



Commission for Gender Equality  
A society free from gender oppression and inequality

Presentation to the Portfolio Committee for Women,  
Youth and Persons with Disabilities

**16 October 2020**

A Report on Financial Management  
for the Year – to – 30 June 2020  
(Quarter 1)



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# Introduction

The purpose of this presentation is to brief the Portfolio Committee on activities relating to the financial performance of the Commission and the status on its financial position for the period ending 31 June 2020. Furthermore, the report seeks to update the Committee on matters in respect of corporate management and compliance with laws and regulations.

This is guided by the requirements of section 181(5) of the Constitution, the general object of the PFMA and related prescripts applicable within the regulatory framework/environment.



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# Overview

## Financial Performance and Position



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## Recap – Adjusted Annual Budget 2020/21

Budget line item	Annual Budget 2020	Annual Budget 2021 Pre- COVID	Annual Budget 2021 - Post Covid	Adjustments/ Effect
Advertising	186 000	219 000	400 000	(181 000)
Auditors Remuneration	2 308 900	2 812 000	2 812 000	-
Bank Charges	67 400	58 000	58 000	-
Bursaries		1 000 000	-	1 000 000
Compensation of Employees	62 750 200	64 178 000	58 652 310	5 525 690
Computer Servicing, IT and Website	1 830 600	1 991 000	2 400 000	(409 000)
Conferences and seminars	1 488 700	2 121 000	900 000	1 221 001
Consulting and professional fees	979 600	506 000	550 000	(44 000)
Courier Services	165 300	91 000	170 000	(79 000)
Legal Fees	1 377 100	1 031 000	1 000 000	31 000
Maintenance of Property and Buildings	18 200	47 000	680 000	(633 000)
Office Cleaning, Maintenance, Plants and Security	2 310 500	2 566 000	3 400 000	(834 000)
Office Consumables and Refreshments	287 000	264 000	260 000	4 000
Operating lease expenses	440 400	512 000	502 000	10 000
Printing and stationery	602 600	603 000	603 000	-
Report Writing, Printing and Publishing	1 601 760	2 449 000	3 240 000	(791 000)
Software expenses	178 300	438 000	438 000	-
Staff Training and Development	1 000 000	1 101 000	1 101 000	-
Subscriptions and membership fees	42 100	94 000	94 000	-
Telecommunication Expenses	1 344 300	634 000	630 940	3 060
Travel - local	4 655 800	4 600 000	1 056 300	3 543 700
Travel - overseas	726 800	1 627 000	-	1 627 000
Motor Vehicle running costs	815 500	919 000	613 450	305 550
<b>Grand Total</b>	<b>85 177 060</b>	<b>89 861 000</b>	<b>79 561 000</b>	<b>10 300 000</b>
Reprioritisation of allocation		R13 300 000,00		
Special additional adjustments		-R3 000 000,00		
<b>Net adjustment</b>		<b>R10 300 000,00</b>		

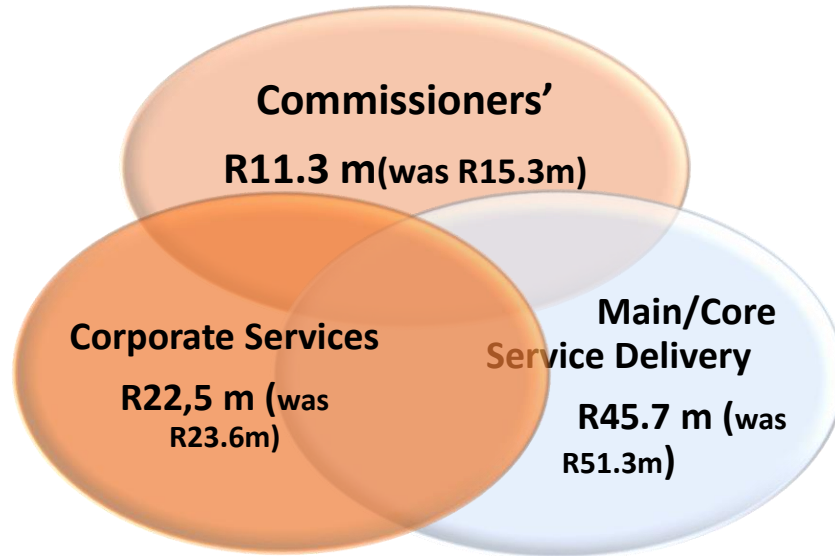
Following the National Adjustment Budget, the CGE budget for 2020/21 period was reduced by a net amount of R10,3 million

Main division within Vote 20



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## Sub-programmes adjusted budget – summary 2020/2021



Strategic Objective 1 – **R6,2 m**  
(R13.2m; 2019/20)

Strategic Objective 2 – R36,9  
(R21.6m; 2019/20)

Strategic Objective 3 – R6,6 m  
(R8.7m; 2019/20)

Strategic Objective 4 – R29,9 m  
(R41.7m; 2019/20)

Approved Budget = R79.6m



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## Budget, Income & Expenditure Summary of Salient Points

- Reduction of the CGE Annual Budget by R10,3 million for 2020/21 (current financial year)
- **Over the MTEF period, projected budget reductions of R14,4 m (2021/22) and R18,8 m (2022/23)** were proclaimed by National Treasury. This allocation reductions are not yet in force until Cabinet decision for government-wide budget allocations.
- For the quarter under review, Income comprised of transfers (R20 m) and interest & sundry income of R255,397 (**Total = R20,26 m**) was recorded.
- The expenditure incurred for the period was (**R16,3 m**), lower than the adjusted budget for the quarter by **R3 m** – Hard lockdown depressed activity, saving on operating overhead expenditure (office related running expenses) plus unspent money on salaries (COE, saving of R1 m) due to vacancies yet to be filled.
- The spending rate will catchup in succeeding quarters as the lockdown is eased, vacancies filled and APP activities implemented. **It is therefore projected that the full R80 million available budget will be spend by the end of the financial year.** Monies will be defrayed as the CGE navigate its operations in the delivery of services amid funding challenges.



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### Expenditure by economic classification and Programme

	Compensation of Employees			Good & Services			Totals		
	YTD Actuals	YTD Budget	Prior Year Actuals	YTD Actuals	YTD Budget	Prior Year Actuals	YTD Actuals	YTD Budget	Prior Year Actuals
<b>Commissioners</b>	<b>2 441 903</b>	<b>2 589 000</b>	<b>1 379 384</b>	<b>38 856</b>	<b>237 465</b>	<b>319 357</b>	<b>2 480 759</b>	<b>2 826 465</b>	<b>1 698 741</b>
Provinces	5 266 937	5 797 974	5 647 772	433 852	1 068 405	860 620	5 700 789	6 866 379	6 508 392
Legal	543 250	629 010	534 249	135 190	450 840	61 909	678 440	1 079 850	596 158
Public Education & Information	482 320	470 154	495 120	4 457	2 370	904	486 777	472 524	496 024
PEI and Provincial support	90 352	90 756	89 484	1 926	2 550	1 271	92 278	93 306	90 755
Research & Policy Development	1 516 793	1 512 750	1 465 399	18 264	156 040	15 774	1 535 057	1 668 790	1 481 173
Parliamentary Unit	18 699	20 504	-	2 684	43 930	179 989	21 383	64 434	179 989
Communications	580 621	597 270	681 516	298 484	605 870	79 303	879 105	1 203 140	760 819
<b>Total core Service Delivery</b>	<b>8 498 973</b>	<b>9 118 418</b>	<b>8 913 540</b>	<b>894 856</b>	<b>2 330 005</b>	<b>1 199 770</b>	<b>9 393 829</b>	<b>11 448 423</b>	<b>10 113 310</b>
	80%	80%	76%	36%	56%	30%	73%	74%	64%
<b>Commission &amp; Core</b>	<b>10 940 875</b>	<b>11 707 418</b>	<b>10 292 924</b>	<b>933 713</b>	<b>2 567 470</b>	<b>1 519 127</b>	<b>11 874 588</b>	<b>14 274 888</b>	<b>11 812 051</b>
Chief Executive Officer	786 096	913 500	1 000 340	64 161	319 227	281 825	850 257	1 232 727	1 282 165
Finance & Administration	1 420 210	1 369 740	1 564 070	552 377	687 211	2 038 115	1 972 587	2 056 951	3 602 185
Human Resources	290 991	335 520	256 772	191 308	558 485	436 719	482 299	894 005	693 491
Information & Communication Technology	207 411	352 260	378 338	372 764	453 310	408 792	580 175	805 570	787 130
Depreciation & other corporate expenses	-	-	-	490 659	-	415 119	490 659	-	415 119
<b>Total Corporate Services</b>	<b>2 704 708</b>	<b>2 971 020</b>	<b>3 199 520</b>	<b>1 671 269</b>	<b>2 018 233</b>	<b>3 580 570</b>	<b>4 375 977</b>	<b>4 989 253</b>	<b>6 780 090</b>
<b>Grand Total</b>	<b>13 645 583</b>	<b>14 678 438</b>	<b>13 492 444</b>	<b>2 604 982</b>	<b>4 585 703</b>	<b>5 099 697</b>	<b>16 250 565</b>	<b>19 264 141</b>	<b>18 592 141</b>

- **Compensation of Employees** Saving of R1 million due to vacancies and salary increases not yet implemented
- **Goods & Services**  
R2 million under-spent due to Lockdown imposed restrictions.
- **Core Service delivery and Commissioners' programmes** 73% of the spend - **Obligations under the CGE Act, s8 & s11**
- **Corporate services** component is 27% of total spend.
- **Dept/CC analysis reflects further details**





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## Comparative Expenditure analysis – April to June 2020

Items	Actual 30 June 2020	Budget 30 June 2020	Variance YTD	Variance%	Actual 30 June 2019
Advertising	-	99 990,00	99 990,00	100%	49 758,94
Auditors Remuneration	49 760,96	62 750,96	12 990,00	21%	1 573 417,60
Bank Charges	10 094,24	14 490,00	4 395,76	30%	14 733,36
Compensation of Employees	13 645 583,22	14 678 438,00	1 032 854,78	7%	13 492 443,60
Computer Servicing, IT and Website	468 373,21	595 300,00	126 926,80	21%	393 263,56
Conferences and seminars	4 350,00	225 067,00	220 717,00	98%	367 293,04
Consulting and professional fees	171 090,38	112 500,00	(58 590,38)	-52%	123 143,60
Courier Services	5 008,40	43 410,00	38 401,60	88%	11 775,06
Depreciation & Amortisation	490 659,00	-	(490 659,00)		415 118,70
Legal Fees	11 027,55	250 020,00	238 992,45	96%	285 241,56
Maintenance of Property and Buildings	232 594,66	332 610,00	100 015,34	30%	49 533,80
Office Cleaning, Maintenance, Plants and Security	417 390,23	716 910,00	299 519,77	42%	469 614,06
Office Consumables and Refreshments	2 786,42	64 890,00	62 103,58	96%	56 634,04
Operating lease expenses	1 610,00	125 460,00	123 850,00	99%	27 034,11
Other office running costs	50 780,29	153 330,00	102 549,71	67%	132 654,39
Printing and stationery	122 300,50	150 720,00	28 419,50	19%	97 509,36
Report Writing, Printing and Publishing	244 949,63	810 000,00	565 050,37	70%	24 037,26
Software expenses	-	109 500,00	109 500,00	100%	84 611,25
Staff Training and Development	15 444,50	275 220,00	259 775,50	94%	17 843,00
Subscriptions and membership fees	8 452,50	23 340,00	14 887,50	64%	2 360,46
Telecommunication Expenses	231 917,50	156 720,00	(75 197,50)	-48%	140 990,42
Travel - local	66 391,33	263 475,00	197 083,67	75%	763 130,12
<b>Grand Total</b>	<b>16 250 564,52</b>	<b>19 264 140,96</b>	<b>3 013 576,45</b>	<b>16%</b>	<b>18 592 141,29</b>

❑ **Partly due to Lockdown, COE was the main item of spending representing 84% of total quarterly expenditure**

❑ **Quarter to Date total spend of R16,25 m = 20% of annual budget. A relative spending lag of 5% is projected to be absorbed by spending in future quarters**

❑ **Quarterly expenditure trails the budget for the Quarter by R3m (16%)**



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## Financial position

- As at 30 June 2020, the Commission financial position is sound, healthy in terms of the solvency and liquidity test.
- These measures are favourable with a net asset position **of R22 million** mainly represented by cash in the bank.
- It is asserted that the CGE is a going concern and able to service its debt and obligation in the short to medium term despite the budget pressures that are envisaged to compromise on financial viability in the medium to long term.
- Immediate material **financial obligations to discharge are for the payment of Staff performance Bonus estimated to R3,1 million**. This relates to the 2019/20 performance cycle



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### Assets

Component	Account Name		Sum of Actual	Sum of P Y Actual
	<b>Cash and Cash Equivalents</b>	★	<b>21 641 258</b>	<b>11 047 707</b>
	Cash and Cash Equivalents	★	21 641 258	11 047 707
	<b>Current assets</b>	★	<b>8 280 758</b>	<b>983 676</b>
	Inventory Control - Consumables	☆	70 647	232 193
	Petty Cash - Provinces	☆	14 151	12 900
	Prepaid Expenses	☆	610 491	634 628
	Receivables	★	7 585 470	103 955
	<b>Intangible assets</b>	☆	<b>336 514</b>	<b>451 053</b>
	Computer Software	☆	336 514	451 053
	<b>Proper, plant &amp; equipment</b>	★	<b>8 817 138</b>	<b>7 342 614</b>
	Computer Equipments	☆	916 483	1 179 693
	Leased Assets	☆	839 405	162 900
	Motor Vehicles	☆	5 228 077	3 906 705
	Office Equipment	☆	492 756	449 424
	Office Furniture - @ Cost	☆	1 340 418	1 643 892
<b>Grand Total</b>			<b>39 075 668</b>	<b>19 825 050</b>

#### Notes

- Of R39 million worth of assets, R21,6 million thereof is cash in the bank
- Liquidity is therefore favourable
- The fixed assets carrying amounts is post-depreciation & amortisation. Age-maturity and condition of the assets is satisfactorily to sustain operations in the medium term

### Liabilities

Component	Account Name		Sum of Actual	Sum of P Y Actual
	<b>Accumulated Surplus/(Loss)</b>	■	<b>26 856 977</b>	<b>12 858 751</b>
	Accumulated Surplus/(Loss)	■	26 856 977	12 858 751
	<b>Current Liabilities</b>	■	<b>9 256 479</b>	<b>6 050 498</b>
	Finance Lease Liability - Short Term	■	435 002	129 842
	Provision for Leave	■	3 110 871	2 451 580
	Provision for Salary Bonus	■	4 160 571	2 081 588
	Trade & Other Payables	■	1 550 034	1 387 473
	Trade and other payables	■	0	16
	<b>Long-term liabilities</b>	■	<b>443 199</b>	<b>39 565</b>
	Finance Lease Liabilities	■	443 199	39 565
	<b>Trade &amp; Other Payables</b>	■	<b>2 519 014</b>	<b>876 236</b>
	Trade & Other Payables	■	2 519 014	876 236
<b>Grand Total</b>			<b>39 075 668</b>	<b>19 825 050</b>

#### Notes

- Net Asset mainly from liquid assets
- Finance lease comprised of telephone & copier equipment rented over 3 year
- The nulk of liabilities mainly non-exchange and relates to staff remuneration provisions : Bonus & Leave



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# FINANCIAL MANAGEMENT SYSTEMS



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## Supply Chain Management

- ☐ Demand management – The annual Procurement Plan for 2020/21 completed and submitted to NT by 30 April as prescribed by prescripts.
- ☐ Acquisition Management – Major tenders/RFQ finalised were on KM strategy, Audio Conferencing equipment, WAN, Office Security Equipment
- ☐ Contract management – No issues/exceptions – Performance by parties is regular
- ☐ Contract Management – Registers updated and no performance defects by service providers and/or CGE noted. The control environment in this areas has improved materially without any Irregular Expenditure, fruitless or wasteful incurred during the current period.
- ☐ Asset Management – Delivery of last vehicles purchased was made. All new vehicles must still be branded with the CGE corporate identity.



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## Logistics – Fleet & Facilities Management

- Portfolio of 10 properties under lease remains fully supported by DPW as the agent for the CGE – Contract management on lease agreements, rendering accounts for both rentals and municipal services.
- The Office were COVID19 prepared – Deep cleaning and provision of PPE were procured
- There are no material issues for all other offices of the CGE – Leases are in tact and municipal services provided and paid for + access and conditions at the premises are within acceptable standards but for ConHill premises.
- The security and access control system at head office
- The use and condition of fleet satisfactorily bar for the relative age of the fleet.



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## Corporate governance

- Accounting Officer – complied with the provisions of PFMA, section 38
  - Systems of internal control
  - Risk management
  - Sound Financial management and systems to administer/account for REAL ( Revenue, Expenses, Asset and Liabilities) were in place
  - Section 40 reporting – in-year and annual reporting to promote accountability and transparency
- Executive Authority – Processes and systems of corporate governance in place and applied through out the reporting period.
- Audit Committee
  - Committee terms of reference and functioning during the period complied to PFMA section 38, 76&77 and section 27 of National Treasury Regulations.
  - Internal audit capacity and competence existed through out the period , the function of which was regularly subject the oversight of the audit committee





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## Risk Management

Risk Management and implementation of Response strategies – On course, embedded from Operations through to and including Oversight.

- Quarterly RMC meetings operational and effectively monitors management actions
- Management continue to implement action plans and accounts to oversight
  - Standing oversight committees of the Commission
  - Audit Committee
- Risk Register
  - A “living” document that is updated on a continuous basis
  - Risk identification in alignment to the revised APP and Strategy
- Emerging Risks include –
  - **COVID19 – Management developed compliant protocols, identified and assessed Risks, compiled into a Risk Register and related response plans**
  - **Budget Reduction** – An adjustment Annual Budget as well as imminent reductions/cuts over the MTEF period





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## COVID-19 spending impact - April 2020 to date

Row Labels	Committed for future period to the end of the year	Incurred and paid for as of August 2020	Grand Total
<b>Deep Cleaning services</b>	<b>676 725</b>	<b>134 677</b>	<b>811 402</b>
Bidvest Prestige	53 649	20 650	74 299
Iyobantle Consortium		25 140	25 140
Iyobantle Professional		19 295	19 295
Iyobantle Professional Cleaning Services	68 900		68 900
Monabo Hygiene Services	244 964		244 964
Nopa		54 412	54 412
Nopa Cleaning & Projects	259 312		259 312
Trenco Holdinds		15 180	15 180
Trenco Holdings (Pty) Ltd	49 900		49 900
<b>Masks, Sanitisers, Disinfectants, Wipes, Gloves and other PPE</b>	<b>8 065</b>	<b>246 635</b>	<b>254 700</b>
Cash Advance		2 000	2 000
Courier IT		5 723	5 723
Flamingo Moon		7 500	7 500
Logan		92 000	92 000
Monabo Hygiene Services	8 065		8 065
Multisurge		19 320	19 320
Petty cash - Free State		827	827
Petty cash - Gauteng		1 124	1 124
Petty cash - Head Office		3 708	3 708
Petty cash - KwaZulu Natal		561	561
Petty cash - Limpopo		1 215	1 215
Petty cash - Mpumalanga		229	229
Petty cash - North West		637	637
Shusha Enterprise		20 000	20 000
Vital Life		91 790	91 790
<b>Grand Total</b>	<b>684 790</b>	<b>381 312</b>	<b>1 066 102</b>

1. All transaction procured in line with PPPFA (open and competitive Bids.
2. Suppliers used are on Central Supplier Database
3. PPE from Treasury accredited providers
4. No irregularity whatsoever was noted on the committed/projected spending and/or already paid for expenditure



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# **Audit, Action Plans and Reporting**



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# Audit and Compliance – progress and disclosures

- The 2019/20 audit of Annual Financial Statements and performance Information by the AGSA was conclude on 30 September 2020.
  - Audit Report to be formally tabled by AGSA in Parliament in terms of the PFMA provisions
  - Management Report with areas for improvement received. Action Plans to address the identified weaknesses being drafted for immediate implementation.
- With this roadmap, the next steps are;
  - **Submissions to Parliament** – the 2019/20 Annual Report and Annual Financial Statements which must be signed off by AGSA in terms of the requirements from the PFMA
  - **The Declaration of surplus** and surrender/retain applications by 30 October 2020 and the settlement of the application between CGE and NT by 30 November.



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# Thank You

***HAVE A GENDER RELATED COMPLAINT ????***  
***REPORT IT TO***

***0800 007 709***

***Twitter Handle @CGEinfo***

**Facebook: Gender Commission of South Africa**