

PROVINCE OF KWAZULU-NATAL VOTE 1 OFFICE OF THE PREMIER

# Annual Report

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**premier**

Department:  
Office Of The Premier  
PROVINCE OF KWAZULU-NATAL



“We are ready to hand over, towards even better and faster growth and development of our Province and it’s people”

**INSIDE FRONT COVER**

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**PROVINCE OF KWAZULU-NATAL  
VOTE 01**

**OFFICE OF THE PREMIER**

**ANNUAL REPORT  
2018/2019 FINANCIAL YEAR**

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# PART A:

## GENERAL INFORMATION

## 1. DEPARTMENT GENERAL INFORMATION



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[www.kznonline.gov.za](http://www.kznonline.gov.za)

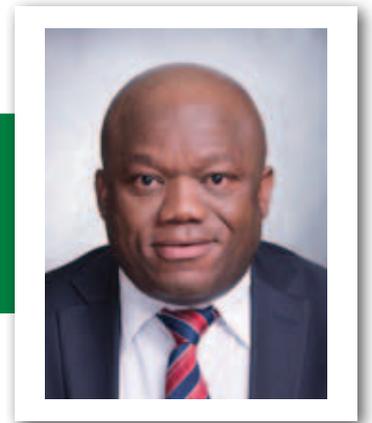
## 2. LIST OF ABBREVIATIONS/ACRONYMS

<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

**MR S. ZIKALALA**

**PREMIER  
KWAZULU-NATAL, OFFICE OF THE PREMIER**



As the KwaZulu-Natal Provincial government begins its five-year term during the sixth administration, we are also embarking on intensifying our struggle to create a truly united, non-racial, non-sexist, equal and prosperous society.

For a quarter of a century, side by side with the citizens and stakeholders of the province, we have been laying a firm foundation to attack the triple scourges of poverty, unemployment, and inequality.

In another twenty five years, we should be able to look back and say indeed South Africa and our province belong to all citizens, black and white, and united in their diversity.

Over the years, KwaZulu-Natal has remained true to its commitment of realising the vision of the National Development Plan (NDP), and the attainment of the 14 Outcomes of the Medium Term Strategic Framework (MTSF).

In order to implement the NDP provincially, as KwaZulu-Natal we have adopted our Provincial Growth and Development Plan and we remain on course to ensuring that KwaZulu-Natal prospers and benefit all our people.

During the State of the Province Address (SOPA), we presented a detailed account and programmatic interventions the provincial government is going to execute to address the current challenges faced by the people of KwaZulu-Natal.

Notwithstanding progress made since 1994, our province continues to face stubborn challenges that hinder progress and try to reverse the gains we have made.

In the State of the Nation Address (SONA) by President Ramaphosa (SONA), there was an unambiguous and sincere acknowledgment that our country is going through a particularly challenging period that requires all South African to make sacrifices in the short term for our long term success.

Growth remains constrained by sluggish investment and reduced appetite for risk taking. Unemployment for young people and for women has reached crisis proportions with more than half of them constituting the millions of unemployed South Africans.

Our SOPA theme: "Breaking the grimy restraints for a United, Healthy, Safe, and Prosperous KwaZulu-Natal", fully recognises that our developmental challenges emanating from the crude levels of race-based inequalities and underdevelopment are historical, structural, and deeply endemic.

The challenges we face have slowed down growth against our projections, thus negatively affecting a number of our key growth indicators one of which has been diminishing budgets and a move towards using less to achieve more. This also requires that we become more innovative and efficient in how we do things and implement our programmes.

The move towards implementing cost-saving measures should also be accompanied with greater efficiencies in service delivery, and no doubt, it also means cutting back and postponing some of our planned projects.

Working with our social partners, we have as KwaZulu-Natal government set clear goals and targets on how we will respond to these challenges. We therefore remain optimistic and are resolutely focussed on

reaching our target of 3% economic growth by 2020, which admittedly, requires major work if we are to shift from the current projection GDP of less than 1%.

Our key objective is to grow jobs and support small business development in order to alleviate the plight of some 2.536 million unemployed, building on the hundreds of thousands created over this financial year.

We have begun to mainstream key interventions such as Radical Economic Transformation as a major step change that will deracialise keys sectors and drive faster growth towards a more inclusive economy.

We have rolled out key Radical Economic Transformation Programmes projects under Operation Vula like RASET, the Black Industrialist Programme, Bulk Buying for small black traders.

Through RASET we want to ensure that historically disadvantaged individuals participate in the entire agriculture economic value-chain. At the same time, it is to open up government markets for small-scale farmers, with government committing 50% of food procurement to previously disadvantaged enterprises.

We have identified manufacturing and tourism as key sectors that will create new employment opportunities through local beneficiation and the export of value-added products. In particular, tourism remains an area of great potential which contributes billions of rands to the Gross Domestic Product of KwaZulu-Natal.

We recently finalized the Provincial Agricultural Master Plan which will serve as a blue print for driving a thriving and inclusive agricultural sector in the province. These are just two sectors that have driven our productivity and growth, and boosted much-needed jobs over the past year.

The province has grown its focus on rural areas and townships with the aim of opening up the commanding heights of the economy to the majority of our people who must not only be job-seekers, but also business owners and shareholders in big corporations.

Women and youth remain at the forefront of our programmes with the aim of addressing unemployment and poverty in sections of our community. We have also established the KZN Youth Fund which will support many aspiring youth entrepreneurs.

We are conscious of the reality of the Fourth Industrial Revolution and are readying the province to take advantage of this reality and to explore ways in which we can also provide leadership during this major development in our technological history.

Working with faith based organisations, traditional leaders, and civil society, the sixth administration has committed to intensify efforts to forge lasting social cohesion, build peace, and fight crime and gender-based violence.

The Office of the Premier has undertaken to take a lead in strengthening governance, fight fraud and corruption, as well as monitor the delivery of services through Operation Siyahloa.

In that way we can grow KwaZulu-Natal that is characterised by massive economic growth, social cohesion and advance moral regeneration. Working with all stakeholders, we must forge a social compact that will promote growth, development, and social inclusion.

We will therefore not relent in our efforts to mobilise all citizens and residents of the province to realise the enormous power and potential they carry in themselves as the true change agents.

Only by working together can we grow South Africa and the beautiful province of KwaZulu-Natal.



**Mr S. Zikalala**

Premier: Province of KwaZulu-Natal

Office of the Premier

Date: 30 August 2019

## 4. REPORT OF THE ACCOUNTING OFFICER

**DR NONHLANHLA O. MKHIZE**

**DIRECTOR - GENERAL,  
KWAZULU-NATAL OFFICE OF THE PREMIER**



The Annual Report being presented captures the activities of the Office of the Premier during the 2018/19 financial year.

In keeping with its mandate as defined in the Constitution of the Republic, the Office of the Premier continues to strive to deliver quality services to all the citizens of KwaZulu-Natal Province as reflected in more detail in the pages of this Annual Report.

### 1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The Office of the Premier spent 92.4% of the appropriated budget of R854, 292 million. The expenditure amounted to R789, 015 million, resulting in a total under spending of R65, 277 million at the financial year end. The table below reflects the appropriation of funds and spending against each Programme.

Programme	Budget 2018/19	Expenditure as at 31 March 2019	Variance	% Spent
	R'000	R'000	R'000	%
Programme 1: Administration	95,030	93,132	1,898	98.0%
Programme 2: Institutional Development	479,433	421,324	58,109	87.9%
Programme 3: Policy and Governance	279,829	274,559	5,270	98.1%
<b>Total</b>	<b>854,292</b>	<b>789,015</b>	<b>65,277</b>	<b>92.4%</b>

#### Programme 1: Administration

The expenditure for Programme 1: Administration amounted to R93, 132 million and this amount is represented as 98.0% spent of the Programme 1 budget of R95, 030 million. The under spending of R1, 898 million emanated from Compensation of Employees (R1, 031 million); Goods and Services (R83 thousand); Transfers and Subsidies (R2 thousand) and Payments for Capital Assets (R782 thousand). The under spending against Compensation of Employees was in respect of Finance posts that were not filled as originally anticipated due to the lengthy approval processes for the filling of posts. Goods and Services were under spent mainly due to cost containment measures that were implemented on administrative items. Transfers and Subsidies was under spent due to reduced claims from ex-parliamentarians for post-retirement benefits. Due to the additional office accommodation in Pietermaritz Street being put on hold, office furniture and equipment purchases were also put on hold, thereby resulting in under spending against Payments for Capital Assets. A roll-over of funds was requested for furniture and equipment that will be required in 2019/20 once the additional office accommodation is finalized.

## Programme 2: Institutional Development

The expenditure for Programme 2: Institutional Development amounted to R421, 324 million and this amount is represented as 87.9% spent of the Programme 2 budget of R479, 433 million. The under spending of R58, 109 million emanated from Compensation of Employees (R262 thousand); Goods and Services (R1, 037 million); Transfers and Subsidies (R50, 327 million) and Payments for Capital Assets (R6, 483 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 cost containment measures implemented on travel and administrative items. Transfers and Subsidies were under spent due to advance payments for bursary recipients (R326 thousand) as well as due to an amount of R50 million that was treated as an advance payment to the KZN Growth Fund. The under spending against Payments for Capital Assets was for Buildings and Fixed Structures for refurbishments (R4,579 million) that were not undertaken due to the additional office accommodation being put on hold; and due to the leaking roof repair (R1 million) at Moses Mabhida Building that was delayed. Machinery and Equipment was underspent due to furniture and equipment purchases (R904 thousand) that were not made as a result of the additional office accommodation at Pietermaritz Street being put on hold. A roll-over of funds was requested for furniture and equipment that will be required in 2019/20 when the additional office accommodation is finalized.

## Programme 3: Policy and Governance

The expenditure for Programme 3: Policy and Governance amounted to R274, 559 million and this amount is represented as 98.1% spent of Programme 3 budget of R279, 829 million. The under spending of R5, 270 million is made up of Compensation of Employees (R636 thousand); Goods and Services (R683 thousand); Transfers and Subsidies (R18 thousand) and Payments for Capital Assets (R3, 933 million). The under spending under Compensation of Employees is due to posts being filled later than originally anticipated. The under spending against Goods and Services was mainly due to cost containment measures implemented on administrative items. Transfers and Subsidies was under spent due to lower leave gratuity pay-outs than what was originally anticipated. The under spending against Payments for Capital Assets was for Buildings and Fixed Structures (R422 thousand) due to lower negotiated prices in respect of renovations for the King's Palaces; Furniture and Equipment purchases (R1,130 million) that was not purchased as a result of the additional office accommodation at Pietermaritz Street being put on hold. A roll-over of funds was requested for furniture and equipment that will be required in 2019/20 when the additional office accommodation is finalized. Furniture and equipment (R252 thousand) was also not purchased for the Poverty Eradication unit. Heritage Assets (R2, 129 million) was under spent due to challenges experienced with reaching consensus amongst the various stakeholders on the design and layout of monuments.

### Virement of Funds:

Programme	Adjusted Budget 2018/19	Final Virement	Final Budget
	R'000	R'000	R'000
Programme 1: Administration	103,030	(8,000)	95,030
Programme 2: Institutional Development	482,819	(3,386)	479,433
Programme 3: Policy and Governance	268,443	11,386	279,829
<b>Total</b>	<b>854,292</b>	<b>0</b>	<b>854,292</b>

## Programme 1: Administration

A total surplus of R8 million was identified against Programme 1 and was transferred to Programme 3 to address the Social Cohesion and Moral Regeneration initiatives that had to be implemented during 2018/19. The surplus emanated from Compensation of Employees (R4 million) mainly due to Finance posts that were

not filled as originally anticipated due to queries arising from the approval process via Provincial Treasury thereby delaying the recruitment processes. The balance of R4 million emanated from Goods and Services due to cost containment measures implemented on administrative expenses. In addition, minor assets were not purchased due to the additional office accommodation being put on hold.

## Programme 2: Institutional Development

Surplus of R3, 386 million was identified against Programme 2 under Compensation of Employees and was transferred to Programme 3 to offset the spending pressures emanating from the Social Cohesion and Moral Regeneration initiatives. The surplus identified were due to posts that were not filled as originally anticipated due to the lengthy approval processes.

Funds were also transferred between economic classifications within Programme 2. An amount of R50 million was shifted from Goods and Services to Transfers and Subsidies in respect of the KZN Youth Development Fund. Transfers and Subsidies was also increased by R1, 337 million for the Provincial Bursary Programme.

## Programme 3: Policy and Governance

An amount of R11, 386 million was transferred in total to Programme 3 to address spending pressures emanating from the Social Cohesion and Moral Regeneration initiatives. A virement of funds was also applied between sub-programmes within Programme 3 and across economic classifications.

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 R639, 382 million, represented as 106.3% of the revenue budget of R601, 138 million, resulting in a total over collection of R38, 244 million. These amounts include revenue collected from Tax Receipts. It must be noted, however, that Tax Receipts is not regarded as Revenue in the Annual Financial Statements. The Revenue collected as reflected in the Annual Financial Statements is therefore R2, 054 million with a total over collection of R1, 201 million. The table below reflects the revenue budget and revenue collection against each revenue category.

Revenue Category	Revenue Budget 2018/19	Actual Revenue as at 31 March 2019	Variance (Over)/ Under	% Collected
	R'000	R'000	R'000	
Tax Receipts:	600,285	637,328	(37,043)	106.1%
Casino Taxes	518,570	552,201	(33,631)	106.4%
Horseracing Taxes	81,715	85,127	(3,412)	104.1%
Sales of goods and Services	273	175	98	64.1%
Interest, dividends & rent on land	1	11	(10)	1 100.0%
Sale of Capital Assets	535	1,368	(833)	255.7%
Transactions in financial transactions and liabilities	44	500	(456)	1 136.3%
<b>Total</b>	<b>601,138</b>	<b>639,382</b>	<b>(38,244)</b>	<b>106.3%</b>
<i>Less: Cash received for Tax receipts not recognised as Revenue</i>	600,285	637,328	(37,043)	106.1%
<b>Total Revenue as per Annual Financial Statements</b>	<b>853</b>	<b>2,054</b>	<b>(1,201)</b>	<b>240.7%</b>

### Casino Taxes:

Casino Taxes are derived from Limited Pay-out Machines and Bingo gaming revenue. This category was over collected by R33, 631 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 R3, 412 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 R98 thousand 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 R10 thousand is in respect of staff debts that cannot be accurately predicted.

### Sales of Capital Assets:

As a result of the auction sale for departmental vehicles, this item was over collected by R833 thousand.

### Transactions in Financial Assets and Liabilities:

The over collection of R456 thousand 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 2019, transfer payments were effected as tabulated below:

NAME OF INSTITUTION	AMOUNT TRANSFERRED	EXPENDITURE
AMAFA aKwaZulu-Natali	R33,989 million	R33,989 million
The Royal Household Trust	R18,040 million	R18,040 million
KwaZulu-Natal Gaming and Betting Board	R42,310 million	R42,310 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 auditor's 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 entity in the performance of its mandated functions.

Transfer payments totalling R33, 989 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.

Transfer payments totalling R18, 040 million was made to the Royal Household Trust during the financial year.

## 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 2018/19, 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.

Transfer payments totalling R42, 310 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 2018/19 financial year.

## Irregular Expenditure

The Irregular Expenditure identified for the 2018/19 financial year is R 54,296 million. This is an increase from the previous year financial year and is mainly due to non-compliance with prevailing government prescripts, more especially on Supply Chain Management.

## Fruitless and Wasteful Expenditure

The Office of the Premier incurred fruitless and wasteful expenditure to the amount of R4 thousand for the 2018/19 financial year. The expenditure relates to interest charged on Telkom and Municipal payments. The department has undertaken every endeavour to prevent and reduce these charges to the minimum that is reflected herein.

## Public Private Partnerships

The department has not entered into any Public Private Partnerships during the year.

## Discontinued activities / activities to be discontinued

The Gaming & Betting function will be transferred to the Department of Economic Affairs from 1 April 2019. The Heritage function will be transferred to the Department of Economic Affairs from 1 April 2019.

## New or proposed activities

No new or proposed activities to report on.

## Gifts and donations received and made from and to non-related parties respectively

Gifts and donations amounting to R 571 thousand were made to different authorities, including gifts made to non-profit institutions, dignitaries and organisations. Gifts donations amounting to R324 thousand was received by the Office of the Premier from different organisations.

## 2. CORPORATE GOVERNANCE ARRANGEMENTS

### Policy Decisions

The current administration is heading towards the close of the current planning cycle i.e. the fourth year of a five year cycle. Much emphasis has been placed on the implementation and strengthening of monitoring and evaluation to promote proactive adjustments where required to ensure service 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. Alignment to the SDG's were taken into consideration in the 2016/17 APP and remain relevant. Statistics South Africa have embarked upon a process to refine indicators. These have also been incorporated, where relevant into the 2016 PGDS and PGDP refinements. Key areas relating to the African Union Agenda 2063 were outlined in departmental annual performance plan – section 1.1.1.

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.

#### Community Survey 2016 - Statistic South Africa

The Community Survey 2019 conducted by Statistic South Africa indicated that, whereas KwaZulu-Natal was the most populous Province in South Africa in 2011, it has been overtaken by the Gauteng Province. KZN Population in 2011 was 10.27 million and now stands at 11.1 million, while the Gauteng population now stand on 13.3 million. This proportional decline in the Province's population has already given rise to, and may still lead to further reductions of the Province's equitable share. The number of households have increased from 2.5 million in 2011 to 2.9 million in 2016 and the average household size has decreased from 4.5 in 2011 to 3.8 in 2016. Whilst the level of poverty has decreased, the intensity thereof has increased, thus continued support in the coordination of the Poverty Eradication Master Plan (PEMP), and monitoring of the implementation thereof through the Office of the Premier need to consider areas being prioritized for the roll out of the subsequent phases of the programme, as well as intensifying the coordination and reporting aspects.

With education and youth, the survey, read with the KZN situational analysis indicate that the most critical education issues relate to the quality, attainment, relevance, financial viability of tertiary institutions & expectations of free education. The attainment of graduate qualification for the African population has proportionally decreased in relation to other groups. Inequality in the quality and attainment of educational qualifications is inhibiting eradication of inequality in all spheres of society. This contributes towards the mismatch between skills demand and supply giving rise to unacceptably high graduate unemployment. Inequality in the workplace is still apparent with a skewed demographic representation in critical skills areas and leadership positions. These matters highlight the need to intensifying Youth Coordination and Development programmes as one of the priority groups under the Stakeholder Unit in the Office of the Premier.

There has been a substantial improvement in life expectancy, as well as an improvement in access to treatment and health facilities, however, the high rate of HIV/AIDS infections, high maternal mortality rate and TB incidences are still areas to improve on and hence Office of the Premier will provide ongoing support through coordination and monitoring of Priority Programmes.

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 the Vision of the Province; 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 during the 2019/20 financial year. The new DPSA directives for Performance Agreements for the public service was work shopped and 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. The current economic climate and pressures to reprioritise budgets resulting from fiscal constraints (including “fees must fall” and critical drought interventions) will impact on achieving targets, hence no substantial growth in achieving MTSF targets can be projected over the MTEF at this stage. This will also affect communication, research and training programmes. A more strategic focus is also required on events and funding these initiatives will need to be guided by the strategic relevance of events in contributing towards the PGDP and NDP. The Department will continue to provide support to His Majesty the King 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 service 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). 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 Office of the Premier will continue to monitor 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.



.....  
**DR NONHLANHLA O. MKHIZE**  
 DIRECTOR - GENERAL  
 KWAZULU-NATAL OFFICE OF THE PREMIER  
 DATE: 30 August 2019

## 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 2019.

Yours faithfully



.....  
**DR NONHLANHLA O. MKHIZE**  
 DIRECTOR - GENERAL  
 KWAZULU-NATAL OFFICE OF THE PREMIER  
 DATE: 30 August 2019

## 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:

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 co-ordinating 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.

##### **7.5.1 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.

##### **7.5.2 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.

##### **7.5.3 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.

##### **7.5.4 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.

##### **7.5.5 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.

##### **7.5.6 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.

### 7.5.7 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.

### 7.5.8 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.

### 7.5.9 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.

### 7.5.10 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.

### 7.5.11 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.

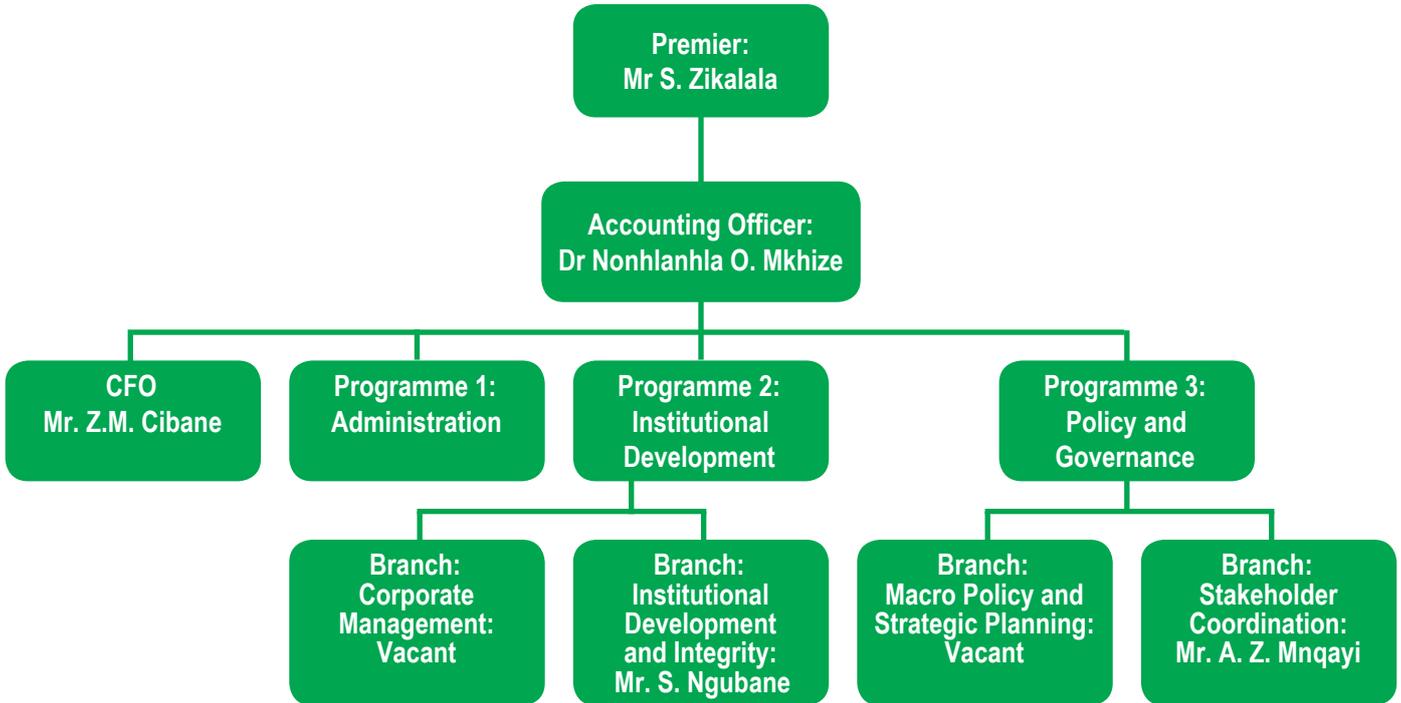
### 7.5.12 Royal Household Trust Act, 2007

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).

### 7.5.13 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 gaming 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. PERFORMANCE INFORMATION BY PROGRAMME

### 1.1 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, performance indicators, planned targets and actual achievements

Targets were not achieved for Programme 1 in 2018/19. Performance indicators were amended in the 2018/19 Annual Performance Plan (APP). This was done to improve the quality of reporting and determine actual contribution and compliance to service delivery.

#### Strategic objectives:

PROGRAMME NAME: ADMINISTRATION							
Strategic Objectives	Strategic objective indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Effective and efficient support to the Premier in Executive Council.	Number of Executive Council meetings supported (Executive Council and Makgotla)	22	21	22	22	0	No deviation from set target
Strategic Leadership in governance and accountability to ensure economic, effective, and efficient resource management	MPAT score for OTP (overall)	2.97	2.9	3	2.7	0.3	Deviation mainly due to MPAT standard organisational design and implementation, demand management and payment of suppliers. Action plan is being implemented and monitored.

PROGRAMME NAME: ADMINISTRATION							
Strategic Objectives	Strategic objective indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
	Annual audit findings	Unqualified Audit	Unqualified Audit	Unqualified	Qualified Audit	Vacancy rate contributed to lack of systems and processes not working	<ul style="list-style-type: none"> <li>• Deviations due to irregular expenditure</li> <li>• Audit improvement Plan developed and being implemented.</li> </ul>
	Average governance and accountability MPAT Score for OTP (KPA2)	Not applicable	Not applicable	3	3	0	No deviation from set target

### Performance indicators

SUB-PROGRAMME: EXECUTIVE COUNCIL SUPPORT						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of Executive Council meeting decision matrices circulated within 10 working days of meeting.	18	19	20	22	2	An additional special meeting was necessitated to audit outcomes and action plans to address the audit outcomes.
Number of Executive Council decision matrix implementation progress reports submitted to the Executive Council	13	19	20	20	0	No deviation from set target
Number of Executive Council Makgotla decision matrices within 10 working days of meeting.	1	2	2	2	0	No deviation from set target

SUB-PROGRAMME: DIRECTOR-GENERAL						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of EXCO Meetings supported	8	11	Not applicable	Not applicable	Not applicable	Not applicable
Number of MANCO Meetings supported	4	10	Not applicable	Not applicable	Not applicable	Not applicable

SUB-PROGRAMME: FINANCIAL MANAGEMENT						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Approved risk management register for 2017/18	1	1	Not applicable	Not applicable	Not applicable	Not applicable
Number of Quarterly internal control management reports submitted to EXCO	3	4	Not applicable	Not applicable	Not applicable	Not applicable
Annual audit improvement plan on proceeding year's findings adopted by end of August.	1	1	Not applicable	Not applicable	Not applicable	Not applicable
Number of Financial management reports, monthly IYM submitted to Treasury by the 15th of each month	12	12	Not applicable	Not applicable	Not applicable	Not applicable
Number of Financial Statements submitted in terms of prescripts.	4	4	Not applicable	Not applicable	Not applicable	Not applicable
Annual reports on proceeding year tabled by end of August	1	1	Not applicable	Not applicable	Not applicable	Not applicable
Procurement plan submitted in terms of prescripts for current year.	1	1	Not applicable	Not applicable	Not applicable	Not applicable

SUB-PROGRAMME: FINANCIAL MANAGEMENT						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Percentage of Risk interventions as per the risk register completed.	Not applicable	Not applicable	100%	41%	59%	Calculation based on implementation status of 180+ action plans. Outstanding management actions are mostly due to factors beyond the control of the respective Branches, or are complex and time-consuming in nature, e.g. filling of vacant posts, development and approval of Provincial policies and strategies, legislation etc
Percentage of internal audit recommendations implemented.	Not applicable	Not applicable	100%	83%	17%	Calculation based on implementation status of 180+ action plans. Outstanding management actions are mostly due to factors beyond the control of the respective Branches, or are complex and time-consuming in nature, e.g. filling of vacant posts, development and approval of Provincial policies and strategies, legislation etc
Percentage of external audit recommendations implemented.	Not applicable	Not applicable	100%	91%	9%	Calculation based on implementation status of 180+ action plans. There are 4 out of 48 recommendations which have not been implemented as yet. These are mostly due to factors beyond the control of the respective Branches, e.g. filling of vacant posts, non-compliance by officials in submitting their Performance Agreements on time, procurement of electronic leave management system etc.
Percentage of invoices paid within 30 days.	Not applicable	Not applicable	100%	86%	17%	Payment voucher documents did not meet minimum standard and procedures

### Strategy to overcome areas of under performance

The Department will enforce compliance to set standards, especially in the areas of risk management and internal control.

### Changes to planned targets

Some Financial Administration targets will be reviewed in the 2019/20 Annual Performance Plan to address the deviations and allow achievable implementation of performance measures.

### Linking performance with budgets

#### Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/18		
	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	27 971	27 589	382	25 307	25 102	205
Executive Council support	8 596	8 478	118	10 108	9 792	316
Director General	21 019	20 870	149	13 730	13 534	196
Financial Management	37 444	36 195	1 249	42 853	41 741	1 112
<b>Total</b>	<b>95 030</b>	<b>93 132</b>	<b>1 898</b>	<b>91 998</b>	<b>90 169</b>	<b>1 829</b>

## 1.2 Programme 2: Institutional Development

### Purpose:

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

It comprises of the following sub-programmes:

### CORPORATE SERVICES

- Strategic Human resources
- Information Technology
- Communication Services

### INSTITUTIONAL DEVELOPMENT AND INTEGRITY MANAGEMENT

- Legal Services
- Special Programmes
- Inter-Governmental Relations
- Gaming and Betting

### Strategic objectives, performance indicators, planned targets and actual achievements

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 the absence of the Annual Communication Plan. In this regard, individual communication plans were developed for specific events when required.

**Strategic objectives:**

PROGRAMME NAME: INSTITUTIONAL DEVELOPMENT						
Strategic Objective	Strategic objective Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Improved resource management support services.	Average MPAT Score for HR (KPA3) OTP	Not applicable	2.8	2.5	0.3	Deviation mainly due to organisational design and financial disclosures implementation. Action plan is being implemented and monitored.
	Provincial HRM Turnaround Strategy	Draft Document available	The strategy document is 99% complete.	The Strategy document is 99% complete. The input from all Provincial Departments has been incorporated into the draft KZN Provincial HR Turnaround Strategy document.	The HRM turnaround strategy has not been completed.	The Strategic document needs to be presented to Cohod before approval. The Unit is awaiting for the dates of the next G&A Technical Cluster and CoHoD where the Strategy will be presented.
	KZN Integrated Public Service HRD strategy	Not applicable	Integrated Public Service HRD Strategy draft has been finalised. Relevant Stakeholders have been consulted but approval has not taken place.	Strategy Completed and consulted.	The planned target was to have the strategy approved, implemented and monitored. This could not be achieved as approval was delayed due to the consultation process taking longer than anticipated.	The consultation took longer than expected. This impacted in the approval process. The plan is to obtain approval by the 2nd quarter of 2019/2020 financial year.
	Number of HRD Fora engagements	Not applicable	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	4	3	0	No deviation from set target

PROGRAMME NAME: INSTITUTIONAL DEVELOPMENT						
Strategic Objective	Strategic objective Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Appropriate and constitutionally compliant Provincial Legislation.	No order of constitutional inconsistency or invalidity is made by the courts i.r.o any Provincial Law		0	0	0	No set target for current financial year 2018-2019.
Effective and efficient communication engagement	Updated Provincial Communication Strategy		Annual strategy implementation and monitoring reports	The Department does not have an annual communication strategy	There is no strategy in place	Communication does not have an Annual Communication Plan, instead a Communication Plan is developed for specific events when required.
Ethical Public Service with reduced incidents of fraud and corruption.	MPAT Score on KPA 2 for ethics for OTP	3.5	3.6	3	0	No deviation from set target
Mainstreaming a culture of human rights focusing on vulnerable groups.	Number of updated 5-year strategic plans for each target group: 1 x gender 1 x disability, 1 x children; and 1 x senior citizens	Not applicable	1 per group,4 total	1 per group,4 total	0	No deviation from set target
	Number of updated annual business plans on youth development programmes	0	0	1	0	No deviation from set target
	Number of annual review and impact reports of youth development and empowerment programmes	0	0	1	0	No deviation from set target

PROGRAMME NAME: INSTITUTIONAL DEVELOPMENT						
Strategic Objective	Strategic objective Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Ombudspersons Coordination	Annual Provincial Ombudsperson Intervention Coordination and Monitoring reports	Not applicable	1	0	0	No deviation from set target
Promote and strengthen intergovernmental relations and coordination in the province.	Number of PCF decision matrices	Not applicable	5	3	1	The forum was postponed in Quarter 3 due to unavailability of members for the meeting.
	PCF decision matrix implementation reports	Not applicable	5	3	1	The forum was postponed in Quarter 3 due to unavailability of members for the meeting.
Enhance the Gaming and Betting Regulatory environment in KwaZulu-Natal.	Amended KZN Gaming and Betting legislation implemented	Not applicable	Amended 2010 Gaming and Betting Act	Amended Gaming and Betting regulation of 2012.	No deviation from planned targets.	No deviation from set target

### Performance indicators

SUB PROGRAMME NAME: STRATEGIC HUMAN RESOURCES; 2: INFORMATION TECHNOLOGY						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	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.	3	4	4	4	0	No deviation from set target
Number of Strategic Human Resource forums meetings held	22	4	4	4	0	No deviation from set target
Number of Human Resource compliance reports submitted	21	15	15	15	0	No deviation from set target

SUB PROGRAMME NAME: STRATEGIC HUMAN RESOURCES; 2: INFORMATION TECHNOLOGY						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of public service training sessions	40	217	200	138	62	There was limited capacity due to the fact the contracts of the associates came to an end. The process to renew the contract was delayed due to objections to the process.
Number of HRDC Council meetings	3	3	3	3	0	No deviation from set target
Number of PSDF forum meetings	3	4	4	4	0	No deviation from set target
Number of PHRDF forum meetings	3	4	4	4	0	No deviation from set target
Number of 6 monthly provincial departments IT governance assessment coordination reports	1	2	2	2	0	No deviation from set target
Number of Broadband strategy progress coordination reports.	2	2	2	2	0	No deviation from set target
Number of Threat and Risk Assessment (TRA) verification monitoring coordination reports	4	4	4	4	0	No deviation from set target
Number of quarterly Minimum Physical Security Standards (MPSS) monitoring coordination reports	4	4	4	4	0	No deviation from set target

SUB-PROGRAMME 3: LEGAL SERVICES						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of Quarterly Reports on Provincial Legislative Programme submitted within 10 days of end of each Quarter.	4	4	4	4	0	No deviation from set target

SUB-PROGRAMME 4: COMMUNICATION SERVICES						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Annual Communication Plan approved by EXCO by 30 April.	0	0	1	0	1	Communication does not have an Annual Communication Plan, instead a Communication Plan is developed for specific events when required.
Number of articles on the PGDP published in the print media targeting external audiences	1	3	8	13	5	There were more articles published on the implementation of PGDP.
Number of internal newsletters to OTP staff on developments in the department	0	2	4	5	1	An additional newsletter was issued in quarter 2, following key events during Women's month.

SUB-PROGRAMME 5: SPECIAL PROGRAMMES						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Integrity Leadership Conferences (nil for 2017/18)	0	0	1	0	0	There was no budget to host the Integrity Leadership Conference.
Number of consolidated reports on the roll-out of the "I do right even when nobody is watching" campaign	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	0	No deviation from set target
Number of quarterly progress reports (National Anti-Corruption Hotline cases)	4	4	4	4	0	No deviation from set target
Number of ethics workshops	4	4	4	4	0	No deviation from set target

SUB-PROGRAMME 5: SPECIAL PROGRAMMES						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of fraud and corruption reports	3	4	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	15	4	4	4	0	No deviation from set target
Number of consolidated human rights monitoring reports	2	2	2	2	0	No deviation from set target
Number of awareness sessions on human rights coordinated	12	10	10	16	6	There was a demand for additional awareness sessions.
Number of coordination reports on projects for youth	2	4	4	4	0	No deviation from set target
Number of quarterly monitoring reports on youth forums establishment and supported	0	4	4	4	0	No deviation from set target
Number of OTP Ombudsperson reports	2	2	2	2	0	No deviation from set target

SUB-PROGRAMME 6: GAMING AND BETTING						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of Quarterly assessment reports on Gaming Board Activities	Not applicable	4	4	4	0	No deviation from set target.
Number of functionality assessment reports	Not applicable	4	4	4	0	No deviation from set target.

SUB-PROGRAMME 7: INTER- GOVERNMENTAL RELATIONS						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of Premier's Technical Coordinating forum decision matrixes	2	4	4	3	1	The forum was postponed in Quarter 3 due to unavailability of members for the meeting.
Number of COHOD decision matrixes	7	10	8	10	2	COHOD had urgent matters that needed the attention of the HODs some of which needed to be sent to the Executive Council for intervention and approval.
Number of IGR Provincial Forum decision matrixes	6	3	4	3	1	The meeting was postponed twice due to clashes of provincial meetings and events
Number of Twinning Agreement implementation reports	3	3	2	2	0	No deviation from set target

### Strategy to overcome areas of under performance

The Annual Performance Plan for 2019/20 will reflect accurate and achievable performance indicators and targets.

### Linking performance with budgets

#### Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	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	73 066	72 188	878	85 567	84 474	1 093
Information Communication Technology	75 059	69 283	5 776	76 114	72 623	3 491
Legal Services	13 789	13 568	221	15 219	15 166	53
Communication Services	56 269	56 127	142	57 074	57 062	12
Special Programmes	149 340	98 465	50 875	38 523	38 436	87
Gaming and Betting	47 130	46 933	197	67 772	67 725	47
Intergovernmental Relations	64 780	64 760	20	17 749	17 638	111
Total	479 433	421 324	58 109	358 018	353 124	4 894

### 1.3 Programme 3: Policy and Governance

#### Purpose:

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

It comprises of the following sub-programmes:

#### MACRO POLICY AND STRATEGIC MANAGEMENT

- Provincial Policy Management

#### STAKEHOLDER COORDINATION

- Premier's Priority Programme
- King's Support and Royal Household
- Heritage

#### Strategic objectives, performance indicators, planned targets and actual achievements

The programme achieved its objectives 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 PGDP, improved the functionality of the Action Work Groups and enhanced the reporting template for the PGDP. The Citizen Satisfaction Survey was finalized and the report disseminated to stakeholders.

On Stakeholder Coordination, the programme made noteworthy strides in preserving provincial heritage. However, not all monuments were erected due to insufficient funds. Allocated funds were reprioritized to other service delivery areas. Steady progress was made in the implementation of the Poverty Eradication Master Plan (PEMP).

#### Strategic objectives:

SUB-PROGRAMME NAME: POLICY AND GOVERNANCE							
Strategic Objectives	Strategic objective Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Enhanced strategic management in KZN Provincial Government	MPAT Score for OTP -KPA 1	3	3	3	3	0	No deviation from set target.
	Updated Provincial Growth and Development Plan by December each year	1	1	1 Annual updated PGDP	1 Annual updated PGDP	0	No deviation from set target.
Effective and efficient stakeholder engagement and empowerment	Number of consolidated annual review and impact reports of stakeholder engagements	0	4	4	4	0	No deviation from set target.

SUB-PROGRAMME NAME: POLICY AND GOVERNANCE							
Strategic Objectives	Strategic objective Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
Priority Programmes Coordination	Number of consolidated annual priority programmes coordination	0	1	1	1	0	No deviation from set target.
Effective and Efficient implementation of PEMP	Progress reports in the implementation of all 4 phases of the Poverty Eradication Master Plan (PEMP)	0	1	Progress report on PEMP implementation of phases 1 to 3, and progress towards implementation of Phase 4.	Progress report on PEMP implementation of phases 1 to 3, and progress towards implementation of Phase 4	0	No deviation from set target.
Effective and efficient support to His Majesty and the Royal Household	Annual plan on support services the Zulu Monarch	0	1	1	1	0	No deviation from set target.
	Annual monitoring reports on the Royal Household Trust	Not applicable	1	1	1	0	No deviation from set target.
Community engagement and awareness and protection of heritage resources.	Number of heritage awareness engagements coordinated.	Not applicable	12	8	8	0	There were additional Special Projects that were implemented in response to community request.
	Number of new heritage memory infrastructure symbols	Not applicable	8	8	12	4	The target was not set correctly for the indicator, in line with the TID, where Heritage infrastructure symbols include monuments or memorials erected and tombstones.

SUB-PROGRAMME NAME: POLICY AND GOVERNANCE							
Strategic Objectives	Strategic objective Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement for 2018/2019	Comment on deviations
	Annual consolidated Amafa Council monitoring and review reports	Not applicable	1	1	1	0	No deviation from set target.

### Performance indicators

SUB-PROGRAMME NAME: PROVINCIAL POLICY MANAGEMENT						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of policy audit reports	2	2	2	2	0	No deviation from set target
Citizen Satisfaction Survey findings report	1	0	1	1	0	No deviation from set target
Consolidated Provincial strategic planning alignment reports.	1	1	1	1	0	No deviation from set target
Assessment reports on the functionality of PGDP Action Workgroups	2	2	2	2	0	No deviation from set target
Number of quarterly monitoring reports on status of the Nerve centre	4	4	4	4	0	No deviation from set target
Number of Consolidated MPAT Improvement reports tabled at the Governance & Administrative Cluster.	2	2	2	2	0	No deviation from set target
Consolidated MTSF Outcomes progress report	0	1	1	1	0	No deviation from set target
Number of consolidated PGDP Implementation Reports	2	4	4	4	0	No deviation from set target
Number of Front Line Service Delivery reports (FLSD)	2	2	2	2	0	No deviation from set target
Number of QPR Assessment reports	1	4	4	4	0	No deviation from set target

SUB-PROGRAMME NAME: PROVINCIAL POLICY MANAGEMENT						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of six monthly Service Delivery Improvement Plans (SDIP) implementation reports	4	4	2	2	0	No deviation from set target
Number of six monthly reports on level of compliance with Batho Pele principles	4	4	2	2	0	No deviation from set target

SUB-PROGRAMME : PREMIER'S PRIORITY PROGRAMME						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	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	4	4	4	3	1	NGO Sector Engagement could not take place as planned, which led to target not being achieved.
No. Workshops of stakeholders on PGDS/P Vision 2035	4	4	4	3	1	Internal approvals could not be completed on time for the workshop to take place.
Number of quarterly OSS provincial coordination and monitoring reports	4	4	4	4	0	No deviation from set target.
Number of Izimbizo co-ordination reports	Not applicable	3	4	3	1	The Imbizo scheduled for 26 September was postponed
Number of MRM coordination reports	4	4	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	0	No deviation from set target.

SUB-PROGRAMME : PREMIER'S PRIORITY PROGRAMME						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	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	0	No deviation from set target.
Number of quarterly Veteran support services coordination reports	4	4	4	4	0	No deviation from set target.
Number of quarterly coordination reports to on special projects.	4	4	4	4	0	No deviation from set target.
Number of quarterly coordination reports to Premier on progress with PEMP implementation	1	4	4	4	0	No deviation from set target.

SUB-PROGRAMME : ROYAL HOUSEHOLD						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Quarterly reports on support services provided to His Majesty and Royal Household	4	4	4	4	0	No deviation from set target.
Number of RHHT quarterly monitoring reports	1	4	4	4	0	No deviation from set target.
RHHT Annual Performance Plan assessment report	0	1	1	0	1	There was insufficient evidence to support the assessment of the Annual Performance Plan for the RHHT.

SUB-PROGRAMME : HERITAGE						
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Planned Target 2018/2019	Actual Achievement 2018/2019	Deviation from planned target to Actual Achievement 2018/2019	Comment on deviations
Number of community heritage awareness campaigns.	9	12	8	8	0	No deviation from set target.
Annually updated Heritage research agenda for OTP	Not applicable	1	1	1	0	No deviation from set target.
Number of monuments or memorials erected.	1	8	8	6	2	Funds were reprioritized for other Departmental projects.
Number of heritage markers - consider refining indicator for 2018/19, in order to be specific about markers (established, revamped, etc.)	1	11	6	6	0	No deviation from set target.
Number of Amafa monitoring reports.	3	4	4	4	0	No deviation from set target.
AMAFAs Annual Performance Plan assessment report.	1	1	1	0	1	There was incorrect evidence to support the assessment of the Annual Performance Plan for Amafa.

### Strategy to overcome areas of under performance

Targets for 2019/20 will be revised in line with the available budget.

### Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	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	39 946	39 026	920	42 824	42 375	449
Premier's Priority Programmes	117 029	115 633	1 395	148 089	144 373	3 716
Royal Households	69 433	68 874	559	72 683	72 168	515
Heritage	53 422	51 026	2 396	49 859	49 845	14
<b>Total</b>	<b>279 829</b>	<b>274 559</b>	<b>5 270</b>	<b>313 455</b>	<b>308 761</b>	<b>4 694</b>

## 2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

### 2.1 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 held 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	New OTP Complaints mechanism	Aligned & achieved
In place	aligned to Citizens Charter	

### 2.2 Policy development

There had been no substantive amendments to the macro 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 Provincial Growth and Development Strategy was approved in 2016 and the annual review through the Provincial Growth and Development Plan was approved by the Executive Council in October 2018. There were no substantive matters for the Office of the Premier, other than the ongoing monitoring and evaluation of the implementation of the PGDP.

Organisational operational policy updates are ongoing to ensure alignment with the Public Service Regulations, 2016, as well as SCM and Financial Management and Accounting. From information received for the handover report, it is only the Bursary Policy than has been amended during the period 1 April 2018 to 31 March 2019. The Employee Performance Management and Development System was approved 6 March 2018, for implementation from 1 April 2018.

From the **Legislative side**, Revisions to legislative and other mandates:-

The KZN Amafa and Research Institute Act, 2018 was assented to on the 21/11/2018. This along with the Proclamation 5 of 2018 made by the Premier on the 21/11/2018 indicates that the Gaming and Betting Board (entity) as well as the Gaming and Betting unit situated at the OTP will move to EDTEA. Further, AMAFA (entity) and the Heritage Unit previously located at the OTP will move to the Department of Arts and Culture. These movements in terms of strategic objectives and APP indicators have been captured in an annexure to the 2019/20 APP.

The KwaZulu-Natal Zulu Royal House Trust Act: The Act further strengthens the deliverables envisaged in terms of the functioning of the unit with one minor amendment of the wording to reflect the intention of the Act as it no longer uses the term "household, but uses the term "house". The Act re-emphasizes the roles and responsibilities of the Office of the Premier and the Royal House Trust. whereas the Office of the Premier is responsible for the support services to His Majesty, it also remains the custodian of staff supporting the House and as such, by extension, still provides support to the House. Whilst the Act was enacted from 1 June 2018, several administrative issues regarding implementation was still being resolved as part of the transition, including financial and asset related matters. The KwaZulu-Natal Zulu Royal House Trust Act was assented to on 2 May 2018.



## 3. TRANSFER PAYMENTS

### 3.1 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 33 989	R 33 989
The Royal Household Trust	To provide support to His Majesty the King	R 18 040	R 18 040
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 42 310	R 42 310

## 4. DONOR FUNDS

### 4.1 Donor Funds Received

Donor Fund : National Skills Fund (NSF)

Name of donor	National Skills Fund
Period of the commitment	2010/11 to 2018/19
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
Reasons for the funds unspent	The funds were received in 2017 but could not be spent because service providers did not submit the required evidence

Donor Fund : MERSETA

<b>Name of donor</b>	MERSETA
<b>Period of the commitment</b>	2012/13 to 2018/19
<b>Purpose of the funding</b>	Artisan development project in the manufacturing and engineering sector
<b>Expected outputs</b>	Training of 200 artisans
<b>Reasons for the funds unspent</b>	The contracts with the service providers expired and there were delays in getting the necessary approvals to process payments

Donor Fund : PSETA

<b>Name of donor</b>	PSETA
<b>Period of the commitment</b>	2015/16 to 2018/19
<b>Purpose of the funding</b>	To support 215 students from TVET Colleges
<b>Expected outputs</b>	To support 215 TVET College students with a stipend of R1500 per student per month for 12 to 18 months
<b>Reasons for the funds unspent</b>	The project ended in 2017 and there were outstanding receipts from PSETA which were eventually paid in 2018 and getting approval to process payments is also delayed



## 5. CAPITAL INVESTMENT

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

Infrastructure projects	2018/2019			2017/2018		
	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						
Existing infrastructure assets	9 632	5 465	4 167	7 864	3 339	4 525
Upgrades and additions	3 557	2 104	1 453			
Rehabilitation, renovations and refurbishments	3 758	2 310	1 448	4 864	1 710	3 154
Maintenance and repairs	2 317	1 051	1 226	3 000	1 629	1 371
Infrastructure leases	12 456	8 033	4 423			
<b>Total</b>	<b>20 088</b>	<b>13 498</b>	<b>8 590</b>	<b>7 864</b>	<b>3 339</b>	<b>4 525</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 as 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	Details	Response by the department
53/2018	<p><b>Noting that:</b></p> <p>The Organisational Structure in the Office of the Premier was reviewed to include a unit that will deal specifically with vetting.</p>	<p><b>The Committee resolves:-</b></p> <p>That the Accounting Officer provides a report to the Committee by 31 January 2019 on:-</p> <p>An explanation on what exactly this unit will be doing since vetting is the competence of South African Qualifications Authority and the State Security Agency (SSA).</p>	<p>The State Security Agency has been experiencing backlogs with regard to vetting of newly appointed officials from departments. This causes delays in appointing officials to drive service delivery in various provincial departments.</p> <p>Various engagements occurred between the Office of the Premier, Security Services Unit, Organisational Design, Institutional Development and Integrity Management, State Security Agency (SSA) and Legal Services Unit on the establishment of Vetting Field Unit's based on the executive decision endorsed by the Cabinet.</p> <p>These engagements culminated to the signing of the Memorandum of Agreement (MOA) between the Office of the Premier (Director-General), Heads of Departments within the Province and Provincial Head of State Security Agency.</p> <p>The MOA states that SSA must second designated employees to the Office of the Premier, Security Services Unit that will undertake the following duties as aligned with the approved structure on the posts established:</p> <ol style="list-style-type: none"> <li>1. Coordinate vetting operations in the Province.</li> <li>2. Ensure the development and implementation of policies, standard and procedures regarding vetting investigations.</li> <li>3. Coordinate the security screening of service providers in relation to the procurement and supply chain processes.</li> <li>4. Coordinate vetting investigations of persons occupying high security risk positions.</li> <li>5. Advise the Heads of Department on the Personnel Suitability Checks / Pre Employment screening of persons.</li> </ol>
54/2018	<p><b>Noting that:</b></p> <p>The monument to commemorate the arrival of Indian indentured labourers has not yet been finalised resulting in funds allocated to this project having been unspent and repeatedly rolled over.</p>	<p><b>The Committee resolves:-</b></p> <p>That the Accounting Officer provides a report to the Committee by 31 January 2019 on:-</p> <p>Progress made regarding to the construction of the monument to commemorate the arrival of the Indian indentured labourers.</p>	<ol style="list-style-type: none"> <li>1.1. During the 2014/15 financial year, a transfer payment for R4,865 million was transferred to the eThekweni Metro Municipality to facilitate the construction of the 1860 Indian Indentured Monument to commemorate the 150th anniversary of the arrival of people of Indian descent in the province.</li> <li>1.2. Because of the homogenous nature of the Indian community, the eThekweni Municipality has had various challenges to obtain consensus during their liaison with various stakeholders from the Indian community.</li> <li>1.3. The Executive Management Committee of the Office of the Premier after deliberations took a decision to write to the Provincial Treasury requesting permission to recall the funds that were transferred to the eThekweni Metro in 2015</li> </ol>

Resolution No.	Subject	Details	Response by the department
110/2018	<p><b>Noting:</b></p> <p>a. The high number of vacancies which exist in Senior Management positions within departments and public entities and the adverse effect this is having on the findings of the Auditor-General particularly on financial and performance management, compliance with laws and regulations, leadership and governance.</p> <p>b. Certain departments and public entities were experiencing difficulties in their recruitment processes, including delays due to verification of qualifications and vetting of applicants and having to re-advertise posts repeatedly due to the unavailability of suitable candidates for the position.</p>	<p>The Committee resolves:-</p> <p>That the Accounting Officers of the relevant departments and Accounting Authorities report to the Committee by 31 January 2019 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. An updated report on a number of filled posts and vacant posts and the anticipated time frame for filling of posts.</li> <li>3. That the Portfolio Committees monitor the filling of all vacant funded posts in departments, especially key positions and senior management positions.</li> </ol>	<p>A list of vacant Senior Management posts in the department was submitted.</p> <p>The report on a number of filled and vacant posts was submitted. The filling of vacant posts is dependent on many role players, it is anticipated that these posts will be filled by the end of July 2019.</p>
111/2018	<p><b>Noting that:</b></p> <p>a. Irregular expenditure of R9.917 billion incurred in the 2017/18 financial year was 100% due to non-compliance with SCM legislation.</p> <p>b. The main areas of non-compliance were:</p> <ul style="list-style-type: none"> <li>• Procurement without a competitive bidding or quotation process</li> <li>• Non-compliance with procurement process requirements</li> <li>• Non-compliance with legislation on contract management</li> </ul>	<p>The Committee resolves:</p> <p>That Accounting Officers and Accounting Authorities submit a report by 31 January 2019 on:</p> <ol style="list-style-type: none"> <li>1. The reasons for the irregular expenditure.</li> <li>2. Who was responsible for making or permitting the irregular expenditure.</li> <li>3. Steps taken against officials responsible for irregular expenditure.</li> <li>4. Measures put in place to prevent a recurrence.</li> <li>5. An assessment of the effectiveness of the measures put in place.</li> </ol>	<ol style="list-style-type: none"> <li>1. Irregular expenditure reported was incurred due to procurement of urgent services such as funeral services required at short notice as well as the extension of contracts for security services above the Accounting Officer's delegation.</li> <li>2. The official funeral services were done as a result of Cabinet Decisions and the extension of contracts resulted to a violation of prescripts due to the fact that the department did not have a dedicated official in the contracts management unit.</li> <li>3. No official could be held responsible due to the fact that the services procured were essential and emanated from the Cabinet Resolutions and on the other hand the department has a 53% vacancy rate in the SCM Unit and the post of a contracts management official was only filled in the later part of the financial year.</li> <li>4. The department has appointed a dedicated official in the contracts management unit and procedures are in place for condonment of irregular expenditure incurred.</li> </ol>

Resolution No.	Subject	Details	Response by the department
113/2018	<p><b>Noting that:</b></p> <p>a. Some of the commodities designated for local content and production were procured from suppliers who did not submit declarations on local production and content as required by the preferential procurement regulations of 2017, issued in terms of the PPPFA.</p> <p>b. Some contracts were extended or modified 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.</p> <p>c. The preference point system was not applied in the procurement of some goods and services above R30 000 as required by section 2(a) of the PPPFA and treasury regulations 16A6.3(b).</p> <p>d. Some awards were not adjudicated by a bid adjudication committee as required by treasury regulations 16A6.1.</p>	<p><b>The Committee resolves:-</b></p> <p>That the Accounting Officers of the relevant departments and Accounting Authorities of relevant public entities report by 31 January 2019 on:</p> <ol style="list-style-type: none"> <li>1. Monitoring and control measures which are in place to ensure that SCM requirements are complied with.</li> <li>2. Disciplinary measures taken against those who appoint service providers without following SCM processes and treasury regulations.</li> </ol>	<ol style="list-style-type: none"> <li>1. The department has appointed a dedicated official in the contracts management unit within SCM who will ensure that the SCM requirements are complied with.</li> <li>2. The cases identified were in respect of extension of security contracts above the Accounting Officer's delegation of 15% but the service were initially appointed following proper SCM processes. The cases were reported as irregular and the department will follow proper processes and request for condonment of irregular expenditure.</li> </ol>
114/2018	<p><b>Noting that:</b></p> <p>a. Payables in certain departments and public entities exceeded the required payment term of 30 days from the date of receipt of an invoice, as required by Treasury Regulation 8.2.3.</p>	<p><b>The Committee resolves:-</b></p> <p>That the Accounting Officers of the relevant departments and Accounting Authorities report by 31 January 2019 on:</p> <ol style="list-style-type: none"> <li>1. Strategy put in place to ensure that invoices are tracked and that payments are made within the required term of 30 days.</li> </ol>	<ol style="list-style-type: none"> <li>1. The Department has implemented eMapp system which extracts detailed order commitments from BAS system and age them for easy of reference and tracking. However, this is a basic step which requires manual work and the department has made a proposal to Provincial Treasury to procure a fully-fledged invoice tracking system for the entire Province so that departments can benefit from economies of scale.</li> </ol>

Resolution No.	Subject	Details	Response by the department
	b. Most departments do not comply with the 30 days' payment policy and the amounts incurred would therefore have constituted unauthorized expenditure had the amounts due been paid in a timely manner.	2. Steps taken against officials who are responsible for failure to pay service providers on time.	2. The challenge is that the current BAS system is managed at National level and the runs are scheduled at National level even if the payment has been processed within 30 days but it can be delayed due to the scheduled runs. This is a challenge which makes it difficult to hold officials processing payments responsible for the delays taking into account the current capacity constraints and system down time.
115/2018	<p><b>Noting that:</b></p> <p>a. Government employees doing business with the state.</p> <p>b. Notwithstanding the root cause of irregular expenditure and fruitless and wasteful expenditure being non-compliance with SCM Legislation, many Departments are not implementing "Consequence Management" and in some instances transgressions by officials are either not investigated at all, despite findings by the Auditor-General thereon or are not dealt with adequately.</p>	<p><b>The Committee resolves:-</b></p> <p>That the Accounting Officers of the relevant departments and Accounting Authorities report by 31 January 2019 on:</p> <ol style="list-style-type: none"> <li>1. Investigation pertaining to transgressions by officials that have been concluded or are in progress.</li> <li>2. Details of the transgressions investigated.</li> <li>3. Time frames for completion of pending investigations.</li> <li>4. Disciplinary steps taken.</li> <li>5. Steps taken to recover monies/losses and progress thereon.</li> <li>6. Criminal matters opened and progress thereon.</li> </ol>	<ul style="list-style-type: none"> <li>• Investigation completed and recommendations are being implemented.</li> <li>• AC9/2017 Fraud &amp; Corruption at Youth Chief Directorate where the official submitted fictitious claims to Finance and they were paid. Investigation in-progress</li> <li>• AC1/2018 Irregularities in SCM processes in the Public Service Training Academy. Investigation in-progress.</li> </ul>
117/2018	<p><b>Noting that:</b></p> <p>a. Most departments and public entities do not comply with SCM requirements.</p> <p>b. Procurement is conducted without competitive bidding or quotation processes.</p> <p>c. There is non-compliance with legislation, procurement requirements and contract management.</p>	<p><b>The Committee resolves:-</b></p> <p>That the Accounting Officers of departments and Accounting Authorities report by 31 January 2019 on:</p> <ol style="list-style-type: none"> <li>1. Reasons for non-compliance.</li> <li>2. Steps taken against those responsible for non-compliance with SCM requirements and steps taken to recover monies lost.</li> </ol>	<ol style="list-style-type: none"> <li>1. The transactions sighted as having not complied with SCM process were in respect of urgent and emergency cases such as funeral services which were done under Stakeholder Management Chief Directorate. It was impractical to comply with all the cost-cutting requirements due to a short time frame given to render the required services which were not even projected in the department's operational plan.</li> <li>2. The transactions identified as non-compliant were recorded as irregular expenditure and they qualify for future condonment and there was no official who appeared to have violated the prescripts in the cases reported as irregular.</li> </ol>

Resolution No.	Subject	Details	Response by the department
118/2018	<p><b>Noting that:</b></p> <p>a. Most departments and public entities have investigations that have been completed or are in progress.</p> <p>b. Some investigations are referred to Provincial Treasury or to independent investigative firms.</p> <p>c. Most investigations have been going on for a long period of time without being finalised.</p>	<p><b>The Committee resolves:-</b></p> <p>That the Accounting Officers of departments and Accounting Authorities of public entities report to the Committee by 31 January 2019 on the following:</p> <ol style="list-style-type: none"> <li>Investigations which are currently underway in the departments and public entities and the deadline set for completion of these investigations.</li> <li>Investigations which were completed in the 2016/17 and 2017/2018 financial years.</li> <li>Steps taken to implement the recommendations contained in the reports on investigations, including the disciplinary and criminal cases initiated and recovery of monies by way of civil proceedings.</li> </ol>	<ol style="list-style-type: none"> <li>AC1/ 2018: Irregularities in SCM processes in the Public Service Training Academy</li> <li>AC8/2017 Fraud &amp; Corruption (Youth Chief Directorate)                             <ol style="list-style-type: none"> <li>FR24/2012 Forensic investigation into alleged irregularities relating to travel bookings made by the Youth Development Office, within the Office of the Premier.</li> <li>FR16/2013 Forensic investigation into alleged irregularities within the Monitoring and Evaluation Unit in the Office of the Premier.</li> <li>FR14/2013 Forensic Investigation into allegations of fraud and corruption related to the procurement of information technology solution at the Office of the Premier</li> <li>FR18/2013 Forensic Investigation into alleged SCM irregularities at the Office of the Premier.</li> </ol> </li> <li>FR24/2012 Forensic investigation into alleged irregularities relating to travel bookings made by the Youth Development Office, within the Office of the Premier.</li> </ol> <p>The matter was duly considered by the directorate Constitutional Matters and Language Services and the legal advice received was that any disciplinary action taken against an official would result in fruitless and wasteful expenditure being incurred as the prospects of a finding of guilty being pronounced would be highly improbable. The reasons for such were that the regulations relating to financial disclosure of public servants below the level of senior management services were not in place at the time that the incident took place (namely between 2011 and 2014), this together with the fact that the disciplinary action would take place five years after the offence was discovered would mean that the principles as outlined in Public Service Co-ordinating Bargaining Council Resolution 1 of 2003 would not be adhered to.</p> <p>The conduct of the official was however not condoned, in this regard the official has been issued with a counselling letter indicating the wrong doing which was unacceptable, the official was further advised to comply with legal prescripts to ensure that she upholds the integrity of the public service.</p>
			<p>The legal advice received also indicated that no action be taken against official as there would not be any prospects of success if any disciplinary action is to be taken, as the time period that has elapsed between the commission of the alleged misconduct and the finalisation of the matter would result in the matter being rejected on procedural grounds as discipline must be instituted within a fair period.</p>

Resolution No.	Subject	Details	Response by the department
			<p>The official was also not directly responsible for requesting the agent to utilise the services of the Company. On becoming aware of the relationship between the company and the official, the matter was brought to the attention of her supervisor.</p> <p>3.2. FR16/2013 Forensic investigation into alleged irregularities within the Monitoring and Evaluation Unit in the Office of the Premier</p> <p>The official is no longer employed within the Office of the Premier. It has been determined that the officer is employed by the Department of Social Development. In terms of section 16(4) of the Public Service Act, 1994 (Proclamation No. 103 of 1994) the Head of Department in which the employee is currently employed may institute disciplinary action against the employee if requested to do so by the employee's former Head of Department.</p> <p>A letter has been sent to the Head of Department for Social Development requesting that such disciplinary action be instituted, under the signature of the Director-General.</p> <p>3.3. FR14/2013 Forensic Investigation into allegations of fraud and corruption related to the procurement of information technology solution at the Office of the Premier</p> <p>The matter was duly considered by the directorate Constitutional Matters and Language Services and the legal advice received was that Treasury regulation 16A6.4 provides "if in a specific case it is impractical to invite competitive bids, the accounting officer or accounting authority may procure the required goods or services by other means, provided that the reasons for deviating from competitive bids must be recorded and approved by the accounting officer or accounting authority", and if the provision is utilized then all other rules in terms of procurement are excluded from applicability.</p> <p>The conclusion of the investigation report recommended that the official be charged criminally for contravening section 86(1) of the Public Finance Management Act, 1999 read with section 38 thereof. The legal advice provided indicated that the burden of proof in a criminal case requires that the matter must be proven beyond a reasonable doubt. It was submitted that there were several matters that raised concerns as to the procurement of the service provider, for example the fact that the service provider was not on the database of the provincial government.</p>

Resolution No.	Subject	Details	Response by the department
			<p>However in cases of a single source selection where such has been identified via a Member of the Executive Council who has visited areas in which the service provider has done extensive and similar work and who had been recommended to present such proposals to the Joint Cluster of the Executive Council, it would be difficult to prove beyond a reasonable doubt that the official did not in fact act based on the information that the service provider was the only company who could have achieve the desired result.</p>
			<p>The fact that it was a single source selection who was not on the provincial database meant ensuring that they were then registered on the database. The act of ensuring that they were on the database illustrates that the selection of the service provider as a single source was being regularised. The advice received was that there have been failings in terms of procedural irregularities, such as not reporting the deviation to National Treasury but that such would not warrant criminal action, the matter would have been better dealt with via a disciplinary hearing. The advice received was that pursuance of a criminal case is highly unlikely to find the official guilty of not complying with SCM procedures where treasury regulation 16A6.4 was utilised.</p> <p>3.4. FR18/2013 Forensic Investigation into alleged SCM irregularities at the Office of the Premier</p> <p>The investigation report recommended that a criminal case be registered for forgery and uttering of documentation, the investigation report however did not indicated who is to be charged for the offence. It was merely a suspicion based on another employee's view that it may have been a specific official, who is no longer employed within the Office of the Premier. Legal advice received is that to establish falsification and fraud, the prosecutor and the applicant must be able to cooperate and associate it with the fraudulent act.</p> <p>Forgery and falsification of documents are the mechanisms to commit fraud. Fraud involves using deception or dishonestly to make a personal gain for oneself or create a loss for another.</p> <p>There is no evidence in the investigation report of fraud having been committed. The case seems to be based on speculation and not fact. To prove the allegations based on the burden of proof required in criminal courts (beyond a reasonable doubt) will not be possible and could possibly result in the Office of the Premier being sued by former official.</p>

Resolution No.	Subject	Details	Response by the department
			<p>The legal opinion given was that opening a criminal case where no link has been created between the suspected transgressor and the offence would be a waste of state resources as it would require the South African Police Service to investigate the matter by appointing a hand writing expert to examine documentation.</p> <p>The elements related to the crime of forgery have also not been met as there has been no prejudice that was suffered as a result of the payment made to the service provider. If this was evident in the investigation report it would have necessitated that a criminal case be opened. Due to the fact that the elements for the crime as well as the purpose for which such a crime may have been committed has not been identified, it was submitted that it would be injudicious to initiate a criminal case.</p>



## 4. PRIOR YEAR MATERIAL FINDINGS

During the 2017/18 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 compliance findings included the following:

- Irregular expenditure not prevented/ detected during the financial year;
- Contract extended without approval from Provincial Treasury
- Suppliers in the service of the state - none declaration of interest;
- Inadequate Asset management;
- Undeclared businesses/ extra remunerative approval has not be sought;

In order to address the identified 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:

IRREGULAR EXPENDITURE	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 and investigation of irregular expenditure is in progress.</li> <li>• The department is the process of capacitating Internal Control Unit.</li> </ul>
The value of Heritage Assets in the Asset Register not appropriately disclosed	2017/18	The department embarked on a process of adjusting the description to indicate individual heritage statue item names and cost breakdown. Policies are also in place to ensure effective implementation of asset management processes.
Balance on the Fixed Asset register did not agree to the balance in the AFS	2017/18	<ul style="list-style-type: none"> <li>• The department has embarked on a process of adjusting its records accordingly</li> <li>• Regular reconciliation between AFS and Asset records is being conducted to ensure accuracy and completeness of records</li> <li>• Office inventory is reviewed and compared to Hardcat and AFS.</li> <li>• Policies are also in place to ensure effective implementation of asset management processes.</li> </ul>
Steps taken to determine the fair value of assets recorded at R1 were not provided during the audit	2017/18	The 27 items that were disclosed at R1, are being investigated during the stock count and its fair value will be established. The department engaged Treasury and other parties to ensure correctly valuation of assets where documentation cannot be located.

IRREGULAR EXPENDITURE	FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER
Suppliers in the service of the state – none 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>
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 are convened on a quarterly basis</li> <li>• Cases have been investigated and finalized</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. AUDIT & RISK COMMITTEE ON VOTE 1

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 2019.

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.

### 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 and G&A CARC)	8 of 8	4 of 4
2.	Mr V Ramphal**	8 of 8	3 of 4
3.	Mr M Tarr	8 of 8	4 of 4
4.	Mr P Christianson	8 of 8	N/A*
5.	Ms T Njozela	8 of 8	N/A*
6.	Mr D O'Connor	8 of 8	N/A*
7.	Ms N Sithole	8 of 8	N/A*

\* Refers to PARC members serving the Social CARC

\*\*Mr Ramphal was absent for the Q4 meeting of G&A Cluster

### 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
- Procurement and Contract 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 (17) audit assignments for the period under review, of which only eight (8) were finalised by the end of the financial year due to various reasons as discussed during the quarterly CARC meetings.

The Committee noted with extreme concern that only 47% of the operational audit plan for the year had been completed, due to the financial and human resource limitations imposed upon PIAS. The Committee urged the management of Provincial Treasury and PIAS to urgently address the factors which had negatively impacted the performance of PIAS during the year under review 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 the end of the 2018/19 financial year, the status of the Department's risk register was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	01	13	19	11	02	46
Number of Identified Action Plans	06	46	39	06	00	97
Number of Completed Action Plans.	03	19	23	03	00	48
Completed Action Plans in %	50%	41%	59%	50%	-	49.5%

The Committee is very concerned about the Department's slow progress in implementation of risk mitigation plans, particularly for risks classified as critical and major risks. 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 other risk management initiatives, the Department is commended for recording positive progress on compliance with prescribed risk management standards; and the implementation of recommended improvement plans for risk management maturity, fraud prevention management, business continuity management, and occupational health and safety management.

Notwithstanding the above, the Department is urged to pay particular attention to the completion of the on-line risk management training prescribed for the Departmental risk committee members and ensuring the linkage of its risks to performance indicators (to enable the Department to timely identify and resolve risk factors that might disturb the achievement of set performance targets).

### 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 underspending of the budget and 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 which resulted in the Department receiving a qualified audit opinion.
- Reviewed the conclusion on the usefulness and reliability of performance information resulting from the external audit of the Department.

## 7. Forensics Investigations

During the period under review, the Committee noted that there were ten (10) forensic investigations from 1 April 2018 to 31 March 2019, 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.

Nine (9) of these investigations were completed and one (1) is in-progress.

From the nine (9) matters completed two (2) were closed, and six (6) had disciplinary actions recommended, of which two (2) matters has been dealt with.

The Committee further noted that for seven (7) matters were recommended for criminal investigation by the South African Police Service (SAPS), of which only one (1) matter is in progress. For the remaining six (6) matters the criminal cases must still be registered.

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 accepts the Auditor General's qualified 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 is noting with concern that the Department has obtained a qualified audit opinion and urges the department to implement the necessary internal control to ensure that the qualification is reverse going forward.

## 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.



Mr SP Simelane

Chairman: Provincial Audit and Risk Committee

31 July 2019



# PART D:

## HUMAN RESOURCE MANAGEMENT

## 1. HUMAN RESOURCES OVERSIGHT STATISTICS

### 1.1 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 2018 and 31 March 2019

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	93 129.00	54 100.00	0.00	0.00	58.10	608.00
Assets & Liabilities	4.00	0.00	0.00	0.00	0.00	0.00
Institutional Development	471 888.00	142 947.00	0.00	0.00	30.30	691.00
Policy & Governance	274 563.00	93 257.00	0.00	0.00	34.00	352.00
<b>Total</b>	<b>839 583.00</b>	<b>290 303.00</b>	<b>0.00</b>	<b>0.00</b>	<b>34.60</b>	<b>517.00</b>

Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

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)	6 306.00	2.00	35.00	180 171.00
Skilled (Levels 3-5)	30 230.00	9.80	144.00	209 931.00
Highly Skilled Production (Levels 6-8)	56 995.00	18.40	145.00	393 069.00
Highly Skilled Supervision (Levels 9-12)	100 403.00	32.40	129.00	778 318.00
Senior Management (Levels >= 13)	71 419.00	23.00	58.00	1 231 362.00
Contract (Levels 3-5)	3 206.00	1.00	14.00	229 000.00
Contract (Levels 6-8)	4 521.00	1.50	11.00	411 000.00
Contract (Levels 9-12)	2 523.00	0.80	3.00	841 000.00
Contract (Levels >= 13)	17 002.00	5.50	12.00	1 416 833.00
Contract Other	1 276.00	0.40	0.00	0.00
Periodical Remuneration	1 349.00	0.40	9.00	149 889.00
Abnormal Appointment	1 177.00	0.40	1.00	1 177 000.00
<b>TOTAL</b>	<b>296 408.00</b>	<b>95.60</b>	<b>561.00</b>	<b>528 357.00</b>

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019

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	50 115.00	83.00	150.00	0.20	1 097.00	1.80	1 552.00	2.60
Institutional Development	104 691.00	80.60	737.00	0.60	2 633.00	2.00	4 690.00	3.60
Policy & Governance	97 834.00	81.70	352.00	0.30	2 819.00	2.40	3 237.00	2.70
<b>Total</b>	<b>252 640.00</b>	<b>81.50</b>	<b>1 239.00</b>	<b>0.40</b>	<b>6 549.00</b>	<b>2.10</b>	<b>9 479.00</b>	<b>3.10</b>

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019

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)	4 979.00	78.90	32.00	0.50	409.00	6.50	267.00	4.20
Skilled (Levels 3-5)	23 092.00	75.00	269.00	0.90	1 590.00	5.20	2 308.00	7.50
Highly skilled production (Levels 6-8)	45 445.00	76.90	432.00	0.70	1 963.00	3.30	3 527.00	6.00
Highly skilled supervision (Levels 9-12)	86 596.00	82.00	428.00	0.40	1 157.00	1.10	2 535.00	2.40
Senior management (Levels >= 13)	62 680.00	83.30	0.00	0.00	1 280.00	1.70	802.00	1.10
Contract (Levels 3-5)	3 168.00	98.80	37.00	1.20	0.00	0.00	0.00	0.00
Contract (Levels 6-8)	4 422.00	97.30	20.00	0.40	0.00	0.00	0.00	0.00
Contract (Levels 9-12)	2 316.00	84.60	0.00	0.00	149.00	5.40	0.00	0.00
Contract (Levels >= 13)	16 538.00	88.80	0.00	0.00	0.00	0.00	40.00	0.20
Contract Other	1 255.00	96.70	21.00	1.60	0.00	0.00	0.00	0.00
Periodical Remuneration	972.00	68.90	0.00	0.00	0.00	0.00	0.00	0.00
Abnormal Appointment	1 177.00	100.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>252 640.00</b>	<b>81.50</b>	<b>1 239.00</b>	<b>0.40</b>	<b>6 549.00</b>	<b>2.10</b>	<b>9 479.00</b>	<b>3.10</b>

## 1.2 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 2019

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration, Permanent	96.00	89.00	7.30	1.00
Institutional Development, Permanent	220.00	205.00	6.80	0.00
Institutional Development, Temporary	1.00	1.00	0.00	0.00
Policy & Governance, Permanent	268.00	256.00	4.50	8.00
<b>Total</b>	<b>585.00</b>	<b>551.00</b>	<b>5.80</b>	<b>9.00</b>

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019

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	36.00	35.00	2.80	0.00
Skilled (Levels 3-5), Permanent	150.00	144.00	4.00	0.00
Highly Skilled Production (Levels 6-8), Permanent	149.00	145.00	2.70	1.00
Highly Skilled Supervision (Levels 9-12), Permanent	138.00	128.00	7.20	0.00
Highly Skilled Supervision (Levels 9-12), Temporary	1.00	1.00	0.00	0.00
Senior Management (Levels >= 13), Permanent	71.00	58.00	18.30	0.00
Contract (Levels 3-5), Permanent	14.00	14.00	0.00	5.00
Contract (Levels 6-8), Permanent	11.00	11.00	0.00	1.00
Contract (Levels 9-12), Permanent	3.00	3.00	0.00	0.00
14 Contract (Levels >= 13), Permanent	12.00	12.00	0.00	2.00
<b>Total</b>	<b>585.00</b>	<b>551.00</b>	<b>5.80</b>	<b>9.00</b>

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2019

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative Related, Permanent	200.00	189.00	5.50	0.00
Advocates, Permanent	3.00	3.00	0.00	0.00
Agriculture Related, Permanent	1.00	1.00	0.00	0.00
Bus And Heavy Vehicle Drivers, Permanent	7.00	6.00	14.30	0.00
Cleaners In Offices Workshops Hospitals Etc., Permanent	80.00	78.00	2.50	0.00

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Client Inform Clerks(Switchb Recept Inform Clerks), Permanent	9.00	9.00	0.00	0.00
Communication And Information Related, Permanent	1.00	1.00	0.00	0.00
Community Development Workers, Permanent	3.00	3.00	0.00	0.00
Finance And Economics Related, Permanent	10.00	10.00	0.00	0.00
Financial And Related Professionals, Permanent	1.00	1.00	0.00	0.00
Financial Clerks And Credit Controllers, Permanent	22.00	21.00	4.50	0.00
Food Services Aids And Waiters, Permanent	2.00	2.00	0.00	0.00
General Legal Administration & Rel. Professionals, Permanent	2.00	2.00	0.00	0.00
Household And Laundry Workers, Permanent	1.00	1.00	0.00	0.00
Housekeepers Laundry And Related Workers, Permanent	2.00	2.00	0.00	0.00
Human Resources & Organisat Developm & Relate Prof, Permanent	8.00	7.00	12.50	0.00
Human Resources Clerks, Permanent	12.00	12.00	0.00	0.00
Human Resources Related, Permanent	9.00	9.00	0.00	0.00
Language Practitioners Interpreters & Other Commun, Permanent	1.00	1.00	0.00	0.00
Legal Related, Permanent	1.00	1.00	0.00	0.00
Light Vehicle Drivers, Permanent	6.00	6.00	0.00	5.00
Logistical Support Personnel, Permanent	5.00	5.00	0.00	0.00
Material-Recording And Transport Clerks, Permanent	3.00	3.00	0.00	0.00
Messengers Porters And Deliverers, Permanent	22.00	22.00	0.00	0.00
Motor Vehicle Drivers, Permanent	2.00	2.00	0.00	0.00
Other Administrat & Related Clerks And Organisers, Permanent	24.00	19.00	20.80	1.00
Other Administrat & Related Clerks And Organisers, Temporary	1.00	1.00	0.00	0.00
Other Administrative Policy And Related Officers, Permanent	3.00	2.00	33.30	0.00
Other Occupations, Permanent	1.00	1.00	0.00	0.00
Risk Management And Security Services, Permanent	2.00	1.00	50.00	0.00
Secretaries & Other Keyboard Operating Clerks, Permanent	49.00	48.00	2.00	1.00
Security Guards, Permanent	24.00	24.00	0.00	0.00
Senior Managers, Permanent	68.00	58.00	14.70	2.00
<b>Total</b>	<b>585.00</b>	<b>551.00</b>	<b>5.80</b>	<b>9.00</b>

Table 3.3.1 SMS post information as on 31 March 2019

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	100.00	0	0
Salary Level 16	2	2	100.00	0	0
Salary Level 15	7	6	85.71	1	14.28
Salary Level 14	19	16	84.21	3	15.78
Salary Level 13	53	44	83.01	9	16.99
<b>Total</b>	<b>82</b>	<b>70</b>	<b>85.37</b>	<b>13</b>	<b>15.85</b>

Table 3.3.2 SMS post information as on 30 September 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	100.00	0	0
Salary Level 16	3	3	100.00	0	0
Salary Level 15	7	7	100.00	0	0
Salary Level 14	18	15	83.33	3	16.67
Salary Level 13	50	44	88.00	6	12.00
<b>Total</b>	<b>79</b>	<b>70</b>	<b>88.60</b>	<b>9</b>	<b>11.40</b>

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Department	0	0	0
Salary Level 16	0	6	0
Salary Level 15	1	0	0
Salary Level 14	1	1	
Salary Level 13	3	2	1
<b>Total</b>	<b>5</b>	<b>3</b>	<b>1</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**

Budget cuts in line with the cost cutting measures implemented by Provincial Treasury to address over expenditure has necessitated the filling of a marginal number of critical posts within the Office of the Premier. This has had an impact on the filling of vacancies. In order to address the critical vacancies, the Office of the Premier's EXCO is required to sanction the critical posts to be filled first and thereafter approval for the filling of these posts is sought from Provincial Treasury. This therefore delays the process of filling of 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**

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. Another contributory factor is the fact that the Office of the Premier is still embattled with the dilemma of shortage of office accommodation, which has an impact on the filling of vacancies as the newly appointed incumbents require office space to function.

There are also posts that are strategic in nature which requires headhunting, as in the case of Premier's Support. The vacant posts within King's Support and Royal Household requires his Majesty's approval, since these appointment will be stationed within the Royal Palaces.



Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2018 and 31 March 2019

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)	36.00	32.00	88.90	0.00	0.00	0.00	0.00
Skilled (Levels 3-5)	150.00	122.00	81.30	0.00	0.00	0.00	0.00
Highly Skilled Production (Levels 6-8)	149.00	98.00	65.80	0.00	0.00	0.00	0.00
Highly Skilled Supervision (Levels 9-12)	139.00	54.00	38.80	2.00	100.00	0.00	0.00
Senior Management Service Band A	47.00	14.00	29.80	0.00	0.00	0.00	0.00
Senior Management Service Band B	17.00	4.00	23.50	0.00	0.00	0.00	0.00
Senior Management Service Band C	6.00	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
Contract (Levels 3-5)	14.00	4.00	28.60	0.00	0.00	0.00	0.00
12 Contract (Levels 6-8)	11.00	2.00	18.20	0.00	0.00	0.00	0.00
Contract (Levels 9-12)	3.00	1.00	33.30	0.00	0.00	0.00	0.00
Contract Band A	6.00	0.00	0.00	0.00	0.00	0.00	0.00
Contract Band B	2.00	0.00	0.00	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>585.00</b>	<b>331.00</b>	<b>56.60</b>	<b>2.00</b>	<b>100.00</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 2018 and 31 March 2019

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 2018 and 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Facilities Management	1	11	12	Grade progression
Assistant Director	2	9	10	Grade progression
Amin related	3	7	8	Grade progression
Clerks	1	5	6	Grade progression
Total number of employees whose salaries exceeded the level determined by job evaluation				7
Percentage of total employed				1.3%

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 2018 and 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	3	0.00	1	1	5
Male	2	0.00	0.00	0.00	2
<b>Total</b>	<b>5</b>	<b>0.00</b>	<b>1</b>	<b>1</b>	<b>7</b>

Employees with a disability	0.00	0.00	0.00	0.00	0.00
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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 exceeded the grades determine by job evaluation	None
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Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 and 31 March 2019

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower Skilled (Levels 1-2) Permanent	58.00	0.00	0.00	0.00
Skilled (Levels 3-5) Permanent	123.00	6.00	4.00	3.30
Highly Skilled Production (Levels 6-8) Permanent	148.00	8.00	4.00	2.70
Highly Skilled Supervision (Levels 9-12) Permanent	130.00	3.00	2.00	1.50
Senior Management Service Band A Permanent	37.00	2.00	2.00	5.40
Senior Management Service Band B Permanent	11.00	2.00	0.00	0.00

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Senior Management Service Band C Permanent	6.00	0.00	1.00	16.70
Senior Management Service Band D Permanent	1.00	0.00	0.00	0.00
Other Permanent	41.00	0.00	42.00	102.40
Contract (Levels 3-5) Permanent	14.00	3.00	3.00	21.40
Contract (Levels 6-8) Permanent	13.00	0.00	4.00	30.80
Contract (Levels 9-12) Permanent	5.00	0.00	2.00	40.00
Contract Band A Permanent	8.00	2.00	3.00	37.50
Contract Band B Permanent	2.00	1.00	1.00	50.00
Contract Band C Permanent	1.00	0.00	0.00	0.00
Contract Band D Permanent	3.00	0.00	0.00	0.00
<b>Total</b>	<b>601.00</b>	<b>28.00</b>	<b>68.00</b>	<b>11.30</b>

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019

Critical occupation	Number of employees at beginning of period-April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative Related Permanent	197.00	1.00	11.00	5.60
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	1.00	14.30
Cleaners In Offices Workshops Hospitals Etc. Permanent	79.00	0.00	1.00	1.30
Client Inform Clerks (Switchb Recept Inform Clerks) Permanent	10.00	0.00	0.00	0.00
Communication And Information Related Permanent	2.00	0.00	0.00	0.00
Community Development Workers Permanent	3.00	0.00	0.00	0.00
Finance And Economics Related Permanent	10.00	0.00	0.00	0.00
Financial And Related Professionals Permanent	1.00	0.00	0.00	0.00
Financial Clerks And Credit Controllers Permanent	18.00	3.00	0.00	0.00
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
Housekeepers Laundry And Related Workers Permanent	2.00	0.00	0.00	0.00

Critical occupation	Number of employees at beginning of period-April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Human Resources & Organisat Developm & Relate Prof Permanent	8.00	0.00	0.00	0.00
Human Resources Clerks Permanent	34.00	3.00	22.00	64.70
Human Resources Related Permanent	9.00	0.00	1.00	11.10
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	3.00	3.00	0.00	0.00
Logistical Support Personnel Permanent	5.00	0.00	0.00	0.00
Material-Recording And Transport Clerks Permanent	3.00	0.00	0.00	0.00
Messengers Porters And Deliverers Permanent	22.00	0.00	0.00	0.00
Motor Vehicle Drivers Permanent	5.00	0.00	3.00	60.00
Other Administrat & Related Clerks And Organisers Permanent	34.00	6.00	20.00	58.80
Other Administrative Policy And Related Officers Permanent	3.00	0.00	1.00	33.30
Other Occupations Permanent	1.00	0.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks Permanent	52.00	4.00	1.00	1.90
Security Guards Permanent	24.00	0.00	0.00	0.00
Senior Managers Permanent	59.00	7.00	7.00	11.90
<b>Total</b>	<b>601.00</b>	<b>28.00</b>	<b>68.00</b>	<b>11.30</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 2018 and 31 March 2019

Termination Type	Number	% of Total Resignations
Death, Permanent	3.00	4.40
Resignation, Permanent	12.00	17.60
Expiry Of Contract, Permanent	50.00	73.50
Retirement, Permanent	3.00	4.40
<b>Total</b>	<b>68.00</b>	<b>100.00</b>
<b>Total number of employees who left as a % of total employment</b>		<b>12.34</b>

Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019

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	197.00	1.00	0.50	106.00	53.80
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	0.00	0.00	7.00	100.00
Cleaners In Offices Workshops Hospitals Etc.	79.00	0.00	0.00	60.00	75.90
Client Inform Clerks(Switchb Recept Inform Clerks)	10.00	0.00	0.00	1.00	10.00
Communication And Information Related	2.00	0.00	0.00	1.00	50.00
Community Development Workers	3.00	0.00	0.00	0.00	0.00
Finance And Economics Related	10.00	0.00	0.00	3.00	30.00
Financial And Related Professionals	1.00	0.00	0.00	1.00	100.00
Financial Clerks And Credit Controllers	18.00	0.00	0.00	9.00	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
Housekeepers Laundry And Related Workers	2.00	0.00	0.00	0.00	0.00
Human Resources & Organisat Developm & Relate Prof	8.00	0.00	0.00	8.00	100.00
Human Resources Clerks	34.00	0.00	0.00	7.00	20.60
Human Resources Related	9.00	0.00	0.00	10.00	111.10
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	3.00	0.00	0.00	1.00	33.30
Logistical Support Personnel	5.00	0.00	0.00	5.00	100.00
Material-Recording And Transport Clerks	3.00	0.00	0.00	3.00	100.00
Messengers Porters And Deliverers	22.00	0.00	0.00	9.00	40.90
Motor Vehicle Drivers	5.00	0.00	0.00	2.00	40.00
Other Administrat & Related Clerks And Organisers	34.00	0.00	0.00	6.00	17.60
Other Administrative Policy And Related Officers	3.00	0.00	0.00	2.00	66.70
Other Occupations	1.00	0.00	0.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks	52.00	0.00	0.00	35.00	67.30
Security Guards	24.00	0.00	0.00	7.00	29.20
Senior Managers	59.00	1.00	1.70	45.00	76.30
<b>Total</b>	<b>601.00</b>	<b>2.00</b>	<b>0.30</b>	<b>334.00</b>	<b>55.60</b>

**Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019**

Salary Band	Employees 1 April 2018	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	58.00	0.00	0.00	15.00	25.90
Skilled (Levels 3-5), Permanent	123.00	0.00	0.00	91.00	74.00
Highly Skilled Production (Levels 6-8), Permanent	148.00	0.00	0.00	100.00	67.60
Highly Skilled Supervision (Levels 9-12), Permanent	130.00	0.00	0.00	80.00	61.50
Senior Management (Levels >= 13), Permanent	55.00	2.00	3.60	46.00	83.60
Other, Permanent	41.00	0.00	0.00	0.00	0.00
Contract (Levels 3-5), Permanent	14.00	0.00	0.00	0.00	0.00
Contract (Levels 6-8), Permanent	13.00	0.00	0.00	0.00	0.00
Contract (Levels 9-12), Permanent	5.00	0.00	0.00	0.00	0.00
Contract (Levels >= 13), Permanent	14.00	0.00	0.00	2.00	14.30
<b>Total</b>	<b>601.00</b>	<b>2.00</b>	<b>0.30</b>	<b>334.00</b>	<b>55.60</b>

### 1.3 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 2019*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Professionals	8.00	0.00	5.00	3.00	9.00	1.00	9.00	4.00	39.00
Technicians And Associate Professionals	69.00	1.00	3.00	2.00	98.00	6.00	2.00	5.00	196.00
Labourers And Related Workers	57.00	0.00	0.00	0.00	46.00	0.00	0.00	0.00	103.00
Plant And Machine Operators And Assemblers	13.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	14.00
Service Shop And Market Sales Workers	15.00	0.00	0.00	0.00	12.00	0.00	0.00	0.00	27.00
Clerks	30.00	1.00	0.00	0.00	78.00	2.00	1.00	1.00	113.00
Senior Officials And Managers	30.00	0.00	2.00	3.00	18.00	0.00	5.00	1.00	59.00
<b>Total</b>	<b>222.00</b>	<b>2.00</b>	<b>10.00</b>	<b>8.00</b>	<b>262.00</b>	<b>9.00</b>	<b>27.00</b>	<b>11.00</b>	<b>551.00</b>
<b>Employees With Disabilities</b>	<b>3.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.00</b>	<b>2.00</b>	<b>0.00</b>	<b>1.00</b>	<b>11.00</b>

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	5.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	6.00
Senior Management, Permanent	25.00	0.00	2.00	3.00	15.00	0.00	5.00	2.00	52.00
Professionally qualified and experienced specialists and mid-management, Permanent	39.00	0.00	4.00	4.00	57.00	4.00	14.00	6.00	128.00
Professionally qualified and experienced specialists and mid-management, Temporary	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	42.00	0.00	4.00	0.00	83.00	5.00	8.00	3.00	145.00
Semi-skilled and discretionary decision making, Permanent	63.00	2.00	0.00	0.00	79.00	0.00	0.00	0.00	144.00
Unskilled and defined decision making, Permanent	24.00	0.00	0.00	0.00	11.00	0.00	0.00	0.00	35.00
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	6.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	8.00
Contract (Professionally Qualified), Permanent	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	3.00
Contract (Skilled Technical), Permanent	4.00	0.00	0.00	0.00	7.00	0.00	0.00	0.00	11.00
Contract (Semi-Skilled), Permanent	11.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	14.00
<b>TOTAL</b>	<b>222.00</b>	<b>2.00</b>	<b>10.00</b>	<b>8.00</b>	<b>262.00</b>	<b>9.00</b>	<b>27.00</b>	<b>11.00</b>	<b>551.00</b>



Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	3.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	4.00
Professionally qualified and experienced specialists and mid-management, Permanent	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	3.00
Professionally qualified and experienced specialists and mid-management, Temporary	0.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	1.00
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	5.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	8.00
Semi-skilled and discretionary decision making, Permanent	4.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	6.00
Contract (Senior Management), Permanent	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	3.00
Contract (Semi-skilled), Permanent	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	3.00
<b>Total</b>	<b>18.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>10.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>28.00</b>
<b>Employees with disabilities</b>									

Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	6.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	7.00
Senior Management, Permanent	15.00	0.00	3.00	2.00	16.00	0.00	2.00	3.00	41.00
Professionally qualified and experienced specialists and mid-management, Permanent	26.00	0.00	2.00	1.00	38.00	2.00	7.00	4.00	80.00
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	27.00	0.00	2.00	0.00	62.00	2.00	5.00	2.00	100.00
Semi-skilled and discretionary decision making, Permanent	40.00	1.00	0.00	0.00	50.00	0.00	0.00	0.00	91.00
Unskilled and defined decision making, Permanent	7.00	0.00	0.00	0.00	8.00	0.00	0.00	0.00	15.00
Contract (Senior Management), Permanent	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	2.00
<b>TOTAL</b>	<b>122.00</b>	<b>1.00</b>	<b>7.00</b>	<b>3.00</b>	<b>176.00</b>	<b>4.00</b>	<b>14.00</b>	<b>9.00</b>	<b>336.00</b>
<b>Employees with disabilities</b>	<b>2.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>	<b>1.00</b>	<b>0.00</b>	<b>1.00</b>	<b>7.00</b>

Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	1.00
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	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	2.00
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	2.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	4.00
Semi-skilled and discretionary decision making, Permanent	1.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	4.00
Not Available, Permanent	12.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00	42.00
Contract (Senior Management), Permanent	3.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	4.00
Contract (Professionally qualified), Permanent	0.00	0.00	0.00	0.00	2.00	0.00	0.00	0.00	2.00
Contract (Skilled technical), Permanent	0.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	4.00
Contract (Semi-skilled), Permanent	2.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	3.00
<b>Total</b>	<b>22.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>45.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>68.00</b>
<b>Employees with Disabilities</b>					<b>1.00</b>				<b>1.00</b>

Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Unauthorised use of state vehicle	2	0	0	0	0	0	0	0	2
Theft and absenteeism	0	0	0	0	1	0	0	0	1



Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	8	1	1	2	8	0	9	2	31
Professionals	9	0.00	5	1	15	0.00	14	1	45
Technicians and Associate Professionals	0.00	2		0.00	9		2		13
Clerks	37	2	0.00	0.00	87	2	0.00	1	127
Service and Sales Workers	4	0.00	0.00	0.00	12	0.00	0.00	0.00	12
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	4	0.00	0.00	0.00	2	0.00	0.00	0.00	6
Elementary Occupations	10	0.00	0.00	0.00	6	0.00	1	0.00	17
Employees with disabilities	1	0.00	0.00	0.00	0.00	1	0.00	1	3
<b>Total</b>	<b>73</b>	<b>05</b>	<b>06</b>	<b>03</b>	<b>139</b>	<b>03</b>	<b>26</b>	<b>05</b>	<b>254</b>
<b>Employees with disabilities</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>		<b>1</b>	<b>3</b>

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2018

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	63	63	62	98%
Salary Level 16	1	1	1	
Salary Level 15	6	6	5	
Salary Level 14	14	14	14	
Salary Level 13	42	42	42	
<b>Total</b>				

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2019

Reasons
Secondment

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2019

None

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2018 to 31 March 2019

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	88.00	219.00	40.20	1 441.73	16 383.00
Female	150.00	257.00	58.40	1 916.42	12 776.00
<b>Asian</b>					
Male	7.00	10.00	70.00	154.69	22 099.00
Female	22.00	27.00	81.50	673.70	30 623.00
<b>Coloured</b>					
Male	1.00	2.00	50.00	5.54	5 539.00
Female	4.00	7.00	57.10	58.19	14 547.00
<b>White</b>					
Male	4.00	8.00	50.00	165.92	41 479.00
Female	7.00	10.00	70.00	197.39	28 199.00
<b>Total</b>	<b>283.00</b>	<b>540.00</b>	<b>477.20</b>	<b>4 613.56</b>	<b>171 645.00</b>

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019

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)	20.00	35.00	57.10	68.69	3 434.00	
Skilled (Levels 3-5)	74.00	144.00	51.40	410.11	5 542.00	
Highly Skilled Production (Levels 6-8)	94.00	145.00	64.80	981.86	10 445.00	
Highly Skilled Supervision (Levels 9-12)	77.00	129.00	59.70	1 792.48	23 279.00	
Contract (Levels 3-5)	0.00	14.00	0.00	0.00	0.00	
Contract (Levels 6-8)	3.00	11.00	27.30	41.79	13 930.00	
Contract (Levels 9-12)	0.00	3.00	0.00	0.00	0.00	
<b>Total</b>	<b>268.00</b>	<b>481.00</b>	<b>55.70</b>	<b>3 294.93</b>	<b>12 295.00</b>	

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Financial Clerks And Credit Controllers	11.00	21.00	52.40	94.38	8 580.00
Human Resources Clerks	4.00	12.00	33.30	36.86	9 214.00
Household And Laundry Workers	1.00	1.00	100.00	5.58	5 579.00
Messengers Porters And Deliverers	9.00	22.00	40.90	48.05	5 339.00
Human Resources & Organisat Developm & Relate Prof	7.00	7.00	100.00	138.98	19 854.00
Risk Management And Security Services	0.00	1.00	0.00	0.00	0.00
Logistical Support Personnel	5.00	5.00	100.00	53.77	10 754.00
Finance And Economics Related	8.00	10.00	80.00	207.11	25 889.00
Other Administrat & Related Clerks And Organisers	3.00	20.00	15.00	46.72	15 573.00
Housekeepers Laundry And Related Workers	1.00	2.00	50.00	7.27	7 269.00
Other Occupations	0.00	1.00	0.00	0.00	0.00
Legal Related	1.00	1.00	100.00	15.03	15 025.00
Financial And Related Professionals	0.00	1.00	0.00	0.00	0.00
Administrative Related	120.00	189.00	63.50	1 826.96	15 225.00
Communication And Information Related	0.00	1.00	0.00	0.00	0.00
Secretaries & Other Keyboard Operating Clerks	32.00	48.00	66.70	333.74	10 429.00
Cleaners In Offices Workshops Hospitals Etc.	34.00	78.00	43.60	133.69	3 932.00
Human Resources Related	6.00	9.00	66.70	104.33	17 388.00
Language Practitioners Interpreters & Other Commun	1.00	1.00	100.00	9.85	9 845.00
General Legal Administration & Rel. Professionals	2.00	2.00	100.00	96.92	48 459.00
Material-Recording And Transport Clerks	2.00	3.00	66.70	16.98	8 492.00
Other Administrative Policy And Related Officers	1.00	2.00	50.00	10.25	10 247.00
Bus And Heavy Vehicle Drivers	0.00	6.00	0.00	0.00	0.00
Advocates	3.00	3.00	100.00	100.30	33 434.00
Senior Managers	21.00	58.00	36.20	1 349.68	64 270.00
Client Inform Clerks(Switchb Recept Inform Clerks)	5.00	9.00	55.60	29.71	5 943.00
Light Vehicle Drivers	1.00	6.00	16.70	6.06	6 056.00
Motor Vehicle Drivers	2.00	2.00	100.00	13.86	6 932.00
Security Guards	10.00	24.00	41.70	42.19	4 219.00
Food Services Aids And Waiters	1.00	2.00	50.00	5.58	5 579.00
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>291.00</b>	<b>551.00</b>	<b>52.80</b>	<b>4 733.83</b>	<b>16 267.00</b>

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	14.00	44.00	31.80	758.69	54 191.90	0.81
Band B	4.00	16.00	25.00	316.72	79 179.10	0.34
Band C	5.00	6.00	83.30	363.50	72 699.50	0.39
Band D	0.00	4.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>23.00</b>	<b>70.00</b>	<b>32.90</b>	<b>1 438.90</b>	<b>62 560.90</b>	<b>16.62</b>

Table 3.10.1 Sick leave for the period 1 January 2017 to 31 December 2018

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)
Contract (Levels 13-16)	7.00	71.40	2.00	0.70	4.00	42.00
Contract (Levels 3-5)	14.00	85.70	2.00	0.70	7.00	11.00
Contract (Levels 6-8)	18.00	88.90	5.00	1.80	4.00	26.00
Contract Other	31.00	48.40	11.00	4.00	3.00	11.00
Highly Skilled Production (Levels 6-8)	495.00	72.30	81.00	29.10	6.00	697.00
Highly Skilled Supervision (Levels 9-12)	609.00	85.40	80.00	28.80	8.00	1 705.00
Lower Skilled (Levels 1-2)	119.00	97.50	15.00	5.40	8.00	63.00
Senior Management (Levels 13-16)	298.00	90.30	30.00	10.80	10.00	1 330.00
Skilled (Levels 3-5)	286.00	83.20	52.00	18.70	6.00	224.00
<b>Total</b>	<b>1 877.00</b>	<b>82.50</b>	<b>278.00</b>	<b>100.00</b>	<b>7.00</b>	<b>4 107.00</b>

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018

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)
Highly skilled production (Levels 6-8)	255.00	100.00	5.00	50.00	51.00	363.00
Highly skilled supervision (Levels 9-12)	67.00	100.00	2.00	20.00	34.00	240.00
Lower skilled (Levels 1-2)	2.00	100.00	1.00	10.00	2.00	1.00
Senior management (Levels 13-16)	35.00	100.00	1.00	10.00	35.00	159.00
Skilled (Levels 3-5)	20.00	100.00	1.00	10.00	20.00	13.00
<b>Total</b>	<b>379.00</b>	<b>100.00</b>	<b>10.00</b>	<b>100.00</b>	<b>38.00</b>	<b>776.00</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 2018 to 31 December 2018*

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	145.00	10.00	15.00
Contract (Levels 3-5)	124.00	12.00	10.00
Contract (Levels 6-8)	188.00	13.00	14.00
Contract (Levels 9-12)	44.00	3.00	15.00
Contract Other	208.00	29.00	7.00
Highly Skilled Production (Levels 6-8)	2 919.00	134.00	22.00
Highly Skilled Supervision (Levels 9-12)	2 799.00	129.00	22.00
Lower Skilled (Levels 1-2)	912.00	43.00	21.00
Senior Management (Levels 13-16)	1 130.00	49.00	23.00
Skilled (Levels 3-5)	2 454.00	123.00	20.00
<b>Total</b>	<b>10 923.00</b>	<b>545.00</b>	<b>20.00</b>

*Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018*

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
Contract (Levels 13-16)	0.00	0.00	0.00	0.00
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
Highly skilled production (Levels 6-8)	0.00	0.00	0.00	70.00
Highly skilled supervision (Levels 9-12)	20.00	2.00	10.00	56.00
Lower skilled (Levels 1-2)	0.00	0.00	0.00	0.00
Senior management (Levels 13-16)	0.00	0.00	0.00	77.00
Skilled (Levels 3-5)	9.00	1.00	9.00	94.00
<b>Total</b>	<b>29.00</b>	<b>3.00</b>	<b>10.00</b>	<b>77.00</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 2018 and 31 March 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2018/19 due to non-utilisation of leave for the previous cycle	63.00	1.00	63 000.00
Capped leave payouts on termination of service for 2018/19	1 106.00	6.00	184 333.00
Current leave payout on termination of service for 2018/19	794.00	21.00	76702.00
<b>Total</b>	<b>1 964.00</b>	<b>22.00</b>	<b>324035.00</b>

## 1.4 HIV/AIDS & Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
All levels	HIV Counselling and Testing sessions are conducted on a quarterly basis
All levels	HIV Counselling and Testing sessions are conducted on a quarterly basis

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.	Yes		Mr JM Gumede, Director: Employee Health and Wellness
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.	Yes		The dedicated Directorate in the Office of the Premier structure consists of 5 employees. Voted funds are used to fund the programmes
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.	Yes		Health screenings including HIV counselling and testing. Awareness programme Psycho-social counselling on various conditions
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.	Yes		List of Committee members will be provided
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.		No	Covered by the existing policies

Question	Yes	No	Details, if yes
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.	Yes		The HIV, AIDS and STIs Policy applied together with the Wellness Management policy provide the basis dealing with discrimination
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		HIV Counselling and Testing is done by independent qualified personnel in the comfort privacy of employees. A total of 207 employees tested for HIV during 2018/19 financial year.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		No	Programmes are monitored and evaluated as part of the Programme of Government by the Department of Public Service and Administration

## 1.5 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2018 and 31 March 2019

Subject matter	Date
Agreement on the compensation methodology of the redress of discriminatory pension practices	26/10/2018
Agreement on the salary adjustments and improvements on conditions of service in the public service for the period 2018/1019, 2019/1020 and 2020/2021	27/06/2018

### Notes

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

Total number of Collective agreements	None
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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 2018 and 31 March 2019

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	
Verbal warning	0	
Written warning	0	
Final written warning	0	
Suspended without pay	2	100
Fine	0	
Demotion	0	
Dismissal	0	
Not guilty	0	
Case withdrawn	0	
<b>Total</b>	<b>2</b>	<b>100%</b>

## Notes

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

Total number of Disciplinary hearings finalised	None
---	------

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019

Type of misconduct	Number	% of total
nil	nil	nil
nil	nil	nil
<b>Total</b>	<b>Total</b>	<b>Total</b>

Table 3.12.4 Grievances logged for the period 1 April 2018 and 31 March 2019

Grievances	Number	% of Total
Number of grievances resolved	9	56
Number of grievances not resolved	7	44
<b>Total number of grievances lodged</b>	<b>16</b>	

Table 3.12.5 Disputes logged with Councils for the period 1 April 2018 and 31 March 2019

Disputes	Number	% of Total
Number of disputes upheld	1	100
Number of disputes dismissed	0	0
<b>Total number of disputes lodged</b>	<b>1</b>	<b>100</b>

Table 3.12.6 Strike actions for the period 1 April 2018 and 31 March 2019

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

Table 3.12.7 Precautionary suspensions for the period 1 April 2018 and 31 March 2019

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

## 1.6 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 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	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	0.00	0.00	2	3	5
	Male	0.00	0.00	1	3	4
Professionals	Female	0.00	0.00	5	3	8
	Male	0.00	0.00	5	3	8
Technicians and associate professionals	Female	0.00	0.00	3	2	5
	Male	0.00	0.00	3	2	5
Clerks	Female	0.00	0.00	6	5	11
	Male	0.00	0.00	6	5	11
Service and sales workers	Female	0.00	0.00	4	2	6
	Male	0.00	0.00	4	2	6
Skilled agriculture and fishery workers	Female	0.00	0.00	0.00	0.00	0.00
	Male	0.00	0.00	0.00	0.00	0.00
Craft and related trades workers	Female	0.00	0.00	0.00	0.00	0.00
	Male	0.00	0.00	0.00	0.00	0.00
Plant and machine operators and assemblers	Female	0.00	0.00	2	2	4
	Male	0.00	0.00	2	2	4
Elementary occupations	Female	0.00	0.00	1	3	4
	Male	0.00	0.00	1	3	4
Sub Total	Female	0.00	0.00	23	20	43
	Male	0.00	0.00	22	20	42
<b>Total</b>		<b>0.00</b>	<b>0.00</b>	<b>45</b>	<b>40</b>	<b>85</b>



Table 3.13.2 Training provided for the period 1 April 2018 and 31 March 2019

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0.00	0.00	2	3	5
	Male	0.00	0.00	1	2	3
Professionals	Female	0.00	0.00	3	3	6
	Male	0.00	0.00	3	2	5
Technicians and associate professionals	Female	0.00	0.00	1	2	3
	Male	0.00	0.00	1	2	3
Clerks	Female	0.00	0.00	5	4	9
	Male	0.00	0.00	6	3	9
Service and sales workers	Female	0.00	0.00	2	2	4
	Male	0.00	0.00	1	2	3
Skilled agriculture and fishery workers	Female	0.00	0.00	0.00	0.00	0.00
	Male	0.00	0.00	0.00	0.00	0.00
Craft and related trades workers	Female	0.00	0.00	0.00	0.00	0.00
	Male	0.00	0.00	0.00	0.00	0.00
Plant and machine operators and assemblers	Female	0.00	0.00	2	2	4
	Male	0.00	0.00	2	2	4
Elementary occupations	Female	0.00	0.00	1	2	3
	Male	0.00	0.00	1	2	3
Sub Total	Female	0.00	0.00	16	20	36
	Male	0.00	0.00	15	13	28
<b>Total</b>		<b>0.00</b>	<b>0.00</b>	<b>31</b>	<b>33</b>	<b>64</b>

## 1.7 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 2018 and 31 March 2019

Nature of injury on duty	Number	% of total
Required basic medical attention only	22	100
Temporary Total Disablement	0.00	0.00
Permanent Disablement	0.00	0.00
Fatal	0.00	0.00
<b>Total</b>	<b>22</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 2019

## 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

#### Qualified opinion

1. I have audited the financial statements of the Office of the Premier set out on pages 100 to 182, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets 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, except for the effects of the matter described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Office of the Premier as at 31 March 2019, 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 qualified opinion

#### Irregular expenditure

3. The department did not fully record irregular expenditure in the notes to the financial statements, as required by section 40(3)(i) of the PFMA. This was due to expenditure incurred in contravention of the supply chain management legislation not being detected, recorded and appropriately disclosed in the financial statements. Consequently, I was unable to determine the full extent of the irregular expenditure stated at R137,90 million in note 25 to the financial statements as it was impracticable to do so.

#### Context for the opinion

4. 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.
5. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA code), and parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) as well as 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 codes.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

#### Emphasis of matter

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

#### Underspending of the budget

8. As disclosed in the notes to the appropriation statement, the department materially underspent the budget by R58,11 million on programme 2 – institutional development. The majority of underspending relates to R50 million that was treated as an advance payment for the youth development fund.

#### Other matter

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

## Unaudited supplementary schedules

10. The supplementary information set out on pages 183 to 193 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## Responsibilities of the accounting officer for the financial statements

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the 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.
12. 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 appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

13. 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.
14. 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

15. 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 performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. 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.
17. 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 programme 3 – policy and governance presented on pages 38 to 43 of the annual performance report of the department for the year ended 31 March 2019.
18. 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.

19. I did not raise any material findings on the usefulness and reliability of the reported performance information for programme 3 – policy and governance.

### Other matters

20. I draw attention to the matters below.

### Achievement of planned targets

21. The annual performance report on pages 24 to 41 sets out information on the achievement of planned targets for the year and explanations provided for the under and over-achievement of a significant number of targets.

### Adjustment of material misstatements

22. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for programme 3 – policy and governance. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### Report on the audit of compliance with legislation

#### Introduction and scope

23. 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 department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

24. The material findings on compliance with specific matters in key legislation are as follows:

#### Annual financial statements

25. 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 disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatement on irregular expenditure resulted in the financial statements receiving a qualified opinion.

#### Procurement and contract management

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. Similar non-compliance was also reported in the prior year.

27. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids and deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by treasury regulation 16A6.1 and 16A6.4.

28. Some of the quotations and contracts were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order, as required by treasury regulation 16A9.1(d).

29. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(2).

30. Some of the contracts were extended or modified without the approval of a properly delegated official, as required by section 44 of the PFMA and treasury regulation 8.1 and 8.2. Similar non-compliance was also reported in the prior year.

## Expenditure management

31. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. As reported in the basis for qualified opinion, the value as disclosed in note 25 of the financial statements did not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure disclosed in the financial statements was caused by non-compliance with supply chain management legislation.
32. Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.
33. Payments were made before services were received, in contravention of treasury regulation 15.10.1.2(c).

## Consequence management

34. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular and fruitless and wasteful expenditure, as required by section 38(1)(h)(iii) of the PFMA. This was due to investigations into irregular and fruitless and wasteful expenditure which were still in progress at year-end.

## Other information

35. 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.
36. 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.
37. 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.
38. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, 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

39. 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. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.
40. Leadership did not ensure that critical vacancies were filled to enable the consistent implementation of policies and procedures as well as implementation and monitoring of action plans.
41. Management did not adequately review and monitor controls over the compliance with supply chain management legislation. The slow response in addressing non-compliance identified in the prior year resulted in repeat findings and irregular expenditure being reported.

## Other reports

42. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department'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.

## Investigations

43. Ten investigations were conducted by the shared forensic audit unit for provincial departments covering the period March 2012 to March 2019. These investigations related to procurement irregularities and alleged fraud and corruption. One investigation was still in progress as at year-end and nine were finalised during the year. Recommendations from completed investigations are in the process of being implemented.
44. Eight investigations were conducted by the department's integrity management unit covering the period April 2016 to March 2018. These investigations related to procurement irregularities and alleged fraud and corruption. Two investigations were still in progress at year-end and six were finalised during the year. Recommendations from completed investigations are in the process of being implemented.

*Auditor-General*

Pietermaritzburg

31 July 2019



**A U D I T O R - G E N E R A L**  
**S O U T H A F R I C A**

*Auditing to build public confidence*

## ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

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 department'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 department'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 a department 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 2019**

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## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

APPROPRIATION PER PROGRAMME									
2018/19					2017/18				
Programme	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
1. ADMINISTRATION	103 030	-	(8 000)	95 030	93 132	1 898	98.0%	91 998	90 169
2. INSTITUTIONAL DEVELOPMENT	482 819	-	(3 386)	479 433	421 324	58 109	87.9%	358 018	353 124
3. POLICY AND GOVERNANCE	268 443	-	11 386	279 829	274 559	5 270	98.1%	313 455	308 761
<b>Subtotal</b>	<b>854 292</b>	<b>-</b>	<b>-</b>	<b>854 292</b>	<b>789 015</b>	<b>65 277</b>	<b>92.4%</b>	<b>763 471</b>	<b>752 054</b>
<b>TOTAL</b>	<b>854 292</b>	<b>-</b>	<b>-</b>	<b>854 292</b>	<b>789 015</b>	<b>65 277</b>	<b>92.4%</b>	<b>763 471</b>	<b>752 054</b>
2018/19									
2017/18									
<b>TOTAL (brought forward)</b>				<b>Final Appropriation</b>	<b>Actual Expenditure</b>			<b>Final Appropriation</b>	<b>Actual Expenditure</b>
<b>Reconciliation with statement of financial performance</b>									
<b>ADD</b>									
Departmental receipts				2 054				1 160	
NRF Receipts									
Aid assistance				7 876				19 288	
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>864 222</b>				<b>783 919</b>	
<b>ADD</b>									
Aid assistance					8 555				16 554
Prior year unauthorised expenditure approved without funding									
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>797 570</b>				<b>768 608</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

APPROPRIATION PER ECONOMIC CLASSIFICATION									
2018/19					2017/18				
	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>708 520</b>	<b>(50 000)</b>	<b>(1 717)</b>	<b>656 803</b>	<b>653 071</b>	<b>3 732</b>	<b>99.4%</b>	<b>596 541</b>	<b>594 868</b>
<b>Compensation of employees</b>	<b>306 346</b>	-	<b>(14 329)</b>	<b>292 017</b>	<b>290 088</b>	<b>1 929</b>	<b>99.3%</b>	<b>278 583</b>	<b>277 490</b>
Salaries and wages	276 520	-	(17 863)	258 657	257 128	1 529	99.4%	248 048	246 995
Social contributions	29 826	-	3 534	33 360	32 960	400	98.8%	30 535	30 495
<b>Goods and services</b>	<b>402 174</b>	<b>(50 000)</b>	<b>12 612</b>	<b>364 786</b>	<b>362 983</b>	<b>1 803</b>	<b>99.5%</b>	<b>317 958</b>	<b>317 378</b>
Administrative fees	4 012	-	1 911	5 923	5 827	96	98.4%	4 085	4 049
Advertising	51 019	-	(23 612)	27 407	27 174	233	99.1%	29 547	29 547
Minor assets	5 598	-	(3 583)	2 015	1 728	287	85.8%	1 327	1 250
Audit costs: External	4 312	-	107	4 419	4 419		100.0%	4 512	4 512
Bursaries: Employees	972	-	(498)	474	456	18	96.2%	240	240
Catering: Departmental activities	8 556	-	(1 391)	7 165	7 094	71	99.0%	12 317	12 281
Communication	9 412	-	1 346	10 758	10 690	68	99.4%	10 088	10 048
Computer services	37 854	-	(11 836)	26 018	26 007	11	100.0%	31 114	31 112
Consultants: Business and advisory services	30 698	-	(2 388)	28 310	28 254	56	99.8%	14 078	14 078
Infrastructure & planning services		-							
Legal services	709	-	(94)	615	613	2	99.7%	4 525	4 515
Contractors	76 908	-	66 256	143 164	143 115	49	100.0%	106 275	106 245
Agency and support / outsourced services	650	-	(366)	284	284		100.0%	323	323
Fleet services	7 215	-	2 085	9 300	9 299	1	100.0%	8 927	8 927
Inventory: Clothing material and supplies	20	-	(20)	-	-		-	2	-
Consumable supplies	6 601	-	(3 511)	3 090	2 926	164	94.7%	3 838	3 790
Consumable: Stationery, printing and office supplies	9 476	-	(2 604)	6 872	6 717	155	97.7%	5 742	5 639
Operating leases	22 158	-	(9 736)	12 422	12 339	83	99.3%	12 027	12 019
Property payments	9 566	-	7 393	16 959	16 925	34	99.8%	13 578	13 654

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

APPROPRIATION PER ECONOMIC CLASSIFICATION									
2018/19					2017/18				
	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
Transport provided: Departmental activity	10 293	-	(6 174)	4 119	3 999	120	97.1%	6 251	6 251
Travel and subsistence	34 758	-	(5 633)	40 391	40 126	265	99.3%	37 538	37 401
Training and development	54 727	(50 000)	(1 663)	3 064	3 064	-	100.0%	4 072	3 988
Operating payments	7 876	-	(2 064)	5 812	5 765	47	99.2%	517	515
Venues and facilities	8 784	-	(2 579)	6 205	6 162	43	99.3%	7 035	6 994
<b>Transfers and subsidies</b>	<b>118 124</b>	<b>50 000</b>	<b>1 685</b>	<b>169 809</b>	<b>119 462</b>	<b>50 347</b>	<b>70.4%</b>	<b>142 077</b>	<b>141 635</b>
Provinces and municipalities	105	-	70	175	175	-	100.0%	107	80
Provinces	105	-	70	175	175	-	100.0%	107	80
Provincial agencies and funds	105	-	70	175	175	-	100.0%	107	80
Departmental agencies and accounts	<b>94 339</b>	-	-	<b>94 339</b>	<b>94 339</b>	-	<b>100.0%</b>	<b>115 460</b>	<b>115 328</b>
Departmental agencies	94 339	-	-	94 339	94 339	-	100.0%	115 460	115 328
Non-profit institutions	-	50 000	-	50 000	-	50 000	100.0%	-	-
Households	<b>23 680</b>	-	<b>1 615</b>	<b>25 295</b>	<b>24 948</b>	<b>347</b>	<b>98.6%</b>	<b>26 510</b>	<b>26 227</b>
Social benefits	1 774	1 182	277	3 233	3 212	21	99.4%	1 496	1 402
Other transfers to households	21 906	(1 182)	1 338	22 062	21 736	326	98.5%	25 014	24 825
<b>Payments for capital assets</b>	<b>27 423</b>	-	-	<b>27 423</b>	<b>16 225</b>	<b>11 198</b>	<b>59.2%</b>	<b>24 766</b>	<b>15 541</b>
Buildings and other fixed structures	10 415	-	-	10 415	4 414	6 001	42.4%	4 864	1 710
Buildings	10 415	-	-	10 415	4 414	6 001	42.4%	3 104	333
Other fixed structures	-	-	-	-	-	-	-	1 760	1 377
Machinery and equipment	<b>12 189</b>	-	-	<b>12 189</b>	<b>9 121</b>	<b>3 068</b>	<b>74.8%</b>	<b>17 763</b>	<b>11 663</b>
Transport equipment	3 399	-	3 428	6 827	6 736	91	98.7%	9 126	8 781
Other machinery and equipment	8 790	-	(3 428)	5 362	2 385	2 977	44.5%	8 637	2 882
Heritage assets	4 819	-	-	4 819	2 690	2 129	55.8%	2 095	2 091
Intangible assets	-	-	-	-	-	-	-	44	-
<b>Payments for financial assets</b>	<b>225</b>	-	<b>32</b>	<b>257</b>	<b>257</b>	-	<b>100.0%</b>	<b>87</b>	<b>87</b>
<b>TOTAL</b>	<b>854 292</b>	-	-	<b>854 292</b>	<b>789 015</b>	<b>65 277</b>	<b>92.4%</b>	<b>763 471</b>	<b>752 054</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 1: ADMINISTRATION									
2018/19					2017/18				
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>Sub programme</b>									
1. PREMIER SUPPORT	-	2 070	27 971	27 589	382	98.6%	25 307	25 102	
2. EXECUTIVE COUNCIL SUPPORT	-	232	8 596	8 478	118	98.6%	10 108	9 792	
3. DIRECTOR GENERAL	-	2 921	21 019	20 870	149	99.3%	13 730	13 534	
4. FINANCIAL MANAGEMENT	-	(13 223)	37 444	36 195	1 249	96.7%	42 853	41 741	
<b>Total for sub programmes</b>	-	(8 000)	95 030	93 132	1 898	98.0%	91 998	90 169	
<b>Economic classification</b>									
<b>Current payments</b>									
Compensation of employees	100 584	-	92 580	91 466	1 114	98.8%	89 425	88 607	
Salaries and wages	59 135	-	55 131	54 100	1 031	98.1%	52 590	52 167	
Social contributions	53 647	-	49 349	48 532	817	98.3%	47 281	46 871	
Goods and services	5 488	-	5 782	5 568	214	96.3%	5 309	5 296	
Administrative fees	41 449	-	37 449	37 366	83	99.8%	36 835	36 440	
Advertising	632	-	1 151	1 150	1	99.9%	1 048	1 015	
Minor assets	96	-	(93)	3	-	100.0%	30	30	
Audit costs: External	1 237	-	187	161	26	86.1%	199	169	
Catering: Departmental activities	4 222	-	4 419	4 419	-	100.0%	4 512	4 512	
Communication	1 074	-	1 236	1 235	1	99.9%	1 725	1 715	
Computer services	208	-	145	145	-	100.0%	102	98	
Consultants: Business and advisory services	6 059	-	2 792	2 791	1	100.0%	669	669	
Legal services	9 431	-	8 458	8 458	-	100.0%	6 995	6 995	
Contractors	-	-	-	-	-	-	37	37	
Inventory: clothing, material & accessories	2 087	-	2 980	2 979	1	100.0%	9 214	9 201	
Consumable supplies	5	-	(5)	-	-	-	-	-	
Consumable: Stationery, printing and office supplies	650	-	172	165	7	95.9%	340	298	
	2 985	-	1 951	1 912	39	98.0%	1 431	1 378	

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 1: ADMINISTRATION									
2018/19					2017/18				
	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
Operating leases	1 324	-	(183)	1 141	1 140	1	99.9%	1 027	1 019
Property payments	977	-	(323)	654	654	-	100.0%	206	206
Transport provided: Departmental activity	170	-	(110)	60	60	-	100.0%	-	-
Travel and subsistence	8 271	-	2 186	10 457	10 451	6	99.9%	9 015	8 938
Training and development	81	-	(64)	17	17	-	100.0%	84	-
Operating payments	1 730	-	(257)	1 473	1 473	-	100.0%	-	-
Venues and facilities	210	-	(57)	153	153	-	100.0%	201	160
<b>Transfers and subsidies</b>	<b>1 182</b>	-	-	<b>1 182</b>	<b>1 180</b>	<b>2</b>	<b>99.8%</b>	<b>1 119</b>	<b>1 024</b>
Households	1 182	-	-	1 182	1 180	2	99.8%	1 119	1 024
Social benefits	-	1 182	-	1 182	1 180	2	99.8%	1 117	1 024
Other transfers to households	1 182	(1 182)	-	-	-	-	-	2	-
<b>Payments for capital assets</b>	<b>1 264</b>	-	-	<b>1 264</b>	<b>482</b>	<b>782</b>	<b>38.1%</b>	<b>1 454</b>	<b>538</b>
Machinery and equipment	1 264	-	-	1 264	482	782	38.1%	1 454	538
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 264	-	-	1 264	482	782	38.1%	1 454	538
<b>Payments for financial assets</b>	-	-	<b>4</b>	<b>4</b>	<b>4</b>	-	<b>100.0%</b>	-	-
<b>TOTAL</b>	<b>103 030</b>	-	<b>(8 000)</b>	<b>95 030</b>	<b>93 132</b>	<b>1 898</b>	<b>98.0%</b>	<b>91 998</b>	<b>90 169</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 1.1: PREMIER SUPPORT									
2018/19					2017/18				
	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>25 550</b>	-	<b>2 058</b>	<b>27 608</b>	<b>27 479</b>	<b>129</b>	<b>99.5%</b>	<b>24 972</b>	<b>24 972</b>
Compensation of employees	18 639	-	(92)	18 547	18 457	90	99.5%	16 819	16 819
Salaries and wages	17 537	-	(392)	17 145	17 055	90	99.5%	15 489	15 489
Social contributions	1 102	-	300	1 402	1 402	-	100.0%	1 330	1 330
Goods and services	6 911	-	2 150	9 061	9 022	39	99.6%	8 153	8 153
Administrative fees	434	-	342	776	776	-	100.0%	683	683
Minor assets	40	-	-	40	36	4	90.0%	60	60
Catering: Departmental activities	600	-	(111)	489	489	-	100.0%	399	399
Communication	162	-	(23)	139	139	-	100.0%	93	93
Computer services	35	-	(35)	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	-	500	500
Contractors	460	-	(173)	287	287	-	100.0%	117	117
Fleet services	-	-	-	-	-	-	-	-	-
Consumable supplies	262	-	(193)	69	69	-	100.0%	114	114
Consumable: Stationery, printing and office supplies	650	-	(332)	318	283	35	89.0%	437	437
Operating leases	240	-	42	282	282	-	100.0%	201	201
Property payments	727	-	(318)	409	409	-	100.0%	206	206
Transport provided: Departmental activity	170	-	(110)	60	60	-	100.0%	-	-
Travel and subsistence	2 800	-	3 244	6 044	6 044	-	100.0%	5 343	5 343
Training and development	81	-	(64)	17	17	-	100.0%	-	-
Operating payments	150	-	(19)	131	131	-	100.0%	-	-
Venues and facilities	100	-	(100)	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	<b>12</b>	<b>12</b>	<b>12</b>	-	<b>100.0%</b>	<b>2</b>	<b>2</b>
Households	-	-	<b>12</b>	<b>12</b>	<b>12</b>	-	<b>100.0%</b>	<b>2</b>	<b>2</b>
Social benefits	-	-	12	12	12	-	100.0%	-	-

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 1.1: PREMIER SUPPORT									
2018/19					2017/18				
	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>									
Other transfers to households	-	-	-	-	-	-	-	-	2
<b>Payments for capital assets</b>	351	-	-	351	98	253	27.9%	333	130
Machinery and equipment	351	-	-	351	98	253	27.9%	333	130
Transport equipment									
Other machinery and equipment	351	-	-	351	98	253	27.9%	333	130
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>25 901</b>	<b>-</b>	<b>2 070</b>	<b>27 971</b>	<b>27 589</b>	<b>382</b>	<b>98.6%</b>	<b>25 307</b>	<b>25 102</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 1.2: EXECUTIVE COUNCIL									
2018/19					2017/18				
	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>8 253</b>	-	<b>232</b>	<b>8 485</b>	<b>8 478</b>	<b>7</b>	<b>99.9%</b>	<b>10 003</b>	<b>9 751</b>
Compensation of employees	6 783	-	92	6 875	6 875	-	100.0%	7 795	7 765
Salaries and wages	5 800	-	288	6 088	6 088	-	100.0%	6 924	6 894
Social contributions	983	-	(196)	787	787	-	100.0%	871	871
<b>Goods and services</b>	<b>1 470</b>	-	<b>140</b>	<b>1 610</b>	<b>1 603</b>	<b>7</b>	<b>99.6%</b>	<b>2 208</b>	<b>1 986</b>
Administrative fees	9	-	14	23	23	-	100.0%	27	14
Minor assets	50	-	(43)	7	-	7	-	29	6
Catering: Departmental activities	200	-	385	585	585	-	100.0%	842	842
Communication	6	-	(2)	4	4	-	100.0%	8	4
Contractors	80	-	(34)	46	46	-	100.0%	144	131
Consumable supplies	65	-	(46)	19	19	-	100.0%	87	59
Consumable: Stationery, printing and office supplies	155	-	(18)	137	137	-	100.0%	300	264
Operating leases	300	-	(34)	266	266	-	100.0%	249	249
Travel and subsistence	405	-	(103)	302	302	-	100.0%	322	258
Operating payments	100	-	(32)	68	68	-	100.0%	-	-
Venues and facilities	100	-	53	153	153	-	100.0%	200	159
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>111</b>	-	-	<b>111</b>	-	<b>111</b>	-	<b>105</b>	<b>41</b>
Machinery and equipment	111	-	-	111	-	111	-	105	41
Other machinery and equipment	111	-	-	111	-	111	-	105	41
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>8 364</b>	-	<b>232</b>	<b>8 596</b>	<b>8 478</b>	<b>118</b>	<b>98.6%</b>	<b>10 108</b>	<b>9 792</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 1.3: DIRECTOR GENERAL									
2018/19					2017/18				
	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>17 822</b>	-	<b>2 921</b>	<b>20 743</b>	<b>20 633</b>	<b>110</b>	<b>99.5%</b>	<b>13 408</b>	<b>13 239</b>
<b>Current payments</b>	<b>11 299</b>	-	<b>(3000)</b>	<b>8 299</b>	<b>8 200</b>	<b>99</b>	<b>98.8%</b>	<b>8 305</b>	<b>8 305</b>
Compensation of employees	10 637	-	(3 047)	7 590	7 519	71	99.1%	7 568	7 568
Salaries and wages	662	-	47	709	681	28	96.1%	737	737
Social contributions	<b>6 523</b>	-	<b>5 921</b>	<b>12 444</b>	<b>12 433</b>	<b>11</b>	<b>99.9%</b>	<b>5 103</b>	<b>4 934</b>
Goods and services	79	-	259	338	338	-	100.0%	198	178
Administrative fees	222	-	(101)	121	110	11	90.9%	41	34
Minor assets	150	-	-	150	150	-	100.0%	152	142
Catering: Departmental activities	90	-	2 148	2 238	2 238	-	100.0%	452	452
Consultants: Business and advisory services	-	-	2 082	2 082	2 082	-	100.0%	-	-
Computer services	1 400	-	1 183	2 583	2 583	-	100.0%	1 510	1 510
Contractors	120	-	(86)	34	34	-	100.0%	67	53
Consumable supplies	330	-	(200)	130	130	-	100.0%	175	158
Consumable: Stationery, printing and office supplies	120	-	150	270	270	-	100.0%	238	230
Operating leases	3 297	-	664	3 961	3 961	-	100.0%	2 189	2 176
Property Payments	-	-	-	-	-	-	-	-	-
Travel and subsistence	-	-	-	-	-	-	-	80	-
Training and development	705	-	(168)	537	537	-	100.0%	-	-
Operating Payments	10	-	(10)	-	-	-	-	1	1
Venues and facilities	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>276</b>	-	<b>-</b>	<b>276</b>	<b>237</b>	<b>39</b>	<b>85.9%</b>	<b>322</b>	<b>295</b>
Households	276	-	-	276	237	39	85.9%	322	295
Social benefits	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>276</b>	-	<b>-</b>	<b>276</b>	<b>237</b>	<b>39</b>	<b>85.9%</b>	<b>322</b>	<b>295</b>
Machinery and equipment	276	-	-	276	237	39	85.9%	322	295
Other machinery and equipment	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	-	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>18 098</b>	-	<b>2 921</b>	<b>21 019</b>	<b>20 870</b>	<b>149</b>	<b>99.3%</b>	<b>13 730</b>	<b>13 534</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 1.4: FINANCIAL MANAGEMENT									
2018/19									
2017/18									
	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>48 959</b>	-	<b>(13 215)</b>	<b>35 744</b>	<b>34 876</b>	<b>868</b>	<b>97.6%</b>	<b>41 042</b>	<b>40 645</b>
<b>Compensation of employees</b>	<b>22 414</b>	-	<b>(1 004)</b>	<b>21 410</b>	<b>20 568</b>	<b>842</b>	<b>96.1%</b>	<b>19 671</b>	<b>19 278</b>
Salaries and wages	19 673	-	(1 147)	18 526	17 870	656	96.5%	17 300	16 920
Social contributions	2 741	-	143	2 884	2 698	186	93.6%	2 371	2 358
<b>Goods and services</b>	<b>26 545</b>	-	<b>(12 211)</b>	<b>14 334</b>	<b>14 308</b>	<b>26</b>	<b>99.8%</b>	<b>21 371</b>	<b>21 367</b>
Administrative fees	110	-	(96)	14	13	1	92.9%	140	140
Advertising	96	-	(93)	3	3	-	100.0%	30	30
Minor assets	925	-	(906)	19	15	4	78.9%	69	69
Audit costs: External	4 222	-	197	4 419	4 419	-	100.0%	4 512	4 512
Catering: Departmental activities	124	-	(112)	12	11	1	91.7%	332	332
Communication	40	-	(38)	2	2	-	100.0%	1	1
Computer services	6 024	-	(5 314)	710	709	1	99.9%	669	669
Consultants: Business and advisory services	9 341	-	(3 121)	6 220	6 220	-	100.0%	6 043	6 043
Legal services	-	-	-	-	-	-	-	37	37
Contractors	147	-	(83)	64	63	1	98.4%	7 443	7 443
Inventory: clothing & material supplies	5	-	(5)	-	-	-	-	-	-
Consumable supplies	203	-	(153)	50	43	7	86.0%	72	72
Consumable: Stationery, printing and office supplies	1 850	-	(484)	1 366	1 362	4	99.7%	519	519
Operating leases	664	-	(341)	323	322	1	99.7%	339	339
Property payments	250	-	(5)	245	245	-	100.0%	-	-
Travel and subsistence	1 769	-	(1 619)	150	144	6	96.0%	1 161	1 161
Training and development	-	-	-	-	-	-	-	4	-
Operating payments	775	-	(38)	737	737	-	100.0%	-	-
Venues & facilities	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>1 182</b>	-	<b>(12)</b>	<b>1 170</b>	<b>1 168</b>	<b>2</b>	<b>99.8%</b>	<b>1 117</b>	<b>1 024</b>
Households	1 182	-	(12)	1 170	1 168	2	99.8%	1 117	1 024

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 1.4: FINANCIAL MANAGEMENT									
2018/19					2017/18				
	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>									
Social benefits	-	1 182	(12)	1 170	1 168	2	99.8%	1 117	1 024
Other transfers to households	1 182	(1 182)	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	526	-	-	526	147	379	27.9%	694	72
Machinery and equipment	526	-	-	526	147	379	27.9%	694	72
Transport equipment									
Other machinery and equipment	526	-	-	526	147	379	27.9%	694	72
<b>Payments for financial assets</b>	-	-	4	4	4	-	100.0%	-	-
<b>TOTAL</b>	<b>50 667</b>	<b>-</b>	<b>(13 223)</b>	<b>37 444</b>	<b>36 195</b>	<b>1 249</b>	<b>96.7%</b>	<b>42 853</b>	<b>41 741</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2: INSTITUTIONAL DEVELOPMENT									
2018/19					2017/18				
	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	86 893	-	(13 827)	73 066	72 188	878	98.8%	85 567	84 474
2. INFORMATION COM. TECHNOLOGY	82 249	-	(7 190)	75 059	69 283	5 776	92.3%	76 114	72 623
3. LEGAL SERVICES	14 919	-	(1 130)	13 789	13 568	221	98.4%	15 219	15 166
4. COMMUNICATION SERVICES	60 868	-	(4 599)	56 269	56 127	142	99.7%	57 074	57 062
5. SPECIAL PROGRAMMES	131 931	-	17 409	149 340	98 465	50 875	65.9%	38 523	38 436
6. INTERGOVERNMENTAL RELATIONS	58 196	-	6 584	64 780	64 760	20	100.0%	17 749	17 638
7. GAMING AND BETTING	47 763	-	(633)	47 130	46 933	197	99.6%	67 772	67 725
<b>Total for sub programmes</b>	<b>482 819</b>	<b>-</b>	<b>(3 386)</b>	<b>479 433</b>	<b>421 324</b>	<b>58 109</b>	<b>87.9%</b>	<b>358 018</b>	<b>353 124</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>404 592</b>	<b>(50 000)</b>	<b>(7 969)</b>	<b>346 623</b>	<b>345 324</b>	<b>1 299</b>	<b>99.6%</b>	<b>284 221</b>	<b>284 222</b>
<b>Compensation of employees</b>	<b>150 136</b>	<b>-</b>	<b>(7 161)</b>	<b>142 975</b>	<b>142 713</b>	<b>262</b>	<b>99.8%</b>	<b>129 299</b>	<b>129 297</b>
Salaries and wages	133 153	-	(8 260)	124 893	124 799	94	99.9%	113 501	113 501
Social contributions	16 983	-	1 099	18 082	17 914	168	99.1%	15 798	15 796
<b>Goods and services</b>	<b>254 456</b>	<b>(50 000)</b>	<b>(808)</b>	<b>203 648</b>	<b>202 611</b>	<b>1 037</b>	<b>99.5%</b>	<b>154 922</b>	<b>154 925</b>
Administrative fees	1 526	-	1 951	3 477	3 431	46	98.7%	996	993
Advertising	48 647	-	(21 551)	27 096	26 963	133	99.5%	28 810	28 810
Minor assets	1 945	-	(725)	1 220	1 086	134	89.0%	359	349
Bursaries: Employees	772	-	(298)	474	456	18	96.2%	240	240
Catering: Departmental activities	2 165	-	(246)	1 919	1 896	23	98.8%	2 402	2 396
Communication	8 099	-	2 311	10 410	10 392	18	99.8%	9 795	9 776
Computer services	15 516	-	(4 480)	11 036	11 026	10	99.9%	18 371	18 369
Consultants: Business and advisory services	8 115	-	377	8 492	8 437	55	99.4%	319	319
Legal services	689	-	(74)	615	613	2	99.7%	4 488	4 478
Contractors	49 589	-	19 889	69 478	69 447	31	100.0%	35 323	35 307
Agency and support / outsourced services	600	-	(316)	284	284	-	100.0%	323	323

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2: INSTITUTIONAL DEVELOPMENT									
2018/19					2017/18				
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
Fleet services	-	1 299	7 714	7 713	1	100.0%	7 985	7 985	7 985
Inventory: Clothing material and supplies	-	(15)	-	-	-	-	-	2	-
Consumable supplies	-	172	1 611	1 514	97	94.0%	973	973	971
Consumable: Stationery, printing and office supplies	-	90	3 103	3 005	98	96.8%	2 951	2 951	2 951
Operating leases	-	(8 901)	10 543	10 461	82	99.2%	9 997	9 997	9 997
Property payments	-	7 128	15 357	15 357	-	100.0%	13 213	13 213	13 289
Transport provided: Departmental activity	-	(2 318)	2 082	2 082	-	100.0%	2 007	2 007	2 007
Travel and subsistence	-	3 277	16 620	16 379	241	98.5%	11 213	11 213	11 212
Training and development	(50 000)	(754)	3 047	3 047	-	100.0%	3 956	3 956	3 956
Operating payments	-	(1 127)	3 873	3 826	47	98.8%	67	67	65
Venues and facilities	-	3 503	5 197	5 196	1	100.0%	1 132	1 132	1 132
<b>Transfers and subsidies</b>	<b>50 000</b>	<b>1 559</b>	<b>115 408</b>	<b>65 081</b>	<b>50 327</b>	<b>56.4%</b>	<b>63 364</b>	<b>63 364</b>	<b>63 337</b>
<b>Provinces and municipalities</b>	-	<b>70</b>	<b>164</b>	<b>164</b>	-	<b>100.0%</b>	<b>107</b>	<b>107</b>	<b>80</b>
Provinces	-	70	164	164	-	100.0%	107	107	80
Provincial agencies and funds	-	70	164	164	-	100.0%	107	107	80
<b>Departmental agencies and accounts</b>	-	-	<b>42 310</b>	<b>42 310</b>	-	<b>100.0%</b>	<b>63 196</b>	<b>63 196</b>	<b>63 196</b>
Departmental agencies	-	-	42 310	42 310	-	100.0%	63 196	63 196	63 196
Non-profit institutions	50 000	-	50 000	-	50 000	-	-	-	-
<b>Households</b>	-	<b>1 489</b>	<b>22 934</b>	<b>22 607</b>	<b>327</b>	<b>98.6%</b>	<b>61</b>	<b>61</b>	<b>61</b>
Social benefits	-	151	872	871	1	99.9%	54	54	54
Other transfers to households	-	1 338	22 062	21 736	326	98.5%	7	7	7
<b>Payments for capital assets</b>	-	<b>3 000</b>	<b>17 183</b>	<b>10 700</b>	<b>6 483</b>	<b>62.3%</b>	<b>10 432</b>	<b>10 432</b>	<b>5 564</b>
Buildings and other fixed structures	-	-	8 433	2 854	5 579	33.8%	3 104	3 104	333
Buildings	-	-	8 433	2 854	5 579	33.8%	3 104	3 104	333
Other fixed structures	-	-	-	-	-	-	-	-	-

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2: INSTITUTIONAL DEVELOPMENT									
2018/19					2017/18				
	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
Machinery and equipment	5 750	-	3 000	8 750	7 846	904	89.7%	7 284	5 231
Transport equipment	3 199	-	3 565	6 764	6 736	28	99.6%	4 659	4 564
Other machinery and equipment	2 551	-	(565)	1 986	1 110	876	55.9%	2 625	667
Software & Other Intangible Assets	-	-	-	-	-	-	-	44	-
<b>Payments for financial assets</b>	<b>195</b>	<b>-</b>	<b>24</b>	<b>219</b>	<b>219</b>	<b>-</b>	<b>100.0%</b>	<b>1</b>	<b>1</b>
<b>Total</b>	<b>482 819</b>	<b>-</b>	<b>(3 386)</b>	<b>479 433</b>	<b>421 324</b>	<b>58 109</b>	<b>87.9%</b>	<b>358 018</b>	<b>353 124</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.1: STRATEGIC HUMAN RESOURCES									
2018/19					2017/18				
	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>85 327</b>	-	<b>(13 817)</b>	<b>71 510</b>	<b>71 084</b>	<b>426</b>	<b>99.4%</b>	<b>84 136</b>	<b>84 135</b>
<b>Compensation of employees</b>	<b>68 079</b>	-	<b>(11 057)</b>	<b>57 022</b>	<b>57 021</b>	<b>1</b>	<b>100.0%</b>	<b>63 475</b>	<b>63 474</b>
Salaries and wages	61 769	-	(12 305)	49 464	49 464	-	100.0%	55 615	55 615
Social contributions	6 310	-	1 248	7 558	7 557	1	100.0%	7 860	7 859
<b>Goods and services</b>	<b>17 248</b>	-	<b>(2 760)</b>	<b>14 488</b>	<b>14 063</b>	<b>425</b>	<b>97.1%</b>	<b>20 661</b>	<b>20 661</b>
Administrative fees	209	-	56	265	254	11	95.8%	243	243
Advertising	440	-	99	539	538	1	99.8%	1 239	1 239
Minor assets	740	-	(348)	392	301	91	76.8%	138	138
Bursaries: Employees	750	-	(276)	474	456	18	96.2%	240	240
Catering: Departmental activities	355	-	6	361	361	-	100.0%	563	563
Communication	350	-	107	457	457	-	100.0%	585	585
Computer services	572	-	70	642	635	7	98.9%	758	758
Consultants: Business and advisory services	40	-	(36)	4	4	-	100.0%	8	8
Legal services	-	-	-	-	-	-	-	14	14
Contractors	2 373	-	(1 161)	1 212	1 212	-	100.0%	2 930	2 930
Agency and support / outsourced services	370	-	(87)	283	283	-	100.0%	323	323
Fleet services	-	-	-	-	(1)	1	-	1	1
Consumable supplies	160	-	(12)	148	85	63	57.4%	96	96
Consumable: Stationery, printing and office supplies	953	-	(373)	580	513	67	88.4%	1 218	1 218
Operating leases	1 124	-	87	1 211	1 149	62	94.9%	1 177	1 177
Property payments	-	-	-	-	-	-	-	4 281	4 281
Travel and subsistence	3 091	-	106	3 197	3 094	103	96.8%	2 685	2 685
Training and development	3 594	-	(701)	2 893	2 893	-	100.0%	3 943	3 943
Operating payments	1 975	-	(225)	1 750	1 750	-	100.0%	17	17
Venues and facilities	152	-	(72)	80	79	1	98.8%	202	202
<b>Transfers and subsidies</b>	<b>514</b>	-	<b>49</b>	<b>563</b>	<b>562</b>	<b>1</b>	<b>99.8%</b>	<b>8</b>	<b>8</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.1: STRATEGIC HUMAN RESOURCES									
2018/19					2017/18				
	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>									
Households	514	-	49	563	562	1	99.8%	8	8
Social benefits	514	-	49	563	562	1	99.8%	8	8
<b>Payments for capital assets</b>	<b>1 052</b>	-	<b>(59)</b>	<b>993</b>	<b>542</b>	<b>451</b>	<b>54.6%</b>	<b>1 422</b>	<b>330</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 052	-	(59)	993	542	541	54.6%	1 422	330
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 052	-	(59)	993	542	541	54.6%	1 422	330
<b>Payments for financial assets</b>									
<b>Total</b>	<b>86 893</b>	-	<b>(13 827)</b>	<b>73 066</b>	<b>72 188</b>	<b>878</b>	<b>98.8%</b>	<b>85 567</b>	<b>84 474</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.2: INFORMATION COM. TECHNOLOGY									
2018/19					2017/18				
	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>69 929</b>	-	<b>(6 560)</b>	<b>63 369</b>	<b>63 350</b>	<b>19</b>	<b>100.0%</b>	<b>67 417</b>	<b>67 483</b>
<b>Compensation of employees</b>	<b>15 533</b>	-	<b>(520)</b>	<b>15 013</b>	<b>15 007</b>	<b>6</b>	<b>100.0%</b>	<b>14 305</b>	<b>14 305</b>
Salaries and wages	13 833	-	(1 133)	12 700	12 694	6	100.0%	12 144	12 144
Social contributions	1 700	-	613	2 313	2 313	-	100.0%	2 161	2 161
<b>Goods and services</b>	<b>54 396</b>	-	<b>(6 040)</b>	<b>48 356</b>	<b>48 343</b>	<b>13</b>	<b>100.0%</b>	<b>53 112</b>	<b>53 178</b>
Administrative fees	14	-	9	23	23	-	100.0%	18	17
Minor assets	285	-	(258)	27	27	-	100.0%	173	173
Catering: Departmental activities	40	-	(11)	29	29	-	100.0%	507	501
Communication	7 698	-	2 204	9 902	9 902	-	100.0%	9 154	9 154
Computer services	14 411	-	(4 190)	10 221	10 221	-	100.0%	17 459	17 457
Consultants: Business and advisory services	200	-	(200)	-	-	-	-	-	-
Contractors	1 501	-	(1 283)	218	205	13	94.0%	176	176
Fleet services	6 255	-	1 459	7 714	7 714	-	100.0%	7 984	7 984
Inventory: Clothing material and supplies	15	-	(15)	-	-	-	-	2	-
Consumable supplies	70	-	(42)	28	28	-	100.0%	57	57
Consumable: Stationery, printing and office supplies	240	-	(76)	164	164	-	100.0%	136	136
Operating leases	17 487	-	(8 825)	8 662	8 662	-	100.0%	8 312	8 312
Property payments	5 020	-	5 329	10 349	10 349	-	100.0%	8 904	8 981
Travel and subsistence	435	-	(135)	300	300	-	100.0%	212	212
Operating payments	725	-	(6)	719	719	-	100.0%	18	18
<b>Transfers and subsidies</b>	<b>138</b>	-	<b>70</b>	<b>208</b>	<b>208</b>	-	<b>100.0%</b>	<b>114</b>	<b>87</b>
Provinces and municipalities	94	-	70	164	164	-	100.0%	107	80
Provincial agencies and funds	94	-	70	164	164	-	100.0%	107	80
Households	44	-	-	44	44	-	100.0%	7	7
Social benefits	44	-	-	44	44	-	100.0%	-	-

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.2: INFORMATION COM. TECHNOLOGY									
2018/19					2017/18				
	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>									
Other transfers to households	-	-	-	-	-	-	-	-	7
<b>Payments for capital assets</b>	<b>12 182</b>	-	<b>(700)</b>	<b>11 482</b>	<b>5 725</b>	<b>5 757</b>	<b>49.9%</b>	<b>8 583</b>	<b>5 053</b>
Buildings and other fixed structures	8 433	-	-	8 433	2 854	5 579	33.8%	3 104	333
Buildings	8 433	-	-	8 433	2 854	5 579	33.8%	3 104	333
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	<b>3 749</b>	-	<b>(700)</b>	<b>3 049</b>	<b>2 871</b>	<b>178</b>	<b>94.2%</b>	<b>5 479</b>	<b>4 720</b>
Transport equipment	3 199	-	(300)	2 899	2 871	28	99.0%	4 659	4 564
Other machinery and equipment	550	-	(400)	150	-	150	-	820	156
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>82 249</b>	-	<b>(7 190)</b>	<b>75 059</b>	<b>69 283</b>	<b>5 776</b>	<b>92.3%</b>	<b>76 114</b>	<b>72 623</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.3: LEGAL SERVICES									
2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>14 864</b>	-	<b>(1 125)</b>	<b>13 739</b>	<b>13 568</b>	<b>171</b>	<b>98.8%</b>	<b>15 161</b>	<b>15 159</b>
<b>Compensation of employees</b>	<b>13 137</b>	-	<b>(1 125)</b>	<b>12 012</b>	<b>12 009</b>	<b>3</b>	<b>100.0%</b>	<b>10 065</b>	<b>10 064</b>
<b>Salaries and wages</b>	<b>11 843</b>	-	<b>(1 202)</b>	<b>10 641</b>	<b>10 638</b>	<b>3</b>	<b>100.0%</b>	<b>8 905</b>	<b>8 905</b>
Social contributions	1 294	-	77	1 371	1 371	-	100.0%	1 160	1 159
<b>Goods and services</b>	<b>1 727</b>	-	-	<b>1 727</b>	<b>1 559</b>	<b>168</b>	<b>90.3%</b>	<b>5 096</b>	<b>5 095</b>
Administrative fees	7	-	-	7	2	5	28.6%	3	3
Minor assets	33	-	-	33	-	33	-	13	13
Catering: Departmental activities	10	-	-	10	-	10	-	12	12
Computer services	3	-	-	3	-	3	-	-	-
Legal services	684	-	(69)	615	613	2	99.7%	4 464	4 464
Contractors	40	-	(40)	-	-	-	-	-	-
Consumable supplies	14	-	-	14	6	8	42.9%	8	8
Consumable: Stationery, printing and office supplies	272	-	109	381	381	-	100.0%	372	372
Operating leases	130	-	-	130	127	3	97.7%	133	133
Travel and subsistence	134	-	-	134	77	57	57.5%	91	90
Operating payments	400	-	-	400	353	47	88.3%	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	<b>100.0%</b>	<b>7</b>	<b>7</b>
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	<b>100.0%</b>	<b>7</b>	<b>7</b>
Social benefits	-	-	-	-	-	-	100.0%	7	7
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>55</b>	-	<b>(5)</b>	<b>50</b>	-	<b>50</b>	-	<b>51</b>	-
Machinery and equipment	55	-	(5)	50	-	50	-	51	-
Other machinery and equipment	55	-	(5)	50	-	50	-	51	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>14 919</b>	-	<b>(1 130)</b>	<b>13 789</b>	<b>13 568</b>	<b>221</b>	<b>98.4%</b>	<b>15 219</b>	<b>15 166</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.4: COMMUNICATION SERVICES									
2018/19					2017/18				
	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>60 483</b>	-	<b>(4 605)</b>	<b>55 878</b>	<b>55 736</b>	<b>142</b>	<b>99.7%</b>	<b>56 942</b>	<b>56 930</b>
<b>Compensation of employees</b>	<b>11 060</b>	-	<b>(471)</b>	<b>10 589</b>	<b>10 585</b>	<b>4</b>	<b>100.0%</b>	<b>8 698</b>	<b>8 698</b>
Salaries and wages	10 039	-	(594)	9 445	9 441	4	100.0%	7 880	7 880
Social contributions	1 021	-	123	1 144	1 144	-	100.0%	818	818
<b>Goods and services</b>	<b>49 423</b>	-	<b>(4 134)</b>	<b>45 289</b>	<b>45 151</b>	<b>138</b>	<b>99.7%</b>	<b>48 244</b>	<b>48 232</b>
Administrative fees	50	-	121	171	171	-	100.0%	129	129
Advertising	45 557	-	(19 060)	26 497	26 371	126	99.5%	26 500	26 500
Minor assets	415	-	(405)	10	10	-	100.0%	9	9
Catering: Departmental activities	250	-	(89)	161	161	-	100.0%	9	9
Communication	35	-	-	35	23	12	65.7%	39	27
Contractors	100	-	14 550	14 650	14 650	-	100.0%	19 437	19 437
Consumable supplies	100	-	(93)	7	7	-	100.0%	24	24
Consumable: Stationery, printing and office supplies	345	-	868	1 213	1 213	-	100.0%	808	808
Operating leases	130	-	(66)	64	64	-	100.0%	61	61
Property payments	10	-	(10)	-	-	-	-	-	-
Travel and subsistence	1 881	-	(400)	1 481	1 481	-	100.0%	1 150	1 150
Training and development	50	-	104	154	154	-	100.0%	-	-
Operating payments	400	-	(12)	388	388	-	100.0%	-	-
Venues and facilities	100	-	358	458	458	-	100.0%	78	78
<b>Transfers and subsidies</b>	<b>53</b>	-	-	<b>53</b>	<b>53</b>	<b>53</b>	<b>100.0%</b>	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Households	53	-	-	53	53	-	100.0%	-	-
Social benefits	53	-	-	53	53	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>222</b>	-	<b>5</b>	<b>227</b>	<b>227</b>	-	<b>100.0%</b>	<b>132</b>	<b>132</b>
Machinery and equipment	222	-	5	227	227	-	100.0%	132	132
Transport equipment	-	-	-	-	-	-	-	-	-

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.4: COMMUNICATION SERVICES									
2018/19					2017/18				
	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>									
Other machinery and equipment	222	-	5	227	227	-	100.0%	132	132
<b>Payments for financial assets</b>	110	-	1	111	111	-	100.0%	-	-
<b>Total</b>	60 868	-	(4 599)	56 269	56 127	142	99.7%	57 074	57 062

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.5: SPECIAL PROGRAMMES									
2018/19					2017/18				
	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
<b>Economic classification</b>	<b>110 655</b>	<b>(50 000)</b>	<b>12 246</b>	<b>72 901</b>	<b>72 577</b>	<b>324</b>	<b>99.6%</b>	<b>38 350</b>	<b>38 348</b>
<b>Current payments</b>	<b>25 573</b>	-	<b>5 720</b>	<b>31 293</b>	<b>31 073</b>	<b>220</b>	<b>99.3%</b>	<b>16 228</b>	<b>16 228</b>
Salaries and wages	20 899	-	6 638	27 537	27 456	81	99.7%	14 102	14 102
Social contributions	4 674	-	(918)	3 756	3 617	139	96.3%	2 126	2 126
<b>Goods and services</b>	<b>85 082</b>	<b>(50 000)</b>	<b>6 526</b>	<b>41 608</b>	<b>41 504</b>	<b>104</b>	<b>99.8%</b>	<b>22 122</b>	<b>22 120</b>
Administrative fees	1 111	-	1 625	2 736	2 713	23	99.2%	496	494
Advertising	2 400	-	(2 384)	16	16	-	100.0%	994	994
Minor assets	162	-	(122)	40	40	-	100.0%	10	10
Bursaries: Employees	22	-	(22)	-	-	-	-	-	-
Catering: Departmental activities	1 460	-	(741)	719	706	13	98.2%	1 036	1 036
Computer services	530	-	(360)	170	170	-	100.0%	154	154
Consultants: Business and advisory services	7 720	-	(7 193)	527	527	-	100.0%	126	126
Legal services	5	-	(5)	-	-	-	-	-	-
Contractors	3 449	-	13 720	17 169	17 169	-	100.0%	10 813	10 813
Agency and support / outsourced services	230	-	(229)	1	1	-	100.0%	-	-
Fleet services	160	-	(160)	-	-	-	-	-	-
Consumable supplies	1 050	-	333	1 383	1 373	10	99.3%	771	771
Consumable: Stationery, printing and office supplies	798	-	(411)	387	356	31	92.0%	92	92
Operating leases	394	-	(78)	316	316	-	100.0%	163	163
Property payments	3 199	-	1 809	5 008	5 008	-	100.0%	-	-
Transport provided: Departmental activity	4 400	-	(2 897)	1 503	1 503	-	100.0%	2 007	2 007
Travel and subsistence	5 313	-	3 275	8 588	8 561	27	99.7%	4 651	4 651
Training and development	50 157	(50 000)	(157)	-	-	-	-	13	13
Operating payments	1 230	-	(859)	371	371	-	100.0%	-	-

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.5: SPECIAL PROGRAMMES									
2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>		<b>%</b>	<b>R'000</b>	<b>R'000</b>
Venues and facilities	1 292	-	1 382	2 674	2 674	-	100.0%	796	796
<b>Transfers and subsidies</b>	<b>20 724</b>	<b>50 000</b>	<b>1 440</b>	<b>72 164</b>	<b>21 838</b>	<b>50 326</b>	<b>30.3%</b>	<b>39</b>	<b>39</b>
Non-profit institutions	-	50 000	-	50 000	-	50 000	-	-	-
Households	<b>20 724</b>	-	<b>1 440</b>	<b>22 164</b>	<b>21 838</b>	<b>326</b>	<b>98.5%</b>	<b>39</b>	<b>39</b>
Social benefits	-	-	102	102	102	-	100.0%	39	39
Other transfers to households	20 724	-	1 338	22 062	21 736	326	98.5%	-	-
<b>Payments for capital assets</b>	<b>527</b>	-	<b>3 700</b>	<b>4 227</b>	<b>4 002</b>	<b>225</b>	<b>94.7%</b>	<b>134</b>	<b>49</b>
Machinery and equipment	<b>527</b>	-	<b>3 700</b>	<b>4 227</b>	<b>4 002</b>	<b>225</b>	<b>94.7%</b>	<b>90</b>	<b>49</b>
Transport equipment	-	-	3 865	3 865	3 865	-	100.0%	-	-
Other machinery and equipment	527	-	(165)	362	137	225	37.8%	90	49
Software & Other Intangible assets	-	-	-	-	-	-	-	44	-
<b>Payments for financial assets</b>	<b>25</b>	-	<b>23</b>	<b>48</b>	<b>48</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>131 931</b>	-	<b>17 409</b>	<b>149 340</b>	<b>98 465</b>	<b>50 875</b>	<b>65.9%</b>	<b>38 523</b>	<b>38 436</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.6: INTERGOVERNMENTAL RELATIONS									
2018/19					2017/18				
	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>	57 881	-	6 525	64 406	64 386	20	100.0%	17 639	17 638
<b>Compensation of employees</b>	12 200	-	735	12 935	12 923	12	99.9%	12 605	12 605
Salaries and wages	10 727	-	778	11 505	11 505	-	100.0%	11 395	11 395
Social contributions	1 473	-	(43)	1 430	1 418	12	99.2%	1 210	1 210
<b>Goods and services</b>	45 681	-	5 790	51 471	51 463	8	100.0%	5 034	5 033
Administrative fees	120	-	140	260	260	-	100.0%	107	107
Advertising	200	-	(187)	13	13	-	100.0%	-	-
Minor assets	300	-	408	708	708	-	100.0%	-	-
Catering: Departmental activities	50	-	589	639	639	-	100.0%	275	275
Consultants: Business and advisory services	100	-	7 806	7 906	7 906	-	100.0%	48	48
Contractors	42 116	-	(5 897)	36 219	32 211	8	100.0%	1 952	1 951
Consumable supplies	20	-	(14)	6	6	-	100.0%	-	-
Consumable: Stationery, printing and office supplies	250	-	(46)	204	204	-	100.0%	101	101
Operating leases	100	-	(19)	81	81	-	100.0%	76	76
Transport provided: Departmental activity	-	-	579	579	579	-	100.0%	-	-
Travel and subsistence	2 175	-	636	2 811	2 811	-	100.0%	2 419	2 419
Operating payments	100	-	(40)	60	60	-	100.0%	-	-
Venues and facilities	150	-	1 835	1 985	1 985	-	100.0%	56	56
<b>Transfers and subsidies</b>	110	-	-	110	110	-	100.0%	-	-
Households	110	-	-	110	110	-	100.0%	-	-
Social benefits	110	-	-	110	110	-	100.0%	-	-
<b>Payments for capital assets</b>	145	-	59	204	204	-	100.0%	110	-
Machinery and equipment	145	-	59	204	204	-	100.0%	110	-
Other machinery and equipment	145	-	59	204	204	-	100.0%	110	-
<b>Payments for financial assets</b>	60	-	-	60	60	-	100.0%	-	-
<b>Total</b>	58 196	-	6 584	64 780	64 760	20	100.0%	17 749	17 638

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 2.7: GAMING AND BETTING									
2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<i>Economic classification</i>	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>5 453</b>	-	(633)	<b>4 820</b>	<b>4 623</b>	<b>197</b>	<b>95.9%</b>	<b>4 576</b>	<b>4 529</b>
<b>Compensation of employees</b>	<b>4 554</b>	-	(443)	<b>4 111</b>	<b>4 095</b>	<b>16</b>	<b>99.6%</b>	<b>3 923</b>	<b>3 923</b>
Salaries and wages	4 043	-	(442)	3 601	3 601	-	100.0%	3 460	3 460
Social contributions	511	-	(1)	510	494	16	96.9%	463	463
<b>Goods and services</b>	<b>899</b>	-	(190)	<b>709</b>	<b>528</b>	<b>181</b>	<b>74.5%</b>	<b>653</b>	<b>606</b>
Administrative fees	15	-	-	15	8	7	53.3%	-	-
Advertising	50	-	(19)	31	25	6	80.6%	77	77
Minor assets	10	-	-	10	-	10	-	16	6
Communication	16	-	-	16	10	6	62.5%	17	10
Consultants: Business and advisory services	55	-	-	55	-	55	-	137	137
Legal services	-	-	-	-	-	-	-	10	-
Contractors	10	-	-	10	-	10	-	15	-
Consumable supplies	25	-	-	25	9	16	36.0%	17	15
Consumable: Stationery, printing and office supplies	155	-	19	174	174	-	100.0%	224	224
Operating leases	79	-	-	79	62	17	78.5%	75	75
Property payments	-	-	-	-	-	-	-	28	27
Travel and subsistence	314	-	(205)	109	55	54	50.5%	5	5
Operating payments	170	-	15	185	185	-	100.0%	32	30
<b>Transfers and subsidies</b>	<b>42 310</b>	-	-	<b>42 310</b>	<b>42 310</b>	-	<b>100.0%</b>	<b>63 196</b>	<b>63 196</b>
Departmental agencies and accounts	42 310	-	-	42 310	42 310	-	100.0%	63 196	63 196
Departmental agencies	42 310	-	-	42 310	42 310	-	100.0%	63 196	63 196
<b>Payments for capital assets</b>		-	-			-	-		
<b>Payments for financial assets</b>		-	-			-	-		
<b>Total</b>	<b>47 763</b>	-	(633)	<b>47 130</b>	<b>46 933</b>	<b>197</b>	<b>99.6%</b>	<b>67 772</b>	<b>67 725</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3: POLICY AND GOVERNANCE									
2018/19					2017/18				
	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. PROVINCIAL POLICY MANAGEMENT	48 376	-	(8 430)	39 946	39 026	920	97.7%	42 824	42 375
2. PREMIER'S PRIORITY PROGRAMMES	103 304	-	13 724	117 029	115 633	1 395	98.8%	148 089	144 373
3. ROYAL HOUSEHOLD	64 930	-	4 503	69 433	68 874	559	99.2%	72 683	72 168
4. HERITAGE	51 833	-	1 589	53 422	51 026	2 396	95.5%	49 859	49 845
<b>Total for sub programmes</b>	<b>268 443</b>	<b>-</b>	<b>11 386</b>	<b>279 829</b>	<b>274 559</b>	<b>5 270</b>	<b>98.1%</b>	<b>313 455</b>	<b>308 761</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>203 344</b>	<b>-</b>	<b>14 256</b>	<b>217 600</b>	<b>216 281</b>	<b>1 319</b>	<b>99.45</b>	<b>222 895</b>	<b>222 039</b>
<b>Compensation of employees</b>	<b>97 075</b>	<b>-</b>	<b>(3 164)</b>	<b>93 911</b>	<b>93 275</b>	<b>636</b>	<b>99.3%</b>	<b>96 694</b>	<b>96 026</b>
Salaries and wages	89 720	-	(5 305)	84 415	83 797	618	99.3%	87 266	86 623
Social contributions	7 355	-	2 141	9 496	9 478	18	99.8%	9 428	9 403
<b>Goods and services</b>	<b>106 269</b>	<b>-</b>	<b>17 420</b>	<b>123 689</b>	<b>123 006</b>	<b>683</b>	<b>99.4</b>	<b>126 201</b>	<b>126 013</b>
Administrative fees	1 854	-	(559)	1 295	1 246	49	96.2%	2 041	2 041
Advertising	2 276	-	(1 968)	308	208	100	67.5%	707	707
Minor assets	2 416	-	(1 808)	608	481	127	79.1%	769	732
Audit costs: External	90	-	(90)	-	-	-	-	-	-
Bursaries: Employees	200	-	(200)	-	-	-	-	-	-
Catering: Departmental activities	5 317	-	(1 307)	4 010	3 963	47	99.8%	8 190	8 170
Communication	1 105	-	(902)	203	153	50	75.4%	191	174
Computer services	16 279	-	(4 089)	12 190	12 190	-	100.0%	12 074	12 074
Consultants: Business and advisory services	13 152	-	(1 792)	11 360	11 359	1	100.0%	6 764	6 764
Legal services	20	-	(20)	-	-	-	-	-	-
Contractors	25 232	-	45 474	70 706	70 689	17	100.0%	61 738	61 737
Agency & Support / outsourced services	50	-	(50)	-	-	-	-	-	-
Fleet services	800	-	786	1 586	1 586	-	100.0%	942	942
Consumable supplies	4 512	-	(3 205)	1 307	1 247	60	95.4%	2 525	2 521
Consumable: Stationery, printing and office supplies	3 478	-	(1 660)	1 818	1 800	18	99.0%	1 360	1 310

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3: POLICY AND GOVERNANCE									
2018/19					2017/18				
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
Operating leases	-	(652)	738	738	-	100.0%	1 003	1 003	1 003
Property payments	-	588	948	914	34	96.4%	159	159	159
Transport provided: Departmental activity	-	(3 746)	1 977	1 857	120	93.9%	4 244	4 244	4 244
Travel and subsistence	-	170	13 314	13 296	18	99.9%	17 310	17 310	17 251
Training and development	-	(845)	-	-	-	100.0%	32	32	32
Operating payments	-	(680)	466	466	-	100.0%	450	450	450
Venues and facilities	-	(6 025)	855	813	42	95.1%	5 702	5 702	5 702
<b>Transfers and subsidies</b>	-	<b>126</b>	<b>53 219</b>	<b>53 201</b>	<b>18</b>	<b>100.0%</b>	<b>77 594</b>	<b>77 594</b>	<b>77 274</b>
Provinces & municipalities	-	-	11	11	-	100.0%	-	-	-
Provinces	-	-	11	11	-	100.0%	-	-	-
Provincial agencies & funds	-	-	11	11	-	100.0%	-	-	-
Departmental agencies and accounts	-	-	52 029	52 029	-	100.0%	52 264	52 264	52 132
Departmental agencies	-	-	52 029	52 029	-	100.0%	52 264	52 264	52 132
Households	-	<b>126</b>	<b>1 179</b>	<b>1 161</b>	<b>18</b>	<b>98.5%</b>	<b>25 330</b>	<b>25 330</b>	<b>25 142</b>
Social benefits	-	126	1 179	1 161	18	98.5%	325	325	324
Other transfers to households	-	-	-	-	-	-	25 005	25 005	24 818
<b>Payments for capital assets</b>	-	<b>(3 000)</b>	<b>8 976</b>	<b>5 043</b>	<b>3 933</b>	<b>56.2%</b>	<b>12 880</b>	<b>12 880</b>	<b>9 362</b>
Buildings and other fixed structures	-	-	1 982	1 560	422	78.7%	1 760	1 760	1 377
Buildings	-	-	1 982	1 560	422	78.7%	-	-	-
Other fixed structures	-	-	-	-	-	-	1 760	1 760	1 377
Machinery and equipment	-	<b>(3 000)</b>	<b>2 175</b>	<b>793</b>	<b>1 382</b>	<b>36.5%</b>	<b>9 025</b>	<b>9 025</b>	<b>5 894</b>
Transport equipment	-	(137)	63	-	63	-	4 467	4 467	4 217
Other machinery and equipment	-	(2 863)	2 112	793	1 319	37.5%	4 558	4 558	1 677
Heritage assets	-	-	4 819	2 690	2 129	55.8%	2 095	2 095	2 091
<b>Payments for financial assets</b>	-	-	<b>4</b>	<b>34</b>	-	<b>100.0%</b>	<b>86</b>	<b>86</b>	<b>86</b>
<b>Total</b>	-	-	<b>268 443</b>	<b>274 559</b>	<b>5 270</b>	<b>98.1%</b>	<b>313 455</b>	<b>313 455</b>	<b>308 761</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3.1: PROVINCIAL POLICY MANAGEMENT									
2018/19					2017/18				
	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>46 605</b>	-	<b>(8 254)</b>	<b>38 351</b>	<b>38 282</b>	<b>69</b>	<b>99.8%</b>	<b>41 466</b>	<b>41 410</b>
<b>Compensation of employees</b>	<b>19 738</b>	-	<b>(140)</b>	<b>19 598</b>	<b>19 559</b>	<b>39</b>	<b>99.8%</b>	<b>18 698</b>	<b>18 697</b>
Salaries and wages	18 280	-	(735)	17 545	17 506	39	99.8%	16 881	16 881
Social contributions	1 458	-	595	2 053	2 053	-	100.0%	1 817	1 816
<b>Goods and services</b>	<b>26 867</b>	-	<b>(8 114)</b>	<b>18 753</b>	<b>18 723</b>	<b>30</b>	<b>99.8%</b>	<b>22 768</b>	<b>22 713</b>
Administrative fees	363	-	(244)	119	112	7	94.1%	264	264
Advertising	302	-	(301)	1	1	-	100.0%	99	99
Minor assets	246	-	(240)	6	5	1	83.3%	287	287
Catering: Departmental activities	220	-	(129)	91	91	-	100.0%	147	147
Communication	150	-	(149)	1	1	-	100.0%	-	-
Computer services	16 131	-	(3 941)	12 190	12 190	-	100.0%	12 063	12 063
Consultants: Business and advisory services	4 100	-	(1 727)	2 373	2 372	1	100.0%	5 140	5 140
Contractors	537	-	(205)	332	331	1	99.7%	411	411
Infrastructure & planning services	-	-	-	-	-	-	-	-	-
Consumable supplies	137	-	414	551	549	2	99.6%	633	633
Consumable: Stationery, printing and office supplies	679	-	(342)	337	337	-	100.0%	409	409
Operating leases	440	-	(223)	217	217	-	100.0%	293	293
Property payments	-	-	-	-	-	-	-	24	24
Transport provided: Departmental activity	83	-	-	83	83	-	100.0%	-	-
Travel and subsistence	2 298	-	(643)	1 655	1 637	18	98.9%	2 110	2 055
Training and development	170	-	(170)	-	-	-	-	-	-
Operating payments	491	-	(213)	278	278	-	100.0%	401	401
Venues and facilities	520	-	(1)	519	519	-	100.0%	487	487
<b>Transfers and subsidies</b>	<b>900</b>	-	<b>(176)</b>	<b>724</b>	<b>706</b>	<b>18</b>	<b>97.5%</b>	<b>134</b>	<b>133</b>
Non-profit institutions									

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3.1: PROVINCIAL POLICY MANAGEMENT									
		2018/19					2017/18		
	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>900</b>	-	(176)	<b>724</b>	<b>706</b>	<b>18</b>	<b>97.5%</b>	<b>134</b>	<b>133</b>
Households	900	-	(176)	724	706	18	97.5%	134	133
Social benefits	900	-	(176)	724	706	18	97.5%	134	133
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>871</b>	-	-	<b>871</b>	<b>38</b>	<b>833</b>	<b>4.4%</b>	<b>1 224</b>	<b>832</b>
Machinery and equipment	871	-	-	871	38	833	4.4%	1 224	832
Other machinery and equipment	871	-	-	871	38	833	4.4%	1 224	832
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>48 376</b>	-	<b>(8 430)</b>	<b>39 946</b>	<b>39 026</b>	<b>920</b>	<b>97.7%</b>	<b>42 824</b>	<b>42 375</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3.2: PREMIER'S PRIORITY PROGRAMMES									
2018/19									
	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>99 534</b>	-	<b>16 750</b>	<b>116 284</b>	<b>115 375</b>	<b>909</b>	<b>99.2%</b>	<b>119 949</b>	<b>119 158</b>
<b>Compensation of employees</b>	<b>40 579</b>	-	<b>(3 544)</b>	<b>37 035</b>	<b>36 526</b>	<b>509</b>	<b>98.6%</b>	<b>43 375</b>	<b>42 709</b>
Salaries and wages	38 399	-	(4 170)	34 229	33 720	509	98.5%	40 052	39 410
Social contributions	2 180	-	626	2 806	2 806	-	100.0%	3 323	3 299
<b>Goods and services</b>	<b>58 955</b>	-	<b>20 294</b>	<b>79 249</b>	<b>78 849</b>	<b>400</b>	<b>99.5%</b>	<b>76 574</b>	<b>76 449</b>
Administrative fees	767	-	(102)	665	623	42	93.7%	1 125	1 125
Advertising	1 774	-	(1 674)	100	-	100	-	257	257
Minor assets	1 535	-	(1 232)	303	253	50	83.5%	466	437
Audit costs: External	90	-	(90)	-	-	-	-	-	-
Bursaries: Employees	20	-	(20)	-	-	-	-	-	-
Catering: Departmental activities	3 710	-	(295)	3 415	3 368	47	98.6%	7 172	7 152
Communication	805	-	(755)	50	-	50	-	17	-
Computer services	148	-	(148)	-	-	-	-	11	11
Consultants: Business and advisory services	7 052	-	(957)	6 095	6 095	-	100.0%	457	457
Legal services	20	-	(20)	-	-	-	-	-	-
Contractors	18 835	-	39 937	58 772	58 756	16	100.0%	50 512	50 511
Agency & support/outsourced services	50	-	(50)	-	-	-	-	-	-
Fleet services	425	-	(425)	-	-	-	-	-	-
Consumable supplies	3 505	-	(3 373)	132	79	53	59.8%	648	644
Consumable: Stationery, printing and office supplies	1 845	-	(499)	1 346	1 338	8	99.4%	507	457
Operating leases	580	-	(216)	364	364	-	100.0%	458	458
Property payments	360	-	(150)	210	176	34	83.8%	135	135
Transport provided: Departmental activity	5 000	-	(3 751)	1 249	1 249	-	100.0%	3 429	3 429
Travel and subsistence	5 649	-	538	6 187	6 187	-	100.0%	7 216	7 212

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3.2: PREMIER'S PRIORITY PROGRAMMES									
2018/19					2017/18				
	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>									
Training and development	620	-	(620)	-	-	-	-	32	32
Operating payments	555	-	(430)	125	125	-	100.0%	49	49
Venues and facilities	5 610	-	(5 374)	236	236	-	100.0%	4 083	4 083
<b>Transfers and subsidies</b>	<b>15</b>	<b>-</b>	<b>62</b>	<b>77</b>	<b>77</b>	<b>-</b>	<b>100.0%</b>	<b>25 043</b>	<b>24 856</b>
Households	15	-	62	77	77	-	100.0%	25 043	24 856
Social benefits	15	-	62	77	77	-	100.0%	38	38
Other transfers to households	-	-	-	-	-	-	-	25 005	24 818
<b>Payments for capital assets</b>	<b>3 755</b>	<b>-</b>	<b>(3 089)</b>	<b>666</b>	<b>180</b>	<b>486</b>	<b>27.0%</b>	<b>3 097</b>	<b>359</b>
Machinery and equipment	3 755	-	(3 089)	666	180	486	27.0%	3 097	359
Transport equipment	-	-	-	-	-	-	-	250	-
Other machinery and equipment	3 755	-	(3 089)	666	180	486	27.0%	2 847	359
<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>-</b>
<b>Total</b>	<b>103 304</b>	<b>-</b>	<b>13 724</b>	<b>117 028</b>	<b>115 633</b>	<b>1 395</b>	<b>98.8%</b>	<b>148 089</b>	<b>144 373</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3.3: ROYAL HOUSEHOLD										
	2018/19					2017/18				
	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>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>	
<b>Current payments</b>	<b>44 242</b>	-	<b>4 260</b>	<b>48 502</b>	<b>48 428</b>	<b>74</b>	<b>99.8%</b>	<b>45 999</b>	<b>45 999</b>	
<b>Compensation of employees</b>	<b>31 709</b>	-	<b>520</b>	<b>32 229</b>	<b>32 159</b>	<b>70</b>	<b>99.8%</b>	<b>29 819</b>	<b>29 819</b>	
Salaries and wages	28 699	-	(527)	28 172	28 102	70	99.8%	26 108	26 108	
Social contributions	3 010	-	1 047	4 057	4 057	-	100.0%	3 711	3 711	
<b>Goods and services</b>	<b>12 533</b>	-	<b>3 740</b>	<b>16 273</b>	<b>16 269</b>	<b>4</b>	<b>100.0%</b>	<b>16 180</b>	<b>16 180</b>	
Administrative fees	718	-	(302)	416	416	-	100.0%	560	560	
Advertising	200	-	(200)	-	-	-	-	-	-	
Minor assets	545	-	(336)	209	205	4	98.1%	5	5	
Bursaries	180	-	(180)	-	-	-	-	-	-	
Catering: Departmental activities	1 235	-	(976)	259	259	-	100.0%	419	419	
Communication	150	-	2	152	152	-	100.0%	174	174	
Contractors	1 600	-	5 609	7 209	7 209	-	100.0%	4 688	4 688	
Fleet services	375	-	1 211	1 586	1 586	-	100.0%	942	942	
Consumable supplies	865	-	(246)	619	619	-	100.0%	1 243	1 243	
Consumable: Stationery, printing and office supplies	590	-	(523)	67	67	-	100.0%	125	125	
Operating leases	370	-	(273)	97	97	-	100.0%	187	187	
Property payments	-	-	738	738	738	-	100.0%	-	-	
Transport provided: Departmental activity	480	-	5	485	485	-	100.0%	171	171	
Travel and subsistence	4 420	-	(47)	4 373	4 373	-	100.0%	6 878	6 878	
Training and development	55	-	(55)	-	-	-	-	-	-	
Operating payments	100	-	(37)	63	63	-	100.0%	-	-	
Venues and facilities	650	-	(650)	-	-	-	-	788	788	
<b>Transfers and subsidies</b>	<b>18 157</b>	-	<b>240</b>	<b>18 397</b>	<b>18 397</b>	-	<b>100.0%</b>	<b>20 154</b>	<b>20 022</b>	
Provinces & municipalities	11	-	-	11	11	-	100.0%	-	-	
Provinces	11	-	-	11	11	-	100.0%	-	-	
Provincial agencies and funds	11	-	-	11	11	-	100.0%	-	-	

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3.3: ROYAL HOUSEHOLD									
		2018/19					2017/18		
	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>									
Departmental agencies and accounts	18 040	-	-	18 040	18 040	-	100.0%	20 001	19 869
Departmental agencies	18 040	-	-	18 040	18 040	-	100.0%	20 001	19 869
Households	106	-	240	346	346	-	100.0%	153	153
Social benefits	106	-	240	346	346	-	100.0%	153	153
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>2 531</b>	-	-	<b>2 531</b>	<b>2 046</b>	<b>485</b>	<b>80.8%</b>	<b>6 444</b>	<b>6 061</b>
Buildings and other fixed structures	1 982	-	-	1 982	1 560	422	78.7%	1 760	1 377
Buildings	1 982	-	-	1 982	1 560	422	78.7%	-	-
Other fixed structures	-	-	-	-	-	-	-	1 760	1 377
Machinery and equipment	549	-	-	549	486	63	88.5%	4 684	4 684
Transport equipment	200	-	(137)	63	-	63	-	4 217	4 217
Other machinery and equipment	349	-	137	486	486	-	100.0%	467	467
<b>Payments for financial assets</b>	-	-	<b>3</b>	<b>3</b>	<b>3</b>	-	<b>100.0%</b>	<b>86</b>	<b>86</b>
<b>Total</b>	<b>64 930</b>	-	<b>4 503</b>	<b>69 433</b>	<b>68 874</b>	<b>559</b>	<b>99.2%</b>	<b>72 683</b>	<b>72 168</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3.4: HERITAGE									
2018/19									
	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>12 963</b>	-	<b>1 500</b>	<b>14 463</b>	<b>14 196</b>	<b>267</b>	<b>98.2%</b>	<b>15 481</b>	<b>15 472</b>
<b>Compensation of employees</b>	<b>5 049</b>	-	-	<b>5 049</b>	<b>5 031</b>	<b>18</b>	<b>99.6%</b>	<b>4 802</b>	<b>4 801</b>
Salaries and wages	4 342	-	127	4 469	4 469	-	100.0%	4 225	4 224
Social contributions	707	-	(127)	580	562	18	96.9%	577	577
<b>Goods and services</b>	<b>7 914</b>	-	<b>1 500</b>	<b>9 414</b>	<b>9 165</b>	<b>249</b>	<b>97.4%</b>	<b>10 679</b>	<b>10 671</b>
Administrative fees	6	-	89	95	95	-	100.0%	92	92
Advertising	-	-	207	207	207	-	100.0%	351	351
Minor assets	90	-	-	90	18	72	20.0%	11	3
Catering: Departmental activities	152	-	93	245	245	-	100.0%	452	452
Consultants: Business and advisory services	2 000	-	892	2 892	2 892	-	100.0%	1 167	1 167
Contractors	4 260	-	133	4 393	4 393	-	100.0%	6 127	6 127
Consumable supplies	5	-	-	5	-	5	-	1	1
Consumable: Stationery, printing and office supplies	364	-	(296)	68	58	10	85.3%	319	319
Operating leases	-	-	60	60	60	-	100.0%	65	65
Transport provided: Departmental activity	160	-	-	160	40	120	25.0%	644	644
Travel and subsistence	777	-	322	1 099	1 099	-	100.0%	1 106	1 106
Venues and facilities	100	-	-	100	58	42	58.0%	344	344
<b>Transfers and subsidies</b>	<b>34 021</b>	-	-	<b>34 021</b>	<b>34 021</b>	-	<b>100.0%</b>	<b>32 263</b>	<b>32 263</b>
Departmental agencies and accounts	33 989	-	-	33 989	33 989	-	100.0%	32 263	32 263
Departmental agencies	33 989	-	-	33 989	33 989	-	100.0%	32 263	32 263
Households	32	-	-	32	32	-	100.0%	-	-
Social benefits	32	-	-	32	32	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>4 819</b>	-	<b>89</b>	<b>4 908</b>	<b>2 779</b>	<b>2 129</b>	<b>56.6%</b>	<b>2 115</b>	<b>2 110</b>

## APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME 3.4: HERITAGE									
2018/19							2017/18		
	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>									
Machinery and equipment	-	-	89	89	89	-	100.0%	20	19
Other machinery and equipment	-	-	89	89	89	-	100.0%	20	19
Heritage assets	4 819	-	-	4 819	2 690	2 129	55.8%	2 095	2 091
<b>Payments for financial assets</b>	<b>30</b>	-	-	<b>30</b>	<b>30</b>	-	<b>100.0%</b>	-	-
<b>Total</b>	<b>51 833</b>	-	<b>1 589</b>	<b>53 422</b>	<b>51 026</b>	<b>2 396</b>	<b>95.5%</b>	<b>49 859</b>	<b>49 845</b>

## NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

**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
<b>Programme 1: ADMINISTRATION</b>	95 030	93 132	1 898	2.0%

The total underspending for Programme 1 amounted to R1,898 million. The underspending is made up as follows:

- Compensation of Employees was underspent by R1,031 million as a result of Finance posts that were not filled as originally anticipated due to the lengthy approval processes for posts.
- Savings of R83,000 was derived from cost containment measures implemented on administrative items under Goods and Services.
- Transfers and Subsidies was underspent by R2,000 due to reduced claims from ex-parliamentarians for post-retirement benefits as a result of natural attrition.
- Payments for Capital Assets was underspent by R782,000 as a result of furniture and equipment that was not purchased due to the additional office accommodation at Pietermaritz Street being put on hold. A rollover of funds will be requested for furniture and equipment that will be required according to specification for the alternate office accommodation at Mayors Walk.

<b>PROGRAMME 2: INSTITUTIONAL DEVELOPMENT</b>	<b>479 433</b>	<b>421 324</b>	<b>58 109</b>	<b>12.1%</b>
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The total underspending for Programme 2 amounted to R58,109 million. The underspending is made up as follows:

- Compensation of Employees was underspent by R262,000 due to posts that were filled later than originally anticipated.
- Goods and Services was underspent by R1,037 million as a result of cost containment measures on travel and administrative items.
- Transfers and Subsidies was underspent by R50,327 million due to overpayments for bursary recipients (R326,000) as well as R50 million that was treated as an advance payment to the KZN Growth Fund.
- Payments for Capital Assets was underspent by R6,483 million against Buildings and Fixed Structures (R4,579 million) for refurbishments that were not undertaken due to the additional office accommodation being put on hold; and due to the leaking roof repair (R1 million) at the Moses Mabhida Building that was not undertaken and is anticipated to commence in 2019/20. In addition, Machinery and Equipment (R904,000) was underspent as a result of the additional office accommodation at Pietermaritz Street being put on hold. A rollover of funds will be requested for furniture and equipment that will be required according to specification for the alternate office accommodation at Mayors Walk.

## NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

<b>PROGRAMME 3: POLICY AND GOVERNANCE</b>	279 829	274 559	5 270	1.9%
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The total underspending for Programme 3 amounted to R5,270 million. This amount is made up as follows:

- Compensation of Employees was underspent by R636,000 due to posts not being filled as originally anticipated. Included in this underspending is an amount of R506,000 for senior posts that were vacated under the Poverty Eradication unit.
- Goods and Services was underspent by R683,000 due to cost containment measures. Included in this underspending is an amount of R384,000 for reduced travel and administrative expenses under the Poverty Eradication unit.
- Transfers and Subsidies was underspent by R18,000 due to lower than originally anticipated leave gratuity payouts arising from retirements.
- Payments for Capital Assets was underspent by R3,933 million that emanated from Buildings and Fixed Structures (R422,000) due to lower negotiated prices in respect of renovations for the King's palaces; Furniture and Equipment (R1,130 million) that was not purchased as a result of the additional office accommodation at Pietermaritz Street being put on hold and furniture and equipment (R252,000) for the Poverty Eradication unit. A rollover of funds will be requested for furniture and equipment that will be required according to specification for the alternate office accommodation at Mayors Walk. Heritage Assets (R2,129 million) was under spent due to challenges experienced with reaching consensus amongst the various stakeholders on the design and layout of monuments.

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	292 017	290 088	1 929	0.7%
Goods and services	364 786	362 983	1 803	0.5%
<b>Transfers and subsidies</b>				
Provinces and municipalities	175	175	0	0.0%
Departmental agencies and accounts	94 339	94 339	0	0.0%
Non-profit Institutions	50 000	0	50 000	0.0%
Households	25 295	25 274	21	0.1%
<b>Payments for capital assets</b>				
Buildings and other fixed structures	10 415	4 414	6 001	57.6%
Machinery and equipment	12 189	9 121	3 068	25.2%
Heritage assets	4 819	2 690	2 129	44.2%
Intangible assets	0	0	0	0.0%
<b>Payment for Financial Assets</b>	<b>257</b>	<b>257</b>	<b>0</b>	<b>0.0%</b>

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

**Compensation of Employees:**

The underspending of R1,929 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 via the Premier and Provincial Treasury. A number of staff exits as a result of resignations and promotional transfers also contributed to the underspending. The underspending also includes an amount of R506,000 for vacated posts that were not filled and was specifically and exclusively appropriated under the Poverty Eradication unit.

**Goods and Services:**

The under spending of R1,803 million is mainly attributed to savings derived from cost containment measures as well as furniture and equipment < R5,000 that were not purchased due to the office accommodation at Pietermaritz Street being put on hold. Included in the underspending is an amount of R384,000 emanating from reduced travel and administrative expenses that was specifically and exclusively appropriated for the Poverty Eradication unit.

**Provinces & Municipalities:**

An amount of R175,000 was spent on vehicle licences.

**Departmental Agencies & Accounts:**

Funds amounting to R94,339 million were transferred to the following Public Entities:

KwaZulu-Natal Gaming and Betting Board: R42,310 million

The Royal Household Trust: R18,040 million

Amafa aKwazulu-Natali: R33,989 million

**Non-Profit Institutions:**

The variance of R50 Million was in respect of an advance payment to the KZN Growth Fund.

**Households:**

The variance of R21,000 is due to a higher budget against leave gratuity payouts for retirees and staff exits.

**Buildings & Other fixed structures:**

The underspending of R6,001 million is mainly as a result of refurbishments for R4,579 million that was not undertaken for the additional office accommodation at Pietermaritz Street due to the accommodation being put on hold. A request will be made for the rollover of these funds as alternate office accommodation has been confirmed. The underspending also includes R1 million for the leaking roof repairs at the Moses Mabhida Building. Savings of R422,000 were derived from the renovations at the Kings palaces as a result of lower negotiated prices.

## NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2019

**Machinery & Equipment:**

The underspending of R3,068 million is as a result of the additional office accommodation at Pietermaritz Street being put on hold therefore office furniture and equipment purchases R2,725 million were not made. A rollover of funds will be requested for furniture and equipment that will be required according to specification for the alternate office accommodation at Mayors Walk. An amount of R91,000 was not spent on Transport Equipment. Included in the total underspending is an amount of R252,000 that was specifically and exclusively appropriated for the Poverty Eradication unit.

**Heritage Assets:**

The underspending of R2,129 million is mainly due to challenges experienced with reaching consensus amongst the various stakeholders on the design and layout of monuments.

**Payments for financial Assets:**

An amount of R257,000 was incurred for debts written off once all debt management procedures were followed.

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
<b>REVENUE</b>			
Annual appropriation	1	854 292	763 471
Statutory appropriation		-	-
Departmental revenue	2	2 054	1 160
NRF Receipts		-	-
Aid assistance	3	7 876	19 288
<b>TOTAL REVENUE</b>		<b>864 222</b>	<b>783 919</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	290 087	277 491
Goods and services	5	3 62 983	317 377
Interest and rent on land		-	-
Aid assistance		-	-
<b>Total current expenditure</b>		<b>653 070</b>	<b>594 868</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	7	119 462	141 636
Aid assistance	3	8 555	16 554
<b>Total transfers and subsidies</b>		<b>128 017</b>	<b>158 190</b>
<b>Expenditure for capital assets</b>			
Tangible assets	8	16 226	15 463
Intangible assets		-	-
<b>Total expenditure for capital assets</b>		<b>16 226</b>	<b>15 463</b>
Unauthorised expenditure approved without funding		-	-
<b>Payments for financial assets</b>	6	257	87
<b>TOTAL EXPENDITURE</b>		<b>797 570</b>	<b>768 608</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>66 652</b>	<b>15 311</b>

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

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

Voted funds	<b>65 277</b>	<b>11 417</b>
Annual appropriation	65 277	11 417
Conditional grants		
Departmental revenue and NRF Receipts	2 054	1 160
Aid assistance	(679)	2 734
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>66 652</b>	<b>15 311</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	2018/19 R'000	2017/18 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>123 132</b>	<b>67 465</b>
Unauthorised expenditure		-	-
Cash and cash equivalents	10	60 391	58 682
Other financial assets		-	-
Prepayments and advances	11	50 000	-
Receivables	12	12 741	8 783
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>123 571</b>	<b>67 904</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>119 598</b>	<b>64 178</b>
Voted funds to be surrendered to the Revenue Fund	13	65 277	11 417
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	14	29	78
Bank overdraft		-	-
Payables	15	49 609	47 321
Aid assistance repayable		-	-
Aid assistance unutilised	3	4 683	5 362
<b>Non-current liabilities</b>			
Payables	16	1 784	1 784
<b>TOTAL LIABILITIES</b>		<b>121 382</b>	<b>65 962</b>
<b>NET ASSETS</b>		<b>2 189</b>	<b>1 942</b>

**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Represented by:</b>			
Capitalisation reserve		-	-
Recoverable revenue		2 189	1 942
Retained funds		-	-
Revaluation reserves		-	-
<b>TOTAL</b>		<b>2 189</b>	<b>1 942</b>

## STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2019

NET ASSETS	Note	2018/19 R'000	2017/18 R'000
<b>Capitalisation Reserves</b>			
Opening balance		-	-
Transfers:		-	-
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		<u>-</u>	<u>-</u>
<b>Recoverable revenue</b>			
Opening balance		1 942	1 479
Transfers:		<b>247</b>	<b>463</b>
Irrecoverable amounts written off	6	257	-
Debts revised			
Debts recovered (included in departmental receipts)		-255	66
Debts raised		245	397
Closing balance		<u><b>2 189</b></u>	<u><b>1 942</b></u>
<b>Retained funds</b>			
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/ Legislatures ONLY)			
Utilised during the year			
Other transfers			
Closing balance		<u>-</u>	<u>-</u>
<b>Revaluation Reserve</b>			
Opening balance		-	-
Revaluation adjustment (Housing departments)			
Transfers			
Other			
Closing balance		<u>-</u>	<u>-</u>
<b>TOTAL</b>		<u><b>2 189</b></u>	<u><b>1 942</b></u>

## CASH FLOW STATEMENT AS AT 31 MARCH 2019

	2018/19 R'000	2017/18 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts	<b>862 854</b>	<b>783 919</b>
Annual appropriated funds received	854 292	763 471
Statutory appropriated funds received	-	-
Departmental revenue received	675	1 130
Interest received	11	30
NRF Receipts	-	-
Aid assistance received	7 876	19 288
Net (increase)/decrease in working capital	(51 670)	41 112
Surrendered to Revenue Fund	(13 520)	(7 007)
Surrendered to RDP Fund/Donor	-	-
Current payments	(653 070)	(594 868)
Interest paid	-	-
Payments for financial assets	(257)	(87)
Transfers and subsidies paid	(128 017)	(158 190)
<b>Net cash flow available from operating activities</b>	<b>16 320</b>	<b>64 879</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for capital assets	(16 226)	(15 463)
Proceeds from sale of capital assets	1 368	-
(Increase)/decrease in loans	-	-
(Increase)/decrease in investments	-	-
(Increase)/decrease in other financial assets	-	-
<b>Net cash flows from investing activities</b>	<b>(14 858)</b>	<b>(15 463)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution/dividend received	-	-
Increase/(decrease) in net assets	247	463
Increase/(decrease) in non-current payables	-	-
<b>Net cash flows from financing activities</b>	<b>247</b>	<b>463</b>
Net increase/(decrease) in cash and cash equivalents	1 709	49 879
Cash and cash equivalents at beginning of period	58 682	8 803
Unrealised gains and losses within cash and cash equivalents	-	-
<b>Cash and cash equivalents at end of period</b>	<b>60 391</b>	<b>58 682</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**Summary of significant accounting policies**

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

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

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

<b>1</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2</b>	<b>Going concern</b> The financial statements have been prepared on a going concern basis.
<b>3</b>	<b>Presentation currency</b> 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> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5</b>	<b>Foreign currency translation</b> 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> 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.
<b>6.2</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).  Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.  The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019**

<b>7.2</b>	<p><b>Departmental revenue</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>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>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></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>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>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>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>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

8.4.2	<p><b>Finance leases</b></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>
9	<p><b>Aid Assistance</b></p>
9.1	<p><b>Aid assistance received</b></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>
9.2	<p><b>Aid assistance paid</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>
10	<p><b>Cash and cash equivalents</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>
11	<p><b>Prepayments and advances</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>The department may elect to immediately expense the payment in accordance with the Chapter on Expenditure. This is usually the case when the recognition in the statement of Financial Position will have a negative impact on the Appropriation Statement and actual cash flows of the Department.</p>
12	<p><b>Loans and receivables</b></p> <p>General Departmental Assets and Liabilities</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.</p>
13	<p><b>Investments</b></p> <p>General Departmental Assets and Liabilities</p> <p>Investments are recognised in the statement of financial position at cost.</p>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

<b>14</b>	<p><b>Payables</b></p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
<b>15</b>	<p><b>Financial Assets</b></p>
<b>15.1</b>	<p><b>Financial Assets Not covered elsewhere</b></p> <p>General Departmental Assets and Liabilities</p> <p>A Financial Assets is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.</p> <p>At the reporting date, a department shall measure its financial asset 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>15.2</b>	<p><b>Impairment of financial assets</b></p> <p><b>General Departmental Assets and Liabilities</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>
<b>16</b>	<p><b>Capital Assets</b></p>
<b>16.1</b>	<p><b>Immovable capital assets</b></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>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>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

<b>16.3</b>	<p><b>Intangible assets</b></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>
<b>16.4</b>	<p><b>Project Costs: Work-in-progress</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>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>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>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>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

17.4	<p><b>Commitments</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>
18	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <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> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p><b>Fruitless and wasteful expenditure</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>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>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>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

<b>22</b>	<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>
<b>23</b>	<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>
<b>24</b>	<p><b>Related party transactions</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>
<b>25</b>	<p><b>Inventories</b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance. 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>
<b>26</b>	<p><b>Employee benefits</b></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>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**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:

	Final Appropriation	Actual Funds Received	2018/19 Funds not requested/ not received	Final Appropriation	2017/18 Appropriation received
	R'000	R'000	R'000	R'000	R'000
ADMINISTRATION	95 030	95 030	-	91 998	91 998
INSTITUTIONAL DEVELOPMENT	479 433	479 433	-	369 908	369 908
POLICY AND GOVERNANCE	279 829	279 829	-	301 565	301 565
<b>Total</b>	<b>854 292</b>	<b>854 292</b>	<b>-</b>	<b>763 471</b>	<b>763 471</b>

**2. Departmental revenue**

	Note	2018/19 R'000	2017/18 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	175	175
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land	2.2	11	30
Sales of capital assets	2.3	1 368	-
Transactions in financial assets and liabilities	2.4	500	955
Transfer received		-	-
<b>Total revenue collected</b>		<b>2 054</b>	<b>1 160</b>
Less: Own revenue included in appropriation		-	-
<b>Departmental revenue collected</b>		<b>2 054</b>	<b>1 160</b>

The major portion of the revenue received relates to the disposal of vehicles via auction.

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

	Note	2018/19 R'000	2017/18 R'000
Sales of goods and services produced by the department		175	174
Sales by market establishment	2	11	11
Administrative fees		-	-
Other sales	2	164	163
Sales of scrap, waste and other used current goods		-	1
<b>Total</b>		<b>175</b>	<b>175</b>

Relates to sale of tender documents, purchase of cell phones out of contract by departmental staff etc.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**2.2 Interest, dividends and rent on land**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Interest	2	11	30
Dividends			
Rent on land			
<b>Total</b>		<b>11</b>	<b>30</b>

Relates to rental dwellings

**2.3 Sales of capital assets**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
<b>Tangible assets</b>			
Buildings and other fixed structures		-	-
Machinery and equipment	2	1 368	-
Rent on land		-	-
<b>Total</b>		<b>1 368</b>	<b>-</b>

Disposal of vehicles via the auction process.

**2.4 Transactions in financial assets and liabilities**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Loans and advances		-	-
Receivables		-	-
Other Receipts including Recoverable Revenue	2	500	955
Gains on GFECRA		-	-
		<b>500</b>	<b>955</b>

Includes recovery of previous year's expenditure.

**2.5 Cash received not recognised (not included in the main note) - 2018/19**

<b>Name of entity</b>	<b>Amount received</b>	<b>2018/19</b>	
		<b>Amount paid to the revenue fund</b>	<b>Balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Gaming & Betting Revenue	637 327	588 026	49 301
<b>Total</b>	<b>637 327</b>	<b>588 026</b>	<b>49 301</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

Name of entity	2017/18		Balance
	Amount received	Amount paid to the revenue fund	
	R'000	R'000	R'000
Gaming & Betting Revenue	610 623	565 233	45 390
<b>Total</b>	<b>610 623</b>	<b>565 233</b>	<b>45 390</b>

Gaming and Betting revenue not included in the department's revenue disclosure.

### 3. Aid assistance

	Note	2018/19 R'000	2017/18 R'000
Opening Balance		5 362	2 628
Prior period error			
As restated		5 362	2 628
Transferred from statement of financial performance		(679)	2 734
Transfers to or from retained funds		-	-
Paid during the year		-	-
Closing Balance		4 683	5 362

#### 3.1 Analysis of balance by source

	Note	2018/19 R'000	2017/18 R'000
Aid assistance from RDP		-	-
Aid assistance from other sources	3	4 683	5 362
CARA		-	-
Closing balance		4 683	5 362

#### 3.2 Analysis of balance

	Note	2018/19 R'000	2017/18 R'000
<i>Aid assistance receivable</i>		-	-
<i>Aid assistance prepayments (not expensed)</i>		-	-
<i>Aid assistance unutilised</i>	3	4 683	5 362
<i>Aid assistance repayable</i>		-	-
<i>Closing balance</i>		4 683	5 362
Aid assistance not requested/not received		-	-

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**3.3 Aid assistance expenditure per economic classification**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Current		-	-
Capital		-	-
Transfers and subsidies		8 555	16 554
<b>Total aid assistance expenditure</b>		<b>8 555</b>	<b>16 554</b>

Relates to MERSETA, PSETA and the National Skills Fund.

**4. Compensation of employees**
**4.1 Salaries and Wages**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Basic salary	4	196 242	187 769
Performance award	4	5 028	4 766
Service Based	4	270	174
Compensative/circumstantial	4	5 438	4 618
Periodic payments	4	972	1 295
Other non-pensionable allowances	4	49 177	48 373
<b>Total</b>		<b>257 127</b>	<b>246 995</b>

**4.2 Social contributions**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
<b>Employer contributions</b>			
Pension	4	23 413	21 864
Medical	4	9 497	8 600
UIF	4	-	5
Bargaining council	4	50	27
<b>Total</b>		<b>32 960</b>	<b>30 496</b>
<b>Total compensation of employees</b>		<b>290 087</b>	<b>277 491</b>
Average number of employees	4	571	608

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**5. Goods and services**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Administrative fees		5 826	4 049
Advertising		27 174	29 548
Minor assets	5.1	1 730	1 251
Bursaries (employees)		456	240
Catering		7 094	12 280
Communication		10 691	10 049
Computer services	5.2	26 007	31 112
Consultants: Business and advisory services		28 253	14 076
Legal services		613	4 514
Contractors		143 114	106 246
Agency and support / outsourced services		283	323
Audit cost - external	5.3	4 419	4 512
Fleet services		9 300	8 925
Consumables	5.4	9 645	9 431
Operating leases		12 338	12 019
Property payments	5.5	16 926	13 655
Transport provided as part of the departmental activities		4 000	6 251
Travel and subsistence	5.6	40 124	37 399
Venues and facilities		6 162	6 994
Training and development		3 064	3 988
Other operating expenditure	5.7	5 764	515
<b>Total</b>		<b>362 983</b>	<b>317 377</b>

**5.1 Minor assets**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>		<b>1 730</b>	<b>1 251</b>
Machinery and equipment	5	1 730	1 251
<b>Total</b>		<b>1 730</b>	<b>1 251</b>

**5.2 Computer services**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
SITA computer services	5	6 324	10 606
External computer service providers	5	19 683	20 506
<b>Total</b>		<b>26 007</b>	<b>31 112</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**5.3 Audit cost - External**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Regularity audits	5	4 419	4 512
<b>Total</b>		<b>4 419</b>	<b>4 512</b>

**5.4 Consumables**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Consumable supplies	5	<b>2 926</b>	<b>3 791</b>
Uniform and clothing	5	239	37
Household supplies	5	2 080	2 886
Building material and supplies	5	26	28
Communication accessories	5	10	18
Other consumables	5	571	822
Stationery, printing and office supplies		6 719	5 640
<b>Total</b>		<b>9 645</b>	<b>9 431</b>

**5.5 Property payments**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Municipal services	5	7 135	5 652
Property maintenance and repairs			-
Other	5	9 791	8 003
<b>Total</b>		<b>16 926</b>	<b>13 655</b>

**5.6 Travel and subsistence**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Local	5	36 376	35 730
Foreign	5	3 748	1 669
<b>Total</b>		<b>40 124</b>	<b>37 399</b>

**5.7 Other operating expenditure**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Professional bodies, membership and subscription fees		306	431
Resettlement costs	5	5 198	49
Other	5	260	35
<b>Total</b>		<b>5 764</b>	<b>515</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**6. Payments for financial assets**

	Note	2018/19 R'000	2017/18 R'000
Debts written off	6.1	257	87
<b>Total</b>		<b>257</b>	<b>87</b>

**6.1 Debts written off**

	Note	2018/19 R'000	2017/18 R'000
<b>Nature of debts written off</b>			
Other debt written off		-	-
Staff & Supplier Debt written off	6	257	87
<b>Total</b>		<b>257</b>	<b>87</b>
<b>Total debt written off</b>		<b>257</b>	<b>87</b>

Relates to debts written off.

**7. Transfers and subsidies**

	Note	2018/19 R'000	2017/18 R'000
Provinces and municipalities		175	81
Departmental agencies and accounts	Annex 1B	94 339	115 328
Non-profit institutions		-	-
Households	Annex 1G	24 948	26 227
<b>Total</b>		<b>119 462</b>	<b>141 636</b>

**8. Expenditure for capital assets**

	Note	2018/19 R'000	2017/18 R'000
Tangible assets	8.1	16 226	15 463
Buildings and other fixed structures		4 414	1 710
Heritage assets		2 690	2 091
Machinery and equipment		9 122	11 662
<b>Total</b>		<b>16 226</b>	<b>15 463</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**8.1 Analysis of funds utilised to acquire capital assets - 2018/19**

	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible assets</b>	<b>16 226</b>	-	<b>16 226</b>
Buildings and other fixed structures	4 414	-	4 414
Heritage assets	2 690	-	2 690
Machinery and equipment	9 122	-	9 122
<b>Total</b>	<b>16 226</b>	-	<b>16 226</b>

**8.2 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>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>15 463</b>

**9. Unauthorised expenditure**
**9.1 Reconciliation of unauthorised expenditure**

	Note	2018/19 R'000	2017/18 R'000
Opening balance		-	-
Prior period error		-	-
As restated		-	-
Unauthorised expenditure - discovered in current year (as restated)		-	-
Less: Amounts approved by Parliament/Legislature with funding		-	-
Less: Amounts approved by Parliament/Legislature without funding		-	-
Capital		-	-
Current		-	-
Transfers and subsidies		-	-
Less: Amounts transferred to receivables for recovery		-	-
<b>Closing balance</b>		<b>-</b>	<b>-</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**10. Cash and cash equivalents**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster General Account		60 389	58 675
Cash receipts		-	-
Disbursements		-	-
Cash on hand		2	7
<b>Total</b>		<b>60 391</b>	<b>58 682</b>

**11. Prepayments and advances**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Advances paid (Not expensed)	11.1	50 000	-
<b>Total</b>		<b>50 000</b>	<b>-</b>

Relates to the KZN Growth Fund Trust.

**11.1 Advances paid (Not Expensed)**

<i>Note</i>	<b>Amount as at 1</b>	<b>Less: Received</b>	<b>Add: Amount as at 31</b>
	<b>April 2018</b>	<b>in the current</b>	<b>Current Year</b>
	<b>R'000</b>	<b>year</b>	<b>prepayments</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
			<b>Amount as at 31</b>
			<b>March 2019</b>
			<b>R'000</b>
National departments	-	-	-
Provincial departments	-	-	-
Public entities	-	-	50 000
Other entities	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>50 000</b>

**11.2 Prepayments (Not Expensed)**

<i>Note</i>	<b>Amount as at 1</b>	<b>Less: Amount</b>	<b>Add: Amount as at 31</b>
	<b>April 2018</b>	<b>expensed in the</b>	<b>Current Year</b>
	<b>R'000</b>	<b>current year</b>	<b>prepayments</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
			<b>Amount as at 31</b>
			<b>March 2019</b>
			<b>R'000</b>
Goods and services	-	(8 365)	8 365
<b>Total</b>	<b>-</b>	<b>(8 365)</b>	<b>8 365</b>

Relates to prepayments made for services received.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**11.3 Advances paid (Expensed)**

	<i>Note</i>	Amount as at 1 April 2018	Less: Amount expensed in the current year	Add: Amount as at 31 Current Year prepayments	Amount as at 31 March 2019
		R'000	R'000	R'000	R'000
National departments		4 758	(6 753)	1 995	-
<b>Total</b>		<b>4 758</b>	<b>(6 753)</b>	<b>1 995</b>	<b>-</b>

Relates to advances made to National Department STATS SA.

**12. Receivables**

	<i>Note</i>	2018/19			2017/18		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	12.1	6 916	-	6 916	3 463	-	3 463
Recoverable expenditure	12.2	237	439	676	229	439	668
Staff debt	12.3	1 190	-	1 190	1 237	-	1 237
Other debtors	12.4	4 398	-	4 398	3 854	-	3 854
<b>Total</b>		<b>12 741</b>	<b>439</b>	<b>13 180</b>	<b>8 783</b>	<b>439</b>	<b>9 222</b>

**12.1 Claims recoverable**

	<i>Note</i>	2018/19	2017/18
		R'000	R'000
National departments	12 and Annex 4	1 595	57
Provincial departments		2 072	157
Public entities		3 249	3 249
<b>Total</b>		<b>6 916</b>	<b>3 463</b>

**12.2 Recoverable expenditure (disallowance accounts)**

	<i>Note</i>	2018/19	2017/18
		R'000	R'000
Disallowances Damages & Losses: CA	12	1 174	704
Disallowances Damages & Losses Recovery		(1 174)	(704)
Disallowance Payment Fraud		439	439
Salary Reversal Control		65	60
Tax Debt		69	66
Salary Deduction Disallowance Account		3	3
GEHS Refund Control Account		6	7
Sal: Income Tax (Due by SARS)		86	86
Sal: Medical Aid		8	7
<b>Total</b>		<b>676</b>	<b>668</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**12.3 Staff debt**

	Note	2018/19	2017/18
	12	R'000	R'000
Employee Debt		81	183
Ex-Employee Debt		945	907
Bursary Debt		164	147
<b>Total</b>		<b>1 190</b>	<b>1 237</b>

**12.4 Other debtors**

	Note	2018/19	2017/18
	12	R'000	R'000
Supplier Debt		4 351	3 840
T & S Advance: Dom		47	14
<b>Total</b>		<b>4 398</b>	<b>3 854</b>

**12.5 Impairment of receivables**

	Note	2018/19	2017/18
	12	R'000	R'000
Estimate of impairment of receivables		8 133	3 628
<b>Total</b>		<b>8 133</b>	<b>3 628</b>

Includes the outstanding inherited claim in respect of Royal household Trust.

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

	Note	2018/19	2017/18
		R'000	R'000
Opening balance		11 417	5 910
Prior period error		-	-
As restated		11 417	5 910
Transfer from statement of financial performance (as restated)		65 277	11 417
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested/not received		-	-
Transferred to retained revenue to defray excess expenditure (PARLIAMENT/LEGISLATURES ONLY)		-	-
Paid during the year		(11 417)	(5 910)
<b>Closing balance</b>		<b>65 277</b>	<b>11 417</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

	Note	2018/19 R'000	2017/18 R'000
Opening balance		78	5 244
Prior period error			(5 229)
As restated		78	15
Transfer from Statement of Financial Performance (as restated)		2 054	1 160
Own revenue included in appropriation		-	-
Transfer from aid assistance		-	-
Transfer to voted funds to defray expenditure (Parliament/ Legislatures ONLY)		-	-
Paid during the year		(2 103)	(1 097)
<b>Closing Balance</b>		<b>29</b>	<b>78</b>

**14.1 Prior period error**

	Note	2017/18 R'000
<b>Nature of prior period error</b>		
2017/18 opening balance adjusted as per prior period error relating to the Gaming & Betting Revenue. The closing balance of the 2016/17 financial year included the Gaming & Betting accrued Revenue. Revenue received was R295 888 mil. R290 659 mil was paid over in 2016/17. R5 229mil was paid over in 2017/18		5 229
		5 229
Relating to 2017/18		
Revenue received from Gaming and Betting and yet to be paid over to Revenue Fund at year end was incorrectly accounted for under Departmental Revenue to be surrendered to the Revenue Fund in the prior year. This has been corrected in the current year by disclosing it as a payable in line with MCS. Prior year total: R45 390 mil, Current year R49 302 mil.		45 390
Total prior period errors		<b>50 619</b>

**15. Payables - current**

	Note	2018/19 R'000	2017/18 R'000
Amounts owing to other entities		-	-
Advances received		-	-
Clearing accounts	15.1	307	1 931
Other payables	15.2	49 302	45 390
<b>Total</b>		<b>49 609</b>	<b>47 321</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**15.1 Clearing accounts**

	Note	2018/19	2017/18
	15	R'000	R'000
Sal: Bargaining Councils		1	1
Sal: Financial Other Institutions		-	15
Sal: Pension Fund		29	29
Sal: Insurance Deduction		-	1
Online Travel Control Account		-	1 610
Sal: ACB Recall		154	154
Sal: Pension Recoverable		123	121
<b>Total</b>		<b>307</b>	<b>1 931</b>

**15.2 Other payables**

	Note	2018/19	2017/18
	15	R'000	R'000
Gaming and Betting Revenue Accrual Payable to Revenue Fund		49 302	49 390
<b>Total</b>		<b>49 302</b>	<b>45 390</b>

The Gaming & Betting Revenue Accrual was requested to be disclosed as a payable. The above amount was initially included in note 14.

**16. Payables - non-current**

	Note	2018/19			2017/18	
		R'000	R'000	R'000	R'000	R'000
		One to two years	Two to three years	More than three years	Total	Total
Advances received	16.1	-	-	1 784	1 784	1 784
Other payables		-	-	-	-	-
<b>Total</b>		<b>-</b>	<b>-</b>	<b>1 784</b>	<b>1 784</b>	<b>1 784</b>

**16.1 Advances received**

	Note	2018/19	2017/18
	16	R'000	R'000
Public entities		1 784	1 784
Other institutions		-	-
<b>Total</b>		<b>1 784</b>	<b>1 784</b>

**Advances received relating to Gaming & Betting Institutions.**

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Net surplus/(deficit) as per Statement of Financial Performance		66 652	15 311
Add back non cash/cash movements not deemed operating activities		(50 332)	49 568
(Increase)/decrease in receivables - current		(3 958)	(656)
(Increase)/decrease in prepayments and advances		(50 000)	-
(Increase)/decrease in other current assets			-
Increase/(decrease) in payables - current		2 288	41 768
Proceeds from sale of capital assets		(1 368)	-
Expenditure on capital assets		16 226)	15 463
Surrenders to Revenue Fund		(13 520)	(7 007)
<b>Net cash flow generated by operating activities</b>		<b>16 320</b>	<b>64 879</b>

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

	<i>Note</i>	2018/19	2017/18
		R'000	R'000
Consolidated Paymaster General account		60 389	58 675
Cash on hand		2	7
<b>Total</b>		<b>60 391</b>	<b>58 682</b>

**19. Contingent liabilities and contingent assets**
**19.1 Contingent liabilities**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
<b>Liable to Nature</b>			
Claims against the department	<i>Annex 3B</i>	8 174	9 390
Intergovernmental payables (unconfirmed balances)	<i>Annex 5</i>	8 868	6 646
Other			
<b>Total</b>		<b>17 042</b>	<b>16 036</b>

Regarding claims against the department, the amount is reliant on the outcome of legal court cases and the strength of evidence against the department by the plaintiff. As is common knowledge, the timing of the resolution is also uncertain and can expand over several years. Regarding the unconfirmed intergovernmental payables, confirmation of goods or services being billed for requires to be confirmed before payment can be processed. The amount and timing will depend on the outcome of the investigation. Regarding Claims against the Department, any reimbursement for damages will be dependant on the outcome of the cases. Regarding the Intergovernmental unconfirmed balance, if goods or services are found not delivered, then the invoice will be rejected and returned to the respective claiming department, but no reimbursement will be required.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**Contingent assets**

	Note	2018/19 R'000	2017/18 R'000
Nature of contingent asset			
Royal Household take-on balance iro Jacks B Construction		362	362
<b>Total</b>		<b>362</b>	<b>362</b>

Relates to the dissolved department of the Royal Household.

**20. Commitments**

	Note	2018/19 R'000	2017/18 R'000
<b>Current expenditure</b>			
Approved and contracted		54 311	37 923
Approved but not yet contracted		-	-
		<u>54 311</u>	<u>37 923</u>
<b>Capital expenditure</b>			
Approved and contracted		3 229	5 916
Approved but not yet contracted		-	-
		<u>3 229</u>	<u>5 916</u>
<b>Total Commitments</b>		<b>57 540</b>	<b>43 839</b>

Included in the commitments note are 18 existing contracts. Of this 8 are contracts over 1 year.

**21. Accruals and payables not recognised**
**21.1 Accruals**

	2018/19 R'000			2017/18 R'000
<b>Listed by economic classification</b>	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	21 074	2 675	23 749	4 673
Transfers and subsidies	-	-	-	28
Capital assets	19	4	23	2 667
<b>Total</b>	<b>21 093</b>	<b>2 679</b>	<b>23 772</b>	<b>7 368</b>

	Note	2018/19 R'000	2017/18 R'000
<b>Listed by programme level</b>			
ADMINISTRATION		905	1 969
INSTITUTIONAL DEVELOPMENT		9 992	5 074
POLICY AND GOVERNANCE		12 875	325
<b>Total</b>		<b>23 772</b>	<b>7 368</b>

Material increase due to misclassification.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

## 21.2 Payables not recognised

			2018/19 R'000	2017/18 R'000
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	8 789	4 801	13 590	11 590
Capital assets	1 844	-	1 844	-
Other	107	2	109	-
<b>Total</b>	<b>10 740</b>	<b>4 803</b>	<b>15 543</b>	<b>11 590</b>
		<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		21	<b>R'000</b>	<b>R'000</b>
<b>Listed by programme level</b>				
ADMINISTRATION			278	1 035
INSTITUTIONAL DEVELOPMENT			8 946	3 080
POLICY AND GOVERNANCE			6 319	7 475
<b>Total</b>			<b>15 543</b>	<b>11 590</b>
		<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
<i>Included in the above totals are the following:</i>			<b>R'000</b>	<b>R'000</b>
Confirmed balances with other departments		<i>Annex 5</i>	5 542	2 516
<b>Total</b>			<b>5 542</b>	<b>2 516</b>

## 22. Employee benefits

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Leave entitlement		18 071	17 674
Service bonus (Thirteenth cheque)	4.1	6 370	5 871
Performance awards	4.1	4 703	4 120
Capped leave commitments		15 353	15 656
Other		323	333
<b>Total</b>		<b>44 820</b>	<b>43 654</b>

The category "Other" refers to Long Service Awards.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**23. Lease commitments**
**23.1 Operating leases**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2018/19</b>					
Not later than 1 year	-	-	93	1 429	1 522
Later than 1 year and not later than 5 years	-	-	24	567	591
Later than five years					
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>117</b>	<b>1 996</b>	<b>2 113</b>
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2017/18</b>					
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>

Approval has been granted for an extension of 5 months for the Marine Building (30 Sept 2019) at R156 920.94 per month. This includes the Delta parkade. The formal process is at award stage. Approval has been granted for 2 month iro Invesco Centre R553 673.83 per month. Department of Works is currently seeking a further extension until 31/03/2020.

**23.2 Finance leases \*\***

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2018/19</b>					
Not later than 1 year	-	-	-	3 187	3 187
Later than 1 year and not later than 5 years	-	-	-	1 475	1 475
Later than five years	-	-	-		
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4 662</b>	<b>4 662</b>
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
<b>2017/18</b>					
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>

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

Relates to cell phone contracts for departmental officials.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**24. Accrued departmental revenue**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Sales of capital assets			1 368
<b>Total</b>		<b>1 368</b>	<b>1 368</b>

**24.1 Analysis of accrued departmental revenue**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Opening balance		1 368	
Less: amounts received		1 368	
Add: amounts recorded			1 368
Less: amounts written-off/reversed as irrecoverable		-	-
<b>Closing balance</b>		<b>-</b>	<b>1 368</b>

**25. Irregular expenditure**
**25.1 Reconciliation of irregular expenditure**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Opening balance		83 604	57 066
Prior period error			-
As restated		83 604	57 066
Add: Irregular expenditure - relating to prior year			-
Add: Irregular expenditure - relating to current year	25.2	54 296	28 253
Less: Prior year amounts condoned			(1 715)
Less: Current year amounts condoned			-
Less: Amounts not condoned and recoverable			-
Less: Amounts not condoned and not recoverable			-
<b>Closing balance</b>		<b>137 900</b>	<b>83 604</b>

**Analysis of awaiting condonation per age classification**

Current year	54 296	28 253
Prior years	83 604	55 351
<b>Total</b>	<b>137 900</b>	<b>83 604</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

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

Incident	Disciplinary steps taken/ criminal proceedings	2018/19 R'000
Competitive bidding process not followed		3 817
Local content not adhered to		1 088
Pre-approval for events not obtained		48 535
Tax affairs not in order		856
<b>Total</b>		<b>54 296</b>

**26. Fruitless and wasteful expenditure**
**26.1 Reconciliation of fruitless and wasteful expenditure**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Opening balance		572	564
Prior period error			-
As restated		572	564
Fruitless and wasteful expenditure - relating to prior year			-
Fruitless and wasteful expenditure - relating to current year		4	8
Less: Amounts resolved		-	-
Less: Amounts transferred to receivables for recovery		-	-
<b>Closing balance</b>		<b>576</b>	<b>572</b>

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

	2018/19 R'000	2017/18 R'000
Current	4	-
Capital	-	-
Transfers and subsidies		
<b>Total</b>	<b>4</b>	<b>-</b>

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

Incident	Disciplinary steps taken/ criminal proceedings	2018/19 R'000
Interest on late payments		4
<b>Total</b>		<b>4</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**27. Key management personnel**

	<i>No. of Individuals</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Political office bearers (provide detail below)	1	2 260	2 260
Officials:			
Level 15 to 16	9	15 568	14 813
Level 14 (incl. CFO if at a lower level)	16	19 529	16 434
Family members of key management personnel			227
<b>Total</b>		<b>37 357</b>	<b>33 734</b>

**28. Provisions**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Retention - Terry Street	28.1	528	-
Retention- Parkside Upgrading project		42	24
<b>Total</b>		<b>570</b>	<b>24</b>

**28.1 Reconciliation of movement in provisions - 2018/19**

	<b>Provision 1</b>	<b>Provision 2</b>	<b>Provision 3</b>	<b>Total provisions</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Opening balance	-	24	-	24
Increase in provision	528	18	-	546
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>528</b>	<b>42</b>	<b>-</b>	<b>570</b>

**Reconciliation of movement in provisions - 2017/18**

	<b>Provision 1</b>	<b>Provision 2</b>	<b>Provision 3</b>	<b>Total provisions</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
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 AS AT 31 MARCH 2019**

The retentions relate to the Terry Street Parkade which has not yet received the official completion certificate as well as the upgrading project at Parkside, which is also awaiting official completion status. The above mentioned projects should be completed in the 19/20 reporting period.

**29. Movable Tangible Capital Assets**
**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>HERITAGE ASSETS</b>	<b>19 477</b>	-	<b>2 690</b>	-	<b>22 167</b>
Heritage assets	19 477	-	2 690	-	22 167
<b>MACHINERY AND EQUIPMENT</b>	<b>132 376</b>	-	<b>10 919</b>	<b>112</b>	<b>143 183</b>
Transport assets	51 526	-	8 534	-	60 060
Computer equipment	47 611	-	1 030	-	48 641
Furniture and office equipment	22 848	-	573	112	23 309
Other machinery and equipment	10 391	-	782	-	11 173
<b>BIOLOGICAL ASSETS</b>	<b>84</b>	-	-	-	<b>84</b>
Biological assets	84	-	-	-	84
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>151 937</b>	-	<b>13 609</b>	<b>112</b>	<b>165 434</b>

Movable Tangible Capital Assets under investigation

	<i>Note</i>	<b>Number</b>	<b>Value R'000</b>
Machinery & Equipment		87	160

The machinery and equipment could not be verified as the building is shared with Dept of Education and OTP could not access the building during the verification process. OTP is currently in the process of investigating and verifying assets in order to confirm existence. Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

## 29.1 Additions

## ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	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>2 690</b>	-	-	-	<b>2 690</b>
Heritage assets	2 690	-	-	-	2 690
<b>MACHINERY AND EQUIPMENT</b>	<b>10 919</b>	-	-	-	<b>10 919</b>
Transport assets	8 534	-	-	-	8 534
Computer equipment	1 030	-	-	-	1 030
Furniture and office equipment	573	-	-	-	573
Other machinery and equipment	782	-	-	-	782
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>13 609</b>	-	-	-	<b>13 609</b>

## 29.2 Disposals

## DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	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>112</b>	<b>112</b>	-
Transport assets	-	-	-	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	112	112	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	<b>112</b>	<b>112</b>	-

Disposed furniture and equipment was donated to war rooms.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

## 1.3 Movement for 2017/18

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>HERITAGE ASSETS</b>	<b>17 756</b>	<b>370</b>	<b>1 351</b>	<b>-</b>	<b>19 477</b>
Heritage assets	17 756	370	1 351	-	19 477
<b>MACHINERY AND EQUIPMENT</b>	<b>125 516</b>	<b>1 106</b>	<b>11 663</b>	<b>5 909</b>	<b>132 376</b>
Transport assets	47 429	1 106	8 781	5 790	51 526
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>1 476</b>	<b>13 014</b>	<b>5 909</b>	<b>151 937</b>

## 29.3.1 Prior period error

	Note	2017/18 R'000
<b>Nature of prior period error</b>		
Relating to 2017/18 [affecting the opening balance]		1 476
Heritage Assets		370
Transport Assets		1 106
Total prior period errors		<b>1 476</b>

## 29.4 Minor assets

## MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019

	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	-	13 951	-	14 026
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	1 728	-	1 728
Disposals	-	-	-	864	-	864
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>75</b>	<b>-</b>	<b>14 815</b>	<b>-</b>	<b>14 890</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	5 927	-	5 927
Number of minor assets at cost	-	-	-	7 782	-	7 782
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	-	-	<b>13 709</b>	-	<b>13 709</b>

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	75	-	13 107	-	13 182
Prior period error	-	-	-	-	-	-
Additions	-	-	-	1 250	-	1 250
Disposals	-	-	-	406	-	406
<b>TOTAL MINOR ASSETS</b>	-	<b>75</b>	-	<b>13 951</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>12 788</b>	-	<b>12 788</b>

**29.5 S42 Movable capital assets**
**MAJOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2019**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	92	176	-	268
Value of the assets (R'000)	-	-	22 167	7 017	84	29 268

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**MINOR ASSETS SUBJECTED TO TRANSFER IN TERMS OF S42 OF THE PFMA - 31 MARCH 2019**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	650	-	650
Value of the assets (R'000)	-	-	-	172	-	172

**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	-	-	-	-	-	-
Value of the assets (R'000)	-	-	-	6 606	84	6 690

**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

**30. Intangible Capital Assets**
**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	14 034	-	227	-	14 261
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>14 034</b>	<b>-</b>	<b>227</b>	<b>-</b>	<b>14 261</b>

Relates to the Nerve Centre.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

**30.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Cash	Non Cash	Development work in progress current costs	Received current not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	227	-	-	-	227
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>227</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>227</b>

**30.2 Movement for 2017/18**
**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	32 081	(25 187)	7 140	-	14 034
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>32 081</b>	<b>(25 187)</b>	<b>7 140</b>	<b>-</b>	<b>14 034</b>

**30.2.1 Prior period error**

	Note	2017/18 R'000
<b>Nature of prior period error</b>		-
Relating to 2017/18 <i>[affecting the opening balance]</i>		(25 187)
Software license		(25 187)
Relating to 2017/18		
Prior Period additions		
<b>Total prior period errors</b>		<b>(25 187)</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

## 31. Immovable Tangible Capital Assets

## MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>13 703</b>	-	<b>1 839</b>	-	<b>15 542</b>
Dwellings	13 651	-	1 839	-	15 490
Non-residential buildings	52	-	-	-	52
Other fixed structures	-	-	-	-	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>13 703</b>	-	<b>1 839</b>	-	<b>15 542</b>

## 31.1 Additions

## ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	<b>4 414</b>	-	<b>(2 782)</b>	<b>207</b>	<b>1 839</b>
Dwellings	1 560	-	279	-	1 839
Non-residential buildings	2 854	-	(3 061)	207	-
Other fixed structures	-	-	-	-	-
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>4 414</b>	-	<b>(2 782)</b>	<b>207</b>	<b>1 839</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

## Movement in 2017/18

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

	Opening Balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	-	-	13 703		13 703
Dwellings	-	-	13 651	-	13 651
Non-residential buildings	-	-	52	-	52
Other fixed structures	-	-	-	-	-
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	-	-	13 703	-	13 703

## 32. Capital Work-in-progress

## CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019

	Opening balance 1 April 2018  <i>Note</i> <i>Annexure 7</i>	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2019
	R'000	R'000	R'000	R'000
Heritage assets	4 667	-	-	4 667
Buildings and other fixed structures	521	4 621	1 839	3 303
<b>TOTAL</b>	<b>5 188</b>	<b>4 621</b>	<b>1 839</b>	<b>7 970</b>

Age analysis on ongoing projects	Number of projects		2018/19
	Planned Construction not started	Planned Construction started	Total
0 to 1 Year	-	-	-
1 to 3 Years	-	1	3 303
3 to 5 Years	-	1	4 667
Longer than 5 Years	-	-	-
<b>Total</b>	-	<b>2</b>	<b>7 970</b>

The capital work in progress relates to the King Shaka Project that was still on-going as at 31 March 2019, as well as the Terry Street Parkade.

The following capital project has been complete as at 31 March 2019.

The Kwakhangela Palace Capital upgrades

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

Accruals and payables not recognised relating to Capital WIP	Note	2018/19 R'000	2017/18 R'000
Terry Street invoice received in April 2019		207	189
DPW pd but OTP not invoiced [Terry Street R62+R750] & [Parkside - R1 666]			2 478
<b>Total</b>		<b>207</b>	<b>2 667</b>

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

	Opening balance 1 April 2017 R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2018 R'000
Heritage assets	4 297		2091	1721	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>

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

## 33. Principle Agent Arrangement

## 33.1 Department acting as the principle

	Note	2018/19 Fee paid R'000	2017/18 R'000
KZN Growth Fund Trust		50 000	-
<b>Total</b>		<b>50 000</b>	<b>-</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

The department has 1 principle-agent arrangement with the KZN Growth Fund Trust. The Fund was established following the pronouncement made by the Premier at the 2018 State of the Province address. The goal of the fund is to provide seed funding for qualifying youth business development and will be able to accept private sector corporate social investment contributions. Strict criteria has been applied for the accessing of the finance by SMME's. Priority areas have been established. Roles and responsibilities are allocated to different committees appointed by the Accounting Officer. Committees include Grant Approval Committee; Grant Evaluation Committee; Investment Team; Post Investment Support.

An amount of R50 million was transferred to the agent. In the event of the termination of the principle-agent arrangement all remaining funding (excluding monies that were transferred to successful business via the approved processes) will need to be returned to OTP.

R50 million was transferred to the agent. Confirmation was received from the agent that the resources were received.

### 34. Prior period errors

#### 34.1 Correction of prior period errors

	<i>Note</i>	<b>Amount bef error correction</b>	<b>Prior period error</b>	<b>Restated Amount</b>
		<b>2017/18 R'000</b>	<b>2017/18 R'000</b>	<b>2017/18 R'000</b>
<b>Assets: (E.g. Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, etc.)</b>				
Heritage Assets opening balance error	39.3.1		370	370
Software additions 2017/18			18 087	18 087
Transport Assets donated vehicles		-	1 106	1 106
<b>Net effect</b>		<b>-</b>	<b>19 563</b>	<b>19 563</b>

The R370 thousand relates to the King Shaka statue. The opening balance of the heritage asset was overstated and therefore corrected. The R18 087 million relates to a historic balance that is no longer applicable to any operating software and was therefore removed. The R 1 106 million relates to 2 vehicles that were donated in the previous year but not included in note 39.3. This is now being corrected.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS AS AT 31 MARCH 2019

	<i>Note</i>	<b>Amount bef error correction</b>	<b>Prior period error</b>	<b>Restated Amount</b>
		<b>2017/18 R'000</b>	<b>2017/18 R'000</b>	<b>2017/18 R'000</b>
<b>Liabilities (E.g. Payables current, voted fund to be surrendered etc.)</b>				
Gaming & Betting revenue accrual			45 390	45 390
<b>Net effect</b>		<b>-</b>	<b>45 390</b>	<b>45 390</b>

Misclassification between payables and voted funds to be surrendered.

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## ANNEXURE 1B

## STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18 Final Appropriation R'000
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
AMAFA	33 989	-	-	33 989	33 989	100%	32 263
GAMING & BETTING BOARD	42 310	-	-	42 310	42 310	100%	63 196
ROYAL HOUSEHOLD TRUST	18 040	-	-	18 040	18 040	100%	20 001
<b>TOTAL</b>	<b>94 339</b>	<b>-</b>	<b>-</b>	<b>94 339</b>	<b>94 339</b>		<b>115 460</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## ANNEXURE 1G

## STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18 Final Appropriation R'000
	Adjusted Appropriation Act	Roll Overs	Adjustments	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	-	-	1 182	1 182	1 169	99%	1 117
H/H: Empl s/ben: leave gratuity	1 774	-	277	2 051	2 044	100%	379
H/H: Bursaries (Non-Employee)	21 906	-	156	22 062	21 735	99%	25 005
H/H: Claims against state (Cash)							9
<b>TOTAL</b>	<b>23 680</b>	<b>-</b>	<b>1 615</b>	<b>25 295</b>	<b>24 948</b>		<b>26 510</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## ANNEXURE 1H

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
<b>Received in cash</b>			
ABSA BANK	SERVICE EXCELLENCE AWARDS FUNCTION (ANNEXURE 1.H 3.1)	300	300
<b>Subtotal</b>		<b>300</b>	<b>300</b>
<b>Received in kind</b>			
PERSAL Management	Golf challenge & book	7	
PGITO	Book	2	
Employee Wellness	T Shirts	15	
Financial Accounting (<R500)	Note book; desk calendar; Pen & Travel mug	0	
Mhlatuze water	pens, playcards & ties		1
JAYZ GRIL/Beverly hills hotel & Sagewood cafe	3 meal voucher		2
Bu skin & beauty/ips/Edgars/game	purchase vouchers		153
John brown media	600 Magazines		15
Tourvest	650 mugs		13
Garden court south beach & garden	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 (<R500)		0
SAB	Girls personal care hampers		9
Meetmekar Hotel	Girls personal care hampers & toys		2
Abbot laboratories	T-shirts for games		10
Kimali sponsorship received by communications	Communications function		5
Advanced apps donation received by HR	Gifts for HR events		1
<b>Subtotal</b>		<b>24</b>	<b>290</b>
<b>TOTAL</b>		<b>324</b>	<b>590</b>

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

ANNEXURE 1I

STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	PAID BACK ON/BY 31 MARCH R'000	CLOSING BALANCE R'000
<b>Received in cash</b>						
MERSETA	Apprenticeships	(2 343)	(7 876)	7 224	-	(2 995)
NATIONAL SKILLS FUND	KZN Literacy Project	(3 019)	-	1 332	-	(1 687)
<b>Subtotal</b>		<b>(5 362)</b>	<b>(7 876)</b>	<b>8 556</b>	<b>-</b>	<b>(4 682)</b>

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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)	2018/19	2017/18
	R'000	R'000
<b>Made in kind</b>		
Premier support (Chair)	22	
Management Accounting (Flowers)	1	
PPSTA (Trophies)	13	
M & E (Trophies, certificates, etc.)	535	
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
<b>TOTAL</b>	<b>571</b>	<b>581</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## ANNEXURE 3B

## STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019

Nature of Liability	Opening Balance 1 April 2017 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/ reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2018 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	216	-	-	-	216
Safura Auto Sale vs The Premier & Another (7420/16P)	1 215	-	1 215	-	-
Lindi April vs Premier (D1169/16)	293	-	-	-	293
Matt Engineering CC vs The Premier	-	-	-	-	-
<b>Subtotal</b>	<b>9 390</b>	<b>-</b>	<b>1 215</b>	<b>-</b>	<b>8 175</b>
<b>Other: Inter Departmental Accounts Payable: Unconfirmed balance</b>					
KZN PROVINCIAL GOVERNMENT - AGRICULTURE	1	-	1	-	-
KZN PROVINCIAL GOVERNMENT - TRANSPORT	11	3 533	11	-	3 533
KZN PROVINCIAL GOVT - LEGISLATURE	-	303	-	-	303
KZN PROVINCIAL GOVERNMENT - WORKS	6 269	4 654	6 269	-	4 654
NATIONAL TRANSPORT	2	2	2	-	2
NATIONAL SCHOOL OF GOVERNMENT	15	-	15	-	-
KZN PROVINCIAL GOVT ARTS & CULTURE	348	-	348	-	-
KZN PROVINCIAL GOVERNMENT GOVT PRINTING WORKS	-	9	-	-	9
KZN PROVINCIAL GOVT HEALTH	-	138	-	-	138
NATIONAL DEPARTMENT SAPS	-	227	-	-	227
NATIONAL DEPARTMENT LABOUR	-	2	-	-	2
<b>Subtotal</b>	<b>6 646</b>	<b>8 868</b>	<b>6 646</b>	<b>-</b>	<b>8 868</b>
<b>TOTAL</b>	<b>16 036</b>	<b>8 868</b>	<b>7 861</b>	<b>-</b>	<b>17 043</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## ANNEXURE 4

## CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	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	919	-	-	69	919	69	-	-
KZN PROVINCIAL GOVERNMENT - PUBLIC WORKS	-	49	-	-	-	49	-	-
KZN PROVINCIAL GOVERNMENT - TRANSPORT	-	-	18	10	18	10	-	-
WESTERN CAPE: PROV TRANSPORT & PUBLIC WORKS	-	-	-	29	-	29	-	-
NATIONAL DEPT: JUSTICE	-	-	-	29	-	29	-	-
NATIONAL DEPT: RURAL DEV & LAND REFORM	-	-	25	28	25	28	-	-
KZN PROVINCIAL GOVERNMENT - HUMAN SETTLEMENTS	8	-	-	-	8	-	-	-
KZN PROVINCIAL GOVERNMENT - TREASURY	-	-	1 128	-	1 128	-	-	-
NATIONAL DEPT: SAP	-	-	1 569	-	1 569	-	-	-
	927	49	2 740	165	3 667	214	-	-
<b>Other Government Entities</b>								
ROYAL HOUSEHOLD TRUST	-	-	3 249	3 249	3 249	3 249	-	-
	-	-	3 249	3 249	3 249	3 249	-	-
<b>TOTAL</b>	<b>927</b>	<b>49</b>	<b>5 989</b>	<b>3 414</b>	<b>6 916</b>	<b>3 463</b>		

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

## ANNEXURE 5

## INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19 *	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	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		
KZP PROVINCIAL GOVERNMENT - LEGISLATURE	679	568	303	-	982	568	3/04/2019	303
KZN PROVINCIAL GOVERNMENT - TRANSPORT	-	-	1 735	11	1 735	11		
KZN PROVINCIAL GOVT TREASURY	-	469	-	-	-	469		
KZN PROVINCIAL GOVERNMENT - WORKS	3 727	434	4 654	6 269	8 381	6 703	3/04/2019	1 253
NATIONAL DEPARTMENT: JUSTICE & CONSTITUTIONAL DEV	-	1 043	-	-	-	1 043		
KZN PROVINCIAL GOVERNMENT GOVT PRINTING WORKS	106	2	9	-	115	2	29/03/2019	106
KZN PROVINCIAL GOVT HEALTH	30	-	138	-	168	-	3/04/2019	30
NATIONAL GOVT TRANSPORT	-	-	2	2	2	2		
NATIONAL SCHOOL OF GOVERNMENT	-	-	-	15	-	15		
KZN PROVINCIAL GOVT ARTS & CULTURE	1 000	-	-	348	1 000	348		
NATIONAL DEPARTMENT SAPS	-	-	-	-	227	-	29/03/2019	194
NATIONAL DEPARTMENT LABOUR	-	-	2	-	-	-		
<b>Subtotal</b>	<b>5 542</b>	<b>2 516</b>	<b>7 070</b>	<b>6 646</b>	<b>12 612</b>	<b>9 162</b>		<b>1 886</b>
<b>Non-Current</b>								
KZN PROVINCIAL GOVERNMENT - TRANSPORT	-	-	1 798	-	1 798	-		
<b>TOTAL</b>	<b>5 542</b>	<b>2 516</b>	<b>8 868</b>	<b>6 646</b>	<b>14 410</b>	<b>9 162</b>		<b>1 886</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**ANNEXURE 7**
**MOVEMENT IN CAPITAL WORK IN PROGRESS**
**MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	<b>4 667</b>	<b>2 690</b>	<b>(2 690)</b>	<b>4 667</b>
Heritage assets	4 667	2 690	(2 690)	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>521</b>	<b>4 621</b>	<b>(1 839)</b>	<b>3 303</b>
Dwellings	279	1 560	(1 839)	-
Non-residential buildings	242	3 061	-	3 303
Other fixed structures	-	-	-	-
<b>TOTAL</b>	<b>5 188</b>	<b>7 311</b>	<b>(4 529)</b>	<b>7 970</b>

The capital work in progress relates to the King Shaka project that was still on going as at 31 March 2019, as well as Terry Street Parkade.

The following capital project has been complete as at 31 March 2019 and is known as The Kwakhangela Palace capital upgrades.

Age analysis on ongoing projects	Number of projects		2018/19
	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>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
<b>HERITAGE ASSETS</b>	<b>4 297</b>	<b>-</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>-</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>-</b>	<b>3 800</b>	<b>(15 424)</b>	<b>5 188</b>

**ANNEXURE 8B**
**INTER-ENTITY ADVANCES RECEIVED (note 21 AND note 22)**

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Public entities</b>						
<b>Non-Current</b>						
Advances received	1 784	1 784	-	-	1 784	1 784
<b>Subtotal</b>	<b>1 784</b>	<b>1 784</b>	<b>-</b>	<b>-</b>	<b>1 784</b>	<b>1 784</b>
<b>Non-current</b>	<b>1 784</b>	<b>1 784</b>	<b>-</b>	<b>-</b>	<b>1 784</b>	<b>1 784</b>







**INSIDE BACK COVER**

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# Annual Report 2018/19

PROVINCE OF KWAZULU-NATAL VOTE 1 OFFICE OF THE PREMIER

“We are ready to hand over, towards even better and faster growth and development of our Province and it’s people”



premier

Department:  
Office Of The Premier  
PROVINCE OF KWAZULU-NATAL

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