



# ANNUAL REPORT

2019 | 2020



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**'Within the context of government's National Development Plan and Medium-Term Strategic Framework, GTAC aims to contribute to building a capable and development-oriented state, while strengthening government's capacity to work with the private sector to promote growth, employment, infrastructure investment and public service delivery.'**

**GOVERNMENT TECHNICAL ADVISORY CENTRE (GTAC)  
ANNUAL REPORT 2019/20**

**The GTAC Annual Report 2019/20 has been compiled with the latest information available from departmental and other sources. Some of this information is unaudited or subject to revision.**

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# ABBREVIATIONS AND ACRONYMS

CBE	Council for the Built Environment	PRASA	Passenger Rail Agency of South Africa
CBPEP	Capacity Building Programme for Employment Promotion	PSC	Project Steering Committee
CPAU	Capital Projects Appraisal Unit	RAF	Road Accident Fund
CRI	Cambridge Resources International	SARS	South Africa Revenue Services
CSLP	Circuit School Landscape Plan	SRI	Social Responsibility Initiative
DBSA	Development Bank of Southern Africa	TAC	Technical Advisory Committee
ECDC	Eastern Cape Development Cooperation	TCF	Technical Committee on Finance
EEV	Energy Efficient Vehicle	TCS	Technical Consulting Services
EMA	Environmental Management Agency	TEEC	Training and Employment Equity Committee
EV	Electric Vehicles	UCT	University of Cape Town
GRAP	Generally Recognised Accounting Principles	UP	University of Pretoria
GTAC	Government Technical Advisory Centre		
HCM	Human Capital Management		
IVEC	Internal Combustion Engines Vehicle		
JF	Jobs Fund		
MFIP	Municipal Finance Improvement Programme		
MFIP	Municipal Finance Improvement Programme		
mSCOA	Municipal Standard Chart of Accounts		
NGO	Non-Governmental Organisation		
NT	National Treasury		
NWDC	North West Development Corporation		
NWHC	North West Housing Corporation		
OBC	Outcomes -based Contracting		
OMO	Office of the Military Ombud		
PEPA	Public Expenditure and Policy Analysis		
PER	Performance/Personnel Expenditure Review		
PFMA	Public Finance Management Act, No. 1 of 1999		
PIAR	Programme on Investment Appraisal and Risk Analysis		
PIP	Public Investment Project		
PMU	Project/Programme Management Unit		
PPP	Public-Private Partnerships		

# FOREWORD BY THE MINISTER OF FINANCE



Reflecting on the year that has passed, I think it is worth remembering that the Aloe Ferox survives and thrives when times are tough. It actually prefers less water. It wins even when it seems the odds are against it. The reality is that poor economic performance and low business confidence have contributed to a South Africa with an increasing debt burden and sizeable job losses, particularly in labour-intensive sectors such as construction and mining. The May 2019 election brought with a renewed sense of optimism, driven by the expectation that government will finalise its many outstanding policy reforms, act decisively against corruption, and swiftly resolve governance and operational failures at state-owned entities. We have indeed begun on this journey.

Within this environment, GTAC's focus on supporting the objective of building an efficient and capable state cannot be more timely. I note that GTAC has begun to reposition its business to respond more directly and effectively. This is evidenced by the kind of work it is increasingly doing with centres of government departments generally and its work with the National Treasury in particular. I am delighted to share some of these successful efforts with you.

The Public Expenditure and Policy Analysis capacity building costing course, piloted with the National Treasury

has expanded its reach to build this critical capacity at all nine provincial treasuries. It has trained officials to undertake spending reviews and produce recommendations using readily available data from government accounting systems (such as BAS, PERSAL, LOGIS). It has equipped these officials with tools to probe budget detail at a systemic level; across sectors and institutions, down to the level of individual facilities such as schools and hospitals. This type of focused budgetary analysis will certainly force the kind of discipline needed as we navigate tough fiscal constraints.

The challenges facing GTAC remain that of resolving its institutional stability and continued ability to do the work it was set up to do. The organisation has to find a sustainable way of continuing its business, especially in light of increasing budgetary constraints which are unlikely to let up anytime soon. The GTAC must therefore critically reflect on these organisational constraints, evaluate new approaches to consolidate and strengthen its business and governance model. Sustaining its work in thought leadership and research and capacity building will require the organisation to innovate, while remaining true to its mandate. Its contribution to supporting efficient and effective capacity building in public financial management remains an important contribution to building a capable state. I look forward to seeing the GTAC rise to this challenge and rethink its model which will allow it to become sustainable and push the boundaries of change in the kind of work it delivers.

Finally, I would like to take this opportunity to acknowledge the Team of GTAC that has done excellent work, under trying financial circumstances. It has continued to provide the quality of work which is a hallmark of its business. In particular, I would like to express my sincere appreciation to the Acting Head of the GTAC who has steered this ship under difficult circumstances and has done this well. Under her leadership, the organisation has not just survived, it has grown in stature. Thank you.

A handwritten signature in black ink, appearing to read 'T. T. Mboweni'. The signature is fluid and cursive, with a long horizontal line extending to the left.

TT MBOWENI, MP  
**Minister of Finance**

# ACCOUNTING OFFICER'S OVERVIEW



This year has been an eventful and challenging one for all South Africans and GTAC has not been spared. The macroeconomic challenges facing the public sector require a radical shift in terms of ensuring fiscal discipline and improving state competence.

Given its mandate and emphasis on value for money, GTAC remains well placed to help improve performance in the public sector. Its focus on delivering sound technical advice to build state capacity, as well as institutionalising a system of knowledge management and shared learning platforms, are important elements of its value proposition of being customer-centric and valued as a partner for centre-of-government departments and organs of state.

Sustaining its work in thought leadership, research and capacity building will require us to innovate, be practical as we do more with less. GTAC's contribution to supporting efficient and effective capacity building in public financial management remains an important contribution to building a capable state.

We have achieved much this year internally to consolidate and strengthen our operations. While this might seem a

minor achievement, for an organisation which six years ago was established as a component of the National Treasury, this has been a massive institutional reorganisation. And we have a long way to go yet. With the shrinking of the public purse, financial sustainability and the linking our business priorities more directly to effective delivery becomes even more imperative. While the current organisational structure remains to be finalised, a comprehensive review is underway and will provide clear parameters to inform the structure and business model.

These financial constraints also call on GTAC to focus its efforts on optimisation and leveraging of opportunities for partnering with international development institutions as well as others in the non-government sectors. These partnerships are being pursued to strengthen GTAC's ability to work through others where possible, while retaining its commitment to building state capability. Where there is mutual benefit in working together, and efficiency to be gained, we will pursue these.

Finally, it has been a real privilege to serve GTAC as acting Head this year. I am humbled by the trust placed in me and remain committed to serving this institution to the best of my ability.

A handwritten signature in black ink, appearing to read 'Lindiwe Ndlela'.

LINDIWE NDLELA  
**Acting Head and Accounting Officer: GTAC**

# ACCOUNTING OFFICER'S STATEMENT OF RESPONSIBILITY

*Statement of responsibility and confirmation of accuracy for the annual report for the year ended  
31 March 2020*

## **I CONFIRM THE FOLLOWING:**

The information and amounts disclosed in this annual report are compiled from the records of GTAC and the National Treasury, and accurately reflect, subject to the limitations of these records, the activities of GTAC, functioning as a component of the National Treasury.

To the best of my knowledge and understanding, the annual report is complete, accurate and free from material misstatements.

The annual report has been prepared considering the relevant guidelines issued by the National Treasury. Following a determination by the Minister of Finance and approval by the Accountant-General, the annual financial statements (Part E) have been prepared in accordance with Generally Recognised Accounting Practice standards and the relevant frameworks and guidelines issued by the National Treasury.

The accounting authority is responsible for preparing the annual financial statements and for judgements made in this information. The accounting authority is responsible for implementing a system of internal control designed to provide reasonable assurance on the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements. In my opinion, the annual report fairly reflects GTAC's operations, performance information, and human resources in the year under review.

This report is submitted by the Acting Head of GTAC, Ms Lindiwe Ndlela, whose appointment took effect in February 2018. As the Accounting Officer, I am pleased to present this annual report.

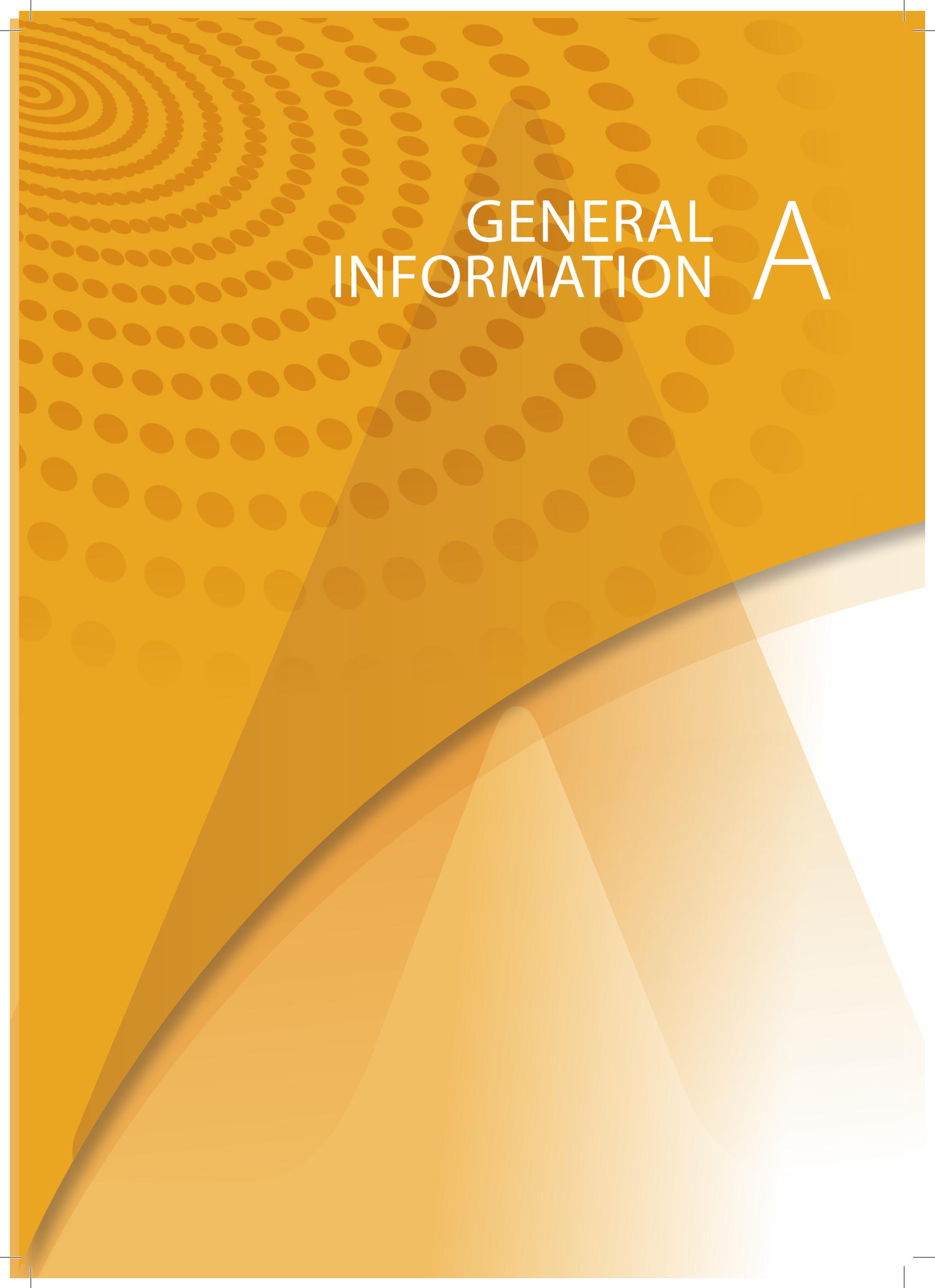


LINDIWE NDLELA

**Acting Head and Accounting Officer: GTAC**

**'GTAC recognises that engagements between research institutions and government are undeveloped. It therefore seeks partnerships to build bridges and connect independent research and development organisations with targeted government entities.'**

Lindiwe Ndlela,  
Acting Head and Accounting Officer



# GENERAL INFORMATION A



**'The history of every nation will be  
written in its public accounts.'**

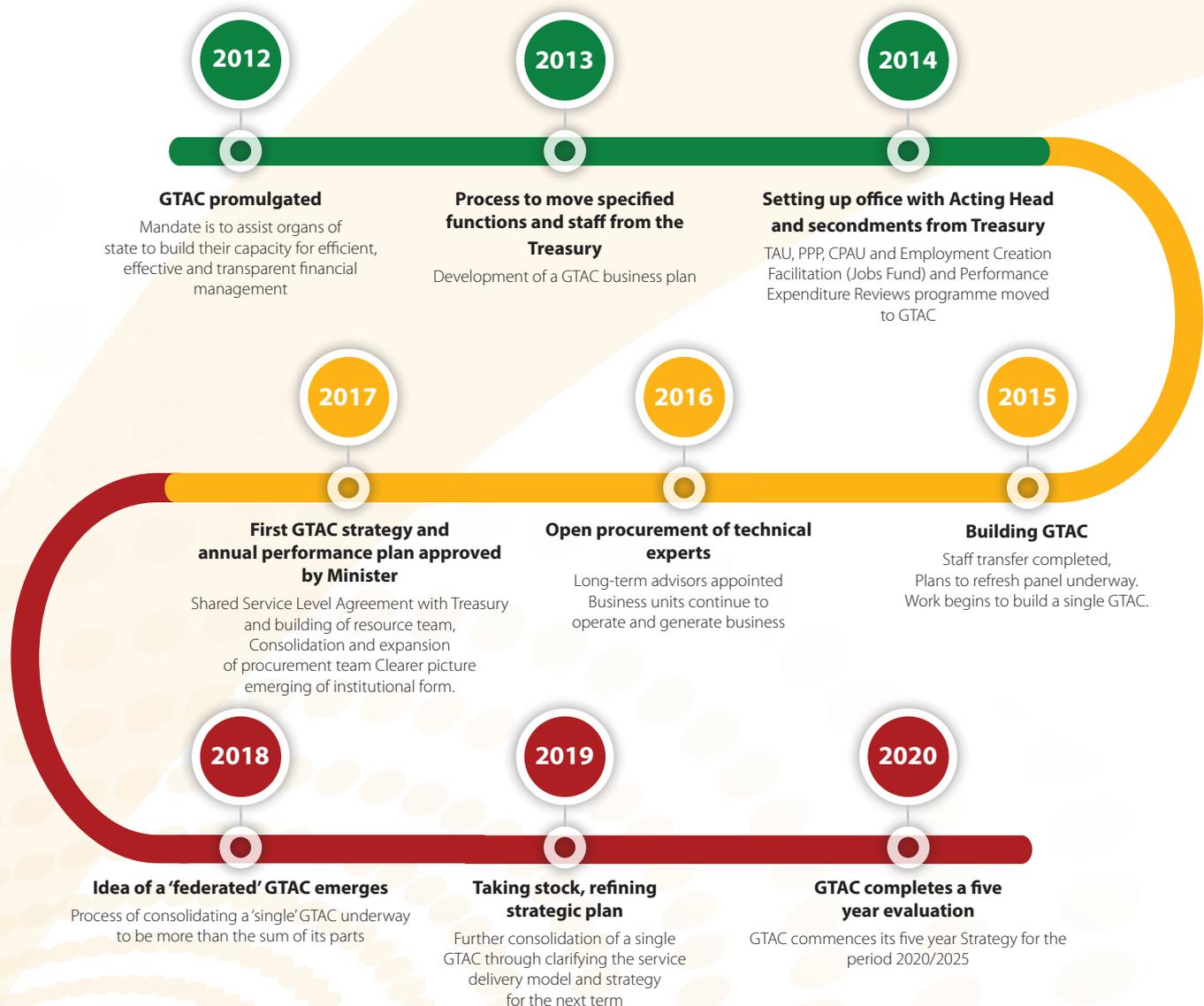
South African Reserve Bank Governor

# 1. GTAC'S TIMELINE FROM 2012 TO 2020

The evolution of GTAC occurred in three broad phases (see Figure 1):

1. The **establishment phase** focused on consolidating existing programmes and consulting on strategic priorities and possible organisational shifts.
1. The **stabilisation phase** involved the transfer of staff from the National Treasury, the procurement of technical experts, and the development of the first mid-term strategy and annual performance plan.
1. The **consolidation phase** is the current period covered in this strategy; it involves completing the transition and includes refining the business model to ensure GTAC delivers on its mandate and builds sustainability.

Figure 1: GTAC's evolution





## GTAC'S CURRENT STATE

- The process of consolidating a 'single GTAC' continues.
- GTAC is guided by a strategic intelligence that continuously maps its interventions against a changing environment.
- It responds creatively and strategically to new pressures and opportunities.
- Reflection and review are therefore fundamental to GTAC's future.



### A balancing act between

**Achieving  
greater  
operational  
efficiency**



**The value of  
the diverse  
experiences and  
competencies**



## THE FUTURE STATE

*Building a GTAC that is  
more than just the sum of its parts*



## 2. STRATEGIC OVERVIEW

### VISION

**To serve as a creative centre of excellence for shared learning and advisory support in public policy, fiscal and financial analysis and project management.**

### MISSION

The Government Technical Advisory Centre (GTAC) promotes transparency and the effective management of public finances by assisting organs of state in building their capacity for efficient, effective and transparent financial management. Its operating model provides technical consulting services, specialised procurement support, infrastructure project advice, and associated knowledge management and shared learning opportunities to build public sector capacity.

These functions are undertaken through active partnerships with development agencies, universities, research centres and the non-state sector. GTAC seeks to stimulate debate and promote public discourse and understanding of policy, public economics and public financial management through a range of communication methodologies. It also draws on a programme for young graduates to build and sustain capability in the public sector.

### VALUES

Several guiding values underpin GTAC's approach to its programmes and activities:



**Accountability**



**Transparency**

### INTEGRITY



**Partnership**



**Inclusive,  
broad-based growth  
and development**

GTAC promotes evidence-based learning and policy advice and supports sound and effective procurement and programme management processes. Partnerships form the basis of its development methodology, within government and with the private sector, the academic and research community, and civil society stakeholders.

**GTAC's approach to providing support and advisory services draws on three broad principles:**

**ACTIVITIES ARE CLIENT FOCUSED AND DEMAND-DRIVEN:**

Advisory and technical support responds to client needs and respects the ownership of the responsible organs of state and their accountability for service delivery.

**DIAGNOSTIC AND MANAGEMENT TOOLS ARE ADAPTED TO PUBLIC SECTOR NEEDS:**

GTAC advisors and staff are well versed in South Africa's legal and institutional frameworks and in methodologies and procedures designed to strengthen public sector governance and service delivery.

**CAPACITY BUILDING IS BASED ON PARTNERSHIPS AND LEARNING BY DOING:**

Better public financial management rests on pragmatic and problem-solving methods, learning through innovation, and transferring skills through collaboration and partnerships.

## 2.1 LEGISLATIVE AND OTHER MANDATES

**The Constitution of the Republic of South Africa (1996) sets out GTAC's foundational values.** In Chapter 10 of the Constitution, which deals with public administration, section 195(1) states that 'public administration must be governed by the democratic values and principles enshrined in the Constitution'. For GTAC, the most relevant of these are the promotion of 'efficient, economic and effective use of resources' and that 'public administration must be development-oriented'

GTAC draws its mandate from the responsibility of the National Treasury to promote transparency and the effective management of public finances. This mandate is encompassed in its Founding Notice (No. 25 of 2012) and is consistent with section 6 of the Public Finance Management Act (No. 1 of 1999).

**GTAC's Founding Notice gives effect to this mandate** through its objective 'to assist organs of state in building their capacity for efficient, effective and transparent financial management' (Government Notice 261, Government Gazette 35194, March 2012). Acting in terms of section 7A(4) of the Public Service Act (Proclamation 103, 1994), the Minister of Finance, with the Minister of Public Service and Administration, created GTAC as a demand-driven, externally orientated professional support service that functions as a component of the National Treasury. The Founding Notice expresses GTAC's functions as follows:

- To render technical consulting services to centre-of-government departments and organs of state;
- To provide specialised procurement support for high-impact government initiatives;
- To render advice on the feasibility of infrastructure projects;
- To provide knowledge management for projects undertaken;
- Anything ancillary to these functions.

## MINISTERIAL GUIDANCE AND INSTRUCTIONS<sup>1</sup>

In the context of government's National Development Plan and Medium-Term Strategic Framework, GTAC's primary contribution lies in building a capable state through the provision of its technical advisory services.

**GTAC performs its functions subject to Ministerial Guidance.** The Minister may, to the extent permitted in the applicable legislation, at any time, in consultation with the Director-General, in writing instruct the Head of GTAC to:

- Provide services in respect of financial planning for and the costing of policies being developed;
- Provide economic analysis and actuarial advice on programmes and projects;
- Perform ancillary functions as and when required by the National Treasury

## MEDIUM TERM STRATEGIC FRAMEWORK

The draft 2019–24 Medium-Term Strategic Framework directs government to invest in seven priorities, five of which are particularly relevant to GTAC and its work. These are:

- Economic transformation and job creation (Priority 1)
- Education, skills and health (Priority 2)
- Spatial integration, human settlements and local government (Priority 4)
- Building a capable, ethical and developmental state (priority 6)
- A better Africa and world (Priority 7).

It is Priority 6 which provides the most compelling and practical grounding for GTAC's direction. The building of a capable, ethical and developmental state requires investment in institutional capability; analysis and research and practical investment in capacity development and shared learning. GTAC's business encompasses all of these areas of work.

To give effect to these commitments, GTAC in the final instance, aim to help organs of state build their capacity for efficient and effective public financial management. Priority 6 of the draft Medium-Term Strategic Framework and the State of the Nation Address reinforce GTAC's own business priority and mandate. The support to these broader frameworks therefore shapes GTAC's prioritisation of work to be done.

## GTAC'S BUSINESS FOCUS

The macroeconomic challenges facing the public sector require a radical shift in terms of ensuring fiscal discipline and improving state competence. Given its mandate, model of delivery and emphasis on value for money, GTAC remains well placed to help improve performance in the public sector. Its focus on delivering sound technical advice to build state capacity, as well as institutionalising a system of knowledge management and shared learning platforms, are important elements of its value proposition of being customer-centric and valued as a partner for centre-of-government departments and organs of state.

The rationale for GTAC's establishment is comprehensively explained in its business case, which makes clear that consolidating advisory and technical support activities within a dedicated centre, outside of the regulatory space, is critical. The capability to respond flexibly and professionally to service delivery constraints in the public sector and unblock bottlenecks are key outcomes for delivery across GTAC.

The benefits of this arrangement include improved governance; convening capability, independence of analysis, value for money and the development and dissemination of knowledge products; all of which ultimately result in improved performance across the public sector.

<sup>1</sup> Government Gazette, no. 25 of 2012, and GTAC Business Case, 2011.

## BUSINESS MODEL

In the year under review, GTAC prioritised the further refining of its operating and institutional model with the objective of streamlining its governance processes, systems and procedures. This was done to ensure improved compliance with the requirements of the Public Finance Management Act, while at the same time, ensuring GTAC is able to remain responsive to delivering flexibly and effectively.

GTAC is guided by a strategic intelligence through which it constantly maps its actions and interventions against a changing environment. This allows the organisation to innovate, respond creatively, appropriately and timeously to new pressures, as well as seek out new opportunities. Reflection, review and rethinking advisory work in a continuous cycle of learning is therefore fundamental to GTAC's brand and ethos.

GTAC determines the viability of requests it receives by verifying that it is responsive to the outcome of building state capability and maps this against its internal capacity to deliver. In order to build on progress made since its inception and to remain agile in its delivery, GTAC continues to work on optimising its business model for improved financial viability. The strategic choices it makes are thus informed by how best to leverage its diverse expertise and competencies to make the organisation more than just the sum of its parts.

## 2.2 ORGANISATIONAL STRUCTURE

GTAC's organisational structure incorporates its technical advisory business, which is supported by management and administrative services. These support services are also deployed to delivering administrative management support to two PMUs on behalf of the National Treasury.

The Technical Advisory business incorporates:

- **Transaction Advisory Services**, which includes support for public-private partnerships (PPPs);
- **Capital Projects Appraisal**, which focuses on the appraisal of long-term infrastructure investment plans, such as in energy and transport;
- **Technical Consulting Services**, which provides general project management and institutional development expertise, as well as sector-specific expertise as needed;
- **Public Expenditure and Policy Analysis**, which includes conducting performance expenditure reviews, capacity building to conduct expenditure reviews and policy analysis.

There are two PMUs in GTAC which are administered on behalf of the National Treasury:

- The **Jobs Fund** and
- The **Municipal Finance Improvement Programme (MFIP)**.

Finally, the management of support services is provided by:

- The **Office of the Head**;
- **Strategy Management and Communication**, which comprises governance, strategy management and reporting and strategic communications;
- **Financial Management**, which comprises the effective management of funds, and the planning, controlling, and monitoring of financial resources;
- **Professional Services Procurement**, which comprises sourcing and acquisition, contracts management, and governance and compliance of procured professional services; and
- **Human Capital Management and Corporate Services**, which comprises human resource management, facilities administration and information systems.

GTAC aims to consolidate its enabling operational capability; ensure its financial sustainability and link its business priorities more directly to the effective delivery of its strategy and mandate. The current organisational structure is not yet finalised, as it will be informed by a comprehensive review which is underway, as well as by the resource needs identified in the five year strategy.

Given the financial constraints facing all of government, GTAC's modus operandi continues to focus on ways to optimise and leverage opportunities for partnerships with international development institutions, as well as others in the non-government sectors. These partnerships focus on strengthening linkages to work with others, where there is mutual benefit in working together, and in this way, enable efficiency gains to be made in the delivery of its business.

Figure 2: GTAC's Proposed organisational structure



**LEGEND**

Programme 1: Management and Support Services

Programme 2: Transaction and Advisory Services

Programme 3: Project Management Units

PERFORMANCE  
INFORMATION

B

# 1. PERFORMANCE ENVIRONMENT

## 1.1 SITUATION ANALYSIS

### MACRO ENVIRONMENT

South Africa remains an important actor both regionally and globally, being the second biggest economy on the African continent after Nigeria. The Department of Planning, Monitoring and Evaluation's publication, *South Africa in the Global Arena*, shows that the country has been punching way above its financial, strategic and political weight over the last 25 years. Structural changes in the global economy, such as a growing demand for natural resources, are creating opportunities to position Africa as a significant player in the global arena. South Africa plays a critical role in supporting economic growth, development and structural transformation on the continent to ensure that these opportunities might be realised.

South Africa's domestic environment has been affected by significant shifts in its political economy. Poor economic performance and low business confidence have contributed to an increasing debt burden and sizeable job losses, particularly in labour-intensive sectors such as construction and mining. As the country emerges from a ten-year cycle of political uncertainty driven by poor governance, the election of President Ramaphosa in February 2018 brought with it a renewed sense of hope. While the President seeks to drive government's attention to focus on fiscal discipline, increasing potential foreign direct investment and strengthening good governance, the out-of-cycle nature of his election was cautiously received by the markets. With national and provincial elections in May 2019, a renewed sense of optimism has emerged, driven by the expectation that government will finalise its many outstanding policy reforms, act decisively against corruption, and swiftly resolve governance and operational failures at state-owned entities. GTAC needs to position its offering within this macro-environment, as it honestly assesses its strengths, weaknesses, opportunities and threats.

### CURRENT CONTEXT

The 2011 business case that provided the basis for GTAC's promulgation was premised on the macroeconomic challenges facing the public sector and the need for fiscal discipline, improved state competence and increased capability to alleviate these challenges. In 2019, the rationale for institutional strengthening of this nature remains undiminished.

GTAC is undertaking a comprehensive strategic review, to help refine its thinking about its form and institutional positioning, so that it is able to step up to delivering on its mandate. It will critically reflect on organisational constraints, evaluate new approaches to consolidating its business model, build consensus around the desired target

state for the organisation and implement strengthened governance arrangements. GTAC is aware that sustaining this organisational model will require that it provides thought leadership in research and capacity building, and that it uses innovative methodologies to deliver its technical advisory support. GTAC is invested in optimising efficient and effective public financial management and sees its interventions as important contributions to supporting inclusive economic growth and effective public financial management. It remains committed to becoming a strategic partner of choice for government departments, with a clear focus on strengthening capacities, providing policy support, and strengthening institutional capability.

## 1.2 STRATEGIC OUTCOME ORIENTED GOALS

### STRATEGIC OUTCOME 1

GTAC's Management and Support Services provides a responsive, interrelated internal support system for delivering GTAC's business model. This requires the provision of central support services to deliver a coordinated management support function for an effective interface across the business units and create opportunities for knowledge sharing and lesson learning. The support services include: GTAC's Strategy Management and Communication, Human Resources and Corporate Services, Financial Management and Professional Services Procurement.

### STRATEGIC OUTCOME 2

GTAC's advisory and technical support services contribute to identified organisational and advisory needs in government to address the broader challenges of public sector governance, analysis and capacity building. This outcome is to be delivered by focusing on the technical, research and advisory expertise which exists in GTAC. The business units which are included here are:

- Transaction advisory services and PPPs;
- The Appraisal of Capital projects and research in identified sectors;
- Technical consulting services and
- Public expenditure and policy analysis, as well as research as identified.

These areas of work are supported by internal professional and administrative staff, long-term technical advisors, and short-term technical expertise contracted for specific assignments. Strategic partnerships with academic and research institutions and think tanks expand GTAC's knowledge base, strengthen advisory and support interventions, while also generating opportunities for shared learning.

### STRATEGIC OUTCOME 3

Programme Management Services in GTAC aim to enable the efficient functioning of selected project management units by providing administrative, procurement and resource management capacity. The potential for shared learning from these PMUs is an important benefit which could be leveraged.

GTAC currently supports two programmes, which form part of Programme 8 on the National Treasury vote:

- **The Jobs Fund:** a grants management facility responsible for a portfolio of grant-funded employment facilitation projects, undertaken by a range of implementing partners in the private and public sectors; and
- **The MFIP:** Which provides support to national and provincial treasuries as well as targeted municipalities, with a focus on providing the skills and expertise needed for improved municipal financial management.

Each of these PMUs have their own specific governance and financial accountability arrangements through which programmatic decisions are driven.

The Jobs Fund Investment Committee has the authority and responsibility for investment decisions, as well as performance and governance oversight of the programme; and

The MFIP's authorising governance structure includes the Office of the Accountant-General and the IGR division in the National Treasury, both of which are responsible for its governance and performance management targets.

GTAC's administrative costs for the management of these two PMUs is reflected in its accounts and recovered from the National Treasury.

## 2. PERFORMANCE INFORMATION PER STRATEGIC OUTCOME

### 2.1 PROGRAMME 1: MANAGEMENT AND SUPPORT SERVICES

#### Purpose

To provide a responsive, inter-related internal support system for delivering GTAC's business model.

#### Overview

Management Support Services includes providing a centralised system of administrative management support across the organisation. These services include the delivery of the strategic reporting framework, effective use of human capital and corporate services, efficient management of finances and the procurement of professional services.

**Strategic support functions managed within Programme 1** include the management and oversight of strategic partnerships and responsibility for effective communications. This function is located within the strategy and communications team. Strategic partnerships are pursued to strengthen the work being undertaken by the Business Units in GTAC. They include those with relevant research and academic institutions, international development partners and other institutions locally and globally with similar objectives to those of GTAC. The purpose of these partnering relationships is that they strengthen delivery capability by helping GTAC convene multiple players across sectors, to effectively build public sector capacity.

The Public Economics Capacity Building Initiative, (which includes the hosting of an annual Winter School, and graduate bursary and internship programme), has been an important flagship initiative for GTAC. The focus has been to proactively identify opportunities through which to create a pipeline of young graduates who have an interest in contributing to working for a short time in the public sector. This programme has been generously funded by Global Affairs Canada. However, as it becomes embedded in GTAC, a more sustainable form of financing will need to be secured if the programme is to be continued. This Public Economics Capacity Building Programme has been an important collaborative effort with the National Treasury, drawing on senior leadership across the National Treasury, SARB and SARS to actively participate, engage and present at its events.

## 2.2 STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS FOR PROGRAMME 1

**TABLE 1: STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**

#	KEY PERFORMANCE INDICATOR	2019/20 TARGET	2019/20 ACTUAL	REASON FOR DEVIATION
<b>SO1</b>	<b>Contribute to building a pipeline of professional public sector talent</b>			
1.1	Implement an annual Public Economics Winter School	1 Winter School	1 Winter School	n/a
1.1.1	Number of bursaries awarded annually	6 Bursaries	0	Under performance is attributed to a management decision to cancel the bursary programme, due to funding constraints. The Canadian government had been funding the programme, but due to a shift in their priorities, this programme had to be terminated. GTAC is equally unable to secure a sustainable funding source for this programme.
1.1.2	Number of graduates placed on the internship programme	6 Interns	1 Intern	Under performance is attributed to the fact that five Interns who were expected to be rotated for placements within GTAC, were instead offered permanent contracts at NT. As a result, they only completed the first phase of their GTAC Internship, after which they had to resign. Only one of the remaining interns proceeded into the second phase of placement at GTAC.
<b>SO1</b>	<b>Strengthen operational coordination to effect good governance</b>			
1.2.1	Improved audit outcome	Clean audit report	Unqualified Audit report with findings	Under performance is attributed to material misstatements on the AFS, APR as well as non-compliance in procurement leading to irregular expenditure incurred.
1.2.2	Employment Equity targets Achieved	50% Women employed	57% Women employed	Over performance is attributed to the fact that GTAC's concerted efforts and investment in employing more women has been successful.
		2% People with disabilities (PWD) employed	2% People with disabilities (PWD) employed	n/a
		70% African People employed	75% African People employed	Over performance is attributed to GTAC ensuring the effective implementation of this employment equity target in its recruitment processes.

**TABLE 1: STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS**  
- continued

#	KEY PERFORMANCE INDICATOR	2019/20 TARGET	2019/20 ACTUAL	REASON FOR DEVIATION
<b>SO 1.3</b>	<b>Utilise Strategic Platforms to influence Public Policy Engagements</b>			
1.3	Number of strategic knowledge management activities undertaken	2 Learning events	2 Learning events	n/a
1.3.1	Number of customised technical knowledge products issued	2 Case Studies published	1 Case Study published	Under performance is attributed to the fact that 1 case study was embargoed by the client department.

**STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE (INDICATORS AND ACTION PLANS)**

KEY PERFORMANCE INDICATOR	ACTION PLAN
Number of bursaries awarded annually	GTAC is no longer able to pursue its bursary programme, as a result of funding no longer being available. This target will therefore not be retained.
Number of graduates placed on the internship programme	An innovative internship programme will be considered and incorporated into the human resources planning. The human resources plan will be informed by the successes and lessons learnt in delivering this particular mentorship model.
Number of customised technical knowledge products issued	A request to the Eastern Cape Department of Education will be made to publish the completed, but embargoed case study on Eastern Cape School's Rationalisation. The broader issue for consideration is whether such ownership vests with the client department or whether GTAC may also publish work which is funded by government and is in the public interest. Legal advice will be sought in this regard.
Improved audit outcome	Strengthening of internal controls to ensure effective management of governance, risk and compliance.

**PROGRAMME 1 OUTPUTS**

**Contribute to building a pipeline of professional public sector talent:**

***Annual Public Economics Winter School***

The fourth Public Economics Winter School was successfully convened in July at the South African Reserve Bank Conference Centre in Pretoria. In line with the President's Call to Action, the theme of this year's event focused on "A New Dawn: Rebuilding State Capacity". The idea of framing the delivery of a Winter School in public economics within this broader priority of contributing to building state capability, is a significant step in the direction of where and how GTAC wishes to reposition itself.

The stimulating week of learning took place across three electives: Taxes, user charges and behavioural change; Education economics and financing and Fiscal policy and fiscal sustainability. Along with the valuable insights gleaned from the structured sessions, participants had the opportunity to network with leading economists, practitioners and policy makers. The result was an event that was marked by fierce debate, as 150 of the country's sharpest young minds shared their views about how to rebuild South Africa's economy.

Students were inspired and excited: "Economics gives us so many answers to what's happening in the world around us and how we can deal with those issues," said budding economist Lerato Monaisa. "Economic models help us to answer questions about whether our economy is growing or not. I went into this because I feel like the public [sector] needs young fresh minds that are hungry and have the drive, not only to learn, but to serve."

The Winter School delivered sound and well conceptualized content to improve participants' understanding of public economics. It is an inspirational space which provides much food for thought for these young graduates, about the potential for spending some of their career development time contributing to capacity and skills development in the public sector.

Finally, the media coverage of the Winter school was extensive, with much activity on twitter and other social media platforms. The GTAC website would be worth a visit in this regard.

A close out report has been finalised which incorporates strategic insights from the Advisory Panel for the Winter school. It reflected on lessons learnt about continuing the current form for the winter school, critically assessed value addition and scale of exposure achieved for the financing invested, and reflected on the methodology and structure of the week. The Advisory panel also provided important direction into how to improve, and scale up the winter school so that it had a wider and more representative reach across the country. The idea of better targeting a series of smaller events throughout the year rather than only a single event has been taken on board (for instance, hosting a series of summer schools which were undertaken within the reporting period).

There was clear feedback too on how best to integrate gender outcomes to better reflect its impact in policy and decision-making. GTAC hosted a Summer School Outreach Programme, under the auspices of the 'building state capability' programme, funded by Global Affairs Canada. The main theme focused on the use of Behavioural Economics, and its potential for shaping economic decisions in a development context. More than four hundred people benefited from this programme, which included students at UP, University of Mpumalanga, UCT and Stellenbosch, as well as professionals at SARS, NT, and GTAC. There was significant exposure and reach achieved through this Summer School, setting an importance precedent for future support of the public economics capacity building programme.

### ***Awarding Bursaries Annually***

GTAC granted bursaries to selected students for the past three years to complete their Master's degree within the field of Economics. Financial support from the Government of Canada has reached the end of its life cycle and within current financial constraints, this programme has had to be deprioritised. Plans are underway to on the development of an innovative internship programme in the new financial year. Some of the scoping for this option is underway.

### ***Graduates Placed in the Internship Programme***

The internship opportunities with GTAC and NT serve as a work back obligation which students commit to in accepting a bursary. Should they have other plans, the bursary has to be reimbursed to GTAC in full.

The target of appointing six interns was not met, as five of the six interns were instead recruited by the National Treasury. While this underperformance is noted, the broader outcome of the programme was more than successfully achieved. The fact that the National Treasury offered these students contract appointments is testament to the quality of the students, and the value addition which GTAC was able to leverage through this programme. The sixth graduate has accepted an internship contract with GTAC.

## **Strengthen operational coordination to effect good governance:**

### ***Improved audit outcome***

The Auditor-General issued an unqualified audit report with findings to GTAC for the financial year under review. To improve operations and ensure compliance with prescribed legislation, GTAC is striving to decrease the number of repeat audit findings. Monthly tracking and monitoring meetings have been instituted to address audit findings, and incorporate the use of audit and risk dashboards. Weekly meetings are held to consolidate and discuss issues highlighted by the Auditor-General, and governance processes have been instituted to streamline the sourcing, quality and accuracy of information shared. GTAC also convenes monthly operations management meetings, where performance issues are proactively raised.

### ***Employment equity targets***

GTAC is pleased to report that it has exceeded its gender and race targets for this reporting period. In a time of financial constraints which negatively impact recruitment, 57% of GTAC's staff complement are female and 75% are African. These figures demonstrate both the calibre of applicants, as well as point to the interest among these potential employees of working for GTAC. Appointments are largely in the middle and senior management teams in the Programme Management Units managed by GTAC (Jobs Fund and MFIPIIIx).

People with disabilities constitute 2% of 156 total staff employed. GTAC has been engaging the Department of Labour and Employment as well as with NGOs who focus efforts on this particular target group, in order to seek opportunities to partner with them for improvements to this category of work seeker.

## **Utilise Strategic Platforms to influence Public Policy Engagements:**

### ***Strategic knowledge management activities undertaken***

The Capital Projects Appraisal Unit (CPAU) hosted two strategic knowledge management activities during the year under review. The first seminar, in collaboration with the Council for Scientific and Industrial Research (CSIR), was part of a Series on Renewable Energy, with a particular focus on Energy Transition. The seminar was a critical contribution to the public policy debate on the management of the energy transition from the coal sector, particularly as it affects the employment of miners. However, the cost-benefit analysis undertaken illustrated a decline in employment of between 35 – 40%, between 2020 and 2050, regardless of a shift towards renewable energy sources.

By contrast, the renewables sector presentation highlighted the future labour demands emanating from developments in the renewables sector, including along the manufacturing value chain – and opened up space to consider how best to tailor educational programmes to grow the potential for different kinds of employment.

The second learning event held was a Programme on Investment Appraisal and Risk Analysis (PIAR) facilitated by Cambridge Resources International (CRI), a world class capacity building training programme, especially designed to empower public sector officials with the essential knowledge and skills to appraise and manage Public Investment Projects (PIPs). Forty four key public officials from across Government were exposed to the theoretical and practical components of the PIAR methodology, learning how to appraise and assess public sector infrastructure projects. The two sessions focused on Financial and Risk Analysis of Infrastructure projects and on conducting economic and stakeholder analyses of PIPs.

### ***Customised technical knowledge products issued***

Two Case Studies were completed during the year under review, but only one was published. The Eastern Cape School's Rationalisation case study was embargoed by the EC Department of Education, resulting in the product being finalised by GTAC, but not being able to be published.

The second case study on Employment intensive land reform initiatives in South Africa, was produced under the auspices of an EU-funded programme on employment promotion (CBPEP), managed by GTAC. The comprehensive analysis of four targeted municipalities has provided valuable learning to explore the employment intensive potential of an expanded land reform programme in support of smallholder producers. The work has significant implications for land reform in South Africa and the potential for utilising this work to inform and guide land reform strategy is worth noting.

### 2.3 PROGRAMME 2: TRANSACTION AND ADVISORY SERVICES

#### Purpose

To contribute to identified organisational and advisory needs in government to address the broader challenges of public sector governance, analyses and capacity building.

#### Overview

GTAC’s advisory and technical support activities are organised along the following Business Units:

- Transaction advisory services and PPPs
- Capital Projects Appraisal
- Technical Consulting Services
- Performance Expenditure and Policy Analysis.

The Business Units conduct their advisory work, supported by a mix of professional and administrative staff, deploying long- and short-term contracted advisors for specific assignments. Strategic partnerships are sought as needed to provide a customised, multi-stakeholder service to line departments seeking GTAC’s assistance. The systematic focus on information and the development and dissemination of knowledge are key tools used to build capacity and deliver successfully to the client department.

GTAC has supported 113 projects in the reporting period, against a target of 96 projects. The requests for support are demand driven, and therefore the target was exceeded as a result of a greater demand for services than anticipated.

**TABLE 2: STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS FOR PROGRAMME 2**

#	KEY PERFORMANCE INDICATOR	2019/20 TARGET	2019/20 ACTUAL	REASON FOR DEVIATION
<b>SO 2.1</b>	<b>Provide Advisory services to organs of state to plan, contract and execute PPPs in large or complex infrastructure transactions</b>			
2.1.1	Number of transaction advisory projects registered	17	18	Over performance is attributed to more project requests received than anticipated, given the requests are primarily demand driven.
2.1.2	Number of PPP foundation capacity building events held	4	4	N/A
2.1.3	Number of PPP municipal capacity building events biannually held	2	2	N/A

**TABLE 2: STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS FOR PROGRAMME 2 - continued**

#	KEY PERFORMANCE INDICATOR	2019/20 TARGET	2019/20 ACTUAL	REASON FOR DEVIATION
<b>SO 2.2</b>	<b>Assist the National Treasury in its review and assessment of infrastructure investment proposals and feasibility studies</b>			
2.2.1	Number of capital projects appraisal reports completed	5	25	Over performance is attributed to a greater number of project bids being received than anticipated, under the call for proposals for the Budget Facility for Infrastructure.
2.2.2	Number of research reports completed	2	2	n/a
<b>SO 2.3</b>	<b>Provide advice and support to centre-of-government departments and organs of state to strengthen capacity</b>			
2.3.1	Number of technical advisory projects supported	70	66	Under performance is attributed to fewer project requests received than anticipated. Requests for assistance are primarily demand driven and reactive by nature.
2.3.2	Percentage of clients evaluated, satisfied with TCS support	80%	100%	Over performance is attributed to an overwhelming positive response being received from clients.
<b>SO 2.4</b>	<b>Provide analysis and insights into the performance, cost-effectiveness and expenditure trends of selected government programmes</b>			
2.4.1	Number of Performance and Expenditure Reviews supported	4	4	n/a
2.4.2	Number of remuneration analysis reports reported	4	4	n/a
2.4.3	Number of capacity building interventions delivered	2	5	Over performance is attributed to a request by the Technical Committee on Finance (TCF), to expand the capacity building interventions to include all nine provinces. This was in response to all provinces expressing an interest in, and commitment to, participating in the training.

**STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE (INDICATORS AND ACTION PLANS)**

KEY PERFORMANCE INDICATOR	ACTION PLAN
Number of technical advisory projects supported	Requests for assistance are primarily demand driven and reactive by nature. While planning is possible, it is always dependent on the requests for support. As such, it is not within GTAC's control to determine targets precisely. It is anticipated that once the TAC is in place, the approach to targeting projects more directly will improve, based on advice from the TAC. The submission to Minister to establish this will be put in place in the new financial year.

**PROGRAMME 2 OUTPUTS**

**TRANSACTION ADVISORY SERVICES AND PPP UNIT**

The Transaction Advisory Services unit provides specialised expertise for procuring infrastructure through both PPPs and conventional procurement mechanisms. Its assistance often extends beyond the conclusion of the procurement processes into project implementation.

Transaction support services include advice on regulatory requirements and good practice on a range of national, provincial and local government transactions, such as precinct development, government accommodation projects, the implementation of alternative energy technologies, IT services, special economic zones and hospital services. Other services include monitoring and advice on project implementation and contracts management of existing PPPs.

***Transaction Advisory Projects Registered***

The PPP Unit provided support for activities under the MFMA and Treasury Regulation 16 through the registration of PPP projects with National Treasury, Budget Office and the Transaction Advisory/PPP Unit.

As a result of PPP projects being driven by demand, the registration of projects is based on the number of requests received. During the year, the following 18 transaction advisory projects were registered:

- |   |
|---|
| • Department of Home Affairs: Visa facilitation project   |
| • Department of Transport, Safety and Liaison (DSTL): Weighbridges in the Northern Cape Province; |
| • Department of Environmental Affairs Potential PPP -New DEA Conference Centre                    |
| • Free State Department of Health: Pelonomi Co-location project                                   |
| • George Municipality- Establishment of another University for Southern Cape region               |
| • Great North Transport-Bus Fleet replacement   |
| • Kannaland Municipality-Inovasure Energy Vault Project   |
| • Lejweleputswa District Municipality – Student Housing   |
| • Maclear: Development of part of erf 193   |
| • Northern Cape Provincial Treasury - Eiland Holiday Resort revitalisation PPP Project            |
| • North West Parks & Tourism Board - Bloemhof Dam   |
| • North West Parks & Tourism Board - Wolwespruit Nature Reserve                                   |
| • Polokwane Municipality- Polokwane Landfill site project   |
| • Polokwane Municipality- Art and Cultural Hub  |
| • Rand Water: Waste water programme   |
| • Saldanha Holiday Resort: Commercialisation and/or revitalisation                                |
| • South African Police Services: Fair value determination-Forensic data analysts                  |
| • Steve Tshwete Municipality - Asbestos Pipes   |

***PPP foundation and municipal capacity building events***

The unit’s capacity building initiative on PPP legislation and regulations has attracted significant interest from foreign governments, including several from the Continent. For the fifth consecutive year, two well-attended, biannual municipal PPP training events were conducted. The PPP unit continued to provide training and capacity building in the development and implementation of national and provincial PPPs on a quarterly basis.

In addition, several PPP training courses were held in-house at client offices. These include the Inxuba Yethemba

Municipality and the Department of Tourism. PPP training was also jointly conducted, in collaboration with the World Bank in Tanzania.

GTAC's PPP unit also participated in the following events:

- The Drakensberg Tourism Summit and Business Tour 2019;
- Australia Awards; and
- The strengthening of women's involvement in PPPs – an exciting workshop held in Nigeria.

## **CAPITAL PROJECTS APPRAISAL UNIT**

### **Purpose**

The Capital Projects Appraisal unit assists the National Treasury in its review and assessment of infrastructure investment proposals to ensure value for money, affordability and efficiency in infrastructure expenditure. It provides analytical and advisory capacity to appraise large and complex projects in the economic and social sectors. The work of the Unit cuts across various divisions in the Treasury, as each of the divisions (including the Budget Office, Public Finance and Assets and Liabilities Management), have a distinct role in the infrastructure value chain.

### **Capital Projects Appraisal and Research Reports**

During the year under review, the unit supported the technical appraisal process of the Budget Facility for Infrastructure (BFI) which had issued a third call for proposals. The unit drafted updated BFI guidelines and produced a budget statement template. A total of forty submissions were received, of which twenty-five were selected for detailed analysis. The Unit produced reports on the findings and made recommendation based on a rigorous technical assessment process, which incorporated wide stakeholder consultation. The reports were critical to informing decisions by the oversight structure and as a result of the number of submissions selected for detailed analysis, the unit over achieved on its performance target of producing only five appraisal reports.

In parallel, work with the Treasury on the operationalisation of a GTAC Project Preparation Facility was undertaken. This complementary, but critical work is a necessary intervention to deal with some of the challenges experienced during the infrastructure planning process, where poor planning undermines the development of coherent and credible projects. The Project Preparation Facility is expected to be fully operational in the next financial year.

Finally, the unit assisted with the conceptualisation of the Infrastructure Fund which focuses on blended-finance projects, to increase private-sector investment in public infrastructure, and contribute to higher economic growth, productivity and employment creation. The public sector has already committed R100 billion to the Fund, which will be used to close funding gaps and reduce risks for private sector investment.

The unit will continue to prioritise activities in infrastructure reform, given the importance of this sector to driving higher levels of economic growth, job creation to alleviate poverty.

Two research reports were completed during the year under review.

The first report was the conclusion of research exploring the trends and drivers behind the recent increases in global production and sales of electric and energy-efficient vehicles (EVs and EEVs). This report highlighted that this trend will have a significant impact on automotive global value chains, as countries in South Africa's export markets phase out internal combustion engines vehicle (ICEV) production and sales. While the country will find itself competing for a globally declining ICEV market, there are opportunities for the local automotive industry to transition with global trends.

The second report analyses the policy choices made by the 2019 Integrated Resource Plan and considers whether these are consistent with other reform plans to restructure and make sustainable the electricity sector. This report meaningfully contributes to the ongoing policy dialogue in the country.

## TECHNICAL CONSULTING SERVICES UNIT

### Purpose

This unit provides advisory and technical support services to organs of state. The technical support aims to strengthen accountability by building institutional capacity across the State. The outcomes for the capacity building support are to strengthen effective, efficient service delivery and cover a wide range of areas, including intragovernmental infrastructure delivery, macro institutional change and organisational strengthening. Institutional development support includes programme and project management, business case development, organisational reviews, policy research and analysis, and diagnostics and evaluations.

### Technical advisory projects supported

To date a total of 66 projects have been supported, of which 23 have been completed and 43 are ongoing. Some of the completed projects are captured below to highlight the diverse range of technical areas supported:

The following projects were completed during the year:

- Council on Higher Education: Strategic planning support;
- Council for the Built Environment (CBE): Roll-out and implementation of the professional development programme
- Department of Communications: Technical advisory support for the development of a turnaround strategy for the SABC including a review of the current state of the SABC;
- Department of Transport: An organisational assessment of the Passenger Rail Agency of South Africa (PRASA);
- Department of Environmental Affairs: Development of a Business Case for the Natural Resource Management Agency;
- Department of Arts and Culture: Conducted a work-study mandate analysis and organisational design review of the Department;
- Department of Public Service and Administration: Development of pricing models to remunerate health risk managers in terms of PILIR
- Department of Tourism: Review of the Social Responsibility Initiative (SRI) projects, and the processes to complete these projects;
- Department of Public Service and Administration: Advice and facilitation support for the development of the chapter on outcome 12 for the 25-year review;
- Department of Public Works: Small Harbours Development Tune-up Lab (Phakisa);
- Department of Science and Technology: Support for the establishment of a National Innovation and SME Support Fund.
- Eastern Cape Development Corporation (ECDC): a review of the ECDC's mandate and business model;
- Eastern Cape Department of Education: Schools Rationalisation Project;
- National Treasury – Corporate Services: Mapping the as-is business processes for all Chief Directorates in National Treasury;
- National Treasury – Public Finance: An actuarial assessment of the financial model and costing of the Road Accident Fund (RAF);
- North West Provincial Treasury: A rationalisation review of three public entities - the North West Development Corporation (NWDC), the North West Housing Corporation (NWHC), and the North West Youth Entrepreneurship Fund (NWEYEF);
- North West Provincial Treasury: Completed a Public Entities Review
- Office of the Military Ombud: Conducted a feasibility Study on a cost-effective organisational model;
- Public Service Commission: Planning, budgeting and financial management support (Phase 2 and Phase 3);

**Some project highlights below provide evidence of the diversity of projects undertaken:**

- **A feasibility study on a cost-effective organisational model for the Office of the Military Ombud (OMO).** The need for a feasibility study was driven by the necessity of the OMO to respond to their prevailing fiscal constraints and improve operational efficiencies, as well as the perceived need to strengthen the independence and impartiality of the OMO. An institutional options analysis highlighted that the autonomy of the OMO is currently being compromised and that a best case scenario for improved operational efficiencies would be for it to consider becoming a Schedule 3A Public Entity. The OMO are keen to explore how best to enable the implementation of the recommendations made.
- **A business case to establish an Environmental Management Agency (EMA) for the Department of Environmental Affairs.** This work highlighted the importance of an appropriate institutional form for 14 different Environmental Programmes, as well as the Green Fund being managed by the Department. The complexities involved in managing innovative programmes like these, within a clearly defined policy and regulatory environment, were comprehensively assessed. The outcome of the work pointed clearly to the need to establish a government component as the most appropriate service delivery option. An independently established agency would deliver on the mandate optimally and have the added advantage of being cost-effective. The final business case and recommendations were very well received by the client, both in terms of the quality of work done as well as the overall quality of services provided. However, the Department ultimately decided not to implement the recommendation of the business case, and opted to rather retain the Environmental Programmes as a departmental branch.
- **The Eastern Cape Schools Rationalisation Project** ran over three years, an indication of the complexities involved in managing a sensitive area of service delivery for the Province. The aim of this rationalisation process was to generate efficiencies through the closure of unviable schools and the relocation of learners to larger, better resourced schools. Due consideration was also given to the need to facilitate the implementation of Circuit School Landscape Plans (CSLPs) which provide comprehensive, data-based, integrated, and sustainable ten-year school rationalisation plans. One of the greatest achievements of the project, resulting from the use of the CSLPs, has been the development of a baseline for planning, and a platform through which to measure the delivery of quality education in the province.
- **An organisational assessment of the Passenger Rail Agency of South Africa (PRASA) for the Department of Transport.** This deep dive review highlighted the root causes of PRASA's challenges over a ten-year period, and assessed progress made since the establishment of a War Room to get it back on track. The Department of Transport wanted a comprehensive analysis which would inform an effective turnaround and in so doing, restore stakeholder confidence. The report highlighted PRASA's challenges in the areas of governance, leadership, operating model, systems, planning, execution and financial sustainability. It also proposed a blueprint for improved organisational performance which remains for the Department to implement.

Finally, it is worth noting that the TCS team has instituted client satisfaction surveys to complement and strengthen client liaison and support and importantly, measure its ongoing value proposition across public sector clients. As at the end of the year under review, seven client evaluations were completed, all of which emphasized 100% client satisfaction of the work delivered.

## Clients Feedback

The respondents were impressed and satisfied with the work completed indicating that the team demonstrated deep knowledge of content and a high level of professionalism. , they indicated that operationally the project was well coordinated, with the team keeping well within agreed timelines. One client, the Office of the Tax Ombud, indicated satisfaction with the ability of the consulting team to effectively manage client expectations, as well as complimented the team's availability and assistance with presenting the final report to relevant stakeholders.

The Department of Environmental Affairs reported that the team was excellent: extremely knowledgeable and experienced with government components, multi-skilled and flexible in responding to the concerns of the client. They welcomed GTAC's ability to provide access to important sector officials from the DPSA and Treasury, and its guidance on when and how to engage them optimally. Finally, the quality of reports was commended, as was the professionalism, availability and conduct of the project manager. The availability, equanimity and open communication was found to be a critical (and usually scarce) component of effective process and project management.

The respondents complimented the high levels of professionalism, quality of work, as well as the management skills of the project teams. The robust engagements with the team, and professional interactions with all stakeholders were particularly appreciated by the North West Provincial Treasury. They expressed appreciation for the inclusive nature in which projects were managed, specifically that their comments and views were always considered by the team, and subsequently reflected in the final report. GTAC was commended by DPSA as being "a service provider without a vested interest in the outcome of the project, providing recommendations that were not biased, and which put the interest of the state at the forefront".

The client (National Treasury) that was evaluated indicated an overall satisfaction level 3 with the support received from TCS and the response from the client was overall positive. The National Treasury was satisfied with the support received, and thanked GTAC for their in-kind contribution toward the project. It was noted that there were some challenges during the project with regards to the required methodology and agreement on the scope of the project. The professionalism of the project manager was appreciated, and the client was pleased the project was completed on time.

## **PUBLIC EXPENDITURE AND POLICY ANALYSIS UNIT**

### **Purpose**

Performance and expenditure reviews are widely used internationally to assess the cost-effectiveness of public policy and spending to help improve delivery. The reviews are also sometimes used to proactively cost the implications of legislative changes and policy choices.

The Public Expenditure and Policy Analysis unit provides analysis of and insights into, the performance, cost-effectiveness and expenditure trends of selected government programmes. These findings assist responsible authorities and stakeholders assess the financing and service delivery implications of the design of policies and programmes, for both current and planned.

### ***Performance and Expenditure Reviews supported***

- A PER costing model for TVET colleges;
- An Expenditure model of Stats SA surveys;
- An expenditure review for the Eastern Cape Provincial Treasury and a Supply Chain review project was undertaken. This work was done in a phased approach and level 2 analysis has been completed. The rest of the phases are to be implemented in the new financial year and
- Consultations with National Treasury budget group stakeholders (IGR, Budget Office & Public Finance) has commenced to agree the focus of the new project on spending reviews.

### ***Remuneration analysis reports reported***

The unit also undertakes remuneration analysis and modelling to assist the National Treasury in understanding the fiscal pressures related to remuneration trajectories, both over the period of the Medium-Term Expenditure Framework and in the longer run. It provides technical analysis and actuarial projections on remuneration and works to improve the understanding of each sector's specific variations and needs in terms of remuneration.

The following four Remuneration analysis reports were undertaken:

- In response to a request from Budget Office, a range of options to reduce government's expenditure on compensation of employees were analysed, costed and reported on;
- Wage bill savings were analysed and reported to Budget Office;
- A remuneration analysis report was completed for South African Police Services; and
- An overall trend analysis was completed and updated with 2018 data. The Cost of Compensation analysis was then performed and published as an annexure to MTBPS 2019.

### ***Capacity building interventions delivered***

A Baseline Assessment and New Policy Costing Course was rolled out to all the provinces. The structure of the course is such that it follows a 7-step standardised methodology primarily based on costing new policy and assessing budget and expenditure baselines. The purpose of the course is to improve officials' understanding of the links between policy development and implementation, through a better understanding of the institutional landscape, policy, cost and budgetary implications.

As at the end of the year under review, five Capacity building training interventions were delivered.

The course has capacitated officials to:

- To review baselines realistically, through undertaking spending reviews and producing a report on their findings and recommendations;
- Provided officials with a detailed understanding of policy and programme logic, which is combined with readily available expenditure data from government accounting systems (such as BAS, PERSAL, LOGIS).

- Finding value-for-money in public expenditure and equipped them on ways to use the performance expenditure reviews (PERs) as a routine part of budgeting and policy making in government;
- Different ways of analysing expenditure, which in turn inform cost models that illustrate different spending scenarios and articulate the impact on service delivery of such different spending scenarios; and
- Equipped officials with tools to probe budget detail at a range of levels, be it from a whole system perspective, sector wide, institutional level, or probing programme design and implementation modality, all the way down to individual facilities such as a school, a hospital etc

PEPA also aims to establish a Community of Practice through the alumni, which will drive shared learning opportunities to include an annual conference, and a series of seminars and webinars.

The feedback received from participants in the capacity development training has been extremely positive, making a clear case for its continued support across government. The pioneering work to improve public financial capability is a critical aspect of GTAC's delivery to improve state capability.

### Clients Feedback

**The feedback from the officials regarding the capacitation initiative has been positive, with comments such as "I have to state that this is the best course I have attended in my 14 years for service in the public service. I am now equipped to do my work better as a budget analyst, PMTEC assessments and my monthly expenditure analyses reports will never be the same again"**

## 2.4 PROGRAMME 3: PROGRAMME MANAGEMENT SERVICES

### Purpose

To improve the efficiency of Treasury PMUs through effective and efficient operational and procurement support provided.

### Overview

GTAC, acting as an agent on behalf of the National Treasury, provides administrative and programme and project management support to two programmes – the Jobs Fund and the MFIP. These programmes form part of Programme 8 on the Treasury vote.

**Jobs Fund project management unit:** This unit oversees a portfolio of innovative grant-funded employment facilitation projects, undertaken by private, public and not-for-profit implementing partners. The Jobs Fund Investment Committee has the responsibility for and authority over the contents and performance of the Fund.

**MFIP project management unit:** This unit supports the national and provincial treasuries and targeted municipalities in strengthening municipal financial management. The Office of the Accountant-General has the responsibility for and authority over the content of the programme and its performance.

**TABLE 3: STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS FOR PROGRAMME 3**

#	KEY PERFORMANCE INDICATOR	2019/20 TARGET	2019/20 ACTUAL	REASON FOR DEVIATION
<b>SO 3. Provide administrative support to PMUs to meet their objectives</b>				
3.1.1	Percentage of PMU procurement completed in 90 days	100%	80%	Under performance is attributed to delays in Bid Evaluation processes which were due primarily to the non-availability of BEC members.
3.1.2	Percentage of PMU payments made within 30 days	100%	100%	n/a

**STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE (INDICATORS AND ACTION PLANS)**

KEY PERFORMANCE INDICATOR	ACTION PLAN
Percentage of PMU procurement completed in 90 days	<p>Project timelines will be improved through the implementation of stricter project planning targets. This will include effective monitoring and reporting against agreed project timelines and the linking of performance timelines to individual scorecards and performance agreements of PSP staff.</p> <p>Delays as a result of the non-availability of BEC members, will be managed through improved liaison with Business Units Heads to ensure the prioritization of commitments made by BEC members.</p>

**PROGRAMME 3 OUTPUTS**

Professional Services Procurement and Financial Management continued to support the establishment and operations of the project management units.

PMU procurement completed in 90 days

The Professional Services Procurement processes the PMUs requests for the following:

- Requests for bids
- Requests for proposals
- Requests for quotations

During the year under review, Professional Services Procurement successfully finalised 80% of procurement requests from PMUs. The target of 100% was not met, due to delays in completion of projects within the required lead time including delays in Bid Evaluation processes (e.g. Non-availability of BEC members)

***Processing of payments within the prescribed norm of 30 days***

Financial Management supported the operations of the project management units by processing payments for all services received. All of these payments were processed within the prescribed norm of 30 days.

## 2.5 OVERALL PERFORMANCE OVERVIEW FOR GTAC

FIGURE 2: PERFORMANCE PER PROGRAMME

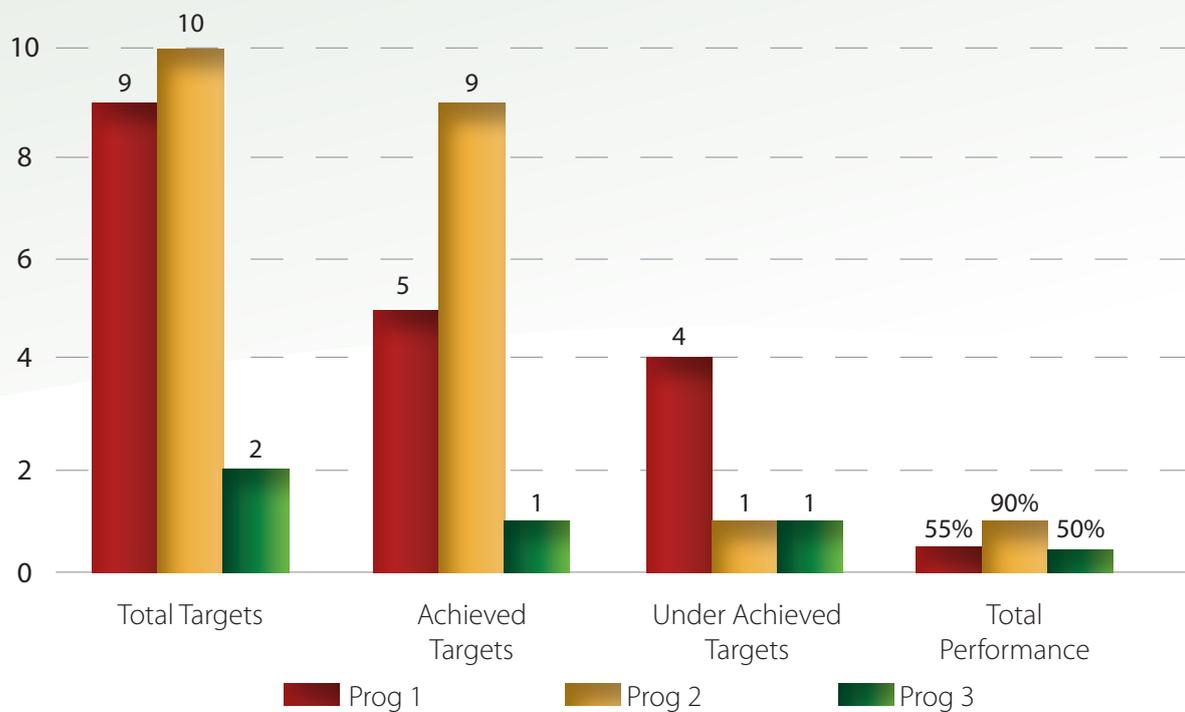
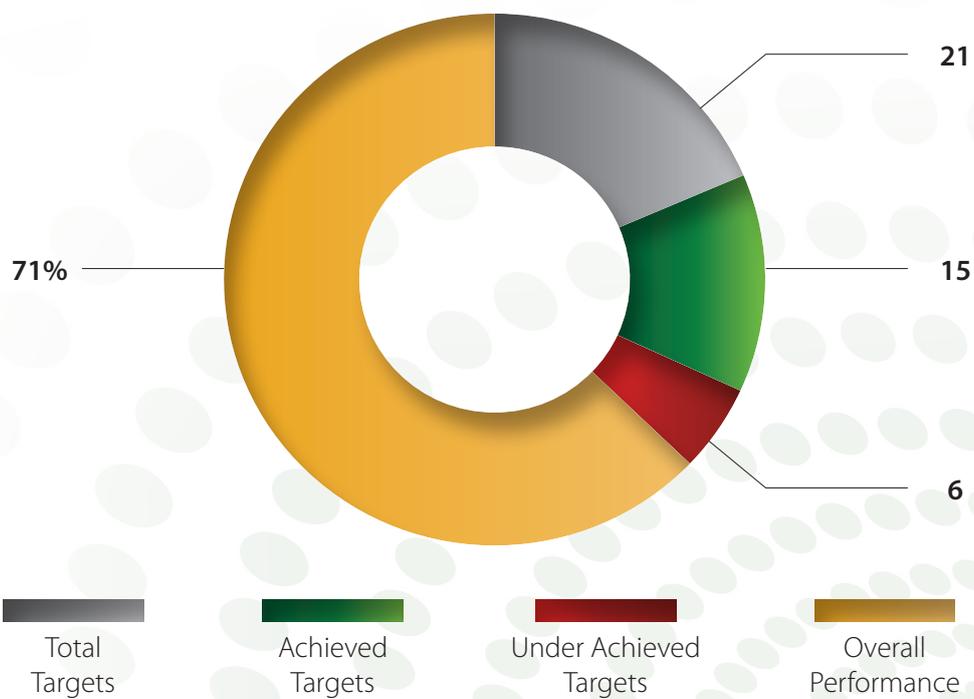


FIGURE 3: GTAC OVERALL PERFORMANCE



The overall performance for 2019/20 financial year was 71% with 15 out of 21 indicators achieve.

## 2.6 TRANSFER PAYMENTS

GTAC does not have any transfer payments.

## 2.7 CONDITIONAL GRANTS

GTAC does not have conditional grants.

## 2.8 DONOR FUNDS

During the year under review GTAC received funds from the European Union; the Canadian Government (through Global Affairs Canada) and the Flemish Government. The EU funding is managed by an EU contracted service provider, DT-Global and GTAC is responsible for the technical and management oversight and decision-making of the project. The Canadian funding is directly managed by GTAC and allocated in agreement with the Canadian Government and GTAC (including support to DPME) in an annually approved workplan. The Flemish funding is also managed by GTAC, the allocation of which is determined in an agreed workplan between the two parties.

The table/s below details the donor funds received during the period 1 April 2019 to 31 March 2020:

**TABLE 4: A BUILDING A CAPABLE STATE PROJECT IN SOUTH AFRICA – GLOBAL AFFAIRS CANADA**

<b>Name of donor</b>	Government of Canada
<b>Full amount of the funding</b>	R115 539 230
<b>Period of the commitment</b>	August 2013 - September 2020 (extension granted until September 2021)
<b>Purpose of the funding</b>	Building a Capable State Project in South Af-rica
<b>Expected outputs</b>	<ul style="list-style-type: none"> <li>• Improved Management Performance of GTAC Clients in support of quality and gender responsive service delivery, including increased reach to poor and vulnerable communities</li> <li>• Improved understanding by GTAC clients of their own systems and processes to support gender responsive quality service delivery</li> <li>• Improved capacity of GTAC clients to support quality service delivery</li> <li>• Enhanced capacity of GTAC to respond to client demand</li> <li>• Improved economic capability within the public sector</li> <li>• Increased GTAC Leadership and Managerial Effectiveness</li> <li>• Improved Performance Management and accountability of DPME</li> </ul>
<b>Actual outputs achieved</b>	<ul style="list-style-type: none"> <li>• Established Public Economics Capacity-Building Programme</li> <li>• Established a system to analyze government spending through performance expenditure reviews;</li> <li>• Developed and roll-out of intensive on-the-job training</li> <li>• Established a flagship project with IMALI YETU</li> <li>• Increased the capacity of GTAC's core team to deliver services to clients</li> </ul>
<b>Amount received (R'000)</b>	R 15 000 000
<b>Amount spent by the department (R'000)</b>	R 23 970 485
<b>Reasons for the funds unspent</b>	N/A
<b>Monitoring mechanism by the donor</b>	Biannual consultations; Annual reports and Project Steering Committees.

TABLE 5: ASSESSING THE VIABILITY OF OUTCOMES-BASED PERFORMANCE INSTRUMENTS

<b>Name of donor</b>	Government of Flanders
<b>Full amount of the funding</b>	R14 836 841
<b>Period of the commitment</b>	30 June 2017 to 30 June 2021 (requested a No cost extension till December 2022)
<b>Purpose of the funding</b>	Assessing the viability of utilising outcomes-based performance instruments for contract-ing service delivery by government
<b>Expected outputs</b>	<ul style="list-style-type: none"> <li>• Select the department(s) for feasibility study for piloting the outcomes-based contracting (OBC) instrument</li> <li>• Conduct a feasibility study</li> <li>• Assist the department to manage procurement of consortium to manage the OBC pilot</li> <li>• Implementation of the OBC pilot</li> </ul>
<b>Actual outputs achieved</b>	<ul style="list-style-type: none"> <li>• Obtained PSC endorsement of shortlisted process and projects</li> <li>• Procured and contracted service provider for feasibility study and to assist dept. with OBC contracting process</li> <li>• Feasibility studies finalised and presented to PSC in April 2020 and the recommendations thereof were accepted by the PSC</li> </ul>
<b>Amount received (R'000)</b>	R 2 070 787
<b>Amount spent by the department (R'000)</b>	R 1 215 059
<b>Reasons for the funds unspent</b>	The underspent of an amount of R 494 213.22 has been due a reduction in the scope of the feasibility study and the fact that the winning tenders for the feasibility study came in significantly less than budgeted for.
<b>Monitoring mechanism by the donor</b>	<ul style="list-style-type: none"> <li>• Bi-annual meetings of PCS</li> <li>• Annual Operational Plan Submission</li> <li>• Bi-annual report on financial administration</li> <li>• Lessons learnt report</li> </ul>

**TABLE 6: THE CAPACITY BUILDING PROMOTION OF EMPLOYMENT PROGRAMME**

<b>Name of donor</b>	EUD
<b>Full amount of the funding</b>	6,5 mil Euros
<b>Period of the commitment</b>	Jan 2017 – Aug 2021
<b>Purpose of the funding</b>	The Capacity Building Programme for Em-ployment Promotion
<b>Expected outputs</b>	<ul style="list-style-type: none"> <li>• Contribute to reducing unemployment, by building state and institutional capacity in three result areas:</li> <li>• Active labour market policy interventions for the unemployed;</li> <li>• Small and medium enterprise development, including the informal sector;</li> <li>• Further education and training and skills development.</li> </ul>
<b>Actual outputs achieved</b>	<p>Support to the 2018 Presidential Jobs Summit.</p> <p>Support for the Presidency’s emergency response to the Covid-19 crisis, including social grants for the unemployed and an Employment Stimulus Package.</p> <p>High level national Colloquium on Economic Growth and Employment</p> <p>Development of a policy framework and pilot project for a Basic Package of Support for Youth.</p> <p>Development of evidence-based policy recommendations for employment-focused rural land reform.</p> <p>Support to DSBD for research-based policy dialogue and for citizen-centred design of small business financing and business development support services.</p> <p>Development of Western Cape digital skills agenda.</p> <p>Support to DHET for design, implementation and utilisation of TVET graduate outcomes surveys, to strengthen the linkages between colleges and employment.</p>
<b>Amount received (R’000)</b>	n/a – funding is managed by DT-Global
<b>Amount spent by the department (R’000)</b>	<p>The full amount of 4300 Non-Key Expert Consultancy days has been committed.</p> <p>60% of the Incidental Expenditures budget has been spent.</p>
<b>Reasons for the funds unspent</b>	Scheduled end of programme is August 2021. All available NKE consultancy days have been committed. Further Incidental Expenditures are budgeted for the remaining period of the programme
<b>Monitoring mechanism by the donor</b>	Project Selection Committee; Project Steering Committee and Quarterly review meetings



# GOVERNANCE C



# 1. GOVERNANCE

## 1.1 INTRODUCTION

Good corporate governance is integral to good performance. GTAC strives to fulfil its mandate in a manner that is consistent with best practices and endeavours to go beyond compliance, where possible. The governance framework is defined by the Constitution, the Public Service Act and the Public Finance Management Act. In addition, GTAC considers the King IV framework important supplementary guidance. Integrity, promoting a strong commitment to ethical culture and respecting the rule of law in the public interest are hallmarks of the GTAC governance approach. In the period under review, GTAC continued to review and refine its governance processes and practices in order to properly align with the legislative and regulatory requirements and to reflect best practices. Through proactive leadership and oversight, GTAC has enhanced the areas of risk management, ethics, compliance and anti-corruption.

The Management Committee (MANCO) provides full commitment to providing overall strategic direction in GTAC. Amongst the key initiatives overseen by MANCO, has been to review and improve governance structures and processes for improved corporate governance and sustainability.

**TABLE 7: IN 2019/20, THE KEY AREAS OF FOCUS AND ENHANCEMENTS THAT WERE ACHIEVED ARE OUTLINED IN THE TABLE BELOW:**

<b>Internal Control Framework</b>	The framework is based on the COSO framework and it aims to ensure that good governance is embedded in the day to day working of GTAC towards achievement of improved audit outcomes.
<b>Ethics Policy and the code of conduct</b>	The policy strengthens measures and standards for managing integrity and promotes ethical conduct in line with the Public Service Integrity Framework. The police make provisions for managing unethical conduct that can arise as a result of financial interests, gifts, hospitality and other benefits, post public employment and remunerative work outside the public service.
<b>Anti-Fraud and Corruption Strategy</b>	The Strategy is adopted from the Minimum Anti-Fraud and Corruption Capacity (MACC) requirements and clarifies GTAC's approach in dealing with fraud and corruption.
<b>Framework for policies, processes and procedures</b>	The framework provides guidelines for formulation, implementation and review of departmental policies, processes and procedures to ensure that policies, processes and procedures are developed and applied consistently in line with the goals, obligations and strategic priorities of GTAC.
<b>Delegation of authority</b>	In line with the Public Service Act and the Public Finance Management Act, formal delegation of authority was approved and implemented during the year under review.
<b>Compliance management policy framework</b>	The policy establishes an effective program for compliance to form an integral part of enterprise risk management processes, which integrates a strong compliance programme into daily business activities including consequence management for non-compliance.

## 1.2 RISK MANAGEMENT

Risk management is embedded in the GTAC's annual planning cycle. As such, the strategic and operational plans incorporate an approved risk management framework to allow management to determine the organisation's risk appetite and implement appropriate mitigation strategies. Each risk on the register is assigned an impact and probability rating, considering the financial, compliance, reputational and human impact of these risks on business operations.

Business continuity management has begun to take shape and the business impact analysis for GTAC was finalised in the first quarter of the financial year. GTAC is also accommodated in the disaster recovery site of the NT as part of shared services, which is situated in Pietermaritzburg. The Internal Audit function continues to provide independent and objective assurance of overall adequacy and effectiveness of governance, risk management and controls, and make recommendations for improvement.

## 1.3 FRAUD AND CORRUPTION

GTAC subscribes to a "Zero Tolerance" stance on fraud, corruption and related activities. In period under review, the GTAC Anti-Fraud and Corruption Strategy was finalised. The Strategy comprehensively details the identification and management of fraud and corruption and GTAC will focus on the implementation in the new financial year (including a focus on training and screening of employees).

The ethics, fraud and corruption processes of GTAC are also periodically assessed independently by the Internal Audit and oversight structures such as the Audit Committee. GTAC continued to participate in the National Treasury annual anti-corruption awareness campaign, ensuring a consistent and clear message to all staff about the impact and management of fraud and corruption affecting the public sector.

## 1.4 MINIMISING CONFLICT OF INTEREST AND CODE OF CONDUCT

GTAC's Ethics policy was completed over the reporting period. The policy regulates the management of conflict of interest that may arise as a result of financial interest, gifts, hospitality and other benefits, post GTAC employment and remunerative work outside of GTAC. The policy institutes the regular monitoring of interest on an annual basis. The Ethics also includes a Code of Conduct. Violations of the Code of Conduct are grounds for disciplinary action, including termination of employment as well as criminal prosecution and recovery of any losses suffered by GTAC, where applicable.

## 1.5 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

GTAC remained committed to creating a healthy and safe environment for all its employees. The provision of a safe and healthy working environment for employees, visitors and contractors is not just a moral and legal responsibility of GTAC, but also a prerequisite for achieving its mission. To this end, GTAC has allocated health and safety officers and ensured these representatives have been trained in areas such as fire-fighting and emergency first aid. Continuous engagements with National Treasury in terms of a GTAC shared services agreement ensures that GTAC remains au fait with National Treasury programmes on occupational safety and health in terms of the Occupational Health and Safety Act No. 85 of 1993.

To this end, the outbreak of the Covid 19 pandemic which happened toward the end of the financial year was adequately responded to, in line with the lockdown regulations issued by the government. In the year ahead, GTAC will intensify its efforts on occupational health and safety to curb the impact of the Covid 19 pandemic.

## 1.6 PORTFOLIO COMMITTEES

In period under review, GTAC did not attend any Portfolio Committees.

## 1.7 SCOPA RESOLUTIONS

In period under review, there were no Scopa resolutions on GTAC.

## 1.8 PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior modifications to the GTAC Audit Reports

## 1.9 INTERNAL CONTROL UNIT

During this reporting period, GTAC has adopted its Internal Control Framework which is based on the COSO framework to guide its internal control efforts. This framework will assist managers with the design, documentation and implementation of sound internal controls throughout GTAC, in order to achieve efficient and effective management of its operations, as well as reliability of reporting. The effectiveness of the framework is augmented by the adoption of the Compliance Policy through which to integrate compliance into daily business activities. In addition, the policy will assist GTAC protect its reputation, build public trust, ensure transparency in its service offerings and minimise the risk of regulatory action. The management of compliance risks forms part of the overall risk management framework of GTAC and is incorporated into GTAC's risk strategy.

## 1.10 INTERNAL AUDIT AND AUDIT COMMITTEES

Internal auditing, as an independent and objective assurance and consulting activity provides a value adding support to improve the operations within GTAC. The Internal Audit function provides shared services to the National Treasury (Treasury), Co-operative Banks Development Agency (CBDA), Government Technical Advisory Centre (GTAC), the Accounting Standards Board (ASB) as well as the Independent Regulatory Board for Auditors (IRBA). It assists the National Treasury, CBDA, GTAC, ASB and IRBA in accomplishing their objectives by bringing a systematic and disciplined approach (an annual and three-year rolling risk-based audit plan) to evaluate and improve the effectiveness of the organisations' governance, risk management and internal control.

Internal Audit (IA) implemented its annual risk-based audit plan for 2019/20 as part of the three-year rolling plan, after consultation with management and approval by the GTAC's Audit Committee. This plan was revised and approved by the Audit Committee, due to acknowledgment of the capacity constraints faced by Internal Audit. The plan was successfully implemented.

All six (6) planned audits were completed and tabled to the Audit Committee during the financial year. An additional ad hoc audit was also completed in the year under review, resulting in 7 audits being completed.

All audit engagements and other work of internal audit were executed in accordance with the International Professional Practice Framework of Internal Audit, issued by the Institute of Internal Auditors.

The Audit Committee is established as a statutory committee in terms of section 38(1)(a)(ii) of the PFM and Treasury Regulations. The committee performs an oversight and advisory role to the National Treasury and is accountable to the Accounting Officer, Executive Authority and the public to properly consider and evaluate all matters as per its terms of reference.

The purpose of the committee is to assist the Executive Authority and Accounting Officer fulfil oversight responsibilities in respect of financial reporting, risk management, the system of internal control, the audit process, and the department's process for monitoring compliance with laws, regulations and the code of conduct. The committee also has a primary responsibility to the public to form an opinion on the effectiveness of the management of the issues within its ambit, and communicates these in the annual report.

Table 8 below indicates the audit committee meetings that were held for the 2019/20 financial year:

#	MEETING	MEETING DATE	NUMBER OF MEMBERS ATTENDED
1	Audit Committee meeting to discuss unaudited Annual Financial Statements	28 May 2019	5
2	Audit Committee meeting to discuss to discuss the Auditor General Management and Audit Reports	30 July 2019	4
3	Audit Committee Meeting to discuss GTAC quarterly reports	04 September 2019	5
4	Audit Committee Meeting to discuss GTAC quarterly reports	04 December 2019	5
5	Audit Committee In-camera Meeting to discuss GTAC investigation reports	20 December 2019	4

The table below discloses relevant information on Audit Committee members:

Name of member	Qualifications	Appointment Date	No. of meetings attended
Ms Octavia Mat-loa (Chairperson) *	Chartered Accountant (SA), B.Com (Hons) and CTA.	1 March 2016	1 of 5
Ms Anna Badimo	B.Sc Computer Science B.Sc Hons Computer Science Master in Business Administration (MBA) Master of Science (M.Sc) CISM (Certified Information Security Manager) CGEIT (Certified in the Governance of Enterprise IT) CISA (Certified Information Systems Auditor) CRISC (Certified in Risk and Information Systems Control) Cobol Programming Diploma PMP (Project Management Professional) Cert. IT Auditing, COBIT 5, ITIL Foundation Certified ISO 22301 Lead Implementer F. Inst D (IoDSA) CISM (Certified Information Security Manager) CGEIT (Certified in the Governance of Enterprise IT) CISA (Certified Information Systems Auditor) CRISC (Certified in Risk and Information Systems Control) Cobol Programming Diploma PMP (Project Management Professional) Cert. IT Auditing, COBIT 5, ITIL Foundation Certified ISO 22301 Lead Implementer Certified Blockchain Expert F. Inst D (IoDSA)	1 July 2015	4 of 5
Mr Brandon Furstenburg	Master of Science (MSc) in Financial Management, Master of Commerce (MCom) in Economics, BCom Hons, Bcom and FAIS exams: RE1, RE3 & RE5. M.InstD	1 June 2016	5 of 5
Mr Charl de Kock**	Masters in IT Auditing, Honours degree in Accounting, Certified Information Systems Auditor (CISA), Certified Internal Auditor (CIA), South African Institute of Professional Accountants (SAIPA)	1 February 2017	6 of 6
Ms Pumla Mzizi (Chairperson from 1 July 2019)	BCom Honours in Transport Economics CA (SA) BCompt Honours CTA BBusSci Finance Honours	1 October 2018, 1 July 2019 (AC Chairperson)	5 of 5
Mr Freddy Senthumule^	Diploma in Finance and Auditing BCom Accounting MBA with special project on PFMA	1 July 2019	4 of 5

\* Contracts expired on 30 June 2019  
\*\* Contract expired on 31 January 2020  
^ Contract commended on 1 July 2019

## 2. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2020.

### AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1) (a) of the Public Finance Management Act and Treasury Regulation 27.1.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### THE EFFECTIVENESS OF INTERNAL CONTROL

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded, and that liabilities are effectively managed. As per the PFMA requirements, internal audit primarily and the Auditor-General of South Africa partly evaluate the internal controls for adequacy and effectiveness. This is achieved by assessing the effectiveness of risk management, and the identification of corrective actions and suggested enhancements to controls and internal processes. Based on these evaluations and assessment of the management commitment to good governance, the Audit Committee considers the internal control environment as requiring improvement.

### INTERNAL AUDIT

The audit committee reviewed and approved the annual internal audit plan for 2019/20 and monitored performance of the internal audit against this plan on a quarterly basis. The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks specific to GTAC in conducting the reviews.

The following internal audit assignments were completed during the year under review and the committee will continue to monitor the progress made against the corrective action plans implemented by management:

- Review of the Annual Financial Statements;
- Audit of Performance information audit on the APR (Assurance);
- Performance Bonus Review;
- Audit of Performance information audit on the QPR (Assurance);
- Probity Audit (Quarter 1 Procurement of Goods and Services/Tenders).
- Probity Audit (Quarter 2 Procurement of Goods and Services/Tenders).

The audit committee was concerned with the position of the Head of GTAC which has been vacant since the establishment of GTAC in 2014, non-compliance with the supply chain management laws and regulations and the governance around the Jobs Fund.

### RISK MANAGEMENT

Management is responsible for the establishment and maintenance of an effective system of governance, risk management, the prevention and detection of fraud and internal controls. Internal Audit was guided by the consolidated risk profile, provided by the Enterprise Risk Management unit, critical audit areas and managements inputs in the formulation of its 3-year strategic and annual plans. The entity had a Risk Committee which was chaired by an independent member who reported directly to the Audit Committee. In the current financial year, a decision was taken to review the structure and composition of the committee to achieve effectiveness however the process took longer than envisaged. The Committee met 4 times during the year under review. A risk register is updated annually to ensure that all the major risks including emerging risks facing the organisation are effectively managed. The Committee monitors management's implementation of the risk management plans on a quarterly basis.

## COMPLIANCE WITH LAWS AND REGULATIONS

The Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and is satisfied that no material deviations were noted. The Committee also noted managements' policies and procedures to ensure compliance with applicable laws and regulations. The Committee has also taken note of concerns with the entity's non-compliance with some of the legislative requirements relating to procurement and contract management as reflected in the audit report.

The Committee remains concerned with the slow progress in the finalization of irregular expenditure. The status of the implementation of the guideline(s) as issued by National Treasury to resolve irregular expenditure is inadequate.

## EVALUATION OF FINANCIAL STATEMENTS

The Committee submits that it has:

- Reviewed the 2019/20 unaudited and audited Annual Financial Statements prepared by GTAC.
- Reviewed the 2019/20 draft and final Annual Performance information.

## AUDITOR-GENERAL'S REPORT

The Audit Committee has met and discussed with the Auditor-General South Africa their audit report, to ensure that there are no unresolved issues. We have also reviewed the management responses to the audit issues raised in the AGSA management report and continuous oversight will be exercised to ensure that unresolved findings are adequately addressed.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General.

## APPRECIATION

The Audit Committee expresses its sincere appreciation to the Executive Authority, Accounting Officer, AGSA, Management, and internal audit for their support and co-operation.

*Pumla Mzizi C.A.(SA)*

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**Pumla Mzizi**  
**Chairperson of the Audit Committee**  
**30 September 2020**

# HUMAN CAPITAL MANAGEMENT D

The background is a dark green color with several overlapping, semi-transparent geometric shapes in lighter shades of green. A large, curved shape on the right side features a pattern of small, light-colored dots. The overall design is modern and professional.

# 1. HUMAN CAPITAL MANAGEMENT

## 1.1 INTRODUCTION

The Human Capital Management unit provides strategic leadership, direction and support to business in GTAC. It administers employee benefit programmes, coordinates workforce development in terms of training and formal studies, and ensures that GTAC's human capital is aligned to meet the strategic objectives of the organisation in a diverse and ever-changing environment.

The Human Capital Management unit is therefore dedicated to maximising the potential of its greatest assets. It focuses on delivering quality customer service and is committed to recruiting, developing, rewarding and retaining GTAC's workforce. The Unit creates a work environment that (1) supports the efficient and effective delivery of GTAC services; (2) responds to the demands of the GTAC operations and strategies; (3) enables employees and stakeholders to be knowledgeable and informed; (4) complies with public service legal and regulatory requirements; and (5) attracts and retains expert human resources in the technical, operational and management fields.

## 1.2 OVERVIEW OF HUMAN RESOURCES

The Human Capital Management and Corporate Services unit within the GTAC is well resourced and capable of rendering support as required. The Unit is responsible for the provision of Human Resources policy advice and implementing of resource plans to enable business to deliver on its performance goals. The Unit further is responsible for ensuring the provision of a safe and conducive working environment wherein staff are afforded with the necessary tools, systems, and wellness support to be productive. The Unit is currently overseen by an Acting Director since 01 May 2020. The position is to be filled permanently upon conclusion of the re-structuring exercise in the new financial year.

In 2019/20, the HCM Unit set out to standardize service offerings, put in place stronger internal controls and improve the quality of services rendered. The unit further aimed to expand on its resourcing practices by focusing on pipeline development through the appointment of interns. Employee health and wellness, as well as general corporate services

support was strengthened to provide a more supportive and conducive working environment. These priorities all contributed to quicker recruitment turnaround time, improved governance through the formation of various HR committees, as well as reduced use of sick leave and incapacity by staff.

The GTAC's workforce planning for this financial year largely rested on funded vacancies. Due to recurring budget cuts and reduced transfer of voted funds by the National Treasury, resource planning was confined to the existing funded staff establishment, utilising the internal movements of staff to adequately resource business.

In addition to this, the GTAC placed 3 interns during the FY. Internships provide an opportunity for young economists to gain work experience and grow into young professionals. The internship serves as a work back obligation for bursary students who were recipients of a Masters bursary from GTAC. The GTAC reached its Employment Equity targets, and is steadily promoting employment of persons with disabilities. During the year that was, approval was granted for the expansion of the Municipal Finance Improvement Programme into a fourth phase which saw the decision to recruit resources rather than procure consultants. Through the use of diverse and extensive advertising methods, GTAC was able to attract a wider range of applicants. Fair compensation, together with an exciting working environment wherein decision-making is consultative, where the views of all staff are considered, has resulted in the retention of highly capable professionals.

Performance Management is an ongoing process with weekly performance management discussions encouraged between employees and their line managers. This not only assists with managing expectations at formal assessment periods, but also promotes continuous feedback. This management practice promotes better relationships and allows for increased productivity as employees are kept abreast of developments and changing work responsibilities and can direct their energies to work activities as contracted.

To improve the alignment of individual performance to organisational performance, the HCM Unit has contracted a service provider to develop a performance management framework and individual performance agreements for all GTAC staff. The service providers were appointed in November 2019 and work is expected to be concluded by 31 July 2020.

## **WELLNESS PROGRAMME**

The GTAC continues to benefit from the National Treasury's Employee Assistance Programme which offers counselling, primary health care as well as HIV/AIDS assistance. GTAC staff have taken up this service not only for themselves, but also their immediate family members to deal with bereavement, work stress as well as financial difficulty. Internally, GTAC also promotes wellness through fitness events and held its first sports day in September 2019. Staff participated in soccer, netball as well as relay running. In addition to physical well-being, GTAC encourages early detection of chronic and life-threatening diseases and offered both prostate testing as well as pap smears during the year.

Financial wellness remains important, and with support from the GEPE, GTAC held staff awareness sessions. Death in the organisation remains a painful experience but one which was well managed through immediate debriefing of staff and family. Funds due to the family went to a trust established for the minor dependent.

The Unit entered the year with an acting Chief Director. To support the transition from the previous manager, and also to capacitate the team following an review of HR competence in the 2018/19 Financial year, service providers were appointed to develop a new HR Strategy, Service Charter, and standard operating procedures. Not only did this exercise promote unity in the team, it also unlocked efficiencies which could be realised. Some achievements for the year include:

- Ethics Management – Appointment of a dedicated Ethics Officer for the GTAC and 100% financial disclosure success.

- Appointment of GTAC Graduate Interns
- Formation of the GTAC Training and Employment Equity Committee (TEEC)
- Formation of the GTAC's Job Evaluation Committee and training of job evaluation analysts and panel members, including representatives from organised labour.
- Achievement of 2% of employment of persons with disabilities.

### 1.3 HUMAN RESOURCES OVERSIGHT STATISTICS

#### 1.3.1 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 10: PERSONNEL EXPENDITURE BY PROGRAMME FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Programme	Total expenditure (R 000)	Personnel expenditure (R 000)	Training expenditure (R 000)	Professional and special services (R 000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
1	66 477	38 878	1 098	9 496	58%	589
2	121 113	36 058	0	73 443	30%	925
3	80 271	54 616	562	16 476	68%	738
<b>Total</b>	<b>266 752</b>	<b>129 543</b>	<b>1 660</b>	<b>99 415</b>	<b>48%</b>	<b>724</b>

**TABLE 11: PERSONNEL COSTS BY SALARY BAND FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Salary bands	Personnel expenditure (R 000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R 000)
lower skilled (Levels 1-2)	-	-	-	-
Skilled (level 3-5)	218	0.16%	1	218
Highly skilled production (levels 6-8)	15 144	11.69%	42	360
Highly skilled supervision (levels 9-12)	50 442	38.94%	76	664
Senior and Top management (levels 13-16)	63 748	49.21%	60	1 062
<b>Total</b>	<b>129 543</b>	<b>100%</b>	<b>179</b>	<b>724</b>

**TABLE 12: OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL AID BY PROGRAMME FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Programme	Salaries		Overtime		Home Owner Allowance		Medical Aid	
	Amount (R 000)	Salaries as % of personnel cost	Amount (R 000)	Overtime as % of personnel cost	Amount (R 000)	HOA as % of personnel cost	Amount (R 000)	Medical assistance as % of personnel cost
1	32 640	25.19%	12	0.01%	367	0.28%	795	0.61%
2	30 270	23.37%	-	-	448	0.34%	400	0.31%
3	51 869	40.04%	-	-	24	0.02%	328	0.25%
<b>Total</b>	<b>114 779</b>	<b>88.60%</b>	<b>12</b>	<b>0.01%</b>	<b>839</b>	<b>0.65%</b>	<b>1 523</b>	<b>1.18%</b>

**TABLE 13: SALARIES, OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL AID BY SALARY BAND FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Salary bands	Salaries		Overtime		Home Owner Allowance		Medical assistance	
	Amount (R 000)	Salaries as % of personnel cost	Amount (R 000)	Overtime as % of personnel cost	Amount (R 000)	HOA as % of personnel cost	Amount (R 000)	Medical assistance as % of personnel cost
Skilled (level 1-2)	-	-	-	-	-	-	-	-
Skilled (level 3-5)	218	0.16%	-	-	-	-	-	-
Highly skilled pro-duction (levels 6-8)	12 571	9.70%	12	0.01%	347	0.27%	538	0.42%
Highly skilled su-pervision (levels 9-12)	44 291	34.19%	-	0%	209	0.16%	573	0.44%
Senior manage-ment (level 13-16)	57 699	44.52%	-	0%	253	0.20%	412	0.32%
<b>Total</b>	<b>114 779</b>	<b>88.60%</b>	<b>12</b>	<b>0.01%</b>	<b>809</b>	<b>0.62%</b>	<b>1 523</b>	<b>1.76%</b>

### 1.3.2 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

**TABLE 14: EMPLOYMENT AND VACANCIES BY PROGRAMME AS ON 31 MARCH 2020**

Programme	Number posts on approved establishment	Number of Posts filled	Vacancy rate (%)	Number of employees additional to the establishment
Management & Support Services (Prg 1)	52	50	3.8%	10*
Transaction Advisory Services (Prg 2)	38	37	2.6%	-
Programme Management (Prg 3)	74	66	10.8%	-
<b>Total</b>	<b>164</b>	<b>153</b>	<b>6.7%</b>	<b>10</b>

\* 7 Graduate Interns appointed additional to the establishment.

**TABLE 15: EMPLOYMENT AND VACANCIES BY SALARY BAND AS ON 31 MARCH 2020**

Salary bands	Salary bands Number of Posts on approved establishment	Number of Posts filled	Vacancy rate* (%)	Number of employees additional to the establishment
Lower skilled (1-2)	-	-	-	-
Skilled (3-5)	-	-	-	1
Highly skilled pro-duction (6-8)	31	31	-	9*
Highly skilled su-pervision (9-12)	77	71	7.8%	-
Senior manage-ment (13-16)	56	51	8.9%	-
<b>Total</b>	<b>164</b>	<b>153</b>	<b>6.7%</b>	<b>10</b>

\* 7 Graduate Interns appointed additional to the establishment.

**TABLE 16: EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATIONS AS ON 31 MARCH 2020**

Critical Occupation	Number of Posts on approved establishment	Number of Posts filled	Vacancy rate (%)	Number of employees additional to the establishment
Quantitative Data Analytics	2	2	0%	-
Financial Analysis	9	8	11%	-
Capital Project Analysis	7	7*	-	-
<b>Total</b>	<b>18</b>	<b>17</b>	<b>5.5%</b>	<b>-</b>

\* 1 Analyst Last Working Day on 31 March 2020.

#### Notes

- The CORE classification, as prescribed by the DPSA, should be used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
  - in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
  - for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
  - where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
  - in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

#### 1.3.3 Filling of SMS Posts

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

**TABLE 17: SMS POST INFORMATION AS ON 31 MARCH 2020**

SMS level	Total number of funded SMS posts	Total number of SMS posts filled	% SMS posts filled	Total number of SMS posts vacant	% SMS posts vacant
Director-General/ Head of Department	1	-	-	1	100%
Salary Level 16	-	-	-	-	-
Salary Level 15	2	2	100%	-	-
Salary Level 14	15	15	100%	-	-
Salary Level 13	38	34	8.9%	4	10.5%
<b>Total</b>	<b>56</b>	<b>51</b>	<b>91%</b>	<b>5</b>	<b>9%</b>

**TABLE 18: SMS POST INFORMATION AS ON 30 SEPTEMBER 2019**

SMS level	Total number of funded SMS posts	Total number of SMS posts	Total number of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director - General/ Head of Department	1	0	0	1	100%
Salary level 16	0	0	0	0	0
Salary level 15	2	2	100%	0	0
Salary level 14	16	16	100%	0	0
Salary level 13	39	33	84.62%	6	15.38%
<b>Total</b>	<b>58</b>	<b>51</b>	<b>87.93%</b>	<b>7</b>	<b>12.07%</b>

**TABLE 19: ADVERTISING AND FILLING OF SMS POSTS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

SMS level	Advertising	Filling of posts	
	Number of vacancies per level advertised within 6 months of becoming vacant	Number of vacancies per level filled within 6 months of becoming vacant	Number of vacancies per level not filled within 6 months but filled within 12 months
Director-General/ Head of Department	-	-	-
Salary Level 16	-	-	-
Salary Level 15	-	-	-
Salary Level 14	-	-	-
Salary Level 13	2	2	-
<b>Total</b>	<b>2</b>	<b>2</b>	<b>-</b>

**TABLE 20: REASONS FOR NOT HAVING COMPLIED WITH THE FILLING OF FUNDED VACANT SMS - ADVERTISED WITHIN 6 MONTHS AND FILLED WITHIN 12 MONTHS AFTER BECOMING VACANT FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

**Reasons for vacancies not advertised within six months**

On 01 March 2020 the position of Research Analyst in the Jobs Fund became vacant. The position was not advertised due to COVID19 where the DPSA did not permit the recruitment of positions.

**Reasons for vacancies not filled within twelve months**

Delegation to advertise Head of Department (HOD) rests with the President of South Africa. National Treasury submitted request to advertise, and obtained approval of delegation to Minister of Finance on 26 March 2020. Position to be advertised in new financial year.

The GTAC seized the opportunity to restructure the Human Capital Management & Corporate Services Unit following the resignation of the former Chief Director in February 2019. The position of CD was downgraded due to funding shortages in May 2019. The National Treasury was requested to Job Evaluate the position independently in November 2019. Upon approval of Job Evaluation, the position is to be advertised. The position has been vacant for 11 months at 31 March 2020.

The Director: Public Expenditure Reviews has been vacant for more than 12 months. This position has been earmarked for succession following the headhunting of a Deputy Director in October 2018. The position should be filled in the 2020/21 Financial Year.

The position of Director: Evaluation and Learning became vacant on 01 April 2019 following internal transfer of a resource. The unit is considering re-allocation of funds as this post was not filled within 12 months.

**Notes**

In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

**TABLE 21: DISCIPLINARY STEPS TAKEN FOR NOT COMPLYING WITH THE PRESCRIBED TIMEFRAMES FOR FILLING SMS POSTS WITHIN 12 MONTHS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

**Reasons for vacancies not advertised within six months**

None taken. Reasons for non-advertisement were justified.

**Reasons for vacancies not filled within six months**

None taken. Reasons for non-advertisement were justified.

**Notes**

In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A (1) or (2) of the Public Service Act.

**1.3.4 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 9 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 22: JOB EVALUATION BY SALARY BAND FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Salary band	No. of posts on approved establishment	No. of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				No.	% of posts evaluated	No.	% of posts evaluated
Lower Skilled (Levels 1-2)	-	-	-	-	-	-	-
Skilled (Levels 3-5)	-	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	40	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	72	4	4.2%	2	50%	-	-
Senior Management Service Band A (16)	1	-	-	-	-	-	-
Senior Management Service Band B (15)	2	-	-	-	-	-	-
Senior Management Service Band C (14)	15	-	-	-	-	-	-
Senior Management Service Band D (13)	34	1	2.9%	-	-	-	-
<b>Total</b>	<b>164</b>	<b>5</b>	<b>3%</b>	<b>2</b>	<b>40%</b>	<b>-</b>	<b>-</b>

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 posts upgraded could also be vacant.

**TABLE 23: PROFILE OF EMPLOYEES WHOSE POSITIONS WERE UPGRADED DUE TO THEIR POSTS BEING UPGRADED FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Gender	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	1	0	0	0	1
Total	2	0	0	0	2
<b>Employees with a disability</b>					<b>0</b>

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 24: EMPLOYEES WITH SALARY LEVELS HIGHER THAN THOSE DETERMINED BY JOB EVALUATION BY OCCUPATION FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Chief Director: Financial Management	1	14	15	Retention
Project Director: Jobs Fund	1	14	15	Attraction & Critical Skill
Director: Project Evaluation	1	13	14	Retention
Director: Municipal Desk	1	13	14	Retention
Chief Director: Transaction Advisory Services & PPP	1	14	15	Retention
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>5</b>
<b>Percentage of total employed</b>				<b>3%</b>

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

**TABLE 25: PROFILE OF EMPLOYEES WHO HAVE SALARY LEVELS HIGHER THAN THOSE DETERMINED BY JOB EVALUATION FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Gender	African	Asian	Coloured	Whites	Total
Female	1	-	-	-	1
Male	3	-	-	1	4
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>5</b>
<b>Employees with a disability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total number of Employees whose salaries exceeded the grades determine by job evaluation</b>					<b>5</b>

### 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 26: ANNUAL TURNOVER RATES BY SALARY BAND FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Salary band	Number of employees at beginning of period-1 April 2019	Appointments and transfers into department	Terminations and transfers out of the department	Turnover rate %
Lower skilled (Levels 1-2)	-	-	-	-
Skilled (Levels 3-5)	-	1	-	-
Highly skilled production (Levels 6-8)	33	9	9	21.4%
Highly skilled supervision (Levels 9-12)	63	10	5	6.9%
Senior Management Service Bands A (Level 13)	35	2	3	8%
Senior Management Service Bands B (Level 14)	15	-	-	-
Senior Management Service Bands C (Level 15)	2	-	-	-
Senior Management Service Bands D (Level 16)	-	-	-	-
Contracts	-	-	-	-
<b>Total</b>	<b>148</b>	<b>22</b>	<b>17</b>	<b>10%</b>

**TABLE 27: ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Critical Occupation	Number of employees at beginning of period-April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Quantitative Data Analytics	2	-	-	-
Financial Analysis	9	-	1	11%
Capital Project Analysis	7	-	1	14.28%
<b>TOTAL</b>	<b>18</b>	<b>-</b>	<b>2</b>	<b>11%</b>

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

**TABLE 28: REASONS WHY STAFF LEFT THE DEPARTMENT FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Termination type	Number	% of total
Death	1	7.13%
Resignation	12	71.43%
Expiry of contract	3	21.43%
Dismissal – operational changes	-	-
Dismissal – misconduct	-	-
Dismissal – inefficiency	-	-
Discharged due to ill-health	-	-
Retirement	-	-
Transfer to other Public Service Departments	1	-
Other	-	-
<b>Total</b>	<b>17</b>	<b>100%</b>
<b>Total number of employees who left as a % of total employment</b>		<b>11.49%</b>

**TABLE 29: PROMOTIONS BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Occupation	Employees 1 April 2019	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
Quantitative Data Analytics	2	-	-	-	-
Financial Analysis	9	-	-	-	-
Capital Project Analysis	7	-	-	-	-
<b>TOTAL</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TABLE 30: PROMOTIONS BY SALARY BAND FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Salary band	Employees 1 April 2020	Promotions to another salary level	Salary band promotions as % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	-	-	-	-	-
Skilled (Levels 3-5)	-	-	-	-	-
Highly skilled production (Levels 6-8)	33	-	-	-	-
Highly skilled supervision (Levels 9-12)	63	4	6.3%	-	-
Senior Management (Level 13-16)	52	-	-	-	-
<b>Total</b>	<b>148</b>	<b>4</b>	<b>2.7%</b>	<b>-</b>	<b>-</b>

### 1.3.6 Employment Equity

**TABLE 31: TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL CATEGORIES AS ON 31 MARCH 2020**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (Level 13-16)	23	3	2	5	7	1	1	9	51
Professionals (Level 11-12)	21	1	-	1	23	3	-	6	55
Technicians and associate professionals (Level 6-10)	12	-	-	1	34	6	-	3	56
Clerks (Level 5)	1	-	-	-	-	-	-	-	1
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>57</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>64</b>	<b>10</b>	<b>1</b>	<b>18</b>	<b>163</b>
<b>Employees with disabilities</b>	<b>2</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>

**TABLE 32: TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL BANDS AS ON 31 MARCH 2020**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management L15-16	-	-	-	-	-	1	-	1	2
Senior Management (L13-14)	23	3	2	5	7	-	1	8	49
Professionally qualified and experienced specialists and mid-management (L11-12)	21	1	-	1	23	3	-	6	55
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (L6-10)	12	-	-	1	34	6	-	3	56
Semi-skilled and discretionary decision making L5	1	-	-	-	-	-	-	-	1
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>57</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>64</b>	<b>10</b>	<b>1</b>	<b>18</b>	<b>163</b>

**TABLE 33: RECRUITMENT FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (L15-16)	-	-	-	-	-	-	-	-	-
Senior Management (L13-14)	-	-	-	1	1	-	-	-	2
Professionally qualified and experienced specialists and mid-management (L11-12)	3	-	-	-	3	-	-	1	7
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (L6-10)	6	-	-	-	4	2	-	-	12
Semi-skilled and discretionary decision making (L5)	1	-	-	-	-	-	-	-	1
Unskilled and defined decision making	0	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>8</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>22</b>
<b>Employees with disabilities</b>	<b>1</b>	<b>-</b>	<b>1</b>						

**TABLE 34: PROMOTIONS FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and mid-management	2	-	-	-	2	-	-	-	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	-	-	-	-	-	-	-	-	-
Semi-skilled and discretionary decision making	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>Employees with disabilities</b>	<b>-</b>								

**TABLE 35: TERMINATIONS FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (L15-16)	-	-	-	-	-	-	-	-	-
Senior Management (L13-14)	1	-	-	-	2	-	-	-	3
Professionally qualified and experienced specialists and mid-management (L11-12)	2	-	-	-	1	-	-	2	5
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (L6-10)	1	-	-	1	4	-	-	3	9
Semi-skilled and discretionary decision making (L5)	-	-	-	-	-	-	-	-	-
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>17</b>
<b>Employees with Disabilities</b>	-	-	-	-	-	-	-	-	-

**TABLE 36: DISCIPLINARY ACTION FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020**

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
NONE	-	-	-	-	-	-	-	-	-

**TABLE 37: SKILLS DEVELOPMENT FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020**

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers L13-16	12	3	1	3	3	-	-	4	26
Professionals L11-12	9	-	-	1	11	3	-	2	26
Technicians and associate professionals L6-10	5	-	-	1	10	2	-	2	20
Clerks L5	-	-	-	-	-	-	-	-	-
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	-	-	-	-	-	-	-	-
Elementary occupations	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>24</b>	<b>5</b>	<b>-</b>	<b>8</b>	<b>72</b>
<b>Employees with disabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>

### 1.3.7 Signing of Performance Agreements by SMS Members

**TABLE 38: SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS AS ON 31 JULY 2019**

SMS level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	-	-	0%
Salary Level 16	-	-	-	-
Salary Level 15	2	2	2	100%
Salary Level 14	15	15	15	100%
Salary Level 13	38	34	34	100%
<b>Total</b>	<b>56</b>	<b>51</b>	<b>51</b>	<b>100%</b>

**TABLE 39: REASONS FOR NOT HAVING CONCLUDED PERFORMANCE AGREEMENTS FOR ALL SMS MEMBERS AS ON 31 MARCH 2020**

Reasons
N/A

**TABLE 40: DISCIPLINARY STEPS TAKEN AGAINST SMS MEMBERS FOR NOT HAVING CONCLUDED PERFORMANCE AGREEMENTS AS ON 31 MARCH 2020**

Reasons
N/A

### 1.3.8 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 41: PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019**

	Beneficiary profile		Cost		
	No. of beneficiaries Total no. of employees	% of total within group	Cost (R)	Average cost per employee (R)	
<b>African</b>					
Male	18	49	37%	659 917	36 662
Female	19	60	32%	461 119	24 269
<b>Asian</b>					
Male	1	2	50%	35 562	35 562
Female	-	1	-	-	-
<b>Coloured</b>					
Male	1	4	25%	57 806	57 806
Female	6	8	75%	196 026	32 671
<b>White</b>					
Male	2	6	33%	65 434	32 717
Female	5	18	28%	163 030	32 606
<b>Total</b>	<b>52*</b>	<b>148</b>	<b>35%</b>	<b>1 638 897</b>	<b>315 517</b>

\*Performance bonuses paid in 2019/20 were for employees eligible during the 2018/19 FY. It should be noted that not all 148 employees were eligible for bonuses. Those with less than 6 months of employment during the year did not qualify for evaluation as per DPSA's PMDS Guidelines.

**TABLE 42: PERFORMANCE REWARDS BY SALARY BAND FOR PERSONNEL BELOW SENIOR MANAGEMENT SERVICE FOR THE PERIOD 1 APRIL 2018 TO 31 MARCH 2019**

Salary band	Beneficiary profile			Cost		
	No. of beneficiaries	No. of employees	% of total within salary band	Total cost (R 000)	Average cost per employee	Total cost as % of total personnel expenditure
Lower Skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (level 3-5)	-	-	-	-	-	-
Highly skilled production (level 6-8)	10	40	25%	137 030	13 703	0.11%
Highly skilled supervision (level 9-12)	20	71	28%	498 040	24 902	0.42%
<b>Total</b>	<b>30</b>	<b>111</b>	<b>27%</b>	<b>635 070</b>	<b>21 169</b>	<b>0.53%</b>

Total personnel expenditure for the 2018/19 FY – R119 339 817.50

**TABLE 43: PERFORMANCE REWARDS BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020**

Critical Occupation	Beneficiary profile			Cost	
	No. of beneficiaries	No. of employees	% of total within occupation	Total cost (R 000)	Average cost per employee
Quantitative Data Analysis	1	1	100%	42 082.82	42 082.82
Financial Analysis (Jobs Fund)	2	9	22.2%	81 537.01	40 768.50
Capital Projects Analysis	-	7	-	-	-
<b>Total</b>	<b>3</b>	<b>17*</b>	<b>17.64%</b>	<b>123 619.83</b>	<b>41 206.61</b>

**TABLE 44: PERFORMANCE RELATED REWARDS (CASH BONUS), BY SALARY BAND FOR SENIOR MANAGEMENT SERVICE FOR THE PERIOD 1 APRIL 2019 TO 31 MARCH 2020**

Salary band	Beneficiary profile			Cost		Total cost as % of total personnel expenditure
	No. of beneficiaries	No. of employees	% of total within band	Total cost (R 000)	Average cost per employee	
Band A (L13)	11	35	31%	461305.94	41 936.90	0.38%
B (L14)	9	14	64%	415 609.44	46 178.83	0.34%
C (L15)	2*	2	100%	126 910.33	63 455.17	0.10%
D (16)	-	-	-	-	-	-
<b>Total</b>	<b>22</b>	<b>**51</b>	<b>43%</b>	<b>1 003 825.71</b>	<b>45 628.44</b>	<b>0.84%</b>

### 1.3.9 Foreign Workers

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

**TABLE 45: FOREIGN WORKERS BY SALARY BAND FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Salary band	1 April 2019		31 March 2020		Change*	
	No.	% of total	No.	% of total	No.	% change
Lower skilled	-	-	-	-	-	-
Highly skilled production (Lev. 6-8)	-	-	-	-	-	-
Highly skilled supervision (Lev. 9-12)	3	18.75%	3	18.75%	-	-
Contract (level 9-12)	4	25%	4	25%	-	-
Senior Management (Level 13-16)	2	12.5%	2	12.5%	-	-
Contract (level 13-16)	7	43.75%	7	43.75%	-	-
<b>Total</b>	<b>16</b>	<b>100%</b>	<b>16</b>	<b>100%</b>	<b>-</b>	<b>-</b>

### 1.3.10 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 46: SICK LEAVE FOR THE PERIOD 1 JANUARY 2019 TO 31 DECEMBER 2019**

Salary band	Total days	% days with medical certification	No. of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R 000)
Lower Skills (Level 1-2)	-	-	-	-	-	-
Skilled (levels 3-5)	-	-	-	-	-	-
Highly skilled production (levels 6-8)	118	47%	33	24%	4	410 086.07
Highly skilled supervision (levels 9 -12)	228	62%	59	43%	4	1 445 262.7
Top and Senior management (levels 13-16)	111	70%	46	33%	2	1 452 891.52
<b>Total</b>	<b>457</b>	<b>58%</b>	<b>138</b>	<b>100%</b>	<b>3</b>	<b>3 308 240.29</b>

**TABLE 47: DISABILITY LEAVE (TEMPORARY AND PERMANENT) FOR THE PERIOD 1 JANUARY 2019 TO 31 DECEMBER 2019**

Salary band	Total days	% days with medical certification	No. of employees using disability leave	% of total employees using sick leave	Average days per employee	Estimated cost (R 000)
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)	22	100%	2	100%	11	89 221.00
<b>Total</b>	<b>22</b>	<b>100%</b>	<b>2</b>	<b>100%</b>	<b>11</b>	<b>89 221.00</b>

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 48: ANNUAL LEAVE FOR THE PERIOD 1 JANUARY 2019 TO 31 DECEMBER 2019**

Salary bands	Total days taken	Number of Employees using Annual leave	Average per employee
Lower skilled (Levels 1-2)	-	-	-
Skilled Levels 3-5)	4	1	4
Highly skilled production (Levels 6-8)	248	34	7
Highly skilled supervision (Levels 9-12)	521	61	9
Senior management (Levels 13-16)	398	51	8
<b>Total</b>	<b>1171</b>	<b>147</b>	<b>8</b>

**TABLE 49: CAPPED LEAVE FOR THE PERIOD 1 JANUARY 2019 TO 31 DECEMBER 2019**

Salary bands	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2020
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	37.79
Highly skilled supervision (levels 9-12)	0	0	0	63.12
Senior management (levels 13-16)	0	0	0	0.57
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>101.48</b>

\*None of GTAC staff utilised capped leave in the 2019 leave year.

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

**TABLE 50: LEAVE PAY-OUTS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Reason	Total amount (R 000)	No. of employees	Average payment per employee (R 000)
Leave pay out for 2019/20 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2019/20	0	0	0
Current leave pay out on termination of service for 2019/20	262 633.90	10	26263.39
<b>Total</b>	<b>262 633.90</b>	<b>10</b>	<b>26263.39*</b>

\* This excludes two termination cases which have yet to be concluded. Employees failed to complete termination documentation in time. Payments will only be processed in 2020/21 FY.

### 1.3.11 HIV/AIDS & Health Promotion Programmes

**TABLE 51: STEPS TAKEN TO REDUCE THE RISK OF OCCUPATIONAL EXPOSURE**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
N/A	N/A

**TABLE 52: DETAILS OF HEALTH PROMOTION AND HIV/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 Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Ezré Stokes, Acting Director: HCM and CS.
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.	X		Yes, GTAC has a dedicated sub-unit within the HCM Business Unit: HR Administration as well as 6 members from different units within GTAC. A dedicated resource, Ms Winnie Sangweni, Assistant Director: HR Administration is the GTAC's Wellness Co-ordinator. These representatives from business units also form the GTAC's Wellness Committee.

**TABLE 52: DETAILS OF HEALTH PROMOTION AND HIV/AIDS PROGRAMMES (TICK THE APPLICABLE BOXES AND PROVIDE THE REQUIRED INFORMATION) - continued**

Question	Yes	No	Details, if yes
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		<p>GTAC promotes health programmes through educational talks / presentations rendered by different professionals on each aspect. The GTAC has an annual wellness calendar which focuses on health related areas to focus on during specific months of the year. Telephonic counselling is available 365 24/7 in all official languages. Face-to-face counselling is also available in all 9 provinces of South Africa upon request. General services such as health and wellness, financial management as well as basic legal advice is available to staff. Trauma debriefing is also available on request and is available within 24 hours of request. GTAC also renders health screenings with health professionals through partnership with the National Treasury's Primary Health Care Facilities. A Clinic with registered nurses as well as a medical doctor is available on-site. Services of the GTAC's programme includes:</p> <ul style="list-style-type: none"> <li>• HCT (HIV counselling and testing)</li> <li>• Blood Glucose (Screening for Diabetes)</li> <li>• Blood Cholesterol (Screening for high fat content in the blood)</li> </ul> <p><b>(ONLY 1 PRICK FOR ALL 3 BLOOD TESTS)</b></p> <ul style="list-style-type: none"> <li>• Blood Pressure</li> <li>• Height &amp; Weight</li> <li>• Body Mass Index Calculation</li> <li>• Waist circumference</li> <li>• Cancer Awareness which includes: Prostate Specification Antigen (PSA) – finger prick test</li> <li>• Pap Smear – Pap Test</li> <li>• Where services are not provided on-site, they are rendered by external service providers including GEMS, Department of Health as well as paid service providers.</li> </ul>
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		<p>Winnie Sangweni (HR Admin), Alophina Khala (TCS, Katlego Mokoena (Finance), Prisca Chidi (PSP), Letsholo Moselethe (PPP), Matthew Mokoena (MFIP) and Vivian Magaqa (PSP).</p>

**TABLE 52: DETAILS OF HEALTH PROMOTION AND HIV/AIDS PROGRAMMES (TICK THE APPLICABLE BOXES AND PROVIDE THE REQUIRED INFORMATION) - continued**

Question	Yes	No	Details, if yes
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		GTAC Wellness policy and SOP. GTAC Recruitment and Selection, GTAC Internship Policy, GTAC Parking Policy.
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 these measures.	X		GTAC's Disciplinary procedure provides mechanisms to deal with discrimination based on HIV status.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Quarterly GTAC conducts screenings and ensures that employees participate. 40% of GTAC staff had been screened during the year.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	

### 1.3.12 Labour Relations

**TABLE 53: COLLECTIVE AGREEMENTS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Subject matter	Date
N/A	N/A
<b>Total number of Collective agreements</b>	<b>None</b>

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

**TABLE 54: MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Outcome of Disciplinary hearings	Number	% of total
Correctional counselling	2	20%
Verbal warning	1	10%
Written warning	6	60%
Final written warning	1	10%
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	-	-
Not guilty	-	-
Case withdrawn	-	-
<b>Total</b>	<b>10</b>	<b>100%</b>

**TABLE 55: TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Type of Misconduct	Number	% of total
N/A	-	-

**TABLE 56: GRIEVANCES LOGGED FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Grievances	Number	% of total
Number of grievances resolved	1	100%
Number of grievances not resolved	-	-
<b>Total number of grievances lodged</b>	<b>1</b>	<b>100%</b>

**TABLE 57: DISPUTES LOGGED WITH COUNCILS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Disputes	Number	% of total
Number of disputes upheld	-	-
Number of disputes dismissed	1	100%
<b>Total number of disputes lodged</b>	<b>1</b>	<b>100%</b>

**TABLE 58: STRIKE ACTIONS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Total number of persons working days lost	None
Total costs working days lost	None
Amount recovered as a result of no work no pay (R'000)	None

**TABLE 59: PRECAUTIONARY SUSPENSIONS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Number of people suspended	None
Number of people who's suspension exceeded 30 days	None
Average number of days suspended	None
Cost of suspension (R'000)	None

**1.3.13 Skills development**

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

**TABLE 60: TRAINING NEEDS IDENTIFIED FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Occupational categories	Gender	No. of employees as at 1 April 2019	Training needs identified at start of reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers (Levels 13-16)	Female	19	-	8	-	8
	Male	33	-	21	-	21
Professionals (Levels 11-12)	Female	29	-	13	-	13
	Male	19	-	11	-	11
Technicians and associate professionals (Levels 6-10)	Female	39	-	8	-	8
	Male	9	-	3	-	3
Clerks (Level 5)	Female	-	-	-	-	-
	Male	-	-	1	-	1
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	-	-	-	-	-
Elementary occupations	Female	-	-	-	-	-
	Male	-	-	-	-	-
Sub Total	Female	-	-	-	-	-
	Male	-	-	-	-	-
<b>Total</b>		<b>163</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>65</b>

**TABLE 61: TRAINING PROVIDED FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Occupational categories	Gender	Number of employees as at 1 April 2019	Training provided within the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers (Levels 13-16)	Female	19	-	7	-	7
	Male	33	-	19	-	19
Professionals (Levels 11-12)	Female	29	-	16	-	16
	Male	19	-	10	-	10
Technicians and associate professionals (Levels 6-10)	Female	39	-	9	5	14
	Male	9	-	3	3	6
Clerks (Level 5)	Female	-	-	-	-	-
	Male	-	-	-	-	-
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	-	-	-	-	-
Elementary occupations	Female	-	-	-	-	-
	Male	-	-	-	-	-
Sub Total	Female	-	-	-	-	-
	Male	-	-	-	-	-
<b>Total</b>		<b>148</b>	<b>-</b>	<b>64</b>	<b>8</b>	<b>72</b>

### 1.3.14 Injury on duty Skills development

The following tables provide basic information on injury on duty.

**TABLE 62: INJURY ON DUTY FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Nature of injury on duty	Number	% of total
Required basic medical attention only	-	-
Temporary Total Disablement	1	100%
Permanent Disablement	-	-
Fatal	-	-
<b>Total</b>	<b>1</b>	<b>100%</b>

\* one other employee reported the injury, but failed to submit the required information in order to register an IOD case. It is therefore not accounted for in the above statistics.

### 1.3.15 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 63: REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Capacitation of HCM and CS	1 Firm – 5 Consultants	180	498 989.00
Alignment of Organisational Structure to Strategy for GTAC	1 Firm – 4 Consultants	180	498 989.00
Technical Support in Development of Performance Agreements	1 Firm – 3 Consultants	-	454 250.00

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
Three (3)	12	450	1 452 228.00

**TABLE 64: ANALYSIS OF CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI) FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

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

**TABLE 65: REPORT ON CONSULTANT APPOINTMENTS USING DONOR FUNDS FOR THE PERIOD 1 APRIL 2019 AND 31 MARCH 2020**

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
None	-	-	-

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
None	-	-	-



FINANCIAL  
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# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON GOVERNMENT TECHNICAL ADVISORY CENTRE

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

1. I have audited the financial statements of the Government Technical Advisory Centre set out on pages 94 - 134, which comprise the statement of financial position as at 31 March 2020, the statement of financial performance, statement of changes in net assets, and cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the 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 of the Government Technical Advisory Centre as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA).

### Context 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 auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the government component in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the 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 codes.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON GOVERNMENT TECHNICAL ADVISORY CENTRE

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my unqualified opinion.

## **Emphasis of matters**

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

## **Irregular expenditure**

7. As disclosed in note 29 to the financial statements, irregular expenditure of R 8 271 549 was incurred as a result of non-compliance with procurement processes. Irregular expenditure amounting to R179 535 000, incurred in the 2015- 16 and 2016- 17 financial years, has been investigated by the internal audit unit of the National Treasury. The investigation has been finalised and the irregular expenditure has been condoned by the Office of the Chief Procurement Officer (OCPO). Irregular expenditure amounting to R27 478 714, incurred in 2017-18, was still under review by the internal audit unit of the National Treasury. Irregular expenditure of R19 939 190 was identified and incurred in the 2018-19 and no investigations have taken place in relation to this irregular expenditure incurred.

## **Material impairments – trade debtors**

8. As disclosed in note 7 to the financial statements, material losses of R10 122 471 was incurred as a result of an impairment of an irrecoverable trade debtor.

## **Restatement of corresponding figures**

9. As disclosed in note 32 to the financial statements, the corresponding figures for the previous year were restated as a result of errors in the financial statements of the government component at, and for the year ended, 31 March 2020.

## **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 Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No.1 of 1999) (PFMA) and for such internal control as the accounting officer determines is necessary to enable the preparation of the 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.

## **Auditor-general's responsibilities for the audit of the financial statements**

12. My objectives are to obtain reasonable assurance about whether the 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 on the basis of these financial statements.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON GOVERNMENT TECHNICAL ADVISORY CENTRE

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 AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the government component. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the government component enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the government component for the year ended 31 March 2020:

Programmes	Pages in the annual performance report	Opinion	Movement
Programme 2 – Transaction and Advisory Services	29 - 37	Qualified	

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

### Programme 2 – Transaction and advisory services

#### Number of performance and expenditure reviews supported

19. The source information/evidence for measuring the planned indicator was not clearly defined and related systems and processes were not adequate to enable consistent measurement and reliable reporting of performance against the predetermined indicator definitions. As a result, limitations were placed on the scope of my work and I was unable to audit the reliability of the achievement of four performance and expenditure reviews supported reported against a target of four performance and expenditure reviews supported in the annual performance report.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON GOVERNMENT TECHNICAL ADVISORY CENTRE

## **Number of capital projects appraisal reports completed**

20. The source information and evidence for achieving the planned indicator was not clearly defined.
21. The achievement of 25 capital projects appraisal reports completed was reported against targeted five in the annual performance report. However, the supporting evidence provided materially differed from the reported achievement.

## **Other matter**

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

## **Achievement of planned targets**

23. Refer to the annual performance report on pages 25 to 26, 29 to 30 and page 38 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the qualified opinion expressed on the usefulness and reliability of the reported performance information in paragraphs 19 and 20 of this report.

## **REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION**

### **Introduction and scope**

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the government component's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislation are as follows:

### **Procurement and contract management**

26. Some of the quotations were accepted from prospective suppliers who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3. Similar non-compliance was also reported in the prior year.
27. Some of the quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by treasury regulations 16A9.1(d).
28. Some of the competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with the policies of the government component, as required by treasury regulations 16A6.2 (a), (b) and (c). This non-compliance was identified in the procurement processes for the following projects:
  - Provision of technical assistance services to the Limpopo Provincial Treasury Infrastructure Support Programme (LPT ISP) Phase 2: Support to Local Government (LG) to Optimise Municipal Infrastructure Grant (MIG) Performance.
  - Provision of services to the Jobs Fund to undertake an impact evaluation of selected Jobs Fund Infrastructure Investment Projects.
29. Some of the contracts were awarded to suppliers whose tax matters had not been declared by the South African Revenue Services to be in order as required by treasury regulations 16A9.1(d).
30. Some of the invitations for competitive bidding were not advertised for a required minimum period, as required by treasury regulations 16A6.3(c). This non-compliance was identified in the procurement processes for the Limpopo Provincial Treasury Infrastructure Support Programme (LPT ISP) Phase 2: Support to Local Government (LG) to Optimise Municipal Infrastructure Grant (MIG) Performance.

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON GOVERNMENT TECHNICAL ADVISORY CENTRE

31. Some of the contracts were awarded to bidders based on pre-qualification criteria that differed from those stipulated in the original invitation for bidding, in contravention of the 2017 preferential procurement regulation 4(1) and 4(2).

## Annual financial statements

32. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(b) of the PFMA. Material misstatements of disclosure notes identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

## Expenditure management

33. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R 8 271 549, as disclosed in note 29 to the annual financial statements, as required by section 38(1) (c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was as a result of supply chain management processes not being followed.

## Other information

34. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
35. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
36. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained during the audit or otherwise appears to be materially misstated.
37. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

## Internal control deficiencies

38. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
39. An audit action plan was developed to address internal and external audit findings. However, some repeat findings were identified in the financial statements, the annual performance report and non-compliance with applicable legislation.

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON GOVERNMENT TECHNICAL ADVISORY CENTRE

40. Effective systems of internal control and the management thereof had not been implemented to ensure accurate and complete financial statements. The preparation and review of the financial statements were not adequately planned, to ensure a comprehensive review of year-end adjustments and reconciliations, resulting in errors and omissions identified in the financial statements by the auditors.
41. Management did not ensure that an accurate and complete annual performance report was submitted for auditing, and material misstatements on the usefulness and reliability of indicators and targets were identified. This was mainly due to staff not fully understanding the performance reporting requirements.
42. The review of compliance with applicable legislation remains a challenge for the government component especially in the areas of supply chain management and the prevention of irregular expenditure.

*Auditor General*

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Pretoria

30 September 2020



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON GOVERNMENT TECHNICAL ADVISORY CENTRE

## ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. 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 programme and on the government component's compliance with respect to the selected subject matters.

### Financial statements

2. 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 by the accounting officer
  - conclude on the appropriateness of the accounting officer's 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 Technical Advisory Centre 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 the 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

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

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

The reports and statements set out below comprise the financial statements of the Government Technical Advisory Centre (GTAC), established as a Government Component in terms of the Public Service Act. GTAC functions as an agency of the National Treasury, under the executive authority of the Minister of Finance.

<b>The reports and statements set out below comprise of:</b>	<b>Page</b>
Statement of Financial Position	95
Statement of Financial Performance	96
Statement of Changes in Net Assets	97
Cash Flow Statement	98
Statement of Comparison of Budget and Actual Amounts	99
Accounting Policies	100
Notes to the Financial Statements	110

The audited financial statements set out on pages 3 to 39, which have been prepared on the going concern basis, were approved and signed on the 30th September 2020:



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Markus Rautenbach  
Chief Director: Financial Management



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Lindiwe Ndlela  
Accounting Officer

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

## STATEMENT OF FINANCIAL POSITION

	Note	Restated	
		R 2020	R 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	3 845 453	5 602 313
Intangible assets	5	60 634	85 908
		<b>3 906 087</b>	<b>5 688 221</b>
<b>Current Assets</b>			
Inventories	6	815 727	-
Receivables from exchange transactions	7	10 824 071	20 054 867
Receivables from non-exchange transactions	8	9 719 168	2 165 968
Cash and cash equivalents	9	940 711 887	864 965 881
		<b>962 070 853</b>	<b>887 186 716</b>
<b>TOTAL ASSETS</b>		<b>965 976 940</b>	<b>892 874 937</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	10	26 579 873	28 071 569
Payables from non-exchange transactions	11	707 247 909	619 241 559
Provisions	12	2 619 232	5 215 393
<b>Total Liabilities</b>		<b>736 447 014</b>	<b>652 528 521</b>
<b>Net Assets</b>		<b>229 529 926</b>	<b>240 346 416</b>
Accumulated surplus		229 529 926	240 346 416
<b>Net Assets</b>		<b>229 529 926</b>	<b>240 346 416</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## STATEMENT OF FINANCIAL PERFORMANCE

		R	Restated R
	Note	2020	2019
<b>REVENUE</b>			
<b><i>Revenue from exchange transactions</i></b>			
Administration fees received		2 494 504	2 467 832
Cost recovery revenue	13	141 808 794	141 124 140
Interest revenue	14	39 012 836	33 577 114
Royalties and sundry income		348 934	300 918
<b>Total revenue from exchange transactions</b>		<b>183 665 068</b>	<b>177 470 004</b>
<b><i>Revenue from non-exchange transactions</i></b>			
Appropriated Funding	15	49 765 478	73 516 383
Donor Funding	16	22 505 255	14 666 604
<b>Total revenue from non-exchange transactions</b>		<b>72 270 733</b>	<b>88 182 987</b>
<b>TOTAL REVENUE</b>		<b>255 935 801</b>	<b>265 652 991</b>
<b>EXPENDITURE</b>			
Goods and services	17	135 053 914	148 776 607
Compensation of employees	18	129 542 515	121 053 643
Depreciation and amortisation	19	2 155 862	1 067 694
<b>TOTAL EXPENDITURE</b>		<b>266 752 291</b>	<b>270 897 944</b>
<b>DEFICIT FOR THE YEAR</b>		<b>(10 816 490)</b>	<b>(5 244 953)</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## STATEMENT OF CHANGES IN NET ASSETS

	<b>Restated</b>
	<b>R</b>
	<b>Reserves</b>
<b>Balance at 31 March 2018</b>	<b>245 591 369</b>
Net deficit for the year ended 31 March 2019	(7 071 997)
Correction of prior year errors	1 827 044
<b>Balance at 31 March 2019</b>	<b>240 346 416</b>
<b>Balance at 1 April 2019</b>	<b>240 346 416</b>
Net deficit for the year ended 31 March 2020	(10 816 490)
<b>Balance at 31 March 2020</b>	<b>229 529 926</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## CASH FLOW STATEMENT

		R	R
	Note	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Receipts</i>			
Government funding and other sources		302 195 551	635 730 406
Interest income	20	36 694 083	35 482 137
		<b>338 889 634</b>	<b>671 212 543</b>
<i>Payments</i>			
Grants and project payments		131 452 973	539 120 215
Compensation of employees		131 238 375	119 787 605
		<b>262 691 348</b>	<b>658 907 820</b>
<b>Net cash flows from operating activities</b>	21	<b>76 198 286</b>	<b>12 304 723</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4	(452 280)	(2 569 500)
<b>Net cash flows from investing activities</b>		<b>(452 280)</b>	<b>(2 569 500)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		75 746 006	9 735 223
Cash and cash equivalents at the beginning of the year		864 965 881	855 230 658
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	9	<b>940 711 887</b>	<b>864 965 881</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	R	R	R	R		
	Approved Budget	Adjustments	Adjusted Budget	Actual	Variance Over / (Under)	Note (5)
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Cost recovery revenue	197 529 827	(33 247 629)	164 282 198	141 808 794	(22 473 404)	26
Investment revenue	25 200 000	-	25 200 000	39 012 836	13 812 836	26
administration fees and Royalties	5 647 000	(2 407 000)	3 240 000	2 843 438	(396 562)	
<b>Total revenue from exchange transactions</b>	<b>228 376 827</b>	<b>(35 654 629)</b>	<b>192 722 198</b>	<b>183 665 068</b>	<b>(9 057 130)</b>	
<b>Revenue from non-exchange transactions</b>						
Appropriated funding	68 428 000	(1 844 000)	66 584 000	49 765 478	(16 818 522)	26
Donor funding	37 166 319	(4 726 000)	32 440 319	22 505 255	(9 935 064)	26
<b>Total revenue from non-exchange transactions</b>	<b>105 594 319</b>	<b>(6 570 000)</b>	<b>99 024 319</b>	<b>72 270 733</b>	<b>(26 753 586)</b>	
<b>Total Revenue</b>	<b>333 971 146</b>	<b>(42 224 629)</b>	<b>291 746 517</b>	<b>255 935 801</b>	<b>(35 810 716)</b>	
<b>Expenditure</b>						
Goods and services	230 967 320	(42 334 376)	188 632 944	135 053 920	53 579 024	26
Compensation of employees	138 563 578	(715 985)	137 847 593	129 542 515	8 305 078	26
Depreciation	785 000	825 000	1 610 000	2 155 856	(545 856)	
Transfers	-	-	-	-	-	
<b>Total Expenditure</b>	<b>370 315 898</b>	<b>(42 225 361)</b>	<b>328 090 537</b>	<b>266 752 291</b>	<b>61 338 246</b>	
<b>Deficit for the year*</b>	<b>(36 344 752)</b>	<b>732</b>	<b>(36 344 020)</b>	<b>(10 816 490)</b>	<b>25 527 530</b>	26

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## ACCOUNTING POLICIES

### 1. PRESENTATION OF FINANCIAL STATEMENTS

GTAC is established as a Government Component in terms of the Public Services Act and as such is required to prepare the financial statements in accordance with Modified Cash Basis.

GTAC has obtained a departure from the Accountant General from Modified Cash and hence the financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

GTAC's financial statements are prepared on an accrual basis of accounting with historical cost as the basis of measurement, unless specified otherwise.

The principle accounting policies which have been applied in the preparation of these financial statements are disclosed below.

### 2. PRESENTATION CURRENCY

These financial statements are presented in South African Rand (R), which is GTAC's functional currency. Amounts are rounded to the nearest Rand.

### 3. COMPARATIVE FIGURES

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, the nature and reason for the reclassification are disclosed. Where material accounting errors have been identified in the current financial year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in the accounting policy in the current financial year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### 4. GOING CONCERN

These financial statements have been prepared on the expectation that GTAC will continue to operate as a going concern for at least the next 12 months.

### 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment under R5,000 is written off in the year of acquisition.

Property, plant and equipment are depreciated on the straight line basis over their expected useful life to their estimated residual value.

The useful life of items of property, plant and equipment have been assessed as follows:

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

Item	Average useful life
Office equipment	5 - 7 years
Computer equipment	3 - 5 years
Furniture and fittings	10 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Where the carrying amount of an item of property, plant and equipment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

## 6. INTANGIBLE ASSETS

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	5 years

The estimated useful life of intangible assets are reviewed at the end of each annual reporting period.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

Where the carrying amount of an intangible asset is greater than its estimated recoverable service amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

## 7. FINANCIAL INSTRUMENTS

### Initial recognition

GTAC recognises a financial asset or a financial liability in its statement of financial position when it becomes a party to the contractual provisions of the instrument.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## Financial assets

All financial assets are categorised as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

## Financial assets at amortised cost

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “financial assets at amortised cost”. These financial assets are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

## Effective interest method

The effective interest rate is the rate that exactly discounts estimated future cash receipts and allocates interest income through the expected life of the financial asset, or, where appropriate, a shorter period, to equal the initial cost of a financial asset.

## Impairment testing and uncollectability of financial assets

Financial assets are assessed for indicators of impairment at each year-end.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

Evidence of impairment may include the following indicators: The debtors or a group of debtors are experiencing significant financial difficulty; Default or delinquency in interest or principal payments; The probability that debtors will enter financial reorganization.

## Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial asset) is derecognised when:

- The rights to receive cash flows from the asset have expired; or

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

- GTAC has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) GTAC has transferred substantially all the risks and reward of the asset, or (b) GTAC has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

## Financial Liabilities

All financial liabilities of GTAC are recognised at amortised cost. The classification of financial liabilities depends on their nature and purpose and is determined at the time of initial recognition.

## Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

## Other Financial Liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

## 8. TAX

No provision has been made for taxation, as GTAC is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

## 9. EMPLOYEE BENEFITS

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date.

Termination benefits are recognised and expensed only when the payment is made.

Liabilities for annual service bonus and long service bonus are recognised as they accrue to employees. GTAC recognises these bonus obligation during the vesting period based on the best available estimate of these bonuses expected to vest. Due to uncertainty regarding the fiscus the bonus liability is recognised as a provision.

Liabilities for annual leave are recognised as they accrue to employees. GTAC recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee. The leave liability is recognised as an accrual as it is certain that employees will take all their leave within 6 months of the next calendar year to avoid forfeiting.

No provision has been made for retirement benefits as GTAC does not provide for retirement benefits for its employees.

## 10. REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions is recognised when it is probable that future economic benefits of service potential will flow to GTAC and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

### 10.1 Administration fees received

GTAC is providing financial administrative services to the Neighbourhood Development Programme and Jobs Fund, and is receiving an administration fee for these services provided. These fees are recognised once the services have been provided as per the service level agreement.

### 10.2 Cost Recovery Revenue

Revenue for services rendered is recognised as cost recovery revenue when it is associated with identified services provided to a client or counterparty, the costs incurred in providing these services can be reliably measured, the stage of completion of the services at the end of the reporting period can be determined and the costs and revenue can be appropriately apportioned between completed and to-be-completed services.

### 10.3 Interest Revenue

Interest revenue is interest income that accrues on a time-proportionated basis, taking into account the principal amount outstanding and the effective interest rate over the period to maturity.

### 10.4 Royalties

GTAC has entered into an agreement with the Taylor & Francis Group for publishing a Journal, Development Southern Africa. GTAC receives a royalty of 20% as per the agreement between the parties on the sale of these Journals and is accounted for as exchange revenue when the receipts can be measured reliably when the monies are received.

## 11. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange revenue transactions enable GTAC to mobilise resources to give effect to its mandate, in keeping with approved strategic and performance plans and usually in accordance with binding arrangements.

When GTAC receives resources as a result of a non-exchange transaction, GTAC recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that GTAC will derive economic benefits or service potential that can reliably be measured.

Where the resources transferred to GTAC are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

## 11.1 Appropriated Funding

GTAC receives an allocation of funds appropriated in the National Treasury vote for its operational expenditure. GTAC also receives appropriated funds transferred for specified programmes and activities. These funds are required to be returned if unspent by the end of the financial year, unless approval is obtained for their retention.

Appropriated funding is recognised immediately on receipt except where it is allocated to a specific programme or project where it is matched with specific programme or project expenditure.

## 11.2 Donor Funding

GTAC recognised donor funds as revenue on the date the draw-down requisition becomes effective if the expenditure associated with the revenue has been incurred.

If donor funds are subject to the fulfilment of specific conditions, an asset and a corresponding liability are recognised on transfer as and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

## 12. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure made in vain and would have been avoided had reasonable care been exercised.

Fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, the recovery is subsequently accounted for as revenue in the statement of financial performance.

## 13. IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) the PFMA; or
- (b) the State Tender Board Act, 1968 (Act No 86 of 1968), or any regulations made in terms of the Act; or
- (c) any legislation providing for procurement procedures.

When confirmed, irregular expenditure will be recorded in the notes to the financial statements. The amount to be recorded in the notes is equal to the value of the irregular expenditure incurred.

Irregular expenditure will be removed from the notes when it is either condoned by the relevant authority or when it is transferred to receivables for recovery.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## 14. RELATED PARTIES

GTAC has financial relationships with other entities and departments in the national sphere of government. Transactions between GTAC and other organs of state on a national sphere are governed by project-specific agreements and are undertaken on terms and conditions that are not at arms' length for such transactions as only the direct cost are recovered and not full cost recovery.

## 15. SIGNIFICANT JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of annual financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, revenue and expenses.

Estimates are made based on the best available information at the time of preparation of the Annual Financial Statements. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and on future periods if the revision affects current and future periods.

### 15.1 Impairment testing and uncollectability of financial assets

At the end of each reporting period, management assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

### 15.2 Useful life and residual values of property, plant and equipment

At the end of each reporting period, management assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

## 16. PUBLIC SECTOR PRACTICES AND POLICIES

### 16.1 Inter-relationship with other government entities

GTAC has been established as a Government Component in terms of the Public Service Act, and is an agency of the National Treasury.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## 16.2 Public Finance Management Act reporting requirements

In keeping with Section 55(2)(b) of the Public Finance Management Act, material losses due to criminal conduct or unauthorised expenditure or irregular expenditure are disclosed in the Annual Financial Statements.

## 17. EVENTS AFTER REPORTING DATE

GTAC's financial statements include disclosure of events with material financial implications, either favorable or unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events are identified:

- (a) Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date)

## 18. BUDGETS

A comparison of the budget estimates for GTAC's programmes and activities and the realised outcome (actual) amounts is included in the financial statements.

The comparison of budget and actual amounts shows:

- (a) Approved and final budget amounts;
- (b) Actual amounts on a comparable basis; and
- (c) By way of note disclosure, an explanation of material differences between budget estimates and actual amounts.

## 19. TRANSFERS UNDER COMMON CONTROL

Several functions were transferred to GTAC on the 1 April 2014 by National Treasury, which is GTAC's principal department. With effect on this date the National Treasury:

- (a) Derecognised in its financial statements, all the assets transferred and liabilities relinquished at their carrying amounts.
- (b) Recognised the difference between the carrying amounts of the assets transferred and the liabilities relinquished in its accumulated surplus or deficit.

## 20. CONTINGENT LIABILITIES AND PROVISIONS

GTAC identifies contingent liabilities as:

- (a) A possible obligation arising from past events, to be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of GTAC; or

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

- (b) A present obligation that arises from past events but is not recognised because:
  - i. It is not probable that an outflow of resources will be required to settle the obligation; or
  - ii. The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised in the financial statements, but are disclosed in the notes.

Provisions are recognised when:

- (a) GTAC has a present obligation as a result of past events
- (b) It is probable that an outflow of economic benefits will be required to settle the obligation
- (c) A reliable estimate can be made of the obligation

## 21. COMMITMENTS

A commitment is a future expense for which GTAC is contractually liable, but in respect of which a payment obligation has not yet been incurred at the reporting date.

Commitments are not recognised in the financial statements, but are disclosed in the notes.

## 22. ACCOUNTING BY PRINCIPALS AND AGENTS

GTAC undertakes the management of programmes and or projects and cash management on behalf of the National Treasury or other organs of state on a principal-agent basis.

These programmes and projects or cash management results from binding agreements in which GTAC (the agent) acts on and for the benefit of the National Treasury or other organs of state (the principal), in undertaking transactions with third parties. In these programmes and projects, GTAC:

- (a) Does not have the power to determine the significant terms and conditions of the transactions.
- (b) Does not have the ability to use the resources that result from the transaction for its own benefit.
- (c) Is not exposed to variability in the results of the transaction.

The principal recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement.

GTAC recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal.

Assets and liabilities arising from principal-agent programmes and projects are recognised in accordance with the requirements of these programmes and projects and relevant standards.

## 23. INVENTORY

GTAC undertook a project to develop a budget portal on behalf of National Treasury with the intention to transfer such asset either in full completion or in piece meals.

The asset will be carried at cost of developing such asset until full or partial ownership of the asset is transferred to the National Treasury.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ESTABLISHMENT OF GTAC

The Government Technical Advisory Centre (GTAC) is established as a Government Component in terms of the Public Services Act, through Government Notice 261 of 30 March 2012.

The objective of GTAC is to assist Organs of State in building their capacity for efficient, effective and transparent financial management. Its functions are:

- (a) to render technical consulting services to Centre of Government Departments and Organs of State;
- (b) to provide specialised procurement support for high-impact government initiatives;
- (c) to render advice on the feasibility of infrastructure projects;
- (d) to provide knowledge management for projects undertaken; and
- (e) anything ancillary to these functions.

### 2. TRANSFER OF FUNCTIONS TO GTAC

With effect from 1 April 2014, the establishment of GTAC was implemented as a sub-programme of Programme 8 of the National Treasury, through a transfer of the functions of the former Technical Assistance Unit, the Public-Private Partnerships Unit, the Jobs Fund Project Management Unit and the Performance and Expenditure Review programme.

With effect from 1 April 2015, the positions and personnel associated with these functions were transferred to GTAC.

### 3. NEW STANDARDS AND INTERPRETATIONS

#### 3.1 Standards Issued, but not yet effective

At the date of authorisation of these financial statements, there are standards and interpretations in issue but not yet effective. This include the following standard that are applicable to GTAC and may have an impact on future financial statements:

**Standard / Interpretation:**

GRAP 104: Financial Instruments

The effective date for the above has not yet been determined.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 4. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office equipment	1 160 548	403 831	756 717	1 037 458	277 853	759 605
Computer equipment	9 908 164	7 163 503	2 744 661	10 060 443	5 530 200	4 530 243
Furniture and fittings	439 540	95 465	344 075	366 356	53 891	312 465
<b>Closing Balance</b>	<b>11 508 252</b>	<b>7 662 799</b>	<b>3 845 453</b>	<b>11 464 257</b>	<b>5 861 944</b>	<b>5 602 313</b>

#### Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Office equipment	759 605	141 770	-	144 658	756 717
Computer equipment	4 530 243	237 326	78 552	1 944 356	2 744 661
Furniture and fittings	312 465	73 184	-	41 574	344 075
	<b>5 602 313</b>	<b>452 280</b>	<b>78 552</b>	<b>2 130 588</b>	<b>3 845 453</b>

#### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Correction of prior year error	Closing balance
Office equipment	564 966	377 603	3 509	179 455	-	759 605
Computer equipment	3 326 486	2 145 486	113 251	2 655 522	1 827 044	4 530 243
Furniture and fittings	301 355	45 666	-	34 557	-	312 465
	<b>4 192 807</b>	<b>2 568 755</b>	<b>116 760</b>	<b>2 869 534</b>	<b>1 827 044</b>	<b>5 602 313</b>

#### Net Carrying Value

	Restated	
	R	R
	2020	2019
Office equipment	756 717	759 605
Computer equipment	2 744 661	4 530 243
Furniture and fittings	344 075	312 465
	<b>3 845 453</b>	<b>5 602 313</b>

No repairs and maintenance costs were incurred on property, plant and equipment.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 5. INTANGIBLE ASSETS

	2020			2019		
	Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value
Computer software	124 295	63 661	60 634	124 295	38 387	85 908

#### Reconciliation of Intangible assets - 2020

	Opening balance	Additions	Disposals	Amortisation	Closing Balance
Computer software	85 908	-	-	25 274	60 634

#### Reconciliation of Intangible assets - 2019

	Opening balance	Additions	Disposals	Amortisation	Closing Balance
Computer software	111 112	-	-	25 204	85 908

#### Net Carrying Value

	2020	2019
Computer software	60 634	85 908

### 6. INVENTORIES

#### Work in progress

	Restated	
	R	R
	2020	2019
Work in progress	815 727	-

GTAC has undertaken to develop the Budget Portal on behalf of National Treasury (Budget Office) with the intention to transfer it in piece meal at no cost to National Treasury.

The assets is carried at cost of development and will be transferred next financial year.

### 7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade Receivables	12 009 714	14 063 695
VAT receivables	690 988	64 085
Interest accrued	8 245 840	5 927 087
Impairment loss of debtors	(10 122 471)	-
	<b>10 824 071</b>	<b>20 054 867</b>

EC Provincial Education Department (ECPED) debt of R10 million has been impaired, this is due to the debt being outstanding for longer than 6 months and various attempts has been done to recover the outstanding debts.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 7. RECEIVABLES FROM EXCHANGE TRANSACTIONS - CONTINUED

#### Reconciliation of changes in impairment loss

	Opening balance	Additions	Closing balance
Impairment loss	-	(10 122 471)	(10 122 471)

### 8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	R	Restated R
	2020	2019
Reconstruction and Development Programme*	9 719 168	2 161 014
Other receivables	-	4 954
	<b>9 719 168</b>	<b>2 165 968</b>

\* This relates to donor funding (BCS) that needs to be drawn down from the Reconstruction and Development Programme (RDP) account to reimburse GTAC for funding donor projects from GTAC funds.

### 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

#### Bank accounts:

- Government Technical Advisory Centre (GTAC)	7 000	5 000
- Building a Capable State Programme (BCS)	500	1 000
- Project Development Facility (PDF)	500	1 000
- Neighbourhood Development Programme (NDP)	500	1 000
- Independent Power Procurement Programme (IPPP)	500	1 000
- Jobs Fund Partner Funds (JF)	500	-
- Paymaster-General Account (PMG)	4 782 530	357 389
	<b>4 792 030</b>	<b>366 389</b>

#### Call accounts:

- Government Technical Advisory Centre (GTAC)	5 395 471	724 898
- Building a Capable State Programme (BCS)	4 568 476	147 068
- Project Development Facility (PDF)	480 069 161	497 639 130
- Neighbourhood Development Programme (NDP)	13 199 185	12 508 695
- Independent Power Procurement Programme (IPPP)	284 485 440	353 578 701
- Jobs Fund Partner Funds (JF)	148 202 124	1 000
	<b>935 919 857</b>	<b>864 599 492</b>
<b>Total cash and cash equivalents</b>	<b>940 711 887</b>	<b>864 965 881</b>

Cash and cash equivalents comprise cash held by GTAC and short-term bank deposits on call. The carrying amount of these assets approximates their fair values.

During 2019/20 funds were invested in call accounts with Nedbank to maximise the interest earned (5% and 7,8% p.a depending on the period fixed).

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019
<b>10. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Accruals	14 332 791	9 825 008
Other payables	220 821	1 740 662
Leave accrual	4 890 740	3 990 438
Income received in advance – Cost Recovery:		
- Infrastructure Improvement Programme	7 135 521	7 831 468
- Department of Communications	-	4 683 993
	<b>26 579 873</b>	<b>28 071 569</b>

The average credit period taken is less than 30 days. The carrying amount of trade and other payables approximate their fair value due to the relatively short-term maturity of these financial liabilities.

### 11. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Income received in advance		
- Employment Creation Facilitation Fund	13 999 353	20 159 602
- Flanders	660 247	-
Unspent government funding		
- Jobs Fund partner funds *, **	148 798 323	369 733
- Neighbourhood Development Programme *, **	13 302 700	12 594 447
- Development Bank of Southern Africa (Independent Power Producer Procurement Programme) **	289 120 163	355 939 626
- Municipal Finance Improvement Programme III **	123 587 783	114 578 990
- Department of Public Works – Salvokop **	85 613 498	67 845 654
- Department of Public Works Department of Agriculture, Forestry and Fisheries **	15 000 000	15 000 000
- Department of Public Works – Energy **	4 055 802	20 000 000
- Department of Social Development **	10 000 000	10 000 000
- Department of Transport **	644 398	817 358
Interest received on Donor funds	2 465 642	1 936 149
	<b>707 247 909</b>	<b>619 241 559</b>

\*Neighbourhood Development Programme surrenders the unspent funds to the Revenue Fund. NDP has approval from National Treasury to retain funds derived from interest to be used for internal projects.

\*\* GTAC act as the agent for the above listed departments in an Principal agent relationship (Refer Note 31).

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
12. PROVISIONS	2020	2019
Provision for Bonuses	2 619 232	5 215 393
	<b>2 619 232</b>	<b>5 215 393</b>

### Reconciliation of employee provisions – 2020

	Opening balance	Provided	Utilised	Unutilised	Total
Provisions for Bonuses	5 215 393	2 619 232	(3 739 234)	(1 476 160)	2 619 231

### Reconciliation of employee provisions – 2019

	Opening balance	Provided	Utilised	Unutilised	Total
Provisions for Bonuses	4 143 536	5 692 626	(4 620 769)	-	5 215 393

The provisions represents management's best estimate of the entity liability for provisions.

For performance bonuses, the provision is based on the anticipated performance of employees which certain targets must be met as required by their performance contracts.

This anticipated performance is based on experience with the employees of the entity, taking into account performance trends in the prior periods.

The 0.75% ceiling (1.50% -2019) as per DPSA guidelines has been applied to the notches of qualifying employees

Management is of the opinion that the bonus provision might be utilised within the next twelve months.

	Restated	
	R	R
13. COST RECOVERY REVENUE	2020	2019
Technical Advisory Services	59 848 645	60 336 002
Infrastructure Delivery Improvement Programme (IDIP)	149 507	2 158 691
Employment Facilitation (Jobs Fund Project Management Unit)	71 150 117	70 261 050
Municipal Finance Improvement Programme III (MFIP)	10 660 525	8 368 397
	<b>141 808 794</b>	<b>141 124 140</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
<b>14. INTEREST REVENUE</b>	<b>2019</b>	<b>2018</b>
Interest	39 012 836	33 577 114
	<b>39 012 836</b>	<b>33 577 114</b>

The interest is derived from the funds in the GTAC and PDF call accounts (refer note 9). The other call accounts' interest do not accrue to GTAC and is as such disclosed as payables from non-exchanges transactions (refer note 11).

### 15. APPROPRIATED FUNDING (NATIONAL TREASURY VOTE)

GTAC – Contribution to Operations	46 734 000	71 858 000
Project allocations:		
- Employment Creation Facilitation (Jobs Fund) – Projects	3 031 478	1 658 383
	<b>49 765 478</b>	<b>73 516 383</b>

### 16. DONOR FUNDING

Building a Capable State (BCS)	20 897 038	13 254 273
- Funding from the Canadian Department of Foreign Affairs, Trade and Development		
Support to the National Treasury in National Health Insurance Design	393 158	1 216 850
- Funding from the German Department Deutsche Gesellschaft für Internationale Zusammenarbeit		
Assessing the viability of utilising outcomes-based instruments for contracting service delivery by government	1 215 059	195 481
- Funding from the Government of Flanders		
	<b>22 505 255</b>	<b>14 666 604</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	<b>Restated</b>	
	<b>R</b>	<b>R</b>
<b>17. GOODS AND SERVICES</b>	<b>2020</b>	<b>2019</b>
Accounting fees	-	42 504
Administrative fees	2 774 205	7 055 938
Advertising	182 651	122 424
Assets less than capitalisation threshold and maintenance	116 369	270 168
Audit fees	2 209 182	1 544 947
Bank Charges	56 383	49 693
Bursaries	529 749	173 978
Bursaries -Public Economics Capacity building (donor funded)	723 307	1 038 883
Internship	97 050	898 191
Catering	316 302	371 846
Communications	535 790	700 263
Computer services	40 631	91 183
Consumables and maintenance	384 489	260 560
Contractors General management	307 660	364 043
Courier services	9 200	-
Entertainment	4 324	5 458
Gifts and Promotions	19 020	151 682
Impairment of debtors	10 122 471	-
Injury on duty	14 048	29 236
Legal services	3 146 256	422 498
Licence Fees	1 583 959	1 167 796
Losses and Damages	78 552	117 505
Operating leases	548 765	620 334
Parking services	248	4 209
Project expenditure:		
- Building a Capable State (Canadian Government funding)	17 581 204	9 917 712
- Technical Advisory Services	55 447 936	82 986 013
- Infrastructure Delivery Improvement Programme (IDIP)	149 497	1 061 181
- Employment Facilitation - Jobs Fund Operations	16 350 661	16 533 549
- Employment Facilitation - Jobs Fund Projects	246 937	448 229
- Specialised Procurement - Project Development Facility	8 715 861	3 343 034
- Capital Projects Appraisal	-	376 947
- Support to the National Treasury in National Health Insurance Design	-	1 216 850
- Assessing the viability of utilising outcomes -based instruments for contracting service delivery by government	968 639	225 166

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
<b>17. GOODS AND SERVICES CONTINUED</b>	<b>2020</b>	<b>2019</b>
Resettlement cost	51 638	154 526
Security services	-	5 971
Stationary and Printing	459 218	510 855
Subscriptions	50 360	1 042 495
Training	1 660 689	1 265 406
Transfers -Budget Portal	1 964 734	3 777 036
Travel and subsistence	6 361 215	9 047 222
Venues and facilities	1 244 714	1 361 076
	<b>135 053 914</b>	<b>148 776 607</b>
<b>18. COMPENSATION OF EMPLOYEES</b>		
Salaries and wages	76 711 511	67 096 714
UIF, pensions and medical Aid	9 545 416	8 750 932
Service bonuses	2 557 339	5 586 944
Performance bonuses	(298 282)	105 683
Other employee related costs	1 184 852	649 195
Housing allowances	839 056	740 905
Non pensionable allowance	39 002 623	38 123 270
	<b>129 542 515</b>	<b>121 053 643</b>
<b>19. DEPRECIATION AND AMORTISATION</b>		
Office equipment	144 658	179 455
Computer equipment	1 944 356	828 478
Furniture and fittings	41 574	34 557
Computer software	25 274	25 204
	<b>2 155 862</b>	<b>1 067 694</b>
<b>20. INTEREST INCOME</b>		
Interest income at the beginning of the year	5 927 087	7 832 110
Interest income received per the Statement of Financial performance	39 012 836	33 577 114
Accrued net interest income at the end of the year	(8 245 840)	(5 927 087)
	<b>36 694 083</b>	<b>35 482 137</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	2020	2019
<b>21. NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit for the year	(10 816 490)	(5 244 953)
<b>Adjustments for:</b>		
Depreciation and amortisation	2 155 862	1 067 694
Loss on disposal of assets	78 552	117 504
(Decrease)/Increase in salary provisions and accruals	(1 695 859)	1 266 037
Increase/(Decrease) in unspent government funding from non-exchange transactions	92 976 859	(9 364 040)
(Decrease)/Increase in income received in advance	(10 879 942)	4 614 566
- From Exchange Transactions	(5 379 940)	8 107 329
- From Non-Exchange Transactions	(5 500 002)	(3 492 763)
<b>Changes in working capital</b>		
Decrease in receivables from exchange transactions	9 230 796	37 601 096
(Increase)/Decrease in receivables from non-exchange transactions	(7 553 200)	387 772
(Increase)/Decrease in work in progress/inventory	(815 727)	2 009 650
Increase/(Decrease) in payables from exchange transactions	2 987 942	(20 472 819)
Increase in payables from non-exchange transactions	529 493	322 216
	<b>76 198 286</b>	<b>12 304 723</b>
<b>22. COMMITMENTS</b>		
<b>Operating Commitments</b>		
Contractual commitments	<b>133 701 130</b>	<b>210 093 567</b>

These contractual commitments are made up of contracts with service providers of which some end within the next 12 months and others more than 12 months but not exceeding 72 months.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019
<b>23. RELATED PARTIES</b>		
During the financial year, GTAC entered into various transactions with related parties.		
<b>Relationship</b>		
<b>Receivables</b>		
Council for Built Environment	-	109 440
Department of Arts and Culture	-	517 812
Department of Higher Education and Training (DHET)	1 456 654	5 541 222
Municipal Infrastructure Support Agency (MISA)	-	3 381 734
Public Service Commission	-	199 880
	<b>1 456 654</b>	<b>9 750 088</b>

### Trade and other payables

National Treasury		
- Infrastructure Delivery Improvement Programme	7 135 521	7 831 468
- Employment Creation Facilitation Programme	13 999 353	20 159 602
- Municipal Finance Improvement Programme III	123 587 783	114 578 990
- Neighbourhood Development Programme	13 302 700	12 594 447
- Jobs Fund	148 798 323	369 733
Department of Public Works – Salvokop	85 613 498	67 845 654
Department of Public Works – DAFF	15 000 000	15 000 000
Department of Public Works – Energy	4 055 802	20 000 000
Development Bank of Southern Africa Ltd (Independent Power Producer Procurement Programme)	289 120 163	355 939 626
Department of Social Development	10 000 000	10 000 000
Department of Transport	644 398	817 358
	<b>711 257 541</b>	<b>625 136 878</b>

These funds have been committed against projects

### Related party transactions

#### Funding provided by relating parties

National Treasury:		
- GTAC	46 734 000	71 858 000
- Municipal Finance Improvement Programme III	148 577 000	140 915 000
- Neighbourhood Development Programme	46 069 435	48 127 421
	<b>241 380 435</b>	<b>260 900 421</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019
<b>Revenue received for services provided</b>		
Council for Built Environment	-	184 320
Council on Higher Education	257 982	-
Department of Arts and Culture	415 319	834 750
Department of Communications	4 852 753	529 758
Department of Co-operative Governance & Traditional Affairs	1 324 432	1 349 964
Department of Environmental Affairs (DEA)	1 209 596	1 238 327
Department of Higher Education and Training (DHET)	3 953 150	5 541 222
Department of Home Affairs	-	2 668 861
Department of Human Settlements	-	805 459
Department of Public Service Administration	-	218 880
Department of Public Works	-	10 059 923
Department of Small Business Development	699 921	874 600
Department of Telecommunications and Postal Services	1 329 923	205 909
Department of Tourism	1 330 089	2 980 320
Department of Transport	3 451 455	-
Municipal Infrastructure Support Agency (MISA)	-	291 918
National Health Laboratory Services	-	2 407 091
National Prosecuting Authority	1 866 444	
National Treasury	91 732 156	85 212 065
Office of the Military Ombudsman	-	1 034 360
Public Service Commission (PSC)	305 520	1 093 790
Quality Council for Trade and Occupation	556 021	-
SA Health Products Regulatory Authority	180 120	-
	<b>113 464 881</b>	<b>117 531 517</b>

GTAC has also rendered similar services to other organs of state on provincial and local level.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019
<b>Services received at no cost</b>		
Financial Intelligence Centre	-	14 188
National Treasury	15 474 102	14 394 655
	<b>15 474 102</b>	<b>14 408 843</b>

These costs at fair value relate to the services provided by National Treasury to GTAC which amongst others are office space occupied by GTAC, associated municipal services, ICT, Internal Audit and cleaning.

<b>Services rendered at no cost</b>		
National Treasury -Consultancy	2 735 316	-
National Treasury -Budget Portal	2 923 676	6 108 704
	<b>5 658 992</b>	<b>6 108 704</b>

The consultancy services rendered:

- (1) Review of the financial model and costing of the Road Accident Fund
- (2) Actuarial review of the Unemployment Insurance Contribution Levy
- (3) Business Process Mapping
- (4) State Bank
- (5) Procurement advice to the Presidential Committee Unit

The budget portal development was funded by GTAC through donor monies and transferred to National Treasury at no cost.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### Key Management Personnel

Name	Designation	2020					Total
		Basic	Performance Bonus	Service Bonus	Pension	Other Allowances	
		R	R	R	R	R	
LO Ndlela	Head of GTAC (Acting)	1 465 141	48 118	-	121 671	550 484	2 185 414
SPM Rautenbach	Chief Director: Financial Management	1 512 381	-	-	151 404	98	1 663 883
B Mashilo	Chief Director: Capital Projects Appraisal	1 080 313	-	74 081	115 566	98	1 270 058
S Naidoo	Chief Director: Strategy Management and Communications	1 359 824	-	-	136 132	98	1 496 054
TP Moleke	Chief Director: Transaction Advisory Services and PPP	1 415 913	-	-	120 464	8 138	1 544 515
N Allie-Edries	DDG: Employment Facilitation	1 458 106	75 733	99 988	155 981	98	1 789 906
R Engela	DDG: Public Expenditure and Policy Analysis	1 410 070	-	99 988	155 981	48 134	1 714 173
EC Gille	Chief Director: Technical Consulting Services	1 188 475	-	-	100 543	98	1 289 116
GH Louw	Chief Director: Professional Services Procurement	1 004 609	-	74 081	115 566	75 802	1 270 058
XYZ Mac Master	Chief Director: Municipal Finance Improvement Programme	1 112 966	57 806	76 320	119 059	98	1 366 249
EJ Stokes	Acting Director: HRM	781 699	40 149	53 803	83 622	164 458	1 123 731
SK Allert	Acting Director: Corporate Services (Acting 1 month)	60 675	-	-	7 155	26 821	94 651
		<b>13 850 172</b>	<b>221 806</b>	<b>478 261</b>	<b>1 383 144</b>	<b>874 425</b>	<b>16 807 808</b>

\* Other allowances includes medical aid contributions, leave gratuity, bargaining council contributions and acting allowances.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### Key Management Personnel

Name	Designation	2019					Total
		Basic	Performance Bonus	Service Bonus	Pension	Other Allowances	
		R	R	R	R	R	
LO Ndlela	Head of GTAC (Acting)	1 412 127	42 942	-	125 607	557 844	2 138 520
SPM Rautenbach	Chief Director: Financial Management	1 446 018	28 118	-	144 761	90	1 618 987
B Mashilo	Chief Director: Capital Projects Appraisal	1 011 730	35 989	69 378	108 230	90	1 225 417
S Naidoo	Chief Director: Strategy Management and Communications	1 292 609	48 202	-	129 403	90	1 470 304
TP Moleke	Chief Director: Transaction Advisory Services and PPP	1 353 429	36 151	-	115 178	8 130	1 512 888
N Allie -Edries	DDG: Employment Facilitation	1 386 032	64 435	95 045	148 270	90	1 693 872
R Engela	DDG: Public Expenditure and Policy Analysis	1 317 524	31 272	103 527	146 080	48 126	1 646 529
EC Gille	Chief Director: Technical Consulting Services	1 113 024	-	-	94 160	90	1 207 274
GH Louw	Chief Director: Professional Services Procurement	872 736	-	69 378	100 931	70 852	1 113 897
B Muthuri	Chief Director: Human Capital Management & Corp Support (11 Months)	928 464	22 459	-	96 715	39 770	1 087 408
XYZ Mac Master	Chief Director: Municipal Finance Improvement Programme	1 057 952	23 735	72 548	113 174	90	1 267 499
EJ Stokes	Acting Director: HRM (Acting 1 month)	56 937	-	-	6 550	7	63 495
SK Allert	Acting Director: Corporate Services (Acting 1 month)	57 677	-	-	6 801	7	64 485
		<b>13 306 259</b>	<b>333 303</b>	<b>409 876</b>	<b>1 335 860</b>	<b>725 276</b>	<b>16 110 574</b>

\* Other allowances includes medical aid contributions, leave graduity, bargaining council contributions and acting allowances.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 24. RISK MANAGEMENT

GTAC seeks to identify, assess, manage and monitor all material forms of risk across all its programmes and activities. While operating risk cannot be fully eliminated, management endeavours to minimise it by ensuring that the appropriate infrastructure, controls, systems and ethical standards are applied throughout the entity and managed within predetermined procedures and constraints.

As GTAC receives funding in advance from National Treasury and other organs of state for its principal activities it does not have borrowed funds, and does not have significant exposure to credit, liquidity, interest and market risk.

#### Credit Risk

In its holding of cash and cash equivalents, and deposits with banks and financial institutions, GTAC makes use of only highly reputable financial institutions.

	Carrying amount	Current	30 Days	60 Days	90 Days	120 Days and more
	R	R	R	R	R	R
<b>2020</b>						
Trade Receivables	11 579 125	-	999 755	-	-	10 579 370
<b>2019</b>						
Trade Receivables	14 063 695	2 544 395	8 422 641	3 096 659	-	-

#### Liquidity Risk

GTAC's exposure to liquidity risk is limited by the National Treasury's management framework for meeting short, medium and long term funding requirements.

<b>2020</b>						
Trade Payables	127 146	127 149	-	-	-	-3
<b>2019</b>						
Trade Payables	9 825 008	9 825 008	-	-	-	-

#### Interest rate risk

GTAC's interest rate risk is limited as funds are invested with one of the four major banks and this is assessed annually.

#### Market risk

No significant market events occurred during the year that materially affected GTAC. GTAC's activities are mainly of an administrative or support service nature, with limited exposure to market movements.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 25. EVENTS AFTER THE REPORTING DATE

No material events after the reporting date.

### 26. NOTES TO STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

All variances over R1 million is seen as material and has been reported on.

#### Adjustments to the Approved Budget

The significant budget adjustment was on goods and services and cost recovery by TCS business unit. The adjustments was mainly due to expected reduction on demand for technical support service by departments.

#### Cost Recovery Revenue

*Under budget*

The variance was mainly due to the underspent on Jobs Fund and TCS had a lower demand of service than projected.

#### Interest Revenue

*Over budget*

All surplus funds are transferred to a Call account that earns interest between 5% and 7,8% depending on the period fixed. The positive variance was due to unspent monies and prior year surpluses.

#### Appropriated Funding

*Under budget*

The variance was mainly due to the R15 million unspent fund for the Infrastructure Planning Support project. The project never started due to delays on the implementation and procedural process between GTAC and NT. The other variance amount was due to underpend on the ECFF programme.

#### Donor Funding

*Under budget*

The overall underspend was mainly due to the underspent on the Building a Capable state (BCS) programme. Most of the projects were delayed due to the COVID 19 restrictions and National Lockdown. The programme is been extended to continue till September 2020.

#### Goods and Services

*Under budget*

The under spending was due to a decrease in demand from other departments as well as underspending in the PMUs mainly on Jobs Fund due to savings in the Business and Advisory services rendered and the limited spending on the travelling expenses. There was also underspent on the BCS projects due to delays caused by COVID 19 pandemic. Lastly the delays in implementation of the Infrastructure Support Planning project by Capital Appraisal Unit (CPAU).

#### Compensation of Employees

*Under budget*

Under spending on compensation of employees was due to vacancies mainly on Jobs Funds and Management Support Services (Programme 1)

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 27. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

2020

##### *Financial assets*

Receivables from exchange transactions	10 824 071	10 824 071
Receivables from non-exchange transactions	9 719 168	9 719 168
Cash and cash equivalents	940 711 887	940 711 887
	<b>961 255 126</b>	<b>961 255 126</b>

##### *Financial Liabilities*

Trade and other payables from exchange transactions	26 579 873	26 579 873
Payables from non-exchange transactions	707 247 909	707 247 909
	<b>733 827 782</b>	<b>733 827 782</b>

#### Categories of financial instruments

2019

##### *Financial assets*

Receivables from exchange transactions	20 054 867	20 054 867
Receivables from non-exchange transactions	2 161 014	2 161 014
Cash and cash equivalents	864 965 881	864 965 881
	<b>887 181 762</b>	<b>887 181 762</b>

##### *Financial Liabilities*

Trade and other payables from exchange transactions	28 071 569	28 071 569
Payables from non-exchange transactions	619 241 557	619 241 557
	<b>647 313 126</b>	<b>647 313 126</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019
<b>28. FRUITLESS AND WASTEFUL EXPENDITURE</b>		
To the best of our knowledge no fruitless and wasteful expenditure have been incurred during the current year.		
<b>29. IRREGULAR EXPENDITURE</b>		
Opening balance	207 014 239	136 846 800
Add: Irregular Expenditure that relates to prior year non-compliance	47 050 363	50 228 249
Add: Irregular Expenditure identified during the current year	8 271 549	19 939 190
Less: Irregular expenditure condoned in the current year	(179 535 525)	-
<b>Irregular expenditure to be condoned</b>	<b>82 800 626</b>	<b>207 014 239</b>

During the financial year 2019/20 Irregular Expenditure (IE) that was found in 2015/16 and 2016/17 financial year was condoned by the relevant authorities (National Treasury).

The Internal Audit unit of the National Treasury has reviewed the Irregular expenditure for the 2017/18 financial year, and GTAC is awaiting their final report.

### 30. ACCOUNTING BY PRINCIPALS AND AGENTS

#### *Employment Creation Facilitation: Implementation of the Jobs Fund on behalf of National Treasury*

GTAC undertakes the administration of the Employment Creation Facilitation sub-programme on behalf of National Treasury. The programme is administered by a Project Management Unit, whose costs are recovered from National Treasury. Disbursements to Jobs Fund Partners for the implementation of approved projects is undertaken by GTAC, as agent, on behalf of National Treasury, as principal.

Bank Balance		148 202 624	1 000
Assets – interest receivable		595 427	368 733
Liability		(148 798 323)	(369 733)
Difference - inter account transfer between GTAC and the Jobs Fund account. To be corrected in the next financial year.		<b>(272)</b>	-
Revenue	- Appropriated funds	554 848 000	305 000 000
	- Interest accrued	6 891 303	4 804 089
Expenditure	- Jobs Fund partner payments	413 309 657	263 036 681
	- Bank charges	1 056	996

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	R	Restated R
	2020	2019
<b>Independent Power Producers Procurement Programme – DBSA</b>		
<p>GTAC manage and account for the IPPPP bank account ,make payments to the DBSA ,cooperate with and provide such project-specific information in its possession to the IPPPP office when requested, provide general technical support in line with the GTAC's mandate in respect of the IPP Procurement Programmes and interventions and facilitate execution of the National Treasury's roles and responsibilities in terms of the Memorandum of Agreement between DoE, NT and DBSA.</p>		
Bank Balance	284 485 940	353 579 701
Assets – interest receivable	4 634 314	2 359 924
Liability*	(289 120 163)	(355 939 625)
Difference - inter account transfer between GTAC and the IPPPP account. To be corrected in the next financial year.	<b>91</b>	-
Revenue		
- Development and request for proposal fees	64 413	561 982 733
- Interest accrued	30 917 181	16 755 388
Expenditure		
- Salaries and overheads	97 800 000	222 993 472
- Bank charges	1 056	996

### Neighbourhood Development Programme – National Treasury

GTAC manages and account for the NDP bank account ,make payments to the service providers contracted by municipalities on behalf of NDP within National Treasury.

Bank Balance	13 199 685	12 509 695
Assets – interest receivable	103 106	84 752
Liability*	(13 302 700)	(12 594 447)
Difference – inter account transfer between GTAC and the NDP account. Corrected in the next financial year.	<b>91</b>	-
Revenue		
- Appropriate funds*	46 069 435	48 127 421
- Interest accrued	1 096 048	941 739
Expenditure		
- Payments to service providers	46 096 175	48 127 421
- Administration fees	360 000	360 000
- Bank charges	1 056	996

\* -Appropriated funds relate to funds received from National Treasury less returned before year end.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019

### **Office of the Accountant-General – National Treasury**

The Office of the Accountant-General within National Treasury has requested GTAC to assist with the roll out of the Municipal Finance.

Funds available	123 587 783	114 578 990
Liability	(123 587 783)	(114 578 990)
	-	-

Revenue - Appropriated funds	148 577 000	140 915 000
Expenditure - Payments to service providers	128 907 682	96 078 141

### **National Department of Transport (NDoT)**

The National Department of Transport has contracted GTAC to procure Transaction Advisors on behalf of NDoT to render Professional Services in procurement of a PPP fleet management contract for NDoT.

Funds available	644 398	817 358
Liability	(644 398)	(817 358)
	-	-

Funds received	-	1 500 000
Expenditure - Payments to service providers	172 960	682 642

### **Department of Public Works - Salvokop**

GTAC has been contracted as the implementing agent to appoint a multi discipline Engineering Business Undertaking to render professional services in respect of bulk municipal infrastructure services to Salvokop Extension 4.

Funds available	85 613 498	67 845 654
Liability	(85 613 498)	(67 845 654)
	-	-

Funds received	23 000 000	40 000 000
Expenditure - Payments to service providers	5 232 156	8 571 182

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019

### ***Department of Public Works - Department of Agriculture, Forestry and Fisheries (DAFF)***

GTAC , on behalf of the DPW , will appoint Professional Service Providers to conduct the feasibility study and assist DAFF with procurement of the accommodation facility , depending on the recommendations of the asibility study and approval thereof by DAFF.

Funds available	15 000 000	15 000 000
Liability	(15 000 000)	(15 000 000)
	-	-
Funds received	-	15 000 000

### ***Department of Public Works – Energy***

DPW has requested GTAC to provide project management support and procurement services to assist with the development and execution of a super ESCO business plan and renewable energy pilot projects.

Funds available	4 055 802	20 000 000
Liability	(4 055 802)	(20 000 000)
	-	-
Funds received	-	20 000 000
Expenditure - Payments to service providers	15 944 198	-

### ***Department of Social Development (DSD)***

GTAC , on behalf of the DSD , will appoint Professional Service Providers to conduct the feasibility study and assist DAFF with procurement of the accommodation facility , depending on the recommendations of the feasibility study.

Funds available	10 000 000	10 000 000
Liability	(10 000 000)	(10 000 000)
	-	-
Funds received	-	10 000 000

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019

### *eThekweni Municipality*

GTAC , on behalf of the eThekweni Municipality , will provide the project management support and procurement services to assist with the appointment of transactions advisor to Durban water recycling plant.

Funds available	-	-
Liability	-	-
	-	-
Funds received	1 558 986	-
Expenditure - Payments to service providers	1 558 986	-

### *South African Police Services*

GTAC , on behalf of the South African Police Services , will provide the project management support and supply of transaction advisory services for the appointment of a service provider to perform an assessment of the fair value of the intellectual property of the ICT systems in use by the SAPS and owned by Forensic Data Analysts.

Funds available	-	-
Liability	-	-
	-	-
Funds received	2 304 370	-
Expenditure - Payments to service providers	2 304 370	-

### 31. CONTINGENT LIABILITY

Accumulated surplus	224 808 112	-
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In terms of the PFMA, all surplus funds as at the reporting date may be forfeited to the National Treasury. A request for the retention of the accumulated surpluses resulting from operations in the financial year ended 31 March 2020 and prior years will be made to the National Treasury.

In the prior year - 2018/19 financial year there were no surpluses that might have been returned as GTAC had an accumulated deficit of R24,019,350 which was due to commitments.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019

### 32. PRIOR PERIOD ERRORS

#### 1. Error in disclosure of prior year commitments

Corrections on the incorrectly calculated 2019 commitments. This resulted in an error in the prior year calculation. Commitment. This error was corrected.

Decrease in commitments	-	545 278
-------------------------	---	---------

Refer to Note 22.

#### 2. Error in disclosure of Accruals

Correction of erroronous disclosure of accruals as trade payables. The goods and services were rendered in March 2019 and invoiced and paid only in April 2019.

Decrease in Trade payables	-	(9 825 008)
Increase in Accruals	-	9 825 008

Refer to Note 10.

#### 3. Error in disclosure of Key management personnel

The acting personnel in the director position were omitted in the note

Increase in Key Management Personnel	-	127 981
--------------------------------------	---	---------

Refer to note 23 (Key Management Personnel)

#### 4. Error in disclosure of service rendered in kind

The partially developed Budget Portal was a service provided in kind to National Treasury (NT), the value was incorrectly calculated as R3,777,036.00 (Which was development costs) which was to be capitalised by NT to instead of R6,108,704.00 which is the total spent on the project including R2,331,668.00 (Research costs).

Increase in service rendered in kind	-	2 331 668
--------------------------------------	---	-----------

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019

### 32. PRIOR PERIOD ERRORS - CONTINUED

#### 5. Error in disclosure of service received in kind

In the prior year the fair value of the service received in kind by National Treasury was understated. Only the value of the office space occupied was disclosed, omitting the values for other services ( associated municipal services, ICT ,Internal Audit and cleaning).

Increase in service received in kind	5 919 216
--------------------------------------	-----------

#### 6. Error in disclosure of principal agent relationship

In the prior year funds received were omitted from disclosure for some of the principals.

##### Funds received:

Office of the Accountant General - National Treasury	140 915 000
Department of Transport	1 500 000
Department of Public Works - Salvokop	40 000 000
Department of Public Works - DAFF	15 000 000
Department of Public Works - Energy	20 000 000
Department of Social Development	10 000 000

See Note 30

#### 7. Error in calculation of Depreciation/Accumulated depreciation

In the prior periods GTAC has not complied with GRAP 17 requirements to reassess the useful lives of the assets annually, hence the fully depreciated assets were still in the asset register in 2018/19 financial year. This resulted in changes in average useful lives of assets from 3 years to 3 - 5 years. The changes resulted in the following adjustments:

##### Statement of Financial Position

Increase in Property, plant and equipment	-	1 827 045
Increase in Accumulated Surplus	-	1 827 045

##### Statement of Financial Performance

Decrease in Depreciation	-	(1 827 045)
Decrease in Deficit	-	(1 827 045)

##### Cash Flow Statement

Decrease in Deficit	-	(1 827 045)
Decrease in Depreciation	-	(1 827 045)

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2020	2019

### 33. CHANGES IN ACCOUNTING ESTIMATES

#### 1. Changes in accounting estimates for fully depreciated assets in the current year

The useful lives of the assets has been reassessed in the current year and certain fully depreciated assets have been identified as still in good condition and can still be useful to GTAC.

This resulted in changes in average useful lives of assets from 3 years to 3 - 5 years for Computer Equipments and average useful lives of Office equipment from 5 years to 5 - 7 years.

The changes resulted in the following adjustments:

#### Statement of Financial Position

Increase in Property, plant and equipment	632 503	-
Increase in Accumulated Surplus	632 503	-

#### Statement of Financial Performance

Decrease in Depreciation	(632 503)	-
Decrease in Deficit	(632 503)	-

#### Cash Flow Statement

Decrease in Deficit	(632 503)	-
Decrease in Depreciation	(632 503)	-



ADDITIONAL  
INFORMATION ON PMUs

F

# ADDITIONAL INFORMATION ON PMUs

## INTRODUCTION

While GTAC responsibility to the PMUs comprises of administrative programme management support, the annual report provides the opportunity to highlight important performance information for ease of access.

Both the Jobs fund and Municipal Finance Improvement Programme have their own websites which additional detailed information can be accessed. The work of these PMUs is also reported in the National Treasury’s annual report.



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<http://www.jobsfund.org.za>



<https://www.gtac.gov.za/programmes-and-services/mfip>

## MUNICIPAL FINANCE IMPROVEMENT PROGRAMME

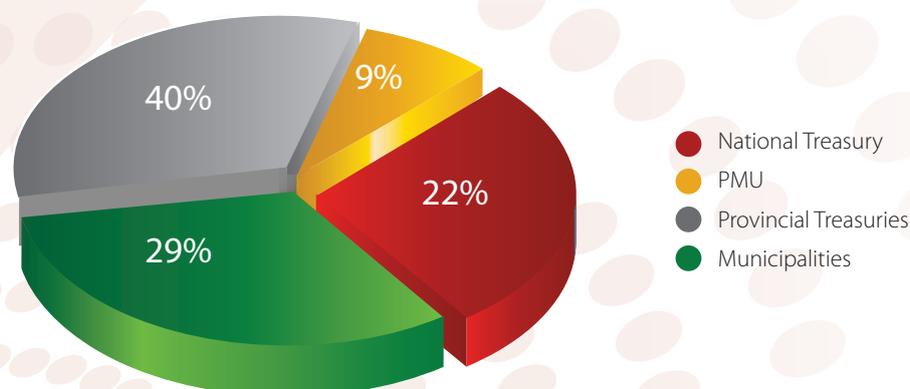
This strategically driven programme of technical support is aligned with the six local government financial management 'game changers' and is designed to bolster the institutional and technical financial management capacity of the National Treasury, the provincial treasuries and municipalities. The MFIP's overall strategic goal is to help improve practices and outcomes in local government financial management by placing technical advisors at these entities. The third three-year phase of the programme, MFIP III, commenced on 1 April 2017 and ended on 31 March 2020.

To sustain the momentum spawned during MFIP III and given the enduring municipal financial sustainability difficulties, approval was granted for the extension of the MFIP III for an additional two years from 1 April 2020 to 31 March 2022 (MFIP IIIx). The project is implemented under the budget and functional authority of the National Treasury's Office of the Accountant-General (OAG), in partnership with the Intergovernmental Relations (IGR) division, Office of the Chief Procurement Officer (OCPO), with administrative management support provided by GTAC.

### DEPLOYMENT OF TECHNICAL ADVISORS

- As at 31 March 2020, the MFIP procured and deployed 80 technical advisors (TAs) at the following institutions and work streams:
- Direct capacity support to municipal budget and treasury offices in general financial management: 23 TAs were deployed in municipalities across the nine provinces.
- Direct capacity support to the municipal finance units of provincial treasuries: 32 TAs were placed, of whom five provided general support. Specialist support was offered in the following areas: supply chain management (seven advisors), the Municipal Standard Chart of Accounts or mSCOA (six advisors), asset management (seven advisors) and revenue management (seven advisors).
- Direct capacity support to three National Treasury chief directorates – Local Government Budget Analysis, Municipal Finance Management Act Implementation and SCM Policy and Legal: 18 TAs were placed, providing specialist support on the Financial Management Capability Maturity Model (two advisors), audit outcomes (three advisors), budgeting and reporting (one advisor), the Municipal Financial Recovery Service (eight advisors), mSCOA (one advisor), OCPO (one advisor) and revenue management (two advisors).
- Seven TAs were procured to provide programme and project management capacity support to the officials in the MFIP project management unit.

The graph below depicts the above proportional deployment of the 80 MFIP TAs



The increased number of TAs placed compared to previous years was mainly as a result of the increase in the number of municipalities supported that were classified by NT and CoGTA as financially distressed and institutionally dysfunctional.

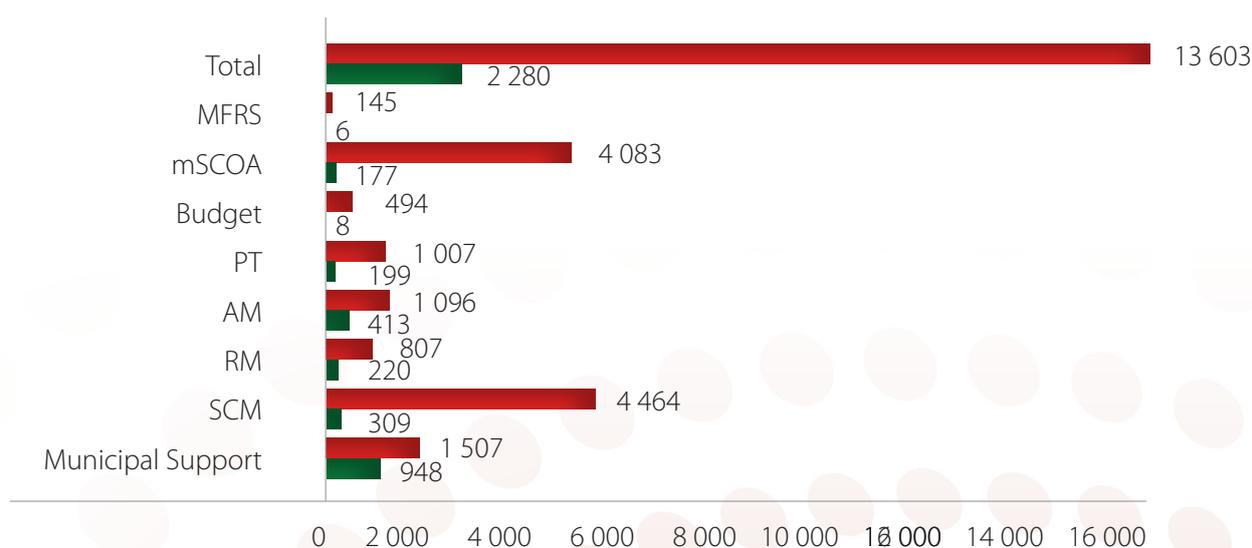
## CAPACITY BUILDING

MFIP capacity building and skills transfer initiatives support various institutional and technical areas in financial management in terms of the Municipal Finance Management Act and the local government reform agenda of the National Treasury. While these interventions are mostly informal and non-accredited, they assist in enhancing the practical, on-the-job skills of officials involved in municipal financial management.

During the year, 2 280 capacity building sessions were held, involving 13 603 officials. The municipal advisors conducted 948 capacity building sessions, reaching 1 507 officials across 29 municipalities. The provincial advisors conducted 199 capacity building sessions, involving 1 007 officials from both provincial treasuries and municipalities. Finally, MFIP specialists conducted 1 133 capacity building sessions with 11 089 officials on topics such as supply chain management (SCM), revenue management (RM), asset management (AM), mSCOA and the Municipal Financial Recovery Service (MFRS).

The graph below depicts the MFIP capacity building statistics for the 2019/20 financial year

**MFIP Capacity Building Stats**



The year also saw the implementation of further measures to improve the overall effectiveness and efficiency of the programme. These included strengthening the institutionalisation of the modified business model; undertaking ongoing advocacy of the revised governance and management arrangements with programme stakeholders; appointing officials to the project management unit to further strengthen accountability and sustainability; sourcing the full complement of technical advisors to implement the entire spectrum of MFIP technical support; and implementing the MFIP knowledge and information management strategy to improve the efficiency of programme administration and enhance knowledge sharing and collaborative learning across the project work streams. In addition to the measures mentioned above, a programme mid-term evaluation (MTE) was conducted during this financial year. The purpose of the MTE was to review the design and implementation of the third phase of the programme. The MTE final report contained a total of 22 recommendations which were clustered according to the following four areas, namely: Institutional positioning, Governance and oversight, Programme design and Programme management and implementation. An Improvement Plan was compiled and approved by the PSC subsequent to the adoption of the MTE report, to ensure utilisation of evaluation findings and strengthening of programme; track/monitor implementation of recommendations; and keep stakeholders informed of necessary actions to improve programme delivery. Several of the MTE recommendations determined the need for an integrated results-based M&E Framework for the programme to better monitor outputs and outcomes and evaluate impacts. The M&E framework has now been developed and will be implemented using a phased in approach under MFIP IIIx.

The programme initiatives mentioned above will continue in 2020/21 to help realise the expected return on the National Treasury's investment in the MFIP.

### **JOBS FUND PROJECT MANAGEMENT UNIT**

The Jobs Fund is a sub-programme within the National Treasury's Programme 8: Technical Support and Development Finance; its activities are recorded under Employment Creation Facilitation. A project management unit has been established in GTAC to implement the programme on behalf of the National Treasury. Through the Jobs Fund, Employment Creation Facilitation supports innovative, partnership-based approaches to sustainable employment creation, as well as research into employment, income distribution and inclusive growth. The Jobs Fund operates on challenge fund principles and allocates matching grant funds following a competitive, open and transparent application process.

To date, eight calls for proposals have been issued for initiatives that innovatively catalyse new employment creation models that can be replicated and scaled. The Fund offers once-off grants in the areas of enterprise development, infrastructure, support for work seekers and institutional capacity building. During the 2019/20 financial year, the Jobs Fund finalised its 8th Funding Round, with the Jobs Fund Investment Committee approving a total of 28 projects. R2.3 billion in grant funding was allocated to these projects and project partners committed a total of R4.7 billion in matched funding.

Since the Jobs Fund's inception, 180 projects have been approved against a target of 150; 27 withdrew before contracting, leaving 153 on the approved portfolio. Of these 153, 146 have been contracted at the end of the financial year and are at various stages of implementation. The main determinant of the number of projects approved is the quality of the proposals submitted.

During the year under review, five Jobs Fund supported projects came to completion. Amongst these was the Capital Harvest Emerging Farmer Finance project which contributed to transformation in the agriculture sector by supporting emerging farmers on their journey to commercialisation. Access to appropriately structured finance together with technical assistance remain critical factors for agricultural transformation. The project supported emerging farmers through a blended finance model paired with technical assistance.

The funding enabled emerging farmers to acquire much-needed assets to develop orchards, vineyards and infrastructure with the potential to create long term opportunities, the project also proactively sought to support women emerging farmers.

Another area of focus for the Jobs Fund has been the development and placement of youth.

During the year under review the Harambee: Accelerating Inclusive Youth Employment project also came to completion. The project addresses the mismatch between available skills and employer demand. The impact on work-seekers has been profound: their levels of emotional maturity, resilience and skill have increased; they are better able to navigate the labour market and contract, and they have higher levels of confidence connect themselves and others to available employment.







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