



military veterans

Department:
Military Veterans
REPUBLIC OF SOUTH AFRICA

DEPARTMENT OF MILITARY VETERANS: VOTE 22 REPORT OF THE ACCOUNTING OFFICER FOR THE 2012/13 FINANCIAL YEAR

1. Introduction

1.1. The aim of the Department is to formulate policies and standards aimed at providing a comprehensive quality service delivery system to military veterans and their dependants in recognition of their role in the democratisation of South Africa.

1.2. The mandate of the Department of Military Veterans is derived from Section 7 of the Bill of Rights, the Constitution of the Republic of South Africa and the Military Veterans Act, 18 of 2011 which prescribes "amongst other things" benefits that must be provided to the deserving military veterans and their dependents. There is an urgent need to provide visible rewards and due recognition to all those military veterans who sacrificed their lives and well-beings in ensuring the greater realisation of the freedom. The Department of Military Veterans has committed to ensure the provision of accelerated service delivery benefits to the military veterans and their dependents as espoused in terms of Section 5 of the Military Veterans Act 18, of 2011.

1.3. The Department of Military Veterans (DMV) signed undertaking with the Department of Defence (DOD) to utilise policies, procedures, information communication technology systems, bank accounts and capacity of DOD during the 2012/13 financial year. All records of transactions concluded in 2012/13 were filled in the DOD filling space. DMV was falling under the Department of Defence and Military Veterans in terms of the 2012/13 Estimates of National Expenditure with the Secretary for Defence as an Accounting Officer and Military Veterans is accounted for under Programme 1: Administration of the DOD Vote 22. It should be noted that no physical amounts were transferred from DOD to DMV in the 2012/13 financial year.

1.4. In light of the above, a resolution was made in concurrence with National Treasury and the Department of Defence that the financial affairs of the Department of Military Veterans will be accounted for under the sub-Programme Military Veterans Management within the main Administration Programme under Vote 22 of the Department of Defence and Military Veterans in 2012/13 financial year. DMV will start to operate independently as transfer payments of the Department of Defence as from 01 April 2013. DMV already have Basic Accounting System, Persal System and LOGIS supported by appropriate policies, procedures, delegations and capacity to be operationalised as from 01 April 2013.

2. General review of the state of financial affairs

2.1. Important policy decisions facing the Department

2.1.1. The Department of Military Veterans is responsible to provide Section 5 service delivery benefits in terms of Military Veterans Act, 18 of 2011 to the deserving Military Veterans and their dependents such as education, health, housing, transport, burials, pensions, Tomb for Unknown Soldiers, honouring and memorialisation of the military veterans and other related benefits. Funds which are meant to provide these benefits are to be sufficiently allocated to the Department of Military Veterans in order for the Department to fully execute its mandate. The overall coordination and collaboration with other governments departments and private sector providing the related services took place in 2012/13 by signing service level agreements with them in order to accelerate service delivery benefits to the deserving military veterans and their dependents. The Department was also faced with major financial constraints to fund the posts which were to be filled for it to function effectively. Various meetings were held with National Treasury to request additional allocation of funds in order to finance the operation of the department nationally.

2.1.2. The Department developed regulations for approval by Parliament in terms of the Military Veterans Act, 18 of 2011 to regularise the rolling out of benefits to the deserving military veterans and their dependents. The supporting structures which are required to be established in terms of the Military Veterans Act, 18 of 2013 such as Military Veterans Advisory Council and Military Veterans Appeal Board will be formally operationalised in 2013/14 financial year.

2.2. Significant events which have taken place during the year

2.2.1. The Department held three military veterans honouring functions during the 2012/13 financial year. The education bursaries, burials support and health care & wellness services have also been provided to deserving military veterans in terms of the ministerial approval and delegations for non-contributory aid payments in 2012/13 financial year.

2.3. Major projects undertaken or completed during the year

2.3.1. The first and second phases of a process to update personal information in the National Military Veterans' Database was initiated and completed in 2012. There are 56 505 registered military veterans in the database which are to be subjected to a means test for eligibility of the service delivery benefits as prescribed in terms of the Military Veterans Act, 18 of 2011.

2.4. Spending trends

2.4.1. The Department of Military Veterans was falling under Vote 22: Department of Defence and Military Veterans in terms of the 2012/13 Estimates of National Expenditure with the Secretary for Defence as an Accounting Officer and Military Veterans is accounted for under Programme 1: Administration. It should be noted that no physical amounts were transferred from DOD to DMV in the 2012/13 financial year.

2.4.2. The Department of Military Veterans was allocated an original budget of RM51, 2 million during 2012/13 financial year which was finally adjusted by R50, 2 million to R101, 4 million.

2.4.3. The Department of Military Veterans was not allocated funding for service delivery benefits to be rolled out as required in terms Section 5 of the Military Veterans Act, 18 of 2011. The funding allocated was basically for the filling of critical posts and development of information technology systems, procurement of an office building, policies and procedures. However, funds were spent on military veterans honouring functions, education bursaries, health and wellness support and burials support despite no allocation having been made for these to DMV.

2.4.4. The amount of goods & services was fully spent and the balance of RM3,2 are the accruals regarding the services already received in 2012/13 financial year for which invoices were received late from the service providers.

2.4.5. The under-spending of RM1,2 under payments for capital assets was mainly due to the funds which were budgeted for the furniture and computers for the new building which could not be fully spent due to the delay on the side of the Department of Public Works to hand over the office accommodation for occupation.

2.4.7. The rollover request of unspent funds was submitted to National Treasury for these funds to be reallocated back to DMV in the 2013/14 financial year.

The breakdown of budget allocated and the related expenditure are indicated in terms of the table below.

BUDGET AND EXPENDITURE REPORT AS AT 31 MARCH 2013: DMV:VOTE 22

MILITARY VETERANS MANAGEMENT SUB-PROGRAMME TO BE REPORTED IN THE 2012/13 AFS

GFS Items	Actual Ext from April 12 to March 13	Projected Exp from April 12 to March 13	Original Allocated Budget 2012/13 FY	Increased Adjustment of budget 2012/13 FY	Total Adjusted Budget 2012/13 FY	Available balance as at 31 March 2013 (variance)
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees	26 857	26 857	16 451	10 406	26 857	0
Goods and Services	68 634	71 864	33 031	38 833	71 864	3 230
Transfers and Subsidies	182	182	0	182	182	0
Payments of Capital Assets	1 303	2 500	1 725	775	2 500	1 197
TOTAL	96 976	101 403	51 207	50 196	101 403	4 427

2.4.8. The amount of RM26, 9 million was spent on 31 permanent officials, 46 contract workers, 13 seconded officials and 14 Reserve Force Members from the Department of Defence. Contract workers and secondments were insourced in order to increase the capacity of DMV in 2012/13 to enable it to deliver on its mandate.

2.4.9. The Department of Military Veterans has built-up the Basic Accounting System, Persal System and LOGIS supported by appropriate policies, procedures and delegations in 2012/13 financial year to deliver on its mandate with effect from the 01 April 2013.

2.5. Virements

2.5.1. The Department of Military Veterans was falling under Vote 22: Department of Defence and Military Veterans in terms of the 2012/13 Estimates of National Expenditure with the Secretary for Defence as an Accounting Officer and Military Veterans is accounted for under Programme 1: Administration. It should be noted that no physical amounts were transferred from DOD to DMV in the 2012/13 financial year. The Department of Military Veterans was allocated an original budget of RM51, 2 million during 2012/13 financial year which was finally adjusted up by R50, 2 million to R101, 4 million. These amounts were appropriated under one line item in total to the Department of Military Veterans under the Administration Programme of the Department of Defence and Military Veterans: Vote 22 and therefore the allocations and adjustments of budget under the sub-Programme Military Veterans is accounted for under the Administration Programme of Vote 22 of the Defence and Military Veterans in line with Section 43 of

the PFMA and Treasury Regulations Section 6.3.1 as per approval granted by the Secretary for Defence.

3. Services rendered by the Department

There were no chargeable services rendered by the Department of Military Veterans during 2012/13 financial year.

3.1. Tariffs

3.1.1. The tariffs unique to the Department of Defence and Military Veterans determined by the tariff owner and where the tariff structure is approved by National Treasury were applied where applicable. All tariffs charges for the services rendered were accounted for in the 2012/13 Annual Financial Statements for the Department of Defence and Military Veterans. It should be noted that the Department of Military Veterans (DMV) signed undertaking with the Department of Defence (DOD) to utilise policies, procedures, information communication technology systems for DOD in 2012/13 financial year.

3.2. Free Services

3.2.1. No free services were rendered to the officials during the 2012/13 financial year.

4. Capacity constraints

4.1. The Department of Military Veterans still has the capacity constraints to operate. Only 31 posts were filled out of 169 posts total posts as at 31 March 2013 due to the funding constraints. Further actions are already taking place to fill other remaining critical posts to enable the Department to function effectively and deliver services to the military veterans. The challenges of capacity were experienced in 2012/13 financial year and the department has taken a route of bringing in additional capacity in order to deliver on its mandate and responsibilities.

4.2. The Department of Military Veterans was also making use of the detached members from the Navy to assist with service delivery to the military veterans. The DMV offices are not adequate to accommodate the recruited personnel and request was sent to the Department of Public Works to procure sufficient accommodation for the Department.

4.3. The contract is already signed between the Landlord, Department of Public Works and the Department of Military Veterans and refurbishment of the building is about to commence to prepare for occupation. The capacity constraints and shortage of accommodation are negatively impacting a lot on the ability of the Department to deliver on its mandates and responsibilities to the military veterans.

5. Utilisation of Donor Funds

5.1. There was no inflow or outflow of the donor funds in the Department of Military Veterans during 2012/13 financial year.

6. Trading and Public Entities

6.1. There was no registered trading or public entity operating under the control of the Department of Military Veterans in 2012/13 financial year. There were also no losses suffered as no transfer of funds took place to any trading and public entity in 2012/13 financial year.

7. Organisations to whom transfer payments have been made

7.1. There were no transfers of funds made to any organisation in 2012/13 financial year.

8. Public Private Partnership (PPP)

8.1. The Department of Military Veterans did not enter into Public Private Partnership agreement during 2012/13 financial year.

9. Corporate governance arrangements

9.1. The Department is implementing a Public Service Risk Management Framework. The risk assessment has been completed and risk register has been developed. Internal control and other risk mitigation strategies are in progress for implementation. The annual internal audit plan which is risk based was approved by a Shared Audit Committee for Defence & Military Veterans in 2012/13 financial year.

9.2. The major risk identified relate to insufficient allocated budget to fund the filling of all critical posts, critical operational requirements and Section 5 benefits in terms of Military Veterans Act, 18 of 2011 to be provided to the deserving military veterans. The full requirements supported by costing and motivations were submitted to National Treasury for sufficient funds to be allocated but not all funds requested have been received.

9.3. The accommodation which is insufficient to accommodate all recruited staff members is a major risk identified. The contract is already signed between the Landlord, Department of Public Works and the Department of Military Veterans and refurbishment of the building is about to commence to prepare for occupation very soon.

9.4. Audit of the Military Veterans Database

9.4.1. The reliability, accuracy and completeness of the military veterans beneficiary database information had also been identified as one of the major risks. The first and second phases of a process to update personal information in the National Military Veterans' Database was initiated and completed in 2012. There are 56 505 registered military veterans in the military veterans database which are to be subjected to a means test for eligibility of the service delivery benefits as prescribed in Section 5 of the Military Veterans Act, 18 of 2011. The department initiated a database clean-up exercise by inviting both statutory and non-statutory military veterans to re-register and currently it is embarking on a project of verifying members of the former Non-Statutory Forces who did not integrate into the South African National Defence Force to ensure complete, reliable, verifiable and accurate database information.

9.5. The Department is complying with the Fraud Prevention policy for the Department of Defence. The Department of Military Veterans is currently sharing audit committee services with the Department of Defence. The audit committee meets at least four times a year. Action will be taken to fill the occupational health and safety personnel in 2013/14 financial year to deal with occupational health and safety issues at the work place. There were no cases of injury on duty reported in 2012/13 financial year.

9.6. All Senior Management Personnel are expected to get approval from the Executing Authority before they engage in the remunerated work outside public service and also required to disclose their outside business interest on the yearly basis before the end of April. The Senior Managers have signed the code of conduct to abide by the rules and regulations governing public service in the execution of their duties. The disclosure information is coordinated by the Human Resources Management Directorate and ultimately forwarded to the Public Service Commission.

10. Discontinued activities / activities to be discontinued

10.1. There were no activities which were discontinued or to be discontinued by the Department during 2012/13 financial year.

11. New / proposed activities

11.1. The Military Veterans Act, 18 of 2011 requires the provision of the Section 5 benefits to the deserving military veterans for which funds have not been adequately received from National Treasury in order to fully execute the mandate of the department.

12. Asset Management

12.1. The assets were procured through the procurement system of the Department of Defence (DOD) and included in the DOD Asset Register in terms of DOD Asset Management Policy. The assets were disclosed in the 2012/13 Annual Financial Statements for the Department of Defence and Military Veterans. The Department of Defence is expected to hand over the assets to the Department of Military Veterans in 2013/14 financial year by signing the handing over certificates between the two accounting officers. The assets to be handed over from the Department of Defence will then captured as additions in the LOGIS System of the Department of Military Veterans.

13. Inventories

13.1. Inventories were procured through the procurement system of the Department of Defence (DOD) and included in the DOD Inventory Register. The inventories were disclosed in the 2012/13 Annual Financial Statements for the Department of Defence and Military Veterans. The Department of Defence is expected to hand over the inventories list to the Department of Military Veterans for capturing in the LOGIS system of the Department of Military Veterans in 2013/14 financial year by signing the handing over certificates between the two accounting officers.

14. Events after the reporting date

14.1. There were no events after the reporting date.

15. Information on predetermined objectives

15.1. The 2013/14 Annual Performance Plan for the Department of Military Veterans was tabled in March 2013. The Department will also develop and finalise the policy on the reporting of the performance information in 2013/14 financial year for implementation. The quarterly performance information reports for 2012/13 financial year were presented to the Executive Authority for consideration. The meetings were regularly held to review, evaluate and monitor progress made against the achievements of planned targets and objectives included in the 2012/13 Annual Performance Plan. The management of performance information in the Department of Military Veterans was guided by the National Treasury's Framework for the Management of Performance Information. The Performance Monitoring and Evaluation Framework will be developed in 2013/14 financial year to ensure that the structured approach is applied in the monitoring and evaluation of performance information.

15.2. Department of Military Veterans has taken a direction from the Executive Authority and the Accounting Officer to improve its resources base as well as to maximise the efficient, economic and equitable accountability on the utilisation of resources. During the period under review, the following progress was made in the realisation of a dignified, unified, empowered and self-sufficient Military Veterans Community.

15.3. The strategic performance of the Department of Military Veterans for the 2012/13 financial year was mainly driven by the Executive Authorities Priorities as follows:

15.3.1. Ensuring a fully functional Department of Military Veterans with an independent vote, systems and processes.

15.3.2. Provision of immediate social relief of distress to the most vulnerable military veterans.

15.3.3. Provision, subject to availability of resources, comprehensive support services to military veterans and where applicable, to their dependents.

15.3.4. Promotion of empowerment programmes for the military veterans.

15.3.5. Promotion of heritage of military veterans, memorialisation and honouring of military veterans.

15.3.6. Maintenance of a credible and secured national military veteran's database.

15.3.7. Implementation of a high impact communication and marketing strategy and plan.

15.4. The Department of Military Veterans finalised legal instruments in 2012/13 financial year to inform infrastructure development that underpins quality service delivery to military Veterans with the State Information Technology Agency (SITA) and the Department of Public Works (DPW). The aforementioned legal instruments will guide the implementation of the transversal systems, speed-up the allocation of office accommodation and other property management services required by the Department of Military Veterans. This achievement will enable DMV to build up its strength towards the allocation of an independent vote. The budget of the department has also been increased to R1, 3 billion over the medium term period in order to fund the delivery of benefits to military veterans in line with Section 5 of the Military Veterans Act, 18 of 2011.

15.5. DMV initiated a process to develop systems that will form the basis of empowerment programs for military veterans in 2012/13 financial year. A comprehensive military veterans empowerment strategy was developed which provides a comprehensive framework and a basis for skilling and empowerment of military veterans.

15.6. DMV developed the Memoranda of Understanding (MOUs) with the Departments of Water Affairs and Environmental Affairs in 2012/13 financial year for the provision of jobs for military veterans in selected work areas in these departments. Whilst the MOUs are being finalised for approval, an interim process is underway to provide about 700 job opportunities to military veterans. The process is also underway to identify and

ensure placements of military veterans in these projects in consultations with their representatives.

15.7. DMV concluded a Memoranda of Understanding (MOU) with the Department of Rural Development and Land Reform in 2012/13 financial year which will also include business opportunities for military veterans. DMV and the Department of Rural Development and Land Reform will facilitate access of military veterans to various opportunities that are provided by Rural Development Programs including, the Rural Enterprise, Infrastructure Development Program and Land Acquisition & Recapitalisation Program. In addition, the Department of Rural Development and Land Reform has undertaken to utilise military veterans skills in the implementation of these programs, especially unemployed military veterans.

15.8. The three military veterans honouring functions were held during 2012/13 financial year to acknowledge the contributions that the military veterans had made in the realisation of our democracy and freedom,

16. SCOPA resolutions

16.1. There are no outstanding SCOPA resolutions for the Department of Military Veterans.

17. Prior modification of audit reports

17.1. There was no audit performed on the Department of Military Veterans by the Auditor – General South Africa during 2012/13 and previous years as financial affairs of the DMV were audited as part of the Annual Financial Statements of DOD.

18. Exemptions and deviations received from National Treasury

18.1. There were no exemptions and deviations received from National Treasury.

18.2. Resolution which was made between the Department of Military Veterans, Department of Defence and National Treasury on the 22 March 2013.

18.2.1. A resolution was made in concurrence with National Treasury and the Department of Defence that the financial affairs of the Department of Military Veterans will be accounted for under the sub-Programme Military Veterans Management within the main Administration Programme under Vote 22 of the Department of Defence and Military Veterans in 2012/13 financial year. DMV will start to operate independently as transfer payments of the Department of Defence as from 01 April 2013. DMV already have Basic Accounting System, Persal System and LOGIS supported by appropriate policies, procedures, delegations and capacity to be operationalised as from 01 April 2013.

DEPARTMENT OF MILITARY VETERANS: VOTE 22

**REPORT OF THE ACCOUNTING OFFICER FOR THE 2012/13 FINANCIAL
YEAR**

19. Performance bonuses payments

19.1. The Department of Military Veterans did not pay any performance bonuses to employees in 2012/13 financial year.

20. Approval

20.1. The Annual Financial Statements set out on pages ____ to ____ have been approved by the Accounting Officer of the Department of Military Veterans.

A handwritten signature in black ink, appearing to read 'T.E. Motumi', is written over the printed name.

(T.E. MOTUMI)

**ACCOUNTING OFFICER: DEPARTMENT OF MILITARY VETERANS
31 MAY 2013**

PR
LES POUSS
BARR