



LIMPOPO

PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

ANNUAL REPORT 2014/15

**DEPARTMENT OF TREASURY
PROVINCE OF LIMPOPO
VOTE 05
ANNUAL REPORT
2014/2015 FINANCIAL YEAR**

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Annual Report for 2014/15 Financial Year
Vote 5: Department of Treasury
Province of Limpopo





Part A

GENERAL INFORMATION

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PR82/2015

ISBN: 978-0-621-43483-5

Title of Publications: Limpopo Provincial Treasury, Annual Report 2014/15

AC	Audit Committee
AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
AO	Accounting Officer
APP	Annual Performance Plan
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
CAC	Central Audit Committee
CFO	Chief Financial Officer
CFS	Consolidated Financial Statements
CoGHSTA	Co-Operative Governance, Human Settlement and Traditional Affairs
DRP	Disaster Recovery Plan
EU	European Union
EXCO	Executive Council
GIAMA	Government Immovable Assets Management Act
GITO	Government Information and Technology Office
GM	General Manager
HOD	Head of Department
HR	Human Resources
HRD	Human Resource Development
IDIP	Infrastructure Delivery Improvement Programme
IFMS	Integrated Financial Management System
IYM	In-Year Monitoring
LAH	Limpopo Academic Hospital
LDPWRI	Limpopo Department of Public Works, Roads & Infrastructure

LDP	Limpopo Development Plan
LPT	Limpopo Provincial Treasury
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act
MISS	Minimum Information Security Standards
MTEF	Medium Term Expenditure Framework
N/A	Not Applicable
NT	National Treasury
PFMA	Public Finance Management Act
PPP	Public Private Partnerships
PRF	Provincial Revenue Fund
QTR	Quarter
SAQA	South African Qualifications Authority
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SISP	Strategic Information System Plan
SITA	State Information Technology Agency
SLA	Service Level Agreement
SMME	Small Medium and Micro Enterprises
TAC	Tender Advice Centre
TR	Treasury Regulations
U-AMP	User Asset Management Plan
VPN	Virtual Private Network

3 FOREWORD BY THE MEC



Hon RWN Tooley
MEC for Finance

It is my pleasure to present the 2014/15 Annual Report for Provincial Treasury. The Annual Report includes the financial performance of the Provincial Treasury and the outcomes and outputs of the Provincial Treasury against targets set in the Annual Performance Plan for the year ended 31 March 2015.

During the year under review the Provincial Treasury continued to build on the successes during 2013/14 and further improved its capacity to deliver on its obligations and responsibilities, which are mainly to oversee provincial finances and ensure adherence to the financial prescripts by all provincial departments, public entities and municipalities, as contained in section 18 of the Public Finance Management Act and section 5 of the Municipal Finance Management Act.

Due to the significant strides made during the year, in addressing the identified shortcomings which lead to the Provincial Treasury being placed under administration, in 2011, in terms of s100(1)(b) of the Constitution of the Republic of South Africa, Cabinet revised the intervention status from section 100(1)(b) to section 100(1)(a) of the Constitution of the Republic of South Africa. Subsequent to this decision the Provincial Treasury continued to implement and monitor key deliverables that were agreed upon between the National Inter Ministerial Committee and the Honourable Premier of Limpopo in an effort to have the intervention completely withdrawn during 2015/16. Briefly these deliverables were that Provincial Treasury must:

- Support the finalisation of the outstanding disciplinary case processes (especially in respect of HODs and senior managers) and consider appeal mechanism for inappropriate sanctions;
- Ensure adherence by Departments to the National Chief Procurement Officer's guidelines and prescripts for the following tenders, namely; security, school nutrition, rural and community residential units, infrastructure projects, medical waste, patient food and hospital laundry (linen);
- Support the skills audit process in the offices of the Chief Financial Officers and in Provincial Treasury, and staff placement thereafter;

- Support and show good progress in infrastructure capacity building in the Limpopo Department of Public Works, Roads and Infrastructure and planning and monitoring capacity in the Departments of Education, Health and Provincial Treasury;
- Finalise the contracts management project underway in the Departments of Education and Health;
- Establish a financial records management system and archive relevant documents at the provincial archives building as part of resolving Auditor General legacy problems;
- Support the 5 Departments, under s100(1)(a) intervention, to finalise outstanding audit issues of the 2013/14;
- Finalise the appointments of competent officials in key senior manager positions in Provincial Treasury;
- Conduct a forensic audit on the procurement of land parcels purchased by the Department of Cooperative Governance, Human Settlements and Traditional Affairs from 2010/11 to date, and
- Robustly respond and manage current litigations against the Departments of Education, Health and Cooperative Governance, Human Settlements and Traditional Affairs, by companies who benefited from irregular tenders.

The audit outcomes in the province have improved in 2014/15, with an additional four departments achieving unqualified audit reports. Provincial Treasury remains focussed on achieving “Clean Audit” status in 2015/16. Despite concerted efforts to achieve “Clean Audit Reports” in the province, only one department achieved this milestone in 2014/15.

The key focus in the next five years will be to further strengthen the Provincial Treasury’s capacity to support Limpopo departments, public entities and municipalities to ensure sound financial management for effective and efficient service delivery. This support approach will not be a one-size-fit-all, but a targeted approach based on the financial status and need of each institution.

In view of the current economic environment, the Provincial Treasury will also continue to monitor expenditure within departments, public entities and municipalities to ensure there is economic, effective and efficient utilization of resources and that resources are allocated and spent in line with government’s priorities.

May I also take this opportunity to thank the Head of Department and all the staff in the Provincial Treasury for their concerted effort in improving the Provincial Treasury and also the Portfolio Committee on Treasury and other oversight bodies for their valued input and guidance during the year under review.



HON RWN TOOLEY
MEC FOR FINANCE

4 REPORT OF THE ACCOUNTING OFFICER



Mr. GC Pratt
Accounting Officer

4.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

The Provincial Treasury is entrusted in terms of s18 of the Public Finance Management Act (PFMA), Act 1 of 1999, as amended, to

- (a) Prepare the provincial budget
- (b) Exercise control over the implementation of the provincial budget
- (c) Promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities; and
- (d) Ensure that its fiscal policies do not materially and unreasonably prejudice national economic policies.

The Provincial Treasury is also entrusted in terms of s5 of the Municipal Finance Management Act (MFMA), Act 56 of 2003, as amended, to

- (a) Fulfil its responsibilities and promote the object of the MFMA;
- (b) Assist National Treasury in enforcing compliance with the measures established in terms of s216 of the Constitution of the Republic of South Africa and the MFMA;
- (c) Monitor,
 - i. Compliance with the MFMA;
 - ii. Preparation of municipal budgets and where necessary assist
 - iii. Monthly outcomes of the budgets
 - iv. Submission of reports required in terms of the MFMA
- (d) Exercise any powers and perform any duties delegated to it by the National Treasury in terms of the MFMA;
- (e) Take any appropriate steps if a provincial municipality or municipal entity commits a breach of the MFMA

During the year under review the Provincial Treasury continued to build on the successes during 2013/14 and further improved its capacity to deliver on its obligations and responsibilities, as entrusted above. The Provincial Treasury maintained an unqualified report and through our efforts the province improved the audit outcomes in 3 Departments for 2013/14 and trust that this upward swing will continue in 2014/15. It was also encouraging to record a substantial improvement in 19 audit outcomes in the 30 Limpopo municipalities, of which 12 municipalities obtained unqualified outcomes.

While there has been this improvement Provincial Treasury has introduced bilateral meetings with all provincial departments, public entities and municipalities in order to assess progress made and challenges faced in achieving government's objectives. We commit to continue strengthening our capacity to deliver in line with our mandate.

During the current financial year the Provincial Treasury substantially addressed the identified shortcomings which lead to the Provincial Treasury being placed under administration in terms of s100(1)(b) of the Constitution of the Republic of South Africa, in 2011, and as a result Cabinet revised the intervention status from section 100(1)(b) to section 100(1)(a) of the Constitution of the Republic of South Africa. Provincial Treasury is addressing key deliverables that were agreed upon between the National Inter Ministerial Committee and the Honourable Premier of Limpopo in an effort to have the s100 intervention completely withdrawn during 2015/16.

Provincial Treasury together with Department of Public Service and Administration (DPSA) reviewed and aligned the Provincial Treasury structure with the National Treasury generic structure for provincial treasuries and the structure will be submitted for approval in the first quarter of 2015/16. In 2014/15 all current vacant Senior General Managers and General Managers posts were filled with skilled and experienced officials, with the exception of General Manager Infrastructure and this post will be filled during the first quarter of 2015/16.

During the year under review Provincial Treasury continued with capacity building programmes which provided skills and knowledge to officials in financial management, governance and supply chain management through work-based programmes and on the job training. Provincial Treasury, with assistance from the European Union, also assessed the skills and capacities in the offices of the Chief Financial Officers of five departments and these assessment results were shared with the affected departments for implementation.

One of the key challenges faced by Limpopo provincial government is the lack of an integrated financial system. Permission was obtained from National Treasury to implement the LOGIS system in the province in order to start addressing this problem and improve accountability. LOGIS has integrated procurement, inventory and asset management models and seamlessly integrates to the national BAS financial system. As a pilot, Provincial Treasury has started with the implementation of the LOGIS system in the Treasury and the system will be rolled out to all provincial departments in a phased approach.

Provincial Treasury, in 2014/15, continued to intensively implement the Provincial Revenue Enhancement Strategy by embarking on and financing sustainable revenue enhancement projects within departments and public entities and this has yielded increases in provincial own revenue collections. With the assistance of the provincial departments and public entities, Provincial Treasury will continue to identify new revenue sources during 2015/16.

Through the s100 intervention, consultants were deployed in the province to provide technical support to the Departments of Health, Education and Provincial Treasury to strengthen the contract management process, in these three departments. This project has recently being concluded and the developed contract management framework and procedures will be shared will all provincial departments in the first quarter of 2015/16.

4.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

4.2.1 DEPARTMENTAL RECEIPTS

Departmental receipts	2014/2015			2013/2014		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	517	501	16	840	633	207
Interest, dividends and rent on land	213 792	295 378	(81 586)	135 000	189 347	(54 347)
Sale of capital assets	-	-	-	-	750	(750)
Financial transactions in assets and liabilities	267	3 352	(3 085)	1 250	266	984
Total	214 576	299 231	(84 635)	137 090	190 996	(53 906)

The main sources of revenue, in Provincial Treasury, are from the sale of tender documents, commission earned on insurance and interest received. Provincial Treasury does not regularly sell goods and services and therefore applies the provincial tariffs as approved from time to time.

During 2014/15, Provincial Treasury exceeded its revenue collection target by R84.6 million, the department collected R299.2 million against a target of R214.6 million. The over collection was mainly attributable to the improved cash management controls and positive cash position of the province which resulted in additional interest being earned during the financial year.

Provincial Treasury does not render any free services that if charged would yield significant revenue other than the related party transaction disclosed in Note 24 to the financial statements.

4.3.1 PROGRAMME EXPENDITURE

Programme Name	2014/15			2013/14		
	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
Administration	139 560	133 924	5 636	128 246	119 961	8 285
Sustainable Resource Management	47 811	45 973	1 838	43 987	42 624	1 363
Assets, Liabilities & SCM	72 650	69 360	3 290	70 790	66 880	3 910
Financial Governance	102 372	95 203	7 169	139 950	127 358	12 592
Sub Total	362 393	344 460	17 933	382 973	356 823	26 150
Statutory	1 822	1 845	(23)	1 735	1 711	24
Total	364 215	346 305	17 910	384 708	358 534	26 174

The detailed expenditure breakdown per programme and economic classification is contained in the Appropriation Statement in the Annual Financial Statements

Programme 1 - Administration

Programme 1 spent R135.8 million (96%), including statutory payments, of its final appropriated budget of R141.4 million and the reason for underspending was mainly due to late advertisement and filling of funded vacant posts, the planned IT Backup solution that could not be procured due to not being able to get a suitable service provider, the delay in the procurement of an integrated PABX system and adhering to cost saving measures.

Programme 2 - Sustainable Resource Management

Programme 2 spent an amount of R46 million (96%) from a budget of R47.8 million and the underspending was due to the department getting a lower cost on printing of budget books, staff training scheduled for the fourth quarter was not provided as planned and has been rescheduled to the first quarter of the next financial year and also adhering to cost saving measures.

Programme 3 - Assets, Liabilities & SCM

Programme 3 spent an amount of R69.4 million (96%) from a budget of R72.6 million and the underspending was mainly caused by delayed filling of vacant funded posts in the branch. The assets intervention programme required additional scanners to complete the asset scanning project within planned timeframes. However, these scanners were not received before year end and therefore contributed to the underspending in this branch. Further savings were also realised through the adherence to cost saving measures.

Programme 4 - Financial Governance

Programme 4 spent R95.2 million (93%) of its allocated budget of R102.4 million and the reasons for underspending were delayed filling of Senior General Manager post and vacated Senior Internal Audit posts. There were also outstanding invoices relating to Sec 100 intervention projects in terms of the Constitution of Republic of South Africa, Act 108 of 1996 which were received late in the month of March 2015 and required certification of work done before payment could be processed, as well as adherence to cost saving measures.

Below is a brief analysis of the spending trends per economic classification,

- **Compensation of employees**

Provincial Treasury spent R218.5 million (96%) of the final budget appropriation of R 227.2 million in 2014/15 for compensation of employees, including statutory payments, as compared to R202.8 million (99%) spent against the budget of R205 million in 2013/14. The under expenditure in 2014/15 financial year was mainly due to the delay in filling of funded vacant posts.

- **Goods and Services**

Provincial Treasury spent R116.5 million (93%) of the final appropriation for goods and services of R124.8 million in 2014/15 financial year as compared to R147.4 million (87%) against a budget of R169.5 million in 2013/14. The underspending was as a result of outstanding invoices relating to Sec 100 intervention projects in terms of the Constitution of Republic of South Africa, Act 108 of 1996 which were received late in the month of March 2015 and required certification of work done before payment could be processed, as well as adherence to cost saving measures.

- **Transfer Payments**

An amount of R5.1 million was spent against the final budget of R5.1 million on transfer payments in 2014/15 financial year as compared to R3.9 million (96%) spent against the budget of R4.1 million in 2013/14.

- **Capital Payments**

An amount of R6.1 million (87%) was spent against the final budget of R7 million in 2014/15 as compared to R4.3 million (70%) spent against the budget of R6.1 million in the 2013/14 financial year. The underspending is as a result of the planned IT Backup solution that could not be procured due to not being able to get a suitable service provider and the delay in the procurement of an integrated PABX system. The assets intervention programme required additional scanners to complete the asset scanning project within planned timeframes. However, these scanners were not received before year end and therefore contributed to the underspending.

4.3.2 VIREMENTS AND ROLLOVER

- **Virements**

A virement was approved by the Accounting Officer and the Provincial Treasury in terms of section 43 of the Public Finance Management Act 1 of 1999 and the Treasury Regulations 6.3.1 through which an amount of R1.1 million from compensation of employees in the Branch: Financial Governance was moved to compensation of employees in Branch: Assets, Liabilities & SCM to fund budget pressures.

- **Rollover**

Provincial Treasury has applied for a rollover of R3.3 million from the underspending in 2014/15 to fund the completion of s100 Constitutional intervention projects of which R1.3 million was capital payments for the asset scanning project which will be fully implemented during 2015/16 financial year.

4.3.3 UNAUTHORIZED, FRUITLESS AND WASTEFUL EXPENDITURE

During the year under review the Provincial Treasury incurred no unauthorised expenditure. However an amount of R23 000 was incurred as fruitless and wasteful expenditure due to late payment to a service provider, interest paid to pension fund as well as non-attendance of a course by an official.

Provincial Treasury will in the ensuing financial year more closely monitor the timing of payments made to service providers to avoid the recurrence of interest being charged as a result of late payments.

4.4 FUTURE PLANS OF THE DEPARTMENT

Provincial Treasury will strengthen its ability to deliver on its mandate to improve financial management in departments, municipalities and public entities in the province. To improve accountability and in an effort to improve the provincial audit outcomes, Provincial Treasury will continue to roll out the implementation of the LOGIS financial system in all departments in the province and strengthen supply chain and asset management support and monitoring in departments and municipalities. The complete withdrawal of the s100 intervention, in terms of the Constitution of South Africa, in the province will remain a key outcome.

4.5 PUBLIC PRIVATE PARTNERSHIP

The Provincial Treasury did not have or enter into any PPP, as defined, during the year under review.

4.6 DISCONTINUED ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED

No activity was discontinued during the year under review.

4.7 NEW OR PROPOSED ACTIVITIES

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

4.8 SUPPLY CHAIN MANAGEMENT

Provincial Treasury did not conclude any unsolicited bids or experience significant SCM challenges during the year under review and had systems and processes in place to prevent irregular expenditure.

4.9 GIFTS AND DONATION RECEIVED

Provincial Treasury, during 2014/15, received donations in kind from the provincial banker, Standard Bank of South Africa, and from Enabling ICT solution, Edu-Solution Bookshop, Palesa Technology and the European Union, as disclosed in Annexure 1B to the financial statements.

4.10 EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

No exemptions from the PFMA or Treasury Regulations or deviation from the financial reporting requirements were applied for, or received, for the current and/or previous financial year.

4.11 EVENTS AFTER REPORTING DATE

No events have occurred after the reporting date and the date of approval of the Annual Financial Statements.

4.12 OTHER

There are no other material issues that have come to my attention that may have an effect on the financial affairs of the Department.

4.13 ACKNOWLEDGEMENTS

I would like to take this opportunity to thank the Senior Management and staff of the Provincial Treasury for their support and dedication during the year under review. Further I would like to acknowledge the work of the Audit Committee and Portfolio Committee on Treasury for their oversight role and guidance provided to Provincial Treasury.

4.14 CONCLUSION

Provincial Treasury has made great strides during the year to improve delivery in terms of its mandate and trust that this will continue in the forthcoming years. Please refer to the detailed Annual Report herewith for the details outline in my executive summary.

4.15 APPROVAL

The Annual Financial Statements set out on pages 110 to 146 have been approved by the Accounting Officer.



Mr. GC Pratt
Accounting Officer
Provincial Treasury
31 May 2015

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 2015.

Yours faithfully



Mr GC Pratt
Accounting Officer
Provincial Treasury
31 May 2015

6 STRATEGIC OVERVIEW

6.1 VISION

Excellence in public resource management for socio-economic development.

6.2 MISSION

Empowering provincial and local government for sustainable service delivery through good governance and sound public resource management.

6.3 VALUES

Integrity
Transparency
Accountability
Fairness
Professionalism

7 LEGISLATIVE AND OTHER MANDATES

Limpopo Provincial Treasury has been established in terms of section 17 of the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999). The functions and powers of the provincial treasury are provided in the Act under section 18 (1) and (2).

The organisation is directly responsible for implementing, managing or overseeing the following legislation and their relevant regulations:

- Public Finance Management Act (PFMA) of 1999 (as amended by Act 29 of 1999);
- Municipal Finance Management Act (MFMA) 56 of 2003;
- Annual Division of Revenue Act
- Appropriation Act
- Adjustments Appropriation Act
- Preferential Procurement Policy Framework Act

7.1 CONSTITUTIONAL MANDATES

The Provincial Treasury is responsible for assisting the National Treasury in enforcing compliance with the measures established in terms of section 216 (1) of the Constitution.

7.2 LEGISLATIVE MANDATES

The functions and powers of the provincial treasury as provided by the PFMA are as follows:

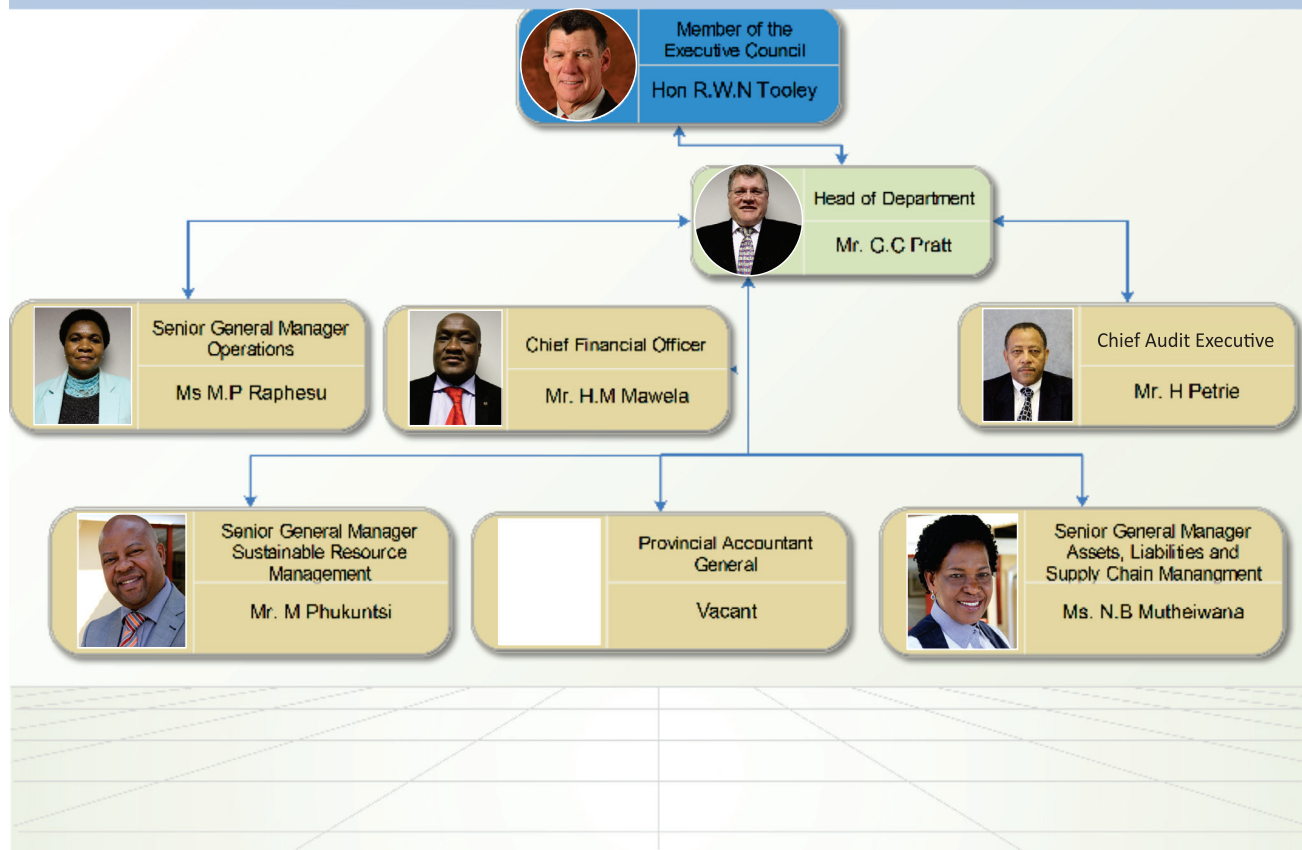
Section	Function and Powers
18 (1)	A Provincial treasury must:
(a)	Prepare the provincial budget
(b)	Exercise control over the implementation of the provincial budget
(c)	Promote and enforce transparency and effective management in respect of revenue, expenditure, assets and liabilities of provincial departments and provincial public entities; and
(d)	Ensure its fiscal policies do not materially and unreasonably prejudice national economic policies.
18 (2)	A provincial treasury
(a)	Must issue provincial instructions not inconsistent with the Act;
(b)	Must enforce the PFMA and any prescribed national and provincial norms and standards, including any prescribed standards of generally recognized accounting practice and uniform classification systems, in provincial departments
(c)	Must comply with annual DORA and monitor and assess the implementation of that Act in public entities;
(d)	Must monitor and assess implementation in provincial public entities of national and provincial national norms and standards
(e)	May assist provincial departments and provincial public entities in building their capacity for efficient, effective and transparent financial management;
(f)	May investigate any system of financial management and internal control applied by a provincial department or public entity
(g)	Must intervene by taking appropriate steps to address a serious and persistent material breach of the PFMA by a provincial department or a provincial public entity, including withholding of funds
(h)	Must promptly provide National Treasury with any information required in terms of the PFMA
(i)	May do anything further that is necessary to fulfil its responsibilities effectively

The Provincial Treasury is also mandated by section 5 of the Municipal Finance Management Act 56 of 2003 and the functions and powers are tabled below:

Section	Function and Powers
<p>3</p> <p>(c)</p>	<p>A provincial treasury must in accordance with a prescribed framework:</p> <p>Assist the National Treasury in enforcing compliance with the measures established in terms of section 216(1) of the Constitution, including those established in terms of this Act.</p>
<p>4</p> <p>(a)</p> <p>(i)</p> <p>(ii)</p> <p>(iii)</p> <p>(iv)</p> <p>(b)</p> <p>(c)</p> <p>(d)</p>	<p>To the extent necessary to comply with subsection (3), a provincial Treasury</p> <p>Must monitor:</p> <p>(i) compliance with the MFMA by municipalities and municipal entities in the province;</p> <p>(ii) the preparation by municipalities in the province of their budgets;</p> <p>(iii) the monthly outcome of those budgets; and</p> <p>(iv) the submission of reports by municipalities in the province as required in terms of this Act;</p> <p>May assist municipalities in the province in the preparation of their budgets;</p> <p>May exercise any powers and must perform any duties delegated to it by the National Treasury in terms of this Act; and</p> <p>May take appropriate steps if a municipality or municipal entity in the province commits a breach of this Act.</p>

8 ORGANIZATIONAL STRUCTURE

Limpopo Provincial Treasury Organizational Structure



9 ENTITIES REPORTING TO THE MEC

The department does not have entities reporting to the MEC.

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Vote 5: Department of Treasury
Province of Limpopo



Part B

PERFORMANCE INFORMATION



1 AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 105 of the Report of the Auditor General, published as Part E: Financial Information.

2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

The Provincial Treasury provided the following services directly to the public:

- Published editions of the provincial tender bulletin which were made available at no cost to the public and available at Provincial Treasury head office, district offices and the departmental website.
- A total of 130 SMMEs were trained and empowered on the government procurement process.

In its effort to enhance supply chain management performance, Limpopo Provincial Treasury (Provincial Supply Chain management office) developed and issued standardised Supply Chain Management (SCM) procedures and other prescripts, conducted SCM Compliance Assessments for all provincial departments and public entities and also arranged SCM capacity building through training, workshops, as well as SCM Forums.

Municipalities have also been monitored and provided with hands on support on Municipal Budget Reporting Regulations implementation, debt management as well as other corporate governance matters.

In order to deal with the challenge manual asset register in the province a decision was taken by Provincial Treasury to implement a software solution to scan all assets in provincial departments and secure that scanned data in a software database that has audit trails, known as BAUD. This process has been done in preparation for the province to migrate the assets registers to the National integrated software known as LOGIS. The LOGIS system has been piloted in Provincial Treasury at the end of 2015 and the system will be rolled out to all other departments in a phased approach.

2.2 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
Support departments to improve audit outcomes	13 Votes	Partial compliance to financial regulations	100% compliance to financial regulations	1 vote (8%) achieved 100% compliance and achieved a clean audit in 2013/14. Compliance also improved in other departments, noticeably in Health and Public Works which improved their 2013/14 audit outcomes.
Support municipalities to improve audit outcomes	30 municipalities	Partial compliance to financial regulations	100% compliance to financial regulations	No municipality achieved 100% compliance. 30 municipalities were monitored and supported on compliance to financial regulations and guidelines and the province has realised significant improvement in compliance to financial regulations which increased the number of unqualified audit outcomes from nil 2012/13 to 12 in 2013/14.
Manage payment of invoices within 30 days	13 Provincial departments and 5 Public entities	Non-compliance to payment of invoices within 30 days	100% compliance to payment of invoices within 30 days	Provincial Departments achieved an average of 87% compliance to payment of invoices by departments within 30 days from receipt for 2014/15

Batho Pele arrangements with beneficiaries

Current/actual arrangements	Desired arrangements	Actual achievements
Meetings and reports	Reports, workshops & trainings	Reports, workshops & trainings held
Feedback done in departments	Feedback through reports analysis	Feedback provided to departments
Meetings and workshops	Meetings reports and workshops	Meetings & workshops held

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Service Standards document	Service Standards document	Quarterly compliance monitored and reported to Office of the Premier
SDIP document	SDIP document	Quarterly performance monitored and submitted to oversight structures
Service Charter document	Service Charter document	Service charter signed
Citizen's Report document	Citizen's Report document	Citizen's report prepared and made available

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Suggestion boxes	Suggestion boxes	Suggestion box installed and designated at locations and monitored
Premier Hotline	Premier Hotline	Premier hotline is in existence and the number is 080 086 4729 which is available to lodge complaints. The department investigates from the hotline once received
Presidential hotline	Presidential hotline	Presidential hotline is in existence and the number is 17 737 which is available to lodge complaints

2.3 Organisational environment

During the period under review, the Limpopo Provincial Treasury experienced capacity challenges that resulted in it not fully delivering on its Annual Performance Plan. These capacity challenges were in Transversal Risk Management support to public entities and monitoring public entities and votes with regards to resolving prior year Auditor General findings. Key vacant posts have been advertised in these two areas to improve Provincial Treasury's capacity to deliver the required services to both the public entities and departments. These posts should be filled during the first quarter of 2015/16.

In the Provincial Shared Internal Unit there was high staff turnover which also had a negative impact on the ability of the unit to effectively deliver internal audit services. In order to limit the impact of the capacity challenges on the effectiveness of the internal audit service, the Provincial Treasury is in a process of appointing forty internal audit learners who will commence their duties in June 2015. The internal audit learnership programme will run for the period of twenty-four months which will offer opportunities to unemployed graduates to gain valuable internal audit experience and increase the pool of experienced internal auditors in the Limpopo Province.

Provincial Treasury together with Department of Public Service and Administration (DPSA) reviewed and aligned the Provincial Treasury structure with the National Treasury generic structure for provincial treasuries and the revised structure will be submitted for approval in the first quarter of 2015/16. In order to further strengthen the Provincial Treasury all current vacant Senior General Manager and General Manager posts in the Provincial Treasury were filled, during the latter half of 2014/15, with the exception of the General Manager Infrastructure which will be filled in the first quarter of 2015/16. Approval has also been granted to appoint additional staff in Provincial Treasury to improve the support provided to the provincial municipalities.

During the current financial year the Provincial Treasury substantially addressed the identified shortcomings which lead to the Provincial Treasury being placed under administration in terms of s100(1)(b) of the Constitution of the Republic of South Africa, in 2011, and as a result Cabinet revised the intervention status from section 100(1)(b) to section 100(1)(a) of the Constitution of the Republic of South Africa. This implied that from the effective date (Jan 2015) the executive powers and functions were returned to the MEC and the Head of Department was restored as the Accounting Officer of the Department. Provincial Treasury is addressing key deliverables that were agreed upon between the National Inter Ministerial Committee and the Honourable Premier of Limpopo in an effort to have the s100 intervention completely withdrawn during 2015/16.

2.4 Key policy developments and legislative changes

There were no key policy development and legislative changes during the period under review.

3 STRATEGIC OUTCOME ORIENTED GOALS

Provincial Treasury's progress on the set strategic outcomes oriented goals in the past 5 years as follows:

Strategic Outcome Oriented Goal 1: Effective and efficient administrative support in the Department

This goal contributed to National Outcome 12 of building an effective, efficient and development oriented public service as well as NDP objective 13 of building a capable and developmental state.

Provincial Treasury received unqualified audit reports for the past five years. 11 SMS members commenced with the Executive Development Program and 10 completed the course work. One of the SMS members graduated for Master of Public Management with University of Potchefstroom. This is part of building capacity in an effort to contribute towards the professionalization of the Public Service

A Project Based Learning programme was initiated which saw 48 provincial officials in the areas of financial management, governance, data analysis and supply chain management being given skills and knowledge through a work-based programme.

Provincial Treasury has also provided and coordinated various financial management training courses to improve financial management skills and knowledge. The Provincial Treasury has also trained employees from all departments on the use of the financial systems throughout the year.

Strategic Outcome Oriented Goal 2: Responsive, accountable, effective and efficient provincial and local government system

This goal contributes towards National Outcome 12 of an efficient, effective and development oriented public service (and an empowered, fair and inclusive citizenship), National Outcome 9 of a responsive, accountable, effective & efficient local government system.

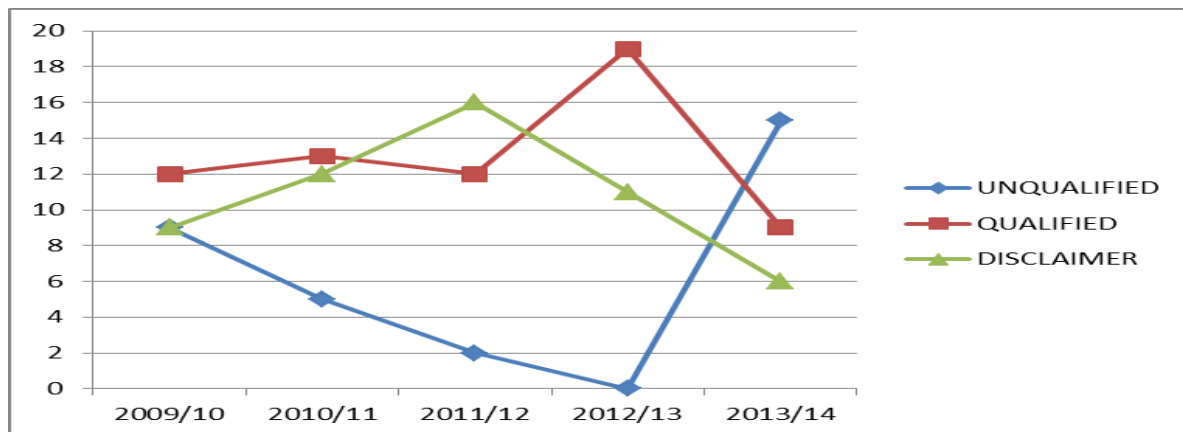
Provincial Treasury undertook key supply chain management policy reforms guided by the changing policy environment and developed standardised supply chain management procedures to be utilised by all provincial departments.

Key initiatives that also were implemented as part of the section 100 (1) (b) intervention were:

- i. Organisational realignment and strengthening of the Provincial Treasury – The Provincial Treasury organisational structure was review and aligned to the National Treasury's generic treasuries' structure. The organisational structure is now in its final stages of consultation with the DPSA before final approval. Key Senior Management positions were filled in an effort to strengthen the Department to deliver on its mandate.
- ii. Cash management – One of the major reasons for the s100 (1) (b) intervention was the negative cash position of the province in November 2011. Provincial Treasury put systems in place to manage the cash flows resulted in the bank overdraft being cleared.

During the past five years, there has been steady but significant improvement in audit outcomes especially in the local government environment as depicted by the table below.

Audit Outcomes of Limpopo Provincial Municipalities (2009/10 – 2013/14)



4 PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

4.1.1 Purpose:

The purpose of the programme is to provide effective and efficient Strategic management, administrative support and sound financial management to Provincial Treasury.

The programme has the following sub-programmes namely:

- MEC Support Services (Office of the MEC)
- Management Services (Office of the HOD)
- Corporate Services
- Financial Management (Office of the CFO)

4.1.2 Strategic Objectives:

- i. To provide strategic internal administrative support to four programmes in line with relevant prescripts during 2010/11 to 2014/15.
- ii. Improve financial management in the department from financial capability level 3 to level 3+ by 2014/15.

PROGRAMME 1: ADMINISTRATION						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	To provide strategic internal administrative support to four programmes in line with relevant prescripts during 2010/11 to 2014/15.	79% compliance with institutional arrangements	4 programmes comply to institutional arrangement	Three (3) Programmes (programme 2, 3 & 4) complied with the Institutional arrangement.	One (1) programme (Programme 1) did not comply with the Institutional arrangement.	Some planned meetings were not held due to section 100 intervention arrangements.
		HR plan was implemented to ensure recruitment and retention of skilled personnel in order to achieve organisational performance	4 programmes comply with the PMDS Policy	0	4 programmes did not comply with the PMDS Policy	Individual members of branches do not attend PMDS timeframes.
			4 programmes implement SDIP as planned	4 programmes implemented SDIP as planned	None	N/A
		6 of the Top 10 Departmental Risks were mitigated in line with the risk management plan to provide reasonable assurance on the achievement of set objectives	Top 10 Departmental Risks mitigated in line with the risk management plan to provide reasonable assurance on the achievement of set objectives	The department actually had 4 prioritized departmental risks. Three (3) of the four (4) risk were partially mitigated as the residual risks were lowered.	One (1) risk's residual level remained stagnant during the year.	After the APP was submitted to Legislature, the original 10 risks were merged into 4 through consultation with the Audit Committee. The risk that remained stagnant is due to the Province not receiving directives from National Treasury on what accounting standards to be used for the Tribal and Trust Bank Account.

PROGRAMME 1: ADMINISTRATION						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		100% Compliance with Communication Strategy and Records Management System for improved information management	100% Compliance with Records Management System for improved information management	100% of Records Management systems was complied with for improved document management	None	N/A
			4 programmes comply with the Corporate Identity Manual and Communication Policy	4 Programmes comply with Communication Policy	4 Programme do not comply with Corporate Identity Manual	Lack of understanding of the Corporate Identity Manual
		90% of prioritised Strategic Information Systems Plan (SISP) projects implemented to achieve departmental objectives through optimal use of information technology	100% of prioritised Strategic Information Systems Plan (SISP) projects implemented to achieve departmental objectives through optimal use of information technology	60% of the prioritised SISP projects were implemented.	40% of the prioritised SISP projects were not implemented.	The VPN project was delayed SITA's need to finalise the VPN implementation blueprint.
		44% of GIAMA plan was complied with to ensure a safe and healthy built and office environment	100% compliance to GIAMA plan to ensure a safe and healthy built and office environment	100% of GIAMA Plan was complied with to ensure a safe and healthy built and office environment.	None	N/A
		No MISS Compliance Assessment was conducted.	100% (4 programmes) compliance with MISS Policy & Security Strategy for improved information and physical security; and prevention of fraud and corruption.	No programme fully complied to MISS. But on average the Department achieved 35% compliance to MISS.	4 programmes not complying	Lack of understanding of MISS.

PROGRAMME 1: ADMINISTRATION						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
2	Improve financial management in the department from financial capability level 3 to level 3+ by 2014	Level 3 financial management capability attained.	Level 3+ financial management capability attained.	Level 3 financial management capability attained	N/A	N/A
		93% of expenditure in line with allocated budget was achieved	98 - 100% of expenditure in line with allocated budget	95% of expenditure in line with allocated budget was achieved.	3% deviation from the minimum target of 98%	Delays in delivery of goods/services by service providers; Late receipt of invoices to ensure timeous payment before year end.
		Performance of 4 Programmes monitored in line with Performance frameworks and 83% of planned targets were achieved	Performance of 4 Programmes monitored in line with Performance frameworks to ensure that 90% of planned targets are achieved	Performance of 4 programmes monitored in line with Performance information management frameworks and 80% of planned targets were achieved	10% deviation to the planned target of 90% was not achieved	Skills and capacity challenges within the Financial Governance branch.

4.1.3 Performance indicators

PROGRAMME 1: ADMINISTRATION						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	Number of programmes monitored for compliance to institutional arrangements	4	4	4	0	N/A
2	Number of programmes monitored and	-	4	4	0	N/A

PROGRAMME 1: ADMINISTRATION						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
	supported on compliance to PMDS policy					
3	Number of programmes monitored and supported on implementation of SDIP	-	3	3	0	N/A
4	Number of facilities monitored on implementation of Risk Assessment recommendations	-	9	9	0	N/A
5	Number of programmes supported and monitored in mitigation of the top ten risks to provide reasonable assurance on the achievement of set objectives.	4	4	4	0	N/A
6	Number of programmes monitored and supported on implementation of Records Management Systems	-	4	4	0	N/A
7	Number of buildings provided with auxiliary services in line with GIAMA plan	4	9	9	0	N/A
8	Number of programmes monitored and supported on compliance to Corporate Identity Manual and the Communication Policy	-	4	4	0	N/A
9	Number of prioritised ICT projects implemented in line with SISP	-	4	2	2	The backup solution implementation was deferred to next financial year

PROGRAMME 1: ADMINISTRATION						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
						and the VPN implementation was put on hold because SITA was not ready to implement VPN for provincial departments
10	Number of programmes supported in implementation of MISS and Investigation Strategy to ensure compliance with National Security Prescripts	-	4	4	0	N/A
11	Number of IYM reports compiled in line with National Treasury prescripts to monitor expenditure	12	12	12	0	N/A
12	Number of programmes supported in expenditure management	-	4	4	0	N/A
13	% of supplier's valid invoices paid within 30 days	-	100%	100%	0	N/A
14	Number of departmental plans and performance reports developed and analysed in line with National Treasury Frameworks	8	8	8	0	N/A
15	Number of strategic sourcing, maintenance and disposal plans implemented in line with applicable SCM prescripts	5	5	5	0	N/A

4.1.4 Strategy to overcome areas of under performance

Area of under performance	Strategies to address under performance
1. Two prioritised ICT projects not implemented in line with SISP	Commence with SCM processes to implement backup solution in the 1 st quarter of 2015 and await the finalization of VPN blueprint and readiness by SITA

4.1.5 Changes to planned targets

There were no changes to planned targets in Programme 1

4.1.6 Sub-programme expenditure

Sub- Programme Name	2014/15			2013/14		
	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
Office of the MEC	4 524	4 532	(8)	4 047	3 841	206
Management Services	5 721	4 559	1 162	3 251	3 479	(228)
Corporate Services	93 173	89 480	3 693	87 488	81 302	6 186
Financial Management	37 964	37 198	766	35 195	33 050	2 145
Total	141 382	135 769	5 613	129 981	121 672	8 309

- The programme spent R135.8 million (96%), including statutory payments, of its final appropriated budget of R141.4 million including statutory and the reason for underspending was mainly due to late advertisement and filling of funded vacant posts, the planned IT Backup solution that could not be procured due to not being able to get a suitable service provider, the delay in the procurement of an integrated PABX system and adhering to cost saving measures
- The programme spent 2 per cent more of its budget in 2014/15 as compared to 2013/14.

4.2 Programme 2: Sustainable Resources Management

4.2.1 Purpose:

The programme purpose is to inform financial resource allocation, manage the provincial budget and to support and monitor provincial departments, municipalities and public entities for efficient and effective use of the province's fiscal resources.

The programme has the following sub-programmes:

- Economic Analysis
- Fiscal Policy
- Budget Management

- Public Finance
- Intergovernmental Fiscal Relations (Municipal Finance)

4.2.2 Strategic Objectives:

- i. To achieve clean audits in 13 Provincial Departments and 30 Municipalities by 2014.

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	To achieve clean audits in 13 Provincial Departments and 30 Municipalities by 2014	7 Research / Budget documents produced to align the Fiscal Policy	7 Research and Budget documents produced to align with the Fiscal Policy	7 Research and Budget documents produced and aligned with the Fiscal Policy	None	N/A
		Revenue Enhancement Strategy reviewed and implementation monitored	Increased revenue through implementation of Provincial Revenue Enhancement Strategy	R1. 422 billion collected as compared to the original budget of R869 million and the adjusted budget of R1.389 billion.	None	N/A
		2 budget document compiled, tabled and gazetted in line with the set standards and national treasury guidelines	Improved budget allocation aligned to government/ provincial priorities	Budget allocation improved and aligned to government/ provincial priorities as additional funding was allocated to Education and Health Departments.	None	N/A
			Aligned departmental Strategic Plans, Annual Performance Plans and budget	Achieved alignment of 13 Departmental Strategic Plans, Annual Performance Plans and budget.	None	N/A
		12 provincial in year monitoring reports produced in line with section 32 of PFMA.	Improved spending by departments in line with allocated budgets	Achieved R50.9 billion expenditure or 97.5 percent of the total adjusted	None	N/A

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		Provincial Infrastructure expenditure monitored in 9 infrastructure departments		budget of R52.2 billion as compared to R46.8 billion or 94.2 percent of the adjusted budget of R48.4 billion of the previous year representing 3.6 percent improvement.		
		50% of PPP projects for departments, municipalities and entities monitored and supported in line with Treasury Regulation 16.	3 PPP projects monitored and supported in line with Treasury Regulation 16	3 PPP projects were monitored and supported in line with Treasury Regulation 16.	None	N/A
		2 Municipalities received unqualified audit opinion as at April 2014	10 municipalities receive unqualified audit opinion	12 municipalities received unqualified audit opinion	2 municipalities received unqualified audit opinion in addition to the targeted 10 municipalities	Positive response by additional two municipalities on support provided by Provincial Treasury.

4.2.3 Performance Indicators:

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	Number of Research documents produced to align the Provincial Fiscal Policy	7	7	7	0	N/A

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
2	Number of Departments and Public Entities supported and monitored in provincial own revenue enhancement to ensure achievement of set target	12	18	18	0	N/A
3	Number of budget documents compiled, tabled and gazetted in line with the set standards and National Treasury guidelines (Main Appropriation Bill and Adjustment Budget)	2	2	2	0	N/A
4	Number of departments and public entities monitored and supported in the implementation of planning and performance information frameworks to ensure achievement of set targets	18	18	18	0	N/A
5	Number of provincial in year monitoring reports produced in line section 32 of PFMA to ensure that	12	12	12	0	N/A

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
	departments spend 100% of their allocated budgets					
6	Number of votes supported on expenditure management	-	13	13	0	N/A
7	Number of infrastructure departments monitored and supported in the implementation of the Infrastructure Delivery Management System.	9	9	9	0	N/A
8	Number of departments monitored on Infrastructure expenditure to improve infrastructure service delivery	9	9	9	0	N/A
9	Number of infrastructure plans assessed to ensure alignment to national and provincial priorities	-	9	9	0	N/A
10	Number of existing PPP projects for departments and municipalities monitored and supported in line with Treasury Regulation 16	12	3	3	0	N/A

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
11	Number of Municipalities monitored and supported on budget process and documentation, financial management and governance matters to improve the audit opinions.	30	30	30	0	N/A

4.2.4 Changes to planned targets

There were no changes to planned targets in Programme 2.

4.2.5 Sub-programme expenditure

Sub- Programme Name	2014/15			2013/14		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	3 481	3 427	54	1 329	1 218	111
Economic Analysis	2 213	1 994	219	2 500	2 313	187
Fiscal Policy	13 311	13 054	257	13 030	12 504	526
Budget Management	4 067	3 829	238	4 577	4 300	277
Public Finance	8 512	7 953	559	7 450	7 326	124
Intergovernmental Relations	16 227	15 715	512	15 101	14 963	138
Total	47 811	45 973	1 838	43 987	42 624	1 363

- An amount of R46 million (96%) was spent from a budget of R47.8 million and the underspending was due to the department getting a lower cost on printing of budget books, staff training scheduled for the fourth quarter was not provided as planned and has been rescheduled to the first quarter of the next financial year and also adhering to cost saving measures.
- The programme spent 1 per cent less of the budget in 2014/15.

4.3 Programme 3: Assets, Liabilities & SCM

4.3.1 Purpose:

This programme's purpose is to provide policy direction, facilitating the effective and efficient management of Assets, Liabilities, Financial Systems and Supply Chain Management.

The programme consists of the following sub-programmes:

- Programme Support
- Asset and Liabilities Management
- Provincial Supply Chain Management
- Support & Interlinked Financial Systems

4.3.2 Strategic Objectives:

- To achieve clean audits in 13 provincial departments and 8 public entities by 2014.
- To provide transversal financial systems support to 13 provincial departments during 2010/11 to 2014/15.

Programme 3 : Assets, Liabilities and Supply Chain Management						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	To achieve clean audits in 13 Provincial Departments and 8 Public Entities by 2014	Asset Management Policy Implementation monitored in 13 departments and 5 Public Entities to improve on the management of assets	Asset Management Policy Implementation monitored in 13 departments and 5 Public Entities to improve on the management of assets	Asset Management Policy implementation monitored in 13 departments to improve on the management of assets.	Policy implementation not monitored in 5 public entities.	Lack of capacity to monitor the 5 public entities. However, arrangements posts have been advised to be filled during the 2015/16 financial year
		14 provincial cash forecasting and implementation reports produced to ensure that departments spend within available funds.	Compliance to Banking and Cash Management prescripts monitored for efficient and effective cash management in the province.	Compliance (banking and cash performance) was monitored in 13 departments and 5 Public Entities in the province.	None	N/A
		44% compliance to SCM prescripts achieved to ensure transparent, equitable, fair, competitive and cost-effective procurement system in the province	100% compliance to SCM prescripts to ensure transparent, equitable, fair, competitive and cost-effective procurement system in the province	55% compliance to SCM prescripts to ensure transparent, equitable, fair, competitive and cost-effective procurement system in the province.	45% deviation from planned target to Actual Achievement for 2014/15	The development and implementation of Standard Operating Procedures took two quarter (1 st & 2 nd Quarter). SCM compliance monitoring only commenced in the 3 rd & 4 th quarters.

Programme 3 : Assets, Liabilities and Supply Chain Management						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
		Identified and managed transversal contracts to ensure a cost-effective procurement system in the province.	Identification and management of transversal contracts to ensure a cost-effective procurement system in the province.	2 transversal bids identified in the province. 1 was concluded.	1 transversal bid was not finalised	Delays in finalisation of bid specification due to the intensive research that was required.
		4036 SMMEs trained on government procurement processes	Training of SMMEs on government procurement processes	Conducted an additional 10 training sessions for SMMEs more than the planned 120 government procurement processes	10	Extra initiatives facilitated were due to the invite by SMME Development Agency and Stakeholders.
2	To provide transversal financial systems support to 13 provincial departments during 2010/11 to 2014/15.	12 departments provided with financial systems support in order to improve financial and HR data management	13 departments provided with financial systems support in order to improve financial and HR data management	13 departments supported and monitored in the utilisation of FINEST, BAS and PERSAL. Planned 2 LOGIS implementation and achieved 1.	1 departments LOGIS implementation not achieved	Underestimated the complexity of and resources required to implement LOGIS in the province, and have entered into an agreement with SITA to provide resources.

4.3.3 Performance indicators

Programme : 3 Assets, Liabilities and Supply Chain Management						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	Number of departments monitored and supported on Asset Management to improve the effectiveness, efficiency and economical Asset Management	10	13	13	0	N/A

Programme : 3 Assets, Liabilities and Supply Chain Management						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
2	Number of departments monitored and supported on Inventory Management to improve the effectiveness, efficiency and economical Inventory Management	10	13	13	0	N/A
3	Number of departments and public entities monitored and supported on cash, banking and liabilities management.	14	18	18	0	N/A
4	Number of Departments and Public Entities monitored and supported on contract management and other SCM processes.	17	17	17	0	N/A
5	Number of SCM capacity building interventions conducted.	22	5	15	10	More capacity building interventions were conducted as a result of the roll-out of the Standard Operating Procedures for SCM and requests from departments and FET college to be trained on procedures for Bid Committees.
6	Number of transversal bids facilitated for adjudication in the province	2	2	1	1	One transversal bid not facilitated due to the intensive research that was required which delayed

Programme : 3 Assets, Liabilities and Supply Chain Management						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
						the implementation of the bid.
7	Number of departments monitored and supported on compliance to transversal contracts	-	12	12	0	N/A
8	Number of capacity building initiatives facilitated for empowerment of SMMEs on bidding with government	-	120	130	10	Extra initiatives facilitated were due to the invite by SMME Development Agency and Stakeholders.
9	Number of SMMEs assessed on their capacity to deliver on government procurement	112	100 SMMEs	116	16	16 more SMMEs were assessed as a result of increased demand for services by suppliers.
10	Number of departments supported and monitored on financial systems utilization.	-	13	13	0	N/A
11	Number of LOGIS implementation plan deliverables implemented in identified sites in line with the LOGIS implementation plan	60% (in 1 site)	17 in two sites	17 in one site	17 in one site	Underestimated the complexity and resources required to implement LOGIS in the province, and have entered into an agreement with SITA to provide resources.

4.3.4 Strategy to overcome areas of under performance

Area of under performance	Strategies to address under performance
1. One transversal bid not facilitated for adjudication in the province	The research has been completed and the bid will be advertised in the new financial year.
2. 17 LOGIS implementation plan deliverables in 1 site were not implemented	Contracted with SITA to provide additional resources which will be available from June 2015

4.3.5 Changes to planned targets

There were no changes to the planned targets in Programme 3.

4.3.6 Sub-programme expenditure

Sub- Programme Name	2014/15			2013/14		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	1 095	1 147	(52)	2 154	1 582	572
Assets Management	11 276	10 205	1 071	10 667	10 454	213
Liabilities Management	7 615	7 791	(176)	9 336	8 545	791
Supply Chain Management	25 329	23 889	1 440	22 966	22 262	704
Support & Interlinked Financial Systems	27 335	26 328	1 007	25 667	24 037	1 630
Total	72 650	69 360	3 290	70 790	66 880	3 910

- The programme spent an amount of R69.4 million (96%) from a budget of R72.6 million and the underspending was mainly caused by delayed filling of vacant funded posts in the branch. The assets intervention programme required additional scanners to complete the asset scanning project within planned timeframes. However, these scanners were not received before year end and therefore contributed to the underspending in this programme. Further savings were also realised through the adherence to cost saving measures.
- The programme spent 1 per cent more of its budget in 2014/15.

4.4 Programme 4: Financial Governance

4.4.1 Purpose:

- To ensure sound financial management and financial accountability in the province through capacity building, financial reporting, financial management policies development and support of oversight structures/bodies.
- To ensure that all Departments and public entities have implemented an effective risk management and internal control processes.
- To provide internal audit services to all Limpopo provincial departments in compliance with the approved internal audit plan.

The programme consists of the following sub-programmes:

- Programme Support
- Accounting Services
- Internal Control and Risk Management
- Internal Audit Services

4.4.2 Strategic Objectives:

- i. To achieve clean audits in 13 provincial departments and 8 public entities by 2014.

Programme 4 : Financial Governance						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	To achieve clean audits in 13 Provincial departments and 5 Public Entities by 2014	Co-ordinated and administered financial management training and provided transversal systems training to nominated officials in 13 votes and 5 public entities to improve financial management skills in the province	Co-ordinate and administer financial management training and provide transversal systems training to nominated officials in 13 votes and 5 public entities to improve financial management skills in the province	Coordinated and administered financial management training and provided transversal systems training to nominated officials in 13 votes and 5 public entities to improve financial management skills in the province	None	N/A
		Supported 12 votes on financial management for improved financial management capability level of 3+	Support 12 votes on financial management for improved financial management capability level of 3+	Supported 12 votes on financial management and improved financial management capability level to between 2 to 3	3+ Not achieved in all provincial departments, a major contributor was the lack of skills and vacancies in the finance teams.	Departments need to take ownership of their skills shortages and vacancies in financial management teams.
		Supported 13 votes and 5 public entities on financial reporting frame work to improve financial reporting.	Support 13 votes and 5 public entities on applicable accounting standards to improve financial reporting.	Supported 13 votes and 5 public entities on applicable accounting standards to improve financial reporting.	None	N/A
		2 out of 4 Consolidated Annual Financial Statements for votes and 3 out of 3 public entities were prepared in line with PFMA	Consolidated Annual Financial Statements for votes and public entities prepared in line with PFMA	Consolidated Annual Financial Statements for votes (up to 2010/11) and Public Entities (up to 2011/12) prepared in line	Consolidated Annual Financial Statements for votes (2011/12 - 2013/14) and Public Entities (2012/13 & 2013/14) not	Waiting for the Audit report for Departments for 2010/11 and challenges with the consolidation template for

Programme 4 : Financial Governance						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				with PFMA and submitted to the Auditor General for Audit	yet submitted to Auditor General for Audit.	public entities.
		Annual Financial Statements for Tribal Levies and Trust Accounts not prepared	Annual Financial Statements for Tribal Levies and Trust Accounts prepared	Annual Financial Statements for Tribal Levies and Trust Accounts prepared (2003/04) and submitted to Auditor General for audit.	Annual Financial Statements for Tribal Levies and Trust Accounts (2004/05 – 2013/14) prepared but not yet submitted to Auditor General for audit.	National Treasury has not yet determined which accounting standards to be used in the preparation of these financials, and as a result AG is not in a position to audit these statements.
		Risk Management framework implementation guidance and monitoring provided to all 12 budget votes and 5 public entities to minimise government risks to assure delivering set objectives.	Risk Management framework implementation guidance and monitoring provided to all 12 budget votes and 5 public entities to minimise government risks to assure delivering set objectives	Risk Management Framework implementation guidance and monitoring was provided to all 12 budget votes and 2 public entities to minimise government risks to assure delivering set objectives.	Risk Management Framework implementation guidance and monitoring was not provided to 3 public entities to minimise government risks to assure delivering set objectives.	Inadequate capacity
		Review and improvement adequacy of 4 high risk financial process internal control procedures not achieved	Review and improve adequacy of 4 high risk financial process internal control procedures towards a clean audit for departments and public entities.	Reviewed and improved adequacy of 4 high risk financial process internal control procedures towards a clean audit for departments and public	None	N/A

Programme 4 : Financial Governance						
No.	Strategic objectives	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
				entities.		
		Compliance with 2013/14 approved risk based internal audit plan achieved for 12 votes to achieve a clean audit in departments	To provide assurance and specialised audit services to ensure improvement of the internal control environment of the 12 votes.	Provided assurance and specialised audit services to ensure improvement of the internal control environment of the 12 votes.	None	N/A

4.4.3 Performance indicators

Programme 4 : Financial Governance						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
1	Number of courses conducted on transversal systems in line with National Treasury standards	55 (transversal systems)	78	86	8	8 of the courses conducted were on LOGIS which is a new system under implementation
2	Number of financial management short courses co-ordinated in line with SAQA	6 (financial Management)	9	11	2	Though eleven (11) courses were coordinated, five (5) of them were planned and six (6) of them were not planned. The reason for not achieving the planned four (4) courses is due to unavailability of suitable Service providers that could be appointed and as result other ad hoc courses were arranged.

Programme 4 : Financial Governance						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
3	Number of long-term financial management qualification programmes coordinated in Provincial Departments	-	2	2	0	N/A
4	Number of votes monitored and supported in resolving AG audit findings to improve audit outcomes	13	12	8	4	4 votes not monitored and supported due to skills challenges
5	Number of audit committee meetings supported to improve governance in departments	18	65	66	1	Special audit committee meeting
6	Number of votes monitored and supported with regards to SCOPA matters	13	12	13	1	Legislature was also monitored.
7	Number of votes and public entities supported in preparing financial statements in line with the PFMA.	13 (votes)	13	13	0	N/A
		5 (public entities)	5	5	0	N/A
8	Number of consolidated Annual financial statements for votes and for public entities prepared and submitted to the Auditor General	2 (for votes)	3 AFS (Votes) 2011/12, 2012/13 & 2013/14	0	3	AG is in the process of auditing the 2010/11 AFS, after which the remaining financials will be submitted for auditing.
		3 (for public entities)	1 AFS (Public Entity)	1	0	N/A
9	Number of Annual Financial Statement prepared for Tribal Levies and Trust Accounts.	0	10 (2004/05 – 2013/14)	0	10	2003/04 AFS were submitted to the AG for audit in July 2014. However National Treasury has not yet determined which accounting standards to be

Programme 4 : Financial Governance						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
						used in the preparation of these financials, and as a result AG is not in a position to audit these statements.
10	Number of votes and public entities assessed and supported on Risk Management Performance	17	17	14	3	Inadequate capacity
11	Number of Provincial Departments and Public Entities monitored on their risks within the Provincial Risk Profile	-	17	14	3	Inadequate capacity
12	Number of Transversal Risk Management Prescripts / Tools developed or reviewed	5	2	1	1	Provincial Risk Management Framework reviewed and awaiting approval
13	Number of three year strategic rolling and annual audit plans prepared by Provincial Internal Audit and approved by the Audit Committee for the financial year 2014/15	-	12	12	0	N/A
14	Number of votes audited as per approved annual audit plans to improve the internal control environment	12	12	12	0	N/A
15	Number of annual internal Quality Assurance Improvement Plan (QAIP) prepared to	-	1	1	0	N/A

Programme 4 : Financial Governance						
No.	Performance Indicators	Actual Achievement 2013/2014	Planned Target 2014/2015	Actual Achievement 2014/2015	Deviation from planned target to Actual Achievement for 2014/2015	Comment on deviations
	improve the quality of client services.					
16	Number of votes monitored in the implementation of internal audit findings and recommendations to achieve improved internal controls in departments	12	12	12	None	N/A

4.4.4 Strategy to overcome areas of under performance

Area of under performance	Strategies to address under performance
1. Four votes not monitored and supported in resolving AG audit findings to improve audit outcomes due to lack of capacity	Continuous mentoring of the staff member who has inadequate capacity
2. Consolidated Annual financial statements for votes and for public entities	To submit the Consolidated Annual financial statements for votes after audit is finalised on the 2010/11 CFS and submit the Consolidated Annual financial statements for public entities after LEDA AFS have been corrected in the 1 st quarter of 2015/16.
3. Annual Financial Statement for Tribal Levies and Trust Accounts	To submit the Annual financial statements for Tribal Levies and Trust Accounts in 2015/16.
4. Number of votes and public entities assessed and supported on Risk Management Performance	Two funded Risk Management Manager Posts will be filled in 2015/16 to strengthen capacity in this area.
5. Provincial Risk Management Framework not approved.	Approve reviewed Provincial Risk Management Framework in the 2015/16.

4.4.5 Changes to planned targets

There were no changes to planned targets in Programme 4.

4.4.6 Sub-programme expenditure

Sub- Programme Name	2014/15			2013/14		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Programme Support	30 931	29 481	1 450	74 346	67 853	6 493
Accounting Services	64 121	58 491	5 630	57 876	51 987	5 889
Risk Management	7 320	7 231	89	7 728	7 518	210
Total	102 372	95 203	7 169	139 950	127 358	12 592

- The programme spent R95.2 million (93%) of its allocated budget of R102.4 million and the reasons for underspending were delayed filling of Senior General Manager post and vacated Senior Internal Audit posts. There were also outstanding invoices relating to s100 intervention projects in terms of the Constitution of Republic of South Africa, Act 108 of 1996 which were received late in the month of March 2015 and required certification of work done before payment could be processed, as well as adherence to cost saving measures.
- The programme spent 2 per cent more of its budget in 2014/15

5 TRANSFER PAYMENTS

5.1. Transfer payments to public entities

The department does not have public entities

5.2. Transfer payments to all organisations other than public entities

The department only pay bursaries to institution of higher learning and licenses for motor vehicles.

The table below reflects the transfer payments made for the period 1 April 2014 to 31 March 2015

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
Universities & technikons	Institution of higher learning	Bursaries	N/A	3 000	N/A	N/A
Polokwane municipality	Municipality	Vehicle licence	N/A	7	N/A	N/A

The table below reflects the transfer payments which were budgeted for in the period 1 April 2014 to 31 March 2015, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
N/A				

6 CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

The department does not have conditional grants.

7 DONOR FUNDS

7.1. Donor Funds Received

No	Type	Sponsor/ Donor	Purpose	Value R'000
1	Sponsorship	The Standard Bank of South Africa Limited	Employee Financial Wellness:- Training on Debt Counselling: University of Pretoria	360
2	Sponsorship	The Standard Bank of South Africa Limited	Financial capacity building: Public Revenue Management: Research Methodology:- Montage Communications	193
3	Sponsorship	The Standard Bank of South Africa Limited	Financial capacity building: Supply Chain Management: Contract Management:- Montage Communications	117
4	Sponsorship	The Standard Bank of South Africa Limited	Financial capacity building: Cash Flow and Budget Management:- Pro- Active Public Sector College (Pty) Ltd	134
5	Sponsorship	The Standard Bank of South Africa Limited	Youth Franchise Expo & Entrepreneurship Promotion Conference:- Department of Economic Development, Environment & Tourism	231
6	Sponsorship	The Standard Bank of South Africa Limited	Provincial Corporate Governance Conference & Gala Dinner	337
7	Sponsorship	The Standard Bank of South Africa Limited	Post Budget Breakfast	103
8	Donation	Enabling ICT Solutions	Budget Speech activities	50
9	Donation	Edusolutions Bookshop	Budget Speech activities	30
10	Donation	Palesa Tech (PTY) Ltd	Budget Speech activities	11
TOTAL				1 566

8 CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

The department does not have capital investments.

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Part C GOVERNANCE



1. INTRODUCTION

The department is committed to high standard of governance in managing public finance and resources. The department utilize its resources effectively, efficiently and economically. Good corporate governance is an integral part of Provincial Treasury's operations. Accordingly Provincial Treasury recognises the need to conduct its business with integrity. Business and governance structures are in place to ensure a coherent and consistent governance approach.

During the year under review the following were key corporate governance processes:

- The powers and functions of the Executing Authority and Accounting Officer reverted back to the Member of the Executive Council and Head of the Department after a decision was taken by Cabinet to revise the intervention status in the Provincial Treasury and the other four Departments from section 100(1)(b) to section 100(1)(a) of the Constitution of the Republic of South Africa.
- Departmental Bid Committees had been appointed to ensure that procurement processes were fair, competitive, equitable, transparent and cost effective.
- All Senior Managers made full financial disclosures to the Executive Authority
- Financial, human resource and other operational policies were in place and implemented during the year. These policies were also in the process of being reviewed.
- Provincial Treasury arranged a Provincial Governance Conference which was attended by Heads of Departments, Members of the Executive Council, Members of the Provincial Legislature, Audit Committee members, Municipal Managers as well as Chief Financial Officers of departments, municipalities and public entities. The conference was well attended and valuable contributions were made by the speakers at the conference.
- Provincial Treasury was kept abreast of all relevant legislation and regulations as well as major developments that could impact on its operations
- A delegation framework for the functions assigned to the Accounting Officer in terms of the Public Finance Management Act, Treasury Regulations and Public Service Act and its regulations were developed and approved to enable the Accounting Officer, to delegate appropriate functions to relevant employees with adequate knowledge, skills and experience.

The Financial Governance branch is responsible for coordinating and managing the Cluster Audit Committees. The province has a two tier audit committee structure consisting of four clusters and a central audit committee. The Audit Committees meet on a quarterly basis to review department quarterly reports, culminating in a central audit committee which then accounts and reports to the MEC for Finance.

Limpopo Provincial Administration did not possess an integrated electronic asset management system, during 2014/15 financial year. Due to the fact that there is no integrated electronic asset management system, the Auditor General has agreed to accept a Fixed Asset Register prepared in an EXCEL spreadsheet, provided it is password protected. Provincial Treasury has made use of the EXCEL spreadsheet, to record and consolidate all asset movements, and to compile the year end fixed asset register. The minimum requirements for a fixed assets register have been included in the EXCEL spreadsheet.

In order to deal with the challenge manual asset register in the province a decision was taken by Provincial Treasury to implement a software solution to scan all assets in provincial departments and secure that scanned data in a software database that has audit trails, known

as BAUD. This process has been done in preparation for the province to migrate the assets registers to the National integrated software known as LOGIS. The LOGIS system has been piloted in Provincial Treasury at the end of 2015 and the system will be rolled out to all other departments in a phased approach.

2. RISK MANAGEMENT

Provincial Treasury has a risk management policy and strategy in place which was aligned to the 2014/15 Annual Performance Plan. A risk management committee is in place to monitor implementation of the mitigation plan for the identified risks.

The Risk Management Committee of Provincial Treasury is functioning and the top risks were identified and their mitigating monitored. Operational risks were also identified and monitored. Best practice models of Risk Management are being adhered to. Risks registers are developed, updated and the progress with regards to the implementation of the mitigations to address prioritised risks is being monitored on an on-going basis. The governance structures are also in place and they are functioning well.

Risk Management support is extended to the Public Entities, however capacity still remains a challenge in some of the entities. The department conducted a risk identification and assessment during strategic planning which focussed on the strategic plan of the department. The department's strategies to identify and mitigate risk are based on departmental policies which are in line with Public Sector Risk Management Framework. A number of risks have been mitigated successfully.

3. FRAUD AND CORRUPTION

The Department has an approved fraud prevention plan in place which applies to all employees, stakeholders, contractors, vendors/ suppliers and anybody doing business with Limpopo Treasury.

The Security and Investigation Service unit conducts quarterly fraud and corruption awareness workshops, in the department. Staff members are trained on how to report fraud and corrupt activities in their work environment and how they will be protected in terms of the Protected Disclosure Act 26 of 2000 or Whistle Blowing Policy. During the workshop staff members are advised on how and to whom they must report fraud and corruption and the availability of the National Anti-Corruption Hotline of Public Service Commission on 0800 701 701.

The role of the Security and Investigation Services unit is to oversee the Department's approach to fraud prevention, fraud detection strategies and response to fraud and corruption incidents reported internally by employees or other external parties through the National Anti-Corruption Hotline (NACH), the Premiers Hotline, the Presidents Hotline or any other manner.

The Security and Investigation Services unit also meets in the Security Risk Management Committee on a quarterly basis to discuss;

- Progress made in implementing the fraud prevention plan

- Reports received by the Department regarding fraud incidents with the view to making any recommendation to the Head of Department and register the incident in the departmental register.
- Progress made with all investigations initiated, and
- All allegations received from the various Hotlines

Limpopo Provincial Treasury is committed towards the highest possible standards of openness, probity and accountability. In line with this commitment the department expects and encourages employees and public members to come forward and voice their concerns about any impropriety related to the departments work environment. In turn, these officials will be protected against any occupational detriment.

4. MINIMISING CONFLICT OF INTEREST

All Senior Managers are compelled in terms of the Public Service Act to annually disclose all their financial interests. All employees are also encouraged to disclose any possible conflict of interest that may exist. They are also advised no to conduct remunerative work outside the public service without first obtaining permission to do so from the MEC. The Risk Management and internal audit units also conducted a comparison of employee's identity numbers to the Companies and Intellectual Property Commission (CIPC) database to identify any possible conflicts that may exist. All supply chain officials also declare that they have no conflict of interest prior to any bid being evaluated or adjudicated.

Where any conflict of interest is identified, the case is handed to the department's security and investigation unit for further investigations and if a conflict is confirmed the matter is processed through the departments disciplinary processes.

5. CODE OF CONDUCT

All employees employed by Provincial Treasury are inducted and part of the induction is the advocacy of the Public Service Code of Conduct and each employee's responsibility to adhere to the code. The provincial Treasury at all times strives to adhere to the Public Service Code of Conduct.

6. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department has a dedicated unit to assess and monitor the occupational health, safety and environment in the department. The unit is a sub-programme of the Employee Health and Wellness Programme, a sub-directorate of Transformation Services. The unit coordinates hazard identification and risk assessment and liaises with relevant stakeholders to mitigate the hazard/ risks identified.

The following activities were coordinated:

- Hazard identification in all department workplaces. Reports with recommendations were submitted to relevant stakeholders for implementation.
- Monitored the implementation of measures/ recommendations to mitigate hazards and risks identified on quarterly basis

- Risks and progress with regards to implementation were reported to Management through Departmental Risk Management Committee
- First aid service provided and first aiders were trained on first aid level 1 & 2
- Emergency preparedness plan developed and approved
- Compensation for occupational injuries and diseases (COID) was managed. This included reporting of injuries on duty to the Compensation Commissioner/ Department of Labour, payment of administrative and medical costs.
- Evacuation chairs for the disabled were procured.

7. PORTFOLIO COMMITTEES

Provincial Treasury appeared before the Portfolio Committee on Finance on the following dates:

- 19 August 2014
- 30 October 2014
- 18 November 2014
- 12 March 2015
- 18 March 2015

The table below outlines Portfolio Committee meeting resolutions and progress made by Provincial Treasury:

	RESOLUTIONS	PROGRESS
1.	On quarterly basis, provide progress reports on issues that have been recurring from the previous financial year to date.	Ongoing
2.	Ensure that feasibility studies on projects precede project implementation to avoid project failures.	Advice given a serious attention
3.	Prioritize the filling of vacant positions in an effort to improve on its fiscal oversight.	Receiving attention, all SGM posts filled and all except one of funded vacant GM posts filled. Good progress made with filling lower level posts.
4.	Follow up on the implementation of audit findings as revealed by the Auditor-General to support efforts to achieve a positive audit opinion by government departments.	Departments monitored and supported monthly. Provincial Treasury capacity also improved. On-going bilaterals instituted with all departments Specific departmental intervention assessments in progress.
5.	Ensure that risk management is given the necessary attention and non-compliance is appropriately addressed.	Vacant posts advertised and should be filled in first quarter of 2015/16.
6.	Provide progress report on implementation of	Implementation of backup solution deferred to

	RESOLUTIONS	PROGRESS
	ICT plan for backup solution.	2015/16
7.	Provide progress on appointment of bid specification committee.	Standard operating procedure for the constitution of transversal bidding committee developed and approved.
8.	Adequately empower officials responsible for financial accounting services.	Financial management short courses coordinated and structure training on financial systems provided.
9.	Ensure that risk management is given the necessary attention and non-compliance is appropriately addressed.	Inadequate capacity within the transversal risk management unit
10.	Non-compliance by LEDA should be brought to the attention of the relevant executive authority. The provision of law should be applied regarding this matter.	Resolved
11.	Implementation of LOGIS.	Treasury went live on LOGIS system in March 2015. Implementation roll out to all other departments to be done in phased approach
12.	Tribal levies and trust account.	Awaiting advise from National Treasury on appropriate accounting standards to be used for these accounts
13.	Enforce measures to deal with incidences of non-compliance with SCM Prescripts.	Twenty (20) SCM Instruction Notes together with their Checklists, templates and tools have been developed. Provincial SCM Policy developed and approved by EXCO. SCM Instruction Notes rolled out for provincial departments and public entities. Monitoring Procurement Plans Analysed SCM audit queries and developed intervention strategies Developed an Action Plan templates to address SCM gaps

8. SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
1.	Progress report on the tribal levies and Trust Account.	Trust Accounts Non submission of AFS	Financial statements for 2003/04 were submitted to Audit General in July 2014. AG has consulted National Treasury on audit framework for these accounts. Discussions are underway.	Pending the audit for 2003/04

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
2. Progress report on the consolidated annual financial statements for public entities and departments	Consolidated AFS	Non submission of Consolidated AFS	<p>Departments:</p> <p>Audit for 2009 and 2010 Consolidated Financial Statements has been finalised.</p> <p>AG in the process of auditing the departmental consolidated financial statements for the financial year ending 31 March 2011. LPT are in the process of finalizing consolidations for statements 31 March 2012.</p> <p>Public Entities:</p> <p>Public Entity Consolidated Financial Statements for the financial years 2011/2012 audit was finalised. Provincial Treasury is in the process of finalizing the 2012/13.</p>	No
3. Progress on PRF Financial Statements	PRF Statements	Non submission of AFS	<p>Audit for PRF Financial Statements for 2009 and 2010 has been finalised.</p> <p>AG in the process of auditing the PRF Financial Statements for the financial year ending 31 March 2011. LPT is in the process of finalizing the PRF for 31 March 2012.</p>	No
4. Mechanism to ensure that all SMS sign performance agreements	Human resource management and compensation	Non signing off of performance agreement	In 2012/13 the department implemented the new functionality in the PERSAL system, developed by DPSA, which assists the department to monitor performance agreement submission compliance. As at the due date, 31 May 2013, only one SMS PA was not submitted. The reason for the late submission was that the employee was on maternity leave, but this PA has since also been submitted.	Yes

Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)	
5.	Steps to recover fruitless and wasteful expenditure	Expenditure management	Fruitless and wasteful expenditure	An investigation was conducted by the security and investigations and the results indicated that none of the officials in the department can be held responsible. A further investigation was conducted by the s100(1)(b) Chief Administrator and the result of the investigation indicated that the Chairperson of the Audit Committee cancelled the meeting. This report was submitted to SCOPA and awaiting directive	No

9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Non Compliance – Funded vacant posts were not filled within 12 months as required by Public Service Regulation 1/VII/C.1A.2	2012/13	Matter addressed

10. INTERNAL CONTROL UNIT

The unit prepared the audit action plan for both Auditor General and Internal Audit findings. This action plan was monitored on a monthly basis to track progress in resolving the audit findings. Audit Steering Committee meetings were coordinated by the unit for the year.

11. INTERNAL AUDIT AND AUDIT COMMITTEES

The objective of Internal Audit is to provide assurance of the institution's risk management processes, internal control and governance arrangement and to provide assurance that:

- i. Internal controls are adequate and effective
- ii. Performance information is reliable and accurate
- iii. Financial information is reliable and accurate
- iv. The institutions resources been acquired in an economic, efficient and effective manner

- **List of internal audits performed in 2014/15**

- i. Reliability and Integrity of Performance information (1st and 4th Qtr.)

- iii. Interim Financial Statements
- iv. Management Performance Assessment Tool
- v. Supply Chain Management
- vi. Recruitment and Termination
- vii. Leave Management
- viii. Asset Management
- ix. Fleet Management
- x. Transversal Revenue
- xi. Transversal Budget
- xii. Transversal Supply Chain Management- Effectiveness of Tender Advice Centre
- xiii. Human Resource Development
- xiv. Minimum Information Security Standards
- xv. PPP Infrastructure
- xvi. Ad- Hoc audit on Performance Management and Development System
- xvii. Follow up audits on audit recommendations implementation (1st to 4th Qtr)

• **Key activities and objectives of the audit committee;**

Audit Committee (AC) has satisfactorily performed its mandate as enshrined in Sections 76 (4) (d) and 77 of the Public Finance Management Act (Act No. 1 of 1999) & Treasury Regulations 3.1 which states that AC must, amongst others, review the following:

- i. the effectiveness of the internal control systems;
- ii. the effectiveness of the internal audit function;
- iii. the risk areas of the institution's operations to be covered in the scope of internal and external audits;
- iv. the adequacy, reliability and accuracy of the financial information provided to management and other users of such information;
- v. any accounting and auditing concerns identified as a result of internal and external audits;
- vi. the institution's compliance with legal and regulatory provisions; and
- vii. the activities of the internal audit function, including its annual work programme, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations.

During the financial year 2014/2015, the AC has met 5 times to perform its roles and responsibilities as stipulated in the AC Charter. In addition, the AC held its AC Annual Strategic Planning Workshop from 23 – 24 April 2014 to review its 2013/2014 performance and plan for the 2014/2015 financial year. The Central Audit Committee (CAC) structure assumed the responsibilities of ensuring that all the Resolutions taken during the Annual Strategic Planning for the AC are implemented. However, from the total of 22 Resolutions taken, only 15 were successfully implemented and five (5) of the unresolved resolutions were overtaken by events while the two (2) were carried to the current financial year 2015/2016. The two unresolved resolutions relate to the development of the Provincial Risk Profile as well as improving capacity within Limpopo Provincial Treasury.

Both the AC Charter and the Accounting Officer's Reporting Framework to the AC were reviewed and adopted during the Annual AC Strategic Planning. National Treasury 360 Degree Evaluation model was used to evaluate the work and performance of the AC. The final evaluation score yielded an average score of 3.87 (rating of between 1 – 5) when combining the average scores of all the AC Stakeholders.

Resignations and terminations from the AC membership were as per table below:

No.	Name & Surname	Cluster	Reasons
1.	Mrs. Fanisa Lydia Lamola	Central Audit Committee Chairperson	Resigned due to acceptance of Government Position

In addition, all the AC Members have participated in the 2ND Limpopo Public Sector Corporate Governance and Ethical Workshop held in February 2015 of which Cluster 01 AC Chairperson made a valuable presentation amongst other governance experts and dignitaries. The Workshop was one of its kind which took Resolutions that AC through Cluster 03, where Limpopo Provincial Treasury is located, will take part in monitoring implementation of resolutions taken.

The following table stipulate the nature and activities of each Audit Committee meeting/event held:

No.	Period	Nature of the Meeting	Information / Documents Reviewed
1.	April 2014	AC Annual Strategic Planning Workshop	a. Audit Committee Charter, b. Internal Audit Charter, c. Accounting Officer's Reporting Framework to the AC, d. Status of Section 100 (1) (b) Constitutional Intervention in Limpopo, e. Reflection on the Status of the Previous Year AC Resolutions, f. 360 Degree Evaluation Feedback.
2.	May 2014	Review of Fourth Quarterly Performance Review and Draft Annual Report (Including Draft Annual Financial Statements) before submission to the Auditor General	a. Performance Information, b. Draft Annual Financial Statements, c. Accounting Officer Report to the AC (Financial & Non-Financial), d. Quarterly Risk Management Report, e. SCOPA Resolutions Implementation Progress, f. Auditor General Audit Findings Implementation Progress, g. Internal Audit Quarterly Progress Report.
3.	July 2014	Review of Draft Audit and Management Reports	a. Audited Financial Statements, b. Draft Management Report, and c. Draft Audit Report.
4.	July 2014	Workshop on Accounting Officer's Reporting Framework to the AC	a. Accounting Officer's Reporting Template to the AC.
5.	September 2014	Review of Half Yearly (First & Second Quarter) Performance Review	a. All information under No. 2 despite point a & b, and b. Procurement Plans of the departments.
6.	November 2014	Approval of Auditor General Audit Coverage Strategy, Approval of 2014/2015 First Quarterly Internal Audit Plans and Review of Third Quarterly Performance Review	a. All information under No. 2 despite point a & b.
7.	March 2015	Approval of the Three Year Internal Audit Plan plus Annual Plan and Auditor General Audit Coverage Strategy	a. All information under No. 2 despite point a & b, b. Three Year Internal Audit Plan plus 2013/2014 Annual Plans, and c. Auditor General Audit Coverage Strategy.

The table below discloses relevant information on the audit committee members for the period 1 April 2014 to 31 March 2015

Name	Qualifications	Internal or external member	If internal, position in the department	Date Appointed	Date Resigned / Terminated	Number of Meetings Attended (Provincial Treasury)
K.V Maja	1. CIA (SA) 2. SAIPA 3. IRM (SA) 4. B.Com 5. B.Com (Hons) 6. MBL	EXTERNAL	N/A	01 January 2014	To Date	05
T Boltman	1. CIA 2. CGAP 3. CCSA 4. B TECH: Internal Auditing 5. Certificate in Forensic Examination	EXTERNAL	N/A	01 January 2014	To Date	05
Adv. J.C Weapond	1. MTECH: IT & Forensic Investigation 2. B COM Honours – Information Technology 3. LLB 4. Diploma in Compliance Management	EXTERNAL	N/A	01 January 2014	TO Date	05
M McKenzie	1. CA (SA) 2. MCOM (Cum Laude) 3. B COM: Honours 4. B COM: Accounting 5. Advanced Certificate in Auditing	EXTERNAL	N/A	01 January 2014	To Date	05

12. AUDIT COMMITTEE REPORT

We are pleased to present our report for the quarter ended 31 March 2015

1. Audit Committee Structure

Limpopo has an Audit Committee which is two tiered consisting of 4 Cluster Audit Committees, dealing with specific departments, and a shared Central Audit Committee. Limpopo Provincial Treasury belongs to cluster 3.

2. Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

Summary of main AC coverage for the quarter as per TOR requirements:

TOR focus area	Considered	Rating(Q1)	Rating(Q2)	Rating(Q3)	Rating(Q4)
Governance Structures	Yes	Orange	Orange	Green	Green
Internal Controls and Internal Audit	Yes	Orange	Orange	Orange	Orange
Information Communication Technology	Yes	Orange	Green	Green	Green
Risk Management	Yes	Red	Red	Orange	Orange
Pre-determined Objectives	Yes	Orange	Orange	Orange	Orange
Budget and Expenditure Management	Yes	Orange	Orange	Green	Green
Assets Management	Yes	Green	Green	Green	Green
Revenue Management	Yes	Green	Green	Green	Green
Suspense Accounts	Yes	Green	Green	Green	Green

We are satisfied that our responsibilities were carried out effectively during the meetings.

It was noted that the Limpopo Provincial Treasury is currently being monitored by National Treasury under Section 100 (1)(a).

The delegates of the Department were prepared for the meetings and were able to report to the matters at hand.

3. Assessment of Governance within the department

Governance in the Department is satisfactory except that the department still faces challenges with regard to social and transformational employment equity.

During the 4th quarter report it was noted that the department's female representation at SMS level is 45% and people with disability is 1%. The Department was advised to continue to implementing its Social and Transformational policy of targeting females and people with disability at SMS level.

It was noted that the Department has made the following appointments since the transfer to Section 100(1) (a).

- SGM: Corporate Services
- SGM: Financial Governance (PAG)
- GM: Municipal Finance
- GM: Asset and Liabilities

The Audit Committee however wishes to encourage the Department to continue with their endeavours to establish a special support unit in the Province. The Department aims to appoint three SGMs, two GMs and two infrastructure specialists in this unit. The mission of this unit will be to provide advice and support to struggling departments, municipalities and public entities.

Of the 5 Scopa resolutions, 4 are still in progress. Some of the Scopa resolutions are dependent on the AGSA finalising their audits of tribal levies and trust accounts, consolidated financial statements and the PRF financial statements. The AC recommended that the AGSA should finalise these audits of submitted financial statements as a matter of urgency, in order to ensure that any outstanding matters are resolved speedily. The Department has presented the AGSA with the following sets of Annual Financial Statements:

- Tribal Levies and Trust Accounts Annual Financial Statements for the 2003/2004 financial year
- Provincial Revenue Fund for the 2011/2012 financial year.
- Consolidated Annual Financial Statements for the 2011/2012 financial year

- The Department is still waiting for Scopa to make a pronouncement regarding the steps to be implemented in order to recover fruitless and wasteful expenditure.

Risk Management:

The Audit Committee noted the efforts of the Department to improve its risk management environment. However, there are material concerns with regards to the threat of business continuity, where the residual risk is still unacceptably high.

The Department has demonstrated an improvement in lowering their residual risk exposure through the implementation of mitigation strategies, however it must be noted residual risk exposure in some instances are still very high. The AC is also concerned about the high risk associated with the transversal functions within the Limpopo Provincial Treasury and has recommended that research should be conducted on the potential impact that fiscal constraints may have on service delivery in the Province.

The AC recommended that the department should capacitate transversal functions in order to provide the necessary support to departments, public entities and municipalities.

Fraud and Corruption

The AC commended the Department on their commitment towards good corporate governance and accountability. The Department has an approved fraud prevention plan in place. The Department also provide oversight to all of the other departments in the Province, in terms of fraud prevention plans and the implementation of fraud detection strategies.

Legal Matters

The department reported that the claims against the state amounted to R69million and for the state R110 million. The case relates to the Finest system (MSI). The papers have been exchanged and the matter has been set down.

Business Continuity Management

The department reported that the Business Continuity Framework is still in process of being drafted. The Department has appointed a BCP task team to draft a project plan, which will be presented in the next quarter.

Information Communication Technology

The department reported that phase one of its ICT Governance Framework has been developed and implementation is on-going. The Department aims to complete the ICT Plan by the end 2015 calendar year. A Disaster Recovery site has also been procured and a pilot test has been conducted successfully.

4. Assessment of the Effectiveness of Internal Controls

Internal Audit conducted the following planned audits:

Risk Based Audits :

No	Audit Project	Adequacy of internal controls	Effectiveness of Internal Controls
1	In Year Monitoring	Adequate	Ineffective
2	Reliability and Integrity of Information	Adequate	Ineffective
3	Supply Chain Management	Adequate	Effective
4	Effectiveness of Tender Advice Centres	Inadequate	N/A
5	Minimum Information Security Standards	Inadequate	N/A
6	Transversal Revenue Management	Inadequate	N/A
7	Reliability and Integrity of Information	Adequate	Ineffective
8	Human Resource Development (Training)	Adequate	Ineffective
9	Assets Management	Adequate	Ineffective
10	Transversal Budget Management	Adequate	Ineffective
11	Recruitment and Terminations	Adequate	Ineffective
12	Leave Management	Adequate	Ineffective
13	Interim Financial Statements	Adequate	Ineffective
14	Fleet Management	Adequate	Ineffective

Governance and Accountability Audits: 1(one) planned audit conducted:

1. Fraud Risk Governance Assurance Review

Information Systems Audit

No	Audit Project	Adequacy of internal controls	Effectiveness of Internal Controls
1	IT Governance: Phase 1 Implementation	Adequate	Ineffective
2	IT Project Implementation (BAUD)	N/A	N/A
3	IT Project Implementation (LOGIS)	N/A	N/A

Performance Audit: 2 (two) planned audits conducted

No	Audit Project	Conclusion
1	Audit of Planning Process	The audit performed and the evidence obtained indicates that there was non adherence to National Treasury prescripts when preparing some of the departmental planning documents.
2	Reliability and Integrity of performance Information	The audit performed and evidence obtained indicates that reported performance information was not always substantiated by means of verification.

The following areas of concern were noted:

- **Internal controls are well designed but not implemented effectively**
- **Internal audit failed to provide the Audit Committee with a three year rolling plan for 2015/16 -2017/18 for approval as required by PFMA and the Standards for the Professional Practice of Internal Auditing**

5. In-Year Management and Monthly/Quarterly Report Performance Information

The AC observed that the Department had achieved 77% of its 53 targets.

Programme	Performance targets met
1: Administration	93% (14/15 indicators)
2: Sustainable resource management	100% (11/11 indicators)
3: Assets, Liabilities & SCM	90% (10/11 indicators)
4: Financial Governance	37% (6/16 indicators)

The following challenges were noted regarding indicators that were not met:

- 2 ICT projects not implemented due to delays in the approval of Backup Solutions through internal SCM processes and concerns with bandwidth
- One transversal bud was not facilitated due to delays in the appointment of a bid specification committee.
- LOGIS implementation plan delayed due to delays with SITA
- Number of votes monitored in resolving AG audit findings were insufficient due to lack of human resources capacity.
- Number of Annual Financial Statement prepared for the tribal levies and trust accounts were delayed due to delays at national Treasury in finalising the appropriate accounting framework for these accounts.
- Inadequate capacity to support public entities with risk management performance
- Inadequate capacity to monitor departments with risks within the provincial risk profile
- We are still waiting the approval of the Risk Management framework

Budget and Expenditure Management

- It was noted that the Limpopo Provincial Treasury has spent 95.1% of their final appropriation for the year under review.

6. Evaluation of Financial Statements

The Audit Committee reviewed the department's Annual Financial Statements at high level and recommended both the AFS and the Annual Report for submission to the AGSA subject to amendments made during the audit committee meeting held on the 21st of May 2015.

7. Auditor General's Report

The department has partially resolved the AG findings (65% of AGSA has been resolved). The AC recommended that the department should fast track the implementation of AGSA and Internal Audit findings where possible.

8. Conclusion

The Audit Committee is also of the opinion that the current support provided to departments, entities and municipalities is not adequate because good results in terms of financial governance across the Province are not realised.

The department has serious challenges in terms of capacity to support other departments, public entities and municipalities in areas of financial and risk management and good governance.



Mr Kgoale Maja
Chairperson of the Audit Committee
(Provincial Treasury)
(27 May 2015)

Part D HUMAN RESOURCE MANAGEMENT



1 INTRODUCTION

The information provided herein is governed by the section 92(3)(b) or 133(3)(b) of the Constitution, Chapter 1, Part III J.3 and J.4 of the Public Service Regulations as contemplated in section 40(1)(d)(I) and (3) and 65(1)(a) and (2) of the Public Finance Management Act and paragraph 18.3.1 of the Treasury Regulations.

2 OVERVIEW OF HUMAN RESOURCES

Status of Human Resources:

- The department has a structure of 674 posts of which 417 are filled. The vacancy rate stands at 38% constituting 257 vacant posts.
- Critical vacant SMS posts were filled towards the end of the financial year and the impact will be felt in the 2015/16 financial year.
- Critical posts have been identified for filling in the current financial year and strategies such as head hunting will be deployed to attract the right skill.
- All employees signed performance agreements and performance reviews are done every quarter.
- Wellness programmes are taking place in the department, for example sporting codes, HCT, eye testing, financial advice, blood donation, etc.
- The departments managed to fill all vacant Senior General Managers posts and General Managers posts, with the exception of GM Infrastructure, this posts was re-advertised because a suitable candidate could not be identified.

Challenges faced

- Failing to attract the right skills
- Delays in the filling of vacant posts

3 HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

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

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

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2014 and 31 March 2015

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	135 769	77 199	2075	0	56.8	468
Sustainable Resource	45 973	42 128	0	0	91.6	679
Assets, Liabilities	69 360	45 807	456	0	66.0	527
Financial Governance`	95 203	53 418	342	0	56.1	486
Total	346 305	218 552	2873	0	63.1	515

Table 3.1.2 Personnel costs by salary band for the period 1 April 2014 and 31 March 2015

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)	505	0.2	14	36 071
Skilled (level 3-5)	7 785	3.4	31	251 129
Highly skilled production (levels 6-8)	43 171	18.7	123	350 983
Highly skilled supervision (levels 9-12)	121 667	52.8	207	587 763
Senior and Top management (levels 13-16)	45 690	19.8	49	932 448
Periodic Workers	4 716	2	16	294 750
Total	223 534	96.9	440	508 032

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2014 and 31 March 2015

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	59 434	75.6	9	0	2 060	2.6	2 469	3.1
Sustainable Resource	32 014	75.9	0	0	1 162	2.8	729	1.7
Assets, Liabilities	36 824	74.2	0	0	941	1.9	1 090	2.2
Financial Governance	42 011	69.8	0	0	1 355	2.3	1 379	2.3
Total	170 283	73.9	9	0	5 518	2.4	5 667	2.5

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2014 and 31 March 2015

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	317	62.6	0	0	32	6.3	71	14
Skilled (level 3-5)	3 712	68.2	5	0.1	291	5.3	355	6.5
Highly skilled production (levels 6-8)	29 100	73.9	4	0	1 292	3.3	1 781	4.5
Highly skilled supervision (levels 9-12)	90 494	73.6	0	0	2 569	2.1	2 822	2.3
Senior management (level 13-16)	36 471	79.1	0	0	1 282	2.8	582	1.3
Contract(level 3-5)	2 351	97.8	0	0	0	0	0	0
Contract production (levels 6-8)	4 125	99.3	0	0	0	0	0	0
Contract (levels 9-12)	2 186	80.4	0	0	52	1.9	0	0
Contract Senior management (level 13-16)	1 528	84.5	0	0	0	0	56	3.1
Total	170 284	73.9	9	0	5 518	2.4	5 667	2.5

3.2 Employment and Vacancies

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

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

This information is presented in terms of three key variables:

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

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2015

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration	186	165	11.3	1
Sustainable Resource	69	62	10.1	3
Assets, Liabilities	96	87	9.4	0
Financial Governance	131	110	16	0
Total	482	424	12	4

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2015

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	15	15	0	0
Skilled(3-5)	33	30	9.1	0
Highly skilled production (6-8)	143	119	16.8	0
Highly skilled supervision (9-12)	227	203	10.6	0
Senior management (13-16)	54	47	13	0
Contract (Levels 3-5), Permanent	1	1	0	1
Contract (Levels 6-8), Permanent	4	4	0	0
Contract (Levels 9-12), Permanent	4	4	0	3
Contract (Levels 13-16), Permanent	1	1	0	0
Total	482	424	12	4

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2015

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	103	87	15.5	1
Archivists curators and related professionals, Permanent	1	1	0	0
Cashiers tellers and related clerks, Permanent	3	3	0	0
Cleaners in offices workshops hospitals etc., Permanent	24	24	0	0
Client inform clerks(switchb receipt inform clerks), Permanent	6	5	16.7	0
Finance and economics related, Permanent	47	45	4.3	0
Financial and related professionals, Permanent	125	110	12	0
Financial clerks and credit controllers, Permanent	32	24	25	0
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources & organisat developm & relate prof, Permanent	17	17	0	0
Human resources clerks, Permanent	7	6	14.3	0
Human resources related, Permanent	7	7	0	0
Language practitioners interpreters & other commun, Permanent	1	1	0	0
Legal related, Permanent	1	0	100	0
Library mail and related clerks, Permanent	1	1	0	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Logistical support personnel, Permanent	11	10	9.1	0
Material-recording and transport clerks, Permanent	1	0	100	0
Messengers porters and deliverers, Permanent	6	5	16.7	0
Other administrat & related clerks and organisers, Permanent	7	7	0	0
Other information technology personnel., Permanent	2	2	0	0
Other occupations, Permanent	1	1	0	0
Risk management and security services, Permanent	3	3	0	0
Secretaries & other keyboard operating clerks, Permanent	31	27	12.9	0
Security officers, Permanent	1	1	0	0
Senior managers, Permanent	38	31	18.4	0
Social work and related professionals, Permanent	2	2	0	0
Trade/industry advisers & other related profession, Permanent	3	3	0	3
Total	482	424	12	4

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	5	4	80	1	20
Salary Level 14	10	8	80	2	20
Salary Level 13	37	36	97	0	0

Table 3.3.2 SMS post information as on 30 September 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	5	3	60	2	40
Salary Level 14	10	7	70	3	30
Salary Level 13	37	36	97.3	1	2.7
Total	53	47	88.67	6	11.33

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2014 and 31 March 2015

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	5	4	80	1	20
Salary Level 14	10	8	80	2	20
Salary Level 13	37	36	97	1	3
Total	53	49	90	4	8

**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 2014 and 31 March 2015**

Reasons for vacancies not advertised within six months
N/A

Reasons for vacancies not filled within six months
Suitable candidates could not be found

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for
filling SMS posts within 12 months for the period 1 April 2014 and 31 March 2015**

Reasons for vacancies not advertised within six months
N/A

Reasons for vacancies not filled within six months
N/A

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2014 and 31 March 2015

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)	23	0	0	0	0	0	0
Skilled (Levels 3-5)	47	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	230	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	311	15	4.82%	16	5.14%	0	0
Senior Management Service Band A	43	0	0	0	0	0	0
Senior Management Service Band B	13	0	0	0	0	0	0
Senior Management Service Band C	5	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	673	15	2.22	16	2.37	0	0

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 2014 and 31 March 2015

Gender	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
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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 2014 and 31 March 2015

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

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
--	------

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2014 and 31 March 2015

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
--	------

3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2014 and 31 March 2015

Salary band	Number of employees at beginning of period-1 April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	3	11	0	0
Skilled (Levels3-5)	33	0	1	3
Highly skilled production (Levels 6-8)	130	2	4	3.1
Highly skilled supervision (Levels 9-12)	209	0	8	3.8
Senior Management Service Bands A	37	0	0	0
Senior Management Service Bands B	7	0	0	0
Senior Management Service Bands C	3	1	0	0
Senior Management Service Bands D	1	0	0	0
Contracts	56	0	46	82.14
Total	479	14	59	12.3

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2014 and 31 March 2015

Critical occupation	Number of employees at beginning of period- April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, Permanent	142	1	48	33.8
Archivists curators and related professionals, Permanent	1	0	0	0
Cashiers tellers and related clerks, Permanent	3	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	14	11	1	7.1
Client inform clerks (switchboard reception clerks), Permanent	5	0	0	0
Communication and information related, Permanent	1	0	0	0
Finance and economics related, Permanent	48	0	3	6.3
Financial and related professionals, Permanent	119	0	4	3.4
Financial clerks and credit controllers, Permanent	22	0	1	4.5
Head of department/chief executive officer, Permanent	1	0	0	0
Human resources & organisational development & related professionals, Permanent	11	0	0	0
Human resources clerks, Permanent	6	0	0	0
Human resources related, Permanent	7	0	0	0
Language practitioners interpreters & other communication, Permanent	1	0	0	0
Library mail and related clerks, Permanent	1	0	0	0
Logistical support personnel, Permanent	12	0	0	0
Messengers porters and deliverers, Permanent	5	0	0	0
Other administrative & related clerks and organisers, Permanent	7	0	0	0
Other administrative policy and related officers, Permanent	1	0	0	0
Other information technology personnel, Permanent	3	0	0	0
Other occupations, Permanent	2	0	0	0
Risk management and security services, Permanent	2	0	0	0
Secretaries & other keyboard operating clerks, Permanent	29	1	2	6.9
Security officers, Permanent	1	0	0	0
Senior managers, Permanent	30	1	0	0
Social work and related professionals, Permanent	2	0	0	0
Trade/industry advisers & other related professions, Permanent	3	0	0	0
TOTAL	479	14	59	12.3

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 2014 and 31 March 2015

Termination Type	Number	% of Total Resignations
Death	2	3.4
Resignation	10	16.9
Expiry of contract	40	67.8
Dismissal – operational changes	0	0
Dismissal – misconduct	1	1.7
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	6	10.2
Transfer to other Public Service Departments	0	0
Other	0	0
Total	59	100
Total number of employees who left as a % of total employment	12.3	

Table 3.5.4 Promotions by critical occupation for the period 1 April 2014 and 31 March 2015

Occupation	Employees 1 April 2014	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, Permanent	142	2	1.4	69	48.6
Archivists curators and related professionals, Permanent	1	0	0	0	0
Cashiers tellers and related clerks, Permanent	3	0	0	2	66.7
Cleaners in offices workshops hospitals etc., Permanent	14	0	0	12	85.7
Client inform clerks (switchboard receiv inform clerks), Permanent	5	0	0	3	60
Communication and information related, Permanent	1	0	0	0	0
Finance and economics related, Permanent	48	1	2.1	36	75
Financial and related professionals, Permanent	119	0	0	66	55.5
Financial clerks and credit controllers, Permanent	22	1	4.5	19	86.4
Head of department/chief executive officer, Permanent	1	0	0	0	0
Human resources & organisat developm & relate prof, Permanent	11	0	0	15	136.4
Human resources clerks, Permanent	6	0	0	5	83.3
Human resources related, Permanent	7	0	0	5	71.4
Language practitioners interpreters & other commun, Permanent	1	0	0	1	100
Library mail and related clerks, Permanent	1	0	0	1	100
Logistical support personnel, Permanent	12	1	8.3	1	8.3
Material-recording and transport clerks	0	1	0	0	0
Messengers porters and deliverers, Permanent	5	0	0	4	80
Other administrat & related clerks and organisers, Permanent	7	0	0	6	85.7
Other administrative policy and related officers, Permanent	1	0	0	0	0

Occupation	Employees 1 April 2014	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Other information technology personnel., Permanent	3	0	0	2	66.7
Other occupations, Permanent	2	0	0	0	0
Risk management and security services, Permanent	2	0	0	3	150
Secretaries & other keyboard operating clerks, Permanent	29	0	0	23	79.3
Security officers, Permanent	1	0	0	1	100
Senior managers, Permanent	30	1	3.3	26	86.7
Social work and related professionals, Permanent	2	0	0	2	100
Trade/industry advisers & other related profession, Permanent	3	0	0	0	0
TOTAL	479	7	1.5	302	63

Table 3.5.5 Promotions by salary band for the period 1 April 2014 and 31 March 2015

Salary Band	Employees 1 April 2014	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)	3	0	0	3	100
Skilled (Levels3-5)	33	1	3	27	81.8
Highly skilled production (Levels 6-8)	130	2	1.5	98	75.4
Highly skilled supervision (Levels 9-12)	209	3	1.4	135	64.6
Senior Management (Level 13-16)	48	1	2.1	39	81.3
Contracts	56	0	0	0	0
Total	479	7	1.5	302	63

3.6 Employment Equity

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	17	1	0	1	13	0	0	0	32
Professionals	116	0	1	4	63	2	0	2	188
Technicians and associate professionals	49	0	0	0	47	0	0	1	97
Clerks	23	0	0	0	47	1	0	2	73
Service and sales workers	1	0	0	1	2	0	0	0	4
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	6	0	0	0	23	0	0	0	29
Other	0	0	0	0	1	0	0	0	1
Total	212	1	1	6	196	3	0	5	424
Employees with disabilities	2	0	0	0	3	0	0	0	5

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	1	0	1	1	0	0	0	5
Senior Management	22	0	0	1	20	0	0	0	43
Professionally qualified and experienced specialists and mid-management	132	0	1	4	66	2	0	2	207
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	44	0	0	0	75	1	0	3	123
Semi-skilled and discretionary decision making	10	0	0	0	21	0	0	0	31
Unskilled and defined decision making	2	0	0	0	13	0	0	0	15
Total	212	1	1	6	196	3	0	5	424

Table 3.6.3 Recruitment for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	0	0	0	0
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	1	0	0	0	2
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	1	0	0	0	10	0	0	0	11
Total	2	0	0	0	12	0	0	0	14
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
<i>Top Management</i>	0	0	0	0	0	0	0	0	0
Senior Management	20	0	0	1	19	0	0	0	40
Professionally qualified and experienced specialists and mid-management	82	0	1	3	48	2	0	2	138
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	26	0	0	0	70	1	0	3	100
Semi-skilled and discretionary decision making	8	0	0	0	20	0	0	0	28
Unskilled and defined decision making	1	0	0	0	2	0	0	0	3
Total	137	0	1	4	159	3	0	5	309
Employees with disabilities	0	0	0	0	3	0	0	0	3

Table 3.6.5 Terminations for the period 1 April 2014 to 31 March 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	8	0	0	0	0	0	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	0	0	0	14	0	0	0	29
Semi-skilled and discretionary decision making	13	0	0	0	9	0	0	0	22
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	36	0	0	0	23	0	0	0	59
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2014 to 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	7	0	0	0	5	0	0	0	12

Table 3.6.7 Skills development for the period 1 April 2014 to 31 March 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	15	0	0	0	15	0	0	0	30
Professionals	18	0	0	0	24	0	0	0	42
Technicians and associate professionals	2	0	0	0	5	0	0	0	7
Administrative and Commercial managers	35	0	1	0	35	1	0	0	72
Clerks	10	0	0	0	17	0	0	2	29
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	5	0	0	0	5
Total	80	0	1	0	101	1	0	2	185
Employees with disabilities	0	0	0	0	2	0	0	0	0

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 July 2014

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of number of SMS members
Director-General/ Head of Department	1	1	1	100
Salary Level 16	0	0	0	0
Salary Level 15	5	3	3	100
Salary Level 14	10	7	7	100
Salary Level 13	37	37	34	92
Total	53	48	44	92

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place. For example if elections took place in April, the reporting date in the heading of the table above should change to 31 July 20ZZ.

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2015

Reasons
1 X SMS was on maternity leave.

Notes

- The reporting date in the heading of this table should be aligned with that of Table 3.7.1.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 July 2014

Reasons
N/A

3.8 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2014 to 31 March 2015

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	40	210	19	1 536	38 408
Female	43	193	22.3	849	19 738
Asian					
Male	1	1	100	61	61 418
Female	0	0	0	0	0
Coloured					
Male	0	1	0	0	0
Female	0	3	0	0	0
White					
Male	0	6	0	0	0
Female	4	5	80	136	33 881
Total	88	424	20.8	2 582	29 341

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2014 to 31 March 2015

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)	3	14	21.4	23	7 667	0.01
Skilled (level 3-5)	18	13	60	185	10 278	0.8
Highly skilled production (level 6-8)	23	119	19.3	480	20 870	0.22
Highly skilled supervision (level 9-12)	43	203	21.2	1 869	43 465	0.86
Contract (Levels 3-5)	0	1	0	0	0	0
Contract (Levels 6-8)	0	4	0	0	0	0
Contract (Levels 9-12)	0	4	0	0	0	0
Periodical Remuneration	0	16	0	0	0	0
Total	87	391	22.3	2 557	29 391	1.17

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2014 to 31 March 2015

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related, Permanent	14	87	16.1	358	25 571
Archivists curators and related professionals, Permanent	0	1	0	0	0
Cashiers tellers and related clerks, Permanent	1	3	33.3	12	12000
Cleaners in offices workshops hospitals etc., Permanent	12	24	50	106	8 833
Client inform clerks(switchb receipt inform clerks), Permanent	1	5	20	12	12000
Finance and economics related, Permanent	5	45	11.1	249	49 800
Financial and related professionals, Permanent	18	110	16.4	838	46 556
Financial clerks and credit controllers, Permanent	6	24	25	153	25 500
Head of department/chief executive officer, Permanent	0	1	0	0	0
Human resources & organisat developm & relate prof, Permanent	8	17	47.1	283	35 375
Human resources clerks, Permanent	3	6	50	67	22 333
Human resources related, Permanent	5	7	71.4	261	52 200
Language practitioners interpreters & other commun, Permanent	0	1	0	0	0
Library mail and related clerks, Permanent	0	1	0	0	0
Logistical support personnel, Permanent	2	10	20	53	26 500
Material-recording and transport clerks	1	0	0	19	19000
Messengers porters and deliverers, Permanent	4	5	80	41	10 250
Other administrat & related clerks and organisers, Permanent	3	7	42.9	37	12 333
Other information technology personnel., Permanent	0	2	0	0	0
Other occupations, Permanent	0	1	0	0	0
Rank: Unknown	0	1	0	0	0
Risk management and security services, Permanent	1	3	33.3	8	8000
Secretaries & other keyboard operating clerks, Permanent	4	27	14.8	84	21000
Security officers, Permanent	0	1	0	0	0
Senior managers, Permanent	0	30	0	0	0
Social work and related professionals, Permanent	0	2	0	0	0
Trade/industry advisers & other related profession, Permanent	0	3	0	0	0
Total	88	424	20.8	2 581	29 330

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2014 to 31 March 2015

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	0	34	0	0	0	0
Band B	1	10	10	26	26000	0.3
Band C	0	3	0	0	0	0
Band D	0	2	0	0	0	0
Total	1	49	2	26	26000	0.3

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2014 and 31 March 2015

Salary band	01 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	2	100	2	100	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total	2	100	2	100	0	0

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2014 and 31 March 2015

Major occupation	01 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals & Managers	2	100	2	100	0	0
Total	2	100	2	100	0	0

3.10 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	12	25	2	0.6	6	5
Skilled (levels 3-5)	109	80.7	17	5.4	6	65
Highly skilled production (levels 6-8)	911	80	105	33.1	9	1 023
Highly skilled supervision (levels 9 -12)	1007	84.6	137	43.2	7	2 074
Top and Senior management (levels 13-16)	233	87.6	31	9.8	8	787
Contract (Levels 3-5)	57	47.4	11	3.5	5	37
Contract (Levels 6-8)	58	77.6	13	4.1	4	44
Contract (Levels 9-12)	3	100	1	0.3	3	7
Total	2390	81.6	317	100	8	4 042

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2014 to 31 December 2014

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	15	100	2	20	8	19
Highly skilled supervision (Levels 9-12)	86	100	6	60	14	137
Senior management (Levels 13-16)	0	0	0	0	0	0
Contract (Levels 6-8)	3	100	1	10	3	2
Contract (Levels 9-12)	3	100	1	10	3	8
Total	107	100	10	100	11	166

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 2014 to 31 December 2014

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	78	3	26
Skilled Levels 3-5)	713	31	23
Highly skilled production (Levels 6-8)	3202	134	24
Highly skilled supervision(Levels 9-12)	5728	214	27
Senior management (Levels 13-16)	1130	46	25
Contract (Levels 3-5)	361	22	16
Contract (Levels 6-8)	459	29	16
Contract (Levels 9-12)	63	4	16
Contract (Levels 13-16)	24	1	24
Total	11758	484	28

Table 3.10.4 Capped leave for the period 1 January 2014 to 31 December 2014

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 2015
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	21	2	11	102
Highly skilled supervision(Levels 9-12)	82	10	8	134
Senior management (Levels 13-16)	0	0	0	0
Total	103	12	19	126

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 2014 and 31 March 2015

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2014/15 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2014/15	2 205	11	200 455
Current leave payout on termination of service for 2014/15	13	1	13 000
Total	2218	12	184 833

3.11 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
Field workers e.g. Internal Audit staff	Education and awareness sessions on HIV and AIDS, STI's and TB management in the workplace. Regular supply of male and female condoms
Cleaners.	Provision of protective clothing e.g. hand gloves and marks Education on protective clothing

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		Ms RA Oliphant Senior Manager: Transformation Services
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		A dedicated EHW sub-directorate has co-ordinators who coordinates the following units; HIV and AIDS – no co-ordinator OHS – Deputy manager Wellness management – Deputy Manager Budget: R168,000.00
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		An in-house Wellness Management is available for the employees. Key elements: <ul style="list-style-type: none"> Do assessment and referral of employees for assistance Provide short-term psycho-social counselling and support services Provide Trauma debriefing

Question	Yes	No	Details, if yes
			<ul style="list-style-type: none"> • Management consultations • Facilitate EHW committee meetings. • Provide preventative and proactive programmes • Awareness campaigns and life skills education • Facilitate fitness and sport activities • Conduct mini surveys and needs analysis Monitor and evaluate programme implementation
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		Individual committee structures have been established namely: HIV and AIDS committee Ms Moloji RB- Supply Chain Management Ms Ndou FD – Internal Audit. Mr Mangoale MJ- PSA Mr Mabunda KS - Budget Allocation. OHS committee Mr Mokoena CM – Security Services Ms Phoshoko MB – Supply Chain Management Mr Mangoale MD - PSA Mr Banda MS - Internal Control Ms Gwebu RM-Transport Mr Moloto PL- Internal Audit Mr Mathosa MS – Auxiliary Services. Mr Nkuna MR – Risk management Ms Nxumalo P- Mopani SCM Advice center Ms Lebelo MF- Waterberg SCM Advice center Mr Phasha MA- Sekhukhune SCM Advice center Mr Radzwiedane M- Vhembe SCM Advice center. Mr Hlongwane RJ – Records and Auxillary Service Ms Maphada NFK – Banking and Cash Floor. Ms Shipalana TM – Communication Services Social club committee. Ms Mabunda BE- Municipal finance Ms Langa S - Systems Administration. Mr Hlomela G – banking and Cash floor Ms Maphada NFK - Banking and Cash floor
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.	Yes		The wellness and OHS policies have been reviewed. The HIV and AIDS policy still need to be reviewed and aligned to the new strategic plan.2012/2016
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		An HIV and AIDS policy has been developed and approved.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Yes		<ul style="list-style-type: none"> ▪ Quarterly HCT and TB screening sessions are organised on site and integrated with wellness days. This is done in partnership with GEMS.

Question	Yes	No	Details, if yes
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Monitoring tools are available : <ul style="list-style-type: none"> • Annual costed EHW operational plan according to DPSA guidelines with targets and indicators • Monthly progress reporting templates • Quarterly monitoring reports • Quarterly gaps monitoring reports • SMT documents.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2014 and 31 March 2015

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 2014 and 31 March 2015

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	9	75
Final written warning	0	0
Suspended without pay	1	8.33
Fine	0	0
Demotion	0	0
Dismissal	1	8.33
Not guilty	1	8.33
Case withdrawn	0	0
Total	12	100

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2014 and 31 March 2015

Type of misconduct	Number	% of total
Absenteeism	1	8.33
Approving financial assistance application without authority	1	8.33
Misrepresentation of qualifications	1	8.33
Failure to make financial disclosure	9	75
Total	12	100

Table 3.12.4 Grievances logged for the period 1 April 2014 and 31 March 2015

Grievances	Number	% of Total
Number of grievances resolved	3	15.8
Number of grievances not resolved	16	84.2
Total number of grievances lodged	19	100

Table 3.12.5 Disputes logged with Councils for the period 1 April 2014 and 31 March 2015

Disputes	Number	% of Total
Number of disputes upheld	0	
Number of disputes dismissed	7	100
Total number of disputes lodged	7	100

Table 3.12.6 Strike actions for the period 1 April 2014 and 31 March 2015

Total number of persons working days lost	None
Total costs working days lost	None
Amount recovered as a result of no work no pay (R'000)	None

Table 3.12.7 Precautionary suspensions for the period 1 April 2014 and 31 March 2015

Number of people suspended	None
Number of people who's suspension exceeded 30 days	None
Average number of days suspended	None
Cost of suspension(R'000)	None

3.13 Skills development

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

Table 3.13.1 Training needs identified for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014	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	13	0	21	15	36
	Male	19	0	8	10	18
Professionals	Female	32	0	17	4	21
	Male	86	0	10	2	12
Technicians and associate professionals	Female	48	0	22	18	40
	Male	49	0	1	7	8
Administrative and Commercial managers	Female	35	0	26	13	39
	Male	35	0	20	13	33
Clerks	Female	50	0	11	9	20
	Male	23	0	10	11	21
Service and sales workers	Female	2	0	0	0	0
	Male	2	0	0	0	0
Skilled agriculture and	Female	0	0	0	0	0

Occupational category	Gender	Number of employees as at 1 April 2014	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
fishery workers	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	1	0	1
Elementary occupations	Female	24	19	19	0	19
	Male	6	1	1	0	1
Sub Total	Female	204	19	116	59	174
	Male	220	1	51	43	94
Total		424	20	167	102	268

Table 3.13.2 Training provided for the period 1 April 2014 and 31 March 2015

Occupational category	Gender	Number of employees as at 1 April 2014	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	13	none	15	9	24
	Male	19	none	13	11	24
Professionals	Female	32	none	17	8	25
	Male	86	none	12	6	18
Technicians and associate professionals	Female	48	none	3	1	4
	Male	49	none	1	2	3
Administrative and Commercial Managers	Female	35	none	25	10	35
	Male	35	none	22	8	30
Clerks	Female	50	none	14	6	20
	Male	23	none	7	3	10
Service and sales workers	Female	2	none	0	0	0
	Male	2	none	0	0	0
Skilled agriculture and fishery workers	Female	0	none	0	0	0
	Male	0	none	0	0	0
Craft and related trades workers	Female	0	none	0	0	0
	Male	0	none	0	0	0
Plant and machine operators and assemblers	Female	0	none	0	0	0
	Male	0	none	0	0	0
Elementary occupations	Female	24	5	5	0	5
	Male	6	0	0	0	0
Sub Total	Female	204	5	79	34	113
	Male	220	0	55	30	103
Total		424	5	134	64	216

3.14 Injury on duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 20YY and 31 March 20ZZ

Nature of injury on duty	Number	% of total
Required basic medical attention only	07	100%
Temporary Total Disablement	NIL	00%
Permanent Disablement	NIL	00%
Fatal	NIL	00%
Total	07	100%

3.15 Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2014 and 31 March 2015

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
BAUD Assets Scanning	1 Consulting firm	12 Months	10 000 000
Contract Management	3 consulting firms	12 months	10 000 000

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

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

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2014 and 31 March 2015

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None			

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2014 and 31 March 2015

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None			

3.16 Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2014 and 31 March 2015

Salary band	Number of applications received	Number of applications referred to the MPESA	Number of applications supported by MPESA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0

Part E

FINANCIAL INFORMATION



Report of the auditor-general to the Limpopo Provincial Legislature on Vote no.5: Provincial Treasury

Report on the financial statements

Introduction

1. I have audited the financial statements of the Limpopo Provincial Treasury set out on pages **110** to **146**, which comprise the appropriation statement, statement of financial position as at 31 March 2015, 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, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the department's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Limpopo Provincial treasury as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the Modified cash Standards and the requirements of the PFMA.

Emphasis of matters

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

Significant uncertainties

8. With reference to note 17 to the financial statements, the department is the defendant in a lawsuit for a claim regarding financial systems. The department is opposing the claim as it believes the claim to be fraudulent. The ultimate outcome of the matter cannot presently be determined and therefore no provision for any liability, that may result, could be made in the financial statements.

Restatement of corresponding figures

9. As disclosed in note 27 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during 14/15 in the financial statements of the department and for the year ended, 31 March 2014.

Additional matters

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedule

11. The supplementary information set out on pages **76** to **102** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

Report on other legal and regulatory requirements

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004)(PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

13. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2015:

- Programme 2 : Sustainable resource management on pages 37 to 42
 - Programme 3 : Assets, liabilities and supply chain management on pages 42 to 47
 - Programme 4: Financial governance on pages 47 to 54.
14. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
 15. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPi).
 16. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
 17. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Compliance with laws and regulations

18. I performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Financial statements, performance and annual reports

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA. Material misstatements on commitments identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal control

20. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matter reported below is limited to the significant internal control deficiency that resulted in the findings on non-compliance with legislation included in this report.

Leadership

21. The oversight responsibility regarding financial reporting, compliance with laws and regulations and related internal controls was not adequately exercised.

Financial and performance management

22. The financial statements to be included in the annual report were not adequately reviewed for accuracy and completeness by the accounting officer

Auditor-General.

Polokwane

31 July 2015



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNUAL FINANCIAL STATEMENTS FOR LIMPOPO PROVINCIAL TREASURY

For the year ended
31 March 2015



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LIMPOPO PROVINCIAL TREASURY
VOTE 5

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Appropriation per programme	2014/15						2013/14		
	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
Voted funds and Direct charges									
Programme									
1. Administration	139,647	(87)	-	139,560	133,924	5,636	96.0%	128,246	119,961
2. Sustainable Resource Management	47,811	-	-	47,811	45,973	1,838	96.2%	43,987	42,624
3. Assets, Liabilities and Pscm	71,550	-	1,100	72,650	69,360	3,290	95.5%	70,790	66,880
4. Financial Governance	103,472	-	(1,100)	102,372	95,203	7,169	93.0%	139,950	127,358
Programme sub total	362,480	(87)	-	362,393	344,460	17,933	95.1%	382,973	356,823
Statutory Appropriation	1,735	87	-	1,822	1,845	(23)	101.3%	1,735	1,711
Direct charge	1,735	87	-	1,822	1,845	(23)	101.3%	1,735	1,711
TOTAL	364,215	-	-	364,215	346,305	17,910	95.1%	384,708	358,534
Reconciliation with Statement of Financial Performance									
Add:									
Departmental receipts				84,655				53,906	
Actual amounts per Statement of Financial Performance (Total Revenue)				448,870				438,614	
Actual amounts per Statement of Financial Performance Expenditure					346,305				358,534

LIMPOPO PROVINCIAL TREASURY
VOTE 5

APPROPRIATION STATEMENT
for the year ended 31 March 2015

Appropriation per economic classification	2014/15				2013/14				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	352,046	-	-	352,046	335,047	16,999	95.2%	374,604	350,273
Compensation of employees	227,247	-	-	227,247	218,548	8,699	96.2%	205,058	202,833
Salaries and wages	200,007	(426)	-	199,581	191,553	8,028	96.0%	186,812	181,224
Social contributions	27,240	426	-	27,666	26,996	670	97.6%	18,246	21,610
Goods and services	124,799	-	-	124,799	116,493	8,306	93.3%	169,546	147,438
Administrative fees	5,054	(1,204)	-	3,850	3,605	245	93.6%	5,047	4,023
Advertising	924	530	-	1,454	1,413	41	97.2%	1,092	669
Minor assets	1,411	104	-	1,515	1,370	145	90.4%	1,053	746
Audit costs: External	7,231	(2,505)	-	4,726	4,545	181	96.2%	-	4,695
Catering: Departmental activities	1,293	(46)	-	1,247	980	267	78.6%	716	509
Communication (G&S)	3,710	(608)	-	3,102	2,531	571	81.6%	3,794	2,908
Computer services	18,036	1,751	-	19,787	18,509	1,278	93.5%	16,904	15,561
Consultants: Business and advisory services	36,352	(839)	-	35,513	34,546	967	97.3%	86,859	71,434
Legal services	1,353	508	-	1,861	1,860	1	100.0%	2,656	2,511
Contractors	535	(285)	-	250	196	54	78.3%	223	513
Agency and support / outsourced services	4,743	16	-	4,759	4,720	39	99.2%	4,575	4,182
Entertainment	15	-	-	15	-	15	-	24	17
Fleet services (including government motor transport)	2,275	(140)	-	2,135	1,654	481	77.5%	-	1,075
Inventory: Clothing material and accessories	2	-	-	2	-	2	-	5	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	13	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	2	-
Consumable supplies	910	(283)	-	627	531	96	84.7%	2,938	1,368
Consumable: Stationery, printing and office supplies	3,842	657	-	4,499	3,773	726	83.9%	5,170	4,244
Operating leases	1,640	(290)	-	1,350	1,157	193	85.7%	-	1,526
Property payments	16,568	874	-	17,442	17,217	225	98.7%	19,770	16,351
Transport provided: Departmental activity	40	50	-	90	71	19	78.8%	-	-
Travel and subsistence	14,021	771	-	14,792	12,717	2,075	86.0%	15,389	12,665
Training and development	3,139	(21)	-	3,118	2,873	245	92.1%	1,418	946
Operating payments	456	268	-	724	616	108	85.1%	524	415
Venues and facilities	1,249	692	-	1,941	1,611	330	83.0%	1,374	1,080
Interest and rent on land	-	-	-	-	5	(5)	-	-	2
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	5	(5)	-	-	2
Transfers and subsidies	5,199	-	-	5,199	5,153	46	99.1%	4,052	3,888
Provinces and municipalities	-	-	-	-	7	(7)	-	-	-
Municipalities	-	-	-	-	7	(7)	-	-	-
Municipal bank accounts	-	-	-	-	7	(7)	-	-	-
Households	5,199	-	-	5,199	5,146	53	99.0%	4,052	3,888
Social benefits	2,229	-	-	2,229	2,214	15	99.3%	2,249	2,246
Other transfers to households	2,970	-	-	2,970	2,932	38	98.7%	1,803	1,642
Payments for capital assets	6,970	-	-	6,970	6,097	873	87.5%	6,052	4,308
Machinery and equipment	6,970	-	-	6,970	6,097	873	87.5%	6,052	4,308
Transport equipment	-	2,003	-	2,003	1,933	70	96.5%	1,188	-
Other machinery and equipment	6,970	(2,003)	-	4,967	4,164	803	83.8%	4,864	4,308
Payment for financial assets	-	-	-	-	9	(9)	-	-	65
	364,215	-	-	364,215	346,305	17,910	95.1%	384,708	358,534



LIMPOPO PROVINCIAL TREASURY
VOTE 5

APPROPRIATION STATEMENT
for the year ended 31 March 2015

	2014/15				2013/14				
	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
Sub programme									
1. Office of the MEC	2,789	(87)	-	2,702	2,688	14	99.5%	2,312	2,130
2. Management Services	5,721	-	-	5,721	4,559	1,162	79.7%	3,251	3,479
3. Programme Support (Office of the Sgm)	-	-	-	-	-	-	-	-	-
4. Corporate Services	95,005	(1,832)	-	93,173	89,480	3,693	96.0%	87,488	81,302
5. Financial Management	36,132	1,832	-	37,964	37,198	766	98.0%	35,195	33,050
6. Risk Management	-	-	-	-	-	-	-	-	-
	139,647	(87)	-	139,560	133,924	5,636	96.0%	128,246	119,961
Economic classification									
Current payments	130,907	(87)	-	130,820	124,807	6,013	95.4%	121,857	115,312
Compensation of employees	78,281	(87)	-	78,194	75,354	2,840	96.4%	69,180	69,087
Salaries and wages	69,913	(256)	-	69,657	66,707	2,950	95.8%	62,859	60,783
Social contributions	8,368	169	-	8,537	8,647	(110)	101.3%	6,321	8,304
Goods and services	52,626	-	-	52,626	49,453	3,173	94.0%	52,677	46,223
Administrative fees	638	62	-	700	664	36	94.8%	1,069	873
Advertising	924	530	-	1,454	1,413	41	97.2%	1,092	669
Minor assets	932	504	-	1,436	1,328	108	92.5%	956	663
Audit costs: External	7,231	(2,505)	-	4,726	4,545	181	96.2%	-	4,695
Catering: Departmental activities	222	(25)	-	197	185	12	93.7%	325	237
Communication (G&S)	3,710	(608)	-	3,102	2,531	571	81.6%	3,794	2,908
Computer services	3,600	283	-	3,883	3,638	245	93.7%	2,922	1,988
Consultants: Business and advisory services	1,24	10	-	134	6	128	4.8%	4,697	-
Legal services	1,353	508	-	1,861	1,860	1	100.0%	2,656	2,511
Contractors	535	(285)	-	250	196	54	78.3%	223	513
Agency and support / outsourced services	4,743	16	-	4,759	4,720	39	99.2%	4,575	4,182
Entertainment	15	-	-	15	-	15	-	24	17
Fleet services (including government motor transport)	2,275	(140)	-	2,135	1,654	481	77.5%	-	1,075
Inventory: Food and food supplies	2	-	-	2	-	2	-	13	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	2	-
Consumable supplies	901	(327)	-	574	489	85	85.2%	2,930	1,358
Consumable: Stationery, printing and office supplies	1,565	415	-	1,980	1,918	62	96.9%	2,797	2,629
Operating leases	1,640	(290)	-	1,350	1,157	193	85.7%	-	1,426
Property payments	16,568	874	-	17,442	17,217	225	98.7%	19,770	16,351
Transport provided: Departmental activity	40	50	-	90	71	19	78.8%	-	-
Travel and subsistence	3,117	265	-	3,382	2,821	561	83.4%	3,313	2,666
Training and development	1,650	475	-	2,125	2,075	50	97.6%	587	704
Operating payments	178	276	-	454	400	54	88.1%	86	46
Venues and facilities	663	(88)	-	575	567	8	98.6%	846	712
Interest and rent on land	-	-	-	-	1	(1)	-	-	2
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	1	(1)	-	-	2
Transfers and subsidies	3,061	-	-	3,061	3,019	42	98.6%	1,978	1,814
Provinces and municipalities	-	-	-	-	7	(7)	-	-	-
Municipalities	-	-	-	-	7	(7)	-	-	-
Municipal bank accounts	-	-	-	-	7	(7)	-	-	-
Households	3,061	-	-	3,061	3,012	49	98.4%	1,978	1,814
Social benefits	91	-	-	91	81	10	88.5%	175	172
Other transfers to households	2,970	-	-	2,970	2,932	38	98.7%	1,803	1,642
Payments for capital assets	5,679	-	-	5,679	6,097	(418)	107.4%	4,411	2,781
Machinery and equipment	5,679	-	-	5,679	6,097	(418)	107.4%	4,411	2,781
Transport equipment	-	2,003	-	2,003	1,933	70	96.5%	1,188	-
Other machinery and equipment	5,679	(2,003)	-	3,676	4,164	(488)	113.3%	3,223	2,781
Payment for financial assets	-	-	-	-	-	-	-	-	54
	139,647	(87)	-	139,560	133,924	5,636	96.0%	128,246	119,961

Programme 1: Administration

LIMPOPO PROVINCIAL TREASURY
VOTE 5

APPROPRIATION STATEMENT
for the year ended 31 March 2015

	2014/15					2013/14			
	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
Sub programme									
1. Programme Support (Office of the Sgm)	3,481	-	-	3,481	3,427	54	98.4%	1,329	1,218
2. Economic Analysis	2,213	-	-	2,213	1,994	219	90.1%	2,500	2,313
3. Fiscal Policy	13,311	(1)	-	13,310	13,054	256	98.1%	13,030	12,504
4. Budget Management	4,067	1	-	4,068	3,829	239	94.1%	4,577	4,300
5. Public Finance	8,512	-	-	8,512	7,953	559	93.4%	7,450	7,326
6. Intergovernmental Relations	16,227	-	-	16,227	15,715	512	96.8%	15,101	14,963
	47,811	-	-	47,811	45,973	1,838	96.2%	43,987	42,624
Economic classification									
Current payments	47,811			47,811	45,973	1,838		43,333	41,968
Compensation of employees	42,840	-	-	42,840	42,124	716	98.3%	38,499	37,742
Salaries and wages	36,335	(238)	-	36,097	35,774	323	99.1%	34,342	33,618
Social contributions	6,505	238	-	6,743	6,351	392	94.2%	4,157	4,124
Goods and services	4,971	-	-	4,971	3,845	1,126	77.3%	4,834	4,226
Administrative fees	712	(323)	-	389	199	190	51.2%	516	449
Minor assets	6	-	-	6	2	4	33.3%	-	-
Catering: Departmental activities	127	17	-	144	61	83	42.4%	121	68
Consultants: Business and advisory services	150	-	-	150	113	37	75.2%	20	10
Consumable supplies	-	-	-	-	-	-	-	6	5
Consumable: Stationery, printing and office supplies	739	(12)	-	727	395	332	54.3%	875	663
Travel and subsistence	3,007	175	-	3,182	2,719	463	85.5%	2,652	2,493
Training and development	-	-	-	-	-	-	-	69	68
Operating payments	4	3	-	7	3	4	41.1%	129	118
Venues and facilities	226	140	-	366	352	14	96.2%	446	352
Interest and rent on land	-	-	-	-	4	(4)	-	-	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	4	(4)	-	-	-
Transfers and subsidies									
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Payments for capital assets									
Machinery and equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-	-	-	-	-
Payment for financial assets									
	47,811	-	-	47,811	45,973	1,838	96.2%	43,987	42,624

LIMPOPO PROVINCIAL TREASURY
VOTE 5

APPROPRIATION STATEMENT
for the year ended 31 March 2015

	2014/15						2013/14		
	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
Sub programme	71,550	-	1,100	72,650	69,360	3,290	95.5%	70,790	66,880
1. Programme Support	1,550	(455)	-	1,095	1,147	(52)	104.7%	2,154	1,582
2. Assets Management	12,031	(755)	-	11,276	10,205	1,071	90.5%	10,667	10,454
3. Liabilities Management	9,003	(1,388)	-	7,615	7,791	(176)	102.3%	9,336	8,545
4. Supply Chain Management	22,679	1,550	1,100	25,329	23,889	1,440	94.3%	22,966	22,262
5. Support and Interlinked Financial Systems	26,287	1,048	-	27,335	26,328	1,007	96.3%	25,667	24,037
	71,550	-	1,100	72,650	69,360	3,290	95.5%	70,790	66,880
Economic classification									
Current payments	68,599	-	1,100	69,699	67,695	2,004	97.1%	68,640	64,841
Compensation of employees	45,340	-	1,100	46,440	45,807	633	98.6%	45,752	44,456
Salaries and wages	40,067	(139)	1,100	41,028	40,551	477	98.8%	42,720	41,707
Social contributions	5,273	139	-	5,412	5,256	156	97.1%	3,032	2,749
Goods and services	23,259	-	-	23,259	21,888	1,371	94.1%	22,888	20,385
Administrative fees	2,642	(709)	-	1,933	2,041	(108)	105.6%	2,708	2,157
Minor assets	463	(445)	-	18	-	18	-	4	4
Catering: Departmental activities	508	(47)	-	461	402	59	87.2%	81	53
Computer services	14,436	1,138	-	15,574	14,554	1,020	93.5%	13,662	13,277
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	5	-
Consumable supplies	9	2	-	11	6	5	57.9%	2	5
Consumable: Stationery, printing and office supplies	1,400	69	-	1,469	1,445	24	98.4%	1,383	928
Travel and subsistence	3,008	(8)	-	3,000	2,799	201	93.3%	5,003	3,929
Training and development	649	(67)	-	582	456	126	78.4%	5	-
Operating payments	10	58	-	68	67	1	98.5%	33	30
Venues and facilities	134	9	-	143	117	26	81.8%	2	1
Transfers and subsidies	1,660	-	-	1,660	1,656	4	99.8%	603	603
Households	1,660	-	-	1,660	1,656	4	99.8%	603	603
Social benefits	1,660	-	-	1,660	1,656	4	99.8%	603	603
Payments for capital assets	1,291	-	-	1,291	-	1,291	-	1,547	1,434
Machinery and equipment	1,291	-	-	1,291	-	1,291	-	1,547	1,434
Other machinery and equipment	1,291	-	-	1,291	-	1,291	-	1,547	1,434
Payment for financial assets	-	-	-	-	9	(9)	-	-	2
	71,550	-	1,100	72,650	69,360	3,290	95.5%	70,790	66,880

LIMPOPO PROVINCIAL TREASURY
VOTE 5

APPROPRIATION STATEMENT
for the year ended 31 March 2015

	2014/15					2013/14			
	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
Sub programme	103,472	-	(1,100)	102,372	95,203	7,169	93.0%	139,950	127,358
1. Programme Support	30,931	-	-	30,931	29,481	1,450	95.3%	74,346	67,853
2. Accounting Services	65,221	-	(1,100)	64,121	58,491	5,630	91.2%	57,876	51,987
3. Norms and Standards	-	-	-	-	-	-	-	-	-
4. Risk Management	7,320	-	-	7,320	7,231	89	98.8%	7,728	7,518
	103,472	-	(1,100)	102,372	95,203	7,169	93.0%	139,950	127,358
Economic classification	102,994	-	(1,100)	101,894	94,726	7,168	93.0%	139,039	126,442
Current payments	59,051	-	(1,100)	57,951	53,418	4,533	92.2%	49,892	49,838
Compensation of employees	52,199	120	(1,100)	51,219	46,945	4,274	91.7%	45,281	43,646
Salaries and wages	6,852	(120)	-	6,732	6,473	259	96.1%	4,611	6,192
Social contributions	43,943	-	-	43,943	41,308	2,635	94.0%	89,147	76,604
Goods and services	1,062	(234)	-	828	701	127	84.7%	754	544
Administrative fees	10	45	-	55	40	15	72.7%	93	79
Minor assets	436	9	-	445	332	113	74.7%	189	151
Catering: Departmental activities	-	330	-	330	317	13	96.0%	320	296
Computer services	36,078	(849)	-	35,229	34,427	802	97.7%	82,142	71,424
Consultants: Business and advisory services	-	42	-	42	36	6	84.7%	-	-
Consumable supplies	138	185	-	323	14	309	4.5%	115	23
Consumable: Stationery, printing and office supplies	-	-	-	-	-	-	-	-	100
Operating leases	4,889	339	-	5,228	4,378	850	83.7%	4,421	3,577
Travel and subsistence	840	(429)	-	411	342	69	83.3%	757	174
Training and development	264	(69)	-	195	146	49	74.8%	276	221
Operating payments	226	631	-	857	575	282	67.1%	80	15
Venues and facilities	478	-	-	478	477	1	99.8%	885	884
Transfers and subsidies	478	-	-	478	477	1	99.8%	885	884
Households	478	-	-	478	477	1	99.8%	885	884
Social benefits	-	-	-	-	-	-	-	26	26
Payments for capital assets	-	-	-	-	-	-	-	26	26
Machinery and equipment	-	-	-	-	-	-	-	26	26
Other machinery and equipment	-	-	-	-	-	-	-	-	6
Payment for financial assets	-	-	-	-	-	-	-	-	-
	103,472	-	(1,100)	102,372	95,203	7,169	93.0%	139,950	127,358

LIMPOPO PROVINCIAL TREASURY
VOTE 5

APPROPRIATION STATEMENT
for the year ended 31 March 2015

	2014/15					2013/14			
	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
Sub programme									
1. Direct charge	1,735	87	-	1,822	1,845	(23)	1	1,735	1,711
	1,735	87	-	1,822	1,845	(23)	101.3%	1,735	1,711
Economic classification									
Current payments	1,735	87	-	1,822	1,845	(23)	101.3%	1,735	1,711
Compensation of employees	1,735	87	-	1,822	1,845	(23)	101.3%	1,735	1,711
Salaries and wages	1,493	87	-	1,580	1,576	4	99.7%	1,610	1,470
Social contributions	242	-	-	242	269	(27)	111.2%	125	241
	1,735	87	-	1,822	1,845	(23)	101.3%	1,735	1,711

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2015**

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 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 to 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	Variance as a % of Final Approp.
	R'000	R'000	R'000	%

Administration	139 560	133 924	5 636	4%
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Programme 1 spent R135.8 million (96%), including statutory payments, of its final appropriated budget of R141.4 million and the reason for underspending was mainly due to late advertisement and filling of funded vacant posts, the planned IT Backup solution that could not be procured due to not being able to get a suitable service provider, the delay in the procurement of an integrated PABX system and adhering to cost saving measures.

Sustainable Resource Management	47 811	45 973	1 838	4%
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Programme 2 spent R46 million (96%) from a budget of R47.8 million and the underspending was due to the department getting a lower cost on printing of budget books, staff training scheduled for the fourth quarter was not provided as planned and has been rescheduled to the first quarter of the next financial year and also adhering to cost saving measures.

Assets, Liabilities and Provincial SCM	72 650	69 360	3 290	5%
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Programme 3 spent an amount of R69.4 million (96%) from a budget of R72.6 million and the underspending was mainly caused by delayed filling of vacant funded posts in the branch. The assets intervention programme required additional scanners to complete the asset scanning project within planned timeframes. However, these scanners were not received before year end and therefore contributed to the underspending in this Programme. Further savings were also realised through the adherence to cost saving measures.

Financial Governance	102 372	95 203	7 169	7%
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Programme 4 spent R95.2 million (93%) of its allocated budget of R102.4 million and the reasons for underspending were delayed filling of Senior General Manager post and vacated Senior Internal Audit posts. There were also outstanding invoices relating to Sec 100 intervention projects in terms of the Constitution of Republic of South Africa, Act 108 of 1996 which were received late in the month of March 2015 and required certification of work done before payment could be processed, as well as adherence to cost saving measures.

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2015**

4.2 Per economic classification:

Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
R'000	R'000	R'000	%

Current expenditure

Compensation of employees	227 247	218 552	8 695	4%
Goods and services	124 799	116 493	8 306	7%
Interest and rent on land	-	5	-5	

Transfers and subsidies

Provinces and municipalities		7	-7	
Households	5 199	5 153	46	1%

Payments for capital assets

Machinery and equipment	6 970	6 097	873	13%
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Payments for financial assets

	-	9	(9)	
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Compensation of employees

Provincial Treasury spent R218.5 million (96%) of the final budget appropriation of R 227.2 million in 2014/15 for compensation of employees, including statutory payments, as compared to R202.8 million (99%) spent against the budget of R205 million in 2013/14. The under expenditure in 2014/15 financial year was mainly due to the delay in filling of funded vacant posts.

Goods and Services

Provincial Treasury spent R116.5 million (93%) of the final appropriation for goods and services of R124.8 million in 2014/15 financial year as compared to R147.4 million (87%) against a budget of R169.5 million in 2013/14. The underspending was as a result of outstanding invoices relating to s+G26100 intervention projects in terms of the Constitution of Republic of South Africa, Act 108 of 1996 which were received late in the month of March 2015 and required certification of work done before payment could be processed, as well as adherence to cost saving measures.

Transfer Payments

An amount of R5.1 million was spent against the final budget of R5.1 million on transfer payments in 2014/15 financial year as compared to R3.9 million (96%) spent against the budget of R4.1 million in 2013/14.

Capital Payments

An amount of R6.1 million (87%) was spent against the final budget of R7 million in 2014/15 as compared to R4.3 million (70%) spent against the budget of R6.1 million in the 2013/14 financial year. The underspending is as a result of the planned IT Backup solution that could not be procured due to not being able to get a suitable service provider and the delay in the procurement of an integrated PABX system. The assets intervention programme required additional scanners to complete the asset scanning project within planned timeframes. However, these scanners were not received before year end and therefore contributed to the underspending.

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2015**

REVENUE	Note	2014/15 R'000	2013/14 R'000
Annual appropriation	1	362,393	382,973
Statutory appropriation	2	1,822	1,735
Departmental revenue	3	84,655	53,906
TOTAL REVENUE		448,870	438,614
EXPENDITURE			
Current expenditure			
Compensation of employees	4	218,549	202,834
Goods and services	5	116,492	147,438
Interest and rent on land	6	5	2
Total current expenditure		335,046	350,274
Transfers and subsidies			
Transfers and subsidies	8	5,153	3,887
Total transfers and subsidies		5,153	3,887
Expenditure for capital assets			
Tangible assets	9	6,097	4,308
Total expenditure for capital assets		6,097	4,308
Payments for financial assets	7	9	65
TOTAL EXPENDITURE		346,305	358,534
SURPLUS/(DEFICIT) FOR THE YEAR		102,565	80,080
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds		17,910	26,174
Annual appropriation		17,910	26,174
Departmental revenue and NRF Receipts	13	84,655	53,906
SURPLUS/(DEFICIT) FOR THE YEAR		102,565	80,080

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**STATEMENT OF FINANCIAL POSITION
as at 31 March 2015**

	Note	2014/15 R'000	2013/14 R'000
ASSETS			
Current Assets		44,786	43,795
Cash and cash equivalents	10	44,725	43,510
Receivables	11	61	285
Non-Current Assets		821	652
Receivables		821	652
TOTAL ASSETS		45,607	44,447
LIABILITIES			
Current Liabilities		45,403	44,246
Voted funds to be surrendered to the Revenue Fund	12	17,910	26,174
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	27,492	18,071
Payables	14	1	1
TOTAL LIABILITIES		45,403	44,246
NET ASSETS		204	201
Represented by:			
Recoverable revenue		204	201
TOTAL		204	201

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2015**

NET ASSETS	<i>Note</i>	2014/15 R'000	2013/14 R'000
Recoverable revenue			
Opening balance		201	191
Transfers		3	10
Irrecoverable amounts written off	7.1	-3	-1
Debts recovered (included in departmental receipts)		-67	-67
Debts raised		73	78
Closing balance		<u>204</u>	<u>201</u>
TOTAL		<u><u>204</u></u>	<u><u>201</u></u>

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**CASH FLOW STATEMENT
for the year ended 31 March 2015**

	Note	2014/15 R'000	2013/14 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		663,446	574,954
Annual appropriated funds received	1.1	362,393	382,973
Statutory appropriated funds received	2	1,822	1,735
Departmental revenue received	3	3,853	899
Interest received	3.2	295,378	189,347
Net (increase)/ decrease in working capital		55	(199)
Surrendered to Revenue Fund		(315,984)	(262,424)
Current payments		(335,041)	(350,272)
Interest paid	6	(5)	(2)
Payments for financial assets		(9)	(65)
Transfers and subsidies paid		(5,153)	(3,887)
Net cash flow available from operating activities	15	7,309	(41,895)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(6,097)	(4,308)
Proceeds from sale of capital assets	3.3	-	750
Net cash flows from investing activities		(6,097)	(3,558)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/ (decrease) in net assets		3	10
Net cash flows from financing activities		3	10
Net increase/ (decrease) in cash and cash equivalents		1,215	(45,443)
Cash and cash equivalents at beginning of period		43,510	88,953
Cash and cash equivalents at end of period	16	44,725	43,510

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**ACCOUNTING POLICIES
for the year ended 31 March 2015**

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.

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

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

1. Basis of preparation

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. Going concern

The financial statements have been prepared on a going concern basis.

3. Presentation currency

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

4. Rounding

Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).

5. Comparative information

5.1. Prior period comparative information

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

5.2. Current year comparison with budget

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

6. Revenue

6.1 Appropriated funds

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.

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**ACCOUNTING POLICIES
for the year ended 31 March 2015**

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.

6.2 Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

6.3 Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and
- the amount of revenue can be measured reliably.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

7. Expenditure

7.1 Compensation of employees

7.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

7.1.2 Social contributions

Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

7.2 Other expenditure

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

7.3 Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.

Accrued expenditure payable is measured at cost.

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**ACCOUNTING POLICIES
for the year ended 31 March 2015**

7.4 Leases

7.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

7.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- cost, being the fair value of the asset; or
- the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

8. Cash and cash equivalents

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position.

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.

9. Loans and receivables

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

10. Impairment of financial assets

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

11. Payables

Loans and payables are recognised in the statement of financial position at cost.

12. Capital Assets

12.1 Movable capital assets

Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**ACCOUNTING POLICIES
for the year ended 31 March 2015**

Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Biological assets are subsequently carried at fair value.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

13. Provisions and Contingents

13.1 Provisions

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

13.2 Contingent liabilities

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably

13.3 Contingent assets

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department

13.4 Commitments

Commitments 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

14. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**ACCOUNTING POLICIES
for the year ended 31 March 2015**

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

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.

15. Changes in accounting policies, accounting estimates and errors

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.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

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.

16. Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

17. Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

18. Related party transactions

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions are recorded in the notes to the financial statements when the transaction is not at arm's length.

**LIMPOPO PROVINCIAL TREASURY
VOTE 5**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015**

1

1.1 Annual Appropriation	2014/15			Appropriation Received 2013/14 R'000
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	
Programmes				
Administration	139,560	139,560	-	128,246
Sustainable Resource Management	47,811	47,811	-	43,987
Assets, Liabilities and Pscm	72,650	72,650	-	70,790
Financial Governance	102,372	102,372	-	139,950
Total	362,393	362,393	-	382,973

2 Statutory Appropriation	2014/15 R'000	2013/14 R'000
Members' remuneration	1,822	1,735
	1,822	1,735

Actual Statutory Appropriation received 1,822 1,735

3 Departmental Revenue	Note	2014/15 R'000	2013/14 R'000
Sales of goods and services other than capital assets	3.1	501	633
Interest, dividends and rent on land	3.2	295,378	189,347
Sales of capital assets	3.3	-	750
Transactions in financial assets and liabilities	3.4	3,352	266
Total revenue collected		299,231	190,996
Less: Own revenue included in appropriation	13	214,576	137,090
Departmental revenue collected		84,655	53,906

3.1 Sales of goods and services other than capital assets	Note	2014/15 R'000	2013/14 R'000
Sales of goods and services produced by the department	3	488	633
Sales by market establishment		89	84
Other sales		399	549
Sales of scrap, waste and other used current goods		13	-
Total		501	633

3.2 Interest, dividends and rent on land	Note	2014/15 R'000	2013/14 R'000
Interest	3	295,378	189,347
Total		295,378	189,347

3.3 Sales of capital assets	Note	2014/15 R'000	2013/14 R'000
Tangible assets	3	-	750
Machinery and equipment	26	-	750
Total		-	750

3.4 Transactions in financial assets and liabilities	Note	2014/15 R'000	2013/14 R'000
Other Receipts including Recoverable Revenue	3	3,352	266
Total		3,352	266



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			2014/15	2013/14
	Note		R'000	R'000
4 Compensation of Employees				
4.1 Salaries and wages				
Basic salary			154,737	146,153
Performance award			2,548	1,216
Service Based			11,490	10,765
Compensative/circumstantial			1,701	1,184
Periodic payments			-	3
Other non-pensionable allowances			21,078	19,736
Total			191,554	179,057
			2014/15	2013/14
	Note		R'000	R'000
4.2 Social Contributions				
Employer contributions				
Pension			21,319	17,958
Medical			5,648	5,793
Bargaining council			28	26
Total			26,995	23,777
Total compensation of employees			218,549	202,834
Average number of employees			452	427
			2014/15	2013/14
	Note		R'000	R'000
5 Goods and services				
Administrative fees			3,604	4,076
Advertising			1,412	672
Minor assets	5.1		1,368	802
Catering			979	853
Communication			2,532	2,908
Computer services	5.2		18,510	15,560
Consultants: Business and advisory services			34,548	71,433
Legal services			1,860	2,511
Contractors			197	512
Agency and support / outsourced services			4,720	4,182
Entertainment			-	17
Audit cost – external	5.3		4,545	4,695
Fleet services			1,654	1,075
Consumables	5.4		4,303	5,630
Operating leases			1,157	1,526
Property payments	5.5		17,216	16,350
Transport provided as part of the departmental activities			71	-
Travel and subsistence	5.6		12,714	11,447
Venues and facilities			1,611	1,203
Training and development			2,873	1,570
Other operating expenditure	5.7		618	416
Total			116,492	147,438
			2014/15	2013/14
	Note		R'000	R'000
5.1 Minor assets	5			
Tangible assets			1,350	802
Machinery and equipment			1,350	802
Intangible assets			18	-
Recipes, formulae, prototypes, designs, models			18	-
Total			1,368	802

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	<i>Note</i>	2014/15 R'000	2013/14 R'000
5.2 Computer services	5		
SITA computer services		11,434	9,354
External computer service providers		7,076	6,206
Total		18,510	15,560
5.3 Audit cost – external	5		
Regularity audits		4,545	4,695
Total		4,545	4,695
5.4 Consumables	5		
Consumable supplies		531	1,368
Uniform and clothing		26	51
Household supplies		428	378
Building material and supplies		6	21
IT consumables		35	17
Other consumables		36	901
Stationery, printing and office supplies		3,772	4,262
Total		4,303	5,630
5.5 Property payments	5		
Municipal services		1,720	1,846
Property management fees		14,643	14,253
Property maintenance and repairs		836	222
Other		17	29
Total		17,216	16,350
5.6 Travel and subsistence	5		
Local		12,566	11,447
Foreign		148	-
Total		12,714	11,447
5.7 Other operating expenditure	5		
Professional bodies, membership and subscription fees		227	248
Resettlement costs		137	136
Other		254	32
Total		618	416
6 Interest and Rent on Land	Note		
Interest paid		5	2
Total		5	2

**LIMPOPO PROVINCIAL TREASURY
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2014/15 R'000	2013/14 R'000
7			
Payments for financial assets			
Debts written off	7.1	9	65
Total		9	65
	Note	2014/15 R'000	2013/14 R'000
7.1	7		
Debts written off			
Nature of debts written off			
Recoverable revenue written off			
Salary Tax debt		3	1
Total		3	1
Other debt written off			
Staff debt		6	64
Total		6	64
Total debt written off		9	65
	Note	2014/15 R'000	2013/14 R'000
8			
Transfers and Subsidies			
Provinces and municipalities	28	7	-
Households	ANNEXURE 1A	5,146	3,887
Total		5,153	3,887
	Note	2014/15 R'000	2013/14 R'000
9			
Expenditure for capital assets			
Tangible assets		6,097	4,308
Machinery and equipment	26	6,097	4,308
Total		6,097	4,308
9.1	Analysis of funds utilised to acquire capital assets - 2014/15		
		Aid	
	Voted Funds	assistance	TOTAL
	R'000	R'000	R'000
Tangible assets	6,097	-	6,097
Machinery and equipment	6,097	-	6,097
Total	6,097	-	6,097
9.2	Analysis of funds utilised to acquire capital assets - 2013/14		
		Aid	
	Voted Funds	assistance	TOTAL
	R'000	R'000	R'000
Tangible assets	4,308	-	4,308
Machinery and equipment	4,308	-	4,308
Total	4,308	-	4,308
9.3	Finance lease expenditure included in Expenditure for capital assets	2014/15 R'000	2013/14 R'000
Tangible assets			
Machinery and equipment		1,193	887
Total		1,193	887

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015**

	<i>Note</i>	2014/15 R'000	2013/14 R'000
10 Cash and Cash Equivalents			
Consolidated Paymaster General Account		44,726	43,508
Disbursements		(1)	2
Total		44,725	43,510
		2014/15	2013/14
		Less than one year	One to three years
		Older than three years	Total
	<i>Note</i>	R'000	R'000
	R'000	R'000	R'000
11 Receivables			
Staff debt	11.1	6	78
Other debtors	11.2	55	206
Total		61	284
		2014/15	2013/14
		R'000	R'000
11.1 Staff debt	11		
(Group major categories, but list material items)			
Employee		84	57
Other		23	24
Subsidised Transport		-	9
Total		107	90
		2014/15	2013/14
		R'000	R'000
11.2 Other debtors	11		
(Group major categories, but list material items)			
Sal: Tax Debt		-	1
Sal: Income Tax		373	455
Ex-employee		402	391
Total		775	847
		2014/15	2013/14
		R'000	R'000
11.3 Impairment of receivables			
Estimate of impairment of receivables		356	205
Total		356	205
		2014/15	2013/14
		R'000	R'000
12 Voted Funds to be Surrendered to the Revenue Fund			
Opening balance		26,174	73,042
As restated		26,174	73,042
Transfer from statement of financial performance (as restated)		17,910	26,174
Paid during the year		(26,174)	(73,042)
Closing balance		17,910	26,174
		2014/15	2013/14
		R'000	R'000
13 Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Opening balance		18,071	16,457
Transfer from Statement of Financial Performance (as restated)		84,655	53,906
Own revenue included in appropriation		214,576	137,090
Paid during the year		(289,810)	(189,382)
Closing balance		27,492	18,071

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			2014/15 R'000	2013/14 R'000
14 Payables - current	Note			
Other payables	14.1		1	1
Total			<u>1</u>	<u>1</u>
	Note		2014/15 R'000	2013/14 R'000
14.1 Other payables	14			
(Identify major categories, but list material amounts)				
Sal: Pension fund			1	1
Total			<u>1</u>	<u>1</u>
	Note		2014/15 R'000	2013/14 R'000
15 Net cash flow available from operating activities				
Net surplus/(deficit) as per Statement of Financial Performance			102,565	80,080
Add back non cash/cash movements not deemed operating activities			(95,256)	(121,975)
(Increase)/decrease in receivables – current			55	(200)
Increase/(decrease) in payables – current			-	1
Proceeds from sale of capital assets			-	(750)
Expenditure on capital assets			6,097	4,308
Surrenders to Revenue Fund			(315,984)	(262,424)
Own revenue included in appropriation			214,576	137,090
Net cash flow generated by operating activities			<u>7,309</u>	<u>(41,895)</u>
	Note		2014/15 R'000	2013/14 R'000
16 Reconciliation of cash and cash equivalents for cash flow purposes				
Consolidated Paymaster General account			44,726	43,508
Disbursements			(1)	2
Total			<u>44,725</u>	<u>43,510</u>
	Note		2014/15 R'000	2013/14 R'000
17 Contingent liabilities and contingent assets				
17.1 Contingent liabilities				
Liable to		Nature		
Housing loan guarantees		Employees	393	393
Claims against the department	Annex 2A		62,594	60,446
Total	Annex 2B		<u>62,987</u>	<u>60,839</u>

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	Note	2014/15 R'000	2013/14 R'000
18 Commitments			
Current expenditure			
Approved and contracted		17,424	29,344
		17,424	29,344
Capital Expenditure			
Approved and contracted		1,474	-
		1,474	-
Total Commitments		18,898	29,344
19 Accruals and payables not recognised		2014/15 R'000	2013/14 R'000
Listed by economic classification		30 days	30+ days
		Total	Total
Other		-	19
Goods and services		1,573	2,328
Capital assets		212	291
Total		1,785	2,638
		4,423	11,350
Listed by programme level	Note	2014/15 R'000	2013/14 R'000
Administration		1,642	1,408
Sustainable Resource Management		206	167
Assets, Liabilities and Supply Chain Management		125	2,221
Financial Governance		2,450	7,554
Total		4,423	11,350
		2014/15 R'000	2013/14 R'000
Confirmed balances with departments	Annex 4	-	1,198
Total		-	1,198
20 Employee benefits	Note	2014/15 R'000	2013/14 R'000
Leave entitlement		8,888	8,688
Service bonus (Thirteenth cheque)		5,884	5,592
Performance awards		3,409	3,050
Capped leave commitments		34,044	33,925
Other		393	408
Total		52,618	51,663

The leave entitlement amount is net of negative leave amounting to R304 thousand due to some employees utilising their new leave cycle (Jan2015 -Dec2015)credits in excess of the days that had accrued to them as at 31 March 2015. Included in "Other" on note 28 is a provision for Long Service Awards. This amount was not provided for in 2013/14 and as a result the 2013/14 disclosed amount has been restated by R408 thousand.

There is a long term portion of Long Service Awards. The provision of the Long Service Award provision disclosed above does not include the long term portion of the Long Service Award.

21 Lease commitments
21.1 Operating leases expenditure

2014/15	Specialised military assets R'000	Land R'000	Buildings and other fixed structure s R'000	Machinery and equipme nt R'000	Total R'000
Not later than 1 year	-	-	8,245	-	8,245
Later than 1 year and not later than 5 years	-	-	-	-	-
Total lease commitments	-	-	8,245	-	8,245

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	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
2013/14					
Not later than 1 year	-	-	12,065	-	12,065
Later than 1 year and not later than five years	-	-	8,245	-	8,245
Later than five years	-	-	-	-	-
Total lease commitments	-	-	20,310	-	20,310

21.2 Finance leases expenditure **

	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
2014/15					
Not later than 1 year	-	-	-	838	838
Later than 1 year and not later than five years	-	-	-	314	314
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	1,152	1,152

	Specialised military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
2013/14					
Not later than 1 year	-	-	-	842	842
Later than 1 year and not later than five years	-	-	-	379	379
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	1,221	1,221

	Note	2014/15 R'000	2013/14 R'000
22 Accrued departmental revenue			
Sales of goods and services other than capital assets		45	-
Sale of capital assets		212	-
Total		257	-

	Note	2014/15 R'000	2013/14 R'000
22.1 Analysis of accrued departmental revenue			
Opening balance		-	763
Less: Amounts received		-	763
Add: Amounts recognised		257	-
Closing balance		257	-

		2014/15 R'000	2013/14 R'000
23 Fruitless and wasteful expenditure			
23.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		96	94
As restated		96	94
Fruitless and wasteful expenditure – relating to current year		23	2
Fruitless and wasteful expenditure awaiting resolution		119	96

		2014/15 R'000	2013/14 R'000
23.2 Analysis of awaiting resolution per economic classification			
Current		97	96
Total		97	96

		2014/15 R'000
23.3 Analysis of Current Year's Fruitless and wasteful expenditure		
Incident taken/criminal proceedings		
Interest on Municipal Account	None	1
Interest on GEPF	None	4
Non Attendance of workshop by Official	In a process of being recovered from the employee	18
Total		23

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24 Related party transactions

	<i>Note</i>	2014/15 R'000
In kind goods and services provided/received		
<i>Goods and services between department and related party</i>		
1. Provincial Treasury has paid for the cost of the Audit Assistance and BAUD asset scanning projects that were instituted through the s100 (1)(b) of the Constitution of South Africa. The Audit Assistance projects was for the five departments under s100 administration and the Department of Sport, Arts & Culture and Department of Social Development. The BAUD project was for all departments in the province.		
		14,947
2. Provincial Treasury renders transversal functions in relation to Internal Audit services to all provincial departments, excluding the Provincial Legislature. The estimated cost per department were:		
Department of Health		4,917
Department of Education		4,167
Department of Agriculture		2,699
Department of Public Works		2,674
Department of Sport, Arts & Culture		2,116
Department of Cooperative Governance, Human Settlements & Traditional Affairs		2,007
Department of Economic Development, Environment and Tourism		1,796
Office of the Premier		1,685
Department of Roads and Transport		1,489
Department of Social Development		1,242
Department of Safety, Security and Liaison		1,171
3. Provincial Treasury renders transversal functions in relation to Audit Committees to all provincial departments, excluding the Provincial Legislature. The estimated cost per department were:		
Department of Health		729
Department of Education		656
Department of Agriculture		430
Department of Public Works		642
Department of Sport, Arts & Culture		390
Department of Cooperative Governance, Human Settlements & Traditional Affairs		390
Department of Economic Development, Environment and Tourism		228
Office of the Premier		340
Department of Roads and Transport		228
Department of Social Development		340
Department of Safety, Security and Liaison		396
The department has paid service providers for the provision of contract management services on behalf of:		
Department of Education (Cool Ideas)		3,906
Department of Health (Realyst Contract Management and Matthew Francis)		2,818
Total		52,403

Related party relationships

1. Provincial Treasury has a related party relationship with the Department of Public Works, Roads & Infrastructure as Provincial Treasury is making use of the following government owned building rental free, 46 Hans Van Rensburg in Polokwane, the Tender Advice Centres at Giyani Government Complex in Mopani and in the Thohoyandou Government Complex in Vhembe.

2. The National Treasury team that was placed in Limpopo to Administer Provincial Treasury, in terms of s100 (1)(b) of the Constitution of South Africa, was remunerated by National Treasury.

3. Provincial Treasury paid for service providers to assist with the s100 (1) (b) disciplinary cases and investigations, instituted by the s100 Administrators, in the Departments of Health, Education, Public Works, Roads & Infrastructure, Transport and Cooperative Governance Human Settlements & Traditional Affairs.

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	No. of Individuals	2014/15 R'000	2013/14 R'000
25 Key management personnel			
Political office bearers - Member of the Executive Council	1	1,845	1,711
Officials:			-
Level 15 to 16	4	5,351	2,787
Level 14 (incl CFO if at a lower level)	9	8,189	7,575
Family members of key management personnel	1	250	235
Total		15,635	12,308

26 Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	37,234	4,904	2,661	39,477
Transport assets	7,500	1,932	856	8,576
Computer equipment	22,412	1,802	1,585	22,629
Furniture and office equipment	4,727	539	177	5,089
Other machinery and equipment	2,595	631	43	3,183
TOTAL MOVABLE TANGIBLE CAPITAL	37,234	4,904	2,661	39,477

Additions

26.1 ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	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
MACHINERY AND EQUIPMENT	6,097	-	(1,193)	-	4,904
Transport assets	1,932	-	-	-	1,932
Computer equipment	1,802	-	-	-	1,802
Furniture and office equipment	539	-	-	-	539
Other machinery and equipment	1,824	-	(1,193)	-	631
TOTAL ADDITIONS TO MOVABLE	6,097	-	(1,193)	-	4,904

Disposals

26.2 DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash received Actual R'000
MACHINERY AND EQUIPMENT	2,594	67	2,661	-
Transport assets	856	-	856	-
Computer equipment	1,518	67	1,585	-
Furniture and office equipment	177	-	177	-
Other machinery and equipment	43	-	43	-
TOTAL DISPOSAL OF MOVABLE	2,594	67	2,661	-

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26.3 Movement for 2013/14

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	33,882	-	3,421	69	37,234
Transport assets	7,500	-	-	-	7,500
Computer equipment	20,725	(3)	1,759	69	22,412
Furniture and office equipment	3,070	125	1,532	-	4,727
Other machinery and equipment	2,587	(122)	130	-	2,595
TOTAL MOVABLE TANGIBLE CAPITAL	33,882	-	3,421	69	37,234

26.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	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	-	-	-	9,309	-	9,309
Additions	-	-	-	1,168	-	1,168
Disposals	-	-	-	1,184	-	1,184
TOTAL MINOR ASSETS	-	-	-	9,293	-	9,293

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor	-	-	-	710	-	710
Number of minor assets at	-	-	-	5,791	-	5,791
TOTAL NUMBER OF	-	-	-	6,501	-	6,501

Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014

	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	-	-	-	8,920	-	8,920
Prior period	-	-	-	-	-	-
Additions	-	-	-	389	-	389
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	-	-	9,309	-	9,309

27 Prior period errors

27.1 Correction of prior period errors

	Note	2013/14 R'000
Assets:		
Receivables: Change in classification from Current to Non Current		652
Net effect		652

During the year debtors aged older than twelve months were reclassified from Current to Non Current.

Included in "Other" on Note 20 is a provision for Long Service Awards. This amount was not provided for in 2013/14 and as a result the 2013/14 Note disclosed amount has been restated by R408 thousand.

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28 STATEMENT OF CONDITIONAL/UNCONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Polokwane Municipality	-	-	-	-	7	-	-
	-	-	-	-	7	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

ANNEXURE 1A
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2013/14 Appropriation Act
	Adjusted appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Injury on Duty	30	-	-	30	6	20%	12
Leave gratuity	2,199	-	-	2,199	2,208	100%	2,237
Bursaries (Non employee)	2,970	-	-	2,970	2,932	99%	1,803
Total	5,199	-	-	5,199	5,146		4,052

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

ANNEXURE 1B
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2014/15	2013/14
		R'000	R'000
Received in cash			
Institute of Internal Audit	Graduation Ceremony	-	3
Subtotal			3
Received in kind			
Standard Bank South Africa	Provincial Governance Conference - Gala Dinner		60
Standard Bank South Africa	Provincial Governance Conference -Corporate Gifts for Speakers		9
Standard Bank South Africa	Provincial Governance Conference -Bags for delegates		16
Standard Bank South Africa	Provincial Corporate Governance Conference & Gala Dinner	337	-
Standard Bank South Africa	Budget Breakfast	103	120
Standard Bank South Africa	Employee Financial Wellness: Training on Debt Counselling:	360	-
Standard Bank South Africa	University of Pretoria		
Standard Bank South Africa	Financial Capacity Building: Public Revenue Management:	193	-
Standard Bank South Africa	Research Methodology: Montage Communications		
Standard Bank South Africa	Financial Capacity Building: Supply Chain Management: Contract	117	-
Standard Bank South Africa	Management:Montage Communications		
Standard Bank South Africa	Financial Capacity building: Cashflow and Budget Management:	134	-
Standard Bank South Africa	Pro- Active Public Sector College (Pty) Ltd		
Enabling ICT Solutions	Budget Speech activities	50	-
Edusolutions Bookshop	Budget Speech activities	30	-
Palesa Tech (PTY) Ltd	Budget Speech activities	11	-
Subtotal		1,335	205
TOTAL		1,335	208

**ANNEXURE 1C
STATEMENT OF AID ASSISTANCE**

NAME OF DONOR	PURPOSE	OPENING	REVENUE	EXPENDI-	CLOSING
		BALANCE		TURE	BALANCE
		R'000	R'000	R'000	R'000

Received in kind

European Union

Skills assessment in offices of the Chief Financial Officers of the five departments that were under s100(1)(b) of the Constitution of South Africa.

-

LIMPOPO PROVINCIAL TREASURY
VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2015 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2014	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2015	Guaranteed interest for year ended 31 March 2015	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000

Risima Housing Finance Corporation

Housing

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2015

Nature of liability	Opening balance 1 April 2014	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2015
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Contractual dispute by Supplier	60,446	1,986	-	-	62,432
Salary grading arrears	-	162	-	-	162
TOTAL	60,446	2,148	-	-	62,594

LIMPOPO PROVINCIAL TREASURY
VOTE 5

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

ANNEXURE 3
CLAIMS RECOVERABLE

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2014/15* Receipt date up to six (6) working days after year end	Amount R'000
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014		
	R'000	R'000	R'000	R'000	R'000	R'000		
DEPARTMENTS								
Provincial Legislature	-	-	-	59	-	-	-	-
Sports Arts and Culture	-	-	-	1	-	-	-	-
Public Works	-	-	-	11	-	-	-	-
Department of Health Limpopo	-	-	20	-	-	20	-	-
Department of Agriculture Limpopo	-	-	20	-	-	20	-	-
Total	-	-	40	71	40	71	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2015

ANNEXURE 4
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2014/15*	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current	-	1,198	-	-	-	-		-
Justice and Constitutional Development	-	1,198	-	-	-	-		-
TOTAL INTERGOVERNMENTAL								
	-	1,198	-	-	-	-		-







LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

PROVINCIAL TREASURY

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PR82/2015
ISBN: 978-0-621-43483-5