

VOTE 4

DEPARTMENT OF TREASURY

Vote 4

Department of Provincial Treasury

Adjusted budget summary

R thousand	2014/15			
	Main Appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	226 740	245 235	(3 368)	21 863
<i>of which:</i>				
Current payments	224 392	241 442	(3 368)	20 418
Transfers and subsidies	332	540		208
Payments for capital assets	2 016	3 253		1 237
Payments for financial assets				
Revenue Fund	226 740	245 235	(3 368)	21 863
Executive Authority	MEC for Finance			
Accounting Officer	Chief Executive Officer			
Website address	www.treasury.fs.gov.za			

Aim

Provincial Treasury derives its mandate, core functions and responsibilities from the Public Finance Management Act, (Act 1 of 1999), as amended and Municipal Finance Management Act (Act 56 of 2003).

Changes to programme purposes, objectives and measures

Free State Provincial Treasury will not change any of the purposes, objectives and measures during the 2014/15 financial year. All programmes remain as tabled in the APP.

Adjusted Estimates of Provincial Revenue & Expenditure 2014

Table 4.1: Adjusted Estimates

R/thousand	Main appropriation	Adjustments Appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	
1. Administration	87 929			2 036	(1 500)	5 000	93 465
2. Sustainable Resource Management	29 061			(1 999)			27 062
3. Asset & Liability Management	61 402			2 168		14 995	78 565
4. Financial Governance	48 348			(2 205)			46 143
Subtotal	226 740				(1 500)	19 995	245 235

Economic classification

Table 4.1(b): Adjusted Estimates per economic classification

Programme	2014/15							
R'thousand	Main appropriation	Adjustments Appropriation						
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	Total adjustment appropriation	Adjusted appropriation
Economic classification								
Current payments	224 392			(1 445)	(1 500)	19 995	17 050	241 442
Compensation of employees	167 365			(3 368)			(3 368)	163 997
Goods and Services	57 027			1 923	(1 500)	19 995	20 418	77 445
Interest and rent on land								
Transfers and subsidies to;	332			208			208	540
Provinces and municipalities								
Departmental agencies and account								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households	332			208			208	540
Payments for capital assets	2 016			1 237			1 237	3 253
Buildings and other fixed structures								
Machinery and equipment	2 016			1 237			1 237	3 253
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Payments for financial assets								
Total	226 740				(1 500)	19 995	18 495	245 235

Programme 1 : Administration**Table 4.1.1: Adjusted Estimates**

Subprogramme		2014/15						
R'thousand	Main appropriation	Adjustments Appropriation					Total adjustment appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments		
Office of the MEC	6 528			(93)			(93)	6 435
Management Services	7 571			1 119	(1 500)	5 000	4 619	12 190
Corporate Services	33 698			(1 001)			(1 001)	32 697
Financial Management (Office of the CFO)	35 080			2 301			2 301	37 381
Internal Audit (Departmental)	5 052			(290)			(290)	4 762
Total	87 929			2 036		5 000	5 536	93 465
Economic classification								
Current payments	85 605			1 360		5 000	4 860	90 465
Compensation of employees	60363			(79)			(79)	60 284
Goods and Services	25242			1439	(1 500)	5000	4 939	30 181
Interest and rent on land								
Transfers and subsidies to;	332			(41)			(41)	291
Provinces and municipalities								
Departmental agencies and account								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households	332			(41)			(41)	291
Payments for capital assets	1 992			717			717	2 709
Buildings and other fixed structures								
Machinery and equipment	1992			717			717	2 709
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Payments for financial assets								
Total	87 929			2 036		5 000	5 536	93 465

Programme 2 : Sustainable Resource Management

Table 4.1.2 : Adjusted Estimates

Subprogramme		2014/15						
R'thousand	Main appropriation	Adjustments Appropriation					Total adjustment appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments		
1.Programme Support	1 492			(751)			(751)	741
2.Economic Analysis	6 780			(447)			(447)	6 333
3.Fiscal Policy	6 424			(961)			(961)	5 463
4.Budget Management	9 682			254			254	9 936
5.Public Finance	4 683			(94)			(94)	4 589
Total	29 061			(1 999)			(1 999)	27 062
Economic classification								
Current payments	29 061			(2 104)			(2 104)	26 957
Compensation of employees	26 075			(1 656)			(1 656)	24 419
Goods and Services	2 986			(448)			(448)	2 538
Interest and rent on land								
Transfers and subsidies to;				53			53	53
Provinces and municipalities								
Departmental agencies and account								
Universities and technikons								
Public corporationsand private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households				53			53	53
Payments for capital assets				52			52	52
Buildings and other fixed structures								
Machinery and equipment				52			52	52
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Payments for financial assets								
Total	29 061			(1 999)			(1 999)	27 062

Programme 3 : Asset & Liability Management**Table 4.1.3: Adjusted Estimates**

Subprogramme		2014/15						
R'thousand	Main appropriation	Adjustments Appropriation						
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	Total adjustment appropriation	Adjusted appropriation
1.Programme Support	1 517			948			948	2 465
2.Asset Management	20 633			1 498		14 995	16 493	37 126
3.Supporting and Interlinked Financial Systems	39 252			(278)			(278)	38 974
Total	61 402			2 168		14 995	17 163	78 565
Economic classification								
Current payments	61 402			1 930		14 995	16 925	78 327
Compensation of employees	37 226			590			590	37 816
Goods and Services	24 176			1 340		14 995	16 335	40 511
Interest and rent on land								
Transfers and subsidies to;								
Provinces and municipalities								
Departmental agencies and account								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households								
Payments for capital assets				238			238	238
Buildings and other fixed structures								
Machinery and equipment				238			238	238
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Payments for financial assets								
Total	61 402			2 168		14 995	17 163	78 565

Programme 4: Financial Governance

Table 4.1.4: Adjusted Estimates

Subprogramme		2014/15						
R'thousand	Main appropriation	Adjustments Appropriation						
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	Total adjustment appropriation	Adjusted appropriation
1.Programme Support	1 993			136			136	2 129
2.Accounting Services	9 896			(1 804)			(1 804)	8 092
3.Norms and Standards	27 689			(1 125)			(1 125)	26 564
4.Risk Management and Internal Audit Provincial	8 770			588			588	9 358
Total	48 348			(2 205)			(2 205)	46 143
Economic classification								
Current payments	48 324			(2 631)			(2 631)	45 693
Compensation of employees	43 701			(2 223)			(2 223)	41 478
Goods and Services	4 623			(408)			(408)	4 215
Interest and rent on land								
Transfers and subsidies to;				196			196	196
Provinces and municipalities								
Departmental agencies and account								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households				196			196	196
Payments for capital assets	24			230			230	254
Buildings and other fixed structures								
Machinery and equipment	24			230			230	254
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Payments for financial assets								
Total	48 348			(2 205)			(2 205)	46 143

Details of adjustments to Estimates of Provincial Revenue & Expenditure 2014**Roll-overs – [none]****Unforeseeable and unavoidable expenditure – [none]****Virements and shifts****Table 4.2: Details on virements and shifts within a department**

Programmes Summary					
1.Administration		(120)	1.Administration		2 156
2.Sustainable Resource Management		(2 104)	2.Sustainable Resource Management		105
3.Asset and Liabilities Management			3.Asset and Liabilities Management		2 168
4.Financial Governance		(2 631)	4.Financial Governance		426
FROM:			TO:		
Programme by Economic classification	Motivation	R' thousand	Programme by Economic classification	Motivation	R' thousand
Programme 1		(120)	Programme 1		120
Compensation of employees	savings for 18 vacancies within Prog 1	(79)	Goods and services	shifting to various items of pressures	79
Programme 1		(41)	Programme 2		41
Transfers	Act of grace payment	(41)	Transfers	Act of grace payment	41
Percentage of programme budget			1%		
Programme 2		(1 656)	Programme 1		1 656
Compensation of employees	savings for 6 vacancies within Prog 2	(1 656)	Goods and services	shifting to various items of pressures	1 360
			Capital Expenditure	Laptops and Computers - newly appointed officials	296
Programme 2		(448)	Programme 2		448
Goods & Services	shifting from various items	(448)	Capital Expenditure	Shifting of funds for IPAD	52
			Transfers	Leave gratuity	12
			Programme 1		384
			Capital Expenditure	shifting to various items of pressures	384
Programme 4		(2 223)	Programme 3		2 168
Compensation of employees	savings for vacancies within Prog 4	(2 223)	Compensation of employees	Acting Allowance	590
			Goods and services	Review service to Dept Health	1 340
			Programme 3		238
			Capital Expenditure	Laptops and Computers - newly appointed officials	238
			Programme 4		163
			Capital Expenditure	Laptops and Computers - newly appointed officials	163
Programme 4		(408)	Programme 4		263
Goods & Services	shifting from various items	(408)	Capital Expenditure	Computer Equipment	67
			Transfer	Leave gratuity	196
			Programme 1		37
			Capital Expenditure	Laptops and Computers - newly appointed officials	37
Percentage of programme budget					
Total		(4 855)			4 855

Other adjustments – R19.995 million

An additional funding of R19.995 million has been allocated to cover costs related to Public Service information platform payments, Supplier database, Support Programme (SP). Adjustments due to significant and unforeseeable economic and financial events

Use of funds in emergency situations in terms of section 16 of the PFMA

None

Self-financing expenditure

None

Funds shifted between votes following a transfer of function

None

Funds shifted within a vote to follow a functions shift within the same vote

None

Declared unspent

An amount of R1.5 million was declared unspent in Programme one. The funds were reprioritized to alleviate other pressures within the department.

Amounts forming a direct charge against the Provincial Revenue Fund – (R00.000 million)**Donor funding – R1.2 million**

A donation amounting to R1, 2 million will be allocated within Financial Governance through the TMS project funded by the FICA for payment of the Public Finance Management technical expert and related cost, subject to the following: The total amount of R1, 2 million will be transferred in two tranches: R600 000 will be transferred before 30 April 2014 and the balance thereof before 30 October 2014.

Expenditure 2013/14 and preliminary expenditure 2014/15**Table 4.3 Expenditure trends**

R thousand	2013/14 Expenditure outcome					2014/15 Preliminary expenditure		
	Adjusted appropriation	Apr 2013 - Sep 2013		Apr 2013 - Mar 2014		Adjusted appropriation	Apr 2014 - Sep 2014	
			adjusted appropriation		adjusted appropriation			% of adjusted appropriation
1. Administration	92 088	43 819	47.58%	90 185	98%	93 465	40 890	44%
2.Sustainable Resource Management	26 349	12 014	45.60%	26 264	100%	27 062	11 907	44%
3.Asset & Liability Management	61 369	28 009	45.64%	61 362	100%	78 565	32 997	42%
4.Financial Governance	39 830	19 434	48.79%	38 556	97%	46 143	20 592	45%
Subtotal	219 636	103 276	47.02%	216 367	98.51%	245 235	106 386	43.38%
Direct charge against the Provincial Revenue Fund								
Total	219 636	103 276	47.02%	216 367	98.51%	245 235	106 386	43.38%
Current payments	212 332	98 823	46.54%	209 117	98.49%	241 442	104 508	43.28%
Compensation of employees	145 513	74 092	50.92%	145 101	99.72%	163 997	77 110	47.02%
Goods and services	66 819	24 731	37.01%	64 016	95.81%	77 445	27 398	35.38%
Interest and rent on land								
Transfers and subsidies	3 512	2 952	84.05%	3 400	96.81%	540	394	72.96%
Provinces and municipalities								
Departmental agencies and accounts								
Universities and technikons								
Public corporations & private enterprises	2	1	50.00%					100.00%
Non-profit institutions								
Households	3 510	2 951	84.07%	3 400	96.87%	540	394	72.96%
Payments for capital assets	3 792	1 501	40%	3 702	97.63%	3 253	1 484	45.62%
Buildings and other fixed structures								
Machinery and equipment	3 792	1 501	39.58%	3 702		3 253	1 484	45.62%
Specialised military assets								
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Payments for financial assets				148				
Total	219 636	103 276	47.02%	216 367	98.51%	245 235	106 386	43.38%

Main expenditure trends for the first half of the 2014/15 financial year

Expenditure in the first six months of 2014/15 amounted to R106.386 million or 43.38 percent of the adjusted appropriation of R226.740 million.

The main decreases related to slow filling of vacancies, increases related to Payment towards project taken from Department of Premier delayed and only paid in October 2014. Additional interns, cash bonus payouts; additional funding needed for consumables supplies, training and development of employees advert marketing. Operating lease and fleet services kilometre under SCM both need additional funding. Chief Compensation Specialist was appointed from 1 September 2014, no provision was made for his salary, as well as departmental Claim for the SEM: Assets and Liability Management and the PA salary was paid in September 2014. Indication was given from Supporting and Interlinked Financial Systems that additional funds will be needed for the SITA account and invoices are not received every month (SITA is the biggest cost driver in sub directorate).

Expenditure trends in terms of economic classification:

- **Current Payments**

Decrease due to slow filling of vacancies

Increases related to Payment towards project taken from Department of Premier delayed and only paid in October 2014. Additional interns, cash bonus pay outs; additional funding needed for consumables supplies, training and development of employees advert marketing. Operating lease and fleet services kilometre under SCM both need additional funding. Chief Compensation Specialist was appointed from 1 Sept 2014, no provision was made for his salary, as well as departmental claim for the SEM: Assets and Liability Management and PA salary was paid in September 2014. Additional funds will be needed for the SITA account and all invoices not received every month, biggest cost driver in sub directorate.

- **Transfers and subsidies**

Leave gratuity paid to retired official in Municipal Finance Management

- **Payments for capital assets**

Additional funds for finance leases, computer laptop and desktops for newly appointed SMS members in Programme 1 and 3.

Departmental receipts

Table 4.4 Expenditure trends

R thousand	2013/14					2014/15			
	Audited outcome					Actual receipts			
	Adjusted estimate	Apr 2013 - Sep 2013	Apr 2013 - Sep 2013 % adjusted appropriation	Apr 2013 - Mar 2014	Apr 2013- Mar 2014 % adjusted estimate	Budget estimate	Adjusted estimate	Apr 2014 - Sep 2015	Apr 2014 - Sep 2015 % of adjusted estimate
Departmental receipts	30 975	13 512	43.62%	41 483	133.92%	32 681	42 481	28 609	67.35%
Tax receipts									
Sales of goods and services other than	128	88	68.75%	208	162.50%	128	128	67	52.34%
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land	30 462	13 315	43.71%	41 093	134.90%	32 168	42 168	28 423	67.40%
Sales of capital assets									
Financial transactions in assets and liabilities	385	109	28.31%	182	47.27%	385	185	119	64.32%
Provincial Revenue Fund receipts (non-departmental receipts)	30 975	13 512	43.62%	41 483	133.92%	32 681	42 481	28 609	67.35%
Restructuring proceeds from SASRIA									
Structured levy account from SARB									
Total	30 975	13 512	43.62%	41 483	133.92%	32 681	42 481	28 609	67.35%

Main departmental revenue trends for the first half of 2014/15

The Free State Provincial Treasury is the custodian for investments in the province and generates income by means of investing allocated funding available in the revenue fund. Due to improved spending of the provincial departments in the last few years the interest generated decreased, but with the implementation of cost containment measures and closely monitoring of the spending within departments the interest to be generated was increased again.

The department only generate small income with the selling of scrap paper or assets owned by the department.

Changes to transfers and subsidies, including conditional grants

Table 4.5: Summary of changes to transfers and subsidies per programme

		2014/15						
R thousand	Main appropriation	Adjustment appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virement and shifts	Devclared unspent	Other adjustments		
1. Programme 1. Administration	332			(41)			(41)	291
Transfers & Subsidies								
H/H EMPL S/BEN:LEAVE GRATUITY	332			(41)			(41)	291
								332
2. Programme 2. Sustainable Resource				53			53	53
Transfers & Subsidies								
H/H EMPL S/BEN:LEAVE GRATUITY				53			53	53
2. Programme 4. Financial Governance				196			196	196
Transfers & Subsidies								
H/H EMPL S/BEN:LEAVE GRATUITY				196			196	196
Total transfers and subsidies	332			208			208	540

Changes to Revenue Enhancement Allocation, including Earmarked funds

Table 4.6: Summary of changes Provincial Earmarked funds per programme

		2014/15						
		Adjustment appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable / unavoidable	Virement and shifts	Devclared unspent	Other adjustments	Total adjustments appropriation	Adjusted appropriation
1. Programme 1: Administration	2 000				(1 500)		(1 500)	500
Economic sphere								
Current								
Goods & Services	2 000				(1 500)		(1 500)	500
Total Provincial Earmarked funds	2 000				(1 500)		(1 500)	500

Revised Infrastructure project list

Not applicable to Department of Free State Treasury