



Report

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



**Annual Report of The Provincial Treasury
2015/2016**

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

2015/16 ANNUAL REPORT OF PROVINCIAL TREASURY

1. INTRODUCTION

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

Section 133(b) of the Constitution requires the Member of the Executive Council (MEC) to provide the Legislature with full and regular reports concerning matters under their control. Thus the tabling of the 2015/16 Annual Report of Provincial Treasury was in compliance with section 65(a) of the Public Finance Management Act (Act 1 of 1999) (PFMA).

The consideration and scrutiny of the 2015/16 Annual Report of Provincial Treasury was for the Committee to satisfy itself that the department's performance was in line with its approved 2015/16 Annual Performance Plan (APP); and the budget that was appropriated for the financial year under review. The Annual Report oversight exercise is a mechanism of the Committee to ensure that public funds allocated to the department in the year under review, are used economically, efficiently, equitably and effectively. There should ultimately be value for money in any activity undertaken by the department. Thus, the Executive Authority was held to account for the department's performance in the 2015/16 financial year.

2. METHOD OF WORK

The MEC tabled the 2015/16 Annual Report in accordance with Section 65(a) of the PFMA and the Hon Speaker subsequently applied rule 219(3) of the Rules and Orders of the Mpumalanga Provincial Legislature by referring the report to the Committee for consideration and report back to the House.

On 18 October 2016, the Committee considered a detailed analysis of the 2015/16 Annual Report and raised key observations and questions that were sent to the department for written responses.

Thereafter, on 25 October 2015, the Committee interacted with the Head Official and the Senior Management team of the department on the 2015/16 Annual Report. The Committee met again on 02 November 2016 to consider its draft report.

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

3.1. Outcome Oriented Goals

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

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

Sub-Outcome 3: Sound financial and administrative management

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

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

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

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

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

4. OBSERVATIONS AND COMMENTS

The designation of the Department of Finance was changed to Mpumalanga Provincial Treasury as Gazetted on the 2nd of April 2015, in terms of section 7(5)(b) of the Public Service Act 1994 (promulgated under Proclamation No. 103 of 1994).

Apart from the targets and key performance areas included in the Annual Performance Plan (APP), the Provincial Treasury performed additional projects in order to ensure value-add for the Province. One such project is the staff verification, utilising a biometric system to verify the existence of officials against the salary administration system (Persal). During the year under review, officials were verified at the Department of Health, Office of the Premier, Provincial Treasury, Department of Community Safety, Security and Liaison, Department of Human Settlements, Department of Economic Development and Tourism and Department of Culture, Sport and Recreation. The Provincial Treasury reported that this work is ongoing in the rest of the other departments.

Another project the Provincial Treasury undertook is the facilitation of the completion by Provincial Departments and Public Entities of the Financial Management Capability Maturity Model (FMCMM).

The MEC for Provincial Treasury, Mr. SE Kholwane, tendered an apology for the meeting. The Head Official (HO) led the delegation and made a presentation to the Committee.

5. PART A: GENERAL INFORMATION

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

The Provincial Treasury complied with the National Treasury Guide on the preparation and compilation of the Annual Report.

5.1.1. The department's Performance against Policy Statements

Table 1 below outlines the performance of the department against Policy Statements.

Table 1: Performance against Policy Statements

SONA / SOPA Pronouncements 2015/16	Department's Commitments/ MEC's Budget Speech Commitments	Department's Performance Against the Priorities
<ul style="list-style-type: none"> In his State of the Nation Address (2015) the President 	The department committed to upscale its support to Provincial	Mpumalanga Provincial Government approached Sasol with

<p>indicated that the Back to Basic programme was launched to promote good governance and effective administration through cutting wastage, spending public funds prudently, hiring competent staff and ensuring transparency and accountability in Municipalities.</p>	<p>Departments, Public Entities and Municipalities who still struggle with financial management and compliance with legislative requirement.</p> <p>Through reprioritization the department has made funds available for the following:</p> <ol style="list-style-type: none"> i. A research project on efficiencies in spending ii. Conducting staff verification in the Provincial Departments. iii. Preparation and Auditing of Financial Statements for NPO's and NPI's iv. Economic research project as well as assessment of skills for staff in the Provincial Treasury <p>The department also committed to establishing a dedicated unit within the Provincial Treasury that will only focus on the work of Municipalities.</p> <p>Provincial Treasury committed to focus more on assisting Municipalities in particular to improve their audit outcomes and financial performance</p>	<p>a proposal for capacity building. The project was broken down into phases and during the financial year the focus was on the development of Standard Operating Procedures for the Finance Department in Municipalities and training was provided to all Municipalities on the on the Standard Operating Procedures.</p> <ol style="list-style-type: none"> i. Not conducted ii. Provincial Treasury managed to conduct staff verification within the department and also exceeded the target by verifying staff of other departments at a lower than projected cost. iii. Although the preparation and auditing of financial statement for the NPO's and NPI's was the main contributing factor for the low spending on Programme 4: Financial Governance. The department did not fully report on whether this target was achieved or not. iv. Not Conducted <p>The department did not report on whether the Unit was established or not</p>
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		Provincial Treasury developed remedial action plans to address identified gaps in Municipal Finance Systems in order to ensure that Municipalities are ready for audit
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The Committee noted that the Annual Report did not report on progress made on the following commitments made on the APP:

- A research project on efficiencies in spending
- Preparation and Auditing of Financial Statements for NPO's and NPI's
- Economic research project as well as assessment of skills for staff in the Provincial Treasury
- Establishment of a dedicated unit within the Provincial Treasury that will only focus on the work of Municipalities.

The Provincial Treasury reported that the above mentioned targets were made during the budget speech and were not included as specific targets in the Annual Performance Plan. Moreover, the department reported on progress made in achieving the targets as follows:

- i. **Efficiencies on IT equipment:** Analysis was done of all the Asset Registers for March 2016 (financial year end) and June (for year-on-year) 2016 on computers and notebooks. This was presented to the PMC and is an ongoing project. The analysis reports were forwarded to the Chief Financial Officers with a request to indicate what they are going do to ensure that officials only have one computer or notebook. This is done to clean the asset registers. The due date is 31 October 2016.
- ii. **The Preparation and Auditing of Financial Statements for NPOs and NPIs** was a once-off special project and therefore not reported in the Annual Report. However, support was provided to those NPOs and NPIs who indicated they needed assistance on the preparation of Financial Statements for Auditing.
- iii. **The Economic Research project** on KPMG Economic Impact Assessment Study was finalised and results were presented to MANCO. This report will be further presented to the Governance structures. The assessment of skills for staff of the Provincial Treasury is currently in process and a circular has been sent to all staff. The process would be finalised by the end of the financial year.

- iv. **On the establishment of a dedicated unit within the Provincial Treasury that will only focus on the work of Municipalities**, the department reported that due to the moratorium that was declared on 13 March 2015, the Provincial Treasury could not fill additional posts as envisaged. The department utilised existing capacity which amounts to 18 personnel as well as 3 municipal specialists appointed by Provincial Treasury and 3 specialists appointed by National Treasury.

6. PART B: OVERVIEW OF DEPARTMENTAL PERFORMANCE

6.1. Financial Performance

Table 2 below outlines the spending of the department for the two financial years

Table 2: Two (2) Years Expenditure Pattern

Financial year	2014/2015	2015/16
	R'000	R'000
Main Appropriation	268 169	278 550
Adjusted Appropriation	272 024	278 243
Actual Amount Spent	264 753	273 091
(Over) Under Expenditure	7 271	5 152
Percentage Expenditure	97.3%	98.1%

The Provincial Treasury received a budget allocation of **R278 550 000** at the beginning of the financial year, however this allocation was adjusted to **R278 243 000** during budget adjustment period. The department spent **R273 091 000** (98.1%) of its budget at the end of the 2015/16 financial year. The under spending percentage is decreasing when comparing the spending pattern of the two financial years, in 2014/15 it was at 2.7% and in 2015/16 financial year it was at 1.9%.

6.1.2. Two Years Expenditure on Economic Classification

Table 3 and 4 below outlines the spending of the department on Economic Classification for the two financial years.

Table 3: Economic Classification 2014/15

Programme	Main Appropriation (R'000)	Adjusted Budget (R'000)	Actual Expenditure (R'000)	Spending %
Compensation of Employees	154 436	141 891	140 690	99.2%

Goods and Services	105 797	118 995	114 343	96.1%
Transfer and subsidies	3 509	6 717	6 646	98.9%
payments for capital assets	4 427	4 417	3 070	79.5%
payments for financial assets	-	4	4	100.0%
Totals	268 169	272 024	264 753	97.3%

Table 4: Economic Classification 2015/16

Programme	Main Appropriation (R'000)	Adjusted Budget (R'000)	Actual Expenditure (R'000)	Spending %
Compensation of Employees	152 250	152 056	151 406	99.6%
Goods and Services	122 985	111 165	107 028	96.3%
Transfer and subsidies	3 531	3 583	3 580	99.9%
Payments for capital assets	8 784	11 427	11 065	96.8%
Payments for financial assets	-	12	12	100.0%
Totals	287 550	278 243	273 091	98.1%

When comparing the department's spending under economic classification for the two consecutive years, it was established that the department's spending for the year under review is almost the same with the spending for the 2014/15 financial year.

6.2. Strategic Outcomes Oriented Goals of the Department

The Committee noted the following with regard to the Strategic Outcome Oriented Goals:

Table 5: Strategic Outcome Oriented Goals

STRATEGIC OUTCOME GOALS	ACHIEVEMENT IN 2015/16
Administration Support Services	Provided prompt, continuous, effective and efficient administrative support to all line functions in the department.
Maintain fiscal discipline in the Province	Provided quality advice and support on Provincial and Municipal Fiscal policy, Budget and expenditure management and economic impact of Provincial public policy and expenditure and infrastructure Co-ordination.

Assets And Liabilities support	Monitored and supported the implementation of Transversal Systems, Information Technology Services, Assets, Liabilities, Public Private Partnership and Provincial Supply Chain management in Departments, Public Entities and Municipalities, to reach full PFMA compliance.
Efficient and effective financial corporate governance	Provided support to ensure efficient and effective financial and corporate governance in the Province in line with the legislation

6.3. Audit Opinion

Table 6: Audit Opinion for the two years

Financial Year	2014/15	2015/16
Audit Opinion	Unqualified (Clean)	Unqualified (Clean)

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

6.4. Two year Transfer to Public Entities

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

6.5. Donor Funding

Provincial Treasury reported in its 2015/16 Annual Report that it did not receive any donor funds for the financial year under review.

6.6. Conditional Grants

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

7. PROGRAMME ANALYSIS

The Provincial Treasury obtained 61 of its 64 (95%) planned targets for the financial year under review.

The Committee noted the following on Programme Analysis:

a) Provincial Internal Audit Unit

The Committee requested the department to provide a progress report on sourcing external capacity (Gratuates) in order to address the capacity constraints experienced by the department under the Provincial Internal Audit Unit. The department reported that the capacity constraints experienced during the previous financial year have not been addressed due to the moratorium that was placed on the filling of vacancies. The Provincial Internal Audit Unit still has a 50% vacancy rate in the current financial year. It is planned that an Internal Audit specialist will be appointed for a period of six months to assist the Unit. Furthermore, the department reported that the specialist contract was advertised, shortlisting was done and interviews were held. Unfortunately, not one of the candidates was suitable for appointment as a specialist. Going forward the Human Resource section is reviewing the possibility of extending existing interns contracts to provide further in depth training in internal auditing to assist in the capacity constraints at the Provincial Internal Audit unit.

7.1. PROGRAMME EXPENDITURE

Table 7 below outlines the spending of the department per programme.

Table 7: Programme Expenditure

Programme	2015/16		
	Final Appropriation R'000	Actual Expenditure R'000	Over/Under Expenditure R'000
Administration	79 834	79 733	101
Sustainable Resource Management	53 103	52 830	273
Assets and Liabilities Management	114 245	110 577	3 668
Financial Governance	31 061	29 951	1 110
Total	278 243	273 091	5 152

Provincial Treasury received a final budget of R278 243 000 and spent R273 091 000, translating to under expenditure of R5 152 000.

7.2. PROGRAMME 1: ADMINISTRATION

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

a) Spending Pattern

Table 8 below outlines the spending for Programme 1.

Table 8: Spending for Programme 1

Sub-Programme	2014/15			2015/16		
	Final Appropriation	Expenditure	(Over) / Under Expenditure	Final Appropriation	Expenditure	(Over) / Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Member of the Executive Council	1 812	1 548	264	0	0	0
Management Services	30 431	29 968	463	33 682	33 603	79
Financial Management	41 141	41 123	18	41 930	41 922	8
Internal Audit	3 660	3 514	146	4 222	4 208	14
TOTAL	77 044	76 153	891	79 834	79 833	101

The programme underspent by R101 000 which is less than the R891 000 under-spending for the 2014/15 financial year.

b) Programme Performance

The Committee noted that the programme achieved all planned targets for the period under review.

i. Payment of suppliers within 30 days

The department reported that it monitors and supports all departments, municipalities and public entities adhering to compliance on payment of suppliers within 30 days after receipt of invoice. Furthermore, the department reported that to address issues of non-compliance on payment of suppliers within 30 days after receipt of valid invoice, the Provincial Treasury established a call centre where suppliers could report the non-payment of services, which then would be followed-up with the relevant institutions. The call centre is operational since 1 July 2016 and a Telkom toll-free service is provided.

The Committee enquired on the type of tool being implemented by the department to monitor compliance. The department reported that monthly reports are submitted by Votes, Public Entities and Municipalities on age analysis of invoices for the previous month. The report comprises of invoice numbers, outstanding amount and period of payment. These reports are

analysed and recommendations are provided to Votes, Public Entities and Municipalities. Furthermore, the department reported that Included in the non-compliance letters to Accounting Officers, the recommendation to take disciplinary action against negligent officials in compliance with **section 81 and 83 of the PFMA** is made. In terms of the PFMA, disciplinary action against negligent official is a responsibility of each Accounting Officer.

7.3. PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

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

a) Programme 2: Programme Expenditure

Table 9 below outlines the spending of the programme.

Table 9: Spending for Programme 2

Sub-Programme	2014/15			2015/16		
	Final Appropriation	Expenditure	(Over) / Under Expenditure	Final Appropriation	Expenditure	(Over) / Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	1 710	1 696	14	1 643	1 614	29
Economic Analysis	3 628	3 501	127	-	-	-
Provincial Administration Fiscal Discipline	4 626	4 531	95	14 208	14 138	70
Budget and Expenditure Management	8 762	8 644	118	8 968	8 914	54
Municipal Finance	22 517	22 486	31	24 506	24 448	58
Infrastructure Co-ordination	3 587	3 520	67	3 778	3 716	62
TOTAL	44 830	44 378	452	53 103	52 830	273

The Programme under spent by R273 000 which is less than the R454 000 under-spending for the 2014/15 financial year.

b) Programme Performance

The Committee noted that the programme achieved all planned targets for the period under review.

7.4. PROGRAMME 3: ASSETS AND LIABILITIES MANAGEMENT

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

a) Programme Expenditure

Table 10 below outlines the spending of the Programme.

Table 10: Spending for Programme 3

Sub-Programme	2015/15			2015/16		
	Final Appropriation	Expenditure	(Over) / Under Expenditure	Final Appropriation	Expenditure	(Over) / Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	1 666	1 589	77	1 572	1 507	65
Provincial Supply Chain Management	17 113	16 845	268	15 690	15 270	420
Financial Assets Management	2 852	2 736	116	-	-	-
Public Sector Liabilities	4 695	4 691	4	4 743	4 669	74
Physical Assets Management	4 714	4 693	21	4 848	4 741	107
Interlinked Financial System	11 644	11 590	54	11 830	11 751	79
Information Technology	72 364	69 992	2 372	75 562	72 639	2 923
TOTAL	115 048	112 136	2 912	114 245	110 577	3 668

The Committee noted that the programme underspent by **R3 668 000** (3.2%). The department reported the following with regard to the under expenditure of the Programme:

The underspending on compensation of employees is due to natural attrition of two officials and performance bonuses for three Senior Managers who did not qualify. The underspending of

goods and services is due to late receipt of SITA invoices. The under spending on payments for capital assets is mainly due to challenges experienced with the procurement of IT related equipment as a result of the exchange rate fluctuations. Currently, the procurement of the IT related assets is adequate; suppliers are responding in time as the distributors are also assisting the suppliers to comply with their orders without increasing costs.

b) Programme Performance

The Committee noted that the programme achieved all planned targets for the period under review.

7.5. PROGRAMME 4: FINANCIAL GOVERNANCE

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

a) Programme Expenditure

Table 11 below outlines the spending of the Programme.

Table 11: Spending for Programme 4

Sub-Programme	2014/15			2015/16		
	Final Appropriation	Expenditure	(Over) / Under Expenditure	Final Appropriation	Expenditure	(Over) / Under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	12 809	10 809	2 000	8 433	7 863	570
Accounting Services	4 945	4 622	323	4 969	4 949	20
Norms and Standards	13 161	12 650	511	13 929	13 560	369
Risk Management	1 908	1 856	52	2 066	1 986	80
Provincial Internal Audit	2 279	2 149	130	1 664	1 593	71
TOTAL	35 102	32 086	3 016	31 061	29 951	1 110

The Committee noted that the programme underspent by **R1 110 000** (3.6%). The department reported the following with regards to the under expenditure of the Programme:

Report of the Portfolio Committee on Premier's Office; Finance; Economic Development and Tourism on the 2015/16 Annual Report of Provincial Treasury

- a) The underspending on goods and services is mainly on the preparation and auditing of Annual Financial Statements for NGOs and NPIs. Nine out of 21 of the organizations have indicated that they do not require the services.
- b) During the current financial year, the classification has been correctly adjusted in line with the budget structures for interns wherein the interns' stipends are classified under compensation of employees.
- c) In 2016/17 Committees were appointed on time, during April 2016. The Provincial Treasury submitted the Departmental Procurement Plan to Provincial Supply Chain Management on 30th April each year, in line with the Provincial Treasury circular.
- d) Performance of bid committees is improving when compared to that of the previous financial years.
- e) The Committees have scheduled dates which enforces that meetings take place as planned on a bi-weekly basis.
- f) In cases where there are urgent bids that require to be concluded, the Committees have been convened as such. These are bids where they would have been referred back by the Accounting Officer.

b) Programme Performance

The Committee noted that the Programme achieved all planned targets for the period under review.

8. PART C: GOVERNANCE

The Auditor General did not raise any findings related to the information on governance provided by the Provincial Treasury. The Provincial Treasury reported that it has effective governance policies, strategies and committees to identify and prevent potential risks for example, the department has an approved Risk Management Policy, Risk Management Committee Charter and Risk Management Strategy as well as an approved Fraud Prevention Policy and Plan. Furthermore Provincial Treasury continued to coordinate awareness workshops to minimise potential conflict of interest and to remind employees about the importance of adhering to the code of conducts. Provincial Treasury also conducted workshops on Occupational Health and Safety for all officials.

9. PART D: HUMAN RESOURCE MANAGEMENT

9.1. Organizational Structure

Provincial Treasury had an initial approved organogram of 433 posts. The report of the Accounting Officer reflects that at the end of the financial period the department had an approved establishment of 321 posts (304 permanent and 17 Interns). The moratorium on the filling of vacant posts led to shortage of staff due to subsequent resignations, transfers, promotions and death. This had a negative impact on the achievement of planned targets in the Financial Governance where a vacancy rate is at 50% under Provincial Internal Audit Unit.

9.2. Human Resource Oversight

9.2.1. Human resource oversight statistics

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

With regards to the Senior Managers with salary levels that were higher than those determined by the job evaluation, the Provincial Treasury reported that:

- a) **The Senior Manager: Accounting Services** submitted her request to be released due to her appointment at the Mpumalanga Regional Training Trust (MRTT) as a Chief Financial Officer. The Department requested approval from the then Executive Authority to retain the Senior Manager: Accounting Services on the scarce skills basis. The approval was granted to retain her services to the Provincial Treasury on personal salary package in line with the Provincial Policy on Retention. The EA's approval was granted on 25 October 2007.
- b) **The Senior Manager: Infrastructure Coordination** submitted his request to be released due to his appointment at the Independent Development Trust (IDT). The Department requested approval from the Executive Authority (EA) to retain the Senior Manager: Infrastructure Coordination guided by Provincial Treasury Policy on Retention and the fact that the Engineering field is one of the scarce skills in the Province. Approval was granted on the retention of services for the SMS member and his salary was adjusted to a personal salary package, the EA's approval was granted on 28 August 2012.

- c) **The Senior Manager: Legal Services** submitted a letter requesting to be transferred horizontally with a higher notch to the Department of Human Settlements. The department sought approval from the Executive Authority (EA) requesting approval for the retention of the SMS member on the basis of her diligence, professionalism, and quality service, unquestionable commitment to the Provincial Treasury, the Province and the Public Service at large. Approval was granted on the retention and granted a special personal notch increase for the Senior Manager: Legal Services. **The EA's approval was granted on 19 December 2013).**
- d) The Provincial Treasury received guidance to be more cautious in future.

There were no promotions and recruitments in the 2015/16 financial year. 24 Employees were terminated and 6 disciplinary actions taken against employees. The internship programme was successfully implemented.

10. PART E: FINANCIAL INFORMATION

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

11. FINDINGS

- 11.1. The Provincial Treasury obtained a clean audit opinion for the past 6 financial years.
- 11.2. Apart from the targets and key performance areas included in the Annual Performance Plan (APP), the Provincial Treasury embarked on a project of staff verification, utilizing a biometric system to verify the existence of officials against the salary administration system (Persal) in various departments.
- 11.3. With the support provided by the department, the total amount of accruals has decreased during the period under review in the province. The department acknowledged that there is still a room for improvement in terms of managing accruals in other departments.

12. RECOMMENDATIONS

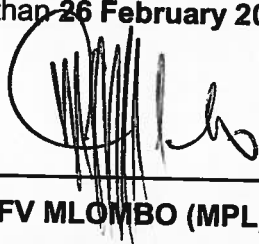
After the deliberations, the Committee recommends the following:

- 12.1. The Provincial Treasury must maintain the clean audit opinion and strengthen its support to departments and public entities that did not receive a clean audit during the 2015/16 financial year.
- 12.2. Provincial Treasury must share with the Committee the outcome of the verification process. Furthermore, the Provincial Treasury must ensure that all employees in the departments that were not verified are verified during the 2016/17 financial year.
- 12.3. Provincial Treasury must strengthen its monitoring and support function to departments and entities to ensure that the total amount of accruals is reduced further in the 2016/17 financial year.

13. CONCLUSION

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

This Committee report on the 2015/16 Annual Report of Provincial Treasury is hereby tabled to the House with a request to adopt the report with its recommendations for implementation by the department and report back by the MEC to the Honourable Speaker of the Legislature by no later than **26 February 2017** and thereafter, on a quarterly basis.



HON FV MLOMBO (MPL)
CHAIRPERSON: PORTFOLIO COMMITTEE
ON PREMIER'S OFFICE; FINANCE;
ECONOMIC DEVELOPMENT AND TOURISM

08/11/2016

 DATE