

REPORT OF THE PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM

2014/15 ANNUAL REPORT OF PROVINCIAL TREASURY

1. INTRODUCTION

The **Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism** (the Committee) has a mandate as per Section 114(2) (b) of the Constitution of the Republic of South Africa (Act. 108 of 1996), read with rule 131 (b)(c)(d) of the Rules and Orders of the Mpumalanga Provincial Legislature (the Rules), to oversee the performance of Provincial Treasury (the department).

Section 133(b) of the Constitution requires the Member of the Executive Council (MEC) to provide the Legislature with full and regular reports concerning matters under their control. Thus the tabling of the 2014/15 Annual Report of Provincial Treasury was in compliance with section 65(a) of the Public Finance Management Act (Act 1 of 1999) (PFMA).

The consideration and scrutiny of the 2014/15 Annual Report of Provincial Treasury was for the Committee to satisfy itself that the department's performance was in line with its approved 2014/15 Annual Performance Plan (APP); and the budget that was appropriated for the financial year under review. The Annual Report oversight exercise is a mechanism of the Committee to ensure that public funds allocated to the department in the year under review, are used economically, efficiently, equitably and effectively. There should ultimately be value for money in any activity undertaken by the department. Thus, the Executive Authority was held to account for the department's performance in the 2014/15 financial year.

2. METHOD OF WORK

The MEC tabled the 2014/15 Annual Report in accordance with Section 65(a) of the PFMA and the Hon Speaker subsequently applied rule 219(3) of the Rules and Orders of the Mpumalanga Provincial Legislature by referring the report to the Committee for consideration and report back to the House.

On 28 October 2015 the Committee considered a detailed analysis of the 2014/15 Annual Report and raised key observations and questions that were sent to the department for written responses.

Thereafter, on 5 November 2015, the Committee interacted with the Head Official and the Senior Management team of the department on the 2014/15 Annual Report. The Committee met again on 18 November 2015 to consider its draft report.

3. BRIEF OUTLINE OF THE DEPARTMENT'S PRIORITIES AND GOALS IN THE PERIOD UNDER REVIEW

3.1. Outcome Oriented Goals

In terms of government priorities Provincial Treasury is directly linked to **Outcome 9** which states "**Responsive, accountable, effective and efficient developmental local government system**". The department is also directly linked to **Outcome 12** which states "**An efficient, effective and development oriented related public service.**"

Outcome 9 is linked to one sub-outcome, namely:

Sub-Outcome 3: Sound financial and administrative management

Outcome 12 is linked to two sub-outcomes, namely:

Sub-Outcome 4: Efficient and effective management and operations systems

Sub-Outcome 5: Procurement systems that deliver value for money

Outcomes 9 and 12 are linked to the National Development Plan (NDP) and the Mpumalanga Vision 2030 focus areas, namely in terms of:

- o "Building a Capable and Developmental State"
- o "Fighting Corruption"

3.2. Millennium Development Goals (MDGs)

Provincial Treasury has no specific responsibility towards the realising of the MDGs. However, the department indicated that they support all government priorities as they monitor the usage of all resources allocated to provincial departments, public entities and municipalities.

4. OBSERVATIONS AND COMMENTS

The Head Official (HO) and her management team made a presentation to the Committee on Provincial Treasury's 2014/15 Annual Report.

The presentation made to the Committee was only signed off by the Head Official since the Acting MEC was deployed to other commitments before the document could be signed. As per Provincial Treasury's undertaking the document was signed by the Acting MEC and formally tabled in the Office of the Speaker

5. PART A: GENERAL INFORMATION

5.1. Compliance to the National Treasury Guide on the Preparation of the Annual Report

Provincial Treasury complied with the National Treasury guide on the preparation and compilation of the annual reports except in the following areas:

- a) The Vote number on the cover page.
- b) The acknowledgement or appreciation by the MEC in his foreword.
- c) The names and photos on the high level organizational structure.
- d) The conclusion under the report of the Accounting Officer.

Provincial Treasury conceded to the omission of the above information from its 2014/15 Annual Report and has established a quality assurance committee for final review of the document prior to final printing to prevent a future re-occurrence.

5.2. Service Delivery Environment

5.2.1. The department's Performance against Policy Statements

SOPA Pronouncements 2014/15	Department's Commitments/ MEC's Budget Speech Commitments	Department's Performance Against the Priorities
The Premier in his state of the Province address (2014) paragraph 165, indicated that "government have prioritised a set of measures to improve governance and	On page 10 of the 2014/15 APP, The department made a commitment that Financial Governance Programme will continue to monitor departments,	The department continued to monitor departments, public entities and municipalities with regard to the implementation and compliance with prescribed policies and Acts

<p>implementation capacity by doing the following:</p> <ul style="list-style-type: none"> • Enhance monitoring and evaluation systems to strengthen accountability for performance and results; • Address challenges that continues to plague procurement, management and operations systems to ensure that these practices no longer reduce the impact of expenditure or negatively affect service delivery; • Continue to strengthen financial management and internal controls to prevent the wastage of public resources. In cases where mismanagement occurs, government will intervene decisively to restore the integrity of management system” (page 48: State of the Province Address 27 June 2014). 	<p>municipalities and public entities with regard to the implementation and compliance with prescribed policies and Acts and also provide hands-on support and capacity building where needed.</p> <p>The department made a commitment that under the Assets Liability Management programme that it will strengthen the control environment through: Maintenance of fraud system, Assisting departments to interpret and implement the assets management framework, ensure that the Supply Chain Management (SCM) governance practice is implemented and monitor the compliance of legislation pertaining to 30 days payment cycle. (APP:9)</p>	<p>and provided a hands-on support as well as capacity building where needed (AR:12).</p> <p>The department continued to improve systems to enhance its responsibility of supporting the provincial departments, municipalities and public entities through: Maintenance of fraud system, assisting departments to interpret and implement the assets management framework, ensure Supply Chain Management (SCM) governance practice is implemented and monitor the compliance of legislation pertaining to 30 days payment cycle (AR:12)</p>
<p>On page 50 of the 2014/15 State of the Province Address the Premier indicated that government will implement a comprehensive support programme to assist municipalities in responding to the development and service delivery needs of communities.</p>	<p>The department made a commitment that it will focus on assisting municipalities to improve their audit outcome and more efforts will be directed towards improving their Financial Management Capacity Maturity level. (APP 2014/15:Pg 8)</p>	<p>All 21 municipalities have completed the Financial Management Capability Maturity Model (FMCMM) to assess the maturity level of each institution on specific key areas such as assets management, goods and services, revenue management, internal audit and risk management (AR:12)</p>

The Committee noted the following on General Information:

- i. Provincial Treasury acknowledged that they play a critical role to support and oversight departments, public entities and municipalities; and assured the Committee that they will continue to exercise this function. However, Provincial Treasury urged the Committee to strengthen their efforts by ensuring that the responsibilities of the accounting officers and management teams, as defined in sections 38 – 42 in the PFMA (and read together with the relevant Treasury Regulations) in each institution be enforced so that the systems in each institution can be strong enough to detect and prevent issues that can impact negatively on audit outcomes. Provincial Treasury emphasized that good governance should be embedded on systems of internal controls.

6. PART B: OVERVIEW OF DEPARTMENTAL PERFORMANCE

6.1. Financial Performance

6.1.1. Two (2) Years Expenditure Pattern - expenditure

Financial year	2013/2014		2014/15	
	R'000		R'000	
Main Appropriation		266 868		268 169
Adjusted Appropriation		254 980		272 024
Actual Amount Spent		251 727		264 753
(Over) Under Expenditure		3 253		7 271
Percentage Expenditure		98.7%		97.3%

Provincial Treasury obtained 65 of its 67 (97%) planned targets for the financial year under review. The department performed exceptionally well against SOPA pronouncements and managed to fulfill the commitments made at the beginning of the financial year. Provincial Treasury received a budget of R268 169 000.00 in the beginning of the financial year and the budget was adjusted to R272 024 000.00. Provincial Treasury spent R264 753 000.00 (97.3%) of its budget at the end of the 2014/15 financial year. The underspending percentage increased when comparing the spending pattern of the two financial years, in 2013/14 it was at 1.3% and in 2014/15 financial year it was at 2.7% which is slightly above the acceptable 2% under/over expenditure benchmark.

6.1.2. Two Years Expenditure on Economic Classification

Economic Classification 2014/15

Programme	Main Appropriation (R'000)	Adjusted Budget (R'000)	Actual Expenditure (R'000)	Over/Under Expenditure%
Compensation of Employees	154 436	141 891	140 690	99.2%
Goods and Services	105 797	118 995	114 343	96.1%
Transfer and Subsidies	3 509	6 717	6 646	98.9%
Payments for Capital Assets	4 427	4 417	3 070	79.5%
Payments for Financial Assets	0	4	4	100.0%
TOTAL	288 169	272 024	264 753	97.3%

Economic Classification 2013/14

Programme	Main Appropriation (R'000)	Adjusted Budget (R'000)	Actual Expenditure (R'000)	Over/Under Expenditure% Of
Compensation of Employees	144 383	135 967	135 842	99.9%
Goods and Services	118 691	110 082	107 149	97.3%
Transfer and subsidies	44	3 870	3 860	99.7%
Payments for Capital Assets	3 610	5 061	4 876	96.3%
TOTAL	266 868	254 980	251 727	98.7%

When comparing Provincial Treasury's spending under Economic Classifications for the two consecutive years, the department's spending for the year under review is very similar to the spending for the 2013/14 financial year.

In 2014/15 Provincial Treasury spent R140 690 000.00 (99.2%) from the appropriated R141 891 000.00 on Compensation for Employees, spent 96.1% (R114 343 000.00) from the appropriated R118 995 000.00 towards Goods and Services, R6 646 000.00 of the allocated R6 717 000.00 was spent on Transfers and Subsidies, which translates to 99%. Provincial Treasury appropriated R4 417 000.00 towards payment for Capital Assets and spent R3 070 000.00 (79.5%). In total Provincial Treasury spent R264 757 000.00 (97.3%) from the allocated R272 024 000.00 as at 31 March 2015.

6.2. Strategic Outcomes Oriented Goals of the Department

STRATEGIC GOALS	ACHIEVEMENT IN 2014/15
Administration Support Services	Provide prompt, continuous, effective and efficient administrative support to all line functions in the department.
Maintain Fiscal Discipline In The Province	Provide quality advice and support on Provincial and Municipal Fiscal policy, Budget and expenditure management and economic impact of Provincial public policy and expenditure and Infrastructure Co-ordination.
Assets And Liabilities Support	Monitored and supported the implementation of Transversal Systems, Information Technology Services, Assets, Liabilities, Public Private Partnership and Provincial Supply Chain Management in Departments, Public Entities and Municipalities, to reach full PFMA compliance.
Efficient And Effective Financial Corporate Governance	Provide support to ensure efficient and effective financial and corporate governance in the Province in line with the legislation

6.3. Auditor-General Report

Provincial Treasury obtained an Unqualified (clean) Audit Opinion with no material findings. The Audit Opinion was based on three aspects that were audited by the Auditor-General namely; Report on Performance Information, Predetermined Objectives and Compliance with Legislation. The Auditor-General did not identify any instances of material findings, hence the clean Audit Opinion.

2013/14	2014/15
Unqualified (Clean)	Unqualified (Clean)

Provincial Treasury maintained the unqualified (clean) audit opinion. This indicates that the department is doing well in terms of complying with key legislation, reporting on performance information and the internal controls are being implemented.

6.4. Two year Transfer to Public Entities

Provincial Treasury does not provide or make any transfers to public entities.

6.5. Donor Funding

Provincial Treasury reported in its 2014/15 Annual Report that it did not receive any donor funds for the financial year under review.

6.6. Conditional Grants

Provincial Treasury reported in its 2014/15 Annual Report that it did not receive or issue any conditional grants for the 2014/15 financial year.

6.7. Progress on MDG attainment

Provincial Treasury did not report on the progress attained on MDG in the 2014/15 Annual Report.

7. PROGRAMME ANALYSIS

The department has four programmes namely, Administration, Sustainable Resource Management, Assets and Liabilities Management and Financial Governance.

Provincial Treasury obtained 65 of its 67 (97%) planned targets for the financial year under review. Provincial Treasury achieved 100% planned targets under Programme 1, Programme 2 and Programme 3 for the 2014/15 financial year. Under programme 4 Provincial Treasury failed to review nine municipal financial statements due to nine municipalities who failed to submit their financial statements on time. Provincial Treasury sent non-compliance letters to the nine municipalities to correct the non-compliance. Provincial Treasury failed to ensure that six Votes and two public entities complete their Financial Management Capability Maturity Model (FMCMM). Provincial Treasury conducted one-on-one sessions with departments and public entities on how to complete the FMCMM and sent non-compliance letters to those departments and public entities which failed to complete their FMCMM.

Even though Provincial Treasury obtained a clean Audit opinion the Auditor-General has been raising the same finding related to the support that Provincial Treasury provides to municipalities, departments and public entities in order for them to obtain clean Audit Opinions. Provincial Treasury should re-enforce its support and monitoring function.

The Committee noted the following on Programme Analysis:

- I. In order to improve on its support and oversight function Provincial Treasury indicated that it has developed specific measures such as conducting workshops and training on how to prepare the interim financial statements. The CFOs Forum will also be utilized to discuss the importance of the quarterly reporting that is the preparation of Interim Financial Statements. Provincial Treasury will continue to engage in discussions with CFOs to emphasize the importance of the interim reporting; and to conduct one-on-one sessions with each Vote and public entity. Provincial Treasury undertook to re-issue a circular to guide municipalities to prepare and submit the Interim Financial Statements which will enable Provincial Treasury to review them and provide feedback and recommendations for improvements.

- II. Provincial Treasury also undertook to conduct workshops with those departments which have difficulty to complete the Financial Management Maturity Model (FMCMM) template. Presentations will also be made through the CFOs Forum on the completion and importance of the FMCMM. Provincial Treasury will circulate the FMCMM earlier in order to ensure that institutions are afforded adequate time to complete the questionnaire. Follow-ups will be intensified and hands-on support provided to those institutions experiencing challenges.

Programme Expenditure

Programme	Final Appropriation	2014/15 Actual Expenditure	Over/Under Expenditure
	R'000	R'000	R'000
Programme 1: Administration	77 044	76 153	891
Programme 2: Sustainable Resource Management	44 830	44 378	452
Programme 3: Assets and Liabilities Management	115 048	112 136	2 912
Programme 4: Financial Governance	35 102	32 086	3 016
TOTAL	272 024	264 753	727 100

Provincial Treasury received a final appropriation of R272 024 000.00 and spent R264 753 000.00, translating to under-expenditure of R727 100.00.

PROGRAMME 1: ADMINISTRATION

This programme is responsible to provide political, financial and administrative management to the department. It provides effective and efficient administrative support to all line functions in the department.

Programme 1: Expenditure Table

Sub-programme R 000	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	% Outcome
Member of Executive Council	1 812	1 548	264	85.43
Management Services	30 431	29 698	463	97.59
Financial Management	41 141	41 123	18	99.95
Internal Audit	3 660	3 514	146	96.01
TOTAL	77 044	76 153	891	98.84

Provincial Treasury budgeted R77 044 000.00 towards Programme 1 and R76 153 000.00 (98.84%) was spent at the end of the financial year. Provincial Treasury underspent by R891 000.00 in this programme in the period under review.

The Committee was satisfied with the performance in Programme 1.

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

This programme exists to promote optimal and effective provincial resource allocation and utilisation, efficient budget management, accurate financial reporting on provincial revenue generation and maximisation, provide quality and accurate socio-economic research reports to inform the provincial budget and planning process, promote efficient planning, implementation and management of infrastructure by provincial departments and municipalities; and provide technical support to delegated municipalities on the implementation of the MFMA.

Programme 2: Expenditure Table

Sub-programme R 000	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	% Outcome
Programme Support	1 710	1 696	14	99.18
Economic Analysis	3 628	3 501	127	96.4
Provincial Administration Fiscal Discipline	4 626	4 531	95	97.9
Budget and Expenditure Management	8 762	8 644	118	98.6
Municipal Finance	22 517	22 486	31	99.8
Infrastructure Coordination	3 587	3 520	67	98.13
TOTAL	44 830	44 378	452	98.99

Under Programme 2 Provincial Treasury spent R44 378 000.00 (99%) from the main appropriation of R44 830 000.00 for the 2014/15 financial year. Provincial Treasury underspent by R452 000.00 in the period under review which is less when compared to the previous year's expenditure.

The Committee was satisfied with the performance in Programme 2.

PROGRAMME 3: ASSETS AND LIABILITIES MANAGEMENT

This programme is responsible for the monitoring and support on Assets, Liabilities, Provincial Supply Chain Management, Public Private Partnerships, Transversal Systems and Information Technology Services as well as the provisioning of Information Technology Infrastructure to Votes.

Programme 3: Expenditure Table

Sub-programme R 000	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	% Outcome
Programme Support	1 666	1 589	77	95.37
Provincial Supply Chain Management	17 113	16 845	268	98.43
Financial Assets Management	2 852	2 736	116	95.93
Public Sector Liabilities	4 695	4 691	4	99.55
Physical Assets Management	4 714	4 693	21	99.55
Interlinked Financial Systems	11 644	11 590	54	99.53
Information Technology	72 364	69 992	2 372	96.72
TOTAL	115 048	112 136	2 912	97.46

In Programme 3 Provincial Treasury was allocated R115 048 000.00 and R112 136 000.00 (97.46%) was spent at the end of the financial year. Provincial Treasury underspent by R2 912 000.00 which is slightly more than the acceptable 2% National Treasury benchmark for over/under spending.

The Committee was satisfied with the performance in Programme 3.

PROGRAMME 4: FINANCIAL GOVERNANCE

This programme serves to facilitate, monitor, support and provide professional advice to ensure good governance in the Province.

Programme 3: Expenditure Table

Sub-programme R 000	Final Appropriation	Actual Expenditure	(Over) / Under Expenditure	% Outcome
Programme Support	12 809	10 809	2000	84.38
Accounting Services	4 945	4 622	323	93.46
Norms and Standards	13 161	12 650	511	96.11
Risk Management	1 908	1 856	52	97.27
Provincial Internal Audit	2 279	2 149	130	94.29
TOTAL	35 102	32 086	3 086	91.40

Provincial Treasury spent R32 086 000.00 (91.40%) from the main appropriation of R35 102 000.00 under Programme 4.

The Committee noted the following on Programme 4:

- i. The 9% underspending in Programme 4 is mainly on Goods and Services due to travelling costs being lower than anticipated; and the budget initially allocated for the intervention at the Department of Health which was later redirected to the intervention at the Dipaliseng Local Municipality. This has resulted in a commitment of R 1 900 000.00 which has been paid in the 2015/16 financial year. It was explained that the Supply Chain Management processes could not be finalized before the end of the 2014/15 financial year; however, there was a service delivery agreement in place determining how the process must unfold and be concluded in the 2015/16 financial year. The amount was disclosed in the Annual Report for 2014/15 under 'Commitments'.

Conditional Grants

The department did not receive or issue any conditional grants for the financial year.

Donor Funds

The department did not receive any donor funds for the financial year.

8. PART C: GOVERNANCE

Provincial Treasury reported that it has effective governance policies, strategies and committees to prevent potential risks. Furthermore, Provincial Treasury continued to coordinate awareness workshops to minimise potential conflict of interest and to remind employees about the importance of adhering to the relevant code of conducts. Provincial Treasury also established an Occupational Health and Safety Committee to assist in monitoring compliance with the legislation.

In addition, Provincial Treasury complied with the National Treasury guide as it stated on page 50 of the Annual Report the dates of the meetings held with the portfolio committee. The department further provided a table of the matters that were raised during the portfolio committee meetings and how it has addressed those matters. It was noted that Provincial Treasury did not indicate the dates of SCOPA meetings held as prescribed by the National Treasury guide.

The National Treasury Guide prescribes that provincial departments should disclose prior modification to Audit Reports and progress made in clearing the matters. Provincial Treasury obtained clean audit opinions for the past five financial years, thus no prior-modifications to Audit Opinion was necessary. However, the department included a table to comply with the National Treasury guide.

The department reported that it does not have an Internal Control unit because it has a Risk Management Section as well as an Internal Audit Committee to assess and address potential risks.

The Committee noted the following on Part C: Governance:

- i. No SCOPA committee meetings were scheduled with the Provincial Treasury; thus, there was nothing to reflect in the Annual Report for 2014/15 in this regard. However, written feedback on preliminary questions was provided as requested.

9. PART D: HUMAN RESOURCE MANAGEMENT

9.1. Organisational Structure

The organogram of Provincial Treasury was approved by the MEC and awaits the approval of the Minister of the Department of Public Services and Administration in order for it to be fully functional. Provincial Treasury reported on page 67 of the Annual Report for 2014/15 under Employment and Vacancies that the number of posts in the approved establishment was 327 and there were no vacant posts as on 31 March 2015. However, it is reported under the report of the Accounting Officer on page 11 of the Annual Report that "the department had 312 permanent officials at the end of the financial year against the total establishment of 339 at the beginning of the financial year". From the 327 employees provincial treasury had 8 employees with disabilities.

9.2. Human Resource Oversight

9.2.1. Human resource oversight statistics

Provincial Treasury did not conduct any job evaluation during the financial year under review and there were no employees whose positions were upgraded. However, a contrasting statement was included on page 71 of the Annual Report that there were three (3) senior managers with salary levels that were higher than those determined by job evaluation by occupation for the period 1 April 2014 up-until 31 March 2015. The senior managers were supposed to be within level 13 but fall within level 14 due to the retention strategy.

To encourage good performance, the department granted performance rewards to the value of R10 085 000.00 to 227 employees. 26 Employees were terminated and the department took disciplinary actions against three employees. The department had a successful internship programme which resulted in some participants being absorbed within Provincial Treasury whilst others were appointed elsewhere.

The Committee noted the following on Part D: Human Resource Management:

1. In order to provide clarity on the staff complement it was reported that at the end of the 2014/15 financial year Provincial Treasury had 327 posts: 312 were permanent employees, 10 were interns and five were Municipal Specialists treated as contract workers.
2. Provincial Treasury provided a detailed explanation why the three managers who were above the salary level they should be. The following was noted in this regard:

- a. The Senior Manager: Accounting Services submitted a request to be released due to her appointment at the Mpumalanga Regional Trust (MRTT) as a Chief Financial Officer. The department requested approval from the then MEC to retain the employee on the scarce skills basis. Approval was granted to retain the employee's services on a personal salary package in line with the Provincial Policy on Retention. The Executive Authority approval was given on 25 October 2007.
 - b. The Senior Manager: Infrastructure Coordination submitted a request to be released due to his appointment in the Independent Development Trust (IDT). The department requested approval from the Executive Authority to retain the employee in terms of the Provincial Treasury Policy on Retention because the engineering field was also one of the scarce skills in the province. Approval was granted on the retention of services for the SMS member and the employee's salary was adjusted to the personal salary package. The Executive Authority approval was given on 28 August 2012.
 - c. The Senior Manager: Legal Services submitted a request to be transferred horizontally with a higher salary level to the Department of Human Settlements. The department sought approval from the Executive Authority requesting approval for the retention of the SMS member on the basis of her diligence, professionalism, quality service and unquestionable commitment to Provincial Treasury, the province and the Public Service at large. Approval was granted on the retention as well as a special personal notch increase for the employee. The Executive Authority approval was given on 19 December 2013.
3. All three disciplinary cases as reflected in the Annual Report for 2014/15 were evaluated in consultation with the labour unit in the department.

One official was criminally charged with fraud and was found guilty in the courts and subsequently discharged from service; a total of R 66 000.00 will be recovered through the Asset Forfeiture unit in this case. In a case that involved an amount less than R 100 000.00 the employee was discharged from service; it was noted with concern that no money was recovered from this employee. One General Manager was given a final written warning in a case that relates to travel and subsistence claims that was submitted prior to proper authorization.

4. Provincial Treasury reported that they are in the process of addressing the full impact of the matter of the accounting officer being named 'Head Official' instead of 'Head of Department' as per the proclamation by the DPSA and the Presidency dated 2 April 2015. Provincial Treasury already started with the necessary processes that must unfold in this regard.

10. PART E: FINANCIAL INFORMATION

The report of the Auditor-General in Mpumalanga on the department's financial conduct in the period under review; as well as the departmental financial statements for the period under review were included in the Annual Report.

11. FINDINGS

- 11.1. Provincial Treasury maintained its unqualified (clean) audit opinion for the fifth consecutive year.
- 11.2. Provincial Treasury did not fully comply with the National Treasury guide when compiling its Annual Report for 2014/15.
- 11.3. Although Provincial Treasury obtained a clean audit opinion the Auditor-General raised a finding relative to the support Provincial Treasury provides to departments, municipalities and public entities to enable them to obtain clean audit opinions.
- 11.4. In order to retain officials who fall within the scarce skills categories Provincial Treasury counter offered three senior managers; and subsequently obtained Executive Authority approval. These counter offers were made in 2007, 2012 and 2013 in terms of the Provincial Policy on Retention. Furthermore, that these individuals are on level 14 which is higher than the level 13 of other senior managers.

12. RECOMMENDATIONS

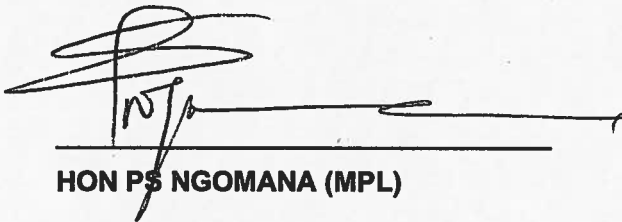
After the deliberations, the Committee recommends the following:

- 12.1. Provincial Treasury must continue to lead the Province by example and strengthens its support function towards government institutions to ensure that their best practices can be transferred and implemented by the other government institutions.
- 12.2. Provincial Treasury, as a leading department, must fully adhere to the National Treasury guide when compiling its Annual Report and lead by example.
- 12.3. Provincial Treasury must strengthen its support and monitoring function to departments, municipalities and public entities to enable other government institutions to also obtain clean audit opinions.
- 12.4. Provincial Treasury must ensure that when they retain employees in line with the Provincial Policy on Retention it should rather be the exception in order not to set a precedent in this regard.

13. CONCLUSION

In conclusion, the Chairperson would like to thank the Honourable Members of the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism, the Head Official and her management team and the support staff of the Legislature for their availability, dedication and commitment shown during the deliberations.

This Committee report on the 2014/15 Annual Report of Provincial Treasury is hereby tabled to the House with a request to adopt the report with its recommendations for implementation by the department and report back by the MEC to the Honourable Speaker of the Legislature by no later than **26 February 2016** and thereafter, on a quarterly basis.



HON PS NGOMANA (MPL)

29. 11. 2015
DATE

CHAIRPERSON: PORTFOLIO COMMITTEE ON PREMIER'S OFFICE; FINANCE; ECONOMIC DEVELOPMENT AND TOURISM