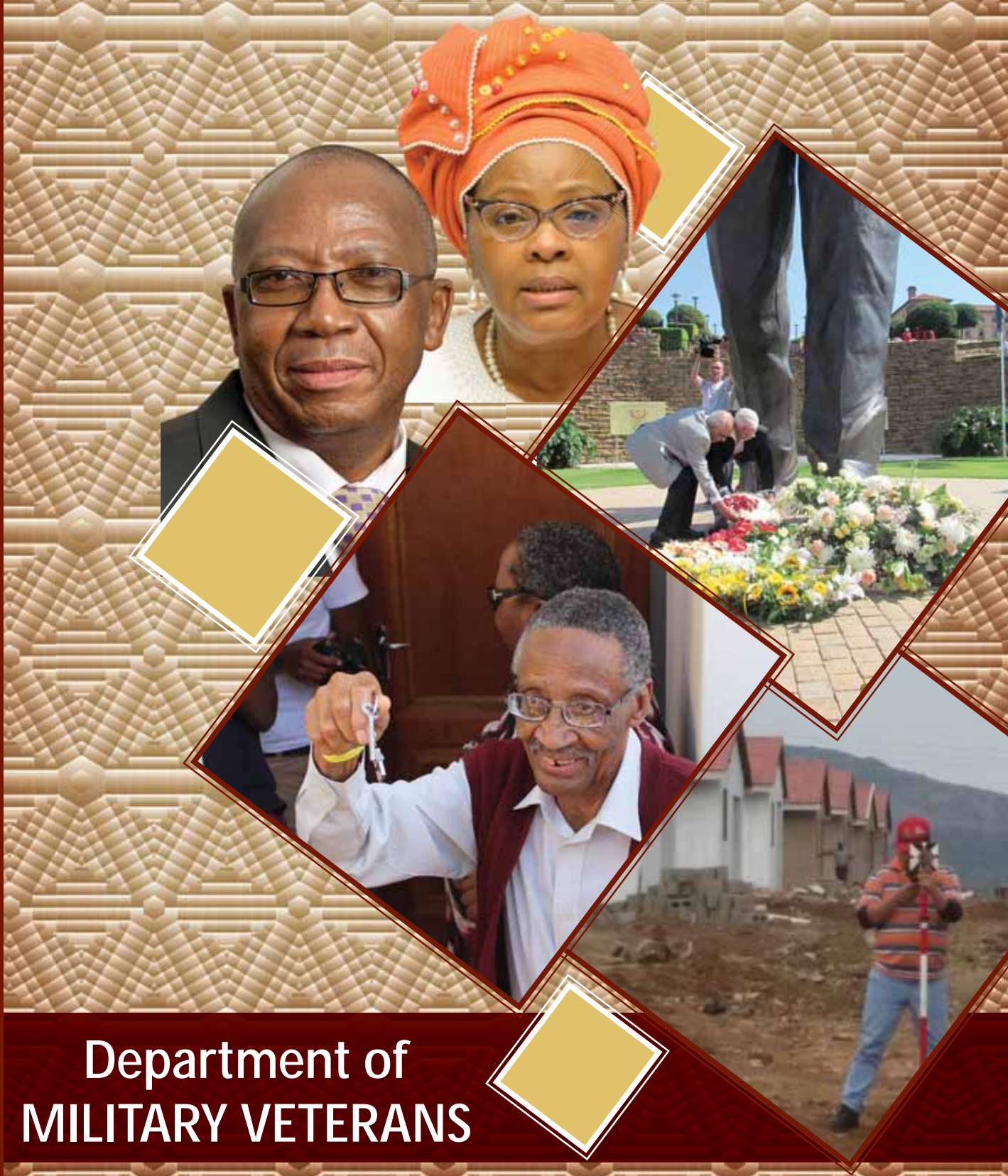


ANNUAL REPORT 2015/16



Department of
MILITARY VETERANS



military veterans

Department:
Military Veterans
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF MILITARY VETERANS
ANNUAL REPORT
2015/16 FINANCIAL YEAR
VOTE NO. 19

RP126/2016

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military veterans

Department:
Military Veterans
REPUBLIC OF SOUTH AFRICA

MS N. N. MAPISA-NQAKULA, MP MINISTER OF DEFENCE AND MILITARY VETERANS

Dear Honourable Minister

1. I have the honour of submitting the Department of Military Veterans Annual Report for the period 1 April 2015 to 31 March 2016.
2. In terms of section 40(1)(d) of the Public Finance Management Act 1 of 1999 (as amended), read together with Treasury Regulation 18.3, I hereby submit to the Executive Authority, the Annual Report for 2015/16 financial year as a statutory requirement to Parliament.
3. Kindly submit this performance report for the financial year ending 31 March 2016 to the National Assembly in compliance with section 40(1) (e) of the PFMA.

A handwritten signature in black ink, appearing to read 'S.M. Gulube', written over a horizontal line.

DR. S.M GULUBE

ACTING DIRECTOR-GENERAL: DEPARTMENT OF MILITARY VETERANS

DATE: 11 August 2016

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GENERAL INFORMATION

PART A



PART A: GENERAL INFORMATION

1. DEPARTMENT GENERAL INFORMATION

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2. LIST OF ABBREVIATIONS/ ACRONYMS

AGSA	Auditor-General of South Africa
AO	Accounting Officer
BAS	Basic Accounting System
CIPC	Companies and Intellectual Property Commission
DAC	Department of Arts and Culture
DHS	Department of Human Settlement
DMV	Department of Military Veterans
DPW	Department of Public Works
DRDLR	Department of Rural Development and Land Reform
FY	Financial Year
HSS	Housing Subsidy System
ICT	Information Communication Technology
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NHC	National Heritage Council
PERSAL	Personnel Salary System
PFMA	Public Finance Management Act
SADC	Southern African Development Communities
SAMHS	South African Military Health Services
SANMVA	South African National Military Veterans Association
SASSA	South African Social Security Agency
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SLA	Service Level Agreement
SITA	State Information Technology Agency
TR	Treasury Regulations
TSI	Turnaround Strategic Initiative
WOMVASA	Women Military Veterans Association of South Africa

Foreword

3. FOREWORD BY THE MINISTER OF DEFENCE AND MILITARY VETERANS: Ms. N.N. Mapisa-Nqakula, MP



It gives me pleasure to present the 2015/16 Financial Year (FY) Annual Report for the benefit of our key stakeholders; military veterans, partners as well as fellow South Africans.

This Annual Report gives an overview of the Department of Military Veterans' (DMV) performance as well as its challenges in 2015/16FY.

The year under review was highlighted by the appointment of the Turnaround Strategic Initiative (TSI) Team, following an extensive engagement and consultations with stakeholders with military veterans across the spectrum. The TSI is meant to assist the Department's leadership to effectively deliver on its mandate as outlined in the Military Veterans Act 18 of 2011 which includes amongst others the rollout of the 11 benefits to military veterans as stipulated in section 5 of the Act.

The financial year also ushered in the Military Veterans Appeal's Board and the Military Veterans Advisory Council which are key in advising the Minister on policy and programmatic matters, and in supporting the acceleration of delivery of benefits to military veterans by the Department. Positive results are beginning to emerge as a result thereof. Another milestone achievement was the establishment of the Women Military Veterans Association of South Africa (WOMVASA) whose main objective is to unite and empower women military veterans socially and economically, as well to advance the course of women emancipation.

Education support

In our Annual Performance Plan (APP) 2015/16FY, I promised an increase in bursary disbursements to needy military veterans. During the year under review we witnessed a phenomenal increase exponentially.

Educational support was provided to 5 482 military veterans and their dependants from the Department as compared to 3 650 military veterans and their dependants who received support by the end of the year. This is a drastic increase from the initial planned intake of 600.

The investment into education has begun to bear fruit with the first 32 military veterans and their dependants graduating during the year under review. This is a modest yet significant achievement, especially since education is an important right enshrined in our country's Constitution; a catalyst to the realisation of the goals outlined in the National Development Plan (NDP); as well as the attainment of sustainable socio-economic development for military veterans and their families and not least the country at large.

Database

The process of establishing a credible and reliable database to ensure effective delivery of benefits to military veterans and their dependants has been speeded up. The interaction between the Department and the umbrella association of military veterans, the South African National Veteran and its Member Associations (SANMVA) has been intensified with a view to ensuring that a lasting solution to this challenge is found soonest. The communication drive to call military veterans to update their information in the Department has been increased during the year under review. The TSI has established a dedicated work stream to assist the Department management to find a speedy and lasting solution.

Healthcare support

The provision of health care and wellness to military veterans continued to be a high priority of the Department during the year under review, working in collaboration with the South African Military Health Services (SAMHS). The Department ensured that no less than 14 666 military veterans have access to healthcare and wellness benefits (this is a cumulative number of military veterans as from 2013/14FY to date). The provision of healthcare benefits has been marred by legal and contractual challenges with some medical practitioners which are being attended to, as a matter of priority to find a solution.

Housing

The Department working in partnership with the Department of Human Settlements (DHS) built 130 houses in four provinces as follows: Mpumalanga: 41; Free State: 30; Eastern Cape: 52; and North West: 07.

The Department has also rescued 16 mortgaged houses belonging to military veterans in distress that were at the risk of being repossessed by the banks. The targets set out in the APP were not met and we noted with concern that the pace of delivery in this regard was slow.

To resolve the structural and policy challenges facing the delivery of decent houses to military veterans, the Department and the DHS have since established a housing demand database consisting of 4 990 pre-approved military veterans which has been handed over to the DHS to reconcile and harmonise with the Housing Support System (HSS) of the DHS.

Heritage and Memorialisation

The Department continued in the year under review to assist families of military veterans with burial support as well as participated in the exhumation and reburials of fallen military veterans inside the country and also supported the exhumation repatriation programmes undertaken around the Southern African Development Community (SADC) such as Zimbabwe and Mozambique. The programmes have assisted and ensured that those who died during the liberation struggle are buried with dignity, honoured and memorialised, giving their families an opportunity to find closure, knowing that their family members' have a final and decent resting place.

The Department celebrated the 30th commemorative anniversary of the selfless contribution and heroic sacrifice of three liberation heroes who were killed by the security police in Piet Retief, namely, Messrs Barney Molokoane, Victor Khayiyane and Vincent Sekete. This memorialisation serves as a platform to inform and educate the community in general, and the youth in particular, about the history of the struggle for freedom and democracy.

Furthermore, the Department supported the honouring of the late Umkhonto we Sizwe military veteran and stalwart, Dr. Ruth Mompoti in Vryburg. It also played a significant role working with, amongst others the President, the North West provincial government and all stakeholders in ensuring her a dignified and honourable send off.

In addition, the Department supported the honouring and memorialisation of another military veteran stalwart from the Azanian People's Liberation's Army, the late Jeff Masemola with the erection and unveiling of his tombstone.

Governance

The process of enhancing leadership through the filling-in of critical positions was made. The Department made efforts to appoint the Chief Financial Officer (CFO) and the Deputy Director-General (DDG), Socio-Economic Support (SES) during the year under review.

The DDG Empowerment and Stakeholder Management (ESM) position was finalised and assumed duty in the beginning of the 2016/17FY.

The strengthening of leadership position will create a much-needed organisational stability, a conducive environment for delivery as well as the building of a sound financial management system and accountability.

The establishment of the statutory Military Veterans Appeals Board and the Military Veterans Advisory Council will go a long way in enhancing good governance. This will apply to WOMVASA as well in the pursuit of empowerment of women military veterans.

Overall Performance of the Department during Auditing

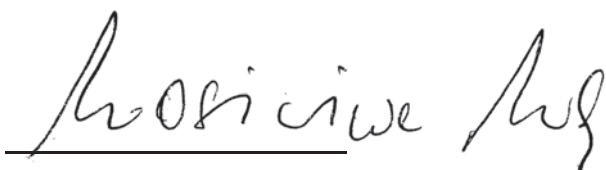
I must hasten to say that the Department's systems are not without challenges, particularly in dispensing benefits to military veterans in an efficient and quality manner.

This notion is attested by the fact that the Department obtained a qualified audit opinion during the 2015/16FY, on the basis of one qualification being movable tangible capital assets, an improvement from two qualifications as reported in the 2014/15FY.

This audit evidence when compared to the past financial year, accentuate the desire for the department to work smarter and quicker in order to deliver benefits to the military veterans as mandated.

Conclusion

My efforts to lead the Department would not have been possible had it not been for the outstanding support from the Deputy Minister of Defence and Military Veterans, the Portfolio Committee on Defence and Military Veterans, the Department leadership and employees who continue to service military veterans.



MS. N.N MAPISA-NQAKULA, MP

MINISTER OF DEFENCE AND MILITARY VETERANS

DATE: 15 September 2016

Statement

4. DEPUTY MINISTER'S STATEMENT: Mr. E.R.K Maphatsoe, MP



The teething challenges that faced the Department since its establishment are slowly being attended to as being reflected in the Audit Outcome.

Good progress has been made across many functions and programmes of the Department. The intended consequence of this positive development was the overloading of the limited capacity of the Department including inadequate employees who are tasked and expected to deliver benefits.

Education support benefit

One of the most remarkable strides made under the trying times during the year under review is the provision of education support to 5 482 military veterans and their dependants. The provision of both basic and tertiary education to military veterans and their dependants, is clear testimony to the commitment of the Department to empower military veterans and their dependants.

It is indeed heartening to witness that this effort yielded positive results. The Department has assisted in changing the lives of military veterans and their dependants for the better and takes opportunity to congratulate 32 graduated military veterans and their dependants from tertiary institutions around the country. *Ziyalunga lindaba zama Commander!!!*

Economic Empowerment

The Economic Empowerment of Military veterans is also steadily but significantly on the rise. 8 Farms were awarded to military veterans by the Department of Rural Development and Land Reform (DRDLR). These farms include horticulture, animal husbandry and crops. *Siyaqhuba!!!*

There has also been a steady increase from Department procuring goods and services from companies and cooperatives owned by military veterans. This will go a long way in alleviating poverty and strengthening the economic empowerment of our key constituency.

Roadshows

The move to take services closer to the people was introduced through provincial roadshows and communication thereof. Roadshows were conducted in 5 provinces (Limpopo, KwaZulu-Natal, Eastern Cape, Northern Cape and Free State) during the year under review, attended by hundreds of military veterans, from both Non-Statutory and Statutory Forces, their dependants and their families. This has made it easier for military veterans who live in remote areas to receive assistance.

In addition, the Department of Public Works (DPW) facilitated the provision of three provincial offices in North West, Gauteng and Mpumalanga.

Stakeholder management

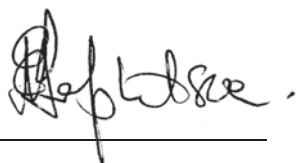
Although significant progress has been made, a lot of work still needs to be done to deliver a better life for military veterans and their dependants. The creation of a reliable database; sustained and high impact communication programmes; strengthening of relations amongst stakeholders such as those between the Department and SANMVA; rigorous implementation of job creation and business support programmes; acceleration of establishment of cooperatives; timely payment of education fees; as well as the robust implementation of signed Memoranda of Understanding (MoUs) and Service Level Agreements (SLAs) with the government departments, the provinces, the municipalities, state owned enterprises, as well as the private sector. The monitoring and evaluation thereof also needs to be attended to.

The year under review has therefore not been easy for the employees of Department who sometimes faced the militancy of military veterans.

These employees constantly deliver to military veterans albeit the limiting and challenging conditions under which they do their work, yet they continue to soldier on and commit to serve the military veterans community with dedication and commitment.

My humble appreciation goes to them.

My appreciation also goes to the Minister for her leadership, the former Director-General, the Acting Directors-General and the Senior Managers of the Department. It has not been easy leading and creating an environment that is conducive to service delivery, but together we will eventually succeed.



MR. E.R.K MAPHATSOE, MP

DEPUTY MINISTER OF DEFENCE AND MILITARY VETERANS

DATE: 15 August 2016

Report

5. REPORT OF THE ACTING ACCOUNTING OFFICER FOR THE PERIOD 01 APRIL 2015 TO 31 MARCH 2016:

Dr. S. M Gulube

5.1. Overview of the operations of the department:



The Department is intended to administer the affairs of military veterans with dignity and compassion and to ensure that the unique needs of all military veterans are provided for. The Department derives its mandate from the Military Veterans Act 18 of 2011.

The Department itself employed 133 military veterans and their dependants, constituting 59% of the average staff component of 227 (inclusive of both permanent and contract employees).

The overall performance of the Department is a culmination of concerted efforts that signified services rendered to military veterans (MVs) by and large. The mandate bestowed upon the department is of paramount importance in the improvement of accelerating service delivery to Military Veterans.

As the Acting Director-General of the Department during the year under review, the Department was daunted with challenges of delivering

the service benefits to military veterans as espoused in the Act due to various reasons. The non-provision of housing to all deserving military veterans is cited as a good example of a myriad of challenges experienced. The fact that the service delivery model makes the Department depend on other departments and spheres of government made accelerated delivery complex and challenging.

Another challenge that the Department faced was the creation of sufficient capacity in the Internal Audit Directorate for ensuring good governance and quality assurance of activities in the Department.

During the 2014/15FY, the Department received a qualified audit opinion on Movable Tangible Assets and Transfer Payments, as expressed by the Auditor-General of South Africa (AGSA). With a concerted effort by the staff and management of the Department, during the year under review, the qualification issues and paragraphs have been reduced to one aspect, which is that of Movable Tangible Assets.

TURNAROUND STRATEGY INITIATIVE

During the year under review, the Executive Authority established the Turnaround Strategic Initiative (TSI) to enhance acceleration of benefits delivery in areas such as housing, memorialisation and honouring, creation of a reliable and credible database. This was also to fast-track the service delivery in order to meet the mandate of the Department, to ensure the livelihood of the military veterans are achieved and improve the audit opinion.

Critical positions such as the DDG: Socio-Economic Support (SES) and Chief Financial Officer (CFO) were appointed during the year under review to assist and ensure challenges experienced in the past are adequately resolved and improve the internal controls going forward. The only key position that has not yet been filled, which is in progress is that of the Director General.

The team and management also concentrated on resolving the challenges around the movable and tangible assets to ensure the existence of a complete and reliable asset register.

INFORMATION ON PREDETERMINED OBJECTIVES

Overall, a concerted effort and positive attitude by the Department yielded positive results, hence, the provision of educational support to 5 482 military veterans and their dependants at both Basic and Higher Education respectively.

During the year under review, the Department's performance aligned the budget with the primary mandate and thus supported the NDP and Medium Term Strategic Framework (MTSF) goals.

5.1.1. Socio-Economic Support (SES)

The provision of socio-economic support to both military veterans and their dependants, is still a mandate that deserves a greater effort by the Department.

During the period under review, 130 houses in partnership with the Department of Human Settlement (DHS) were built for military veterans. In addition, 16 military veterans' houses were rescued by Department from being repossessed by the banks. The total cumulative number of military veterans authorised to access healthcare services during the year under review, is 14 666.

During the period under review with regards to the Counselling Benefit, 1 260 military veterans and their dependants received counselling services.

Empowerment and Stakeholder Management (ESM)

1 543 military veterans and dependants were approved for funding for Skills Development and Training Programmes by the Department during the period under review.

Under Business Development Support programme, the Department provided assistance to 269 military veterans and captured 32 cooperatives for registration with the Companies and Intellectual Property Commission (CIPC).

OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

During the year under review, the Department received an appropriation of Rm582, a 15.4% increase on the financial year 2014/15's appropriation. The Department spent 60% of its appropriated funds .

The Department is endeavoring to achieve its operational mandate and related Ministerial priorities, as indicated in the Minister and Deputy Minister's Budget Vote of 19 May 2015.

In the Supply Chain Management area, the Department endeavoured to ensure that its processes are aligned and compliant with legislation, policies and directives.

Table 1: Departmental receipts

Departmental receipts	2014/2015			2015/2016		
	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
Tax Receipts	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-
Sale of goods and services other than capital assets	-	16	-	-	23	-
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	3 033	-	-	766	-
Total		3 049	-	-	789	-

Table 2: Programme Expenditure

Programme Name	2014/2015			2015/2016		
	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 1: Administration	158 637	143 574	15 063	157 490	131 641	25 849
Programme 2: Socio-Economic Support (SES)	265 550	255 171	10 379	266 305	136 179	130 126
Programme 3: Empowerment and Stakeholder Management (ESM)	79 973	64 318	15 655	158 406	80 789	77 617
Total	504 160	463 063	41 097	582 201	348 609	233 592

5.2. Virements/roll overs

The Department submitted a request to National Treasury to rollover unused funds for the year under review. This request has been acknowledged and is receiving consideration by the National Treasury.

5.3. Irregular and Fruitless and Wasteful Expenditure

As at 31 March 2016, there were cases of irregular, fruitless and wasteful expenditure identified. The irregular expenditure was mostly related to payments authorised by officials who were not formally authorised as the delegations were centralised within finance. These cases are receiving the required attention in order to ensure completeness and that the required action is taken as guided by the PMFA and Treasury Regulations (TR).

5.4. Future plans of the Department

The Department is currently in the process of developing a database of all existing memorial sites around the country in conjunction with the National Heritage Council (NHC) and the Department of Arts and Culture (DAC). This exercise also has a direct link to the Liberation Heritage Route programme of Government, in which the Department is an active participant and will work in close collaboration on National Memorial sites establishment with the NHC and DAC.

At the end of the period under review and during the first quarter of the subsequent financial period, the Department will also be participating in the Centenary of Delville Wood in Paris, France. For this event, 20 military veterans will be afforded the opportunity to represent the South African Military Veterans at this commemoration which will be presided over by the President of the Republic of South Africa and will include the unveiling of a Memorial Wall at Delville Wood. The Department remains a contributor to the annual costs for the upkeep of Delville Wood as a key memorial site for South Africans abroad.

5.5. Public-Private-Partnerships (PPP)

During the year under review, the Department did not enter into PPPs.

5.6. Discontinued activities/activities to be discontinued

During the period under review, there were no activities listed as discontinued or to be discontinued, that had an adverse effect on the operations of, and service delivery by the Department.

5.7. New or proposed activities

In November 2015, the Department established the Military Veterans Advisory Council in accordance with Military Veterans Act 18 of 2011, composed of military veterans. The Military Veterans Advisory Council provides the Minister with advice on how to better enhance, be more effective and efficient in providing oversight on the Department to deliver on its mandate.

5.8. Supply Chain Management (SCM)

The Chief Director of Supply Chain Management (SCM) secondment from DoD ended on 31 October 2015, as a result, the leadership within the supply chain environment was severely impacted to ensure continuity in improving the internal controls and governance structures.

Priority is being given to capacitate the SCM structure to ensure adherence to SCM guidelines and internal controls. A shortlisting process for SCM Deputy Director is underway. A submission has been tabled to the Executive Authority for the appointment of the Director SCM. There is also a need to re-establish the bid committees, which were disbanded.

5.9. Gifts and Donations received in kind from non-related parties

During the year under review, there were no goods and services received in kind by the Department from parties and other related parties.

5.10. Exemptions and deviations received from the National Treasury

During the year under review there were no exemptions from the PFMA or TR or deviations from the financial reporting requirements received for the current and/or previous financial year.

5.11. Events after the reporting date

During the year under review, there were no events (adjusting and non-adjusting), favourable and unfavourable that occurred after the reporting date and the date of approval of the Annual Financial Statements (AFS).

5.12. Acknowledgement/s or Appreciation

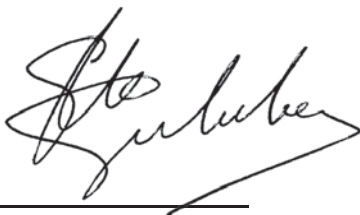
The gratitude, commitment, enthusiasm and passion displayed by the senior personnel and administrative staff, cannot be left unrecognised, which contributed to the achievements noted in this report.

The ardent leadership of the Minister and the Deputy Minister of Defence and Military Veterans respectively, is greatly acknowledged and appreciated.

5.13. Approval

The Annual Financial Statements set out on pages 91 to 171 have been approved by the Acting Director General of the Department of Military Veterans.

Approval and sign-off



DR. S.M GULUBE
ACTING ACCOUNTING OFFICER
DEPARTMENT OF MILITARY VETERANS
DATE: 11 August 2016

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT (AR)

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 (AFS) (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

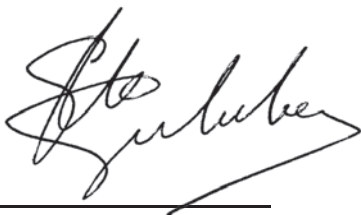
The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

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 31st March 2016.

Yours faithfully



DR. S.M GULUBE
ACTING ACCOUNTING OFFICER
DEPARTMENT OF MILITARY VETERANS
DATE: 11 August 2016

7. STRATEGIC OVERVIEW

7.1. Vision

A dignified, unified, empowered and self-sufficient military veterans` community.

7.2. Mission

To facilitate delivery and co-ordinate all activities that recognise and entrench the restoration of dignity and appreciation of the contribution of military veterans to our freedom and nation building.

7.3. Values

Service Charter that Underpins the Delivery of Services to Military Veterans

As a Department, we pledge to manage and administer the affairs of military veterans with dignity and compassion and to ensure that the unique needs of all military veterans are provided for. This will be achieved through overall coordination and facilitation of the activities of Government and that of the private sector to ensure the provision of coherent assistance to all Military Veterans.

Our service delivery ethos is rooted in a value system characterised by the following:

- **Service Standards:** Service standards are based on clear direction and strong leadership. Our priority is to maximise the benefits and our contribution to the health and socio-economic support services to the military veterans of the Republic of South Africa. We will maintain high standards of excellence and professionalism in everything we do and will strive to:
 - Acknowledge receipt of a query by a military veteran within 24 hours and provide responses to queries lodged by no later than ten working days from the date of registration of the query
 - Ensure that all telephones are answered without undue delay and that telephonic queries are responded to immediately
 - Respond to all ministerial enquiries within the timeframes prescribed
 - Endeavour to finalise payments to service providers for services rendered within the 30-day period prescribed in the Public Finance Management Act No. 1 of 1999 (PFMA) and applicable delegated legislation and Practice Notes promulgated from time to time
 - Discharge our responsibilities in accordance with the Batho Pele principles
- **Teamwork:** The Department is one team that embraces one purpose. In debating all issues comprehensively, each team member will represent his or her individual responsibilities rigorously with the overriding aim of reaching conclusions that will be best for the Department and the community of military veterans as a whole and act on them.
- **Discipline:** We will consistently strive towards upholding a high level of discipline. Individually and collectively, we will rebuild the profile and image of the Department establishment, as the best disciplined profession. We will promote mutual respect for military veterans at all times.
- **Excellence:** We will build on what we do well and actively foster a climate of success. We will invest in our people and encourage innovation. We will provide the right incentives and recognise individual and team contributions. We will provide services to military veterans with empathy and compassion at all times.

- **Ethics:** We will adopt and encourage reasonable working practices. We will not be deflected by the demands of vested interests. We will foster fairness and trustworthiness in all that we do. We will not avoid difficult issues. Our dealings with our stakeholders will be underscored by professionalism in service delivery to military veterans.
- **Openness and Transparency:** We will communicate with clarity to ensure better understanding of our priorities. We will ensure that our messages are understood. We will listen to the concerns of clients and ensure we understand their needs. We will aim to create a climate of trust and transparency in our decision making. We will further display the telephone numbers of the senior managers of the regions on the website of the Department and communicate them to the general public and the top management of the Department.
- **Consultation Rooted in Effective and Efficient Partnerships and Collaboration:** We will encourage and improve links with other government departments and other relevant organs of state. We will strengthen partnerships with industry, allies and the community at large. We will promote collaboration in the Department, harmonise activities and systems and where sensible, share knowledge. We will regularly consult the national umbrella body for military veterans and other entities, as well as individual military veterans.
- **Encourage Innovation and Reward Excellence:** We will create a learning organisation in which all employees seek and share knowledge and information while committing themselves to personal growth.

We will lead by example and influence others to follow these principles. We will be sensible of the demands we make on people, recognising the unique commitment they make.

- **Redress:** We will seek to address the wrongs of the past in relation to military veterans and we will strive for equity in this sector.
- **Value for Money:** We will seek to ensure maximum returns on investment in programme implementation and manage finances accordingly.

8. LEGISLATIVE AND OTHER MANDATES

8.1. The Department derives its mandate from the following legislations:

- The Constitution of the Republic of South Africa
- The 1996 White Paper on Defence
- Proclamation 92 of 28 December 2009
- Military Veterans Act 18 of 2011

8.2. Other legislation impacting on the lives of the military veterans are:

- Military Pensions Act 84 of 1976, as amended
- Special Pensions Act 69 of 1996, as amended
- Transitional Executive Council Act 151 of 1993
- Housing Act 107 of 1997
- National Heritage Act 25 of 1999
- National Health Act 61 of 2003
- Social Assistance Act 13 of 2004

9. ORGANISATIONAL STRUCTURE

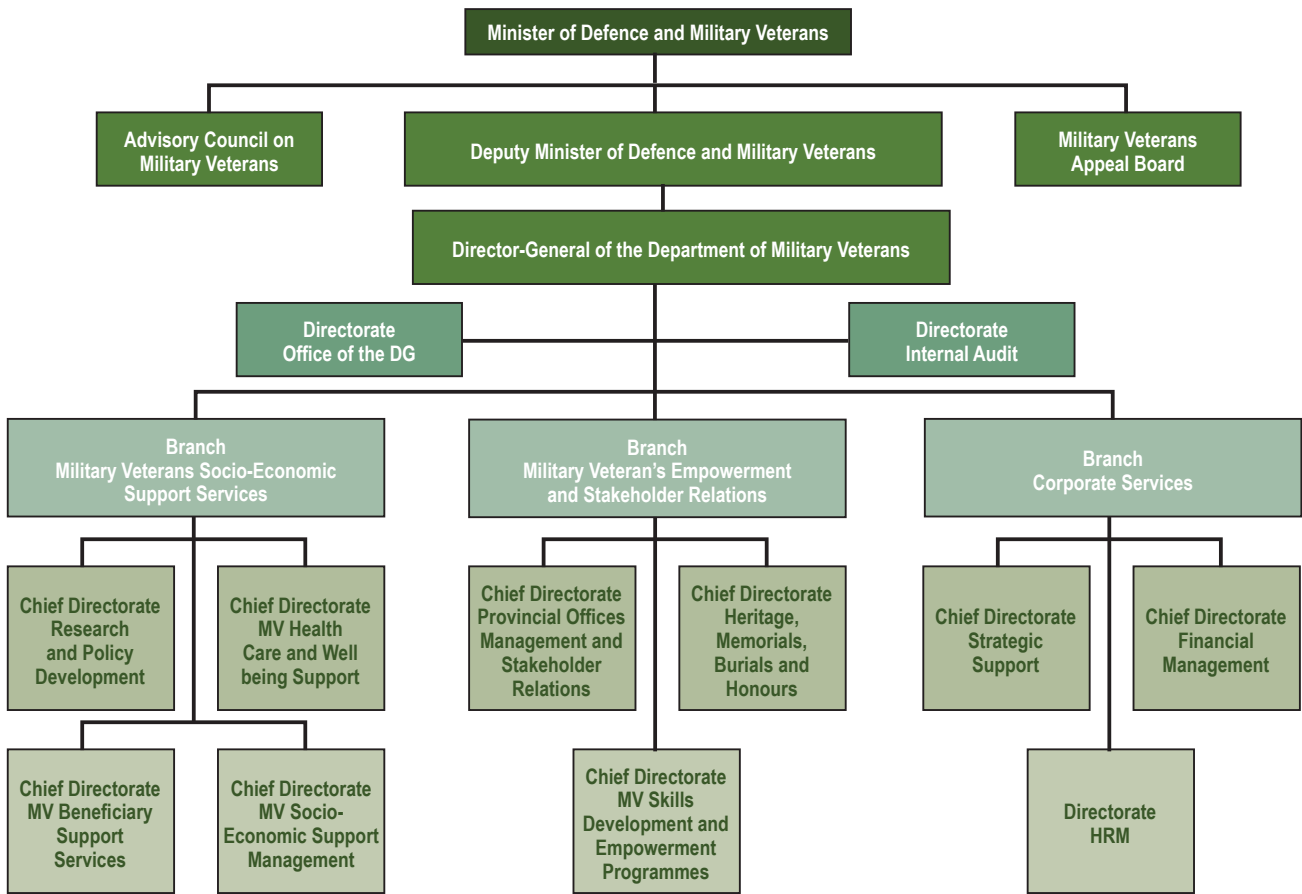


Figure 1: Department approved Organizational Structure as at 2010

10. ENTITIES REPORTING TO THE MINISTER OF DEFENCE AND MILITARY VETERANS

There were no entities that report to the Executive Authority that are allocated to the Department during the year under review.

PERFORMANCE INFORMATION

PART B



PART B: PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (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 Annual Report on other legal and regulatory requirements section of the Auditor's Report.

Refer to page 85 to 87 of the Annual Report of the Auditor-General, published as Part E: Financial Information.



2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1. Service Delivery Environment

The mandate of the Department is of paramount importance for the realisation of assisting military veterans for a better life. The Military Veterans Act 18 of 2011 explicitly mandate the Department to facilitate benefits so as to improve the socio-economic standard of living of military veterans and their dependants.

During the year under review the key strategic service deliverables achieved are outlined as follows:

- 130 houses in partnership with DHS were built for military veterans with the breakdown per Province as follows: Mpumalanga: 41; Free State: 30; Eastern Cape: 52 and North West: 07;
- In addition 16 mortgaged houses of military veterans were rescued by Department from being repossessed by the banks;
- 3 650 learners were provided with education support for the academic year 2015. As at the end of 2015/16FY a total of 5 482 has been provided with education support;
- During the 2015 academic year, 32 military veterans and their dependants graduated from tertiary education institutions;
- A total of 1 213 received Social Relief of Distress (SRD) through South Africa Social Security Agency (SASSA);
- The Department has intervened in 10 cases of destitute military veterans and provided them with temporary shelter under the Social Relief of Distress (SRD) programme.
- By the end of the year under review, 1 543 military veterans were assisted in accessing training and skills development programmes;
- As at 31 March 2016, a total of 8 264 military veterans were authorised to access healthcare services. The total cumulative number of military veterans authorised to access healthcare services is 14 666 as from 2013/14FY to date;
- During the year under review, 1 260 military veterans and their dependants received counselling services;
- 56 Military Veterans had received compensation for injury in military services as at 31 March 2016;
- Under the Business Development Support Programme, the Department provided training and assistance to 814 military veterans;
- The Department assisted in placing 450 military veterans and dependants in administrative jobs at SASSA;
- During the period under review, 8 farms were awarded to military veterans by DRDLR;
- In providing Burial Support to the families of deceased military veterans, the Department assisted 173 families in the year under review;
- 15 Military Veterans were exhumed and reburied with dignity across the length and breadth of the country during this year under review;

- The Department celebrated the 30th commemorative anniversary of the selfless contribution and heroic sacrifice of 3 liberation heroes who were killed by the security police in Piet Retief namely; Messrs Barney Molokoane, Victor Khayiyane and Vincent Sekete; and this memorialisation serves as a platform to tell history of the struggle to younger generations;
- In partnership with the Presidency and other stakeholders, the Department participated in the planning for the erection and unveiling of the memorial bust in honour of Dr Ruth Mompati in Vryburg in May 2015. The Department contributed substantive funding towards the event, with the Deputy Minister of Defence and Military Veterans being a key functionary at the function at the unveiling of the bust. The Department was once again involved in the event for the funeral of Dr Ruth Mompati in Vryburg;
- In addition the Department also honoured:
 - Mr. Mac Maharaj for the role he played in the struggle;
 - Mr. Ike Maphoto through the launch of his biography; and
 - The Wankie Sipolilo's campaign workshop that aimed at re-telling the stories of the war to youth of University of Limpopo.
- The Department of Public Works procured office space in the North West, Mpumalanga and Gauteng provinces and is in the process of finalising procurement in the Eastern Cape.

The spending patterns during the year under review remained a major concern for the Department. While the above focus areas remain a major concern, the Department did increase the number of military veterans with access to healthcare.

2.2. Service Delivery Improvement Plan

The mandate of the Department for the delivery of services was enhanced through the completion of the Service Delivery Improvement Plan (SDIP). The tables below highlights the SDIP and the achievements during the period under review:

Table 3: Main services and standards

Main services	Beneficiaries	Current/ actual standard of service	Desired standard of service	Actual achievement
Ensuring access to benefits by military veterans and their dependants	Military veterans and their dependants	Ensure that all military veterans have access to the benefits as described by the Military Veterans Act 18 of 2011.	All bona fide military veterans and their dependants are identified and assisted to benefit from the departmental programmes	<ul style="list-style-type: none"> A total of 1 213 received Social Relief of Distress (SRD) through South Africa Social Security Agency (SASSA). Department has intervened in 10 cases of destitute military veterans and provided them with temporary shelter under Social Relief of Distress (SRD) programme. 16 military veterans' properties were rescued from repossession by the banks. A total of 5 482 learners have been provided with educational support. The department managed to produce 32 graduates from the educational support benefits provided. 1 260 military veterans and their dependants received counselling services. 173 military veterans' families were provided with burial support. 15 reburials were conducted across the country. 56 Military Veterans had received compensation as at 31 March 2016. 450 military veterans and their dependants have been placed in administrative positions through SASSA. Within the Department itself, 59% of the total staff component is comprised of military veterans and their dependants.
Access to Healthcare services by military veterans	Military Veterans and their dependants	Military Veterans have easy access to SAMHS facilities across the country	Ensuring that all eligible military veterans have easy healthcare access to SAMHS facilities throughout the country.	14 666 military veterans have access to healthcare facilities (this is a cumulative target from 2013/14FY to date)
A credible National Database established and maintained	Military Veterans and their dependants	The cleaning of the database in an ongoing necessity. The database verification process will have to be reviewed regularly to ensure its integrity.	Verification of bona fide military veterans to be captured in the national military database.	The Department is in the process of finalising the electronic system which will be used to administer the registration of military veterans. The database had 98% of bona fide military veterans verified and captured in a national military veterans' database.
Access to provincial Offices	Military Veterans and their dependants.	Ensure that MVs have access to service next to their abode of stay.	All bona fide military veterans and their dependants are identified and assisted to benefit from the departmental programmes.	The Department of Public Works has procured office space in North West, Mpumalanga and Gauteng and is busy finalising procurement in the Eastern Cape.

Table 4: Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Transparent Department planning and budgeting process	Institutionalization of the Department planning and budgeting process to be transparent at all times.	The planning and budgeting are presented, discussed and approved by relevant management forums of the Department before submitted to external stakeholders.
Management Committee	Credible Management committee	Employees of the department are updated on all issues that affect and relates to the department.
Military Veterans Association	Military Veterans Association	The Department continued to provide support to all activities' of the SANMVA.

Table 5: Service delivery information tool

Current/ actual information tools	Desired information tools	Actual achievements
The Annual Report of the Department	The Department Annual Report	The 2014/15FY Annual Report was developed, printed, distributed to all stakeholders and tabled in Parliament as required.
The Website of the Department	The Department Website	The website is functional and it ensured that all clients and external stakeholders have access to relevant information provided by the Department.
The Planning Instrument as prescribed by the National Frameworks and prescripts	The Strategic Plan (SP) of the Department The Annual Performance Plan (APP)	<ul style="list-style-type: none"> The planning instruments for 2015/16 – 2019/20FY were developed and tabled respectively. The SP was tabled on the 11 March 2015 whilst the APP 2016/17 was tabled on the 09 March 2016. The instruments were also presented to the oversight body, i.e. the Portfolio Committee on Defence and Military Veterans (PCD&MV). The Department distributed the hard copies to all relevant stakeholders.

Table 6: Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Presidential Hotline	Presidential Hotline	Complains received from the High Office were responded to within the stipulated time frame
Departmental Toll-free number	Departmental Toll-free number	Complains received are responded to within the prescribed time frame and monitored on a regular basis

2.3. Organisational environment

It is paramount to note that the main challenge the Department faced during the year under review, was the vacant positions of the Director-General (DG) and the Chief Financial Officer which impacted on the Department's ability to deliver on its Strategic Plan and Annual Performance Plan.

As at 31st March 2016, the Department of Military Veterans filled a total of 133 posts from the 169 funded posts, at a cost of R101 million per annum.

2.4. Key policy developments and legislative changes

For the year under review, the Department undertook to make changes on any major relevant policies or legislation.

3. STRATEGIC OUTCOME-ORIENTED GOALS

During the year under review, the Department contributed immensely towards the strategic outcome oriented goals as per the Strategic Plan as follows:

3.1. Contribution towards the Medium-Term Strategic Framework (Outcomes)

3.1.1. Outcome 1: Improved-quality basic education

Education

During the 2015 academic year:

- 3 650 learners were provided with education support. As at the end of the year under review, a total of 5 482 were provided with education support.
- 32 military veterans and their dependants graduated from tertiary institutions.

3.1.2. Outcome 2: A long and healthy life for all South Africans

Healthcare Services

As at 31 March 2016, a total of 14 666 (cumulative target from 2013/14FY to date) military veterans have access to healthcare facilities. There was an increase of 8 264 (56%) as compared to 2014/15FY.

3.1.3. Outcome 4: Decent employment through inclusive economic growth

Employment

Over and above, military veterans were placed at Water and Sanitation in Standerton, Passenger Rail Agency of South Africa (PRASA) in Gauteng, Western Cape and Eastern Cape and the Department of Agriculture, Forestry and Fisheries (DAFF), 450 MVs and their dependants were placed in administrative positions in the South Africa Social Security Agency (SASSA) throughout the country.

Within the Department itself, 59% of the total staff component is comprised of military veterans and their dependants.

3.1.4. Outcome 5: A skilled and capable workforce to support an inclusive growth path

Business Opportunities

During the period under review, 814 military veterans were provided with business advice support.

In addition, 149 military veterans' companies were registered on the Department SCM database and services are being procured from military veteran owned businesses.

3.1.5. Outcome 7: Vibrant, equitable, sustainable rural communities contributing towards food security for all

Immediate Social Relief of Distress (SRD)

A total of 1 213 military veterans received SRD through SASSA. The Department also intervened in 10 cases of destitute military veterans and provided them with temporary shelter under the SRD programme.

3.1.6. Outcome 8: Sustainable human settlements and improved quality of household life

Burial Support

The Department provided 173 families of deceased military veterans with burial support, during the year under review. In addition, 15 military veterans were exhumed and reburied with dignity across the length and breadth of the country.

Counselling Benefit

During the year under review, 1 260 military veterans and their dependants received counselling services.

Housing

As at 31 March 2016, 130 houses were built for military veterans with the breakdown per province as follows: Mpumalanga: 41; Free State: 30; Eastern Cape: 52 and North West: 07. Department also rescued 16 houses of military veterans in distressed that were at the risk of being repossessed by the banks during the current reporting period.

3.1.7. Outcome 12: An efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenship

Memorandum of Understanding (MoU)

In addition, eleven MoUs were concluded between government departments and private sector in order to benefit the military veterans and their dependants. As a result, 450 military veterans were employed at SASSA.

Appeals Board and Advisory Council on MVs

The Military Veterans Appeals Board and Military Veterans Advisory Council have been established, appointed and are operational.

Events Management

The Department has promoted its benefits and programmes through events management as well as social media and media relations. These platforms focused on communicating and creating awareness on programmes and on progress made.

Umbrella Association (SANMVA)

The Department provided funding support to SANMVA for the smooth running of their activities.

Audit Committee

This is a shared service with the Department of Defence and is fully operational.

3.1.8. Outcome 14: Nation building and social cohesion

The Department celebrated the 30th commemorative anniversary of the selfless contribution and heroic sacrifice of three liberation heroes who were killed by the security police in Piet Retief, namely, Messrs Barney Molokoane, Victor Khayiyane and Vincent Sekete. This memorialisation serves as a platform to tell the history of the struggle to younger generations.

In partnership with DPW and other stakeholders, the Department participated in the planning for the erection and unveiling of the memorial bust in honour of Dr Ruth Mompoti in Vryburg in May 2015.

The Department contributed substantive funding towards the event with the Deputy Minister of Defence and Military Veterans being a key functionary at the unveiling of the bust. The Department was assisted with the funeral of Dr Ruth Mompoti in Vryburg.

In addition, the Department also honoured the following military veterans:

- Mr. Mac Maharaj for the role he played in the struggle;
- Mr. Ike Maphoto through the launch of his biography;
- The Wankie Sipolilo's campaign workshop that aimed at re-telling the stories of the war to the youth of University of Limpopo.

3.2. PERFORMANCE AGAINST THE EXECUTIVE AUTHORITY'S (EA) PRIORITIES

The narrative below succinctly details the programme related to the core business of the Department, namely, delivering services to military veterans as mandated by the Military Veterans Act 18 of 2011.

3.2.1. Priority 1: Ensuring a fully functional Department of Military Veterans with an independent vote, systems and processes

As at 31st March 2016, the Department filled a total of 133 permanent posts from the 169 funded posts.

3.2.2. Priority 2: Strengthening governance and oversight protocols to give effect to the provisions of the Act

Appeals Board and Advisory Council on MVs

The Military Veterans Appeals Board and Military Veterans Advisory Council were established, appointed and are operational.

Audit Committee

This is a shared service with the Department of Defence and is fully operational.

Turnaround Strategic Initiative (TSI)

The TSI Team was established to enhance the capacity of the Department to deliver on its mandate.

3.2.3. Priority 3: Provision of immediate Social Relief of Distress (SRD) to the most vulnerable of the Military Veterans

As at 31 March 2016, a total of 1 213 military veterans received SRD through SASSA. The Department also intervened in 10 cases of destitute military veterans and provided them with temporary shelter under the SRD programme.

3.2.4. Priority 4: To provide comprehensive support services to military veterans and where applicable to their dependants, but not limited to:

Access to health support

The target for 2015/16FY was 8 000 military veterans with access to health care according to the 2015/16 Annual Performance Plan. As of 31st March 2016, 8 264 military veterans were authorised to access health care services adding to a total accumulative number of 14 666 as from 2013/14FY to date.

Compensation

The Department provided 56 military veterans with compensation payouts as at 31 March 2016.

Counselling benefit

As of 31 March 2016, 1 260 military veterans and their dependants received counselling services.

Education, training and skills development

During the 2015 academic year:

- 3 650 learners were provided with education support. As at the end of the year under review, a total of 5 482 were provided with education support.
- 32 military veterans and their dependants graduated from tertiary education institutions.

By the end of the year under review, 1 543 military veterans were assisted in accessing training and skills development programmes.

Facilitation of employment placement

Under the creation of employment, the Department itself employs at least 133 military veterans and their dependants, constituting 59% of the total Department staff component.

Facilitation of or advice on business opportunities

Under the Business Development Support programme, the Department provided assistance to 814 military veterans.

Burial support

The Department provided 173 families of deceased military veterans with burial support, in the year under review. In addition, 15 military veterans' bodies were exhumed and reburied with dignity across the length and breadth of the country.

Housing support

During the year under review, 130 houses were handed over to military veterans as follows: 41 in Mpumalanga, 30 in Free State, 52 in Eastern Cape and 07 in North West. Furthermore, 16 houses/properties of military veterans were rescued from repossession from various banking institutions.

3.2.5. Priority 5: Promote empowerment programmes for and of Military Veterans

Roadshows were conducted in 5 provinces (Limpopo, KwaZulu-Natal, Eastern Cape, Northern Cape and Free State) to reach out to our military veterans' community during the period under review.

A total of 149 military veterans were assisted to register their companies on the Department Supply Chain Database and these companies are given preference when procurement of services for military veterans' events are done.

The Department continues to participate in the National Land Acquisition and Recapitalisation Committee with the DRDLR. During the year under review, 8 farms were awarded to military veterans by DRDLR.

Memorandum of Understanding (MoU)

Eleven MoUs were concluded with both government departments and the private sector in order to benefit the military veterans and their dependants. As a result thereof, 450 military veterans were employed at SASSA.

3.2.6. Priority 6: Empowerment of Military Veterans to enhance their contribution to Reconciliation and Nation Building

During the year under review, the Department assisted in the exhumation and reburial of the remains of 15 military veterans.

3.2.7. Priority 7: Maintain the credibility and security of National Military Veterans database

The Department is in the process of finalising the electronic system which will be used to administer the registration of military veterans in the National Veterans Military database which is secured and reliable.

As at 31 March 2016, 98% of the 71,811 military veterans registered on the database are bonafide Veterans with force numbers that are verifiable through the DoD.

3.2.8. Priority 8: Implementation of a high impact communication and marketing strategy and plan

The Department has promoted its benefits and programmes through events management as well as social media and media relations. These platforms focused on communicating and creating awareness on programmes and on progress made.

4. PERFORMANCE INFORMATION BY PROGRAMME

4.1. Programme 1: Administration

4.1.1. Programme Purpose:

The main purpose of the programme is to provide management and strategic administrative support to the Ministry, and overall management of the Department.

4.1.2. List of sub-programmes that fall under this programme are:

- Management
- Corporate Services
- Financial Administration
- Internal Audit
- Strategic Planning, Policy Development, Monitoring and Evaluation
- Office Accommodation

4.1.3. Strategic objective for the 2015/16FY:

Strengthen structures, systems, policies, processes and procedures

4.1.4. Strategic objectives, performance indicators, planned targets and actual achievements

During the year under review, the Department set itself 10 performance targets to administer in order to achieve an efficient and effective administration. This resulted in 6 performance targets being achieved which constituted 60%.

Planned Targets for 2015/16FY	Targets achieved for 2015/16FY	Percentage achieved
10	06	60%

Table 7: Administration Performance indicators

Programme: Administration					
Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual Achievement for	Comment on deviations
	2014/2015	2015/2016	2015/2016	2015/2016	
PPI 101: Percentage of SMS financial Disclosure submitted to PSC.	100%	100%	100%	N/A	N/A
PPI 102: Department Planning instruments approved and submitted to NT, AGSA, DPME and Parliament on time	Approved and Tabled by February 2015	Strategic plan and APP developed, approved and submitted to NT, AGSA, DPME and Parliament on time.	The SP and APP were approved and tabled in parliament as planned.	N/A	N/A

Programme: Administration					
Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual Achievement for	Comment on deviations
	2014/2015	2015/2016	2015/2016	2015/2016	
Quarterly reports approved and submitted to NT, AGSA, DPME and Parliament on time	New Indicator	Quarterly Reports approved and submitted to NT, AGSA, DPME and Parliament on time	The Quarterly Reports were approved and submitted to NT, AGSA, DPME and Parliament on time as planned	N/A	N/A
Audited Annual Report approved and submitted to NT, AGSA, DPME and Parliament on time.	New Indicator	Audited Annual Report approved and submitted to NT, AGSA, and DPME and Parliament on time.	The Audited Annual Report was approved and submitted to NT, AGSA, and DPME and Parliament on time	N/A	N/A
PPI 103: Number of meetings held to discuss MPAT Improvement Plan	New Indicator	04	04	N/A	N/A
PPI 104: Percentage of Communication Strategy activities implemented	Strategy Implementation and Monitoring	50%	50%	N/A	N/A
PPI 105: Percentage of cases from the Presidential Hotline resolved	100%	100%	100%	N/A	N/A
PPI 106: Number of Master System Plan (MSP) implementation reports developed	New Indicator	04	00	04	The MSP target was not achieved as planned and is in a developmental stage and will be implemented during the 2016/17FY.
PPI 107: Percentage of staff attended training initiatives	New Indicator	100%	40%	60%	The target was not achieved as planned and the Department will conduct skills audit which will give an indication of the skills and training needed by employees.
PPI 108: Percentage of Signed Performance Agreements (PAs) submitted to HRM	100%	100%	72%	18%	Due to movement of SMS either in the form of departmental transfer or promotion to other departments, this affected the signing of PAs.

Programme: Administration					
Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual Achievement for	Comment on deviations
	2014/2015	2015/2016	2015/2016	2015/2016	
PPI 109: Percentage staffing of vacant funded	86% (131 posts)	90%	79%	11%	The Department is experiencing a delay on approval of filling vacant funded posts and advertising of the outstanding vacant posts
PPI 110: Number of days to settle outstanding payment	Legitimate invoice which are compliant were paid within 30 days as required	30 days	82% invoices were paid within 30 days	18%	The target was not achieved due to tax certificates not being submitted in time by service providers.

4.1.5. Strategy to overcome areas of under performance

Below is a detailed provision of strategies to address under performance by the Department:

- With regards to the percentage of staff attending training initiatives, the Department will conduct a skills audit which will give an indication of the skills and training needed by employees.
- With regards to the percentage of signed Performance Agreements submitted to HRM, the Department will have to institute consequence management to all managers who do not adhere to this requirement.
- With regards to the percentage of vacant funded posts, the Department is still engaging with the Department of Public Service and Administration (DPSA) for the finalisation of the review of the organisational structure which was approved in 2010 so as to align it to the intense mandate of delivering services to MVs as prescribed by the Military Veterans Act 18 of 2011.
- With regards to the number of days to settle outstanding payments, the Department will make a follow up on the submitted claims and invoices to ensure payment within the specified period of time. Furthermore, awareness workshops will be conducted internally to ensure all necessary documents are submitted to finance during the prescribed time frame.

4.1.6. Changes to planned targets

During the year under review, there were no changes made to the planned targets as per section 4.2 of the Framework for Strategic Plans and Annual Performance Plans which stipulates: “To simplify performance tracking in-year, changes to the plan should not be made. Where an institution’s performance exceeds or misses targets due to in-year budget changes or for another reason, this should be noted in its AR.”

Table 8: Sub-programme expenditure: Administration

Sub- Programme Name	2014/2015			2015/2016		
	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
Management	11 119	12 390	(1 271)	8 415	8 370	45
Corporate Services	57 514	83 243	(25 729)	67 872	68 054	(182)
Financial Administration	14 085	11 234	(2 851)	17 435	16 374	1 061
Internal Audit	7 009	10 964	(3 955)	14 741	12 529	2 212
Strategic Planning, Policy Development and Monitoring and Evaluation	165 535	9 581	6 954	21 630	9 579	12 051
Office Accommodation	52 375	16 162	36 213	27 397	16 735	10 662
Total	158 637	143 574	15 063	157 490	131 641	25 849

4.2. Programme 2: Socio-Economic Support (SES)

4.2.1. Purpose of the programme

To develop and monitor the implementation of legislation, policy frameworks and service delivery cooperation agreements on compensation for injury in military service, counselling, education, healthcare, public transport, pension and housing benefits to military veterans eligible for such support.

4.2.2. List of sub-programmes that fall under the SES programme are:

- Database and Benefits Management
- Healthcare and Well-being Support
- Socio-Economic Support Management

4.2.3. Strategic objectives for the 2015/16FY:

- Ensure establishment of a secured National Military Veterans Database and smooth transition of military service men/women to civilian life
- Provide a comprehensive delivery system of benefits and services of military veterans

4.2.4. Strategic objectives, performance indicators, planned targets and actual achievements.

During the year under review, the Department planned to administer five performance targets to deliver the socio-economic benefits to military veterans and their dependants, however this resulted in 3 performance targets being achieved which constituted 60% because of the dependency from other departments.

Planned Targets for 2015/16FY	Targets achieved for 2015/16FY	Percentage achieved
05	03	60%

Table 9: Socio-Economic Support Performance indicators

Programme: Socio-Economic Support (SES)					
Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual Achievement for	Comment on deviations
	2014/2015	2015/2016	2015/2016	2015/2016	
PPI 201: Percentage of bona fide Military Veterans verified and captured in a secured National Military Veterans' database	37%	80%	98%	+18%	The cleaning of the database in an ongoing necessity. The database verification process will have to be reviewed regularly to ensure its integrity.
PPI 202: Number of military veterans with decent housing per year	0	3 000	<ul style="list-style-type: none"> 130 houses (Mpumalanga: 41; Free State: 30; Eastern Cape: 52 and North West: 07) 16 mortgaged houses were rescued from repossession from the bank. 	2 870	Dependency on the Department of Human Settlement (DHS) for the building of houses.
PPI 203: Number of Military Veterans with access to healthcare services per year	6 795	8 000	* 8 264	+264	<ul style="list-style-type: none"> Healthcare intake is demand driven. Access to health care services cannot be denied. The benefits were adequately marketed in the past, resulting in an on-going demand.
PPI 204: Number of bursaries provided for military veterans and their dependants per year	645	600	5 482	+4 882	<ul style="list-style-type: none"> The target was exceeded/overachieved due to the need to educate and empower the MVs and their dependants. It was per directive from the Executive Authority.
PPI 205: Number of military veterans with access to public transport per year	0	3 000	0	3 000	<ul style="list-style-type: none"> Failure to sign a Memorandum of Understanding (MoU) with the Department of Transport. Absence of dedicated personnel to activate the benefit.

* PPI 203: The total number achieved for year under review is 1 469 and this resulted in the cumulative total figure of 8 264.

4.2.5. Strategy to overcome areas of under performance

Below is a detailed provision of strategies to address under performance by the Department:

- With regards to bona fide military veterans being verified and captured in a secured National Military Veterans Database, the Department is in the process of procuring a database management system; and there is a vigorous campaign to encourage MVs to update their personal details/records continuously.
- With regards to provision of decent housing to military veterans, the Department in partnership with DHS will ensure that housing provisioning is accelerated by sharpening the delivery strategy.
- With regards to access of public transport by military veterans per year, the Department is in the process of finalising the MoU and SLA with the Department of Transport which will result in access to public transport and business opportunities for MVs.

4.2.6. Changes to planned targets

During the year under review, there were no changes made to the planned targets as per section 4.2 of the Framework for Strategic Plans and Annual Performance Plans which stipulates: “To simplify performance tracking in-year, changes to the plan should not be made. Where an institutions` performance exceeds or misses targets due to in-year budget changes or for another reason, this should be noted in its AR.”

Table 10: Sub-programme expenditure: SES

Sub- Programme Name	2014/2015			2015/2016		
	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
Database and Benefits Management	13 731	12 299	1 432	12 019	11 568	451
Healthcare and Wellbeing Support	37 130	17 832	19 298	38 696	67 265	(28 569)
Socio-Economic Support Management	214 689	225 040	(10 351)	215 590	57 346	158 244
Total	265 550	255 171	10 379	266 305	136 179	130 126

4.3. Programme 3: Empowerment and Stakeholder Management (ESM)

4.3.1. Programme purpose

To manage and facilitate the implementation of military veterans' empowerment and stakeholder management programmes.

4.3.2. List of the sub-programmes that fall under the ESM programme are:

- Provincial Offices and Stakeholder Relations
- Empowerment and Skills Development
- Heritage, Memorials, Burials and Honours

4.3.3. Strategic objectives for the 2015/16FY:

- Ensure that military veterans as a resource, enhance the national workforce and contribute to the prosperity and development of the country
- Contribute towards reconciliation and nation building
- Improve the quality of life for military veterans and their dependants

4.3.4. Strategic objectives, performance indicators, planned targets and actual achievements

During the year under review, the Department planned to administer five performance targets for military veterans and their dependants to access training and skills development. This resulted in 2 performance targets being achieved which constituted 40%.

Planned Targets for 2015/16FY	Targets achieved for 2015/16FY	Percentage achieved
05	02	40%

Table 11: Empowerment and Stakeholder Management Performance indicators

Programme: Empowerment and Stakeholder Management (ESM)					
Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual Achievement for	Comment on deviations
	2014/2015	2015/2016	2015/2016	2015/2016	
PPI 301: Number of private sector companies and organs of state in partnership with the Department of Military Veterans per year	107	10	11	1	N/A
PPI 302: Strategic initiatives established at national, continental and international levels per year	01	25	0	25	There is continuous engagements with DIRCO to set up Systems for engagement with countries that have military veterans programmes

Programme: Empowerment and Stakeholder Management (ESM)					
Performance Indicator	Actual Achievement	Planned Target	Actual Achievement	Deviation from planned target to Actual Achievement for	Comment on deviations
	2014/2015	2015/2016	2015/2016	2015/2016	
PPI 303: Number of military veterans with access to relevant training and skills development per year	2 450	3 000	1 543	1 457	<ul style="list-style-type: none"> Low staffing capacity Incomplete documentation of Military veterans not registered on database
PPI 304: Number of military veterans cooperatives established per year	New Indicator	40	0	40	<ul style="list-style-type: none"> The registration of Co-operatives as well as the provision of business development support and incubation will be provided in partnership with relevant stakeholders. 32 co-operatives awaiting registration with CPIC.
PPI 305: Number of military veterans memorial sites erected per year	02	*04	02	N/A	N/A

* The correct target for PPI 305 is 02 but it was erroneously printed as 04 in the APP.

4.3.5. Strategy to overcome areas of under performance

Below is a detailed provision of strategies to address under performance by the Department:

- With regards to establishment of strategic initiatives at national, continental and international levels per year, the Department is having continuous engagements with Department of International Relations and Cooperation (DIRCO) to set up systems for engagement with countries that have military veterans' programmes.
- With regards to access to relevant training and skills development per year for military veterans, the Department is in the process of strengthening collaboration at provincial offices and with SANMVA to enhance skills development.
- With regards to number of military veterans' cooperatives established per year, the Department will ensure registration of cooperatives as well as the provision of business development support, and incubation will be outsourced in the 2016/17FY to fast track the process.

4.3.6. Changes to planned targets

During the year under review, there were no changes made to planned targets as per section 4.2 of the Framework for Strategic Plans and Annual Performance Plans which stipulates: "To simplify performance tracking in-year, changes to the plan should not be made. Where an institutions' performance exceeds or misses targets due to in-year budget changes or for another reason, this should be noted in its Annual Report."

Table 12: Sub-programme expenditure: ESM

Sub- Programme Name	2014/2015			2015/2016		
	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
Provincial Offices and Stakeholder Relations	40 415	30 734	9 681	43 334	38 714	4 620
Empowerment and Skills development	25 232	22 657	2 575	100 520	30 029	70 491
Heritage, Memorials, Burials and Honours	14 326	10 927	3 399	14 552	12 046	2 506
Total	79 973	64 318	15 655	158 406	80 789	77 617

5. CAPITAL INVESTMENT

5.1. Capital investment, maintenance and asset management plan

Table 13: Capital investment, maintenance and asset management plan

Infrastructure projects	2014/2015			2015/2016		
	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
New and replacement assets	0	0	0	0	0	0
Existing infrastructure assets	0	0	0	0	0	0
Upgrades and additions	0	0	0	0	0	0
Rehabilitation, renovations and refurbishments	0	0	0	0	0	0
Maintenance and repairs	0	0	0	0	0	0
Infrastructure transfer	0	0	0	0	0	0
Current	0	0	0	0	0	0
Capital	0	0	0	0	0	0
Total	0	0	0	0	0	0





PART C: GOVERNANCE

1. Introduction

The Department of Military Veterans is committed to maintaining the highest standards of governance in its management of public finances and resources. The Department has formalised risk management structures and processes, as well as a functioning Internal Audit unit to ensure good governance is in place to effectively, efficiently and economically utilise the state resources.

2. Risk Management

2.1. Nature of Risk Management

The Risk Management in public sector institutions is part of the government's macro strategy towards ensuring the achievement of national goals and objectives. In the year under review, the Department reviewed and approved a risk management framework, a risk management strategy, risk management policy and a risk management plan. The strategic and operational risk registers were developed.

In line with Treasury Regulations, Risk Management conducted one-on-one meetings with management team from different branches to facilitate the risk assessment with a view to identifying existing, new and emerging risks in the Department and to ultimately identify the risk responses or treatment. Strategic risk assessments will be conducted annually and updated quarterly and operational risks assessments will be conducted monthly and on an ongoing basis and monitored quarterly, with a view to reviewing and updating existing risks and identifying new and emerging risks.

The Department has a dedicated risk management unit that is responsible for implementing risk management processes across the three core branches. The unit will be assisted by a Risk Management Committee (RMC) that is responsible for providing oversight functions on the risk management process.

The RMC will be fully operational in the 2016/17FY to provide governance oversight in respect of its entire risk management system and to provide the Accounting Officer with requisite performance risk management reports to ensure that the departmental strategic objectives are achieved. Members of the Departmental Executive Committee (EXCO) constitute the Risk Management Committee.

2.2. Risk Management strategies to identify risks and manage the risks

The Department has adopted a formal approach of identifying and managing risks. Risks are identified both at strategic and operational levels. To this end, risks at the strategic level are linked to goals, objectives and programmes, while the operational risks are linked to the operational objectives of the branches and respective directorates.

The Department annually conducts a comprehensive risk assessment to review/update the departmental risk register as per the approved Risk Management Strategy and as required by the National Treasury Public Sector Risk Management Framework, and quarterly reviews emerging risks and status in the implementation of mitigation strategies. During the risk assessment process, the responsibility for designing and implementing risk action plans for the key risks identified, is delegated to the specific risk owners.

Progress made in addressing risks identified

The departmental risk register was reviewed during the year under review by executive management. Executive management is committed to executing and implementing the risk action plans. Risk Management Champions will be appointed in the 2016/17FY to assist in addressing the risk action plans.

The Department progressed well in staffing three core programmes to assist in addressing the risk action plans and in ensuring that adequate and effective internal controls are in place. Staffing would also assist in the execution and to deliver the mandate as articulated in section 5 of the Military Veterans Act 18 of 2011. Approved recruitment and selection policies are currently in place, vetting/screening of employees is continuously conducted, and there is continuous training and development of employees.

The three transversal systems BAS, PERSAL and LOGIS system are in place for implementation. Continuous training and change management efforts will be implemented throughout the financial year. Going forward, the Department will conduct regular assessments of the effectiveness of its risk management through its Risk Management Committee.

Measures are underway in the management and mitigation of risks. Risk awareness workshops will be conducted, risk champions appointed, risk maturing gap analysis, marketing of the risk management function, clarification of roles and responsibilities and ongoing regular risk assessments conducted accordingly.

Below is a table outlining the Department's key strategic risks; risk conditions; their impact category; risk impact and actions to improve the management of the risk.

Table 14: Department Key Strategic Risks

Department STRATEGIC RISKS				
Primary Owner	Risk condition (Threat / Source)	Impact Category	Risk Impact	Actions to improve management of the risk
Administration	Adequately skilled and dependable human capital.		<ul style="list-style-type: none"> Failure to deliver on the strategic outcome. Inability to deliver the mandate as articulated in Section 5 of the Military Veterans Act 18 of 2011. 	<p>Recruitment process to be strengthened to solicit requisite competencies in 2016/17FY. (Recruitment policies to be in place, vetting/ screening of employees, continuous training & development)</p> <ul style="list-style-type: none"> Conduct database clean-up campaign (provision of essential skills to fast track the database clean-up) Profile update of military veterans in progress for finalisation.
Socio-Economic Support (SES) and Empowerment and Stakeholder Management (ESM)	<ul style="list-style-type: none"> Validity, accuracy and completeness of the Military Veterans database system (Inability to integrate and enhance data integrity and efficiency). Data integrity, security and reliability of information compromised (integrity of Database). Poor accessibility by rural areas to register military veterans on the database. 		<ul style="list-style-type: none"> Service delivery to Military Veterans compromised. Inability to detect fraud and corruption. Fictitious Military Veterans might be registered on the Database and receives the benefits. Duplicate force numbers and/ or Military Veterans` names. Inadequate control over registration/ authorisation of Military Veterans. Unauthorised breaches to the Database. Quality assurance not conducted accordingly. Negative publicity (image of the Department compromised). Inadequate stakeholder support. 	
Socio-Economic Support (SES) and Empowerment and Stakeholder Management (ESM)	Dependency on service delivery agencies (other government department for rolling out of service delivery benefits).		<ul style="list-style-type: none"> Strategic and National objectives/ outcome not achieved. Deviation from planned delivery targets. 	Developing and monitoring of the implementation of Memorandum of Understanding (MoU) and Service Level Agreements (SLA)

Department STRATEGIC RISKS				
Primary Owner	Risk condition (Threat / Source)	Impact Category	Risk Impact	Actions to improve management of the risk
All branches i.e. <ul style="list-style-type: none"> Administration Socio-Economic Support Empowerment and Stakeholder Management. 	Fraud and corruption due to unethical conduct, inadequate or weak internal controls, insufficient capacity (i.e. people resources, funds) to deal with Management of fraud and corruption.	Service Delivery	Impairment, strategic and national objectives/outcomes not achieved.	
Administration	<ul style="list-style-type: none"> Inadequate IT infrastructure: (Non-adherence with IT governance). Lack of internal IT capacity to maintain systems/ equipment. Lack of Department ownership of systems (dependency on DoD). Lack of business continuity/ disaster recovery plans. Lack of integration of systems (PERSAL, BAS, LOGIS). Lack of standardisation of information security measures. Lack of security policies and procedures (access control: network, systems, applications controls, data management, password administration, physical controls: unrestricted access to server rooms, environmental controls: maintenance UPS, generators, aircon, fire extinguishers) Lack of contract/supplier Management to adequately address supplier contracts. 	Service Delivery	<ul style="list-style-type: none"> Essential capabilities and competencies to ensure service delivery. Unauthorised access Poor segregation of duties. Inadequate skills of staff to ensure safeguarding of information and/ or assets 	<ul style="list-style-type: none"> Discussions underway with SITA. BAS, PERSAL, LOGIS are in place. SITA provided office space for Department to operate the systems. There are Service Level Agreements (SLA) with The Chief Information Officer appointed to roll out full implementation of ICT system, assist Department with maintenance of the systems. ICT policy, ICT framework and ICT charter approved for implementation in 2016/17FY.

3. Fraud and Corruption

3.1. The Department's fraud prevention plan and progress made in implementing the fraud prevention plan

The Department has an approved Fraud Prevention Policy and Plan respectively. The Fraud Prevention Policy and Fraud Prevention Plan was approved by the Accounting Officer and updated on an annual basis.

Due to capacity constraints, no formal awareness workshop was conducted during the financial year under review. In the interim, engagements were made with OPSC to assist with investigations on reported cases received from the National Anti-Corruption Hotline (NACH).

3.2. Mechanisms in place to report fraud and corruption

The Department has a Fraud Prevention Plan that outlines Whistle Blowing procedures to be followed when reporting suspected fraud and corruption.

The departmental Fraud Prevention Plan is designed to comply with the provisions of the Protected Disclosure Act. An official can blow the whistle by utilising the procedures according to the departmental Fraud Prevention Plan.

Significant strides will be made to rollout the fraud prevention plan through posters at strategic areas within the Department; - Intranet and maintenance of the fraud and corruption risk registers.

(i) Confidential whistle blowing

When an employee makes a confidential disclosure using the internal processes provided by the Department, the following procedure must be adhered to:

- It is the responsibility of all employees to immediately report all allegations or incidents of fraud and corruption to their immediate manager, which may be done either in writing or orally;
- All managers are responsible for the detection, prevention and investigation of fraud and corruption and must report all incidents and allegations of fraud and corruption to the Director-General and the Directorate Internal Audit;
- The Director-General will initiate an investigation into the matter.

(ii) Anonymous Whistle Blowing

When the whistle-blower wishes to remain anonymous, he/she can report a suspicion on the National Anti-fraud and Corruption Hotline, number: 0800 701 701 that is administered through the Public Service Commission.

The hotline is available seven days a week, 24 hours a day (24/7), and the whistle-blower can withhold his/her identity.

The whistle blower is given a code number as an identity which he/she may use as a reference to make enquiries on the progress of the investigation or to provide any further information that may be required.

Alternatively, the employee may report the suspicion to the following:

- Any member of management (EXCO, MANCO);
- The Chief Audit Executive;
- The Audit Committee Chairperson;
- The Director-General; and
- The Minister.

3.3. Handling of Allegations

Action taken by the Directorate Internal Audit depends on the nature of the case. The reported matter/case may be investigated internally; referred to the South African Police Service (SAPS) or the National Prosecuting Authority (NPA); or to a disciplinary committee. The Department will strive to promote the culture of zero tolerance towards fraud and corruption. Upon finalisation of an investigation conducted by Audit, disciplinary action will be taken against the official if Audit so recommends.

4. Minimising Conflict of Interest

The Department uses the following procedures for handling conflict of interest:

- The Department participate in the E-Financial Disclosure (E-FD) and timeously submits all required information about its business interest electronically to the Public Service Commission i.e. by 30 April of each financial year as legislated;
- Senior Management Service (SMS) are annually required to complete and submit the E-FD. SMS members in the Department who do not comply with the E-FD may be charged with misconduct according to regulations;
- All SCM members involved in the procurement process in the Department must be vetted and undergo a security vetting process;
- All Bid Committee members are obliged to sign conflict of interest forms to avoid any potential conflicts that may arise; and
- All SMS members currently disclose any conflict of interest electronically on an annual basis to the DPSA. This process is effectively managed by the departmental Human Resources Management. For level 12 and downwards, the Department developed a disclosure form where all employees are requested to disclose any conflict of interest on an annual basis. Any new employee appointed by the Department is required to complete a disclosure form which is kept in an employee's personal file.

5. Health Safety and Environmental Issues

The Department has established a committee that comprises of nine officers, including the Director: Human Resources Management responsible for overall employee wellness, health and safety in the workplace and is in line with section 16.2 of the Occupational Health and Safety (OHS) Act.

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The departmental OHS policy is under review and will be linked with the Smoking Policy and the PPE Policy. The Department's OHS Strategic Plan will be developed, with the implementation of Occupational Health and Safety Assessment Series (OHSAS) 18001 system in progress. An OHS risk register will be adopted and updated on a quarterly basis. The above qualified safety officers or coordinators are appointed from all departmental branches/programmes to ensure the implementation of the Occupational Health and Safety Act in their areas of responsibility.

Other legal appointments, such as, health and safety representatives, first aiders, fire fighters are to be appointed and trained by the regional health and safety committees established and functioning.

Routine inspections, risk assessments and internal OHS audits have been conducted and reports will be sent to the responsible people for corrective actions. The departmental National Occupational Health and Safety Committee is encouraged to meet on a quarterly basis to discuss OHS matters and come up with solutions.

6. SCOPA Resolution

During the year under review, there were no resolutions received from SCOPA.

7. Portfolio Committees

During the year under review, the following oversight activities were undertaken by the Portfolio Committee:

Table 15: Portfolio Committees Activities

Date of the Meeting	Main activities undertaken by the Portfolio Committee
16 April 2015	The Department presented the Strategic Plan 2015/16 – 2019/20 and Annual Performance Plan 2015/16 to PCD&MV.
10 June 2015	The Department appeared before PCD&MV and Joint Standing Committee on Defence wherein a presentation on MoUs and SLAs with different Departments and Agencies. The aim was to integrate the job opportunities available to military veterans.
19 August 2015	The Department appeared before the PCD&MV wherein a presentation on 1st Quarterly Performance Report 2015/16FY (QPR 1) was made.
15 October 2015	The Department appeared before the PCD&MV to make a presentation on 2nd Quarterly Performance Report 2015/16FY (QPR 2). The department also tabled the Annual Report 2014/15FY.
04 November 2015	A presentation was made to the PCD&MV expatiating the progress made on MoUs and SLAs with agencies and sister departments.
09 March 2016	<p>The Department appeared before PCD&MV wherein a presentation on the 3rd Quarterly Performance Report (QPR 3) was made.</p> <p>The department presented the Annual Report 2014/15FY focusing specifically on the Annual Financial Statement (AFS).</p>

8. Internal Control Unit

8.1. Internal Audit

The purpose of internal auditing is to provide independent, objective assurance and consulting services designed to add value and improve the Department's operations. It helps the Department accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Internal Audit Activity (IAA) intends to function in a manner to monitor that:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occur as required;
- Significant financial, managerial and operating information is accurate, reliable and timely;
- All the Department's assets are appropriately safeguarded and the existence of such assets, where applicable, can be verified;
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations;
- Resources are acquired economically, used efficiently and adequately protected;
- Programmes, plans and objectives are achieved: quality and continuous improvement are fostered in the Department's control process; and
- Significant legislative or regulatory issues impacting on the Department are recognised and addressed appropriately.

The primary objective of Internal Audit is to assist the Acting Accounting Officer and the Audit Committee (AC) in the effective discharge of their responsibilities. Internal Audit will provide independent analyses, appraisals, recommendations, counsel and information concerning the activities reviewed, with a view to improving accountability and performance, assess and make appropriate recommendations for improving the governance processes in achieving the Department's objectives; evaluate the adequacy and effectiveness and contribute to the improvement of the risk management governance and internal control process; and assist the Acting Accounting Officer in maintaining efficient and effective controls by evaluating those controls to determine their effectiveness and efficiency, and by developing recommendations for improvement.

The Internal Audit developed a risk-based Internal Audit plan as required by Treasury Regulations. The three-year rolling Strategic Plan and the Annual Internal Audit Coverage Plan were developed and approved. The Annual Plan included audit projects to be carried out during the year under review.

The Annual Plan was approved on the basis of a fully capacitated Internal Audit throughout the financial year. The Internal Audit function was not adequately resourced with personnel, which resulted in the Internal Audit function not functioning as planned. Therefore, the full implementation of the Annual Internal Audit Plan was not achieved.

The Internal Audit supports the Acting Accounting Officer in ensuring that effective and efficient controls are maintained. These controls are evaluated to determine their effectiveness and efficiency and recommendations are made to enhance them.

As per the approved Internal Audit Plan, Internal Audit performed the following audit work during the year under review:

- Financial Audits: Chief Financial Officer branch;
- Mandatory Audits: performance information reviews, interim and Annual Financial Statements; asset management, supply chain management, suppliers not paid within 30 days;
- Irregular expenditure, fruitless and wasteful expenditure;
- E-Financial disclosure;
- Suspense account;
- Follow up audits; and
- Management Performance Assessment Tool (MPAT) reviews.

8.2. Audit Committees

8.2.1. Key Activities and Objectives of the Audit Committee

The Audit Committee (AC) is a non-executive committee in an advisory capacity to the Acting Accounting Officer, primarily responsible for oversight over the Department's governance, control and risk management processes.

The primary objective of the AC is to assist the senior management of the Department in fulfilling their responsibility relating to financial and operating reporting processes, the system of internal controls, governance, risk management, audit process and monitoring compliance with applicable laws, regulations, relevant prescripts and directives. The Audit Committee operated in terms of written terms of reference.

8.2.2. Profile of Audit Committee Members

The table below discloses relevant information on the Audit Committee Members:

Table 16: Profile of the Audit Committee Members

The following is a list of its members, qualifications and a record of their attendance:

Name of Member	Qualifications	Appointment Date	Resignation/ Expiry Date	Number of Meetings Attended
Mr. V. Nondabula (Chairperson)	BA, BA Hons, MA, MBA, UED, Dip Financial Management	26 May 2011	Not Applicable - Current Member	9
Ms. O. Matloa	B.Comm (Hons), CTA, CA(SA)	1 April 2013	Not Applicable - Current Member	6
Mr. A. Amod	BComm, MBA, CIA, CRMA, CGAP	1 April 2013	Not Applicable - Current Member	8
Mr. P. Dala	Masters Information Technology, CISA, CISM, CRISC, CGEIT, CISSP, CEH, CHFI, ISO27001, COBIT 5	1 April 2013	Not Applicable - Current Member	8
Mr. S. Radebe	B.Comm (Hons)	26 May 2011	30 September 2015	1

9. AUDIT COMMITTEE'S REPORT

Report of the Audit Committee for the year ended 31 March 2016

We are pleased to present our report for the financial year ended 31 March 2016.

Background

- The Audit Committee (the Committee) is established as a statutory committee in terms of section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13.
- The Committee has adopted a formal terms of reference as its audit committee charter and has fulfilled its responsibilities for the year, in compliance with its terms of reference.

Membership and Attendance

- The Committee consists solely of independent members who provide an array of skills, expertise and experience to execute the required oversight responsibilities.
- The Committee met 9 times during the year under review.

Audit Committee's Responsibilities

The Committee is satisfied that it has discharged its responsibilities in assisting the Accounting Officer with the following:

- The safeguarding of assets, the operation of adequate systems, control and reporting processes, and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards.
- Overseeing the activities of, and ensuring coordination between, the activities of internal and external audit.
- Providing a forum for discussing financial, enterprise-wide, regulatory and other risks in relation to the controls and mitigation plans to minimise these risks as well as the identification of control issues.
- Reviewing the department's quarterly financial and performance information as well as the annual performance information and annual financial statements including the annual report, and any other public reports or announcements containing financial and performance information.
- Receiving and dealing with any complaints concerning the accounting practices, internal and external audit or the content and audit of its financial statements or related matters.
- Annually reviewing the committee's work and charter making recommendations to the Accounting Officer to ensure its effectiveness.

Internal Audit

Internal Audit is independent and positioned to provide objective assurance and consulting activities designed to add value and improve the Department's operations. As a result, the Committee approved a risk based 3 year rolling internal audit plan for the period 1 April 2015 to 31 March 2018 as well as an annual Internal Audit plan for the period 1 April 2015 to 31 March 2016 that included 29 planned audit engagements. However, as at 31 March 2016, Internal Audit had only completed 14 (48%) planned audit engagements.

This was mainly due to the cancellation of the process to appoint a service provider to provide the required resource capacity to assist with the execution of the approved Internal Audit plan. The cancellation was in light of the Turnaround Strategy Initiative (TSI), appointed by the Minister to assist in addressing the resource constraints over and above other several other initiatives.

Due to the non-completion of the 2015/16 audit plan a limited level of assurance was provided by Internal Audit to the Committee. However, going forward the following interventions have been put in place by the Audit Committee as it relates to Internal Audit and the progress thereof will be closely monitored:

- The 2016/17 audit plan was approved based on current resource capacity and the expectation is for Internal Audit to ensure the completion of audit plan for the 2016/17 financial year.
- A restructuring exercise of the Internal Audit function is underway that will explore various resourcing options.

External Audit

- The Audit Committee has reviewed the independence and objectivity of the external auditors.
- The external auditors attended 8 Audit Committee meetings.
- The Audit Committee also had in-camera meetings with the external auditors and we are satisfied that there are no unresolved issues of concern.
- The Audit Committee reviewed the external audit report and other than the significant matters included in the auditor's report, no accounting and auditing concerns were noted.

Risk Management

- Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and detection of fraud and internal controls.
- Internal Audit was guided by the consolidated risk profile, critical audit areas and managements inputs in the formulation of its 3 year strategic and annual audit plans.
- The department has a Risk Management Committee which is chaired by management.
- A risk register is updated at least annually to ensure that all the major risks including emerging risks facing the department are identified and managed in an adequate and effective manner.

Internal Control

- The Audit Committee considered all the reports issued by the various assurance providers - internal and external auditors, risk management as well as management, and remains concerned with the progress made in addressing the internal control weaknesses. For example, the external auditors during 2014/15FY made numerous recommendations for control improvement, few of which were implemented.
- In the light of the above, we report that the system of internal control for the year under review is considered to be ineffective.

The Department's Compliance with Legal and Regulatory Provisions

- The Audit Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and the Division of Revenue Act and are satisfied that no material deviations were noted.
- The Audit Committee also noted management's policies and procedures to ensure compliance with applicable laws and regulations.

The Adequacy, Reliability and Accuracy of the Financial and Performance Information

- The Audit Committee reviewed the monthly / quarterly financial and management information that was presented by management.
- However, the quality of reports in relation to the objectives need continued improvement to comply with the SMART principles.

Evaluation of Financial Statements and Annual Report

- The Audit Committee has evaluated the Annual Financial Statements and performance information for the year ended 31 March 2016 and duly recommended for the Accounting Officer's approval prior to being submitted to the Auditor General for audit. The Audit Committee reviewed the Auditors' management report and concurs with their conclusions. Thus we accept the audit opinion expressed by the external auditors on the annual financial statements, performance information and annual report.

Concerns Identified by the Audit Committee:

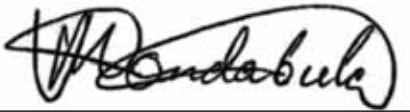
The Audit Committee noted the following areas of concern:

- Lack of performance from a financial (significant underspend) and non-financial (non-achievement of performance targets) perspective by the Department, which ultimately impacts service delivery to the Military Veterans.
- Delays in the filling of critical posts, which is seriously hampering the department from delivering on its core mandate. The Audit Committee will therefore continue to monitor any progress made.
- The overall low staff morale which is negatively affecting the control environment
- Inability to adequately resource the Internal Audit function to execute its mandate, which has a direct impact on the Audit Committee's ability to receive independent and objective assurance on risk management, governance and internal control.
- Several control weaknesses as it relates to Assets, Performance Information, Irregular Expenditure as well as Fruitless and Wasteful expenditure as reflected in the audit report.
- Lack of adequate quality assurance and record keeping relating to financial and non-financial reporting.
- Significant control weaknesses within the Department's IT environment.
- To date the Turnaround Strategy Initiative (TSI) team made achievements in ensuring the appointment of the critical senior management positions, as well as the diagnostics of the main challenges facing the department, including in-depth recommendations for improvement.

However, more improvement is required to strengthen the control environment relating to both financial and non-financial aspects, as reflected by the audit outcome provided by the external auditors. As part of implementation of their recommendations, we recommend the following as a priority:

- i) Address DMV leadership issues, including changing the organizational culture;
- ii) Reliable and complete database;
- iii) Operational efficiency, and
- iv) Consequence management.

We would like to express our appreciation to the Minister and Deputy Minister for their leadership and guidance, Acting Director General, management and staff for their support during the year under review, as well as AGSA and Internal Audit for their consistent value-adding contributions.



MR. V NONDABULA

CHAIRPERSON OF THE AUDIT COMMITTEE

DATE: 31 July 2016

HUMAN RESOURCE MANAGEMENT

PART D



PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

The information contained in this part of the Annual Report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2. OVERVIEW OF HUMAN RESOURCES

The Department approved structure by DPSA is at 169 funded posts. During the year under review, 133 posts (79%) were filled out of the 169, with a vacancy rate of 21% (i.e. 36 posts).

The vacancy rate for Programme 1: Administration is at 19% (20 posts) for the year under review, due to a lack of operational posts on the departmental structure which created service delivery challenges for the Department. Contract workers were appointed to close the gap.

Currently the Department is reviewing the organisational structure. Human Resources Development has placed 33 interns and 12 learnerships from Public Sector Education and Training Authority (PSETA) during the year under review. The training programme is aimed at bridging the gap between prior learning through job experience and professional qualification, thus increase the skills gap at operational level.

The vacancy rate for Programme 2: Socio-Economic Support (SES) is at 10% (2 posts) for the year under review. The programme comprises of a total of 20 permanent posts on the approved structure, 18 posts are filled and two posts were vacated during the last quarter of the year under review. A post for Deputy Director-General (DDG) was vacated during the 3rd quarter for the period under review, however, the post was filled during the last quarter of the year under review.

The vacancy rate for Programme 3: Empowerment Stakeholder Management (ESM) is at 30% (14 posts) for the year under review. Programme 3 is currently procuring provincial offices who will cater for the above mentioned 30% of the vacancy rate for the year under review. The post for the Deputy Director-General was advertised during the year under review and will be filled in the 1st quarter of 2016/17FY.

The Department has successfully implemented training interventions in line with the Workplace Skills Plan (WSP), wherein 109 employees undergoing training courses for excellent customer service for front line staff which is critical. By March 2016, employees had attended training in the areas of excellent customer service for front line, media communication course, health, wellness and safety programme, and job evaluation course which was mainly through the DPSA's Public School of Government.

During the year under review, the Department reviewed all Human Resource (HR) policies. This intervention was to ensure that these policies are up to date and adhere to all relevant governance operational requirements, such as, legislation, regulations, directives and resolutions that forms part of the legislative framework of the Public Service. The policy review process is a continuous process to consult with all internal and external stakeholders including organised labour. All departmental policies were submitted to the Bargaining Council for verification.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

The following tables for HR are considered necessary by the Department and the government oversight bodies.

3.1. Personnel Related Expenditure

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2015 and 31 March 2016

Programme	Total expenditure	Personnel expenditure	Training expenditure	Professional and special services expenditure	Personnel expenditure as a % of total expenditure	Average personnel cost per employee
	R'000	R'000	R'000	R'000	R'000	R'000
1: Administration	131 641	56 819	632	8 912	43.2	381
2: Socio-Economic Support	136 179	19 584	3	0	14.4	816
3: Empowerment and Stakeholder Management	80 789	24 235	7	0	30.0	449
Total	348 609	100 638	642	8 912	29.0	443

Table 3.1.2 Personnel costs by salary band for the period 1 April 2015 and 31 March 2016

Salary band	Personnel expenditure	% of total personnel cost	No. of employees	Average personnel cost per employee
	(R'000)			(R'000)
Lower skilled (levels 1-2)	0	0	0	0
Skilled (level 3-5)	1 429	1.4	7	204
Highly skilled production (levels 6-8)	10 553	10.5	36	293
Highly skilled supervision (levels 9-12)	44 632	44.3	68	656
Senior and Top management (levels 13-16)	19 625	19.5	21	935
Contract (level 1-2)	1 742	1.7	16	109
Contract (level 3-5)	2 398	2.4	15	160
Contract (level 6-8)	9 709	9.6	47	207
Contract (level 9-12)	6 717	6.7	11	611
Contract (level 13-16)	2 446	2.4	2	1 223
Periodical Remuneration	1 163	1.2	16	73
Abnormal appointment	224	0.2	41	5
Total	100 638	100.0	280	359

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2015 and 31 March 2016

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	(R'000)		(R'000)		(R'000)		(R'000)	
1. Administration	36 747	36.5	1 853	1.8	585	0.6	1 199	1.2
2. Socio-Economic Support	16 820	16.8	413	0.4	318	0.3	146	0.2
3. Empowerment and Stakeholder Management	15 287	15.2	248	0.5	83	0.1	103	0.1
Total	68 853	68.4	2 514	2.5	986	1.0	1 448	1.4

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2015 and 31 March 2016

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount	Salaries as a % of personnel costs	Amount	Overtime as a % of personnel costs	Amount	HOA as a % of personnel costs	Amount	Medical aid as a % of personnel costs
	(R'000)		(R'000)		(R'000)		(R'000)	
Skilled (level 1-2)	0	0	0	0	0	0	0	0
Skilled (level 3-5)	938	0.9	143	0.1	93	0.1	53	0.1
Highly skilled production (levels 6-8)	7 025	7.0	1 011	1.0	405	0.4	525	0.5
Highly skilled supervision (levels 9-12)	30 149	29.9	560	0.6	485	0.5	724	0.7
Senior management (level 13-16)	12 983	12.9	15	0.0	3	0	146	0.2
Contract (level 1-2)	1 671	1.7	64	0.1	0	0	0	0
Contract (level 3-5)	1 741	1.7	29	0.0	0	0	0	0
Contract (level 6-8)	5 711	5.7	639	0.6	0	0	0	0
Contract (level 9-12)	6 566	6.5	53	0.1	0	0	0	0
Contract (level 13-16)	2 037	2.0	0	0	0	0	0	0
Periodical Remuneration	0	0	0	0	0	0	0	0
Abnormal Appointment	32	0.0	0	0	0	0	0	0
Total	68 853	68.4	2 514	2.5	986	1.0	1 448	1.4

3.2. Employment and Vacancies

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

Table 3.2.1 Employment and vacancies by programme as on 31 March 2016

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
1: Administration	103	83	19%	51
2: Socio-Economic Support	20	18	10%	22
3: Empowerment and Stakeholder Management	46	32	30%	5
Total	169	133	21%	78

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2016

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (level 1-2)	0	0	0%	0
Skilled (level 3-5)	10	10	0%	15
Highly skilled production (level 6-8)	56	30	46%	50
Highly skilled supervision (level 9-12)	72	71	1%	12
Senior management (level 13-16)	31	22	29%	1
Total	169	133	21%	78

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2016

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Elementary occupation (level 1-5)	10	10	0%	15
Administrative Office Workers (level (level 6-9)	59	30	49%	51
Professionals and Managers (level 10-16)	100	93	9%	12
Total	169	133	21%	78

3.3. Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2016

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	0	0%	1	100%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	2	67%	1	33%
Salary Level 14	9	7	78%	2	22%
Salary Level 13	18	13	78%	5	28%
Total	31	22	71%	9	29%

Table 3.3.2 SMS post information as on 30 September 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	0	0%	1	100%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	2	67%	1	33%
Salary Level 14	9	6	77%	3	33%
Salary Level 13	18	13	72%	5	28%
Total	31	21	77%	10	33%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2015 and 31 March 2016

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	0	0%	1	100%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	3	2	77%	1	33%
Salary Level 14	9	7	78%	2	22%
Salary Level 13	18	13	72%	5	28%
Total	31	22	71%	9	29%

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 2015 and 31 March 2016

Reasons for vacancies not advertised within six months
<ul style="list-style-type: none"> The Department had recently experienced a high rate of turnover of SMS Members, hence vacant posts. During the last quarter of the year under review, the Department advertised the vacated SMS posts of which will be filled during the 2016/17FY. A Turnaround Team was appointed by the Minister in order to address the challenges that are impacting the filling of posts. The department is establishing Provincial offices to cater for the filling-in of vacant posts.

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 2015 and 31 March 2016

Reasons for vacancies not advertised within six months
No posts were advertised within 6 months.
Reasons for vacancies not filled within six months
Lack of office accommodation and leadership instability.

3.4. Job Evaluation

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2015 and 31 March 2016

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)	0	0	0%	0	0%	0	0%
Skilled (levels 3-5)	0	0	0%	0	0%	0	0%
Highly skilled production (levels 6-8)	0	0	0%	0	0%	0	0%
Highly skilled supervision (levels 9-12)	0	0	0%	0	0%	0	0%
Senior Management Service Band A	0	0	0%	0	0%	0	0%
Senior Management Service Band B	0	0	0%	0	0%	0	0%
Senior Management Service Band C	0	0	0%	0	0%	0	0%
Senior Management Service Band D	0	0	0%	0	0%	0	0%
Total	0	0	0%	0	0%	0	0%

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2015 and 31 March 2016

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

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2015 and 31 March 2016

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Deputy Director	0	0	0	0
Assistant Director	0	0	0	0
VIP	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation				0
Percentage of total employed				0

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2015 and 31 March 2016

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	0	0	0	0
Total number of Employees whose salaries exceeded the grades determine by job evaluation					0

3.5. Employment Changes

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2015 and 31 March 2016

Salary band	Number of employees at beginning of period - 1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (levels 1-2)	0	0	0	0%
Skilled (levels 3-5)	7	3	0	0%
Highly skilled production (levels 6-8)	32	0	1	3.1%
Highly skilled supervision (levels 9-12)	68	3	4	5.8%
Senior Management Service Bands A	14	0	2	14.2%
Senior Management Service Bands B	7	1	0	0%
Senior Management Service Bands C	2	1	1	50%
Senior Management Service Bands D	1	0	1	100%
Contracts	61	78	78	78%
Total	192	86	87	45%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2015 and 31 March 2016

Critical occupation	Number of employees at beginning of period- 1 April 2015	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Elementary occupation (level 1-5)	7	3	0	0%
Administrative Office Workers (level 6-9)	32	0	1	3.1%
Professionals and Managers (level 10-16)	92	5	8	8.6%
Total	131	8	9	6.8%

Table 3.5.3 Reasons why staff left the department for the period 1 April 2015 and 31 March 2016

Termination Type	Number	% of Total Resignations
Death	1	1%
Resignation	3	2%
Expiry of contract	63	81%
Dismissal – operational changes	0	0%
Dismissal – misconduct	4	2%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	1	1%
Transfer to other Public Service Departments	1	1%
Other	0	0%
Total	73	16%
Total number of employees who left as a % of total employment		1%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2015 and 31 March 2016

Occupation	Employees 1 April 2015	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
Elementary occupation (level 1-5)	7	0	0%	5	71.4%
Administrative Office Workers (level 6-9)	32	1	3.1%	21	65.6%
Professionals and Managers (level 10-16)	92	2	2.1%	59	64.1%
TOTAL	131	3	2.2%	85	64.8%

Table 3.5.5 Promotions by salary band for the period 1 April 2015 and 31 March 2016

Salary Band	Employees 1 April 2015	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)	0	0	0%	0	0%
Skilled (levels 3-5)	7	0	0%	5	71%
Highly skilled production (levels 6-8)	32	1	3.1%	21	65%
Highly skilled supervision (levels 9-12)	68	2	2.9%	59	86%
Senior Management (level 13-16)	24	0	0%	0	0%
Total	131	3	2.2%	85	64.8%

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 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	13	0	0	0	9	0	0	0	22
Professionals	38	2	0	2	27	0	0	2	71
Technicians and associate professionals	0	0	0	0	0	0	0	0	0
Clerks	21	0	0	1	17	0	1	0	40
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	0	0	0	0	0
Total	72	2	0	3	53	0	1	2	133
Employees with disabilities	1	1	0	1	0	0	0	0	3

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	0	0	0	0	2
Senior Management	10	1	0	0	9	0	0	0	20
Professionally qualified and experienced specialists and mid-management	38	2	0	2	27	0	0	2	71
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	21	0	0	1	17	0	1	0	40
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	71	3	0	3	53	0	1	2	133

Table 3.6.3 Recruitment for the period 1 April 2015 to 31 March 2016

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management	1	0	0	0	4	0	0	0	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	0	0	0	5	0	0	0	9
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	7	0	0	0	9	0	0	0	16
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.4 Promotions for the period 1 April 2015 to 31 March 2016

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	0	0	0	0	2	0	0	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	1	0	0	0	2	0	0	0	3
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.5 Terminations for the period 1 April 2015 to 31 March 2016

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	1	0	0	0	0	1	0	0	2
Professionally qualified and experienced specialists and mid-management	1	0	0	1	1	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	0	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	3	0	0	1	2	1	0	0	7
Employees with Disabilities	0	0	0	0	0	0	0	0	0

Table 3.6.6 Disciplinary action for the period 1 April 2015 to 31 March 2016

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
N/A	0	0	0	0	0	0	0	0	0

Table 3.6.7 Skills development for the period 1 April 2015 to 31 March 2016

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	6	0	0	0	7	1	0	0	14
Professionals	13	0	0	1	7	0	0	2	23
Technicians and associate professionals	5	0	0	0	8	0	0	0	13
Clerks	37	0	0	0	21	0	0	0	58
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	0	0	0	0	0
Total	61	0	0	1	43	1	0	2	108
Employees with disabilities	0	0	0	0	0	0	0	0	0

3.7. Signing of Performance Agreements by SMS Members

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 March 2016

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	0	1	100%
Salary Level 16	0	0	0	0%
Salary Level 15	3	2	1	50%
Salary Level 14	9	7	4	57%
Salary Level 13	18	13	10	76.9%
Total	31	22	16	72%

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2016

Reasons
Due to movement of SMS members either in the form of departmental transfers or promotion to other departments, and the changing of Director General (DG) within a space of time, this affected the signing of Performance Agreements as envisaged.

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance Agreements as on 31 March 2016

Reasons
None

3.8. Performance Rewards

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2015 to 31 March 2016

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	51	71	73%	804 151.80	15 768.00
Female	35	53	60%	555 921.20	15 883.00
Asian					
Male	0	0	0%	0	0
Female	1	1	100%	7 000.92	7 001.00
Coloured					
Male	2	3	67%	38 752.80	19 376.00
Female	0	0	0%	0	0
White					
Male	2	3	67%	31 540.92	15 770.00
Female	2	2	100%	50 465.76	25 232.00
Total	93	133	70%	1 487 833.40	15 998.00

Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2015 to 31 March 2016

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)	0	0	0%	0	0	0%
Skilled (level 3-5)	6	10	60%	34 291.92	5 715.00	0.03%
Highly skilled production (level 6-8)	27	28	90%	214 249.44	7 935.00	0.21%
Highly skilled supervision (level 9-12)	59	72	80%	1 239 292.04	21 005.00	1.23%
Total	93	110	80%	1 487 833.40	15 998.00	1.47%

Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2015 to 31 March 2016

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Elementary occupation (level 1-5)	6	10	70%	34 291.92	5 715.00
Administrative Office Workers (level (level 6-9)	27	29	90%	214 249.44	7 935.00
Professionals and Managers (level 10-16)	59	94	60%	1 239 292.04	21 005.00
Total	93	133	60%	1 487 833.40	15 998.00

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2015 to 31 March 2016

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	0	0%	0	0	0%
Band B	0	0	0%	0	0	0%
Band C	0	0	0%	0	0	0%
Band D	0	0	0%	0	0	0%
Total	0	0	0%	0	0	0%

3.9. Foreign Workers

Table 3.9.1 Foreign workers by salary band for the period 1 April 2015 and 31 March 2016

Salary band	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0%	0	0%	0	0%
Highly skilled production (level 6-8)	0	0%	0	0%	0	0%
Highly skilled supervision (level 9-12)	0	0%	0	0%	0	0%
Contract (level 9-12)	0	0%	0	0%	0	0%
Contract (level 13-16)	0	0%	0	0%	0	0%
Total	0	0%	0	0%	0	0%

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2015 and 31 March 2016

Major occupation	01 April 2015		31 March 2016		Change	
	Number	% of total	Number	% of total	Number	% Change
Elementary occupation (level 1-5)	0	0%	0	0%	0	0%
Administrative Office Workers (level 6-9)	0	0%	0	0%	0	0%
Professionals and Managers (level 10-16)	0	0%	0	0%	0	0%
Total	0	0%	0	0%	0	0%

3.10. Leave utilisation

Table 3.10.1 Sick leave for the period 1 January 2015 to 31 December 2015

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)	0	0%	0	0%	0	0
Skilled (levels 3-5)	38	30%	6	60%	15	11 514.00
Highly skilled production (levels 6-8)	159	50%	30	100%	14	85 383.00
Highly skilled supervision (levels 9 -12)	207	30.5%	44	61.9%	18	322 920.00
Top and Senior management (levels 13-16)	123	44%	19	86.3%	15	351 288.00
Total	527	38.6%	99	74.4%	62	771 105.00

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2015 to 31 December 2015

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)	0	0%	0	0%	0	0
Highly skilled supervision (levels 9-12)	0	0%	0	0%	0	0
Senior management (levels 13-16)	0	0%	0	0%	0	0
Total	0	0%	0	0%	0	0

Table 3.10.3 Annual Leave for the period 1 January 2015 to 31 December 2015

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (levels 1-2)	0	0	0
Skilled (levels 3-5)	170	7	15
Highly skilled production (levels 6-8)	662	34	14
Highly skilled supervision(levels 9-12)	1 161	65	18
Senior management (levels 13-16)	404	19	15
Total	2 397	125	62

Table 3.10.4 Capped leave for the period 1 January 2015 to 31 December 2015

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)	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

Table 3.10.5 Leave pay outs for the period 1 April 2015 and 31 March 2016

Reason	Total amount	Number of employees	Average per employee
	(R'000)		(R'000)
Leave pay out for 2015/16 due to non-utilisation of leave for the previous cycle	41 423.41	1	41 423.41
Capped leave pay-outs on termination of service for 2015/16	0	0	0
Current leave pay out on termination of service for 2015/16	21 869.32	1	21 869.32
Total	63 292.73	2	63 292.73

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
None	

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.	x		Mr H. Mathobela Director: HRM
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.	x		1 Assistant Director for Employee Health and Wellness. A Wellness & Health and Safety Committee comprising of 8 members has been constituted to assist with this task.
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.		x	Not yet. A submission to appoint a service provider in this regard is still under consideration.
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.	x		The established committee is responsible for overall wellness and health and safety of employees in the workplace. These are their names: 1. Ms. C. Tun-Fong: Employee Health and Wellness 2. Mr. J. Moche: Security and Transport Management 3. Ms. L. Sono: ESM 4. Mr. S.K. Mncube: Office of the DG (Cleaners' supervisor) 5. Mr. N.D. Malindi: (Office of the DG) 6. Mr. T. Ramaru: Internal Audit 7. Ms. L. Selokela: SES 8. Mr. S. Mogoloa: Facilities Management 9. Mr. T. Kungwane: HRM
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.	x		Reviewed and waiting for approval.
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.	x		The Department has policies in place.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	x		Presentations were conducted with regard to voluntary counselling and testing in all aspects of Employee Health and Wellness (EHW) programmes.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/ indicators.	x		The Health and Wellness committee has been trained in various aspects of health and safety. Health Promotion has been conducted through this committee. An OHS service provider was appointed to conduct the compliance audit.

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2015 and 31 March 2016

Subject matter	Date
None	
Total number of Collective agreements	None

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2015 and 31 March 2016

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal warning	0	0%
Written warning	0	0%
Final written warning	0	0%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	0	0%
Not guilty	0	0%
Case withdrawn	0	0%
Total	0	0%
Total number of Disciplinary hearings finalised		None

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2015 and 31 March 2016

Type of misconduct	Number	% of total
Gross-dishonesty/ negligence	1	0.75%
Total	1	0.75%

Table 3.12.4 Grievances logged for the period 1 April 2015 and 31 March 2016

Grievances	Number	% of Total
Number of grievances resolved	1	0.75%
Number of grievances not resolved	1	0.75%
Total number of grievances lodged	1	0.75%

Table 3.12.5 Disputes logged with Councils for the period 1 April 2015 and 31 March 2016

Disputes	Number	% of Total
Number of disputes upheld	1	0.75%
Number of disputes dismissed	0	0%
Total number of disputes lodged	1	0.75%

Table 3.12.6 Strike actions for the period 1 April 2015 and 31 March 2016

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2015 and 31 March 2016

Number of people suspended	1
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	127
Cost of suspension (R'000)	270 362.83

3.13. Skills development

This section highlights the efforts of the Department with regards to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2015 and 31 March 2016

Occupational category	Gender	Number of employees as at 1 April 2016	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	9	0	4	2	6
	Male	13	0	4	2	6
Professionals	Female	29	0	4	2	6
	Male	42	0	4	2	6
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	18	18	4	0	22
	Male	22	10	4	0	14
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	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	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	56	18	12	4	34
	Male	77	10	12	4	26
Total		133	28	24	8	60

Table 3.13.2 Training provided for the period 1 April 2015 and 31 March 2016

Occupational category	Gender	Number of employees as at 1 April 2015	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	9	0	8	2	10
	Male	13	0	6	2	8
Professionals	Female	29	0	9	3	12
	Male	42	0	14	3	17
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	18	18	29	3	50
	Male	22	10	42	3	55
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	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	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	56	18	46	8	72
	Male	77	10	62	8	80
Total		133	28	108	16	152

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 2015 and 31 March 2016

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0%
Temporary Total Disablement	0	0%
Permanent Disablement	0	0%
Fatal	0	0%
Total	0	0%

3.15. Utilisation of Consultants

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2015 and 31 March 2016

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
N/A	0	0	0

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
N/A	0	0	0

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A	0	0	0

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2015 and 31 March 2016

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
N/A	0	0	0

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
N/A	0	0	0

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2015 and 31 March 2016

Project title	Percentage ownership by HDI groups	Percentage management by 16DI groups	Number of consultants from HDI groups that work on the project
N/A	0	0	0

3.16. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2015 and 31 March 2016

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	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

FINANCIAL INFORMATION

PART E



PART E: FINANCIAL INFORMATION

1. Report of the Auditor-General to Parliament on Vote No. 19: Department of Military Veterans

Report on the financial statements

Introduction

1. I have audited the financial statements of the Department of Military Veterans set out on pages 91 to 166, which comprise the appropriation statement, the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended 31 March 2016, 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 (MCS) 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 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 these 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 entity'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 entity'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 qualified audit opinion.

Basis for qualified opinion

Movable tangible capital assets

6. I was unable to obtain sufficient appropriate audit evidence that the department had properly accounted for all movable tangible capital assets due to limitations in the asset register. I was unable to confirm movable tangible capital assets by alternative means. Consequently, I was unable to determine whether any adjustments to movable tangible capital assets stated at R14 411 000 (2015: R8 622 000) in note 27 to the financial statements was necessary.

Qualified Opinion

7. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Department of Military Veterans as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with MCS and the requirements of the PFMA.

Emphasis of matters

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

Restatement of corresponding figures

9. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2015 have been restated as a result of errors discovered during the year ended 31 March 2016 in the financial statements of the Department of Military Veterans at, and for the year ended, 31 March 2016.

Material underspending of the budget

10. As disclosed in the appropriation statement, the department has materially underspent the budget on current payments and payments for capital expenditure for all three programmes to the amount of R233 592 000.

Significant uncertainty

11. With reference to contingent liabilities in note 16 to the financial statements, the department is the defendant in contract cancellation lawsuit. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Additional matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Unaudited supplementary information

13. The supplementary information set out on pages 167 to 171 does not form part of the financial statements and is presented as additional information. I have not audited these annexures and, accordingly, I do not express an opinion thereon.

Report on other legal and regulatory requirements

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, 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

15. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:
- Programme 2: Socio-Economic Support on pages 42 to 44
 - Programme 3: Empowerment and Stakeholder Management on pages 45 to 47

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16. 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)*.
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the selected programmes are as follows:

Programme 2: Socio-economic Support Services**Usefulness of reported performance information**

19. The FMPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance and measurable. A total of 20% of the targets were not specific and measurable.
20. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. A total of 20% of the indicators were not well defined.

Reliability of reported performance information

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of 50% of indicators.

Programme 3: Empowerment and Stakeholder Management**Usefulness of reported performance information**

22. The FMPPI requires that performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use. Performance targets should be measurable. A total of 40% of the indicators were not well defined and 60% of the targets were not measurable.

Reliability of reported performance information

23. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Adequate and reliable corroborating evidence could not be provided for the reported achievements against planned targets of 20% of indicators.

Additional matters

24. I draw attention to the following matters:

Achievement of planned targets

25. Refer to the annual performance report on page 38 to 47 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 19 to 23 of this report.

Unaudited supplementary information

26. The supplementary information set out on pages 29 to 37 does not form part of the annual performance report and is presented as additional information. I have not audited this information and, accordingly, I do not express a conclusion on it.

FINDINGS ON COMPLIANCE WITH LEGISLATION

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

Strategic planning and performance reporting

28. Effective, efficient and transparent systems of risk management and internal control with respect to performance information and management were not maintained as required by section 38(1)(a)(i) of the PFMA.

Annual Financial statements

29. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1) (a) and (b) of the Public Finance Management Act. Material misstatements of accruals, prepayments, lease commitments, irregular expenditure and transfer payments identified by the auditors in the submitted financial statements were subsequently corrected, but the lack of adequate supporting records for movable capital assets resulted in the financial statement receiving a qualified audit opinion.

Procurement and contract management

30. Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
31. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1.
32. Contracts and quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order, as required by Treasury Regulations 16A.9.1 (d) and the Preferential Procurement Regulations.

Expenditure management

33. Effective internal controls were not in place for payment approval and processing, as required by Treasury Regulation 8.1.1.
34. Money was spent without the approval of the accounting officer and/or a properly authorised official, as required by Treasury Regulation 8.2.1.
35. Effective steps were not taken to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act and Treasury Regulation 9.1.1. The value of R173 875 000 as disclosed in note 21 to the financial statements is still being investigated by management to quantify the full extent of the irregular expenditure.
36. Effective steps were not taken to prevent fruitless and wasteful expenditure, as required by section 38(1)(c)(ii) of the PFMA and Treasury Regulation 9.1.1. The value of R811 000 as disclosed in note 22 of the financial statements is still being investigated by management to quantify the full extent of the fruitless and wasteful expenditure.

Internal control

37. I considered internal control relevant to my audit of the financial statements, annual report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified, the findings on the annual report and the findings on compliance with legislation included in this report.

Leadership

38. The leadership of the Department did not exercise effective leadership and oversight of financial and performance reporting, compliance and related internal controls. Various material misstatements, limitations on the annual financial statements and performance reports, material findings on the performance report and non-compliance with regulations were identified. Documented policies and procedures were not in place to guide financial and performance activities and prevent non-compliance with legislation. Key positions remained vacant over long periods, with the result that action plans developed to address prior year audit findings were not monitored and properly implemented.

Financial and performance management

39. Management did not implement effective controls to ensure that information contained in the financial statements and performance report was reliable before submission for audit. This was mainly due to inadequate reviews and lack of proper record management systems. Management did not review and monitor compliance with regulations, resulting in numerous findings on compliance with legislation.

Auditor - General

Pretoria

29 July 2016



A U D I T O R - G E N E R A L
S O U T H A F R I C A

2. Annual Financial Statements (AFS)



military veterans

Department:
Military Veterans
REPUBLIC OF SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS FOR DEPARTMENT OF MILITARY VETERANS

**For the year ended
31 March 2016**

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Appropriation Statement

for the year ended 31 March 2016

Voted funds and Direct charges	Appropriation per programme									
	2015/16					2014/15				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
Programme										
1. Administration	157 490	-	-	157 490	131 641	25 849	83.6%	158 637	143 574	
2. Socio-Economic Support	266 305	-	-	266 305	136 179	130 126	51.1%	265 550	255 171	
3. Empowerment and Stakeholder Management	158 406	-	-	158 406	80 789	77 617	51.0%	79 973	64 318	
TOTAL	582 201	-	-	582 201	348 609	233 592	59.9%	504 160	463 063	

	2015/16		2014/15	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	TOTAL (brought forward)	-	-	-
Reconciliation with statement of financial performance	-	-	-	-
ADD				
Departmental receipts	789	-	3049	-
NRF Receipts	-	-	-	-
Aid assistance	-	-	-	-
Actual amounts per statement of financial performance (total revenue)	582 990	-	507 209	-
ADD				
Aid assistance	-	-	-	-
Prior year unauthorised expenditure approved without funding	-	-	-	-
Actual amounts per statement of financial performance (total expenditure)	-	348 609	-	463 063

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Economic classification	Appropriation per economic classification									
	2015/16					2014/15				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Current payments	354 212	(1 100)	-	353 112	279 482	73 630	79.1%	389 646	239 256	
Compensation of employees	97 485	-	-	97 485	100 638	(3 153)	103.2%	90 575	83 588	
Salaries and wages	78 927	-	-	78 927	92 147	(13 220)	116.7%	90 575	76 315	
Social contributions	18 558	-	-	18 558	8 491	10 067	45.8%	-	7 273	
Goods and services	256 727	(1 100)	-	255 627	178 840	76 787	70.0%	299 071	155 531	
Administrative fees	2 398	18	-	2 416	3 666	(1 250)	151.7%	5 303	5 431	
Advertising	6 522	-	-	6 522	12 715	(6 193)	195.0%	5 551	2 545	
Minor assets	4 380	-	-	4 380	1 847	2 533	42.2%	4 670	1 220	
Audit costs: External	4 856	-	-	4 856	7 890	(3 034)	162.5%	2 260	7 466	
Bursaries: Employees	433	-	-	433	526	(93)	121.5%	376	374	
Catering: Departmental activities	3 868	(30)	-	3 838	1 933	1 905	50.4%	4 965	4 050	
Communication	13 307	50	-	13 357	1 290	12 067	9.7%	2 146	11 064	
Computer services	4 750	-	-	4 750	887	3 863	18.7%	3 913	28 941	
Consultants: Business and advisory services	13 701	-	-	13 701	1 645	12 056	12.0%	11 486	3 267	
Infrastructure and planning services	20 302	(9 800)	-	10 502	37	10 465	0.4%	42 491	-	
Laboratory services	-	-	-	-	-	-	-	200	-	
Scientific and technological services	-	-	-	-	-	-	-	-	-	
Legal services	634	-	-	634	833	(199)	131.4%	145	-	
Contractors	18 923	(198)	-	18 725	56 949	(38 224)	304.1%	25 054	4 389	
Agency and support / outsourced services	1 057	-	-	1 057	380	677	36.0%	-	934	
Entertainment	264	-	-	264	-	264	-	669	-	
Fleet services	1 300	1 550	-	2 850	1 512	1 338	53.1%	-	1 738	
Housing	-	-	-	-	-	-	-	99 920	-	
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-	
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Vote: 19 - Annual Report for 2015/16FY

Economic classification	Appropriation per economic classification									
	2015/16					2014/15				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Inventory: Food and food supplies	10	-	-	10	-	10	-	607	-	
Inventory: Fuel, oil and gas	25	-	-	25	-	25	-	2 655	-	
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	1	-	
Inventory: Materials and supplies	-	-	-	-	-	-	-	686	-	
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-	
Inventory: Medicine	-	-	-	-	-	-	-	-	-	
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-	
Inventory: Other supplies	185	-	-	185	-	185	-	2 195	-	
Consumable supplies	2 449	(40)	-	2 409	1 037	1 372	43.0%	936	1 916	
Consumable: Stationery, printing and office supplies	7 574	230	-	7 804	5 162	2 642	66.1%	4 431	2 917	
Operating leases	11 390	5 870	-	17 260	15 383	1 877	89.1%	2 090	21 481	
Property payments	4 886	-	-	4 886	6 131	(1 245)	125.5%	1 969	1 569	
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-	
Travel and subsistence	53 713	540	-	54 253	37 310	16 943	68.8%	47 537	44 287	
Training and development	73 071	280	-	73 351	16 535	56 816	22.5%	10 815	3 497	
Operating payments	243	530	-	773	609	164	78.8%	1 466	1 818	
Venues and facilities	6 476	(100)	-	6 376	3 807	2 569	59.7%	14 407	6 170	
Rental and hiring	10	-	-	10	756	(746)	7560.0%	127	457	
Interest and rent on land	-	-	-	-	4	(4)	-	-	137	
Interest	-	-	-	-	4	(4)	-	-	137	
Rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	218 483	-	-	218 483	57 571	160 912	26.4%	103 164	218 754	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Provinces	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT (cont) for the year ended 31 March 2016

Economic classification	Appropriation per economic classification									
	2015/16					2014/15				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	
Municipalities	-	-	-	-	-	-	-	-	-	
Municipal bank accounts	-	-	-	-	-	-	-	-	-	
Municipal agencies and funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	97 477	175 550	
Social security funds	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	97 477	175 550	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Public corporations	-	-	-	-	-	-	-	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to public corporations	-	-	-	-	-	-	-	-	-	
Private enterprises	-	-	-	-	-	-	-	-	-	
Subsidies on products and production	-	-	-	-	-	-	-	-	-	
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	218 483	-	-	218 483	57 571	160 912	26.4%	5 687	43 204	
Social benefits	50 683	-	-	50 683	8 931	41 752	17.6%	5 685	5 032	
Other transfers to households	167 800	-	-	167 800	48 640	119 160	29.0%	2	38 172	
Payments for capital assets	9 506	1 100	-	10 606	11 556	(950)	109.0%	11 350	5 053	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Buildings	-	-	-	-	-	-	-	-	-	
Other fixed structures	-	-	-	-	-	-	-	-	-	

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Appropriation per economic classification									
Economic classification	2015/16					2014/15			
	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
Machinery and equipment	9 506	1 100	-	10 606	11 527	(921)	108.7%	11 238	4 941
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	9 506	1 100	-	10 606	11 527	(921)	108.7%	11 238	4 941
Heritage assets	-	-	-	-	-	-	-	112	112
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	29	(29)	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
	582 201	-	-	582 201	348 609	233 592	59.9%	504 160	463 063

Programme 1: ADMINISTRATION									
Sub programme	2015/16					2014/15			
	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
1. Management	8 075	340	-	8 415	8 370	45	99.5%	11 119	12 390
2. Corporate Services	56 932	10 940	-	67 872	68 054	(182)	100.3%	57 514	83 243
3. Financial Administration	17 435	-	-	17 435	16 374	1 061	93.9%	14 085	11 234
4. Internal Audit	14 741	-	-	14 741	12 529	2 212	85.0%	7 009	10 964
5. Strategic Planning, Policy Development and Monitoring and Evaluation	21 630	-	-	21 630	9 579	12 051	44.3%	16 535	9 581
6. Office Accommodation	38 677	(11 280)	-	27 397	16 735	10 662	61.1%	52 375	16 162
Total for sub programmes	157 490	-	-	157 490	131 641	25 849	83.6%	158 637	143 574

APPROPRIATION STATEMENT (cont) for the year ended 31 March 2016

Programme 1: ADMINISTRATION									
2015/16									
	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
Economic classification									
Current payments	151 744	(1 100)	-	150 644	120 875	29 769	80.2%	149 133	139 829
Compensation of employees	56 536	-	-	56 536	56 819	(283)	100.5%	51 613	47 394
Salaries and wages	44 391	-	-	44 391	51 683	(7 292)	116.4%	51 613	42 846
Social contributions	12 145	-	-	12 145	5 136	7 009	42.3%	-	4 548
Goods and services	95 208	(1 100)	-	94 108	64 056	30 052	68.1%	97 520	92 298
Administrative fees	448	18	-	466	516	(50)	110.7%	420	496
Advertising	6 522	-	-	6 522	12 700	(6 178)	194.7%	5 401	2 118
Minor assets	987	-	-	987	1 434	(447)	145.3%	1 982	1 068
Audit costs: External	4 656	-	-	4 656	7 890	(3 234)	169.5%	2 260	7 466
Bursaries: Employees	433	-	-	433	526	(93)	121.5%	302	325
Catering: Departmental activities	547	(30)	-	517	653	(136)	126.3%	1 104	2 329
Communication	12 572	50	-	12 622	1 290	11 332	10.2%	2 016	11 042
Computer services	4 750	-	-	4 750	887	3 863	18.7%	3 913	28 941
Consultants: Business and advisory services	10 281	-	-	10 281	1 645	8 636	16.0%	10 021	2 722
Infrastructure and planning services	20 302	(9 800)	-	10 502	37	10 465	0.4%	42 491	-
Laboratory services	-	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-
Legal services	634	-	-	634	833	(199)	131.4%	145	-
Contractors	1 478	(198)	-	1 280	744	536	58.1%	-	39
Agency and support / outsourced services	300	-	-	300	-	300	-	-	511
Entertainment	115	-	-	115	-	115	-	210	-
Fleet services	-	1 550	-	1 550	1 509	41	97.4%	-	1 738
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Programme 1: ADMINISTRATION									
2015/16									
2014/15									
	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
Inventory: Food and food supplies	-	-	-	-	-	-	-	363	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	1 208	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	486	6
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	1 656	-
Consumable supplies	2 371	(40)	-	2 331	957	1 374	41.1%	605	1 562
Consumable: Stationery, printing and office supplies	3 494	230	-	3 724	2 904	820	78.0%	2 696	2 363
Operating leases	11 258	5 870	-	17 128	15 329	1 799	89.5%	2 090	21 481
Property payments	4 886	-	-	4 886	6 131	(1 245)	125.5%	1 968	1 568
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	6 768	540	-	7 308	6 216	1 092	85.1%	7 171	4 357
Training and development	1 671	280	-	1 951	632	1 319	32.4%	4 997	194
Operating payments	233	530	-	763	401	362	52.6%	690	1 264
Venues and facilities	502	(100)	-	402	307	95	76.4%	3 316	369
Rental and hiring	-	-	-	-	515	(515)	-	9	339
Interest and rent on land	-	-	-	-	-	-	-	-	137
Interest	-	-	-	-	-	-	-	-	137
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	269	(269)	-	-	79
Provinces and municipalities	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Programme 1: ADMINISTRATION									
2015/16									
	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
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	269	(269)	-	-	79
Social benefits	-	-	-	-	-	-	-	-	79
Other transfers to households	-	-	-	-	269	(269)	-	-	-
Payments for capital assets	5 746	1 100	-	6 846	10 497	(3 651)	153.3%	9 504	3 666
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Vote: 19 - Annual Report for 2015/16FY

Programme 1: ADMINISTRATION									
2015/16						2014/15			
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	R'000
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
5 746	1 100	-	6 846	10 468	(3 622)	152.9%	9 504	3 666	
-	-	-	-	-	-	-	-	-	-
5 746	1 100	-	6 846	10 468	(3 622)	152.9%	9 504	3 666	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	29	(29)	-	-	-	-
157 490	-	-	157 490	131 641	25 849	83.6%	158 637	143 574	
Payments for financial assets									
Total									

APPROPRIATION STATEMENT (cont) for the year ended 31 March 2016

Economic classification	1.1 MANAGEMENT									
	2015/16					2014/15				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation	Final Appropriation R'000	Actual expenditure R'000	
Current payments	7 955	80	-	8 035	8 045	(10)	100.1%	11 119	11 039	
Compensation of employees	5 885	-	-	5 885	6 724	(839)	114.3%	7 170	6 789	
Goods and services	2 070	80	-	2 150	1 321	829	61.4%	3 949	4 250	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	-	6	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	-	6	
Payments for capital assets	120	260	-	380	325	55	85.5%	-	1 345	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	120	260	-	380	325	55	85.5%	-	1 345	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	8 075	340	-	8 415	8 370	45	99.5%	11 119	12 390	

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Economic classification	1.2 CORPORATE SERVICES						2014/15	
	2015/16						Final Appropriation	Actual expenditure
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	R'000
Current payments	55 610	10 440	-	66 050	59 974	6 076	90.8%	81 867
Compensation of employees	22 451	-	-	22 451	27 024	(4 573)	120.4%	22 369
Goods and services	33 159	10 440	-	43 599	32 950	10 649	75.6%	59 498
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	138	(138)	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Payments for capital assets	1 322	500	-	1 822	7 942	(6 120)	435.9%	1 376
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	1 322	500	-	1 822	7 942	(6 120)	435.9%	1 376
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	56 932	10 940	-	67 872	68 054	(182)	100.3%	83 243

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

1.3 FINANCIAL ADMINISTRATION									
Economic classification	2015/16					2014/15			
	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	16 207	-	-	16 207	15 316	891	94.5%	13 255	10 478
Compensation of employees	13 325	-	-	13 325	13 039	286	97.9%	9 998	9 465
Goods and services	2 882	-	-	2 882	2 278	605	79.0%	3 257	876
Interest and rent on land	-	-	-	-	-	-	-	-	137
Transfers and subsidies	-	-	-	-	131	(131)	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	131	(131)	-	-	-
Payments for capital assets	1 228	-	-	1 228	927	301	75.5%	830	756
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 228	-	-	1 228	927	301	75.5%	830	756
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	17 435	-	-	17 435	16 374	1 061	93.9%	14 085	11 234

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

1.4 INTERNAL AUDIT									
Economic classification	2015/16					2014/15			
	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	14 681	-	-	14 681	12 183	2 498	83.0%	7 009	10 910
Compensation of employees	2 563	-	-	2 563	2 775	(212)	108.3%	2 175	2 170
Goods and services	12 118	-	-	12 118	9 408	2 710	77.6%	4 834	8 740
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	35
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	35
Payments for capital assets	60	-	-	60	346	(286)	576.7%	-	19
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	60	-	-	60	346	(286)	576.7%	-	19
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	14 741	-	-	14 741	12 529	2 212	85.0%	7 009	10 964

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

1.5 STRATEGIC PLANNING, POLICY DEVELOPMENT AND MONITORING AND EVALUATION										
Economic classification	2015/16					2014/15		Expenditure as % of final appropriation	Variance R'000	Actual Expenditure R'000
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual expenditure R'000			
Current payments	20 214	(340)	-	19 874	9 189	10 685	46.2%	16 535	9 373	
Compensation of employees	11 413	-	-	11 413	7 257	4 156	63.6%	7 474	6 601	
Goods and services	8 801	(340)	-	8 461	1 932	6 529	22.8%	9 061	2 772	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	-	-	-	-	-	-	-	-	38	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	-	38	
Payments for capital assets	1 416	340	-	1 756	390	1 366	22.2%	170	170	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	1 416	340	-	1 756	361	1 395	20.6%	-	170	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	29	(29)	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	21 630	-	-	21 630	9 579	12 051	44.3%	16 535	9 581	

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Economic classification	1.6 OFFICE ACCOMMODATION							2014/15	
	2015/16						Final Appropriation	Actual expenditure	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance			Expenditure as % of final appropriation
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	
Current payments	37 077	(11 280)	-	25 797	16 168	9 629	62.7%	44 459	16 162
Compensation of employees	899	-	-	899	-	899	-	-	-
Goods and services	36 178	(11 280)	-	24 898	16 168	8 730	64.9%	44 459	16 162
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	1 600	-	-	1 600	567	1 033	35.4%	7 916	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 600	-	-	1 600	567	1 033	35.4%	7 916	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	38 677	(11 280)	-	27 397	16 735	10 662	61.1%	52 375	16 162

APPROPRIATION STATEMENT (cont) for the year ended 31 March 2016

Programme 2: SOCIO-ECONOMIC SUPPORT										
Sub programme	2015/16					2014/15		Expenditure as % of final appropriation	Variance R'000	Actual Expenditure R'000
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual expenditure R'000			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
1. Database and Benefits Management	12 019	-	-	12 019	11 568	13 731	96.2%	451	11 568	12 299
2. Health Care and Wellbeing Support	38 696	-	-	38 696	67 265	37 130	173.8%	(28 569)	67 265	17 832
3. Socio-Economic Support Management	215 590	-	-	215 590	57 346	214 689	26.6%	158 244	57 346	225 040
Total for sub programmes	266 305	-	-	266 305	136 179	265 550	51.1%	130 126	136 179	255 171
Economic classification										
Current payments	49 513	-	-	49 513	82 210	167 188	166.0%	(32 697)	82 210	41 902
Compensation of employees	15 364	-	-	15 364	19 584	14 564	127.5%	(4 220)	19 584	17 476
Salaries and wages	13 238	-	-	13 238	18 298	14 564	138.2%	(5 060)	18 298	16 375
Social contributions	2 126	-	-	2 126	1 286	-	60.5%	840	1 286	1 101
Goods and services	34 149	-	-	34 149	62 626	152 624	183.4%	(28 477)	62 626	24 426
Administrative fees	450	-	-	450	268	1 840	59.6%	182	268	1 892
Advertising	-	-	-	-	-	150	-	-	-	427
Minor assets	243	-	-	243	64	647	26.3%	179	64	100
Audit costs: External	200	-	-	200	-	-	-	200	-	-
Bursaries: Employees	-	-	-	-	-	25	-	-	-	-
Catering: Departmental activities	297	-	-	297	239	2 192	80.5%	58	239	527
Communication	-	-	-	-	-	130	-	-	-	22
Computer services	-	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	3 420	-	-	3 420	-	1 268	-	3 420	-	276
Infrastructure and planning services	-	-	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	200	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Programme 2: SOCIO-ECONOMIC SUPPORT									
2014/15									
2015/16									
	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
Contractors	17 340	-	-	17 340	55 585	(38 245)	320.6%	25 020	4 311
Agency and support / outsourced services	-	-	-	-	-	-	-	-	229
Entertainment	75	-	-	75	-	75	-	120	-
Fleet services	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	99 920	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	120	-
Inventory: Fuel, oil and gas	25	-	-	25	-	25	-	120	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	350	-
Consumable supplies	23	-	-	23	24	(1)	104.3%	17	34
Consumable: Stationery, printing and office supplies	1 972	-	-	1 972	1 488	484	75.5%	604	424
Operating leases	82	-	-	82	31	51	37.8%	-	-
Property payments	-	-	-	-	-	-	-	-	-
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	6 216	-	-	6 216	4 789	1 427	77.0%	12 381	13 204
Training and development	2 070	-	-	2 070	3	2 067	0.1%	2 330	-
Operating payments	-	-	-	-	110	(110)	-	370	213
Venues and facilities	1 736	-	-	1 736	25	1 711	1.4%	4 820	2 767

APPROPRIATION STATEMENT (cont) for the year ended 31 March 2016

Programme 2: SOCIO-ECONOMIC SUPPORT									
2015/16									
	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
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	215 092	-	-	215 092	53 411	161 681	24.8%	97 477	212 988
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	97 477	175 550
Departmental agencies	-	-	-	-	-	-	-	97 477	175 550
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Programme 2: SOCIO-ECONOMIC SUPPORT									
2015/16									
2014/15									
	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
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	215 092	-	-	215 092	53 411	161 681	24.8%	-	37 438
Social benefits	47 292	-	-	47 292	5 196	42 096	11.0%	-	-
Other transfers to households	167 800	-	-	167 800	48 215	119 585	28.7%	-	37 438
Payments for capital assets	1 700	-	-	1 700	558	1 142	32.8%	885	281
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 700	-	-	1 700	558	1 142	32.8%	885	281
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 700	-	-	1 700	558	1 142	32.8%	885	281
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	266 305	-	-	266 305	136 179	130 126	51.1%	265 550	255 171

APPROPRIATION STATEMENT (cont)
for the year ended 31 March 2016

2.1 DATABASE AND BENEFITS MANAGEMENT									
Economic classification	2015/16					2014/15		Actual expenditure	R '000
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation		
	R '000	R '000	R '000	R '000	R '000	R '000	%	R '000	R '000
Current payments	11 619	-	-	11 619	11 106	513	95.6%	13 631	12 269
Compensation of employees	5 001	-	-	5 001	6 770	(1 769)	135.4%	4 741	8 059
Goods and services	6 618	-	-	6 618	4 336	2 282	65.5%	8 890	4 210
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	400	-	-	400	462	(62)	115.5%	100	30
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	400	-	-	400	462	(62)	115.5%	100	30
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	12 019	-	-	12 019	11 568	451	96.2%	13 731	12 299

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Economic classification	2.2 HEALTH CARE AND WELLBEING SUPPORT						2014/15		
	2015/16						Final Appropriation	Actual expenditure	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	R '000	
	R '000	R '000	R '000	R '000	R '000	R '000	%	R '000	
Current payments	24 424	-	-	24 424	63 782	(39 358)	261.1%	36 555	15 188
Compensation of employees	4 793	-	-	4 793	6 745	(1 952)	140.7%	4 544	4 502
Goods and services	19 631	-	-	19 631	57 037	(37 406)	290.5%	32 011	10 686
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	14 000	-	-	14 000	3 387	10 613	24.2%	-	2 480
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	14 000	-	-	14 000	3 387	10 613	24.2%	-	2 480
Payments for capital assets	272	-	-	272	96	176	35.3%	575	164
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	272	-	-	272	96	176	35.3%	575	164
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	38 696	-	-	38 696	67 265	(28 569)	173.8%	37 130	17 832

APPROPRIATION STATEMENT (cont)
for the year ended 31 March 2016

2.3 SOCIO-ECONOMIC SUPPORT MANAGEMENT										
Economic classification	2015/16					2014/15		Expenditure as % of final appropriation	Variance R'000	Actual Expenditure R'000
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual expenditure R'000			
Current payments	13 470	-	-	13 470	7 322	6 148	54.4%	117 002	14 445	
Compensation of employees	5 570	-	-	5 570	6 069	(499)	109.0%	5 279	4 915	
Goods and services	7 900	-	-	7 900	1 253	6 647	15.9%	111 723	9 530	
Interest and rent on land	-	-	-	-	-	-	-	-	-	
Transfers and subsidies	201 092	-	-	201 092	50 024	151 068	24.9%	97 477	210 508	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	97 477	175 550	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	201 092	-	-	201 092	50 024	151 068	24.9%	-	34 958	
Payments for capital assets	1 028	-	-	1 028	-	1 028	-	210	87	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	1 028	-	-	1 028	-	1 028	-	210	87	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	215 590	-	-	215 590	57 346	158 244	26.6%	214 689	225 040	

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Programme 3: EMPOWERMENT AND STAKEHOLDER MANAGEMENT							2014/15	
2015/16							Final Appropriation	Actual expenditure
Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	R '000	R '000
R '000	R '000	R '000	R '000	R '000	R '000	%	R '000	R '000
Sub programme								
1. Provincial Offices and Stakeholder Relations	43 334	-	43 334	38 714	4 620	89.3%	40 415	30 734
2. Empowerment and Skills Development	100 520	-	100 520	30 029	70 491	29.9%	25 232	22 657
3. Heritage, Memorials, Burials and Honours	14 552	-	14 552	12 046	2 506	82.8%	14 326	10 927
Total for sub programmes	158 406	-	158 406	80 789	77 617	51.0%	79 973	64 318
Economic classification								
Current payments	152 955	-	152 955	76 397	76 558	49.9%	73 325	57 525
Compensation of employees	25 585	-	25 585	24 235	1 350	94.7%	24 398	18 718
Salaries and wages	21 298	-	21 298	22 166	(868)	104.1%	24 398	17 094
Social contributions	4 287	-	4 287	2 069	2 218	48.3%	-	1 624
Goods and services	127 370	-	127 370	52 158	75 212	40.9%	48 927	38 807
Administrative fees	1 500	-	1 500	2 882	(1 382)	192.1%	3 043	3 043
Advertising	-	-	-	15	(15)	-	-	-
Minor assets	3 150	-	3 150	349	2 801	11.1%	2 041	52
Audit costs: External	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	49	49
Catering: Departmental activities	3 024	-	3 024	1 041	1 983	34.4%	1 669	1 194
Communication	735	-	735	-	735	-	-	-
Computer services	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	-	-	-	-	-	-	197	269
Infrastructure and planning services	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT (cont) for the year ended 31 March 2016

Programme 3: EMPOWERMENT AND STAKEHOLDER MANAGEMENT									
2015/16									
	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
Contractors	105	-	-	105	620	(515)	590.5%	34	39
Agency and support / outsourced services	757	-	-	757	380	377	50.2%	-	194
Entertainment	74	-	-	74	-	74	-	339	-
Fleet services	1 300	-	-	1 300	3	1 297	0.2%	-	-
Housing	-	-	-	-	-	-	-	-	-
Inventory: Clothing material and supplies	-	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	10	-	-	10	-	10	-	124	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	1 327	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	1	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	200	(6)
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Medsas Inventory Interface	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	185	-	-	185	-	185	-	189	-
Consumable supplies	55	-	-	55	56	(1)	101.8%	314	320
Consumable: Stationery, printing and office supplies	2 108	-	-	2 108	770	1 338	36.5%	1 131	130
Operating leases	50	-	-	50	23	27	46.0%	-	-
Property payments	-	-	-	-	-	-	-	1	1
Transport provided: Departmental activity	-	-	-	-	-	-	-	-	-
Travel and subsistence	40 729	-	-	40 729	26 305	14 424	64.6%	27 985	26 726
Training and development	69 330	-	-	69 330	15 900	53 430	22.9%	3 488	3 303
Operating payments	10	-	-	10	98	(88)	980.0%	406	341
Venues and facilities	4 238	-	-	4 238	3 475	763	82.0%	6 271	3 034

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Programme 3: EMPOWERMENT AND STAKEHOLDER MANAGEMENT							2014/15	
2015/16							Final Appropriation	Actual expenditure
Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	R '000	R '000
R '000	R '000	R '000	R '000	R '000	R '000	%	R '000	R '000
10	-	-	10	241	(231)	2 410,0%	118	118
-	-	-	-	4	(4)	-	-	-
-	-	-	-	4	(4)	-	-	-
-	-	-	-	-	-	-	-	-
3 391	-	-	3 391	3 891	(500)	114,7%	5 687	5 687
Provinces and municipalities	-	-	-	-	-	-	-	-
Provinces	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on products and production	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	-	-	-	-	-	-

APPROPRIATION STATEMENT (cont) for the year ended 31 March 2016

Programme 3: EMPOWERMENT AND STAKEHOLDER MANAGEMENT									
2015/16									
	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
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 391	-	-	3 391	3 891	(500)	114.7%	5 687	5 687
Social benefits	3 391	-	-	3 391	3 735	(344)	110.1%	5 685	4 953
Other transfers to households	-	-	-	-	156	(156)	-	2	734
Payments for capital assets	2 060	-	-	2 060	501	1 559	24.3%	961	1 106
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 060	-	-	2 060	501	1 559	24.3%	849	994
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	2 060	-	-	2 060	501	1 559	24.3%	849	994
Heritage assets	-	-	-	-	-	-	-	112	112
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	158 406	-	-	158 406	80 789	77 617	51.0%	79 973	64 318

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Economic classification	3.1 PROVINCIAL OFFICES AND STAKEHOLDER RELATIONS							2014/15	
	2015/16							Final Appropriation	Actual expenditure
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	R'000	R'000
Current payments	42 534	-	-	42 534	38 315	4 219	90.1%	40 415	30 734
Compensation of employees	16 955	-	-	16 955	16 346	609	96.4%	16 071	13 027
Goods and services	25 579	-	-	25 579	21 969	3 610	85.9%	24 344	17 707
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	800	-	-	800	399	401	49.9%	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	800	-	-	800	399	401	49.9%	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	43 334	-	-	43 334	38 714	4 620	89.3%	40 415	30 734

APPROPRIATION STATEMENT (cont)
for the year ended 31 March 2016

3.2 :EMPOWERMENT AND SKILLS DEVELOPMENT										
Economic classification	2015/16					2014/15		Expenditure as % of final appropriation	Variance R'000	Actual Expenditure R'000
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Final Appropriation R'000	Actual expenditure R'000			
Current payments	99 660	-	-	99 660	29 771	69 889	29.9%	23 647	20 927	
Compensation of employees	5 279	-	-	5 279	5 989	(710)	113.4%	5 150	5 150	
Goods and services	94 381	-	-	94 381	23 780	70 601	25.2%	18 497	15 777	
Interest and rent on land	-	-	-	-	2	(2)	-	-	-	
Transfers and subsidies	-	-	-	-	156	(156)	-	736	736	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Higher education institutions	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	156	(156)	-	736	736	
Payments for capital assets	860	-	-	860	102	758	11.9%	849	994	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	860	-	-	860	102	758	11.9%	849	994	
Heritage assets	-	-	-	-	-	-	-	-	-	
Specialised military assets	-	-	-	-	-	-	-	-	-	
Biological assets	-	-	-	-	-	-	-	-	-	
Land and subsoil assets	-	-	-	-	-	-	-	-	-	
Intangible assets	-	-	-	-	-	-	-	-	-	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	100 520	-	-	100 520	30 029	70 491	29.9%	25 232	22 657	

APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

Economic classification	3.3: HERITAGE, MEMORIALS, BURIALS AND HONOURS						2014/15	
	2015/16						Final Appropriation	Actual expenditure
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	R'000
Current payments	10 761	-	-	10 761	8 311	2 450	77.2%	9 263
Compensation of employees	3 351	-	-	3 351	1 900	1 451	56.7%	3 177
Goods and services	7 410	-	-	7 410	6 409	1 001	86.5%	6 086
Interest and rent on land	-	-	-	-	2	(2)	-	-
Transfers and subsidies	3 391	-	-	3 391	3 735	(344)	110.1%	4 951
Provinces and municipalities	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	3 391	-	-	3 391	3 735	(344)	110.1%	4 951
Payments for capital assets	400	-	-	400	-	400	-	112
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	400	-	-	400	-	400	-	-
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	14 552	-	-	14 552	12 046	2 506	82.8%	14 326
								10 927

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2016

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, disclosure notes 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 on 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 Appropriation
	R'000	R'000	R'000	
Administration	157 490	131 643	25 847	16%
Socio-Economic Support	266 305	136 179	130 126	49%
Empowerment and Stakeholder Management	158 406	80 789	77 617	49%

- An overall underspend in Administration mainly driven by an underspend in facilities rental fees due to invoices not received on time from Public Works. This is slightly offset by an overspend in compensation which is driven by contract employees not included in the budget.
- Socio-Economic Support is mainly reliant to other Government Departments to deliver on benefits such as Housing, Social Relief of Distress and Pensions. Due to vacant leadership positions for the larger part of the reporting focus, follow on MoUs and performance reports, this has led to an underspend against the overall budget. This underspend is slightly offset by an overspend in compensation due to additional contract workers who were not in budget.
- An overall underspend in Empowerment and Stakeholder Management due to insufficient fulfilment of the benefits such as training and slow filling of vacant management posts.

4.2. Per Economic Classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments	353 112	285 215	67 897	19.23%
Compensation of employees	97 485	100 638	(3 153)	(0.03%)
Goods and services	255 627	184 373	71 054	27.80%
Interest and rent on land	-	4	(4)	0.00%
Transfers and subsidies	218 483	57 571	160 912	73.65%
Provinces and municipalities	-	-	-	-
Departmental agencies and accounts	-	-	-	-

NOTES TO THE APPROPRIATION STATEMENT (cont)

for the year ended 31 March 2016

4.2. Per Economic Classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Higher education institutions	-	-	-	-
Public corporations and private enterprises	-	-	-	-
Foreign governments and international organisations	-	-	-	-
Non-profit institutions	-	-	-	-
Households	218 483	57 571	160 912	73.65%
Payments for capital assets	10 606	5 823	4 783	45.10%
Buildings and other fixed structures	-	-	-	-
Machinery and equipment	10 606	5 794	4 812	45.10%
Heritage assets	-	-	-	-
Specialised military assets	-	-	-	-
Biological assets	-	-	-	-
Land and subsoil assets	-	-	-	-
Intangible assets	-	29	(29)	0.00%
Payments for financial assets	-	-	-	-

- The department relies mainly on other government departments to disperse the military benefits. Amongst other benefits, the department relies on the Department of Human Settlements to deliver on housing benefit, however, DHS has not been able to meet the required targets which has led to ~27% of the total budget allocated for housing being unspent, amongst other benefits.

Statement Of Financial Performance

for the year ended 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
REVENUE			
Annual appropriation	1	582 201	504 160
Statutory appropriation		-	-
Departmental revenue	2	789	3 049
NRF Receipts		-	-
Aid assistance		-	-
TOTAL REVENUE		582 990	507 209
EXPENDITURE			
Current expenditure			
Compensation of employees	3	100 638	83 589
Goods and services	4	178 847	155 529
Interest and rent on land	5	4	137
Aid assistance		-	-
Total current expenditure		279 489	239 255
Transfers and subsidies			
Transfers and subsidies	6	57 569	218 754
Aid assistance		-	-
Total transfers and subsidies		57 569	218 754
Expenditure for capital assets			
Tangible assets	7	11 522	5 054
Intangible assets	7	29	-
Total expenditure for capital assets		11 551	5 054
Unauthorised expenditure approved without funding		-	-
Payments for financial assets		-	-
TOTAL EXPENDITURE		348 609	463 063
SURPLUS/(DEFICIT) FOR THE YEAR		234 381	44 146
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		233 592	41 097
Annual appropriation		233 592	41 097
Conditional grants		-	-
Departmental revenue and NRF Receipts	12	789	3 049
Aid assistance		-	-
SURPLUS/(DEFICIT) FOR THE YEAR		234 381	44 146

Statement Of Financial Position

as at 31 March 2016

	Note	2015/16 R'000	2014/15 R'000
ASSETS			
Current assets		232 797	42 766
Unauthorised expenditure		-	-
Cash and cash equivalents	8	225 405	21 495
Other financial assets		-	-
Prepayments and advances	9	3 402	12 641
Receivables	10	3 990	8 630
Loans		-	-
Aid assistance prepayments		-	-
Aid assistance receivable		-	-
Non-current assets		-	-
Investments		-	-
Receivables		-	-
Loans		-	-
Other financial assets		-	-
TOTAL ASSETS		232 797	42 766
LIABILITIES			
Current liabilities		232 797	42 766
Voted funds to be surrendered to the Revenue Fund	11	232 750	41 097
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	(16)	1 545
Bank overdraft		-	-
Payables	13	63	124
Aid assistance repayable		-	-
Aid assistance unutilised		-	-
Non-current liabilities		-	-
Payables		-	-
TOTAL LIABILITIES		232 797	42 766
NET ASSETS		-	-

	Note	2015/16 R'000	2014/15 R'000
Represented by:			
Capitalisation reserve		-	-
Recoverable revenue		-	-
Retained funds		-	-
Revaluation reserves		-	-
TOTAL		-	-

Statement Of Changes In Net Assets

for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000
Capitalisation Reserves	-	-
Opening balance	-	-
Transfers:	-	-
Movement in Equity	-	-
Movement in Operational Funds	-	-
Other movements	-	-
Closing balance	-	-
Recoverable revenue	-	-
Opening balance	-	-
Transfers:	-	-
Irrecoverable amounts written off	-	-
Debts revised	-	-
Debts recovered (included in departmental receipts)	-	-
Debts raised	-	-
Closing balance	-	-
Retained funds	-	-
Opening balance	-	-
Transfer from voted funds to be surrendered (Parliament/ Legislatures ONLY)	-	-
Utilised during the year	-	-
Other transfers	-	-
Closing balance	-	-
Revaluation Reserve	-	-
Opening balance	-	-
Revaluation adjustment (Housing departments)	-	-
Transfers	-	-
Other	-	-
Closing balance	-	-
TOTAL	-	-

Cash Flow Statement

for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts	582 990	507 209
Annual appropriated funds received	582 201	504 160
Statutory appropriated funds received	-	-
Departmental revenue received	789	3 049
Interest received	-	-
NRF Receipts	-	-
Aid assistance received	-	-
Net (increase)/decrease in working capital	13 818	(21 057)
Surrendered to Revenue Fund	(44 289)	(187 003)
Surrendered to RDP Fund/Donor	-	-
Current payments	(279 485)	(239 118)
Interest paid	(4)	(137)
Payments for financial assets	-	-
Transfers and subsidies paid	(57 569)	(218 754)
Net cash flow available from operating activities	215 461	(158 860)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets	(11 551)	(5 054)
Proceeds from sale of capital assets	-	-
(Increase)/decrease in loans	-	-
(Increase)/decrease in investments	-	-
(Increase)/decrease in other financial assets	-	-
Net cash flows from investing activities	(11 551)	(5 054)
CASH FLOWS FROM FINANCING ACTIVITIES		
Distribution/dividend received	-	-
Increase/(decrease) in net assets	-	-
Increase/(decrease) in non-current payables	-	-
Net cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	203 910	(163 914)
Cash and cash equivalents at beginning of period	21 495	185 409
Unrealised gains and losses within cash and cash equivalents	-	-
Cash and cash equivalents at end of period	225 405	21 495

Accounting Policies

for the year ended 31 March 2016

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. Management has concluded that the financial statements present fairly the department's primary and secondary information.

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	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
6	Comparative information
6.1	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.
6.2	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.
7	Revenue
7.1	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. 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.
7.2	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.

ACCOUNTING POLICIES (cont)

for the year ended 31 March 2016

7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • 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. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>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.</p>
8.2	<p>Other expenditure</p> <p>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.</p>
8.3	<p>Accrued expenditure payable</p> <p>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 or in the case of transfers and subsidies when they are due and payable.</p> <p>Accrued expenditure payable is measured at cost.</p>
8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • 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.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>

ACCOUNTING POLICIES (cont)

for the year ended 31 March 2016

10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>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.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments are expensed upon proof of expenditure. Proof of expenditure must be fully supported by all relevant documents.</p>
12	<p>Loans and receivables</p> <p>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. Write-offs are made according to the department's write-off policy.</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p>Financial assets</p>
14.1	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
14.2	<p>Impairment of financial assets</p> <p>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.</p>
15	<p>Payables</p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>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 immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
16.2	<p>Movable capital assets</p> <p>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.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently earned at fair value.</p> <p>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.</p>

ACCOUNTING POLICIES (cont)

for the year ended 31 March 2016

16.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>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 intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
17	<p>Provisions and Contingents</p>
17.1	<p>Provisions</p> <p>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.</p>
17.2	<p>Contingent liabilities</p> <p>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.</p>
17.3	<p>Contingent assets</p> <p>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.</p>
17.4	<p>Commitments</p> <p>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.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>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.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>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.</p>

ACCOUNTING POLICIES (cont)

for the year ended 31 March 2016

20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular 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.</p>
21	<p>Changes in accounting policies, accounting estimates and errors</p> <p>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.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>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.</p>
22	<p>Events after the reporting date</p> <p>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.</p>
23	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
24	<p>Departures from the MCS requirements</p> <p>Management has concluded that the financial statements present fairly the department's primary and secondary information and that the department complied with the Standard.</p>
25	<p>Capitalisation reserve</p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
26	<p>Recoverable revenue</p> <p>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.</p>
27	<p>Related party transactions</p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p>Inventories (Effective from 1 April 2017)</p> <p>At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements</p> <p>Where inventories are acquired as part of a non-exchange transaction, the cost of inventory is its fair value at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and current replacement value.</p>

ACCOUNTING POLICIES (cont) for the year ended 31 March 2016

29	Public-Private-Partnerships <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
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Notes To The Annual Financial Statements

for the year ended 31 March 2016

1. Annual Appropriation

1.1. Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2015/16			2014/15	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	157 490	157 490	-	158 637	158 637
Socio Economic Support	266 305	266 305	-	265 550	265 550
Empowerment and Stakeholder Management	158 406	158 406	-	79 973	79 973
Total	582 201	582 201	-	504 160	504 160

Department noted 100% fulfilment on funds requested

2. Departmental revenue

	Note	2015/16 R'000	2014/15 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	2.1	23	16
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land		-	-
Sales of capital assets		-	-
Transactions in financial assets and liabilities	2.2	766	3 033
Transfer received		-	-
Total revenue collected		789	3 049
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		789	3 049

- Commission received for administering of garnishee orders on behalf of other entities.
- Recoveries on prior year expenditure in the form of credit notes received and processed related to prior year expenditure.
- In 2014/15FY, transactions in financial assets and liabilities included GCIS amount R1 742 000 that was misclassified as advertising instead of advanced payments.

2.1. Sales of goods and services other than capital assets

	Note	2015/16 R'000	2014/15 R'000
Sales of goods and services produced by the department	2	23	16
Sales by market establishment		-	-
Administrative fees		-	-
Other sales		23	16
Sales of scrap, waste and other used current goods		-	-
Total		23	16

- Commission received for administering of garnishee orders on behalf of other entities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

2.2. Transactions in financial assets and liabilities

	Note	2015/16 R'000	2014/15 R'000
Loans and advances		-	-
Receivables		-	-
Forex gain		-	-
Stale cheques written back		-	-
Other Receipts including Recoverable Revenue	2	766	3 033
Gains on GFECRA		-	-
Total		766	3 033

- This mainly refers to credit notes received and processed related to expenditure paid in the previous financial year/s.
- 2014/15FY - other receipts included recoverable revenue from GCIS with an amount of R1 742 000 that was misclassified as advertising instead of advanced payments.

3. Compensation of employees

3.1. Salaries and Wages

	Note	2015/16 R'000	2014/15 R'000
Basic salary		69 074	59 047
Performance award		1 488	380
Service Based		96	349
Compensative/circumstantial		3 292	1 108
Periodic payments		142	-
Other non-pensionable allowances		18 056	15 433
Total		92 148	76 317

- Other non-pensionable allowances include service bonus (13th cheque) paid to employees and also all allowances payable to employees who are not pensionable, including housing allowance

3.2. Social contributions

	Note	2015/16 R'000	2014/15 R'000
Employer contributions			
Pension		6 881	6 161
Medical		1 594	1 099
UIF		1	-
Bargaining council		14	12
Official unions and associations		-	-
Insurance		-	-
Total		8 490	7 272
Total compensation of employees		100 638	83 589
Average number of employees		227	226

- Average number of employees for 2014/15FY reflected an exit number of 131 at year end, therefore the number was understated by 95.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

4. Goods and services

	Note	2015/16 R'000	2014/15 R'000
Administrative fees		3 667	5 429
Advertising		12 715	2 545
Minor assets	4.1	1 848	1 219
Bursaries (employees)		526	374
Catering		1 934	4 052
Communication		1 290	11 064
Computer services	4.2	887	28 941
Consultants: Business and advisory services		1 646	3 267
Infrastructure and planning services		37	-
Laboratory services		-	-
Scientific and technological services		-	-
Legal services		833	-
Contractors		56 949	4 389
Agency and support / outsourced services		380	934
Entertainment		-	-
Audit cost – external	4.3	7 890	7 466
Fleet services		1 512	1 738
Inventory		-	-
Consumables	4.4	6 201	4 830
Housing		-	-
Operating leases		15 383	21 481
Property payments	4.5	6 131	1 570
Rental and hiring		756	458
Transport provided as part of the departmental activities		-	-
Travel and subsistence	4.6	37 310	44 288
Venues and facilities		3 808	6 170
Training and development		16 535	3 497
Other operating expenditure	4.7	609	1 817
Total		178 847	155 529

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

- Advertising is reflective of invoices received related to the advanced payment made to GCIS in the previous financial years.
- Some of the invoices payable to SITA were not processed on time, hence the noticeable difference 2014/15 vs 2015/16 financial years. The SITA outstanding invoices are disclosed under accruals and payables.
- Operating lease reflects payments made to Public Works Department for the head office building and G-fleet for cars that are used by the department
- Contractors relates to payments made to the hospitals e.g. South African Military Hospitals and doctors for Military Veterans and their beneficiaries.
- Training and Development relates to payments made for skills training and development of Military Veterans and their beneficiaries.
- Travel and subsistence relates to payments for travel and accommodation made for Military Veterans and their beneficiaries.
- Prior year misclassification correction of advert: recruitment account. An amount of R22 640.40 was incorrectly classified as advert: recruitment account instead of National Department Advanced account. This resulted in the understatement of advanced account and the overstatement of expenditure item.
- Prior year misclassification correction of Minor assets: This resulted in R116 380.50 overstatement of Minor Assets:
 - Audio visual equipment account was understated by R22 690.81
 - Bags account was understated by R7 020.00
 - Kitchen appliances account was understated by R1 421.15
 - Desktop printing equipment account was understated by R148 734.23
 - Crocker & Cutlery account was overstated by R17 849.28
 - Domestic furniture account was overstated by R810 813.15
 - Office equipment account was understated by R505 131.07
 - Office furniture account was overstated by R3 837.24
 - Photographic equipment account was understated by R2 783.89
 - Sport & Recreation equipment account was understated by R14 730.00
 - Tents, Flags& Accessories account was overstated by R3 380.00
 - Survey equipment account was overstated by R4 500.00
 - Transport equipment account was understated by R17 040.00
 - Reprographic equipment account was understated by R4 448.02.
- Prior year misclassification correction of Computer services: LOGIS Mainframe account. An amount of R60 738.62 was incorrectly classified as Fruitless & Wasteful expenditure instead of Computer services: LOGIS Mainframe account.
- An amount of R72 000.00 for Consultants: Business advisory service was incorrectly classified as Disallowance Miscellaneous.
- Prior year misclassification correction of Consumables. This resulted in understatement of R450 022.04 of Consumables accounts.
- Prior year misclassification correction of Travel and Subsistence account. An amount of R197 684.90 was incorrectly classified under Disallowance Miscellaneous account:
 - T&S: Accommodation account was understated by R71 567.85
 - T&S Non-Employee Accommodation account was understated by R7 000.00
 - T&S Non-Employee Food& Beverage account was understated by R119 177.05.
- Prior year misclassification correction of training and development account. An amount of R1 890.00 was incorrectly classified as fruitless and Wasteful expenditure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

4.1. Minor assets

	Note	2015/16 R'000	2014/15 R'000
Tangible assets	4	1 848	1 219
Buildings and other fixed structures		-	-
Biological assets		-	-
Heritage assets		-	-
Machinery and equipment		1 848	1 219
Transport assets		-	-
Specialised military assets		-	-
Intangible assets		-	-
Software		-	-
Mastheads and publishing titles		-	-
Patents, licences, copyright, brand names, trademarks		-	-
Recipes, formulae, prototypes, designs, models		-	-
Services and operating rights		-	-
Total		1 848	1 219

• Prior year misclassification correction of Minor assets: This resulted in R116 380.50 overstatement of Minor Assets:

- Audio visual equipment account was understated by R22 690.81
- Bags account was understated by R7 020.00
- Kitchen appliances account was understated by R1 421.15
- Desktop printing equipment account was understated by R148 734.23
- Crocker & Cutlery account was overstated by R17 849.28
- Domestic furniture account was overstated by R810 813.15
- Office equipment account was understated by R505 131.07
- Office furniture account was overstated by R3 837.24
- Photographic equipment account was understated by R2 783.89
- Sport & Recreation equipment account was understated by R14 730.00
- Tents, Flags& Accessories account was overstated by R3 380.00
- Survey equipment account was overstated by R4 500.00
- Transport equipment account was understated by R17 040.00
- Reprographic equipment account was understated by R4 448.02.

4.2. Computer services

	Note	2015/16 R'000	2014/15 R'000
SITA computer services	4	21	28 941
External computer service providers		866	-
Total		887	28 941

- Not all invoices payable to SITA were processed on time. The outstanding SITA invoices are disclosed under accruals and payables.
- Prior year misclassification correction of Computer services: LOGIS Mainframe account. An amount of R60 738.62 was incorrectly classified as Fruitless & Wasteful expenditure instead of Computer services: LOGIS Mainframe.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

4.3. Audit cost – External

	Note	2015/16 R'000	2014/15 R'000
Regularity audits	4	7 133	7 466
Performance audits		-	-
Investigations		757	-
Environmental audits		-	-
Computer audits		-	-
Total		7 890	7 466

4.4. Consumables

	Note	2015/16 R'000	2014/15 R'000
Consumable supplies	4	1 039	1 912
Uniform and clothing		222	312
Household supplies		161	158
Building material and supplies		484	449
Communication accessories		36	11
IT consumables		64	357
Other consumables		72	625
Stationery, printing and office supplies		5 162	2 918
Total		6 201	4 830

- Stationery, printing and office supplies includes an amount of R3 290 000 spent on printing cartridges and R1 047 000 spent on stationery.
- Prior year misclassification correction of Consumables. This resulted in understatement of R450 022.04 of Consumables accounts.

4.5. Property payments

	Note	2015/16 R'000	2014/15 R'000
Municipal services	4	241	-
Property management fees		-	-
Property maintenance and repairs		351	-
Other		5 539	1 570
Total		6 131	1 570

- Property payments others is reflective of the historical practice where Public Works would send a consolidated bill for utilities to DoD, who will settle directly without a portion related to Department being recovered. DoD is now recovering such amounts from Department and hence the big difference 2014/15 vs 2015/16 financial years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

4.6. Travel and subsistence

	Note	2015/16 R'000	2014/15 R'000
Local	4	37 123	44 283
Foreign		187	5
Total		37 310	44 288

- Travel and subsistence item includes payments made for Military Veterans and their beneficiaries.
- Prior year misclassification correction of Travel and Subsistence account. An amount of R197 684.90 was incorrectly classified under Disallowance Miscellaneous account.
 - T&S: Accommodation account was understated by R71 567.85
 - T&S Non-Employee Accommodation account was understated by R7 000.00
 - T&S Non-Employee Food& Beverage account was understated by R119 177.05.

4.7. Other operating expenditure

	Note	2015/16 R'000	2014/15 R'000
Professional bodies, membership and subscription fees	4	-	6
Resettlement costs		166	-
Other		443	1 811
Total		609	1 817

- Other operating expenditure relates to expenditure such as courier, delivery service, printing and publication services.

5. Interest and rent on land

	Note	2015/16 R'000	2014/15 R'000
Interest paid		4	137
Rent on land		-	-
Total		4	137

- Prior year misclassification correction of Interest paid on overdue account. An amount of R136 510.85 was incorrectly classified as Fruitless and Wasteful expenditure.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

6. Transfers and subsidies

	Note	2015/16 R'000	2014/15 R'000
Provinces and municipalities		-	-
Departmental agencies and accounts	Annex 1B	-	175 550
Higher education institutions	Annex 1C	-	-
Foreign governments and international organisations	Annex 1E	-	-
Public corporations and private enterprises	Annex 1D	-	-
Non-profit institutions	Annex 1F	-	-
Households	Annex 1G	57 569	43 204
Total		57 569	218 754
Unspent funds transferred to the above beneficiaries		147 173	222 006

2014/15FY

- An amount of R175 550 000 that was transferred to NSFAS in 2014/15FY.
- As at 2014/15FY a cumulative amount of R46 456 000 had been transferred to Provincial Human Settlement for Military Veterans housing benefits.

2015/16FY

- An amount of R112 997 000 was still unspent by NSFAS as at 31 March 2016.
- Against the total transfer of R31 911 000, transferred to Provincial Human Settlement Departments in 2014/15FY and with R14 546 000 transferred in 2013/14FY. Amount of R3 010 000 transferred to Eastern Cape Province was fully utilised as at 31 March 2016 and an amount of R2 042 000 was utilised by Free State Province, an amount of R146 000 was utilised by North West Province and an amount of R3 198 000 was utilised by Mpumalanga Province.

7. Expenditure for capital assets

	Note	2015/16 R'000	2014/15 R'000
Tangible assets		11 522	5 054
Buildings and other fixed structures		-	-
Heritage assets	27	-	112
Machinery and equipment	27	11 522	4 942
Specialised military assets		-	-
Land and subsoil assets		-	-
Biological assets		-	-
Intangible assets		29	-
Software	28	29	-
Mastheads and publishing titles		-	-
Patents, licences, copyright, brand names, trademarks		-	-
Recipes, formulae, prototypes, designs, models		-	-
Services and operating rights		-	-
Total		11 551	5 054

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

- Prior year misclassification correction of Capital assets: This resulted in R62 010.20 understatement of Capital Assets:
 - Audio visual equipment account was understated by R279,955.76
 - Kitchen appliances account was understated by R21,600.00
 - Desktop printing equipment account was understated by R543,907.56
 - Photographic equipment account was understated by R23,839.00
 - Sport & Recreation equipment account was overstated by R102,404.00
 - Survey equipment account was overstated by R12,540.00
 - Crocker & Cutlery account was understated by R4,746.00
 - Domestic furniture account was overstated by R14,600.00
 - Office equipment account was overstated by R739,894.11
 - Comp Hard& Sys- Desktop account was understated by R35,444.71
 - Comp Hard& Sys- Laptop account was understated by R21,955.28.

7.1. Analysis of funds utilised to acquire capital assets – 2015/16

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	11 522	-	11 522
Buildings and other fixed structures	-	-	-
Heritage assets	-	-	-
Machinery and equipment	11 522	-	11 522
Specialised military assets	-	-	-
Land and subsoil assets	-	-	-
Biological assets	-	-	-
Intangible assets	29	-	29
Software	29	-	29
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-
Total	11 551	-	11 551

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

7.2. Analysis of funds utilised to acquire capital assets – 2014/15

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	5 054	-	5 054
Buildings and other fixed structures	-	-	-
Heritage assets	112	-	112
Machinery and equipment	4 942	-	4 942
Specialised military assets	-	-	-
Land and subsoil assets	-	-	-
Biological assets	-	-	-
Intangible assets	-	-	-
Software	-	-	-
Mastheads and publishing titles	-	-	-
Patents, licences, copyright, brand names, trademarks	-	-	-
Recipes, formulae, prototypes, designs, models	-	-	-
Services and operating rights	-	-	-
Total	5 054	-	5 054

- Prior year misclassification correction of Capital assets: This resulted in R62 010.20 understatement of Capital Assets:
 - Audio visual equipment account was understated by R279,955.76
 - Kitchen appliances account was understated by R21,600.00
 - Desktop printing equipment account was understated by R543,907.56
 - Photographic equipment account was understated by R23,839.00
 - Sport & Recreation equipment account was overstated by R102,404.00
 - Survey equipment account was overstated by R12,540.00
 - Crocker & Cutlery account was understated by R4,746.00
 - Domestic furniture account was overstated by R14,600.00
 - Office equipment account was overstated by R739,894.11
 - Comp Hard& Sys- Desktop account was understated by R35,444.71
 - Comp Hard& Sys- Laptop account was understated by R21,955.28.

8. Cash and cash equivalents

Note	2015/16 R'000	2014/15 R'000
Consolidated Paymaster General Account	225 384	21 471
Cash receipts	-	-
Disbursements	-	-
Cash on hand	21	24
Investments (Domestic)	-	-
Investments (Foreign)	-	-
Total	225 405	21 495

- There are no significant cash and cash equivalent balances held by the department that are not available for use.
- There are no amounts of undrawn borrowing facilities that may be available for future operating activities and to settle capital commitments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

9. Prepayments and advances

	Note	2015/16 R'000	2014/15 R'000
Staff advances		-	-
Travel and subsistence		-	-
Prepayments (Not expensed)		-	-
Advances paid	9.1	3 402	12 641
SOCPEN advances		-	-
Total		3 402	12 641

- Prior year misclassification correction of advert: recruitment account. An amount of R22 640.40 was incorrectly classified as advert: recruitment instead of National Department Advanced. This resulted in the understatement of advances account and overstatement of expenditure account.

9.1. Advances paid

	Note	2015/16 R'000	2014/15 R'000
	9		
National departments	Annex8A	3 402	12 641
Provincial departments	Annex8A	-	-
Public entities	Annex8A	-	-
Other entities	Annex8A	-	-
Total		3 402	12 641

- Prior year misclassification correction of advert: recruitment account. An amount of R22 640.40 was incorrectly classified as advert: recruitment account instead of National Department Advanced account. This resulted in the understatement of advanced account and overstating expenditure item.

9.2. Prepayments (Not expensed)

	Note	2015/16 R'000	2014/15 R'000
	9		
Goods and services		-	-
Interest and rent on land		-	-
Transfers and subsidies		-	-
Capital assets		-	-
Other		-	-
Total		-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

9.3. Prepayments (Expensed)

	Note	2015/16 R'000	2014/15 R'000
Goods and services		-	-
Interest and rent on land		-	-
Transfers and subsidies		-	175 550
Capital assets		-	-
Other		-	-
Total		-	175 550

- A prepayment of R175 550 000 to NSFAS was disclosed as Transfer and Subsidies for 2014/15FY. As at 2015/16FY amount of R62 552 982.87 was expensed by NSFAS to the institutions for benefits related Military Veterans and their Dependants.

10. Receivables

	Note	2015/16			2014/15		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	180	-	180	127	-	127
Trade receivables		-	-	-	-	-	-
Recoverable expenditure	10.2	227	-	227	234	-	234
Staff debt	10.3	13	-	13	-	-	-
Fruitless and wasteful expenditure	10.5	389	-	389	28	-	28
Other debtors	10.4	3 181	-	3 181	8 241	-	8 241
Total		3 990	-	3 990	8 630	-	8 630

- Prior year misclassification correction of Fruitless and Wasteful expenditure account. The expenditure amounting to R774 372.37 was overstated under Fruitless and Wasteful expenditure account.
- Prior year correction of R269 744.90 overstated under Disallowance Miscellaneous account instead of expenditure items.
- Prior year misclassification correction of Disallowance damages & losses account. An amount of R178,981.16 was understated.

10.1. Claims recoverable

	Note	2015/16 R'000	2014/15 R'000
National departments	10 and Annex 4	180	127
Provincial departments		-	-
Foreign governments		-	-
Public entities		-	-
Private enterprises		-	-
Higher education institutions		-	-
Households and non-profit institutions		-	-
Local governments		-	-
Total			180

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

10.2. Recoverable expenditure (disallowance accounts)

	Note	2015/16 R'000	2014/15 R'000
Debt Account	10	227	206
The Skills College for Development		-	20
Bungu		-	8
Total		227	234

10.3. Staff debt

	Note	2015/16 R'000	2014/15 R'000
Salary Reversal Control	10	11	-
Salary Tax Debt		2	-
Total		13	-

- Services termination of employees.

10.4. Other debtors

	Note	2015/16 R'000	2014/15 R'000
Disallowance Damages & Losses	10	1 063	528
Disallowance Miscellaneous		2 118	7 764
Salary ACB Recalls		-	(51)
Total		3 181	8 241

- Disallowance Damages & Losses - This balance includes payments made to Travel with Flair for hired car accidents and traffic fines, paid on behalf of the employees and military veterans that are under investigation. The department is in the process of recovering these through PERSAL deductions.
- Disallowance Miscellaneous - An amount of R2 million was paid to Travel with Flair and still waiting for the invoices to clear the balance to expenditure.
- Prior year correction of R269 744.90 overstated under Disallowance Miscellaneous account instead of expenditure items.
- Prior year misclassification correction of Disallowance damages & losses account that led to an understatement of R178 981.16.

10.5. Fruitless and wasteful expenditure

	Note	2015/16 R'000	2014/15 R'000
Opening balance	10	28	-
Less amounts recovered		-	-
Less amounts written off		-	-
Transfers from note 22 Fruitless and Wasteful Expenditure		361	28
Interest		-	-
Total		389	28

- Payments made to Travel with Flair for travel and subsistence bookings and where travellers do not phone and cancel if unable to travel and or attend.
- Prior year misclassification correction of Fruitless and Wasteful expenditure account. The expenditure amounting to R774 372.37 was overstated under Fruitless and Wasteful expenditure account.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

11. Voted funds to be surrendered to the Revenue Fund

Note	2015/16 R'000	2014/15 R'000
Opening balance	41 097	185 498
Prior period error	11.1	-
As restated	41 097	185 498
Transfer from statement of financial performance (as restated)	233 592	41 097
Add: Unauthorised expenditure for current year	-	-
Voted funds not requested/not received	1.1	-
Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures ONLY)	-	-
Paid during the year	(41 939)	(185 498)
Closing balance	232 750	41 097

- Prior year misclassification correction of advert: recruitment account. An amount of R22 640.40 was incorrectly classified as advert: recruitment account instead of National Department Advanced account. This resulted in understating advanced account and overstating expenditure item.
- Prior year misclassification correction of Computer services: LOGIS Mainframe account. An amount of R60 738.62 was incorrect classified as Fruitless & Wasteful expenditure account instead of Computer services: LOGIS Mainframe account.
- An amount of R72 000.00 for Consultants: a Business advisory service was incorrectly classified as Disallowance Miscellaneous.
- Prior year misclassification correction of Travel and Subsistence account. An amount of R197 684.90 was incorrect classified under Disallowance Miscellaneous account:
 - T&S: Accommodation account was understated by R71 567.85
 - T&S Non-Employee Accommodation account was understated by R7 000.00
 - T&S Non-Employee Food& Beverage account was understated by R119 177.05.
- Prior year misclassification correction of Training and development account. An amount of R1 890.00 was incorrectly classified as fruitless and Wasteful expenditure account.
- Prior year misclassification correction of Interest paid on overdue account. An amount of R136 510.85.00 was incorrectly classified as Fruitless and Wasteful expenditure account.

11.1. Prior period error

Note	2015/16 R'000	2014/15 R'000
Nature of prior period error		
Relating to 2014/15		(843)
Disallowance Miscellaneous		(270)
Fruitless Expenditure		(773)
Disallowance Damages and Losses, Prepayments and advanced paid		200
Total prior period errors		(843)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

- Prior year misclassification correction of advert: recruitment account. An amount of R22 640.40 was incorrectly classified as advert: recruitment account instead of National Department Advanced account. This resulted in understating advanced account and overstating expenditure item.
- Prior year misclassification correction of Computer services: LOGIS Mainframe account. An amount of R60 738.62 was incorrect classified as Fruitless & Wasteful expenditure account instead of Computer services: LOGIS Mainframe account.
- An amount of R72 000.00 for Consultants: a Business advisory service was incorrectly classified as Disallowance Miscellaneous.
- Prior year misclassification correction of Travel and Subsistence account. An amount of R197 684.90 was incorrect classified under Disallowance Miscellaneous account:
 - T&S: Accommodation account was understated by R71 567.85
 - T&S Non-Employee Accommodation account was understated by R7 000.00
 - T&S Non-Employee Food& Beverage account was understated by R119 177.05.
- Prior year misclassification correction of Training and development account. An amount of R1 890.00 was incorrect classified as fruitless and Wasteful expenditure account.
- Prior year misclassification correction of Interest paid on overdue account. An amount of R136 510.85 was incorrect classified as Fruitless and Wasteful expenditure account.

12. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

Note	2015/16 R'000	2014/15 R'000
Opening balance	1 545	1
Prior period error	-	-
As restated	1 545	1
Transfer from Statement of Financial Performance (as restated)	789	3 049
Own revenue included in appropriation	-	-
Transfer from aid assistance	-	-
Transfer to voted funds to defray expenditure (Parliament/ Legislatures ONLY)	-	-
Paid during the year	(2 350)	(1 505)
Closing balance	(16)	1 545

13. Payables – current

Note	2015/16 R'000	2014/15 R'000
Amounts owing to other entities	-	-
Advances received	-	-
Clearing accounts	63	124
Other payables	-	-
Total	63	124

- Salaries: Income tax – this is income tax for employees payable to SARS as at 31 March 2016 but was paid in April 2016, timing difference.
- Salaries: Pension Fund – this a pension fund deduction at the end of March 2016 that will be paid over in April 2016, as above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

13.1. Clearing accounts

Description	Note	2015/16 R'000	2014/15 R'000
	13		
Description		59	124
Salaries: Income Tax		4	-
Salaries: Pension Fund		-	-
Total		63	124

- Salaries: Income tax – this is income tax for employees payable to SARS as at 31 March 2016 but was paid in April 2016, timing difference.
- Salaries: Pension Fund – this a pension fund deduction at the end of March 2016 that will be paid over in April 2016, timing difference.

14. Net cash flow available from operating activities

Description	Note	2015/16 R'000	2014/15 R'000
Net surplus/(deficit) as per Statement of Financial Performance		234 381	44 146
Add back non cash/cash movements not deemed operating activities		(18 920)	(203 006)
(Increase)/decrease in receivables – current		4 640	(8 599)
(Increase)/decrease in prepayments and advances		9 239	(12 590)
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		(61)	132
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		11 551	5 054
Surrenders to Revenue Fund		(44 289)	(187 003)
Surrenders to RDP Fund/Donor		-	-
Voted funds not requested/not received		-	-
Own revenue included in appropriation		-	-
Other non-cash items		-	-
Net cash flow generated by operating activities		215 461	(158 860)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)**for the year ended 31 March 2016**

- Prior year misclassification correction of advert: recruitment account. An amount of R22 640.40 was incorrect classified as advert: recruitment account instead of National Department Advanced account. This resulted in understating advanced account and overstating expenditure item.
- Prior year misclassification correction of Minor assets: This resulted in R116 380.50 overstatement of Minor Assets:
 - Audio visual equipment account was understated by R22 690.81
 - Bags account was understated by R7 020.00
 - Kitchen appliances account was understated by R1 421.15
 - Desktop printing equipment account was understated by R148 734.23
 - Crocker & Cutlery account was overstated by R17 849.28
 - Domestic furniture account was overstated by R810 813.15
 - Office equipment account was understated by R 505 131.07
 - Office furniture account was overstated by R3 837.24
 - Photographic equipment account was understated by R2 783.89
 - Sport & Recreation equipment account was understated by R14 730.00
 - Tents, Flags& Accessories account was overstated by R3 380.00
 - Survey equipment account was overstated by R4 500.00
 - Transport equipment account was understated by R17 040.00
 - Reprographic equipment account was understated by R4 448.02.
- Prior year misclassification correction of Computer services: LOGIS Mainframe account. An amount of R60 738.62 was incorrect classified as Fruitless & Wasteful expenditure account instead of Computer services: LOGIS Mainframe account.
- An amount of R72 000.00 for Consultants: a Business advisory service was incorrectly classified as Disallowance Miscellaneous.
- Prior year misclassification correction of Consumables. This resulted in understatement of R450 022.04 of Consumables accounts.
- Prior year misclassification correction of Travel and Subsistence account. An amount of R197 684.90 was incorrect classified under Disallowance Miscellaneous account:
 - T&S: Accommodation account was understated by R71 567.85
 - T&S Non-Employee Accommodation account was understated by R7 000.00
 - T&S Non-Employee Food& Beverage account was understated by R119 177.05.
- Prior year misclassification correction of Training and development account. An amount of R1 890.00 was incorrectly classified as fruitless and Wasteful expenditure account.
- Prior year misclassification correction of Interest paid on overdue account. An amount of R136 510.85 was incorrectly classified as Fruitless and Wasteful expenditure account.
- Prior year misclassification correction of Capital assets: This resulted in R62 010.20 understatement of Capital Assets:
 - Audio visual equipment account was understated by R279,955.76
 - Kitchen appliances account was understated by R21,600.00
 - Desktop printing equipment account was understated by R543,907.56
 - Photographic equipment account was understated by R23,839.00
 - Sport & Recreation equipment account was overstated by R102,404.00
 - Survey equipment account was overstated by R12,540.00
 - Crocker & Cutlery account was understated by R4,746.00
 - Domestic furniture account was overstated by R14,600.00

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

- Office equipment account was overstated by R739,894.11
- Comp Hard& Sys- Desktop account was understated by R35,444.71
- Comp Hard& Sys- Laptop account was understated by R21,955.28
- Prior year misclassification correction of Fruitless and Wasteful expenditure account. The expenditure amounting to R774 372.37 was incorrectly posted to Fruitless and Wasteful expenditure account.
- Prior year correction of R269 744.90 misposted to Disallowance Miscellaneous account instead of expenditure items.
- Disallowance damages & losses account was understated by R178,981.16.

15. Reconciliation of cash and cash equivalents for cash flow purposes

Note	2015/16 R'000	2014/15 R'000
Consolidated Paymaster General account	225 384	21 471
Fund requisition account	-	-
Cash receipts	-	-
Disbursements	-	-
Cash on hand	21	24
Cash with commercial banks (Local)	-	-
Cash with commercial banks (Foreign)	-	-
Total	225 405	21 495

16. Contingent liabilities and contingent assets

16.1. Contingent liabilities

Note	2015/16 R'000	2014/15 R'000
Liable to		
	Nature	
Motor vehicle guarantees	Employees	Annex 3A
Housing loan guarantees	Employees	Annex 3A
Other guarantees		Annex 3A
Claims against the department		Annex 3B
Intergovernmental payables (unconfirmed balances)		Annex 5
Environmental rehabilitation liability		Annex 3B
Other		Annex 3B
Total	235 027	5 891

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

17. Commitments

	Note	2015/16 R'000	2014/15 R'000
Current expenditure			
Approved and contracted		610	1 096
Approved but not yet contracted		-	-
		610	1 096
Capital expenditure			
Approved and contracted		825	1 318
Approved but not yet contracted		-	-
		825	1 318
Total Commitments		1 435	2 414

These commitments are less than a year.

18. Accruals and payables not recognised

18.1. Accruals

		2015/16 R'000	2014/15 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	4 824	4 916	9 740
Interest and rent on land	-	-	-
Transfers and subsidies	-	2 600	2 600
Capital assets	-	-	-
Other	-	-	-
Total	4 824	7 516	12 340
			26 755

	Note	2015/16 R'000	2014/15 R'000
Listed by programme level			
Administration		4 980	8 038
Socio Economic Support		2 943	12 336
Empowerment and Stakeholder Management		4 417	6 381
Total		12 340	26 755

• Department awaits for SAMHS invoices for Military Veterans and their beneficiary

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

18.2. Payables not recognised

		2015/16 R'000	2014/15 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	8 040	5 821	13 861
Interest and rent on land	-	-	-
Transfers and subsidies	-	-	-
Capital assets	-	-	-
Other	-	-	-
Total	8 040	5 821	13 861
		2015/16 R'000	2014/15 R'000
Listed by programme level			
Administration	Note	13 759	-
Socio-Economic Support		73	-
Empowerment and Stakeholder Management		29	-
Total		13 861	-

- Payments to SITA expenditure to be paid in the new fiscal year.

	Note	2015/16 R'000	2014/15 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 5	2 600	185
Confirmed balances with other government entities	Annex 5	-	-
Total		2 600	185

19. Employee benefits

	Note	2015/16 R'000	2014/15 R'000
Leave entitlement		4 117	4 113
Service bonus (Thirteenth cheque)		2 018	1 934
Performance awards		-	-
Capped leave commitments		717	883
Other		-	-
Total		6 852	6 930

- At this stage, the department is not able to reliably measure the long term portion of the long service awards.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

20. Lease commitments

20.1. Operating leases expenditure

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	99	99
Later than 1 year and not later than 5 years	-	-	22 322	-	22 322
Later than five years	-	-	-	-	-
Total lease commitments	-	-	22 322	99	22 421

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	29 606	289	29 895
Later than five years	-	-	-	-	-
Total lease commitments	-	-	29 606	289	29 895

- This is an operating lease comprising of 6 photocopying machine and 1 franking machine.
- Lease commitments were overstated with an amount of R651 000 due to computation error.
- This is a five (5) year sublease of the Department head office premises as arranged by the Department of Public Works.

20.2. Finance leases expenditure**

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	1 744	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	1 744	-	-

2015/16	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	-	-
Later than 1 year and not later than 5 years	-	-	-	-	-
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	-	-

**This note excludes leases relating to public private partnership as they are separately disclosed in note no. 35.

This relates to a contract arrangement between Department and service provider regarding cell phones and data modems.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

21. Irregular expenditure

21.1. Reconciliation of irregular expenditure

Note	2015/16 R'000	2014/15 R'000
Opening balance	50 182	21 151
Prior period error	-	1 584
As restated	50 182	22 735
Add: Irregular expenditure – relating to prior year	-	-
Add: Irregular expenditure – relating to current year	123 693	27 447
Less: Prior year amounts condoned	-	-
Less: Current year amounts condoned	-	-
Less: Amounts not condoned and recoverable	-	-
Less: Amounts not condoned and not recoverable	-	-
Closing balance	173 875	50 182
Analysis of awaiting condonation per age classification		
Current year	123 693	27 447
Prior years	50 182	22 735
Total	173 875	50 182

2013/14FY

- Irregular Expenditure disclosed was incorrect overstated with an amount of R218 000. Include GPG Catering of which was not paid; Red Alert which was only paid in 2014/15FY and Skynet courier services which was incorrectly calculated.

2014/15FY

- Irregular Expenditure disclosed was incorrectly overstated and incorrectly calculated. An amount of R1 130 970.49 was incorrectly disclosed as current irregular expenditure.
- Travel with Flair travel agency fee is added
- The following adjustments are updated on the register.
- Fetolo Mogopolo, amount of R1 455 470 was incorrectly included in the opening balance of 2013/14FY and as current irregular expenditure of 2014/15FY
- Ontoligent, amount of R42 000 was incorrectly included in the opening balance of 2013/14FY and as current irregular expenditure of 2014/15 FY
- Zwiito Cleaning services, amount of R98 952.00 was incorrectly included in opening balance of 2013/14FY and as current irregular expenditure of 2014/15FY
- Skynet, amount of R84 568.20 was incorrectly included in opening balance of 2013/14FY and as current irregular expenditure of 2014/15FY
- Skynet, amount R28 924.36 was overstated. The correct payment made for 2014/15FY was R35 737.25
- TN Masivusane, amount of R9 520 was overstated. The correct payment made for 2014/15FY was R68 000.
- GPG catering, amount of R48 000 was incorrectly disclosed as irregular expenditure which is not yet paid.
- Red Alert, amount of R65 112.42 was overstated. The correct payment made for 2014/15FY was R934 100.80.
- Upper Case, amount of R34 029.00 was incorrectly disclosed in 2014/15FY.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

21.2. Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000
12 Cases of non-compliance with procurement processes	Not taken but the investigations are being formalised and corrective action/s will be taken	1 607
13 Cases of non-compliance with Supply Chain Management Processes	Not taken but the investigations are being formalised and corrective action/s will be taken	13 561
Non-compliance with Department approved Financial Delegations	Not taken yet but the Financial Delegations policy is being formalised	106 489
Requirements of pay progressions not followed	Not taken but the investigations are being formalised and corrective action/s will be taken	227
Procurement processes was not followed(SRD payment)	Not taken but the investigations are being formalised and corrective action/s will be taken	1 809
Total		123 693

21.3. Details of irregular expenditures under investigation (not included in the main note)

Incident	2015/16 R'000
Potential irregular expenditure due to centralised financial delegations Investigation is underway to detect the exact amount that is irregular	37 000
Total	37 000

- Amount of R9 169 000 DoD possible irregular expenditure that was disclosed under investigation was confirmed with DoD that it was disclosure at DoD Financial Statement from 2012/13FY.

21.4. Prior period error

Note	2015/16 R'000	2014/15 R'000
Nature of prior period error		
Relating to 2013/14 [affecting the opening balance]		1 584
Irregular Expenditure disclosed was incorrectly understated		1 584
Relating to 2014/15		(1 526)
Irregular Expenditure disclosed was incorrect overstated and incorrectly calculated.		(1 526)
Total prior period errors		58

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

2013/14FY

- Irregular Expenditure disclosed was incorrectly overstated by an amount of R218 000. Include GPG Catering of which was not paid; Red Alert which was only paid in 2014/15FY and Skynet courier services which was incorrectly calculated.
- Travel with Flair travel agency fee is added

2014/15FY

- Irregular Expenditure disclosed was incorrectly overstated and incorrectly calculated.
- Travel with Flair travel agency fee is added
- The following adjustments are updated on the register:
 - Fetolo Mogopolo, amount of R1 455 470 was incorrectly included in opening balance of 2013/14FY and as current irregular expenditure of 2014/15FY
 - Ontoligent, amount of R42 000 was incorrectly included in opening balance of 2013/14FY and as current irregular expenditure of 2014/15FY
 - Zwiito Cleaning services, amount of R98 952.00 was incorrectly included in opening balance of 2013/14FY and as current irregular expenditure of 2014/15FY
 - Skynet, amount of R84 568.20 was incorrectly included in opening balance of 2013/14FY and as current irregular expenditure of 2014/15FY
 - Skynet, amount R28 924.36 was overstated. The correct payment made for 2014/15FY was R35 737.25
 - TN Masivusane, amount of R9 520 was overstated. The correct payment made for 2014/15FY was R68 000
 - GPG catering, amount of R48 000 was incorrect disclosed as irregular expenditure which is not yet paid
 - Red Alert, amount of R65 112.42 was overstated. The correct payment made for 2014/15FY was R934 100.80
 - Upper Case, amount of R34 029.00 was incorrect disclosed in 2014/15FY the claim was paid June 2015.

22. Fruitless and wasteful expenditure

22.1. Reconciliation of fruitless and wasteful expenditure

Note	2015/16 R'000	2014/15 R'000
Opening balance	1 572	770
Prior period error	-	-
As restated	1 572	770
Fruitless and wasteful expenditure – relating to prior year	-	-
Fruitless and wasteful expenditure – relating to current year	811	802
Less: Amounts resolved	-	-
Less: Amounts transferred to receivables for recovery	10.5 (361)	-
Closing balance	2 022	1 572

22.2. Analysis of awaiting resolution per economic classification

	2015/16 R'000	2014/15 R'000
Current	811	1 572
Capital	-	-
Transfer and subsidies	-	-
Total	811	1 572

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

22.3. Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2015/16 R'000
Expenditure incurred by the department for the bookings of travel and subsistence where employees and Veterans that do not show up.	No steps taken yet. Investigations underway	361
Interest paid on overdue account	No disciplinary steps required.	4
LOGIS system payments	No disciplinary steps required. The target date to use LOGIS is 01 July 2016	3
Medical service payments made for beneficiaries that are not listing on the database	No steps taken as yet. Investigation still in progress	443
Total		811

22.4. Details of fruitless and wasteful expenditures under investigation (not included in the main note)

Incident	2015/16 R'000	2014/15 R'000
Possible fruitless and wasteful of dental fee invoice paid for Military Veteran under investigation.	853	
Total	853	

23. Related party transactions

Note	2015/16 R'000	2014/15 R'000
Revenue received		
Tax revenue	-	-
Sales of goods and services other than capital assets	-	-
Fines, penalties and forfeits	-	-
Interest, dividends and rent on land	-	-
Sales of capital assets	-	-
Transactions in financial assets and liabilities	-	-
Transfers received	-	-
Total	-	-
Payments made		
Goods and services	-	-
Interest and rent on land	-	-
Expenditure for capital assets	-	-
Payments for financial assets	-	-
Transfers	-	-
Total	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

Note	2015/16 R'000	2014/15 R'000
Year end balances arising from revenue/payments		
Receivables from related parties	-	-
Payables to related parties	-	-
Total	-	-
Loans to /from related parties		
Non-interest bearing loans to/(from)	-	-
Interest bearing loans to/(from)	-	-
Total	-	-
Other		
Guarantees issued/received	-	-
List other contingent liabilities between department and related party	-	-
Total	-	-
In kind goods and services provided/received		
List in kind goods and services between the department and the related party	-	-
Total	-	-

As at 31 March 2016 the Department had the following related parties, namely the:

- President of the RSA
- Deputy President of the RSA
- Cabinet of the Government of the RSA, including the Ministers of all National Departments
- National Departments
- Public Entities resorting under the National Departments
- Key management personnel of the Department
- All entities under the control, joint control or significant influence of a key management personnel member of the Department.

Related party transactions

The Department is not aware of any related party transaction (i.e. transaction not at arm's length) that occurred during the period between the Department and the President of the RSA; the Deputy President of the RSA; the Cabinet of the Government of the RSA, including the Ministers of all National Departments, National Departments and public entities falling under these departments.

The Department is not aware of any related party transactions that occurred during the period between the related parties.

The Department did not identify any related party transaction during the period between the Department and its key management personnel, and the entities under the control, joint control or significant influence of key management personnel of the Department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

24. Key management personnel

	No. of Individuals	2015/16 R'000	2014/15 R'000
Political office bearers (provide detail below)		-	-
Officials:			
Level 15 to 16	3	2 509	3 308
Level 14 (incl. CFO if at a lower level)	9	6 859	8 344
Family members of key management personnel		-	-
Total		9 368	11 652

25. Provisions

	Note	2015/16 R'000	2014/15 R'000
Claim to be paid to Comminos Incorporate Attorney for Uppercase Luggage CC t/a MP Agency		-	34
Settlement agreement to be paid to OJ Mabena for housing benefit		165	-
Settlement agreement to be paid to TM Msimang for housing benefit		165	-
Total		330	34

- The applicants brought the matter before the high court to force the department to pay the full housing benefit of R175 000 in term Section 14 of the Military Veterans Act 18 of 2011. An out of court settlement of R165 000 was reached

25.1. Reconciliation of movement in provisions – 2015/16FY

	Provision 1 R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	34	-	-	34
Increase in provision	165	165	-	330
Settlement of provision	(34)	-	-	(34)
Unused amount reversed	-	-	-	-
Reimbursement expected from third party	-	-	-	-
Change in provision due to change in estimation of inputs	-	-	-	-
Closing balance	165	165	-	330

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

Reconciliation of movement in provisions – 2014/15FY

	Provision 1	Provision 2	Provision 3	Total provisions
	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-
Increase in provision	34	-	-	34
Settlement of provision	-	-	-	-
Unused amount reversed	-	-	-	-
Reimbursement expected from third party	-	-	-	-
Change in provision due to change in estimation of inputs	-	-	-	-
Closing balance	34	-	-	34

26. Non-adjusting events after reporting date

	2015/16	2014/15
	R'000	R'000
Nature of event		
There are no non-adjusting events identified after the reporting date.	-	
Total	-	

There are no non-adjusting events identified after the reporting date.

27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	112	-	-	-	112
Heritage assets	112	-	-	-	112
MACHINERY AND EQUIPMENT	8 510	-	5 789	-	14 299
Transport assets	-	-	-	-	-
Computer equipment	3 303	-	1 140	-	4 443
Furniture and office equipment	2 363	-	3 373	-	5 736
Other machinery and equipment	2 844	-	1 276	-	4 120
SPECIALISED MILITARY ASSETS	-	-	-	-	-
Specialised military assets	-	-	-	-	-
BIOLOGICAL ASSETS	-	-	-	-	-
Biological assets	-	-	-	-	-
Capital Work-in-progress (Effective 1 April 2016)	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	8 622	-	5 789	-	14 411

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

- An amount of R210 450.76 for Other Machinery and Equipment was incorrect classified.
- An amount of R749 748.11 was incorrect classified as Furniture and Office Equipment.
- An amount of R601 307.55 for Computer equipment was incorrect classified.

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:	-	-
Heritage assets	-	-
Machinery and equipment	146	2 668
Specialised military assets	-	-
Biological assets	-	-

- Assets under investigation comprise the list of assets that are not yet tagged and not yet verified

27.1. Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	-	-	-	-
Heritage assets	-	-	-	-	-
MACHINERY AND EQUIPMENT	11 522	-	(5 733)	-	5 789
Transport assets	-	-	-	-	-
Computer equipment	1 140	-	-	-	1 140
Furniture and office equipment	3 373	-	-	-	3 373
Other machinery and equipment	7 009	-	(5 733)	-	1 276
SPECIALISED MILITARY ASSETS	-	-	-	-	-
Specialised military assets	-	-	-	-	-
BIOLOGICAL ASSETS	-	-	-	-	-
Biological assets	-	-	-	-	-
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	11 522	-	(5 733)	-	5 789

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

27.2. Movement for 2014/15

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
HERITAGE ASSETS	-	-	112	-	112
Heritage assets	-	-	112	-	112
MACHINERY AND EQUIPMENT	3 568	-	4 942	-	8 510
Transport assets	-	-	-	-	-
Computer equipment	796	-	2 507	-	3 303
Furniture and office equipment	1 391	-	972	-	2 363
Other machinery and equipment	1 381	-	1 463	-	2 844
SPECIALISED MILITARY ASSETS	-	-	-	-	-
Specialised military assets	-	-	-	-	-
BIOLOGICAL ASSETS	-	-	-	-	-
Biological assets	-	-	-	-	-
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	3 568	-	5 054	-	8 622

27.2.1. Prior period error

	Note	2015/16 R'000	2014/15 R'000
Nature of prior period error			
Relating to 2013/14 [affecting the opening balance]			-
			-
Relating to 2014/15			63
Computer equipment			602
Furniture & Office Equipment			(751)
Other Machinery & Equipment			212
Total prior period errors			63

- An amount of R210 450.76 for Other Machinery and Equipment was incorrectly classified.
- An amount of R749 748.11 was incorrectly classified as Furniture and Office Equipment.
- An amount of R601 307.55 for Computer equipment was incorrectly classified.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

27.3. Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2016

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	2 413	-	2 413
Value adjustments	-	-	-	-	-	-
Additions	-	-	-	1 848	-	1 848
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	-	-	4 261	-	4 261

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	689	-	689	-
TOTAL NUMBER OF MINOR ASSETS	-	-	689	-	689	-

Minor Capital Assets under investigation

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:	-	-
Specialised military assets	-	-
Intangible assets	-	-
Heritage assets	-	-
Machinery and equipment	420	1 215
Biological assets	-	-

- Assets under investigation comprise the list of assets that are not yet tagged and not yet verified

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

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 194	-	1 194
Prior period error	-	-	-	-	-	-
Additions	-	-	-	1 219	-	1 219
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	-	-	2 413	-	2 413

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	-	-	-
Number of minor assets at cost	-	-	986	-	986	-
TOTAL NUMBER OF MINOR ASSETS	-	-	986	-	986	-

27.3.1. Prior period error

	Note	2015/16 R'000	2014/15 R'000
Nature of prior period error			
Relating to 2013/14 [affecting the opening balance]			-
			-
Relating to 2014/15			(116)
Minor Assets			(116)
Total prior period errors			(116)

- Prior year misclassification correction of Minor assets: This resulted in R116 380.50 overstatement of Minor Assets:
 - Audio visual equipment account was understated by R22 690.81
 - Bags account was understated by R7 020.00
 - Kitchen appliances account was understated by R1 421.15
 - Desktop printing equipment account was understated by R148 734.23
 - Crocker & Cutlery account was overstated by R17 849.28
 - Domestic furniture account was overstated by R810 813.15
 - Office equipment account was understated by R505 131.07
 - Office furniture account was overstated by R3 837.24
 - Photographic equipment account was understated by R2 783.89
 - Sport & Recreation equipment account was understated by R14 730.00
 - Tents, Flags & Accessories account was overstated by R3 380.00
 - Survey equipment account was overstated by R4 500.00
 - Transport equipment account was understated by R17 040.00
 - Reprographic equipment account was understated by R4 448.02

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

28. Intangible Capital Assets

Movement In Intangible Capital Assets Per Asset Register For The Year Ended 31 March 2016

	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	-	-	29	-	29
Mastheads And Publishing Titles	-	-	-	-	-
Patents, Licences, Copyright, Brand Names, Trademarks	-	-	-	-	-
Recipes, Formulae, Prototypes, Designs, Models	-	-	-	-	-
Services And Operating Rights	-	-	-	-	-
Capital Work-In-Progress (Effective 1 April 2016)	-	-	-	-	-
Total Intangible Capital Assets	-	-	29	-	29

Intangible Capital Assets under investigation

	Number	Value
		R'000
Included in the above total of the intangible capital assets per the asset register are assets that are under investigation:		
Software		-
Mastheads and publishing titles		-
Patents, licences, copyright, brand names, trademarks		-
Recipes, formulae, prototypes, designs, models		-
Services and operating rights		-

28.1. Additions

Additions To Intangible Capital Assets Per Asset Register For The Year Ended 31 March 2016

	Cash	Non-Cash	(Develop-ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
Software	29	-	-	-	29
Mastheads And Publishing Titles	-	-	-	-	-
Patents, Licences, Copyright, Brand Names, Trademarks	-	-	-	-	-
Recipes, Formulae, Prototypes, Designs, Models	-	-	-	-	-
Services And Operating Rights	-	-	-	-	-
Total Additions To Intangible Capital Assets	29	-	-	-	29

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

29. Prior period errors

29.1. Correction of prior period errors

	Note	2014/15 R'000	
Revenue:		-	
Net effect		-	
<hr/>			
	Note	2015/16 R'000	2014/15 R'000
Expenditure:			
Advert: recruitment			(22)
Minor Assets			(116)
Computer Services			61
Consultant: Business Advisory			72
Consumables			450
Travel and Subsistence			198
Training and Development			1
Interest paid			137
Capital Assets			63
Net effect			844

- Prior year misclassification correction of advert: recruitment account. An amount of R22 640.40 was incorrectly classified as advert: recruitment account instead of National Department Advanced account. This resulted the understatement of advanced account and overstatement of expenditure item.
- Prior year misclassification correction of Minor assets: This resulted in R116 380.50 overstatement of Minor Assets:
 - Audio visual equipment account was understated by R22 690.81
 - Bags account was understated by R7 020.00
 - Kitchen appliances account was understated by R1 421.15
 - Desktop printing equipment account was understated by R148 734.23
 - Crocker & Cutlery account was overstated by R17 849.28
 - Domestic furniture account was overstated by R810 813.15
 - Office equipment account was understated by R505 131.07
 - Office furniture account was overstated by R3 837.24
 - Photographic equipment account was understated by R2 783.89
 - Sport & Recreation equipment account was understated by R14 730.00
 - Tents, Flags& Accessories account was overstated by R3 380.00
 - Survey equipment account was overstated by R4 500.00
 - Transport equipment account was understated by R17 040.00
 - Reprographic equipment account was understated by R4 448.02.
- Prior year misclassification correction of Computer services: LOGIS Mainframe account. An amount of R60 738.62 was incorrectly classified as Fruitless & Wasteful expenditure account instead of Computer services: LOGIS Mainframe account.
- An amount of R72 000.00 for Consultants: a Business advisory service was incorrectly classified as Disallowance Miscellaneous.
- Prior year misclassification correction of Consumables. This resulted in understatement of R450 022.04 of Consumables accounts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (cont)

for the year ended 31 March 2016

- Prior year misclassification correction of Travel and Subsistence account. An amount of R197 684.90 was incorrect classified under Disallowance Miscellaneous account:
 - T&S: Accommodation account was understated by R71 567.85
 - T&S Non-Employee Accommodation account was understated by R7 000.00
 - T&S Non-Employee Food& Beverage account was understated by R119 177.05.
- Prior year misclassification correction of Training and development account. An amount of R1 890.00 was incorrect classified as fruitless and Wasteful expenditure account.
- Prior year misclassification correction of Interest paid on overdue account. An amount of R136 510.85 was incorrect classified as Fruitless and Wasteful expenditure account.
- Prior year misclassification correction of Capital assets: This resulted in R62 010.20 understatement of Capital Assets:
 - Audio visual equipment account was understated by R279 955.76
 - Kitchen appliances account was understated by R21 600.00
 - Desktop printing equipment account was understated by R543 907.56
 - Photographic equipment account was understated by R23 839.00
 - Sport & Recreation equipment account was overstated by R102 404.00
 - Survey equipment account was overstated by R12 540.00
 - Crocker & Cutlery account was understated by R4 746.00
 - Domestic furniture account was overstated by R14 600.00
 - Office equipment account was overstated by R739 894.11
 - Comp Hard& Sys- Desktop account was understated by R35 444.71
 - Comp Hard& Sys- Laptop account was understated by R21 955.28
- Lease commitments was overstated with an amount of R651 000.

Note	2015/16 R'000	2014/15 R'000
Assets:		
		(774)
		(270)
		178
		22
Net effect		(844)

- Prior year misclassification correction of Fruitless and Wasteful expenditure account. The expenditure amounting to R774, 372.37 was overstated under Fruitless and Wasteful expenditure account.
- Prior year correction of R269, 744.90 overstated under Disallowance Miscellaneous account instead of expenditure items.
- Prior year misclassification correction of Disallowance damages & losses account. An amount of R178 981.16 was understated.

Note	2015/16 R'000	2014/15 R'000
Liabilities:		
		(651)
		11 363
Net effect		10 712

TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2016

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION			TRANSFER		2014/15 Appropriation Act
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
NAT STUDENT FINANCIAL AID SCHEME	-	-	-	-	-	175 550
TOTAL	-	-	-	-	-	175 550

ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2014/15 Appropriation Act
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	
Transfers						
H/H Empl S/Ben: leave Gratuity	-	-	-	-	268	75
H/H Soc Ass: war Veterans	50 683	-	-	50 683	8 930	7 437
H/H: bursaries (Non-Employee)	70 000	-	-	70 000	48 193	3 471
Individual Support (Housing)	-	-	-	-	144	310
Project Linked Support (Housing)	97 800	-	-	97 800	-	31 911
H/H: Claims Against State (Cash)	-	-	-	-	34	-
	218 483	-	-	218 483	57 569	43 204
Subsidies	-	-	-	-	-	-
	-	-	-	-	-	-
TOTAL	218 483	-	-	218 483	57 569	43 204

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT (cont)

for the year ended 31 March 2016

ANNEXURE 3B**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2016**

Nature of Liability	Opening Balance 1 April 2015	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2016
	R '000	R '000	R '000	R '000	R '000
Claims against the department					
Fetola Mogopolo Construction and Interior Design	4 006	-	-	-	4 006
B&M Catering Services	2 074	-	-	-	2 074
Zwiito Cleaning	-	1 341	-	-	1 341
Zeal	-	198 159	-	-	198 159
Subtotal	6 080	199 500	-	-	205 580
Environmental Liability	-	-	-	-	-
Subtotal	-	-	-	-	-
Other	-	-	-	-	-
TOTAL	6 080	199 500	-	-	205 580

• In 2014/15FY, the B&M Catering Services contingency liability was based on the letter of demand that reflected R1 350 000.00 as the claim amount.

• In 2015/16FY, B&M Catering Services contingency liability changed from R1 350 00.00 (based on letter of demand) for prior year to R2 074 000.00 (as per the Summons)

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT (cont)
for the year ended 31 March 2016

ANNEXURE 4

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2015/16 *	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Gauteng Department of Infrastructure Development	6	6	-	-	6	6	-	-
National Department of Agriculture, Forestry and Fisheries	-	17	-	-	-	17	-	-
Eastern Cape Department of Provincial Planning and Treasury	-	36	-	-	-	36	-	-
National Department of Science and Technology	-	68	-	-	-	68	-	-
Eastern Cape Cooperative Governance & Traditional Affairs	114	-	-	-	114	-	-	-
Eastern Cape Provincial Legislature	10	-	-	-	10	-	-	-
Gauteng Office of the Premier	-	-	50	-	50	-	-	-
	130	127	50	-	180	127	-	-
Other Government Entities	-	-	-	-	-	-	-	-
TOTAL	130	127	50	-	180	127		

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT (cont)

for the year ended 31 March 2016

ANNEXURE 5

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2015/16 *	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	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								
Department of Defence	2 558	180	29 447	-	32 005	180	-	-
Department of Justice & Constitutional Development	42	-	47	-	89	-	-	-
Department of Public Service and Administration	-	-	-	5	-	5	-	-
Department of Transport	-	-	2	-	2	-	-	-
Subtotal	2 600	180	29 496	5	32 096	185	-	-
Non-current	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
TOTAL	2 600	180	29 496	5	32 096	185	-	-
OTHER GOVERNMENT ENTITY								
Current	-	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-	-
TOTAL	2 600	180	29 496	5	32 096	185	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENT (cont)

for the year ended 31 March 2016

ANNEXURE 8A

INTER-ENTITY ADVANCES PAID (note 9)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Government Communication Information Systems	686	10 981	2 716	1 660	3 402	12 641
Subtotal	686	10 981	2 716	1 660	3 402	12 641
PROVINCIAL DEPARTMENTS						
Subtotal	-	-	-	-	-	-
PUBLIC ENTITIES	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
OTHER ENTITIES	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
TOTAL	686	10 981	2 716	1 660	3 402	12 641



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