



Gauteng Province
ANNUAL CITIZENS REPORT | 2022/2023

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Foreword By MEC



Mr Jacob Mamabolo

MEC of Finance and e-Government

The 2022/23 Annual Report reflects the work that Gauteng Provincial Treasury (GPT) has done to implement its mandate of providing leadership to provincial departments, entities as well as local government in the management of public finances.

This document is therefore an important aspect of public accountability as we finalise critical deliverables that were identified at the beginning of this political term of office, and the subsequent reconfiguration of Exco that took place in October 2022.

As GPT, our mandate is summarised in the following outcomes which are aligned with the provincial government's blueprint, the Growing Gauteng Together, Vision 2030 Plan, and they are as follows:

- Enhanced sound finances in the province.
- Increased compliance with legislated prescripts.
- Sustainable local government finances.
- Reduced youth unemployment.

In addition, Premier Panyaza Lesufi gave us the task of implementing the following key priorities:

- Development of a revenue model aimed at funding the e-toll debt.
- Establish a state-run pharmaceutical company.
- Establish a state bank.
- Promote good governance and improve audit outcomes.

In the year under review, the department launched and implemented the Revenue Enhancement Strategy. The strategy is focused on maximising revenue collection to resource provincial priorities within a challenging economic and fiscal environment.

As a result of the initiatives implemented through this strategy, we reported an over collection of 3.9% of provincial own revenue in 2022/23 financial year.

In Gauteng, own revenue accounts for only 5% of the provincial budget, but these resources go a long way in supplementing funding of key priorities, hence this strategy to increase own revenue in the province. We continued to implement various tailor-made initiatives to promote good governance and improve audit outcomes in the province.

As part of these initiatives, we hosted the Gauteng Clean Audit and Ethical Governance Seminar under the theme: “Promoting the culture of accountability in the Gauteng Province”.

The Seminar was attended by more than 200 stakeholders from national, provincial and local spheres of government to share experiences on, amongst other topics, public sector auditing, governance, ethics, financial management and supply chain. We used the outcomes of the Seminar to develop strategy to inculcate the culture of good governance and improved audit outcomes both at provincial and local government levels in Gauteng.

We have made significant strides in our concerted efforts to establish both the state-owned pharmaceutical company and the state-owned bank.

The legal due diligence for the state-owned pharmaceutical company has been completed. The proposed solution will address, amongst others, institutional arrangements, supply chain management, medicine procurement, facilities, distribution of medicines to the Provincial Healthcare facilities, medicines inventory and dispensary to members of the public.

We have also appointed of the Advisory Panel comprising of experts in the pharmaceutical and healthcare policy from both the public and private sector who will oversee the process of developing the business case for company.

On the state-owned bank, as at the end of the current financial, the process of conducting the legal due diligence on the bank was still ongoing. Our focus, as always, is to ensure as we move forward, we do so while complying with the necessary legal and legislative framework.

Lastly, payment to suppliers on time is one of the key priorities of the provincial government. This ensures that government honours its obligation of paying for goods and services received and enable particularly small township suppliers to maintain a healthy cash flow which is essential for the sustainability of their businesses, and the resultant potential job creation. This Annual Report therefore shows that in the period under review, the department paid 100% of valid invoices within 30 days.



Mr Jacob Mamabolo

MEC: Finance and E-Government

Our Leadership



Chief Directorate:
Strategy Management



Who we are

The Gauteng Provincial Treasury (GPT) is a department 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

The Department has adopted the following five outcomes:

- Enhanced sound finances in the province
- Increased compliance with prescripts
- Sustainable local government finances
- Reduced youth unemployment

Alternative sources of funding

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	<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 Financial Management	<ul style="list-style-type: none"> • Provide accounting service support to municipalities • Provide advisory services and oversight on MFMA compliance
Gauteng Audit Services	<ul style="list-style-type: none"> • Provide audit services to GPG departments, entities and municipalities

Report of the Accounting Officer

Overview of the operations of the department

The Growing Gauteng Together 2030 Plan (GGT2030) is a plan of the Gauteng Provincial Government that outlines its priorities. This plan is aligned to the national 2019 – 2024 Medium Term Strategic Framework. The department supports all the priorities of the Growing Gauteng Together plan by ensuring that all priorities as per the plan are adequately resourced. The department has identified the two GGT priorities aligned to its mandate as:

- Building a capable, ethical and developmental state
- Economy, jobs and infrastructure

The department has formulated its own four key priority outcomes that are aligned to the priorities of GPG as captured on the GGT Plan and these priorities are as follows:

- Enhanced sound finances in the province
- Increased compliance with legislated prescripts
- Sustainable local government finances
- Reduced youth unemployment

In October 2022, a new provincial cabinet was pronounced in Gauteng and the newly elected Gauteng Premier, Mr. Panyaza Lesufi, outlined the plans that the Gauteng government intends to implement and prioritise in the remaining period of the 6th Administration.

The GGT 2030 Plan remains the blueprint for guiding the work of the provincial government, new priorities were elevated from the plan and these are envisioned to be implemented by the end of the current political term. These Elevated Priorities include:

- Improving living conditions in townships, informal settlements, and hostels (TISH).
- Accelerated economic recovery (prioritise townships).
- Improving the health and wellness of communities.
- Strengthen the capacity of the state to deliver services.
- Strengthen the battle against crime, corruption, vandalism, and lawlessness.
- Focus on incomplete infrastructure.

The MEC of Finance was tasked with the following priorities:

- Development of a revenue model aimed at funding the e-toll debt.
- Establish a state-run pharmaceutical company.
- Establish and a state bank.
- Promote good governance and improve audit outcomes.

These changes necessitated that the department revise its Annual Performance Plan for the 2022/23 financial year to align its plans with the Elevated Priorities. Some of the elevated priorities have found expression in this report and the 2023/24 Annual Performance Plan has encompassed relevant priorities for the department.

Performance against the department's priorities is outlined below:

Enhanced sound finances in the province

The objective of this key focus area is multipronged and focuses on three main elements: improving fiscal management and increased compliance that promotes clean governance and accountability; integrating and synergising budget and planning processes; and improving revenue collection. In this regard the Department tabled the main budget and 2 adjustment budgets, all in line with prescribed timeframes. The optimisation and diversification of own revenue collection is critical in augmenting the equitable share and conditional grant funding allocations that the Province receives and is even more important as it pertains to addressing the elevated priority of funding the e-toll debt. The Department continued the implementation of the Enhanced Revenue Strategy and has identified projects that have potential to open up new revenue streams and leveraged on technology to increase revenue collection, thus in the 2022/23 financial year the implementation of the strategy resulted in an over collection of 3.9% of the revenue above the appropriation.

As one of the main cost drivers for public service, the GPT is managing the compensation budget within GPG to ensure that personnel costs is maintained below 60% to ensure that personnel costs do not encroach on service delivery. Close monitoring of this expenditure has resulted in the wage bill being at 56% against the high target of 60%. Due to the implementation of prudent cash management practices and credible cash flow projections, disbursements to departments were equivalent appropriated funds.

Increased compliance with legislated prescripts

This key focus area is critical as it aims to promote and enforce transparency and effective Supply Chain Management (SCM) in the province and enhance and protect organisational value. This was achieved by providing independent, objective assurance and consulting services that add value to the operations of GPG through systematic evaluation of governance risk management and controls that will engender a culture of good governance in the province. To improve compliance with legislated prescripts the department continued to implement SCM compliance assessments for all 14 departments and for 8 entities and further conducted monitoring and tracking of action plans for those departments and entities.

GPT strengthened internal controls throughout the province and provided assurance through implementation of internal audits with all planned internal audits conducted and 95% of reports issued by financial year end. Part of strengthening internal controls included tracking of internal audit recommendations in departments and entities and following up of AG findings, with Annual Internal Control Assessments also conducted. The department also consulted with stakeholders and developed a clean audit strategy

aimed at improving audit outcomes in GPG. The department improved the level of consequence management in the province, with it being a key component for approval of condonement of historical irregular expenditure and in that regard 22% of historical irregular expenditure was condoned after implementation of consequence management. Oversight on 30 days payment of suppliers, 30% spend on township suppliers, sub-contracting and implementation of open tender was conducted and quarterly reports were produced. In supporting payment of suppliers on time, for the financial year the department ensured that 98% of supplier invoices are submitted electronically against the target of 90%. The GPT also managed to pay 100% of valid invoices received within 30 days.

Expenditure by departments and entities was monitored throughout the financial year and in line with the requirements for in year monitoring (IYM) of financial performance, the Department produced IYM Reports for departments and entities and submitted to National Treasury in line with prescribed timeframes. The department has also conducted the socio-economic review and outlook for the Province and produced the SERO report which was tabled at Legislature together with the tabling of the main budget. The MTBPS was also tabled in line with the prescribed timeframes.

Sustainable local government finances

The objective of this outcome is to build capacity and capability to strengthen financial management practices in municipalities. As part of building capacity strengthening of financial management practices in municipalities, quarterly MFMA assessments were conducted on the 8 delegated municipalities to determine MFMA compliance by the delegated municipalities and identify areas of improvement. Further to the MFMA assessments, budget assessments were conducted on draft, approved and adjustments budgets to drive implementation of funded budgets in local municipalities. Nine (9) structured and targeted training initiatives for delegated municipalities in Gauteng were also conducted, this was important to workshop SCM officials in municipalities on PPR 2022 guidelines and the department also held 30 IGR engagements with relevant stakeholders to build capacity of municipalities.

Reduced youth unemployment

The focus of youth development programmes is to expose youth to real-time hands-on work experience to be better prepared for the labour market. The department continued to implement targeted initiatives such as internships, workplace integrated learning, learnerships and external bursaries. A total of 87 youth have been placed by the department on these development programmes.

Elevated Priorities

In supporting the elevated priorities, legal due diligence reports were produced on the establishment of a state-owned bank and pharmaceutical company. The department conducted consultations with relevant stakeholders leading to the due diligence reports which were produced on establishment of the State-Owned Bank and Pharmaceutical Company to provide an analysis of the current legislative environment, assess legally enabling and licensing requirements to establish a state-owned bank and pharmaceutical company.

A Provincial task team was established to ensure the development of preferential procurement guidelines to improve compliance with preferential procurement regulations and the guidelines were developed. As part of strengthening the capacity of the state to deliver services and to promote clean governance and ethical governance in GPG a clean audit strategy was also developed. In supporting the implementation of the clean audit strategy, GPG officials were trained on GRAP Modified Cash Standard to enhance financial management and improve audit outcomes. This included the establishment of an invoice dispute resolution unit which through a centralised email system receives queries regarding unpaid invoices.

On strengthening the battle against crime, corruption, vandalism and lawlessness the department has piloted a pre-compliance check on RFQ's above R500 000 up to R1 million, with the pre-compliance check implemented in 4 departments. The department has also conducted a capacity assessment in line with minimum SCM requirements for an effective supply chain management system, of which the focus was on the following: Vacancy rate, Permanent and contract workers, relevant academic qualifications, provision for demand management, acquisition, logistics, supplier performance management. The results of this assessment will inform the training interventions that are planned for the next financial year.

Overview of financial results of the department

Departmental receipts

Departmental receipts	2022/2023			2021/2022		
	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	869	525	344	1 306	532	774
Interest, dividends and rent on land	622 806	1 108 424	(485 618)	583 009	634 031	(51 022)
Sale of capital assets					14	(14)
Financial transactions in assets and liabilities	416	473	(57)	588	998	(247)
Total	624 091	1 109 422	(485 331)	584 903	635 575	(50 509)

Revenue at the GPT consists of parking fees, commission on insurance and garnishee orders, interest on bank accounts and staff debt collections. The actual revenue collected was 78% more than what was projected at the end of the financial year. The Gauteng Provincial Government's lower spending resulted in yielding higher than anticipated positive balances in the provincial reserves causing the over collection on Interest, dividends and rent on land. The over collection on financial transactions in assets and liabilities is due to debtors that have paid more than what was anticipated.

Programme Expenditure

Programme Name	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/ nder Expenditure	Final Appropriation	Actual Expenditure	(Over)/ nder Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	172 384	171 098	1 286	137 635	125 107	12 528
Sustainable Fiscal Resource Management	149 085	148 680	405	154 730	147 431	7 299
Financial Governance	115 276	114 375	901	121 918	109 762	12 156
Provincial Supply Chain Management	88 046	88 029	17	103 526	90 029	13 497
Municipal Financial Governance	45 903	45 414	489	44 340	38 580	5 760
Gauteng Audit Services	113 371	113 354	17	113 396	101 051	12 345
Total	684 065	680 950	3 115	675 545	611 960	63 585

The department expenditure was recorded at R611.9 million which is 91% of its budget. The underspending was mainly due to vacant posts on the new approved structure not yet filled, projects such as automation of data collection for market prices, supplier development that are still on procurement stage, automation of financial statements project that is still to be finalised and outsourced specialised audits that are still to realise expenditure. See the explanation below:

ADMIN - The actual expenditure for the year 2022/23 is at 99.3%. The underspending is due to vacant posts on the new approved structure not yet filled, suppliers not meeting the required specifications for procurement of laptops, which led to the cancellation of the request.

SFRM - The actual expenditure for the year 2022/23 is at 99.7%. The programme achieved its target.

FG – The actual expenditure for the year 2022/23 is at 99.2%. The reported current year underspending is due to vacant posts on the new approved structure not yet filled

PSCM - The actual expenditure for the year 2022/23 is at 100%. The programme achieved its target.

MFG - The actual expenditure for the year 2022/23 is at 98.9%. The current year underspending is due to late implementation of municipal hands-on support programme.

GAS - The actual expenditure for the year 2022/23 is at 100%. The programme achieved its target.

Virements / roll overs

The department shifted budget within programmes to align resources to programme expenditure at year-end. This was done in accordance to section 43 of the Public Finance Management Act (PFMA).

Unauthorised, fruitless and wasteful expenditure

The Department did not have any unauthorised, fruitless and wasteful expenditure.

Strategic focus over the short to medium term period

The implementation of elevated priorities will be the main focus towards the end of the 6th administration term. Whilst the GGT 2030 Plan remains the blueprint for guiding the work of the provincial government, new priorities were elevated from the plan and these are envisioned to be implemented by the end of the current political term. These changes necessitated that the department revise its Annual Performance Plan for the 2022/23 financial year to align its plans with the Elevated Priorities. Some of the elevated priorities have found expression in this report and the 2023/24 Annual Performance Plan has encompassed relevant elevated priorities for the department.

The Department will continue to pursue achievement of its priority outcomes as outlined in the Strategic Plan and its Annual Performance Plans.

Public Private Partnerships (PPPs)

The Department does not have any registered PPPs, as it only plays a regulatory and oversight role in this area for the Provincial government and municipalities. Through its government entity, namely GIFA, the Department plays a critical role in preparing infrastructure projects for potential funding.

Discontinued key activities / activities to be discontinued

There are no discontinued activities or activities that are planned for discontinuance.

New or proposed key activities (Future plans of the department)

There are no new or proposed activities in the department.

Supply Chain Management

There are no unsolicited bid proposals concluded for the year under review.

Procurement of goods and services is centralised in the procurement unit within the office of the Chief Financial Officer. This enables the unit to ensure that procurement is done in accordance with the legislative framework. The procurement unit also regularly meets with end users to advice on procurement matters to ensure that SCM processes and procedures which are in place are adhered to and to prevent irregular expenditure.

Procurement in the department has purely been driven by our approved demand plan which is prepared, implemented and monitored in-line with the PFMA.

Gifts and Donations Received in Kind from Non-Related Parties

For the 2022/23 financial year, there were no declarations made in the Departmental register for gifts / sponsorships / donations received.

Exemptions and deviations received from NT

There were no exemptions that were received by the department from the National Treasury.

Events after the reporting period

There are no reportable matters falling under events occurring after the reporting period.

Acknowledgement/s or Appreciation

I would like to express my gratitude to the MEC for the support and guidance and all staff of the Gauteng Provincial Treasury for their diligence and contribution in the achievement of the department's objectives.



Ms. Ncumisa Mnyani
Accounting Officer
Gauteng Provincial Treasury

Service Delivery Improvement Plan

Not Applicable – the submission of SDIP's for the financial year 2022-23 was suspended via Circular 14 of 2022 by the DPISA.

Departmental Employees

The total number of our employees is 826 and a breakdown is provided below:

3.1 Employment Equity

3.1.1 Total number of employees (including employees with disabilities) per occupational categories for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	32	5	1	0	29	1	0	1	69
Professionals	114	7	1	7	152	5	3	6	295
Technicians and associate professionals	73	2	3	2	122	3	2	1	208
Clerks	39	2	3	0	104	13	6	5	172
Service and sales workers	11	0	0	0	12	0	0	0	23
Labour and related workers	22	0	0	0	37	0	0	0	59
Senior Managers Out of Adjustment	0	0	0	0	0	0	0	0	0
Total	291	16	8	9	456	22	11	13	826
Employees with disabilities	4	2	0	0	7	1	0	1	15



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