inclusive of percentages. Note that social services includes the departments of Health, Education and Social Development.</td></tr>
</table>

Date	Matters raised	How the Department addressed the matters raised
	4) Whether PT is any making progress towards reaching these norms set out by National Treasury; 5) Whether PT concedes that the provincial government has underspent on the maintenance of existing infrastructure over the past few financial years; if so, provide the relevant details in this regard; 6) With regard to (5) above, whether his Department is making progress towards dealing with the maintenance of existing infrastructure; if not, why?	

	(i) 2020/21		(ii) 2021/22		(iii) 2022/23	
	ES Spending	ES % Spent	ES Spending	ES % Spent	ES Spending	ES % Spent
(a) Social Services	59 366 285	85.8%	59 489 207	83.8%	51 469 819	69.9%
(b) Repayment of debts	0	0	0	0	0	0
(c) Cost of Employees (CoE)	53 614 910	77.5%	46 802 585	66.0%	45 784 758	62.2%
(d) Infrastructure expenditure	1 181 009	1.7%	1 253 233	1.8%	1 175 417	1.6%

Sources: 2020/21 & 2021/22 is Audited IYM, 2022/23 is IYM as at 31 January 2023

3) (a) In terms of the equitable share formula of the annual Division of Revenue Bill the norm for Education is 48 per cent and for Health is 27 per cent as a minimum allocation to these two departments. Together, these two account for 75% in terms of the equitable share formula. There is currently no national norm for Social Development in terms of the equitable share.

(b) The province does not have any debt to service and therefore there is no norm.

(c) Currently, the target set for 2022/23 is a ratio of 62:38, which implies that CoE accounts for 62 per cent of the total provincial budget while the remaining spending items account for 38 percent. As a province, we have decided to reduce the CoE expenditure until we reach a ratio of 60:40, implying that in future, CoE should account for 60% of the total provincial budget.

(d) The province has adopted the Infrastructure Delivery Management System (IDMS) which covers Portfolio Management, Program Management, Operations and Maintenance and Project Management. In addition, the IDMS requires the provision for lifecycle costing of assets, the maintenance and rehabilitation of existing facilities takes priority over the construction of new facilities.

4) (a) For 2022/23 at the time of the adjusted budget, the allocation to Education is 49.1 per cent and for Health it is 28.6 per cent, which in both cases the allocations exceed the norm.

(b) The province does not have any debt to service costs.

(c) At the end of the third quarter of 2022/23, the actual CoE ratio is 63.2 per cent, which is 1.2 percentage point above the target. The reason mostly lies in the

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td></td><td>additional funding we received from National Treasury for CoE cost of living adjustments.

(d) To this end, the prioritisation of maintenance has been factored into the 2023/24 financial year as 29.01 per cent of the total Infrastructure allocations.

5) Table below reflects the performance maintenance and repairs on infrastructure from 2020/21 to 2022/23.

<table>
<tr><th rowspan="2">Rand thousand</th><th colspan="2">2020/21</th><th></th><th colspan="2">2021/22</th><th></th><th colspan="2">2022/23</th><th></th></tr>
<tr><th>Adjusted</th><th>Expenditure</th><th>% spent</th><th>Adjusted</th><th>Expenditure</th><th>%Spent</th><th>Adjusted appropriation</th><th>Expenditure</th><th>% Spent</th></tr>
<tr><td>Maintenance and repairs</td><td>323 531</td><td>412 306</td><td>127%</td><td>520 878</td><td>412 921</td><td>79%</td><td>575 779</td><td>340 969</td><td>59%</td></tr>
</table>

Sources: 2020/21 & 2021/22 is Audited IYM, 2022/23 is IYM as at 31 January 2023

The performance on maintenance reflects that in the 2020/21 financial year the department over spent on its maintenance budget (127 per cent spent) whilst in the 2021/22 and the 2022/23 financial years the departments under-spent on the maintenance allocations as the performance for these financial years are reflecting 79 per cent and 59 per cent spent respectively.

6) Yes, there is progress being made towards maintenance as the prioritisation of maintenance has been factored into the 2023/24 financial year as 29.01 per cent of the total Infrastructure allocations has been prioritized towards maintenance. In addition, the adoption of the IDMS by the Province will reinforce the requirements for the prioritization of maintenance going forward.</td></tr>
<tr><td>19 May 2023</td><td>With regard to the expenditure of provincial grants allocated to the province in the division of revenue bill 2022:

1) Whether he can kindly provide a breakdown of each of the provincial grants allocated to the province;</td><td><u>Response</u>

<u>Response 1), 2) and 3)</u>

The Table below provides a breakdown of the provincial grants allocated to the province, as well as a summary of the grants for which rollovers were applied, indicating the amounts that were applied for and the amounts that have been recommended by Provincial Treasury to the National Treasury for approval.</td></tr>
</table>

Date	Matters raised	How the Department addressed the matters raised
	2) With regard to (1) above, can he kindly provide how much was (a) utilized and (b) forfeited to National Treasury; 3) With regard to (1) above, can he kindly provide details of (a) which grants the provincial government applied for roll-over, (b) how much was applied to be rolled over, (b) how much was approved and (c) how much was disapproved; 4) For each of the underspent provincial grants which were disapproved for roll-over, (a) whether the respective departments have provided reasons for their underspending; if not, why?	The submission was made to National Treasury on 28 April 2023 (as per Treasury Regulations 6.4.2 which indicates that application for rollovers must be sent to National Treasury on or before that last working day in April).

Date	Matters raised	How the Department addressed the matters raised

EASTERN CAPE CONDITIONAL GRANT APPLICATION

Preliminary unspent conditional grant as at March 2023

	(R'000)											
		Adjustments										
Grant Name	Budget 2022/23	Rollovers	National Adjustments	Total Adjustments	Adjusted Budget 2022/23	Transferred	Funds withheld	Preliminary - Actual Exp	Over (-) / Under (+)	Actual as % of Adj Budget	Roll Over Request	Co
Vote 08 - Rural Development and Agrarian Reform	**342 249**	**-**	**-**	**-**	**342 249**	**342 249**	**-**	**321 644**	**20 605**	**94.0%**	**3 637**	
Comprehensive Agricultural Support Programme	251 233	-	-	-	251 233	251 233	-	231 964	19 269	92.3%	2 443	
Ilima / Letsema	76 210	-	-	-	76 210	76 210	-	76 209	1	100.0%	-	
Land Care Programme	12 700	-	-	-	12 700	12 700	-	11 365	1 335	89.5%	1 194	
Expanded Public Works Programme - integrated	2 106	-	-	-	2 106	2 106	-	2 106	0	100.0%	-	
Vote 06 - Education	**3 606 127**	**342 135**	**(78 297)**	**263 838**	**3 869 965**	**3 527 830**	**-**	**3 732 770**	**137 195**	**96.5%**	**127 226**	
Education Infrastructure Grant	1 741 459	291 689	(78 297)	213 392	1 954 851	1 663 162	-	1 854 748	100 103	94.9%	100 086	
HIV and Aids (Life Skills Education) Grant	44 528	2 369	-	2 369	46 897	44 528	-	47 919	(1 022)	102.2%		
Learners with Profound Intellectual Disabilities Grant	28 333	4 467	-	4 467	32 800	28 333	-	28 061	4 739	85.6%	1 521	
Maths, Science and Technology Grant	53 950	19 946	-	19 946	73 896	53 950	-	73 168	728	99.0%	1 203	
National School Nutrition Programme Grant	1 494 648	-	-	-	1 494 648	1 494 648	-	1 495 112	(464)	100.0%		
Early Childhood Development Grant	199 668	23 664	-	23 664	223 332	199 668	-	188 820	34 512	84.5%	24 416	
Expanded Public Works Programme - integrated	3 491	-	-	-	3 491	3 491		3 396	95	97.3%		
Expanded Public Works Programmne - social	40 050	-	-	-	40 050	40 050	-	41 546	(1 496)	103.7%		
Vote 03 - Health	**5 823 385**	**113 868**	**(7 475)**	**106 393**	**5 929 778**	**5 815 000**	**-**	**5 918 992**	**10 786**	**99.8%**	**32 750**	
District Health Programmes grant (HIV, TB, Malaria and Community Outreach)	3 221 279	-	-	-	3 221 279	3 221 279	-	3 214 282	6 997	99.8%	6 951	
Health Facilities Revitalisation Grant	730 829	-	-	-	730 829	730 829	-	732 276	(1 447)	100.2%	-	
National Tertiary Services Grant	1 148 953	53 868	-	53 868	1 202 821	1 148 953	-	1 177 996	24 825	97.9%	25 799	
National Health Insurance	128 484	60 000	(7 475)	52 525	181 009	121 009	-	181 021	(12)	100.0%	-	
Expanded Public Works Programme-Ingegrated	2 816	-	-	-	2 816	1 906	-	1 905	911	67.6%	-	
Expanded Public Works Programme-Social Sector	12 268	-	-	-	12 268	12 268	-	12 268	0	100.0%	-	
Statutory Human Resources and Health Professions Training and Development	578 756	-	-	-	578 756	578 756	-	599 244	(20 488)	103.5%	-	
Vote 11 - Human Settlements	**2 003 160**	**50 744**	**84 108**	**134 852**	**2 138 012**	**2 087 268**	**-**	**2 049 055**	**88 957**	**95.8%**	**88 952**	
Human Settlements Development grant	1 542 022	50 744	-	50 744	1 592 766	1 542 022	-	1 592 761	5	100.0%		
Informal Settlements Upgrading Grant	458 151	-	-	-	458 151	458 151		386 058	72 093	84.3%	72 092	
Provincial Emergency Housing grant	-	-	84 108	84 108	84 108	84 108	-	67 247	16 861	80.0%	16 860	
Expanded Public Works Programme Integrated Grant to Provinces	2 987	-	-	-	2 987	2 987	-	2 989	(2)	100.1%	-	
Vote 14 - Sport, Recreation, Arts and Culture	**254 203**	**14 914**	**-**	**14 914**	**269 117**	**254 203**	**-**	**243 255**	**25 862**	**90.4%**	**15 020**	
Community Library Services grant	181 169	11 345	-	11 345	192 514	181 169	-	170 047	22 467	88.3%	13 143	
Mass Sport and Recreation Participation Programme	70 879	3 569	-	3 569	74 448	70 879	-	70 848	3 600	95.2%	1 877	
Expanded Public Works Programme - integrated	2 155	-	-	-	2 155	2 155	-	2 360	(205)	109.5%	-	
Vote 05 - Public Works	**13 502**	**-**	**-**	**-**	**13 502**	**13 502**	**-**	**13 501**	**1**	**100.0%**	**-**	
Expanded Public Works Programme - integrated	13 502	-	-	-	13 502	13 502	-	13 501	1	100.0%	-	
Vote 10 - Transport	**1 785 551**	**-**	**627 887**	**627 887**	**2 413 438**	**2 413 438**	**-**	**2 409 277**	**4 161**	**99.8%**	**-**	
Public Transport Operations	282 593	-	-	-	282 593	282 593	-	282 593	0	100.0%	-	
Provincial Road Maintenance Grant	1 429 653	-	627 887	627 887	2 057 540	2 057 540	-	2 055 330	2 210	99.9%	-	
Expanded Public Works Programme - integrated	73 305	-	-	-	73 305	73 305	-	71 354	1 951	97.3%	-	
Vote 04 - Social Development	**16 618**	**-**	**-**	**-**	**16 618**	**16 618**	**-**	**13 184**	**3 434**	**79.3%**	**-**	
Expanded Public Works Programme - integrated	1 900	-	-	-	1 900	1 900	-	1 833	67	96.5%	-	
Expanded Public Works Programme - social	14 718	-	-	-	14 718	14 718	-	11 351	3 367	0.0%	-	
Vote 7 - Cooperative Governance and Traditional Affairs	**2 284**	**-**	**-**	**-**	**2 284**	**2 284**	**-**	**2 281**	**3**	**99.9%**	**-**	
Expanded Public Works Programme - integrated	2 284	-	-	-	2 284	2 284	-	2 281	3	99.9%	-	
Vote 09 - Economic Development, Environmental Affairs and Tourism	**2 823**	**-**	**-**	**-**	**2 823**	**2 823**	**-**	**1 976**	**847**	**70.0%**	**847**	
Expanded Public Works Programme - integrated	2 823	-	-	-	2 823	2 823	-	1 976	847	70.0%	847	
Vote 15 - Safety and Liaison	**1 414**	**-**	**-**	**-**	**1 414**	**1 414**	**-**	**1 414**	**0**	**100.0%**	**-**	
Expanded Public Works Programmne - social	1 414	-	-	-	1 414	1 414		1 414	0	100.0%	-	
Total Conditional Grants	**13 851 316**	**521 661**	**626 223**	**1 147 884**	**14 999 200**	**14 476 629**	**-**	**14 707 349**	**291 851**	**98.1%**	**268 432**	

For the 2022/23 financial year, Departments requested a total of R268.432 million for rollovers to the Provincial Treasury. After analyzing the requests, Provincial Treasury has recommended an amount of R248.425 million which has been based on the commitments and documents (invoices and orders). These are preliminary expenditure numbers.

Date	Matters raised	How the Department addressed the matters raised
		4) The rollover request has been submitted to National Treasury for approval, and National Treasury will subsequently analyse the request and inform Provincial Treasury, which is normally done in November each year after the audit of the provincial departments have been completed.
26 May 2023	**With regard to retired education employees who had allegedly not been paid out their leave gratuity due to being on the Basic Accounting System (BAS) within the 2022/23 financial year:** 1) Whether he has been informed that by the end of the 2022/23 financial year, there were a number of employees who have allegedly not received payments of their leave gratuity within his Department; if not, what is the position in this regard; if so, 2) whether his Department has worked with the Department of Education to resolve the problem; if not, why; 3) whether (a) he can kindly provide the reason behind the delay in payment of the leave gratuity to the employees and (b) this issue has been resolved; if not, why; 4) whether any other provincial departments are facing similar challenges due to the migration from one accounting system to the other; if so, what effect is it having on its employees?	Background The primary system for paying leave gratuities is the PERSAL system and the BAS system is used only where the PERSAL system is unable to pay the leave gratuity due to, among others: • A period of six months having expired since the employment services were terminated with a particular department, thereby resulting in the relevant system records being automatically archived; • A terminated official being re-appointed by the same or another government department; • An official being deceased and having nominated more than one beneficiary; • The leave gratuity belonging to a prior tax year, which has already closed. In case of the above scenarios, the leave gratuity has to be paid through the BAS system, through submitting a request to Provincial Treasury, for making a BAS sundry payment. There are therefore no employees “who are on the Basic Accounting System (BAS)” but BAS is used occasionally when PERSAL is unable to pay the leave gratuities, as explained above. 1) • Throughout the 2022/23 financial year, the Department of Education (DOE) has been submitting leave gratuity backlog requests to Provincial Treasury, for approval to pay using the BAS system. • All requests that were submitted by DOE during the 2022/23 financial year, were approved. In total, Provincial Treasury approved four bulk requests relating to leave gratuity backlogs and these were for paying a total of 448 ex-employees. • Provincial Treasury was not informed of any DOE employees who had not received their payments as all submitted requests were approved.

Date	Matters raised	How the Department addressed the matters raised
		• It is worth noting that Provincial Treasury only becomes aware of employees who need to be paid leave gratuity accruals once that particular department submits a detailed request, with lists of people to be paid. 2) • During the first quarter of the 2022/23 financial year, DOE had challenges with submitting requests that were compliant with Circular 6 of 2022/23, which governs BAS sundry payments, such as leave gratuities. • Provincial Treasury held meetings with them, providing extensive guidance on the compliance requirements and afterwards, DOE was compliant, and all submitted requests were approved accordingly. 3) • Delays in the payment of leave gratuities by DOE are all related to their internal administrative challenges as Provincial Treasury approves all requests for paying on BAS, within seven working days from date of receipt. • DOE would be better placed in responding to this sub-question as their delays are internal. 4) • The department of Health (DOH) also has leave gratuity backlogs however there is no Provincial department (including DOE and DOH) that migrated from one accounting system to another. • As explained in the background above, leave gratuities are paid on the PERSAL system however there are exceptional situations (indicated above) where PERSAL is unable to pay leave gratuities and the BAS system is used as an alternative, subject to getting formal approval from Provincial Treasury, in line with Circular 6 of 2022/23. • This approval is granted within seven working days, unless the request is non-compliant, in which case, the exact non-compliance is communicated with the requesting department, within seven working days and support is provided where necessary.
02 June 2023	**With regard to the provincial budget allocation for infrastructure:**	**<u>Response:</u>** 1) The breakdown of the provincial budget allocation as well as the provincial budget spending for the (i) 2020/21, (ii) 2021/22, (iii) 2022/23 current financial

Date	Matters raised	How the Department addressed the matters raised
	1) Whether he can kindly provide a breakdown of the provincial budget allocation for the (i) 2020/21, (ii) 2021/22, (iii) 2022/23 and (iv) the current financial year as at the latest specified date for which information is available; 2) Whether he can kindly provide a breakdown of the provincial budget spending for the (i) 2020/21, (ii) 2021/22 and (iii) 2022/23 financial years as at the latest specified date for which information is available; 3) What was the percentage of the provincial budget allocation, in percentage, regarding the allocation towards (a) maintenance of existing infrastructure and (b) new infrastructure?	year as at the latest specified date for which information is available is reflected in Table 1 below. **Table 1: Provincial Budget Allocation and Spending for the 2020/21, 2021/22, 2022/23 Financial Years** 2) The breakdown of the provincial budget spending for the (i) 2020/21, (ii) 2021/22, (iii) 2022/23 financial years is reflected in Table 1 above. 3) The percentage of the provincial budget allocation, in percentage, regarding the allocation towards (a) maintenance of existing infrastructure and (b) new infrastructure is reflected in table 2 below:

R' 000	2020/21			2021/22			2022/23			2023/24
	Adjusted budge	Expenditure	% Spent	Adjusted Budde	Expenditure	% Spent	Adjusted Budget	Expenditure to date	% Spent	Main budget
Office Of Premier	360 910	303 611	84.12%	236 130	202 068	85.57%	327 514	304 220	92.89%	359 544
Health	2 057 167	1 424 131	69.23%	1 513 824	1 141 127	75.38%	1 624 429	1 160 589	71.45%	1 613 221
Social Development	40 163	31 326	78.00%	36 723	25 104	68.36%	33 278	35 048	105.32%	28 032
Public Works	200 281	213 698	106.70%	240 382	224 173	93.26%	260 972	251 153	96.24%	274 135
Education	1 345 348	1 225 313	91.08%	1 511 217	1 221 574	80.83%	1 968 317	1 860 279	94.51%	1 845 374
Local Government And Traditional Affairs	39 454	31 462	79.74%	7 084	2 631	37.14%	4 284	3 277	76.49%	5 690
Rural Development And Agrarian Reform	162 436	167 635	103.20%	156 553	143 697	91.79%	124 695	127 902	102.57%	140 301
Economic Development, Environmental Affairs And Tourism	85 201	82 708	97.07%	300 089	297 487	99.13%	-	-		384 150
Transport	2 083 603	2 182 482	104.75%	2 151 341	2 176 053	101.15%	2 543 579	2 428 260	95.47%	2 568 910
Human Settlements	1 964 789	1 275 152	64.90%	2 200 739	2 147 794	97.59%	2 138 012	2 049 895	95.88%	2 089 313
Sport, Recreation, Arts And Culture	30 174	14 716	48.77%	67 934	52 862	77.81%	72 833	58 280	80.03%	47 175
Total	**8 369 526**	**6 952 234**	**83.07%**	**8 422 020**	**7 634 570**	**90.65%**	**9 097 913**	**8 278 913**	**91.00%**	**9 355 853**

Date	Matters raised	How the Department addressed the matters raised

Table 2: Percentage of the Provincial Budget Allocation Per Category

Rand thousand	2020/21		2021/22		2022/23	
	Adjusted appropriation	% Allocation	Adjusted appropriation	% Allocation	Adjusted appropriation	% Allocatio
Existing infrastructure assets	**3 884 172**	**46.41%**	**4 514 599**	**53.60%**	**5 223 52**	**57.4**
Maintenance and repairs	1 738 860	**20.78%**	2 129 030	**25.28%**	2 659 02	**29.2**
Upgrades and additions	1 269 762	15.17%	1 872 688	22.24%	2 154 5	23.68
Rehabilitation and refurbishment	875 550	10.46%	512 881	6.09%	409 98	4.51
ew infrastructure assets	**1 052 698**	**12.58%**	**655 729**	**7.79%**	**494 47**	**5.4**
Infrastructure transfers	**2 313 789**	**27.65%**	**2 676 013**	**31.77%**	**2 368 48**	**26.0**
Infrastructure transfers - Current	7 991	0.10%	9 977	0.12%	23 2	0.26
Infrastructure transfers - Capital	2 305 798	27.55%	2 666 036	31.66%	2 345 2	25.78
Infrastructure: Payments for financial assets	**-**		**-**		**-**	
Infrastructure: Leases	**557 516**	**6.66%**	**-**		**-**	
Non Infrastructure	**561 351**	**6.71%**	**575 679**	**6.84%**	**1 011 42**	**11.1**
Total Provincial Infrastructure	**8 369 526**	**100.00%**	**8 422 020**	**100.00%**	**9 097 9**	**100.0**

Source document: Infrastructure Reporting Model 20/21;21/22& 22/23

.

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td>9 June 2023</td><td>With regard to the budget allocation for the Small-Town Revitalization Programme:

1) Whether he can kindly provide a breakdown of how the budget was spent during the (i) 2021/22 and (ii) 2022/23 financial years as at the latest specified date for which information is available;

2) whether he can kindly provide a comprehensive list of the general resources that were procured during the aforementioned financial years as at the latest specified date for which information is available;

3) 3) whether he can kindly advise how much of the allocated budget is spent on the Cost of Employment;</td><td><u>Response</u>:

1) The information requested in terms of the performance of the Small-Town Revitalization (STR) program is reflected i Table 1 below for the 2021/22, 2022/23 and the 2023/24 financial years:

Table 1 – Budget Spent during the 2021/22 and 2022/23 Financial Years
<table><tr><th></th><th colspan="6">2021/22</th><th colspan="6">2022/23</th><th colspan="3">2023 MTEF BUDGET</th></tr><tr><th>Category</th><th>Original Budget</th><th>Roll-over</th><th>Re-scheduled</th><th>Adjusted Budget</th><th>Expenditure</th><th>% Spent</th><th>Original Budget</th><th>Ro-ll Over</th><th>Adjusted Budget</th><th>Expenditure</th><th>% Spent</th><th>2023/24</th><th>Expenditure</th><th>% Spent</th></tr><tr><td>Small-Town Revitilisation Programme</td><td>186 100</td><td>1 677</td><td>(17 187)</td><td>170 590</td><td>167 289</td><td>98.06%</td><td>207 187</td><td>3 000</td><td>210 187</td><td>203 627</td><td>96.88%</td><td>245 000</td><td>2 475</td><td>1.01%</td></tr></table>
1) In 2021/22, an amount of R186 100 million was allocated for Small Towns Revitalization Programme and was adjusted to R170 590 million. An amount of R17.187 million was rescheduled under Small Town Revitalisation project fo Umzimvubu municipality and it was made available in 2022/23 financial year. A roll-over of R1 677 million was requeste and approved. In 2021/ 22 the department managed spent R167 289 million at year-end of its adjusted budget o R170 590 million.
2) In 2022/23 an amount of R207 187 million was allocated for Small Towns Revitalization Programme and was adjusted to R210 187 million. The department requested a roll-over of R3 000 million and it was approved. At year end th department spent R203 627 million against its adjusted budget of R210 187 million.
3) In 2023/24 an amount of R245 000 million was allocated for Small Towns Revitalization Programme and an amount o R2.475 million was spent at the end of April 2023.</td></tr>
<tr><td>15 June 2023</td><td>With regard to the total unauthorised expenditure for each of the provincial departments:

1) Whether he can kindly provide the total unauthorised expenditure for each department for</td><td>1) The 2022/23 financial year unauthorized expenditure amounts will be available after AGSA has concluded the audit and issued the 2022/23 Audit Reports on 31 July 2023.</td></tr>
</table>

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td>2022/23 financial year as at the latest specified date for which information is available?</td><td></td></tr>
<tr><td>7 July 2023</td><td>With regard to the cost of travel and subsidies for each provincial department:

1) Whether he can kindly provide the total breakdown of the (a) cost of travel and (b) subsistence allocation for each department for the 2022/23 financial year as at the latest specified date for which information is available;

2) whether he can kindly provide the reasons as to why is the cost of travel and subsistence expenditure is alleged to be excessive at the Office of the Premier;

3) what plans has his department put in place with a view to minimize the excessive usage of cost of travel and subsistence allocation in provincial departments;

4) Whether his Department is satisfied with the current total expense of the fiscal budget being on non-core service delivery matters such as cost of travel and subsistence allocation; if so, why?</td><td>1) Table below provides the total cost of the travel and subsistence per a department.

<table>
<tr><th>S&T Department (R'000)</th><th>1) Expenditur as at en Mar</th></tr>
<tr><td>Office of the Premier</td><td></td></tr>
<tr><td>Provincial Legislature</td><td></td></tr>
<tr><td>Health</td><td></td></tr>
<tr><td>Social Development</td><td></td></tr>
<tr><td>Public Works and Infrastructure</td><td></td></tr>
<tr><td>Education</td><td></td></tr>
<tr><td>Cooperative Governance and Traditional A</td><td></td></tr>
<tr><td>Rural Development and Agrarian Ref</td><td></td></tr>
<tr><td>Economic Development, Environ</td><td></td></tr>
<tr><td>Transport</td><td></td></tr>
<tr><td>Human Settlements</td><td></td></tr>
<tr><td>Provincial Treasury</td><td></td></tr>
<tr><td>Sports, Recreat</td><td></td></tr>
<tr><td>Community</td><td></td></tr>
<tr><td>Total</td><td></td></tr>
</table>
So

1) The table below provides 5-year expenditure trends for Travel and Subsistence – Office of the Premier

<table>
<tr><th colspan="15">EXPENDITURE TRENDS ON TRAVEL AND SUBSISTENCE</th></tr>
<tr><th></th><th colspan="3">2018/19</th><th colspan="3">2019/20</th><th colspan="3">2020/21</th><th colspan="3">2021/22</th><th colspan="2">2022/23</th></tr>
<tr><th></th><th>Adjusted Budget</th><th>Final Appropriation</th><th>Expenditure</th><th>Adjusted Budget</th><th>Final Appropriation</th><th>Expenditure</th><th>Adjusted Budget</th><th>Final Appropriation</th><th>Expenditure</th><th>Adjusted Budget</th><th>Final Appropriation</th><th>Expenditure</th><th>Adjusted Budget</th><th>Expenditure</th></tr>
<tr><td>Administration</td><td>8798</td><td>9055</td><td>7371</td><td>9097</td><td>9023</td><td>6772</td><td>5114</td><td>1919</td><td>1597</td><td>3362</td><td>2347</td><td>1883</td><td>4585</td><td>4866</td></tr>
<tr><td>Planning, Policy Coordination Monitoring and Evaluation</td><td>16585</td><td>13943</td><td>12129</td><td>14041</td><td>15005</td><td>12145</td><td>5073</td><td>4743</td><td>4005</td><td>8847</td><td>8483</td><td>8953</td><td>11695</td><td>13876</td></tr>
<tr><td>Institutional Development and Organisational Support</td><td>5462</td><td>4306</td><td>3835</td><td>5764</td><td>4714</td><td>4560</td><td>3368</td><td>1348</td><td>1076</td><td>2433</td><td>2464</td><td>1924</td><td>4683</td><td>3262</td></tr>
<tr><td>TOTAL</td><td>30845</td><td>27304</td><td>23335</td><td>28902</td><td>28742</td><td>23477</td><td>13555</td><td>8010</td><td>6678</td><td>14642</td><td>13294</td><td>12760</td><td>20963</td><td>22004</td></tr>
</table>
Source: Annual reports and 2022/23 March YM</td></tr>
</table>

Date	Matters raised	How the Department addressed the matters raised
		The department has been spending above R23 million under Travel and Subsistence between the period of 2018/19 and 2019/20 and the spending declined since 2020/21 due to COVID-19 restrictions. The department had to adopt a hybrid approach to service delivery through use of physical and virtual platforms. This resulted in lesser expenditure being incurred between 2020/21 – 2021/22 financial years. In 2022/23, the budget baseline was restored as the COVID-19 regulations were relaxed and the spending increased. Over the 5-year period, Planning, Policy Coordination, Monitoring and Evaluation programme constitute the highest share in terms of spending in line with the mandate of the department. Amongst other things, the programme is entrusted with monitoring and evaluation of the effectiveness of government programmes (done through site visits); overseeing the implementation of the Premier Priority projects (Small Town Revitalisation programme); Inter-Governmental Relations (IGR), verification of youth projects. e.tc. Under Administration programme, the bulk of the Travel and Subsistence spending is registered under Premier Support sub-programme as from time to time, the Premier's office is required to travel extensively within and outside the province as part of stakeholder management. Whilst, under Institutional Development and Organisational Support programme the department provides communications support services to the office of the Premier and Provincial Government also conducts physical verification of youth skills development and co-ordinate strategic skills development. 3) Provincial Treasury issued Provincial Instruction Note 4 of 2017/18 (attached as Annexure A) that outlines that the 3 instruction notes issued by National Treasury are comprehensive for departments to implement. Furthermore, based on these instruction notes, each department must have its own travel and subsistence policy. Departments have also been encouraged to utilise the Virtual platform to hold meetings in order to reduce the travel and subsistence costs. 4) Provincial Treasury is not satisfied with the current total expense of the fiscal budget on travel and subsistence as the table below shows that the departments are spending more than the CPI envisaged spending for this item by utilising the spending of 2013/14 as the basis and whereby in 2022/23, it amounts to R133.598

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td></td><td>million. Also, there has been an increase in the 2022/23 spending to R651.297 million when compared to the previous year expenditure of R483.379 million.
<table>
<tr><th>Cost containment related expenditure items R'000</th><th>2013/14</th><th>2014/15</th><th>2015/16</th><th>2016/17</th><th>2017/18</th><th>2018/19</th><th>2019</th></tr>
<tr><td>Travel and subsistence</td><td>770 945</td><td>765 117</td><td>840 025</td><td>758 703</td><td>831 081</td><td>844 388</td><td>90</td></tr>
<tr><td>Envisaged expenditure based on Actual CPI</td><td></td><td>814 118</td><td>804 903</td><td>892 947</td><td>794 362</td><td>869 311</td><td>87</td></tr>
<tr><td>Savings - annual</td><td></td><td>49 001</td><td>(35 122)</td><td>134 244</td><td>(36 719)</td><td>24 923</td><td>(2</td></tr>
<tr><td>Actual CPI %</td><td>5.8</td><td>5.6</td><td>5.2</td><td>6.3</td><td>4.7</td><td>4.6</td><td></td></tr>
</table></td></tr>
<tr><td>14 July 2023</td><td>Taking into account that the rural province like our province, with a well-stated backlog for economic and social infrastructure cannot afford to forfeit money back to the national fiscus:

1) Whether there are any monies which were forfeited to the national fiscus due inability to spend by any provincial department in the 2022/23 financial year as at the latest specified date for which information is available; if so, can he kindly provide the relevant details in this regard;

2) what plans and processes has the provincial government put in place towards ensuring that the province adequately spends its allocated budget; if none, whether there is any consequence management where such does not happen; if not, why; if so, kindly provide the relevant details of such plans?</td><td>1) During the Second 2022/23 Adjustments Budget, conditional grants were returned to the national fiscus after the Minister of Finance published notices in Government Gazettes that affected the stopping and reallocating of the conditional grants in compliance with section 18 and 19 of the Division of Revenue Act 5 of 2022. For the Education Infrastructure Grant, R100 million was stopped by the National Department of Basic Education in Gazette No. 48095 dated 17 February 2023 due to the slow spending on the grant, which was reallocated to the Gauteng and Western Cape provinces.
2) In terms of the strategies, the province has established the Presidential Infrastructure Coordination Committee focusing on infrastructure performance as well as efficiency realisation monthly.</td></tr>
</table>

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td>4 August 2023</td><td>With regard to the accruals for each of the provincial government entities for the 2021/22 and 2022/23 financial years:

1) How much was the closing balance for accruals for each of the aforementioned financial years as at the latest specified date for which information is available;

2) What support has PT given to provincial entities with a view to ensuring that they minimize the accruals of entities;

3) Provide the main reason/s for the accruals of each provincial entity;

4)Whether PT has any mechanism to track the accruals of entities; if not, why;

5)Whether PT assists in the capacity building of provincial entity’s Supply Chain Management unit and finance unit; if so, what is the frequency of such workshops?</td><td>1) The figures in Table 1 below reflect the accruals as at 2021/22 and 2022/23. The 2021/22 figures are based on the verification exercise that was undertaken by PT and audited AFS, whilst the 2022/23 figures are preliminary figures and will be updated after the audit process.

Table 1

<table>
<tr><th>Entities</th><th>Accruals- 31 March 2022- R'000</th><th>Accruals- 31 March 2023- R'000</th><th>Reason for Accruals</th></tr>
<tr><td>CDC</td><td>638 708</td><td>-</td><td>This mainly project payables relating to SEZ projects funded by DTIC and normal payables and VAT.</td></tr>
<tr><td>ECDC</td><td>24 769</td><td>12 654</td><td>Accruals mainly relate to property refurbishment costs of R4.8 million, BCM rate costs of R2.2 million incurred in march, that will be paid in April due to invoices being received late in March.</td></tr>
<tr><td>ELIDZ</td><td>23 344</td><td>24 871</td><td>The main contributor relates to performance bonus for 2022/23 that is payable in November 2023. The accrual for performance bonus relates to the payment of bonuses to the entity's employees based on the assessment of performance for the financial period ended 31 March 2023.</td></tr>
<tr><td>ECLB</td><td>1 020</td><td>823</td><td>Accruals are mainly for legal fees and travel costs incurred in march, that will be paid in April due to invoices being received late in March.</td></tr>
<tr><td>MTC</td><td>7 403</td><td>14 175</td><td>Accruals are contributed by mostly 3 rd party payments like SARS, Provident Fund and Medical aid that are paid on the 7 th of the following month. Also the service rendered in the previous year where invoices have been raised after year in the 21/22 financial year these were mostly not backed by cash due to significant rise in repairs and maintenance contributed by aging fleet within the institution</td></tr>
<tr><td>ECPTA</td><td>2 026</td><td>2 800</td><td>Late submission of invoices by suppliers and HR accruals</td></tr>
<tr><td>ECGB</td><td>5 389</td><td>5 677</td><td>Accruals are made up mainly of leave pay and bonus accrruals.</td></tr>
<tr><td>ECRDA</td><td>11 331</td><td>7 625</td><td>Payables, credit balance, employee savings</td></tr>
<tr><td>ECPACC</td><td>532</td><td>677</td><td>The main reason for the accruals is the late receipt of invoices and/or receipt of incomplete supporting documentation from the service providers or from grant funding beneficiaries, in the case of project/grant funding in order to process the payment</td></tr>
<tr><td>ECSECC</td><td>1232</td><td>1101</td><td>Accruals arise due to invoices for goods delivered before year end are received after year end therefore can only be paid in the next year. ECSECC contacts suppliers and tries to get the invoices earlier but this is not always practical or successful</td></tr>
</table>
Source : Entities & AFS 2021/22

2) Support is provided to public entities by reviewing their performance both financial and non-financial and feedback given to entities on quarterly basis. Targeted support is further provided to entities upon request by the entity and PT engages relevant units within the department to provide expertise to support the entities.

3) Table 1 above provides the reason for accruals.

4) Whilst there has been no targeted monthly support in a similar manner to provincial departments, public entities are monitored on a quarterly basis through IYM model to track their spending. The Public Entitles Unit is considering</td></tr>
</table>

Date	Matters raised	How the Department addressed the matters raised
		introducing quarterly templates that enable the entities to report on their accruals and payables. 5) With respect to SCM officials, the Supply Chain Management Office conducts training on departments and public entities on supply chain related issues and in some instances, public entities request specific training that is conducted by SCM Office
18 August 2023	**Regarding retired education employees who had allegedly not been paid out their leave gratuity due to being on the Basic Accounting System (BAS) within the 2022/23 financial year:** 1) Whether PT has been informed that by the end of the 2022/23 financial year, there were a number of employees who have allegedly not received payments of their leave gratuity within Department of Education; if not, what is the position in this regard; if so, 2) Whether PT has worked with the Department of Education to resolve the problem; if not, why; 3) Whether (a) PT can kindly provide the reason behind the delay in payment of the leave gratuity to the employees and (b) this issue has been resolved; if not, why; **4)** Whether any other provincial departments are facing similar challenges due to the migration from one accounting system to the other; if so, what effect is it having **on its employees?**	Background: The primary system for paying leave gratuities is the PERSAL system and the BAS system is used only where the PERSAL system is unable to pay the leave gratuity due to, among others: • A period of six months having expired since the employment services were terminated with a particular department, thereby resulting in the relevant system records being automatically archived; • A terminated official being re-appointed by the same or another government department; • An official being deceased and having nominated more than one beneficiary; • The leave gratuity belonging to a prior tax year, which has already closed. In case of the above scenarios, the leave gratuity has to be paid through the BAS system, through submitting a request to Provincial Treasury, for making a BAS sundry payment. There are therefore no employees “who are on the Basic Accounting System (BAS)” but BAS is used occasionally when PERSAL is unable to pay the leave gratuities, as explained above. 1)

Date	Matters raised	How the Department addressed the matters raised
		• Throughout the 2022/23 financial year, the Department of Education (DOE) has been submitting leave gratuity backlog requests to Provincial Treasury, for approval to pay using the BAS system. • All requests that were submitted by DOE during the 2022/23 financial year, were approved. In total, Provincial Treasury approved four bulk requests relating to leave gratuity backlogs and these were for paying a total of 448 ex-employees. • Provincial Treasury was not informed of any DOE employees who had not received their payments as all submitted requests were approved. • It is worth noting that Provincial Treasury only becomes aware of employees who need to be paid leave gratuity accruals once that particular department submits a detailed request, with lists of people to be paid. 2) • During the first quarter of the 2022/23 financial year, DOE had challenges with submitting requests that were compliant with Circular 6 of 2022/23, which governs BAS sundry payments, such as leave gratuities. • Provincial Treasury held meetings with them, providing extensive guidance on the compliance requirements and afterwards, DOE was compliant and all submitted requests were approved accordingly. 3) a) Delays in the payment of leave gratuities by DOE are all related to their internal administrative challenges as Provincial Treasury approves all requests for paying on BAS, within seven working days from date of receipt. b) DOE would be better placed in responding to this sub-question as their delays are internal. 4)

Date	Matters raised	How the Department addressed the matters raised
		• The department of Health (DOH) also has leave gratuity backlogs however there is no Provincial department (including DOE and DOH) that migrated from one accounting system to another. • As explained in the background above, leave gratuities are paid on the PERSAL system however there are exceptional situations (indicated above) where PERSAL is unable to pay leave gratuities and the BAS system is used as an alternative, subject to getting formal approval from Provincial Treasury, in line with Circular 6 of 2022/23. • This approval is granted within seven working days, unless the request is non-compliant, in which case, the exact non-compliance is communicated with the requesting department, within seven working days and support is provided where necessary.
25 August 2023	**With regard to the alleged vandalism against assets of the state:** **(1)** What is the approximate rand value against assets of the state which have been lost due to vandalism for the 2022/23 financial year as at the latest specified date for which information is available?	(1) PT does not have this information readily available. However, this information has been requested from the provincial departments and it will be submitted once it has been received.
8 Sept 2023	**Noting that the provincial government is reportedly trying all it can towards job creation, especially amongst the youth in our province such that each department has the Expanded Public Works Programme (EPWP) to fight the high unemployment rate that the province is facing:** 1) Whether the Provincial Treasury is able to monitor if each department is implementing and employing our people through the programme mentioned above; if not, why; if so, can he kindly provide the relevant details in this regard;	(1) Provincial Treasury does not have the information requested. DPWI is responsible for the overall monitoring and reporting of the EPWP. However, the information has been requested.

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td>2) (2) Whether the provincial departments are rotating the people that they put in the programme on the basis that there is an outcry that same people keep on getting absorbed over and over again and the youth is being side-lined to be absorbed into this programme or can he kindly share statistics of the youth being absorbed into EPWP?</td><td>(2) As stated in (1) above, Provincial Treasury does not have the information requested. DPWI is responsible for the overall monitoring and reporting of the EPWP. However, the information has been requested.</td></tr>
<tr><td>15 Sept 2023</td><td>With regard to the 7.5% increase for Civil Servants:

(1) Whether PT can kindly provide a detailed breakdown of how his Department will fund the 7.5% increase to Cost of Employment (COE);

(2) Whether PT could kindly advise how the deficit will be financed, if any;

(3) Whether PT can kindly advise how the increase will affect the vacancies that are currently being advertised within his Department;

(4) Whether the increase affects any existing positions; if so, how will these positions be affected;

(5) What impact does the increase have on the various programmes and units within each programme, within his Department, can he kindly provide a detailed breakdown in this regard?</td><td>Breakdown of the impact of living wage adjustment in 2023/24 is as follows:

<table>
<tr><th>ITEM</th><th>BAS- Equitable Share</th><th>July IYM outcome</th><th>Note</th></tr>
<tr><td>CoE Main Appropriation (2023/24)</td><td>335 375</td><td>335 375</td><td></td></tr>
<tr><td>Actual CoE Spending to date</td><td>106 865</td><td>106 865</td><td>Refer to July 2023 IYM</td></tr>
<tr><td>Annualised CoE based on July expenditure (as at 31 March 2024)</td><td>320 595</td><td>320 595</td><td></td></tr>
<tr><td>Add: Outstanding Performance Incentives</td><td>-</td><td>2 826</td><td></td></tr>
<tr><td>pay progression for OSD and Non OSD</td><td></td><td>1 907</td><td>Check calculations attached.</td></tr>
<tr><td>pay progression for SMS</td><td></td><td>875</td><td>Estimate provided due to time constraints.</td></tr>
<tr><td>Long Service Awards</td><td></td><td>44</td><td>Estimate provided due to time constraints.</td></tr>
<tr><td>Grade and Accelerated grade progression</td><td></td><td>-</td><td>None. As confirmed with stakeholders</td></tr>
<tr><td>Add: Provision for Leave Gratuity</td><td>-</td><td>1 513</td><td></td></tr>
<tr><td>Overspending in Leave Gratuity</td><td></td><td>1 451</td><td>Refer to July 2023 IYM</td></tr>
<tr><td>Future Provision for Leave Gratuity</td><td></td><td>62</td><td>As confirmed with stakeholders, although 8 employees will turn 60 in the current financial year and may apply for retirement.</td></tr>
<tr><td>Add: Pension Penalty Liabilities</td><td>-</td><td>146</td><td></td></tr>
<tr><td>Future Provision for Pension Penalties for Early Retirement</td><td></td><td>146</td><td>As confirmed with stakeholders. This may change depending on circumstances.</td></tr>
<tr><td>Add: Outstanding Salary Arrears / BackPay / Adjustments</td><td></td><td>-</td><td></td></tr>
<tr><td>Outstanding Salary Arrears (Level Adjustment, Court Cases, etc.)</td><td></td><td>-</td><td>None. As confirmed with stakeholders</td></tr>
<tr><td>Add: Filling of Vacant Posts</td><td>-</td><td>10 776</td><td></td></tr>
<tr><td>Filling of 39 Vacant Posts (from August 2023 to March 2024)</td><td></td><td>10 776</td><td></td></tr>
<tr><td>Appointment letter issued posts = 18</td><td></td><td>5 443</td><td>Check calculations attached.</td></tr>
<tr><td>Advertised and still in recruitment process posts = 14</td><td></td><td>3 569</td><td>Check calculations attached.</td></tr>
<tr><td>To Advertise posts = 7</td><td></td><td>1 764</td><td>Check calculations attached.</td></tr>
<tr><td>Total Anticipated Spend as at 31 March 2023</td><td>320 595</td><td>335 856</td><td></td></tr>
<tr><td>Anticipated savings/deficit</td><td>14 780</td><td>-481</td><td></td></tr>
<tr><td>Less virement amount</td><td>-</td><td>-</td><td>No virement was made as at 31 July 2023. Estimated virement in the Adjustment Estimates for P1 is R1 989 million and P3 is R1 499 million, however the departmental deficit is R-</td></tr>
<tr><td>Anticipated total savings/deficit after virement</td><td>14 780</td><td>(481)</td><td></td></tr>
</table>

1) During the adjustment estimates process the Department will reprioritize savings in Compensation of Employees (CoE) to fund the living wage adjustment deficit for 2023/24. The savings are primarily stemming from staff attrition.
2) The vacancies that are currently advertised for 2023/24 are factored in the calculations provided in response 1 above.</td></tr>
</table>

Date	Matters raised	How the Department addressed the matters raised
		3) The existing positions in 2023/24 were also factored in the calculations provided in response 1 above. 4) Breakdown of the impact of living wage adjustment in 2023/24 per programme is as follows:

Department of Education

Department	Material Irregularities							
	2022/23		2022/23		2021/22		2020/21	2019/2020
	Issued	Resolved	Issued	Resolved	Issued	Resolved	Issued	Resolved
DOE	2	1	2	1	6	4	1	0

AGSA has identified eleven material irregularities at the Department of Education. The department has responded appropriately to 6 of the material irregularities communicated to it, and as a result, they have been resolved. There are delays in addressing five of the material irregularities communicated to the department due to the fact that the matters are with the courts and the progress is highly dependent on court processes.

Financial Year **MI** **Status:** Not Resolved **Reasons:** Action plans currently being implemented.

2022/23 Payment of employees after termination

The department made payments to employees after their employment with the department was terminated which effectively resulted in salary expenditure made in vain for which there was no service rendered, as effective internal controls were not in place for the approval and processing of payments made, as required by treasury regulation 8.1.1. Furthermore, employees terminated after 1 April 2019 were identified as staff debtors which remain outstanding as at 31 March 2022. This led to an overpayment of R1 834 248. This amount has been included in the staff debtors disclosed in the 2021/22 financial year. The noncompliance resulted in a material financial loss of R1,8 million.

2022/23 Payments made for Microsoft subscriptions not used

Status: Not Resolved **Reasons:** MI notification response not yet due

The department made payments for Microsoft software licences subscription that are underutilised. This resulted in fruitless and wasteful expenditure being incurred by the department and non-compliance with the requirements of PFMA section 38(1(b). The non-compliance has resulted in a material financial loss of R5,6 million.

Date	Matters raised	How the Department addressed the matters raised
		Department of Health **Department Material Irregularities** **2022/23 2021/22 2020/21 2019/2020** **Issued Resolved Issued Resolved Issued Resolved Issued Resolved** **DOH 1 0 1 0 1 1 1 1** **AGSA identified four material irregularities in the Department of Health of which, two were resolved. A material irregularity was identified by AGSA during 2021/22 which related to payment of variation orders due to an extension caused by late payment of the contractor's invoices. The department submitted a written response to AGSA, together with documentation on recommendations implemented by the department and a final investigation report. As of 31 July 2023, the AGSA was in the process of assessing the actions taken by the department. A new material irregularity was identified and a notice was issued to the department during the 2022/23 audit. This will be reported to the department in the 2023/24 audit report.** **Financial Year MI Status: Not Resolved Reasons: MI notification response not yet due** **2022/23 The department has incorrectly paid nodal allowances to employees that are not entitled to receive the allowances as per resolution 02 of 2004 of the Public Health and Welfare Sector Bargaining Council**

Date	Matters raised	How the Department addressed the matters raised

Department of Transport

Department	Material Irregularities					
	2022/23	2022/23	2021/22		2020/21	
	Issued	Resolved	Issued	Resolved	Issued	Resolved
DOT	1	0	-	-	1	

The Department of Transport had three material irregularities of which o
closed. The department's management provided a response to the
and the matter will be heard in court towards the end of the
the material irregularity relating to scholar transport,
granted an extension.

Financial Year	MI
2022/23	The AG-SA accou

6) Irregular Expenditure incurred for the 2022/23 financial

Irregular Expenditure	2023	2022
	R'000	R'000
Transport	535 080	388 502
Roads and Public Works	142 471	340 452
Human Settlements	111 105	315 382
Social Development and Special Programmes	64 258	33 027
Education	8 730	22 740
Health	6 579	83 957
Provincial Legislature	3 657	-
Cooperative Governance and Traditional Affa	925	541
Office of The Premier	572	5 730
Provincial Treasury	-	19
Sport, Recreation, Arts and Culture	-	781
Total	**873 377**	**1 191 131**

Date	Matters raised	How the Department addressed the matters raised
		6) Consistency of Sanctions Issued against Form of Financial misconduct reported by Provincial Departments
27 October 2023	Whether he can kindly outline the total material losses suffered by provincial government departments for (a) laptop damages, (b) replacement of laptops, (c) replacement of cellphones, (d) late cancellation of accommodation, (e) catering invoices in excess of quotes, (f) government vehicle damages and (g) damage to hired vehicles for the (i) 2020/21, (ii) 2021/22 and (iii) 2022/23 financial years to date?	Response: Provincial Treasury is not responsible for coordination of this function. It is the responsibility of the OTP.
24 November 2023	(1) Whether any provincial departments are scheduled to overspend as at the end of the current financial year; if so, which departments and can he kindly provide the relevant details in this regard; (2) whether the (a) National or (b) Provincial Treasury has made any facility available for departments that might overspend; if so, can he kindly provide the relevant details in this regard; (3) what steps is the Provincial Treasury taking towards strictly monitoring expenditure so as to prevent any unauthorized expenditure; (4) what is the projected extent of the accruals as at the end of the current financial year for each	1. According to the In-Year Monitoring report, as at end of October 2023 seven (7) departments showed an element of cost pressures in their spending patterns, namely Departments of Health, Public Works and Infrastructure, Rural Development and Agrarian Reform, Economic Development, Environmental Affairs and Tourism, Sport Recreation Arts and Culture, Community Safety and Office of the Premier. However, through the Adjustment Budget process departments are given an opportunity to reprioritise their budget in line with Section 39 and 43 of the PFMA, in order to stay within the budget as well as to utilise savings to defray any possible excess expenditure. It is however important to mention that the real risk of a potential over expenditure is still with the DOH, as the result of accruals and payables emanating from Medico Legal claims, which is subjected to SCOPA processes on unauthorised expenditure accumulated from previous financial years.

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td>department and can he kindly provide the relevant details in this regard?</td><td>1. Section 31 of the PFMA whereby the MEC tabled the Adjustment Budget, which amongst others, cushioned some cost pressures emanating from Compensation of Employees. In addition, departments were afforded an opportunity to utilise Section 43 of the PFMA.

2. In addition to the monthly reports to the various structures, namely Cabinet Budget Committee, Executive Council, and Provincial Infrastructure Coordinating Committee, Provincial Treasury has developed budget and cash envelopes for each department as to determine the cash backed expenditure towards the end of the financial year so as to mitigate any potential unauthorised spending.

3. As the Provincial Treasury, we are currently in the process of sourcing the required information. We commit to submitting the necessary data promptly once it becomes available.</td></tr>
<tr><td>27 November 2023 (47)</td><td>(1) Whether any of the Members of the Executive (MEC) have been invited to attend an event hosted outside of the country; if so, can he kindly provide the (a) nature of the trip, (b) MEC delegated to attend and (c) the country for the (i) 2019/20, (ii) 2020/21, (iii) 2021/22 and (iv) 2022/23 financial years as at the latest specified date for which information is available;

(2) With reference to (1) above, can he kindly provide a breakdown of the total amount spent in terms of (a) flight tickets, (b) accommodation, (c) transport and (d) subsistence allowance;</td><td>1. Here is the table with details:
<table>
<tr><th>Nature of the trip</th><th>MEC delegated to attend</th><th>Country</th><th>Date</th></tr>
<tr><td>To strengthen ties with the international automotive sector.</td><td>Yes</td><td>Germany</td><td>04/10/2022-15/10/2022</td></tr>
<tr><td>Attending the Kenya/SA School of Governance.</td><td>Yes</td><td>Kenya</td><td>19/05/2023-27/05/2023</td></tr>
<tr><td>Attending Trade-Africa Fair for the promotion of intra-continental trade</td><td>Yes</td><td>Egypt</td><td>08/11/2023-16/11/2023</td></tr>
</table></td></tr>
</table>

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td>(3) Whether any of the completed trips were without sign-off of the Accounting Officer; if so, why;

(4) Whether he can kindly advise if any of these trips were of benefit to the province; if so, how has it benefited the province?</td><td>2. with reference to (1) above, can he kindly provide a breakdown of the total amount spent in terms of (a) flight tickets, (b) accommodation, (c) transport and (d) subsistence allowance;

<table>
<tr><th>S&T Claim</th><th>Accommodation</th><th>Car Hire</th><th>Air Transportation</th></tr>
<tr><td>R 10 097.28</td><td>Done at DEDEAT</td><td>Done at DEDEAT</td><td>Done at DEDEAT</td></tr>
<tr><td>R 14 175.87</td><td>Sponsored by hosts</td><td>Sponsored by hosts</td><td>R 17 666.00</td></tr>
<tr><td>R 9 180.00</td><td>Done at DEDEAT</td><td>Done at DEDEAT</td><td>Done at DEDEAT</td></tr>
</table>

3. whether any of the completed trips were without sign-off of the Accounting Officer; if so, why; Yes, it was signed by HoD.

4. whether he can kindly advise if any of these trips were of benefit to the province; if so, how has it benefited the province?
• To strengthen ties with the international automotive sector.
• Attending the Kenya/SA School of Governance.
• Attending Trade-Africa Fair for the promotion of intra-continental trade</td></tr>
<tr><td>27 November 2023</td><td>With regard to provincial entities:

(1) What was the total amount for fruitless and wasteful expenditure for the (i) 2019/20, (ii) 2020/21, (iii) 2021/22 and (iv) 2022/23 financial years as at the latest specified date for which information is available;

(2) What were the primary factors causing the fruitless and wasteful expenditure;</td><td>1. The total amount for fruitless and wasteful expenditure are as follows:

<table>
<tr><th>Financial Years</th><th>Q1: 2022/23</th><th>2021/22</th><th>2020/21</th><th>2019/20</th></tr>
<tr><td>TOTAL</td><td>R4 228 480</td><td>R500 430</td><td>R355 542</td><td>R2 545 422</td></tr>
</table></td></tr>
</table>

Date	Matters raised	How the Department addressed the matters raised
	(3) Whether he can kindly provide a breakdown of any material irregularities that were registered per provincial entity for the Public Finance Management Act (PFMA) (Act No. 1 of 1999) for the (i) 2019/20, (ii) 2020/21, (iii) 2021/22 and (iv) 2022/23 financial years as at the latest specified date for which information is available; (4) With regard to (3) above, (a) how many of the irregularities were resolved and (b) of the unresolved irregularities, can he kindly provide the reasons as why these irregularities were unresolved; (5) What was the total closing balance for irregular expenditure for the (i) 2019/20, (ii) 2020/21, (iii) 2021/22 and (iv) 2022/23 financial years as at the latest specified date for which information is available; (6) What consequence management has each provincial entity initiated for (a) fruitless and wasteful expenditure, (b) irregular expenditure and (c) material irregularities for the PFMA in the (i) 2019/20, (ii) 2020/21, (iii) 2021/22 and (iv) 2022/23 financial years as at the latest specified date for which information is available?	2. Table 2 below depicts the primary factors causing the fruitless and wasteful expenditure. **Table 2: Fruitless and wasteful expenditure per Public Entity** Fruitless and wasteful expenditure Public Entity / Q1: 2022/23 / Q2: Primary factor / Q6: Consqunce managemnt / 2021/22 / Primary factor / Q6: Consqunce managemnt / 2020/21 / Primary factor / Q6: Consqunce managemnt / 2019/20 / Primary factor / Q6: Consqunce managemnt ECPTA / 306 000 / A former employee of the ECPTA continued to receive salary paym ents following the employee's purported resignation in December 2019 / A case of fraud has been opened with SAPS. The former employee has signed an acknowledgem ent of debt and made an undertaking to repay the money. IMCT engaged to advise on a tool that can be used to close gaps in com munication regarding the termination process between HCM, Payroll and the Reserves. / - / N/A / - / - / N/A / N/A / - / N/A / N/A ECLB / 36 596 / relates to car accident that caused damages to the / costs have been recovered from employees concerned / 5 635 / relates to damaged printers / costs have been recovered from employees concerned / - / N/A / N/A / 521 / relates to intest charged on municipal / costs have been recovered from employee concerned ECSECC / 4 615 / Late returns of hired cars / Where employee was found to be negligent, recovery of the funds - R2 365 has been recovered leaving closing balance of R2 250. / 1 736 / Missed accomodation / Where employee was found to be negligent, recovery of the funds - full R2k has been recovered / 9 000 / Missed travel arrangements - flight, accoodation, car hire / Where employee was found to be negligent, recovery of the funds - R7.7k has been / 12 593 / Missed training / Where employee was found to be negligent, recovery of the funds - R6k has been recovered EDTDZ / - / N/A / N/A / - / N/A / N/A / - / N/A / N/A / - / N/A / N/A CDC MTC / 2 597 / Interest due to late payment / The expenditure was investigate and no employee charged as the delays in paym ents were caused by cash flow problem s, which made the Corporations not to be able to pay within 30 days." / 157 / Interest due to late payment / The expenditure was investigate and no employee charged as the delays in paym ents were caused by cash flow problem s, which made the Corporations not to be able to pay within 30 days." / 7 542 / Interest due to late payment / The expenditure was investigate and no employee charged as the delays in paym ents were caused by cash flow problem s, which made the Corporations not to be able to pay within 30 / 126 308 / Interest due to late payment / The expenditure was investigate and no employee charged as the delays in paym ents were caused by cash flow problem s, which made the Corporations not to be able to pay within 30 days." ECGB / - / N/A / N/A / - / N/A / N/A / - / N/A / N/A / - / N/A / N/A ECRDA / 3 878 672 / As a result of interest paid on late paym ents, most paym ents are of the municipalities. / No successful recoveries to date / 191 902 / As a result of interest paid on late paym ents, most paym ents are of the municipalities. / No successful recoveries to date / 123 000 / As a result of interest paid on late paym ents, most paym ents are of the municipalities. / No successful recoveries to date / 660 000 / As a result of interest paid on late paym ents, most paym ents are of the municipalities. / No successful recoveries to date ECDC / - / N/A / N/A / 301 000 / relates to interest paid on municipal charges, Interest charged on overdue accounts, BCMM threatened to cut the utilities supply to clients if the full accounts were not paid, hence costs were paid. / The accounts were not paid due to queries raised with BCMM. BCMM refused to reverse the interest and threatened to cut utilities.There was no negligence by the affected employees so no consequence management was required. / 216 000 / AIDC incurred fruitless and wasteful expenditure, which relates to an automobile accident by a staff member in a hired car and negligence was proven by the hire com pany. Further wasteful expenditure was incurred through / The staff member involved in the accident is deceased (not through the accident but an unrelated cause) and no negligence could be attributed to a staff member in relation to the cyber fraud. / 1 746 000 / Interest and penalties was incurred by AIDC on underestim ation of provisional tax in the 2019/2020 financial year. / The employees concerned were issued with written warnings and others subsequently resigned from the employ of the ECDC. ECPACC / - / - / - / - / - / - / - / - / - / - / - / - / - TOTAL / 4 228 480 / / / 500 430 / / / 355 542 / / / 2 545 422 / / / 3. The ECRDA was the only public entity that received a disclaimer audit opinion for the 2022/23 financial year, while in 2021/22 and 2020/21 the public entity received an Unqualified audit opinion with no material findings. 4. The Auditor-General (A-G) identified material misstatements in the financial statements submitted for auditing of the ECRDA. The material misstatements constitute non-compliance with section 55(1)(a) and (b) of

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td></td><td>the PFMA. Due to the pervasiveness of the limitations experienced in obtaining sufficient and appropriate audit evidence, the A-G expressed a disclaimer of opinion.</td></tr>
<tr><td>1 December 2023 (48)</td><td>1. In respect of each public entity within the province, what is the total annual remuneration package of the (a) Chairperson of the board, (b) the Chief Executive Officer (CEO) and (c) Directors within the relevant entities for the (i) 2020/21, (ii) 2021/22, (iii) 2022/23 and (iv) 2023/24 financial years as at the latest specified date for which information is available.

2. What measures has or will his department put in place with a view to curbing the cost of public entities in the province?</td><td>1. Table 1 below shows the total annual remuneration package in respect of each public entity within the province.

Table 1: Total Annual Remuneration

Total annual remuneration package
<table><tr><th rowspan="2">Entity</th><th colspan="4">Board Chairperson</th><th colspan="4">Chief Executive Officer (CEO)</th><th colspan="4">Directors (excludes board chair costs)</th></tr><tr><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th></tr><tr><td>ECPTA</td><td>133</td><td>208</td><td>436</td><td>164</td><td>2 732</td><td>2 878</td><td>2 801</td><td>2 515</td><td>694</td><td>536</td><td>583</td><td>764</td></tr><tr><td>ECLB</td><td>372</td><td>468</td><td>312</td><td>360</td><td>2 280</td><td>2 498</td><td>2 648</td><td>2 780</td><td>586</td><td>596</td><td>467</td><td>442</td></tr><tr><td>ECSECC</td><td>-</td><td>-</td><td>-</td><td>-</td><td>2 062</td><td>2 120</td><td>2 237</td><td>2 382</td><td>874</td><td>873</td><td>1 056</td><td>1 050</td></tr><tr><td>ELIDZ</td><td>173</td><td>229</td><td>206</td><td>269</td><td>4 400</td><td>4 612</td><td>4 910</td><td>5 254</td><td>868</td><td>983</td><td>806</td><td>1 160</td></tr><tr><td>CDC</td><td>312</td><td>252</td><td>551</td><td>551</td><td>11 211</td><td>5 250</td><td>5 784</td><td>4 931</td><td>1 253</td><td>1 065</td><td>1 001</td><td>1 584</td></tr><tr><td>MTC</td><td>497</td><td>277</td><td>442</td><td>424</td><td>693</td><td>2 139</td><td>2 603</td><td>2 978</td><td>2 019</td><td>1 129</td><td>451</td><td>1 525</td></tr><tr><td>ECGB</td><td>289</td><td>344</td><td>394</td><td>405</td><td>3 833</td><td>4 239</td><td>4 479</td><td>4 490</td><td>580</td><td>338</td><td>490</td><td>540</td></tr><tr><td>ECRDA</td><td>409</td><td>475</td><td>475</td><td>346</td><td>2 490</td><td>2 670</td><td>2 297</td><td>2 934</td><td>2 740</td><td>2 699</td><td>3 733</td><td>4 223</td></tr><tr><td>ECDC</td><td>102</td><td>131</td><td>247</td><td>158</td><td>2 838</td><td>3 312</td><td>3 305</td><td>2 360</td><td>620</td><td>560</td><td>807</td><td>852</td></tr><tr><td>ECPACC</td><td>80</td><td>143</td><td>139</td><td>69</td><td>1 092</td><td>680</td><td>486</td><td>1 590</td><td>185</td><td>155</td><td>411</td><td>249</td></tr><tr><td>TOTAL</td><td>2 367</td><td>2 527</td><td>3 202</td><td>2 746</td><td>33 621</td><td>30 386</td><td>31 550</td><td>32 215</td><td>10 419</td><td>8 934</td><td>9 805</td><td>12 389</td></tr></table>
Note: The Directors refers to the Board of Directors.

a. The cost cutting measures put in place to curb the cost of public entities in the province: The public entities are not part of the Public Sector Coordinating Bargaining Chamber (PSCBC) and depend on their internal policies agreed with the shareholder departments. However, as part of the strategies to manage impact of the current economic and fiscal outlook, ECPT continues to encourage public entities to align Cost of Employment (COE) increases to the National Treasury guidelines (which includes Remuneration of Boards), by virtue of the public entities being an extension of public service departments.
b. In addition, the province is in the process of finalizing a draft Framework for the determination of remuneration for Accounting Authorities (Members of the Boards) of Provincial Public Entities (Schedule 3C and Schedule 3D), which seeks to standardize the Board remuneration and</td></tr>
</table>

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td></td><td>meeting sittings. The entities are encouraged through the provincial Cost Containment measures Instruction Note no.3 of 2017/18 and no.1 of 2023/24 to make use of virtual meetings for Board, Sub Committees and Management to save on travel, accommodation, and catering costs.</td></tr>
<tr><td>8 December 2023</td><td>(1) What total amount was owing or outstanding in respect of loans granted by the Eastern Cape Development Corporation (ECDC) as at the latest specified date for which information is available;

(2) Whether the provincial government has taken or anticipates taking any steps with a view of ensuring that these loans are repaid; if not, why; if so, (a) what steps and (b) by when;

(3) Whether his department has taken or anticipates taking any steps with a view of recovering debt owed by companies or businesses who have defaulted on their loans from the ECDC; if not, why; if so, (a) what steps, (b) by when and (c) can he kindly provide the relevant details in this regard?</td><td>(1) The status of the loan book is stated as follows as at the end of 30 September 2023 (Quarter 2 of 2023/24):

<table>
<tr><th>Product / Status</th><th>Regular Book</th><th>% Regular</th><th>Handed over</th><th>% Handed over</th><th>Total Loan Book</th></tr>
<tr><td>Loan book</td><td>35 670 415</td><td>47%</td><td>39 931 071</td><td>53%</td><td>75 601 441</td></tr>
</table>

(2) ECDC has an approved Revenue collection and Debt management methodology from first instance

of client default (Framework attached):

• Issue a standard reminder letter after 7 days from first instalment due date.

• If an account falls into 14 days or longer in arrears, a formal default letter is issued highlighting possible legal action and its related costs.

• If an account deteriorates to more than one instalment (≥30days), a responsible consultant in the region will call and or visit the client to establish reasons for default and capture that in the system with recommended cause of action.

• A recommended cause of action may include:

o a formal redemption plan to be submitted for approval to Credit Risk Committee (CRIC),

o additional non-financial support,</td></tr>
</table>

Date	Matters raised	How the Department addressed the matters raised
		o a loan restructuring proposal to provide support to an entrepreneur(s) before considering hardened forms of collection such as legal recovery, etc. • Monthly loans monitoring meetings are held by Head Office with all regions to discuss defaulting clients and actions to be taken, feedback is consolidated for reporting to ECDC Credit Risk Committee (CRIC). 4. The other mechanism in place is the collection of long outstanding debts through legal services, which currently shows 53% of the loan book being collected through contracted debt collectors. Efforts to intensify the reduction of loans in default by responding quickly to early default warning signals to prevent and reduce credit losses from continuing. Discussions are initiated with the debt management and revenue collections unit to ensure action is taken on all handed over matters and that clean-up is done in cases that require write off due to low prospects of recovery. The monitoring and control function continues to apply pressure on defaulting accounts in the pre-legal segment of the loan book through the application of soft legal techniques (reminder letters, default notices, telephone calls and client visits by regional consultants) which have forced defaulting debtors to make payment arrangements and provide catch up plans on missed instalments.
8 December 2023	(1) How much in total does each provincial department owe to local municipalities in unpaid rates and services, which are overdue by 30 days or more; (2) With regard to (1) above, (a) can he kindly provide a breakdown of each provincial department and (b) how much they owe to each local municipality; (3) Whether his Department acknowledges and accepts that the tendency of provincial departments not settling their municipal accounts within the prescribed 30-day period, has a negative impact on municipality's efforts in terms of collecting 95% as	1. The total debt owed by provincial departments as of 31 October 2023 amounted to R624.6 million. 2. a). The breakdown of each department is reflected in Annexure A attached to this written response. Due to the size of the Annexure, it could not be included in the response and had to be submitted separately. b). The details of the amounts owed per each department are entailed in Annexure A. 3. The non-payment of municipal accounts by departments undermines the efforts by municipalities to be financially sustainable. The PT, working with SALGA and COGTA continue to support municipalities by following up on debt owed by government departments. Furthermore, one-on-one meetings with defaulting

Date	Matters raised	How the Department addressed the matters raised
	regulated by National Treasury; if so, what measures has or will his Department put in place towards ensuring that provincial departments settle their municipal accounts within the prescribed 30-day period?	municipalities re also held. The PT has also escalated this debt to the Provincial CFO Forum where the CFOs of provincial departments sit.
14 December 2023	(1) Whether the Provincial Treasury has quantified the total financial losses incurred by municipalities due to extended stages of load shedding during the (i) 2021/22 and (ii) 2022/23 financial years as at the latest specified date for which information is available; if not, why; if so, can he kindly provide the relevant details in this regard; (2) whether the Provincial Treasury has quantified the total additional costs incurred by municipalities relating to both damage and theft of electricity infrastructure because of extended stages of load shedding during the aforementioned financial years as at the latest specified date for which information is available; if not, why; if so, can he kindly provide the relevant details in this regard?	1. The Provincial Treasury has not quantified the total financial losses incurred by municipalities due to loadshedding for any of the financial years. There currently is no reporting requirement by National Treasury for Municipalities to report on any financial losses or additional expenses incurred specifically due to loadshedding so it is impossible for Provincial Treasury to try and quantify amounts when there are no reports from Municipalities providing the figures. Furthermore, due to the financial strain that municipalities find themselves under, such an exercise would create an expectation of financial support in an economy that is severely constrained. 2. The Provincial Treasury has also not quantified the additional costs incurred by municipalities for damage and theft of electricity infrastructure. This is because the theft of electricity infrastructure does not only affect municipal supplied areas, but also those areas supplied by ESKOM. There has not been a requirement for municipalities to quantify these costs.
19 January 2024	**Regarding unlocking the property portfolio of government for economic growth, as highlighted by the Premier in the 2020 State of the Province Address:** (1) Whether he can kindly advise with regard to the number of government properties enlisted in the infrastructure investment book;	1. A total number of 195 government properties are enlisted in the infrastructure investment book. The planned target to release those properties is 60 per financial year through public tender inviting bidders to lease sate-owned properties for the purpose of developing those properties. The department is currently undergoing a project on Land Audit where the bid book will be updated with the properties that have been identified to have a potential to generate revenue. 2. The Department of Public Works and Infrastructure (DPWI) has leased and have signed lease agreements for properties between the period 2019 to 2023 as follows:

Date	Matters raised	How the Department addressed the matters raised
	(2) For the period between 2019 and 2023, how many government properties have been leased and have signed lease agreements in place, can he kindly provide all the relevant details in this regard; (3) For the period between 2019 and 2023, how many government properties have been leased to (a) women and (b) youth; (4) Whether he can kindly provide a detailed breakdown of the total revenue collected for each property for the (i) 2019/20, (ii) 2020/21, (iii) 2021/22 and (iv) 2022/23 financial years as at the latest specified date for which information is available; (5) Whether he can kindly provide a detailed breakdown of the amount spent on (a) maintenance, (b) repairs, (c) cleaning and (d) upgrading provided to government properties leased for the aforementioned financial years as at the latest specified date for which information is available; (6) Whether any lessees / tenants have dishonoured their rental payments for any period during the term of their lease; if so, can he kindly provide a detailed breakdown of the total amount dishonoured during the period 2019 and 2023?	**Table 1: Residential properties leases by district** DISTRICT | TOTAL NO OF LEASES | VALID | IN AMATHOLE 160 ALFRED NZO 1 BCMM CHRISHANI SARAH BAARTMAN JOE GQABI OR TAM TO 3. A total number of 195 government properties are enlisted in the infrastructure investment book. The planned target to release those properties is 60 per financial year through public tender inviting bidders to lease sate-owned properties for the purpose of developing those properties. The department is currently undergoing a project on Land Audit where the bid book will be updated with the properties that have been identified to have a potential to generate revenue. 4. The Department of Public Works and Infrastructure (DPWI) has leased and have signed lease agreements for properties between the period 2019 to 2023 as follows: **Table 1: Residential properties leases by district**

Date	Matters raised	How the Department addressed the matters raised

DISTRICT	TOTAL NO OF LEASES	VALID	IN
AMATHOLE	160		
ALFRED NZO	1		
BCMM			
CHRIS HANI			
SARAH BAARTMAN			
JOE GQABI			
OR TAM			
TO			

Source: DPWI

- Between 2019 to 2023, DPWI has 672 total number of leases. Of the total, 251 leases are valid, this means that the tenants have signed lease agreements while 421 leases are invalid as these leases are running on a month-to-month basis and waiting for lessors' signatures.

5. DPWI has leased and have signed lease agreements for properties to (a) women and (b) youth between the period 2019 and 2023.
   However, the detailed information relating to women and youth occupants could not be consolidated for the purpose of the response as the information available per property lease covers the entire lease period and needs a considerable amount of time due to the extensive nature of the required information.

6. DPWI has collected total revenue for each property for the (i) 2019/20, (ii) 2020/21, (iii) 2021/22 and (iv) 2022/23 financial years as at the latest specified date as follows:

Date	Matters raised	How the Department addressed the matters raised

Table 2: Revenue collection per region from 2019/20 – 2022/23

PERIOD	2019/20	2020/21	2021/22	2022/23
REGION	ACTUAL REVENUE			
ALFRED NZO	181 478.58	145 811.69	166 453.63	389 498.00
AMATHOLE/BCM	4 186 786.08	3 272 654.06	3 307 297.48	4 011 772.33
CHRIS HANI	1 367 901.28	1 197 448.83	881 605.74	849 528.61
JOE GQABI	213 750.00	199 850.00	235 681.26	298 160.00
O.R. TAMBO	16 586 314.60	8 037 280.08	5 713 232.15	8 610 720.22
SARA BAARTMAN	1 732 506.05	1 498 710.20	1 393 098.17	1 511 173.29
TOTAL	**24 268 736.59**	**14 351 754.86**	**11 697 368.43**	**15 670 852.45**

Source: DPWI

- DPWI provides the summary revenue collection that is consolidated per district for the monthly reporting in line with BAS system. Therefore, Table 2 shows the total revenue collection per region, the total amounts of R24.268 million in 20219/20, R14.351 million in 2020/21, R11.697 million in 2021/22 and R15.670 million in 2022/23.

- The detailed revenue per property could not be consolidated for the purpose of the response as the information available per property covers the entire period of the lease and needs a considerable amount of time to calculate for each of the four financial years (2019/20 – 2022/23) for the 672 leased properties.

Date	Matters raised	How the Department addressed the matters raised
		7. Table 3: Maintenance, Repairs and Upgrading from 2019/20 – 2022/23

Rand thousand	2019/20	2020/21	2021/22	2022/23
		Audited outcome		Preliminary outcome
Existing infrastructure assets	**199 367**	**144 575**	**140 515**	**139 341**
Maintenance and repairs	40 113	61 492	48 534	59 119
Upgrades and additions	159 254	83 083	91 981	80 222
Refurbishment and rehabilitation		-	-	-

Source: Budget Databases 2023 & 2024 MTEF

- Table 3 shows the amounts spent on maintenance, repairs and upgrading expenditure on the existing infrastructure which includes property portfolio, that is residential and commercial properties. The DPWI spent total amount of R199.367 million in 2019/20, R144.575 million in 2020/21, R140.515 million in 2021/22 and R139.341 million in 2022/23.

8. DPWI has lessees / tenants that have dishonoured their rental payments for any period during the term of their lease. A detailed breakdown of the total amount dishonoured during the period 2019 and 2023 is as follows:

Date	Matters raised	How the Department addressed the matters raised
		Table 4: Dishonoured rental payment per region from 2019/20 – 2022/23 **PERIOD** / **REGION** / **DISHONOURED** 2019/20 — 2020/21 — 2021/22 — 2022/23 ALFRED NZO: 45 841.37 — 15 122.88 — 166 453.63 — 250 379.46 AMATHOLE/BCM: - 5 954 184.02 — - 6 498 347.01 — 3 307 297.48 — - 6 389 480.53 CHRIS HANI: 366 834.66 — 232 903.73 — 881 605.74 — - 177 231.84 JOE GQABI: - 183 364.79 — - 182 777.00 — 235 681.26 — - 109 147.32 O.R. TAMBO: 4 038 118.24 — - 4 053 125.36 — 5 713 232.15 — - 4 259 543.86 SARA BAARTMAN: - 520 675.84 — - 672 269.74 — 1 393 098.17 — - 799 839.79 **TOTAL: - 2 207 430.37 — - 11 158 492.50 — 11 697 368.43 — - 11 484 863.87** **Source: DPWI** • Table 4 shows the total dishonoured payment per region, the total amounts of R2.207 million in 20219/20, R11.158 million in 2020/21, R11.697 million in 2021/22 and R11.484 million in 2022/23. • The detailed dishonoured rental payment per property could not be consolidated for the purpose of the response as the information available per property covers the entire period of the lease and needs a considerable amount of time to calculate for each of the four financial years (2019/20 – 2022/23) for the 672 leased properties.
29 January 2024	(1) What was the total (a) revenue collection target(s), (b) actual revenue collected and (c) the variance between the revenue target and revenue collected, per department for the (i) 2019/20, (ii) 2020/21, (iii) 2021/22, (iv) 2022/23 and (v) 2023/24 financial years as at the latest specified date for which information is available; (2) Whether he can kindly provide a detailed breakdown of the total (a) revenue collection	1. Table 1 below shows the (a) revenue collection target(s) which is reflected in the column for the Adjusted Budget, (b) actual revenue collected which is reflected in the column for the Actual Revenue for the 2019/20, 2020/21, 2021/22, 2022/23 and as at 31 December 2023 in respect of the 2023/24 financial year.

Date	Matters raised	How the Department addressed the matters raised
	target(s), (b) actual revenue collected and (c) the variance between the revenue target and revenue collected, per department for the aforementioned financial years as at the latest specified date for which information is available; (3) Whether he can kindly provide the reasons, if any, for under-collection per department?	

Department	2019/20			2020/21			2021/22			
R'000	Adjusted Budget	Actual Revenue	Under (-) / Over +	Adjusted Budget	Actual Revenue	Under (-) / Over +	Adjusted Budget	Actual Revenue	Under (-) / Over +	Adjuste Budge
EDUCATION	81 737	79 506	(2 231)	50 220	65 063	14 843	91 019	90 742	(277)	95 2
HEALTH	251 765	246 559	(5 206)	125 276	145 241	19 965	284 061	73 578	(210 483)	297 4
SOCIAL DEVELOPMENT	3 333	6 003	2 670	3 108	4 009	901	3 665	5 774	2 109	3 8
OFFICE OF THE PREMIER	363	214	(148)	218	234	16	402	486	84	4
PROVINCIAL LEGISLATURE	452	696	-	477	686	209	503	733	230	5
PUBLIC WORKS AND INFRASTRUCTURE	37 556	32 940	(5 366)	12 000	17 325	5 325	45 021	14 776	(30 245)	54 3
COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	1 575	1 987	412	1 118	1 545	427	1 752	2 201	449	1 8
RURAL DEVELOPMENT AND AGRARIAN REFORM	6 833	39 794	32 961	2 269	14 069	11 800	7 605	8 019	414	7 9
ECONOMIC DEVELOPMENT, ENVIRONMENTAL AFFAIRS AND TOURISM	230 560	221 786	(8 774)	94 434	116 323	21 889	214 742	185 387	(29 355)	237 7
TRANSPORT	737 048	701 519	(35 530)	655 966	696 059	40 093	730 281	659 320	(70 961)	762 4
HUMAN SETTLEMENTS	1 508	2 235	727	1 283	1 409	126	1 667	909	(758)	1 7
PROVINCIAL TREASURY	108 987	947 947	838 960	114 982	513 315	398 333	121 190	359 224	238 034	126 8
SPORT, RECREATION, ARTS AND CULTURE	1 219	2 358	1 497	665	847	182	1 355	3 448	2 093	1 4
SAFETY AND LIAISON	49	144	95	52	115	63	55	84	29	
Total	**1 462 985**	**2 283 688**	**820 068**	**1 062 068**	**1 576 240**	**514 172**	**1 503 318**	**1 404 681**	**(98 637)**	**1 591 9**

2. Table 1 above provides a detailed breakdown per department of the total revenue collection target(s), actual revenue collected and the variance between the revenue target and revenue collected for the 2019/20, 2020/21, 2021/22, 2022/23 and as at 31 December 2023 in respect of the 2023/24 financial year.

3. The for the under collections in the 2019/20 financial year are as follows:

- **Education** under collected by R2.231 million due to the lower than anticipated recovery of staff debts.

- **Health** under collected by R5.206 million due to challenges with the collection and pay-over of claims for patient fees mainly from the Road Accident Fund (RAF) and the Department of Justice.

- **Office of the Premier** under collected by R148 thousand due to staff debts that were not recovered and capital assets that not were not sold as originally anticipated.

Date	Matters raised	How the Department addressed the matters raised
		• **Public Works and Infrastructure** under collected by R5.366 million due to the lower rentals from government-owned properties as properties were not leased out to leases to tenants were not renewed at the market related tariffs as anticipated. • **Economic Development, Environmental Affairs and Tourism** under collected by R8.774 million due to less than anticipated collections mainly from casino taxes (i.e. casino operators, route and site operators, bingo halls and bookmakers) and horse racing as well as the lower than anticipated renewal of liquor licenses. • **Transport** under collected by R35.530 million due to municipalities that have not paid over the motor vehicle license fees that were collected on an agency basis on behalf of the department. There were no under collections of own revenue in the 2020/21 financial year. The reasons for the under collections in the 2021/22 financial year are as follows: • Education under collected by R277 thousand due to lower than anticipated revenue from staff Debt recoveries. • Health under collected by R210.483 million due to the delay in pay-overs for patient fees from mainly the Road Accident Fund RAF) as more detailed documentation for verification was requested by RAF for the processing of claims while fewer patients for evaluation from the Department of Justice were admitted for observation at the public hospitals. • Public Works and Infrastructure under collected by R30.245 million due to less than anticipated rental income as well as recoveries in respect of the outstanding property rentals. Collection from rentals had been processed through attorneys and debt collection agent which delayed revenue pay-overs as recoveries follows negotiations of payment plans with defaulters.

Date	Matters raised	How the Department addressed the matters raised
		• Economic Development, Environmental Affairs and Tourism under collected by R29.355 million due to less than anticipated collections mainly from casino taxes (i.e. casino operators, route and site operators, bingo halls and bookmakers) as well as the lower than anticipated renewal of liquor licenses. • Transport under collected by R70.961 million due to municipalities that have not paid over the motor vehicle license fees that were collected on an agency basis on behalf of the department. • Human Settlements under collected by R758 thousand due to lower than anticipated revenue collection in respect of interest received from the trust accounts. The reasons for the under collections in the 2022/23 financial year are as follows: • Public Works and Infrastructure under collected by R36.062 million due to challenges of non-payment of rentals or outstanding rental debts and rentals that are paid at lower than market rates. The work of debt collectors did not progress as anticipated with the recovery of rental payments. • Economic Development, Environmental Affairs and Tourism under collected by R16.912 million due to less than anticipated collections mainly from casino taxes (i.e. casino operators, route and site operators, bingo halls and bookmakers) as well as the lower than anticipated renewal of liquor licenses. • Transport under collected by R72.571 million due to the lower than anticipated license renewals and the outstanding motor vehicle license fees by collection agents namely municipalities and the South African Post Office (SAPO). The reasons for the under collection in the 2023/24 financial year is as follows: • Economic Development, Environmental Affairs and Tourism under collected by R48.696 million due to less than anticipated collections mainly from casino taxes in respect of casino operators, route and site operators, bingo halls and bookmakers and horse racing as well as liquor licenses that were renewed after the due date of December 2023.

Date	Matters raised	How the Department addressed the matters raised
29 January 2024	**Regarding the total unauthorised expenditure for each of the provincial departments:** Whether he can kindly provide the total unauthorised expenditure for each department for the 2023/24 financial year as at the latest specified date for which information is available?	1.There is currently no authorized expenditure that has been reported to PT for the 2023/24 financial year, possibly because these often get to be determined when the financial year is complete.
9 February 2024	**With reference to the province intending to complete the rationalisation initiative by the end of the 2023/24 financial year:** (1) Whether he can kindly provide a detailed report on the progress that has been made to date, regarding the rationalisation initiative; (2) what is the estimated date by which the rationalisation initiative will be complete?	1. Progress on the rationalisation initiative: • Eastern Cape Socio Economic Consultative Council's (ECSECC): A White Paper and the Bill were tabled in the provincial legislature in August 2022, and the Bill is currently awaiting public consultation with stakeholders for final approval. This resolution has been fully implemented, as the legislative process for passing the Bill into an Act is already underway. • In terms of the ECDC business base review, both the shareholder department and the board approved a new business strategy for ECDC, which was developed by GTAC and submitted to PT for review and funding. Subsequently, PT has funded the recapitalization of the ECDC in the current financial year and over the MTEF. The implementation of this resolution has therefore been fully achieved. This merger is managed through a governance structure consisting of seven workstreams, with four operational at present: o Workstream 1: Strategic Plan & Business Case Development o Workstream 2: Organization Design, HRM & Change Management o Workstream 3: Finance & Logistics o Workstream 4: Legal Response: 1. Progress on the rationalisation initiative: • Eastern Cape Socio Economic Consultative Council's (ECSECC): A White Paper and the Bill were tabled in the provincial legislature in August 2022, and the Bill is currently awaiting public consultation with stakeholders for final approval. This resolution has been fully implemented, as the legislative process for passing the Bill into an Act is already underway.

Date	Matters raised	How the Department addressed the matters raised
		• In terms of the ECDC business base review, both the shareholder department and the board approved a new business strategy for ECDC, which was developed by GTAC and submitted to PT for review and funding. Subsequently, PT has funded the recapitalization of the ECDC in the current financial year and over the MTEF. The implementation of this resolution has therefore been fully achieved. This merger is managed through a governance structure consisting of seven workstreams, with four operational at present: o Workstream 1: Strategic Plan & Business Case Development o Workstream 2: Organization Design, HRM & Change Management o Workstream 3: Finance & Logistics o Workstream 4: Legal • The remaining workstreams will be activated upon finalization of the White Paper and the Bill. Furthermore, this process will pave the way for the dissolution of the entities, starting with the boards and management structures. Interim governance and management structures will then be appointed to drive the merger. • Merger of ECGB and ECLB: This component of the EXCO resolutions on the rationalisation of Eastern Cape Provincial Public entities is the most complex and running behind. However, there is a Draft White Paper, Business Case and Business Plan. These will be finalized as soon approved by the shareholder. • Regarding ECPACC: a letter to the Speaker has been drafted and in a process of approval by HoD and MEC requesting a deviation from introducing a White Paper to Legislature in terms Section 146 of the Standing Rules of Legislature. If approved the Entity will introduce the Bill to the Legislature. If approved this would enable the Entity to complete the project by March 2024. However, a White Paper drafting is complete with the consolidation of the public consultations which we completed in December 2023. The Provincial Treasury had after

Date	Matters raised	How the Department addressed the matters raised
		• consulting for legal advice from the legislature wrote an advisory to the department to request a deviation from the speaker not to table the White Paper in terms of Section 146 of the Standing rules of the Legislature to only table the Bill. They were further advised to request a date to introduce the Bill with the Policy Speech of the MEC of the Department. • With regards to ECRDA: A draft Business Case submitted by DRDAR was assessed and a situation analysis was redone to test evidence of sustainability of the revenue streams. This is a condition on which business case is assessed and approved by National Treasury and the outcomes do not support a viable business case at this point. Furthermore, entity is currently affected by leadership and governance which resulted to it getting a disclaimed audit for failing to submit financial statements for 2022/23. Therefore, the resolution for the change in the PFMA listing from a 3C to 3D does not have prospect of approval by both the Eastern Cape and National Treasury. EXCO will be notified of this decision. • With regards to the MTC: A White Paper was completed and gazette. However, an attempt at public consultation failed as no responses were received on either process. The DoT and the entity are redoing the public consultations to be able to finalize the Bill which would slim chances for support from Cabinet Committee, EXCO and the Legislature. The Provincial Treasury had after consulting for legal advice from the legislature wrote an advisory to the department to request a deviation from the speaker not to table the White Paper in terms of Section 146 of the Standing rules of the Legislature to only table the Bill after getting. They were further advised to request a date to introduce the Bill with the Policy Speech of the MEC of the Department. 2.The province is still committed to finalize the rationalisation project by 2023/24 however, it is evident that the merger of ECGB and ECLB board will not be finalized. Additional to the complexity of the merger process it has sensitivities around the possibility of attracting litigations if the alignment of the two acts is rushed because

Date	Matters raised	How the Department addressed the matters raised
		the merger coincided with pending amendments in the two legislations, labour issues also take time to be resolved. Furthermore, we underestimated these challenges and thus an inappropriate approach was taken. To correct this, PT has written to the DEDEAT to review the Governance structure under question 1 and for the MEC to temporarily appoint the current chairpersons of the Boards and the CEOs to drive the merger as chair and deputy through the following Joint Board Task Team (JBTT) made up of two board members from each entity and the Joint Management Committee (JMC) made up of senior management of the department and entities. Formal appointment letters have been signed by the shareholder MEC. One of the responsibilities of the JBTT and the JMC is to develop a project plan which will be shared with the PCF. At this point the finalization of the project rationalisation of the ECPACC and the MTC are dependent on the Approval of the Section 146 of the Standing Rules of the legislature. Therefore, there is a risk that they will not be finalized as planned by 31 March 2024. With regards to ECRDA, PT will recommend to the EXCO to rescind the resolution to a time that it would determine for the Entity to first deal with the governance and management challenges as it currently has serious management instability challenges including a sustainable and profitable revenue stream for it to reapply for relisting in the PFMA as a 3D. In addition, the department wrote to PT requesting advice on a directive from its Portfolio Committed to decouple Magwa from the ECRDA. Furthermore, PT had raised concerns with a 3C entity having a subsidiary with business interest and a loan function as irregular. This is made worse by the level of impairments. Inclusion on the ECRDA rationalisation project, PT regards it as finalized pending a decision by EXCO.
16 February 2023	**With reference to the National Treasury 2023/24 financial year cost containment measures:** (1) Whether PT has put any plans in place with a view of ensuring that all provincial departments adhere to cost-containment measures; if not, why; if	

Date	Matters raised	How the Department addressed the matters raised
	so, can he kindly provide all relevant details in this regard; (2) whether they can kindly provide (a) a detailed breakdown of what the cost containment measures are and (b) the progress made in respect of each provincial department; (3) whether the Department has put any plans in place with a view of ensuring that all provincial departments adhere to cost-containment measures; if not, why; if so, can he kindly provide all relevant details in this regard?	1. & 2. (a) Table below provides the department budget and spending with the variance for 2021/22 and 2022/23 as well as the budget and spending as at 31 January 2024 for 2023/24.

(a) Department (R'000)	(i) 2021/22			(ii) 2022/23			(iii) 2023/24	
	(1) Adjusted Budget	(2) Spending	Under/Over Spending	(1) Adjusted Budget	(2) Spending	Under/Over Spending	(1) Adjusted Budget	(2) Spending
Education	37 139 730	36 947 862	191 868	39 696 006	39 288 014	407 992	41 190 294	35 399 585
Health	27 774 734	27 631 903	142 831	28 251 570	28 189 296	62 274	29 117 112	24 950 829
Social Development	3 316 013	3 194 765	121 248	2 828 846	2 753 432	75 414	2 859 118	2 356 167
Office of the Premier	793 759	788 047	5 712	941 463	930 458	11 005	1 211 997	1 000 141
Provincial Legislature	579 324	563 758	15 566	634 919	609 728	25 191	679 197	526 382
Public Works and Infrastructure	2 526 329	2 526 170	159	2 680 473	2 680 288	185	2 515 853	2 160 192
Cooperative Governance and Traditional Affairs	961 198	954 368	6 830	1 026 132	988 645	37 487	1 072 962	856 181
Rural Development and Agrarian Reform	2 256 607	2 254 896	1 710	2 355 513	2 319 083	36 430	2 336 241	2 003 183
Economic Development, Environmental Affairs and Tourism	1 454 350	1 425 140	29 210	1 378 498	1 358 400	20 098	1 957 129	1 847 701
Transport	5 239 591	5 239 412	180	5 596 146	5 576 500	19 646	5 611 494	4 534 050
Human Settlements	2 612 781	2 554 276	58 505	2 595 721	2 501 861	93 860	2 370 186	1 926 006
Provincial Treasury	387 028	382 404	4 624	416 828	389 995	26 833	429 446	322 357
Sport, Recreation, Arts and Culture	979 602	954 922	24 680	1 019 006	976 549	42 457	1 002 517	814 002
Community Safety	109 064	107 220	1 844	112 024	111 223	801	124 333	98 038
Total	**86 130 110**	**85 525 143**	**604 966**	**89 533 145**	**88 673 473**	**859 672**	**92 477 879**	**78 794 814**

Source: Audited IYM for 2019/20 to 2022/23, IYM as at 31 January 2023 for 2023/24

1. & 2. (b) Table below provides the department conditional grant budget and spending with the variance for 2021/22 and 2022/23 as well as the budget and spending as at 31 January 2024 for 2023/24.

Date	Matters raised	How the Department addressed the matters raised

(b) Conditional grant (R'000)	(i) 2021/22			(ii) 2022/23			(iii) 2023/24	
	(1) Adjusted Budget	(2) Spending	Under/Over Spending	(1) Adjusted Budget	(2) Spending	Under/Over Spending	(1) Adjusted Budget	(2) Spending
Rural Development and Agrarian Reform	**336 402**	**332 801**	**3 601**	**342 249**	**321 644**	**20 605**	**323 605**	**275 546**
Comprehensive Agricultural Support Programme	247 246	243 645	3 601	251 233	231 964	19 269	237 612	195 955
Ilima / Letsema	74 567	74 567	0	76 210	76 209	1	70 483	67 826
Land Care Programme	12 513	12 513	0	12 700	11 365	1 335	13 429	9 684
Expanded Public Works Programme - integrated	2 076	2 076	0	2 106	2 106	-	2 081	2 081
Education	**3 128 703**	**2 796 199**	**332 504**	**3 869 965**	**3 731 146**	**138 819**	**3 746 890**	**3 444 994**
Education Infrastructure Grant	1 506 631	1 214 942	291 689	1 954 851	1 854 232	100 619	1 702 699	1 518 787
HIV and Aids (Life Skills Education) Grant	50 369	47 349	3 020	46 897	46 653	244	41 989	34 434
National School Nutrition Programme Grant	1 443 715	1 437 852	5 863	1 494 648	1 495 454	(806)	1 647 454	1 602 183
Maths, Science and Technology Grant	59 696	38 680	21 016	73 896	72 699	1 197	48 603	44 769
Expanded Publlic Works Programme - integrated	4 586	3 691	895	3 491	3 396	95	3 162	2 831
Expanded Public Works Programmme - social	29 797	29 760	37	40 050	41 434	(1 384)	61 698	57 378
Early Childhood Development Grant		-	0	223 332	189 217	34 115	210 694	166 926
Learners with Profound Intellectual Disabilities Grant	33 909	23 925	9 984	32 800	28 061	4 739	30 591	17 686
Health	**5 420 478**	**5 303 609**	**116 869**	**5 928 868**	**5 896 747**	**32 121**	**5 461 331**	**4 436 368**
Districts Health Programme Grant	3 116 477	3 056 338	60 139	3 221 279	3 214 612	6 667	2 884 992	2 414 136
Health Facilities Revitalisation Grant	685 588	685 510	78	730 829	730 601	228	725 690	512 513
National Tertiary Services Grant	1 101 960	1 045 792	56 168	1 202 821	1 177 597	25 224	1 152 989	936 404
National Health Insurance	41 272	41 272	0	181 009	181 021	(12)	106 065	89 327
Expanded Public Works Programme -Ingegrated	1 960	1 621	339	1 906	1 905	1	1 943	2 337
Expanded Public Works Programme -Social Sector	14 033	13 995	38	12 268	12 268	-	13 167	10 986
Human Resource and Training Grant	459 188	459 081	107	578 756	578 743	13	576 485	470 665
Human Settlements	**2 200 739**	**2 147 794**	**52 945**	**2 138 012**	**2 049 057**	**88 955**	**1 921 369**	**1 562 821**
Human Settlements Development grant	1 761 713	1 708 805	52 908	1 592 766	1 592 762	4	1 405 922	1 141 422
Title Deeds Restoration Grant	3 821	3 819	2	-		-	-	-
Informal Settlements Development Partnership Grant	432 428	432 393	35	458 151	386 059	72 092	496 371	405 421
Provincial Emergency Housing grant	-	-	-	84 108	67 248	16 860	16 860	13 614
Expanded Public Works Programme Incentive Grant to Provinces	2 777	2 777	-	2 987	2 988	(1)	2 216	2 364

(b) Conditional grant (R'000)	(i) 2021/22			(ii) 2022/23			(iii) 2023/24	
	(1) Adjusted Budget	(2) Spending	Under/Over Spending	(1) Adjusted Budget	(2) Spending	Under/Over Spending	(1) Adjusted Budget	(2) Spending
Sport, Recreation, Arts and Culture	**248 913**	**231 123**	**17 790**	**269 117**	**248 410**	**20 707**	**254 927**	**197 381**
Community Library Services grant	173 986	161 809	12 177	192 514	175 376	17 138	182 732	133 246
Mass Sport and Recreation Participation Programme	72 871	67 258	5 613	74 448	70 879	3 569	68 603	60 871
Expanded Publlic Works Programme - integrated	2 056	2 056	-	2 155	2 155	-	1 965	1 735
Expanded Public Works Programmne - social	-	-	-	-	-	-	1 627	1 529
Public Works and Infrastructure	**10 272**	**10 272**	**-**	**13 502**	**13 501**	**1**	**9 463**	**10 455**
Expanded Publlic Works Programme - integrated	10 272	10 272	-	13 502	13 501	1	9 463	10 455
Transport	**2 035 180**	**2 035 180**	**-**	**2 413 438**	**2 409 277**	**4 161**	**2 389 083**	**1 544 248**
Public Transport Operations Grant	283 803	283 803	-	282 593	282 593	-	295 048	223 796
Provincial Road Maintenance Grant	1 677 797	1 677 797	-	2 057 540	2 055 330	2 210	2 021 998	1 254 866
Expanded Publlic Works Programme - integrated	73 580	73 580	-	73 305	71 354	1 951	72 037	65 586
Social Development	**245 488**	**185 515**	**59 973**	**16 618**	**13 184**	**3 434**	**11 851**	**9 324**
Early Childhood Development Grant	238 951	179 071	59 880	-	-	-	-	-
Expanded Publlic Works Programme - integrated	-	-	-	1 900	1 833	67	-	-
Expanded Public Works Programmne - social	6 537	6 444	93	14 718	11 351	3 367	11 851	9 324
Cooperative Governance and Traditional Affairs	**2 187**	**2 186**	**1**	**2 284**	**2 281**	**3**	**2 040**	**1 932**
Expanded Publlic Works Programme - integrated	2 187	2 186	1	2 284	2 281	3	2 040	1 932
Economic Development, Enviromental Affairs and Tourism	**2 605**	**2 605**	**-**	**2 823**	**1 976**	**847**	**4 178**	**4 178**
Expanded Publlic Works Programme - integrated	2 605	2 605	-	2 823	1 976	847	4 178	4 178
Community Safety	**1 458**	**1 451**	**7**	**1 414**	**1 414**	**-**	**-**	**-**
Expanded Public Works Programmne - social	1 458	1 451	7	1 414	1 414	-	-	-
Total Conditional Grants	**13 632 425**	**13 048 735**	**583 690**	**14 998 290**	**14 688 637**	**309 653**	**14 124 737**	**11 487 247**

Source: Audited IYM for 2019/20 to 2022/23, IYM as at 31 January 2023 for 2023/24

Date	Matters raised	How the Department addressed the matters raised
1 March 2024	Mr Y Cassim to ask the MEC responsible for Finance: P2 3. Whether there is any under-expenditure of budgets by provincial departments, for the 2023/24 financial year as at the latest specified date for which information is available; if so, (a) which departments, (b) what is the value of the under-spending in each instance, (c) can he kindly provide the reasons for under-spending in each instance and (d) whether his Department envisages it will be able to ensure that the budget is spent before the end of the current financial year; if not, why; 4. whether there is any over-expenditure of budgets by provincial departments, for the aforementioned financial year as at the latest specified date for which information is available, where such over-expenditure will result in his Department exceeding the total budget available; if so, (a) which departments, (b) what is the value of the over-spending in each instance and (c) can he kindly provide the reasons for over-spending in each instance?	**Response:** 1. & 2. (a) (b) Table 1 below provides the under and overspending per a department against their adjusted budget as of 31 January 2024. **Table 1**

(a) Department (R'000)	Adjusted budget 2023/24	Total Spending 2023/24	1 (b) Under Spending	2 (b) Over Spen
Education	41 190 294	41 130 178	60	
Health	29 117 112	29 091 359		
Social Development	2 859 118	2 868 790		
Office of the Premier	1 211 997			
Provincial Legislature	679 197			
Public Works and Infrastructure	2 51			
Cooperative Governance and Traditional Affairs				
Rural Development and Agrarian Reform				
Economic Development, Environmental Affairs and Tour				
Transport				
Human Settlements				
Provincial Treasury				
Sports, Recreation, A				
Community S				
TOT				

Source: IYM as at 31 January 2024

1 (c) Based on the table above, the reasons for the under spending per department are:

- **Education** at R60.116 million is mainly due to prolonged recruitment processes for the filling of vacant posts in the Annual Recruitment Plan (ARP), which were advertised in August 2023. This process was further compounded by moratorium implemented on general filling of posts in line with the circular / guidelines issued by National Treasury and Department of Public Service and Administration. Further contributing to the underspending is the slow filling of vacant posts in the Post Provisioning Norm (PPN).

- **Health** at R25.753 million is mainly due to 483 personnel who left the department and the delays in the filling of vacant posts.

Date	Matters raised	How the Department addressed the matters raised
		• **Office of the Premier** at R16.792 million is mainly due to delays in the processing invoices for Microsoft licenses and broadband services. • **Provincial Legislature** at R11.295 million is mainly due to the delayed filling of posts as well as the delays in receiving invoices for the activities already undertaken. • **Public Works and Infrastructure** at R33.293 million is mainly under Buildings and other fixed structures amounting to R22 million as result of various projects, which include late submission of invoices for work done, nonadherence to project timelines by the contractor due to community strike and late site establishment. Invoices within the department were processed in the 1st run of February. The community unrest was resolved, and the contractor has resume work on site and will catch-up on time lost. Projects affected include the following: Mqanduli Cluster Offices, EmaXesibeni Civil Works, KD Matanzima, Ford House, and Maluti Solar projects. • **Cooperative Governance and Traditional Affairs** at R9.054 million is mainly due to staff attritions coupled by the process of filling vacant post on the Annual Recruitment Process (ARP) that has been affected by impact of the DPSA directive, which the department is obliged to comply with. The department remains committed to ensuring that vacant and critical posts are filled within the current financial year. • **Economic Development, Environmental Affairs and Tourism** at R11.209 million is mainly due to delays on the reconciliation of operating leases for the financial year. The reconciliation has been finalised and the invoices will be processed in February2024. • **Provincial Treasury** at R7.761 million is mainly due to:

Date	Matters raised	How the Department addressed the matters raised
		o Audit cost - delays encountered in various forensic investigations undertaken Owing to the late finalisation of progress reports and late or non-submission of information required for investigations; ICT audit commencing later than anticipated and savings emanating from information required for investigations; ICT audit commencing later than anticipated and savings emanating from invoice processed for consolidated Annual Financial Statements (AFS) being lower than anticipated. o Training and development – pertain to Continuing Professional Development (CPD) training that could not be undertaken due to quotations received exceeding the budget threshold. The Quotations Committee is currently reviewing the bids received and training is anticipated to commence in February 2024. In addition, the provisions made for National Certificate in ODETDP (Occupational Directed Education and Training Development Practices) could not be utilised as the training could not be undertaken due to delays encountered with the advertising and selection of accredited service providers. These funds will not be spent at year-end and a roll over request will be made. • **Sports, Recreation, Arts and Culture** at R477 thousand is mainly due to contractor that has not submitted retention claim in Cookhouse Library as well as the late construction start of the Ntabankulu public library. The project team is currently busy with the recovery plan. • **Community Safety** at R355 thousand is mainly due to the vacant funded post that has not been filled as projected. 1 (d) Departments have been encouraged to ensure that they spend the allocated budget, which was communicated to EXCO.

Date	Matters raised	How the Department addressed the matters raised
		Furthermore, departments can apply for roll over of committed funds to the next financial year considering the current spending trends. The current delays in filling of posts will result in an under spending, which can be utilised to offset cost pressures in the departments, but it will require the department to obtain approval from the Provincial Treasury. The remaining funds will be surrendered to the Provincial Revenue Fund as departments cannot roll overcompensation of employees. 2 (c) Based on the table above, the reasons for the overspending per a department are: • **Social Development** at R9.672 million is mainly due to transfers to Child and Youth Care centres and Childcare and Protection Services that were made earlier than anticipated due to processes that were concluded earlier than projected. Therefore, this should ameliorate to not having an overspending. • **Rural Development and Agrarian Reform** at R87.879 million is mainly due to early submission of the third-quarter reports by Fort Cox College and the Eastern Cape Rural Development Agency (ECRDA), which allowed the department to review, and evaluate, both institutions' quarterly performance addressing any issues promptly. After which the institutions requested their fourth-quarter tranche. Therefore, this should ameliorate to not having an overspending. • **Transport** at R29.348 million is mainly due to inadequate budget for the payment of scholar transport services that resulted from the ferrying of unbudgeted learners. The department has utilised the approved excess facility to process the accruals and invoices as at end of January 2024. • **Human Settlements** at R26.395 million is mainly due to Informal Settlement Upgrading Partnership grant attributed to

<table>
<tr><th>Date</th><th>Matters raised</th><th>How the Department addressed the matters raised</th></tr>
<tr><td></td><td></td><td>more claims that were paid for the value created in Raymond Mhlaba and Sarah Baartman municipalities. Therefore, this should ameliorate to not having an overspending.</td></tr>
<tr><td>1 March 2024</td><td>1. Whether his department has done a survey in respect of the minimum competencies of Chief Financial Officers (CFOs) appointed by the respective municipalities in the province; if not, why; if so, can he kindly provide all relevant details in this regard;
2. How many permanently appointed CFOs possess the required minimum financial competencies;
3. Whether he can kindly provide a list of the municipalities that (a) have and (b) do not have CFOs that possess the required minimum financial competencies?</td><td>1. There was no survey that was done by the Provincial Treasury in respect of the Minimum Competencies of Chief Financial Officer. This is since, according to the amended Municipal Regulations on Minimum Competency Levels (2018), municipalities are required to report on the progress made by affected officials (including CFOs) on meeting the requirements twice a year – i.e. In January and July every year.
2. The information as per table 1 below is the status as of 31 January 2024.

Table 01: EC Minimum Competency Levels - 31 January 2024
<table><tr><th>Provincial Summary Status</th><th>Chief Financial Officers</th></tr><tr><td>Total positions</td><td>39</td></tr><tr><td>Completed</td><td>31</td></tr><tr><td>Not Completed</td><td>4</td></tr><tr><td>Acting Capacity</td><td>4</td></tr><tr><td>% Completed</td><td>79%</td></tr><tr><td>% Not Completed</td><td>10%</td></tr><tr><td>% Acting Capacity</td><td>10%</td></tr></table>Source: Eastern Cape Municipal Submissions

3. It should also be noted that where there are acting CFOs because of a declared vacancy, those acting incumbents may not have completed the required modules for the CFO, but rather for the positions they occupy within the municipality. 31 appointed CFOs possess the required minimum competencies.</td></tr>
</table>

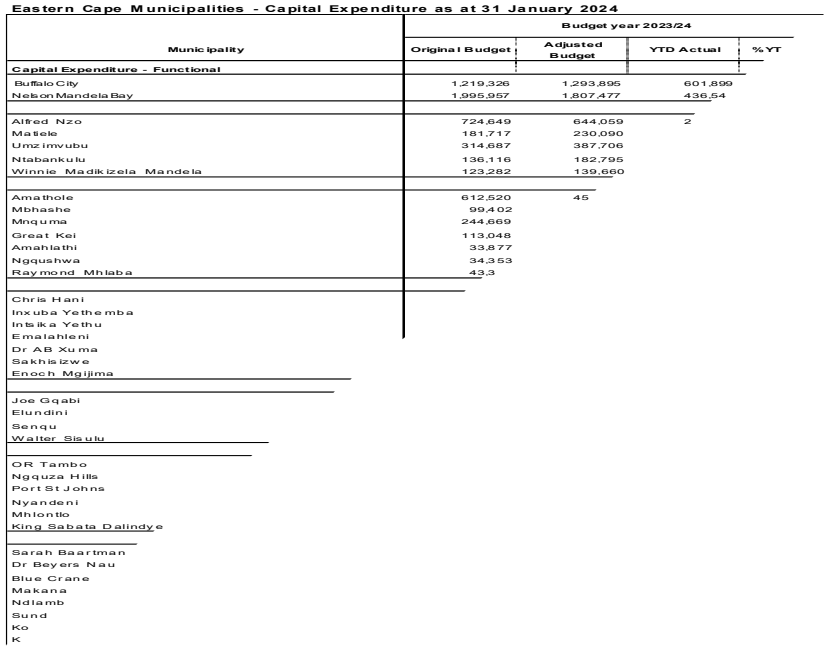
Date	Matters raised	How the Department addressed the matters raised

Table: 2 EC - Minimum Competency Levels (MCL) - 31 January 2024

No.	Municipality	Chief Financial Officer
NON-DELEGATED		
1	Buffalo City Metro	1
2	Nelson Mandela Bay Metro	1
3	OR Tambo District	1
	Total positions	**3**
	Completed	3
	Incomplete	0
ALFRED NZO DISTRICT		
1	Alfred Nzo District	1
2	Umzimvubu LM	1
3	Matatiele LM	1
4	Mbizana LM	1
5	Ntabankulu LM	1
	Total positions	**5**
	Completed	5
	Incomplete	0
AMATHOLE DISTRICT		Acting CFO
1	Amathole District	1
2	Amahlati LM	0
3	Great Kei LM	1
4	Mbhashe LM	1

Date	Matters raised	How the Department addressed the matters raised			
			5	Ngqushwa LM	1
			6	Raymond Mhlaba LM	1
			7	Mnquma LM	1
				Total positions	**7**
				Completed	6
				Incomplete	0
		SARAH BAARTMAN			
			1	Sarah Baartman District	1
			2	Blue Crane Route LM	1
			3	Kou Kamma	Acting CFO
			4	Kouga	1
			5	Makana	1
			6	Ndlambe	1
			7	Sundays River Valley	1
			8	Dr Beyers Naudé	1
				Total positions	**8**
				Completed	6
				Incomplete	2
		CHRIS HANI DISTRICT			
			1	Chris Hani District	1
			2	Dr AB Xuma	Acting CFO
			3	Intsika Yethu LM	1
			4	Inxuba Yethemba LM	1
			5	Sakhisizwe LM	1
			6	Emalahleni (EC) LM	1
			7	Enoch Mgijima LM	1
				Total positions	**7**
				Completed	6
				Incomplete	1
		JOE GQABI DISTRICT			
			1	Joe Gqabi District	Acting CFO

Date	Matters raised	How the Department addressed the matters raised
		OR TAMBO DISTRICT 2 Elundini LM — Acting CFO 3 Walter Sisulu LM — 1 4 Senqu LM — 1 *Total positions* — **4** *Completed* — 2 *Incomplete* — 0 1 King Sabata Dalindyebo LM — 1 2 Mhlontlo LM — Acting CFO 3 Nyandeni LM — Acting CFO 4 Port St. Johns LM — 1 5 Ingquza Hill LM — 1 *Total positions* — **5** *Completed* — 3 *Incomplete* — 0
08 March 2024	1) What is the state of capital expenditure in respect of each municipality in the province; 2) what is the total capital budget for each municipality in the province and can he kindly provide the relevant details in this regard; 3) (a) how much of the aforementioned budget has his Department spent to date and (b) what total amount has his Department spent as a percentage of the budget, per municipality;	**Response:** 1. The state of capital expenditure as of 31 January 2024 is reflected in table 1 below.

Date	Matters raised	How the Department addressed the matters raised
	4) which municipalities are expected to (a) underspend or (b) overspend at the end of the municipal financial year and can he kindly provide the relevant details, per municipality and the amounts involved?	

Eastern Cape Municipalities - Capital Expenditure as at 31 January 2024

Municipality	Budget year 2023/24 Original Budget	Adjusted Budget	YTD Actual	% YT
Capital Expenditure - Functional				
Buffalo City	1,219,326	1,293,895	601,899	
Nelson Mandela Bay	1,995,957	1,807,477	436,54	
Alfred Nzo	724,649	644,059	2	
Matiele	181,717	230,090		
Umzimvubu	314,687	387,706		
Ntabankulu	136,116	182,795		
Winnie Madikizela Mandela	123,282	139,660		
Amathole	612,520	45		
Mbhashe	99,402			
Mnquma	244,669			
Great Kei	113,048			
Amahlathi	33,877			
Ngqushwa	34,353			
Raymond Mhlaba	43,3			
Chris Hani				
Inxuba Yethemba				
Intsika Yethu				
Emalahleni				
Dr AB Xuma				
Sakhisizwe				
Enoch Mgijima				
Joe Gqabi				
Elundini				
Senqu				
Walter Sisulu				
OR Tambo				
Ngquza Hills				
Port St Johns				
Nyandeni				
Mhlontlo				
King Sabata Dalindye				
Sarah Baartman				
Dr Beyers Nau				
Blue Crane				
Makana				
Ndlamb				
Sund				
Ko				
K				

2. The total capital budget for each municipality in the province is also reflected in table 1 above. The budget amounts relate to the 2023/24 municipal financial year.

3. The Provincial Treasury does not spend budget on municipalities. The budgets are adopted by municipal Councils and the spending is happening at the level of administration within each municipality.

4. Which municipalities are expected to (a) underspend or (b) overspend at the end of the municipal financial year and can he kindly provide the relevant details, per municipality and the amounts involved?

    a) The municipalities listed below might not fully spent their 2023/24 allocation, based on the performance as at end January 2024:

Date	Matters raised	How the Department addressed the matters raised
		• Energy Efficiency and Demand Side Management - Blue Crane Route (R3 million balance), Mbashe (R4 million balance), KSD (R1 million balance). • Neighbourhood Development Partnership - Nelson Mandela Bay Metro (R28 million balance) • Programme and Project Preparation Support Grant – Nelson Mandela Bay Metro (R18 million balance), Buffalo City Metro (R17 million balance). • Public Transport Infrastructure - Nelson Mandela Bay Metro (R308 million balance) • Water Services Infrastructure Grant (Schedule 5B) – Alfred Nzo district (R93 million balance), Joe Gqabi district (R48 million balance, O.R. Tambo district (R46 million balance), Amathole district (R27 million balance), Kou-Kamma (R7 million balance), Kouga (R22 million balance), Makana (R12 million balance). O.R. Tambo district (R46 million balance), Joe Gqabi district (R48 million balance), • Regional Bulk Infrastructure Grant (RBIG) Schedule 5B – Nelson Mandela Bay Metro (R322 million balance), O.R. Tambo district (R97 million balance), Joe Gqabi district (R16 million balance) • Integrated National Electrification Programme Grant – Great Kie (R3 million balance), Raymond Mhlaba (3 million balance), Mbashe (2 million balance), Elundini (R11 million balance), Ntabankulu (R3 million balance) b) There is no municipality anticipated to over-spend.

08 March 2024	(1) How many (a) companies and/or (b) Directors operating in the province has PT blacklisted in the (i) 2019/20, (ii) 2020/21, (iii) 2021/22, (iv) 2022/23 and (v) 2023/24 financial years as at the latest specified date for which information is available and can he kindly provide the relevant details in this regard; (2) Whether the Special Investigating Unit (SIU) has recommended any (a) companies and/or (b) Directors for blacklisting, as per the financial years provided above, as at the latest specified date for which information is available; if so, how many and can he kindly provide the relevant details in this regard; (3) Where are the (a) companies and/or (b) Directors mentioned in (3) above based and can PT kindly provide all relevant details in this regard; (4) What steps PT anticipates will be taken with a view to ensuring that defaulting contractors are blacklisted and can PT kindly provide all relevant details in this regard; (5) (a) How many companies that did not complete work, were given new contracts in the province and (b) can PT kindly provide the reason in this regard?	1) There are no Eastern Cape based companies or directors blacklisted in the National Treasury database of Restricted Suppliers by Provincial Departments, however, performance management /reviews with contracted service providers are conducted by departments. Below are the actions taken by Departments to ensure that contracted services providers do not do shady work/ poor performance:

1.1 Department of Rural Development and Agrarian Reforms (DRDAR)

FINANCIAL YEAR 2019/20

BID NUMBER	LOCATION	SUPPLIER NAME	PROJECT DESCRIPTION	STEPS TAKEN
SCMU8-19/20-0082	East London	Cotton Star	Supply and Delivery of Boat for Oyster Farm in Hamburg	Application of restriction has been submitted to National Treasury.
SCMU8-19/20-0007	East London	Inyameko Trading 148CC	Construction of Multi-purpose Shed at Amsterdam	Contract cancelled.
SCMU8-19/20-0009	East London	Inyameko Trading 148CC	Construction of Shearing Shed at Zinqutu	Contract cancelled.
SCMU8-19/20-0012	East London	Inyameko Trading 148CC	Construction of Shearing Shed at McBride	Contract cancelled.
SCMU8-19/20-0073	Idutywa	Stibarol Projects	Construction of a Multi-purpose Shed at Mosana Village in Elundini LM	Letters demanding progress were issued to the contractor.
JG-19/20-007	East London	Magz Projects	Construction of a Large Stock Handling Facility at Goedehoop Farm in Elundini LM	Penalties were enforced.
JG-19/20-008	East London	Magz Projects	Construction of a Large Stock Handling Facility at Vaalrand Farm in Walter Sisulu LM	Letters demanding progress were issued to the contractor.

JG-19/20-001	East London	Magz Projects	Construction of a Large Stock Handling Facility at Leufontein Farm in Walter Sisulu	Penalties were enforced.
SCMU8-19/20-0020	Mthatha	Sparrazzo Consulting & Civils	Construction of a Multipurpose Shed at Makhumsha Village in Senqu LM	Letters demanding progress were issued to the contractor.
SCMU8-19/20-0022	Lady Grey	Rekhonne Trading & Constructio n	Construction of a Multipurpose Shed at Bamboespruit (Mguli) Village in Senqu LM	Contract cancelled.
SCMU8-19/20-0027	Mthatha	She Is She Constructio n and Civils	Construction of Buthi Baziya Wool Clip	Penalties were enforced.
SCMU8-19/20-0028	Mthatha	She is She Constructio n and Civils	Construction of Vukzenzele Kroza Wool Clip	Letters demanding progress were issued to the Contractor.
FINANCIAL YEAR 2020/21				
BID NUMBER	**LOCATION**	**SUPPLIER NAME**	**PROJECT DESCRIPTION**	**STEPS TAKEN**
SCMU8-20/21-0118A	Alfred Nzo	Nkantolo Agricultural Supply	Supply of Household Food Production Packs	Notice of default issued to service provider.
SCMU8-20/21-0118(B)	Amatole	Conqua Industries	Supply of Household Food Production Packs	Notice of default issued to service provider.
SCMU8-20/21-0118B	Amatole	Masidle Consultant	Supply of Household Food Production Packs	Notice of default issued to service provider.

SCMU8-20/21-0118C	Chris Hani	KDC Trading	Supply of Household Food Production Packs	Notice of default issued to service provider.
SCMU8-20/21-0118C	Chris Hani	Agri Trade	Supply of Household Food Production Packs	Notice of default issued to service provider.
SCMU8-20/21-0118E	OR Tambo	Nkantolo Agricultural Supply	Supply of Household Food Production Packs	Notice of default issued to service provider.
SCMU8-20/21-0091	OR Tambo	Umtiza Farmer's Corp	Supply of Production Inputs	Notice of default issued to service provider.
SCMU8-20/21-0010	Alfred Nzo	Stibarol Projects (Pty) Ltd	Supply, Delivery and Construction of Multi-Purpose Shed	Notice of default issued to service provider.
SCMU8-20/21-0123	Komga	Masidle Consultant	Supply and Delivery of Goats and Sheep	Notice of default issued to service provider.

FINANCIAL YEAR 2021/22

BID NUMBER	LOCATION	SUPPLIER NAME	PROJECT DESCRIPTION	STEPS TAKEN
SCMU8-21/22-0059	Construction Of Dipping Tank at Kaplan	Embusiweni Construction	The contractor withdrew during site handover	No legal action taken.

FINANCIAL YEAR 2019/20

BID NUMBER	LOCATION	SUPPLIER NAME	PROJECT DESCRIPTION	STEPS TAKEN

- D 2023/2

1.2 D

SCM U5-19/20-0020	Flagstaff	Photuxolo Trading & Projects	Completion of shearing sheds at Zabasa & Mkhonkotho - Ngcobo	Notices of default issued; Penalties deducted; Contract completed.
SCM U5-19/20-0031	East London	First New Generation Trading (Pty) Ltd	Craighead Citrus Project/ Pure Vitamins	Notices of default issued; Penalties deducted; Contract currently in process of being cancelled.
SCM U5-19/20-0027	East London	First New Generation Trading (Pty) Ltd	Krilla Citrus Project	Notices of default issued; Penalties deducted; Contract currently in process of being cancelled.

FINANCIAL YEAR 2021/22				
BID NUMBER	**LOCATION**	**SUPPLIER NAME**	**PROJECT DESCRIPTION**	**STEPS TAKEN**
SCMU5-016/017-0008 JGR	Bizana	Vuka Sakhe	Refurbishment, Repairs & Additions at Mhlontlo JSS	Contract Terminated
SCMU5-016/017-0004JGR	Mpumalanga	Tshepo ya Rona Trading cc	Construction of Nkopane Junior Secondary School in Sterkspruit	Contract Terminated
SCMU5-15/16-0009 ARCH	Queenstown	Venith Trading 8 cc t/a Helm Architects	Architectural Services for the Construction of New Classroom and related Facilities at Ngubengcuka SSS	Contract Terminated

SCMU5-017/018-0007 JGR	Bloemfontein	Jua Developers	Construction of New ECD Centre at Phahameng Primary School	Contract Terminated	
SCMU5-15/16-0008 ARCH	East London	Imbono FJA Architects	Architectural Services for Construction of Classrooms and related Facilities at Bulelani SSS Phase 2	Contract Terminated	
SCMU5-15/16-0008 QS	KwaZulu Natal	Pulana Baxter QS	Quantity Surveying Services for Construction of Classrooms and related Facilities at Bulelani SSS Phase 2	Contract Terminated	
SCMU5-06/07-0668	Port Elizabeth	Brinkman Ndayi Mcall	Appointment of consultants for planned project - Uitenhage District Office: Repairs, Renovations & Alterations to Old Muir Building- **Architectural Services**	Contract Terminated	
SCMU5-06/07-0668	Port Elizabeth	Lakhanya Qs	Appointment of consultants for planned project - Uitenhage District Office: Repairs, Renovations & Alterations to Old Muir Building- **Quantity**	Contract Terminated	

			Surveying Services	
SCMU5-06/07-0668	Gauteng	Srk Consulting	Appointment of consultants for planned project - Uitenhage District Office: Repairs, Renovations & Alterations to Old Muir Building- **Engineering Services**	Contract Terminated
SCMU5-06/07-0668	Gauteng	Mott Macdonald	Appointment of consultants for planned project - Uitenhage District Office: Repairs, Renovations & Alterations to Old Muir Building- **Engineering Services**	Contract Terminated
SCMU5-19/20-GS0006	East London	Say Travel (Pty) Ltd T/A Sure The Travel Agent (Sara Baartman)	Appointment of service providers to render Offsite Travel Management Services in respect of Accommodation for the Eastern Cape Department of Public Works: Regional Offices for a period of three (3) years	Contract Terminated

FINANCIAL YEAR 2022/23				
BID NUMBER	**LOCATION**	**SUPPLIER NAME**	**PROJECT DESCRIPTION**	**STEPS TAKEN**
SCMU5-15/16-0036 AMR INF	Cape Town	HHO Africa Infrastructure Engineers	Structural Engineering services for Khayalethu Special School	Contract Terminated
SCMU5-15/16-0037 AMR INF	Cape Town	HHO Africa Infrastructure Engineers	Civil Engineering services for Khayalethu Special School	Contract Terminated
SCMU5-15/16-0038 AMR INF	Gauteng	Aurecon SA (Pty) Ltd	Electrical & Mechanical Engineering services for Khayalethu Special School	Contract Terminated
SCMU5-20/21-0022	Cape Town	SQT Civils	Emergency Provision of 100 Covid Beds using Iternative Building Technology at Frere Hospital	Contract Terminated
SCMU5-19/20-0041 CIV/ STR	East London	BNA Consulting Engineers	Provision of Professional Civil / Structural Engineering Services for Repairs and Renovations & Additions to Uitenhage Museum	Contract Terminated
FINANCIAL YEAR 2023/24				

BID NUMBER	LOCATION	SUPPLIER NAME	PROJECT DESCRIPTION	STEPS TAKEN
SCMU5-19/20-0006	East London	Funezakho Construction	Renovations and Upgrades to Fort Beaufort Public Library	Contract Terminated
SCMU5-20/21-0092	East London	Ulakhe Trading	Renovations and alterations to Fort Beaufort Museum	Contract Terminated
SCMU5-21/22-0098	Engcobo	Evermore Engineering & Projects	Repairs and renovations for Siviwe Primary School	Contract Terminated
SCMU5-21/22-0099	Cofimvaba	Nontanda ka Ntanda Enterprises Pty Ltd	Repairs and renovations for Thembelihle SPS ,Lady Frere	Contract Terminated
SCMU5-21/22-0100	Queenstown	Unako KL Services Pty Ltd	Repairs and renovations of Ncobololo SSS ,Ngcobo	Contract Terminated
SCMU5-22/23-0015	Free State	Snowball Construction Pty Ltd	Emergency repairs to Lower Gqaga primary school and Botsabelo Junior	Contract Terminated
SCMU5-22/23-0101	East London	Sage Wise 1221 cc t/a BNN Construction	Reconfiguration and Upgrade of Lady Grey Hospital	Contract Terminated

- DPWI had no contracts terminated for the financial year 2020/21.

FINANCIAL YEAR 2019/20				
BID NUMBER	**LOCATION**	**SUPPLIER NAME**	**PROJECT DESCRIPTION**	**STEPS TAKEN**
SCMU10-19/20-0013	Durban	Klus Civils	Reseal of Provincial Road DR08012 Matatiel to Maluti for the period of 12 months	Contract Terminated.
SCMU10-19/20-0002	Durban	Klus Civils and Ntungani JV	Upgrading of DR08125 from N2 to Sipetu Hospital (Phase 4)+- 14km between KM10 and KM24 for the period of 30 months	Contract Terminated.
SCMU10-19/20- 0016	East London	Mamlambo Construction	Reseal of Provincial Road DR08048 Butterworth to Centane for period of 15 months	Contract Terminated.
FINANCIAL YEAR 2020/21				
BID NUMBER	**LOCATION**	**SUPPLIER NAME**	**PROJECT DESCRIPTION**	**STEPS TAKEN**
SCMU10-20/21-0042	Mthatha	Magnacorp 485 CC T/A K2s Construction	Upgrading of road DR08004 from Magusheni to Flagstaff for a period of 16 months	Contract Terminated.
SCMU10-21/22-0030	Port St Johns	Razz Goragong JV	Upgrading of road DR08303, DR080308, DR08309, and DR08329 from R61 at ST Barnabas Hospital TO Hluleka Nature Reserve Phase11	Contract Terminated.

			for a period 36 months	

1.3 Department of Transport (DoT)

- DOT had no contracts terminated for the financial year 2021/22, 2022/23 and 2023/24.

1.4 Department of Social Development (DSD)

FINANCIAL YEAR 2022/23				
BID NUMBER	**LOCATION**	**SUPPLIER NAME**	**PROJECT DESCRIPTION**	**STEPS TAKEN**
SCMU4-21/22-0021	Port Elizabeth	Hogo and Malunga	Appointed for catering services at O.R. Tambo District - Qumbu Child and Youth Care Centre	Contract Terminated due non-satisfactory performance.
RFQ-22/23-BCM-0014	Johannesburg	Mashibe Group (Pty) Ltd	Appointed for supply and delivery of 100 food parcels at B.C.M	Contract terminated due to failure to deliver.
SCMU4-22/23-0002	Port Elizabeth	Maluyo General Trading (Pty) Ltd	Appointed for supply and delivery of sanitary towels at Buffalo City Metro	Contract terminated due to failure to deliver.

- DSD had no contracts terminated for the financial years 19/20, 2020/21, 2021/22 and 2023/24.

1.5 Department of Sports, Recreation Arts and Culture (DSRAC)

FINANCIAL YEAR 2020/21				
BID NUMBER	**LOCATION**	**SUPPLIER NAME**	**PROJECT DESCRIPTION**	**STEPS TAKEN**
SCMU14-19//20-2012	King Williams Town	Okuhlekodwa Trading and Projects 164 cc	Install, repair and maintenance of air conditioners	Contract Terminated due to service provider passing away.

- DSRAC had no contracts terminated for financial years 2019/20, 2021/22 and 2023/24.

1.6 Department of Human Settlements (DHS)

FINANCIAL YEAR 2022/23				
BID NUMBER	**LOCATION**	**SUPPLIER NAME**	**PROJECT DESCRIPTION**	**STEPS TAKEN**
SCMU11-13/14-D025	Johannesburg	Mmhaeshibe General Trade	Construction of 500 units in Mbombeleni Phase 2	Notice of default issued to service provider.
SCMU11-13/14-D025	Johannesburg	Mmhaeshibe General Trade	Construction of 500 units in Mbombeleni Phase 1s,	Notice of default issued to service provider.
SCMU11-14/15-L0002	Cape Town	Seven Sirs Group	Construction of 752 units in Lesseyton and 130	Notice of default issued to service provider.

			units in Ntsongeni	
SCMU11-21/22-60	East London	Kontinental Engineering (Pty) Ltd	construction of Ocean View 1500 (200)	Notice of default issued to service provider.

2. DoT, DSRAC, DPWI, DSD and DHS had no @ companies; and/or
(b) Directors of Companies that have been blacklisted in the financial years mentioned above due to recommendations by the Special Investigating Unit (SIU).

(b) In the table above are locations of companies and/or Directors that had poor performed in contracts awarded by the Eastern Cape Provincial Government, however, were not restricted/ blacklisted.

(c) Steps taken by Provincial Departments with a view of ensuring that defaulting contractors are blacklisted are illustrated in the table above. However, Provincial Department are required to work in consultation with National Treasury for restriction of service providers for poor performance. Paragraph 6 of PFMA SCM Instruction No. 3 of 2021/22 states that, The Accounting Officer (AO)/ Accounting Authority (AA) must notify the person in writing of –

- the intention to restrict the person from doing business with the State;
- the grounds for the restriction.

The National Treasury must, within 14 days of receipt of the notification envisaged, submit to the AO/AA its view on the intended restriction.
The AO/AA must –

- after considering the view of the National Treasury, make the decision whether to restrict, and
- within seven days following a decision to restrict, submit to the National Treasury –
  - (i) the reasons for the decision to restrict;
  - (ii) the name and address of the person restricted;
  - (iii) the identity or registration number of the person;
  - (iv) the period of restriction; and

(v) the representations made by the person and the reasons why the AO/AA proceeded with the decision to restrict despite the representations.

The National Treasury, on receipt of the information above –

- may, within 14 days, request the AO/AA to submit further information pertaining to the restriction; and
- must record the information on a list of restricted suppliers within 14 days of receipt of the submission by the AO/AA,
- and any responses to further information requested in terms of paragraph (a).

The restriction is effective from the date that the National Treasury records the information on the list of restricted suppliers.

(d) DoT, DHS and DSRAC have no companies that did not complete work and were given additional work or contracts.

- DSD awarded a new contract to Maluyo General Trading because neither the company nor the director was listed in the National Treasury register of restricted suppliers.
- DPWI had awarded a contract to a company that had previously defaulted or has a contract that was terminated due to poor performance. Below is table illustrating information on this company that did not complete work in the 21/22 financial year, however, was given additional work by DPWI in the 2022/23 financial year:

BID NUMBER	LOCATION	SUPPLIER NAME	PROJECT DESCRIPTION
SCMU5-22/23-0088	East London	Imbono Architects	Provisioning of Professional Architectural Services for Refurbishment of Joe Gqabi Forensic Pathology for a period of 20 Months

22 March 2024	With regard to departmental expenditure on approved budgets for the fourth quarter of the current financial year of 2023/24:	1) & 2) a) The table below provides the departmental actual operational expenditure against the projections with the variance between the two as at the end of February 2024. The fourth quarter information for 2023/24 will only be available after 15 April 2024 when the departments submit their IYM to the Provincial Treasury.

1) Whether he can kindly provide a breakdown of the current departmental expenditure for each of the provincial departments, in percentage, in relation to the approved budget for (a) operating expenditure and (b) capital expenditure;
2) with regard to (1) above, can he kindly provide a breakdown of the projected expenditure in relation to the current expenditure for the first quarter of the 2023/24 financial year;
3) which departments are currently projected to (a) underspend on their approved budget and / or (b) overspend on their budget;
4) whether he can kindly provide the total budget expenditure for each provincial entity, in percentage, in relation to the approved budget, for the fourth quarter of the 2023/24 financial year?

Department - Total (R'000)	Adjusted Budget	(2) Projected Spending to date	(1) Actual Spending end February	Variance of Projected to Actual	% Actual Spending of Adj. Bud.
Office of the Premier	952 951	866 983	846 240	20 743	88.8 %
Provincial Legislature	652 412	598 096	574 713	23 383	88.1 %
Health	27 733 108	26 042 616	26 135 932	(93 316)	94.2 %
Social Development	2 778 221	2 522 141	2 526 030	(3 889)	90.9 %
Public Works and Infrastructure	2 273 919	2 166 901	2 164 194	2 707	95.2 %
Education	40 090 193	37 308 122	37 126 501	181 621	92.6 %
Cooperative Governance and Traditional Affairs	1 047 784	950 563	917 779	32 784	87.6 %
Rural Development and Agrarian Reform	2 170 766	2 023 151	2 020 022	3 128	93.1 %
Economic Development, Environmental Affairs and Tourism	1 580 591	1 687 079	1 513 104	173 975	95.7 %
Transport	4 741 748	4 458 322	4 237 766	220 556	89.4 %
Human Settlements	435 790	398 620	391 607	7 013	89.9 %
Provincial Treasury	411 957	367 837	348 433	19 404	84.6 %
Sports, Recreation, Arts and Culture	939 859	853 990	843 634	10 356	89.8 %
Community Safety	121 125	107 709	104 395	3 314	86.2 %
Total	**85 930 424**	**80 352 129**	**79 750 350**	**601 779**	**92.8 %**

Source: IYM as of 29 February 2024

The adjusted budget for operations includes Compensation of employees, Goods and services and Current transfer payments as well as Payments for financial assets, and together totals R85.930 billion for the 2023/24 financial year. The province projected to spend R80.352billion as at the end of February 2024, however, the spending was R79.750 billion, resulting in a net underspending of R601.779 million against the projections. The province spent 92.8 per cent of its adjusted budget.

The Departments of Education, Economic Development, Environmental Affairs and Tourism as well as Transport are the main departments that have substantial underspending The departments that have exceeded their projected spending is the Departments of Health and Social Development.

1) & 2) b) The table below provides the departmental actual capital expenditure against the projections with the variance between the two as at the end of February 2024.

Department - Total (R'000)	Adjusted Budget	(2) Projected Spending to date	(1) Actual Spending end February	Variance of Projected to Actual	% Actual Spending of Adj. Bud.
Office of the Premier	259 046	224 300	213 349	10 951	82.4%
Provincial Legislature	26 785	15 227	4 702	10 525	17.6%
Health	1 384 004	1 237 796	914 639	323 157	66.1%
Social Development	80 897	69 883	63 217	6 666	78.1%
Public Works and Infrastructure	241 934	194 031	160 999	33 032	66.5%
Education	1 100 101	1 100 540	1 071 377	29 163	97.4%
Cooperative Governance and Traditional Affairs	25 178	20 925	21 280	(355)	84.5%
Rural Development and Agrarian Reform	165 475	146 628	155 436	(8 808)	93.9%
Economic Development, Environmental Affairs and Tourism	376 538	228 864	373 789	(144 925)	99.3%
Transport	869 745	600 136	575 918	24 218	66.2%
Human Settlements	1 934 396	1 720 927	1 726 110	(5 183)	89.2%
Provincial Treasury	17 489	6 927	6 300	627	36.0%
Sports, Recreation, Arts and Culture	62 658	33 852	27 691	6 161	44.2%
Community Safety	3 208	2 687	2 561	126	79.8%
Total	**6 547 454**	**5 602 724**	**5 317 368**	**285 355**	**81.2%**

Source: IYM as at 29 February 2024

The adjusted budget for capital expenditure includes Payments for capital assets and Capital transfer payments amounts to R6.547 billion for the 2023/24 financial year. Projected spending as at the end of February 2024 amounted to R5.602 billion but the province spent R5.317 billion, which is 81.2 per cent of the adjusted budget. An amount of R285.355 million was not spent, which is mainly led by the Department of Health.

3. Table below provides the departments that are currently projected to underspend or overspend on their adjusted budget, by the end of the financial year as at 29 February 2024.

Department (R'000)	Adjusted Budget 2023/24	Actual Spending to date	Projected Spending till 31 March 2024	Total Spending 2023/24	3(a) + Under / 3 (b) (-) Over Spending
Education	41 190 294	38 197 878	2 781 632	40 979 510	210 784
Health	29 117 112	27 050 571	1 990 459	29 041 030	76 082
Social Development	2 859 118	2 589 247	267 094	2 856 341	2 777
Office of the Premier	1 211 997	1 059 589	120 714	1 180 303	31 694
Provincial Legislature	679 197	579 415	65 874	645 289	33 908
Public Works	2 515 853	2 325 193	154 921	2 480 114	35 739
Cooperative Governance & Traditional Affairs	1 072 962	939 059	101 475	1 040 534	32 428
Rural Development & Agrarian Reform	2 336 241	2 175 458	166 464	2 341 922	(5 681)
Economic Development Environmental Affairs & Tourism	1 957 129	1 886 893	41 186	1 928 079	29 050
Transport	5 611 494	4 813 684	723 179	5 536 863	74 631
Human Settlements	2 370 186	2 117 717	253 388	2 371 105	(919)
Provincial Treasury	429 446	354 733	54 588	409 321	20 125
Sports, Recreation, Arts & Culture	1 002 517	871 325	114 675	986 000	16 517
Safety & Liaison	124 333	106 956	13 937	120 893	3 440
TOTAL	**92 477 879**	**85 067 718**	**6 849 585**	**91 917 304**	**560 575**

Source: IYM as at 29 February 2024

There is a net projected underspending of R560.575 million for the province against the adjusted budget, with the Departments of Education, Health and Transport substantially projecting to underspend by the end of the financial year.

4. The quarter four actual expenditure for Public Entities is not yet available, as the quarter ends on 31 March 2024. The expenditure reports for the fourth quarter will be submitted to Provincial Treasury by public entities on 30 April 2024 (30 days after the end of the quarter).

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 monthly.

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 monthly 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.

2.6.2. 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. G. Zitumane	B. Comm, Master of Business Leadership,	External member	Former AC Chairperson	December 2017	Contract expired	6	6
Ms. M.J. Gunther	B. Compt, Masters in Cost Accounting, CIA, CRMA, AGA.	External member	Former AC Member	December 2017	Contract expired	6	6
Ms P. Mzizi	B. Bus Sci Finance Hons, B. Compt Honours CTA, CA(SA), B. Com Hons in Transport Economics.	External member	Former AC Member	December 2017	Contract expired	6	4
Dr. T. Sethibe	Doctor of Business Leadership Master of Business Leadership Master of Information Technology BSc in Computer Science (Honours) Bachelor of Science Computer Science and Applied Mathematics	External member	Current AC Chairperson	January 2024	--	6	7
Mr. C. Sparg	B. Com and Certificate in the Theory of Accountancy (CTA) Chartered Accountant (South African) – CA (SA)	External member	AC Member	January 2024	--	1	1
Ms. C. Abdoll	CA(SA) Post Graduate Diploma: Certified Internal Auditing Certificate in the Theory of Accounting B Compt Hons B Com	External member	AC Member	January 2024	--	1	1
Mr. S. Maharaj	Masters in Business Administration (MBA), CUM LAUDE Chartered Government Finance Officer, Municipal Executive Financial Management Black Belt Digital Six Sigma Certificate Charted Accountant CA (SA) Hons B Compt Degree BCom Degree	External member	AC Member	January 2024	--	1	1

2.7. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2024.

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 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 2023/24 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 the audit plan covers the department's strategic risks. The following internal audit assignments were completed during the year under review:

- Draft Annual Financial Statements (AFS)
- Annual Performance Report (APR)
- AGSA Direct Assistance – Employees and Assets
- APP Review
- Asset Control Environment Review
- Municipal Finance Governance
- Supply Chain Management
- Legal Services
- Review of Organisational Structure (Management Request)
- ICT Consulting
- AOPO (1st & 2nd Quarter)

- Draft Annual Performance Plan (2024/25)
- Governance Consulting Engagement
- Risk Management
- Follow-up Reviews Conducted:
    - Draft Annual Financial Statements (AFS)
    - Annual Performance Report (APR)
    - Norms and Standards
    - Budget Management Review
    - Assets & Loss Control Management
    - Supply Chain Management
    - Provincial Audit Improvement Plan
    - Municipal Infrastructure Grants
    - Legal Services
    - Annual Performance Plan
    - AOPO
    - Business Continuity

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 seventh consecutive financial year.

While the internal control environment is considered effective, improvements are required in the following areas:

- ICT Security Management and
- Performance Information

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 and these were found to be satisfactory. 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 2023/24 unaudited and audited Annual Financial Statements prepared by the department.
- Reviewed the 2023/24 draft and final Annual Performance Report.

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

Auditor-General's Report

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

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

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

Appreciation

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

Dr. Tebogo Sethibe

Chairperson of the Audit Committee
Eastern Cape Provincial Treasury Date:
31/07/2024

3.12. 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

4.2.1. The status of human resources in the department

For the period under review, the department consists of four hundred and forty-seven (447) employees with 273 females and 174 males. The department has a total number of sixty- two (62) SMS members, which consists of 31 males and 31 females. The percentage of females at SMS level is 50%.

Financial Year	Female Representation	Male Representation
2020/21	56%	44%
2021/22	52%	48%
2022/23	48.2%	52.8%
2023/24	50%	50%

Year-on-Year Changes:

- Between 2020/21 and 2021/22, there was a 4% decrease in female representation and a corresponding 4% increase in male representation. Despite the decrease, females still held the majority.
- From 2021/22 to 2022/23, the representation shifted more significantly, with female representation decreasing by 3.8% and male representation increasing by the same percentage. This marked the first year within the provided range where males outnumbered females in senior management.
- In 2023/24, gender representation was equalized at 50% each, indicating a move towards achieving gender parity.

Total number of youths in the department is ninety-four (94) and that is 21.0% of the total workforce.

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

a) Review Organisational structure and Implementation of Change Management strategies.

The organisational structure was developed with the consultation of the relevant stakeholders. The proposed organisational structure was submitted DPSA, and a concurrence letter was

received in March 2024 after which the Member of the Executive Council approved the organisational structure on 17 April 2024.

b) Implementation of Exit Management strategies

The Exit Management Policy was approved and the employees exiting the department were interviewed to ensure that the department improves where there could be gaps. Exit reports were compiled and submitted to management and these were also utilised in the departmental Change Management initiatives.

c) Implementation of Human Resource Development Strategy.

The department continued to offer training to the employees to ensure that there were gaps in the performance of their duties. Internal bursaries were also offered to improve the qualifications of officials within the department to enhance their performance. External bursaries were also offered to assist needy communities of our province.

d) Provision of credible and updated PERSAL data.

The provision of credible data was focussed on to ensure proper decision making by the management. The department ensured all personnel data was correct and the information captured monitored on a regular basis.

e) Implementation of the Employment Equity Plan across all occupational levels.

f) 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.

g) Implementation of Ethics, values, Employee and Labour Relations.

The department is committed to ensure that the departmental values were adhered to at all times and highlighted these in workshops. Ethical conduct was also highlighted to ensure that all officials were knowledgeable including the new recruits were inducted with emphasis of adherence to ethical standards. The regular engagement between Human Resources Management and Organised Labour has resulted into sound Labour Relations. The Employment Relations Unit ensured compliance with the prescripts with regard to grievances and disciplinary processes.

4.2.3. Employee wellness programmes

h) Implementation of Employee Health and Wellness Programmes

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.

Employee Wellness programmes were implemented across the four pillars of the Employee Wellness Strategic Framework. Educational events were held mostly through virtual platforms or hybrid platforms throughout the financial year. EWP continued to collaborate with various stakeholders to enrich programmes. Below is an overview of achievements according to the pillars of the Employee Wellness Strategic Framework

- **HIV, AIDS and TB Management**

HIV, AIDS and TB Management Programmes included mainly awareness and education and HIV Screening. The World Aids Day formed part of the Integrated Special Programmes initiative. A virtual TB and HIV awareness session was conducted, and 118 employees participated in the session. Only twenty-one employees were tested for HIV and 41 screened for TB screening.

- **Health and Productivity Management**

Significant focus was placed on mental health and building resilience. One mental health session was conducted on bipolar disorder, one hundred and twenty-three employees were reached. On a monthly basis employees are reached with various health related topics via e-newsletter

Sick leave analysis was conducted for the periods January to June and January to December 2023 respectively. The latest indication is that 63.5% of employees have utilised sick leave over the reporting period.

- **Wellness Management**

Individual Wellness

The utilisation of the Wellness Programme has reached 9.30% during this reporting period with a projected utilisation of 9.30%. There were 703 interactions leading to a total engagement rate of 145.45% in the current reporting period. The total engagement rate is calculated by adding the total number of external face to face sessions 104, onsite face to face sessions 0, total telephonic contacts 20, number of email 2, please call me 2, number of participants in group trauma debriefings and number of participants in awareness 572, trainings and orientation interventions. During reporting period there was a total of 17 Intakes that did not Progress into a case being opened. The top 5 presenting problems for this reporting period were as follows:

- Stress
- Relationship Issues
- Mental Health/Psychological
- Loss Issues and

- Child and Family Care

Organisational Wellness

Retirement preparation workshop was conducted during the 4th 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.

Every Friday throughout 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. Weekly attendance on average was 200. Topics covered included financial management, workplace bullying and blended families.

During the Month of November, the focus was mainly on Men's Health and wellness. Two weekly men's dialogues were conducted to provide a platform for male employees to engage on pertinent issues affecting men.

In December an Integrated Employee Day Programme was held in collaboration with Special Programmes and Change management Units. All special calendar days were observed, and employees were recognised for outstanding performance.

Occupational Health and Safety Management

During the financial year all members of the SHERQ Committee was re-appointed in order to ensure continuity of SHERQ functions and performance of the committee. Four quarterly SHERQ Committee meetings were held as per the operational plan.

For the period under review one injury on duty was reported, investigated and submitted to DOEL for processing.

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

The organisational structure to address the needs of the department was approved. An implementation plan has been developed after which a person to post matching exercise shall be embarked upon. Employees with capacity gaps will be offered training and or bursaries to improve their qualifications and skills.

4.2.4 Employee performance management

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

Both Programme Review Committee structures and the Departmental Moderating Committee are in place and are functional. The Departmental Moderation Committee ensures alignment across all Programmes of the department.

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 to create awareness on the contents and the expectations arising from the Code of Conduct. Values enshrined in the Code of Conduct are enforced, when breaches occur, through the normal disciplinary processes.

4.2.5 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 32 with 7.2%of the total establishment. The target of 50% for women at SMS level has been achieved with 50% 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 has been achieved as the department is sitting at 2.4%.

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.
- 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 2023 and 31 March 2024***

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	166 660	114 237	2 078	8 915	69	595
Sustainable Resource Management	75 651	70 911	0	3 035	94	921
Asset and Liability Management	26 713	24 793	1 151	0	93	751
Financial Governance	79 077	69 405	1 330	170	88	798
Municipal finance governance	50 883	48 504	0	0	95	808
Total	**398 984**	**327 850**	**4 559**	**12 120**	**82**	**729**

- ***Table 4.3.1.2 Personnel costs by salary band for the period 1 April 2023 and 31 March 2024***

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)	8 351	2.5	43	543
Highly skilled production (levels 6-8)	44 699	13.6	97	828
Highly skilled supervision (levels 9-12)	189 695	57.9	275	1 720
Senior and Top management (levels 13-16)	85 105	26.0	62	2 993
Total	**327 850**	**100**	**477**	**687**

- ***Table 4.3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2023 and 31 March 2024***

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	96 486	84.5	0	0	2 763	2.4	4 418	3.9
Sustainable Resource Management	61 408	86.6	0	0	1 095	1.5	1 954	2.8
Asset and Liability Management	21 129	85.2	0	0	599	2.4	760	3.1
Financial Governance	61 152	88.1	0	0	961	1.4	1 508	2.2
Municipal finance governance	42 694	88.0	0	0	574	1.2	1 013	2.1
Total	**282 869**	**86.3**	**0**	**0**	**5 992**	**1.8**	**9 653**	**2.9**

- ***Table 4.3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2023 and 31 March 2024***

Salaries	Overtime	Home Owners Allowance	Medical Aid

Salary band	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)	4 429	73.0	0	0	204	5.4	255	6.7
Highly skilled production (levels 6-8)	38 379	80.0	0	0	1 639	4.0	3 166	7.7
Highly skilled supervision (levels 9-12	164 190	87.1	0	0	2 653	4.6	5 678	3.1
Senior management (level 13-16)	75 871	89.1	0	0	1 496	1.9	554	0.7
Total	**282 869**	**86.3**	**0**	**0**	**5 992**	**1.8**	**9 653**	**2.9**

4.3.2 Employment and Vacancies

The tables in this section summarise the position regarding 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 2024

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Programme – 1	164	159	2.5	34
Programme – 2	81	77	4.9	0
Programme – 3	33	33	0	0
Programme – 4	74	72	2.7	12
Programme – 5	58	56	3.4	4
Total	**410**	**397**	**2.9**	**50**

Table 4.3.2.2 Employment and vacancies by salary band as of 31 March 2024

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)	13	13	0	1
Highly skilled production (6-8)	92	88	4.3	39
Highly skilled supervision (9-12)	246	237	3.3	6
Senior management (13-16)	59	59	0	4
Total	**410**	**397**	**2.9**	**50**

Table 4.3.2.3 Employment and vacancies by critical occupations as on 31 March 2024

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	65	59	9.0	8
Communication and information related, Permanent	2	2	0	0
Finance and economics related, Permanent	8	8	0	0
Financial and related professionals, Permanent	183	182	0.5	6
Financial clerks and credit controllers, Permanent	3	2	33.0	0
General legal administration & rel. professionals, Permanent	1	1	0	1
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources related, Permanent	33	32	3.0	29
Information technology related, Permanent	16	16	0	2
Library mail and related clerks, Permanent	7	6	14.0	0
Light vehicle drivers, Permanent	2	2	0	0
Logistical support personnel, Permanent	21	20	4.8	0
Messengers, porters, and deliverers, Permanent	1	1	0	0
Executive Authority	1	1	0	0
Secretaries & other keyboard operating clerks, Permanent	6	5	16.7	0
Senior managers, Permanent	59	59	0	4
Total	**410**	**397**	**2.9**	**50**

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 2024

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	3	3	100	0	0
Salary Level 14	13	13	100	0	0
Salary Level 13	44	44	100	0	0
Total	**62**	**62**	**100**	**0**	**0**

Total number of SMS members which is 62 is inclusive of 3 SMS members who were appointed additional to the establishment (Contracts).

Table 4.3.3.2 SMS post information as on 30 September 2023

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	3	3	100	0	0
Salary Level 14	13	13	100	0	0
Salary Level 13	46	46	100	0	0
Total	**64**	**64**	**100**	**0**	**0**

On 30 September 2023, all SMS positions on the fixed establishment were filled. Additional to the establishment, 5 SMS members were appointed on a contractual basis and 2 of those appointments were already expired by 31 March 2024, hence the total number of SMS at the end of March 2024 was 62.

Table 4.3.3.3 Advertising and filling of SMS posts for the period 1 April 2023 and 31 March 2024

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

SMS Level	Advertising Number of vacancies per level advertised in 6 months of becoming vacant	Filling of Posts 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
Salary Level 13	3	3	0
Total	**3**	**3**	**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 2023 and 31 March 2024

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 2023 and 31 March 2024

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 2023 and 31 March 2024

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)	13	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	92	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	3	0	0	0	0	0	0
Senior Management Service Band D	2	0	0	0	0	0	0
Total	410	**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 2023 and 31 March 2024

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 2023 and 31 March 2024

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 4.3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2023 and 31 March 2024

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 2023 and 31 March 2024

Salary band	Number of employees at the beginning of period – 01 April 2023	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)	12	5	2	17
Highly skilled production (Levels 6-8)	88	7	4	4.5
Highly skilled supervision (Levels 9-12)	231	37	17	6.5
Senior Management Service Bands A	40	3	0	0
Senior Management Service Bands B	**12**	1	0	0
Senior Management Service Bands C	3	1	0	0
Senior Management Service Bands D	2	0	0	0
Contracts	52	38	39	75
Total	440	**92**	**62**	**14**

Table 4.3.5.2 Annual turnover rates by critical occupation for the period 1 April 2023 and 31 March 2024

Critical occupation	Number of employees at beginning of period- 1 April 2023	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related	68	38	31	44
Communication and information related	2	1	0	0
Finance and economics related	6	1	2	33
Financial and related professionals	189	22	13	6
Financial clerks and credit controllers	0	0	0	0
General legal administration & rel. professionals	2	1	1	50
Head of department/chief executive officer	1	0	0	0
Human resources related	61	2	1	1.6
Information technology related	18	5	4	22
Library mail and related clerks	5	3	1	20
Light vehicle drivers	2	0	0	0
Logistical support personnel	20	10	5	25
Messengers porters and deliverers	1	0	0	0
Executive Authority	1	0	0	0
Secretaries & other keyboard operating clerks	5	0	0	0
Senior managers	59	9	4	6.8
TOTAL	**440**	**92**	**62**	**14**

- The number 92 for appointments comprises of forty-seven (47) permanent employees, thirty-eight (38) employees on contract and seven (7) transfers into the department.
- The number 60 for terminations comprises of 19 permanent employees, thirty-nine employees on contract (39) and four (4) transfers out of the department.
- 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 2023 and 31 March 2024

Termination Type	Number	% of Total Resignations
Death	0	
Resignation	24	5.5
Expiry of contract	27	6
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	1	0.2
Retirement	6	1.3
Transfer to other Public Service Departments	4	0.9
Other (early retirement)	0	0
Total	**62**	**14**
Total number of employees who left as a % of total employment	**14**	

Table 4.3.5.4 Promotions by critical occupation for the period 1 April 2023 and 31 March 2024

Occupation	Employees 1 April 2023	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	68	5	7.3	34	50.0
Communication and Information Related	2	0	0	0	0
Finance and Economics related	6	0	0	4	66.70
Financial and Related Professionals	189	5	2.6	113	59.8
Financial Clerks and Credit Controllers	0	0	0	0	0
General Legal Administration & Related Professionals	2	0	0	1	50
Head of Department/Chief Executive Officer	1	0	0	0	0
Human Resources Related	61	0	0	22	36.10
Information technology related	18	0	0	13	72.20
Library Mail and Related Clerks	5	1	20	2	40
Light Vehicle Drivers	2	0	0	1	50.0
Logistical support personnel,	20	5	25	9	45.0
Messengers; Porters and Deliverers	1	0	0	1	100
Executive Authority	1	0	0	0	0
Secretaries & Other Keyboard Operating Clerks	5	0	0	5	100
Senior Managers	59	3	5	33	55.9
TOTAL	**440**	**19**	**4.3**	**238**	**54.10**

Table 4.3.5.5 Promotions by salary band for the period 1 April 2023 and 31 March 2024

Salary Band	Employees 1 April 2023	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)	12	0	0	5	41.70
Highly skilled production (Levels 6-8)	88	3	3.4	54	61.30
Highly skilled supervision (Levels 9-12)	231	13	5.6	145	62.77
Senior Management Service Bands A	40	3	7.5	24	62.80
Senior Management Service Bands B	**12**	0	0	10	83.30
Senior Management Service Bands C	3	0	0	0	0
Senior Management Service Bands D	2	0	0	0	0
Contracts	52	0	0	0	0
Total	440	**19**	**4.3**	**238**	**54.10**

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 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials, and managers	22	3	3	3	27	0	2	1	**61**
Professionals	96	6	2	1	162	3	1	2	**273**
Technicians and associate professionals	29	0	0	1	58	2	1	0	**92**
Clerks	4	0	0	0	14	0	0	0	**18**
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**
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	1	0	0	0	0	0	0	0	**1**
Total	**155**	**9**	**5**	**5**	**261**	**5**	**4**	**3**	**447**
Employees with disabilities	**4**	**0**	**1**	**1**	**5**	**0**	**0**	**0**	**11**

Table 4.3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2024

	Male				Female				
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4	0	0	0	1	0	0	0	5
Senior Management	18	3	3	3	27	0	2	1	57
Professionally qualified and experienced specialists and mid-management	54	4	2	1	96	3	2	0	162
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	70	2	0	1	135	2	0	2	212
Semi-skilled and discretionary decision making	9	0	0	0	2	0	0	0	11
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**155**	**9**	**5**	**5**	**261**	**5**	**4**	**3**	**447**

Table 4.3.6.3 Recruitment for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	1	1	0	0	5	1	0	0	8
Professionally qualified and experienced specialists and mid-management	18	0	0	0	26	0	0	0	44
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	3	0	0	0	12	0	0	0	15
Semi-skilled and discretionary decision making	3	0	0	0	2	0	0	0	5
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**25**	**1**	**0**	**0**	**46**	**1**	**0**	**0**	**73**
Employees with disabilities	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**2**
OTHER -INTERN	**5**	**0**	**0**	**0**	**14**	**0**	**0**	**0**	**19**

- The above table reflects the total number of 73 employees which include 4 transfers into the department and 18 contract workers. The department also appointed 19 interns. The total number of recruitments during the period under review is 92.
- **Please note that total of 73 is inclusive of the 2 employees who live with disabilities.**

Table 4.3.6.4 Promotions for the period 1 April 2023 to 31 March 2024

Occupational band	Male				Female				
	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	2	0	1	0	3
Professionally qualified and experienced specialists and mid-management	2	0	0	0	11	0	0	0	13
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	2	0	0	0	3
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**3**	**0**	**0**	**0**	**15**	**0**	**1**	**0**	**19**
Employees with disabilities	**1**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**2**

Table 4.3.6.5 Terminations for the period 1 April 2023 to 31 March 2024

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	4	0	0	0	4
Professionally qualified and experienced specialists and mid-management	10	0	0	0	13	0	0	0	23
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	17	0	0	0	18	0	0	0	35
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	**27**	**0**	**0**	**0**	**35**	**0**	**0**	**0**	**62**
Employees with Disabilities	**1**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**

Table 4.3.6.6 Disciplinary action for the period 1 April 2023 to 31 March 2024

	Male				Female				
	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	3
Suspension without pay	0	0	0	0	0	0	0	0	0
TOTAL	**3**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**3**

Three employees were subjected to informal disciplinary procedures, which resulted in the issuing of a final written warning.

Table 4.3.6.7 Skills development for the period 1 April 2023 to 31 March 2024

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	**5**	**0**	**0**	**1**	**11**	**0**	**0**	**0**	**17**
Professionals	**21**	**0**	**0**	**0**	**39**	**3**	**1**	**0**	**64**
Technicians and associate professionals	**9**	**0**	**0**	**0**	**8**	**0**	**0**	**0**	**15**
Clerks	**13**	**0**	**0**	**0**	**28**	**1**	**0**	**1**	**43**
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	**13**	**0**	**0**	**0**	**15**	**0**	**0**	**0**	**28**
Total	**61**	**0**	**0**	**1**	**101**	**4**	**1**	**1**	**169**
Employees with disabilities	**2**	**0**	**0**	**0**	**3**	**0**	**0**	**0**	**5**

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 2023

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	1	1	1	100
Salary Level 15	3	3	3	100
Salary Level 14	13	13	13	100
Salary Level 13	41	39	39	100
Total	**59**	**57**	**57**	**100**

Reasons
All SMS members that were in the department during this cycle had submitted their Performance Agreements for the cycle, even those members that left during the cycle. During the period under review, there were two (2) vacant Level 13 posts. Furthermore, the total funded posts do not include the three (3) Level 13 posts that were filled on a contractual basis. Nonetheless, the SMS members who were on contract did fulfil their obligation by signing their performance agreements.

Table 4.3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance Agreements as on 31 March 2023

Reasons
The department had 0% non-compliance.

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 2023 to 31 March 2024

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African	**0**	**407**	**0**	**0**	**0**
Male	0	151	0	0	0
Female	0	256	0	0	0
Asian	**0**	**8**	**0**	**0**	**0**
Male	0	4	0	0	0
Female	0	4	0	0	0
Coloured	**0**	**14**	**0**	**0**	**0**
Male	0	9	0	0	0
Female	0	5	0	0	0
White	**0**	**7**	**0**	**0**	**0**
Male	0	4	0	0	0
Female	0	3	0	0	0
Employees with disability	**0**	**11**	**0**	**0**	**0**
Total	**0**	**447**	**0**	**0**	**0**

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 2023 to 31 March 2024

Salary band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower Skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (level 3-5)	0	12	0	0	0	0
Highly skilled production (level 6-8)	0	87	0	0	0	0
Highly skilled supervision (level 9-12)	0	235	0	0	0	0
Other	0	51	0	0	0	0
Total	**0**	**385**	**0**	**0**	**0**	**0**

- Performance bonuses were discontinued in the public service during the year under review.
- The total number of 385 are employees from salary levels 1-12 and does not include SMS members.

Table 4.3.8.3 Performance Rewards by critical occupation for the period 1 April 2023 to 31 March 2024

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	0	67	0	0	0
Communication and information related	0	2	0	0	0
Finance and economics related	0	8	0	0	0
Financial and related professionals	0	187	0	0	0
Financial clerks and credit controllers	0	2	0	0	0
General legal administration & rel. professionals	0	2	0	0	0
Head of department/chief executive officer	0	1	0	0	0
Human resources related	1	63	0	0	0
Information technology related	0	19	0	0	0
Library mail and related clerks	0	6	0	0	0
Light vehicle drivers	0	2	0	0	0
Logistical support personnel	0	20	0	0	0
Messengers porters and deliverers	0	1	0	0	0
Executive Authority	0	1	0	0	0
Secretaries & other keyboard operating clerks	0	5	0	0	0
Senior managers	0	61	0	0	0
Total	**0**	**447**	**0**	**0**	**0**

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 2023 to 31 March 2024

Salary band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	the total personnel expenditure
Band A	0	44	0	0	0	0
Band B	0	13	0	0	0	0
Band C	0	3	0	0	0	0
Band D	0	2	0	0	0	0
Total	**0**	**62**	**0**	**0**	**0**	**0**

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 2023 and 31 March 2024

Salary band	01 April 2023		31 March 2024		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 2023 and 31 March 2024

Major occupation	01 April 2023		31 March 2024		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 2023 to 31 December 2023

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)	62.00	71	10.00	3.1	6.20	70.00
Highly skilled production (Levels 6-8)	665.00	75.2	105.00	32.5	6.3	1074.00
Highly skilled supervision (Levels 9-12)	1106.00	74.20	174.00	53.9	6.4	3267.00
Senior management (Levels 13-16)	284.00	93.30	34.00	11.0	8.4	1421.00
TOTAL	2117.00	77.00	323.00	100.0	7.00	583.00

This is inclusive of contract workers (including Interns)

Table 4.3.10.2 Disability leave (temporary and permanent) for the period 1 January 2023 to 31 December 2023

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Level 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	3.00	100.00	5.00	38.50	18.00	179.00
Highly skilled supervision (Levels 9-12)	119.00	100.00	7.00	53.80	17.00	314.00
Senior management (Levels 13-16)	92.00	100.00	1.00	7.70	3.00	13.00
TOTAL	**214.00**	**100.00**	**13.00**	**100.00**	**16.00**	**5061.00**

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 2023 to 31 December 2023

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Skilled (Levels 3-5)	340.00	20.00	17.00
Highly skilled production (Levels 6-8)	2879.00	163.00	17.6
Highly skilled supervision (Levels 9-12)	5925.00	270.00	21.9
Senior management (Levels 13-16)	1422	66.00	22.00
TOTAL	**10 566.00**	**519.00**	**20.30**

Table 4.3.10.4 Capped leave for the period 1 January 2023 to 31 December 2023

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	0	0	0
Highly skilled production (Levels 6-8)	2.00	2.00	1.00	133.00
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
TOTAL	2.00	2.00	1.00	133

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 2023 and 31 March 2024

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual - Discounting Previous Appointment	0	0	0
Annual - Discounting with Resignation (Workdays)	757.00	32.00	23 656.00
Annual - Gratuity: Death/Retirement/Medical Retirement (Work	252.00	5.00	50 400.00
Capped - Gratuity: Death/Retirement/Medical Retirement (Work	844.00	5.00	168 800.00
Total	1 853.00		

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 40-49 are at high risk with a prevalence rate of 28.21% as at 31 December 2023.	A virtual HIV and TB awareness Programme was held to address issues of gender-based violence, behaviour changes, living with HIV and TB prevention. During the second and third quarters HIV testing were offered with a low uptake of 21, 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		Ms N Zuma- 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. New reported EAP Cases for the year is 45.
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: Ms N Zuma, Mrs B Cain-Noveve, Mr X Qinga, Mr M Qeqe, Mr T Dimbaza, Ms V Mahogo are employer representatives. There also employee representatives from both Head Office and 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		All Employee Wellness Policies were reviewed in the previous financial year.
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 second and 3rd quarter, and twenty-one employees participated. Male uptake is still relatively low.
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 conducts a self-assessment through the systems monitoring tool (SMT) annually

4.3.12 Labour Relations

Table 4.3.12.1 Collective agreements for the period 1 April 2023 and 31 March 2024

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 2023 and 31 March 2024

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	3	100%
Suspended without pay	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	**3**	**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 2023 and 31 March 2024

Type of misconduct	Number	% of total
Dereliction of duty	1	20%
Prejudiced the administration discipline or efficiency of the department	2	40%
Insubordination	1	20%
Excessive absenteeism	1	20%
Total	**5**	**100%**

The above arose from one (1) formal and one (1) informal disciplinary process. Two (2) employees were subjected to disciplinary processes.

Table 4.3.12.4 Grievances logged for the period 1 April 2023 and 31 March 2024

Type of misconduct	Number	% of total
None -shortlisting	1	50%
Disrespect of fellow colleagues	1	50%
Total	**2**	**100%**

Two (02) employees lodged grievances. Both grievances (02) were unsubstantiated and finalised before 31 March 2024.

Table 4.3.12.5 Disputes lodged with Councils for the period 1 April 2023 and 31 March 2024

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 2023 and 31 March 2024

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 2023 and 31 March 2024

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

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 regarding skills development.

Table 4.3.13.1 Training needs identified for the period 1 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as of 1 April 2022	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		0	9	2	11
	Male		0	5	1	6
Professionals	Female		0	9	8	17
	Male		0	8	3	11
Technicians and associate professionals	Female		0	7	4	11
	Male		0	7	2	9
Clerks	Female		0	8	0	8
	Male		0	6	0	6
Service and sales workers	Female		0	0	0	0
	Male		0	0	0	0
Skilled agriculture and fishery workers	Female		0	0	0	0
	Male		0	0	0	0
Craft and related trades workers	Female		0	0	0	0
	Male		0	0	0	0
	Female		0	0	0	0

Occupational category	Gender	Number of employees as of 1 April 2022	Training needs identified at start of the reporting period			
			Learner-ships	Skills Programmes and other short courses	Other forms of training	Total
Plant and machine operators and assemblers	Male		0	0	0	0
Elementary occupations	Female		0	0	0	0
	Male		0	0	0	0
Sub Total	**Female**		**0**	**33**	**14**	**47**
	Male		**0**	**26**	**6**	**32**
Total			**0**	**59**	**20**	**79**

Table 4.3.13.2 Training provided for the period 1 April 2023 and 31 March 2024

Occupational category	Gender	Number of employees as of 1 April 2023	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	28	0	8	1	9
	Male	30	0	4	1	5
Professionals	Female	140	0	20	9	29
	Male	89	0	19	6	25
Technicians and associate professionals	Female	5	0	6	8	11
	Male	4	0	9	4	13
Clerks	Female	68	0	10	1	11
	Male	27	0	8	1	9
Service and sales workers	Female	7	0	0	0	0
	Male	10	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	4	0	4
	Male	**15**	0	2	2	0
Sub Total	Female	**267**	**0**	**48**	**18**	**66**
	Male	**175**	**0**	**42**	**12**	**54**
Total		**442**	**0**	**90**	**30**	**120**

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 2023 and 31 March 2024

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	0.25
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	**1**	**0.25**

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 2023 and 31 March 2024

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 2023 and 31 March 2024

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 2023 and 31 March 2024

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 2023 and 31 March 2024

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 2023 and 31 March 2024

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: PFMA Compliance Report

5.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	51	146
Adjustment to opening balance	199	18
Opening balance as restated	250	165
Add: Irregular expenditure confirmed	224	0
Less: Irregular expenditure condoned	423	114
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable[1]	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	51	51

Include discussion here where deemed relevant.

Reconciling notes

Description	2023/2024	2022/2023[2]
	R'000	R'000
Irregular expenditure that was under assessment	0	0
Irregular expenditure that relates to the prior year and identified in the current year	199	18
Irregular expenditure for the current year	224	0
Total	**423**	**18**

b) Details of irregular expenditure (under assessment, determination, and investigation)

Description[3]	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
Total	0	0

Include discussion here where deemed relevant.

[1] Transfer to receivables.
[2] Records amounts in the year in which it was incurred.
[3] Group similar items.

c) Details of irregular expenditure condoned.

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	423	114
Total	423	114

d) Details of irregular expenditure removed - (not condoned)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

Include discussion here where deemed relevant.

e) Details of irregular expenditure recoverable

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure recoverable	0	0
Total	**0**	**0**

Include discussion here where deemed relevant.

f) Details of irregular expenditure written off (irrecoverable)

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure written off	0	0
Total	**0**	**0**

Include discussion here where deemed relevant.

Additional disclosure relating to Inter-Institutional Arrangements

g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)

Description	
	N/A
	N/A
Total	**R0.00**

Include discussion here where deemed relevant.

h) Details of irregular expenditure cases where an institution is involved in an inter-institutionalarrangement (where such institution *is* responsible for the non-compliance)[4]

Description	2023/2024[5]	2022/2023
	R'000	R'000
	0	0
	0	0
	0	0
	0	0
Total	**0**	**0**

Include discussion here where deemed relevant.

i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
R336 766-00: Contravention of SCM Instruction Note 2 of 2021/2022: **Official served with a warning letter.**
R86 250-00: Contravention of Instruction Note 11 of 2016/2017: **Official served with a warning letter.**

Include discussion here where deemed relevant.

5.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	9	9
Adjustment to opening balance	1	0
Opening balance as restated	10	9
Add: Fruitless and wasteful expenditure confirmed	1	0
Less: Fruitless and wasteful expenditure recoverable[6]	2	0
Less: Fruitless and wasteful expenditure not recoverable and written off	9	0
Closing balance	**0**	**9**

Fruitless & wasteful expenditure confirmed includes R259-00 that is in the process of applying for a write-off.

[4] Refer to paragraphs 3.12, 3.13 and 3.14 of Annexure A (PFMA Compliance and Reporting Framework) to National Treasury Instruction No. 4 of 2022/2023

[5] Amounts of irregular expenditure related to the current year must be disclosed in the annual financial statements

[6] Transfer to receivables.

Reconciling notes

Description	2023/2024 R'000	2022/2023[7] R'000
Fruitless and wasteful expenditure that was under assessment	0	0
Fruitless and wasteful expenditure that relates to the prior year andidentified in the current year	0	0
Fruitless and wasteful expenditure for the current year	1	1
Total	**1**	**1**

b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description[8]	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	1
Total	**0**	**1**

Include discussion here where deemed relevant.

c) Details of fruitless and wasteful expenditure recoverable

Description	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure recoverable	1	0
Total	**1**	**0**

Include discussion here where deemed relevant.

d) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2023/2024 R'000	2022/2023 R'000
Fruitless and wasteful expenditure written off	9	0
Total	**9**	**0**

Include discussion here where deemed relevant.

e) Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

[7] Record amounts in the year in which it was incurred.

Disciplinary steps taken
No disciplinary or criminal steps taken. Expenditure has been recovered from an official and institution responsible and, where applicable, it has been written off.

Include discussion here where deemed relevant.

5.3. Unauthorised expenditure

a) Reconciliation of unauthorised expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	0	0
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: unauthorised expenditure confirmed	0	0
Less: unauthorised expenditure approved with funding	0	0
Less: unauthorised expenditure approved without funding	0	0
Less: unauthorised expenditure recoverable[8]	0	0
Less: unauthorised not recoverable and written off[9]	0	0
Closing balance	**0**	**0**

Include discussion here where deemed relevant.

Reconciling notes

Description	2023/2024	2022/2023[10][11]
	R'000	R'000
Unauthorised expenditure that was under assessment	0	0
Unauthorised expenditure that relates to the prior year and identified in thecurrent year	0	0
Unauthorised expenditure for the current year	0	0
Total	**0**	**0**

[8] Transfer to receivables.

[9] This amount may only be written off against available savings.

[10] Record amounts in the year in which it occurred.

b) Details of unauthorised expenditure (under assessment, determination, and investigation)

Description[12]	2023/2024	2022/2023
	R'000	R'000
Unauthorised expenditure under assessment	0	0
Unauthorised expenditure under determination	0	0
Unauthorised expenditure under investigation	0	0
Total	**0**	**0**

5.4. Additional disclosure relating to material losses in terms of PFMA Section 40(3)(b)(i) &(iii)13

a) Details of material losses through criminal conduct

Material losses through criminal conduct	2023/2024	2022/2023
	R'000	R'000
Theft	0	0
Other material losses	0	0
Less: Recoverable	0	0
Less: Not recoverable and written off	0	0
Total	**0**	**0**

Include discussion here where deemed relevant.

b) **Details of other material losses**

Nature of other material losses	2023/2024	2022/2023
	R'000	R'000
(*Group major categories, but list material items)*	0	0
	0	0
Total	**0**	**0**

Include discussion here where deemed relevant and criminal or disciplinary steps taken by the institution.

c) Other material losses recoverable

Nature of losses	2023/2024	2022/2023
	R'000	R'000
(*Group major categories, but list material items)*	0	0
Total	**0**	**0**

Include discussion here where deemed relevant.

d) Other material losses not recoverable and written off

Nature of losses	2023/2024	2022/2023
	R'000	R'000
(*Group major categories, but list material items)*	0	0
	0	0
Total	**0**	**0**

Include discussion here where deemed relevant.

5.5. Late and / or Non-payment of Suppliers

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	1674	68 005
Invoices paid within 30 days or agreed period	1671	67 917
Invoices paid after 30 days or agreed period	3	88
Invoices older than 30 days or agreed period (*unpaid and without dispute*)	6	13
Invoices older than 30 days or agreed period (*unpaid and in dispute*)	0	0

Reasons for invoices that were paid were paid after 30 days

- Supplier delayed to change banking details
- Extra verifications and meetings that were required for settlement of bursary refund
- Invoice more than order amount- this required recommitment that delayed the process

Narrative indicating reasons for non-payment of invoices

- Investigation for liability on payment of air ticket
- Delay in approval memo for settlement of car hire including damages on vehicle
- Employee delays in settlement of traffic fines

5.6. Supply Chain Management

5.6.1. Procurement by other means

Accounting officers must ensure that all procurement by "other means" is reported in the annual report of an institution in the format prescribed in terms of the instruction on Enhancing Compliance, Transparency and Accountability in Supply Chain Management.

5.6.2. Contract variations and expansions.

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Newspaper Renewal	Arena Holdings	Deviation	OR-034014	R 33 260.00
Internal Audit Technician (IAT)Learnership Programme	Institute of Internal Auditors South Africa (IIASA)	Deviation	OR-043607	R 789 360.00
Procure Media Services	Eastern Cape Community Radio Station Hub	Deviation	OR-042959	R 96 112.50
Procure Media Services	Arena Holdings	Deviation	OR-042957	R 172 500.00
Procure Media Services	South African Broadcasting Corporation	Deviation	OR-042960	R 343 956.38
Post Grad Diploma in Public Management	North West University(NWU)	Deviation	OR-043636 OR-043172	R 534 570.00
Procure Certified Internal Audit Programme	Institute of Internal Auditors South Africa (IIASA)	Deviation	OR-043566 OR-043565 OR-043522	R 586 869.30
Utilise the Institute of Risk Management South Africa for CRM-Prac exams	Institute of Risk Management South Africa	Deviation	OR-043597	R 76 724.55
Bus hiring to transport Staff to East London for Employee Day	Mayibuye Transport Corporation	Deviation	OR-043669	R 14 044.00
Licensing of TEAMMATE Audit software used by Internal Audit	Wolters Kluwer	Deviation	OR-043699	R49 473.09
Procure Media Services for tabling of annual budget	Impuma Kapa TV	Deviation	OR-043814	R499 100.00
Procure Media Services for tabling of annual budget	Eastern Cape Community Radio Forum	Deviation	OR-043805	R239 858.00
Procure Media Services for tabling of annual budget	Arena Holdings	Deviation	OR-043808	R402 500.00
Procure Media Services for tabling of annual budget	Eastern Province Community Print Media	Deviation	OR-043871	R185 000.00
Procure Media Services for tabling of annual budget	Media 24	Deviation	OR-043826	R150 282.00
Procure Media Services for tabling of annual budget	South African Broadcasting Corporation	Deviation	OR-043809	R492 395.50
Procure catering services for security cluster members on budget day	ATZ Marketing	Deviation	OR-043906	R23 870.00
Appointed IRMSA for independent assessment of support offered by TIAS and TRMU	Institute of Risk Management South Africa (IRMSA)	Deviation	OR- 044030	R69 000.00
Appointed IIASA for independent assessment of support offered by TIAS and TRMU	Leadership Academy of Governance	Deviation	OR-044052	R289 800.00
Total				**R5 048 675.32**

Project description	Name of supplier	Contract modificationtype (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/sor variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Provision of Travel Management Services for a period of thirty-six (36) months in the Provincial Treasury	Hamba Nathi Travel	Extension of six (06) months.	SCMU12-21/22-0006	R9 872 260.33	R0	R614 018.30
Total						**R614 018.30**

6. Part F: Financial Information

6.1. Report of the Auditor-General to Eastern Cape Provincial Legislature on vote no. 12: Eastern Cape Provincial Treasury

Report on the audit of the financial statements.

Opinion

1. I have audited the financial statements of the Eastern Cape Provincial Treasury set out on pages **211** to **246**, which comprise the appropriation statement, statement of financial position as at 31 March 2024, 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 2024 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 and the requirements of the Public Finance Management Act (Act no. 1 of 1999) (PFMA) and the Division of Revenue Act (Act no.5 of 2023) (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 responsibilities of the auditor-general 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 the MCS as prescribed by the National Treasury and the

requirements of the PFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Responsibilities of the auditor-general for the audit of 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. This description, which is located at page **208**, forms part of my auditor's report.

Report on the audit of the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report**.** The accounting officer is responsible for the preparation of the annual performance report.

11. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the department’s

performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
Sustainable Resource Management	**43 - 53**	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.
Asset and Liability Management	**54 - 58**	To provide policy direction, promote and enforce transparency and effectiveness of Supply Chain Management and Asset Management in the province.
Financial Governance	**59 - 69**	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.
Programme 5: Municipal Financial Governance	**70 - 76**	Provides support to 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.

12. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides the users with useful and reliable information and insights on the department's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the department's performance against its primary mandated and prioritised functions and planned objectives are included.

- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.

- the indicators and targets reported on in the annual performance report are the same as were committed to in the approved initial or revised planning documents.

- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable.

- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures for the purpose of reporting material findings only, and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information of the selected programmes.

Other matters

16. I draw attention to the matters below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanation for over- and underachievement.

18. The table that follow provides information on the achievement of planned targets and list the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages **40** to **74**.

Sustainable Resource Management

Targets achieved: 60% *Budget spent: 96,1%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Percentage expenditure by entities within allocated budget	98%	88%
CoE ratio	61:39	64.9:35.1
Number of departments paying creditors within 30 days	13	12
Percentage gross capital formation for Provincial Infrastructure Departments	10,5%	6,04%

Asset and liability management

Targets achieved: 50% *Budget spent: 97,9%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Level of infrastructure procurement management maturity achieved	Level 3	Level 2
Percentage of provincial departments procurement spend on EC based suppliers	60%	46,6%

Finance Governance

Targets achieved: 62,5% *Budget spent: 89,2%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of Institutions that achieve unqualified audits	23	20
Percentage of Financial Management Capacity Study elements implemented	95%	94%
Percentage of provincial risk profile mitigation measures initiated by departments	13	12

Municipal financial governance

Targets achieved: 20% *Budget spent: 99,9%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of Institutions that achieve unqualified audits	23	20
Percentage of Financial Management Capacity Study elements implemented	95%	94%
Percentage of provincial risk profile mitigation measures initiated by departments	13	12

Material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of municipal financial governance. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.

21. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

22. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

23. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

24. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in this auditor's report.

25. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude 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

28. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation, however, my objective was not to express any form of assurance on it.

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

East London

31 July 2024

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information

available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance.

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); Section 38(1)(d); 38(1)(h)(iii); 38(1)U); 39(1)(a); Section 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); Section 43(1); 43(4); 44(1); 44(2); 45(b)
Treasury Regulations, 2005	Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.14; 6.3.1(a); 6.3.1(b); Regulation 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; Regulation 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; Regulation 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; Regulation 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; Regulation 16A3.2(a); 16A6.1; 16A6.2(a); Regulation 16A6.2(b); 16A6.3(a); 16A6.3(b); Regulation 16A6.3(c); 16A 6.3(e); 16A6.4; Regulation 16A6.5; 16A6.6; 16A7.1; 16A7.3; Regulation 16A7.6; 16A7.7; 16A8.2(1); 16A8.2(2); Regulation 16A8.3;; 16A8.4; 16A9.1(b)(ii); Regulation; 16A 9.1(d); 16A 9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; Regulation 19.8.4
Construction Industry Development Board Act 38 of2000	Section 18(1)

Legislation	Sections or regulations
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Division of Revenue Act 5 of 2023	Section 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); Section 16(3)(a)(ii)(bb)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1;
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulation, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2;
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
State Information Technology Agency Act 88 of 1998	Section 7(3)

6.2. Annual Financial Statements (for the year ended 31 March 2024)

6.2.1. Appropriation Statement

APPROPRIATION PER PROGRAMME									
	2023/24							2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
Programme	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
1. Administration	183,906	-	(73)	183,833	166,660	17,173	90.7%	176,489	165,275
2. Sustainable Resource Management	78,719	-	-	78,719	75,651	3,068	96.1%	77,752	75,243
3. Asset and Liabilities Management	27,213	-	73	27,286	26,713	573	97.9%	26,214	26,028
4. Financial Governance	88,674	-	-	88,674	79,077	9,597	89.2%	83,147	73,168
5. Municipal Financial Governance	50,934	-	-	50,934	50,883	51	99.9%	53,226	50,281
Subtotal	**429,446**	**-**	**-**	**429,446**	**398,984**	**30,462**	**92.9%**	**416,828**	**389,995**
TOTAL	**429,446**	**-**	**-**	**429,446**	**398,984**	**30,462**	**92.9%**	**416,828**	**389,995**

	2023/24			2022/23	
	Final Budget	Actual Expenditure		Final Budget	Actual Expenditure
Reconciliation with Statement of Financial Performance					
ADD					
Departmental receipts	740,403			444,217	
Actual amounts per Statement of Financial Performance (Total Revenue)	**1,169,849**			**861,045**	
Actual amounts per Statement of Financial Performance (Total Expenditure)		**398,984**			**389,995**

Appropriation per economic classification									
	2023/24							2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
Economic classification	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
Current payments	**408,242**	**(349)**	**-**	**407,893**	**388,406**	**19,487**	**95.2%**	**402,422**	**377,352**
Compensation of employees	330,609	(39)	-	330,570	327,850	2,720	99.2%	324,856	316,439
Goods and services	77,633	(310)	-	77,323	60,556	16,767	78.3%	77,566	60,913
Transfers and subsidies	**3,715**	**349**	**-**	**4,064**	**3,341**	**723**	**82.2%**	**5,703**	**4,930**
Departmental agencies and accounts	1,103	(58)	-	1,045	856	189	81.9%	1,103	859
Departmental agencies	1,103	(58)	-	1,045	856	189	81.9%	1,103	859
Households	2,612	407	-	3,019	2,485	534	82.3%	4,600	4,071
Payments for capital assets	**17,489**	**-**	**-**	**17,489**	**7,228**	**10,261**	**41.3%**	**8,703**	**7,056**
Machinery and equipment	17,489	-	-	17,489	7,228	10,261	41.3%	8,703	7,056
Payments for financial assets	**-**	**-**	**-**	**-**	**9**	**(9)**	**-**	**-**	**657**
TOTAL	**429,446**	**-**	**-**	**429,446**	**398,984**	**30,462**	**92.9%**	**416,828**	**389,995**

Detail per Programme 1 – Administration (for the year ended 31 March 2024)

PROGRAMME 1: ADMINISTRATION									
	2023/24							2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	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	7,921	81	-	8,002	7,998	4	100.0%	7,599	7,353
1.2 Management Services	58,938	1,786	-	60,724	46,406	14,318	76.4%	53,990	49,247
1.3 Corporate Services	53,329	(785)	(73)	52,471	50,785	1,686	96.8%	51,219	49,428
1.4 Financial Management	55,663	(803)	-	54,860	53,736	1,124	98.0%	55,835	51,633
1.5 Internal Audit Unit	8,055	(279)	-	7,776	7,735	41	99.5%	7,846	7,614
Total for sub programmes	**183,906**	**-**	**(73)**	**183,833**	**166,660**	**17,173**	**90.7%**	**176,489**	**165,275**
Economic classification									
Current payments	**164,082**	**(81)**	**(73)**	**163,928**	**157,351**	**6,577**	**96.0%**	**164,686**	**155,864**
Compensation of employees	113,870	526	-	114,396	114,237	159	99.9%	114,921	112,546
Goods and services	50,212	(607)	(73)	49,532	43,114	6,418	87.0%	49,765	43,318
Transfers and subsidies	**2,335**	**81**	**-**	**2,416**	**2,072**	**344**	**85.8%**	**3,100**	**2,355**
Departmental agencies and accounts	1,103	(58)	-	1,045	856	189	81.9%	1,103	859
Departmental agencies	1,103	(58)	-	1,045	856	189	81.9%	1,103	859
Households	1,232	139	-	1,371	1,216	155	88.7%	1,997	1,496
Payments for capital assets	**17,489**	**-**	**-**	**17,489**	**7,228**	**10,261**	**41.3%**	**8,703**	**7,056**
Machinery and equipment	17,489	-	-	17,489	7,228	10,261	41.3%	8,703	7,056
Payments for financial assets	**-**	**-**	**-**	**-**	**9**	**(9)**	**-**	**-**	**-**
Total	**183,906**	**-**	**(73)**	**183,833**	**166,660**	**17,173**	**90.7%**	**176,489**	**165,275**

Detail Per Programme 2-Sustainable Resource Management for the year ended 31 March 2024

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT									
	2023/24							2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
Sub programmes	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
2.1 Programme Support	3,446	-	-	3,446	3,232	214	93.8%	3,185	3,045
2.2 Economic Analysis	3,357	11	-	3,368	3,153	215	93.6%	3,263	2,958
2.3 Fiscal Policy	9,364	(3)	-	9,361	9,187	174	98.1%	8,975	8,919
2.4 Budget Management	62,552	(8)	-	62,544	60,079	2,465	96.1%	62,329	60,321
Total for sub programmes	**78,719**	**-**	**-**	**78,719**	**75,651**	**3,068**	**96.1%**	**77,752**	**75,243**
Economic classification									
Current payments	**78,342**	**-**	**-**	**78,342**	**75,275**	**3,067**	**96.1%**	**77,360**	**74,855**
Compensation of employees	71,886	-	-	71,886	70,911	975	98.6%	70,586	70,122
Goods and services	6,456	-	-	6,456	4,364	2,092	67.6%	6,774	4,733
Transfers and subsidies	**377**	**-**	**-**	**377**	**376**	**1**	**99.7%**	**392**	**388**
Households	377	-	-	377	376	1	99.7%	392	388
Total	**78,719**	**-**	**-**	**78,719**	**75,651**	**3,068**	**96.1%**	**77,752**	**75,243**

Detail Per Programme 3 – Asset and Liabilities Management for the year ended 31 March 2024

PROGRAMME 3: ASSET AND LIABILITIES MANAGEMENT									
	2023/24							2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
Sub programme	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
3.1 Asset Management	27,213	-	73	27,286	26,713	573	97.9%	26,214	26,028
Total for sub programmes	**27,213**	**-**	**73**	**27,286**	**26,713**	**573**	**97.9%**	**26,214**	**26,028**
Economic classification									
Current payments	**26,464**	**(45)**	**73**	**26,492**	**26,294**	**198**	**99.3%**	**25,762**	**25,595**
Compensation of employees	24,913	(45)	-	24,868	24,793	75	99.7%	23,432	23,426
Goods and services	1,551	-	73	1,624	1,501	123	92.4%	2,330	2,169
Transfers and subsidies	**749**	**45**	**-**	**794**	**419**	**375**	**52.8%**	**452**	**433**
Households	749	45	-	794	419	375	52.8%	452	433
Total	**27,213**	**-**	**73**	**27,286**	**26,713**	**573**	**97.9%**	**26,214**	**26,028**

Detail Per Programme 4 – Financial Governance for the year ended 31 March 2024

PROGRAMME 4: FINANCIAL GOVERNANCE									
	2023/24							2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
Sub programmes	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
4.1 Programme Support	14,336	(274)	-	14,062	13,271	791	94.4%	12,335	9,973
4.2 Accounting Services	14,338	-	-	14,338	13,834	504	96.5%	13,552	13,215
4.3 Norms and Standards	5,986	274	-	6,260	6,229	31	99.5%	6,190	6,108
4.4 Risk Management	5,039	-	-	5,039	4,589	450	91.1%	4,711	4,098
4.5 Provincial Internal Audit	23,018	-	-	23,018	15,922	7,096	69.2%	21,418	15,216
4.6 Supporting &Interlinked Financial Systems	25,957	-	-	25,957	25,232	725	97.2%	24,941	24,558
Total for sub programmes	**88,674**	**-**	**-**	**88,674**	**79,077**	**9,597**	**89.2%**	**83,147**	**73,168**
Economic classification									
Current payments	**88,514**	**(28)**	**-**	**88,486**	**78,890**	**9,596**	**89.2%**	**82,754**	**72,120**
Compensation of employees	70,922	(33)	-	70,889	69,405	1,484	97.9%	66,671	63,329
Goods and services	17,592	5	-	17,597	9,485	8,112	53.9%	16,083	8,791
Transfers and subsidies	**160**	**28**	**-**	**188**	**187**	**1**	**99.5%**	**393**	**391**
Households	160	28	-	188	187	1	99.5%	393	391
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**657**
Total	**88,674**	**-**	**-**	**88,674**	**79,077**	**9,597**	**89.2%**	**83,147**	**73,168**

Detail Per Programme 5- Municipal Financial Governance for the year ended 31 March 2024

PROGRAMME 5: MUNICIPAL FINANCIAL GOVERNANCE									
	2023/24							2022/23	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual Expenditure
Sub programmes	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
5.1 Programme Support	12,903	354	-	13,257	13,246	11	99.9%	15,979	14,214
5.2 Municipal Budget & Institutional Governance	19,828	(305)	-	19,523	19,498	25	99.9%	19,506	18,817
5.3 Municipal Accounting & Reporting	18,203	(49)	-	18,154	18,139	15	99.9%	17,741	17,250
Total for sub programmes	**50,934**	**-**	**-**	**50,934**	**50,883**	**51**	**99.9%**	**53,226**	**50,281**
Economic classification									
Current payments	**50,840**	**(195)**	**-**	**50,645**	**50,596**	**49**	**99.9%**	**51,860**	**48,918**
Compensation of employees	49,018	(487)	-	48,531	48,504	27	99.9%	49,246	47,016
Goods and services	1,822	292	-	2,114	2,092	22	99.0%	2,614	1,902
Transfers and subsidies	**94**	**195**	**-**	**289**	**287**	**2**	**99.3%**	**1,366**	**1,363**
Households	94	195	-	289	287	2	99.3%	1,366	1,363
Total	**50,934**	**-**	**-**	**50,934**	**50,883**	**51**	**99.9%**	**53,226**	**50,281**

6.2.2. 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) 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 Budget**	**Actual Expenditure**	**Variance**	**Variance as a % of Final Budget**
	R'000	**R'000**	**R'000**	**%**
(I) Administration	183,833	166,660	17,173	9.3%
(II) Sustainable Resource Management	78,719	75,651	3,068	3.9%
(III) Asset and Liabilities Management	27,286	26,713	573	2.1%
(IV) Financial Governance	88,674	79,077	9,597	10.8%
(V) Municipal Financial Governance	50,934	50,883	51	0.1%
Total	**429,446**	**398,984**	**30,462**	**7.1%**

4.2 Per economic classification	**Final Budget**	**Actual Expenditure**	**Variance**	**Variance as a % of Final Budget**
	R'000	**R'000**	**R'000**	**%**
Current Payments	**407,893**	**388,406**	**19,487**	**4.8%**
Compensation of employees	330,570	327,850	2,720	0.8%
Goods and services	77,323	60,556	16,767	21.7%
Transfers & Subsidies	**4,064**	**3,341**	**723**	**17.8%**
Departmental agencies & accounts	1,045	856	189	18.1%
Households	3,019	2,485	534	17.7%
Payment for Capital Assets	**17,489**	**7,228**	**10,261**	**58.7%**
Machinery & equipment	17,489	7,228	10,261	58.7%
Payment for Financial Assets	**-**	**9**	**(9)**	**0.0%**
Theft and Losses	-	9	(9)	0.0%
Total	**429,446**	**398,984**	**30,462**	**7.1%**

(I) Programme 1: Administration – R17.173 million

Compensation of Employees

Variance: R0.159 million.

Savings in CoE due to staff attrition.

Goods and Services

Variance: R6.418 million

The variance mainly pertains to:

- Minor Assets - Delays encountered in the SITA procurement process for the replacement of network cabling and components. A request for a rollover of funds will be made.
- Training and Development - Trainings that could not be undertaken as planned due to delays encountered with the advertising and selection of accredited service providers.
- Travel and Subsistence – Savings pertains to meetings that were cancelled due to unforeseen circumstances as well as meetings held virtually.
- Consultancy Fees – Receipt of the final invoice for the Rationalisation of Public Entities project after the last payment disbursement run date for March 2024.
- Consumables - Partial delivery of mobile communication accessories due to stock shortages.
- Contractors – Unspent funds due to delays encountered in the SITA procurement process for extension of support and maintenance to computer server infrastructure.
- Bursaries - Savings due to late issuing of student results by universities, thereby delaying the bursary award process.

Transfers and Subsidies

Variance: R0.344 million.

Savings mainly due to invoice processed for skills development levies being lower than anticipated.

Payment of Capital Assets

Variance: R10.261 million

Unspent funds mainly due to delays encountered in the SITA procurement process for acquiring Local Area Network equipment. A request for a rollover of funds will be made.

Payment for Financial Assets

Variance: (R0.009 million)

The write-off is in respect of fruitless and wasteful expenditure incurred due to late cancellation and 'no-show' of booked accommodation and air transport.

(II) Programme 2: Sustainable Resource Management – R3.068 million.

Compensation of Employees

Variance: R0.975 million.

Savings in CoE due to staff attrition.

Goods and Services

Variance: R2.092 million.

The variance mainly pertains to:

- Consultancy Fees - Payment could not be processed due to non-submission of the necessary information and reports by the Provincial Infrastructure Support project service provider.
- Travel and Subsistence - Savings due to foreign travel and site visits that did not take place due to unforeseen circumstances as well as engagements held virtually.

Transfers and Subsidies

Variance: R0.001 million.

The variance pertains to leave gratuity payments and is immaterial.

(III) Programme 3: Asset and Liability Management – R0.573 million

Compensation of Employees

Variance: R0.075 million

Savings in CoE due to staff attrition.

Goods and Services

Variance: R0.123 million.

Savings in travel and subsistence mainly pertains to meetings cancelled due to unforeseen circumstances.

Transfers and Subsidies

Variance: R0.375 million.

The variance pertains to leave gratuity payments which were not fully utilised.

(IV) Programme 4: Financial Governance - R 9.597 million.

Compensation of Employees

Variance: R1.484 million.

Savings in CoE due to staff attrition.

Goods and Services

Variance: R 8.112 million.

The variance mainly pertains to:

- Audit Costs – The nature of forensic investigations are influenced by uncertainties stemming from factors such as limitations on the scope of investigations, situations where further investigation is not feasible and delays in the execution of investigations due to difficulties in obtaining documents or lack of co-operation from stakeholders.
- Training and Development – Savings pertaining to provincial training that could not be undertaken due to unforeseen circumstances and invoice processed being lower than anticipated.
- Computer Services – Savings due to invoice processed for BAS licences being lower than anticipated.

Transfers and Subsidies

Variance: R0.001 million.

The variance pertains to leave gratuity payments and is immaterial.

(V) Programme 5: Municipal Financial Governance – R0.051 million.

Compensation of Employees

Variance: R0.027 million.

Savings in CoE due to staff attrition.

Goods and Services

Variance: R0.022 million.

The variance pertains to travel and subsistence and is immaterial.

Transfers and Subsidies

Variance: R0.002 million.

The variance pertains to leave gratuity payments and is immaterial.

6.2.3. Statement of Financial Performance

	Note	2023/24 R'000	2022/23 R'000
REVENUE			
Annual appropriation	1	429,446	416,828
Departmental revenue	2	740,403	444,217
TOTAL REVENUE		**1,169,849**	**861,045**
EXPENDITURE			
Current expenditure			
Compensation of employees	3	327,850	316,439
Goods and services	4	60,556	60,913
Total current expenditure		**388,406**	**377,352**
Transfers and subsidies			
Transfers and subsidies	6	3,341	4,930
Total transfers and subsidies		**3,341**	**4,930**
Expenditure for capital assets			
Tangible assets	7	7,228	7,056
Total expenditure for capital assets		**7,228**	**7,056**
Payments for financial assets	5	**9**	**657**
TOTAL EXPENDITURE		**398,984**	**389,995**
SURPLUS FOR THE YEAR		**770,865**	**471,050**
Reconciliation of Net Surplus for the year			
Voted funds		30,462	26,833
Annual appropriation		30,462	26,833
Departmental revenue	11	740,403	444,217
SURPLUS FOR THE YEAR		**770,865**	**471,050**

6.2.4. Statement of Financial Position

	Note	2023/24 R'000	2022/23 R'000
ASSETS			
Current assets		**30,260**	**26,772**
Cash and cash equivalents	8	30,149	26,644
Receivables	9	111	128
Non-Current assets		**638**	**445**
Receivables	9	638	445
TOTAL ASSETS		**30,898**	**27,217**
LIABILITIES			
Current liabilities		**30,660**	**26,965**
Voted funds to be surrendered to the Revenue Fund	10	30,462	26,833
Departmental revenue to be surrendered to the Revenue Fund	11	29	49
Payables	12	169	83
TOTAL LIABILITIES		**30,660**	**26,965**
NET ASSETS		**238**	**252**
Represented by:			
Recoverable revenue		238	252
TOTAL		**238**	**252**

6.2.5. Statement of Changes in Net Assets

NET ASSETS	Note	2023/24	2022/23
		R'000	R'000
Recoverable revenue			
Opening balance		252	228
Transfers:		(14)	24
Debts recovered (included in departmental receipts)		(42)	(100)
Debts raised		28	124
Closing balance		**238**	**252**
TOTAL		**238**	**252**

6.2.6. Cash Flow Statement

	Note	2023/24	2022/23
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**1,302,443**	**987,930**
Annual appropriation funds received	1.1	429,446	416,828
Departmental revenue received	2	321	363
Interest received	2.2	872,676	570,739
Net (increase)/ decrease in working capital		103	196
Surrendered to Revenue Fund		(899,850)	(575,704)
Current payments		(388,406)	(377,352)
Payments for financial assets		(9)	(657)
Transfers and subsidies paid		(3,341)	(4,930)
Net cash flow available from operating activities	13	**10,940**	**29,483**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(7,228)	(7,056)
(Increase)/ decrease in non-current receivables		(193)	(23)
Net cash flows from investing activities		**(7,421)**	**(7,079)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(Decrease) in net assets		(14)	24
Net cash flows from financing activities		**(14)**	**24**
Net increase/(decrease) in cash and cash equivalents		3,505	22,428
Cash and cash equivalents at beginning of period		26,644	4,216
Cash and cash equivalents at end of period	14	**30,149**	**26,644**

6.2.7. Notes to the Annual Financial Statements

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. Appropriation funds is measured at the cash amount received.

	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. Departmental revenue is measured at the cash amount received. In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value. 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. Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.
8.3	**Accruals and payables not recognised** Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value 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 means expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of. • Fruitless and wasteful expenditure that was under assessment in the previous financial year; • Fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • Fruitless and wasteful expenditure incurred in the current year.
17	**Irregular expenditure** Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation. Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and includes: For the current financial year - • Amounts incurred and confirmed in that financial year; • Payments made as it relates to multi-year contracts (if not condoned yet). For the previous financial year - • Amounts confirmed in that financial year; • Amounts that were under assessment in that financial year and confirmed in the current financial year; • Amounts that were not identified in the previous year and are identified and confirmed in the current financial year.
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 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 recorded in the Employee benefits note. Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date. The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

6.2.8. 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:

	2023/24			2022/23		
Programmes	**Final Budget**	**Actual Funds Received**	**Funds not requested /not received**	**Final Budget**	**Appropriation Received**	**Funds not requested/not received**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	
Administration	183,833	183,833	-	176,489	176,489	-
Sustainable Resource Management	78,719	78,719	-	77,752	77,752	-
Asset and Liabilities Management	27,286	27,286	-	26,214	26,214	-
Financial Governance	88,674	88,674	-	83,147	83,147	-
Municipal Financial Governance	50,934	50,934	-	53,226	53,226	-
Total	**429,446**	**429,446**	**-**	**416,828**	**416,828**	**-**

2. Departmental revenue

	Note	2023/24 R'000	2022/23 R'000
Sales of goods and services other than capital assets	2.1	201	206
Interest, dividends and rent on land	2.2	872,676	570,739
Transactions in financial assets and liabilities	2.3	120	157
Total revenue collected		**872,997**	**571,102**
Less: Own revenue included in appropriation	13	(132,594)	(126,885)
Departmental revenue collected		**740,403**	**444,217**

The significant increase in revenue compared to the prior year mainly pertains to increases in interest rates announced by the Reserve Bank which positively affected interest income on bank balances.

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department		201	206
Other sales		201	206
Total	2	**201**	**206**

2.2 Interest, dividends and rent on land

Interest		872,676	570,739
Total	2	**872,676**	**570,739**

2.3 Transactions in financial assets and liabilities

	Note	2023/24 R'000	2022/23 R'000
Other Receipts including Recoverable Revenue		120	157
Total	2	**120**	**157**

2.4 Transfers received

2.4.1 Gifts, donations and sponsorships received in-kind (*not included in the main note or sub note*)

Gifts		2	-
Sponsorships		175	111
Total gifts, donations and sponsorships received in kind	Annex 2	**177**	**111**

3. Compensation of employees

3.1 Salaries and Wages

Basic salary	234,885	219,931
Service Based	105	144
Compensative/circumstantial	636	696
Other non-pensionable allowances	53,235	58,261
Total	**288,861**	**279,032**

3.2 Social contributions

Employer contributions		
Pension	29,287	27,839
Medical	9,653	9,521
Bargaining council	49	47
Total	**38,989**	**37,407**
Total compensation of employees	**327,850**	**316,439**
Average number of employees	**447**	**446**

4. Goods and services

	Note	**2023/24**	**2022/23**
		R'000	**R'000**
Administrative fees		157	284
Advertising		1,438	817
Minor assets	*4.1*	147	201
Bursaries (employees)		633	512
Catering		1,326	1,408
Communication		2,090	1,316
Computer services	*4.2*	3,452	10,037
Consultants: Business and advisory services		7,594	6,199
Legal services		3,490	4,126
Contractors		1,036	350
Entertainment		73	58
Audit cost – external	*4.3*	11,754	11,999
Fleet services		1,002	894
Consumables	*4.4*	3,249	1,483
Operating leases		1,849	738

Property payments	4.5	7,607	7,234
Travel and subsistence	4.6	5,932	4,723
Venues and facilities		295	225
Training and development		4,559	5,569
Other operating expenditure	4.7	2,873	2,740
Total		**60,556**	**60,913**

The increase in Advertising is due to marketing of the main and adjustment budgets as well as recruitment adverts. The increase in Communication is due to live broadcasting of the main and adjustment budgets. The increase in Contractors is due to once-off repairs and maintenance of office furniture. The increase in Operating Leases pertains to higher usage of photocopiers due to the easing of lockdown restrictions. The decrease in Training and Development is due to a reduction in the number of trainings conducted.

4.1 Minor assets

Tangible assets		**147**	**201**
Machinery and equipment		147	201
Total	4	**147**	**201**

The difference of R63,886.67 in Minor Assets between the general ledger and note compared to the asset register in 2023/24 financial year is due to assets that are not included in the asset register as per the Departmental Asset Management Policy.

4.2 Computer services

	Note	2023/24 R'000	2022/23 R'000
SITA computer services		927	942
External computer service providers		2,525	9,095
Total	4	**3,452**	**10,037**

The decrease in Computer Services is due to centralisation of the payment of Microsoft software licences in the Office of the Premier.

4.3 Audit cost – External

Regularity audits		5,752	6,496
Investigations		4,331	3,912
Computer Audits		1,671	1,591
Total	4	**11,754**	**11,999**

The decrease in Regulatory Audit costs is due to invoices processed in the current year being lower than the invoices processed in the prior year.

4.4 Consumables

Consumable supplies		1,129	310
Uniform and clothing		100	2
Household supplies		749	204
Communication accessories		215	-
IT consumables		65	30
Other consumables		-	74
Stationery, printing and office supplies		2,120	1,173
Total	*4*	**3,249**	**1,483**

The increase in Consumables is due to a reduction in lockdown restrictions imposed as well as once-off purchases of mobile communication accessories and office furnishings.

4.5 Property payments

Property maintenance and repairs		4,384	4,736
Other		3,223	2,498
Total	*4*	**7,607**	**7,234**

The increase in Property Payments is due to the initiation of a new contract for security services.

4.6 Travel and subsistence

	Note	**2023/24**	**2022/23**
		R'000	**R'000**
Local		5,848	4,478
Foreign		84	245
Total	*4*	**5,932**	**4,723**

The increase in Travel and Subsistence is due to easing of lockdown restrictions.

4.7 Other operating expenditure

Professional bodies, membership and subscription fees		247	172
Resettlement costs		645	730
Other		1,981	1,838
Total	*4*	**2,873**	**2,740**

The amount reflected under 'Other' pertains to printing and publications. The rise in Operating Expenditure is due to an increase in the volume of strategic documents printed.

5. Payments for financial assets

Debts written off		9	657
Total	*5.1*	**9**	**657**

5.1 Debts written off

Other Debts written off			
Debt written off		9	657
Total		**9**	**657**
Total debt written off	*5*	**9**	**657**

The write-off is in respect of fruitless and wasteful expenditure incurred due to late cancellation and 'no-show' of booked accommodation and air transport.

6. Transfers and subsidies

	Note	**2023/24**	**2022/23**
		R'000	**R'000**
Departmental agencies and accounts	*Annex 1A*	856	859
Households	*Annex 1B*	2,485	4,071
Total		**3,341**	**4,930**

The decrease in Households is due to the number of employees leaving the department.

6.1 Gifts, donations and sponsorships made in kind (*not included in the main note)*

	Annex 3		
Sponsorships		11	-
Total		**11**	**-**

7. Expenditure for capital assets

Tangible assets		**7,228**	**7,056**
Machinery and equipment		7,228	7,056
Total	*25*	**7,228**	**7,056**

7.1 Analysis of funds utilised to acquire capital assets – 2023/24

	Voted Funds	**Total**
	R'000	**R'000**
Tangible assets	**7,228**	**7,228**
Machinery and equipment	7,228	7,228
Total	**7,228**	**7,228**

7.2 Analysis of funds utilised to acquire capital assets – 2022/23

	Voted Funds	**Total**
	R'000	**R'000**

Tangible assets	**7,056**	**7,056**
Machinery and equipment	7,056	7,056
Total	**7,056**	**7,056**

7.3 Finance lease expenditure included in Expenditure for Capital Assets

	2023/24 R'000	2022/23 R'000
Tangible capital assets		
Machinery and equipment	3,738	3,527
Total	**3,738**	**3,527**

8. Cash and cash equivalents

Consolidated Paymaster General Account	30,144	26,639
Cash on hand	5	
Total	**30,149**	**26,64**

The increase in Cash and Cash Equivalents is due to higher unspent funds in the current year compared to the prior year.

9. Receivables

		2023/24			2022/23		
		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*	98	-	98	83	-	83
Staff debt	*9.2*	13	638	651	45	445	490
Total		**111**	**638**	**749**	**128**	**445**	**573**

The increase in Non-current Receivables in the current year is due to bursary debts.

9.1 Claims recoverable

	Note	2023/24 R'000	2022/23 R'000
National departments		-	29
Provincial departments		98	54
Total	*9 & Annex 5*	**98**	**83**

9.2 Staff debt

Debt Account		651	490
Total	*9*	**651**	**490**

10. Voted funds to be surrendered to the Revenue Fund

	Note	2023/24 R'000	2022/23 R'000
Opening balance		26,833	4,624
Transfer from Statement of Financial Performance		30,462	26,833
Paid during the year		(26,833)	(4,624)
Closing balance		**30,462**	**26,833**

11. Departmental revenue to be surrendered to the Revenue Fund

Opening balance	49	27
Transfer from Statement of Financial Performance	740,403	444,217
Own revenue included in appropriation	132,594	126,885
Paid during the year	(873,017)	(571,080)
Closing balance	**29**	**49**

12. Payables – current

Amount owing to other entities	*Annex 6*	1	-
Advances received	*Annex 7*	167	-
Clearing accounts	*12.2*	1	83
Total		**169**	**83**

The increase in Payables in the current year is due to advances received from FASSET in respect of a learnership programme.

12.1 Advances received

Other institutions		167	-
Total	*12*	**167**	**-**

12.2 Clearing accounts

Sal: Income Tax		1	3
Payables: Adv : P/Dept:EC Adv Acc:CL		-	80
Total	*12*	**1**	**83**

13. Net cash flow available from operating activities

	2023/24 R'000	2022/23 R'000
Net surplus as per Statement of Financial Performance	770,865	471,050
Add back non-cash/cash movements not deemed operating activities	(759,925)	(441,567)
(Increase)/decrease in receivables	17	673
Increase/ (decrease) in payables – current	86	(477)
Expenditure on capital assets	7,228	7,056
Surrenders to Revenue Fund	(899,850)	(575,704)
Own revenue included in appropriation	132,594	126,885
Net cash flow generated by operating activities	**10,940**	**29,483**

The significant increase in Surrenders to Revenue Fund in the current year is due to higher interest collected compared to the prior year, emanating from increases in interest rates announced by the Reserve Bank.

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

	Note	2023/24 R'000	2022/23 R'000
Consolidated Paymaster General account		30,144	26,639
Cash on hand		5	5
Total		**30,149**	**26,644**

15. Contingent liabilities and contingent assets

15.1 Contingent liabilities

Liable to	Nature			
Claims against the department		800		-
Total	*Annex 4*	**800**		-

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

Machinery and Equipment	156		-
Total	**156**		-

17. Accruals and payables not recognised

17.1 Accruals

			2023/24 R'000	2022/23 R'000
Listed by economic classification				
	30 Days	**30+ Days**	**Total**	**Total**
Compensation of Employees	27	-	27	-
Goods and services	1,934	473	2,407	5,186
Transfers and subsidies	297	-	297	235
Total	**2,258**	**473**	**2,731**	**5,421**
Listed by programme level				
Administration			2,528	5,305
Sustainable Resource Management			127	37
Assets and Liabilities Management			3	-
Financial Governance			62	11
Municipal Financial Governance			11	68
Total			**2,731**	**5,421**

Material accruals mainly constitute of Bursaries, Audit Fees, Cleaning and Security services and Leave Gratuities.

17.2 Payables not recognised

			2023/24 R'000	2022/23 R'000
Listed by economic classification				
	30 Days	**30+ Days**	**Total**	**Total**
Goods and Services	3	13	16	-
Total	**3**	**13**	**16**	**-**
Listed by programme level				
Administration			9	-
Sustainable Resource Management			3	-
Municipal Financial Governance			4	-
Total			**16**	**-**

	Note	2023/24	2022/23
Included in the above totals are the following:		**R'000**	**R'000**
Confirmed balances with other departments		1	80
Total	*Annex 6*	**1**	**80**

18. Employee benefits

	2023/24 R'000	2022/23 R'000
Leave entitlement	16,222	14,464
Service bonus	9,016	8,309
Performance awards	4,433	4,533
Capped leave	9,644	10,008
Other	330	422
Total	**39,645**	**37,736**

1. *The amount reflected under 'Other' comprises of 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.*
2. *Leave entitlement includes an amount of R283,221.03 for 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.*
3. *The increase in Employee Benefits is mainly due to employees not utilising their vacation leave days.*

19. Lease commitments

19.1 Operating leases expenditure

2023/24	Machinery and Equipment R'000	Total R'000
Not later than 1 year	1,642	1,642
Later than 1 year and not later than 5 years	1,070	1,070
Total lease commitments	**2,712**	**2,712**

2022/23	Machinery and Equipment R'000	Total R'000
Not later than 1 year	1,551	1,551
Later than 1 year and not later than 5 years	2,586	2,586
Total lease commitments	**4,137**	**4,137**

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 RT3-2022 lease agreement for office equipment commencing from 01 December 2022. Included in the figure above is R66,018.00 which pertains to the expiry of two motor vehicle finance leases.

19.2 Finance leases expenditure

2023/24	Machinery and Equipment R'000	Total R'000
Not later than 1 year	3,722	3,722
Later than 1 year and not later than 5 years	4,337	4,337
Total lease commitments	**8,059**	**8,059**

2022/23	Machinery and Equipment R'000	Total R'000
Not later than 1 year	3,603	3,603
Later than 1 year and not later than 5 years	5,846	5,846
Total lease commitments	**9,449**	**9,449**

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. The figures above also include cellular phone and data lease commitments. The Department is participating in the RT15 of 2021 transversal contract for mobile communication solutions and it includes all eligible ECPT employees as per the policy.

20. Accrued departmental revenue

	Note	2023/24 R'000	2022/23 R'000
Interest, dividends and rent on land		8,728	9,601
Total		**8,728**	**9,601**

20.1 Analysis of accrued departmental revenue

Opening balance	9,601	2,681
Less: amounts received	(9,601)	(2,681)
Add: amounts recorded	8,728	9,601
Closing balance	**8,728**	**9,601**

21. Unauthorised, Irregular and Fruitless and wasteful expenditure

Irregular expenditure - current year	224	199
Fruitless and wasteful expenditure - current year	1	1
Total	**225**	**200**

Information on any criminal or disciplinary steps taken as a result of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure is included in the annual report under the PFMA Compliance Report.

22. 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.*

23. Key management personnel

	2023/24 R'000	2022/23 R'000
Political office bearers	2,156	2,093
Officials:		
Level 15 and 16	7,874	8,460
Level 14	19,938	19,387
Total	**29,968**	**29,940**

24. Non-adjusting events after reporting date

No events after the reporting date were identified by management that would affect the operations of the Department or the results of those operations significantly.

25. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	Opening balance	Value adjustment	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
MACHINERY AND EQUIPMENT	**62,439**	**-**	**3,491**	**379**	**65,551**
Computer equipment	39,959	-	3,096	379	42,676
Furniture and office equipment	9,547	-	149	-	9,696
Other machinery and equipment	12,933	-	246	-	13,179
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**62,439**	**-**	**3,491**	**379**	**65,551**

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 RT15 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	3	56

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 the submitted to the Head of Department for approval.

25.1 Movement for 2022/23

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance	**Prior Period Error**	**Additions**	**Disposals**	**Closing Balance**
	R'000		**R'000**	**R'000**	**R'000**
MACHINERY AND EQUIPMENT	**59,195**	**-**	**3,529**	**285**	**62,439**
Computer equipment	36,883	-	3,206	130	39,959
Furniture and office equipment	9,394	-	303	150	9,547
Other machinery and equipment	12,918	-	20	5	12,933
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**59,195**	**-**	**3,529**	**285**	**62,439**

25.2 Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	Machinery and equipment	**Total**
	R'000	**R'000**
Opening balance	9,321	9,321
Additions	83	83
Disposals	(1)	(1)
Total Minor Assets	**9,403**	**9,403**

	Machinery and equipment	**Total**

Number of R1 minor assets	7	7
Number of minor assets at cost	4,892	4,892
TOTAL NUMBER OF MINOR ASSETS	**4,899**	**4,899**

The difference of R63,886.67 in Minor Assets between the general ledger and note compared to the asset register in 2023/24 financial year is due to assets that are not included in the asset register as per the Departmental Asset Management Policy.

25.3 Movement for 2022/23

MOVEMENT IN MINOR ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Machinery and equipment R'000	Total R'000
Opening balance	9,498	9,498
Additions	139	139
Disposals	(316)	(316)
Total Minor Assets	**9,321**	**9,321**

	Machinery and equipment	Total
Number of R1 minor assets	7	7
Number of minor assets at cost	4,845	4,845
TOTAL NUMBER OF MINOR ASSETS	**4,852**	**4,852**

25.4 Movable tangible assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2024

	Machinery and equipment R'000	Total R'000
Assets written off	380	380
TOTAL MOVABLE ASSETS WRITTEN OFF	**380**	**380**

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2023

	Machinery and equipment R'000	Total R'000
Assets written off	106	106
TOTAL MOVABLE ASSETS WRITTEN OFF	**106**	**106**

26. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

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

26.1 Movement for 2022/23

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

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

27. 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.

28. COVID-19 Response Expenditure

	Note	2023/24	2022/23
		R'000	R'000
Goods and services		-	18
Total	*Annex 8*	**-**	**18**

6.2.9. UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

ANNEXURE 1A

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	2023/24					2022/23	
	TRANSFER ALLOCATION			TRANSFER			
DEPARTMENTAL AGENCY/ ACCOUNT	Adjusted Budget	Adjustments	Total Available	Actual Transfer	% of available funds transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	%	R'000	R'000
South African Broadcasting Corporation (SABC)	1	-	1	1	100.0%	1	1
Finance and Accounting Services Sector Education and Training Authority (FASSET)	1,102	(58)	1,044	855	81.9%	1,102	858
Total	**1,103**	**(58)**	**1,045**	**856**		**1,103**	**859**

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

	2023/24						2022/23	
	TRANSFER ALLOCATION				EXPENDITURE			
HOUSEHOLDS	Adjusted Budget	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Budget	Actual Transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Leave Gratuity	1,995	-	387	2,382	2,000	84.0%	4,396	3,869
Bursaries to Non-Employees	617	-	20	637	485	76.1%	204	202
Total	**2,612**	**-**	**407**	**3,019**	**2,485**		**4,600**	**4,071**

ANNEXURE 2
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2023/24 R'000	2022/23 R'000
Received in kind			
Gifts			
ABSA	Wine set from Boschendal Wine Estate	2	-
Total gifts		**2**	**-**
Sponsorships			
ABSA	Sponsor for Budget Day media lockup lunch	-	4
ABSA	Sponsor for Budget Day media lockup water	-	3
ABSA	Food parcels for Mandela Day at Blue Crane Municipality	-	97
Konica Minolta	Sponsor for two Pantum printers	-	7
ABSA	Sponsor of Shoes for identified learners of Zwelandile SSS in Cofimvaba	11	-
ABSA	Sponsor of catering- breakfast and finger lunch for budget day	164	-
Total sponsorships		**175**	**111**
Subtotal – received in kind		**177**	**111**
TOTAL GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED		**177**	**111**

ANNEXURE 3
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

Nature of gift, donation or sponsorship	2023/24	2022/23
	R'000	R'000
Made in kind		
Sponsorships		
Sponsor for Shoes for identified learners of Zwelandile SSS in Cofimvaba	11	-
Total sponsorships	**11**	**-**
TOTAL GIFTS, DONATIONS AND SPONSORSHIPS MADE IN KIND	**11**	**-**

ANNEXURE 4
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2024

Nature of Liability	Opening Balance 1 April 2023	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable	Closing Balance 31 March 2024
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Litigation	-	800	-	-	800
TOTAL	**-**	**800**	**-**	**-**	**800**

ANNEXURE 5
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2023/24*	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	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: Economic Development	-	40	-	-	-	40		-
EC: Office of the Premier	-	2	-	-	-	2		-
EC: Public Works	-	5	-	-	-	5		-
EC: Transport	3	7	-	-	3	7		-
National Treasury	-	-	-	18	-	18		-
National Dept of Water and Sanitation	-	-	-	7	-	7		-
National Dept of Public Works	-	-	-	4	-	4		-
EC: Education	94	-	-	-	94	-		
EC: Human Settlement	1	-	-	-	1	-		-
Subtotal	**98**	**54**	**-**	**29**	**98**	**83**		**-**
TOTAL	**98**	**54**	**-**	**29**	**98**	**83**		**-**

ANNEXURE 6
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2023/24*	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023	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: Health	1	-	-	-	1	-		-
National Treasury	-	50	-	-	-	50		-
South African Police Services	-	30	-	-	-	30		-
Subtotal	**1**	**80**	**-**	**-**	**1**	**80**		**-**
TOTAL	**1**	**80**	**-**	**-**	**1**	**80**		**-**

ANNEXURE 7
INTER-ENTITY ADVANCES RECEIVED

	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2024	31/03/2023	31/03/2024	31/03/2023	31/03/2024	31/03/2023
ENTITY	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
OTHER INSTITUTIONS						
Current						
FASSET	167	-	-	-	167	-
Subtotal	**167**	**-**	**-**	**-**	**167**	**-**
TOTAL CURRENT	**167**	**-**	**-**	**-**	**167**	**-**

The amount pertains to advances received from FASSET in respect of a learnership programme.

ANNEXURE 8

COVID-19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	2023/24					2022/23
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Goods and services	**-**	**-**	**-**	**-**	**-**	**18**
Consumables	-	-	-	-	-	18
TOTAL COVID-19 RESPONSE EXPENDITURE	**-**	**-**	**-**	**-**	**-**	**18**