Commission for Gender Equality

A society free from gender oppression and inequality

FINANCIAL MANAGEMENT REPORT

2021/2022

Quarter 4

This report covers the financial management activities, financial performance and position for the financial quarter end of 31 March 2022. At reporting date, as the Commission is consolidating its section 40 external reporting responsibilities, some of the figures enclosed in this report should be considered preliminary as they are still subject to the cut-off procedures to ensure completeness for financial year-end reporting purposes – The figures are however the updated information recorded in the accounting system and are presented as a reasonable, fairly accurate account of activities thus adequately fulfilling the object of quarterly reporting.

Table of Contents

Overview of Financial Performance and Position **2**
Financial performance **2**
Revenue **2**
Expenditure Analysis – Comparatives **3**
Expenditure analysis per programme and economic classification **7**
Expenditure by economic classification and Programme **7**
Core Business Programme **8**
Corporate Support Services Programme **10**
Financial Position **12**
Current assets 13
Non-Current Assets. 14
Liabilities 14
Corporate Management **16**
Supply Chain Management 16
Demand management 17
Asset Management 18
Disposal Management 19
Contract Management 19
Fleet Management 20
Facilities Management 20
Risk Management 22
Emerging Risks 24
Disclosable – Compliance, Litigation, claims and contingencies 24
External audit and Reporting **25**

Overview of Financial Performance and Position

Financial performance

For the financial year under review (2021/2022), National Treasury granted the Commission an Annual Budget of R91,4 million from an adjusted baseline of R78,6 million received in the prior year. The recorded budget increase of 16% (R12,8m) represents a restoration of the budget to nominal figures following significant budget cuts recorded in the previous financial year as a result of the effect of COVID-19 on the general economy and fiscal conditions.

For the quarter that ended 31 March 2022, the Commission recorded revenue from National Treasury grant transfers to an amount of R22,8 million. Additional, interest and other income amounting to R139,569 was recognised, mainly respectively derived from positive cash balance held in the current account and the grants from ETDP-SETA. The total income received and spending figures from the activities undertaken in this quarter resulted in a net surplus of R5,1 million mainly because of savings recorded from Employee Costs due to vacancies that existed in the period.

The total income and revenue recorded was therefore R92,1 million against which an expenditure of R73,2 million was incurred over the 12 months reporting period to 31 March 2022, resulting in a net surplus of R18,9 million generated from operating activities. The breakdown, analysis and explanations into these figures shall be rendered in the ensuing paragraphs on the financial performance aspects of the Commission.

Revenue

For the 12 months period to 31 March 2022, a total grant income of R91,4 million was recorded, and R22,8m forming part of the amount was received in the fourth quarter. The money is received in portions, transferred from National Treasury on a monthly basis, representing even proportions of the

annual budget. As at 31 March 2022, the total budget allocated to CGE by National Treasury for 2021/2022 financial year was received in full.

Since the Commission primarily holds cash resources to a monthly average of around R26 million in its current bank account, interest income of R616 789 was recorded for the year to 31 March 2022. The money is credited directly into the current bank account and is available for supplementary use to the CGE operations. The money is therefore extra-budgetary, and has contributed to the surplus reported in the period under review.

An additional income of R95 758 was also recorded in the year, being grants received by the Commission from ETDP SETA to supplement the organisation's training and development needs.

Expenditure Analysis – Comparatives

Segment	Actual YT 31 March 2022	Budget YT 31 March 2022	Variance YT 31 March 2022	Variance (%)	Actual PY
Advertising, Promotion and Publicity	929 312	2 029 000	1 099 688	54%	1 243 286
Audit Fees	1 990 817	2 769 000	778 183	28%	2 728 263
Bank Charges	49 644	60 000	10 356	17%	56 815
Compensation of Employees	54 089 311	63 474 100	9 384 789	15%	55 816 228
Computer Servicing, IT and Website	1 041 761	1 358 000	316 239	23%	1 299 642
Courier Services	105 941	206 000	100 059	49%	60 703
Depreciation & Amortisation	1 726 718	-	-1 726 718	0%	1 645 666
Finance Costs	42 697	-	-42 697	0%	75 753
Legal Costs	2 180 160	2 404 000	223 840	9%	1 706 019
Office Cleaning and Maintenance	2 000 261	4 999 100	2 998 839	60%	3 249 249
Office Refreshments and Other Consumables	190 412	283 000	92 588	33%	107 945
Printing and Stationery	150 668	295 000	144 332	49%	103 055
Professional & Consulting Services	1 366 958	1 489 000	122 042	8%	1 875 065
Report Writing, Printing and Publishing	678 256	2 360 000	1 681 744	71%	2 157 008
Resettlement Costs	22 050	21 500	-550	-3%	75 567
Software Expenses	1 544 775	2 902 600	1 357 825	47%	1 153 844
Staff Training & Development	116 978	2 101 000	1 984 022	94%	104 848
Subscriptions and membership fees	8 426	94 000	85 574	91%	45 094
Telecommunication Expenses	694 508	433 300	-261 208	-60%	739 480
Travel Expenses - Local	2 047 672	2 092 000	44 328	2%	802 328
Vehicle Expenses	761 960	690 100	-71 860	-10%	555 267
Venues, Catering & Events Management	1 486 288	1 315 300	-170 988	-13%	295 944
Grand Total	**73 225 574**	**91 376 000**	**18 150 426**	**20%**	**75 897 067**

Of the total of R91,4 million budgeted for the year under review, R73,2 million was expended, resulting in a significant under-expenditure of 20%. The reduced spending in comparison to the same period last year is in the main due to vacancies which marginally increased in the current year and a slowdown in ordinary activities due to National Lockdown in the first half of the financial year.

Explanation on key expenditure drivers were;

- **Compensation of employees** as the largest component and key expenditure driver recorded a cumulative amount of R54,1 million, 3% lower than what was spend for employees in the same period last year. As mentioned earlier, this is due to the vacancies which resulted to a total of R9,4 million under-expenditure for the year to 31 March 2022. At the time of reporting about twenty funded vacancies of officials and two Commissioners were yet to be filled.
- **Office Cleaning and maintenance** recorded a favourable budget variance of 60% derived from R2 million recorded against R4,9 million budgeted for the year to 31 March 2022. The main driver for the recorded huge saving in this segment is coming from delays and erratic invoicing patterns by Department of Public Works which bring these kinds of misalignments between actual spending and budgeted figures. It is expected that these shortcomings will be resolved following a cabinet decision to devolve the administration function to user departments and institutions.
- **Advertising, Promotion and Publicity** for the year to date recorded a huge budget variance of R1,1 million, a budget amount of about R2 million was set aside for this line item. There was anticipation that a recruitment drive for vacant positions within the establishment will take a heightened foot during the period , however, activity on this line item started towards the end of the 3rd quarter. The budgeted amount

though also included planned spending on promotions and public service advertisements (PSAs) on the CGE mandate which as well has not been spent as anticipated.

- **Staff Development and Training** expenditure for the year to 31 March 2022 is on R116 978 which is R1,984 million less than what was budgeted for. The positive budget variance was as a result of a slow start in the current financial year as far as training is concerned, and Covid-19 restrictions especially in the first two quarters, which overlapped into the third quarter, being the main cause.

- **Report Writing, Printing and Publishing** expense for the period amounted to R678 256 recording a budget saving of R1,7 million against R2,4 million budgeted for the period. There is a 71% variance recorded on this expense line because earlier within the financial year involve projects and study conceptions and planning followed by drafting of the reports, proof reading, editing and actual printing and publishing which happens in the latter part of the year, fourth quarter in the main and in the current year there are some material overlaps into the first quarter of the coming financial year and associated costs are forming part of the commitments as at 31 March 2022.

- **Telecommunication Expenses** recorded over-expenditure of R261 208 for the period, contributed more by cell phone expenses due Covid-19 lockdown, mainly in quarter 1 and quarter 2, which resulted in a sizeable number of staff members working from home, interacting using cell phone communication. The over-expenditure on Telephone expenditure had a direct counter effect on **Computer expenses** which recorded a budget saving of R316 239 for the period coming from less internet service charges due to a sizeable number of staff working from home.

- **Software expenses** recorded an underspending of 47% as

compared to the budgeted amount. The variance is coming from the budgeted software license subscriptions for the planned projects which includes upgrading of finance systems, internal audit system, electronic knowledge management system and digitisation of business systems and processes. There was a slow start in the implementation of these projects and notable progress was recorded in the fourth quarter for finance and internal audit systems upgrade projects, which form part of the commitments as at 31 March 2022.

- **Audit Fees** expense line recorded an under-expenditure for the period of just above R700 000 from a total budgeted amount of R2,8 million. The recorded variance is attributable to a delay in invoicing for external audit fees for interim audit for 2021/2022 financial year that started towards the end of the fourth quarter.

- **Legal Costs** did not record significant variances, expenditure incurred for the year to 31 March 2022 is almost similar to what was budgeted for recording under-expenditure variance of less than 10%.

- **Depreciation and amortisation** of R1,7 million as a non-cash item was not budgeted for, however, in line with the requirements of GRAP standards, a provision was charged against the statement of financial performance for this period in accordance with the estimated useful lives of the assets in the books of the CGE.

Expenditure analysis by economic classification

Economic Classification	YTD Actual	YTD Budget	YTD Variance	PY Actual
Compensation of Employees	54 089 311	63 474 100	9 384 789	55 816 228
Depreciation & amortisation	1 726 718	-	-1 726 718	1 645 666
Goods & Services	17 409 545	27 901 900	10 492 355	18 435 174
Grand Total	**73 225 574**	**91 376 000**	**18 150 426**	**75 897 067**

On account of the operating model currently employed, the Commission as a labour-intensive, service-centric organisation, the employee costs constitute around 70% of the budget use. However, it is worth noting that 80% of this level of spending is on programmes that are legally obligated from the enabling Acts; The CGE Act 39 of 1996, The Promotion of Equality and Prohibition of Unfair Discrimination Act (PEPUDA). For the year under review, from R54,1 million spent on salaries, R42,4 million were on Commissioners and core business programmes and therefore 22% (or R11,7 m) was spent on the administrative programme, for corporate services.

Expenditure analysis per programme

Programme	YTD Actual	Relative to Total (%)	YTD Budget	Relative to Total (%)	Variance
Commissioners Programme	11 845 020	16%	14 074 400	15%	2 229 380
Corporate Support Programme	21 868 485	30%	27 225 700	30%	5 357 215
Service Delivery - Head Office Departments	13 701 553	19%	21 387 900	23%	7 686 347
Service Delivery - Provincial Offices	25 810 516	35%	28 688 000	31%	2 877 484
Grand Total	**73 225 574**	**100%**	**91 376 000**	**100%**	**18 150 426**

Head Office Departments under Core Business recorded a highest favourable budget variance of 36% contributed in the main by vacancies which can be a sign of depression or distress to the Core Business capability of the CGE.

Commissioners programme

Cost Centre	Economic Classification	YTD Actual	YTD Budget	YTD Variance	PY Actual
Commissioners	Compensation of Employees	9 675 054	11 309 400	1 634 346	9 369 097
	Goods & Services	2 169 966	2 765 000	595 034	1 042 078
Grand Total		**11 845 020**	**14 074 400**	**2 229 380**	**10 411 175**

The programme includes the Office of the Chairperson and a commission comprised of nine (9) other members of the Commission. A vacancy for two members currently exist and thus an under-expenditure of R1,6 million recorded on COE for the period to 31 March 2022.

In the overall, the programme recorded just over R2,2 million under- spending variance, representing 19% of the programme year to date budget of R14,1 million. The current total spending for the period was R1,4 million higher than R10,4 million spent in the same period in the previous financial year, mainly because of a higher comparable travel expenditure that was undertaken in the current year as compared to what was recorded in the previous period due to hard lockdown.

Core Business Programme

The Core Business programme is made up by the nine (9) provincial offices as well as the three (3) line function departments operating centrally from head office, in concert with and in support of work executed by the provinces in the main.

The provincial offices are considered the primary Core Business outlets across the country. Over 50% of the CGE staff are employed and operates in the provincial offices across the Republic.

Core Business – Provincial Offices

Cost Centre	Economic Classification	YTD Actual	YTD Budget	YTD Variance	PY Actual
Eastern Cape	Compensation of Employees	2 868 322	2 783 500	-84 822	2 244 161
	Goods & Services	482 644	505 800	23 156	367 238
Free State	Compensation of Employees	1 912 972	2 559 300	646 328	2 432 706
	Goods & Services	457 284	430 200	-27 084	350 135
Gauteng	Compensation of Employees	2 062 300	2 731 300	669 000	2 889 436
	Goods & Services	251 492	529 700	278 208	252 026
KwaZulu Natal	Compensation of Employees	2 436 245	2 731 300	295 055	2 662 543
	Goods & Services	607 458	528 600	-78 858	410 264
Limpopo	Compensation of Employees	2 981 319	2 731 300	-250 019	2 711 736
	Goods & Services	427 696	486 200	58 504	289 837
Mpumalanga	Compensation of Employees	2 783 393	2 796 700	13 307	2 976 743
	Goods & Services	594 330	542 800	-51 530	503 370
Northern Cape	Compensation of Employees	2 433 259	2 731 300	298 041	1 893 958
	Goods & Services	470 391	435 400	-34 991	306 009
North West	Compensation of Employees	1 314 036	2 420 100	1 106 064	1 827 202
	Goods & Services	371 012	491 000	119 988	258 645
Western Cape	Compensation of Employees	2 910 620	2 741 800	-168 820	2 094 323

	Goods & Services	445 745	511 700	65 955	334 597
Grand Total		**25 810 516**	**28 688 000**	**2 877 484**	**24 804 929**

For the period under review, on aggregate the provincial offices spent R25,8 million compared to an available budget of R28,7 million, resulting in a recorded under-spending of R2,9 million or 10% of the related budget. Although the current level of spending exceeds that realised for the same period in the previous year, the vacancy rate and slow start of the APP activities bears negatively on spending and by necessary inference on Core Business as well.

Core Business – Head Office Departments

Cost Centre	Economic Classification	YTD Actual	YTD Budget	YTD Variance	PY Actual
Communications	Compensation of Employees	2 608 229	2 204 100	-404 129	1 977 368
	Goods & Services	1 632 600	2 445 600	813 000	1 786 413
Legal Department	Compensation of Employees	1 164 891	2 913 200	1 748 309	2 136 919
	Goods & Services	434 272	2 492 000	2 057 728	1 326 449
Parliamentary Unit	Compensation of Employees	26 553	1 307 700	1 281 147	30 507
	Goods & Services	1 123	204 600	203 477	89 470
PEI & Provincial Support	Compensation of Employees	449 918	390 700	-59 218	402 784
	Goods & Services	16 129	12 300	-3 829	12 142
PEI Department	Compensation of Employees	1 429 578	2 010 800	581 222	2 126 090
	Goods & Services	182 804	14 300	-168 504	215 309
Research & Policy	Compensation of Employees	5 310 856	6 737 200	1 426 344	6 235 489
	Goods & Services	444 598	655 400	210 802	488 240
Grand Total		**13 701 553**	**21 387 900**	**7 686 347**	**16 827 180**

Head office line functions provides coordination and technical support to provincial office as the main outlets for Core Business. For the period under review, R13,7 million of the R21,4 million budgeted was spent, resulting in under-spending of R7,7 million. This massive underspending of 36% of the corresponding budget draws from vacancies on key positions. (R4,6 million from COE and R3,1 million from Goods and Services).

Below is a further breakdown of spending activities for each department.

- The **Parliamentary unit** currently has its entire staff compliment of two vacant, effectively resulting in an under-expenditure of R1,5 million mainly due from the Compensation of employees' budget.
- The **PEI department** recorded an under-expenditure of R 412, 718, 20% of the year-to-date budget mainly due to a vacancy of the departmental head which fell vacant in the second quarter.
- From a budget of R7,4 million for year to 31 March 2022, the **Research department** recorded expenditure of R 5,7 million resulting in unspent funds of R1,6 million (22%) mainly due to COE of Deputy Director and Researchers vacant positions. There is a spending lack on funds reserved for some of the APP activities whose projects are yet to be finalised.
- The **Communications** unit recorded an under-expenditure of R408 871, representing 9% of budget for the period of R4,6 million. The recorded budget saving is attributable to under-spending on report writing, printing and publishing and Advertising, Promotion & Publicity which started at a slow pace and gradually gained momentum resulting in a relatively low spending under-runs by the end of the financial year.
- The **legal department** is the major contributor to poor budget spending in this programme, representing 70% (R3,8 million) of the unspent amount of R5,4 million. The department have vacancies on key positions, including the Head of Department and a Legal Researcher – which negatively impacted on the quality-of-Core Business and the achievement of the targets in the APP.

Corporate Support Services Programme

Cost Centre	Economic Classification	YTD Actual	YTD Budget	YTD Variance	PY Actual
CEO's Office	Compensation of Employees	3 015 262	3 778 200	762 938	3 275 820
	Goods & Services	1 097 564	2 474 500	1 376 936	1 537 709
Corporate - Depreciation & Amortisation	Depreciation & amortisation	1 726 718	-	-1 726 718	1 645 666
Finance & Admin	Compensation of Employees	6 090 636	5 630 500	-460 136	6 039 443
	Goods & Services	3 660 087	5 969 600	2 309 513	5 050 497
Human Resources	Compensation of Employees	1 010 998	1 568 800	557 802	1 254 135

IT Department	Goods & Services	1 991 673	3 748 400	1 756 727	1 979 837
	Compensation of Employees	1 604 870	1 396 900	-207 970	1 235 767
	Goods & Services	1 670 678	2 658 800	988 122	1 834 910
Grand Total		**21 868 485**	**27 225 700**	**5 357 215**	**23 853 784**

The Corporate support programme is made out of the Office of the CEO (inclusive of the Internal Audit Unit), the Finance & Administration department, Information Technology and Human Resources department. For the period under review, the programme incurred total expenditure of R21,9 million against an available budget of R27,2 million. This level of spending is 8% lower than the comparative figure of R23,9 million recorded in the same period of the previous financial year. This comparative variance is in the main attributable to vacancies within the programme, lower audit fees recorded in the current period as well as delays and erratic invoicing patterns by Department of Public Works which brought misalignments between actual spending and budgeted figures.

Below is a further breakdown of spending activities for each department.

- The **Office of the Chief Executive Officer** also houses the internal audit unit expenses and therefore carries salaries for four (4) fulltime employees and internal audit interns. For the current period, a total salary bill of R3 million was paid against the COE budget of R3,8 million – the under-expenditure was due to vacancies including for the PA within the CEO's office, Internal Auditor as well as two internal audit interns. A key contributor to the under-expenditure of R1,4 million on goods & services is the budgeted spending for the internal audit software licence and other budget line items on the APP which are lagging as at 31 March 2022.
- The total expenditure for **Finance Department** is grossed at R9,8 million, recording an over-expenditure of R1,8 million against the budgeted amount of R11,6 million for the period under review. The under-expenditure is attributable to a project yet to be implemented in the

main costs in respect of the software license subscription on the an upgrade project which was earmarked for the Accounting System as well as some misalignments and erratic invoicing patterns by Department of Public Works on for water and lights expenses for Head Office which are wholly absorbed by Finance.

- The total expenditure for **Human Resources Department** was just above R3 million recording an under-expenditure of R2,3 million against the budgeted amount of R5,3 million. The huge budget saving recorded is attributable to Vacancies for Human Resources Manager and HR Generalists, Professional Services and Staff Training that was affected by the Covid-19 pandemic in the first half of the period under review.
- During this period, the spending in the **IT Department** recorded a total of R3,3 million compared to a budget of R4,1 million. An under-spending gap of almost R780 153 resulted mainly because of realised savings and efficiency gains in the use of telecommunication services which were cost-effectively procured through a National Treasury sponsored transversal contract.

Financial Position

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Actual	PY Actual
Non-Current Assets		
Property, Plant and Equipment		
Motor Vehicles	4 697 851	5 101 885
Computer Equipment	706 784	661 177
Office Equipment	252 852	381 131
Office Furniture	921 664	1 096 832
Leased Assets	490 566	598 535
Total Property, Plant and Equipment	**7 069 717**	**7 839 559**
Intangible Assets		
Computer Software	609 962	179 586
Total Intangible Assets	**609 962**	**179 586**

Total Non-Current Assets	**7 679 680**	**8 019 145**
Current Assets		
Trade Receivables	200 304	201 904
Inventory	55 819	55 930
Other Current Assets	919 526	1 510 695
Cash and Cash Equivalents	26 401 016	21 864 429
Total Current Assets	**27 576 665**	**23 632 958**
Total Assets	**35 256 345**	**31 652 103**
Non-Current Liabilities		
Finance Lease Liabilities	68 226	227 172
Total Non-Current Liabilities	**68 226**	**227 172**
Current Liabilities		
Trade Payables	1 409 146	4 501 723
Other Current Liabilities	7 067 587	7 122 753
Total Current Liabilities	**8 476 734**	**11 624 475**
Total Liabilities	**8 544 960**	**11 851 647**
Net Assets/Accumulated surplus	**26 711 385**	**19 800 456**

- **Net asset position** increased from R19,8 million to R26,7 million as compared to the same period in the prior year. The movement is mainly accounted for by the surplus between the comparative reporting periods. CGE's total assets therefore exceed its liabilities by R 26,7 million as at 31 March 2022, signifying sound solvency and affirming the assertion of a going concern.

Current assets

- **Cash and cash equivalents –** R26,4 million (2021; R21,9 million) held in current bank account and petty cash accounts for ten CGE offices. This component constitutes the material part of the current assets (positive for liquidity).
- With a cash ratio of 3,11, a highly favourable liquidity is demonstrated and in future the institution has sought to optimise interest that can

potentially be earned in the market from the sustained liquid asset that is shown over the course.

- **Receivables** comprises of internal/staff debtors and Prepayments to a total balance of R1 119 830.

  - The prepayments are in respect of prepaid expenses for software licences – VIP, Pastel, Anti-virus, Legal Library (Lexis Nexis), CaseWare, Microsoft Azure and Office365 applications. The prepayments for licenses are systematically expensed over the duration of their respective contracts.

  - Staff and other debtors amount to a balance of R 64 546. These relate to the recovery for medical aid subsidy that was granted to non-deserving employees, and pool car traffic fines still in the process of being collected from affected staff. The recovery of staff debts is made on a monthly basis in payroll.

- **Inventory** for an amount of R 55 819 relates to consumables and stationery at the end of the quarter.

Non-Current Assets.

- **Property, plant & equipment and intangible assets** amounts to R7,7 million compared to the amount of R8 million in the prior year. This category of assets consists of Motor Vehicles, Computer Equipment, Office Furniture, and other tangible assets of a capital nature. Included in the R7.7 million is the cost of intangible assets to the carrying value of R 609 962.

Liabilities

- 99% of the CGE liabilities are current at a total of R8,5 million (31 March 2022) compared to 11,6 million (March 2021). For the current period, the total current liabilities were less than current assets resulting in a favourable current & cash ratio or liquidity.
- Exchange creditors (parties other than employees) contributes R 1,4 million (March 2021: R 4,5 million) at the end of this reporting period. This signifies that the CGE succeeds in its internal accounts processes which ensures adherence to the 30-day payment rule required by National Treasury practice notes. As at reporting date the average creditors payment days is materially below 30 days.
- The remaining liabilities are in the main non-exchange payables, mainly provisions for staff related obligations – These are comprised provisions for bonus and leave.

Corporate Management

Supply Chain Management

Demand management

As part of the planning activities for the 2021/2022 financial year and in line with Treasury regulations which requires that Accounting Officers of departments and constitutional institutions should submit to the relevant treasury by 31 March of each year, a procurement plan containing all planned procurement for the financial year in respect of the procurement of goods, works and/or services which exceed R500 000, the CGE compiled and duly submitted a procurement plan to national treasury on 31 March 2021. The said procurement plans consist of the following items:

Demand Plan for goods and services above R500, 000 – 2021/2022 period	
Item	Status
Development of intranet and ticketing system	A tender was published and closed, and both the Evaluation and Adjudication Committees are expected to finalise their processes within the first quarter of the new financial year
Upgrading and implementation of finance systems	Supply chain finalised the appointment process and the bid was awarded to Monarchtech (Pty) Ltd in the amount of R 611 347.48
Cellphones devices, 3Gs and related services	These services were acquired via the national treasury transversal contract. The first batch of cellphones were delivered on 15 December 2021 and the last one on 01 March 2022. 3Gs were ordered and will be delivered before the end of the first month of the first quarter of the new financial year.
Procurement of laptops	Supply Chain finalised the appointment process and the RFQ was awarded to Frostbite Trading (Pty) Ltd in the amount of R 974 390.00
Electronic knowledge and information management System	The RFQ was issued and closed but there were no responses on the closing date
Digitisation of business Systems and processes	Specifications Committee is expected to finalise the compilation of specifications in order for a tender to be issued and closed within the third quarter.

Furthermore, in the process of executing the approved Procurement Plan for the period, the following RFQ's were invited where progress thereon is enumerated hereunder:

Supplier	Description	Amounts
1.Expert English Editors 2.Kashan Advertising	Provision of copy editing and proof-reading services **The service providers were duly appointed and awarded a 24-month contract.**	Depends on usage
Whoodoo Media and Advertising	Provision of media buying services - **The service provider has been duly appointed and awarded a 24-month contract.**	573 261.99
1.Phuthumani IT Solutions 2.Monarchtech (Pty) Ltd	Provision of media support services for SAGE systems - **The service provider has been duly appointed and awarded a 24-month contract.**	0
Dawn Creative Solutions	Development of training manuals for PEI - **The service provider has been duly appointed**	245 160.00
Dawn Creative Solutions	Compilation of the SAPS report - **The service provider has been duly appointed**	150 762.00
Blue Media Photography and Film Productions	Development of the CGE corporate videos **The service provider has been duly appointed**	641 125.00
Michalsons Giles Inc.	Training on the POPIA **The service provider has been duly appointed**	29 342.15
Intelligence Everywhere Enterprises	Procurement of camera and accessories **The service provider has been duly appointed**	88 839.53

Netstar (Pty) Ltd	Provision of vehicle tracking services **The service provider has been duly appointed**	220 765.56
Zatocron T/A Mpumakapa TV	Procurement of TV episodes **The service provider has been duly appointed**	172 500.00

Asset Management

For the quarter under review new cell phone devices for CGE staff and Commissioners were procured from MTN on a 24-months contract under RT15-2021 transversal contract (Mobile Communication Services) and migration process from the old service provider (Vodacom) was successfully completed in the first week of January 2022.

Furthermore, it should be noted that some of the asset classes (e.g Office equipment) has reached their lifespan and the revision of assets lifespan needs to be reviewed and revised as these assets are still in use and there was no intention of selling the assets prior to the 31st of March 2022 financial year.

Additional laptops were also procured as at 31 March 2022, and delivery is expected in the ensuing reporting period.

Responding to the requirements of Section 38(d) of the PFMA and Treasury Regulation 10.1, bi-annual physical assets counts and verifications are conducted as provided for in the CGE's PPE Policy, so as to maintain an accurate assets register which is required to be continuously monitored and validated for completeness and existence. The assets verification exercise for end of year (2021/2022 financial year) for all CGE locations has been performed during February and March 2022 as planned.

Disposal Management

For the period under review there were no assets that were disposed.

Free State and Limpopo provincial offices through the consultation and guidance by Finance Department has submitted list of assets that are being considered by the Disposal Committee. The process of evaluating and adjudicating disposal of the lists are currently underway with the hope to conclude the process in the first quarter of 2022/2023. The disposal of these assets are necessitated by the fact that Free State recently purchased a boardroom table with chairs which render these assets listed redundant and Limpopo provincial office nominated the assets owing to the fact that they are broken and not in use.

Contract Management

The contract register is reviewed on a quarterly basis to ensure proper administration as is required by the prescripts as well as part of an effective performance management within the SCM value chain. From this review, management is satisfied that all active contracts for goods and services are valid and are performing according to their respective terms and conditions. For the period under review, there has not been any report of defective performance by any of the contracted suppliers and reciprocally no supplier payment was withheld by the CGE for inadequacies in performance. Furthermore, no new incident of irregular expenditure arose from any deficiency in the rendering of contract management by the parties, viz. The CGE or Service Provider(s).

The contract register was updated to add the following new contracts in the fourth quarter:

Supplier	Service	Duration	Amount
1.Expert English Editors 2.Kashan Advertising	Provision of copy editing and proof-reading services	24 Months	Depends on usage
Whoodoo Media and Advertising	Provision of media buying services	24 Months	Depends on usage
1.Phuthumani IT Solutions 2.Monarchtech (Pty) Ltd	Provision of support services for SAGE systems	24 months	Depends on usage
Netstar (Pty) Ltd	Provision of vehicle tracking services	24 months	220 765.56

Fleet Management

- All vehicles, country wide have an insurance cover in compliance with the provisions of National Treasury Regulation 12.
- All vehicles, country wide are fitted with tracking devices, supported by panic buttons for the safety of staff when travelling on CGE business. The devices are connected to an online system, capable of disseminating travel information instantaneously for management control and reporting.
- Periodic vehicle inspections were performed for all CGE fleet for the quarter ended 31 March 2022 as informed by section 7.9 of our Fleet Management Policy.

Facilities Management

For the period under review, there have not been any material issues relating to office accommodation, CGE-wide except the following notable developments:

- The matter of the Mpumalanga office has since been in the hands of DPW for further handling following CGE's intention not to renew or extend their lease but look for alternative accommodation, due to the building not being safe for use as it is shaking. The lease will expire on the 30th April 2022. A motivation for alternative building was forwarded to the DPW in May 2021 and the CGE was informed on 02 September 2021 that the Procurement Instruction (PI) was issued by DPW Head Office to REMS for further processing. In February 2022 CGE received a report that the submission for Alternative accommodation is at DPW's SCM waiting for Procurement pal Number before it can be readvertised. In March the CGE received an instruction to motivate for an extension of the same lease due to the government moratorium for tenders, the CGE therefore motivated for 6 months extension with an exit clause of 3 months.
- The Durban Lease is currently on a month-to-month basis. Procurement Instruction (PI) for alternative office accommodation was issued on the 05 October 2021 to REMS. During the month of February 2022, the CGE received communication that procurement for an alternative building has been put on hold due to government moratorium for tenders. DPW also sent an instruction to the landlords to submit invoices to CGE directly for payments as per the Minister of DPW letter dated 05/11/2019.
- Pretoria office lease expired in April 2021 and a motivation for renewal was submitted to the relevant unit in February 2022.
- East London lease to expire in June 30th, 2024, and there are no notable developments in the quarter under review.
- Kimberly office lease has been renewed by DPW and the new lease will expire on the 31/03/2025.
- Mafikeng office lease will expire on the 31 August 2024, and there are no

notable developments in the quarter under review.

- Limpopo office lease will expire on 30 April 2022 and a request for the renewal was submitted to DPW in June 2021. There were no challenges reported during the quarter.
- The Head office lease has been renewed for a period of 5 years, expiring end of January 2025. DPW has been requested to forward the new lease but received feedback that it will be made available as soon as the Landlord has signed.
- The Cape town Office has been operating on a month-to-month lease which expired in November 2021. A motivation for renewal has been submitted to DPW in June 2021. DPW confirmed that the request for renewal was submitted to execution unit. The new month to month lease will expire on the 31/12/2022.

  A report from DPW stated that the landlord is not prepared to sign the Standard Government lease agreement. The CGE has been mandated to start compiling needs assessments so that a Procurement Instruction can be issued for procuring Alternative offices for Cape Town province.
- The Free State Lease is still valid and will expire by the end of August 2024.

Risk Management

The CGE maintains a risk register which is closely monitored by management and Commissioners in the exercise of their oversight responsibilities. A general status of risk management is contained a separate Risk Report by Management to the Audit Committee, nonetheless a summary is rendered hereunder.

- The risk management function is undertaken in line with the requirements of section 38 of the PFMA and in accordance with the Public sector framework and the CGE risk management policies.

- Oversight and management accountability to the Risk Management Committee is ongoing as is required by the Committee Terms of Reference. Sine the resignation of the Risk Management Committee chairperson, the CGE senior management rotates in chairing the quarterly meetings as the processes for the recruitment of a replacement are being undertaken through the ordinary recruitment procedures followed by the Human Resources department of the CGE.

- As indicated above, following the risk identification and assessment, a Risk register has been compiled which addresses risks pertaining to the following categories: -

    - Strategic Risks – The risks were integrated to the new strategy/new APP and no material emerging threats were identified during the last quarter.
    - Reputational Risk - In engaging with the oversight committees, in particular the Finance Committee, an emphasis on ethics and image of the CGE as a Constitutional Institution is emphasised as a living, complex and dynamic risk event/uncertainty that must be actively monitored at both operational and strategic levels.

    - Operational and Process Risks – Streamlined and responsibilities devolved and embed into the day to day control activities within operations.

    - Information Technology Risks – key risks exposure relates to POPIA compliance and Business continuity (secondary/off-site backup) whose response plans shall be immediately implemented by management. To this end, a sub-committee has been formed internally to evaluate the extent of the required compliance as well to plan ahead for a training workshop for management and

affected practitioners. The procurement to replenish the expiring contract on the AZURE solution is yet to take effect.

- As part of a Risk Response strategy, the risks on Movable assets are insured/Transferred in line with the prescribed limits of National Treasury Regulations and tracking devices have been fitted on all motor vehicles.

In summary, there are no significant emerging risks which could potentially be adverse to the realisation of the strategy. The current risk register suffices to enable management to discharge its responsibilities for prudent management of the CGE affairs, buttressed on risk management principles. Furthermore, the risks identified in the updated Risk Register were integrated and linked to the strategic objectives.

Emerging Risks

- COVID19
- Compliance Risk on POPIA
- Information Technology risks – Change control and failure of system development projects
- Change Management – Business Model (both upside and downside risks)

Disclosable – Compliance, Litigation, claims and contingencies

For the period under review there has not been any new potential actual Litigation or claims reported, suspected, known by management – To this end, there are no material exposures, claims or counterclaims. Below are the ongoing matters which were previously reported and are yet to be finalised or adjudicated through and by outside tribunals:

Matter	Description & Status

Maema v CGE	The former employee lodged a claim with the CCMA in lieu of leave pay-out post-employment. Furthermore, claim for compensation as a result of allegations of unfair discrimination during a recruitment process for the position of a CEO of the CGE. This matter is due for adjudicated at the CCMA.
Staff v CGE	A claim by 5 affected staff members who individually approached CCMA and labour court, challenging the employer against an abatement of the remuneration by 17% - an equivalent for provident fund contribution is still unresolved. CGE through its lawyers proposed for settlement on the dispute with the 5 employees, as at 31 March 2022 the parties were still to reach an agreement.
Mbuyiselo Botha vs CGE	Precautionary suspension
Former Commissioner vs CGE	Pre-mature termination of contract.

External audit and Reporting

A new cycle for end of the year reporting in accordance with the requirements of section 40 of the PFMA and the connected external audit by AGSA has commenced in earnest during the fourth quarter of the 2021/2022

period. Internally, for financial reporting purposes, a comprehensive year-end plan was compiled, scheduled and resourced, not only to ensure that the reporting deadline of 31 May 2022 on Annual Financial Statement is met, but as well to ensure that the planned external audit work and its outcomes are favourably achieved.