



Gauteng Provincial Treasury
ANNUAL CITIZENS REPORT 2019 | 20



GAUTENG PROVINCE
TREASURY
REPUBLIC OF SOUTH AFRICA



GGT2030
GROWING GAUTENG TOGETHER

Foreword By MEC



Ms Nomantu Nkomo-Ralehoko
MEC of Finance and e-Government

The 2019/20 financial year was characterised by a number of interrelated global and domestic matters that had an impact on our work as the custodian of provincial resources.

These included in particular for us as the Gauteng Provincial Treasury (GPT), the slow pace of economic performance, currency fluctuations, credit rating reviews and the decline in government revenues.

The situation was worsened by the outbreak of the global health emergency – the Covid-19 pandemic, and the associated devastating economic and social challenges.

This happened at the time of increasing demand for quality government services from citizens in Gauteng; and the increasing pressure on our government to cut waste in our system and demonstrate prudent use of public funds.

As Provincial Treasury, we are committed to provide resources required for the province to respond decisively to Covid-19 and save lives. At the same time, we will maintain funding of Premier David Makhura's Growing Gauteng Together (GGT 2030) plan.

We remain convinced that the targeted interventions of GGT 2030 will enable us to preserve jobs in this difficult time and build a new inclusive economy that will create jobs and address the challenges of unemployment in future.

In the 2019/20 financial year, the department was able to record the following achievements:

We collected the total revenue amounting to R7.15 billion rand in the year under review. This was 7.2% higher than the adjusted appropriation. Own revenue is very important in this province as it allows us to continue to resource our priorities at the time when the equitable share is declining.

As Provincial Treasury, we exercised our responsibility of providing strong leadership and oversight in all financial matters, and worked closely with departments, municipalities and public entities, including ensuring that they implement internal controls, which improved their audit status.

As part of our contribution to radical economic transformation, we continued to work closely with the Department of Economic Development to engage township entrepreneurs and registered them on the Centralised Supplier Database. We also conducted How to Tender Workshops to prepare these companies to access future business opportunities in the public sector.

Furthermore, as part of our commitment to grow the economy and create jobs by supporting the small business sector, we implemented initiatives to assist in the processing of invoices so that suppliers are paid within 30 days.

In the department, 100% of all invoices were paid within 30 days, while a total of 83% were paid in 15 days. We must improve on the latter to boost the cash flow position of our suppliers.

Ms. Nomantu Nkomo-Ralehoko
MEC: Finance and E-Government
Date:

Who we are

The Gauteng Provincial Treasury (GPT) is mandated with the objective of promoting good governance through the provision of good fiscal stewardship in the province. This mandate charges the GPT with the responsibility for ensuring provincial outcomes are adequately resourced and these resources are managed in accordance with basic accounting principles.

What we do

An activist Treasury that enables and promotes quality service delivery through:

- Sustainable funding
- Efficient cash management
- Effective financial management
- Governance framework that ensures accountability, transparency and fiscal discipline



Our services

The Gauteng Provincial Treasury is committed to providing services as follows:

Programmes	Key Services
Administration	<ul style="list-style-type: none"> • Provide administrative support service to internal operations • Provide capacity development services to GPG
Sustainable Fiscal Resource Management	<ul style="list-style-type: none"> • Provision of budget oversight • Provide oversight on provincial revenue • Provide oversight on provincial expenditure
Financial Governance	<ul style="list-style-type: none"> • Provide accounting service support to departments and entities • Provide advisory services and oversight on PFMA compliance
Provincial Supply Chain Management & Asset Management	<ul style="list-style-type: none"> • Provide oversight on supply chain management process in the province • Provide supply chain development services • Provide SCM governance advisory service
Municipal Finance Governance	<ul style="list-style-type: none"> • Provide accounting service support to municipalities • Provide advisory services and oversight on MFMA compliance
Gauteng Audit Service Services	<ul style="list-style-type: none"> • Provide audit services to GPG departments, entities and municipalities



Our leadership



The Member of Executive Council (MEC) for Finance is

Ms. Nomantu Nkomo Ralehoko who is the Executive Authority in terms of the Public Service Act.

MEC



The Head of the Department is **Ms. Nomfundo Tshabalala**, who is the Accounting Officer in terms of the Public Finance Management Act.

HOD

Overview of the Operations of the Department

This Annual Report is being prepared during the COVID-19 pandemic, which has implications for the fiscus. The report reflects the performance of the Department that straddled between the Fifth Administration with the Transformation, Modernisation and Reindustrialisation (TMR) agenda and the incoming Sixth Administration of government, highlighting clear priorities for the Growing Gauteng Together Plan.

The Gauteng Provincial Treasury (GPT) is mandated to promote good governance through the provision of good fiscal stewardship in the province. In pursuit of its mandate and in support of the Gauteng Provincial Government (GPG) TMR Programme, the GPT continued to implement the following strategic-oriented goals:

- promoting better planning and budgeting synergy across all spheres of government
- sustainable financing and funding
- effective and efficient financial management
- perform all Treasury statutory obligations and promote transparent and accountable governance
- support radical economic transformation

The key achievements and milestone for the 2019/20 financial year in terms of the above objectives are outlined below:

- **Promoting better planning and budgeting synergy across all spheres of government**

Synergy in the three spheres of government (national, provincial and local) promotes better planning and budgeting alignment, resulting in an integrated framework. The GPT consulted GPG Departments through bilateral engagements as part of the budget cycle process, which culminated in the tabling of credible budgets aligned to the Provincial priorities.

Draft and final municipal budget assessments were also conducted in the eight delegated municipalities. In October 2019, National Treasury sent letters to all municipalities, and provided them with an opportunity to correct their unfunded budgets, through a special adjustment budget process. The efforts by the GPT resulted in no delegated municipality's equitable share being withheld. During the MEC/MMC for Finance engagements, municipalities were requested to ensure that they adopt funded budgets before the commencement of the new municipal

financial year. Municipalities with unfunded budgets were further requested to develop credible financial turnaround strategies for the purpose of achieving long-term cash funded annual budgets.

- **Sustainable financing and funding**

The total revenue collected as at the end of the 2019/20 financial year amounts to R7.15 billion, against the adjusted target of R6.67 billion. GPG's revenue collection is 7.2% higher than the adjusted appropriation. The Departments of Health (28%), GPT (20%) and Economic Development (14%) collected significantly higher revenue than their respective adjusted appropriations.

- **Effective and efficient financial management**

The intensified monitoring of the compensation of employees' expenditure to prevent the crowding out of resources, resulted in personnel expenditure contained at 55% of the total budget, this was below the 60% target.

In minimizing liquidity exposure in the province, cash outflows to departments were kept within the Provincial revenue streams and cash disbursements to departments did not exceed the appropriated funds.

The GPT continued with its efforts in supporting Departments, entities and municipalities to achieve unqualified audits. The execution of the approved Internal Audit Plan by the Gauteng Audit Services, assisted departments to identify red flags and implement adequate internal control assurance measures in preparation for the external audit conducted by the Office of the Auditor General.

The municipal fiscal responsiveness assessments were conducted in the eight delegated municipalities on a quarterly basis, to assess the performance of municipalities in terms of compliance with the Municipal Finance Management Act and the implementation of other Treasury Regulations, as well as the overall financial health of a municipality.

- **Perform all treasury statutory obligations and promote transparent and accountable governance**

Payment of invoices for services rendered is an important element in ensuring the sustainability of small businesses. The GPT continues to improve measures put in

place to ensure the timeous payment of suppliers within 30 days upon receipt of final and correct invoices. To this end, the department paid 100% of invoices within the prescribed 30 days and 83% within 15 days. The Department also implemented 100% of the external audit recommendations, in striving for an unqualified audit with no matters of emphasis for the 2019/20 financial year.

The Department conducted four fraud detection reviews related to supply chain management processes, which assisted in the identification of risk areas and the development of control measures to tighten processes and minimise fraud and corruption.

The Open Tender System was implemented in all fourteen GPG Departments and six Provincial entities. GPT issued correspondence to relevant GPG Departments, outlining its intent to decentralise the probity audit function in a phased approach, based on the readiness of individual departments. The decentralisation will allow Accounting Officers to take full responsibility for the complete value chain of the procurement function, in line with Section 38 of the Public Finance Management Act.

- **Support radical economic transformation**

The key focus area for the Township Economy Revitalisation strategy is the development of SMMEs and cooperatives and mainstreaming of the township economy. The department continued to increase the number of suppliers in the centralised supplier database, through registrations during Ntirhisano engagements and participation in combined Provincial events with other GPG Departments.

In order to improve the capacity and capability of township suppliers to access procurement opportunities, the department trained 609 suppliers over a 44-week period. The supplier development programme initiatives were broadened to include nine targeted workshops for suppliers in the Information Technology and construction sectors. The two sectors were identified for further development as part of efforts to increase spending by township suppliers on high value goods and services.

Events after the reporting date

- The President of South Africa on 15 March 2020 declared the COVID-19 crisis as a Disaster in terms of section 23 of the Disaster Management Act, 2002 (Act No. 57 of 2002) (“the DMA”) and its further classification as a National State of Disaster in terms of Section 27 of the DMA, the government introduced national measures to slow the speed of the COVID-19 transmission.
- The implementation of these measures to respond to the COVID-19 pandemic has a significant financial implication for the country. As such, the Gauteng province was required to fundamentally rethink the budget that was tabled on 5 March 2020. Gauteng Provincial Government (GPG) Departments are reprioritizing within current baselines to mitigate against the pandemic. A special provincial budget adjustment will be tabled 30 days after the Minister of Finance tables the National Special Adjustment budget. The special adjustment budget will allocate resources to GPG departments in the fight against the COVID-19 pandemic.
- In the interim, in response to the COVID-19 pandemic, Provincial Treasury issued a number of circulars with the aim to assist departments and entities, as follows:
 - Information of financial measures to be put in place to respond to the pandemic.
 - Advice of the arrangements related to cash donations, budgeting, accounting and reporting
 - Facilitating one payment run weekly for the duration of the crisis period, to ensure efficient procurement and payment of services providers timely
 - Guide emergency procurement, deviations and expansion of contracts

These and other measures related to Covid-19 have been mainstreamed into all our programmes to fully support departments, public entities and municipalities; and provide oversight to ensure compliance with rules and regulations when public funds are spent.

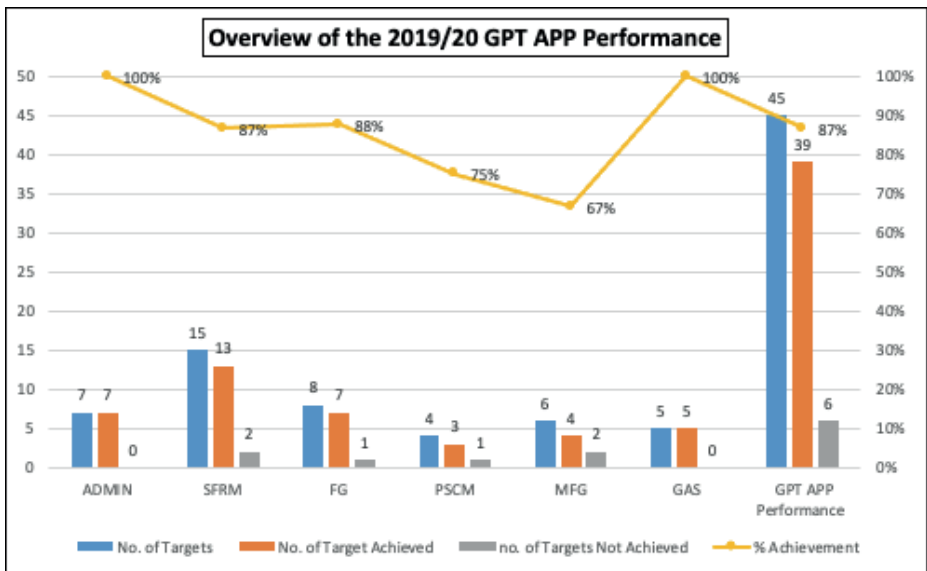
Given that the COVID-19 pandemic is considered to have a significant social and economic impact that goes beyond the public health system, the GPT activated its internal business continuity response plan to ensure the uninterrupted delivery of critical services as well as implementation of preventative measures to protect the safety of employees.

Service Delivery Performance - How we improved our services

The intention of developing the SDIP report is to facilitate the commitment of state institutions to improving the quality of the actual service being provided and the manner in which the service is delivered.

The department (GPT) has an approved three-year SDIP plan and the relevant units report progress on the plan each quarter as per the directive by the Department of Public Service & Administration. This annual report was compiled against the annual targets for 2019/20 financial year as reflected in the 2018/19-2020/21 Plan. We plan to continue improving our services in 2020/21. The report below shows the performance of the department against its Service Delivery Improvement Plan.

Summary of Departmental Performance



- Admin had 7 targets, and all were achieved
- SFRM had 15 targets, 13 were achieved and 2 were not achieved
- FG had 8 targets, 7 were achieved and 1 was not achieved
- PSCM had 4 targets, 3 were achieved and 1 was not achieved
- MFG had 6 targets, 4 were achieved and 2 were not achieved
- GAS had 5 targets, and all were achieved
- The overall achievement for the department is 87% (39/45)

Departmental Deviations – 2019/20 Areas of Under-Performance

Performance Indicator	Planned Target 2019/20	Actual Achievement 2019/20 R'000	Reason for Deviation	Corrective Action
Sustainable Fiscal Resource Management – Infrastructure Management				
% spent on infrastructure budget allocated by the GPT	98%	97% (R10,837,090 / R11,120,026) spent on infrastructure budget allocated by the GPT	Some projects were late in implementation due to budgets allocated to projects not ready for implementation	The Department will engage with NT and other National Departments to adopt state of readiness criteria for budget allocation
Sustainable Fiscal Resource Management - Public Finance				
% spent on infrastructure budget allocated by the GPT	98%	95% (R22,061,680 / R23,128,799)	There was slow spending on some of the larger grants due to long-standing systemic issues that are slow in being addressed	The Department will focus on ensuring that impediments to expenditure are addressed timeously, ensuring that there are no bottlenecks in receipts and processing of invoices for payment.
Financial Governance – Provincial Accounting Services				
% of departments with unqualified audit outcomes	100%	93% (13/14)	1 department (Human Settlements) achieved a disclaimer audit outcome	The Department has developed a plan to address the challenges that caused the Department of Human Settlements to achieve a disclaimer audit outcome.
Provincial Supply Chain Management				
Number of entities implementing the open tender process	7	6	Same tender was planned by 2 entities (Cradle of Humankind and Gauteng Tourism Agency) and only 1 entity proceeded with the tender	The Department reviews entity procurement plans and will engage relevant stakeholders where possible duplications are noted
Municipal Financial Governance				
Number of municipal SDBIP assessments conducted for delegated municipalities	8	7	The assessment was not conducted as required information was not submitted (Lesedi did not submit required documents)	A letter of reprimand was sent to the municipality that did not submit their SDBIP for assessment
% spent of allocation gazetted and transfers to municipalities	80%	65,06% (R1,250,283 / R1,921,664) was spent on Provincial transfers to municipalities by end of municipal FY	There was underspending due to planning challenges at municipalities, thus insufficient time to spend the huge amount transferred by the Departments	To improve spending on transfers the application for roll over of unspent grants has been brought forward to ensure that there is sufficient time to spend the money transferred.

Main Services and Standards

Main services	Beneficiaries	2017/18 Achievement	Desired standard of service 2018/19	2018/19 Achievement
Provision of training for the development of suppliers	Township enterprises	1455 suppliers undergoing development programme with partners 5 week rolling training for 44 weeks of the year	1168 suppliers undergoing development programme with partners 5 week rolling training for 44 weeks of the year	1777 suppliers underwent development programme. 5 week rolling training conducted for 43 weeks of the year
GPG Capacity Development	GPG staff	Consulted with stakeholders on identified courses and developed a plan. Training on 5 courses was conducted – Anti-Corruption for Practitioners Investigate Corrupt Activities and Related Offences Ethics Management Course. Contracts management and enhancements MFMA regulations	Provide training on the identified no. of courses	10 SCM training workshops (formal classes) provided to 50 learners from municipalities: 3 SCM accredited training workshops (SCM for Practitioners) provided to officials from selected provincial departments. 3 SCM Non-Accredited training workshops (Avoiding IE, UE, FE & WE) provided to officials from selected provincial departments. 1 training workshop on the Amendments to the Public Audit Act provided to GPT officials (in collaboration with Gauteng Audit Services). Project managed by National Treasury Women in Finance Empowerment Project: 6 GPG Depts) Ongoing monitoring of SCM Internship Programme to 25 unemployed graduates (24 months contract ending June 2020)

PROGRAMME: Provincial Supply Chain Management

Key Service 1: Provision of training for the development of suppliers

Performance Area	Current Standard	Desired Standard 2019/2020	Performance Achievement 2019/20
Quantity	1455 suppliers undergoing development programme with partners 5 week rolling training for 44 weeks of the year	1168 suppliers undergoing development programme with partners 5 week rolling training for 44 weeks of the year	1777 suppliers underwent development programme. 5 week rolling training conducted for 43 weeks of the year
Professional Standards – Quality	Monitor and evaluate the activities of supplier development partners	Monitor and evaluate the activities of supplier development partners	Monitor and evaluate the activities of supplier development partners

Batho Pele Principles	Current Standard	Desired Standard 2019/20	Performance Achievement 2019/20
Consultation	Conduct 4 quarterly consultation sessions with departments and municipalities	Conduct 4 quarterly consultation sessions with departments and municipalities	5 SCM forum meetings were held with departments and municipalities
Courtesy	Develop and maintain Stakeholder (internal and external) relationships	Develop and maintain stakeholder relationships through constant engagements to ensure timeous, responsive and proactive solutions to clients' needs Ensure integrated capacity development efforts	8 meetings were held with stakeholders to maintain stakeholder relations and plans were shared to ensure that there is integration of capacity development efforts.
Access	The department is accessible through its physical address, telephone and email	The department is accessible through its physical address, telephone and email	Accessibility of training is through attendance at the physical address of the department and information is accessible through telephone and email
Information	Information on the development programme training is published on the intranet, website and tender bulletin	Information on the 5-week rolling training is published on intranet, website and tender bulletin	Business Opportunities workshop was advertised on Provincial website and Tender Bulletin to inform suppliers about the training. The information is also sent through emails.
Openness & Transparency	Suppliers can access the supplier development programme. Information is provided on the intranet, website and tender bulletin.	Suppliers can access the supplier development programme. Information is provided on the intranet, website and tender bulletin.	Openness and transparency were achieved through ensuring that training information is available on the Provincial website, on the Tender Document and is also provided during roadshows.
Redress	An evaluation of the training is conducted at the end of each session to identify any improvement opportunities and address any challenges the suppliers may have documented	An evaluation of the training is conducted at the end of each session to identify any improvement opportunities and address any challenges the suppliers may have documented	Participants completed the evaluation forms after training.

Batho Pele Principles	Current Standard	Desired Standard 2019/20	Performance Achievement 2019/20
Value for money	Evaluation of each training is conducted per session	An annual assessment of the satisfaction beneficiaries of the supplier development programme will be conducted.	An annual customer satisfaction survey was conducted, and report compiled.
HR	Team of 4 officials – Director, Deputy Director, Assistant Director and Practitioner	Team of 4 officials – Director, Deputy Director, Assistant Director and Practitioner	Team of 4 officials – Director, Deputy Director, Assistant Director and Practitioner
Cost	As per budget	As per budget	As per budget report
Time	31st March 2019	31st March 2020	30th March 2020

Comments on the extent of non-achievement in terms of % and reasons thereof:

10 of the 11 targets set for 2019/20 were achieved, 91%. The target not achieved is the number of weeks for the rolling supplier development programme where the programme ran for 43 weeks and not the aimed 44 weeks. This was due to the Covid-19 lockdown that was proclaimed by the President.

Comments on the extent to which the improved performance area will lead to realised service delivery improvement by the service recipient:

The 5 weeks rolling training aims to equip service providers with knowledge of how to register their companies, how to bid for government procurement and the general management of their businesses. Further to this, workshops were held focusing on developing suppliers in the IT and construction sectors as part of expanding the number of township suppliers in these 2 high value sectors. Over time, the value of the development initiatives will be seen by new entrants being able to supply government with high value goods and services.



PROGRAMME: Administration

Key Service 2: GPG Capacity Development

Performance Area	Current Standard	Desired Standard 2019/2020	Performance Achievement 2019/20
Quantity	Provide training on the identified no. of courses	Provide training on the identified no. of courses	<p>10 SCM training workshops (formal classes) provided to 50 learners from municipalities</p> <p>3 SCM accredited training workshops (SCM for Practitioners) provided to officials from selected provincial departments.</p> <p>3 SCM Non-Accredited training workshops (Avoiding IE, UE, FE & WE) provided to officials from selected provincial departments.</p> <p>1 training workshop on the Amendments to the Public Audit Act provided to GPT officials (in collaboration with Gauteng Audit Services).</p> <p>Project managed National Treasury Women in Finance Empowerment Project: (6 GPG Depts)</p> <p>Ongoing monitoring of SCM Internship Programme to 25 unemployed graduates (24 months contract ending June 2020)</p>
Professional Standards – Quality	<p>Provide accredited training</p> <p>Ensure submission of portfolio of evidence for training attendance</p>	<p>Provide accredited training</p> <p>Ensure submission of portfolio of evidence for training attendance</p>	<p>SCM accredited training provided</p> <p>Portfolio of evidence submitted for accredited training</p>



Batho Pele Principles	Current Standard	Desired Standard 2019/20	Performance Achievement 2019/20
Consultation	The training plan is developed in conjunction with departments and municipalities	The training plan is developed in conjunction with departments and municipalities	The developed and approved plan was developed in conjunction with and shared with selected departments and municipalities
Courtesy	Develop and maintain Stakeholder (internal and external) relationships	Develop and maintain stakeholder relationships through constant engagements to ensure timeous, responsive and proactive solutions to clients' needs	The department maintains stakeholder relationships through client visits and engagements There were consultations with internal and external stakeholders to ensure that capacity development efforts are integrated
Information	Provide information to departments and municipalities through quarterly engagements	Provide information to departments and municipalities through the website and quarterly engagements	Information was provided to departments and municipalities through emails and telephonically
Openness & Transparency	The training plan is developed in conjunction with departments and municipalities	Progress of development programme is reported to municipalities and departments bi-annually	Progress of development programme was shared with municipalities, departments and reported quarterly
Redress	Stakeholders can lodge complaints through the department's complaints process, managed by GPT Communications	All complaints will be responded to within 15 working days of acknowledgement of receipts.	There were no complaints received
Value for money	No assessment of value for money is conducted	Training satisfaction surveys will be conducted bi-annually	Evaluation of both the module content and the facilitator / courses leader conducted upon completion of every module. Copies of such evaluations are kept by the service provider for quality assurance purposes.
HR	4 officials	4 officials	4 officials
Cost	As per budget	As per budget	As per budget report
Time	31st March 2019	31st March 2020	31st March 2020

Comments on the extent of non-achievement in terms of % and reasons thereof:

All 9 targets were achieved, 100% performance.

Comments on the extent to which the improved performance area will lead to realised service delivery improvement by the service recipient:

The 5 weeks rolling training aims to equip service providers with knowledge of how to register their companies, how to bid for government procurement and the general management of their businesses. Further to this, workshops were held focusing on developing suppliers in the IT and construction sectors as part of expanding the number of township suppliers in these 2 high value sectors. Over time, the value of the development initiatives will be seen by new entrants being able to supply government with high value goods and services.

Our Organisation and Staffing

Race	Female	% Female	Male	% Male	Total	% Total
African	424	54%	271	34%	695	88%
Coloured	24	3%	21	3%	45	6%
Indian	12	1%	9	1%	21	3%
White	15	2%	13	2%	28	3%
Total	475	60%	314	40%	789	100%

Our Budget

Programme Name	Final Appropriation	Actual Expenditure	% Spent
	R'000	R'000	
Administration	150 052	141 993	95%
Sustainable Resource Management	191 131	190 039	99%
Financial Governance	161 485	145 611	90%
Provincial Supply Chain Management	125 825	106 525	85%
Municipal Financial Governance	52 057	50 741	97%
Gauteng Audit Services	99 400	93 384	94%
Total	779 950	728 293	93%

The Department expenditure was recorded at R728 million or 93.3% of the final appropriation of about R780million. The Department's under-spending was due to a vacancy rate of 8.5% under compensation of employees. Furthermore, the variance is due to committed forensics and probity audit assignments, that will realise expenditure once the projects are completed.

PLAY YOUR PART STOP THE SPREAD



STAY SAFE

- Avoid close contact
- Wear a mask
- Wash your hands or use a sanitiser

Always protect yourself and those around you

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