

VOTE 07

DEPARTMENT OF FINANCE

DEPARTMENT OF FINANCE**Adjusted budget summary**

R thousand	2016/17			
	Main Appropriation	Adjusted Appropriation	Decrease	Increase
Amount to be appropriated	485 643	464 657	-20 986	
<i>Of which</i>				
Current payments	476 093	454 611	-21 482	
Transfers and subsidies	1 170	1 860		690
Payments for capital assets	8 380	8 186	-194	
Payments for Financial Assets				
Direct Charge against the Provincial Revenue Fund				
Executive authority	MEC for Finance, Economy and Enterprise Development			
Accounting officer	Superintendent General of the Department of Finance			

Vote Purpose

To provide professional advice and support on provincial economic analysis, fiscal policy, revenue collection and the management of annual budget process, implementation of the provincial budgets as well as monitoring and control the North West provincial expenditures.

Programmes

8. Administration
9. Sustainable Resource Management
10. Asset and Liabilities Management
11. Financial Governance

Changes to programme purposes, objectives and measures

None

Summary of receipts**SUMMARY OF RECEIPTS**

Item Description	Source of Funding			
	Conditional Grant	Equitable Share	Own Revenue	Financing
Main appropriation		360 756	124 887	
Less: Budget Reductions		-20 986		
Compensation of employees' reduction		-14 844		
ICT and Communication budget reduction		-6 142		
Totals		339 770	124 887	
				464 657

Mid-year performance status

There are no changes to performance indicators and 2016/17 targets as published in the 2016 EPRE. The following table illustrates performance progress in the first six months of the financial year:

Indicator	Programme	Outcome	Annual Performance		
			Outcome the indicator is linked to	Projected for the 2016/17 as published in the 2016 EPRE	Achieved in the first six months of the 2016/17 (April to September)
As published in the 2016/17 EPRE	Programme linked to the indicator	Outcome the indicator is linked to	Projected for the 2016/17 as published in the 2016 EPRE	Achieved in the first six months of the 2016/17 (April to September)	Changed estimates for the 2016/17
Number of consolidated reports produced on the implementation of revenue enhancement strategy	Programme 2	Departmental Mandate	4	2	N/A
Number of expenditure reports of departments through monthly In-Year-Monitoring compiled	Programme 2	Departmental Mandate	12	6	N/A
Number of Monthly consolidated infrastructure spending reports through infrastructure Reporting Model	Programme 2	Departmental Mandate	12	6	N/A
Number of consolidated reports compiled on support provided to municipalities with regard to the implementation of MFMA	Programme 2	Departmental Mandate and OUTCOME 9: RESPONSIVE, ACCOUNTABLE, EFFECTIVE, AND EFFICIENT DEVELOPMENTAL LOCAL GOVERNMENT	4	2	N/A
Number of reports compiled on the socio-economic analysis of the province(SERO)	Programme 2	Departmental Mandate	2	1	N/A
Number of consolidated monitoring reports produced on compliance to asset management prescripts by provincial departments and public entities.	Programme 3	OUTCOME 12: AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTED PUBLIC SERVICE	4	2	N/A
Number of assessment reports produced on procurement plans received from departments.	Programme 3	OUTCOME 12: AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTED PUBLIC SERVICE	1	1	N/A
Number of capacity building workshops conducted for Departmental CFO's and Public Entities on Accounting updates and Reforms	Programme 4	OUTCOME 12: AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTED PUBLIC SERVICE	4	5	N/A
Number of monitoring reports produced on a plan of action on AFS audit outcomes for departments and Public Entities.	Programme 4	OUTCOME 12: AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTED PUBLIC SERVICE	6	2	N/A
Number of monitoring reports produced on irregular, fruitless and wasteful expenditure.	Programme 4	OUTCOME 12: AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTED PUBLIC SERVICE	1	N/A	N/A
Number of monitoring reports produced for Departments and Public entities on compliance with cost-containment measures	Programme 4	OUTCOME 12: AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTED PUBLIC SERVICE	4	3	N/A

Adjusted Estimates of Provincial Revenue and Expenditure 2016

Departmental summary of 2016 Adjustment Estimates of Provincial Expenditure according to programmes

Programme	2016/17								Adjusted Appropriation
	Main Appropriation	Special Appropriation	Adjustments appropriation					Total adjustments appropriation	
			Rollovers	Unforeseeable / unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds		
R thousand									
ADMINISTRATION	140 649					-3 151		-4 346	133 152
SUSTAINABLE RESOURCE MANAGEMENT	133 232					3 151		3 151	136 383
ASSET AND LIABILITIES MANAGEMENT	51 300							-2 500	48 800
FINANCIAL GOVERNANCE	160 462							-10 718	146 322
Subtotal	485 643							-14 844	464 657
Direct charge against the Provincial Revenue Fund									
Total	485 643							-14 844	464 657
Economic Classification									
Current payments	476 093					-496		-6 142	454 611
Compensation of employees	302 047					-39 482		1 626	249 347
Goods and services	174 046					38 986		-7 768	205 264
Interest and rent on land									
Transfers and subsidies	1 170					690			1 860
Provinces and municipalities									
Departmental agencies and accounts									
Higher education institutions									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households	1 170					690			1 860
Payments for capital assets	8 380					-194			8 186
Buildings and Other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment	8 380					-194			8 186
Transport assets									
Other Machinery and equipment	8 380					-194			8 186
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Payments for Financial Assets									
Total	485 643							-14 844	464 657

Programme summary of estimates according to subprogrammes

Programme 1 : ADMINISTRATION	2016/17								Adjusted Appropriation
	Main Appropriation	Special Appropriation	Adjustments appropriation					Total adjustments appropriation	
			Rollovers	Unforeseeable / unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds		
R thousand									
Office Of The Mec	9 373								9 373
Management Services	14 390					-1 340		-2 869	10 181
Corporate Services	66 783					1 340		1 340	68 123
Financial Management (Office of the CFO)	50 103					-3 151		-1 477	45 475
Subtotal	140 649					-3 151		-4 346	133 152
Direct charge against the Provincial Revenue Fund									
Statutory payment									
Total	140 649					-3 151		-4 346	133 152
Economic Classification									
Current payments	135 303					-3 312		-4 346	127 645
Compensation of employees	85 321					1 482			86 803
Goods and services	49 982					-4 794		-4 346	40 842
Interest and rent on land									
Transfers and subsidies	1 170					396			1 566
Provinces and municipalities									
Departmental agencies and accounts									
Higher education institutions									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households	1 170					396			1 566
Payments for capital assets	4 176					-235			3 941
Buildings and Other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment	4 176					-235			3 941
Transport assets									
Other Machinery and equipment	4 176					-235			3 941
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Payments for Financial Assets									
Total	140 649					-3 151		-4 346	133 152

Department of Finance

Programme summary of estimates according to subprogrammes

Programme 2 : SUSTAINABLE RESOURCE MANAGEMENT

R thousand	2016/17								Adjusted Appropriation
	Main Appropriation	Special Appropriation	Adjustments appropriation					Total adjustments appropriation	
			Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds		
Programme Support	5 030								5 030
Economic Analysis	6 408				-962				5 446
Fiscal Policy	5 782				-1 368				4 414
Budget Management	22 578				-3 089				19 489
Public Finance	17 195				-948				16 247
Municipal Finance	76 239				9 518				85 757
Subtotal	133 232				3 151				136 383
Direct charge against the Provincial Revenue Fund									
Statutory payment									
Total	133 232				3 151				136 383
Economic Classification									
Current payments	131 550				3 722				135 272
Compensation of employees	93 853				-37 765				56 088
Goods and services	37 697				41 487				79 184
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	1 682				-571				1 111
Buildings and Other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment	1 682				-571				1 111
Transport assets									
Other Machinery and equipment	1 682				-571				1 111
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Payments for Financial Assets									
Total	133 232				3 151				136 383

Programme summary of estimates according to subprogrammes

Programme 3 : ASSET AND LIABILITIES MANAGEMENT

R thousand	2016/17								Adjusted Appropriation
	Main Appropriation	Special Appropriation	Adjustments appropriation					Total adjustments appropriation	
			Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds		
Programme Support	2 220				90				2 310
Asset Management	10 974						-3 257	1 626	9 343
Support and Interlinked Financial System	38 106				-90		-869		37 147
Subtotal	51 300						-4 126	1 626	48 800
Direct charge against the Provincial Revenue Fund									
Statutory payment									
Total	51 300						-4 126	1 626	48 800
Economic Classification									
Current payments	50 755				98		-4 126	1 626	48 157
Compensation of employees	36 427				-9 677		-4 126	1 626	24 250
Goods and services	14 328				9 579				23 907
Interest and rent on land									
Transfers and subsidies					98				98
Provinces and municipalities									
Departmental agencies and accounts									
Higher education institutions									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households					98				98
Payments for capital assets	545								545
Buildings and Other fixed structures									
Buildings									
Other fixed structures									
Machinery and equipment	545								545
Transport assets									
Other Machinery and equipment	545								545
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Payments for Financial Assets									
Total	51 300						-4 126	1 626	48 800

2016/17 Adjusted Estimates of Provincial Revenue and Expenditure

Programme summary of estimates according to subprogrammes

Programme 4 : FINANCIAL GOVERNANCE

R thousand	2016/17								Adjusted Appropriation				
	Main Appropriation	Special Appropriation	Adjustments appropriation					Total adjustments appropriation					
			Rollovers	Unforeseeable /unavoidable	Virements and Shifts	Function Shifts	Declared unspent funds			Other adjustments			
Programme Support	8 431				1 645				1 645	10 076			
Accounting Services	84 490				-1 755			-5 421	-3 422	-10 598	73 892		
Norms and Standards	1 642							-125		-125	1 517		
Risk Management	3 476				110					110	3 586		
Provincial Internal Audit	62 423							-5 172		-5 172	57 251		
Subtotal	160 462							-10 718	-3 422	-14 140	146 322		
Direct charge against the Provincial Revenue Fund													
Statutory payment													
Total	160 462							-10 718	-3 422	-14 140	146 322		
Economic Classification													
Current payments	159 485										143 537		
Compensation of employees	85 446							-868		-10 718	-3 422	-14 948	143 537
Goods and services	72 039					6 478		-10 718				-4 240	82 206
Interest and rent on land						-7 286			-3 422			-10 708	61 331
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						196						196	196
Payments for capital assets	1 977												2 589
Buildings and Other fixed structures													
Buildings													
Other fixed structures													
Machinery and equipment	1 977					612						612	2 589
Transport assets													
Other Machinery and equipment	1 977					612						612	2 589
Biological assets													
Software and Other intangible assets													
Land and subsoil assets													
Heritage assets													
Specialised military assets													
Payments for Financial Assets													
Total	160 462							-10 718	-3 422	-14 140		146 322	

Special appropriation

None

Earmarked Funds

None

Roll-overs

None

Unforeseeable and unavoidable expenditure

None

Summary of Virements and Shifts

Virements and shifts Table

Programmes					
Virements					
From			To		
Programme by Economic Classification	Motivation	R thousand	Programme by Economic Classification	Motivation	R thousand
Programme : Administration		(2 039)	Programme : Administration		2 039
Current Payments: Compensation of employees	Payment of Leave Gratuities of officials in respect of retirements and deaths due to unforeseen and unavoidable circumstances	(396)	Transfer Payments: Other Transfer - Households	Leave gratuities in respect of retirements and death of officials due to unforeseen and unavoidable circumstances	396
Current Payments: Goods and services	The delay in filling of vacants funded posts resulted in underspending such as Advertising and travelling and subsistences, etc.	(1 408)	Current Payments: Compensation of employees	Departmental Cleaners being centralised under Corporate Services and the other savings are due to the delay in filling of vacant posts	1 643
Capital Payments: Machinery and equipment	The delay in filling of vacants funded posts resulted in underspending in furniture and office equipment for the new officials	(235)			-
Shift within the programme as a percentage of the programme budget		-1%			1%
Virements of the programme as a percentage of the programme budget					
Programme : Sustainable Resource Management		(38 336)	Programme : Sustainable Resource Management		38 336
Current Payments: Compensation of employees	The delay in filling of vacants funded posts, such as DDC, Director posts, etc.	(37 765)	Current Payments: Goods and services	To relieve budget pressures in MFMA for additional initiatives that has been required in order to improve audit support at Municipalities	38 336
Capital Payments: Machinery and equipment	The delay in filling of vacants funded posts resulted in underspending in furniture and office equipment for the new officials	(571)			
Shift within the programme as a percentage of the programme budget		-29%			29%
Virements of the programme as a percentage of the programme budget					
Programme : Assets and Liabilities Management		(9 677)	Programme : Assets and Liabilities Management		9 677
Current Payments: Compensation of employees	Payment of Leave Gratuities of officials in respect of retirements and resignations due to unforeseen and unavoidable circumstances	(98)	Transfer Payments: Other Transfer - Households	Payment of Leave Gratuities of officials in respect of retirements and resignations due to unforeseen and unavoidable circumstances	98
	The delay in filling of vacants funded posts resulted in underspending such as Director post, etc.	(9 579)	Current Payments: Goods and services	To pay for the piloting phase of Invoice Tracking System for NMPG and to relieve budget pressures for VTSD project implementation.	9 579
Shift within the programme as a percentage of the programme budget		-19%			19%
Virements of the programme as a percentage of the programme budget					
Programme : Financial Governance		(808)	Programme : Financial Governance		808
Current Payments: Compensation of employees	Payment of Leave Gratuities of officials in respect of retirements due to unforeseen and unavoidable circumstances	(196)	Transfer Payments: Other Transfer - Households	Payment of Leave Gratuities of officials in respect of retirements due to unforeseen and unavoidable circumstances	196
Current Payments: Goods and services	The delay of filling of vacants funded posts resulted in underspending such as Advertising and travelling and subsistences, etc.	(612)	Capital Payments: Machinery and equipment	To relieve budget pressures in Internal Audit to purchase furniture and equipment for cluster audit and upgrade of IT infrastructure.	612
Shift within the programme as a percentage of the programme budget		-1%			1%
Total		(50 860)			50 860
Virements					
Programme : Administration		(3 151)	Programme : Sustainable Resource Management		3 151
Current Payments: Goods and services	The delay of filling of vacants funded posts resulted in underspending such as Advertising and travelling and subsistences, etc.	(3 151)	Current Payments: Goods and services	To relieve budget pressures in MFMA for additional initiatives that has been required in order to improve audit support at Municipalities	3 151
Shift within the programme as a percentage of the programme budget					
Virements of the programme as a percentage of the programme budget		-2%			2%
Total		(3 151)			3 151

Declared unspent funds

An amount of R14.844 million is declared as unspent fund from the reduction of compensation of employees, as a result of the implementation of flexible moratorium.

Other adjustments

R6.142 million is reprioritised for the implementation of Provincial ICT and Communication transformation programme.

Funds shifted between votes following transfer of a function

None

Funds shifted within a vote following a fund shift

None

Appropriation of expenditure earmarked in the 2015 Budget speech for future allocation

None

Adjustments due to significant and unforeseeable economic and financial events

None

Use of funds in emergency situations in terms of Section 25 of the PFMA

None

Self-financing expenditure

None

Gifts, donations and sponsorships

None

Direct charges against the Provincial Revenue Fund

None

Additional allocations

None

Amounts surrendered

None

Expenditure outcome for 2015/16 and actual expenditure for 2016/17

Programme	2015/16					2016/17			
	Adjusted appropriation	Actual Expenditure		Apr 15-Mar 16	% of Adjusted appropriation	Preliminary expenditure			
		Apr 15-Sep 15	Apr 15-Sep 15			Adjusted appropriation/ total (%)	Apr 16-Sep 16	% of Adjusted appropriation	
R thousand									
ADMINISTRATION	138 855	64 721	46.6%	136 358	98.2%	133 152	28.7%	59 613	44.8%
SUSTAINABLE RESOURCE MANAGEMENT	121 916	62 126	51.0%	126 137	103.5%	136 383	29.4%	75 020	55.0%
ASSET AND LIABILITIES MANAGEMENT	42 662	19 040	44.6%	42 958	100.7%	48 800	10.5%	21 201	43.4%
FINANCIAL GOVERNANCE	123 569	59 239	47.9%	120 145	97.2%	146 322	31.5%	64 144	43.8%
Subtotal	427 002	205 126	48.0%	425 598	99.7%	464 657	100.0%	219 978	47.3%
Direct charge against the Provincial Revenue Fund									
Subtotal									
Total	427 002	205 126	48.0%	425 598	99.7%	464 657	100.0%	219 978	47.3%
Economic classification									
Current payments	417 111	202 474	48.5%	414 234	99.3%	454 611	97.8%	215 654	47.4%
Compensation of employees	238 437	106 544	44.7%	216 255	90.7%	249 347	53.7%	116 070	46.5%
Goods and services	178 673	95 930	53.7%	197 978	110.8%	205 264	44.2%	99 583	48.5%
Interest and rent on land	1			1	100.0%			1	
Transfers and subsidies	1 423	1 290	90.7%	3 439	241.7%	1 860	0.4%	1 397	75.1%
Provinces and municipalities									
Departmental agencies and accounts									
Higher education institutions									
Foreign governments and international organisations									
Public corporations and private enterprises									
Nonprofit institutions									
Households	1 423	1 290	90.7%	3 439	241.7%	1 860	0.4%	1 397	75.1%
Payments for capital assets	8 468	1 359	16.0%	7 922	93.6%	8 186	1.8%	2 927	35.8%
Buildings and Other fixed structures									
Machinery and equipment	8 468	1 359	16.0%	7 922	93.6%	8 186	1.8%	2 927	35.8%
Biological assets									
Software and Other intangible assets									
Land and subsoil assets									
Heritage assets									
Specialised military assets									
Payments for Financial Assets		3		3					
Total	427 002	205 126	48.0%	425 598	99.7%	464 657	100.0%	219 978	47.3%

Main Expenditure trends for the first half of 2016/17

The expenditure for the department of Finance in 2016/17 as at the second quarter stands at 47.3 per cent as compared to 48 per cent in the previous year, which is also 0.7 per cent less than the average of 50 per cent. There is an under spending of 2.5 per cent on compensation of employees due to the delay in filling of vacant posts.

Programme 1: Administration

Expenditure as at the end of the second quarter was at 44.8 per cent as compared to the 46.6 per cent registered in 2015/16, this reflect a decline in spending of 1.8 per cent. The delay in filling of vacant posts has led to the under spending under compensation of employees and funds have been re-directed to other budget pressures. There are outstanding payments for performance assessments for SMS relating to 2015/16 financial year and appointments of 10 Cleaners in October 2016 will improve the spending in the next quarter. The Goods and Services budget for the programme has made provisions for departmental recruitment costs and resettlement costs, advertising, and professional fees for qualification verifications, legal fees and Forensic investigations (main cost driver), organisational structure, strategic management, planning and monitoring. Operational costs like vehicle fleet management, maintenance of building and payment of Microsoft Licenses will increase the expenditure during the rest of the year.

Programme 2: Sustainable Resource Management

Expenditure as at the end of the second quarter was at 55 per cent as compared to 51 per cent in 2015/16 financial year. The underspending on compensation of employees is due to the delays in filling of vacant posts and funds have been re-directed to other budget pressures such as MFMA on the new initiatives to improve audit outcomes at Municipalities, however there is still outstanding payment for assessment rewards of SMS members for the 2015/16 financial year. The main cost drivers of expenditure are MFMA financial management interventions, the printing of budget books

Programme 3: Assets and Liabilities Management

Expenditure as at the end of the second quarter was at 41 per cent as compared to 40 per cent as in the 2015/16 financial year. The underspending on compensation of employees is due to the delays in filling vacant posts and funds have been re-directed to other budget pressures such as Invoice Tracking System and VTSD Project. However, there is still outstanding payment for assessment rewards of SMS members for the 2015/16 financial year. There will also be payments relating to the upgrade of on-line Suppliers registration systems and License fees for Intenda Suite Solutions (ISS) for Proquore/ Proquote system. The other funds will be allocated for travelling costs for Provincial Supply Chain Management for outreach programmes, workshops and training. The programme does not anticipate any underspending by the end of the financial year.

Programme 4: Financial Governance

Expenditure as at the end of the second quarter was at 43.4 per cent as compared to 44.6 per cent registered in the 2015/16 financial year. The underspending on compensation of employees is due to the delays in filling of vacant posts and funds have been re-directed to address core provincial priorities, however there is still outstanding payment for assessment rewards of SMS members for the 2015/16 financial year. The main cost drivers of expenditure in the programme is for PFMA Support Programme for Clean Audit for the Departments and Public Entities and Provincial Telephone Account. The programme has made a provision for the audit fees relating to Provincial Revenue Fund.

Departmental receipts

Departmental Receipts

	Adjusted appropriation	Audited outcome				Actual Receipts				
		Apr 15-Sep 15		Apr 15-Mar 16		Budget estimate	Adjusted estimate	Adjusted appropriation/total (%)	Apr 16-Sep 16	
		Apr 15 Sep 15	% of Adjusted appropriation	Apr 15 Mar 16	% of Adjusted appropriation				Apr 16 Sep 16	% of Adjusted appropriation
Departmental receipts	86 739	51 408	59.3%	120 881	139.4%	124 887	124 887	100.0%	90 167	72.2%
Tax receipts										
Sales of goods and services Other than capital assets	420	81	19.3%	207	49.3%	300	300	0.2%	77	25.7%
Transfers received									634	
Fines, penalties and forfeits										
Interests, dividends and rent on land	86 319	51 315		120 562	139.7%	124 587	124 587	99.8%	89 423	71.8%
Sales and capital assets and liabilities				1						
Financial transactions in assets and liabilities		12		111					33	
Extraordinary receipts										
Subtotal	86 739	51 408	59.3%	120 881	139.4%	124 887	124 887	100.0%	90 167	72.2%

Revenue trends for the first half of 2016/17

The Department is not involved in direct revenue generating sources. Majority of the revenue arises from interest earned on provincial investments which are managed by the Provincial Revenue Fund. The sale of goods and services are represented by commission earned on the 3rd party deductions and sales of tender documents. The over collection of revenue is mainly on interest received, however the departmental revenue has not been revised because the department does not anticipate high interest collection for the second half of the financial year.

Changes to transfers and subsidies, and conditional grants

None

Summary of changes to Conditional Grants:

None

Summary of changes to infrastructure Allocation: B5

None