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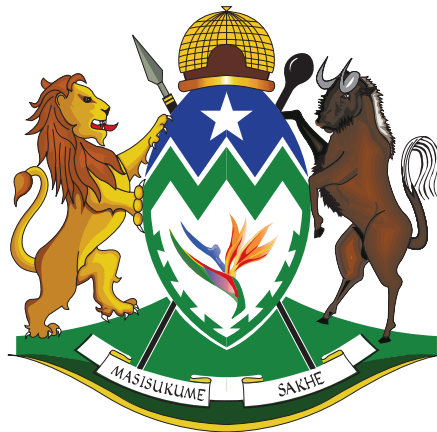
Department:  
Office Of The Premier  
PROVINCE OF KWAZULU-NATAL

# Annual Report

2017/18



"LEADING WITH INTEGRITY TOWARDS GROWING AN INCLUSIVE ECONOMY, FOR INTEGRATED, TARGETED AND EFFECTIVE SERVICE DELIVERY TO IMPROVE QUALITY OF LIFE,"



**PROVINCE OF KWAZULU-NATAL**  
**VOTE 01**  
**OFFICE OF THE PREMIER**  
**ANNUAL REPORT**  
**2017/2018 FINANCIAL YEAR**



## Contents

<b>PART A: GENERAL INFORMATION</b>	<b>5</b>
1. DEPARTMENT GENERAL INFORMATION	6
2. LIST OF ABBREVIATIONS/ACRONYMS	7
3. FOREWORD BY THE PREMIER	8
4. REPORT OF THE ACCOUNTING OFFICER	10
5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	20
6. STRATEGIC OVERVIEW	21
7.1. Vision	21
7.2. Mission	21
7.3. Values	21
7. LEGISLATIVE AND OTHER MANDATES	22
8. ORGANISATIONAL STRUCTURE	27
 <b>PART B: PERFORMANCE INFORMATION</b>	 <b>28</b>
1. SERVICE DELIVERY IMPROVEMENT PLAN	29
2. ORGANISATIONAL ENVIRONMENT	29
3. STRATEGIC OUTCOME ORIENTATED GOALS	39
4. PERFORMANCE INFORMATION BY PROGRAMME	41
4.1. Programme 1: Administration	41
4.2. Programme 2: Industrial Management	44
4.3. Programme 3: Policy and Governance	51
5. TRANSFER PAYMENTS	59
5.1. Transfer payment to public entities	59
6. DONOR FUNDS	60
6.1 Donor Funds Received	60
7. CAPITAL INVESTMENT	61
7.1. Capital investment, maintenance and asset management plan	61



**PART C: GOVERNANCE .....62**

1.	INTRODUCTION.....	63
2.	RISK MANAGEMENT .....	64
3.	SCOPA RESOLUTIONS .....	65
4.	PRIOR MODIFICATIONS TO AUDIT REPORTS .....	71
5.	INTERNAL CONTROL UNIT .....	73
6.	AUDIT COMMITTEE REPORT .....	74

**PART D: HUMAN RESOURCE MANAGEMENT .....78**

**PART E: FINANCIAL INFORMATION ..... 114**

1.	REPORT OF THE AUDITOR GENERAL .....	115
2.	ANNUAL FINANCIAL STATEMENTS.....	121



# **PART A:**

## **GENERAL INFORMATION**



## 1. DEPARTMENT GENERAL INFORMATION

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## 2. LIST OF ABBREVIATIONS/ACRONYMS

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



### 3. FOREWORD BY THE PREMIER



***“ A prosperous Province, with a healthy,  
secure and skilled population, living in  
dignity and harmony, and acting as a  
gateway to Africa and the World ”***

**MR WILLIES MCHUNU**

PREMIER - KWAZULU-NATAL, OFFICE OF THE PREMIER

As a province we are firm in our commitment to realise the vision of the National Development Plan (NDP) and the 14 Outcomes of the Medium Term Strategic Framework (MTSF). In this regard we have developed and adopted the Provincial Growth and Development Plan (PGDP) to ensure the realisation of all our development objectives.

We are thus firmly on track to deliver our own Vision 2035 in terms of which KwaZulu Natal will in just over 15 years become “A prosperous Province, with a healthy, secure and skilled population, living in dignity and harmony, and acting as a gateway to Africa and the World”. In spite of the slow economic growth over the past financial year, we look forward to better prospects which emanate from green shoots in the economic horizon. Within our reach is our target of 3% growth by 2020 which will be marked improvement on the current number of 1%.

Our key objective is to grow jobs in order to alleviate the plight of some 2.536 million unemployed, building on the 100 000 created over this financial year. Among a battery of interventions is the mainstreaming of Radical Economic Transformation as a step change towards deracialising our economy and implementing inclusive growth. In 2018, the year of Nelson Mandela and Albertina Sisulu we will embark on the Radical Economic Transformation Programme. We will focus on Operation Vula incorporating Radical Agrarian Socio-Economic Transformation (RASET) and the Black Industrialist Programmes.

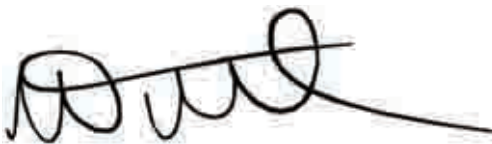


The manufacturing and tourism sectors are key sectors that will help create new employment opportunities through local beneficiation and the export of value added products. These are just two sectors that are earmarked to drive our productivity and growth and boost much needed jobs. We remain buoyed by the prospects of a shared economy while we build much-needed infrastructure that will be the basis of our competitive advantage in the Blue- and Green Economies. The potential impact of these sectors is beyond imagination and if properly managed, will propel our province to higher economic echelons in the near future.

Our economic growth must extend to the rural areas and townships bringing into the centre the majority of our people not only as employees but as creators of businesses and employment. Of importance is that women and youth must be at forefront of this new thrust and in partnership with our national and international partners take part in the entire value chain of this sector.

As we speak, very little of our lives is untouched by the technological revolution and the knowledge economy. We are ready to embrace the imminent fourth industrial revolution to the benefit of our province. Put together, all these prospects place us in a better position to lift our overall performance in the coming year and to improve our people's lives.

In conclusion, as we march towards the 25th anniversary of our freedom hoping to remember the sacrifices of all our people, who fought and died for freedom. That historic milestone must in quantitative and qualitative terms restore the dignity of all our people regardless of race, gender or affiliation. This means that in addition to the freedom to vote, there must be economic emancipation. Economic freedom for all will ensure there is no unemployment, poverty and rising inequality and will help build a KwaZulu Natal that has social cohesion and adheres to the practice of moral regeneration.



.....  
**Mr T.W. Mchunu**

Premier: Province of KwaZulu-Natal

Office of the Premier

Date: 31 August 2018





## 4. REPORT OF THE ACCOUNTING OFFICER



***“ To be the centre of governance,  
providing leadership towards  
achieving KZN Vision 2035 ”***

**DR NONHLANHLA O. MKHIZE**  
DIRECTOR-GENERAL

The Annual Report presented by the department illustrates the activities of the Office of the Premier during the 2017/18 financial year as it strives towards implementing its vision “To be the centre of governance, providing leadership towards achieving KZN vision 2035”.

The report also endeavours to demonstrate the department’s role as it delivers on its Constitutional mandate, Section 125 (1) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996 as amended).

In order to achieve the mission and the vision of the Office of the Premier, three programmes were developed which serves as a plan of action not only for the Office of the Premier, but for the province as a whole.

The Annual Report therefore provides the people of KwaZulu Natal with an opportunity to assess the progress made by the Office of the Premier in the 2017/18 financial year, in its effort to serve its people.

### 4.1 GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The Office of the Premier spent 98.5% of the appropriated budget of R763.471 million. The expenditure amounted to R752.054 million, resulting in a total under spending of R11.417 million at the financial year end. The table below reflects the appropriation of funds and spending against each Programme.

Programme	Budget 2017/18	Expenditure as at 31 March 2018	Variance	% Spent
	R'000	R'000	R'000	%
Programme 1: Administration	91,998	90,169	1,829	98.0%
Programme 2: Institutional Development	358,018	353,124	4,894	98.6%
Programme 3: Policy and Governance	313,455	308,761	4,694	98.5%
<b>Total</b>	<b>763,471</b>	<b>752,054</b>	<b>11,417</b>	<b>98.5%</b>

#### Programme 1: Administration

The expenditure for Programme 1: Administration amounted to R90.169 million and this amount is represented as 98% spent of the Programme 1 budget of R91.998 million. The under spending of R1.829 million emanated from Compensation of Employees (R423 000); Goods and Services (R395 000); Transfers and Subsidies (R95 000) and Payments for Capital Assets (R916 000). The under spending against Compensation of

Employees was in respect of posts that were filled later than originally anticipated as result of the lengthy approval process. Goods and Services was under spent mainly due to late claims received for the Moerane Commission as sittings were still being held during March 2018. Transfers and Subsidies was under spent due to reduced claims from ex-parliamentarians for post-retirement benefits. Additional office accommodation was finalized late in the financial year therefore minimal office furniture and equipment purchases were made resulting in the under spending against Payments for Capital Assets.

## Programme 2: Institutional Development

The expenditure for Programme 2: Institutional Development amounted to R353.124 million and this amount is represented as 98.6% spent of the Programme 2 budget of R358.018 million. The under spending of R4.894 million emanated from Compensation of Employees (R2 000); Goods and Services (R74 000); Transfers and Subsidies (R27 000) and Payments for Capital Assets (R4.791 million). The under spending under Compensation of Employees is due to posts being filled later than originally anticipated. Goods and Services was underspent due to the late finalization of the office accommodation. Transfers and Subsidies was under spent due to a higher budget on vehicle licences. The under spending against Payments for Capital Assets was for Buildings and Fixed Structures (R2.6 million) due to the inclement weather conditions that delayed the construction of office parking at the Terry Street site and; Machinery and Equipment (R2.1 million) in terms of minimal office furniture and equipment that was purchased as a result of the late finalization of additional office accommodation. A request was made for the rollover of funds for the parking at Terry Street that is anticipated to be completed in 2018/19.

## Programme 3: Policy and Governance

The expenditure for Programme 3: Policy and Governance amounted to R308.761 million and this amount is represented as 98.5% spent of the Programme 3 budget of R313.455 million. The under spending of R4.694 million is made up of Compensation of Employees (R668 000); Goods and Services (R188 000); Transfers and Subsidies (R320 000) and Payments for Capital Assets (R3.518 million). The under spending against Compensation of Employees was mainly due to staff exits in respect of the Poverty Eradication unit. The under spending against Goods and Services was mainly due to reduced travel expenses under the Poverty Eradication unit as a result of senior posts that were vacated. Transfers and Subsidies was under spent due to a late invoice that was received for the Provincial Bursary Programme. A budget was allocated against Payments for Capital Assets for furniture and equipment purchases for the war rooms. Due to the bulk purchase of furniture and equipment, the unit costs were lower than R5 000 thereby resulting in these purchases being made against Goods and Services rather than Payments for Capital Assets.

## Virement of Funds:

Programme	Adjusted Budget 2017/18	Final Virement	Final Budget
	R'000	R'000	R'000
Programme 1: Administration	91,998	0	91,998
Programme 2: Institutional Development	369,908	(11,890)	358,018
Programme 3: Policy and Governance	301,565	11,890	313,455
<b>Total</b>	<b>763,471</b>	<b>0</b>	<b>763,471</b>

## Programme 1: Administration

There was no virement of funds applied from Programme 1 to the other Programmes, however a virement of funds was applied between sub-programmes within Programme 1 mainly for Compensation of Employees.

## Programme 2: Institutional Development

Savings of R11.890 million was identified against Programme 2 mainly from the funds allocated for office accommodation rental as the office accommodation was finalized late in the financial year. The new office accommodation was required to reduce overcrowding in the existing office buildings and to ensure compliance with health and safety regulations. Additional savings were identified from the automated PERSAL leave management system that was not implemented due to further research required into the various types of software being utilized by other departments. Various women empowerment initiatives were not implemented due to various challenges. Savings were also realized from cost containment measures on travel expenses as well as for SITA invoices in respect of licence renewals that were received late for payment.

## Programme 3: Policy and Governance

An amount of R11.890 million was transferred to Programme 3 to offset spending pressures emanating from the Social Cohesion and Moral Regeneration initiatives. These projects were aimed at addressing moral decay and tension amongst the various groups in communities through integrated activities aimed towards the Youth in respect of educational programmes, health matters, social issues, sporting activities and arts and culture. Spending pressures also emanated from the unanticipated state funeral expense in respect of the late Inkosi Misebeyelanga that had to be undertaken by the Department. Included in the overall virement of funds to Programme 3 was an increase to Transfers and Subsidies of R1.5 million that was allocated to the Royal Household Trust to cater for higher animal feed costs as a result of the imminent drought conditions.

The above virement of funds are in line with Section 43 of the PFMA, as well as Section 6.3.1 of the Treasury Regulations.

## Revenue:

The Office of the Premier collected R611.783 million represented as 104.2% of the revenue budget of R587.336 million, resulting in a total over collection of R24.447 million. The table below reflects the revenue budget and revenue collection against each revenue category. It must be noted that Tax Receipts is not regarded as Revenue in the Annual Financial Statements and has been detailed as follows:

Revenue Category	Revenue Budget 2017/18	Actual Revenue as at 31 March 2018	Variance (Over)/ Under	% Collected
	R'000	R'000	R'000	
Tax Receipts:	586,724	610,623	(23,899)	104.1%
Casino Taxes	510,227	525,489	(15,262)	103.0%
Horseracing Taxes	76,497	85,134	(8,637)	111.3%
Sales of goods and Services	258	175	83	67.8%
Interest, dividends & rent on land	1	30	(29)	3 000.0%
Sale of Capital Assets	311	0	311	0%
Transactions in financial transactions and liabilities	42	955	(913)	2 273.8%
<b>Total</b>	<b>587,336</b>	<b>611,783</b>	<b>(24,447)</b>	<b>104.2%</b>
<b>Less:</b> Cash received for Tax receipts not recognised as Revenue	586,724	610,623	(23,899)	104.1%
<b>Total Revenue as per Annual Financial Statements</b>	<b>612</b>	<b>1,160</b>	<b>(548)</b>	<b>189.5%</b>

### Casino Taxes:

Casino Taxes are derived from Limited Pay-out Machines and Bingo gaming revenue. This category was over collected by R15.262 million due to high consumer activity and more controls and initiatives that were implemented to ensure that revenue collection is increased. It must be noted that Casino Taxes is regarded as cash received and is not recognised as revenue in the Annual Financial Statements.

### Horseracing Taxes:

Horseracing Taxes were over collected by R8.637 million. This source of revenue is based on consumer activity and cannot be accurately predicted. It must be noted that Horseracing Taxes is regarded as cash received and is not recognised as revenue in the Annual Financial Statements.

### Sales of Goods and Services:

An under collection of R83 000 is primarily due to lower than anticipated commission on insurance premiums and garnishees, as well as an under collection on tender fees.

### Interest, dividends & rent on land:

The over collection of R29 000 is in respect of staff debts that cannot be accurately predicted.

### Sales of Capital Assets:

The auction sale for departmental vehicles did not take place therefore there was no revenue collection reflected.

### Transactions in Financial Assets and Liabilities:

The over collection of R913 000 represents recoveries for staff debts, cell phones as well as recoveries relating to the previous financial year.

### Transfer Payments:

In accordance with Section 38 (1) (j) of the Public Finance Management Act, the Office of the Premier obtained written assurance from institutions to which transfer payments were effected, that effective, efficient and transparent financial management and internal control systems were implemented. For the financial year ending 31 March 2018, transfer payments were effected as tabulated below:

NAME OF INSTITUTION	AMOUNT TRANSFERRED	EXPENDITURE
AMAFA aKwaZulu-Natali	R32,263 million	R32,263 million
The Royal Household Trust	R20,001 million	R19,869 million
KwaZulu-Natal Gaming and Betting Board	R63,196 million	R63,196 million

### AMAFA aKwaZulu-Natali

AMAFA aKwaZulu-Natali is a public entity established in terms of the KwaZulu-Natal Heritage Act, 1997. The entity's main objective is to conserve, manage and promote awareness of the province's cultural assets and resources. In terms of Section 7(4) of the Act, AMAFA must annually present the Minister with a draft budget and an independent auditors report on the use of funds during the previous year.

Transfers to the above entity is made on a quarterly basis during each reporting period and are utilized, together with revenue generated by the entity, to fund the operational expenses incurred by the entities in the performance of their mandated functions.

Transfer payments totalling R32.263 million was made to AMAFA during the financial year.

## **The Royal Household Trust**

The Royal Household Trust was established in 2009 as an entity in terms of the KZN Royal Household Trust Act, 2007 and will be governed by the KZN Royal Household Trust Bill, 2015 once enacted. The Royal Household Trust is responsible for operational costs in respect of the Royal Household.

The Transfer payment for the Royal Household Trust was increased by R1.5 million, post Adjustments Estimate and was approved by Provincial Treasury prior to the financial year-end. These funds were required for spending pressures due to additional feed for the King's cattle due to the effect of the drought.

Transfer payments totalling R19.869 million was made to the Royal Household Trust with an amount of R132 000 that was not transferred due to a lower claim from the Trust for the additional funding of R1.5 million that was allocated as a post adjustment virement of funds.

## **The KwaZulu-Natal Gaming and Betting Board**

The KwaZulu-Natal Gaming and Betting Board (KZNGBB) is responsible for the collection of gambling taxes for KZN, regulating the gambling industry, ensuring the roll-out of gaming and betting initiatives and protecting the interests of patrons and the public at large.

During 2017/18, the entity continued to regulate the industry in line with the Act and regulations. The entity continued to grow the industry in a responsible manner, while protecting the interests of the public and ensuring no over-saturation of gambling activities. The entity actively sought to promote transformation of the industry through the roll-out of new opportunities for previously disadvantaged individuals. The National Gambling Policy was gazetted in April 2016, and the KZNGBB published betting rules to regulate the industry and provide processes for licensees in order for them to comply with the regulations once approved.

The Transfer payment was increased by R20.033 million in the Adjustments Estimate in terms of funding received from Treasury for office accommodation. Transfer payments totalling R63.196 million were made to the KwaZulu-Natal Gaming and Betting Board.

## **Unauthorised Expenditure**

The Office of the Premier did not incur any unauthorised expenditure during the 2017/18 financial year.

## **Irregular Expenditure**

The Irregular Expenditure identified for the 2017/18 financial year is R28, 253 million. This is an increase from the previous financial year and is mainly due to non-compliance with prescripts relating to contract extensions.

## **Fruitless and Wasteful Expenditure**

The Office of the Premier incurred fruitless and wasteful expenditure to the amount of R8 thousand for the 2017/18 financial year. The expenditure relates to interest charged on Telkom Accounts. The department has undertaken every endeavour to prevent and reduce these charges to the minimum that is reflected herein.

### **1. Services rendered by the department**

The mission of the Office of the Premier is to support the Premier in the execution of his constitutional and statutory mandates. The department is the centre of governance and is therefore expected to provide decisive leadership and direction focusing on clear and well defined goals, objectives and targets.

The strategic objective of the Office of the Premier is informed by the strategic policy direction of OTP which is directly linked to National Government's 14 outcomes and informs the department's strategic objectives.

**The Strategic objectives of the Office of the Premier are as follows:**

The **strategic policy direction** of the OTP is directly linked to national government's 14 outcomes and also informs the department's strategic objectives, as listed below:

- Integrate, co-ordinate and facilitate transversal policies, programmes, strategies, plans and systems of the province.
- Lead in macro planning and policy management to achieve the electoral mandate.
- Monitoring and evaluation of provincial government's programmes.
- Provide strategic leadership and direction for provincial government.
- Oversee the development and implementation of legislation.
- Promote inter and intra-governmental relations and good governance.

**Based on the mission and mandates, the department identified the following strategic objectives.**

- To realize the existence of functional public policy and strategic planning management systems and processes for the provincial government.
- To achieve co-ordinated provincial policies, strategies and programmes.
- To ensure the existence of governance conditions conducive to respect for human rights, promotion of science and technology, and conservation and management of cultural heritage resources.
- To realise enhanced government communication and governance, human resource development, state law advisory services and service delivery in and by the provincial administration.
- To have in place co-ordinated and aligned policies and plans of the three spheres of government and foreign governments and agencies.
- To achieve effectively monitored and evaluated policies and programmes.
- To enhance and promote the status of the Zulu Monarch and to establish the necessary institutional arrangements in support of the Zulu Monarchy and members of the Royal Family.

**Core Functions**

In order to ensure alignment with national and provincial priorities and address the weakness identified in service delivery, the roles of the OTP have been defined as follows:

- To support the Premier as the head of the provincial government and the Executive Council and its sub-structures, and ensure constitutional and legal compliance.
- To co-ordinate provincial policy and planning processes.
- To provide provincial leadership and inter-departmental co-ordination.
- To promote co-operative and good governance.
- To provide transversal support services for human resource management, information technology, communications, legal and macro policy advisory services.
- To promote a culture of human rights consciousness and gender sensitivity across the province.
- Control and regulation of the gaming and betting function.



- To facilitate the smooth functioning of the Royal Household Trust (hereafter referred to as the RHT).
- To enable His Majesty, the King too participate in government initiatives as an ambassador to KZN.

## **2. Public Private Partnerships**

The department has not entered into any public private partnership during the year.

## **3. Discontinued activities / activities to be discontinued.**

No discontinued activities to report on or activities to be discontinued.

## **4. New or proposed activities**

No new or proposed activities to report on.

## **5. Gifts and donations received & made from & to non-related parties respectively**

Gifts and donations amounting to R581 thousand were made to different authorities, including gifts made to non-profit institutions, dignitaries and organisations; Gifts and donations amounting to R590 thousand was received by the Office of the Premier from different organisations.

## **6. Corporate Governance Arrangements**

### **Policy Decisions**

The current administration has reached the halfway mark in terms of the current planning cycle, emphasis has moved from policy development and planning to accelerating implementation and strengthening monitoring and evaluation to promote proactive adjustments where required to ensure delivery.

There have been no substantive amendments to the corporate and governance policy environment. The National Development Plan (NDP) and the Provincial Growth and Development Strategy and Plan (PGDS/P) remain the guiding frameworks for delivery in the province. The provisions of these plans are transversal to the Office of the Premier by virtue of its Constitutional and Legislative mandates, and in particular in the context of its role to coordinate, legislate and provide strategic direction.

The NDP and PGDS/P are aligned to the 17 Sustainable Growth Goals and adopted in 2015 as well as the African Union Agenda.

These international goals and Government's priority areas and outcomes have been incorporated in the National Development Plan 2030; the Medium Term Strategic Framework; and the Provincial Growth and Development Plan. It also includes the 5 Key Government Priorities, namely:

- Creation of more jobs, decent work and sustainable livelihoods for inclusive growth;
- Rural development, land reform and food security;
- Education;
- Health; and
- Fighting crime and corruption;

**In addition to these the following national matters have also been highlighted, namely the need to:**

- Expand access to housing and basic services;
- Expand our democracy and build a developmental state;
- Promote social cohesion and nation building; as well as to
- Contribute to a better Africa and a just world

**Government has also adopted the Nine Point Growth Plan to deal with large scale constraints that has affected growth and investment confidence. It focusses on:**

- Resolving the energy challenge;
- Revitalising the Agriculture and agro-processing value chain;
- More effective implementation of higher-impact industrial policy action plans;
- Crowding in and encouraging private sector investment;
- Moderating workplace conflict;
- Unlocking micro-, small- and medium enterprises (SMME's), cooperatives, township and rural enterprises potential;
- State reform, including boosting the role of the state owned companies, broadband, water, sanitation and transport infrastructure; and
- Growing the ocean economy and tourism
- Within the context of the Key National Priorities, KZN still has specific challenges it has to focus on, such as
- HIV/AIDS;
- Poverty eradication; and
- Support of vulnerable groups such as women, children, youth and the disabled;
- Drought relief to support communities and agriculture;
- Inclusive Economic Growth;
- Combatting fraud and corruption; and
- Social cohesion and moral regeneration.

The above are also covered in the NDP, 14 MTSF Outcomes and annually updated PGDP, and the Office of the Premier has aligned its plans to these initiatives.

The Office of the Premier remains committed to ensure that Provincial Government is coordinated, aligned and integrated and is providing sound governance and leadership with a firm focus on poverty eradication, community empowerment and radical economic transformation. The status of our Province also points to a need to coordinate and provide support in building our social fibre, and to ensure that social cohesion and moral regeneration is revived. The Department also remains committed to the Goals set in the 2015-2020 strategic plan which are centred around: (i) Good and cooperative governance; stakeholders fully engaged and well informed on KZN Vision 2035; a coordinated, equitable and integrated service delivery system; and improved performance and accountability.

Processes have commenced to amend the Royal Household Trust Act; as well as the KwaZulu-Natal Heritage Act, 1997. These will be finalised in the 2018/19 year. Activities relating to coordination of performance agreements and assessments of Accounting Officers by Offices of the Premier, in terms of MTSF Outcome 12, have been finalised and is being implemented through the Office of the Director General and Corporate Services Branch. The Public Service Regulations, 2016 initiated the issuing of several Directives from the Minister for Public Service and Administration during the 2017/18 performance cycle which flesh out areas covered by the regulations in greater detail. These include Directives on employees conducting business with the state, personnel suitability checks, a new performance management and development system for Heads of Department, a new performance management and development system for members of the Senior Management Service, a new performance management and development system for salary levels 1-12 as well as a new Incentive Policy Framework. The Minister also extended the number of categories of employees who are required to submit financial disclosures via the online e-Disclosure system necessitating an increase in the workload of the departmental ethics officers. The Department has acted upon these prescripts accordingly.

Service Delivery agreements have been concluded with all MEC's in February 2018. The new DPSA directives for Performance Agreements for the public service has been work shopped and will be implemented in the 2018/19 financial year as per the requirements.

The functions transferred to the department in the previous years continue to gain momentum. This includes the incorporation of functions from the National Treasury and DPME relating to supporting strategic alignment with the NDP, MTSF and PGDP, assessment of quarterly performance of provincial departments, and strengthening the monitoring of service delivery, including Batho Pele principles compliance. Planning is also gaining momentum as the functions in supporting the Provincial Planning Commission and PGDP have been absorbed by the Department. The Plan remains a dynamic compass for development in the Province. Whilst the implementation of the PGDP has gained momentum, the functionality and support of the PGDP Action workgroups, being the key strategic and operational interface of the Provincial Growth and Development Plan to ensure optimal implementation of the NDP through the PGDP, remains of paramount importance.

Cost containment has been applied as far as possible and the reprioritisation of posts and projects is ongoing. This has requires innovative approaches, including reskilling and repositioning current resources to support more effective Intergovernmental Relations, the coordination and monitoring of the Poverty Eradication Master Plan (a support tool to the Provincial Growth and Development Plan); Inkululeko Projects; Operation Sukuma Sakhe and reviving the Moral Regeneration Movement. Security and vetting of officials, and in particular Supply Chain Management Life Style audits are expected to gain momentum and processes have commenced to enhance support to these processes and this will continue in the new financial year.

The Department will continue to provide support to His Majesty and this will be further facilitated through the amendments proposed in the Royal Household Trust Act to ensure clear roles and responsibilities between the Department and the Royal Household Trust and to ensure accountable governance in the administration of the official matters of his Majesty and the monarchy.

Whilst economic and resource constraints remain a challenge facing government the Department will continue to build strategic partnerships with all stakeholders, including the private sector, to increase delivery capacity in the Province These partnerships are critical in ensuring that the strategic intent, vision and developmental path set out in the Provincial Growth and Development Plan (PGDP) 2035 and beyond is achieved. Efforts will continue to streamline processes and to reduce duplication. To this end, the development of a Heritage Institute is aimed at a more focused approach in research and heritage matters, and especially in the context of facilitating social cohesion, in support of MTSF Outcome 14.

The Department will continue to monitoring progress on the implementation of a comprehensive Provincial Youth Empowerment Strategy, Human Resource Management Turn-around Strategy; and improved Communication Strategy. The Department will also lead the development of a Public Sector Development Chapter in the Provincial Human Resource Development Strategy to facilitate delivery against MTSF Outcome 12 – A development orientated Public Service. Coordination and progress reports have been identified as critical tools to facilitate monitoring and to identify crucial interventions where needed. Moving forward, The Department will review its Evaluation Plan, and coordinate the Review of the Provincial Evaluation Plan to strengthen evidence based policy making and to inform service delivery processes.

## **7. Exemptions and deviations received from National Treasury**

The National Treasury has exempted the department from complying with certain sections of the Government Immovable Asset Management Act, No. 19 of 2007. In particular the Department is exempted from the following:

- The disclosure of building and other fixed structures in the disclosure notes for the tangible assets for the current and prior years
- The use of fair value to value assets which is referred to in the asset management policy set by National Treasury.

No conditions apply to these exemptions for the year ended 31 March 2018.

## **8. Other**

There are no other material facts or circumstances which may have an effect on the understanding of the state of financial affairs for the department.

## **9. Approval**

The Annual Performance information set out on pages 41 to 58 to and the Annual Financial Statements set out on pages 121 to 219 are hereby approved by the Accounting Officer of the KwaZulu-Natal Office of the Premier.



.....  
**Dr Nonhlanhla O. Mkhize**

**Director-General**

KwaZulu-Natal Office of the Premier

Date: 31 August 2018

## 5. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

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

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

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

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

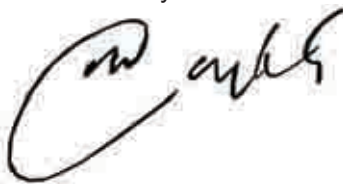
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2018.

Yours faithfully



**Dr Nonhlanhla O. Mkhize**

**Director-General**

KwaZulu-Natal Office of the Premier

Date: 31 August 2018





## 6. STRATEGIC OVERVIEW

### 6.1 Vision

The Office of the Premier will be the centre of governance, providing leadership towards achieving KZN Vision 2035

### 6.2 Mission

The mission of the department is to support the Premier in carrying out his constitutional mandate through:

- Promoting an integrated service delivery model;
- Enhancing cooperative governance within the Province;
- Effective stakeholder management and communication; and
- Enhancing performance management and accountability through monitoring and evaluation.

### 6.3 Values

In addition to the Batho Pele principles, the Office of the Premier will embrace the values of:

- Integrity;
- Professionalism;
- Accountability; and
- Ubuntu





## 7. LEGISLATIVE AND OTHER MANDATES

The mandates of the Office in its supportive role to the Premier are embodied in the country's Constitution, Public Service Act and other statutory provisions, National and Provincial policy papers and Cabinet Resolutions. The Office is also the custodian of the body of law applicable in the province.

Some of the legal mandates of the Office of the Premier, with a brief description of what they entail, are as follows:

### 7.1 Constitution of the Republic of South Africa, 1996

The Constitution provides for the Premier exercising the executive authority, together with the Executive Council, in the Province by:

- Heading provincial government;
- Implementing provincial legislation;
- Implementing all national legislation falling within legislative competence of province;
- Administering national legislation falling outside legislative competence assigned to province;
- Developing and implementing provincial policy;
- Co-ordinating functions of the provincial administration and its departments;
- Preparing and initiating provincial legislation; and
- Performing any other function assigned to the provincial executive.

The following functions are assigned to the Premier specifically

- Assenting to and signing Bills;
- Referring Bill back to legislature for reconsideration of Bill's constitutionality;
- Referring Bill to Constitutional Court for a decision on the Bill's constitutionality;
- Summoning the legislature to an extraordinary sitting to conduct special business;
- Appointing commissions of inquiry; and
- Calling a referendum in the province in accordance with national legislation.

The following mandates are also assigned to the Premier by the Constitution:

- Appointing Members of Executive Council, assigning their powers and functions and dismissing them;
- Transferring functions of Members of the Executive Council; and
- Temporary assignment of a function of a Member of the Executive Council to another.

## **7.2 Public Service Act, 1994 and Public Service Regulations, 2001**

The Premier has the following functions in terms of the Public Service Act:

- To establish or abolish a department of the provincial administration;
- To make determinations relating to the assignment, abolishment and transfer of functions of provincial departments; and
- Dealing with the appointment and other career incidents of Heads of Department

As the executing authority of the Office of the Premier, the Premier must exercise those competencies and duties regarding;

- The internal organization of department;
- Establishment of the department; and
- Recruitment, appointment, performance management, promotion, transfer and dismissal of officials and employees, which are assigned to him under the Act.

The Director-General has the following responsibilities as Head of the Provincial Administration:

- Secretary to the Executive Council (Provincial Cabinet);
- Intergovernmental relations between departments, other provincial administrations and national government, including coordinating conduct and legislation; and
- Giving strategic direction to the Provincial Administration with regard to:
  - Functions and organizational arrangements;
  - Employment, training, human resource management;
  - Salaries and conditions of service;
  - Labour relations;
  - Information management and technology; and
  - Transformation and reform.

## **7.3 Public Finance Management Act, 1999 and Treasury Regulations, 2001**

The Premier, as executing authority of the Department, has the following functions in terms of the Public Finance Management Act, 1999:

- Ensuring that execution of statutory functions take place within available funds;
- Exercising control of public entities to ensure that it complies with the Act; and
- Tabling in the provincial legislature:
  - The Annual Financial Statements and Annual Report; and
  - The findings of a disciplinary board in respect of financial misconduct.

The Director-General, as Accounting Officer of the Department, has the following responsibilities and functions

- When the annual budget is introduced, to submit measurable objectives to the legislature in regard to each main division of vote.
- The Accounting Officer must ensure that the department has and maintains:
- Systems of financial and risk management and internal control;
- A system of internal audit under the control and direction of an audit committee;
- An appropriate procurement system; and
- A system for evaluating all major capital projects prior to a decision on the matter.
- Responsible for the effective, efficient, economical and transparent use of resources of the department.

Must take appropriate steps to:

- Collect all money due to department;
- Prevent unauthorized, irregular, fruitless and wasteful expenditure and losses as a result from criminal conduct;
- Manage available working capital efficiently and economically,
- Responsibility for management of assets and liabilities;
- Budgetary control;
- Reporting responsibilities such as the submission of annual financial statements
- Submission of required information to Treasury and the Auditor-General such as motivations for expenditure; and
- To draw up an inventory and submit supporting documentation when assets are transferred.

#### **7.4 Labour Relations Act, 1995**

The Act regulates the relationship between the department as employer and officials as employees and stipulates their respective rights and obligations. In particular, it provides for the collective agreements to be concluded in order to regulate matters such as the conduct of employees.

#### **7.5 Basic Conditions of Employment Act, 1997**

This Act establishes and makes provision for the regulation of basic conditions of employment in compliance with the obligations of the Republic as a member state of the International Labour Organisation.

#### **7.6 Employment Equity Act, 1998**

This legislation prohibits unfair discrimination in the workplace, provides for affirmative action, the submission of an Employment Equity Plan (EEP) and progress reports on monitoring the implementation of the EEP.

## **7.7 Skills Development Act, 1998**

This Act enjoins the Department to develop a skills development strategy for the department, to implement the strategy and to utilize at least 1% of its payroll for the training and education of its employees with effect from 1 April 2000.

## **7.8 Promotion of Equality and Prevention of Unfair Discrimination Act, 2000**

This Act binds the Department and prohibits unfair discrimination by it. It also contains a positive obligation on the Department to promote equality.

## **7.9 Promotion of Administrative Justice Act, 2000**

In terms of this Act, all administrative decisions must be taken in accordance with the procedure prescribed in the Act or an equivalent procedure stipulated in another law. It also provides for judicial review of administrative action and remedies if any administrative action is not taken in accordance with the Act.

## **7.10 Promotion of Access to Information Act, 2000**

Provides for access to any information held by the state or any information held by another person and that is required for the exercise or protection of any rights. It further provides for the procedure whereby information may be requested.

## **7.11 KwaZulu-Natal Commissions Act, 1999**

This Act provides the framework for the appointment of Commissions of Inquiry by the Premier and the functioning of such commissions.

## **7.12 KwaZulu-Natal Heritage Act, 1997**

This Act, amongst others, provides for the establishment of AMAFA aKwaZulu-Natali, accountable to the Premier, the objective of which is the conservation, protection and administration of heritage resources of the Province and which generally promotes and co-ordinates heritage conservation for the benefit of present and future generations.

## **7.13 National Youth Commission Act, 1996**

Section 7A of the Act provides that the Premier, as the Minister responsible for youth matters, be consulted on procedures and programmes to promote and maintain a sound working relationship between the Commission and the Province.

## **7.14 KwaZulu-Natal Youth Commission Act, 1999**

This Act mandates the Premier to:

- Appoint the members of the KwaZulu-Natal Youth Commission in accordance with the procedure stipulated therein;
- Provide the Commission with such secretarial, administrative and other support as he may deem necessary;

- Designate an official in the Provincial Administration as the accounting officer of the Commission
- Establish a youth development and empowerment fund;
- Make rules which shall govern the control of the Fund; and
- Make grants, with the approval of Cabinet, to the Commission for purposes of the integrated youth policy.

### **7.15 Electronic Communications and Transactions Act, 2002**

In terms of section 28 of this Act, the Department may specify by notice in the Gazette the manner and format wherein data messages must be filed, the type of electronic signatures required, the appropriate control processes and procedures to ensure adequate security and confidentiality of data messages or payments

### **7.16 State Information Technology Agency Act, 1999**

This law regulates the provision and procurement of goods and services relating to information technology in the Public Service.

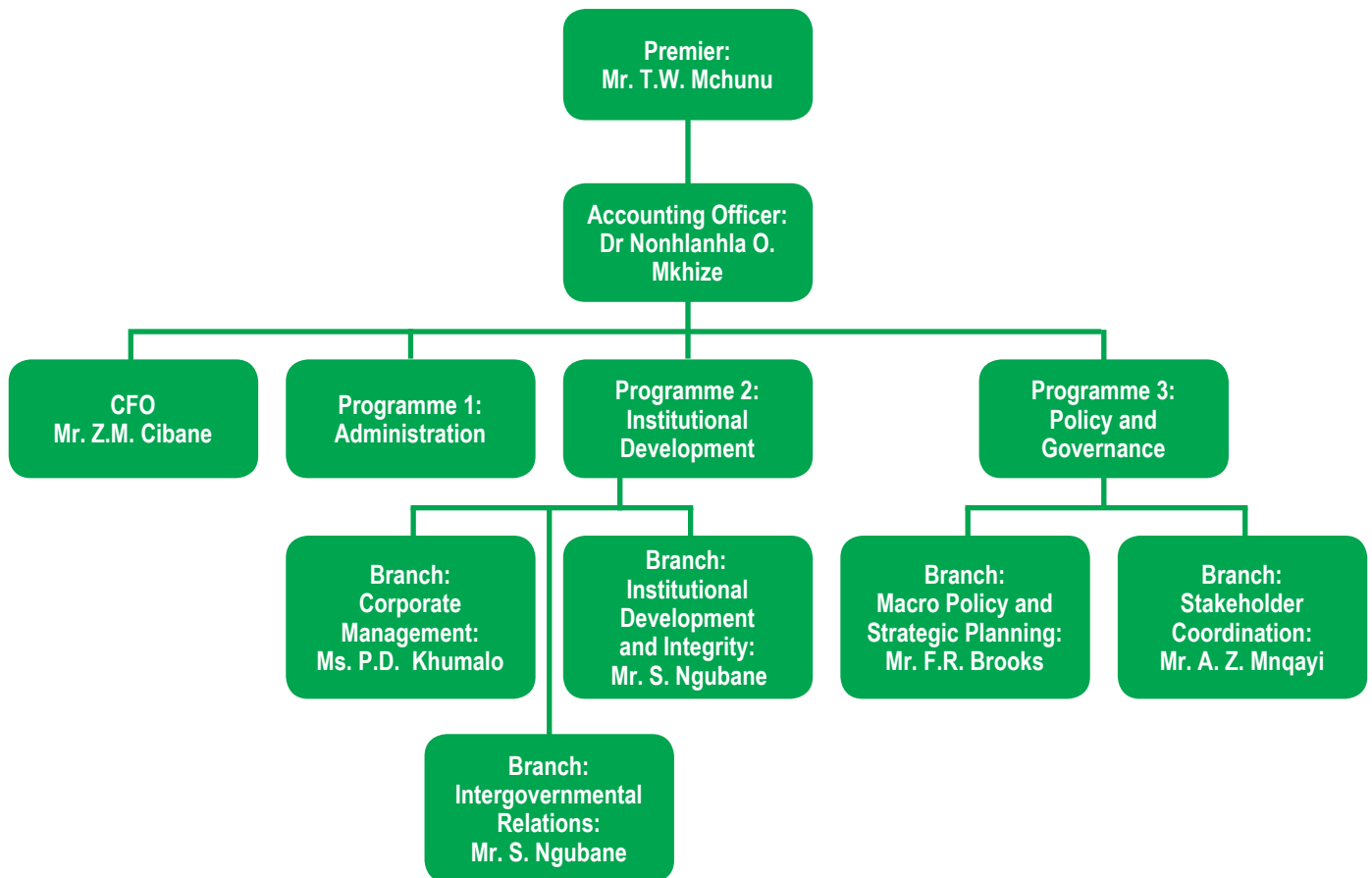
### **7.17 Royal Household Trust Act, 2007**

The Royal Household Trust is a juristic person established through the Royal Household Trust Act (Act 2 of 2007). The Trust is further described as a Provincial entity subject to the provisions of the Public Finance Management Act (Act 1 of 1999).

### **7.18 KwaZulu-Natal Gaming and Betting Act, 2010**

The main objective of the Board is to ensure that all gambling authorized under the Act is conducted in a manner that promotes the integrity of the gambling industry and does not cause harm to public interest. In addition, the Board promotes the province's objective to develop the gambling industry as a vehicle for the promotion of tourism, employment creation and economic development in KwaZulu-Natal.

## 8. ORGANISATIONAL STRUCTURE





# **PART B:**

## **PERFORMANCE INFORMATION**



## 1. Service Delivery Improvement Plan

The department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

### *Main services and standards*

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Facilitation and Coordination services for integrated planning, implementation and resource mobilisation through functional IGR structures	All three spheres of government within KZN	No Provincial IGR strategy	Approved KZN IGR Strategy	IGR Strategy now awaiting presentation to Executive Council for approval

### *Batho Pele arrangements with beneficiaries (Consultation access etc.)*

Current/actual arrangements	Desired arrangements	Actual achievements
Quarterly meetings	Maintain Current standards	All 4 Quarterly meetings were held timeously

### *Service delivery information tool*

Current/actual information tools	Desired information tools	Actual achievements
KZN Citizens' Charter 2015 - 2020	Approved Citizens Charter	5 000 copies distributed Quarterly

### *Complaints mechanism*

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
New OTP Complaints mechanism In place	New OTP Complaints mechanism aligned to Citizens Charter	Aligned & achieved

## 2. Organisational environment

1. The Department managed to achieve more than 80% of its targets in 2017/18. Considerable work has been done to improve the understanding of the evidence and unpacking performance requirements. More stringent monitoring has occurred in the 2017/18 year to improve performance monitoring and support is provided on an ongoing basis. As per identified need within the Province, there was a rollout of Strategic Planning Train the Trainer programme as well as training on Monitoring and Evaluation. Notwithstanding the 2017/18 performance, the budget of the Office of the Premier for the 2018/19 year had been reduced and the Department had adjusted its targets as a result of resource constraints. These have also been taken into account in the development and refinement of the 2018/19 APP.

### **2. Premier's Support**

The Office of the Premier had 41 posts to cater for the Premier's Support Unit. The changes to the structure has decreased the posts to 21. The impact of this decrease will ensure less spending on the

part of the Unit and will also ensure that the Ministerial Handbook is closely aligned with in terms of the prescribed posts for Premiers.

### 3. Gaming and Betting

The matter relating to Gaming and Betting is still receiving attention at the appropriate levels.

### 4. Reporting Lines of the Moral Regeneration, Operation Sukuma Sakhe and Nkululeko to the DG's Office through the IGR unit

In particular this will be co-ordinated by the IGR unit as the nature of these programmes require intense intergovernmental relations. IGR unit will continue to function under Programme 2 of the budget structure until the necessary Treasury approval is obtained. In effect this will operate in a matrix system.

### 5. Reporting Lines include Communications & Security Changes

Security Responsibility moves from Sub Programme 1 to Programme 2B, Sub Programme 5 – Special Projects. Communications moves its reporting line from Programme 2B to 2A – but for now remains as a Sub-programme 4 under Programme 2.

### 6. Movement of Youth Development

Youth Development have moved from SO 2.3 to SO 2.5, Human Rights which deals with vulnerable groups.

FACTOR	AFFECT	RESPONSE
Audit findings.	The Department maintained an unqualified audit.	Areas that received emphasis will be addressed in the audit improvement plan and needs to be monitored as an ongoing process that is monitored through EXCO and MANCO meetings supported by the Director-General's Office implementing <b>S.O. 1.2, indicator (a) and (b)</b> . These areas relate to procurement and contract management, financial viability and consequence management.
	<p>The audit findings once again indicated improvement in the usefulness and reliability of data. The 2015/16 finding on both areas were unqualified. Both these areas were previously rated as qualified in the management report, but have improved significantly.</p> <p>The Royal Household Trust and Gaming and Betting, two of the Department's entities, also received unqualified with findings.</p> <p>Amafa, the third entity, received an unqualified with findings.</p>	<p>Financial reporting to improve to reduce misstatements and errors made and this has been included in the audit improvement plan. ,</p> <p>The drafting of the annual report will be coordinated by the CFO, and this has been added as a <b>new output under S.O. 1.2</b>.</p> <p>The need to ensure proper standard operating procedures was also identified in 2015/2016 and refinements of key processes will be ongoing.</p>

FACTOR	AFFECT	RESPONSE
Financial Performance.	The Department has spent its budget (98.8%) for 2016/17. It has, however, incurred a first charge for irregular expenditure incurred by the former Department of Royal Household as a result of the absorption of the latter into the Office of the Premier by notice of the President - December 2014.	<p>During the 2016/17 MTEF the budget was reduced by R88.290 million due to the following:</p> <ul style="list-style-type: none"> <li>As a result of freezing all vacant non-OSD posts, R25.138 million was removed from the budget in 2016/17, with carry-through over the MTEF.</li> <li>The OTP's hosting of events budget was cut (R39.723 million with carry-through over the MTEF).</li> <li>The budget for the construction of a new Training Academy was suspended and postponed (R16.522 million with carry-through).</li> <li>A general baseline cut amounting to R15.866 million with carry-through, specifically relating to the OTP, was effected against Compensation of employees, as well as Goods and services.</li> <li>The equitable share funded Goods and services budget was cut by 2 per cent (R7.413 million with carry-through).</li> <li>In order to assist with funding these budget cuts, the department reduced the transfers to its public entities. Amafa's budget was cut by R4.888 million and RHT's budget was cut by R10, 000 million, both with carry-through.</li> </ul> <p>As a result of the fiscal consolidation cuts in 2016/17 and over the 2017/18 MTEF, the department deducted funds proportionately from each programme and across most economic classifications.</p> <p>The expanded cost-cutting measures, as reissued by Provincial Treasury in 2017/18, will continue to be adhered to over the 2018/19 MTEF, in conjunction with National Treasury Instructions: Cost-containment measures.</p>
MPAT Scores (OTP).	Office of the Premier Scores (MPAT 1.6), overall, have improved in most areas. Strategic management has maintained its performance and there has been some improvement in HR. Financial management and SCM have regressed in some areas.	Interventions in the area of strategic management have contributed to improved scores and work in this area will continue in partnership with the DPME. Improvement within internal HR processes needs ongoing monitoring but also provides an enabling environment to improve support and oversight to provincial departments. Areas around development planning and SMS performance management need to be addressed though the management structures of the OTP. The Do Right campaign, Integrity management Conference as well as the engagements with departments on integrity and fraud and corruption appear to contribute in improvement in these areas and therefore should be continued.

FACTOR	AFFECT		RESPONSE			
			There has been significant improvement in the area of strategic plans and APPs, PAIA and PAJA. The following areas have declined M&E, Corporate Gov ICT, unauthorised expenditure, and payrolls. HR management systems still require significant intervention and oversight. Challenges have been cited on audit committees, however this is related to a provincial issue regarding the functionality of the central audit and risk committee which was beyond the control of the departments. Planning of implementation programmes is a new addition and departments across the country have been found wanting in this area. This will require OTP to engage with DPME on improving the training material and provision of training in this area.			
KZN Premier						
	MPAT 1.4	MPAT 1.5	MPAT 1.6	Change from previous year	MPAT 1.6 RSA Average	Deviation from RSA Average
1 Strat Mgt	2.7	2.5	3.5	1.0	2.8	0.7
1.1.1A Strat Plans	4.0	1.0	-	-	-	-
1.1.1B Strategic Plans	-	3.0	4.0	1.0	-	4.0
1.1.2A APP	2.0	2.0	-	-	-	-
1.1.2B APP	-	4.0	4.0	-	3.1	0.9
1.3.1 Monitoring	2.0	4.0	3.0	-1.0	2.9	0.1
1.3.2 Evaluation	-	1.0	3.0	2.0	2.3	0.7
2 Gov and Acc	2.2	3.2	3.5	0.3	3.0	0.5
2.1.1 Serv del impr mech	3.0	3.0	3.0	-	2.6	0.4
2.2.1 Mgt struct	1.0	4.0	4.0	-	3.3	0.7
2.3.2 Account Audit Comm	4.0	4.0	4.0	-	3.6	0.4
2.4.1 Prof ethics	1.0	3.0	3.0	-	3.0	0.0
2.4.2 Fraud prev	2.0	4.0	4.0	-	2.9	1.1
2.5.1 Internal audit	3.0	2.0	2.0	-	3.4	-1.4
2.6.1 Risk Mgt	2.0	4.0	4.0	-	3.2	0.8
2.8.1 Corp Gov ICT	1.0	4.0	3.0	-1.0	3.0	0.0
2.10.1 Prom Acc Inf	4.0	3.0	4.0	1.0	3.1	0.9
2.11.1 PAJA	1.0	1.0	4.0	3.0	2.4	1.0
3 HR Mgt	1.8	2.5	2.7	0.2	2.6	0.1
3.1.1 HR Planning	2.0	2.5	3.0	0.5	2.8	0.2
3.1.2 Org Design	2.0	2.5	2.5	-	2.3	0.2
3.1.3 HR Dev Plan	2.0	1.0	2.5	1.5	3.1	-0.6
3.2.2 Recruit and reten	2.0	2.5	2.5	-	2.8	-0.3
3.2.4 Mgt diversity	1.0	1.0	2.0	1.0	2.3	0.3
3.2.5 EH&W	2.0	4.0	4.0	-	3.1	0.9
3.2.6 Deleg PSA	2.0	4.0	4.0	-	2.8	1.2
3.3.1 Level 1-12 PMDS	2.0	2.0	2.0	-	2.3	-0.3
3.3.2 SMS PMDS (ex HODs)	2.0	2.0	2.0	-	2.4	-0.4
3.4.2 Discipl cases	1.0	3.0	2.0	-1.0	2.1	-0.1
4 Fin Mgt	2.1	3.1	2.8	-0.3	3.2	-0.4
4.1.1 Demand Mgt	2.0	3.0	3.0	-	3.2	-0.2
4.1.2 Acquisition Mgt	2.0	3.0	3.0	-	3.5	-0.5
4.1.3 Logistics mgt	1.0	2.5	2.0	-0.5	3.2	-1.2
4.1.4 Disposal mgt	2.0	3.0	2.0	-1.0	3.2	-1.2
4.2.1 Cash flow	3.0	4.0	4.0	-	3.6	0.4
4.2.2 Paymt of suppl	2.0	2.5	2.0	-0.5	2.3	-0.3
4.2.3 Unauthorised Etc	3.0	3.0	2.0	-1.0	3.1	-1.1
4.2.4 Pay sheet cert	2.0	3.0	3.0	-	3.3	-0.3
4.2.5 Deleg PFMA	2.0	4.0	4.0	-	3.8	0.2
Department Average	2.1	2.8	3.0	0.2	2.7	0.2



FACTOR	AFFECT	RESPONSE
Technological Advancements to improve systems and processes.	A new Electronic Legislation and Litigation Management System (ELLMS) has been introduced. The system was fully operational by August 2017.	<p>Departmental users were trained on the system in June and July 2017 and the system went live. Departments were then requested to do inputs on the system. Subsequently, in October 2017, Provincial Treasury, on the request of Provincial IT in the Office of the Premier, did an audit on ELLMS to identify any gaps and to assess the system. They identified some gaps on the system which was that proper user testing was not done, uploading of data not completed and lack of user acceptance of the system.</p> <p>In November 2017, a meeting was held between OTP, SITA and the service provider where the service provider was advised of the audit report and what was required to be done before the system could go live. Once the service provider attends to the user testing, co-operation by Departments still remains a major problem. Prior to the audit, only 3 Departments uploaded data. The lack of co-operation has an impact as evidenced by the audit finding on the user acceptance of the system and lack of data uploads which was identified by the audit. In December 2017, the service provider provided its User Acceptance Testing report to the auditors. The auditors appear to be satisfied with this. However, the UAT with the 3 Departments still need to be done by the Service Provider. It is anticipated that this should be finalized by early February 2018. Departments have been given until 15 March 2018 to upload data failing which the matter will be reported to CoHOD.</p>
	Automation of leave systems & recruitment system.	It is hoped that the implementation of an Automated Leave System will improve management of leave within the department. It is envisaged that system will be implemented in the 2018/2019 financial year. Research to be conducted on the feasibility of implementing an online recruitment system in the Office of the Premier.





FACTOR	AFFECT	RESPONSE
Nerve Centre Upgrades.	<p>The Nerve Centre is functional. A decision was taken at an Executive Level to continue to outsource the critical skills required to operate the Nerve Centre, whilst internal capacity is being built.</p> <p>The Departmental Quarterly Performance and Annual Reporting has been automated on the Nerve Centre. The benefits of the Nerve Centre become apparent through the improvement of the MPAT &amp; Auditor General's 2017/18 findings for non-financial performance information in the Office of the Premier. In 2016/17 all provincial governments departments Quarterly Performance and Annual Reporting were automated, allowing more time to be spent on analysis and continuous improvement.</p> <p>All the Apex &amp; primary indicators of the PGDP has been automated and presented at the PEC Lekogtla's. Trend analysis and spatial mapping are done to monitor performance in achieving Vision 2035. These tools assist in identifying bottlenecks to service delivery. There has been engagements with various stakeholders for systems *integration in order for it to be continuously developed into the central repository of strategic management in KZN.</p>	<p>The Provincial Nerve Centre, as a Unit within the Strategic Management Branch, is rendering a range of essential information management services related to the Monitoring and Evaluation obligations of the Office of the Premier.</p> <p>Due to the moratorium on the filing of posts, the Office of the Premier has not been able to appoint internal capacity as is provided for on the current approved organisational structure of the Department.</p> <p>An initiative has been launched to improve and consolidate business processes on all OTP data access layers onto a single, integrated data warehouse for the purpose of single view reporting and to develop a web-enabled portal that is accessible anywhere and available at any time. Due to challenges with outside connection into the current Nerve Centre and in order to access these developed solutions, the Dube Trade Port will be used to host the Provincial Nerve Centre. The migration of the Nerve Centre is anticipated to be finalised within the next six months.</p>
Office Accommodation.	<p>The Office of the Premier confirmed funding with the Department of Public Works in November 2016, for 1650m<sup>2</sup> of office space - R26,5 million over a 5 year period.</p> <p>The Department of Public Works has leased an area of 1650m<sup>2</sup> in Pietermaritz Street with 80 parking bays (35 undercover). The building is a shell and will be refurbished before occupation. The Department of Public Works estimates that it will be ready for occupation by June 2018.</p> <p>The Department of Public Works has been requested to acquire a further 3050m<sup>2</sup> of available space at the premises to accommodate officials who will relocate from the Moses Mabhida building, Invesco Centre and Natalia building, in line with the newly-revised organogram that was submitted to the DPSA. In this regard a new office space needs assessment was submitted to the Acting HOD: Public Works in February 2018.</p>	<p>Supports the incentives of Outcome 12 to contribute towards a more productive workforce. Will be monitored in terms of S.O. 2.1</p>

FACTOR	AFFECT	RESPONSE
Staff concerns re parking.	<p>The Office of the Premier is leasing 50 bays for staff parking at Prof Nyembezi building.</p> <p>The department also plans to construct 120 additional parking bays on the site purchased from the Msunduzi municipality in Terry Street, which is adjacent to the Moses Mabhida Building.</p> <p>The Department of Public Works is the Implementing Agent for the project. They handed the site over to a contractor on 15 January 2018. Work on the site is currently underway and is due for completion by May 2018.</p>	Supports the incentives of Outcome 12 to contribute towards a more productive workforce. Will be monitored in terms of S.O. 2.1
Training Academy.	<p>The Provincial Training Academy Infrastructure Project was suspended due to shortage of funds following the fiscal consolidation and is contingent on the improvement of the financial position of the Province.</p> <p>The Office of the Premier did approach the Development Bank of South Africa to explore possible funding models for the development of the academy but was unsuccessful in securing their assistance.</p> <p>The Academy continues to operate from its present base at the DOE facility in Durban. The DOE has started with refurbishments and will in the near future require the space currently occupied by the Academy. It has been difficult to be fully operational with most training taking place off site. The current situation cannot be sustained as it is impacting on delivery of training. There is an urgent need to find a new facility to house the Academy on a more permanent basis.</p>	The current space will need to be renegotiated with the department of Education to ensure public service training continues in support of Outcome 12.
Inkululeko Model expansion.	The first Project an Ndumo is now substantially complete. 2 new areas are being packaged. 1 in the Umzinyathi District; the other in the Muden/Weenen area.	Supports Growth and to be incorporated into the reports under SO.3.3, and particularly indicator (c).

FACTOR	AFFECT	RESPONSE
<b>2.4 Key Policy Developments and legislative changes</b>		
RHHT Bill.	RHHT engagement and monitoring improved	<p>The KwaZulu-Natal Zulu Royal House Trust Bill was originally certified as the KwaZulu-Natal Royal Household Trust Bill on 5 February 2015.</p> <p>After approval by the Executive Council, the Bill was submitted to the Speaker of the Provincial Legislature on 10 February 2015, and referred to the Premier's Portfolio Committee of the Provincial Legislature. Various comments were received, also from His Majesty, the King, and the Provincial Legislature held public hearings on the Bill.</p> <p>The Premier's Portfolio Committee eventually approved the Bill with amendments (including the change of name of the Bill to the KwaZulu-Natal Zulu Royal House Trust Bill) on 30 May 2017.</p> <p>The latest indications are that the Bill will not yet be enacted due to further political consultations (presumably by the Provincial Legislature).</p>
Youth Development Agency Bill.	Improve Youth Development Coordination	The Bill is currently on hold due to funding and other issues - it is unlikely that the Bill be proceeded with.
Heritage Institute Bill.	Synergising heritage and research activities	<p>Enacted: No. The Bill was formally introduced/ tabled by Acting Premier S Zikalala in the Provincial Legislature on 28 September 2017.</p> <p>Published: No.</p> <p>The revised Bill and the Notice containing the Regulations were both certified on 12 July 2017, must be read together and must be proceeded with as a "package deal".</p> <p>Provincial Treasury issued the Treasury Certificate iro the Bill on 28 June 2017.</p> <p>The Bill served before the G&amp;A Technical Cluster on 4 July 2017 and the G&amp;A Political Cluster and the Executive Council on 19 July 2017.</p> <p>The Bill served before the G&amp;A Technical Cluster on 4 July 2017 and the Executive Council on 19 July 2017.</p> <p>At its meeting of 19 July 2017, the Executive Council proposed certain amendments and resolved that the Bill be referred back to the Executive Council for consideration after the amendments have been effected.</p> <p>The Executive Council on 3 August 2017 approved that the revised Bill be referred by the Premier to the Speaker for introduction in the Provincial Legislature.</p>

FACTOR	AFFECT	RESPONSE
		<p>The letter to the Speaker requesting the Speaker to introduce the Bill in the Provincial Legislature was only signed by the Premier on 14 September 2017. The Premier's letter to the Speaker was hand-delivered on 27 September 2017.</p> <p>The Bill was formally introduced/ tabled by Acting Premier S Zikalala in the Provincial Legislature on 28 September 2017.</p>
		<p>The Speaker of the Provincial Legislature will now publish the Bill for comment for a period of 30 days and refer the Bill to the Premier's Portfolio Committee.</p> <p>The Bill is now the responsibility of the Provincial Legislature and the Premier's Portfolio Committee of the Provincial Legislature.</p> <p>A meeting of the Premier's Portfolio Committee has been tentatively scheduled for 20 February 2018. The Bill is on the Agenda for discussion.</p>
KZN Gaming and Betting Amendment Bill	Synergising Gaming and Betting in the Province	<p>Enacted: Act No. 4 of 2017 enacted on 28 September 2017, assented to by Premier on 3 October 2017.</p> <p>Published: 12 October 2017.</p> <p>Commencement: 12 October 2017.</p> <p>Concern: None.</p>
Human Resource Development Strategy	Requires augmentation with the an integrated Public Service HRD Strategy and Professional Support Programme, as per the 2015 Lekgotla resolutions and amendments to key strategic interventions relating to Goals 2 and 6 of the PGDP	The UNDP project commenced in March 2017. Activities towards the development of the strategy have been concluded. The voice of the customer survey and report have been completed. The Catalyst workshop for the development of the strategy is scheduled for 20 February 2018. Competency Frameworks have been drafted
Organisational update - Structure amendment	<p>The Office of the Premier's Organisational Structure was approved and aligned to the mandate of the department. The only significant area yet to be finalised is the merger between the Heritage Chief Directorate and Amafa which is progressing well.</p> <p>Intergovernmental Relations unit reports to the Director General, noting that in terms of the Budget Structure it is part of Programme 2, Sub-programme 6. The MRM, OSS and Inkululekho project teams also report to IGR, although the latter units budget is still part of Programme 3, and indicators relate to Stakeholder Coordination under Strategic Objectives 3.2 and 3.3.1)).</p>	<p>The prioritisation of the filling of funded vacant posts has been considered with due consideration to the budget cuts suffered by the Office at the beginning of 2016. Despite this, targets are not projected to decrease. Given these constraints, all efforts will be made to at least sustain APP targets, operational outputs and activities.</p> <p>In response to improved service delivery and complaints management, the implementation of Project Lektuthula and considerations for the establishment of a community complaints and instability rapid response unit will receive attention through the Integrity Management Unit. Details of these will be unpacked in the operational plan.</p>

FACTOR	AFFECT	RESPONSE
	OTP had a high staff turnover rate (13% for the 2016/17 financial year). Posts can't be filled due to cost cutting measures resulting in stress of those employees that remain behind. The department will make all possible attempts as per provisions of the retention policy to retain critical skills. The exit interview analysis report will assist in identifying reasons that employees leave the department and sought the necessary interventions from EXCO.	Due to the cost cutting critical vacant posts were prioritized for filling. These posts are in the process of being filled and gender equity is being prioritised.  The current funded vacancy rates as at January is within the MTSF target of below 10%.

HUMAN RESOURCES AS AT 31 MARCH 2018																				ESTABLISHMENT					
POST/ SALARY LEVEL	AFRICAN				COLOURED				INDIAN				WHITE				TOTAL				TOTAL	Employees with a disability	No. of VACANT Posts	Total No. of Posts	% VACANT Posts
	FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE		FEMALE		MALE						
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%					
Levels 1-12	287	52	203	37	9	2	2	0	22	4	10	2	11	2	3	1		60	218	40	547	8	20	567	4
Levels 13-16	19	28	33	49	0	0	0	0	5	7	2	3	2	3	6	9	26	39	41	61	67	0	9	76	12
Grand Total	306	50	236	38	9	1	2	0	27	4	12	2	13	2	9	1	355	58	259	42	614	8	29	643	5





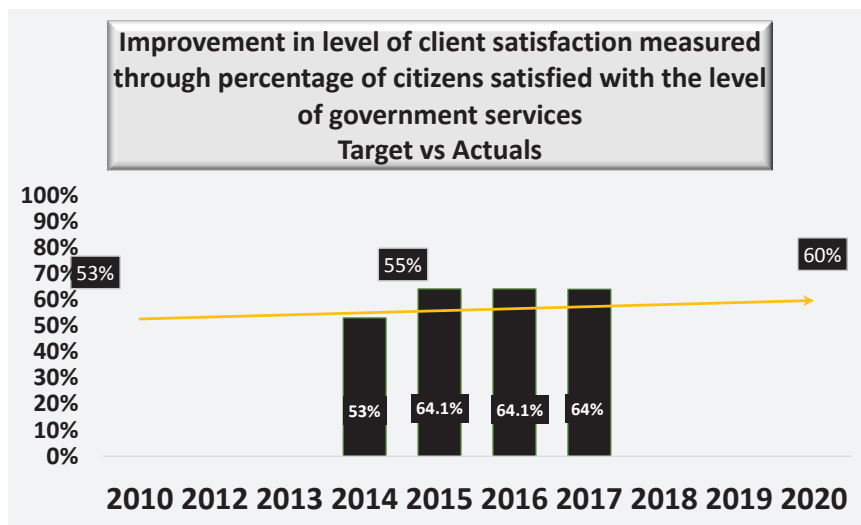
### 3. STRATEGIC OUTCOME ORIENTED GOALS

The 14 Outcomes of the MTSF are fully accommodated in the 7 Strategic Goals of the KZN PGDS/P:

PGDS/P Goals	MTSF Outcomes
1. Inclusive Economic Growth	4 11
2. Human resource development	1 5
3. Human and community development	2 3 8 13 14
4. Strategic infrastructure	6 10
5. Environmental sustainability	10 7
6. Policy and governance	9 12
7. Spatial equity	7

The Office of the Premier directly contribute to the achievement of the NDP through Goal 6 of the Provincial Growth and Development Strategy and Plan. Highlighted below are the significant achievements with regard to Goal 6:

Goal Indicators	Baseline 2015	Targets 2020	2016/2017 Achievements	2017/2018 Current Status
Improvement in level of client satisfaction measured through percentage of citizens satisfied with the level of government services	55%	60%	64.1%	64%



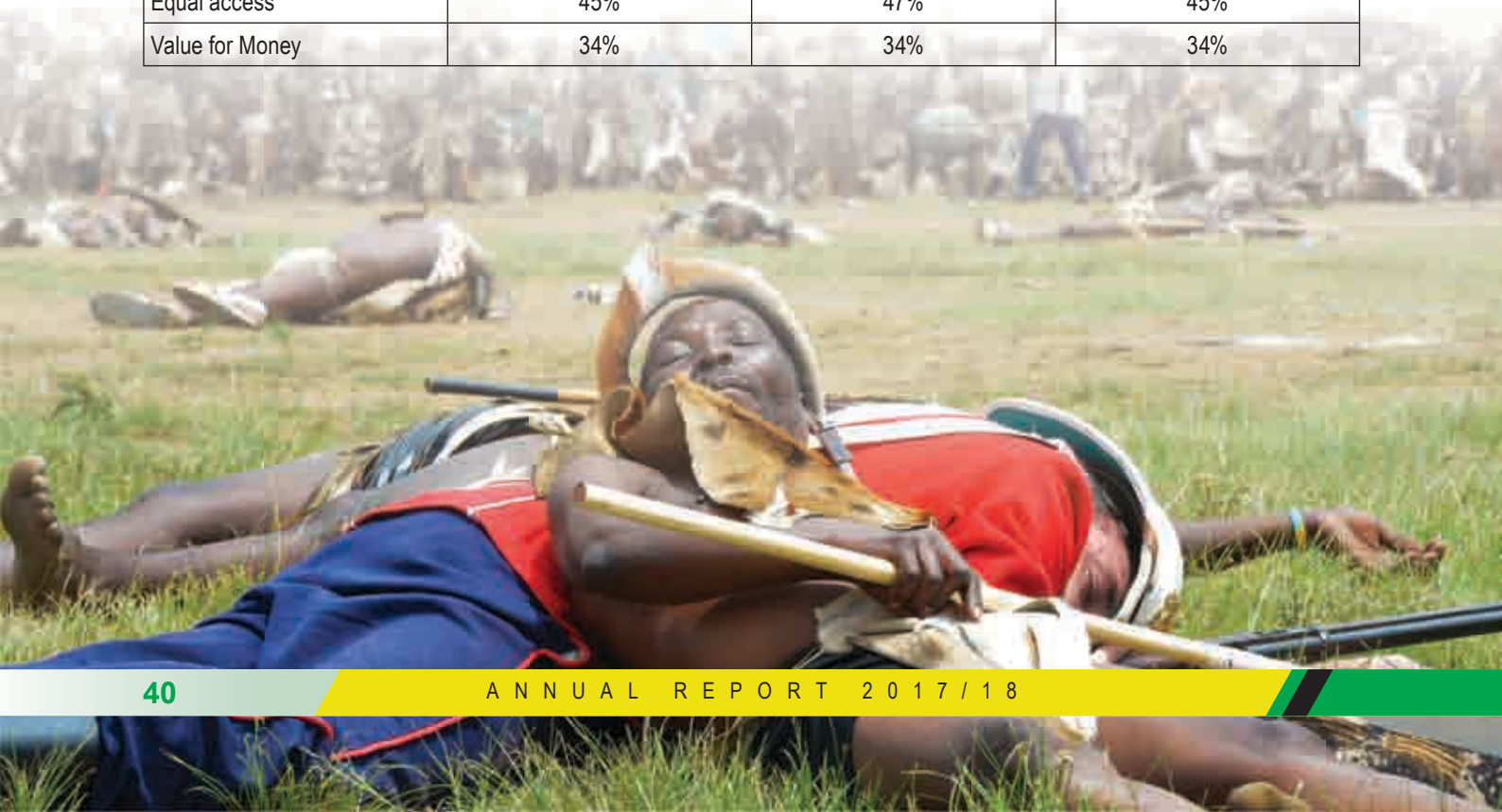
Strategic Objective Indicators	Baseline 2015	Targets 2020	2017/2018 Current Status
Percentage of IDPs and District Growth and Development Plans, departmental and public entity Annual Performance Plans aligned to the PGDS/P. (New Indicator)			
Provincial Departments	100%	100%	100% Complete & Reported in Q3
Provincial Entities	NEW	100%	100%
DGDP's	NEW	100%	85%
IDP's	NEW	100%	90%

Strategic Objective Indicators	Baseline 2015	Targets 2020	2017/2018 Current Status
Percentage of positive rating of provincial performance as regards eradication of fraud and corruption at provincial and local levels, measured through the KZN Citizens Satisfaction Surveys. (New Indicator)	55%	60%	55%
Number of government officials convicted for corruption or offences related to corruption	33	50	7
Conviction rate measured as percentage convictions of the total number of dockets received in the year )	84%	90%	65
Number of departments achieving a satisfaction or better rating through MPAT on fraud and integrity (New Indicator)	11	13	5
Percentage of cases from the National Anti-Corruption hotline closed by departments. (New Indicator )	87	95	88%

Promote participative, facilitative and accountable governance (OTP)

Strategic Objective Indicators	Baseline 2015	Targets 2020	2017/2018 Current Status
Awareness of OSS	34%	36%	34%
Awareness of PGDS/P	14%	20%	14%
Izimbizo attendance	24%	26%	24%

Strategic Objective Indicators	Baseline 2015	Targets 2020	2017/2018 Current Status
Public perception of Provincial government implementation of Batho Pele Principles			
Consultation	59%	61%	59%
Service Standards	59%	61%	59%
Equal access	45%	47%	45%
Value for Money	34%	34%	34%



## 4. PERFORMANCE INFORMATION BY PROGRAMME

### 4.1 Programme 1: Administration

#### Purpose:

To provide administrative support to the Premier, Executive Council and the Director General in fulfilling their legislative and oversight function and in promoting good corporate governance.

The Programme comprises of the following Sub-Programmes:

- Premier Support
- Executive Council Support
- Director-General Support
- Financial Management

#### Strategic objectives:

Programme Name: Administration					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of Executive Council meetings supported (Executive Council and Makgotla)	22	22	21	1	Target not met in the first quarter due to cabinet being on recess.
MPAT score for OTP (overall)	2.97	3	2.9	(-0.1)	Rounded off output is 3. Variance not significant.
Annual audit findings	Unqualified Audit	Unqualified Audit	Unqualified Audit		



### Performance indicators

Sub-programme: Executive Council Support							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of Executive Council meeting decision matrices circulated within 10 working days of meeting.	20	15	18	20	19	-1	Target not met in the first quarter due to cabinet being on recess.
Number of Executive Council decision matrix implementation progress reports submitted to the Executive Council	20	20	13	20	19	-1	Target not met in the first quarter due to cabinet being on recess.
Executive Council Makgotla decision matrices within 10 working days of meeting.	2	2	1	2	2	0	No deviation from set target.

Sub-programme: Director- General							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of EXCO Meetings supported	24	0	8	12	11	-1	Meeting not convened in March due to clashing commitment of members.
Number of MANCO Meetings supported	8	0	4	8	10	2	Special MANCO meetings were convened

Sub-programme: Financial Management							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Approved risk management register for 2017/18	1	1	1	1	1	0	No deviation from planned target.
Number of Quarterly internal control management reports submitted to EXCO	N/A	4	3	4	4	0	No deviation from set target
Annual audit improvement plan on preceeding years findings adopted by end of August.	N/A	N/A	1	1	1	0	No deviation from set target
Number of Financial management reports, monthly IYM submitted to Treasury by the 15th of each month	12	12	12	12	12	0	No deviation from set target
Number of Financial Statements submitted in terms of prescripts.	1 FINAL 3 INTERIM	4	4	4	4	0	No deviation from set target
Annual report on preceding year tabled by end of August	N/A	N/A	1	1	1	0	No deviation from set target
Procurement plan submitted in terms of prescripts for current year.	1	1	1	1	1	0	No deviation from set target

#### No Changes to planned targets

The Office of the Premier has satisfactorily promoted good corporate governance in 2017/2018. This has been achieved through coordinating legislative and oversight engagements by monitoring implementation of resolutions by all Departments.



## Linking performance with budgets

### Sub-programme expenditure

Sub- Programme Name	2017/2018			2016/2017		
	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
Premier Support	25 307	25 102	205	35 948	35 866	82
Executive Council support	10 108	9 792	316	9 560	9 546	14
Director General	13 730	13 534	196	9 785	9 743	42
Financial Management	42 853	41 741	1 112	30 034	29 712	322
Total	91 998	90 169	1 829	85 327	84 867	460

## 4.2 Programme 2: Institutional Development

### Purpose:

To facilitate the transformation of the public service and provide institutional development and support to the KwaZulu-Natal Provincial Government.

### The Programme comprises of two Branches:

#### Corporate Management

- Sub-Programme: Strategic Human Resources
- Sub-Programme: Information Com. Tech (ICT)
- Sub-Programme: Communication Services

#### Institutional Development and Integrity

- Sub-Programme: Legal services
- Sub-Programme: Special Programmes
- Sub-Programme: Intergovernmental Relations
- Sub-Programme: Gaming and Betting

In terms of the Annual Performance Plan of the Department, the programme has managed to provide significant administrative and institutional support to all fourteen Departments in the province. This was achieved through the coordination of the various integrated human resource management forums and councils. The IGR strategy was adopted by Cabinet and the implementation of the strategy is currently in progress. The Department however, did not meet set targets for Communications. The shortfall was due to adjustments to the contract for external publication for print media.

**Strategic objectives:**

Programme Name: Institutional Development					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Average MPAT Score for HR (KPA3) OTP		3	2.8	-0.2	Shortfall due to low scores for some performance areas - e.a labour relation cases not finalized within 3 months.
Provincial HRM Turnaround strategy	Draft Document available	Final document by December 2017	The Strategy document is 99% complete.	Alignment of KZN Provincial HR turnaround strategy to the PGDP and approval not finalised.	The task team is finalising the alignment of the KZN Provincial HR Turnaround Strategy to the Provincial Growth and Development Strategy (PGDS). It will then be presented to the Director-General for approval.
KZN Integrated Public Service HRD Strategy		Consultation and approval	Integrated Public Service HRD Strategy draft has been finalised. Relevant Stakeholders have been consulted but approval has not taken place.	Approval has not taken place.	The approval of the Strategy has been delayed due to the fact it has to be taken through all the EXCO Clusters and the Executive Council.
Number of HRD Fora engagements		11	11	0	No deviation from set target
Number of annual security risk monitoring coordination reports	1	1	1	0	No deviation from set target
Average MPAT Score for IT (KPA2) OTP	3	3	4	1	Target exceeded. Implication of sound IT controls.

Programme Name: Institutional Development					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
Number of Quarterly Reports on Provincial Legislative Programme submitted within 10 days of end of each Quarter.	4	4	4	4	No deviation from set target
Updated Provincial Communication Strategy			Annual strategy implementation and monitoring reports	There is no communication plan.	Requirements in terms of the portfolio of evidence were not fully met.
MPAT Score on KPA 2 for Ethics for OTP	3.5	3	3.6	0.6	Target exceeded. Implication of sound governance controls.
Number of updated 5-year strategic plans for each target: 1 x gender, 1 x disability, 1 x children and 1 x senior citizens.		1 per group, 4 total	1 per group, 4 total	1 per group, 4 total	No deviation from set target
Annual Provincial Ombudsperson Intervention Coordination and Monitoring reports		1	1	1	No deviation from set target
Number of PCF decision matrices		5	5	0	No deviation from set target
PCF decision matrix implementation reports		5	5	0	No deviation from set target
Amended KZN Gaming and Betting legislation implemented		Amended 2010 Gaming and betting Act	Amended 2010 Gaming and betting Act	none	No deviation from set target

## Performance indicators

Sub-programme 1: Strategic Human Resource; 2: Information Technology							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of Quarterly reports on technical support services provided to all HR units in the provincial government of KZN on policy matters.	4	4	3	4	4	0	No deviation from set target
Number of Strategic Human Resource forums meetings held	32	21	22	4	4	0	No deviation from set target
Number of Human Resource compliance reports submitted	8	11	21	15	15	0	No deviation from set target
Number of public service training sessions	NEW	40	40	200	217	17	The target was exceeded due to increased demand for training from departments and ad hoc requests.
Number of HRDC Council meetings	2	3	3	3	3	0	No deviation from set target
Number of PSDF forum meetings	NEW	4	3	4	4	0	No deviation from set target
Number of PHRDF forum meetings	NEW	4	3	4	4	0	No deviation from set target
Number of Threat and Risk Assessment (TRA) verification monitoring coordination reports	NEW	0	4	4	4	0	No deviation from set target
Number of Quarterly Minimum Physical Security Standards (MPSS) monitoring coordination reports	NEW	2	4	4	4	0	No deviation from set target
Number of 6 monthly provincial departments IT governance assessment coordination reports	2	2	1	2	2	0	No deviation from set target
Number of Broadband strategy progress coordination reports.	N/A	N/A	2	2	2	0	No deviation from set target

### Sub-programme 3: Legal services

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of Quarterly Reports on Provincial Legislative Programme submitted within 10 days of end of each Quarter.	4	4	4	4	4	0	No deviation from set target

### Sub-programme 4: Communication Services

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Annual Communication Plan approved by EXCO by 30 April.	NEW	0	0	1	0	-1	There is no approved communication plan.
Number of articles on the PGDP published in the print media targeting external audiences	NEW	13	1	8	3	-5	Delays in the finalizing of a contract and the layout of the provincial publication (Simama), resulted in the shortfall.
Number of internal newsletters to OTP staff on developments in the department	3	2	0	2	2	0	No deviation from set target



### Sub-programme 5: Special Programmes

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Integrity Leadership Conferences (nil for 2017/18)	0	1	0	0	0	0	No deviation from set target
Number of consolidated reports on the roll-out of the "I do right even when nobody is watching" campaign	4	4	4	4	4	0	No deviation from set target
Number of Quarterly Intervention reports on the resolution of service delivery complaints received	4	4	4	4	4	0	No deviation from set target
Number of Quarterly progress reports (National Anti-Corruption Hotline cases)	4	4	4	4	4	0	No deviation from set target
Number of ethics workshops	4	4	4	4	4	0	No deviation from set target
Number of fraud and corruption reports	4	4	3	4	4	0	No deviation from set target
Number of annual performance business plans for human rights target groups : 1 x gender; 1 x disability; 1 x children; and 1 x senior citizens	4	4	15	4	4	0	No deviation from set target
Number of consolidated human rights monitoring reports	N/A	N/A	2	2	2	0	No deviation from set target
Number of awareness sessions on human rights coordinated	N/A	N/A	12	10	10	0	No deviation from set target
Number of OTP Ombudsperson reports	N/A	N/A	2	2	2	0	No deviation from set target

Sub-programme 6: Gaming and Betting							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of Quartely assessment reports on Gaming Board Activities	N/A	N/A	N/A	4	4	0	No deviation from set target
Number of functionality assessment reports	N/A	N/A	N/A	4	4	0	No deviation from set target

Sub-programme 7: Inter- Governmental Relations							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of Premier's Technical Coordinating forum decision matrixes	N/A	N/A	2	4	4	0	No deviation
Number of COHOD decision matrixes	N/A	N/A	7	8	10	2	Additional Meetings were held
Number of IGR Provincial Forum decision matrixes	N/A	N/A	6	4	3	1	The IGR Forum meeting was postponed in the second quarter due to clash with NCOP meeting.
Number of Twinning Agreement implementation reports	N/A	N/A	3	2	3	1	A special meeting convened in Q3 resulted in an additional report produced.

## Linking performance with budgets

### Sub-programme expenditure

Sub- Programme Name	2017/2018			2016/2017		
	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
Strategic Human Resources	85 567	84 474	1 093	93 650	93 542	108
Information Communication Technology	76 114	72 623	3 491	74 687	74 530	157
Legal Services	15 219	15 166	53	10 519	10 478	41
Communication Services	57 074	57 062	12	47 672	47 626	46
Special Programmes	38 523	38 436	87	39 409	39 383	26
Gaming and Betting	67 772	67 725	47	21 000	20 712	288
Intergovernmental Relations	17 749	17 638	111	14 111	14 016	95
Total	358 018	353 124	4 894	301 048	300 287	761

## 4.3 Programme 3: Policy and Governance

To improve and facilitate the coordination and alignment of the transversal policies, strategies, long to improve and facilitate the coordination and alignment of the transversal policies, strategies, long term plans and programmes for the Provincial Government.

### The Programme comprises of two Branches:

#### Macro Policy and Strategic Planning

- Provincial Policy Management

#### Stakeholder Co-ordination

- Priority Programmes
- King Support and Royal Household
- Heritage

The programme achieved its objective of facilitating and coordinating alignment of transversal policies through various activities. On the Provincial Growth and Development Plan (PGDP) the Department reviewed and updated the Plan, improved the functionality of the Action Work Groups and enhanced the reporting template. However, there were delays in the commissioning of the Citizen Satisfaction Survey. This was due to lengthy discussions on processes involved between Department (OTP) and Stats SA. Work is underway with questionnaires, sampling and other research activities.

On Stakeholder coordination the programme made noteworthy strides in preserving provincial heritage. To this effect a number of monuments and markers were erected throughout the province in commemoration of significant historical figures. Steady progress was made in the implementation of the Poverty Eradication Master Plan (PEMP).

**Strategic objectives:**

Programme Name: Policy and Governance					
Strategic objectives	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comment on deviations
MPAT Score for OTP KPA 1	3	3	3		No deviation from set target
Updated Provincial Growth and Development Plan by December each year	1	1 Annual updated PGDP	1	0	No deviation from set target
Number of consolidated annual review and impact reports of stakeholder engagements	0	4	4	0	No deviation from set target
Number of updated annual business plans on youth development programmes	0	1	0	1	Target not met due to capacity constraint
Number of annual review and impact reports of youth development and empowerment programmes.	0	1	0	1	Target not met due to capacity constraint
Number of consolidated annual priority programmes coordination	0	1	1	0	No deviation from set target
Progress reports in the implementation of all 4 phases of the Poverty Eradication Master Plan (PEMP)	0	Progress report on planning for Phase 4	1	0	No deviation from set target
Annual plan on support services to the Zulu Monarch	0	1	1	0	No deviation from set target
Annual monitoring reports on the Royal Household Trust		1	1	0	No deviation from set target
Number of heritage awareness engagements coordinated		8	12	4	There were additional Special Projects that were implemented in response to community request
Number of new heritage memory infrastructure symbols		8	8	0	No deviation from set target
Annual consolidated Amafa Council monitoring and review reports		1	1	0	No deviation from set target

### Performance indicators

Sub-programme: Provincial Policy Management							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of policy audit reports	2	3	2	2	2	0	No deviation from set target
Citizen Satisfaction Survey findings report	Analysis of pilot and feasibility	1	1	1	0	1	Department (OTP) and Stats SA underwent lengthy discussions on processes involved. Work is underway with questionnaires, sampling and other research activities.
Consolidated Provincial strategic planning alignment reports.	1	1	1	1	1	0	No deviation from set target
Assessment reports on the functionality of PGDP Action Workgroups	NEW	0	2	2	2	0	No deviation from set target
Number of Quarterly monitoring reports on status of the Nerve centre	4	4	4	4	4	0	No deviation from set target
Number of Consolidated MPAT Improvement reports tabled at the Governance & Administrative Cluster.	4	2	2	2	2	0	No deviation from set target
Consolidated MTSF Outcomes progress report	4	2	0	1	1	0	No deviation from set target



Sub-programme: Provincial Policy Management							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of consolidated PGDP Action Workgroup Reports	4	4	2	4	4	0	No deviation from set target
Number of Front Line Service Delivery reports (FLSD)	4	4	2	2	2	0	No deviation from set target
Number of QPR Assessment reports	NEW	42	1	4	4	0	No deviation from set target
Number of Quarterly Service Delivery Improvement Plans (SDIP) implementation reports	1	3	4	4	4	0	No deviation from set target
Number of Quarterly reports on level of compliance with Batho Pele principles	6 forum meetings 4 Quarterly reports	4	4	4	4	0	No deviation from set target

Sub-programme: Premier's Priority Programmes							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of strategic partnership forum meetings with each sector: 1 x NGO; 1 x Business; 1 x Traditional Authority; 1 x Religious sector	1	3	4	4	4	0	No deviation from set target

Sub-programme: Premier's Priority Programmes							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
No. Workshops of stakeholders on PGDS/P Vision 2035	1	3	4	4	4	0	No deviation from set target
Number of Quarterly OSS provincial coordination and monitoring reports	3	3	4	4	4	0	No deviation from set target
Number of Izimbizo co-ordination reports				4	3	-1	Requirements in terms of the Portfolio of Evidence were not fully met.
Number of MRM coordination reports	5	3	4	4	4	0	No deviation from set target
Number of coordination reports on projects for youth	NEW	1	2	4	4	0	No deviation from set target
Number of Quarterly monitoring reports on youth forums establishment and supported	3	0	0	4	4	0	No deviation from set target
Consolidated multi-sectorial intervention monitoring and coordination report on HIV and Aids (note reports are done on the preceding year)	1	1	1	1 Annual report	1	0	No deviation from set target

**Sub-programme: Premier's Priority Programmes**

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Consolidated multi-sectorial intervention monitoring and coordination report on HIV and Aids (note reports are done on the quarter)	4	4	4	4 Quarterly reports	4	0	No deviation from set target
Number of Quarterly Veteran support services coordination reports	4	3	4	4	4	0	No deviation from set target
Number of Quarterly coordination reports to Premier on special projects.	4	2	4	4	4	0	No deviation from set target
Number of Quarterly coordination reports to Premier on progress with PEMP implementation			1	4	4	0	No deviation from set target



**Sub-programme: Royal Household**

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Quarterly reports on support services provided to His Majesty and Royal Household			4	4	4	0	No deviation from set target
Number of RHHT Quarterly monitoring reports	4	0	1	4	4	0	No deviation from set target
RHHT Annual Performance Plan assessment report	NEW	1	0	1	1	0	No deviation from set target

**Sub-programme: Heritage**

Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of community heritage awareness campaigns.	N/A	N/A	9	8	12	4	There were additional Special Projects that were implemented in response to community request
Annually updated Heritage research agenda for OTP				1	1	0	No deviation from set target
Number of monuments or memorials erected.	N/A	N/A	1	8	8	0	No deviation from set target

Sub-programme: Heritage							
Performance Indicator	Actual Achievement 2014/2015	Actual Achievement 2015/2016	Actual Achievement 2016/2017	Planned Target 2017/2018	Actual Achievement 2017/2018	Deviation from planned target to Actual Achievement 2017/2018	Comment on deviations
Number of heritage markers -consider refining indicator for 2018/19, in order to be specific about markers (established, revamped,etc.)	N/A	N/A	1	6	11	5	There were additional Special Projects that were implemented in response to community request
Number of Amafa monitoring reports.	N/A	N/A	3	4	4	0	No deviation from set target
AMAFA Annual Performance Plan assessment report	N/A	N/A	1	1	1	0	No deviation from set target

### No Changes to planned targets

### Linking performance with budgets

### Sub-programme expenditure

Sub- Programme Name	2017/2018			2016/2017		
	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
Provincial Policy Management	42 824	42 375	449	40 869	40 746	123
Premier's Priority Programmes	148 089	144 373	3 716	135 247	132 835	2 412
Royal Households	72 683	72 168	515	75 447	71 152	4 295
Heritage	49 859	49 845	14	52 380	52 328	52
<b>Total</b>	<b>313 455</b>	<b>308 761</b>	<b>4 694</b>	<b>303 943</b>	<b>297 061</b>	<b>6 882</b>



## 5. TRANSFER PAYMENTS

### 5.1 Transfer payments to public entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity
AMAFA aKwaZulu-Natali	Administering heritage conservation and promoting awareness of the significance and value of cultural heritage resources	R 32 263	R 32 263
The Royal Household Trust	To provide support to His Majesty the King	R 20 001	R 19 868
Gaming and Betting	Ensure that all gambling are authorised in terms of KZN gaming and betting act as well as promoting tourism, employment creation and economic development.	R 63 196	R 63 196



## 6. DONOR FUNDS

### 6.1 Donor Funds Received

Donor Fund : National Skills Fund (NSF)

Name of donor	National Skills Fund
Period of the commitment	2010/11 to 2017/18
Purpose of the funding	To fund the following learning programmes Learning in the construction sector Automotive apprenticeship Manufacturing and engineering apprenticeship and learnership National Youth Service (NYS) skills programme implemented by the DOPW
Expected outputs	720 Learners
Amount received in current period (R'000)	R6, 695 million
Amount spent by the department (R'000)	R3, 717 million
Reasons for the funds unspent	The underspending was caused by the fact that the bulk of the training contracts expired on the 31 December 2017 and the department could not spend all the funds received until contractual issues were resolved. This has been attended to and contracts are currently being renewed so that all service providers who have completed training can be paid.

Donor Fund : MERSETA

Name of donor	MERSETA
Period of the commitment	2012/13 to 2017/18
Purpose of the funding	Artisan development project in the manufacturing and engineering sector
Expected outputs	Training of 200 artisans
Amount received in current period (R'000)	R12, 593 million
Amount spent by the department (R'000)	R12, 288 million
Reasons for the funds unspent	The underspending was caused by the fact that the bulk of the training contracts expired on the 31 December 2017 and the department could not spend all the funds received until contractual issues were resolved. This has been attended to and contracts are currently being renewed so that all service providers who have completed training can be paid.

## CAPITAL INVESTMENT

### 7.1 Capital investment, maintenance and asset management plan

Infrastructure projects	2017/2018			2016/2017		
	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
New and replacement assets					10 905	(10 905)
Existing infrastructure assets	7 864	3 339	4 525			
• Upgrades and additions						
• Rehabilitation, renovations and refurbishments	4 864	1 710	3 154	9 937	5 918	4 019
• Maintenance and repairs	3 000	1 629	1 371	3 471	60	3 411
Infrastructure transfer						
• Current						
• Capital						
<b>Total</b>	<b>7 864</b>	<b>3 339</b>	<b>4 525</b>	<b>13 408</b>	<b>16 883</b>	<b>(3 475)</b>



# **PART C:**

## **GOVERNANCE**





## 1. INTRODUCTION

The Department remains committed to maintaining the highest standards of governance in the management of public finances and resources. Numerous governance structures such as EXCO, MANCO and the Risk Committee are in place to monitor and ensure that taxpayers and communities receive efficient and effective service delivery at the best value for money. Furthermore, independent oversight structures such the Cluster Audit and Risk Committee are in place to review the Department's systems of financial and risk management and internal control.





## 2. RISK MANAGEMENT

To achieve the requirements of section 38(a) of the Public Finance Management Act, the Department has, as part of its risk management strategy, a Risk Management unit which is responsible for coordinating the effective implementation of risk management within the Department.

To ensure a well-structured approach to the implementation of risk management, the department has developed and approved a risk management policy and adopted the Provincial Risk Management Framework as its risk management strategy. Furthermore the department has, with the support of Provincial Treasury's Risk and Advisory Unit, initiated processes to customise and align the department's risk management strategy to meet the department's specific requirements.

The Accounting Officer has established a Risk Management Committee to oversee and monitor the implementation of the risk management policy. This committee is, amongst other things, responsible for the following:

- Ensuring that risk assessments are conducted regularly to identify emerging risks for the Department;
- Ensuring the alignment of the strategic risks with the strategic plan and objectives of the Department;
- Ensuring that strategic, operational, IT and fraud risks are managed appropriately across the Department;
- Reviewing the department's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register;
- Reviewing the results of the risk assessments to determine material risks to which the Department may be exposed and to evaluate strategies to mitigate those risks;
- Guiding and advising the Risk Management Unit in the compilation of the Quarterly risk management reports;
- Reviewing any material findings and recommendations by both Internal and External Auditors on the system of risk management and internal control to ensure that risks emanating from audit findings and forensic investigations are included in the risk register and that relevant mitigating plans are put in place timeously;
- Reviewing and monitoring the implementation of fraud prevention strategies;
- Monitoring progress on the implementation of risk mitigation strategies, including a status report on the audit improvement plan and;
- Interacting with the Cluster Audit and Risk Committee to share information relating to material risks of the department including cases where senior officials are implicated.

The Cluster Audit and Risk Committee meet on a Quarterly basis to independently review the department's risk management processes and advise the Accounting Officer and the Department on the adequacy and effectiveness thereof.

The implementation and improvement of risk management has had a positive impact on the operations of the Department. The following are some of the benefits that can be attributed to improved risk management processes:

- Greater awareness and compliance with prescripts;
- Greater awareness of the risk management policy and its effect on service delivery initiatives
- Enhanced monitoring and tracking of audit recommendations;
- Regular review and update of risk register;
- Coordinated approach to identification, recording, monitoring and reporting of risks

### 3. SCOPA RESOLUTIONS

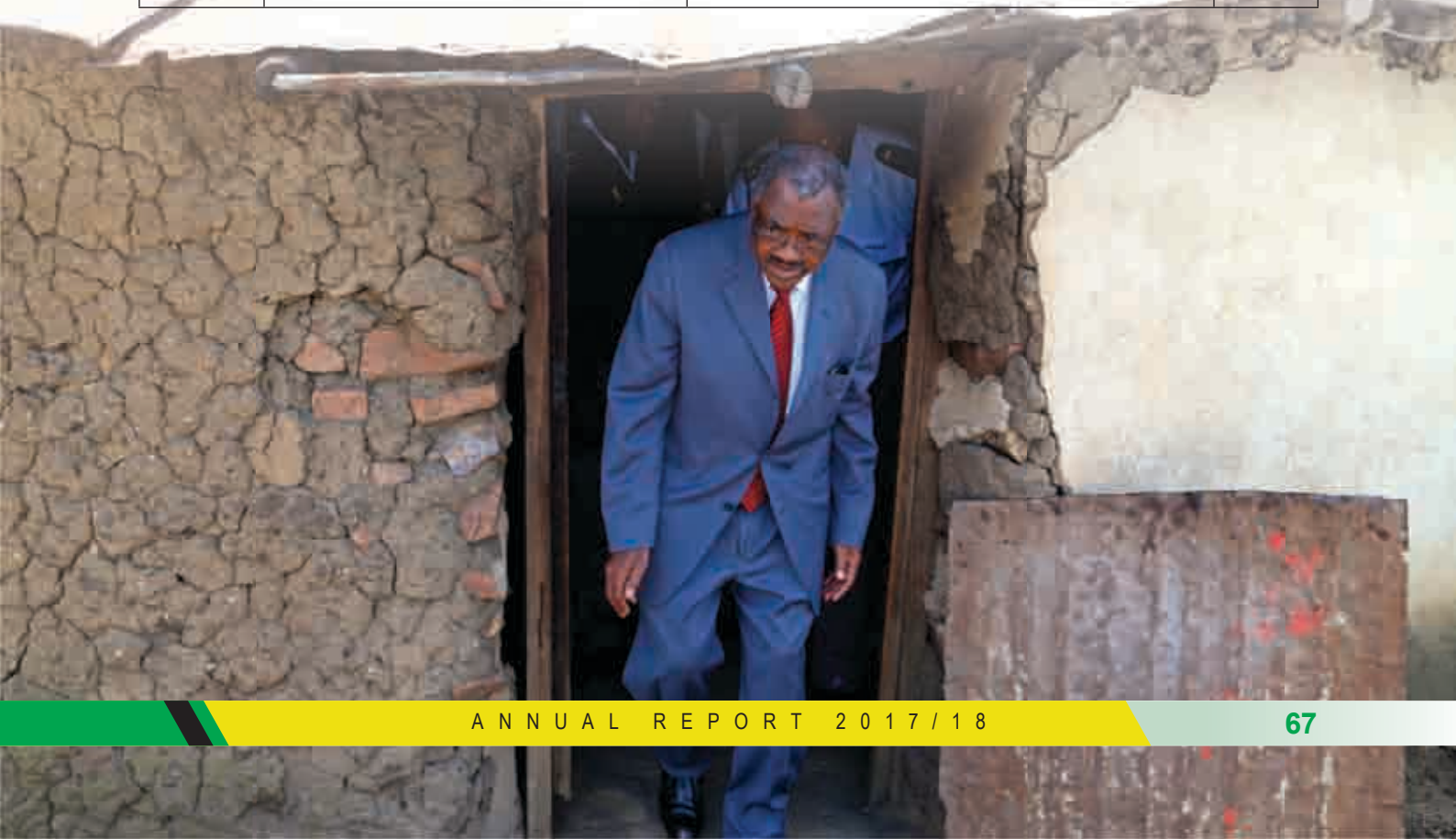
Resolution No.	Subject	Response by the department	Resolved (Yes/No)
19/2017	<p><b>The Committee resolves that -</b></p> <p>The Accounting Officer must report to the Committee by <b>31 January 2018</b> on plans to address the reasons for the under-expenditure of the budget.</p>	<p>The Department underspent its budget by 0.9% in the 2016/17 financial year as a result of construction work-in-progress at kwaKhangelamankengane Palace but a roll-over was received in the 2017/18 budget to complete the project as the department met all the PFMA provision. The department has proper plans for the monitoring of expenditure trends and the monthly In-Year-Monitoring, (IYM) is one of the tools utilised by the department and expenditure report is also a standing item in the Management Committee, (MANCO) meetings attended by all senior managers of the department.</p>	Yes
20/2017	<p><b>The Committee resolves that -</b></p> <p>The Accounting Officer report to the Committee by <b>31 January 2018</b> on:</p> <ol style="list-style-type: none"> <li>1. The measures that have been instituted by the Department to prevent a recurrence of irregular expenditure and to create effective internal control in respect of laws and regulations.</li> <li>2. Action taken against those officials who did not take effective steps to prevent irregular expenditure</li> </ol>	<p>The Department has set up a Special Irregular Expenditure Committee with clear terms of reference to assist the Accounting Officer in dealing with Irregular Expenditure and take appropriate action. Training has been provided by Provincial Treasury to the relevant SCM and Finance Practitioners and this will assist the department in preventing future recurrence of irregular expenditure.</p> <p>No action has been taken thus far as the cases are still being analysed and a number of factors have to be considered by the Accounting Officer including existing guidelines, training provided, circumstances that led to irregular expenditure etc. before charging the affected officials. The set deadline for the finalisation of the exercise is end of February 2018.</p>	Yes
21/2017	<p><b>The Committee resolves -</b></p> <p>The Accounting Officer reports to the Committee by 31 January 2018 on progress made in filling the vacant funded posts and the signing of the performance agreements.</p>	<p>The delay in the filling of posts is caused by the new procedure that is now followed in filling posts in relation to the Cost Cutting Measures.</p> <p>As at the end of December 2017 the vacancy rate at Senior Management was at 16% with a total of 75 SMS posts within the Department, 63 are filled and 12 are vacant.</p>	Yes
22/2017	<p><b>The Committee resolves -</b></p> <p>The Accounting Officer report to the Committee by <b>31 January 2018</b> on the reasons for the non-signing of performance agreements and the action taken against the officials who had not signed their performance agreements.</p>	<p>Performance Agreements in respect of SMS members</p> <p>In the current performance cycle i.e 2017/2018, there has been 100% compliance with the submission of performance agreements by SMS members. Constant monitoring is taking place to ensure that newly appointed SMS Members sign their performance agreements within the prescribed period to avoid non-compliance.</p>	Yes
23/2017	<p><b>The Committee resolves that:</b></p> <p>The Accounting Officer report to the Committee by <b>31 January 2018</b> on what investigations in terms of the PFMA have been instituted into the 2015/16 transgressions by officials and other role players and what actions have been taken against those who have transgressed.</p>	<p>The preliminary investigation undertaken by the department jointly with Treasury revealed that there were no officials that could be held responsible and the cases investigated qualified for condonement. The cases in question are in respect of procurement of logistics for events.</p>	Yes

Resolution No.	Subject	Response by the department	Resolved (Yes/No)
24/2017	<p><b>The Committee resolves that:</b></p> <ol style="list-style-type: none"> <li>1. That, with regard to the finding on payables, the Accounting Officer report to the Committee by <b>31 January 2018</b> on what action has been taken to address this finding, whether the department pays interest on overdue invoices and if so how much the department spent during the 2016/2017 financial year on interest on overdue accounts.</li> <li>2. That the above report also specifies the consequences which will be implemented by the Accounting Officer on those officials who did not maintain adequate records of outstanding payments for goods and services received resulting in service providers not being paid timeously for services and goods that they had provided.</li> </ol>	<p>The Department reported a total of R15 thousand in 2016/17 and the opening balance from prior years was R564 thousand giving an overall balance of R579 thousand as at 31 March 2017. The full amount is awaiting condonment as it was as a result of Telkom payments in respect of telephone accounts which were delayed in the post due to strikes by Telkom employees. The department has also implemented controls to improve efficiency in settling Telkom invoices by downloading invoices from the internet.</p> <p>There was no other interest charged by suppliers other than interest on Telkom accounts. However, controls have been introduced by the department in fast tracking the payment of suppliers and there is now a dedicated official in the office of the CFO who reviews commitments on a regular basis and make follow ups with the relevant Responsibility Managers.</p>	Yes
<b>TRANSVERSAL RESOLUTIONS</b>			
111/2017:	<p><b>The Committee resolves that:</b></p> <p>The Accounting Officers of the departments and Accounting Authorities of the public entities report to the Committee by <b>31 January 2018</b> on: 1.What disciplinary steps have been taken by the Accounting Officers in terms of section 38(1)(h)(iii) and the Accounting Authorities in terms of section 51(1)(e)(iii) of the PFMA against those people responsible for the irregular expenditure. If no disciplinary action has been taken, the Accounting Officers and Accounting Authorities must provide reasons for this.</p> <p>2. Whether any forensic or internal audit investigations are being conducted into the irregular expenditure which was incurred during the 2016/2017 financial year.</p>	<p>The Department has set up a Special Irregular Expenditure Committee with clear terms of reference to assist the Accounting Officer in dealing with Irregular Expenditure and take appropriate action. Training has been provided by Provincial Treasury to the relevant SCM and Finance Practitioners and this will assist the department in preventing future recurrence of irregular expenditure.</p> <p>No action has been taken thus far as the cases are still being analysed and a number of factors have to be considered by the Accounting Officer including existing guidelines, training provided, circumstances that led to irregular expenditure etc. before charging the affected officials and the set deadline for the finalisation of the exercise is end of February 2018. In addition, Provincial Treasury and the office of the Premier have developed a guide on the implementation of consequence management measures to deal with officials whose actions or lack thereof which caused irregular expenditure.</p>	Yes





Resolution No.	Subject	Response by the department	Resolved (Yes/No)
112/2017	<p><b>The Committee resolves that:</b></p> <p>the Accounting Officers of Departments and the Accounting Authorities of public entities submit to the Committee by <b>31 January 2018</b> the following information:</p> <ol style="list-style-type: none"> <li>1. The names of service providers owed and not paid on time.</li> <li>2. The amount owed to those service providers.</li> <li>3. The due date for payment.</li> <li>4. The officials responsible for making payment to service providers</li> </ol>	<p>The Department has thus far had problems with Telkom as the only supplier that had some delays but the challenge is being resolved and there has been some remarkable improvement as a result of downloading invoices from the internet. The other suppliers that were previously reported on the National database as owed by the Office of the Premier have been cleared as they could not provide any proof in the form of orders. As concrete proof for the amounts owing.</p> <p>The amount owed to Telkom varies and is based on the current usage.</p> <p>Payments for Telkom are due by the 15th of the following month and all other supplier payments are due within 30 days from date of receipt of invoice.</p> <p>The responsibility for making payments to the service providers is a joint function between the relevant Responsibility Manger and the Office of the CFO in terms of the department's standard operating procedures.</p>	
113/2017	<p><b>The Committee resolves that:</b></p> <p>The Accounting Officers and Accounting Authorities report by <b>31 January 2018</b> on the number of employees conducting business with government, and where any irregularities have occurred, what action is being/has been taken against the employee in each case.</p>	<p>Departments have been requested to report to Office the Premier on officials identified to have conducted business with government on whether such officials have resigned as directors of companies or resigned from the Public Service. Two Departments have confirmed that the officials have resigned as directors of the Companies. There are no officials who have been identified to have conducted work with the Public Service in the Office of the Premier in 2016/17. Officials have been advised of the amendments of the Public Service Regulations, 2016 with regard to doing business with the State.</p>	



Resolution No.	Subject	Response by the department	Resolved (Yes/No)
114/2017	<p><b>The Committee resolves that:</b></p> <p>The Accounting Officers of departments and Accounting Authorities of public entities report to the Committee by <b>31 January 2018</b> on the following:</p> <ol style="list-style-type: none"> <li>What investigations are currently underway in the departments and public entities and what deadline has been set for these to be completed?</li> <li>What investigations have been completed in the 2015/16 and 2016/17 financial years?</li> <li>The Committee be provided with copies of the reports on completed investigations by <b>31 January 2018</b>.</li> <li>That the Accounting Officers of Departments and Accounting Authorities of public entities report on action taken to implement the recommendations contained in the reports on investigations, disciplinary cases that may have been initiated, criminal cases and recovery of money by way of civil proceedings</li> </ol>	<ol style="list-style-type: none"> <li>1.1 Ref 24/2012. Fraud and corruption amongst employees within the finance and project sections of the Youth Commission Office in KZN. Completed in October 2017 and awaiting presentation to the Director-General by Provincial Treasury Investigators.</li> <li>1.2. FR 16/2013. Fraud within the Monitoring and Evaluation Unit (S&amp;T's). In progress and deadline for completion is quarter 4 of 2017/2018.</li> <li>1.3. FR 14/2013. Irregularities on IT Procurement within the Department; Linkages with FR41/2013. In progress and no deadline given.</li> <li>1.4. FR 18/2013. Irregular payment made to service provider who never rendered service. Irregular payment of S&amp;T Claims. In progress and deadline for completion is quarter 4 of 2017/2018.</li> <li>1.5. FR 41/2013. Investigation regarding a payment for licence fees claimed by one of the IT service provider. In progress and no deadline given.</li> <li>1.6. FR 19/2015. Investigation into alleged corruption within the Office of The Premier. In progress and no deadline given.</li> <li>1.7. FR 37/2015. Investigation into non-compliance with SCM procedures. Completed, presented to the Director-General but three criminal cases were opened in July 2017.</li> <li>1.8. FR 03/2016. Alleged fraud and Corruption. In progress and at the planning stage.</li> <li>1.9. AC6/2017. Allegations of fraud at Youth Directorate. In progress. Conducted internally and at planning stage.</li> <li>2. 2. There were no cases were completed in 2015/2016 and 2016/2017 financial years.</li> <li>3. There are no recommendations to implement currently.</li> </ol>	
115/2017	<p><b>The Committee resolves that:</b></p> <p>The Accounting Officers report to the Committee by <b>31 January 2018</b> on actions taken against officials who transgressed the provisions of the PFMA as well as reasons for not taking action against officials who committed transgressions.</p>	<p>No employees identified to have transgressed the PFMA and Treasury regulations, as investigations are continuing a draft report will be submitted to the accounting officer by end of February 2018.</p>	



Resolution No.	Subject	Response by the department	Resolved (Yes/No)
116/2017	<p><b>The Committee resolves that:</b></p> <ol style="list-style-type: none"> <li>1. That in compliance with Section 40(1) (b) of the Public Finance Management Act, Accounting Officers be requested to ensure that financial statements are prepared regularly during the financial year and that due diligence is exercised to ensure that the financial statements are correct in all respects and that the financial statements are submitted to Internal Audit and the Provincial Audit and Risk Committee timeously.</li> <li>2. That all Accounting Officers report by <b>31 January 2018</b> on action taken in terms of resolution (1) above to resolve this audit issue</li> </ol>	<p>The Department complied with all Annual Financial submission procedures in the 2016/17 financial year. The department has again met all the set deadlines for the Quarterly Interim Financial Statements for 2017/18 and is ready and equipped for the preparation of annual financial statements for 2017/18.</p> <p>The Department submitted the annual financial statements for 2016/17 and no material adjustments were made by the Auditor General after submission and will adopt the same principle in 2017/18.</p>	
117/2017	<p><b>The Committee resolves that:</b></p> <p>The Accounting Officers of Departments and Accounting Authorities of public entities report by <b>31 January 2018</b> on the following:</p> <ol style="list-style-type: none"> <li>1. The reasons for the fruitless and wasteful expenditure being incurred in the 2016/2017 financial year.</li> <li>2. Action taken against those officials responsible for incurring the fruitless and wasteful expenditure.</li> <li>3. Recovery of money from those responsible and;</li> <li>4. Measures put in place to ensure that fruitless and wasteful expenditure does not occur in future.</li> </ol>	<p>The Department has thus far had problems with Telkom as the only supplier that had some delays in submitting invoices which resulted in interest being incurred in 2016/17.</p> <p>No action has been taken against any officials as the full amount qualifies for condonment as it emanated from the delays in the post due to Post Office Services strike.</p> <p>The full amount qualifies for condonment.</p> <p>The Department is now downloading invoices from the internet and this mechanism was accepted by the Auditor General provided the invoices have been certified by Telkom.</p>	
118/2017	<p><b>The Committee resolves that:</b></p> <p>The Accounting Officers of the relevant departments report by <b>31 January 2018</b> on the following:</p> <ol style="list-style-type: none"> <li>1. A list of vacant senior management posts in their respective departments.</li> <li>2. What action is being taken in the departments and public entities to address the findings of the Auditor-General with regard to the filling of vacancies in senior management positions?</li> <li>3. That the Portfolio Committees be requested to monitor filling of all vacant funded posts in departments, especially key positions and senior management positions.</li> </ol>		

Resolution No.	Subject	Response by the department	Resolved (Yes/No)
119/2017	<p><b>The Committee resolves that:</b></p> <p>The Accounting Officers of the relevant departments report by <b>31 January 2018</b> on:-</p> <ol style="list-style-type: none"> <li>1. Departmental asset management policy which will address weaknesses identified by the Auditor-General.</li> <li>2. The completeness of the departments' asset registers.</li> <li>3. What action will be taken against those who do not comply with the policy.</li> </ol>	<p>The Department has reviewed an assets management policy to address challenges identified in previous years.</p> <p>The Department is performing a reconciliation between Hardcat and BAS system in order to ensure completeness of the assets register and assets are reconciled for each category.</p>	



## 4. PRIOR MODIFICATIONS TO AUDIT REPORTS

During the 2016/17 financial year the department obtained an unqualified audit opinion with matters of emphasis. Some of the shortcomings that were highlighted by the Office of the Auditor General as matters of emphasis included the following:

- Irregular expenditure;
- Royal Households Trust assets still recorded in the asset register of the Office of the Premier;
- Suppliers in the service of the state – none declaration of interest;
- Non-compliance with emergency and deviation procedures;
- Undeclared businesses/ extra remunerative approval has not be sought;
- Performance agreements not signed/ signed late

In order to address the abovementioned shortcomings, the Accounting Officer developed and approved an audit improvement plan which has been monitored by various structures such as MANCO, EXCO, the departmental Risk Committee and the Cluster Audit and Risk Committee to ensure progress and accountability. The table below depicts measures that have been implemented to address these findings:

Matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Irregular expenditure	From time to time the office receives late requests from National Departments for events which are not planned for. The processing of the events sometimes results in irregular expenditure due to short notice.	<ul style="list-style-type: none"> <li>• Procurement plan in place</li> <li>• Irregular Committee has been established to investigate identified irregular expenditure.</li> <li>• The department is the process of capacitating Internal Control Unit.</li> </ul>
Royal Households Trust assets still recorded in the asset register of the Office of the Premier	2015/16	<ul style="list-style-type: none"> <li>• The department has identified and removed assets to be transferred to the Royal Trust from the OTP assets register.</li> <li>• Quarterly assets verification are conducted to confirm accuracy and completeness of asset records.</li> </ul>
Suppliers in the service of the state non declaration of interest	Recurring audit finding due to inadequate detection and prevention measures.	<ul style="list-style-type: none"> <li>• Central Suppliers Database has been implemented which is linked to CIPRO and SARS. This enables the detection of officials employed by government Departments.</li> <li>• Furthermore the department has referred the list of identified officials to their respective departments for further investigation.</li> </ul>
Non-compliance with emergency and deviation procedures	2015/16	<ul style="list-style-type: none"> <li>• Reasons for all Deviations for the currently processed in this financial year have been reviewed to ensure that they complied with TR16A6.4.</li> <li>• Requests for deviations are being monitored closely by SCM and CFO before approval by the AO to ensure compliance with TR16A6.4.</li> </ul>



Matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Undeclared businesses/ extra remunerative approval has not be sought	2015/16	<ul style="list-style-type: none"> <li>IMU has completed awareness on PSR 2016 for all Chief Directorates in OTP.</li> <li>An Ethics Champion, Ethics Officer and Ethics Committee have been appointed. An Ethics Committee meeting was held on 20 March 2018.</li> <li>Furthermore, a draft Ethics Strategy has been prepared and submitted to Macro Policy section for their input</li> </ul>



## 5. INTERNAL CONTROL UNIT

There is currently no dedicated Internal Control unit in the Department. The new Departmental structure provides for an Internal Control unit in the office of the CFO. The process has been initiated to seek Provincial Treasury's approval for identified posts.

The Department currently relies on Provincial Internal Audit Services to assess the adequacy and effectiveness of internal controls, and to provide advice where deficiencies are detected. An audit improvement plan is maintained by Provincial Internal Audit Services and the Department to monitor the implementation of recommendations.





## 6. REPORT OF THE AUDIT & RISK COMMITTEE ON VOTE 1 – OFFICE OF THE PREMIER

The Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations 3.1, including all other related prescripts, and is pleased to present its report for the financial year ended 31 March 2018.

The Provincial Audit and Risk Committee (PARC) is the shared audit and risk committee for the provincial departments, and is further sub-divided into three Cluster Audit & Risk Committees (CARC's) that provide oversight of key functions to the KZN Provincial Government Departments. The Office of the Premier is served by the Governance & Administration Cluster Audit & Risk Committee.

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

### 6.1 Audit Committee Members and Attendance

The PARC and G&A CARC consists of the members listed hereunder who have met as reflected below, in line with the approved terms of reference.

#	Name of Member	PARC Meetings Attended	G&A CARC Meetings Attended
1.	Mr S Simelane (Acting Chairman of PARC and Economic CARC)	7 of 7	4 of 4
2.	Mr V Ramphal	7 of 7	4 of 4
3.	Mr P Christianson	7 of 7	N/A*
4.	Ms T Njozela	6 of 7	N/A*
5.	Mr D O Connor	7 of 7	4 of 4
6.	Ms N Sithole (Appointed 01 May 2018)	N/A	N/A*
7.	Mr M Tarr (Appointed 01 May 2018)	N/A	1 of 4

\* refers to PARC members who did not serve on the G&A CARC

## 2. The Effectiveness of Internal Control

The Committee has reviewed the reports of the Provincial Internal Audit Service (PIAS), the Audit Report on the Annual Financial Statements and Management Report of the Auditor General of South Africa (AGSA) and has noted with concern, the weaknesses in controls in the following areas:

- Supply Chain Management
- Budget and Expenditure Management
- Asset Management
- High staff vacancy rate
- Failure to prevent irregular expenditure

The Committee considered the appropriateness of the planned interventions to improve the overall control environment and advised management to implement these timeously, to avoid the recurrence of audit findings.

## 3. Effectiveness of Internal Audit

PIAS activities were reviewed by the Committee during the PARC and CARC monitoring processes. The Committee evaluated PIAS reports detailing the assessment of the adequacy and effectiveness of controls designed to mitigate the risks associated with the operational and strategic activities of the Department.

The PIAS planned to conduct nine (9) audit assignments for the period under review, of which all nine (9) were finalised.

The PIAS performed effectively during the period under review, the Committee commended PIAS for finalising all planned assurance audit. During the 2018/19 financial year, the Committee will continue monitoring the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the department.

## 4. Risk Management

The responsibilities of the Committee with respect to risk management are formally defined in its Charter. For the period under review, the Committee's responsibilities have been focused, amongst other things, on the Quarterly review of the department's risk register and monitoring progress against the Risk Management Operational Plan.

As at 31 March 2018, the status of the Department's risk register was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	1	12	20	7	12	52
Number of Identified Action Plans	12	53	77	7	0	149
Number of Completed Action Plans.	4	18	39	2	0	63

Although the Committee is pleased with the department's commitment towards risk management since the appointment of the Director-General, the Committee is, however, still concerned about the department's slow progress in implementing risk mitigation plans. The Department is urged to expedite the implementation of the outstanding risk mitigation plans and to regard the risk register as a dynamic document which should be reviewed and updated on a Quarterly basis.

With regard to various risk-related initiatives, the Committee is pleased to note the progress made by the Department in implementing the agreed action plans in respect of Risk Maturity, Business Continuity, Fraud Prevention, and Occupational Health and Safety.

## **5. Quality of in year management and monthly/Quarterly reports**

The Committee was satisfied with the content and quality of Quarterly reports in respect of in year management and Quarterly performance, prepared and issued by the Accounting Officer of the Department during the year under review in terms of the PFMA and the Division of Revenue Act.

However, the Committee notes with concern the material irregular expenditure incurred by the Department, and requested management to urgently implement effective budget management and procurement controls. .

## **6. Evaluation of Financial Statements**

The Committee has:

- Reviewed and discussed the Annual Financial Statements, including the audit report, with the Accounting Officer, Auditor General and PIAS;
- Reviewed the Auditor General's Management Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions, where concerns have been noted around procurement management and failure to prevent irregular expenditure as a result of non-compliance with supply chain management prescripts.
- Reviewed the conclusion on the usefulness and reliability of performance information resulting from the external audit of the Department.

## **7. Forensics Investigations**

During the 2017/2018 financial year, the Committee noted that there were ten (10) forensic investigations, all relating to alleged conflict of interest, supply chain management and procurement irregularities, mismanagement of funds, motor licensing irregularities, nepotism which the department has referred to the PIAS for investigation. Three (3) of these investigations were completed and seven (7) are in-progress.

The Committee further noted that:

- One (1) matter is currently under criminal investigation by the South African Police Service (SAPS);
- For two (2) of the completed investigations, criminal proceedings were recommended which must be actioned by the Accounting Officer; and
- For three (3) of the completed investigations whereby disciplinary actions were recommended, disciplinary proceedings must be instituted by the Accounting Officer

The department and the PIAS are urged to promptly finalize the outstanding investigations, and work together to implement recommendations made in the finalised investigations.

## **8. Auditor-General's Report**

The Committee has monitored the implementation of corrective action plans to address the audit issues raised by the Auditor General in the prior year. The Committee has met with the Auditor General of South Africa to discuss and evaluate the major issues that emanated from the current regulatory audit. The Committee will

ensure that corrective actions in respect of the detailed findings emanating from the current regulatory audit continue to be monitored on a Quarterly basis through the CARC processes.

The Committee agrees with and accepts the Auditor General's unqualified opinion on the Annual Financial Statements, and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General. The Committee commends the Department on obtaining an unqualified audit opinion.

## 9. Appreciation

The Committee wishes to express its appreciation to the Management of the Department, the Auditor General of South Africa, and the Provincial Internal Audit Services for the co-operation and support they have provided to enable us to compile this report.



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**Mr SP Simelane**

**Chairman:**

Provincial Audit and Risk Committee

06 August 2018



# **PART D:**

## **HUMAN RESOURCE MANAGEMENT**



# 1. OVERVIEW OF HUMAN RESOURCES

## Public service transformation

The OTP convened various Strategic Human Resource Management Forums and development directorates in provincial departments. These forums are effective learning platforms utilised to share best practices and knowledge amongst peers. In the main, such forums were established to focus on new developments in the following areas: Integrated human resource management, PERSAL management for all PERSAL users in the Province, labour relations, organisational development, management advisory services and employee health and wellness. The Chief Directorate convened an HR summit for all provincial HR practitioners with the objective of finalising the Strategic Human Resource Management Turnaround Strategy which is in its final draft stage.

The Human Resource Policy and Practices Directorate successfully assessed the HR plans and implementation reports for 14 provincial departments and submitted the required reports to the DPSA timeously. HR policy compliance audits were conducted in 13 departments with a view to improving compliance and the meeting of deadlines with the assistance of Provincial Treasury who scored 4 on all 11 MPAT standards under the KRA on Human Resource Management. There have been improvements in HR MPAT scores, however, more needs to be done to encourage compliance with national prescripts to increase the number of women in senior management and the number of employees with disabilities and generally improve on the handling of disciplinary cases and grievances in provincial departments. A seminar for SMS members is planned for this financial year in an attempt to address poor performance at the senior management level with a view to improving overall performance in provincial departments.

In the area of Labour Relations, the Department focused on the area of training and has produced a training manual to be utilised as a toolkit for all labour relations matters by all departments in the Province. A shared services approach dubbed "Operation MBO" was launched as a model to assist in dealing with backlogs of misconduct cases in the Province. In the year 2017/18, the Department achieved 98% in ensuring that labour relations cases are logged onto PERSAL.

The PERSAL Management Directorate trained 604 Persal users at 38 courses offered throughout the financial year. A total of 168 Persal Technical Reports were produced (14 per month) and distributed to departments to assist with monitoring Persal-related issues and providing statistics on departmental employment equity profiles and vacancy rates. The Directorate completed an annual Provincial PERSAL Policy Compliance Audit and was successful in conducting the 2017 headcount for the Office of the Premier to ensure that there are no "ghost" employees in the system. The Directorate attended to 7221 Persal related queries arising from all Provincial Departmental Persal users. Payments made on 49 Persal supplementary runs were investigated. A total of 237 payments were queried with Departments and a possible financial saving of R 1,292,764.23 was identified through these enquiries.

The area of Health and Wellness has become an area of great focus more so on issues of Safety, Health, Environment, Risk and Quality (SHERQ). The Directorate was successful in establishing a Provincial SHERQ Steering Committee. It is this Committee that will ensure that there is efficient monitoring of health and safety issues in all departments in the Province in line with the vision of being a caring employer. During this period the Committee held 2 successful meetings and hosted a Provincial SHERQ Indaba.

## Implementation of the Operations Management Framework

In terms of Chapter 3, Part 3 of the Public Service Regulations, 2016, regarding service delivery, it is mandatory for all departments to perform the Operations Management (OM) function.

The Province has adopted an OM project plan which was endorsed at the Executive Council Lekgotla held from 15 to 17 February 2017. Provincial departments have started to implement Operations Management (OM) departmentally.

The Office of the Premier (OTP) plays a coordination role in which it monitors the implementation of this legislation. Operations Management looks at Organisational Functionality Assessment (OFA), Service Delivery Model (SDM), Service Delivery Improvement Plan (SDIP), Operational Forecasting (OF), Business Process Management (BPM), Standard Operating Procedures (SOPs), Service Standards (SS), Service Delivery Charter (SDC) and Organisational Development (OD).

The Office of the Premier has finalised 95% of its Standard Operating Procedures (SOPs). It has also developed improved SOPs for certain units which were determined as priority cases.

The Office Support and Auxiliary Services Directorate Report has been finalised and approved. The recommendations contained in this report are being implemented. For example the mechanisation of fleet management services was endorsed by the Departmental Executive Committee (EXCO) and the Kaizen team engaged with the relevant units to implement the system.

Approximately 90% of the SDM template has been completed and it is to be presented to EXCO and thereafter approved by the Premier. The majority (90%) of the Service Standards, SDC and SDIP have been completed and are to be presented to EXCO and thereafter submitted to the Director-General for approval.

The Department will continue to facilitate, integrate and monitor the implementation of HRM & D strategies, policies and projects through the hosting of relevant and planned HRM & D Strategic Forums. The relevant Action Workgroups 7 and 10 will continue to focus on areas of HRM & D to track progress on service delivery targets.

The delivery of 200 training sessions to capacitate public servants will also be critical. In order to foster coordination, integration, compliance, monitoring and evaluation special attention will be given to the functionality of HRD Forums. The focus will also be on the effective management of skills development projects.

The Provincial Human Resource Turnaround Strategy will be finalised and phase 1 of the implementation will be rolled out during the 2018/19 financial year. The HRD Chief Directorate will focus on finalising the Public Service HRD Strategy.

In line with the inputs from the proposed HR Strategy, all directorates will focus on training that is geared towards empowering both line functionaries and professionals in all specialised areas of HR. This is intended to eliminate and minimise all HR audit related challenges that are currently being experienced due to lack of knowledge related to policies and procedures and, in the main, non-compliance. In the area of Labour Relations, there is a dearth of Presiding Officers hence the need to focus on training and growing these most needed professionals. There is commitment in the Chief Directorate to develop internal experts through ongoing training, coaching and mentoring. Skills development projects will be closely monitored.

There is a serious challenge of achieving National Equity targets in the Province. Whilst there have been improvements in some departments, this area has attracted a lot of attention. The Department will develop a provincial strategy to improve equity targets in all departments through targeted programmes for women, youth and employees with disabilities.

The PERSAL Management Directorate has planned to continue training Persal users through 34 Persal courses scheduled during the financial year. Approximately 50 supplementary runs have been targeted for analysis of payments made to employees in an attempt to discover possible fraudulent payments or overpayments made to employees in all Provincial Departments. The online Persal Help Desk will continue attending to all Persal related queries raised by Departments.

There will be a focus in this financial year to finalise the procurement process for procurement of an automated leave management system.

The Department has planned to develop BPMs during the 2018/ 19 financial year.

In terms of OM diagnostic reports, the OTP has compiled a report on the Moral Regeneration Movement unit which is awaiting approval. The Department is currently busy with a report on the Community Partnerships unit. POD will monitor the implementation of the recommendations by the Kaizen Team.

The Operations Management diagnostic report for the Provincial Public Service Training Academy (PPSTA) has been finalised and approved. The Kaizen team is busy engaging with the Chief Directorate to implement the recommendations.

The Directorate will conduct research on the integration of fieldworkers in one organisation.

The Department of Public Works will be assisted with training in terms of SOPs and BPMs.

There is a need for intervention at the Department of Sport and Recreation to determine what assistance is needed.

All Departments need to be encouraged to conduct OM investigations for their line functions especially for those units where challenges exist.

The Department of Community Safety and Liaison currently does not have a KAIZEN team. It should be assisted with setting up its KAIZEN team, development of SS, SDC, SDM, SDIP and OM investigation reports. The Department will continue with monitoring and reporting on the status of OM implementation in all departments.

The HR Policy & Practices directorate through the refined compliance calendar intends in improving the standards of compliance in the Province and enable the departments to manage compliance matters more effectively and efficiently.

The Labour Relations Unit intends to train Provincial Chairpersons of disciplinary hearings on report writing. The Department of Arts and Culture Employer Representatives and Chairpersons training has been scheduled to capacitate representatives dealing with formal disciplinary hearings. Training in terms of Schedule 8 of the Labour Relations Act, 1995 on the management of Incapacity due to Ill Health is to be conducted by a service provider.

The Provincial Employee Health and Wellness Directorate will continue to strengthen compliance on issues pertaining to Safety, Health, Environment, Risk and Quality (SHERQ). Risks and areas of non-compliance will be addressed through relevant established structures (Provincial SHERQ committee, CARC and COHOD). The Directorate through its mandate will strive to ensure a healthy and dedicated workforce.

## HR SUPPORT

The table below depicts the composition of the Office of the Premier's staff establishment in terms of race, gender, disability and filled and vacant posts per salary level.

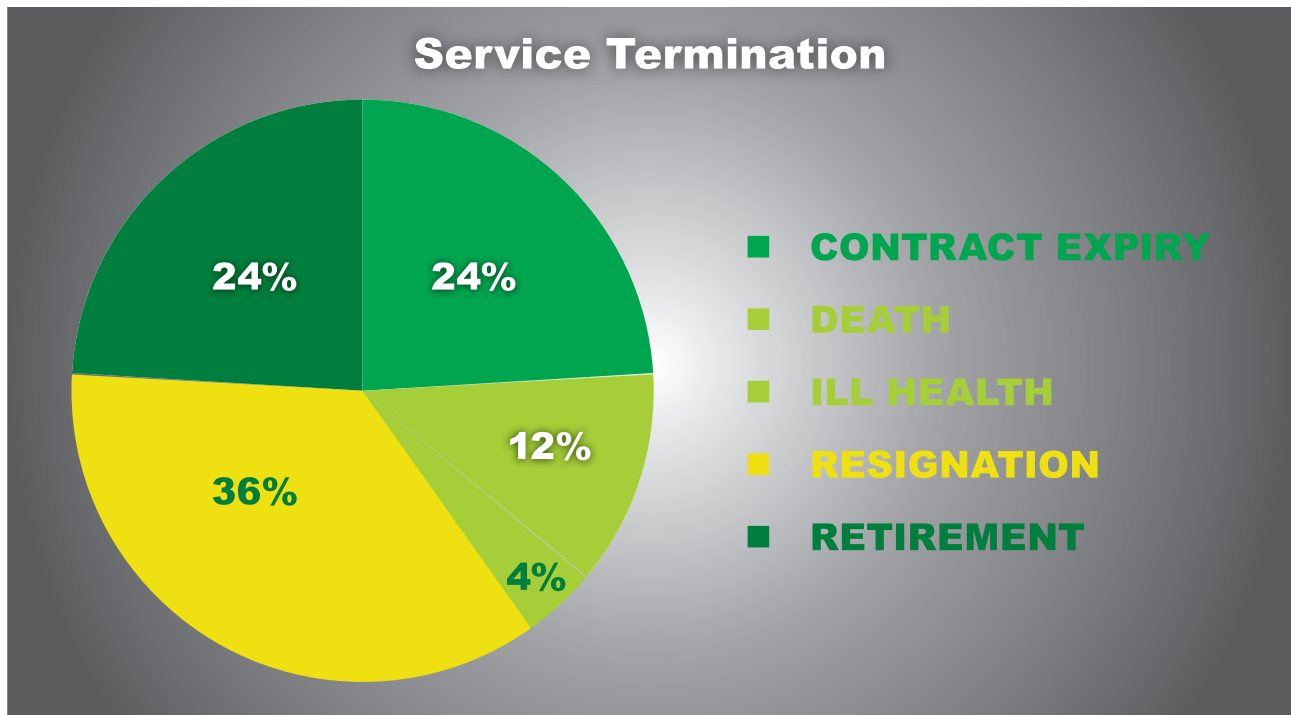
Salary	African		Coloured		Indian		White		Grand	Active	Active	Total	Disabled
Level	Female	Male	Female	Male	Female	Male	Female	Male	Total	Filled	Vacant	Posts	Employees
1									0	0	0	0	
2	20	38	0	0	0	0	0	0	58	58	0	58	0
3	34	16	0	0	0	0	0	0	50	50	2	52	0
4	14	11	0	1	0	0	0	0	26	26	2	28	1
5	28	32	0	1	0	0	0	0	61	61	6	67	0
6	31	14	0	0	0	0	1	0	46	46	2	48	0
7	73	34	5	0	1	1	0	0	114	114	10	124	1
8	19	11	0	0	7	3	2	0	42	42	3	45	1
9	24	14	4	0	4	1	1	0	48	48	8	56	1
10	3	5	0	0	0	1	0	0	9	9	0	9	0
11	15	6	0	0	3	0	3	2	29	29	3	32	2
12	21	15	0	0	7	2	2	2	49	49	0	49	2
13	13	24	0	0	4	1	1	2	45	45	3	48	1
14	3	6	0	0	1	1	1	1	13	13	4	17	0
15	2	4	0	0	0	0	0	1	7	7	0	7	0
16	1	1	0	0	0	0	0	1	3	3	0	3	0
<b>TOTAL</b>	<b>301</b>	<b>231</b>	<b>9</b>	<b>2</b>	<b>27</b>	<b>10</b>	<b>11</b>	<b>9</b>	<b>600</b>	<b>600</b>	<b>43</b>	<b>643</b>	<b>9</b>

**Table 1: Staff Establishment showing race, gender, disability, filled and vacant posts per salary level**

The Office of the Premier is required to implement transformation measures which seek to achieve the 2% Disability and 50% Gender and/or Women in SMS representation National Targets as determined by National Cabinet. As at 30 April 2018, this department had achieved 1.5% on disability target and 38% women representation at SMS level. There is a slight improvement on both disability and women representation compared to last year and the department continues to implement and explore various strategies in its internal policies in order to improve in this area. To give effect to the Department's HR Plan, 16 posts have been prioritised that will be filled during the first quarter. The overall vacancy rate as at 30 April 2018 was 6%.

Through its Internal Human Resource Support unit, the Department facilitated the recruitment process for the filling of 4 Heads of Department posts. Four have been advertised and the recruitment is in progress.

In the 2017/2018 financial year, this department had a staff turnover of 4%; eighty eight (25) employees left service and the chart below shows the attrition per service termination type:



**Fig. 1: Graphical illustration of staff turnover per termination type**

In line with the Skills Development Levies Act, 1999; 1% of the department's personnel budget was allocated towards skills development thereby allowing the department to implement its Workplace Skills Plan for the 2017/18. The department successfully coordinated the following programmes:

- 10 bursary were awarded during the 2017/18; making a total of 31 bursary holders within the Office of the Premier
- 43 interns were enrolled
- 251 employees were trained on various skills development courses

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

The directorate Human Resource Support had prioritise the following during the period under review:

- Capacity Development of managers and supervisors for effective and professional management of human resources
- To reach 50% women representation at SMS level to address the imbalances of the past
- Improve compliance on all human resource compliance matters for effective and efficient human resource management within the department
- Filling of all critical funded vacancies for continued service delivery
- Placement of all displaced employees for optimum utilisation of all employees
- Procurement of the Automated Leave System to improve efficiency in leave administration



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

The following strategies will be employed to attract a skilled and a capable workforce:

- Employment Equity through targeted advertising
- Employee Health and Wellness programmes as part of skills retention
- Recruitment and Retention strategies
- Strategic Human Resource Development

### **Employee performance management**

The Office of the Premier has with effect from 1 April 2018 implemented the new Directive on Performance Management and Development System for both SMS members and employees at lower level. Provision was made for performance incentives (2% of the wage bill and 1.5% of remuneration budget) in terms of the Incentive Policy Framework as well as the Public Service Regulations, 2016. Performance incentives in a form of pay progression and performance bonuses were paid to deserving employees before the 31st December 2017.

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

The challenges faced by the department on internal human resource matters were:

- Shortage of human capacity which results in an increased strain and stress levels on employees
- Job Descriptions that are not aligned to actual Key Result Areas of jobs
- Inability to reach Employment Equity and Disability targets
- Inadequate consequence management for non-compliance
- Absenteeism due to Incapacity
- High attrition rate due to resignations
- Misconduct and grievance cases not finalized timeously
- Competency development gaps not adequately addressed
- Inefficiency in some areas due to lack of HR electronic/automated systems

### 3. HUMAN RESOURCES OVERSIGHT STATISTICS



### 3.1 Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

*Table 3.1.1 Personnel expenditure by programme for the period 1 April 2017 and 31 March 2018*

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	90 169	52 167	0	0	58	88
INSTITUTIONAL DEVELOPMENT	353 124	129 297	0	0	36	207
POLICY & GOVERNANCE	308 761	69 026	0	0	30	152
<b>Total</b>	<b>752 054</b>	<b>277 490</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>447</b>

*Table 3.1.2 Personnel costs by salary band for the period 1 April 2017 and 31 March 2018*

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)	7 972	2.80	137 448	287 952
Skilled (Levels 3-5)	25 571	8.90	209 238	287 952
Highly skilled production (Levels 6-8)	52 440	18.20	371 603	287 952
Highly skilled supervision (Levels 9-12)	85 818	29.80	664 899	287 952
Senior management (Levels 13-16)	69 819	24.20	1 203 017	287 952
Contract (Levels 3-5)	3 913	1.40	195 650	287 952
Contract (Levels 6-8)	7 288	2.50	347 048	287 952
Contract (Levels 9-12)	4 266	1.50	853 200	287 952
Contract (Levels 13-16)	15 037	5.20	1 153 308	287 952
Contract Other	2 505	0.90	59 643	287 952
Periodical Remuneration	1 654	0.60	183 778	287 952
Abnormal Appointment	1 207	0.40	603 500	287 952
<b>TOTAL</b>	<b>277 490</b>	<b>96.30</b>	<b>447 205</b>	<b>287 952</b>

*Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2017 and 31 March 2018*

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	46 871	83.70	191	0.30	1 145	2	1 403	2.50
INSTITUTIONAL DEVELOPMENT	113 501	83	779	0.70	2 307	2	4 321	3.70
POLICY & GOVERNANCE	86 623	82.60	233	0.20	2 794	2.50	2 798	2.50
<b>Total</b>	<b>246 995</b>	<b>83</b>	<b>1 203</b>	<b>0.40</b>	<b>6 247</b>	<b>2.20</b>	<b>8 522</b>	<b>3</b>

*Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2017 and 31 March 2018*

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	7 337	78.30	3	0	594	7.40	323	4
Skilled (Levels 3-5)	20 705	75.80	268	1	1 313	5.10	2 085	8.10
Highly skilled production (Levels 6-8)	43 157	79	606	1.10	1 871	3.50	3 180	6
Highly skilled supervision (Levels 9-12)	75 928	82.60	273	0.30	1 183	1.30	2 156	2.40
Senior management (Levels 13-16)	63 420	84.50	20	0	1 077	1.50	774	1.10
Contract (Levels 3-5)	4 183	99.20	6	0.20	0	0	0	0
Contract (Levels 6-8)	7 864	99.50	2	0	0	0	0	0
Contract (Levels 9-12)	4 042	87.40	8	0.20	209	4.50	0	0
Contract (Levels 13-16)	15 369	89.20	0	0	0	0	3	0
Contract Other	2 488	98.90	17	0.70	0	0	0	0
Periodical Remuneration	1 295	73	0	0	0	0	0	0
Abnormal Appointment	1 207	100	0	0	0	0	0	0
<b>TOTAL</b>	<b>246 995</b>	<b>83</b>	<b>1 203</b>	<b>0.40</b>	<b>6 247</b>	<b>2.20</b>	<b>8 522</b>	<b>3</b>

## 3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

*Table 3.2.1 Employment and vacancies by programme as on 31 March 2018*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
ADMINISTRATION, Permanent	103.00	93.00	9.70	5.00
INSTITUTIONAL DEVELOPMENT, Permanent	273.00	253.00	7.30	48.00
POLICY & GOVERNANCE, Permanent	281.00	263.00	6.40	10.00
<b>Total</b>	<b>657.00</b>	<b>609.00</b>	<b>7.30</b>	<b>63.00</b>

*Table 3.2.2 Employment and vacancies by salary band as on 31 March 2018*

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
Lower Skilled (Levels 1-2), Permanent	58.00	58.00	0.00	0.00
Skilled (Levels 3-5), Permanent	133.00	122.00	8.30	2.00
Highly Skilled Production (Levels 6-8), Permanent	160.00	141.00	11.90	9.00
Highly Skilled Supervision (Levels 9-12), Permanent	140.00	129.00	7.90	1.00
Senior Management (Levels 13-16), Permanent	65.00	58.00	10.80	1.00
Other, Permanent	42.00	42.00	0.00	42.00
Contract (Levels 3-5), Permanent	20.00	20.00	0.00	5.00
Contract (Levels 6-8), Permanent	21.00	21.00	0.00	3.00
Contract (Levels 9-12), Permanent	5.00	5.00	0.00	0.00
Contract (Levels 13-16), Permanent	13.00	13.00	0.00	0.00
<b>TOTAL</b>	<b>657.00</b>	<b>609.00</b>	<b>7.30</b>	<b>63.00</b>



*Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2018*

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
ADMINISTRATIVE RELATED, Permanent	207	201	2.90	8
ADVOCATES, Permanent	3	3	0	0
AGRICULTURE RELATED, Permanent	1	1	0	0
BUS AND HEAVY VEHICLE DRIVERS, Permanent	8	7	12.50	0
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC., Permanent	83	79	4.80	0
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS), Permanent	10	10	0	0
COMMUNICATION AND INFORMATION RELATED, Permanent	2	2	0	0
COMMUNITY DEVELOPMENT WORKERS, Permanent	3	3	0	0
FINANCE AND ECONOMICS RELATED, Permanent	10	10	0	0
FINANCIAL AND RELATED PROFESSIONALS, Permanent	1	1	0	0
FINANCIAL CLERKS AND CREDIT CONTROLLERS, Permanent	29	22	24.10	2
FOOD SERVICES AIDS AND WAITERS, Permanent	2	2	0	0
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS, Permanent	1	1	0	0
HOUSEHOLD AND LAUNDRY WORKERS, Permanent	1	1	0	0
HOUSEKEEPERS LAUNDRY AND RELATED WORKERS, Permanent	2	2	0	0
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF, Permanent	10	8	20	0
HUMAN RESOURCES CLERKS, Permanent	42	38	9.50	22
HUMAN RESOURCES RELATED, Permanent	10	10	0	0
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN, Permanent	1	1	0	0
LEGAL RELATED, Permanent	1	1	0	0
LIGHT VEHICLE DRIVERS, Permanent	3	3	0	2
LOGISTICAL SUPPORT PERSONNEL, Permanent	5	5	0	0
MATERIAL-RECORDING AND TRANSPORT CLERKS, Permanent	3	3	0	0
MESSENGERS PORTERS AND DELIVERERS, Permanent	22	22	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate %	Number of employees additional to the establishment
MOTOR VEHICLE DRIVERS, Permanent	5	5	0	3
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS, Permanent	45	34	24.40	22
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS, Permanent	3	3	0	0
OTHER OCCUPATIONS, Permanent	1	1	0	0
RISK MANAGEMENT AND SECURITY SERVICES, Permanent	1	0	100	0
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS, Permanent	54	48	11.10	3
SECURITY GUARDS, Permanent	25	24	4	0
SENIOR MANAGERS, Permanent	63	58	7.90	1
<b>TOTAL</b>	<b>657</b>	<b>609</b>	<b>7.30</b>	<b>63</b>

### 3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2018

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	3	3	100%	0	0%
Salary Level 15	6	6	100%	0	0%
Salary Level 14	17	13	76%	4	24%
Salary Level 13	47	44	94%	3	6%
<b>Total</b>	<b>75</b>	<b>68</b>	<b>91%</b>	<b>7</b>	<b>9%</b>

Table 3.3.2 SMS post information as on 30 September 2017

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	3	3	100%	0	0%
Salary Level 15	6	6	100%	0	0%
Salary Level 14	17	13	76%	4	24%
Salary Level 13	47	44	94%	3	6%
<b>Total</b>	<b>75</b>	<b>68</b>	<b>91%</b>	<b>7</b>	<b>9%</b>

**Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2017 and 31 March 2018**

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	1
Salary Level 16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	4
Salary Level 13	0	0	6
<b>Total</b>	<b>0</b>	<b>0</b>	<b>11</b>

**Table 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 2017 and 31 March 2018**

Reasons for vacancies not advertised within six months
The department's inability to fill vacancies within 6 months is due to the lengthy process for filling of vacancies emanating from the cost-cutting measures. Confirmation of budget is required in order to fill attrition and other posts; approval should be granted by Provincial Treasury in this regard. This therefore delays the process of filling posts within the department and even if the post was funded in the MTEF, Provincial Treasury may still decline the request to fill such a post if they do not view it as critical.
Reasons for vacancies not filled within twelve months
Several attempts have been made to fill critical posts at Senior Management level. However, on two shortlisting occasions, none of the applicants met the requirements of the post. The posts have since been re-advertised combined with head-hunting. The Office of the Premier currently has a shortage of office accommodation. This also contributes to the delay in filling vacancies since newly appointed incumbents would require workstations
In the main, the cost-cutting measures and the processes thereof have contributed to the delay in filling of vacancies in the Office of the Premier

### 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 3.4.1 Job Evaluation by Salary band for the period 1 April 2017 and 31 March 2018**

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	58.00	54.00	93.10	0.00	0.00	0.00	0.00
Skilled (Levels 3-5)	133.00	105.00	78.90	0.00	0.00	0.00	0.00
Highly Skilled Production (Levels 6-8)	160.00	98.00	61.30	0.00	0.00	0.00	0.00

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
Highly Skilled Supervision (Levels 9-12)	140.00	55.00	39.30	0.00	0.00	0.00	0.00
Senior Management Service Band A	40.00	10.00	25.00	0.00	0.00	0.00	0.00
Senior Management Service Band B	17.00	3.00	17.60	0.00	0.00	0.00	0.00
Senior Management Service Band C	7.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management Service Band D	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	42.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract (Levels 3-5)	20.00	7.00	35.00	0.00	0.00	0.00	0.00
Contract (Levels 6-8)	21.00	3.00	14.30	0.00	0.00	0.00	0.00
Contract (Levels 9-12)	5.00	2.00	40.00	0.00	0.00	0.00	0.00
Contract Band A	7.00	3.00	42.90	0.00	0.00	0.00	0.00
Contract Band B	2.00	1.00	50.00	0.00	0.00	0.00	0.00
Contract Band C	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract Band D	3.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>657.00</b>	<b>341.00</b>	<b>51.90</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

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

*Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2017 and 31 March 2018*

Gender	African	Asian	Coloured	White	Total
Female	0.00	0.00	0.00	0.00	0.00
Male	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

*Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2017 and 31 March 2018*

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	0.00	N/A	N/A	N/A
None	0.00	N/A	N/A	N/A
<b>TOTAL</b>	<b>0.00</b>			
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

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

*Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2017 and 31 March 2018*

Gender	African	Asian	Coloured	White	Total
Female	0.00	0.00	0.00	0.00	0.00
Male	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Employees with a disability	0	0	0	0	0
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#### 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 exceed the grades determined by Job Evaluation - None.

### 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 3.5.1 Annual turnover rates by salary band for the period 1 April 2017 and 31 March 2018*

Salary band	Number of employees at beginning of period-1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower Skilled (Levels 1-2) Permanent	86.00	0.00	1.00	1.20
Skilled (Levels 3-5) Permanent	106.00	0.00	3.00	2.80
Highly Skilled Production (Levels 6-8) Permanent	170.00	0.00	3.00	1.80
Highly Skilled Supervision (Levels 9-12) Permanent	100.00	4.00	5.00	5.00
Senior Management Service Band A Permanent	36.00	0.00	2.00	5.60
Senior Management Service Band B Permanent	12.00	0.00	0.00	0.00
Senior Management Service Band C Permanent	6.00	0.00	0.00	0.00
Senior Management Service Band D Permanent	1.00	0.00	0.00	0.00



Salary band	Number of employees at beginning of period-1 April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Other Permanent	43.00	45.00	47.00	109.30
Contract (Levels 3-5) Permanent	16.00	12.00	12.00	75.00
Contract (Levels 6-8) Permanent	23.00	19.00	20.00	87.00
Contract (Levels 9-12) Permanent	4.00	5.00	7.00	175.00
Contract Band A Permanent	8.00	2.00	0.00	0.00
Contract Band B Permanent	2.00	2.00	2.00	100.00
Contract Band C Permanent	1.00	0.00	0.00	0.00
Contract Band D Permanent	2.00	1.00	0.00	0.00
<b>TOTAL</b>	<b>616.00</b>	<b>90.00</b>	<b>102.00</b>	<b>16.60</b>

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2017 and 31 March 2018

Critical occupation	Number of employees at beginning of period-April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
ADMINISTRATIVE RELATED Permanent	210.00	7.00	12.00	5.70
ADVOCATES Permanent	3.00	0.00	0.00	0.00
AGRICULTURE RELATED Permanent	1.00	0.00	0.00	0.00
BUS AND HEAVY VEHICLE DRIVERS Permanent	7.00	0.00	0.00	0.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC. Permanent	79.00	0.00	2.00	2.50
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS) Permanent	9.00	0.00	0.00	0.00
COMMUNICATION AND INFORMATION RELATED Permanent	2.00	0.00	0.00	0.00
COMMUNITY DEVELOPMENT WORKERS Permanent	5.00	1.00	0.00	0.00
FINANCE AND ECONOMICS RELATED Permanent	8.00	0.00	0.00	0.00
FINANCIAL AND RELATED PROFESSIONALS Permanent	5.00	2.00	3.00	60.00
FINANCIAL CLERKS AND CREDIT CONTROLLERS Permanent	12.00	4.00	4.00	33.30
FOOD SERVICES AIDS AND WAITERS Permanent	2.00	0.00	0.00	0.00
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS Permanent	1.00	0.00	0.00	0.00
HOUSEHOLD AND LAUNDRY WORKERS Permanent	1.00	0.00	0.00	0.00
HOUSEHOLD FOOD AND LAUNDRY SERVICES RELATED Permanent	1.00	0.00	0.00	0.00
HOUSEKEEPERS LAUNDRY AND RELATED WORKERS Permanent	3.00	0.00	0.00	0.00

Critical occupation	Number of employees at beginning of period-April 2017	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF Permanent	9.00	0.00	1.00	11.10
HUMAN RESOURCES CLERKS Permanent	55.00	34.00	56.00	101.80
HUMAN RESOURCES RELATED Permanent	11.00	1.00	1.00	9.10
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN Permanent	1.00	0.00	0.00	0.00
LEGAL RELATED Permanent	1.00	0.00	0.00	0.00
LIGHT VEHICLE DRIVERS Permanent	5.00	0.00	0.00	0.00
LOGISTICAL SUPPORT PERSONNEL Permanent	6.00	0.00	0.00	0.00
MATERIAL-RECORDING AND TRANSPORT CLERKS Permanent	1.00	0.00	0.00	0.00
MESSENGERS PORTERS AND DELIVERERS Permanent	19.00	2.00	3.00	15.80
MOTOR VEHICLE DRIVERS Permanent	6.00	0.00	0.00	0.00
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS Permanent	13.00	28.00	5.00	38.50
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS Permanent	3.00	0.00	0.00	0.00
OTHER OCCUPATIONS Permanent	4.00	0.00	0.00	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS Permanent	53.00	5.00	6.00	11.30
SECURITY GUARDS Permanent	29.00	0.00	2.00	6.90
SENIOR MANAGERS Permanent	49.00	6.00	7.00	14.30
TRADE/INDUSTRY ADVISERS & OTHER RELATED PROFESSION Permanent	2.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>616.00</b>	<b>90.00</b>	<b>102.00</b>	<b>16.60</b>

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

*Table 3.5.3 Reasons why staff left the department for the period 1 April 2017 and 31 March 2018*

Termination Type	Number	% of Total Resignations
Death, Permanent	2.00	2.00
Resignation, Permanent	13.00	12.70
Expiry of contract, Permanent	80.00	78.40
Discharged due to ill health, Permanent	1.00	1.00
Retirement, Permanent	6.00	5.90
<b>TOTAL</b>	<b>102.00</b>	<b>100.00</b>
<b>Total number of employees who left as a % of total employment</b>	<b>102/608</b>	<b>16.8%</b>

*Table 3.5.4 Promotions by critical occupation for the period 1 April 2017 and 31 March 2018*

Occupation	Employees 1 April 2017	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	210.00	2.00	1.00	85.00	40.50
ADVOCATES	3.00	0.00	0.00	1.00	33.30
AGRICULTURE RELATED	1.00	0.00	0.00	0.00	0.00
BUS AND HEAVY VEHICLE DRIVERS	7.00	1.00	14.30	7.00	100.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	79.00	0.00	0.00	53.00	67.10
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS)	9.00	0.00	0.00	0.00	0.00
COMMUNICATION AND INFORMATION RELATED	2.00	0.00	0.00	0.00	0.00
COMMUNITY DEVELOPMENT WORKERS	5.00	0.00	0.00	0.00	0.00
FINANCE AND ECONOMICS RELATED	8.00	1.00	12.50	4.00	50.00
FINANCIAL AND RELATED PROFESSIONALS	5.00	0.00	0.00	0.00	0.00
FINANCIAL CLERKS AND CREDIT CONTROLLERS	12.00	0.00	0.00	6.00	50.00
FOOD SERVICES AIDS AND WAITERS	2.00	0.00	0.00	2.00	100.00
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS	1.00	0.00	0.00	1.00	100.00
HOUSEHOLD AND LAUNDRY WORKERS	1.00	0.00	0.00	1.00	100.00
HOUSEHOLD FOOD AND LAUNDRY SERVICES RELATED	1.00	0.00	0.00	0.00	0.00
HOUSEKEEPERS LAUNDRY AND RELATED WORKERS	3.00	0.00	0.00	0.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	9.00	0.00	0.00	6.00	66.70
HUMAN RESOURCES CLERKS	55.00	0.00	0.00	8.00	14.50
HUMAN RESOURCES RELATED	11.00	0.00	0.00	4.00	36.40
LANGUAGE PRACTITIONERS INTERPRETERS & OTHER COMMUN	1.00	0.00	0.00	0.00	0.00
LEGAL RELATED	1.00	0.00	0.00	1.00	100.00
LIGHT VEHICLE DRIVERS	5.00	0.00	0.00	1.00	20.00
LOGISTICAL SUPPORT PERSONNEL	6.00	0.00	0.00	2.00	33.30
MATERIAL-RECORDING AND TRANSPORT CLERKS	1.00	0.00	0.00	3.00	300.00
MESSENGERS PORTERS AND DELIVERERS	19.00	0.00	0.00	7.00	36.80
MOTOR VEHICLE DRIVERS	6.00	0.00	0.00	2.00	33.30

Occupation	Employees 1 April 2017	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
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	13.00	2.00	15.40	4.00	30.80
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	3.00	0.00	0.00	3.00	100.00
OTHER OCCUPATIONS	4.00	0.00	0.00	0.00	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	53.00	0.00	0.00	27.00	50.90
SECURITY GUARDS	29.00	0.00	0.00	9.00	31.00
SENIOR MANAGERS	49.00	1.00	2.00	32.00	65.30
TRADE/INDUSTRY ADVISERS & OTHER RELATED PROFESSION	2.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>616.00</b>	<b>7.00</b>	<b>1.10</b>	<b>269.00</b>	<b>43.70</b>

Table 3.5.5 Promotions by salary band for the period 1 April 2017 and 31 March 2018

Salary Band	Employees 1 April 2017	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), Permanent	86.00	0.00	0.00	28.00	32.60
Skilled (Levels 3-5), Permanent	106.00	0.00	0.00	70.00	66.00
Highly Skilled Production (Levels 6-8), Permanent	170.00	1.00	0.60	83.00	48.80
Highly Skilled Supervision (Levels 9-12), Permanent	100.00	4.00	4.00	52.00	52.00
Senior Management (Levels 13-16), Permanent	55.00	2.00	3.60	36.00	65.50
Other, Permanent	43.00	0.00	0.00	0.00	0.00
Contract (Levels 3-5), Permanent	16.00	0.00	0.00	0.00	0.00
Contract (Levels 6-8), Permanent	23.00	0.00	0.00	0.00	0.00
Contract (Levels 9-12), Permanent	4.00	0.00	0.00	0.00	0.00
Contract (Levels 13-16), Permanent	13.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>616.00</b>	<b>7.00</b>	<b>1.10</b>	<b>269.00</b>	<b>43.70</b>

### 3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
SENIOR OFFICIALS AND MANAGERS	29.00	0.00	2.00	5.00	5.00	17.00	0.00	1.00	59.00
PROFESSIONALS	9.00	0.00	5.00	2.00	2.00	11.00	1.00	4.00	41.00
TECHNICIANS AND ASSOCIATE PROFESSIONALS	72.00	1.00	4.00	2.00	2.00	108.00	6.00	5.00	209.00
CLERKS	41.00	1.00	0.00	0.00	0.00	108.00	2.00	1.00	155.00
SERVICE SHOP AND MARKET SALES WORKERS	14.00	0.00	0.00	0.00	0.00	12.00	0.00	0.00	26.00
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	14.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	15.00
LABOURERS AND RELATED WORKERS	57.00	0.00	0.00	0.00	0.00	47.00	0.00	0.00	104.00
<b>TOTAL</b>	<b>236.00</b>	<b>2.00</b>	<b>11.00</b>	<b>9.00</b>	<b>9.00</b>	<b>304.00</b>	<b>9.00</b>	<b>11.00</b>	<b>591.00</b>
Employees with disabilities	3.00	0.00	0.00	0.00	3.00	2.00	0.00	1.00	9.00

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	5.00	0.00	0.00	2.00	1.00	0.00	0.00	0.00	8.00
Senior Management, Permanent	22.00	0.00	2.00	4.00	14.00	0.00	6.00	2.00	50.00
Professionally qualified and experienced specialists and mid-management, Permanent	39.00	0.00	5.00	2.00	60.00	4.00	13.00	6.00	129.00
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	39.00	0.00	4.00	0.00	82.00	5.00	8.00	3.00	141.00
Semi-skilled and discretionary decision making, Permanent	47.00	2.00	0.00	0.00	73.00	0.00	0.00	0.00	122.00
Unskilled and defined decision making, Permanent	38.00	0.00	0.00	0.00	20.00	0.00	0.00	0.00	58.00
Not Available, Permanent	12.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00	42.00
Contract (Top Management), Permanent	1.00	0.00	0.00	1.00	2.00	0.00	0.00	0.00	4.00
Contract (Senior Management), Permanent	7.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	9.00
Contract (Professionally Qualified), Permanent	2.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	5.00
Contract (Skilled Technical), Permanent	9.00	0.00	0.00	0.00	12.00	0.00	0.00	0.00	21.00
Contract (Semi-Skilled), Permanent	15.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00	20.00
<b>TOTAL</b>	<b>236.00</b>	<b>2.00</b>	<b>11.00</b>	<b>9.00</b>	<b>304.00</b>	<b>9.00</b>	<b>27.00</b>	<b>11.00</b>	<b>609.00</b>



*Table 3.6.3 Recruitment for the period 1 April 2017 to 31 March 2018*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Professionally qualified and experienced specialists and mid-management	0.00	0.00	0.00	0.00	3.00	0.00	1.00	0.00	4.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Semi-skilled and discretionary decision making	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Unskilled and defined decision making	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Not Available, Permanent	13.00	0.00	0.00	0.00	32.00	0.00	0.00	0.00	45.00
Contract (Top Management), Permanent	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
Contract (Senior Management), Permanent	3.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	4.00
Contract (Professionally qualified), Permanent	0.00	0.00	1.00	0.00	4.00	0.00	0.00	0.00	5.00
Contract (Skilled technical), Permanent	11.00	0.00	0.00	0.00	8.00	0.00	0.00	0.00	19.00
Contract (Semi-skilled), Permanent	9.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	12.00
<b>TOTAL</b>	<b>36.00</b>	<b>0.00</b>	<b>2.00</b>	<b>0.00</b>	<b>51.00</b>	<b>0.00</b>	<b>1.00</b>	<b>0.00</b>	<b>90.00</b>
Employees with disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Table 3.6.4 Promotions for the period 1 April 2017 to 31 March 2018*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	5.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	7.00
Senior Management, Permanent	12.00	0.00	2.00	2.00	9.00	0.00	4.00	2.00	31.00
Professionally qualified and experienced specialists and mid-management, Permanent	11.00	0.00	1.00	0.00	35.00	2.00	4.00	3.00	56.00
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	19.00	0.00	3.00	0.00	52.00	1.00	7.00	2.00	84.00
Semi-skilled and discretionary decision making, Permanent	31.00	1.00	0.00	0.00	38.00	0.00	0.00	0.00	70.00
Unskilled and defined decision making, Permanent	15.00	0.00	0.00	0.00	13.00	0.00	0.00	0.00	28.00
<b>TOTAL</b>	<b>93.00</b>	<b>1.00</b>	<b>6.00</b>	<b>3.00</b>	<b>148.00</b>	<b>3.00</b>	<b>15.00</b>	<b>7.00</b>	<b>276.00</b>
Employees with disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Table 3.6.5 Terminations for the period 1 April 2017 to 31 March 2018*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management, Permanent	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	2.00
Professionally qualified and experienced specialists and mid-management, Permanent	2.00	0.00	1.00	0.00	1.00	0.00	0.00	1.00	5.00
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1.00	0.00	0.00	0.00	1.00	0.00	0.00	1.00	3.00
Semi-skilled and discretionary decision making, Permanent	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	3.00
Unskilled and defined decision making, Permanent	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Not Available, Permanent	17.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00	47.00
Contract (Senior Management), Permanent	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
Contract (Professionally qualified), Permanent	1.00	0.00	2.00	0.00	4.00	0.00	0.00	0.00	7.00
Contract (Skilled technical), Permanent	11.00	0.00	0.00	0.00	9.00	0.00	0.00	0.00	20.00
Contract (Semi-skilled), Permanent	8.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	12.00
Employees with disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Table 3.6.6 Disciplinary action for the period 1 April 2017 to 31 March 2018*

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
No Outcome	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Suspended Without Payment	4.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00
<b>Total</b>	<b>5.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.00</b>

Table 3.6.7 Skills development for the period 1 April 2017 to 31 March 2018

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Professionals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Technicians and associate professionals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clerks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Service and sales workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Skilled agriculture and fishery workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Craft and related trades workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant and machine operators and assemblers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elementary occupations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Employees with disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

### 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 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2017

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	00	00	100%
Salary Level 16	2	00	00	100%
Salary Level 15	7	06	06	100%
Salary Level 14	15	13	13	100%
Salary Level 13	51	43	43	100%
<b>Total</b>	<b>77</b>	<b>62</b>	<b>62</b>	<b>100%</b>

*Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2018*

Reasons
Not Applicable

*Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2017*

Reasons
Not Applicable



### 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 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Male	48.00	233.00	20.60	1 136.57	23 679.00
Female	90.00	301.00	29.90	1 471.43	16 349.00
<b>Asian</b>					
Male	5.00	11.00	45.50	210.54	42 109.00
Female	24.00	27.00	88.90	741.79	30 908.00
<b>Coloured</b>					
Male	1.00	2.00	50.00	5.64	5 639.00
Female	3.00	7.00	42.90	58.69	19 562.00
<b>White</b>					
Male	4.00	9.00	44.40	193.99	48 497.00
Female	7.00	10.00	70.00	247.91	35 416.00
<b>Total</b>	<b>182.00</b>	<b>600.00</b>	<b>30.33</b>	<b>4 066.56</b>	<b>22 344.00</b>

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2017 to 31 March 2018

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0.00	58.00	0.00	0.00	0.00	0.00
Skilled (level 3-5)	29.00	122.00	23.80	180.39	6 220.00	0.71
Highly skilled production (level 6-8)	68.00	141.00	48.20	875.59	12 876.00	1.67
Highly skilled supervision (level 9-12)	65.00	129.00	50.40	1 638.76	25 212.00	1.91
Other	0.00	42.00	0.00	0.00	0.00	0.00
Contract (level 3-5)	0.00	20.00	0.00	0.00	0.00	0.00
Contract (levels 6-8)	1.00	21.00	4.80	11.93	11 933.00	0.16
Contract (levels 9-12)	0.00	5.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>163.00</b>	<b>538.00</b>	<b>30.30</b>	<b>2 706.67</b>	<b>16 605.00</b>	<b>5.99</b>



*Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2017 to 31 March 2018*

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficia-ries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks And Credit Controllers	7.00	22.00	31.80	70.47	10 068.00
Human Resources Clerks	5.00	38.00	13.20	56.16	11 232.00
Household And Laundry Workers	1.00	1.00	100.00	6.63	6 626.00
Messengers Porters And Deliverers	2.00	22.00	9.10	17.13	8 564.00
Human Resources & Organisat Developm & Relate Prof	5.00	8.00	62.50	129.00	25 801.00
Finance And Economics Related	8.00	10.00	80.00	254.53	31 816.00
Logistical Support Personnel	2.00	5.00	40.00	26.50	13 249.00
Other Administrat & Related Clerks And Organisers	1.00	34.00	2.90	16.28	16 285.00
Housekeepers Laundry And Related Workers	0.00	2.00	0.00	0.00	0.00
Other Occupations	0.00	1.00	0.00	0.00	0.00
Legal Related	1.00	1.00	100.00	28.05	28 048.00
Financial And Related Professionals	0.00	1.00	0.00	0.00	0.00
Administrative Related	96.00	201.00	47.80	1 726.42	17 984.00
Communication And Information Related	1.00	2.00	50.00	28.65	28 646.00
Secretaries & Other Keyboard Operating Clerks	23.00	48.00	47.90	298.78	12 990.00
Cleaners In Offices Workshops Hospitals Etc.	0.00	79.00	0.00	0.00	0.00
Human Resources Related	3.00	10.00	30.00	52.12	17 374.00
Language Practitioners Interpreters & Other Commun	1.00	1.00	100.00	16.07	16 065.00
General Legal Administration & Rel. Professionals	1.00	1.00	100.00	53.44	53 437.00
Material-Recording And Transport Clerks	0.00	3.00	0.00	0.00	0.00
Other Administrative Policy And Related Officers	1.00	3.00	33.30	10.99	10 987.00
Bus And Heavy Vehicle Drivers	0.00	7.00	0.00	0.00	0.00
Senior Managers	18.00	58.00	31.00	1 161.49	64 527.00
Advocates	3.00	3.00	100.00	126.79	42 264.00
Client Inform Clerks(Switchb Recept Inform Clerks)	5.00	10.00	50.00	27.88	5 576.00
Light Vehicle Drivers	0.00	3.00	0.00	0.00	0.00
Motor Vehicle Drivers	2.00	5.00	40.00	12.30	6 148.00
Security Guards	0.00	24.00	0.00	0.00	0.00
Food Services Aids And Waiters	0.00	2.00	0.00	0.00	0.00
Community Development Workers	0.00	3.00	0.00	0.00	0.00
Agriculture Related	0.00	1.00	0.00	0.00	0.00
<b>Total</b>	<b>186.00</b>	<b>609.00</b>	<b>30.50</b>	<b>4 119.67</b>	<b>22 149.00</b>

## 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 –
  - 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;
  - 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;
  - where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

*Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2017 to 31 March 2018*

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
Band A	13.00	44.00	29.50	685.22	52 709.00
Band B	7.00	15.00	46.70	406.29	58 041.40
Band C	3.00	8.00	37.50	321.49	107 162.60
Band D	0.00	4.00	0.00	0.00	0.00
<b>Total</b>	<b>23.00</b>	<b>71.00</b>	<b>32.40</b>	<b>1 412.99</b>	<b>61 434.60</b>

## 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 3.9.1 Foreign workers by salary band for the period 1 April 2017 and 31 March 2018*

Salary band	01 April 2017		31 March 2018		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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 and 31 March 2018

Major occupation	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
0	0	0	0	0	0	0
0	0	0	0	0	0	0

### 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 3.10.1 Sick leave for the period 1 January 2017 to 31 December 2017

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	189.00	98.40	16.00	4.80	12.00	95.00
Skilled (levels 3-5)	476.00	89.30	61.00	18.20	8.00	346.00
Highly skilled production (levels 6-8)	699.00	77.30	87.00	25.90	8.00	940.00
Highly skilled supervision (levels 9 -12)	514.00	81.50	91.00	27.10	6.00	1 302.00
Top and Senior management (levels 13-16)	364.00	91.80	38.00	11.30	10.00	1 494.00
Contract (Levels 13-16)	1.00	0.00	1.00	0.30	1.00	3.00
Contract (Levels 3-5)	63.00	93.70	9.00	2.70	7.00	49.00
Contract (Levels 6-8)	45.00	77.80	8.00	2.40	6.00	58.00
Contract (Levels 9-12)	12.00	91.70	3.00	0.90	4.00	40.00
Contract Other	75.00	62.70	22.00	6.50	3.00	24.00
<b>TOTAL</b>	<b>2 438.00</b>	<b>84.30</b>	<b>336.00</b>	<b>100.00</b>	<b>7.00</b>	<b>4 351.00</b>

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2017 to 31 December 2017

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	24.00	100.00	1.00	12.50	24.00	20.00
Highly skilled production (Levels 6-8)	63.00	100.00	4.00	50.00	16.00	85.00
Highly skilled supervision (Levels 9-12)	31.00	100.00	2.00	25.00	16.00	98.00
Senior management (Levels 13-16)	35.00	100.00	1.00	12.50	35.00	142.00
<b>Total</b>	<b>153.00</b>	<b>100.00</b>	<b>8.00</b>	<b>100.00</b>	<b>19.00</b>	<b>345.00</b>

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

*Table 3.10.3 Annual Leave for the period 1 January 2017 to 31 December 2017*

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	835.00	19.00	45.00
Skilled Levels 3-5)	2 146.92	19.00	113.00
Highly skilled production (Levels 6-8)	3 047.00	20.00	154.00
Highly skilled supervision (Levels 9-12)	2 605.00	19.00	140.00
Senior management (Levels 13-16)	1 166.00	19.00	62.00
Contract (Levels 13-16)	86.00	10.00	9.00
Contract (Levels 3-5)	196.00	11.00	18.00
Contract (Levels 6-8)	153.00	12.00	13.00
Contract (Levels 9-12)	78.00	8.00	10.00
Contract Other	335.00	6.00	55.00
<b>TOTAL</b>	<b>10 647.92</b>	<b>17.00</b>	<b>619.00</b>

*Table 3.10.4 Capped leave for the period 1 January 2017 to 31 December 2017*

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2017
Lower skilled (Levels 1-2)	3.00	2.00	2.00	72.00
Skilled (Levels 3-5)	7.00	1.00	7.00	109.00
Highly skilled production (Levels 6-8)	28.00	3.00	9.00	69.00
Highly skilled supervision (Levels 9-12)	3.00	2.00	2.00	56.00
Senior management (Levels 13-16)	0.00	0.00	0.00	81.00
Contract (Levels 3-5)	0.00	0.00	0.00	0.00
Contract (Levels 6-8)	0.00	0.00	0.00	0.00
Contract (Levels 9-12)	0.00	0.00	0.00	0.00
Contract (Levels 13-16)	0.00	0.00	0.00	0.00
Contract Other	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>41.00</b>	<b>8.00</b>	<b>5.00</b>	<b>80.00</b>

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

Table 3.10.5 Leave payouts for the period 1 April 2017 and 31 March 2018

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2017/18 due to non-utilisation of leave for the previous cycle	394.00	12.00	32 833.00
Capped leave payouts on termination of service for 2017/18	0	0	0
Current leave payout on termination of service for 2017/18	0	0	0
<b>Total</b>	<b>394.00</b>	<b>12.00</b>	<b>32 833.00</b>

Table 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.	✓		Mr JM Gumede <b>Director: Provincial Employee Health</b>
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.	✓		Ms BB Hlongwane <b>Deputy Director: EHW</b> Ms S Badul <b>Deputy Director: PEHW</b> Ms NW Ginah <b>Assistant Director: SHERQ</b> Ms CN Ndlovu <b>Practitioner EHW</b> Ms LB Zondi <b>Administrator</b> Ms PN Mvelase <b>Intern</b> <b>Total budget R4,361,057.48</b>
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.	✓		Promoting physical activities Promoting behaviour change Approved Policies and implementation On-site Voluntary HIV and AIDS Counselling Advice and guidance on financial management Awareness sessions and advocacy Provision of psychological support



Question	Yes	No	Details, if yes
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.	✓		Ms DP Khumalo Mr Cibane finance Mr JM Gumede Provincial employee Health Mr O Msweli Labour Relations Ms PN Mbatha HR Support Mr B Ngobese Security services Mr D Pillay Office support Auxiliary
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.	✓		Relevant policies reviewed. No discrimination found.
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.	✓		The approved policy HIV, AIDS and TB ensures that no employee or potential employee will be discriminated against due to their HIV status or perceived status. The policy induces that recourse in the form of grievance and or disciplinary action can be instituted.  Employees can receive counselling for HIV and AIDS.  In addition the employee can seek psychosocial support from the Employee Wellness Programme.  The Employee Wellness programme ensures that the highest degree of confidentiality is maintained and no breach in confidentiality occurs thus resulting in discrimination.  Wellness Information days are held and issues surrounding male and female health issues are discussed. Condom distribution is encouraged.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	✓		Females tested: 390 Males tested: 188 Positive females: 2 Positive males: 1
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		Employee feedback analysed after each information session

### 3.12 Labour Relations

*Table 3.12.1 Collective agreements for the period 1 April 2017 and 31 March 2018*

Subject matter	Date
Total number of Collective agreements	None

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

*Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2017 and 31 March 2018*

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	0	0
Suspended without pay	4	80.00
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
No outcome	1	20.00
<b>Total</b>	<b>5</b>	<b>100.00</b>

#### Notes

- If there were no agreements, keep the heading and replace the table with the following:

<b>Total number of Disciplinary hearings finalised</b>	<b>None</b>
--	-------------

*Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2017 and 31 March 2018*

Type of misconduct	Number	% of total
ABSENT FROM WORK WITHOUT REASON OR PERMISSION	1.00	20.00
REG 20(J) ABSENT WITHOUT REASON OR PERMISSION	1.00	20.00
THEFT BRIBERY FRAUD ACT OF CORRUPTION(EDU)	3.00	60.00
<b>TOTAL</b>	<b>5.00</b>	<b>100.00</b>

*Table 3.12.4 Grievances logged for the period 1 April 2017 and 31 March 2018*

Grievances	Number	% of Total
Number of grievances resolved	0	0
Number of grievances not resolved	2.00	100.00
<b>Total number of grievances lodged</b>	<b>2.00</b>	<b>100.00</b>

*Table 3.12.5 Disputes logged with Councils for the period 1 April 2017 and 31 March 2018*

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
<b>Total number of disputes lodged</b>	<b>0</b>	<b>0</b>

*Table 3.12.6 Strike actions for the period 1 April 2017 and 31 March 2018*

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

*Table 3.12.7 Precautionary suspensions for the period 1 April 2017 and 31 March 2018*

Number of people suspended	2
Number of people who's suspension exceeded 30 days	2
Average number of days suspended	60
Cost of suspension(R'000)	R36 800.50



### 3.13 Skills development

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

*Table 3.13.1 Training needs identified for the period 1 April 2017 and 31 March 2018*

Occupational category	Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	24	0	18	0	18
	Male	41	0	32	0	32
Professionals	Female	58	0	52	0	52
	Male	30	0	29	0	29
Technicians and associate professionals	Female	37	0	28	0	28
	Male	24	0	26	0	26
Clerks	Female	167	0	15	0	15
	Male	105	0	18	0	18
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	8	0	5	0	5
	Male	9	0	3	0	3
Elementary occupations	Female	55	0	5	0	5
	Male	57	0	0	0	0
Sub Total	Female	349		123		123
	Male	266		108		108
<b>Total</b>		<b>615</b>		<b>231</b>		<b>231</b>

*Table 3.13.2 Training provided for the period 1 April 2017 and 31 March 2018*

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	24	0	19	0	19
	Male	41	0	12	0	12
Professionals	Female	58	0	30	0	30
	Male	30	0	15	0	15
Technicians and associate professionals	Female	37	0	11	0	11
	Male	24	0	2	0	2

Occupational category	Gender	Number of employees as at 1 April 2017	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Clerks	Female	159	0	88	0	88
	Male	101	0	39	0	39
Service and sales workers	Female	8	0	8	0	8
	Male	4	0	4	0	4
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	8	0	2	0	2
	Male	9	0	4	0	4
Elementary occupations	Female	55	0	1	0	1
	Male	57	0	16	0	16
Sub Total	Female	349	0	159	0	0
	Male	266	0	92	0	0
<b>Total</b>		<b>615</b>	<b>0</b>	<b>251</b>	<b>0</b>	<b>251</b>

### 3.14 Injury on duty

The following tables provide basic information on injury on duty.

*Table 3.14.1 Injury on duty for the period 1 April 2017 and 31 March 2018*

Nature of injury on duty	Number	% of total
Required basic medical attention only	9	69.23
Temporary Total Disablement	2	15.38
Permanent Disablement	1	7.70
Fatal	1	7.70
<b>Total</b>	<b>13</b>	<b>100</b>



# PART E:

## FINANCIAL INFORMATION



## **1. REPORT OF THE AUDITOR GENERAL**

### **Office of the Premier** **Audit report for the year ending** **31 March 2018**

## **Report of the auditor-general to the KwaZulu-Natal Provincial Legislature on vote no. 1: Office of the Premier**

### **Report on the audit of the financial statements**

#### **Opinion**

1. I have audited the financial statements of the Office of the Premier set out on pages 121 to 205, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net asset, and cash flow statement for the year then ended, as well as the 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 Office of the Premier as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

#### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the Office of the Premier in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Other matter**

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

#### **Unaudited supplementary schedules**

7. The supplementary information set out on pages 206 to 219 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

### **Responsibilities of accounting officer for the financial statements**

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the PFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, the accounting officer is responsible for assessing the Office of the Premier'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 accounting officer either intends to liquidate the Office of the Premier or to cease operations, or has no realistic alternative but to do so.

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

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## Report on the audit of the annual performance report

### Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I was engaged to perform procedures to raise findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Office of the Premier. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the Office of the Premier for the year ended 31 March 2018:

Programme	Pages in the annual performance report
Programme 2 – institutional development	44 – 51

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programme.

### Other matters

17. I draw attention to the matters below.

#### Achievement of planned targets

18. The annual performance report on pages 41 to 58 contains information on the achievement of planned targets for the year and explanations are also provided for the underachievement and overachievement of a significant number of targets.

#### Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2 – institutional development. I did not raise any material findings on the usefulness and reliability of the reported performance information as management subsequently corrected the misstatements.

## Report on the audit of compliance with legislation

### Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Office of the Premier with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
21. The material findings on compliance with specific matters in key legislation are as follows:

#### Annual financial statements

22. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Material misstatements of assets and commitments identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

#### Expenditure management

23. Effective and appropriate steps were not taken to prevent irregular expenditure of R26,56 million, as disclosed in note 25 to the financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulations 8.2.1 and 8.2.2. The majority of the irregular expenditure was caused by non-compliance with supply chain management (SCM) legislation and improper contract extensions.

#### Consequence management

24. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA, as evidence of performing investigations was not available.

#### Procurement and contract management

25. Some of the contracts were extended without the approval of a properly delegated official, as required by section 44 of the PFMA and treasury regulations 8.2.1 and 8.2.2.
26. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.

### Other information

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
30. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.



## Internal control deficiencies

31. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
32. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

### Leadership

33. Leadership did not exercise adequate oversight responsibility regarding financial reporting and compliance with legislation. This arose because leadership did not ensure that critical vacancies were filled in good time.

### Financial management

34. Management did not implement daily and monthly controls as well as monitor compliance with applicable laws and regulations. In this regard, management did not ensure that assets were appropriately reconciled and procurement legislation was adhered to.

## Other reports

35. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the Office of the Premier's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
36. Ten investigations were conducted by the provincial treasury internal audit unit covering the period March 2012 to 31 March 2018. These investigations related to procurement irregularities, alleged fraud and corruption. Seven investigations were still in progress as at year-end and three were finalised during the year. The accounting officer commenced with legal and disciplinary action against officials in two of the finalised cases, with the third case being handed over for further criminal investigation.

*Auditor-General*

Pietermaritzburg

31 July 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-general's responsibility for the aud

1. 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 the selected programme and on the Office of the Premier's compliance with respect to the selected subject matters.

### Financial statements

2. 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 Office of the Premier's internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
  - conclude on the appropriateness of the accounting officer's 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 related to events or conditions that may cast significant doubt on the Office of the Premier's ability 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 the 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 an Office of the Premier to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

3. 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.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## 2. ANNUAL FINANCIAL STATEMENTS



### ANNUAL FINANCIAL STATEMENTS FOR OFFICE OF THE PREMIER

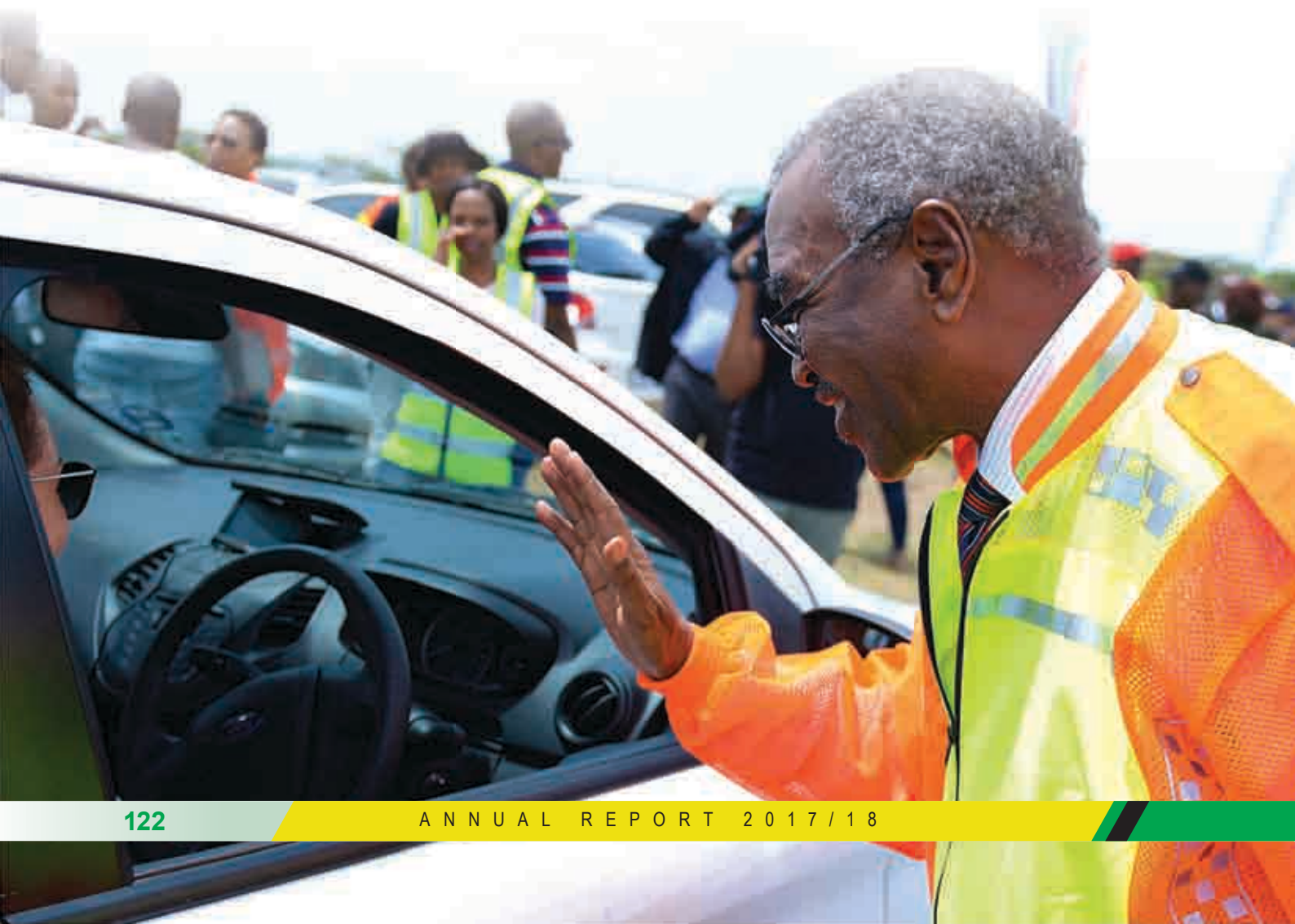
**For the year ended  
31 March 2018**

## 2. ANNUAL FINANCIAL STATEMENTS

*For the year ended 31 March 2018*

### Table of Contents

Appropriation Statement	123
Notes to the Appropriation Statement	162
Statement of Financial Performance	164
Statement of Financial Position	164
Statement of Changes in Net Assets	166
Cash Flow Statement	168
Notes to the Annual Financial Statements (including Accounting policies)	169
Annexures	206



Appropriation per programme										
Programme	2017/18							2016/17		Actual Expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
1. ADMINISTRATION	91 998	-	-	91 998	90 169	1 829	98.0%	85 327	84 867	
2. INSTITUTIONAL DEVELOPMENT	369 908	-	(11 890)	358 018	353 124	4 894	98.6%	301 048	300 287	
3. POLICY AND GOVERNANCE	301 565	-	11 890	313 455	308 761	4 694	98.5%	303 943	297 061	
Subtotal	763 471	-	-	763 471	752 054	11 417	98.5%	690 318	682 215	
TOTAL	763 471	-	-	763 471	752 054	11 417	98.5%	690 318	682 215	



2017/18				2016/17	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
<b>TOTAL (brought forward)</b>					
Reconciliation with statement of financial performance					
<b>ADD</b>					
Departmental receipts	1 160			466	
NRF Receipts				-	
Aid assistance	19 288			8 870	
<b>Actual amounts per statement of financial performance (total revenue)</b>	783 919			699 654	
<b>ADD</b>					
Aid assistance		16 554			13 824
Prior year unauthorised expenditure approved without funding					2 193
<b>Actual amounts per statement of financial performance (total expenditure)</b>		768 608			698 232

Appropriation per economic classification									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>598 151</b>	-	(1 610)	<b>596 541</b>	<b>594 868</b>	<b>1 673</b>	<b>99.7%</b>	<b>542 576</b>	<b>538 933</b>
<b>Compensation of employees</b>	<b>279 360</b>	-	(777)	<b>278 583</b>	<b>277 490</b>	<b>1 093</b>	<b>99.6%</b>	<b>255 955</b>	<b>254 441</b>
Salaries and wages	250 947	-	(2 899)	248 048	246 995	1 053	99.6%	227 673	226 632
Social contributions	28 413	-	2 122	30 535	30 495	40	99.9%	28 282	27 809
<b>Goods and services</b>	<b>318 791</b>	-	(833)	<b>317 958</b>	<b>317 378</b>	<b>580</b>	<b>99.8%</b>	<b>286 621</b>	<b>284 492</b>
Administrative fees	6 335	-	(2 250)	4 085	4 049	36	99.1%	2 578	2 484
Advertising	50 463	-	(20 916)	29 547	29 547	-	100.0%	47 781	47 573
Minor assets	6 350	-	(5 023)	1 327	1 250	77	94.2%	3 081	2 661
Audit costs: External	4 668	-	(156)	4 512	4 512	-	100.0%	3 575	3 547
Bursaries: Employees	764	-	(524)	240	240	-	100.0%	380	233
Catering: Departmental activities	14 502	-	(2 185)	12 317	12 281	36	99.7%	18 150	18 099
Communication	12 381	-	(2 293)	10 088	10 048	40	99.6%	9 201	9 074
Computer services	38 666	-	(7 552)	31 114	31 112	2	100.0%	28 784	28 727
Consultants: Business and advisory services	28 697	-	(14 619)	14 078	14 078	-	100.0%	17 193	17 171
Infrastructure & planning services	-	-	-	-	-	-	-	-	-
Legal services	2 999	-	1 526	4 525	4 515	10	99.8%	5 175	5 095
Contractors	32 445	-	73 830	106 275	106 245	30	100.0%	40 165	40 139
Agency and support / outsourced services	1 000	-	(677)	323	323	-	100.0%	3 510	3 494
Fleet services	6 919	-	2 008	8 927	8 927	-	100.0%	7 895	7 895
Inventory: Clothing material and supplies	15	-	(13)	2	-	2	0.0%	10	-
Consumable supplies	4 075	-	(237)	3 838	3 790	48	98.7%	2 792	2 713

Appropriation per economic classification									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable: Stationery, printing and office supplies	9 110	-	(3 368)	5 742	5 639	103	98.2%	7 518	7 292
Operating leases	15 584	-	(3 557)	12 027	12 019	8	99.9%	11 876	11 739
Property payments	14 745	-	(1 167)	13 578	13 654	(76)	100.6%	14 160	14 132
Transport provided: Departmental activity	9 340	-	(3 089)	6 251	6 251	-	100.0%	10 044	10 044
Travel and subsistence	36 772	-	766	37 538	37 401	137	99.6%	27 014	26 905
Training and development	9 151	-	(5 079)	4 072	3 988	84	97.9%	4 025	3 903
Operating payments	630	-	(113)	517	515	2	99.6%	956	910
Venues and facilities	13 180	-	(6 145)	7 035	6 994	41	99.4%	20 758	20 662
<b>Transfers and subsidies</b>	<b>140 554</b>	<b>-</b>	<b>1 523</b>	<b>142 077</b>	<b>141 635</b>	<b>442</b>	<b>99.7%</b>	<b>111 483</b>	<b>111 406</b>
Provinces and municipalities	107	-	-	107	80	27	74.8%	137	136
Provinces								137	136
Provincial agencies and funds	107	-	-	107	80	27	74.8%	137	136
Departmental agencies and accounts	113 960	-	1 500	115 460	115 328	132	99.9%	75 260	75 260
Departmental agencies and accounts	113 960	-	1 500	115 460	115 328	132	99.9%	75 260	75 260
Non-profit institutions	-	-	-	-	-	-	-	27	27
Households	26 487	-	23	26 510	26 227	283	98.9%	36 059	35 983
Social benefits	1 396	-	100	1 496	1 402	94	93.7%	3 074	2 999
Other transfers to households	25 091	-	(77)	25 014	24 825	189	99.2%	32 985	32 984
<b>Payments for capital assets</b>	<b>24 766</b>	<b>-</b>	<b>-</b>	<b>24 766</b>	<b>15 541</b>	<b>9 225</b>	<b>62.8%</b>	<b>34 019</b>	<b>31 830</b>
Buildings and other fixed structures	8 147	-	(3 283)	4 864	1 710	3 154	35.2%	18 905	16 823
Buildings	3 104	-	-	3 104	333	2 771	10.7%	18 905	16 823
Other fixed structures	5 043	-	(3 283)	1 760	1 377	383	78.2%	-	-

Appropriation per economic classification										
2017/18										2016/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Machinery and equipment	14 514	-	3 249	17 763	11 663	6 100	65.7%	14 309	14 202	
Transport equipment	5 854	-	3 272	9 126	8 781	345	96.2%	7 359	7 359	
Other machinery and equipment	8 660	-	(23)	8 637	2 882	5 755	33.4%	6 950	6 843	
Heritage assets	2 055	-	40	2 095	2 091	4	99.8%	805	805	
Intangible assets	50	-	(6)	44	-	44	-	-	-	
<b>Payments for financial assets</b>	-	-	87	87	87	-	100.0%	2 240	46	
<b>TOTAL</b>	<b>763 471</b>	<b>-</b>	<b>-</b>	<b>763 471</b>	<b>752 054</b>	<b>11 417</b>	<b>98.5%</b>	<b>690 318</b>	<b>682 215</b>	

Programme 1: ADMINISTRATION									
2017/18							2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. PREMIER SUPPORT	25 372	-	(65)	25 307	25 102	205	99.2%	35 948	35 866
2. EXECUTIVE COUNCIL SUPPORT	10 443	-	(335)	10 108	9 792	316	96.9%	9 560	9 546
3. DIRECTOR GENERAL	13 290	-	440	13 730	13 534	196	98.6%	9 785	9 743
4. FINANCIAL MANAGEMENT	42 893	-	(40)	42 853	41 741	1 112	97.4%	30 034	29 712
<b>Total for sub programmes</b>	<b>91 998</b>	<b>-</b>	<b>-</b>	<b>91 998</b>	<b>90 169</b>	<b>1 829</b>	<b>98.0%</b>	<b>85 327</b>	<b>84 867</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>89 425</b>	<b>-</b>	<b>-</b>	<b>89 425</b>	<b>88 607</b>	<b>818</b>	<b>99.1%</b>	<b>81 551</b>	<b>81 165</b>
Compensation of employees	52 660	-	(70)	52 590	52 167	423	99.2%	53 243	53 049
Salaries and wages	48 411	-	(1 130)	47 281	46 871	410	99.1%	47 945	47 846
Social contributions	4 249	-	1 060	5 309	5 296	13	99.8%	5 298	5 203
Goods and services	36 765	-	70	36 835	36 440	395	98.9%	28 308	28 116
Administrative fees	334	-	714	1 048	1 015	33	96.9%	586	514
Advertising	62	-	(32)	30	30	-	100.0%	709	706
Minor assets	678	-	(479)	199	169	30	84.9%	306	296
Audit costs: External	4 668	-	(156)	4 512	4 512	-	100.0%	3 547	3 547
Catering: Departmental activities	1 757	-	(32)	1 725	1 715	10	99.4%	1 905	1 894
Communication	218	-	(116)	102	98	4	96.1%	178	178
Computer services	1 879	-	(1 210)	669	669	-	100.0%	1 605	1 600
Consultants: Business and advisory services	10 834	-	(3 839)	6 995	6 995	-	100.0%	1 277	1 277
Legal services	-	-	37	37	37	-	100.0%	1 852	1 852
Contractors	724	-	8 490	9 214	9 201	13	99.9%	4 754	4 746
Fleet services	-	-	-	-	-	-	-	2	2



Programme 1: ADMINISTRATION									
	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Consumable supplies	756	-	(416)	340	298	42	87.6%	944	922
Consumable: Stationery, printing and office supplies	2 388	-	(957)	1 431	1 378	53	96.3%	1 902	1 876
Operating leases	1 884	-	(857)	1 027	1 019	8	99.2%	1 071	1 057
Property payments	560	-	(354)	206	206	-	100.0%	296	296
Transport provided: Departmental activity	170	-	(170)	-	-	-	0.0%	162	162
Travel and subsistence	9 342	-	(327)	9 015	8 938	77	99.1%	5 886	5 879
Training and development	290	-	(206)	84	-	84	0.0%	25	12
Operating payments	11	-	(11)	-	-	-	0.0%	123	122
Venues and facilities	210	-	(9)	201	160	41	79.6%	1 178	1 178
<b>Transfers and subsidies</b>	<b>1 119</b>	<b>-</b>	<b>-</b>	<b>1 119</b>	<b>1 024</b>	<b>95</b>	<b>91.5%</b>	<b>2 560</b>	<b>2 486</b>
Households	1 119	-	-	1 119	1 024	95	91.5%	2 560	2 486
Social benefits	1 117	-	-	1 117	1 024	93	91.7%	2 560	2 486
Other transfers to households	2	-	-	2	-	2	0.0%	-	-
<b>Payments for capital assets</b>	<b>1 454</b>	<b>-</b>	<b>-</b>	<b>1 454</b>	<b>538</b>	<b>916</b>	<b>37.0%</b>	<b>1 216</b>	<b>1 216</b>
Machinery and equipment	1 454	-	-	1 454	538	916	37.0%	1 216	1 216
Transport equipment									
Other machinery and equipment	1 454	-	-	1 454	538	916	37.0%	1 216	1 216
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>91 998</b>	<b>-</b>	<b>-</b>	<b>91 998</b>	<b>90 169</b>	<b>1 829</b>	<b>98.0%</b>	<b>85 327</b>	<b>84 867</b>

Programme 1.1: PREMIER SUPPORT									
2017/18									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	25 037	-	(65)	24 972	24 972	-	100%	33 558	33 478
Compensation of employees	16 484	-	335	16 819	16 819	-	100.0%	19 428	19 350
Salaries and wages	15 681	-	(192)	15 489	15 489	-	100.0%	18 000	17 922
Social contributions	803	-	527	1 330	1 330	-	100.0%	1 428	1 428
Goods and services	8 553	-	(400)	8 153	8 153	-	100.0%	14 130	14 128
Administrative fees	176	-	507	683	683	-	100.0%	384	384
Minor assets	58	-	2	60	60	-	100.0%	76	76
Catering: Departmental activities	900	-	(501)	399	399	-	100.0%	959	959
Communication	190	-	(97)	93	93	-	100.0%	164	164
Computer services	35	-	(35)	-	-	-	-	-	-
Consultants: Business and advisory services	630	-	(130)	500	500	-	100.0%	1 140	1 140
Contractors	460	-	(343)	117	117	-	100.0%	4 076	4 076
Fleet services	-	-	-	-	-	-	-	2	2
Consumable supplies	279	-	(165)	114	114	-	100.0%	776	776
Consumable: Stationery, printing and office supplies	680	-	(243)	437	437	-	100.0%	1 007	1 007
Operating leases	526	-	(325)	201	201	-	100.0%	171	169
Property payments	430	-	(224)	206	206	-	100.0%	270	270
Transport provided: Departmental activity	170	-	(170)	-	-	-	-	162	162
Travel and subsistence	3 929	-	1 414	5 343	5 343	-	100.0%	4 463	4 463
Training and development	81	-	(81)	-	-	-	-	-	-
Operating payments	9	-	(9)	-	-	-	-	-	-
Venues and facilities	-	-	-	-	-	-	-	480	480

Programme 1.1: PREMIER SUPPORT									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	2	-	-	2	-	2	-	1 150	1 508
Households	2	-	-	2	-	2	-	1 150	1 508
Social benefits	-	-	-	-	-	-	-	1 150	1 508
Other transfers to households	2	-	-	2	-	2	-	-	-
<b>Payments for capital assets</b>	333	-	-	333	130	203	39.0%	880	880
Machinery and equipment	333	-	-	333	130	203	39.0%	880	880
Transport equipment									
Other machinery and equipment	333	-	-	333	130	203	39.0%	880	880
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>25 372</b>	<b>-</b>	<b>(65)</b>	<b>25 307</b>	<b>25 102</b>	<b>205</b>	<b>99.2%</b>	<b>35 948</b>	<b>35 866</b>

Programme 1.2: EXECUTIVE COUNCIL									
2017/18								2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>10 338</b>	-	(335)	<b>10 003</b>	<b>9 751</b>	<b>252</b>	<b>97.5%</b>	<b>9 537</b>	<b>9 523</b>
Compensation of employees	8 130	-	(335)	7 795	7 765	30	99.6%	7 423	7 415
Salaries and wages	7 327	-	(403)	6 924	6 894	30	99.6%	6 558	6 557
Social contributions	803	-	68	871	871	-	100.0%	865	858
<b>Goods and services</b>	<b>2 208</b>	-	-	<b>2 208</b>	<b>1 986</b>	<b>222</b>	<b>89.9%</b>	<b>2 114</b>	<b>2 108</b>
Administrative fees	27	-	-	27	14	13	51.9%	22	22
Minor assets	29	-	-	29	6	23	20.7%	1	1
Catering: Departmental activities	473	-	369	842	842	-	100.0%	847	847
Communication	8	-	-	8	4	4	50.0%	14	14
Contractors	144	-	-	144	131	13	91.0%	159	159
Consumable supplies	87	-	-	87	59	28	67.8%	40	40
Consumable: Stationery, printing and office supplies	300	-	-	300	264	36	88.0%	163	163
Operating leases	500	-	(251)	249	249	-	100.0%	349	349
Travel and subsistence	440	-	(118)	322	258	64	80.1%	327	321
Venues and facilities	200	-	-	200	159	41	79.5%	192	192
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Payments for capital assets</b>	<b>105</b>	<b>-</b>	<b>-</b>	<b>105</b>	<b>41</b>	<b>64</b>	<b>39.0%</b>	<b>23</b>	<b>23</b>
Machinery and equipment	105	-	-	105	41	64	39.0%	23	23
Other machinery and equipment	105	-	-	105	41	64	39.0%	23	23
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>10 443</b>	<b>-</b>	<b>(335)</b>	<b>10 108</b>	<b>9 792</b>	<b>316</b>	<b>96.9%</b>	<b>9 560</b>	<b>9 546</b>

Programme 1.3: DIRECTOR GENERAL									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>12 968</b>	-	<b>440</b>	<b>13 408</b>	<b>13 239</b>	<b>169</b>	<b>98.7%</b>	<b>9 677</b>	<b>9 635</b>
Compensation of employees	7 865	-	440	8 305	8 305	-	100.0%	6 279	6 264
Salaries and wages	7 409	-	159	7 568	7 568	-	100.0%	5 708	5 708
Social contributions	456	-	281	737	737	-	100.0%	571	556
Goods and services	5 103	-	-	5 103	4 934	169	96.7%	3 398	3 371
Administrative fees	66	-	132	198	178	20	89.9%	70	70
Minor assets	237	-	(196)	41	34	7	82.9%	35	25
Catering: Departmental activities	291	-	(139)	152	142	10	93.4%	92	86
Consultants: Business and advisory services	-	-	452	452	452	-	100.0%	-	-
Legal services	-	-	-	-	-	-	-	895	895
Contractors	60	-	1 450	1 510	1 510	-	100.0%	505	505
Consumable supplies	100	-	(33)	67	53	14	79.1%	42	42
Consumable: Stationery, printing and office supplies	181	-	(6)	175	158	17	90.3%	121	110
Operating leases	469	-	(231)	238	230	8	96.6%	239	239
Property Payments	-	-	-	-	-	-	-	16	16
Travel and subsistence	3 569	-	(1 380)	2 189	2 176	13	99.4%	756	756
Training and development	120	-	(40)	80	-	80	-	-	-
Operating Payments	-	-	-	-	-	-	-	122	122
Venues and facilities	10	-	(9)	1	1	-	100.0%	505	505
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	<b>44</b>	<b>44</b>
Households	-	-	-	-	-	-	-	44	44
Social benefits	-	-	-	-	-	-	-	44	44
<b>Payments for capital assets</b>	<b>322</b>	-	-	<b>322</b>	<b>295</b>	<b>27</b>	<b>91.6%</b>	<b>64</b>	<b>64</b>
Other machinery and equipment	322	-	-	322	295	27	91.6%	64	64
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>13 290</b>	-	<b>440</b>	<b>13 730</b>	<b>13 534</b>	<b>196</b>	<b>98.6%</b>	<b>9 785</b>	<b>9 743</b>



Programme 1.4: FINANCIAL MANAGEMENT									
2017/18									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	41 082	-	(40)	41 042	40 645	397	99.0%	28 779	28 529
Compensation of employees	20 181	-	(510)	19 671	19 278	393	98.0%	20 113	20 020
Salaries and wages	17 994	(694)	17 300	16 920	380	97.8%	97.8%	17 679	17 659
Social contributions	2 187	-	184	2 371	2 358	13	99.5%	2 434	2 361
Goods and services	20 901	-	470	21 371	21 367	4	100.0%	8 666	8 509
Administrative fees	65	-	75	140	140	-	100.0%	110	38
Advertising	62	-	(32)	30	30	-	100.0%	709	706
Minor assets	354	-	(285)	69	69	-	100.0%	194	194
Audit costs: External	4 668	-	(156)	4 512	4 512	-	100.0%	3 547	3 547
Catering: Departmental activities	93	-	239	332	332	-	100.0%	7	2
Communication	20	-	(19)	1	1	-	100.0%	-	-
Computer services	1 884	-	(1 175)	669	669	-	100.0%	1 605	1 600
Consultants: Business and advisory services	10 204	-	(4 161)	6 043	6 043	-	100.0%	137	137
Legal services	-	-	37	37	37	-	100.0%	957	957
Contractors	60	-	7 383	7 443	7 443	-	100.0%	14	6
Consumable supplies	290	-	(218)	72	72	-	100.0%	86	64
Consumable: Stationery, printing and office supplies	1 227	-	(708)	519	519	-	100.0%	611	596
Operating leases	389	-	(50)	339	339	-	100.0%	312	300
Property payments	130	-	(130)	-	-	-	-	10	10
Travel and subsistence	1 404	-	(243)	1 161	1 161	-	100.0%	340	339
Training and development	89	-	(85)	4	-	4	-	25	12
Operating payments	2	-	(2)	-	-	-	-	1	-

Programme 1.4: FINANCIAL MANAGEMENT									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues & facilities	-	-	-	-	-	-	-	1	1
<b>Transfers and subsidies</b>	<b>1 117</b>	-	-	<b>1 117</b>	<b>1 024</b>	<b>93</b>	<b>91.7%</b>	<b>1 006</b>	<b>934</b>
Households	<b>1 117</b>	-	-	<b>1 117</b>	<b>1 024</b>	<b>93</b>	<b>91.7%</b>	<b>1 006</b>	<b>934</b>
Social benefits	<b>1 117</b>	-	-	<b>1 117</b>	<b>1 024</b>	<b>93</b>	<b>91.7%</b>	<b>1 006</b>	<b>934</b>
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>694</b>	-	-	<b>694</b>	<b>72</b>	<b>622</b>	<b>10.4%</b>	<b>249</b>	<b>249</b>
Machinery and equipment	<b>694</b>	-	-	<b>694</b>	<b>72</b>	<b>622</b>	<b>10.4%</b>	<b>249</b>	<b>249</b>
Transport equipment									
Other machinery and equipment	<b>694</b>	-	-	<b>694</b>	<b>72</b>	<b>622</b>	<b>10.4%</b>	<b>249</b>	<b>249</b>
<b>Payments for financial assets</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>42 893</b>	<b>-</b>	<b>(40)</b>	<b>42 853</b>	<b>41 741</b>	<b>1 112</b>	<b>97.4%</b>	<b>30 034</b>	<b>29 712</b>

Programme 2: INSTITUTIONAL DEVELOPMENT									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. STRATEGIC HUMAN RESOURCES	93 860	-	(8 293)	85 567	84 474	1 093	98.7%	93 650	93 542
2. INFORMATION COM. TECHNOLOGY	81 157	-	(5 043)	76 114	72 623	3 491	95.4%	74 687	74 530
3. LEGAL SERVICES	13 628	-	1 591	15 219	15 166	53	99.7%	10 519	10 478
4. COMMUNICATION SERVICES	58 678	-	(1 604)	57 074	57 062	12	100.0%	47 672	47 626
5. SPECIAL PROGRAMMES	39 437	-	(914)	38 523	38 436	87	99.8%	39 409	39 383
6. INTERGOVERNMENTAL RELATIONS	14 722	-	3 027	17 749	17 638	111	99.4%	14 111	14 016
7. GAMING AND BETTING	68 426	-	(654)	67 772	67 725	47	99.9%	21 000	20 712
<b>Total for sub programmes</b>	<b>369 908</b>	<b>-</b>	<b>(11 890)</b>	<b>358 018</b>	<b>353 124</b>	<b>4 894</b>	<b>98.6%</b>	<b>301 048</b>	<b>300 287</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>296 122</b>	<b>-</b>	<b>(11 901)</b>	<b>284 221</b>	<b>284 222</b>	<b>(1)</b>	<b>100.0%</b>	<b>263 812</b>	<b>263 057</b>
<b>Compensation of employees</b>	<b>129 300</b>	<b>-</b>	<b>(1)</b>	<b>129 299</b>	<b>129 297</b>	<b>2</b>	<b>100.0%</b>	<b>115 412</b>	<b>115 107</b>
Salaries and wages	114 944	-	(1 443)	113 501	113 501	-	100.0%	100 887	100 800
Social contributions	14 356	-	1 442	15 798	15 796	2	100.0%	14 525	14 307
<b>Goods and services</b>	<b>166 822</b>	<b>-</b>	<b>(11 900)</b>	<b>154 922</b>	<b>154 925</b>	<b>(3)</b>	<b>100.0%</b>	<b>148 400</b>	<b>147 950</b>
Administrative fees	851	-	145	996	993	3	99.7%	641	622
Advertising	48 401	-	(19 591)	28 810	28 810	-	100.0%	43 952	43 952
Minor assets	3 266	-	(2 907)	359	349	10	97.2%	815	789
Bursaries: Employees	764	-	(524)	240	240	-	100.0%	330	233
Catering: Departmental activities	3 762	-	(1 360)	2 402	2 396	6	99.8%	5 070	5 048

Programme 2: INSTITUTIONAL DEVELOPMENT									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Communication	10 434	-	(639)	9 795	9 776	19	99.8%	8 335	8 332
Computer services	23 053	-	(4 682)	18 371	18 369	2	100.0%	16 738	16 691
Consultants: Business and advisory services	2 045	-	(1 726)	319	319	-	100.0%	5 118	5 096
Legal services	2 999	-	1 489	4 488	4 478	10	99.8%	3 243	3 243
Contractors	11 421	-	23 902	35 323	35 307	16	100.0%	8 455	8 440
Agency and support / outsourced services	1 000	-	(677)	323	323	-	100.0%	2 385	2 385
Fleet services	6 169	-	(1 816)	7 985	7 985	-	100.0%	6 121	6 121
Inventory: Clothing material and supplies	15	-	(13)	2	-	2	-	10	-
Consumable supplies	856	-	117	973	971	2	99.8%	305	288
Consumable: Stationery, printing and office supplies	3 550	-	(599)	2 951	2 951	-	100.0%	2 846	2 801
Operating leases	12 502	-	(2 505)	9 997	9 997	-	100.0%	9 623	9 595
Property payments	12 144	-	1 069	13 213	13 289	(76)	100.6%	13 563	13 562
Transport provided: Departmental activity	2 540	-	(533)	2 007	2 007	-	100.0%	3 770	3 770
Travel and subsistence	13 206	-	(1 993)	11 213	11 212	1	100.0%	7 952	7 900
Training and development	5 431	-	(1 475)	3 956	3 956	-	100.0%	3 739	3 693
Operating payments	119	-	(52)	67	65	2	97.0%	95	95
Venues and facilities	2 294	-	(1 162)	1 132	1 132	-	100.0%	5 294	5 294
<b>Transfers and subsidies</b>	<b>63 354</b>	<b>-</b>	<b>10</b>	<b>63 364</b>	<b>63 337</b>	<b>27</b>	<b>100.0%</b>	<b>19 939</b>	<b>19 937</b>
<b>Provinces and municipalities</b>	<b>107</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>80</b>	<b>27</b>	<b>74.8%</b>	<b>125</b>	<b>124</b>
Provincial agencies and funds	107	-	-	107	80	27	74.8%	125	124
<b>Departmental agencies and accounts</b>	<b>63 196</b>	<b>-</b>	<b>-</b>	<b>63 196</b>	<b>63 196</b>	<b>-</b>	<b>100.0%</b>	<b>19 255</b>	<b>19 255</b>

Programme 2: INSTITUTIONAL DEVELOPMENT									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Departmental agencies	63 196	-	-	63 196	63 196	-	100.0%	19 255	19 255
Non-profit institutions	-	-	-	-	-	-	-	27	27
<b>Households</b>	<b>51</b>	<b>-</b>	<b>10</b>	<b>61</b>	<b>61</b>	<b>-</b>	<b>100.0%</b>	<b>532</b>	<b>531</b>
Social benefits	43	-	11	54	54	-	100.0%	204	203
Other transfers to households	8	-	(1)	7	7	-	100.0%	328	328
<b>Payments for capital assets</b>	<b>10 432</b>	<b>-</b>	<b>-</b>	<b>10 432</b>	<b>5 564</b>	<b>4 868</b>	<b>53.3%</b>	<b>17 297</b>	<b>17 292</b>
Buildings and other fixed structures	3 104	-	-	3 104	333	2 771	10.7%	10 905	10 905
Buildings	3 140	-	-	3 104	333	2 771	10.7%	10 905	10 905
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	7 278	-	6	7 284	5 231	2 053	71.8%	6 392	6 387
Transport equipment	4 680	-	(21)	4 659	4 564	95	98.0%	4 318	4 318
Other machinery and equipment	2 598	-	27	2 625	667	1 958	25.4%	2 074	2 069
Software & Other Intangible Assets	50	-	(6)	44	-	44	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>1</b>
<b>Total</b>	<b>369 908</b>	<b>-</b>	<b>(11 890)</b>	<b>358 018</b>	<b>353 124</b>	<b>4 894</b>	<b>98.6%</b>	<b>301 048</b>	<b>300 287</b>



Programme 2.1: STRATEGIC HUMAN RESOURCES									
2017/18								2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>92 434</b>	-	<b>(8 298)</b>	<b>84 136</b>	<b>84 135</b>	<b>1</b>	<b>100.0%</b>	<b>81 770</b>	<b>81 662</b>
<b>Compensation of employees</b>	<b>64 733</b>	-	<b>(1 258)</b>	<b>63 475</b>	<b>63 474</b>	<b>1</b>	<b>100.0%</b>	<b>57 481</b>	<b>57 466</b>
Salaries and wages	57 563	-	(1 948)	55 615	55 615	-	100.0%	50 381	50 366
Social contributions	7 170	-	690	7 860	7 859	1	100.0%	7 100	7 100
<b>Goods and services</b>	<b>27 701</b>	-	<b>(7 040)</b>	<b>20 661</b>	<b>20 661</b>	-	<b>100.0%</b>	<b>24 289</b>	<b>24 196</b>
Administrative fees	262	-	(19)	243	243	-	100.0%	195	195
Advertising	904	-	335	1 239	1 239	-	100.0%	757	757
Minor assets	876	-	(738)	138	138	-	100.0%	681	678
Bursaries: Employees	720	-	(480)	240	240	-	100.0%	296	233
Catering: Departmental activities	942	-	(379)	563	563	-	100.0%	622	618
Communication	860	-	(275)	585	585	-	100.0%	679	679
Computer services	3 365	-	(2 607)	758	758	-	100.0%	910	905
Consultants: Business and advisory services	31	-	(23)	8	8	-	100.0%	418	407
Legal services	-	-	14	14	14	-	100.0%	2 274	2 274
Contractors	3 305	-	(375)	2 930	2 930	-	100.0%	1 280	1 280
Agency and support / outsourced services	700	-	(377)	323	323	-	100.0%	1 861	1 861
Fleet services	-	-	1	1	1	-	100.0%	-	-
Consumable supplies	300	-	(204)	96	96	-	100.0%	91	85
Consumable: Stationery, printing and office supplies	1 535	-	(317)	1 218	1 218	-	100.0%	948	948
Operating leases	994	-	183	1 177	1 177	-	100.0%	757	757
Property payments	3 407	-	874	4 281	4 281	-	100.0%	4 203	4 203
Transport provided: Departmental activity	-	-	-	-	-	-	-	1	1

Programme 2.1: STRATEGIC HUMAN RESOURCES									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Travel and subsistence	3 987	-	(1 302)	2 685	2 685	-	100.0%	2 330	2 329
Training and development	4 981	-	(1 038)	3 943	3 943	-	100.0%	3 681	3 681
Operating payments	38	-	(21)	17	17	-	100.0%	58	58
Venues and facilities	494	-	(292)	202	202	-	100.0%	2 247	2 247
<b>Transfers and subsidies</b>	<b>4</b>	<b>-</b>	<b>4</b>	<b>8</b>	<b>8</b>	<b>-</b>	<b>100.0%</b>	<b>86</b>	<b>85</b>
Households	4	-	4	8	8	-	100.0%	86	85
Social benefits	4	-	4	8	8	-	100.0%	86	85
<b>Payments for capital assets</b>	<b>1 422</b>	<b>-</b>	<b>-</b>	<b>1 422</b>	<b>330</b>	<b>1 092</b>	<b>23.2%</b>	<b>11 794</b>	<b>11 794</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	10 905	10 905
Buildings	-	-	-	-	-	-	-	10 905	10 905
Machinery and equipment	1 422	-	-	1 422	330	1 092	23.2%	889	889
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 422	-	-	1 422	330	1 092	23.2%	889	889
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>1</b>
<b>Total</b>	<b>93 860</b>	<b>-</b>	<b>(8 293)</b>	<b>85 567</b>	<b>84 474</b>	<b>1 093</b>	<b>98.7%</b>	<b>93 650</b>	<b>93 542</b>

Programme 2.2: INFORMATION COM.TECHNOLOGY									
2017/18								2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>72 459</b>	-	<b>(5 042)</b>	<b>67 417</b>	<b>67 483</b>	<b>(66)</b>	<b>100.0%</b>	<b>69 361</b>	<b>69 210</b>
<b>Compensation of employees</b>	<b>14 317</b>	-	<b>(12)</b>	<b>14 305</b>	<b>14 305</b>	-	<b>100.0%</b>	<b>12 659</b>	<b>12 659</b>
Salaries and wages	12 797	-	(653)	12 144	12 144	-	100.0%	10 697	10 697
Social contributions	1 520	-	641	2 161	2 161	-	100.0%	1 962	1 962
<b>Goods and services</b>	<b>58 142</b>	-	<b>(5 030)</b>	<b>53 112</b>	<b>53 178</b>	<b>66</b>	<b>100.0%</b>	<b>56 702</b>	<b>56 551</b>
Administrative fees	14	-	4	18	17	1	94.4%	13	7
Advertising	-	-	-	-	-	-	-	3 098	3 098
Minor assets	646	-	(473)	173	173	-	100.0%	55	50
Bursaries: Employees	20	-	(20)	-	-	-	-	20	-
Catering: Departmental activities	8	-	499	507	501	6	98.8%	162	157
Communication	9 387	-	(233)	9 154	9 154	-	100.0%	7 603	7 603
Computer services	19 139	-	(1 680)	17 459	17 457	2	100.0%	15 824	15 786
Consultants: Business and advisory services	200	-	(200)	-	-	-	-	10	-
Contractors	3 123	-	(2 947)	176	176	-	100.0%	4 847	4 847
Agency and support / outsourced services	-	-	-	-	-	-	-	182	182
Fleet services	5 489	-	2 495	7 984	7 984	-	100.0%	6 121	6 121
Inventory: Clothing material and supplies	15	-	(13)	2	-	2	-	10	-
Consumable supplies	36	-	21	57	57	-	100.0%	42	41
Consumable: Stationery, printing and office supplies	246	-	(110)	136	136	-	100.0%	628	628
Operating leases	10 824	-	(2 512)	8 312	8 312	-	100.0%	8 413	8 410
Property payments	8 685	-	219	8 904	8 981	(77)	100.9%	9 270	9 270
Travel and subsistence	261	-	(49)	212	212	-	100.0%	164	116

Programme 2.2: INFORMATION COM.TECHNOLOGY									
2017/18								2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Training and development	-	-	-	-	-	-	-	5	-
Operating payments	49	-	(31)	18	18	-	100.0%	33	33
Venues and facilities	-	-	-	-	-	-	-	202	202
<b>Transfers and subsidies</b>	<b>115</b>	<b>-</b>	<b>(1)</b>	<b>114</b>	<b>87</b>	<b>27</b>	<b>76.3%</b>	<b>125</b>	<b>124</b>
Provinces and municipalities	107	-	-	107	80	27	74.8%	125	124
Provincial agencies and funds	107	-	-	107	80	27	74.8%	125	124
Households	8	-	(1)	7	7	-	100.0%	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Other transfers to households	8	-	(1)	7	7	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>8 583</b>	<b>-</b>	<b>-</b>	<b>8 583</b>	<b>5 053</b>	<b>3 530</b>	<b>58.9%</b>	<b>5 201</b>	<b>5 196</b>
Buildings and other fixed structures	3 104	-	-	3 104	333	2 771	10.7%	-	-
Buildings	3 104	-	-	3 104	333	2 771	10.7%	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	5 479	-	-	5 479	4 720	759	86.1%	5 201	5 196
Transport equipment	4 659	-	-	4 659	4 564	95	98.0%	4 318	4 318
Other machinery and equipment	820	-	-	820	156	664	19.1%	883	878
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>81 157</b>	<b>-</b>	<b>(5 043)</b>	<b>76 114</b>	<b>72 623</b>	<b>3 491</b>	<b>95.4%</b>	<b>74 687</b>	<b>74 530</b>

Programme 2.3: LEGAL SERVICES									
2017/18								2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>13 576</b>	-	<b>1 585</b>	<b>15 161</b>	<b>15 159</b>	<b>2</b>	<b>100.0%</b>	<b>10 407</b>	<b>10 366</b>
<b>Compensation of employees</b>	<b>10 010</b>	-	<b>55</b>	<b>10 065</b>	<b>10 064</b>	<b>1</b>	<b>100.0%</b>	<b>9 495</b>	<b>9 494</b>
Salaries and wages	9 101	-	(196)	8 905	8 905	-	100.0%	8 420	8 419
Social contributions	909	-	251	1 160	1 159	1	99.9%	1 075	1 075
<b>Goods and services</b>	<b>3 566</b>	-	<b>1 530</b>	<b>5 096</b>	<b>5 095</b>	<b>1</b>	<b>100.0%</b>	<b>912</b>	<b>872</b>
Administrative fees	6	-	(3)	3	3	-	100.0%	5	1
Minor assets	30	-	(17)	13	13	-	100.0%	6	-
Catering: Departmental activities	12	-	-	12	12	-	100.0%	10	-
Computer services	1	-	(1)	-	-	-	-	3	-
Legal services	2 942	-	1 522	4 464	4 464	-	100.0%	275	275
Contractors	17	-	(17)	-	-	-	-	-	-
Consumable supplies	14	-	(6)	8	8	-	100.0%	14	11
Consumable: Stationery, printing and office supplies	318	-	54	372	372	-	100.0%	386	384
Operating leases	126	-	7	133	133	-	100.0%	117	109
Property payments	-	-	-	-	-	-	-	1	-
Travel and subsistence	100	-	(9)	91	90	1	98.9%	95	92
Rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>-</b>	<b>100.0%</b>	<b>112</b>	<b>112</b>
Non-profit institutions	-	-	-	-	-	-	-	27	27
Households	-	-	7	7	7	-	100.0%	85	85
Social benefits	-	-	7	7	7	-	100.0%	-	-



Programme 2.3: LEGAL SERVICES									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Other transfers to households	-	-	-	-	-	-	-	85	85
<b>Payments for capital assets</b>	<b>52</b>	-	(1)	<b>51</b>	-	<b>51</b>	-	-	-
Machinery and equipment	<b>52</b>	-	(1)	<b>51</b>	-	<b>51</b>	-	-	-
Other machinery and equipment	52	-	(1)	51	-	51	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13 628</b>	-	<b>1 591</b>	<b>15 219</b>	<b>15 166</b>	<b>53</b>	<b>99.7%</b>	<b>10 519</b>	<b>10 478</b>

Programme 2.4: COMMUNICATION SERVICES									
2017/18									2016/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>58 547</b>	-	<b>1 605</b>	<b>56 942</b>	<b>56 930</b>	<b>12</b>	<b>100.0%</b>	<b>47 538</b>	<b>47 492</b>
<b>Compensation of employees</b>	<b>8 033</b>	-	<b>665</b>	<b>8 698</b>	<b>8 698</b>	-	<b>100.0%</b>	<b>7 247</b>	<b>7 247</b>
Salaries and wages	7 082	-	798	7 880	7 880	-	100.0%	6 522	6 517
Social contributions	951	-	(133)	818	818	-	100.0%	725	725
<b>Goods and services</b>	<b>50 514</b>	-	<b>(2 270)</b>	<b>48 244</b>	<b>48 232</b>	<b>12</b>	<b>100.0%</b>	<b>40 291</b>	<b>40 250</b>
Administrative fees	92	-	37	129	129	-	100.0%	109	109
Advertising	46 083	-	(19 583)	26 500	26 500	-	100.0%	37 810	37 810
Minor assets	430	-	(421)	9	9	-	100.0%	8	8
Catering: Departmental activities	200	-	(191)	9	9	-	100.0%	160	160
Communication	170	-	(131)	39	27	12	69.2%	31	31
Contractors	-	-	19 437	19 437	19 437	-	100.0%	43	43
Consumable supplies	90	-	(66)	24	24	-	100.0%	5	5
Consumable: Stationery, printing and office supplies	340	-	468	808	808	-	100.0%	435	424
Operating leases	250	-	(189)	61	61	-	100.0%	61	61
Property payments	-	-	-	-	-	-	-	5	5
Travel and subsistence	2 759	-	(1 609)	1 150	1 150	-	100.0%	1 210	1 210
Training and development	100	-	(100)	-	-	-	-	42	12
Venues and facilities	-	-	78	78	78	-	100.0%	372	372
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	<b>118</b>	<b>118</b>
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	118	118
Social benefits	-	-	-	-	-	-	-	118	118

Programme 2.4: COMMUNICATION SERVICES									
2017/18									2016/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>131</b>	-	<b>1</b>	<b>132</b>	<b>132</b>	-	<b>100.0%</b>	<b>16</b>	<b>16</b>
Machinery and equipment	131	-	1	132	132	-	100.0%	16	16
Transport equipment	21	-	(21)	-	-	-	-	-	-
Other machinery and equipment	110	-	22	132	132	-	100.0%	16	16
<b>Payments for financial assets</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>58 678</b>	<b>-</b>	<b>(1 604)</b>	<b>57 074</b>	<b>57 062</b>	<b>12</b>	<b>100.0%</b>	<b>47 672</b>	<b>47 626</b>

Programme 2.5: SPECIAL PROGRAMMES									
2017/18								2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>39 264</b>	-	(914)	<b>38 350</b>	<b>38 348</b>	<b>2</b>	<b>100.0%</b>	<b>39 098</b>	<b>39 072</b>
<b>Compensation of employees</b>	<b>17 002</b>	-	(774)	<b>16 228</b>	<b>16 228</b>	-	<b>100.0%</b>	<b>16 346</b>	<b>16 346</b>
Salaries and wages	14 696	-	(594)	14 102	14 102	-	100.0%	14 210	14 210
Social contributions	2 306	-	(180)	2 126	2 126	-	100.0%	2 136	2 136
<b>Goods and services</b>	<b>22 262</b>	-	(140)	<b>22 122</b>	<b>22 120</b>	<b>2</b>	<b>100.0%</b>	<b>22 752</b>	<b>22 726</b>
Administrative fees	252	-	244	496	494	2	99.6%	237	228
Advertising	1 270	-	(276)	994	994	-	100.0%	2 191	2 191
Minor assets	1 168	-	(1 158)	10	10	-	100.0%	15	15
Bursaries: Employees	24	-	(24)	-	-	-	-	14	-
Catering: Departmental activities	2 300	-	(1 264)	1 036	1 036	-	100.0%	3 927	3 927
Computer services	548	-	(394)	154	154	-	100.0%	-	-
Consultants: Business and advisory services	1 580	-	(1 454)	126	126	-	100.0%	4 679	4 678
Legal services	5	-	(5)	-	-	-	-	-	-
Contractors	4 841	-	5 972	10 813	10 813	10 813	100.0%	2 192	2 192
Agency and support / outsourced services	300	-	(300)	-	-	-	-	342	342
Fleet services	680	-	(680)	-	-	-	-	-	-
Consumable supplies	365	-	406	771	771	-	100.0%	134	134
Consumable: Stationery, printing and office supplies	629	-	(537)	92	92	-	100.0%	147	147
Operating leases	194	-	(31)	163	163	-	100.0%	168	166
Property payments	24	-	(24)	-	-	-	-	57	57
Transport provided: Departmental activity	2 540	-	(533)	2 007	2 007	-	100.0%	3 759	3 759
Travel and subsistence	3 452	-	1 199	4 651	4 651	-	100.0%	2 447	2 447

Programme 2.5: SPECIAL PROGRAMMES									
2017/18								2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Training and development	350	-	(337)	13	13	-	100.0%	-	-
Venues and facilities	1 740	-	(944)	796	796	-	100.0%	2 443	2 443
<b>Transfers and subsidies</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>39</b>	<b>-</b>	<b>100.0%</b>	<b>243</b>	<b>243</b>
Households	39	-	-	39	39	-	100.0%	243	243
Social benefits	39	-	-	39	39	-	100.0%	-	-
Other transfers to households	-	-	-	-	-	-	-	243	243
<b>Payments for capital assets</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>49</b>	<b>85</b>	<b>36.6%</b>	<b>68</b>	<b>68</b>
Machinery and equipment	84	-	6	90	49	41	54.4%	68	68
Other machinery and equipment	84	-	6	90	49	41	54.4%	68	68
Software & Other Intangible assets	50	-	(6)	44	-	44	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>39 437</b>	<b>-</b>	<b>(914)</b>	<b>38 523</b>	<b>38 436</b>	<b>87</b>	<b>99.8%</b>	<b>39 409</b>	<b>39 383</b>



Programme 2.6: INTERGOVERNMENTAL RELATIONS									
2017/18								2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Current payments</b>	<b>14 612</b>	-	<b>3 027</b>	<b>17 639</b>	<b>17 638</b>	<b>1</b>	<b>100.0%</b>	<b>13 893</b>	<b>13 798</b>
<b>Compensation of employees</b>	<b>10 938</b>	-	<b>1 667</b>	<b>12 605</b>	<b>12 605</b>	-	<b>100.0%</b>	<b>11 334</b>	<b>11 334</b>
Salaries and wages	10 013	-	1 382	11 395	11 395	-	100.0%	10 097	10 097
Social contributions	925	-	285	1 210	1 210	-	100.0%	1 237	1 237
<b>Goods and services</b>	<b>3 674</b>	-	<b>1 360</b>	<b>5 034</b>	<b>5 033</b>	<b>1</b>	<b>100.0%</b>	<b>2 559</b>	<b>2 464</b>
Administrative fees	204	-	(97)	107	107	-	100.0%	82	82
Advertising	40	-	(40)	-	-	-	-	96	96
Minor assets	100	-	(100)	-	-	-	-	50	38
Catering: Departmental activities	300	-	(25)	275	275	-	100.0%	189	186
Consultants: Business and advisory services	130	-	(82)	48	48	-	100.0%	11	11
Contractors	120	-	1 832	1 952	1 951	1	99.9%	91	76
Consumable supplies	30	-	(30)	-	-	-	-	12	5
Consumable: Stationery, printing and office supplies	300	-	(199)	101	101	-	100.0%	181	149
Operating leases	100	-	(24)	76	76	-	100.0%	90	75
Transport provided: Departmental activity	-	-	-	-	-	-	-	10	10
Travel and subsistence	2 290	-	129	2 419	2 419	-	100.0%	1 706	1 706
Training and development	-	-	-	-	-	-	-	11	-
Venues and facilities	60	-	(4)	56	56	-	100.0%	30	30
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>110</b>	-	-	<b>110</b>	-	<b>110</b>	-	<b>218</b>	<b>218</b>
Machinery and equipment	110	-	-	110	-	110	-	218	218
Other machinery and equipment	110	-	-	110	-	110	-	218	218
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14 722</b>	-	<b>3 027</b>	<b>17 749</b>	<b>17 638</b>	<b>111</b>	<b>99.4%</b>	<b>14 111</b>	<b>14 016</b>

Programme 2.7: GAMING AND BETTING									
2017/18							2016/17		
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>5 230</b>	-	(654)	<b>4 576</b>	<b>4 529</b>	<b>47</b>	<b>99.0%</b>	<b>1 745</b>	<b>1 457</b>
<b>Compensation of employees</b>	<b>4 267</b>	-	(344)	<b>3 923</b>	<b>3 923</b>	-	<b>100.0%</b>	<b>850</b>	<b>566</b>
Salaries and wages	3 692	-	(232)	3 460	3 460	-	100.0%	560	494
Social contributions	575	-	(112)	463	463	-	100.0%	290	72
<b>Goods and services</b>	<b>963</b>	-	(310)	<b>653</b>	<b>606</b>	<b>47</b>	<b>92.8%</b>	<b>895</b>	<b>891</b>
Administrative fees	21	-	(21)	-	-	-	-	-	-
Advertising	104	-	(27)	77	77	-	100.0%	-	-
Minor assets	16	-	-	16	6	10	37.5%	-	-
Communication	17	-	-	17	10	7	58.8%	22	19
Computer services	-	-	-	-	-	-	-	1	-
Consultants: Business and advisory services	104	-	33	137	137	-	100.0%	-	-
Legal services	52	-	(42)	10	-	10	-	694	694
Contractors	15	-	-	15	-	15	-	2	2
Consumable supplies	21	-	(4)	17	15	2	88.2%	7	7
Consumable: Stationery, printing and office supplies	182	-	42	224	224	-	100.0%	121	121
Operating leases	14	-	61	75	75	-	100.0%	17	17
Property payments	28	-	-	28	27	1	96.4%	27	27
Travel and subsistence	357	-	(352)	5	5	-	100.0%	-	-
Operating payments	32	-	-	32	30	2	93.8%	4	4
<b>Transfers and subsidies</b>	<b>63 196</b>	-	-	<b>63 196</b>	<b>63 196</b>	-	<b>100.0%</b>	<b>19 255</b>	<b>19 255</b>
Departmental agencies and accounts	63 196	-	-	63 196	63 196	-	100.0%	19 255	19 255
Departmental agencies	63 196	-	-	63 196	63 196	-	100.0%	19 255	19 255
<b>Payments for capital assets</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>
<b>Payments for financial assets</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>68 426</b>	-	(654)	<b>67 772</b>	<b>67 725</b>	<b>47</b>	<b>99.9%</b>	<b>21 000</b>	<b>20 712</b>

Programme 3: POLICY AND GOVERNANCE									
2017/18								2016/17	
Sub programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. PROVINCIAL POLICY MANAGEMENT</b>	48 029	-	(5 205)	42 824	42 375	449	99.0%	40 869	40 746
<b>2. PREMIER'S PRIORITY PROGRAMMES</b>	129 160	-	18 929	148 089	144 373	3 716	97.5%	135 247	132 835
<b>3. ROYAL HOUSEHOLD</b>	69 897	-	2 786	72 683	72 168	515	99.3%	75 447	71 152
<b>4. HERITAGE</b>	54 479	-	(4 620)	49 859	49 845	14	100.0%	52 380	52 328
<b>Total for sub programmes</b>	<b>301 565</b>	<b>-</b>	<b>11 890</b>	<b>313 455</b>	<b>308 761</b>	<b>4 694</b>	<b>98.5%</b>	<b>303 943</b>	<b>297 061</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>212 604</b>	<b>-</b>	<b>10 291</b>	<b>222 895</b>	<b>222 039</b>	<b>856</b>	<b>99.6%</b>	<b>197 213</b>	<b>194 711</b>
<b>Compensation of employees</b>	<b>97 400</b>	<b>-</b>	<b>(706)</b>	<b>96 694</b>	<b>96 026</b>	<b>668</b>	<b>99.3%</b>	<b>87 300</b>	<b>86 285</b>
Salaries and wages	87 592	-	(326)	87 266	86 623	643	99.3%	78 841	77 986
Social contributions	9 808	-	(380)	9 428	9 403	25	99.7%	8 459	8 299
<b>Goods and services</b>	<b>115 204</b>	<b>-</b>	<b>10 997</b>	<b>126 201</b>	<b>126 013</b>	<b>188</b>	<b>99.9%</b>	<b>109 913</b>	<b>108 426</b>
Administrative fees	5 150	-	(3 109)	2 041	2 041	-	100.0%	1 351	1 348
Advertising	2 000	-	(1 293)	707	707	-	100.0%	3 120	2 915
Minor assets	2 406	-	(1 637)	769	732	37	95.2%	1 960	1 576
Audit costs: External	-	-	-	-	-	-	-	28	-
Bursaries: Employees	-	-	-	-	-	-	-	50	-
Catering: Departmental activities	8 983	-	(793)	8 190	8 170	20	99.8%	11 175	11 157
Communication	1 729	-	(1 538)	191	174	17	91.1%	688	564
Computer services	13 734	-	(1 660)	12 074	12 074	-	100.0%	10 441	10 436
Consultants: Business and advisory services	15 818	-	(9 054)	6 764	6 764	-	100.0%	10 798	10 798
Infrastructure & planning services	-	-	-	-	-	-	-	-	-

Programme 3: POLICY AND GOVERNANCE										
2017/18										2016/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Legal services	-	-	-	-	-	-	-	80	-	
Contractors	20 300	-	41 438	61 738	61 737	1	100.0%	26 956	26 953	
Agency & Support	-	-	-	-	-	-	-	1 125	1 109	
Fleet services	750	-	192	942	942	-	100.0%	1 772	1 772	
Consumable supplies	2 463	-	62	2 525	2 521	4	99.8%	1 543	1 503	
Consumable: Stationery, printing and office supplies	3 172	-	(1 812)	1 360	1 310	50	96.3%	2 770	2 615	
Operating leases	1 198	-	(195)	1 003	1 003	-	100.0%	1 182	1 087	
Property payments	2 041	-	(1 882)	159	159	-	100.0%	301	274	
Transport provided: Departmental activity	6 630	-	(2 386)	4 244	4 244	-	100.0%	6 112	6 112	
Travel and subsistence	14 224	-	3 086	17 310	17 251	59	99.7%	13 176	13 126	
Training and development	3 430	-	(3 398)	32	32	-	100.0%	261	198	
Operating payments	500	-	(50)	450	450	-	100.0%	738	693	
Venues and facilities	10 676	-	(4 974)	5 702	5 702	-	100.0%	14 286	14 190	
Transfers and subsidies	76 081	-	1 513	77 594	77 274	320	99.6%	88 984	88 983	
Provinces & municipalities	-	-	-	-	-	-	-	12	12	
Provinces	-	-	-	-	-	-	-	12	12	
Provincial agencies & funds	-	-	-	-	-	-	-	12	12	
Departmental agencies and accounts	50 764	-	1 500	52 264	52 132	132	99.7%	56 005	56 005	
Departmental agencies	50 764	-	1 500	52 264	52 132	132	99.7%	56 005	56 005	
Households	25 317	-	13	25 330	25 142	188	99.3%	32 967	32 966	
Social benefits	236	-	89	325	324	1	99.7%	310	310	
Other transfers to households	25 081	-	(76)	25 005	24 818	187	99.3%	32 657	32 656	

Programme 3: POLICY AND GOVERNANCE									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Payments for capital assets</b>	<b>12 880</b>	-	-	<b>12 880</b>	<b>9 362</b>	<b>3 518</b>	<b>72.7%</b>	<b>15 506</b>	<b>13 322</b>
Buildings and other fixed structures	5 043	-	(3 283)	1 760	1 377	383	78.2%	8 000	5 918
Buildings	-	-	-	-	-	-	-	8 000	5 918
Other fixed structures	5 043	-	(3 283)	1 760	1 377	383	78.2%	-	-
Machinery and equipment	5 782	-	3 243	9 025	5 894	3 131	65.3%	6 701	6 599
Transport equipment	1 174	-	3 293	4 467	4 217	250	94.4%	3 041	3 041
Other machinery and equipment	4 608	-	(50)	4 558	1 677	2 881	36.8%	3 660	3 558
Heritage assets	2 055	-	40	2 095	2 091	4	99.8%	805	805
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>86</b>	<b>86</b>	<b>86</b>	<b>-</b>	<b>100.0%</b>	<b>2 240</b>	<b>45</b>
<b>Total</b>	<b>301 565</b>	<b>-</b>	<b>11 890</b>	<b>313 455</b>	<b>308 761</b>	<b>4 694</b>	<b>98.5%</b>	<b>303 943</b>	<b>297 061</b>

Programme 3.1: PROVINCIAL POLICY MANAGEMENT										
2017/18										2016/17
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Current payments	46 671	-	(5 205)	41 466	41 410	56	99.9%	40 336	40 213	
Compensation of employees	18 403	-	295	18 698	18 697	1	100.0%	16 945	16 922	
Salaries and wages	16 507	-	374	16 881	16 881	-	100.0%	15 280	15 257	
Social contributions	1 896	-	(79)	1 817	1 816	1	99.9%	1 665	1 665	
Goods and services	28 268	-	(5 500)	22 768	22 713	55	99.8%	23 391	23 291	
Administrative fees	290	-	(26)	264	264	-	100.0%	97	97	
Advertising	459	-	(360)	99	99	-	100.0%	21	15	
Minor assets	224	-	63	287	287	-	100.0%	152	138	
Catering: Departmental activities	214	-	(67)	147	147	-	100.0%	216	208	
Communication	-	-	-	-	-	-	-	31	6	
Computer services	13 704	-	(1 641)	12 063	12 063	-	-	10 218	10 218	
Consultants: Business and advisory services	7 275	-	(2 135)	5 140	5 140	-	100.0%	3 060	3 060	
Contractors	469	-	(58)	411	411	-	100.0%	356	353	
Infrastructure & planning services	-	-	-	-	-	-	-	-	-	
Consumable supplies	732	-	(99)	633	633	-	100.0%	508	496	
Consumable: Stationery, printing and office supplies	1 098	-	(689)	409	409	-	100.0%	1 524	1 508	
Operating leases	410	-	(117)	293	293	-	100.0%	219	211	
Property payments	26	-	(2)	24	24	-	100.0%	-	-	
Transport provided: Departmental activity	-	-	-	-	-	-	-	60	60	
Travel and subsistence	2 567	-	(457)	2 110	2 055	55	97.4%	1 447	1 443	
Training and development	20	-	(20)	-	-	-	-	-	-	
Operating payments	500	-	(99)	401	401	-	100.0%	657	657	



Programme 3.1: PROVINCIAL POLICY MANAGEMENT									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	280	-	207	487	487	-	100.0%	4 825	4 821
<b>Transfers and subsidies</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>133</b>	<b>1</b>	<b>99.3%</b>	<b>-</b>	<b>-</b>
Non-profit institutions									
Households	134	-	-	134	133	1	99.3%	-	-
Social benefits	134	-	-	134	133	1	99.3%	-	-
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>1 224</b>	<b>-</b>	<b>-</b>	<b>1 224</b>	<b>832</b>	<b>392</b>	<b>68.0%</b>	<b>533</b>	<b>533</b>
Machinery and equipment	1 224	-	-	1 224	832	392	68.0%	533	533
Other machinery and equipment	1 224	-	-	1 224	832	392	68.0%	533	533
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>48 029</b>	<b>-</b>	<b>(5 205)</b>	<b>42 824</b>	<b>42 375</b>	<b>449</b>	<b>99.0%</b>	<b>40 869</b>	<b>40 746</b>

Programme 3.2: PREMIER'S PRIORITY PROGRAMMES										
2017/18										2016/17
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Current payments</b>	<b>100 922</b>	-	<b>19 027</b>	<b>119 949</b>	<b>119 158</b>	<b>791</b>	<b>99.3%</b>	<b>100 587</b>	<b>98 278</b>	
<b>Compensation of employees</b>	<b>45 190</b>	-	<b>(1 815)</b>	<b>43 375</b>	<b>42 709</b>	<b>666</b>	<b>98.5%</b>	<b>39 794</b>	<b>38 851</b>	
Salaries and wages	41 647	-	(1 595)	40 052	39 410	642	98.4%	36 778	35 995	
Social contributions	3 543	-	(220)	3 323	3 299	24	99.3%	3 016	2 856	
<b>Goods and services</b>	<b>55 732</b>	-	<b>20 842</b>	<b>76 574</b>	<b>76 449</b>	<b>125</b>	<b>99.8%</b>	<b>60 793</b>	<b>59 427</b>	
Administrative fees	4 210	-	(3 085)	1 125	1 125	-	100.0%	721	718	
Advertising	1 259	-	(1 002)	257	257	-	100.0%	2 519	2 320	
Minor assets	1 824	-	(1 358)	466	437	29	93.8%	1 684	1 314	
Audit costs: External	-	-	-	-	-	-	-	28	-	
Bursaries: Employees	-	-	-	-	-	-	-	50	-	
Catering: Departmental activities	4 410	-	2 762	7 172	7 152	20	99.7%	7 456	7 446	
Communication	350	-	(333)	17	-	17	-	203	120	
Computer services	30	-	(19)	11	11	-	100.0%	112	112	
Consultants: Business and advisory services	4 002	-	(3 545)	457	457	-	100.0%	7 086	7 086	
Legal services	-	-	-	-	-	-	-	80	-	
Contractors	16 672	-	33 840	50 512	50 511	1	100.0%	21 833	21 833	
Agency & support/outsourced services	-	-	-	-	-	-	-	812	796	
Consumable supplies	1 269	-	(621)	648	644	4	99.4%	495	467	
Consumable: Stationery, printing and office supplies	985	-	(478)	507	457	50	90.1%	897	758	
Operating leases	370	-	88	458	458	-	100.0%	667	580	
Property payments	15	-	120	135	135	-	100.0%	301	274	
Transport provided: Departmental activity	5 000	-	(1 571)	3 429	3 429	-	100.0%	4 787	4 787	

Programme 3.2: PREMIER'S PRIORITY PROGRAMMES									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Travel and subsistence	5 817	-	1 399	7 216	7 212	4	99.9%	5 762	5 716
Training and development	3 410	-	(3 378)	32	32	-	100.0%	261	198
Operating payments	-	-	49	49	49	-	100.0%	45	-
Venues and facilities	6 109	-	(2 026)	4 083	4 083	-	100.0%	4 994	4 902
<b>Transfers and subsidies</b>	<b>25 081</b>	-	<b>(38)</b>	<b>25 043</b>	<b>24 856</b>	<b>187</b>	<b>99.3%</b>	<b>32 657</b>	<b>32 656</b>
Households	25 081	-	(38)	25 043	24 856	187	99.3%	32 657	32 656
Social benefits	-	-	38	38	38	-	100.0%	-	-
Other transfers to households	25 081	-	(76)	25 005	24 818	187	99.3%	32 657	32 656
<b>Payments for capital assets</b>	<b>3 157</b>	-	<b>(60)</b>	<b>3 097</b>	<b>359</b>	<b>2 738</b>	<b>11.6%</b>	<b>1 958</b>	<b>1 856</b>
Machinery and equipment	3 157	-	(60)	3 097	359	2 738	11.6%	1 958	1 856
Transport equipment	250	-	-	250	-	250	0.0%	-	-
Other machinery and equipment	2 907	-	(60)	2 847	359	2 488	12.6%	1 958	1 856
<b>Payments for financial assets</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>45</b>
<b>Total</b>	<b>129 160</b>	<b>-</b>	<b>18 929</b>	<b>148 089</b>	<b>144 373</b>	<b>3 716</b>	<b>97.5%</b>	<b>135 247</b>	<b>132 835</b>

Programme 3.3: ROYAL HOUSEHOLD										
2017/18										
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Current payments	44 850	-	1 149	45 999	45 999	-	100.0%	37 868	37 850	
Compensation of employees	29 215	-	604	29 819	29 819	-	100.0%	25 302	25 284	
Salaries and wages	25 553	-	555	26 108	26 108	-	100.0%	22 133	22 115	
Social contributions	3 662	-	49	3 711	3 711	-	100.0%	3 169	3 169	
Goods and services	15 635	-	545	16 180	16 180	-	100.0%	12 566	12 566	
Administrative fees	640	-	(80)	560	560	-	100.0%	396	396	
Advertising	10	-	(10)	-	-	-	-	-	-	
Minor assets	327	-	(322)	5	5	-	100.0%	113	113	
Catering: Departmental activities	1 916	-	(1 497)	419	419	-	100.0%	1 646	1 646	
Communication	187	-	(13)	174	174	-	100.0%	438	438	
Computer services	-	-	-	-	-	-	-	106	106	
Contractors	1 857	-	2 831	4 688	4 688	-	100.0%	1 104	1 104	
Fleet services	750	-	192	942	942	-	100.0%	1 772	1 772	
Consumable supplies	460	-	783	1 243	1 243	-	100.0%	487	487	
Consumable: Stationery, printing and office supplies	425	-	(300)	125	125	-	100.0%	55	55	
Operating leases	250	-	(63)	187	187	-	100.0%	233	233	
Property payments	2 000	-	(2 000)	-	-	-	-	-	-	
Transport provided: Departmental activity	420	-	(249)	171	171	-	100.0%	237	237	
Travel and subsistence	4 118	-	2 760	6 878	6 878	-	100.0%	4 469	4 469	
Operating payments	-	-	-	-	-	-	-	36	36	
Venues and facilities	2 275	-	(1 487)	788	788	-	100.0%	1 474	1 474	

Programme 3.3: ROYAL HOUSEHOLD									
2017/18								2016/17	
Economic classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
<b>Transfers and subsidies</b>	<b>18 603</b>	-	<b>1 551</b>	<b>20 154</b>	<b>20 022</b>	<b>132</b>	<b>99.3%</b>	<b>23 198</b>	<b>23 198</b>
Provinces & municipalities	-	-	-	-	-	-	-	12	12
Provinces	-	-	-	-	-	-	-	12	12
Departmental agencies and accounts	18 501	-	1 500	20 001	19 869	132	99.3%	22 977	22 977
Departmental agencies	18 501	-	1 500	20 001	19 869	132	99.3%	22 977	22 977
Households	102	-	51	153	153	-	100.0%	209	209
Social benefits	102	-	51	153	153	-	100.0%	209	209
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>6 444</b>	-	-	<b>6 444</b>	<b>6 061</b>	<b>383</b>	<b>94.1%</b>	<b>12 186</b>	<b>10 104</b>
Buildings and other fixed structures	5 043	-	(3 283)	1 760	1 377	383	78.2%	8 000	5 918
Buildings	-	-	-	-	-	-	-	8 000	5 918
Other fixed structures	5 043	-	(3 283)	1 760	1 377	383	78.2%	-	-
Machinery and equipment	1 401	-	3 283	4 684	4 684	-	100.0%	4 186	4 186
Transport equipment	924	-	3 293	4 217	4 217	-	100.0%	3 041	3 041
Other machinery and equipment	477	-	(10)	467	467	-	100.0%	1 145	1 145
<b>Payments for financial assets</b>	-	-	<b>86</b>	<b>86</b>	<b>86</b>	-	<b>100.0%</b>	<b>2 195</b>	-
<b>Total</b>	<b>69 897</b>	-	<b>2 786</b>	<b>72 683</b>	<b>72 168</b>	<b>515</b>	<b>99.3%</b>	<b>75 447</b>	<b>71 152</b>

Programme 3.4: HERITAGE										
2017/18										2016/17
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
<b>Current payments</b>	<b>201 161</b>	-	<b>(4 680)</b>	<b>15 481</b>	<b>15 472</b>	<b>9</b>	<b>99.9%</b>	<b>18 422</b>	<b>18 370</b>	
<b>Compensation of employees</b>	<b>4 592</b>	-	<b>210</b>	<b>4 802</b>	<b>4 801</b>	<b>1</b>	<b>100.0%</b>	<b>5 259</b>	<b>5 228</b>	
Salaries and wages	3 885	-	340	4 225	4 224	1	100.0%	4 650	4 619	
Social contributions	707	-	(130)	577	577	-	100.0%	609	609	
<b>Goods and services</b>	<b>15 569</b>	-	<b>(4 890)</b>	<b>10 679</b>	<b>10 671</b>	<b>8</b>	<b>99.9%</b>	<b>13 163</b>	<b>13 142</b>	
Administrative fees	10	-	82	92	92	-	100.0%	137	137	
Advertising	272	-	79	351	351	-	100.0%	580	580	
Minor assets	31	-	(20)	11	3	8	27.3%	11	11	
Catering: Departmental activities	2 443	-	(1 991)	452	452	-	100.0%	1 857	1 857	
Communication	1 192	-	1 192	-	-	-	-	16	-	
Computer services	-	-	-	-	-	-	-	5	-	
Consultants: Business and advisory services	4 541	-	(3 374)	1 167	1 167	-	100.0%	652	652	
Contractors	1 302	-	4 825	6 127	6 127	-	100.0%	3 663	3 663	
Agency and support / outsourced services	-	-	-	-	-	-	-	313	313	
Consumable supplies	2	-	(1)	1	1	-	100.0%	53	53	
Consumable: Stationery, printing and office supplies	664	-	(345)	319	319	-	100.0%	294	294	
Operating leases	168	-	(103)	65	65	-	100.0%	63	63	
Transport provided: Departmental activity	1 210	-	(566)	644	644	-	100.0%	1 028	1 028	
Travel and subsistence	1 722	-	(616)	1 106	1 106	-	100.0%	1 498	1 498	
Venues and facilities	2 012	-	(1 668)	344	344	-	100.0%	2 993	2 993	



Programme 3.4: HERITAGE									
2017/18								2016/17	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Transfers and subsidies</b>	32 263	-	-	32 263	32 263	-	100.0%	33 129	33 129
Departmental agencies and accounts	32 263	-	-	32 263	32 263	-	100.0%	33 028	33 028
Households	-	-	-	-	-	-	-	101	101
Social benefits	-	-	-	-	-	-	-	101	101
<b>Payments for capital assets</b>	2 055	-	60	2 115	2 110	5	99.8%	829	829
Machinery and equipment	-	-	20	20	19	1	95.0%	24	24
Other machinery and equipment	-	-	20	20	19	1	95.0%	24	24
Heritage assets	2 055	-	40	2 095	2 091	4	99.8%	805	805
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>54 479</b>	<b>-</b>	<b>(4 620)</b>	<b>49 859</b>	<b>49 845</b>	<b>14</b>	<b>100.0%</b>	<b>52 380</b>	<b>52 328</b>

## NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2018

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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to 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) to the Annual Financial Statements.

### 3. Detail on payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
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ADMINISTRATION	91 998	90 169	1 829	2.0%
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'Explanation of variance: 'The total underspending for Programme 1 amounted to R1,829 million. This amount is made up of R423,000 for Compensation of Employees; R395,000 for Goods and Services; R95,000 for Transfers and Subsidies and R916,000 under Payments for Capital Assets. The underspending against Compensation of Employees was in respect of posts that were filled later than originally anticipated as a result of the lengthy approval process through the Premier and the MEC for Finance. The underspending against Goods and Services was mainly attributed to late claims received in respect of the Moerane Commission as sittings were still being held during March 2018. A request was made for the rollover of funds in this respect. Transfers and Subsidies was underspent due to reduced claims from ex-parliamentarians for post-retirement benefits as a result of natural attrition. Payments for Capital Assets was underspent due to the challenge to finalize additional office accommodation during the financial year.

INSTITUTIONAL DEVELOPMENT	358 018	353 124	4 894	1.4%
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'Explanation of variance: The total underspending for Programme 2 amounted to R4,894 million. This amount is made up of R2,000 for Compensation of Employees; R74,000 for Goods and Services; R27,000 for Transfers and Subsidies and R4,791 million under Payments for Capital Assets. The underspending under Compensation of Employees is due to posts being filled later than originally anticipated. Goods and Services was underspent due to the late finalization of the office accommodation. Transfers and Subsidies was underspent due to a higher budget on vehicle licences. The underspending against Payments for Capital Assets was for Buildings and Fixed Structures (R2,6 million) due to the inclement weather conditions that delayed the construction of office parking at the Terry Street site and; Machinery and Equipment (R2,1 million) that was not purchased as a result of the late finalization of additional office accommodation. A request was made for the rollover of funds for the parking at Terry Street that is anticipated to be completed in 2018/19.

POLICY AND GOVERNANCE	313 455	308 761	4 694	1.5%
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'Explanation of variance: The total underspending for Programme 3 amounted to R4,694 million. This amount is made up of R668,000 against Compensation of Employees; R188,000 against Goods and Services; R320,000 for Transfers and Subsidies and R3,518 million under Payments for Capital Assets. The underspending against Compensation of Employees was mainly due to staff exits in respect of the Poverty Eradication unit. The underspending against Goods and Services was mainly due to reduced travel expenses under the Poverty Eradication unit as a result of senior posts that were vacated. Transfers and Subsidies was underspent due to a late invoice that was received for the Provincial Bursary Programme. A budget was allocated against Payments for Capital Assets for furniture and equipment purchases for the war rooms. Due to the bulk purchase of furniture and equipment, the unit costs were lower than R5,000 thereby resulting in these purchases being made against Goods and Services rather than Payments for Capital Assets.

4.2	Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
		R'000	R'000	R'000	R'000
	<b>Current payments</b>				
	Compensation of employees	278 583	277 490	1 093	0.4%
	Goods and services	317 958	317 378	580	0.2%
	Interest and rent on land				
	<b>Transfers and subsidies</b>				
	Provinces and municipalities	107	80	27	25.2%
	Departmental agencies and accounts	115 460	115 328	132	0.1%
	Households	26 510	26 227	283	1.1%
	<b>Payments for capital assets</b>				
	Buildings and other fixed structures	4 864	1 710	3 154	64.8%
	Machinery and equipment	17 763	11 663	6 100	34.3%
	Heritage assets	2 095	2 091	4	0.2%
	Intangible assets	44	-	44	0.0%
	<b>Payments for financial assets</b>	<b>87</b>	<b>87</b>	<b>-</b>	<b>0.0%</b>

#### Compensation of Employees:

The underspending of R 1,093 million is mainly attributed to the filling of posts later than originally anticipated as a result of stricter control measures for the approval to fill posts. The filling of posts in the Province are now subjected to an approval process via the Premier and the MEC for Finance thereby impacting on the on the recruitment process in the Department and resulting in the underspending of funds against Compensation of Employees. A number of staff exits as a result of resignations and promotional transfers also contributed to the underspending.

#### Goods and Services:

The under spending of R580,000 is mainly attributed to the following : a) The late receipt of legal fee claims for the Moerane Commission due to sittings being held in March 2018.b) The challenge to obtain suitable office accommodation to meet the requirements of the Department. c) The reduced travel costs against the Poverty Eradication unit as a result of senior vacant posts.

#### Provinces & Municipalities:

The nominal variance of R27,000 is due to a higher budget against vehicle licences.

#### Departmental Agencies & Accounts:

Funds were transferred to the following Public Entities: KwaZulu-Natal Gaming and Betting Board: R63,196 million The Royal Household Trust: R19,869 million. The savings of R132,000 emanated from a final virement of an estimated amount of R1,5 million that was allocated to the Trust at the financial year end whereas the invoice received from the Trust amounted to R1,4 million. 'Amafa aKwazulu-Natali: R32,263 million.

#### Households:

The underspending of R283,000 is mainly due to a late invoice received for the Provincial Bursary Programme.

#### Buildings & Other fixed structures:

The underspending of R3,154 million was mainly due to delays encountered with the construction of the office parking at Terry Street as a result of inclement weather conditions. A request for the rollover of funds was made as the parking is anticipated to be completed in 2018/19.

#### Machinery & Equipment:

The underspending of R6,1 million is mainly due to office furniture and equipment purchases that were not made as a result of the late finalization of additional office accommodation. In addition, a budget was allocated for furniture and equipment purchases for the war rooms. These purchases were made against Goods and Services as a result of discounted prices due to the bulk purchase thereby resulting in savings against Capital Assets.

**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 31 March 2018**

	Note	2017/18 R'000	2016/17 R'000
<b>REVENUE</b>			
Annual appropriation	1	763 471	690 318
Statutory appropriation		-	-
Departmental revenue	2	1 160	466
NRF Receipts		-	-
Aid assistance	3	19 288	8870
<b>TOTAL REVENUE</b>		<b>783 919</b>	<b>699 654</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	277 491	254 441
Goods and services	5	317 377	284 492
Interest and rent on land		-	-
Aid assistance	3	-	-
<b>Total current expenditure</b>		<b>594 868</b>	<b>538 933</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	141 636	111 406
Aid assistance	3	16 554	13 824
<b>Total transfers and subsidies</b>		<b>158 190</b>	<b>125 230</b>
<b>Expenditure for capital assets</b>			
Tangible assets	8	15 463	31 830
Intangible assets	8	-	-
<b>Total expenditure for capital assets</b>		<b>15 463</b>	<b>31 830</b>
Unauthorised expenditure approved without funding	9	-	2 193
<b>Payments for financial assets</b>	6	<b>87</b>	<b>46</b>
<b>TOTAL EXPENDITURE</b>		<b>768 608</b>	<b>698 232</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>15 311</b>	<b>1 422</b>

## STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2018

### Reconciliation of Net Surplus/(Deficit) for the year

Voted funds		11 417	5 910
Annual appropriation		11 417	5 910
Conditional grants			
Departmental revenue and NRF Receipts	2	1 160	466
Aid assistance	3	2 734	(4 954)
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>15 311</b>	<b>1 422</b>

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2018**

	Note	2017/18 R'000	2016/17 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>67 465</b>	<b>16 930</b>
Unauthorised expenditure		-	-
Cash and cash equivalents	10	58 682	8 803
Other financial assets		-	-
Prepayments and advances		-	-
Receivables	12	8 783	8 127
Loans		-	-
Aid assistance prepayments		-	-
Aid assistance receivable		-	-
<b>Non-current assets</b>		<b>439</b>	<b>439</b>
Investments		-	-
Receivables	12	439	439
Loans		-	-
Other financial assets		-	-
<b>TOTAL ASSETS</b>		<b>67 904</b>	<b>17 369</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>64 178</b>	<b>14 106</b>
Voted funds to be surrendered to the Revenue Fund	13	11 417	5 910
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	45 468	5 244
Bank overdraft		-	-
Payables	15	1 931	324
Aid assistance repayable	3	-	-
Aid assistance unutilised	3	5 362	2 628
<b>Non-current liabilities</b>			
Payables	16	1 784	1 784
<b>TOTAL LIABILITIES</b>		<b>65 962</b>	<b>15 890</b>
<b>NET ASSETS</b>		<b>1 942</b>	<b>1 479</b>



## STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
<b>Represented by:</b>			
Capitalisation reserve		-	-
Recoverable revenue		1 942	1 479
Retained funds		-	-
Revaluation reserves		-	-
<b>TOTAL</b>		<b>1 942</b>	<b>1 479</b>

**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2018**

NET ASSETS	Note	2017/18 R'000	2016/17 R'000
<b>Capitalisation Reserves</b>			
Opening balance		-	-
Transfers:		-	-
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		-	-
<b>Recoverable revenue</b>			
Opening balance		1 479	1 162
Transfers:		<b>463</b>	<b>317</b>
Irrecoverable amounts written off			
Debts revised			
Debts recovered (included in departmental receipts)		66	(36)
Debts raised		397	353
Closing balance		1 942	1 479
<b>Retained funds</b>			
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)			
Utilised during the year			
Other transfers			
Closing balance		-	-
<b>Revaluation Reserve</b>			
Opening balance		-	-
Revaluation adjustment (Housing departments)			
Transfers			
Other			
Closing balance		-	-
<b>TOTAL</b>		<b>1 942</b>	<b>1 479</b>

**CASH FLOW STATEMENT**  
**for the year ended 31 March 2018**

	Note	2017/18 R'000	2016/17 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>783 919</b>	<b>699 654</b>
Annual appropriated funds received	1.1	763 471	690 318
Statutory appropriated funds received		-	-
Departmental revenue received	2	1 130	458
Interest received	2.2	30	8
NRF Receipts		-	-
Aid assistance received	3	19 288	8 870
Net (increase)/decrease in working capital		951	16 652
Surrendered to Revenue Fund		33 154	(40 958)
Surrendered to RDP Fund/Donor		-	-
Current payments		(594 868)	(541 126)
Interest paid		-	-
Payments for financial assets		(87)	(46)
Transfers and subsidies paid		(158 190)	(125 230)
<b>Net cash flow available from operating activities</b>	17	<b>64 879</b>	<b>8 946</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	8	(15 463)	(31 830)
Proceeds from sale of capital assets		-	-
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
<b>Net cash flows from investing activities</b>		<b>(15 463)</b>	<b>(31 830)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		463	317
Increase/(decrease) in non-current payables		-	1 784
<b>Net cash flows from financing activities</b>		<b>463</b>	<b>2 101</b>
Net increase/(decrease) in cash and cash equivalents		49 879	(20 783)
Cash and cash equivalents at beginning of period		8 803	29 586
Unrealised gains and losses within cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of period</b>	18	<b>58 682</b>	<b>8 803</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 31 March 2018

#### PART A: ACCOUNTING POLICIES

##### Statement Presentation par .03

<b>Summary of significant accounting policies</b>  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.	
<b>1</b>	<b>Basis of preparation</b>  <i>[Financial Statement Presentation]</i>  The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2</b>	<b>Going concern</b>  <i>[Financial Statement Presentation]</i>  The financial statements have been prepared on a going concern basis.
<b>3</b>	<b>Presentation currency</b>  <i>[Financial Statement Presentation]</i>  Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
<b>4</b>	<b>Rounding</b>  <i>[Financial Statement Presentation]</i>  Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5</b>	<b>Foreign currency translation</b>  <i>[Cash Flow Statement, Expenditure, Revenue]</i>  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.
<b>6</b>	<b>Comparative information</b>
<b>6.1</b>	<b>Prior period comparative information</b>  <i>[Financial Statement Presentation]</i>  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.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

<b>6.2</b>	<p><b>Current year comparison with budget</b></p> <p><b>[Appropriation Statement]</b></p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
<b>7</b>	<p><b>Revenue</b></p>
<b>7.1</b>	<p><b>Appropriated funds</b></p> <p><b>[Revenue, General Departmental Assets and Liabilities]</b></p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>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.</p> <p>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.</p>
<b>7.2</b>	<p><b>Departmental revenue</b></p> <p><b>[Revenue, General Departmental Assets and Liabilities]</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p><b>[General Departmental Assets and Liabilities]</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>
<b>8</b>	<p><b>Expenditure</b></p>
<b>8.1</b>	<p><b>Compensation of employees</b></p>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p><b>[Expenditure]</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

<b>8.1.2</b>	<p><b>Social contributions</b></p> <p><i>[Expenditure]</i></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>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.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p><i>[Expenditure]</i></p> <p>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.</p>
<b>8.3</b>	<p><b>Accruals and payables not recognised</b></p> <p><i>[General Departmental Assets and Liabilities]</i></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<p><b>Operating leases</b></p> <p><i>[Leases]</i></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p><i>[Leases]</i></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p><i>[Revenue, General Departmental Assets and Liabilities]</i></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

<b>9.2</b>	<p><b>Aid assistance paid</b></p> <p><b><i>[Expenditure, General Departmental Assets and Liabilities]</i></b></p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10</b>	<p><b>Cash and cash equivalents</b></p> <p><b><i>[General Departmental Assets and Liabilities, Cash Flow Statement]</i></b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>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.</p>
<b>11</b>	<p><b>Prepayments and advances</b></p> <p><b><i>[General Departmental Assets and Liabilities]</i></b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>&lt;Indicate when prepayments are expensed and under what circumstances.&gt;</p>
<b>12</b>	<p><b>Loans and receivables</b></p> <p><b><i>[General Departmental Assets and Liabilities]</i></b></p> <p>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.</p>
<b>13</b>	<p><b>Investments</b></p> <p><b><i>[General Departmental Assets and Liabilities]</i></b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
<b>14</b>	<b>Financial assets</b>
<b>14.1</b>	<p><b>Financial assets (not covered elsewhere)</b></p> <p><b><i>[General Departmental Assets and Liabilities]</i></b></p> <p>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.</p> <p>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.</p>
<b>14.2</b>	<p><b>Impairment of financial assets</b></p> <p><b><i>[General Departmental Assets and Liabilities]</i></b></p> <p>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.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

<b>15</b>	<p><b>Payables</b></p> <p><i>[General Departmental Assets and Liabilities]</i></p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
<b>16</b>	<p><b>Capital Assets</b></p>
<b>16.1</b>	<p><b>Immovable capital assets</b></p> <p><i>[Capital Assets]</i></p> <p>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.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
<b>16.2</b>	<p><b>Movable capital assets</b></p> <p><i>[Capital Assets]</i></p> <p>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.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Biological assets are subsequently carried at fair value. [Add this sentence on biological assets if the department has elected to revalue its biological assets at reporting date]</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
<b>16.3</b>	<p><b>Intangible assets</b></p> <p><i>[Capital Assets]</i></p> <p>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.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>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.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

<b>16.4</b>	<p><b>Project Costs: Work-in-progress</b></p> <p><b>[Capital Assets]</b></p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>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.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
<b>17</b>	<p><b>Provisions and Contingents</b></p>
<b>17.1</b>	<p><b>Provisions</b></p> <p><b>[Provisions and Contingents]</b></p> <p>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.</p>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p><b>[Provisions and Contingents]</b></p> <p>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.</p>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p><b>[Provisions and Contingents]</b></p> <p>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.</p>
<b>17.4</b>	<p><b>Commitments</b></p> <p><b>[Provisions and Contingents]</b></p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></p> <p><b>[General Departmental Assets and Liabilities]</b></p> <ul style="list-style-type: none"> <li>• Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</li> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> </ul> <p>transferred to receivables for recovery.</p> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

19	<p><b>Fruitless and wasteful expenditure</b></p> <p><b>[General Departmental Assets and Liabilities]</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p><b>Irregular expenditure</b></p> <p><b>[General Departmental Assets and Liabilities]</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p><b>[Accounting Policies, Estimates and Errors]</b></p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
22	<p><b>Events after the reporting date</b></p> <p><b>[Events after the Reporting Date]</b></p> <p>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.</p>
23	<p><b>Principal-Agent arrangements</b></p> <p><b>[Accounting by Principals and Agents]</b></p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

24	<p><b>Departures from the MCS requirements</b></p> <p><b><i>[Preface to the Modified Cash Standard]</i></b></p> <p>[Insert information on the following: that management has concluded that the financial statements present fairly the department's primary and secondary information; that the department complied with the Standard except that it has departed from a particular requirement to achieve fair presentation; and the requirement from which the department has departed, the nature of the departure and the reason for departure.]</p>
25	<p><b>Capitalisation reserve</b></p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
26	<p><b>Recoverable revenue</b></p> <p>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.</p>
27	<p><b>Related party transactions</b></p> <p><b><i>[Related Party Disclosures]</i></b></p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. 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.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p><b>Inventories</b> <i>(Effective from date determined in a Treasury Instruction)</i></p> <p><b><i>[Inventories]</i></b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
29	<p><b>Public-Private Partnerships</b></p> <p><b><i>[Financial Statement Presentation]</i></b></p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

30	<p><b>Employee benefits</b></p> <p><i>[General Departmental Assets and Liabilities]</i></p> <p><i>[Provisions and Contingents]</i></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>
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### 1. Annual Appropriation

#### 1.1 Annual Appropriation

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

	2017/18			2016/17	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
ADMINISTRATION	91 998	91 998	-	85 327	85 327
INSTITUTIONAL DEVELOPMENT	369 908	369 908	-	301 049	301 049
POLICY AND GOVERNANCE	301 565	301 565	-	303 942	303 942
Total	763 471	763 471	-	690 318	690 318

Provide an explanation for funds not requested/not received

### 2. Departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	3.1	175	191
Fines, penalties and forfeits	3.2	-	-
Interest, dividends and rent on land	3.3	30	8
Sales of capital assets	3.4	-	-
Transactions in financial assets and liabilities	3.5	955	267
Transfer received	3.6	-	-
Total revenue collected		1 160	466
Less: Own revenue included in appropriation	19	-	-
<b>Departmental revenue collected</b>		<b>1 160</b>	<b>466</b>

Gaming & Betting Revenue not included in Departmental Revenue as per Prov Treasury Instruction in the 16/17 Financial year. Refer to note 3.7.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 2.1 Sales of goods and services other than capital assets

	Note	2017/18	2016/17
	3	R'000	R'000
Sales of goods and services produced by the department		174	156
Sales by m3arket establishment		11	11
Administrative fees		-	-
Other sales		163	145
Sales of scrap, waste and other used current goods		1	35
<b>Total</b>		<b>175</b>	<b>191</b>

### 2.2 Interest, dividends and rent on land

	Note	2017/18	2016/17
	3	R'000	R'000
Interest		30	8
Dividends			
Rent on land			
<b>Total</b>		<b>30</b>	<b>8</b>

### 2.3 Transactions in financial assets and liabilities

	Note	2017/18	2016/17
	3	R'000	R'000
Loans and advances		-	-
Receivables		-	-
Forex gain		-	-
Stale cheques written back		-	8
Other Receipts including Recoverable Revenue		955	259
Gains on GFECRA		-	-
		<b>955</b>	<b>267</b>

### 2.4 Cash received not recognised (not included in the main note) – 2017/18

	2017/18	
Name of entity	Amount received	Amount paid to the revenue fund
	R'000	R'000
Gaming & Betting Revenue	610 623	565 233
<b>Total</b>	<b>610 623</b>	<b>565 233</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

Name of entity	Amount received	2016/17	Balance
		Amount paid to the revenue fund	
	R'000	R'000	R'000
Gaming & Betting Revenue	295 888	290 659	5 229
<b>Total</b>	<b>295 888</b>	<b>290 659</b>	<b>5 229</b>

Gaming & Betting Revenue not included in Departmental Revenue as per Prov Treasury Instruction in the 16/17 Financial year. Refer to note 3.7.

**3. Aid assistance**

	Note	2017/18 R'000	2016/17 R'000
Opening Balance		2 628	7 582
Prior period error			
As restated		2 628	7 582
Transferred from statement of financial performance		2 734	(4 954)
Transfers to or from retained funds		-	-
Paid during the year		-	-
<b>Closing Balance</b>		<b>5 362</b>	<b>2 628</b>

Aids Assistance received from NSF, PSETA & MERSETA.

**3.1 Analysis of balance by source**

	Note	2017/18 R'000	2016/17 R'000
Aid assistance from RDP	4	-	-
Aid assistance from other sources		5 362	2 628
CARA		-	-
<b>Closing balance</b>		<b>5 362</b>	<b>2 628</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 3.2 Analysis of balance

	Note	2017/18 R'000	2016/17 R'000
Aid assistance receivable	4	-	-
Aid assistance prepayments (not expensed)	4	-	-
Aid assistance unutilised	4	5 362	2 628
Aid assistance repayable	4	-	-
<b>Closing balance</b>		<b>5 362</b>	<b>2 628</b>
Aid assistance not requested/not received		-	-

### 3.3 Aid assistance expenditure per economic classification

	Note	2017/18 R'000	2016/17 R'000
Current		-	-
Capital		-	-
Transfers and subsidies		16 554	-
<b>Total aid assistance expenditure</b>		<b>16 554</b>	<b>-</b>

## 4. Compensation of employees

### 4.1 Salaries and Wages

	Note	2017/18 R'000	2016/17 R'000
Basic salary		187 769	171 600
Performance award		4 766	3 860
Service Based		174	501
Compensative/circumstantial		4 618	4 871
Periodic payments		1 295	1 102
Other non-pensionable allowances		48 373	44 697
<b>Total</b>		<b>246 995</b>	<b>226 631</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 4.2 Social contributions

	Note	2017/18 R'000	2016/17 R'000
Employer contributions			
Pension		21 864	19 601
Medical		8 600	8 168
UIF		5	-
Bargaining council		27	41
Official unions and associations		-	-
Insurance		-	-
<b>Total</b>		<b>30 496</b>	<b>27 810</b>
<b>Total compensation of employees</b>		<b>277 491</b>	<b>254 441</b>
Average number of employees		608	589

### 5. Goods and services

	Note	2017/18 R'000	2016/17 R'000
Administrative fees		4 049	2 488
Advertising		29 548	47 573
Minor assets	6.1	1 251	2 661
Bursaries (employees)		240	233
Catering		12 280	18 099
Communication		10 049	9 072
Computer services	6.2	31 112	28 726
Consultants: Business and advisory services		14 076	17 169
Legal services		4 514	5 094
Contractors		106 246	40 139
Agency and support / outsourced services		323	3 494
Audit cost - external	6.3	4 512	3 547
Fleet services		8 925	7 895
Consumables	6.5	9 431	10 007
Operating leases		12 019	11 739
Property payments	6.6	13 655	14 133
Transport provided as part of the departmental activities		6 251	10 045
Travel and subsistence	6.7	37 399	26 903
Venues and facilities		6 994	20 661
Training and development		3 988	3 904
Other operating expenditure	6.8	515	910
<b>Total</b>		<b>317 377</b>	<b>284 492</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 5.1 Minor assets

	Note	2017/18	2016/17
	6	R'000	R'000
<b>Tangible assets</b>		<b>1 251</b>	<b>2 661</b>
Machinery and equipment		1 251	2 661
<b>Total</b>		<b>1 251</b>	<b>2 661</b>

### 5.2 Computer services

	Note	2017/18	2016/17
	6	R'000	R'000
SITA computer services		10 606	15 682
External computer service providers		20 506	13 044
<b>Total</b>		<b>31 112</b>	<b>28 726</b>

### 5.3 Audit cost – External

	Note	2017/18	2016/17
	6	R'000	R'000
Regularity audits		4 512	3 547
<b>Total</b>		<b>4 512</b>	<b>3 547</b>

### 5.4 Consumables

	Note	2017/18	2016/17
	6	R'000	R'000
Consumable supplies		3 791	2 715
Uniform and clothing		37	5
Household supplies		2 886	2 205
Building material and supplies		28	-
Communication accessories		18	15
Other consumables		822	490
Stationery, printing and office supplies		5 640	7 292
<b>Total</b>		<b>9 431</b>	<b>10 007</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 5.5 Property payments

	Note	2017/18	2016/17
	6	R'000	R'000
Municipal services		5 652	5 686
Property maintenance and repairs		-	1 511
Other		8 003	6 936
<b>Total</b>		<b>13 655</b>	<b>14 133</b>

### 5.6 Travel and subsistence

	Note	2017/18	2016/17
	6	R'000	R'000
Local		35 730	24 495
Foreign		1 669	2 408
<b>Total</b>		<b>37 399</b>	<b>26 903</b>

### 5.7 Other operating expenditure

	Note	2017/18	2016/17
	6	R'000	R'000
Professional bodies, membership and subscription fees		431	703
Resettlement costs		49	159
Other		35	48
<b>Total</b>		<b>515</b>	<b>910</b>

## 6. Payments for financial assets

	Note	2017/18	2016/17
		R'000	R'000
Debts written off	8.3	87	46
<b>Total</b>		<b>87</b>	<b>46</b>

Staff and Supplier Debts approved for write-off, as recommended by Legal Services/State Attorney's Office.

### 6.1 Debts written off

	Note	2017/18	2016/17
	8	R'000	R'000
<b>Nature of debts written off</b>			
Other debt written off		-	-
Staff & Supplier Debt written off		87	46
<b>Total</b>		<b>87</b>	<b>46</b>
<b>Total debt written off</b>		<b>87</b>	<b>46</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 7. Transfers and subsidies

		2017/18 R'000	2016/17 R'000
	Note		
Provinces and municipalities	48, 49	81	136
Departmental agencies and accounts	Annex 1B	115 328	75 260
Non-profit institutions	Annex 1F	-	27
Households	Annex 1G	26 227	35 983
<b>Total</b>		<b>141 636</b>	<b>111 406</b>

### 8. Expenditure for capital assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets		15 463	31 830
Buildings and other fixed structures	40	1 710	16 822
Heritage assets	39, 41	2 091	805
Machinery and equipment	39	11 662	14 203
<b>Total</b>		<b>15 463</b>	<b>31 830</b>

#### 8.1 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>15 463</b>	<b>-</b>	<b>15 463</b>
Buildings and other fixed structures	1 710	-	1 710
Heritage assets	2 091	-	2 091
Machinery and equipment	11 662	-	11 662
<b>Total</b>	<b>15 463</b>	<b>-</b>	<b>15 463</b>

#### 8.2 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>31 830</b>	<b>-</b>	<b>31 830</b>
Buildings and other fixed structures	16 822	-	16 822
Heritage assets	805	-	805
Machinery and equipment	14 203	-	14 203
<b>Total</b>	<b>31 830</b>	<b>-</b>	<b>31 830</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 9. Unauthorised expenditure

#### 9.1 Reconciliation of unauthorised expenditure

	Note	2017/18 R'000	2016/17 R'000
Opening balance		-	4 820
Prior period error		-	-
As restated		-	4 820
Unauthorised expenditure – discovered in current year (as restated)		-	-
Less: Amounts approved by Parliament/Legislature with funding		-	(2 627)
Less: Amounts approved by Parliament/Legislature without funding		-	(2 193)
Capital		-	-
Current		-	(2 193)
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery	15	-	-
<b>Closing balance</b>		<b>-</b>	<b>-</b>

### 10. Cash and cash equivalents

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General Account		58 675	8 803
Cash receipts		-	-
Disbursements		-	-
Cash on hand		7	-
<b>Total</b>		<b>58 682</b>	<b>8 803</b>

### 11. Prepayments and advances

#### 11.1 Advances paid (Expensed)

	Note	Amount as at 1 April 2017 R'000	Less: Received in the current year R'000	Add: Current Year prepayments R'000	Amount as at 31 March 2018 R'000
National departments		-	-	4 758	4 758
Provincial departments					
Public entities					
Other entities					
<b>Total</b>		<b>-</b>	<b>-</b>	<b>4 758</b>	<b>4 758</b>

Advance paid to Statistics SA.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 12. Receivables

	Note	2017/18			2016/17		
		Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	15.1	3 463	-	3 463	3 299	-	3 299
Recoverable expenditure	15.3	229	439	668	132	439	571
Staff debt	15.4	1 237	-	1 237	1 067	-	1 067
Other debtors	15.5	3 854	-	3 854	3 629	-	3 629
<b>Total</b>		<b>8 783</b>	<b>439</b>	<b>9 222</b>	<b>8 127</b>	<b>439</b>	<b>8 566</b>

#### 12.1 Claims recoverable

	Note	2017/18 R'000	2016/17 R'000
National departments	15 and Annex 4	57	-
Provincial departments		157	50
Public entities		3 249	3 249
<b>Total</b>		<b>3 463</b>	<b>3 299</b>

#### 12.2 Recoverable expenditure (disallowance accounts)

	Note	2017/18 R'000	2016/17 R'000
Disallowances Damages & Losses:CA	15	704	453
Disallowances Damages & Losses Recovery		(704)	(453)
Disallowance Payment Fraud		439	439
Salary Reversal Control		60	58
Tax Debt		66	55
Salary Deduction Disallowance Account		3	3
GEHS Refund Control Account		7	-
Sal: Income Tax (Due by SARS)		86	16
Sal: Medical Aid		7	-
<b>Total</b>		<b>668</b>	<b>571</b>

#### 12.3 Staff debt

	Note	2017/18 R'000	2016/17 R'000
Employee Debt	15	183	142
Ex-Employee Debt		907	796
Bursary Debt		147	74
Other staff debt		-	55
<b>Total</b>		<b>1 237</b>	<b>1 067</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 12.4 Other debtors

	Note	2017/18 R'000	2016/17 R'000
Supplier Debt	15	3 840	3 626
T & S Advance: Dom	14		3
<b>Total</b>		<b>3 854</b>	<b>3 629</b>

### 12.5 Impairment of receivables

	Note	2017/18 R'000	2016/17 R'000
Estimate of impairment of receivables		3 628	3 989
<b>Total</b>		<b>3 628</b>	<b>3 989</b>

Includes the outstanding inherited claim in respect of Royal household Trust

### 13. Voted funds to be surrendered to the Revenue Fund

	Note	2017/18 R'000	2016/17 R'000
Opening balance		5 910	45 741
Prior period error	18.2	-	-
As restated		5 910	45 741
Transfer from statement of financial performance (as restated)		11 417	5 910
Add: Unauthorised expenditure for current year	11	-	-
Voted funds not requested/not received	1.1	-	-
Transferred to retained revenue to defray excess expenditure (PARLIAMENT/LEGISLATURES ONLY)	18.1	-	-
Paid during the year		(5 910)	(45 741)
<b>Closing balance</b>		<b>11 417</b>	<b>5 910</b>

### 14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	Note	2017/18 R'000	2016/17 R'000
Opening balance		5 244	(5)
Prior period error	19.1	-	-
As restated		5 244	(5)
Transfer from Statement of Financial Performance (as restated)		1 160	466
Own revenue included in appropriation		-	-
Transfer from aid assistance	4	-	-
Transfer to voted funds to defray expenditure (Parliament/Legislatures ONLY)	18.1	-	-
Paid during the year		39 064	4 783
<b>Closing Balance</b>		<b>45 468</b>	<b>5 244</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 15. Payables – current

	Note	2017/18 R'000	2016/17 R'000
Amounts owing to other entities		-	-
Advances received	21.1	-	-
Clearing accounts	21.2	1 931	324
Other payables	21.3	-	-
<b>Total</b>		<b>1 931</b>	<b>324</b>

#### 15.1 Clearing accounts

	Note	2017/18 R'000	2016/17 R'000
Sal: Bargaining Councils	21	1	1
Sal: Financial Other Institutions		15	15
Sal: Pension Fund		29	29
Sal: Insurance Deduction		1	1
Sal: Medical Aid		-	1
Online Travel Control Account		1 610	-
Sal: ACB Recall		154	154
Sal: Pension Recoverable		121	123
<b>Total</b>		<b>1 931</b>	<b>324</b>

### 16. Payables – non-current

		2017/18			2016/17	
		R'000	R'000	R'000	R'000	R'000
	Note	One to two years	Two to three years	More than three years	Total	Total
Advances received	22.1	-	1 601	183	1 784	1 784
Other payables	22.2					
<b>Total</b>		<b>-</b>	<b>1 601</b>	<b>183</b>	<b>1 784</b>	<b>1 784</b>

#### 16.1 Advances received

	Note	2017/18 R'000	2016/17 R'000
Public entities	22	1 784	1 784
Other institutions		-	-
<b>Total</b>		<b>1 784</b>	<b>1 784</b>

Advance / Deposits received iro Gaming & Betting Institutions.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 17. Net cash flow available from operating activities

	Note	2017/18 R'000	2016/17 R'000
Net surplus/(deficit) as per Statement of Financial Performance		15 311	1 422
Add back non cash/cash movements not deemed operating activities		49 568	7 524
(Increase)/decrease in receivables – current		(656)	1 164
(Increase)/decrease in prepayments and advances		-	10 913
(Increase)/decrease in other current assets		-	4 820
Increase/(decrease) in payables – current		1 607	(245)
Expenditure on capital assets		15 463	31 830
Surrenders to Revenue Fund		33 154	(40 958)
<b>Net cash flow generated by operating activities</b>		<b>64 879</b>	<b>8 946</b>

### 18. Reconciliation of cash and cash equivalents for cash flow purposes

	Note	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General account		58 675	8 803
Cash on hand		7	-
<b>Total</b>		<b>58 682</b>	<b>8 803</b>

### 19. Contingent liabilities and contingent assets

#### 19.1 Contingent liabilities

	Note	2017/18 R'000	2016/17 R'000
<b>Liable to</b>			
<b>Nature</b>			
Claims against the department	Annex 3B	9 390	34 488
Intergovernmental payables (unconfirmed balances)	Annex 5	6 646	7 212
Other	Annex 3B		
<b>Total</b>		<b>16 036</b>	<b>41 700</b>

Inter Departmental Payables balances iro Dept of Works - Includes amounts previously paid &/or rejected. Dept of Works to remove from records.

#### Contingent assets

	Note	2017/18 R'000	2016/17 R'000
<b>Nature of contingent asset</b>			
Royal Household take-on balance iro Jacks B Construction		362	362
<b>Total</b>		<b>362</b>	<b>362</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 20. Commitments

	Note	2017/18 R'000	2016/17 R'000
<b>Current expenditure</b>			
Approved and contracted		37 923	13 292
Approved but not yet contracted		-	-
		<u>37 923</u>	<u>13 292</u>
<b>Capital expenditure</b>			
Approved and contracted		5 916	4 184
Approved but not yet contracted		-	-
		<u>5 916</u>	<u>4 184</u>
<b>Total Commitments</b>		<u>43 839</u>	<u>17 476</u>

Includes Commitments to Dept of Works iro building maintenance, Contract commitments and Current SCM order commitments.

### 21. Accruals and payables not recognised

#### 21.1 Accruals

			2017/18 R'000	2016/17 R'000
<b>Listed by economic classification</b>				
	30 Days	30+ Days	Total	Total
Goods and services	4 673	-	4 673	6 045
Transfers and subsidies	28	-	28	-
Capital assets	2 667	-	2 667	-
<b>Total</b>	<u>7 368</u>	<u>-</u>	<u>7 368</u>	<u>6 045</u>

	Note	2017/18 R'000	2016/17 R'000
<b>Listed by programme level</b>			
ADMINISTRATION		1 969	2 151
INSTITUTIONAL DEVELOPMENT		5 074	3 358
POLICY AND GOVERNANCE		325	536
<b>Total</b>		<u>7 368</u>	<u>6 045</u>

#### 21.2 Payables not recognised

			2017/18 R'000	2016/17 R'000
<b>Listed by economic classification</b>				
	30 Days	30+ Days	Total	Total
Goods and services	3 640	7 950	11 590	2 577
<b>Total</b>	<u>3 640</u>	<u>7 950</u>	<u>11 590</u>	<u>2 577</u>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

	Note	2017/18 R'000	2016/17 R'000
<b>Listed by programme level</b>			
ADMINISTRATION		1 035	434
INSTITUTIONAL DEVELOPMENT		3 080	915
POLICY AND GOVERNANCE		7 475	1 228
<b>Total</b>		<b>11 590</b>	<b>2 577</b>

	Note	2017/18 R'000	2016/17 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 5	2 516	352
Confirmed balances with other government entities	Annex 5		
<b>Total</b>		<b>2 516</b>	<b>352</b>

## 22. Employee benefits

	Note	2017/18 R'000	2016/17 R'000
Leave entitlement		17 674	17 308
Service bonus (Thirteenth cheque)		5 871	5 295
Performance awards		4 120	3 828
Capped leave commitments		15 656	14 402
Other		333	173
<b>Total</b>		<b>43 654</b>	<b>41 006</b>

The category "Other" refers to Long Service Awards for 20, 30 and 40 years continued service as per the DPSA revision of the cash awards for Long Service

Included in the above amount for Leave Entitlement is negative balances of R172 iro "current leave cycle".

## 23. Lease commitments

### 23.1 Operating leases

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year			8 527	1 776	10 303
Later than 1 year and not later than 5 years			117	1 317	1 434
Later than five years			-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>8 644</b>	<b>3 093</b>	<b>11 737</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year			7 885	1 409	9 294
Later than 1 year and not later than 5 years			8 524	1 387	9 911
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>16 409</b>	<b>2 796</b>	<b>19 205</b>

Leasing of Office Buildings and Photocopiers.

### 23.2 Finance leases \*\*

2017/18	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	500	500
Later than 1 year and not later than 5 years	-	-	-	177	177
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>677</b>	<b>677</b>

2016/17	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	4 605	4 605
Later than 1 year and not later than 5 years	-	-	-	4 009	4 009
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8 614</b>	<b>8 614</b>

**\*\*This note excludes leases relating to public private partnership as they are separately disclosed in note no. 35.**

Relates to cell phone leases.

### 24. Accrued departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Sales of capital assets		1 368	-
<b>Total</b>		<b>1 368</b>	<b>-</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### Analysis of accrued departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Opening balance			
Less: amounts received			
Add: amounts recorded		1 368	-
Less: amounts written-off/reversed as irrecoverable		-	-
<b>Closing balance</b>		<b>1 368</b>	<b>-</b>

### 25. Irregular expenditure

#### 25.1 Reconciliation of irregular expenditure

	Note	2017/18 R'000	2016/17 R'000
Opening balance		57 066	50 720
Prior period error		-	(139)
As restated		57 066	50 581
Add: Irregular expenditure relating to prior year		-	-
Add: Irregular expenditure relating to current year		28 253	6 485
Less: Prior year amounts condoned		(1 715)	-
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and recoverable	15	-	-
Less: Amounts not condoned and not recoverable		-	-
<b>Closing balance</b>		<b>83 604</b>	<b>57 066</b>

### Analysis of awaiting condonation per age classification

Current year	28 253	6 485
Prior years	55 351	50 581
<b>Total</b>	<b>83 604</b>	<b>57 066</b>

The of The majority of the current year Irregular Expenditure relate to over-paid contracts, the lack of Provincial Treasury approval before events are held, and missing tax clearance certificates. The Irregular Expenditure Committee has been formed and will be analysing methods for the preventions of recurring irregularities and also looking at the possibility of disciplinary action, where applicable.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

**25.2 Details of irregular expenditure – added current year (relating to current and prior years)**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2017/18 R'000</b>
No Tax Clearance certificate		6 736
No Treasury Approval		2 281
No valid contract		128
No deviation letter		504
Discrepancy with paid amount & payment voucher		1
Contract extensions		16 845
No 3 quotes		1 695
Winning quote after closing time		50
Family interest		13
<b>Total</b>		<b>28 253</b>

**25.3 Details of irregular expenditure condoned**

<b>Incident</b>	<b>Condoned by (condoning authority)</b>	<b>2017/18 R'000</b>
Prior year condonement		1 715
<b>Total</b>		<b>1 715</b>

**25.4 Details of irregular expenditures under investigation (not included in the main note)**

<b>Incident</b>	<b>2017/18 R'000</b>
Vezilanga	9 666
<b>Total</b>	<b>9 666</b>

Include discussion here where deemed relevant

**25.5 Prior period error**

<b>Nature of prior period error</b>	<b>Note</b>	<b>2016/17 R'000</b>
Relating to 2013/14 & 2015/16 [affecting the opening balance]		(139)
Expenditure should not have been reported as Irregular in the prior years		(139)
Relating to 2016/17		-
<b>Total prior period errors</b>		<b>(139)</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 26. Fruitless and wasteful expenditure

#### 26.1 Reconciliation of fruitless and wasteful expenditure

	Note	2017/18 R'000	2016/17 R'000
Opening balance		564	549
Prior period error		-	-
As restated		564	549
Fruitless and wasteful expenditure relating to prior year		-	-
Fruitless and wasteful expenditure relating to current year		8	15
Less: Amounts resolved		-	-
Less: Amounts transferred to receivables for recovery	15.6	-	-
<b>Closing balance</b>		<b>572</b>	<b>564</b>

#### 26.2 Analysis of awaiting resolution per economic classification

	2017/18 R'000	2016/17 R'000
Current	-	15
Capital	-	-
Transfers and subsidies		
<b>Total</b>	<b>-</b>	<b>15</b>

#### 26.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
Interest on late payments - Telkom		8
<b>Total</b>		<b>8</b>

The late payments relates to Telkom payments.

### 27. Related party transactions

	Note	2017/18 R'000	2017/18 R'000
<b>In kind goods and services provided/received</b>			
List in kind goods and services between the department and the related party			
<b>Total</b>			

Gambling & Betting Board; AMAFA & Royal Household Trust; Department of Works; Provincial Treasury; Department of Transport and Department of Justice and Constitutional Development.



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 28. Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearers (provide detail below)	1	2 260	2 151
Officials:			
Level 15 to 16	10	14 813	12 539
Level 14 (incl. CFO if at a lower level)	13	16 434	16 042
Family members of key management personnel	1	227	435
<b>Total</b>		<b>33 734</b>	<b>31 167</b>

### 29. Provisions

	Note	2017/18 R'000	2016/17 R'000
In respect of upgrading projects at Parkside		24	-
<b>Total</b>		<b>24</b>	<b>-</b>

#### 29.1 Reconciliation of movement in provisions – 2017/18

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	-	-	-	-
Increase in provision	24	-	-	24
Settlement of provision				
Unused amount reversed				
Reimbursement expected from third party				
Change in provision due to change in estimation of inputs				
<b>Closing balance</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>24</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 30. Movable Tangible Capital Assets

#### MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>HERITAGE ASSETS</b>	<b>17 756</b>	<b>-</b>	<b>1 351</b>	<b>-</b>	<b>19 107</b>
Heritage assets	17 756	-	1 351	-	19 107
<b>MACHINERY AND EQUIPMENT</b>	<b>125 516</b>	<b>-</b>	<b>11 663</b>	<b>5 909</b>	<b>131 270</b>
Transport assets	47 429	-	8 781	5 790	50 420
Computer equipment	46 105	-	1 566	60	47 611
Furniture and office equipment	21 667	-	1 240	59	22 848
Other machinery and equipment	10 315	-	76	-	10 391
<b>BIOLOGICAL ASSETS</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84</b>
Biological assets	84	-	-	-	84
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>143 356</b>	<b>-</b>	<b>13 014</b>	<b>5 909</b>	<b>150 461</b>

#### 30.1 Additions

#### ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	<b>2 091</b>	<b>1 351</b>	<b>(2 091)</b>	<b>-</b>	<b>1 351</b>
Heritage assets	2 091	1 351	(2 091)	-	1 351
<b>MACHINERY AND EQUIPMENT</b>	<b>11 663</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11 663</b>
Transport assets	8 781	-	-	-	8 781
Computer equipment	1 566	-	-	-	1 566
Furniture and office equipment	1 240	-	-	-	1 240
Other machinery and equipment	76	-	-	-	76
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>13 754</b>	<b>1 351</b>	<b>(2 091)</b>	<b>-</b>	<b>13 014</b>

Included are Assets purchased for donations to War Rooms. Included in disposal note.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 30.2 Disposals

#### DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>5 790</b>	<b>119</b>	<b>5 909</b>	<b>-</b>
Transport assets	5 790	-	5 790	-
Computer equipment	-	60	60	-
Furniture and office equipment	-	59	59	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>5 790</b>	<b>119</b>	<b>5 909</b>	<b>-</b>

Included are cash disposals of Vehicles, Donations to War rooms (Old & New furniture) and transfers to the Royal Household. The transfer processes was done with the guidance of Provincial Treasury according to prescripts.

### 30.3 Movement for 2016/17

#### MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	<b>17 616</b>	<b>-</b>	<b>140</b>	<b>-</b>	<b>17 756</b>
Heritage assets	17 616	-	140	-	17 756
<b>MACHINERY AND EQUIPMENT</b>	<b>112 389</b>	<b>-</b>	<b>14 203</b>	<b>1 076</b>	<b>125 516</b>
Transport assets	40 070	-	7 359	-	47 429
Computer equipment	42 799	-	4 353	1 047	46 105
Furniture and office equipment	19 349	-	2 347	29	21 667
Other machinery and equipment	10 171	-	144	-	10 315
<b>BIOLOGICAL ASSETS</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84</b>
Biological assets	84	-	-	-	84
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>130 089</b>	<b>-</b>	<b>14 343</b>	<b>1 076</b>	<b>143 356</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

**30.3.1 Prior period error**

	Note	2016/17 R'000
<b>Nature of prior period error</b>		
Relating to 2016/17 [affecting the opening balance]		-
Relating to 2016/17		4 297
Heritage WIP incorrectly recorded as additions		4 297
<b>Total prior period errors</b>		<b>4 297</b>

**30.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	75	-	13 107	-	13 182
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	1 250	-	1 250
Disposals	-	-	-	406	-	406
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>13 951</b>	<b>-</b>	<b>14 026</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	5 856	-	5 856
Number of minor assets at cost	-	-	-	6 932	-	6 932
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 788</b>	<b>-</b>	<b>12 788</b>

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017**

	Specialised military assets R'000	Intangible assets R'000	Heritage as- sets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	75	-	11 548	-	11 623
Prior period error	-	-	-	-	-	-
Additions	-	-	-	2 661	-	2 661
Disposals	-	-	-	1 102	-	1 102
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>13 107</b>	<b>-</b>	<b>13 182</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 31 March 2018

#### 30.5 Movable capital assets

##### MAJOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	6 606	84	6 690
Value of the assets (R'000)	-	-	-	-	-	-

##### MINOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2018

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	114	-	114
Value of the assets (R'000)	-	-	-	273	-	273

##### MAJOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2017

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	-	-	-
Value of the assets (R'000)	-	-	-	-	-	-

#### 31. Intangible Capital Assets

##### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	32 081	-	-	-	32 081
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>32 081</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32 081</b>

The opening balance includes a prior period error on 2016/17 additions. Please refer to note 40.3.1.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 31.1 Movement for 2016/17

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	30 991	-	1 090	-	32 081
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>30 991</b>	<b>-</b>	<b>1 090</b>	<b>-</b>	<b>32 081</b>

#### 31.1.1 Prior period error

Note 2016/17  
R'000

Nature of prior period error

-

Relating to 2016/17 [affecting the opening balance]

Relating to 2016/17

1 090

Prior Period additions

1 090

Total prior period errors

1 090

### 32. Immovable Tangible Capital Assets

#### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>-</b>	<b>-</b>	<b>13 703</b>	<b>-</b>	<b>13 703</b>
Dwellings	-	-	13 651	-	13 651
Non-residential buildings	-	-	52	-	52
Other fixed structures	-	-	-	-	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>13 703</b>	<b>-</b>	<b>13 703</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 31 March 2018

#### 32.1 Additions

##### ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	<b>1 709</b>	<b>13 703</b>	<b>(1 709)</b>	<b>-</b>	<b>13 703</b>
Dwellings	1 415	13 651	(1 415)	-	13 651
Non-residential buildings	294	52	(294)	-	52
Other fixed structures	-	-	-	-	-
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>1 709</b>	<b>13 703</b>	<b>(1 709)</b>	<b>-</b>	<b>13 703</b>

Includes additions relating to the Royal Palaces, Office buildings, Parkade construction in Terry Street and Parkside.

#### 32.1.1 Prior period error

	Note	2016/17 R'000
<b>Nature of prior period error</b>		<b>-</b>
Relating to 2016/17 [affecting the opening balance]		
Relating to 2016/17		(12 515)
Capital WIP additions incorrectly accounted for in 16/17		(12 515)
Total prior period errors		(12 515)

#### 32.2 Capital Work-in-progress

##### CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

Note	Opening balance 1 April 2017	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2018
	R'000	R'000	R'000	R'000
Heritage assets	4 297	2 091	1 721	4 667
Buildings and other fixed structures	12 515	1 709	13 703	521
<b>TOTAL</b>	<b>16 812</b>	<b>3 800</b>	<b>15 424</b>	<b>5 188</b>

The Westville training academy project was suspended, therefore the amount was moved out of work in progress and into note 41.1 - additions. The reason for the suspension was due to budgetary constraints of the province. The construction will resume once funding is available

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

Accruals and payables not recognised relating to Capital WIP	Note	2017/18 R'000	2016/17 R'000
IDA Prov Treasury Royal Palaces Kwakhangelana		189	-
DPW pd but OTP not invoiced [Terry Street R62+750] & [Parkside - R1 666]		2 478	
<b>Total</b>		<b>2 667</b>	<b>-</b>

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017**

	Opening balance 1 April 2016	Prior period error	Current Year WIP	Ready for use (Assets to the AR) ) / Contracts terminated	Closing balance 31 March 2017
Note	R'000	R'000	R'000	R'000	R'000
Annexure 7					
Heritage assets	-	-	4 297	-	4 297
Buildings and other fixed structures	-	-	34 615	(22 100)	12 515
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>38 912</b>	<b>(22 100)</b>	<b>16 812</b>

Age analysis on ongoing projects		Number of projects		2016/17
		Planned Construction not started	Planned Construction started	Total
0 to 1 Year		-	-	-
1 to 3 Years		-	2	521
3 to 5 Years		-	1	4 667
Longer than 5 Years		-	-	-
<b>Total</b>		<b>-</b>	<b>3</b>	<b>5 188</b>

Prior year capital WIP not disclosed on note but was disclosed in Annexure 7. The construction of the training academy has been suspended, therefore the amount has been moved out of work-in-progress and into immovable assets additions in note 41.1.

The project that is still a work-in-progress for 5 years relate to the King Shaka Statue. The reason for the delay is as a result of the statue not adequately resembling King Shaka. On the request of the Royal Family, the artist was requested to adjust the statue. The project is now near completion and the unveiling will take place within the 2018/19 financial year.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### 32.3 S42 Immovable assets

Assets subjected to transfer in terms of S42 of the PFMA – 2017/18

	Number of assets	Value of assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>3</b>	<b>13 703</b>
Dwellings	2	13 651
Non-residential buildings	1	52
Other fixed structures		
<b>HERITAGE ASSETS</b>	<b>-</b>	<b>-</b>
Heritage assets	-	-
<b>TOTAL</b>	<b>3</b>	<b>13 703</b>

### 33. Prior period errors

#### 33.1 Correction of prior period errors

	Note	Amount bef error correction 2016/17 R'000	Prior period error 2016/17 R'000	Restated Amount 2016/17 R'000
<b>Assets:</b> (E.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)				
Intangible Assets/Software additions 2016/17	31.1.1	-	1 090	1 090
Receivables transferred from Non - Current to Current	15	-	7 874	7 874
Irregular expenditure relating to 2013/14 & 2015/16 affecting opening balance	25.5	-	(139)	(139)
Irregular expenditure adjustment iro comm.6	25.5	-	6 573	6 573
<b>Net effect</b>		<b>-</b>	<b>15 398</b>	<b>15 398</b>

Provide a description of the nature of the prior period error as well as why the correction was required.

	Note	Amount bef error correction 2016/17 R'000	Prior period error 2016/17 R'000	Restated Amount 2016/17 R'000
<b>Other:</b> (E.g. Irregular expenditure, Fruitless and wasteful expenditure, etc.)				
Capital WIP additions incorrectly accounted for in 2016/17	41.3.1	16 822	(16 822)	-
Long Service awards for 2016/17 not disclosed	28	-	173	173
<b>Net effect</b>		<b>16 822</b>	<b>(16 649)</b>	<b>173</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

**ANNEXURE 1A**  
**STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER				SPENT			2017/18
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	Division of Revenue Act
												R'000

PD Vehicle Licenses

80

**TOTAL**

**80**

National Departments are reminded of the DORA requirements to indicate any re-allocations by the National Treasury or the transferring department, certify that all transfers in terms of this Act were deposited into the primary bank account of a province or, where appropriate, into the CPD account of a province as well as indicate the funds utilised for the administration of the receiving officer.

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

Departments are required to include a summary of expenditure per conditional grant to aid in the identification of under- / over spending of such funds and to allow the department to provide an explanation for the variance

### ANNEXURE 1B STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17 Final Appropriation
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
AMAFA	32 263			32 263	32 263	100%	
GAMING & BETTING BOARD	63 196			63 196	63 196	100%	
ROYAL HOUSEHOLD TRUST	18 501		1 500	20 001	19 869	99%	
<b>TOTAL</b>	<b>113 960</b>		<b>1 500</b>	<b>115 460</b>	<b>115 328</b>		<b>-</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

**ANNEXURE 1G**  
**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>Transfers</b>							
H/H: Empl s/ben: post-retirement benefits	1 117			1 117	1 007	90%	
H/H: Empl s/ben: leave gratuity	279		100	379	395	104%	
H/H: Bursaries (Non-Employee)	25 081		-76	25 005	24 818	99%	
H/H: Claims against state (Cash)	10		-1	9	7	78%	
	<b>26 487</b>	<b>-</b>	<b>23</b>	<b>26 510</b>	<b>26 227</b>		<b>-</b>
<b>Subsidies</b>							
<b>TOTAL</b>	<b>26 487</b>	<b>-</b>	<b>23</b>	<b>26 510</b>	<b>26 227</b>		<b>-</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

**ANNEXURE 1H**

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
<b>Received in cash</b>			
ABSA BANK	SERVICE EXCELLENCE AWARDS FUNCTION	300	
SERVICE EXCELLENCE AWARDS FUNCTION (ANNEXURE 1.H 3.1)			5
300			350
Media Communication SA			42
ABSA BANK			
PSCBC			
<b>Subtotal</b>		<b>300</b>	<b>397</b>
<b>Received in kind</b>			
MHLATHUZE WATER	PENS, PLAYCARDS, TIES	1	
JAYZ GRILL/BEVERLY HILLS HOTEL & SAGEWOOD CAFE	3 MEAL VOUCHERS	2	
PURCHASE VOUCHERS (BU SKIN & BEAUTY/IPS/EDGARS/GAME	PURCHASE VOUCHERS	153	
JOHN BROWN MEDIA	600 MAGAZINES	15	
TOURVEST	650 MUGS	13	
GARDEN COURT SOUTH BEACH & GARDEN COURT MARINE PARADE	ACCOMMODATION VOUCHERS	6	
EDGARS	5 MAKEOVER VOUCHERS	3	
CITY PRESS / ITHALA	5X GIFTS	3	
ITHALA	STATIONERY	20	
MIDLANDS LIBERTY MALL	2 X GOODIE BAGS (R500 MALL VOUCHERS)	2	
CAKE HOUSE	2 TIERED CAKE	2	
HULLA	PARTIAL SPONSORSHIP OF OFFICIAL TRIP	39	
GEMS	CATERING FOR EMPLOYEE HEALTH & WELLNESS	4	
MORAR INCORPORATED & VERSATILE & PRONEL	STATIONERY	0	



# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
SAB			
MEETMEKAR HOTEL	GIRLS PERSONAL CARE HAMPERS	9	
ABORT LABORATORIES	GIRLS PERSONAL CARE HAMPERS & TOYS	2	
KIMALI SPONSORSHIP RECEIVED BY	T SHIRTS FOR GAMES	10	
COMMUNICATIONS	COMMUNICATIONS FUNCTION	5	
ADVANCED APPS DONATION RECEIVED BY HR			
TOYOTA SOUTH AFRICA MOTORS	GIFTS FOR HR EVENTS		
PSCBC	QUANTUM	1	427
BLACK CUBAN INVESTMENT	ACCOMMODATION FOR ML KHUMALO		99
ASTY PLASTICS MACHINERY	SCHOOL UNIFORMS		11
GIVING HEALTH PTY LTD	SCHOOL UNIFORMS		7
SANTACO, ICC CEO, UNFA, NEOTEL JHB, ETC	SCHOOL UNIFORMS		7
	MAGAZINES, BOOKS, PICTURE FOR PREMIER'S SUPPORT ETC		12
<b>Subtotal</b>		290	563
<b>TOTAL</b>		<b>590</b>	<b>960</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2018**

**ANNEXURE 11**  
**STATEMENT OF AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI-TURE R'000	PAID BACK ON/ BY 31 MARCH R'000	CLOSING BALANCE R'000
Received in cash						
MERSETA	Apprenticeships	12 276	12 593	12 288	-	12 581
NATIONAL SKILLS FUND	KZN Literacy Project	(9 648)	6 695	4 266	-	(7 219)
<b>Subtotal</b>		<b>2 628</b>	<b>19 288</b>	<b>16 554</b>	<b>-</b>	<b>5 362</b>
Received in kind						
<b>Subtotal</b>						
<b>TOTAL</b>		<b>2 628</b>	<b>19 288</b>	<b>16 554</b>	<b>-</b>	<b>5 362</b>

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

## ANNEXURE 1J STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2017/18	2016/17
	R'000	R'000
<b>Made in kind</b>		
DVD Player & TV made to King Dinizulu Hospital	42	
3 x floral arrangements made to Financial Accounting staff due to bereavement of immediate family	1	
Promotional gifts: Mandela capture site, Moses Mabhida Stadium, Nelson Mandela 1913-2013	13	
Furniture to War Rooms [old-R183 & new R342]	525	
Mandela Photo		3
Bereaved Sithole, Joshua & Xaba Family		1
Courtesy gift: Diplomatic corps & International engagements		88
Donations of minor assets to war rooms		1 015
Donations of capital assets to war rooms		1 047
<b>TOTAL</b>	<b>581</b>	<b>2 154</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018**

Nature of Liability	Opening Balance		Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	1 April 2017					
	R'000		R'000	R'000	R'000	R'000
	Claims against the department					
M Pary vs MEC for Education (Claim 9965/2010)	5 400	-	-	-	-	5 400
Emerald Fire Trading as De La Sol Cocktail Bar vs OTP (20159/15)	2 266	-	-	-	-	2 266
Thandi Norman vs The Premier & Another	1 215	216	-	-	-	216
Safura Auto Sale vs The Premier & Another (7420/16P)	24 915	-	-	-	-	1 215
Poppy ice Trading vs The Premier & two others (7120/16P)	293	-	-	24 915	-	-
Lindi April vs Premier (D1169/16)	80	-	-	-	-	293
RH Hotels Ridgeside Umhlanga vs DG: OTP KZN (875/17)	319	-	-	80	-	-
Matt Engineering CC vs The Premier	-	-	-	319	-	-
Subtotal	34 488	216	25 314	-	-	9 390
Other: Inter Departmental Accounts Payable: Unconfirmed balance						
KZN PROVINCIAL GOVERNMENT – AGRICULTURE	-	1	-	-	-	1
KZN PROVINCIAL GOVERNMENT – TRANSPORT	-	11	-	-	-	11
KZN PROVINCIAL GOVERNMENT – WORKS	-	8 149	-	-	-	8 149
Subtotal	-	8 161	-	-	-	8 161
TOTAL	34 488	8 377	25 314	-	-	17 551

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2018

**ANNEXURE 4**  
**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2017/18 *	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	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
<b>Department</b>								
KZN PROVINCIAL GOVERNMENT - COGTA	-	-	69	-	69	-	-	-
KZN PROVINCIAL GOVERNMENT - PUBLIC WORKS (ANNEX 4.1.1)	49	-	-	-	49	-	-	-
KZN PROVINCIAL GOVERNMENT - TRANSPORT	-	-	10	27	10	27	-	-
WESTERN CAPE: PROV TRANSPORT & PUBLIC WORKS	-	-	29	-	29	-	-	-
NATIONAL DEPT: JUSTICE	-	-	29	-	29	-	-	-
NATIONAL DEPT: RURAL DEV & LAND REFORM	-	-	28	-	28	-	-	-
KZN PROVINCIAL GOVERNMENT - SOCIAL DEVELOPMENT	-	-	-	23	-	23	-	-
<b>Other Government Entities</b>	<b>49</b>	<b>-</b>	<b>165</b>	<b>50</b>	<b>214</b>	<b>50</b>		
ROYAL HOUSEHOLD TRUST	-	-	3 249	3 249	3 249	3 249		
	<b>-</b>	<b>-</b>	<b>3 249</b>	<b>3 249</b>	<b>3 249</b>	<b>3 249</b>		

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2018

TOTAL	49	-	3 414	3 299	3 463	3 299
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## ANNEXURE 5 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2017/18 *	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	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
<b>DEPARTMENTS</b>								
<b>Current</b>								
KZN PROVINCIAL GOVERNMENT - AGRICULTURE	-	-	1	-	1	-		
KZN PROVINCIAL GOVERNMENT - LEGISLATURE	568	-	-	-	568	-		
KZN PROVINCIAL GOVERNMENT - TRANSPORT	-	-	11	1 946	11	1 946		
KZN PROVINCIAL GOVERNMENT - TREASURY	469	5	-	-	469	5		
KZN PROVINCIAL GOVERNMENT - WORKS	434	263	6 269	5 260	6 703	5 523		
NATIONAL GOVERNMENT - JUSTICE AND CONSTITUTIONAL DEV.	1 043	-	-	-	1 043	-	29/03/2018	983
KZN PROVINCIAL GOVERNMENT - GOVERNMENT PRINTING WORKS	2	-	-	4	2	4		
KZN PROVINCIAL GOVERNMENT - HEALTH	-	84	-	-	-	84		
NATIONAL GOVERNMENT - TRANSPORT	-	-	2	2	2	2		
NATIONAL SCHOOL OF GOVERNMENT	-	-	15	-	15	-		
DEPARTMENT OF ARTS AND CULTURE	-	-	348	-	348	-		
<b>Subtotal</b>	<b>2 516</b>	<b>352</b>	<b>6 646</b>	<b>7 212</b>	<b>9 162</b>	<b>7 564</b>		<b>983</b>
<b>TOTAL</b>	<b>2 516</b>	<b>352</b>	<b>6 646</b>	<b>7 212</b>	<b>9 162</b>	<b>7 564</b>		<b>983</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### ANNEXURE 7

#### MOVEMENT IN CAPITAL WORK IN PROGRESS

##### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	<b>4 297</b>	<b>2 091</b>	<b>(1 721)</b>	<b>4 667</b>
Heritage assets	4 297	2 091	(1 721)	4 667
<b>MACHINERY AND EQUIPMENT</b>				
Transport assets				
Computer equipment				
Furniture and office equipment				
Other machinery and equipment				
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>12 515</b>	<b>1 709</b>	<b>(13 703)</b>	<b>521</b>
Dwellings	12 515	1 709	(13 703)	521
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
<b>TOTAL</b>	<b>16 812</b>	<b>3 800</b>	<b>(15 424)</b>	<b>5 188</b>

The Westville training academy project was suspended, therefore the amount was moved out of work in progress and into note 41.1 – additions. The reason for the suspension of the project was due to budgetary constraints. The project will resume once funding is available.

Age analysis on ongoing projects	Number of projects		2017/18
	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year			
1 to 3 Years		2	521
3 to 5 Years		1	4 667
Longer than 5 Years			
<b>Total</b>		<b>3</b>	<b>5 188</b>

*Include discussion on projects longer than 5 years in Capital WIP*

The project that is still work in progress for 5 years relate to the King Shaka Statue. The reason for the delay is a result of the statue not adequately resembling King Shaka. On the request of the Royal Family, the artist was required to adjust the statue. The project is now near completion and the unveiling will take place within the 2018/19 Financial year.



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Prior period error	Current Year Capital WIP	Ready for use (Asset register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>HERITAGE ASSETS</b>	-	-	4 297	-	4 297
Heritage assets	-	-	4 297	-	4 297
<b>MACHINERY AND EQUIPMENT</b>					
Transport assets					
Computer equipment					
Furniture and office equipment					
Other machinery and equipment					
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	-	12 515	-	12 515
Dwellings	-	-	12 515	-	12 515
Non-residential buildings					
Other fixed structures					
<b>TOTAL</b>	-	-	16 812	-	16 812

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### ANNEXURE 8A

#### INTER-ENTITY ADVANCES PAID (note 14)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000

#### NATIONAL DEPARTMENTS

Stats SA	4 758				4 758	
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<b>Subtotal</b>	<b>4 758</b>				<b>4 758</b>	
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#### PROVINCIAL DEPARTMENTS

<b>Subtotal</b>						
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#### PUBLIC ENTITIES

<b>Subtotal</b>						
-----------------	--	--	--	--	--	--

#### OTHER ENTITIES

<b>Subtotal</b>						
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<b>TOTAL</b>	<b>4 758</b>				<b>4 758</b>	
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## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

### ANNEXURE 8B

#### INTER-ENTITY ADVANCES RECEIVED (note 21 AND note 22)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
<b>NATIONAL DEPARTMENTS</b>						
Current						
Subtotal						
Non-Current						
Subtotal						
<b>PROVINCIAL DEPARTMENTS</b>						
Current						
Subtotal						
Non-Current						
Subtotal						
<b>PUBLIC ENTITIES</b>						
Current						
Subtotal						
Non-Current						
Advances received	1 784				1 784	
Subtotal	1 784				1 784	
<b>OTHER ENTITIES</b>						
Current						
Subtotal						
Non-Current						
Subtotal	1 784				1 784	
<b>TOTAL</b>	1 784				1 784	
Current						
Non-current	1 784				1 784	

NOTES

[illegible]



“Leading with integrity towards growing an inclusive economy, for integrated, targeted and effective service delivery to improve quality of life,”



**premier**

Department:  
Office Of The Premier  
PROVINCE OF KWAZULU-NATAL

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