



ANNUAL REPORT

2022/2023
VOTE NO. 11



the cpsi

Government Component:
Centre for Public Service Innovation
REPUBLIC OF SOUTH AFRICA



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PART:

A

**GENERAL
INFORMATION**





DEPARTMENT GENERAL INFORMATION

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LIST OF ABBREVIATIONS/ ACRONYMS

4IR	Fourth Industrial Revolution
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee of the CPSI
CPSI	Centre for Public Service Innovation (The Centre)
DDM	District Development Model
DHA	Department of Home Affairs
DPSA	Department of Public Service and Administration
DSI	Department of Science and Innovation
EMS	Emergency Medical Services
EU	European Union
GEMS	Government Employees Medical Scheme
GCIO	Government Chief Information Officer
HOD	Head of Department
ICT	Information and Communication Technology
MoU/A	Memorandum of Understanding/Agreement
MTEF	Medium-term Expenditure Framework
MTSF	Medium-term Strategic Framework
NACI	National Advisory Council on Innovation
NDP	National Development Plan
NSG	National School of Government
NSI	National System of Innovation
OAG	Office of the Accountant General
OECD	Organisation for Economic Co-operation and Development
OPSC	Office of the Public Service Commission
OTP	Office of the Premier
PILIR	Policy and Procedure on Incapacity Leave and Ill-Health Retirement
PPE	Personal Protection Equipment
PPT	Planned Patient Transfer
PSCBC	Public Service Co-ordinating Bargaining Council
SADC	Southern African Development Community
SAIIA	South African Institute of International Affairs
SCM	Supply Chain Management
SLA	Service Level Agreement
SDIP	Service Delivery Improvement Plan
SDGs	Sustainable Development Goals
SITA	State Information Technology Agency
SMME	Small, Micro and Medium Enterprises
SONA	State of the Nation Address
UN	United Nations
UNDP	United Nations Development Programme

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FOREWORD BY THE MINISTER



MS N KIVIET, MP

Minister for the Public Service
and Administration

Background

As the five-year term of the sixth administration draws towards an end, it becomes more compelling that we reflect on the progress made in delivering against key policy priorities set out in the strategic plan, while identifying measures that would be required to accelerate our implementation efforts within the remaining period. This is in view of the National Development Plan (NDP), which, in terms of its vision, advocates for the eradication of poverty, unemployment and inequality by 2030.

In recent years, the South African economy has steadily been experiencing a number of challenges, namely poor economic growth, rising inflation, rising unemployment and many other socio-economic challenges that have impacted on the livelihoods of our people. This grim outlook has also been exacerbated by disruptions like the aftermath of COVID-19 pandemic, loadshedding, the violence and looting incidents in KZN in July 2021, recent floods in KZN and sporadically in other parts of the country and the war between Ukraine and Russia. All these events have had a ripple effect negative impact on the positive growth trajectory for the South African economy.

With regard to our aspirations as espoused in the National Development Plan Vision 2030, achievement of all the targets by 2030 seems impossible under the prevailing socio-economic challenges. It is also important to note that these disruptions have also impacted upon South Africa's ability to achieve targets set out in the Vision 2063 of the African Union and the UN SDGs.

It is for this reason that there is an urgency to rebuild our country and recalibrate our economy for rapid sustainable and inclusive growth and development, taking the economy on a positive growth trajectory.

Our Interventions

What was required in ensuring a quick and effective response to these serious disruptive challenges in the first three years of the sixth administration was a resolute and unwavering commitment to the social compact of a better life for all citizens. This meant cultivating a profound renewed sense of urgency to find bold and decisive interventions to stabilise and reignite our economy for rapid growth and development.

While mindful of some of the interventions already in place, which have proven to be effective, we also had to urgently introduce more rigorous and extraordinary measures that would ensure accelerated performance.

The initial set of interventions was pronounced by President Ramaphosa during the June 2019 State of the Nation Address (SONA), calling for immediate change of action and priorities. In this regard, there is an urgency to focus on actions that will achieve exceptional results that will accelerate economic growth and development, leading to greater socio-economic impact that will be evident both in the immediate term and over the next seven years.

Most critically, the President proposed seven areas or key priorities that would serve as a basis from which all government entities would collectively work towards the achievement of Vision 2030. The priorities are outlined below:



These key priorities formed the basis on which all programmes and policies across all government departments and agencies would be directed, in pursuit of the overall commitment of a better life for all as envisaged in the NDP.

The NDP serves as a critical roadmap that points our country towards a growth and development trajectory while also guiding our national effort to confront the triple-challenge of poverty, unemployment and inequality by 2030.

As our basic approach to delivery, we also recommitted our government to continue pursuing the role of a capable, ethical developmental state as a vehicle that will work for the people, knowing their needs and challenges and being responsive and relevant enough in catering for their diverse needs. This required of us to leverage and exploit all avenues, including ICTs for their immense enabling capacity.

Another key intervention was the District Development Model (DDM) that was introduced by President Ramaphosa in 2019 to target service delivery improvement at local level, by enhancing the performance capacity of government at this crucial level. The primary objective of the model is to facilitate multi-sectorial partnerships between government, the private sector and civil society in building the economy and ensuring inclusive growth and development. This is in response to a call by the NDP for strong inter-governmental relations and the forging of cross-sectoral partnerships.

The DDM focuses on developmental issues at district level, as well as bringing attention to ways of combatting poverty, unemployment and increasing the economic activities at district level in a co-ordinated manner.

The Model is crafted around the 'One District, One Plan and One Budget' slogan, which forms a common thread in all our municipal activities such as budgeting and planning to improve the quality of services to all citizens. This programme fits well with the aspirations of the NDP.

Following revelations in the NDP of a public service that was riddled with enormous challenges including uneven skills distribution, poor leadership, lack of accountability and authority, poor organisational design and low staff morale, we instituted major adjustments both in policy and operations to achieve performance levels to further accelerate delivery on our developmental agenda.

In addition, a lot of work is ongoing in terms of professionalising the public service and positioning it as an employer of choice to also, among others attract young people. This is done through the introduction of key initiatives such as human resource development, skills, and capacity building to ensure its transformation and modernisation. The NDP emphasises the need for a development-oriented public service that supports radical socio- economic transformation.

Conclusion

The term of office of the sixth administration has been without doubt, quite tumultuous due to various challenges, from an economy that was mostly stagnant and volatile, the COVID-19 pandemic and its aftermath and a public service that was stretched to the limit and barely coping with meagre resources all round, to challenges with load shedding.

Despite these challenges, we continued to keep our eyes fixed on the envisaged vision of inclusive growth and development. As a country, through sheer grit and determination, we resiliently sustained efforts to deliver services to citizens against all odds.

We further looked for valuable lessons and opportunities to find out how we can forge ahead with agility and flexibility, to adapt to the new normality that the COVID -19 pandemic presented. These challenges inspired us to work hard in finding effective ways of pursuing new sources of growth and service delivery within a fundamentally different context.

In addition, we managed to significantly leverage on the true value of inter-governmental relations and cross-sectorial partnerships to enable service delivery. Now more than ever, we need to intensify our efforts to build compacts, whether transversal between the various structures of government, cross-sectoral, including private sector, industry, and civil society among others, to find solutions collectively.

I would like to thank the former Acting Minister for the Public Service, Mr T W Nxesi for his leadership prior to my appointment. I look forward to working with the Deputy Minister, Dr Chana Pilane-Majake and the Leadership of the Centre for Public Service Innovation.



Ms N Kiviet, MP

Minister for the Public Service and Administration

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DEPUTY MINISTER STATEMENT



DR CHANA PILANE-MAJAKE, MP

Deputy Minister for the Public Service
and Administration

It is said that at the heart of a capable and ethical developmental state is a public sector that works for the people. This sentiment was echoed by President Ramaphosa in the 2023 State of the Nation Address (SONA), saying: *"A professional public service, staffed by skilled, committed and ethical people, is critical to an effective state and ending corruption, patronage and wastage."*

A capable developmental state is a state that has as its goal the provision of vital services to its citizens. Its efficiency, in this regard, requires a vast knowledge of the citizens' demographic and socio-economic characteristics, and based on that, the agility and flexibility to respond timeously with relevant services that are meant to improve their lives.

The capable and ethical developmental state model that we adopted as a country serves as a versatile vehicle that puts us on a developmental trajectory leading to the elimination of the historical burden of poverty, unemployment and inequality to achieve Vision 2030.

Accordingly, we introduced some adjustments in policy and operations, specifically targeting those areas that would strengthen the capacity of the State to accelerate service delivery. This includes strengthening inter-governmental relations for integrated, collaborative and seamless service delivery at all levels.

Furthermore, we promote cross-sectorial collaborative partnerships between government, labour, business and civil society, particularly the youth, with a shared responsibility and common purpose to work towards sustainable socio-economic development for the benefit of citizens. Alongside all these interventions, we also highlight the need for the adoption and inculcation of innovation into the public service machinery.

Led by the CPSI as part of its mandate, the adoption and practise of innovation is a critical transformative step meant to modernise and give more impetus to various existing systems and processes in government for optimal performance. Through the intervention of the CPSI, government institutions have been able to leverage innovation as a catalyst for improved performance and a pillar for a capable state.

Through its programmes, the CPSI has contributed to the adoption and use of innovation in the public sector. Some of the initiatives supported by the CPSI include youth digital development through various partnerships. The highlight of this programme was the 2022 Youth Day celebration at St John's College in Mthatha, in the OR Tambo District, a DDM Pilot Site. Youth were exposed to various 4IR skills including robotics and drone technology. This 4IR EXPO was graced by President Ramaphosa.

One of the innovations that was replicated in this financial year is the Digital Fingerprint Project. This project uses specialised scanners to identify unknown deceased persons. The organisation also facilitated the replication of this project in five sites in Gauteng.

One of the key highlights is the growing number on in-house system developers that are unearthed through the Public Sector Innovation Awards Programme. Through the Trailblazer Programme, the CPSI is advocating for the in-sourcing of such skills to ensure that the State is capacitated to develop home-grown solutions without relying on multi-national companies. This is the organisation's contribution to the efforts of the State to professionalise the public service.

In closing, the CPSI has established robust governance, which is now embedded in the organisation. boasting an impressive record of clean audits for the past six years in a row.

I would like to congratulate and warmly welcome Minister Kiviet to this Ministry. We look forward to working with you.



Dr Chana Pilane-Majake, MP

Deputy Minister for the Public Service and Administration

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REPORT OF THE ACCOUNTING OFFICER



MS LYDIA SEBOKEDII

Acting Executive Director

This Annual Report outlines the work of the Centre for Public Service Innovation (CPSI) performed during the 2022/23 Financial Year. This financial year, as reviewed in this Annual Report, is the third year in the five-year Strategic Plan of the CPSI, which began in 2020 and will end in 2025.

This five-year strategic plan of the CPSI cascades from the mandate of the Public Service and Administration Portfolio, which the CPSI is part of. The mandate entrusts the portfolio with the responsibility to build an efficient, effective and development-oriented public service and an empowered, fair and inclusive citizenry. Furthermore, the mandate outlines the responsibilities of all the entities within the ambit of the portfolio, which they perform in its support.

As a valued member and key role-player within this portfolio, the CPSI shares and fully supports the overall mandate of the portfolio. Accordingly, the organisation is entrusted with a government-wide responsibility to facilitate the inculcation of the culture and practice of innovation to improve service delivery.

The planned performance targets over the medium-term period contribute directly to the achievement of the mandate of the CPSI and the implementation of the NDP. It is also a cross-cutting outcome that affects the seven priorities of the government as identified by the sixth administration.

Highlights of the Year

We began the 2022-23 financial year on a high note, spurred on by obtaining a Clean Audit Outcome for the 2021/2022 financial year, for the fifth year in a row. This is an indication that the CPSI operates within a strong governance culture and has put in place systems and processes to ensure accountability in the innovation environment that is characterised by risk-taking.

Innovation research and development initiatives

- The CPSI successfully co-hosted a **4IR EXPO and Developer Labs** during the second quarter of the year at St John's College, Mthatha as part of a long-term partnership with the school, mainly to strengthen youth digital skills and introduce opportunities presented by the Fourth Industrial Revolution. The event was opened by the President

of the Republic of South Africa, HE CR Ramaphosa. This expo was attended by over 200 learners from nine schools within the O R Tambo District, a DDM Pilot Site.

- Our commitment to youth digital skills development is premised on the need to ensure that the youth, as the next generation of both public servants and as users of digitised government services, are digitally literate and change agents within their communities. As such, we provided **Mentorship and Capacity Development** support during the year, including the NEMISA Datathon, Northern Cape Development Community Initiatives and a public finance management hackathon in the Kingdom of Lesotho.
- As part of the CPSI's DDM commitments, the CPSI supported the **piloting of the Let's Talk Citizen Engagement Mobile Application**, funded by UNDP: South Africa. Following Design Thinking Workshops held in each of the four municipalities to ensure localisation, training of municipal officials and software configuration was completed for the Waterberg municipality.
- **The prototyping and development of the two multi-year projects**, an e-hailing solution for **Gauteng EMS Planned Patient Transfer** and the **Northern Cape Virtual Thusong Centre** continued as planned. Following the appointment of a systems developer, work on the "back-end" of the EMS project commenced whilst work on the "front-end" of the virtual Thusong Centre also continued.
- The CPSI co-hosted South Africa and Denmark's SA-EU Digital **Dialogue Series on Strengthening Open Digital Governance** to facilitate research and knowledge exchange. This initiative facilitates the learning and implementing of key success factors for digital transformation and innovation in the digital space. The work will ensure further collaboration to strengthen digital governance and innovation as well as the establishment of a GovTech incubator in partnership with WITS University.

Replication Programme

Annually, two innovation projects are selected from the Public Sector Innovation Awards Programme, and finalists are selected for replication. Institutions are also supported in their initiatives to further replicate solutions. In the year under review, the replication of the following solutions was facilitated:

- The **Digital Fingerprint Identification Project** is one of the initiatives being replicated. This is a high impact project, which helps with the identification of bodies of deceased persons in government mortuaries, to ensure that families can bury their loved ones and get closure.
- The second project is the **Edenvale Blood Optimisation Project**, which aims to ensure cost effective use of blood and blood products in a hospital. In this project, an accountability form is used by medical personnel to justify the need for blood and/or blood products. This is also used to ensure that blood and blood products are not wasted.
- Four public sector institutions have also been supported in using innovation to enhance service delivery. The support included hosting and conducting of workshops on Design Thinking and Public Sector Innovation as well as sharing of innovative solutions that have been successfully implemented in the public service.

In addition, support was further provided for the 2021/22 E-Learning Replication Project in the Free State, Eastern Cape and North West provinces.

Maintenance of Public Sector Knowledge Platforms

- The 16th **Public Sector Innovation Conference** serves as community of practice for innovators to share and exchange knowledge and best practices on innovation.
- The **Public Sector Innovation Awards Programme** is a year-long initiative used to unearth and recognise successful and innovative service delivery projects and initiatives.
- **Ideas that Work - The South African Public Sector Innovation Journal** is an important repository for information and knowledge on innovation aimed at encouraging learning and sharing of expertise in the public service.
- The CPSI hosted **Design Thinking and Public Sector Innovation Workshops** to capacitate public officials from various departments in all three spheres of government on using modern tools such as systems and design thinking to solve service delivery challenges.

Regional/International Programme

• AAPAM INNOVATIVE MANAGEMENT AWARD (IMA)

The CPSI represented the Republic of South Africa in the Jury of the African Association for Public Administration and Management (AAPAM) Innovative Management Award Programme (IMA), adjudicating entries received from across Africa.

• OTHER INTERNATIONAL ENGAGEMENTS

CPSI hosted a delegation from Namibia during the week of the Awards Ceremony as the Office of the Prime Minister was planning on hosting the first Namibian Public Sector Innovation Awards in 2023. As mentioned above, one of the highlights of the year was the successful facilitation of dialogues between South African and Danish officials on Strengthening Open Digital Governance.

The organisation also participated in the South-South learning and engagements on innovation and digital transformation continued with A2i in Bangladesh.

CONCLUSION

As an institution that is mandated to promote the culture and practice of innovation in the public sector, we fully appreciate the enormous potential of innovation to enable the State to deliver on its developmental agenda and realise Vision 2030 of the NDP.

We use our research programme to address the root causes of service delivery challenges and keep abreast of the latest developments in the field of public sector innovation.

We will also continue to support the Youth Digital Skills Development Programme including hackathons, to ensure that the public service benefits from our youth's passion to change the world, driven by untethered compassion and enthusiasm.

In addition, the CPSI will continue to nurture and sustain innovation knowledge platforms to support a growing community of practice of innovators in government, who learn from each other as our contribution towards nurturing a learning and innovative public service.

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OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

Departmental Receipts

Departmental Receipts	2022/2023			2021/2022		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sale of goods and services other than capital assets	9	4	5	8	4	4
Financial transactions in assets and liabilities	-	-	-	-	2	(2)
Total	9	4	5	8	6	2

Departmental receipts for the 2022/23 financial year were generated from the commission on insurances. Due to the nature of the activities undertaken by the Organisation, the core function of the CPSI is not to collect revenue.

Programme Expenditure

Programme Name	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1 Administration	24,116	20,426	3,690	20,149	16,963	3,186
2 Public Sector Innovation	20,929	20,100	829	21,304	16,817	4,487
Total	45,045	40,526	4,519	41,453	33,780	7,673

The final expenditure as at the end of the 2022/23 financial year amounted to R40.526 million or 90.0 per cent of the final appropriation of R45.045 million, resulting in underspending of R4.519 million. The breakdown of the underspending per economic classification is as follows:

• Compensation of employees	R4.426 million
• Goods and services	R88 000
• Machinery and equipment	R3 000
• Software and other intangible assets	R1 000
• Transfers and subsidies	R1 000

Reasons for underspending

Compensation of Employees:

An amount of R20.651 million (82.40 percent) was spent on Compensation of Employees against the final appropriation of R25.077 million. The underspending of R4.426 million (17.60 percent) is mainly due to vacant posts in the department. The Executive Director and Human Resource Clerk posts are currently in the process of being filled.

Goods and Services:

R17.568 million (99.50 percent) was spent on Goods and Services against the final appropriation of R17.656 million, resulting in immaterial underspending of R88 000 (0.50 percent).

Transfers and Subsidies:

During the period under review, no expenditure was incurred on transfers and subsidies.

Payment for Capital Assets:

R2.307 million (99.80 percent) was spent on payment for capital assets against the final appropriation of R2.311 million, resulting in immaterial underspending of R4 000 (0.20 percent).

Virements/roll overs

Appropriation per Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
1 Administration	25,176	-	(1,060)	24,116
2 Public Sector Innovation	19,869	-	1,060	20,929
Total	45,045	-	-	45,045

During the period under review, a total virement of R1.553 million was required from Programme 1 to Programme 2. R493 000 was shifted during the Adjusted Estimates of National Expenditure (AENE), whereas R1.060 million was shifted post AENE.

Savings from Programme 1 were mainly from projected spending towards the relocation of office space, which was not incurred. Savings were shifted to Programme 2 to fund amongst others the Awards Programme, CPSI 20th Anniversary Celebration and the Public Sector Innovation Awards Finalists Workshop costs.

Fund shift per economic classification

The Office of the Chief Financial Officer has assessed the overall expenditure of the organisation and recommends the appropriate movement of funds within programmes and sub-programmes and within the organisation's appropriation.

Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation
	R'000	R'000	R'000	R'000
Compensation of employees	25,077		-	25,077
Goods and services	18,488	(832)	-	17,656
Payment for financial assets	-	-	-	-
Transfers and subsidies	1	-	-	1
Payment for capital assets	1,479	832	-	2,311
Total	45,045	-	-	45,045

R832 000 was shifted from goods and services to accommodate procurement of capital equipment, software and other intangible assets.

Roll-overs

No additional funding was received from roll-over funding during the year under review.

Unauthorised, Fruitless and Wasteful Expenditure

During the 2022/23 financial year, the CPSI had no incidents of unauthorised, fruitless and wasteful expenditure.

Irregular Expenditure

During the period under review, the CPSI had one incident of irregular expenditure amounting to R231 918.76. The irregular expenditure relates to VOIP and connectivity services, which could not be discontinued without having a significant negative impact on the organisation's capacity to maintain access to the transversal system managed by SITA.



Ms Lydia Sebokedi
Accounting Officer
Centre for Public Service Innovation

7

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the Annual Report are consistent.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the Modified Cash Standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statement.

External Auditors were engaged to express an independent opinion on the annual financial statements.

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2023.

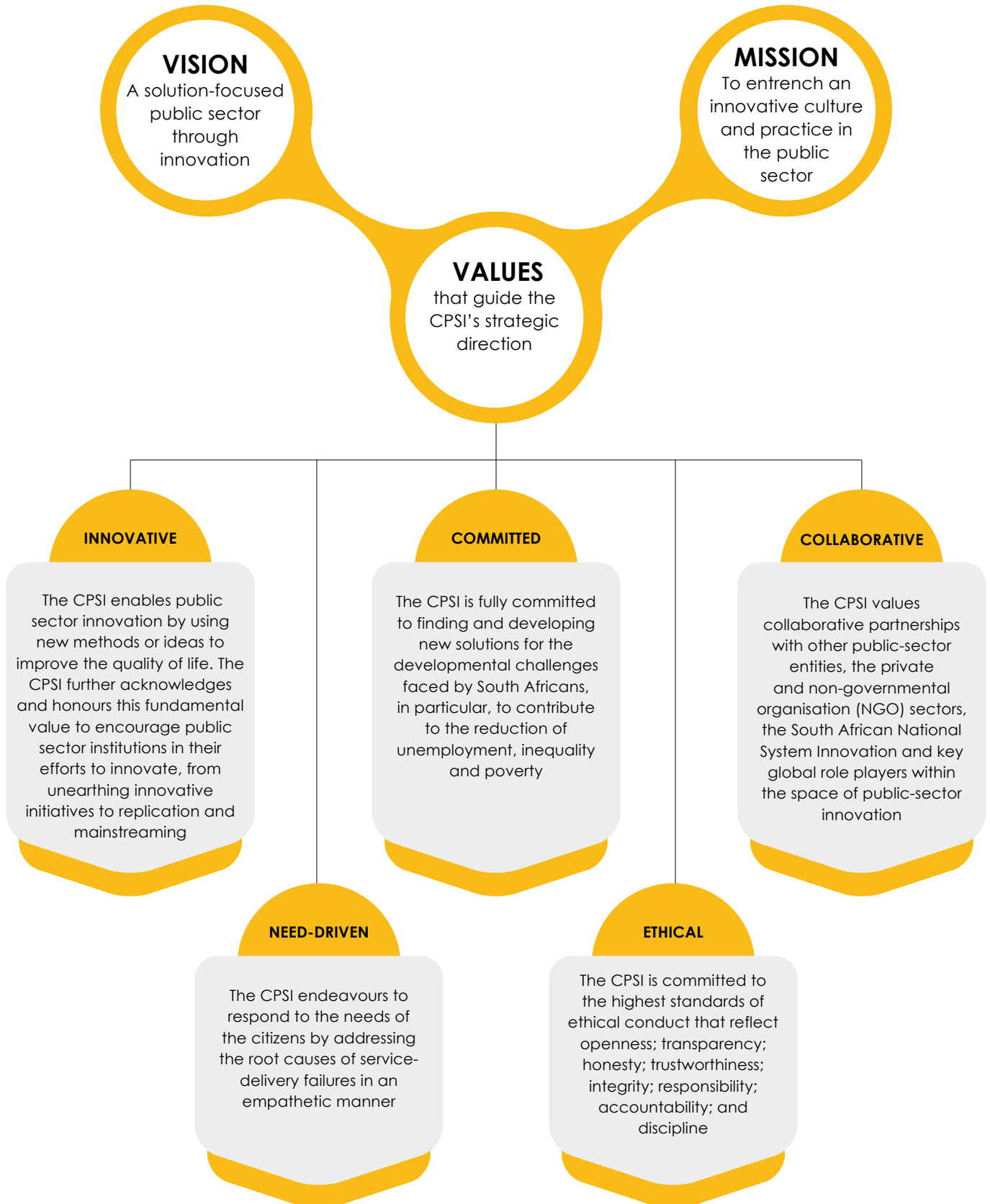
Yours faithfully



Ms Lydia Sebokedi
Accounting Officer
Date: 31 July 2023

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STRATEGIC OVERVIEW



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LEGISLATIVE AND OTHER MANDATES

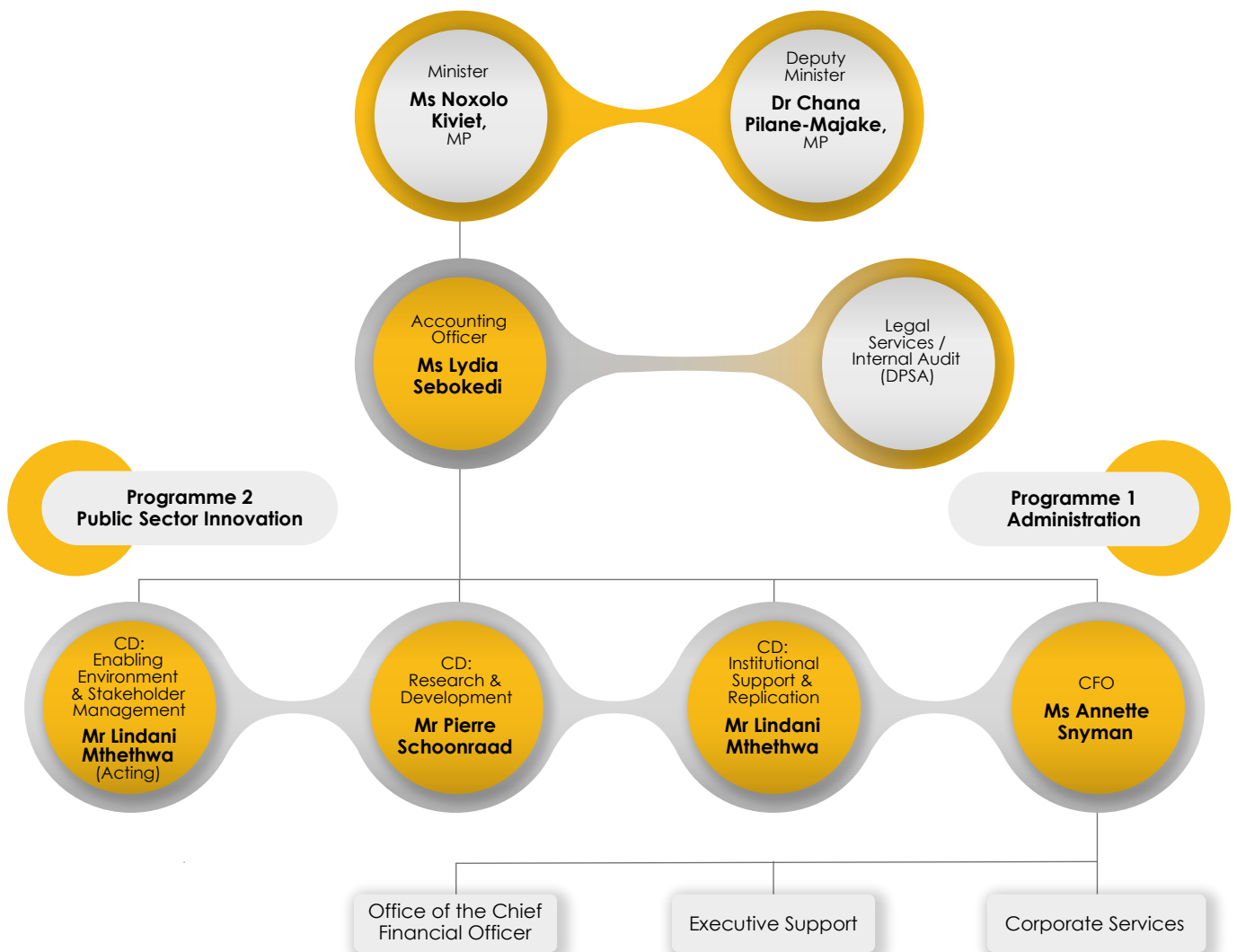
The responsibility for public sector innovation is vested in the Minister who, in terms of section 3(1) (i) of the Public Service Act of 1994, as amended, is responsible for establishing norms and standards relating to transformation, reform, innovation and any other matter, to improve the efficiency of the public service and its service delivery to the public. This role is further expanded on in Government Notice 700 of 2 September 2011.

The function of the CPSI is thus to entrench a culture and practice of innovation in the public service through:

- i. Advancing needs-driven research and development
- ii. Unearthing, demonstrating, sharing, encouraging and rewarding innovation
- iii. Testing, piloting, incubating new innovations and supporting the replication of innovative solutions
- iv. Partnering with public, private, academic and civil society sectors to support the mandate of the CPSI

10

ORGANISATIONAL STRUCTURE



11

ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister:

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Department of Public Service and Administration (DPSA)	Public Service Act, 1994 ((Proclamation 103 of 1994), as amended	The CPSI received its annual appropriation by means of a transfer from the DPSA. The DPSA and CPSI signed a Memorandum of Understanding (MoU) in relation to services, including those that the DPSA provides to the CPSI at no cost. These are set out in the Related Party Note to the Annual Financial Statements	Policy development and enforcement in the public service
National School of Government (NSG)	Public Service Act, 1994 (Proclamation 103 of 1994), as amended	None	Providing education, training and development in the three spheres of government, state-owned entities (SOEs) and organs of state
Government Employees Medical Scheme (GEMS)	Medical Schemes Act, 1998	None	Restricted membership to a medical scheme for public service employees



PART:

B

**PERFORMANCE
INFORMATION**



1

AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings reported under the Predetermined Objectives heading in the report on other legal and regulatory requirements section of the auditor's report.

*Refer to **pages 93 - 98** of the Report of the Auditor-General, published as Part F: Financial Information.*



2

OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service delivery environment

The CPSI continues to be affected by the general fiscal constraints. This has a direct impact on its human and financial capacity to undertake more innovative projects and initiatives. Service delivery departments are also functioning under the same fiscal constraints, be it inadequate budget allocation to meet service delivery needs or pressures on the budget such as the medico-legal claims in the Department of Health.

Although the CPSI does not render services directly to the public, its mandate allows it to support departments to render better services to their customers. The CPSI, however, continues to support some departments, including support to youth directly through its Youth Development Programme.

The uptake of innovation in the public sector is also affected by the continuing pressure on the power grid. The persistent load shedding is reversing the gains made, is placing strain on server and other ICT infrastructure and is increasing operational cost that could have been directed towards service delivery improvements.

Digitisation remains haphazard with some departments still using manual processes, especially for internal processes. The slow pace of digitisation of records, especially in civic and health services are limiting the potential for further innovation and developing and utilising technologies that can significantly improve service delivery. In addition, the lack of an enabling legislation or regulation of new technologies, for instance the use of artificial intelligence (AI), is creating uncertainty and reluctance to experiment with new solutions.

Furthermore, inadequate IT skills in the public sector limits digital transformation. The current cohort of IT skills are not aligned to the digital skills needed for digital transformation.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Support solution development	Recipient departments/ institutions Innovators	2 solutions per annum under development with departments/ institutions	2 solutions per annum under development	2 solutions per annum under development
Facilitate replication of innovative solutions	Recipient departments/ institutions	2 projects facilitated per annum	2 projects facilitated	2 projects facilitated

Batho Pele arrangements with beneficiaries

Current/actual arrangements	Desired arrangements	Actual achievements
Consultation with recipient departments/ institutions	Consult with recipient departments as part of solution development and replication	Ongoing consultations with recipient departments and co-design of solutions
Value for money	<ul style="list-style-type: none"> • Use testing and piloting to determine ROI of solutions • Implementation or replication of solutions to optimise value for money 	<p>ROI was not conducted in the current year as the solutions under development will only reach this stage in the 2023/24 financial year</p> <p>Quick turnaround times to identify bodies of unknown deceased persons. Cost savings for department</p>
Service standards	Use testing and piloting to determine the impact of new innovations on improving service standards	As-Is, To-Be assessments and process mapping conducted to serve as baselines for measuring improvement against service standards

Service delivery information tool

Current/actual information tools	Desired information tools	Actual achievements
Use of knowledge platforms and products to disseminate innovation-related information	<ul style="list-style-type: none"> • Online Journal • Awards programme • Annual conference • Innovation workshops 	<ul style="list-style-type: none"> • 1 online journal published • 1 award programme held • Annual conference held • 4 innovation workshops held

Complaints mechanism

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
Use info@cpsi.co.za to lodge external complaints	• Use info@cpsi.co.za to lodge external complaints	E-mails received are forwarded to the relevant EXCO member for redress
Internally the grievance procedure is used	• Use of internal grievance procedure	A grievance co-ordinator has been appointed to handle r all grievances and forwards to the labour relations unit
Where SLAs or MoUs are concluded related to specific services and projects, the department/institution/private sector entity will follow the stipulated procedure	Use of the stipulated procedure	No complaint was reported

2.2 Organisational environment

During the reporting period under review, the functions of the Executive Director post were assigned to an internal acting capacity, an individual whose leadership expertise provided stability to the CPSI.

The CPSI was able to partially manage internal capacity constraints in terms of the development of innovative solutions by appointing a systems developer on contract. Subsequently, the organisation obtained approval from the National Treasury to shift funds from the goods and service budget to compensation of employees to create a few permanent posts in the 2023/24 financial year, to bridge some of the historic internal capacity gaps. The department was able to maintain a vacancy rate of 8.8% at the end of the financial year under review.

The impact of COVID-19 pandemic forced the CPSI to continue to adjust its internal operations without compromising its service delivery mandate. The organisation continued with the implementation of hybrid working arrangements during the period under review. In addition, the CPSI continued to use an online platform for some of its internal processes like interviews, bid and governance meetings.

The CPSI's organisational environment is founded on the principles of good corporate governance. In this regard, the organisation once again received a clean audit outcome for the previous financial year from the Auditor-General, for both financial and non-financial operations.

Despite the capacity and economic constraints, which affected operations and the compensation of employees budget, the organisation's operational efficiency remained a priority.

The current office space affected how the CPSI operates some of its functions. However, a process of acquiring appropriate office space through DPWI is underway. It is envisaged that the CPSI will relocate to the new office space before the end of the next financial year.

2.3 Key policy developments and legislative changes

There were no other major policy developments and legislative changes impacting on the work of the CPSI during the period under review.

3

ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

Impact Statement: Improved effectiveness and efficiency of the public service and its service delivery to the public through innovation

OUTCOMES

Effective Corporate Governance: The achievement of this outcome will ensure, amongst others, accountability for the effective and efficient use of allocated resources towards fulfilling the mandate of the organisation.

Innovative Culture and Practice in the Public Sector entrenched: This outcome contributes directly to the achievement of the mandate of the CPSI and the implementation of the MTSF. It is also a cross-cutting outcome that impacts on the seven priorities of government as identified by the sixth administration.

Outcome	Outcome Indicator	MTSF Priority 6	Baseline	Five-year target	Progress made towards the achievement of the five-year targets in relation to the outcome indicators
Effective corporate governance	Number of unqualified audit opinions	A capable, ethical and developmental state	1 p/a	5	3
Innovative culture and practice in the public sector entrenched	Number of innovation initiatives enabled		15 p/a	75	66

The organisation received Clean Audit Outcomes for the **2019/2020, 2020/2021 and 2021/22** financial years. Given the limited capacity in the programme, this required a concerted effort and dedication from all staff. The organisation is leading by example in ensuring **effective corporate governance within the public service**.

The CPSI is well underway to achieve its strategic outcomes in terms of improving the effectiveness and efficiency of the public service and its service delivery to the public through innovation. These include 19 research and development initiatives, seven replications of innovative solutions and sustenance of a suite of 40 knowledge platforms.

Below are some of the innovation initiatives undertaken under this programme:

- **19 Innovation research and development initiatives undertaken (2020/21 to 2022/23)**

- Public Sector Innovation Rapid Assessment
- In-depth Case Study Report (four case studies)
- Digital skills development and support of youth developers through hackathons
- Digital Governance Dialogue Series
- Department of Home Affairs Real-time Service Delivery Monitoring
- Currently two solutions are under development: Planned Patient Transfer Application and a Virtual Thusong Centre

- **40 Knowledge Platforms sustained (2020/21 to 2022/23)**

- Annual Public Sector Innovation Conference and Webinars
- Annual Public Sector Innovation Awards Programme
- Publication of *Ideas that Work: The South African Public Sector Innovation Journal*
- Innovation and Design Thinking Workshops
- International Public Sector Innovation Programmes

- **7 Innovative solutions replicated in the Public Sector (2020/21 to 2022/23)**

- E-Learning Solution replicated in Gauteng
- In-house digital solutions
- Vulamanzi low-cost Water Filtration System replicated in Tshwane Municipality
- E-learning solution replicated in selected schools in North-West, Eastern Cape and Free State provinces
- Digital Forensic Fingerprints in Gauteng Province (five sites)
- Edenvale Hospital Blood Optimisation projects

The above-mentioned achieved targets have contributed to the creation of a capable, ethical and developmental state in several ways, including capacitating public servants with new tools such as design thinking. Furthermore, by encouraging, recognising and rewarding initiatives that are developmental, i.e., improved and more effective services and improved quality of life for citizens, the objectives of a developmental state are supported. Such projects also include investing in initiatives that empower youth with digital skills and sharing various approaches of successful innovations through innovation knowledge platforms, to ensure the mainstreaming of these innovations.

4

INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

4.1 Programme 1: Administration

Programme Purpose: Provide strategic leadership, overall management of, and support to the organisation.

Outlined below are the three sub-programmes within **this Programme**:

EXECUTIVE SUPPORT

Oversees the overall management of the CPSI, manages and facilitates the provision of internal audit and organisational risk and integrity management services, and legal services

CORPORATE SERVICES

Manages and monitors the provision of corporate resource management services, ICT management services, security management services, office support and auxiliary services

OFFICE OF THE CHIEF FINANCIAL OFFICER

Ensures compliance with all relevant financial management statutes and regulations, notably the Public Finance Management Act (PFMA), and oversees the effective financial and supply chain management of the organisation and co-ordinates implementation, monitoring and reporting on the organisation's overall performance

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Programme / Sub-programme:								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Effective corporate governance	Unqualified audit opinion on financial and non-financial information	Type of audit opinion on financial and non-financial information	Unqualified audit opinion on financial and non-financial information for 2019/20 financial year	Unqualified audit opinion on financial and non-financial information for the 2020/21 financial year	Unqualified audit opinion on financial and non-financial information for the 2021/22 financial year	Achieved Unqualified audit opinion on financial and non-financial information for the 2021/22 financial year	None	N/A

Linking performance with budgets

Programme 1: Administration	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Executive Support	4,382	1,801	2,581	3,214	1,631	1,583
2. Corporate Services	13,162	12,493	669	10,895	10,089	806
3. Office of the Chief Financial Officer	6,572	6,132	440	6,040	5,243	797
Total	24,116	20,426	3,690	20,149	16,963	3,186

Compensation of Employees: This allocation averages 54 per cent of the final appropriation in the Administration Programme for the period under review. The organisation requires additional capacity to be able to carry out its mandate fully. The CPSI currently comprises 30 permanent posts (17 posts in the Administration and 13 posts in the Public Sector Innovation Programme) plus two posts additional to the establishment. Due to inadequate capacity, some staff members are fulfilling multiple functions.

Goods and Services: The CPSI spent an average 38 per cent of its final appropriation on the procurement of goods and services. The largest spending items under the Administration Programme are:

- **Mandatory audit costs:** This is one of the organisation's main expenditures, accounting for 14 per cent of operational allocations.
- **Computer services:** This is primarily to access and utilise transversal systems and for data costs and accounting for 22 per cent of the programme's operational allocations.
- **Operating leases:** The cost to lease office accommodation amounts to 24 per cent of the programme's operational allocations.

4.2 Programme 2: Public Sector Innovation

Programme Purpose: Drives service delivery innovation in the public sector in line with government priorities.

Outlined below are three sub-programmes within this **Programme**:

RESEARCH AND DEVELOPMENT

Establishes the knowledge base in support of the programme to inform the selection, development and piloting of potential innovative models and solutions.

INSTITUTIONAL SUPPORT AND REPLICATION

Facilitates institutional support, demonstration, replication and mainstreaming of innovative solutions for the public sector.

ENABLING ENVIRONMENT AND STAKEHOLDER MANAGEMENT

Nurtures and sustains an enabling innovative environment, entrenches a culture and practices of Innovation in the public sector through innovative platforms and products, and develops and maintains partnerships and stakeholder relations to enhance collaboration.

Outcomes, Outputs, Output Indicators, Targets and Actual Achievements

Innovation research and development initiatives undertaken

Four innovation research and development initiatives were undertaken during the period under review.

EMS PPT and Virtual Thusong Centre

The prototyping of the two multi-year projects, namely an e-hailing solution for Gauteng EMS Planned Patient Transfer and the Northern Cape Virtual Thusong Centre were completed as planned. Following the appointment of a systems developer, work on the "back-end" coding of the EMS project continued whilst work on the "front-end" user interface of the Virtual Thusong Centre was completed. Both these solutions will be tested and piloted in the 2023/24 financial year.

Youth Digital Skills Development

The CPSI continued its support to Youth Digital Skills Development Initiatives. This included providing mentorship during the NEMISA Datathon (25 - 27 November 2022), the Northern Cape Developer (NCDev) hackathon (3 - 5 December 2022) and capacity building during a youth digital skills development programme in Springbok in February 2023. The CPSI was also requested, in line with the organisation's commitment to regional and South-South learning, to support a Public Finance Management Hackathon in the Kingdom of Lesotho, hosted by the Government of Lesotho and the International Monetary Fund from 24 to 26 January 2023.

Let's Talk App

As part of the CPSI's DDM commitments, the CPSI supported the piloting of the *Let's Talk Citizen Engagement Mobile Application*, funded by the UNDP South Africa, in the Waterberg and OR Tambo Districts. The mobile application provides a two-way platform for communication with citizens and for reporting service delivery challenges. Following Design Thinking Workshops in the second quarter, training of municipal officials and software configuration were concluded in the third and fourth quarters. The application was launched in the Waterberg District on 3 March 2023 and is downloadable on the various mobile application stores.

Digital Dialogues and Assessment of PSI

Research initiatives included the *SA-EU Dialogue Series on Strengthening Open Digital Governance* that was concluded in the third quarter, and the Multi-Year Assessment of Public Sector Innovation in partnership with NACI. The qualitative phase of the initiative was concluded with a comprehensive report with three case studies. The final phase, a quantitative survey, commenced in the fourth quarter, with contracting and two initial reports (inception report and conceptual framework) concluded.

Innovative solutions replicated

The CPSI facilitated the replication of two innovation projects to improve service delivery.



Digital Fingerprint Project

The project aims to solve the challenge of unidentified bodies of deceased persons with long waiting times for DNA to be matched. This sometimes leads to pauper burials at the cost of the State. In partnership with CSIR, the Gauteng Forensic Pathologic Services (FPS) started the project using biometrics scanners and third-party verification to access the Department of Home Affairs database to identify unknown deceased persons. The CPSI has facilitated the replication of this project in five sites in Gauteng, including procurement of biometric scanners and laptops, and the development of an upgraded software from CSIR. In addition, the CPSI also paid for 12 months' costs of verification through a third-party service provider.

The benefits of the project are, amongst others, improved **quality of fingerprints** collected from the deceased resulting in improved identification rate at the Department of Home Affairs, resulting in the following:

- Immediate identification of the deceased.
- Families of unclaimed **bodies can be traced** using their credit profile information.

Edenvale Hospital Blood Optimisation Project

The project ensures the efficient use of blood and blood products to save costs. The challenge at the hospital was that different units within the hospital would order blood separately for the same patient and use very little for their needs at the time.

This resulted in units of opened blood pouches getting discarded as they could no longer be re-used, leading to wastage in terms of inefficient use of blood sourced at high costs for the hospital.

The CPSI facilitated the replication of the Blood Optimisation project through:

- The introduction of an accountability form developed for doctors to ensure actual blood requirements are linked to a patient in all units.
- Training of medical personnel of the Outpatient Department on the use and completion of the accountability form.

In addition, the CPSI continued to provide support to the E-learning project that was replicated in selected schools in the North-West, Free State and Eastern Cape provinces in 2021/2022, to ensure continuity and sustainability of this solution.

Knowledge platforms sustained to nurture an enabling environment for innovation in the public sector

The following platforms were sustained in the period under review:

- Five design thinking workshops
- Three international/regional programme participation
- One conference
- One Awards programme
- One online journal

Public Sector Innovation Conference

The 16th Public Sector Innovation Conference was held successfully in August 2022. The conference serves as a platform for innovators to share and exchange knowledge and best practices on innovation. Furthermore, the conference provides an ideal opportunity to showcase innovative projects and solutions mostly from the public service. The 2022 Public Sector Innovation Conference took place under the theme: "Building social innovation partnerships for a capable developmental State." The conference is a critical platform to promote and nurture the culture and practice of innovation in the public sector to improve service delivery. In addition, international best practices and experience from Bangladesh and OECD were also shared with the participants.

Public Sector Innovation Awards Programme

The 20th Public Sector Innovation Awards 2022 Programme was successfully implemented during the year under review. The awards programme recognises successful and effective service delivery projects and initiatives that have been achieved through the application of innovative approaches, methodologies and tools, aiming to improve service delivery to citizens. The Minister for the Public Service and Administration conferred awards to winners in three categories, including Ministerial Awards to public service individuals and teams. The Public Sector Innovator of the Year was awarded to the Hospital and Emergency Centre Tracking Information System (HECTIS) Project from the Western Cape Department of Health.

The CPSI also uses this programme, through the recognition of Public Sector Trailblazer initiative, to unearth and promote the in-sourcing of System Developers in various government departments, to enable them to develop home-grown solutions to alleviate service delivery challenges. The awards programme is also a critical source to identify innovative solutions for replication and scaling up.

Furthermore, the finalists of the 20th Public Sector Innovation Awards 2022 Programme were capacitated through Design Thinking and Public Sector Innovation Training workshops.



The following table summarises the finalists and category winners of the 2022 Public Sector Innovation Awards Programme:

CATEGORY A: REPLICATION AND ADAPTATION

Name of the project		Province
Bophelong Management Information System (BOMIS)	Winner	Free State
YearBeyond WCED @HomeLearning Programme	1 st runner-up	Western Cape
The Global Green & Healthy Hospitals Network Strategy in South Africa	2 nd runner-up	Free State
Hearing Aid Repairs Clinic - a walk-in service	3 rd runner-up	Gauteng

CATEGORY B: CITIZEN FOCUSED INNOVATIONS

Name of the project		Province
Greenstick	Winner	Western Cape
Early Prostate Cancer Treatment/Prostate Brachytherapy project	1 st runner-up	Gauteng
Expansion of Clubfoot Services and Training the Gauteng Department of Health	2 nd runner-up	Gauteng
Digitisation of Public Transport Services to Public Transport Operators	3 rd runner-up	Limpopo

CATEGORY C: INNOVATIONS HARNESSING TECHNOLOGY

Name of the project		Province
HECTIS	Winner	Western Cape
3D Foot Scan, Gait Analysis Pressure Plate and Milling Machine	1 st runner-up	Western Cape
Embracing ICT Solutions in the Speech Therapy and Audiology Department	2 nd runner-up	Gauteng
EMS Computer Aided Dispatch System	3 rd runner-up	Free State

GEMS HEALTH AWARDS

Winner	Greenstick
1 st	Early Prostate Cancer treatment
2 nd	Hearing Aid Repairs Clinic - a walk-in service

SPECIAL MINISTERIAL AWARDS

WC e-Innovation Branch - (Office of the Premier)
Me2You
ICT Integration in Grade 12 Classroom (Limpopo)

Public Sector Trailblazers

BOMIS System Developers

Thabiso Matsemela – Smart Energy Efficiency Project

Tshepo Mokhadi – Global Green and Healthy Hospital

Zimasa Mqamelo – eRecruitment

Zandile Potelwa – eRecruitment

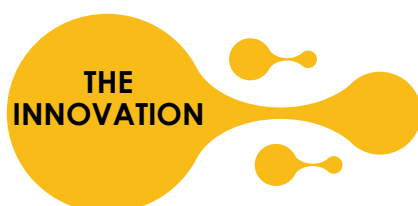
2022 PUBLIC SECTOR INNOVATOR OF THE YEAR

Hospital and Emergency Centre Tracking Information System



Overview

It is universally accepted that the Emergency Centre (EC) is the coalface of the healthcare service delivery platform at all levels of care from primary to specialised institutions. Consequently, the management and efficiency of this service will directly impact on the quality of patient outcomes. Historically, the Western Cape Department of Health utilised large amounts of paper-based registers to track the number and movement of patients through the Emergency Centre. This led to large amounts of redundant capturing of patient data at multiple touchpoints, poor access and quality of any patient EC data, and an inability to manage the chaos which prevails at most Emergency Centres. The ECs are a high service pressured area and any relief to staff would have a major impact as well as enable better clinical and operational management of services. In response to this challenge, the Hospital and Emergency Centre Tracking Information System (HECTIS) application was developed. It was initially piloted at four Emergency Centres and iteratively improved over time. During COVID-19 the system showed massive utility and is now, over the last 18 months being scaled up to every public sector Emergency Centre in the province.



The initial proposed solution was to assess the current manual paper-based registers and how it relates to the business process flow of an emergency centre patient, map it to an electronic application with additional value-based functionality for both patients and users, and lastly to iterate with subject matter experts and clinical specialists working within the Emergency Centre environment. The HECTIS application has managed to achieve this initial brief and more.

It is currently the only e-innovation in the public sector developed to assist in managing an Emergency Centre and has been iteratively built with direct feedback from end-users. Therefore, this system is not an adaptation or replication of an existing tool, but a true ground-up development with collaboration across both clinical and technical domains.

It follows the flow of a patient from the time of entry into the emergency care unit until the patient leaves the unit with further capability to extend into in-patient care. It has active daily users that range from Admin Clerks, Nurses, Clinicians as well as Hospital Managers. For each user base, the application provides value-based functionality for management of patients in the emergency care unit. This ranges from clinical decision support to automated algorithms for triage (preliminary assessment of a sick or injured patients to determine the extent of the injury or sickness and type of treatment). Over and above the direct management within the emergency care unit, it also provides a one-of-a-kind global view of EC pressures across the platform at a sub-district, district, or provincial level. This allows for real-time adjustment and equitable support across the acute emergency care environment.

The five main facets of the application, namely patient, clerical, nursing, clinician, and managerial interface provide, for the first time in the public sector, a concrete platform for extracting both historical and real-time transactional data, and therefore acts as a basis for decision-making at every level, namely patient, EC unit, hospital and departmental within the province. This is a major game-changer.



THE IMPACT

In terms of impact, HECTIS has managed to auto generate a wealth of computable data that influences the operations, planning and manages the needs and requirements of any Emergency Centre. There are more than 50 operational reports instantly available within the application. Examples of some of the reports include waiting times, triage accuracy, nursing shift handover report, and disease burden (ICD coded). To date there have been more than 2,000,000 patients that have been processed through the application, with a current average of 80,000 patients now being processed every month. The application was rolled out in an opt-in manner and has been welcomed and subsequently entrenched in the business process flow of more than 30 emergency centres across the province, with more coming on board every month.

For administrative staff it allows for rapid admission due to direct integration with the hospital administration system, clear overview in terms of who is in the facility and where they are located (particularly important to support family members of patients), and in-app communication as to who is waiting for a bed or transport and duration of the waiting period.

For nursing staff, it simplifies the entire workflow process, automates the calculation of triage scoring, and even provides clinical decision support functions based on initial observations.

For clinical staff, it immediately stratifies patients according to acuity (priority in which patients should be seen) and waiting time, has built-in functionality for flagging elderly, paediatric and vulnerable patients, and clearly highlights process delays. Furthermore, it also ensures real-time visibility of patient distribution and location, and allows for multiple digitised forms to be generated. This essentially reduces the amount of time clinicians spend performing administrative duties due to the intuitive user experience design of the application, and allows for more focus on the clinical aspects of care.

Regional/International Programme

In April 2022 and March 2023, the CPSI represented the Republic of South Africa in the United Nations' CEPA (Community of Experts in Public Administration).

The CPSI further represented the Republic of South Africa in the Jury of the AAPAM Innovative Management Award Programme. It participated in the adjudication of entries received from across Africa. This culminated in a Review Meeting held in December 2022 to select and confirm finalists. This culminated in recognition of winners on the 8th of December 2022 as part of the AAPAM Annual Roundtable held in December 2022.

The South African Public Sector Innovation Journal: Ideas that Work

Articles and case studies on innovative solutions were published online through the CPSI website. These articles are part of knowledge sharing and learning for the public service to use innovation to improve service delivery.

Design Thinking and Public Sector Innovation Workshops

Five Design Thinking and Public Sector Innovation Training workshops were conducted in 2022/2023 as part of capacitating public officials in modern tools and approaches to solve service delivery challenges in their fields. One of the workshops was held at a DDM pilot area, Waterberg District in Limpopo Province in support of the District Development Model. This is part of efforts by the organisation to nurture an enabling environment for innovation in the public sector. To date, the CPSI has also assisted the National School of Government (NSG) in crafting an online Systems Design Thinking course that will be part of the courses offered by the NSG to public servants.

Report against the originally tabled Annual Performance Plan in the financial year under review

Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from planned target to Actual Achievement 2022/2023	Reasons for deviations
Innovative culture and practice in the public sector entrenched	Innovation research and development initiatives undertaken	Number of innovation research and development initiatives undertaken	6	5	4	Achieved 4	None	N/A
	Knowledge platforms sustained to nurture an enabling environment for innovation in the public sector	Number of knowledge platforms sustained to nurture an enabling environment for innovation in the public sector	10 Namely: <ul style="list-style-type: none"> • 5 Design Thinking and Public Sector Innovation Workshops held • Annual Public Sector Innovation Conference • Public Sector Innovation Awards • Online Innovation Journal • 2 Regional/ International Programmes 	10	9	Achieved 11	2	An additional Design Thinking and Innovation Workshop was facilitated for Waterberg District as part of CPSI's contribution to the DDM. There was also additional participation in International Programmes as CEPA 2023 was held earlier in the year March 2023) and thus resulting in two CEPA engagements in one financial year (April 2022 and March 2023).
	Innovative solutions replicated in the public sector	Number of innovative solutions replicated in the public sector	(1) One innovative solution was replicated namely, the Sunward Park e-learning Project, replicated in Katlehong and Reiger Park High Schools	2	2	Achieved 2	None	N/A

Linking performance with budgets

Programme 2: Public Sector Innovation	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
1. Research and Development	6,089	5,517	572	6,607	4,602	2,005
2. Solution Support and Incubation	5,288	5,272	16	5,132	4,955	177
3. Enabling Environment	9,552	9,311	241	9,565	7,260	2,305
Total	20,929	20,100	829	21,304	16,817	4,487

Compensation of employees: This allocation averages 58 per cent of the final appropriation for the period under review. The organisation also requires additional capacity to be able to fully carry out this mandate.

Goods and services: The CPSI spent 41 per cent of its final appropriation on the procurement of goods and services under the Public Sector Innovation Programme, with the highest expenditure on:

- **Travel and subsistence:** Expenditure for the piloting, testing, unearthing and replication of innovative solutions that improve service delivery. Despite the prevailing cost containment measures, this item will remain high as the organisation lacks a provincial presence and depends on on-site work to achieve its mandate.
- **Contractors:** Expenditure for audio visual equipment for the Annual Public Sector Innovation Awards Programme and design thinking workshops.
- **Venues and facilities:** Funding for this item is used primarily for the hosting of knowledge platforms such as the Annual Public Sector Innovation Awards and for workshops and Public Sector Innovation Roadshows.

Strategy to overcome areas of under performance

Not applicable

Performance in relation to Standardised Outputs and Output Indicators for Sectors with Concurrent Functions

Not Applicable

5 TRANSFER PAYMENTS

5.1. Transfer payments to public entities

The CPSI made no transfer payments to public entities during the period under review.

5.2. Transfer payments to all organisations other than public entities

The CPSI made no transfer payments to any other organisation during the period under review.

6 CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

The CPSI did not pay any conditional grants or earmarked funds during the period under review.

6.2. Conditional grants and earmarked funds received

The CPSI did not receive any conditional grants or earmarked funds during the period under review.

7 DONOR FUNDS

7.1. Donor funds received

The CPSI did not receive any donor funds during the period under review.

8 CAPITAL INVESTMENT

Not applicable.



PART:

C



GOVERNANCE



1

INTRODUCTION

The CPSI is committed to maintaining the highest standard of governance in the management of public finance and resources and strives to promote good management practices in Risk Management, Fraud Prevention, Ethics, Procurement and Good Corporate Governance, including putting precautionary measures against any kind of misconduct or fraud. Therefore, the organisation has good governance structures in place to utilise state resources effectively and efficiently.



2

RISK MANAGEMENT

The CPSI has a Risk Management Policy and Strategy in place. Risk assessments are conducted annually, and EXCO fulfils the role of a Risk Management Committee due to the size of the organisation and limited internal capacity. The nature of the mandate of the CPSI requires a distinct risk appetite due to an elevated risk of failure for innovation and piloting activities. In this regard, risk management is included as a standing agenda item in all unit meetings and implementation of mitigation measures is monitored.

The organisation is committed to sustaining good governance practices. These practices are fundamental in the management of public finances and resources and to ensure this, risk management is a standing item in the agenda of the Audit and Risk Committee. The committee provides oversight to the CPSI's work, ensures that the organisation adheres to governance principles and oversees the work and functioning of other governance structures. It also advises management on the overall system of risk management, reviews and monitors risk management progress reports on a quarterly basis. The culture of risk management throughout the organisation has played a significant role in the improvement of the organisational performance as a whole.

3

FRAUD AND CORRUPTION

The CPSI has a Fraud and Corruption Strategy as well as a Fraud and Corruption Policy to articulate the organisation's philosophy and policy direction on fraud prevention. However, these documents do not guarantee that the CPSI will not be negatively impacted by incidents of fraud and corruption. They serve as additional measures to assist in the prevention, management and mitigation of fraud and corruption risks with a particular focus on educating and creating awareness, advocacy, enforcement and promoting ethical business conduct. The aim is to record the CPSI's commitment to effective fraud risk management, and to provide direction and assistance to employees who might have to deal with suspected cases of fraud and corruption.

Furthermore, the CPSI supports the National Anti-Corruption Hotline by encouraging all its employees to report any suspected activities of fraud and corruption. In addition, the organisation has a whistle blowing policy that guides employees on the processes for the prevention of fraud and corruption. The CPSI is committed to investigating and reporting on all reported cases of fraud and corruption to the relevant institutions and authorities, depending on the outcome of the preliminary investigations.

4

MINIMISING CONFLICT OF INTEREST

The CPSI adheres to the conflict of interest codes as contained in Chapter 2, Part 2(2) of the Public Service Regulations of 2016. E-Disclosure by SMS and designated employees is used to monitor possible conflict of interest. Lifestyle audits will also be used for further investigation of suspected conflict of interest. To date, there was no need to conduct lifestyle audits, as there were no red flags from eDisclosures of SMS members.

Furthermore, prior to interviews and bid committee meetings, members are required to declare any possible conflict of interest. The declaration includes acknowledgement of possible disciplinary action being instituted, should it be discovered that there was misinformation.

5

CODE OF CONDUCT

The CPSI adheres to the Code of Conduct as contained in Chapter 2, Part 1 (13) of the Public Service Regulations, 2016 and all CPSI employees are required to sign the code of conduct. In terms of labour relations, the CPSI follows the processes as prescribed by the Public Service Co-ordinating Bargaining Council (PSCBC) Resolutions for Managing of Grievances (PSCBC Resolution 14 of 2002) and the managing of disciplinary processes (informal and formal) as contained in PSCBC Resolution 1 of 2003.

The Code of Conduct acts as a guideline to employees regarding their ethical conduct, both in their individual and professional capacity. It provides guidelines related to their relationship with the legislature, political and executive office bearers, other employees and members of the public. It also spells out the spirit in which employees should perform their duties and what should be done to avoid conflict of interest. Compliance with the Code of Conduct enhances professionalism and helps to ensure confidence in the public service.

The Corporate Resource Management unit within the CPSI assists in the management of financial disclosures, the vetting and security clearance of employees and the ethical aspect of the Code of Conduct.

6

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

As a sub-tenant of the DPSA, the CPSI participates in all Health and Safety Programmes of the DPSA. These include participating in the Occupational Health and Safety (OHS) Committee as well as taking part in planned and/or unplanned emergency drills.

7

PORTFOLIO COMMITTEES

During the financial year under review, the CPSI was invited to the Portfolio Committees on Public Service and Administration as well as Planning, Monitoring and Evaluation respectively. The engagements were convened through a virtual platform and are indicated below:

Date of the meeting	Matters raised by the Portfolio Committee	How the matters were addressed
03 May 2022	Briefing to the Portfolio Committee on the 2020/2025 Strategic Plan and Annual Performance Plan for 2022/2023 financial year	The CPSI presented and the committee members made comments and asked questions to which answers were provided by the CPSI
11 May 2022	Briefing to the Select Committee on the 2020/2025 Strategic Plan and Annual Performance Plan for 2022/2023 financial year	The CPSI presented and the committee members made comments and asked questions to which answers were provided by the CPSI
12 October 2022	Briefing to the Portfolio Committee on the annual reports for 2021/22 financial year and briefing on progress report regarding the implementation of the recommendations contained in the budget report for 2021/22 financial year	The CPSI presented and the committee members made comments and asked questions to which answers were provided by the CPSI
22 February 2023	Briefing to the Portfolio Committee on the first, second and third quarter performance of the 2022/23 financial year	The CPSI presented and the committee members made comments and asked questions to which answers were provided by the CPSI

8

SCOPA RESOLUTIONS

The CPSI had no appearances to the Standing Committee on Public Accounts (SCOPA) or related notices in the financial year under review. There were no SCOPA resolutions adopted in the 2022/2023 financial year.

9

PRIOR MODIFICATIONS TO AUDIT REPORTS

The CPSI obtained a clean audit opinion with no emphasis of matters for the 2021/22 financial year, as discussed in a detailed audit report. The CPSI had the following findings that were noted as important in the prior-year management report:

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter*
Receivables - Errors in the Annual Financial Statements (Receivables Policy)	2021/22	The matter was resolved prior to the finalisation of the Management Report
Compensation of employees - Vacant post not advertised within 6 months and vacant post not filled within 12 months	2019/20	The post remains vacant on the instruction of the former Executive Authority. Recruitment process resumed in April 2023
Subsequent events - An order included in the capital commitments balance was cancelled after year-end, however this was not disclosed as such.	2021/22	The matter was resolved prior to the finalisation of the Management Report
B-BBEE Compliance- B-BBEE form 1 not submitted to the BBBEE Commission after audited annual financial statements as at 31 March 2021	2021/22	The matter was resolved prior to finalisation of the Management Report

10

INTERNAL CONTROL UNIT

The CPSI does not have a dedicated internal control unit due to its size, however, the organisation has established a system of internal control through policies and procedures in the areas of financial, supply chain, human resources management and other areas to ensure a 360-degree compliance.

The Internal Audit Function also provides assurance on the adequacy and effectiveness of the systems of internal control within the organisation. Management continuously implemented the recommendations of the Internal Audit Function from various audit reports issued during the year. The Executive Committee and the Audit and Risk Committee monitor the control environment on a quarterly basis. Based on the overall assessment, management is confident that the CPSI's internal control environment is adequate.

11

INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit

The CPSI shares internal audit services with the DPSA through a signed Memorandum of Understanding (MoU), under the MPSA. During the reporting year under review, the Internal Audit Function has provided management with independent assurance and insight on the effectiveness of, among others- governance, the internal control, risk management and financial management systems to assist the organisation in achieving its objectives. The Audit and Risk Committee oversee the work of the Internal Audit Function and has approved its risk-based internal audit plan that was executed during the year. Audit reports were presented to both management and the Audit and Risk Committee.

The following is a summary of work performed by internal audit during the year:

- Quarterly interim financial statements – three quarters
- Annual financial statement 2022/23
- Quarterly performance information reports – three quarters
- Annual performance report 2022/23
- Supply chain management
- Human resource management, focusing on recruitment, appointments and terminations

Audit and Risk Committee

The Audit and Risk Committee successfully discharged its responsibilities in terms of the Public Finance Management Act and the Treasury Regulations. The ARC adopted a formal Terms of Reference as its Charter to regulate and govern its operations.

The ARC held six meetings during the 2022/23 financial year.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date resigned	No. of meetings attended
Mr Ameen Amod	<ul style="list-style-type: none"> - Master of Business Administration (MBA) - B. Com in Accounting and Economics - Chartered Director (CD) - Certified Internal Auditor (CIA) - Certified Government Auditing (CGAP) - Certification in Risk Management Assurance (CRMA) 	External	N/A	01 October 2019	Active	6/6
Dr Prittish Dala	<ul style="list-style-type: none"> - PHD Information Technology - Master of Information Technology - Bachelor of Science (Computer Science) Honours (Cum Laude) - PHD Information Technology - Master of Information Technology - Bachelor of Science (Computer Science) Honours (Cum Laude) - Bachelor of Information Technology (Cum Laude) - Certified Governance of Enterprise Information Technology (CGEIT) - Certified Risk and Information Systems Control (CRISC) - Certified Information System Auditor (CISA) - Certified Ethical Hacker (CEH) - Certified Computer Hacking Forensic Investigator (CHFI) - Certified Data Privacy Solution Engineer (CDPSE) - Certified Information Security Manager (CISM) - Certified Information Systems Security Professional (CISSP) - Lead Auditor ISO 27001 	External	N/A	01 October 2019 (Appointed as Chairperson on 17 May 2022)	Active	6/6
Ms Nyawa Dikwayo	<ul style="list-style-type: none"> - CA (SA) - Master of Philosophy in Development Finance - Postgraduate Diploma in Applied Accounting Sciences - Bachelor of Commerce in Accounting 	External	N/A	01 March 2022	Active	5/6
Ms Sizo Mzizi	<ul style="list-style-type: none"> - ACIS - Post Graduate Diploma in Corporate Law - Post Graduate Certificate in Corporate Governance - CIMA (ACMA CGMA) - BCom Hons (Financial Management) - Certificate in Accountancy - BTech: Cost and Management Accounting - Higher Diploma in Education (Economic Sciences) 	External	N/A	01 March 2022	Active	6/6

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AUDIT COMMITTEE REPORT

The Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 31 March 2023.

Audit and Risk Committee Responsibility

The ARC has complied with its responsibilities arising from sections 38 (1) (a) (ii), 76 (4) (d) and 77 of the Public Finance Management Act (PFMA) as well as Treasury Regulation 3.1. Furthermore, the ARC has adopted a formal term of reference as its Charter and has regulated its affairs in compliance with this Charter as well as discharged all its responsibilities as contained therein.

Effectiveness of Internal Control

An assessment of the findings identified by Internal Audit as well as the audit and management reports presented to the ARC by the Auditor-General of South Africa (AGSA), reveals that the internal control and governance processes are adequate and effective. Risk management processes are adequate and partially effective, with room for improvement.

The ARC is satisfied that Internal Audit provided assurance in terms of control, risk management and governance processes as per the approved risk-based audit plan. At the end of the financial year, the following audit engagements were reported as complete as per the approved risk-based audit plan:

- Quarterly and annual financial statements
- Quarterly and annual performance information
- Supply chain management
- Human resource management (recruitment, appointments and terminations)

In-Year Management and Monthly/Quarterly Reports

The CPSI has reported quarterly to the National Treasury and the Executive Authority as required by the PFMA. The ARC as well as assurance providers provided management with recommendations to improve the quality of quarterly financial and non-financial information reports (performance information, information communication technology, risk management, human resource management, legal and compliance) during the year under review.

Evaluation of Financial Statements and Annual Performance Report

The ARC has:

- Reviewed the unaudited annual financial statements with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Reviewed changes in accounting policies and practices;
- Reviewed compliance with legal and regulatory provisions;
- Reviewed the basis for the going concern assumption, including any financial sustainability risks and issues;
- Reviewed the unaudited annual performance information on predetermined objectives with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Reviewed the AGSA audit and management reports, with due consideration of the responses provided by Management; and
- Reviewed the audited annual financial statements as well as the annual performance information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the audit and reported to the Accounting Officer.

Auditor-General's Report

The ARC concurs with the conclusions of the Auditor-General South Africa (AGSA) on the annual financial statements and is of the opinion that the audited annual financial statements may be read together with the audit report of the AGSA.

Conclusion

The ARC appreciates the leadership and support provided by the Executive Authority and Accounting Officer, as well as the commitment by other assurance providers and most importantly Management to achieving a sixth consecutive "clean" audit opinion (unqualified with no material findings).



Dr. P Dala

Chairperson CPSI Audit and Risk Committee

Date: 11 August 2023

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B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regard to the following:		
Criteria	Response Yes / No	Discussion
Determining qualification criteria for the issuing of licences, concessions, or other authorisations in respect of economic activity in terms of any law	No	Not applicable to the CPSI
Developing and implementing a preferential procurement policy	Yes	Included in the Supply Chain and Management Policy
Determining qualification criteria for the sale of state-owned enterprises	No	Not applicable to the CPSI
Developing criteria for entering into partnerships with the private sector	No	Not applicable to the CPSI
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	No	Not applicable to the CPSI



PART:

D



**HUMAN
RESOURCE
MANAGEMENT**



1

INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.



2

OVERVIEW OF HUMAN RESOURCES

• The status of human resources in the department

The number of positions on the establishment of the CPSI increased during the 2022/23 reporting year from 32 to 33 posts. 30 of these posts were filled as of 31 March 2023, which is the same number of posts that were filled in the previous reporting period. Additional to the fixed establishment, two persons were employed, one as a Systems developer and one in the Intern Programme. The organisations had three vacant posts at the end of the reporting, namely the Executive Director, the Human Resource Clerk and an Intern position, respectively.

• Human resource priorities for the year under review and the impact of these

The vacancy rate increased from 6.7 per cent at the end of 2021/22 reporting year to 9.1 per cent at the end of the 2022/23 reporting year. The increase is due to the Intern post that became vacant in December 2022. The post was advertised and a nomination was done.

The employment equity statistics at the end of the financial year remain mainly consistent with the previous financial years, namely 6.7 per cent of persons with disabilities, 60 per cent of women at SMS level. There was a decrease from 20 per cent to 10 per cent in the statistics regarding youth employment due to the resignation of the Intern during the reporting period.

• Workforce planning and key strategies to attract and recruit a skilled and capable workforce

The CPSI has prioritise the appointment of staff with digital skills, in particular systems developers. During the period under review, two System Developers were appointed. The appointments are currently additional to the establishment for a period of 12 months. Funding on the fixed establishment only become available on 1 April 2023.

• Employee performance management

The CPSI has an approved performance management and development policy for all salary levels, and all employees have entered into performance agreements for the period under review. The performance evaluations for 2022/23 were concluded and the outcome of the assessments were communicated to the staff in the third and fourth quarters of the financial year.

• Employee wellness programmes

The CPSI has a MoU with the DPSA for the services relating to the employee wellness programme, and has consequently been included to participate in activities arranged by the DPSA.

• Highlight achievements and challenges faced by the department, as well as future human resource plans /goals

Capacity remains a challenge, especially to respond to the demand for technology developers and project managers. This has been partially addressed through the budget reprioritisation, which released funding for the appointment of a Systems developer on the fixed establishment in the 2023/24 financial year.

• Future human resource plans

The CPSI's human resource planning centres continue around two priorities, namely, strengthening the capacity in corporate services to ensure compliance with legislation and to reduce dependence on the MoU with the principal department, the DPSA. The second priority is to strengthen development, replication and institutional support capacity through increased project management and application development competencies.

3

HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2022 and 31 March 2023

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and Special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	20 426	9 282	189	1 316	23%	515.67
Public Sector Innovation	20 100	11 369	130	822	28%	947.42
Total	40 526	20 651	319	2 138	51%	688.37

Table 3.1.2 Personnel costs by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Personnel expenditure including transfers (R'000)	% of Total personnel Cost	Number of employees	Average personnel cost per employee (R)
Lower skilled (levels 1-2)	390	2%	3	130
Skilled (levels 3-5)	887	4%	3	296
Highly skilled production (levels 6-8)	3 401	17%	9	378
Highly skilled supervision (levels 9-12)	8 611	42%	10	861
Senior management levels 13-16)	7 362	36%	5	1 472
Total	20 651	100%	30	688

Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by programme for the period 1 April 2022 and 31 March 2023

Programme	Salaries (R'000)	Salaries as a % of personnel costs	Overtime (R'000)	Overtime as a % of personnel costs	HOA (R'000)	HOA as a % of personnel costs	Medical Aid (R'000)	Medical Aid as a % of personnel costs	Total personnel cost per programme (R'000)
Administration	8 051	86.70%	25	0.30%	150	1.60%	426	4.60%	9 282
Public Sector Innovation	10 163	89.40%	0	0.00%	172	1.50%	303	2.70%	11 369
Total	18 214	88.20%	25	0.10%	322	1.60%	729	3.50%	20 651

Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by salary band for the period 1 April 2022 and 31 March 2023

Salary Band	Salaries (R'000)	Salaries as a % of personnel costs	Overtime (R'000)	Overtime as a % of personnel costs	HOA (R'000)	HOA as a % of personnel costs	Medical Aid (R'000)	Medical Aid as a % of personnel costs	Total personnel cost per salary band (R'000)
Lower skilled (levels 1-2)	381	97.70%	1	0.30%	37	9.50%	62	15.90%	390
Skilled (levels 3-5)	596	67.20%	5	0.60%	56	6.30%	114	12.90%	887
Highly skilled production (levels 6-8)	2 447	71.90%	5	0.10%	132	3.90%	348	10.20%	3 401
Highly skilled supervision (levels 9-12)	7 818	90.80%	14	0.20%	18	0.20%	111	1.30%	8 611
Senior management (levels 13 -16)	6 972	94.70%	0	0.00%	79	1.10%	94	1.30%	7 362
Total	18 214	88.20%	25	0.10%	322	1.60%	729	3.50%	20 651

3.2 Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below)

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

Table 3.2.1 Employment and vacancies by programme as on 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
Programme 1	20	17	15%	2
Programme 2	13	13	0%	1
Total	33	30	9%	3

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2023

Salary band	Number of posts on the approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (levels 1-2) cleaners	2	2	0%	-
Skilled) levels 3-5) security officers	3	3	0%	-
Highly skilled production (levels 6-8)	12	10	17%	2
Highly skilled supervision (levels 9-12)	10	10	0%	1
Senior and top management (levels 13-16)	6	5	17%	-
Total	33	30	9%	3

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2023

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of employees additional to the establishment
None				

3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of SMS by salary level. It also provides information on advertising and filling of these posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

Table 3.3.1 SMS post information as on 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ head of department	1	-	0%	1	100%
Salary level 16	-	-	-	-	-
Salary level 15	-	-	-	-	-
Salary level 14	3	3	100%	-	0%
Salary level 13	2	2	100%	-	0%
Total	6	5	83%	1	17%

Table 3.3.2 SMS post information as on 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ head of department	1	-	0%	1	100%
Salary level 16	-	-	0%	-	-
Salary level 15	-	-	0%	-	-
Salary level 14	3	3	100%	-	0%
Salary level 13	2	2	100%	-	0%
Total	6	5	83%	1	17%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 and 31 March 2023

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months of becoming vacant
Director-General/ Head of Department	-	-	-
Salary level 16	-	-	-
Salary level 15	-	-	-
Salary level 14	-	-	-
Salary level 13	-	-	-
Total	-	-	-

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within six months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023**Reasons for vacancies not advertised within six months**

The Executive Authority placed a moratorium on the filling of vacancies in the CPSI pending the outcome of a report on the Macro Organisation of the State. Approval to lift the moratorium and fill the post was obtained in November 2021. The post was advertised in March 2022 in the DPSA Vacancy Circular and national media at the beginning of the 2022/23 reporting year. The Executive Authority post was occupied in an acting capacity and a request for the post to be re-advertised and the appointment to be concluded by the new Minister has been made.

Reasons for vacancies not filled within twelve months

As above

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 and 31 March 2023**Reasons for vacancies not advertised within six months**

No steps taken during this period against SMS

Reasons for vacancies not filled within six months

No steps taken during this period against SMS

3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the regulations, all vacancies on salary levels nine and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2022 and 31 March 2023

Salary band	Number of posts on approved establishment	Number of Jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (levels 1-2)	2	-	0%	-	-	-	-
Skilled (levels 3-5)	3	-	0%	-	-	-	-
Highly skilled (levels 6-8)	12	-	0%	1	0%	-	-
Highly skilled supervision (levels 9-12)	10	-	0%	-	0%	-	-
Senior Management Service -band A	2	-	0%	-	-	-	-
Senior Management Service -band B	3	-	0%	-	-	-	-
Senior Management Service -band C	1	-	0%	-	-	-	-
Senior Management Service -band D	-	-	0%	-	-	-	-
Total	33	-	-	1	-	-	-

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the upgraded posts could also be vacant.

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	1	-	-	-	1
Male	-	-	-	-	-
Total	1	-	-	-	1

Employees with a disability

None

The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2022 and 31 March 2023

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
None	1	-	12	Grade progression
Total number of employees whose salaries exceeded the level determined by job evaluation				1
Percentage of total employed				3.03%

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2022 and 31 March 2023

Gender	African	Asian	Coloured	White	Total
Female	1	-	-	-	1
Male	-	-	-	-	-
Total	1	-	-	-	1
Employees with disability	-	-	-	-	-
Total number of Employees whose salaries exceeded the grades determine by job evaluation					1

3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2022 and 31 March 2023

Salary band	Number of employees beginning of period - 1 April 2022	Appointments and transfers into department	Terminations and transfers into the department	Turnover rate
Lower skilled (levels 1-2)	2	2	1	25.00%
Skilled (levels 3-5)	3	-	-	0.00%
Highly skilled (levels 6-8)	9	-	-	0.00%
Highly skilled supervision (levels 9-12)	9	1	-	0.00%
Senior Management Service - band A	2	-	-	0.00%
Senior Management Service - band B	3	-	-	0.00%
Senior Management Service - band C	-	-	-	0.00%
Senior Management Service - band B and D	-	-	-	0.00%
Total	28	3	1	3.23%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2022 and 31 March 2023

Critical occupation	Number of employees at beginning of period-April 2021	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
None	-	-	-	-

The table below identifies the major reasons why staff left the department.

Table 3.5.3 Reasons why staff left the department for the period 1 April 2022 and 31 March 2023

Termination Type	Number	% of Total Resignations
Death	-	0%
Resignation	1	100%
Expiry of contract	-	0%
Dismissal - operational changes	-	0%
Dismissal - misconduct	-	0%
Dismissal - inefficiency	-	0%
Discharged due to ill-health	-	0%
Retirement	-	0%
Transfer to other public service departments	-	0%
Other	-	0%
Total	1	100%
Total number of employees who left as a % of total employment¹	1%	3%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2022 and 31 March 2023

Occupation	Employees 1 April 2022	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
None	-	-	-	-	-

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
L15 Top management	-	-	-	-	-	-	-	-	
L13-14 Senior management	1	-	-	1	2	-	-	1	5
L9-12 Professionally qualified and experienced specialists and mid-management	5	-	-	-	5	-	-	-	10
L6-8 Skilled technical and academically qualified workers, junior management supervisors, foreman and superintendents	2	-	-	-	7	-	-	1	10
L3-5 Semi-skilled and discretionary decision making	2	-	-	-	1	-	-	-	3
L2 Unskilled and defined decision making	-	-	-	-	2	-	-	-	2
Total	10	-	-	1	17	-	-	2	30

Table 3.6.3 Recruitment for the period 1 April 2022 to 31 March 2023

[illegible]

Table 3.6.6 Disciplinary action for the period 1 April 2022 to 31 March 2023

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
None	-	-	-	-	-	-	-	-	-

Table 3.6.7 Skills development for the period 1 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
L13-16 Legislators, senior officials and managers	1	-	-	1	2	-	-	1	5
L9-12 Professionals	4	-	-	-	4	-	-	-	8
L6-8 Technicians and associates professionals	1	-	-	-	6	-	-	1	8
L3-5 Clerks	-	-	-	-	-	-	-	-	-
Senior and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
L2 Elementary occupations	1	-	-	-	2	-	-	-	3
Totals	7	-	-	1	14	-	-	2	24
Employees with disabilities	2	-	-	-	-	-	-	-	2

3.7. Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented below.

Table 3.7.1 Signing of performance agreements by SMS members as on 31 May 2023

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % total number of SMS members
Director-General/ head of department	1	-	-	0%
Salary level 16	-	-	-	0%
Salary level 15	-	-	-	0%
Salary level 14	3	3	3	100%
Salary level 13	2	2	2	100%
Total	6	5	5	100%

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2023

Reasons
Not applicable

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2023

Reasons
Not applicable

3.8. Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

Table 3.8.1 Performance rewards by race, gender and disability for the period 1 April 2022 to 31 March 2023

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	-	-	0%	-	
Female	-	-	0%	-	
Asian					
Male	-	-	0%	-	
Female	-	-	0%	-	
Coloured					
Male	-	-	0%	-	
Female	-	-	0%	-	
White					
Male	-	-	0%	-	
Female	-	-	0%	-	
Total	-	0		-	

Table 3.8.2 Performance rewards by salary band for personnel below SMS for the period 1 April 2022 to 31 March 2023

Salary band	Beneficiary Profile			Cost		Total
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employees	
Lower skilled (levels 1-2)	-	-	0%	-	0%	
Skilled (levels 3-5)	-	-	0%	-	0%	
Highly skilled production (levels 6-8)	-	-	0%	-	0%	
Highly skilled supervision levels 9-12)	-	-	0%	-	0%	
Total	-	-				

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2022 to 31 March 2023

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employees
Total	-	-	-	-	-

Table 3.8.4 Performance related rewards (cash bonus), by salary band for SMS for the period 1 April 2022 to 31 March 2023

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employees	
Band A	-	-	-	-	-	-
Band B	-	-	-	-	-	-
Band C	-	-	-	-	-	-
Band D	-	-	-	-	-	-
Total	-	-	-	-	-	-

3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

Table 3.9.1 Foreign workers by salary band for the period 1 April 2022 and 31 March 2023

Salary band	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	-	-	-	-	-	-
Highly skilled production (level. 6-8)	-	-	-	-	-	-
Highly skilled supervision (level. 9-12)	-	-	-	-	-	-
Contract (level 9-12)	-	-	-	-	-	-
Contract (level 13-16)	-	-	-	-	-	-
Total	-	-	-	-	-	-

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2022 and 31 March 2023

Major occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
-	-	-	-	-	-	-
-	-	-	-	-	-	-

3.10 Leave Utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

Table 3.10.1 Sick leave for the period 1 January 2022 to 31 December 2022

Salary band	Total number of days	% Days with medical certification	Number of employees using sick leave	% of total of employees using sick leave	Average days per employees	Estimated cost (R'000)
Lower skills (level 1-2)	22	27%	3	14%	7	10
Skilled (levels 3-5)	28	39%	3	11%	9	6
Highly skilled production (levels 6-8)	151	20%	8	5%	19	31
Highly skilled supervision (level 9-12)	16	13%	3	19%	5	165
Top and Senior Management (levels 13-16)	8	21%	4	50%	2	56
Total	225	27%	21	98%	42	268

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2022 to 31 December 2022

Salary band	Total number of days	% Days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skills (level 1-2)	-	-	-	0%	-	-
Skilled (levels 3-5)	-	-	-	0%	-	-
Highly skilled production (levels 6-8)	135	5	3	60%	1	36
Highly skilled supervision (level 9-12)	-	-	-	0%	-	-
Top and senior Management (levels 13-16)	-	-	-	0%	-	-
Total	135	5	3	60%	1	36

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2022 to 31 December 2022

Salary band	Total number of days taken	Number of employees using annual leave	Average per employee
Lower skills (level 1-2)	63	4	16
Skilled levels 3-5)	83	3	28
Highly skilled production (levels 6-8)	226	9	25
Highly skilled supervision (level 9-12)	192	10	19
Top and Senior Management (levels 13-16)	140	5	28
Total	704	31	116

Table 3.10.4 Capped leave for the period 1 January 2022 to 31 December 2022

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average days of days taken by employee	Average leave per employee as on 31 March 2023
Lower skilled (levels 1-2)	-	-	-	-
Skilled (levels 3-5)	-	-	-	-
Highly skilled production (levels 6-8)	-	-	-	-
Highly skilled supervision (levels 9-12)	-	-	-	-
Senior management (levels 13-16)	-	-	-	-
Total	-	-	-	-

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave payouts for the period 1 April 2022 and 31 March 2022

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2022/23 due to non-utilisation of leave for the previous cycle	66	1	66
Capped leave payouts on termination of service for 2022/23	-	-	-
Current leave payout on termination of service for 2022/23	-	-	-
Total	66	1	66

3.11 HIV/AIDS and Health Promotion Programmes

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
No employees were identified, the introduction of measure to protect HIV positive employees against discrimination.	None

Table 3.11.2 Details of health promotion and HIV and AIDS programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Chapter 4 part 3, regulation no. 55 of the Public Service Regulations, 2016? If so, provide her/his name and position.	√		Director: Corporate Services.
2. Does the department have a dedicated unit, or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		No dedicated unit but the functions is part of the Corporate Services.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/service of this Programme.	√		To raise awareness in relation to issues of health and promoting a healthy lifestyle.
4. Has the department established (a) committee(s) as contemplated in Chapter 4 part 3, regulation no. 55(2)(d) of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		√	No employees were identified; the establishment of a committee is not required.
5. Has the department reviewed its employment policies to ensure that these do not unfairly discriminates against employees based on their HIV status? If so, list the employments policies/ practices so reviewed.	√		New organisation, and caution was taken to this matter during the development of various policies
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of those measures.		√	No employees were identified, the introduction of measure to protect HIV -positive employees against discrimination.
7. Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you achieved.	√		Health screening conducted by GEMS.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		√	

3.12. Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2022 and 31 March 2023

Subject matter	Date
None	
Total number of disciplinary hearings finalised	None

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2022 and 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	-	-
Verbal warning	2	100%
Written warning	-	-
Final written warning	-	-
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
Total	2	100%

Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2022 and 31 March 2023

Type of misconduct	Number	% of Total
None	-	-

Table 3.12.4 Grievances logged for the period 1 April 2022 and 31 March 2023

Grievances	Number	% of total
Number of grievances resolved	-	-
Number of grievances not resolved	-	-
Total number of grievances lodged	-	-

Table 3.12.5 Disputes logged with Councils for the period 1 April 2022 and 31 March 2023

Disputes	Number	% of total
Number of disputes upheld	-	-
Number of disputes dismissed	-	-
Total number of disputes lodged	-	-

Table 3.12.6 Strike actions for the period 1 April 2022 and 31 March 2023

Total number of persons working days lost	-
Total costs working days lost	-
Amount recovered as a result of no work no pay (R'000)	-

Table 3.12.7 Precautionary suspensions for the period 1 April 2022 and 31 March 2023

Number of people suspended	-
Number of people whose suspension exceeded 30 days	-
Average number of days suspended	-
Cost of suspension(R'000)	-

3.13 Skills Development

This section highlights the efforts of the department with regard to skills development.

Table 3.13.1 Training needs identified for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
L13-16: Legislators, senior officials and managers	Female	3	-	24	-	24
	Male	2	-	15	-	15
L9-12: Professionals	Female	5	-	33	-	33
	Male	4	-	24	-	24
L6-8: Technicians and associate professionals	Female	7	-	43	-	43
	Male	2	-	20	-	20
L3-5: Clerks	Female	1	-	5	-	5
	Male	2	-	10	-	10
Service and sales workers	Female		-		-	-
	Male		-		-	-
Skilled agriculture and fishery workers	Female		-		-	-
	Male		-		-	-
Craft and related trades workers	Female		-		-	-
	Male		-		-	-
Plant and machine operators and assemblers	Female		-		-	-
	Male		-		-	-
L2: Elementary occupations	Female	2	-	14	-	14
	Male		-		-	-
Sub Total	Female	18	-		-	-
	Male	10	-		-	-
Total		28	-	188	-	188

Table 3.13.2 Training provided for the period 1 April 2022 and 31 March 2023

Occupational category	Gender	Number of employees as at 1 April 2022	Training needs identified at start of the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
L13-16: Legislators, senior officials and managers	Female	3	-	3	-	3
	Male	2	-	2	-	2
L9-12: Professionals	Female	4	-	-	-	-
	Male	6	-	3	-	3
L6-8: Technicians and associate professionals	Female	7	-	4	-	4
	Male	2	-	1	-	1
L3-5: Clerks	Female	1	-	-	-	-
	Male	2	-	-	-	-
Service and sales workers	Female		-		-	-
	Male		-		-	-
Skilled agriculture and fishery workers	Female		-		-	-
	Male		-		-	-
Craft and related trades workers	Female		-		-	-
	Male		-		-	-
Plant and machine operators and assemblers	Female		-		-	-
	Male		-		-	-
L2: Elementary occupations	Female	2	-	1	-	1
	Male		-		-	-
Sub Total	Female	17	-		-	17
	Male	12	-		-	12
Total		29	-	14	-	29

3.14 Injury on Duty

The following tables provide basic information on injury on duty.

Table 3.14.1 Injury on duty for the period 1 April 2022 and 31 March 2023

Nature of injury on duty	Number	% of Total
Required basic medical attention only	-	-
Temporary total disablement	-	-
Permanent disablement	-	-
Fatal	-	-
Total	-	-

3.15. Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations "consultant" means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task, which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Audit and Risk Committee Members for CPSI	3	1	34 309.00
Audit and Risk Committee Member for CPSI	1	1	25 107.95
Audit and Risk Committee Member for CPSI	1	1	21 521.10
Audit and Risk Committee Members for CPSI	3	1	34 309.00
Audit and Risk Committee Member for CPSI	1	1	25 107.95
Audit and Risk Committee Members for CPSI	3	1	21 521.10
Audit and Risk Committee Members for CPSI	3	1	68 618.00
Audit and Risk Committee Member for CPSI	1	1	10 760.55
Audit and Risk Committee Members for CPSI	3	1	18 714.00
Audit and Risk Committee Member for CPSI	1	1	56 142.00
Audit and Risk Committee Member for CPSI	1	1	25 107.95

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Audit and Risk Committee Members for CPSI	3	1	65 499.00
PILIR monthly HRM fees for May 2022 based on 26 heads at a unit price of R8.75	1	1	28 694.80
PILIR monthly HRM fees for July 2022 based on 26 heads at a unit price of R8.75	1	1	25 107.95
PILIR monthly HRM fees for August 2022 based on 26 heads at a unit price of R8.75	1	1	37 428.00
PILIR monthly HRM fees for April 2022 based on 26 heads at a unit price of R8.75	1	1	227.50
PILIR monthly HRM fees for June 2022 based on 26 heads at a unit price of R8.75	1	1	227.50
PILIR monthly HRM fees for September 2022 based on 26 heads at a unit price of R8.75	1	1	227.50
PILIR monthly HRM fees for October 2022 based on 26 heads at a unit price of R8.75	1	1	227.50
Review and development of ICT Governance	3	5 months	227.50
Review and development of ICT Governance	3	5 months	227.50
B-BBEE certificate issue	1	105	227.50
PILIR monthly HRM fees for November 2022 based on 26 heads at a unit price of R8.75	1	1	333 500.00
PILIR monthly HRM fees for December 2022 based on 26 heads at a unit price of R8.75	1	1	402 500.00
PILIR monthly HRM fees for January 2023 based on 26 heads at a unit price of R8.75	1	1	24 439.80
PILIR monthly HRM fees for February 2023 based on 26 heads at a unit price of R8.75	1	1	227.50
PILIR monthly HRM fees for March 2023 based on 26 heads at a unit price of R8.75	1	1	227.50
Review and development of ICT Governance	3	5 months	227.50
Qualitative assessment	5	5 months	227.50
Qualitative assessment	5	5 months	227.50
Sunward Park High School eLearning Solution replication project - Is this description correct)	3	12 months	135 700.00
Facilitation of the Design Thinking Workshop	1	2	247 184.00
Facilitation of the Design Thinking Workshop	1	4	274 777.00
Facilitation of the Design Thinking Workshop	1	2	300 000.00
Facilitation of the Design Thinking Workshop	1	2	60 000.00
Innovation and Design Thinking Workshops	1	2	80 000.00
Innovation and Design Thinking Workshops	1	2	40 000.00
Innovation and Design Thinking Workshops	1	2	60 000.00
Marque and décor for Youth Day celebrations in Umtata	8	2	60 000.00

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
9.00	74	147	2 589 673

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Review and development of ICT Governance	100%	100%	1.00
Review and development of ICT Governance	100%	100%	1.00
B-BBEE certificate issue	51%	51%	1.00
Review and development of ICT Governance	100%	100%	3.00
Qualitative assessment	20%	20%	1.00
Qualitative assessment	20%	20%	1.00
Sunward Park High School eLearning Solution replication project - Is this description correct)	100%	100%	3.00
Facilitation of the Design Thinking Workshop	100%	100%	1.00
Facilitation of the Design thinking Workshop	100%	100%	1.00
Facilitation of the Design Thinking Workshop	100%	100%	1.00
Facilitation of the Design Thinking Workshop	100%	100%	1.00
Innovation and Design Thinking Workshops	100%	100%	1.00
Innovation and Design Thinking Workshops	100%	100%	1.00
Innovation & Design Thinking Workshops	100%	100%	1.00
Marque and décor for Youth Day celebrations in Umtata	100%	100%	8%

Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2022 and 31 March 2023

Project title	Total number of consultants that worked on the project	Duration (work days)	Donor and contract value in Rand
-	-	-	-
Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
-	-	-	-

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDI) for the period 1 April 2022 and 31 March 2023

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
None	-	-	-

3.16. Severance Packages

The following tables provide basic information on injury on duty.

Table 3.16.1 Granting of employee-initiated severance packages for the period 1 April 2022 and 31 March 2023

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (levels 1-2)	-	-	-	-
Skilled Levels 3-5)	-	-	-	-
Highly skilled production (levels 6-8)	-	-	-	-
Highly skilled supervision (levels 9-12)	-	-	-	-
Senior management (levels 13-16)	-	-	-	-
Total	-	-	-	-

PART:

E

**PFMA
COMPLIANCE
REPORT**



1

IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES



1.1 Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance		
Add: Irregular expenditure confirmed	231	63
Less: Irregular expenditure condoned		
Less: Irregular expenditure not condoned and removed	(231)	(63)
Less: Irregular expenditure recoverable		
Less: Irregular expenditure not recovered and written off		
Closing balance	-	-

Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	-	63
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	231	-
Total	231	63

b) Details of current and previous year irregular expenditure condoned

During the 2022/23 financial year, the CPSI had one incident of irregular expenditure amounting to R231 918.76. The Irregular expenditure relates to VOIP and connectivity services, which could not be discontinued without having a significant negative impact on the organisation's capacity to maintain access to the SITA's transversal system. No evidence of fraudulent, corruption, or criminal related act could be determined. A verbal warning was issued to the programme and project manager concerned to prevent a repeat of the incident. The Accounting Officer removed the irregular expenditure in line with the Irregular Expenditure Framework issued in terms of the Treasury Instruction 02 of 2019/2020, paragraph 57, 58 and 59.

1.2. Fruitless and wasteful expenditure

a) Reconciliation of fruitless and wasteful expenditure

Description	2022/23	2021/22
	R'000	R'000
Opening balance		
Add: Fruitless and wasteful expenditure confirmed		6
Less: Fruitless and wasteful expenditure condoned		
Less: Fruitless and wasteful expenditure not condoned and removed		(6)
Less: Fruitless and wasteful expenditure recoverable		
Less: Fruitless and wasteful expenditure not recovered and written off		
Closing balance	-	-

Reconciling notes

Description	2022/23	2021/22
	R'000	R'000
fruitless and wasteful expenditure that was under assessment in 2021/22	-	6
fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
fruitless and wasteful expenditure for the current year	-	-
Total	-	6

A payment was identified as fruitless and wasteful expenditure in terms of Treasury Regulations and Fruitless and Wasteful Expenditure Framework of 2019/20. The Supply Chain Management Officer solicited a bribe from the service provider to increase the quotation amount. The transgression resulted in the CPSI suffering a loss. Fraudulent, corrupt, or criminal acts were identified and the disciplinary action that ensued resulted in the dismissal of the responsible employee.

The fruitless and wasteful expenditure was written off in accordance with Treasury Regulations chapter 11, paragraph 11.4. In addition, the debt was prescribed in terms of Prescription Act 68 of 1969 and therefore could not be recovered through legal processes.

2

LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	2022/23	2021/22
	R'000	R'000
Irregular expenditure that was under assessment in 2021/22	-	6
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular expenditure for the current year	-	-
Total	-	6

During the period under review, the department processed 495 invoices of which none were recorded as having exceeded 30 days.

3

SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Iqual.Net Licence	Predicate Logistics	Sole supplier	OR-000559	R119 076.00
IT Bandwidth, Web & Domain Hosting Services	Mobile Telephone Networks	Written price quotations from the Transversal Contract	OR-000590	R636 975.32
Attendance of Drone Expo / Workshop	QP Drone Tech	Single source, workshop	OR-000586	R24 000.00
Biometric fingerprint scanners with reports (replication project in a mortuary)	Ominisol Information Technology	Written price quotations	OR-000603	R88 553.10
Catering services	Titlonyeni Catering Services	Emergency	OR-000593	R6 275.55
Total				R874 879.97



PART:

F

**FINANCIAL
INFORMATION**



1

REPORT OF THE AUDITOR-GENERAL

Report of the Auditor-General to Parliament on Vote 11: Centre for Public Service Innovation

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

1. I have audited the financial statements of the Centre for Public Service Innovation (CPSI) set out on pages 100 to 130, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position for the Centre for Public Service Innovation as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS), as prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the Centre for Public Service Innovation (CPSI) in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

UNAUDITED SUPPLEMENTARY SCHEDULES

7. The supplementary information set out in **pages 131 - 132** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

NATIONAL TREASURY INSTRUCTION NO. 4 OF 2022/2023: PFMA COMPLIANCE AND REPORTING

8. On 23 December 2022 the National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in **note 19** to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the Centre for Public Service Innovation (CPSI). The disclosure of these movements (e.g., condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.
9. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the government component's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the government component or to cease operations or has no realistic alternative but to do so.

RESPONSIBILITIES OF THE AUDITOR-GENERAL FOR THE AUDIT OF THE FINANCIAL STATEMENTS

12. My objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the annual performance report

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
15. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected a programme that measures the government component's performance on its primary mandated functions and that is of significant national, community or public interest.

Programme	Pages in the annual performance report	Purpose
Programme 2 — Public Sector Innovation	30 – 39	Drives service delivery innovation in the public sector in line with government priorities

16. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the government component's planning and delivery on its mandate and objectives.
17. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the government component's mandate and the achievement of its planned objectives.
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently, and that I can confirm the methods and processes to be used for measuring achievements.
 - the targets linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents.
 - the reported performance information is presented in the annual performance report in the prescribed manner.
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
18. I performed the procedures for the purpose of reporting material findings only.
19. I did not identify any material findings on the reported performance information for the selected material performance indicators.

Other matter

20. I draw attention to the matter below:

ACHIEVEMENT OF PLANNED TARGETS

21. The annual performance report includes information on reported achievements against planned targets and provides explanations for over-achievement. This information should be considered in the context of the material findings on the reported performance information.

REPORT ON COMPLIANCE WITH LEGISLATION

22. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the government component's compliance with legislation.
23. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
24. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of government component, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
25. I did not identify any material non-compliance with the selected legislative requirements.

OTHER INFORMATION IN THE ANNUAL REPORT

26. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
27. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
28. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. Internal control deficiencies.

INTERNAL CONTROL DEFICIENCIES

29. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
30. I did not identify any significant deficiencies in internal control.

Auditor General

Pretoria
31 July 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the Auditor's Report

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

PROFESSIONAL JUDGEMENT AND PROFESSIONAL SCEPTICISM

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the government component's compliance with selected requirements in key legislation.

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the government component's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the government components to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a government component to cease operating as a going concern.
- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

COMPLIANCE WITH LEGISLATION – SELECTED LEGISLATIVE REQUIREMENTS

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	PFMA 40(1)(c)(i)
	PFMA 40(1)(b)
	PFMA 40(1)(a)
	PFMA 38(1)(c)(ii)
	PFMA 38(1)(d)
	PFMA 38(1)(d)
Treasury Regulations	TR 18.2
	TR 19.8.4
	TR 17.1.1
	TR 9.1.1
	TR 8.1.1
	TR 8.2.3
	TR 15.10.1.2(c)
	TR 16A.7.1
	TR 19.6.1
	TR 16A.7.6
	TR 16A.7.7
	TR 10.1.1(a)
	TR 10.1.1(a)
	TR 10.1.2
	TR 5.1.1
	TR 5.2.1
	TR 5.2.3(d)
	TR 5.3.1
	TR 4.1.1
	TR 16A9.1(b)(ii)
	TR 16A9.1(e)
	TR 16A9.1(f)
Public Service Regulation	PSR 25(1)(e)(i) and (iii)

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**ANNUAL
FINANCIAL
STATEMENTS FOR
GOVERNMENT
COMPONENT: CENTRE
FOR PUBLIC SERVICE
INNOVATION****CONTENTS**

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APPROPRIATION STATEMENT

for the year ended 31 March 2023

Appropriation per programme

Programme	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	25 176	-	(1 060)	24 116	20 426	3 690	84.7%	20 149	16 963
2. Public Sector Innovation	19 869	-	1 060	20 929	20 100	829	96.0%	21 304	16 817
Total	45 045	-	-	45 045	40 526	4 519	90.0%	41 453	33 780
Departmental receipts				4				6	
Aid assistance				-				-	
Actual amounts per Statement of Financial Performance (Total Revenue)				45 049				41 459	
Actual amounts per Statement of Financial Performance Expenditure					40 526				33 780

APPROPRIATION STATEMENT

for the year ended 31 March 2023

Appropriation per economic classification

Programme	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	43 565	(832)	-	42 733	38 219	4 514	89.4%	38 396	31 883
Compensation of employees	25 077	-	-	25 077	20 651	4 426	82.4%	22 188	19 119
Goods and services	18 488	(832)	-	17 656	17 568	88	99.5%	16 208	12 764
Transfers and subsidies	1	-	-	1	-	1	0.0%	1	-
Departmental agencies and accounts	1	-	-	1	-	1	0.0%	1	-
Payments for capital assets	1 479	832	-	2 311	2 307	4	99.8%	3 050	1 892
Machinery and equipment	1 479	572	-	2 051	2 048	3	99.9%	2 328	1 170
Software and other intangible assets	-	260	-	260	259	1	99.6%	722	722
Payment for financial assets	-	-	-	-	-	-	-	6	5
Total	45 045	-	-	45 045	40 526	4 519	90.0%	41 453	33 780

APPROPRIATION STATEMENT

for the year ended 31 March 2023

PROGRAMME 1: ADMINISTRATION

Sub programme	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. EXECUTIVE SUPPORT	4 890	(8)	(500)	4 382	1 801	2 581	41.1%	3 214	1 631
2. CORPORATE SERVICES	13 456	266	(560)	13 162	12 493	669	94.9%	10 895	10 089
3. OFFICE OF THE CHIEF FINANCIAL OFFICER	6 830	(258)	-	6 572	6 132	440	93.3%	6 040	5 243
Total	25 176	-	(1 060)	24 116	20 426	3 690	84.7%	20 149	16 963

Economic classification	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	23 766	(654)	(1 060)	22 052	18 366	3 686	83.3%	17 921	15 130
Compensation of employees	12 956	-	-	12 956	9 282	3 674	71.6%	10 774	8 520
Goods and services	10 810	(654)	(1 060)	9 096	9 084	12	99.9%	7 147	6 610
Transfers and subsidies	1	-	-	1	-	1	0.0%	1	-
Departmental agencies and accounts	1	-	-	1	-	1	0.0%	1	-
Payments for capital assets	1 409	654	-	2 063	2 060	3	99.9%	2 227	1 833
Machinery and equipment	1 409	394	-	1 803	1 801	2	99.9%	1 505	1 111
Software and other intangible assets	-	260	-	260	259	1	99.6%	722	722
Total	25 176	-	(1 060)	24 116	20 426	3 690	84.7%	20 149	16 963

APPROPRIATION STATEMENT

for the year ended 31 March 2023

PROGRAMME 2: PUBLIC SECTOR INNOVATION

Sub programme	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. RESEARCH AND DEVELOPMENT	6 571	(482)	-	6 089	5 517	572	90.6%	6 607	4 602
2. INSTITUTIONAL SUPPORT AND REPLICATION	4 806	482	-	5 288	5 272	16	99.7%	5 132	4 955
3. ENABLING ENVIRONMENTAL AND STAKEHOLDER MANAGEMENT	8 492	-	1 060	9 552	9 311	241	97.5%	9 565	7 260
Total	19 869	-	1 060	20 929	20 100	829	96.0%	21 304	16 817

Economic classification	2022/23							2021/22	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	19 799	(178)	1 060	20 681	19 853	828	96.0%	20 475	16 753
Compensation of employees	12 121	-	-	12 121	11 369	752	93.8%	11 414	10 599
Goods and services	7 678	(178)	1 060	8 560	8 484	76	99.1%	9 061	6 154
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-	-
Payments for capital assets	70	178	-	248	247	1	99.6%	823	59
Machinery and equipment	70	178	-	248	247	1	99.6%	823	59
Payment for financial assets	-	-	-	-	-	-	-	6	5
Total	19 869	-	1 060	20 929	20 100	829	96.0%	21 304	16 817

NOTES TO THE APPROPRIATION STATEMENT

for the year ended 31 March 2023

1. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

2. Explanations of material variances from Amounts Voted (after Virement):

During the period under review, a total virement of R1.553 million was required from programme 1: Administration to programme 2: Public Sector Innovation. R493 000 was shifted during the 2022 Adjusted Estimates of National Expenditure (AENE) whereas R1.060 million was shifted post AENE. Savings from programme 1 were mainly from expenses related to a planned move to new office accommodation. Savings were shifted to Program 2 to fund the Awards Programme, CPSI 20th anniversary celebration and the Public Sector Innovation Awards Finalists' Workshop costs.

2.1. Per programme:

Per programme:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	24 116	20 426	3 690	15.3%
Public Sector Innovation	20 929	20 100	829	4.0%
Total	45 045	40 526	4 519	10.0%

Per economic classification:	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current expenditure	42 733	38 219	4 514	10.6%
Compensation of employees	25 077	20 651	4 426	17.6%
Goods and services	17 656	17 568	88	0.5%
Transfers and subsidies	1	-	1	100.0%
Departmental agencies and accounts	1	-	1	100.0%
Payments for capital assets	2 311	2 307	4	0.2%
Machinery and equipment	2 051	2 048	3	0.1%
Software and other intangible assets	260	259	1	0.4%
Payments for financial assets	-	-	-	
Total	45 045	40 526	4 519	10.0%

The remaining budget of R3.690 million under programme 1 is mainly on compensation of employees due to vacant posts in the department. The underspending will be surrendered to the fiscus..

The lower than anticipated remaining budget of R829 000 under programme 2 is mainly on Compensation of Employees. The remaining underspending on goods and services amounted to R76 000 and will be surrendered to the fiscus.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
REVENUE			
Annual appropriation	1	45 045	41 453
Departmental revenue	2	4	6
TOTAL REVENUE		45 049	41 459
EXPENDITURE			
Current expenditure			
Compensation of employees	3	20 651	19 119
Goods and services	4	17 568	12 764
Total current expenditure		38 219	31 883
Transfers and subsidies			
Transfers and subsidies	7	-	-
Total transfers and subsidies			
Expenditure for capital assets			
Tangible assets	6	2 047	1 170
Intangible assets	6	260	722
Total expenditure for capital assets		2 307	1 892
Payments for financial assets			
	5	-	5
TOTAL EXPENDITURE		40 526	33 780
SURPLUS FOR THE YEAR		4 523	7 679
Reconciliation of Net Surplus for the year			
Voted Funds		4 519	7 673
Annual appropriation		4 519	7 673
Departmental revenue and NRF Receipts	11	4	6
SURPLUS FOR THE YEAR		4 523	7 679

STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
ASSETS			
Current Assets		4 565	7 676
Cash and cash equivalents	7	4 511	7 617
Prepayments and advances	8	51	22
Receivables	9	3	37
TOTAL ASSETS		4 565	7 676
LIABILITIES			
Current Liabilities		4 565	7 676
Voted funds to be surrendered to the Revenue Fund	10	4 519	7 673
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		1	-
Payables	12	45	3
TOTAL LIABILITIES		4 565	7 676
NET ASSETS		-	-
TOTAL		-	-

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2023

NET ASSETS		2022/23	2021/22
	Note	R'000	R'000
Capitalisation Reserves			
Opening balance		-	-
Closing balance		-	-
Recoverable revenue			
Opening balance		-	-
Closing balance		-	-
Retained funds			
Opening balance		-	-
Closing balance		-	-
Revaluation Reserves			
Opening balance		-	-
Closing balance		-	-
TOTAL		-	-

CASH FLOW STATEMENT

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		45 049	41 459
Annual appropriated funds received	1	45 045	41 453
Departmental revenue received	2	4	6
Net decrease/ (increase) in working capital		47	(16)
Surrendered to Revenue Fund		(7 676)	(7 309)
Current payments		(38 219)	(31 883)
Payments for financial assets		-	(5)
Net cash flow available from operating activities	13	(799)	2 246
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	6	(2 307)	(1 892)
Net cash flows from investing activities		(2 307)	(1 892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities		-	-
Net increase/ (decrease) in cash and cash equivalents		(3 106)	354
Cash and cash equivalents at beginning of period		7 617	7 263
Cash and cash equivalents at end of period	14	4 511	7 617

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1.	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2.	Going concern The financial statements have been prepared on a going concern basis.
3.	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4.	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
5.	Comparative information
5.1.	Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary, figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
5.2.	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
6.	Revenue
6.1.	Appropriated funds Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. Appropriated funds are measured at the amounts receivable. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

6.2.	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Departmental revenue is measured at the cash amount received.</p> <p>In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.	Expenditure
7.1.	Compensation of employees
7.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
7.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
7.2.	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalization threshold.</p> <p>Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.</p>
7.3.	<p>Accruals and payables not recognized</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
7.4.	Leases
7.4.1.	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
7.4.2.	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

8.	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
9.	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> <p>Prepayments (not expensed) to non-governmental entities are made in advance due to a contractual obligation and are expensed on receipt of appropriated funds or from the relevant Aid Assistant, where applicable.</p> <p>Prepayments (expensed) to suppliers are made from budgeted funds and recognised from the first day of the next month of which the payments were processed for the duration of the prepaid good or services. The expenditure related to the prepayments is expensed at the end of each quarter of the financial year.</p>
10.	<p>Receivables</p> <p>Receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
11.	<p>Financial assets</p>
11.1.	<p>Financial assets (not covered elsewhere)</p> <p>A financial asset is recognised initially at its cost-plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
12.	<p>Payables</p> <p>Payables recognized in the statement of financial position are recognized at cost.</p>
13.	<p>Capital Assets</p>
13.1.	<p>Immovable capital assets</p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition.</p> <p>Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

13.2.	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
13.3.	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
14.	<p>Provisions and Contingents</p>
14.1.	<p>Capital commitments</p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
15.	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of:</p> <ul style="list-style-type: none"> • fruitless and wasteful expenditure that was under assessment in the previous financial year; • fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • fruitless and wasteful expenditure incurred in the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

16.	<p>Irregular expenditure</p> <p>Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable.</p> <p>Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of:</p> <ul style="list-style-type: none"> • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.
17.	<p>Changes in accounting estimates and errors</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
18.	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements.</p> <p>The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
19.	<p>Related party transactions</p> <p>Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.</p>
20.	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note.</p> <p>Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date.</p> <p>The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
21.	<p>Broad Based Black Economic Empowerment Performance</p> <p>Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.</p>
22.	<p>COVID-19 Expenditure</p> <p>COVID-19 expenditure is an extraction of expenditure reported as Goods and Service that relates to the COVID-19 pandemic. The amount disclosed in the COVID-19 response expenditure note includes all COVID-19 response expenditure. Examples of COVID-19 response expenditure include payments to contractors specifically appointed to address COVID-19 matters and, sanitizers bought by the department for use by individuals at its premises.</p>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

1. Annual Appropriation

Programmes	2022/23			2021/22		
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Final Appropriation	Appropriation Received	Funds not requested/ not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	24 116	24 116	-	20 149	20 149	-
Public Sector Innovation	20 929	20 929	-	21 304	21 304	-
Total	45 045	45 045	-	41 453	41 453	-

2. Departmental revenue

Sales of goods and services other than capital assets	2.1	4	4
Transactions in financial assets and liabilities	2.2	-	2

Departmental revenue collected

4	6
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2.1. Sales of goods and services other than capital assets

2

Sales of goods and services produced by the department	4	4
Other sales	4	4

Total

4	4
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2.2. Transactions in financial assets and liabilities

2

Other Receipts, including Recoverable Revenue	-	2
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Total

-	2
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Departmental receipts were generated from the commission on insurance. Due to the nature of the activities undertaken by the Organisation, the core function of the CPSI is not to collect revenue.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

		2022/23	2021/22
		R'000	R'000
2.3. Donations received in kind (not included in the main note) (Treasury Regulation 21.2.4)			
Government Employees Medical Scheme	Annexure 1(A)	170	150
Ikasi Solutions	Annexure 1(A)	10	10
PURA Beverage Company	Annexure 1(A)	-	15
SA-EU Dialogue Programme	Annexure 1(A)	142	-
MTN foundation	Annexure 1(A)	50	-
KM Services	Annexure 1(A)	10	-
African Association for Public Administration and Management (AAPAM)	Annexure 1(A)	24	-
Total		406	175
3. Compensation of employees			
3.1. Salaries and Wages			
Basic salary		13 456	12 252
Performance award		-	110
Service Based		65	45
Compensative/circumstantial		114	102
Other non-pensionable allowances		4 579	4 497
Total		18 214	17 006
3.2. Social Contributions			
Employer contributions			
Pension		1 705	1 474
Medical		729	636
Bargaining council		3	3
Total		2 437	2 113
Total compensation of employees		20 651	19 119
Average number of employees		30	28

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
4. Goods and services			
Administrative fees			85
Advertising		491	1 077
Minor assets	4.1	106	122
Bursaries (employees)		170	-
Catering		694	12
Communication		405	280
Computer services	4.2	2 042	1 461
Consultants: Business and advisory services		2 138	2 012
Contractors		1 127	825
Audit cost – external	4.3	1 228	1 154
Consumables	4.4	1 370	1 717
Operating leases		2 138	2 027
Property payments	4.5	-	1
Rental and hiring		55	-
Travel and subsistence	4.6	3 284	937
Venues and facilities		1 445	655
Training and development		319	287
Other operating expenditure	4.7	364	112
Total		17 568	12 764
4.1. Minor assets	4		
Tangible assets		106	122
Machinery and equipment		106	122
Total		106	122
4.2. Computer services	4		
SITA computer services		340	345
External computer service providers		1 702	1 116
Total		2 042	1 461
4.3. Audit cost – External	4		
Regularity audits		1 228	1 154
Total		1 228	1 154

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
4.4. Consumables	4		
Consumable supplies		1 052	1 297
Household supplies		40	100
IT consumables		216	85
Other consumables		796	1 112
Stationery, printing and office supplies		318	420
Total		1 370	1 717
4.5. Property payments	4		
Municipal services		-	1
Total		-	1
4.6. Travel and subsistence	4		
Local		3 158	721
Foreign		126	216
Total		3 284	937
4.7. Other operating expenditure	4		
Other		364	112
Total		364	112
4.8. Remuneration of members of a commission or committee (Included in Consultants: Business and advisory services) [Treasury Regulation 20.2.4]			
Audit and Risk Committee	4	417	260
Total		417	260

Payments were made to four members of the Audit and Risk Committee as at 31 March 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Item	2022/23 R'000	2021/22 R'000	Explainer Notes
• Administrative fees	192	85	The expenditure relates to bank charges and travel management fees. The increase was higher in 2022/23 than in 2021/22 due to relaxed Covid-19 restrictions, which increased travel.
• Advertising	491	1 077	Procurement for 2022/23 includes notebooks, pens, bags, lanyards and re-advertisement of the vacant Executive Director's post in national newspapers. 2021/22 expenditure relates to procuring promotional mugs, ball pens, t-shirts, water bottles, and branded hoodies. The advertisement of the vacant Executive Director's post in national newspapers further contributed to increased expenditure in 2021/22.
• Minor assets	106	122	The procurement in 2022/23, which was on par with 2021/22, includes keyboards, computer mice, USB external, and hard disk Seagate. These items are not recurring procurement, and expenditures will differ yearly.
• Catering	694	12	The expenditure for 2022/23 relates to the: Public Sector Innovation Conference, design thinking workshops, 2022 Awards programme and CPSI 20 years' celebration. The expenditure for 2020/21 relates to the 2021 Awards ceremony.
• Bursaries	170	-	The 2022/23 financial year marks the first year of granting bursaries to employees after the approval of the bursary policy. The expenditure for 2022/23 relates to bursaries awarded to five CPSI officials. Two were awarded the bursary to further their studies and pursue a degree in Financial Management, while the other three officials received bursaries to pursue a higher certificate in Information Technology, a B-Com degree in SCM and an Honours degree in Human Resource Management respectively.
• Communication	405	280	Communication expenditure relates to the approved cell phone and data allowances to MMS and SMS and usage of landline telephones by all CPSI staff. The communication allowances were higher in 2022/23 due to a once-off setup and installation of landline telephones for CPSI staff.
• Computer services	2 042	1 461	Transversal system usage determines SITA cost and payment for using Microsoft licenses. The increase in 2022/23 is mainly due to the annual payment increase for SCM supplier's system (Iqual), Microsoft and antivirus support.
• Consultants: Business and advisory services	2 138	2 012	The 2022/23 expenditure mainly relates to the development of ICT governance (R999 350), Public Sector Innovation (PSI) survey study (R521 961), ARC members (R417 000), the eLearning replication projects (R300 000) and B-BBEE certificate (R24 440). The 2021/22 expenditure related to ARC members (R260 000), the appointment of a B-BBEE accredited company (R30 000), the CPSI feasibility study conducted by WITS (R491 000) and the eLearning replication projects (R940 000).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

Item	2022/23 R'000	2021/22 R'000	Explainer Notes
• Contractors	1 127	825	Expenditure for 2022/23 includes the Audio Visual and DJ for the Awards Programme (R615 549), facilitation of the innovation and design thinking workshops (R420 000) and computer maintenance (R60 092). Expenditure for 2021/22 includes the Wellness Company performing Covid-19 pre-screening services (R46 000), the facilitation of design thinking workshops (R353 000) and the hiring of audio-visual technicians and equipment, MC and DJ (R491 000).
• Audit cost – external	1 228	1 154	The expenditure relates to the audit cost of the 2022/23 and 2021/22 financial statements, which aligned with the audit strategy.
• Consumables	1 370	1 717	Expenditures for 2022/23 include procurement of cleaning materials, stationery, printing paper and cartridges for use in the office. Gifts and awards include the procurement of trophies and prize money to award winners for the 2022 CPSI Awards and the procurement of replication project goods. Expenditures for 2021/22 include printing paper, stationery replacements, gifts, and awards.
• Operating leases	2 138	2 027	Four quarterly accommodation lease payments were paid to DPSA for 2022/23 and 2021/22.
• Property payments	-	1	Expenditure in 2021/22 relates to an electricity account from DPWI of the previous accommodation premises.
• Travel and subsistence	3 284	937	Expenditure for 2022/23 included travelling for call for entries, Public Sector Innovation Conference, design thinking workshops, Awards Programme and CPSI 20 years' celebration, project site visits, and foreign travelling for three officials. The 2022/23 expenditure increased significantly compared to 2021/22 due to the easing of the national lockdown restriction. The 2021/22 expenditure included the foreign travelling of two employees.
• Venues and facilities	1 445	655	The 2022/23 expenditure on venues and facilities mainly relates to the Public Sector Innovation Conference and Awards Programme. The expenditure for 2021/22 relates to the workshop held for finalists, hackathons, security cluster meetings, adjudication workshops and the 2021 CPSI Awards venue.
• Training and development	319	287	Expenditure for 2022/23 included cyber awareness training, GovTech, drone expo workshop, and attendance of Agile Project Management and practical legal training courses by two CPSI employees.
• Other operating expenditure	364	112	The 2022/23 expenditure relates to photocopier cost, courier services, the printing of the CPSI 20 years' celebration booklet, Annual Performance Plan and the Annual Report. Expenditure for 2021/22 relates to copy charges and printing of the Annual Report.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
5. Payments for financial assets			
Debts written off	5.1	-	5
Total		-	5
Debts written off			
Damage vehicle written - off	5	-	5
Total debt written off		-	5

One debt of an employee was written off in 2021/22. No negligence by the employee could be proven when the damages to the hired vehicle were incurred and the debt was written off in terms of the requirements of the Treasury Regulations.

		2022/23	2021/22
	Note	R'000	R'000
6. Expenditure for capital assets			
Tangible assets		2 047	1 170
Machinery and equipment	22	2 047	1 170
Intangible assets		260	722
Software	23	260	722
Total		2 307	1 892

6.1. Analysis of funds utilized to acquire capital assets – 2022/23

	Voted Funds	Aid assistance	TOTAL
Tangible assets	2 047	-	2 047
Machinery and equipment	2 047	-	2 047
Intangible assets	260	-	260
Software	260	-	260
Total	2 307	-	2 307

6.2. Analysis of funds utilized to acquire capital assets – 2021/22

	Voted Funds	Aid assistance	TOTAL
Tangible assets	1 170	-	1 170
Machinery and equipment	1 170	-	1 170
Intangible assets	722	-	722
Machinery and equipment	722	-	722
Total	1 892	-	1 892

Expenditure in 2022/23 was mainly for the procurement of servers (R866 000), laptops (R330 000), software (R260 000), office equipment (R234 000), computer desktops (R218 000), screen filters (R104 000), office furniture (R42 000), tablets (R35 000), kitchen appliances (R34 000) and the capital cost of the finance leases for the photocopier machines (R87 000).

Expenditure in 2021/22 was mainly for the procurement of software (R722 000), laptops (R720 000), security equipment (R261 000), scanners (R23 000), office furniture (R15 000), tablets (R20 000) and the capital cost of the finance leases for the photocopier machines (R94 000).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
6.3. Finance lease expenditure included in Expenditure for capital assets			
Tangible assets			
Machinery and equipment		87	94
Total		87	94
7. Cash and cash equivalents			
Consolidated Paymaster General Account		4 501	7 607
Cash on hand		10	10
Total		4 511	7 617
8. Prepayments and advances			
Travel and subsistence		51	22
Total		51	22
Analysis of Total Prepayments and advances			
Travel and subsistence		51	22
Total		51	22

Three travel and subsistence advances were issued to officials travelling abroad in the 2022/23 and two in 2021/22 financial year.

8.1. Prepayments (Expensed)

	Balance as at 1 April 2022	Less: Received in the current year	Add/Less: Other	Add: Current Year prepayments	Amount as at 31 March 2023
	R'000	R'000	R'000	R'000	R'000
Goods and services	579	(723)	-	174	30
Capital assets	640	(246)	-	259	653
Total	1 219	(969)	-	433	683

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	'Balance as at 1 April 2021	Less: Received in the current year	Add/Less: Other	Add: Current Year prepayments	Amount as at 31 March 2022
Prepayments (Expensed)	R'000	R'000	R'000	R'000	R'000
Goods and services	29	(370)	-	920	579
Capital assets	17	(99)	-	722	640
Total	46	(469)	-	1 642	1 219

The 2022/23 prepayments (expensed) increased due to the procurement of software licenses that will be expensed over a 12, 24 or 36-month period. Prepayments (expensed) to suppliers are made from appropriated funds and recognised from the first day of the following month, of which the payments were processed for the duration of the prepaid good or services.

9. Receivables

	Note	2022/23			2021/22		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	9.1	-	-	-	30	-	30
Recoverable expenditure	9.2	3	-	3	7	-	7
Total		3	-	3	37	-	37

	Note	2022/23	2021/22
		R'000	R'000
9.1. Claims Recoverable	9		
National departments	Annexure 2	-	30
Total		-	30
9.2. Recoverable expenditure	9		
SARS reversals of over deductions		3	7
Total		3	7

2022/23 - Includes recoverable expenditure of R3 000 from SARS

2021/22 - Included departmental claim to the department of Public Service and Administration as well as recoverable expenditure of R7 000 from SARS.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
10. Voted funds to be surrendered to the Revenue Fund			
Opening balance		7 673	7 303
Transfer from statement of financial performance (as restated)		4 519	7 673
Paid during the year		(7 673)	(7 303)
Closing balance		4 519	7 673
11. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund			
Transfer from Statement of Financial Performance (as restated)		4	6
Paid during the year		(3)	(6)
Closing balance		1	-
12. Payables – current			
Clearing accounts	12.1	45	3
Total		45	3
12.1. Clearing accounts			
Salaries: Income Tax		34	2
Salaries: Pension		11	1
Total		45	3
13. Net cash flow available from operating activities			
Net surplus as per Statement of Financial Performance		4 523	7 679
Add back non cash/cash movements not deemed operating activities		(5 322)	(5 433)
Decrease in receivables		34	56
Decrease in prepayments and advances		(29)	(22)
Increase/(decrease) in payables – current		42	(50)
Expenditure on capital assets		2 307	1 892
Surrenders to Revenue Fund		(7 676)	(7 309)
Net cash flow generated by operating activities		(799)	2 246

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
14. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster General account		4 501	7 607
Cash on hand		10	10
Total		4 511	7 617
15. Capital Commitments			
Machinery and equipment		274	1 097
Total		274	1 097

Orders for monitors, repeater network extender, speakers for online meetings and camera, video for conference not delivered by the service providers by 31 March 2023.

16. Accruals and payables not recognized

16.1. Accruals

Listed by economic classification	2022/23			2021/22
	30 days	30+ days	Total	Total
Goods and services	378	-	378	93
Capital assets	190	-	190	-
Total	568	-	568	93

Listed by programme level	Note	2022/23	2021/22
		R'000	R'000
Administration		564	26
Public Sector Innovation		4	67
Total		568	93

Included in the above totals are the following:

Confirmed balances with departments	Annexure 3	326	-
Total		326	-

The accruals include a payment for Microsoft licences, bank cost, courier services, photocopier rental and charges, cell phone and telephone costs, computer equipment, travel and subsistence cost and courier services. The accruals are unique to each financial year, depending on the type of expenditure and the date of receipt of the invoices.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

		2022/23	2021/22
	Note	R'000	R'000
17. Employee benefits			
Leave entitlement		918	920
Service bonus		661	590
Capped leave		79	77
Other		22	-
Total		1 680	1 587

Leave entitlement calculated from information on Persal.

Service bonus liability for the 2022/23 year – information extracted from Persal.

An amount of R4 151.40 relating to vacation leave taken in advance by employees is included in the disclosure.

Two 20-year long service awards are payable during the 2023/24 financial year.

18. Lease commitments

18.1. Operating leases

2022/23	Specialized military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	2 250	-	2 250
Later than 1 year and not later than 5 years	-	-	2 373	-	2 373
Total lease commitments	-	-	4 623	-	4 623

The CPSI occupies office space at the DPSA at cost as per the lease agreement between DPSA and DPWI. The CPSI is currently in discussion with DPWI to secure alternative office space, but no formal contracts are in place on the date of reporting.

2021/22	Specialized military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	2 138	-	2 138
Later than 1 year and not later than 5 years	-	-	4 623	-	4 623
Total lease commitments	-	-	6 761	-	6 761

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

18.2. Finance leases

2022/23	Specialized military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	-	-
Total lease commitments	-	-	-	-	-

2021/22	Specialized military assets	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	78	78
Later than 1 year and not later than 5 years	-	-	-	-	-
Total lease commitments	-	-	-	78	78

The contract to hire two photocopiers ended March 2023. The CPSI entered into a new contract to hire two photocopiers in May 2023 amounting to R125 000.

19. Unauthorised, Irregular and Fruitless and wasteful expenditure

	2022/23	2021/22
Note	R'000	R'000
Irregular expenditure - current year	231	63
Fruitless and wasteful expenditure - current year	-	6
Total	231	69

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

	2022/23	2021/22
Note	R'000	R'000
20. Related party transactions		
In kind goods and services provided/received		
The DPSA advises the CPSI on technical and procedural issues related to personnel security checks, vetting and security awareness.	-	-
The DPSA provides to the CPSI messenger services twice a week.	-	-
The DPSA provides to the CPSI technical and procedural advice in relation to information communication technology management.	-	-
The CPSI makes use of the virtual private network of the DPSA.	-	-
The DPSA provides to CPSI employee wellness services and assist the CPSI's labour relation practitioner with technical and procedural advice on matters relating to labour relations, as and when requested.	-	-
The DPSA assists the CPSI with technical and procedural advice in relation to human resource management and development, financial management and administration and supply chain management.	-	-
The DPSA provides to the CPSI internal audit and risk management services and legal services.	-	-
The DPSA provides CPSI with office accommodation and store rooms in the Batho Pele House building. The DPSA recovers a pro-rata amount for building lease from CPSI as indicated in the building lease with the Department of Public Works and Infrastructure.	-	-
The DPSA provides the CPSI with frontline receptions services, access security and after hours security services in the Batho Pele House building.	-	-
The CPSI utilises the DPSA's networks infrastructure installed in the Agrivaal/Batho Pele Building and server room on 5th Floor.	-	-
Total	-	-

The CPSI has a related party relationship with each of the public sector entities that fall within the portfolio of the Minister for the Public Service and Administration. This includes the National School of Government (NSG), the Office of the Public Service Commission (OPSC), the Department of Public Service and Administration (DPSA), and the Government Employee Medical Scheme (GEMS). During the period under review, all transactions entered into with these entities were at arm's length. The CPSI has a Memorandum of Understanding on Shared Services with the DPSA in relation to services that the DPSA will provide the CPSI at no cost, and these are set out above. During the period of review, all transactions entered into with NSG, OPSC and GEMS were at arms' length.

	2022/23	2021/22
Note	R'000	R'000
21. Key Management personnel		
Executive Director	1 771	1 705
Executive Management	4 289	4 155
Total	6 060	5 860

During the period under review, the CPSI's Executive Director post was vacant. An acting Executive Director was appointed in February 2020 from an internal capacity and will act until the post is filled. Four key management personnel's expenditure is disclosed.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

22. Movable Tangible Capital Assets

Movement in movable tangible capital assets per asset register for the year ended 31 March 2023

	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Machinery And Equipment	7 366	-	1 997	-	9 363
Computer equipment	2 806	-	644	-	3 450
Furniture and office equipment	2 902	-	1 114	-	4 016
Other machinery and equipment	1 658	-	239	-	1 897
Total Movable Tangible Capital Assets	7 366	-	1 997	-	9 363

Movable Tangible Capital Assets under investigation

	Number	Value R'000
Machinery and equipment	4	68

Incident 1 and 2: Assets that were lost by former officials are currently under investigation to determine possible negligence.

Incident 3 and 4: Assets were stolen during an unlawful entry at the DPSA reception area. The case was closed by the SAPS due to low probability of recovering the assets. The submission to write-off the stolen assets is currently with Legal Services.

The Disposal Committee recommended the disposal of assets amounting to R1, 633, 671.05. The recommendation was not approved at year-end and is still part of the asset register.

22.1. Movement for 2021/22

Movement tangible capital assets per asset register for the year ended 31 March 2022

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Machinery And Equipment	7 336	-	1 076	(1 046)	7 366
Computer equipment	2 120	-	1 024	(338)	2 806
Furniture and office equipment	3 183	-	23	(304)	2 902
Other machinery and equipment	2 033	-	29	(404)	1 658
Total Movable Tangible Capital Assets	7 336	-	1 076	(1 046)	7 366

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

22.2. Minor assets

Movement in Minor Assets Per the Asset Register for The Year Ended 31 March 2023

	Specialized military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	986	-	986
Additions	-	-	-	104	-	104
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	-	-	1 090	-	1 090

	Specialized military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	-	581	-	581
Total Number Of Minor Assets	-	-	-	581	-	581

Movement in minor assets per the asset register for the year ended 31 March 2022

	Specialized military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	1 014	-	1 014
Additions	-	-	-	67	-	67
Disposals	-	-	-	(95)	-	(95)
TOTAL MINOR ASSETS	-	-	-	986	-	986

Movement in minor assets per the asset register for the year ended 31 March 2022

	Specialized military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	-	542	-	542
Total Number Of Minor Assets	-	-	-	542	-	542

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

23. Intangible Capital Assets

Movement in intangible capital assets per asset register for the year ended 31 March 2023

	Opening balance		Additions	Disposals	Closing balance
	R'000		R'000	R'000	R'000
Software	989		260	-	1249
Total Intangible Capital Assets	989		260	-	1 249

23.1 Movement for 2021/22

Movement in intangible capital assets per asset register for the year ended 31 March 2022

	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
Software	684	-	722	(417)	989
Total Additions To Intangible Capital Assets	684	-	722	(417)	989

24. Broad Based Black Economic Empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

25. COVID 19 Response Expenditure

	Note	2022/23	2021/22
		R'000	R'000
Goods and services	Annexure 3	1	91
Expenditure for capital assets	Annexure 3	-	-
Total		1	91

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2023

ANNEXURE 3

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year-2022/23	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days after year-end	Amount
DEPARTMENTS	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department of Public Service and Administration	326	-	-	-	326	-	-	-
Total	326	-	-	-	326	-		-

ANNEXURE 4

COVID 19 RESPONSE EXPENDITURE

Per quarter and in total

Expenditure per economic classification	Apr-22	May-22	Jun-22	Subtotal		Jul-22	Aug-22	Sep-22	Subtotal Q2	Oct-22	Nov-22	Dec-22	Subtotal Q3	Jan-23	Feb-23	Mar-23	Subtotal Q4	TOTAL 2022/23	TOTAL 2021/22
				Q1															
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
GOODS AND SERVICES	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	91
Consumable Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3
Contractors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37
Communication	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	51
TOTAL COVID 19 RESPONSE EXPENDITURE	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	91



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