



# ANNUAL REPORT

2018 | 2019



**'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.'**

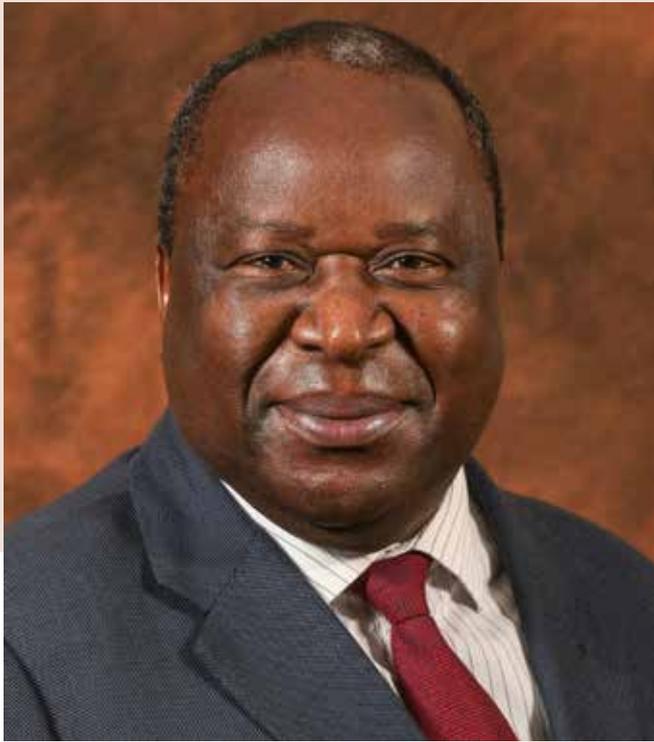
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# ABBREVIATIONS AND ACRONYMS

BRICS	Brazil, Russia, India, China and South Africa
CABRI	Collaborative African Budget Reform Initiative
G20	Group of 20
GTAC	Government Technical Advisory Centre
MFIP	Municipal Finance Improvement Programme
mSCOA	Municipal Standard Chart of Accounts
NanoWS	Nanotechnology and Water Sustainability
PPP	Public-private partnership
REIPPP	Renewable Energy Independent Power Producer Procurement
SALGA	South African Local Government Association
SETA	Sector education and training authority

# FOREWORD BY THE MINISTER OF FINANCE



**“It is time for us to sow the seed of renewal and growth. We must persevere; we must prune and pluck away at the rot, until there is growth. This we must do as a collective”.**

This sentiment as shared in my February Budget speech remains an important target for the whole of Government. The National Treasury, together with its entities, will contribute to ensuring this growth to meet the mandate of this new administration over the next five years. With specific reference to the call to strengthen the capacity and capability of the state, I believe that the Government Technical Advisory Centre (GTAC) is well placed in terms of its mandate, to continue providing such support.

It is well understood that the allocation of appropriate resourcing on its own, is an insufficient condition to give us the returns we seek in terms of improved state delivery. The National Treasury is clear that in tandem with allocating funds appropriately, there needs to be a focus on improving the capability of the state to spend such allocations. As such, the role which entities like the Government Technical Advisory Centre plays is an indispensable component of building state capability. At an advisory level, GTAC has a solid record of managing

projects, testing new methodologies, delivering in depth policy research and advising on the feasibility of major infrastructure projects. On a practical level, GTAC designs and delivers interventions at municipal level and manages grants to innovate in the jobs creation space.

During this reporting period, GTAC's focus on shared learning is beginning to bear fruit, as it presented South Africa's lessons in the Public Private Partnership (PPP) space at the G20-Sponsored PPP Conference in Abuja, Nigeria and at the 10th Annual Africa PPP Conference in Cape Town. Working closely with the National Treasury, GTAC has supported work of the Budget Office to conceptualise a Budget Facility for Infrastructure, developed guidelines for proposals to be submitted and begun the work of assessing these proposals. Partnering with the private sector continues to gain traction between the Jobs Fund and the launch of the Sernick Emerging Farmers Programme in the Free State, where emerging black farmers are recruited, trained, set up and provided with supply opportunities and integrated into the Sernick value chain.

These are merely some of the achievements to which GTAC has contributed. As we reflect on the collective challenges faced over this final year of a five-year delivery planning period, it is more important than ever to recognise progress made. This GTAC Annual Report provides further demonstrable evidence of such progress.

I look forward to GTAC's plans for the next five years which I believe will set it apart as it continues to grow and strengthen government's efforts to improving state capability.

A handwritten signature in black ink, appearing to read 'TT Mboweni'. The signature is fluid and cursive, with a long horizontal stroke at the end.

TT MBOWENI, MP  
**Minister of Finance**

# ACCOUNTING OFFICER'S OVERVIEW



## GTAC: CLOSING THE LOOP

I am delighted to have been afforded the opportunity to once again report on GTAC's performance for the year that has been. As we sit at the threshold of change and consider how best to reposition GTAC's business to better meet the twin challenges of youth unemployment and inclusive growth, it is important to reflect on progress made and projects delivered.

It is equally important to remind ourselves that the work of building state capability remains a critical intervention which GTAC will continue to support across the public sector. As such, GTAC, in planning for the new administrative term, will consider keenly how it might best build on progress made, while critically reflecting on what has not worked as well as envisaged. For GTAC to fulfil its ambition of becoming an indispensable partner of choice for organs of state, it must focus on strengthening its operational efficiencies, organisational form and financing model. In addition, it has to consider diverse and innovative approaches to deliver its business, which range from establishing strategic partnerships to institutionalising an effective system of knowledge generation and management.

The process of consolidating a 'single GTAC' is underway. We are strengthening the links in the advisory services we provide to create stronger connections between the delivery of technical assistance and the delivery of quality, innovative research through which to inform policy and decision making. These streams of work are complementary and GTAC recognises the value and strength that lies in being able to provide diversity in its advice. Ultimately, GTAC strives for continuous improvement in the quality of the work it delivers, with the aim of ensuring value for money, efficiencies in delivery and informed policy making which is underpinned by rigorous research.

## Highlights of 2018/19

This year has seen significant contributions by GTAC in the requests for its technical and advisory work. The Public Expenditure and Policy Analysis unit delivered provincial training on the Baseline Assessment and Costing of New Policies in the Eastern Cape, Mpumalanga and Limpopo Provinces. The course emphasized the links between policy development and implementation, by providing important insights into understanding the institutional landscape, cost and budgetary implications of policy choices.

The Municipal Finance Improvement Programme's capacity building interventions, are practical on-the job upskilling, responsive to the identified needs, of financial management practitioners at provincial treasuries as well as at municipalities. A total of 1 434 capacity building sessions were completed, with 9 716 officials capacitated.

The Technical Consulting business delivered an options report for the CoJ and JDA to incentivise the private supply of affordable rental accommodation in the Johannesburg inner city. The report interrogated assumptions and proposals, highlighted opportunities and constraints, and outlined various implementation options for consideration. Given the contested nature of this work and complex interests of stakeholders, the report was nevertheless extremely well received by all stakeholders.

The Capital Projects Appraisal team worked with various stakeholders in government and the private sector to conceptualise an initiative to strengthen the planning, preparation and packaging of infrastructure projects. The collaboration aims to build a credible pipeline of infrastructure projects that can leverage private sector financing and expertise while building capacity in government. The initiative is critical in supporting other reforms in government aimed at accelerating the delivery of infrastructure.

This year also sees GTAC increase its efforts in promoting shared learning. We hosted an exciting learning event in which the Collaborative African Budget Reform Initiative (CABRI) presented its lessons from using a problem driven iterative learning approach to solve regional budget-reform problems. This presentation provided impressive evidence of this tool in action and it is a methodology which GTAC will continue to build into its advisory model.

On the back of its public economics capacity building initiative, GTAC has established an Advisory Panel to help expand its thinking and creativity in guiding the ongoing

development of this innovative programme. The panel includes an impressive array of skills and expertise ranging from international representation, as well as experienced professionals in the fields of economics, politics and public policy making. Their guidance and extended networks will enrich, inform and guide the substance of a broader spectrum of youth-inspired initiatives.

All of this work continues, despite the challenge of managing institutional uncertainty and change over which we have little control. The GTAC team continues, despite these pressures, to work hard and work smart and focuses on using every opportunity to contribute to building state capability. I remain proud and humbled to be part of such a committed team.



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 2019*

## **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 an agency 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 taking into account 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.

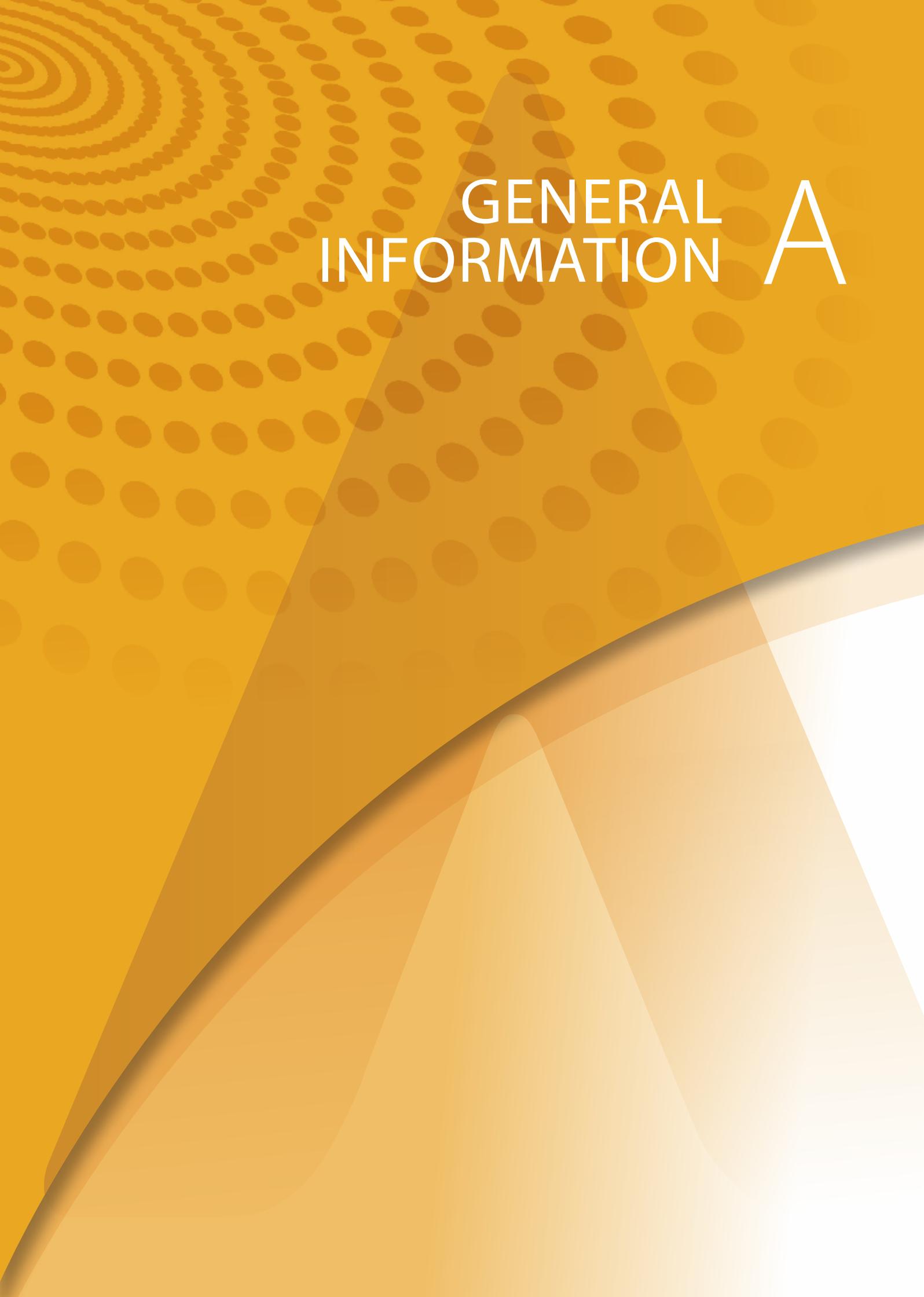


LINDIWE NDLELA

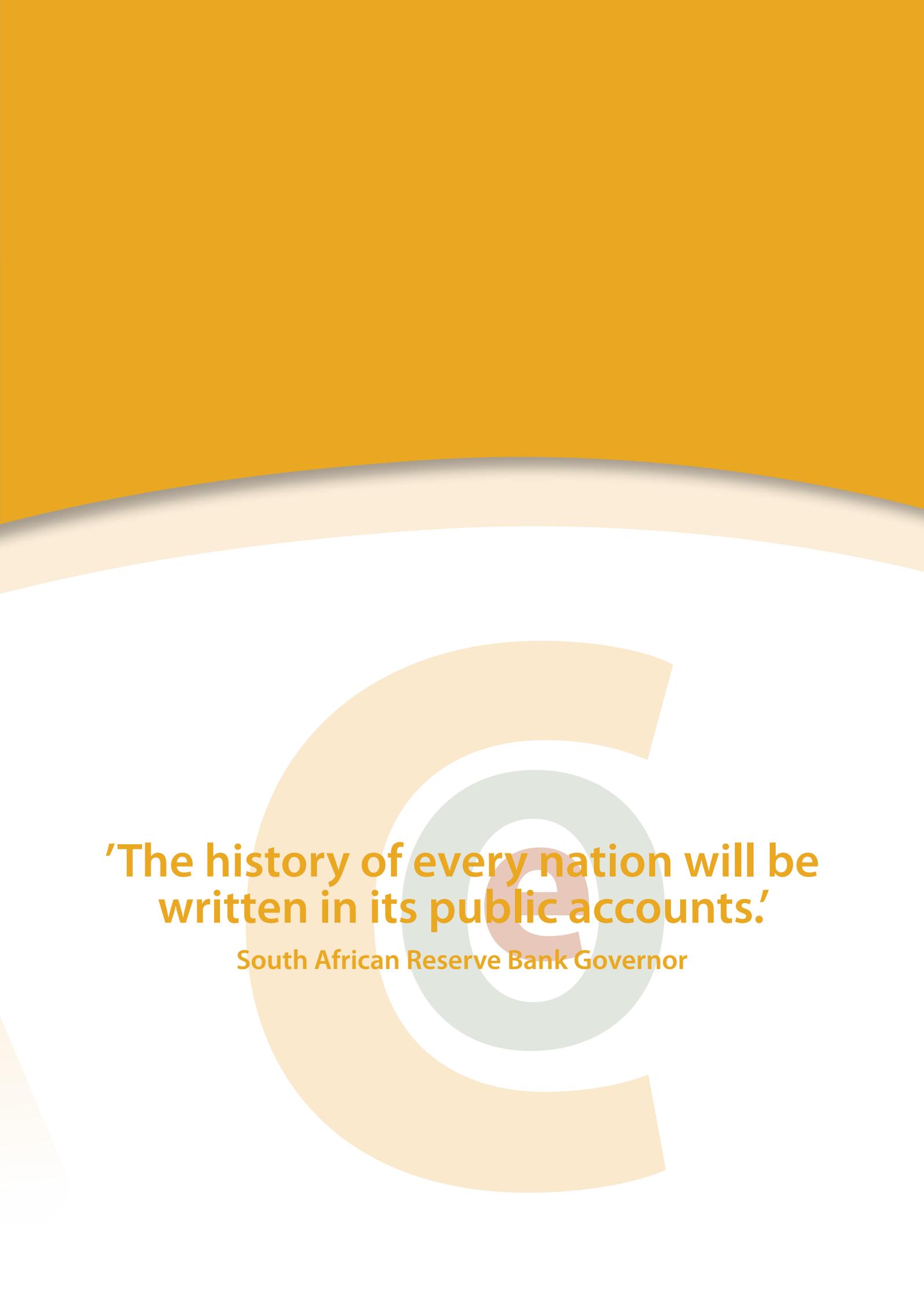
**Acting Head and Accounting Officer: GTAC**

**'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 HISTORY TIMELINE



**2012**

**GTAC is promulgated as a government component by the Minister of Finance**

- Mandate is to assist organs of state in building their capacity for efficient, effective and transparent financial management



**2013**

**Process underway to agree on moving specified functions and staff from the Treasury**

- Development of comprehensive business plan for GTAC



**2014**

**Setting up office with Acting Head and secondment from Treasury**

- Offices secured in Treasury
- Shared service-level agreement
- Technical Assistance unit, the Public-Private Partnerships unit, National Capital Projects Appraisal unit, and Employment Creation Facilitation (Jobs Fund) seconded to GTAC
- Expenditure Reviews programme seconded to the Treasury from Department of Planning, Monitoring and Evaluation

**2015**

**Building GTAC**

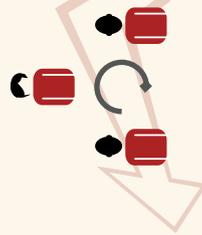
- Consolidation phase of staff transfer completed
- Plans refresh advisory panel
- Business units still operate independently
- Work begins to build a single GTAC



**2016**

**Open procurement of technical experts**

- Panel refreshed
- Long-term advisors appointed
- Business units continue to operate and generate business



**2017**

**First GTAC strategy and annual performance plan approved by Minister**

- Continued shared service agreement with the Treasury and building of resource team
- Consolidation and expansion of procurement team
- Clearer picture emerging of what kind of GTAC is needed



**2018 - 2019**

- Review lessons, rethink strategy to re-position and rebuild responsive, accountable, state-building capability



## 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 the 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

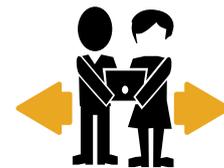
The Government Technical Advisory Centre (GTAC) promotes transparency and the effective management of public finances by assisting organs of state in building their capacity for efficient, effective and transparent financial management. Its operating model provides technical consulting services, specialised 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 in methodologies and procedures designed to strengthen public sector governance and service delivery.

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

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

## **2.1 LEGISLATIVE AND OTHER MANDATES**

GTAC draws its mandate from the responsibility of the National Treasury to promote transparency and the effective management of public finances, and to assist organs of state in building their capacity for efficient, effective and transparent financial management, as set out in section 6 of the Public Finance Management Act (No. 1 of 1999).

GTAC is mandated to provide advisory services, programme management and transaction support services to organs of state in order to build their capacity for efficient, effective and transparent financial management. GTAC does this by:

### **2.1.1 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. According to the National Treasury's annual performance plan for 2018 the National Development Plan 'charts a growth trajectory to reduce poverty and inequality, and envisages a country in which citizens have the capabilities to access available opportunities equitably. These capabilities include education and skills, decent accommodation, nutrition, safe communities, social security and transport, facilitated by a capable state and a growing, resilient economy.'

### **2.1.2 MEDIUM TERM STRATEGIC FRAMEWORK**

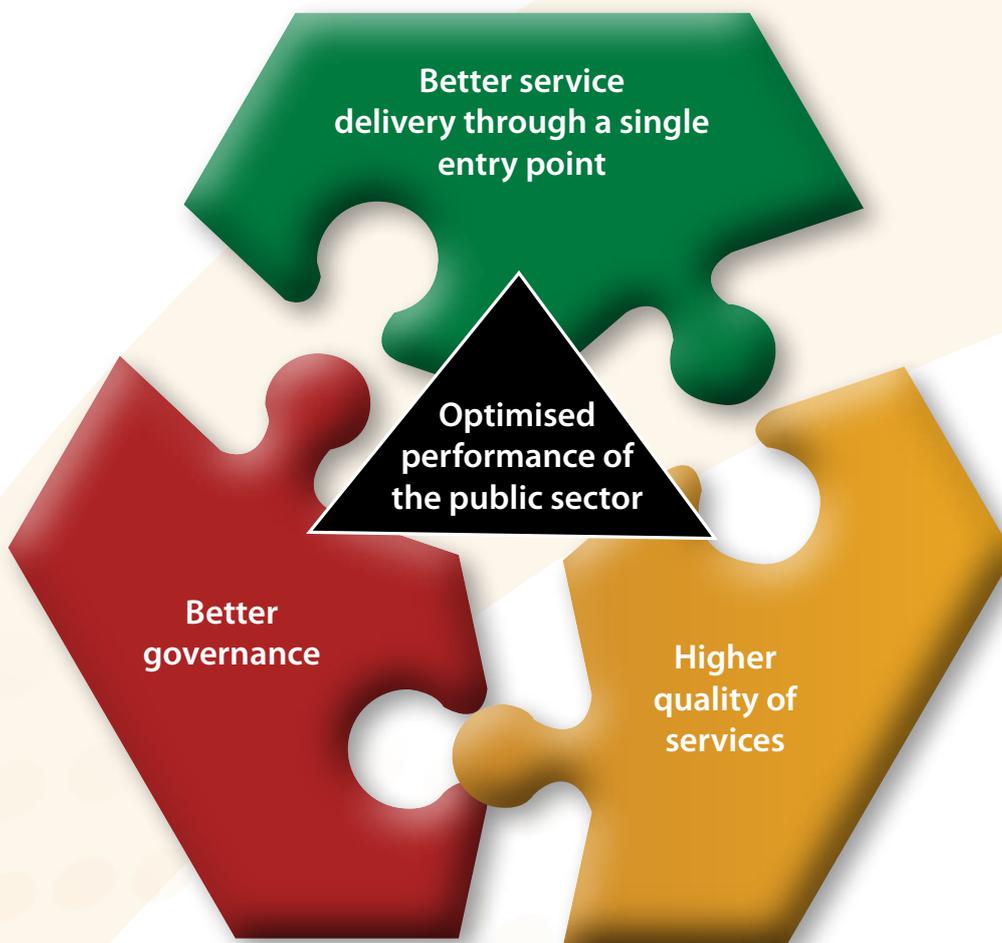
The 2014 - 19 Medium-Term Strategic Framework 'directs government to invest in infrastructure development, create jobs, transform South Africa to a low-carbon economy, and bring about social transformation and unity.' To help give effect to the objectives of both of the MTEF and NDP, GTAC, in keeping with the provisions of its founding Notice; focuses efforts on assisting organs of state build their capacity for efficient and effective public financial management.

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

### 2.1.3 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 institutionalising a system of effective knowledge management and creating shared learning platforms are important elements to deliver its value proposition of becoming a customer-centric, valued partner for centre-of-government departments and organs of state.

**Figure 1: Advantages of the central coordination of advisory functions**



GTAC is mandated to provide advisory services to organs of state in order to build their capacity for efficient, effective and transparent financial management.

-  Rendering technical consulting services to departments and other organs of state
-  Providing specialised procurement support for high-impact government initiatives
-  Advising on the feasibility of infrastructure projects
-  Providing knowledge management for projects undertaken, and
-  Anything ancillary to the functions listed

The rationale for GTAC's establishment is comprehensively detailed in its business case, which argues for the consolidation of the National Treasury's advisory and support activities within a dedicated centre with skilled expertise. The centre provides a resource and knowledge base that is able to respond flexibly and professionally to service delivery constraints in the public sector by deploying appropriate technical and advisory expertise. The benefits of this arrangement are summarised in Table 1.

**Table 1: Advantages of the central coordination of advisory functions<sup>2</sup>**

<b>Better governance</b>	The advisory and support functions are separated from the regulatory functions of the National Treasury.
<b>Better service delivery through single point of entry</b>	A broader and more diverse range of services can be offered, drawing on synergies between complementary advisory and support activities and building on GTAC's convening and coordination capabilities.
<b>Higher-quality services</b>	Better services and value for money are obtained through consolidation and effective coordination to leverage economies of scale and strengthen quality assurance.
<b>Optimised performance</b>	Improved performance is achieved through partnership with international development agencies, research and academic institutions and the private sector to innovate, learn lessons and upscale interventions in government.

In the year under review, GTAC prioritised the continued delivery of advisory services, while further refining its operational and institutional model. GTAC's business model is based on the demand for its services from public sector clients (see Table 2). It does not compete for business with the private sector and uses memoranda of agreement to define its professional relationship with government partners. GTAC's priority partners are the National Treasury and other centre-of-government departments and organs of state.

**Table 2: GTAC's business model**

<b>Inclusive growth</b>	Supporting inclusive growth, consistent with a broad-based development strategy that stimulates employment and income-generating opportunities
<b>Private sector participation</b>	Enhancing private sector participation in infrastructure investment, job creation and financing development
<b>Institutional governance</b>	Strengthening institutional governance, planning and resource management to achieve value for money and sound public administration
<b>Effective stakeholder participation</b>	Promoting effective stakeholder partnerships to establish a knowledge centre to optimise performance and service delivery
<b>Policy analysis and evidence-based research</b>	Advancing policy analysis and providing evidence-based public finance advice to help meet the needs of the National Treasury and government, and to promote broader public understanding

***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, both within government and with the private sector, the academic and research community, and civil society stakeholders.***

<sup>2</sup> GTAC Business Case, 2011.

In order to build on progress made since its inception, GTAC is constantly considering how best to optimise its business model to ensure its financial viability. The strategic choices it makes therefore is 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 technical and project management activities are organised into six business units:

- **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 support along with sector-specific expertise in social services, economic development, infrastructure support and human settlements;
- **Public Expenditure and Policy Analysis**, which includes building capacity in public economics and managing performance and expenditure reviews;
- The **Jobs Fund project management unit**; and
- The **Municipal Finance Improvement Programme (MFIP) project management unit**.

In addition to the Office of the Head of GTAC, the organisation's administrative and management functions are structured as follows:

- **Strategy Management and Communication**, which comprises governance, strategy development, implementation and reporting, partnerships, publications and strategic communications activities;
- **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.

The current organisational structure is being finalised, based on a comprehensive review being undertaken by the Human Capital Management unit. The year under review also began the process of developing GTAC's next five-year strategy. The organogram will therefore be finalised on the basis of the strategy review and development process. GTAC aims to consolidate its enabling operational capability (which includes all the management support services), while ensuring that the financing model responds to its business priorities and operations are made fit for purpose.

Given the financial constraints facing all of government, GTAC's modus operandi considers how to leverage creative opportunities for partnerships with international development institutions as well as the non-government sectors. These partnerships sometimes include mutually agreed financing options.

# 3. ORGANISATIONAL STRUCTURE

The proposed organisational structure is being finalised. GTAC will focus on consolidating its enabling capability (which includes all of the management support services) and ensuring that the financing model responds appropriately to clearly defined business priorities.

**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

**PROGRAMME 1****Lindiwe Ndlela**

Acting Head of GTAC

**Subethri Naidoo**

Chief Director:  
Strategy Management  
and Communication

**Ezré Stokes**

Acting Chief Director:  
Human Capital Management  
and Corporate Services

**Markus Rautenbach**

Chief Director:  
Financial Management

**Graham Louw**

Chief Director:  
Professional Services  
Procurement

**PROGRAMME 2****Tumisang Moleke**

Chief Director:  
Transaction Advisory  
Services and PPPs

**Boitumelo Mashilo**

Chief Director:  
Capital Projects Appraisal

**Emmanuelle Gille**

Chief Director:  
Technical Consulting Services

**Ronette Engela**

Deputy Director-General:  
Public Expenditure and Policy  
Analysis

**PROGRAMME 3****Najwah Edries**

Deputy Director-General:  
Jobs Fund

**Xavier Mac Master**

Chief Director:  
Municipal Finance  
Improvement Programme

PERFORMANCE  
INFORMATION

B

# 1. PERFORMANCE ENVIRONMENT

## 1.1 SITUATION ANALYSIS

### 1.1.1 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 has 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 being held 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.

### 1.1.2 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 has begun to undertake a comprehensive strategic review, to help refine its thinking about its form and institutional positioning so that it is able to step up to the challenge presented in 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 its governance arrangements. GTAC is aware that sustaining this organisational model will require that it provides thought leadership in research and capacity building and uses innovative methodologies to deliver technical advisory support. GTAC is invested in ensuring more efficient and effective public financial management, as an important contribution to supporting inclusive economic growth and development. It remains committed to becoming a strategic partner of choice for government departments, building capacities, providing policy support, and strengthening institutional capability.

## 1.2 STRATEGIC OUTCOME ORIENTED GOALS

### STRATEGIC OUTCOME 1

GTAC is recognised as a centre of excellence in utilising strategic partnerships to deliver shared learning opportunities and develop capabilities in public economics and public policy. GTAC's mandate includes a shared learning approach, which focuses on developing strategic partnerships, generating external publications, improving communications, and strengthening other knowledge management initiatives to optimise learning across government. The aim is to improve systemic efficiencies and create opportunities for better intergovernmental collaboration.

### STRATEGIC OUTCOME 2

GTAC's advisory and technical support services focus on improving public sector governance, analysis and capacity building. These services are organised as follows:

- Transaction advisory services and PPPs
- Capital projects appraisal
- Technical consulting services
- Performance, expenditure and policy analysis.

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

### STRATEGIC OUTCOME 3

At the request of the National Treasury, GTAC enables the efficient functioning of project management units by providing programme and project management support, which includes administrative and resource management capacity. The potential for shared learning is an important benefit in this model of service provision.

GTAC currently provides administrative and project management support to two programmes, which form part of Programme 8 on the Treasury vote:

- **Jobs Fund:** Which is 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.
- **MFIP:** Which is an intervention to support national and provincial treasuries as well as targeted municipalities, with skills and expertise to improve municipal financial management.

Each of these PMUs has specific governance and financial accountability arrangements through which programmatic decisions are made. The Jobs Fund Investment Committee has the authority and responsibility for investment decisions, as well as performance and governance oversight of the programme.

The Office of the Accountant-General has the authority and responsibility for the MFIP, including governance arrangements and performance targets.

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

## 2. PERFORMANCE INFORMATION PER STRATEGIC OUTCOME

### 2.1 PROGRAMME 1: MANAGEMENT AND SUPPORT SERVICES

#### Purpose

To provide proactive leadership that enables effective stakeholder management to optimise opportunities for shared learning and efficient knowledge management.

#### Outcome Statement

GTAC is recognised as a centre of excellence in utilising strategic partnerships to deliver shared learning opportunities and develop public policy capabilities.

#### Overview

GTAC's mandate includes a focus on building strategic partnerships to deliver on its mandate; improving communications, including partnering on key strategic publications; and strengthening its knowledge management system and capability to optimise shared learning.

#### 2.1.1 TABLE 1: STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS FOR PROGRAMME 1

PROGRAMME 1: MANAGEMENT AND SUPPORT SERVICES				
#	KEY PERFORMANCE INDICATOR	2018/19 TARGET	2018/19 ACTUAL	REASON FOR DEVIATION
<b>SO1 Strengthen strategic partnerships to influence the quality and reach of public policy advocacy efforts delivered through GTAC</b>				
1.	Number of strategic partnerships with selected institutions through which to improve the visibility and reach of GTAC's work (cumulative)	7	1	The establishing of partnerships is informed by the need and strategic value addition. Underperformance is thus attributed to the fact that the only new partnership identified which met these criteria during the reporting period, was an agreement with the South African Reserve Bank

PROGRAMME 1: MANAGEMENT AND SUPPORT SERVICES ( CONT.)				
#	KEY PERFORMANCE INDICATOR	2018/19 TARGET	2018/19 ACTUAL	REASON FOR DEVIATION
1.1	Number of activities implemented through the Public Economics Capacity Building Programme	Deliver one Winter School event annually	One Winter School event held	n/a
		Award a maximum of 6 bursaries annually	9 bursaries awarded to postgraduate students	Over performance is attributed to additional funding becoming available as a result of exchange rate gains.  These bursaries are funded through a donor programme and as a result the exchange gains were utilised to accommodate 3 extra bursaries
1.2	Number of strategic knowledge management activities undertaken to improve the visibility and reach of GTAC's business priorities	Deliver two biannual learning events to promote GTAC as a centre of excellence in public policy capacity building	3	Over performance is attributed to the third learning event that came as an opportunistic learning event as a result of interest expressed by the expert from the University of Sydney's Business School
1.3	Management support delivers an unqualified audit	Receive unqualified audit opinion	Unqualified audit report received	n/a

**PROGRAMME 1: MANAGEMENT AND SUPPORT SERVICES ( CONT.)**

#	KEY PERFORMANCE INDICATOR	2018/19 TARGET	2018/19 ACTUAL	REASON FOR DEVIATION
1.4	Percentage of employment equity targets achieved	58% women employed	59% women employed	Over performance is attributed to more female applicants being successful in GTAC recruitment, both in replacements and newly created posts
		1% people with disabilities (PWD) employed	0.7%	Under performance is attributed to limited entry level positions on the structure, catering for employees who are semi or unskilled. The nature of GTAC's business does not lend itself to semi-skilled labourers, disabled appointments therefore rely on the applications received
		70% African people employed	74% African people employed	Over performance is attributed to the lack of GTAC's EE plan to guide recruitment efforts in order to attract certain population groups in specified posts, resulting in an unstructured recruitment process where applicants are shortlisted only on merit of competency with no regard for GTAC's Employment Equity

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

**UNDERPERFORMING INDICATORS AND ACTION PLANS**

Indicator	Deviation	Action plan
<b>PROGRAMME 1: MANAGEMENT AND SUPPORT SERVICES</b>		
Number of strategic partnerships with selected institutions through which to improve the visibility and reach of GTAC's work (cumulative)	Partnerships are only established when there is a specific need and the partnership adds strategic value. Underperformance can thus be attributed to the fact that only one new partnership met these criteria during the reporting period – an agreement with the South African Reserve Bank	In developing its next five-year strategy, GTAC will explore partnering opportunities to best support its interest. The indicator will therefore be amended to appropriately reflect this objective, as a purely quantitative indicator is inappropriate in this context

UNDERPERFORMING INDICATORS AND ACTION PLANS		
Indicator	Deviation	Action plan
<b>PROGRAMME 1: MANAGEMENT AND SUPPORT SERVICES</b>		
Percentage of employment equity targets achieved	Underperformance is attributed to inadequate information on job adverts, which fail to encourage people with disabilities to apply	GTAC Recruitment is identifying positions in the organisational structure that can be filled by persons with disabilities. It is also engaging with organisations affiliated with the Department of Social Development for targeted recruitment of persons with disabilities

### 2.1.3 PROGRAMME 1 OUTPUTS

#### Public Economics Capacity Building Programme

In partnership with the National Treasury, GTAC successfully hosted a week-long, July Winter School. This annual event is focused on stimulating the interests of young economists to consider a career in the public sector. They are exposed to the realities and challenges of public policy decision-making through discussion and debate with a number of global and local experts and practitioners. They are encouraged to think innovatively and problem-solve which culminates in practical assignments delivered by the end of the week. Participants included 106 honours and master's students in economics from different South African universities, as well as 53 young economists from government and seven young academics.

This initiative is generously supported by Global Affairs Canada, in line with its commitment to supporting initiatives which address youth unemployment and build state capability. To ensure that the Public Economics Capacity Building Programme continuously improves and stays abreast with the many public policy challenges South Africa faces, GTAC has established an Advisory Panel for the public economics programme. It is constituted of a panel of highly regarded academics and policymakers to provide advice and guidance, and share networks in delivering on the Winter School and related capacity building initiatives. The inaugural meeting of this panel in March provided important contributions which shaped and will continue to shape, the future content and direction of public economics capacity building in GTAC.

#### Bursary programme

In 2017 GTAC launched a Public Economics Bursary Programme, also funded by Global Affairs Canada, through which six bursaries are annually awarded to complete a master's degree in economics. This year saw the selection of a third tranche of bursars. Nine bursaries were granted, from 66 applications received. As a result of exchange rate gains from the Canadian funding used to support this programme, GTAC was able to support an additional three students, resulting in the planned target of six annual bursaries being exceeded. The bursars receive mentorship support, from within a cadre of young professionals within the National Treasury. Unfortunately, given funding constraints faced across the public sector, GTAC has had to review its resources and will no longer be able to support this initiative going forward. The bursary commitment made in this financial year will be honoured, but the programme will not continue thereafter.

## Internship programme

As part of GTAC's ongoing focus on public sector capacity building support for young people, the year under review saw the intake of the first ever cohort of interns, selected from among the students who had successfully completed their master's degrees under the 2017 bursary programme. Five interns were allocated to the National Treasury's Budget and Economic cluster. They received technical and practical exposure, and GTAC also provided coaching and mentorship support.

## Strategic knowledge management activities

GTAC signed a memorandum of understanding with the South African Reserve Bank in the year under review. This partnership provides for shared practical and intellectual exchanges, with the hosting of the annual Winter School being hosted at the Reserve Bank being a key shared event.

During the year under review, GTAC convened three knowledge-sharing events:

- A session on **Acid Mine Drainage**, hosted in collaboration with the Nanotechnology and Water Sustainability (NanoWS) research unit of Unisa's College of Science, presented the various technological options for treating acid mine drainage. The session emphasised the challenge posed by the continuous discharge of saline acid drainage from the abandoned mines on the West, Central and East Rand. This could in future compromise the water resources of the Vaal River and the Crocodile West River systems, negatively affecting the economies of Gauteng and other provinces that rely on these two river systems,
- A learning session on **Problem-Driven Iterative Adaptation** explored a Harvard-designed methodology with a practical approach to help organisations solve complex problems by practical iteration of do-learn-change. An impressive input from the Collaborative African Budget Reform Initiative (CABRI) demonstrated this tool in action.
- A session on **Transport Planning, Policy, Strategy and Appraisal** was hosted by the Capital Projects Appraisal unit in collaboration with an international expert, Professor David Hensher, from the Institute of Transport and Logistic Studies at the University of Sydney Business School. The seminar discussed approaches for measuring the value-for-money prospects in transport infrastructure investments. It built on the work of the unit's Transport Forum, which focuses on transport policy, planning and funding options.

The target of two events for the year was exceeded because this last transport seminar was initiated by the University of Sydney Business School. It provided an excellent opportunity to hear about an important sector and methodology and was extremely well received.

## Management support delivers an unqualified audit

The Auditor-General issued an unqualified audit report 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 are held to address audit findings, using an audit and risk dashboard. 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 management meetings, where issues are proactively raised.

## Employment equity targets

GTAC is pleased to report that 59% (87) of its total staff establishment of 148 is female, mainly because more women have been successful in the recruitment process. GTAC does not have an approved employment equity plan to guide recruitment efforts, and the recruitment process to date has been unstructured. As a result, there is an over representation of African employees. Also, only one member of staff is disabled, which yields a 0.7% disability employment rate against a target of 1%. GTAC will endeavour to identify vacancies suitable for persons with disabilities in future posts. It will also link up with organisations affiliated with the Department of Social Development to improve access to such vacancies. GTAC will develop an employment equity plan in the current financial year to guide more representative recruitment in line with government's equity targets.

## 2.2 PROGRAMME 2: TRANSACTION AND ADVISORY SERVICES

### Purpose

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

### Outcome Statement

Advisory and technical support services are requested for improved public sector governance, analyses and capacity building.

### Overview

**GTAC's advisory and technical support activities are organised as follows:**

- Transaction advisory services and PPPs
- Capital projects appraisal
- Technical consulting services
- Performance expenditure and policy analysis.

These areas of work are supported by internal professional and administrative staff, long and short-term advisors, and technical experts contracted for specific assignments. Strategic partnerships with research institutions and other centres of expertise contribute to the development of advisory support interventions, and GTAC continues to focus on the systematic management of knowledge.

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

PROGRAMME 2: TRANSACTION AND ADVISORY SERVICES				
#	KEY PERFORMANCE INDICATOR	2018/19 TARGET	2018/19 ACTUAL	REASON FOR DEVIATION
SO 2	<b>Provide timely, quality transaction and advisory services for improved public sector decision-making</b>			
2.	Number of projects supported (cumulative)	100	109	Over performance is attributed to an increase in user demand for the requests of project support

PROGRAMME 2: TRANSACTION AND ADVISORY SERVICES

#	KEY PERFORMANCE INDICATOR	2018/19 TARGET	2018/19 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 (cumulative)	17	26	Over-performance is attributed to more demand for services than anticipated and more awareness was made on the services offered
2.1.2	Number of requests for transaction advisory services received (cumulative)	10	33	Overperformance is attributed to higher than expected demand for and increased awareness of the services offered.
2.1.3	Number of PPP foundation capacity building event held	4	4	n/a
2.1.4	Number of PPP municipal capacity building events biannually held	2	2	n/a
<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	29	Over performance is attributed to submission of more projects than anticipated under the Budget Facility for Infrastructure
<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 (cumulative)	80	83	Over-performance is attributed to more project requests being received than expected. Requests for assistance are received from any of the organs of state, and is therefore primarily demand driven and reactive by nature
<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 PERs supported	5	5	n/a

## 2.2.2 STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE (INDICATORS AND ACTION PLANS)

No under performance.

## 2.2.3 PROGRAMME 2 OUTPUTS

### TRANSACTION ADVISORY SERVICES AND PPP UNIT

The Transaction Advisory Services and PPP 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 and 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 contract management of existing PPPs. The unit also seeks to improve arrangements for infrastructure financing to enhance the role of the private sector in the social and economic investment aspects of infrastructure procurement.

The unit's capacity building initiative on PPP legislation and regulations has attracted significant interest from foreign governments, including several African countries and the UK. For the fourth consecutive year, it held a biannual municipal PPP training event, which was well attended. Within South Africa, the unit continues to provide quarterly training and capacity building in the development and implementation of national and provincial PPPs.

During the year, the PPP unit registered 26 transaction advisory projects (against a target of 17), owing to an increase in demand. The projects are:

- Compensation Fund: Rehabilitation facility
- Compensation Fund: Manufacturing of prosthetics and orthotics
- Umgeni Water
- South African Health Products Regulatory Authority
- Accommodation lease arrangements
- SABC: Mpumalanga building project
- Arts and Culture: National Archives
- Arts and Culture: National State Theatre
- Tshwane agri-processing hub
- Western aqueduct hydropower
- Construction and operation of new water waste facility at Umdloti and Umkomaas
- Durban waste recycling
- Renewable energy for grid electricity generation
- AbaQulusi Municipality: Office accommodation
- eMalahleni: Shopping complex and bus taxi rank
- eMalahleni: Revitalisation of Zulu Square and taxi rank
- eMalahleni: Civic centre and Lady Frere
- eMalahleni: Indwe Resort upgrade
- eMalahleni: Kloof Conservancy upgrade
- eMalahleni: Xonxa Conservancy upgrade
- eMalahleni: Recreation resort
- Dr Ruth S Mompati: Office park

- uMhlathuze: Relocation of Richards Bay airport
- Sedibeng: Upgrade of Vereeniging/Sedibeng fresh produce market
- Gauteng Roads and Transport: PWV 15 Road
- KwaZulu-Natal: Albert Luthuli Hospital
- Gauteng: Solar energy automotive supplier park

The unit continues to oversee the implementation and contract management of existing infrastructure PPPs. This includes revisions of or adjustments to PPP agreements to accommodate changing needs, sometimes with significant financial consequences. The unit assists in making the required changes efficiently and in accordance with Treasury Regulation 16.

## Key project highlights

### Specialised transaction support:

- **Sedibeng fresh produce market:** The project feasibility assessment has been completed and submitted to the Budget Office for application for Treasury Views and Recommendations.
- **Kopanong PPP project:** This accommodation project of the Gauteng government constitutes the refurbishment of 18 buildings, including the demolition and rebuilding of the Lisbon building. The updated project feasibility assessment has been completed and submitted to the Budget Office for application for Treasury Approval TA1. The department also submitted draft procurement documents for application for Treasury Approval TA2, which would allow it to advertise the request for qualification.
- **Border Posts:** The Border Management Office has issued terms of reference to the market to appoint a replacement transaction advisory team to proceed with the project to the request-for-proposal stage.
- **Department of Public Works:** The unit assisted the national Department of Public Works with developing the Salvokop development master plan. The plan includes an implementation, management framework and precinct guidelines.
- **Department of Rural Development and Land Reform:** The project has received all the necessary Treasury approvals and the department is awaiting the section 66/70 (Restrictions on borrowing, guarantees and other commitments and guarantees, indemnities and securities by Cabinet members) letter from the Minister of Finance, as per the Public Finance Management Act.
- **uMhlathuze Wastewater Reuse:** The project has received Treasury Views and Recommendations 1: the municipality is preparing procurement documents that will be advertised to the market.

### Shared learning events

The unit presented at a number of large events, including the G20-sponsored PPP Conference in Abuja (Nigeria), the tenth annual Africa PPP Conference in Cape Town, the Mpumalanga PPP Symposium, and the Municipal Innovative Infrastructure Finance Conference hosted by the South African Local Government Association (SALGA). It also participated in other departmental and provincial forums.

### Municipal support

The process of soliciting public comment and Views and Recommendations on the feasibility study of a potential PPP for the distribution of electricity within the Midvaal Municipality was approved by the council. The input is being consolidated to present to the council before its in-principle decision to move to a procurement phase can be granted.

A non-compulsory bidder's conference relating to the request for qualifications for the redevelopment of the six priority land ports of entry was held.

## CAPITAL PROJECTS APPRAISAL UNIT

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 facilitate the appraisal of large and complex projects in economic and social sectors. The unit supports a growing number of projects on behalf of the various units in the Treasury, including the Budget Office, Public Finance, Economic Policy, Assets and Liabilities Management, and Office of the Chief Procurement Officer. Each of these divisions has a distinct role in the rollout of infrastructure.

During the year under review, the unit continued to support the implementation of the Budget Facility for Infrastructure, a part of the ongoing budget reform process led by the National Treasury. The facility aims to create an institutional process to support the execution of national priority projects by establishing specialised structures, procedures and criteria for committing fiscal resources to public infrastructure spending. A second call for submissions under the facility began with the publication of updated guidelines, together with a budget statement template. Out of the fifty-six project proposals received, twenty-seven were selected for detailed analysis based on the criteria set out in the guidelines. Project findings and recommendation reports on these projects were completed in consultation with various stakeholders in the process including external referents. Given the high number of project proposals selected for detailed analysis, the unit over achieved on its performance target of five reports.

In addition, the unit completed two research reports on energy planning. The findings are used to meaningfully contribute to informing ongoing policy dialogue in the country, given the challenges faced in this sector.

### Key project highlights

- The impact of the Renewable Energy Independent Power Producer Procurement (REIPPP) programme on Eskom's cash flows and the electricity tariff: A report on a cash flow approach illustrated that while the initial prices achieved through REIPPP programme were high, there have been significant price reductions with recent prices achieving highly competitive rates. Continued investments in renewable technologies is likely to result in lower electricity tariff trajectory over the longer term compared to alternative energy supply mix scenarios. From a cashflow perspective, the impact on Eskom will be positive over the long term.
- Extending the operational life of coal power plants: The report finds that plant life extension could be a cost-effective way of improving the reliability of the electricity supply within shorter timelines. Life extension processes may improve the operational efficiency of a plant, potentially lowering operational costs. However, there are risks associated with such projects, the major one being changes in environmental regulation. The cost associated with changes in emissions limits and the frequency thereof can erode the potential benefits of a life extension project. If the difference between the capital costs required to extend the life of the plant and the net revenue generated over the extended life is positive, the plant should be considered a candidate for life extension. The converse is also true.

## TECHNICAL CONSULTING SERVICES UNIT

This unit provides advisory and technical support services to government departments and organs of state in response to requests received. Its technical support emphasises strengthening accountability and building institutional capacity. Capacity building support is provided in the areas of intergovernmental infrastructure delivery, macro institutional change, organisational strengthening, and effectiveness and efficiency in service delivery. Complementary support includes programme and project management, business case development, policy research and analysis, diagnostics and evaluations, including organisational reviews. During the year under review, 83 technical advisory projects were supported in the area of economic and social development, exceeding the target of 80 projects.

### Key project highlights

- **Financial modelling of subsidy voucher options for the Department of Communications:** As part of the department's 'Go Digital' initiative to migrate from analogue to digital television, a subsidy voucher system is being explored to assist members of the public to buy set-top boxes and integrated digital televisions. The unit helped to develop a financial model to determine the value of a proposed subsidy voucher and its financial implications. This analytical report will enable the department to take an informed decision about implementing the system.
- **Technical support to the Western Cape Delivery Support Unit** in the Western Cape Office of the Premier to improve and streamline the performance of their strategic initiatives (known as 'game changers'): This included the provision of a web-based performance monitoring and reporting system to monitor the progress of the strategic initiatives and assist in decision-making.
- **Options for private rental accommodation for the Johannesburg Development Agency:** The Johannesburg Development Agency (JDA) supported the City of Johannesburg's (CoJ) Department of Housing to produce an Inner City Housing Implementation Plan (ICHIP), which proposes a series of municipal housing delivery programmes including, amongst others, Subsidised Private Rental Rooms Accommodation. It envisaged a new subsidy to encourage the increased provision of rental accommodation by private housing developers and landlords. GTAC provided a review of the legal options of a municipal rental incentive scheme, (in terms of housing powers and functions, and municipal finance management regulations), and advising on the best option for this incentive scheme. An options report was produced, which interrogated the assumptions and proposals, defined the opportunities and constraints, and outlined implementation options. The report was well received at a workshop of inner-city stakeholders. Feedback was constructive, with an important outcome being an expression of interest from a potential implementation partner to test the programme in partnership with the City of Johannesburg. The project also provided an opportunity to reflect on a rental incentive scheme as a potential housing finance partnership innovation option.
- **Developing a business case for the National Skills Authority to strengthen its monitoring and evaluation of sector education and training authorities (SETAs):** The project produced a business case for the National Skills Authority to improve its effectiveness and strengthen its new monitoring and evaluation role by becoming an expert body with high-level monitoring and evaluation skills. The assistance included a diagnostic analysis to ascertain the mandate and role for a repositioned National Skills Authority; an options analysis to recommend functional and organisational options; and a costed business case, in accordance with government guidelines. The business case was well received by the client and key role players, such as the Department of Public Service and Administration and the National Treasury. It provides a rationale for expanding the capacity and resource allocations of the Authority, while maintaining efficiency in operations. The business case also includes a long-term option that could see the Authority becoming a public entity, in line with the stakeholder vision of increased autonomy from the Department of Higher Education and Training.
- **A feasibility study for the Department of Public Service and Administration on extending the housing allowance for retired employees:** The department, through the Government Employees Housing Scheme, offers a housing allowance to qualifying government employees. During salary negotiations, it was requested to consider extending this benefit beyond retirement. The unit helped conduct a feasibility study to assist employer representatives at the Public Service Co-ordinating Bargaining Council in determining whether the housing allowance could feasibly be extended to retired employees. The public sector wage bill already constitutes a significant and growing portion of government expenditure, and the costing model showed that extending the

housing benefit would create another substantial long-term burden on the fiscus. The project provided critical information that the department can use in its negotiations, thus underscoring the value of evidence-based decision-making.

- **Support to the Office of the Tax Ombud on options for institutional independence from the South African Revenue Service:** This project looked at developing a more cost-effective and independent organisational model for the Office of the Tax Ombud and identified the need to strengthen its organisational arrangements and performance. The rationale for an independent Ombud is to enhance confidence in the tax administration by balancing the powers of the Revenue Service with the rights of taxpayers. The unit conducted a feasibility study (including a status quo analysis) and an institutional options assessment, and then developed a high-level business case with costing implications. The business case identifies three options for an appropriate corporate form (which has been agreed with the Office) and sets out an ideal implementation path to achieve full independence. The project also helped senior management better understand how to achieve structural and operational independence.

## PUBLIC EXPENDITURE AND POLICY ANALYSIS UNIT

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 in assessing the financing and service delivery implications of the design of policies and programmes, for both current and new areas of service delivery. 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 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 focus for the year under review was on institutionalising the performance and expenditure review methodology of baseline assessment and costing of new policies, as well as hosting stakeholder workshops on the findings and recommendations of the reviews. Thus, the attention has shifted to training officials and building their capacity, helping departments develop their own performance and expenditure review processes, and working with internal and external stakeholders to provide guidance on approaches to implementing the recommendations stemming from the reviews.

### Performance expenditure reviews supported

The unit held feedback sessions with relevant stakeholders (National Treasury: Public Finance and Intergovernmental Relations) on five performance and expenditure reviews:

- Fleet management
- Research, development and innovation
- Housing rental stock
- Defence remuneration analysis
- Mining PERSAL – Is there gold in the moulds of the transactional data?

### Key project highlights

- **Training on performance expenditure reviews:** The unit delivered training to provincial treasuries and departments, based on the successful training delivered to the National Treasury in 2016. The course, which covers baseline assessment and costing of new policies, aims to improve officials' understanding of the links between policy development and implementation. To this end, it exposes them to the relationships between the institutional landscape, policy costs, and the associated budgetary implications. This year, training was delivered in the Eastern Cape, Mpumalanga and Limpopo. The course assisted officials in finding value for money in public expenditure and equipped them to use performance expenditure reviews as a routine part of their budgeting and policymaking. The unit also developed 28 infographics, which summarise the findings and recommendations of the performance and expenditure reviews.
- **Continued work with the National Treasury on the Vulekamali budget data portal:** The unit continued to support the National Treasury in strengthening the collaboration with civil society organisations to make budget information transparent and accessible to all citizens. The budget portal forms part of government's ongoing commitment to transparency and reforms in budget participation. Stage 2 of the project is near completion. However, Stage 3 is running concurrently with stage 2. It includes the publication of procurement and performance data.

- **Analysis of personnel establishment and expenditure trends:** Using PERSAL and other relevant datasets, including tax and survey data, the unit analysed personnel expenditure for the South African Police Service, the departments of Defence and Education, and the General Public Service functional group. An analysis of the key drivers of compensation expenditure was included in the 2018 Medium-Term Budget Policy Statement.

## 2.3 PROGRAMME 3: PROGRAMME MANAGEMENT SERVICES

### Purpose

To support the establishment and operations of project management units.

### Outcome Statement

GTAC enables the efficient functioning of project management units.

### 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. The two project management units have very specific governance and financial accountability arrangements through which programmatic decisions are made. GTAC's administration costs for the project management units are reflected in its accounts and are recovered from the National Treasury.

**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.

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

PROGRAMME 3: PROGRAMME MANAGEMENT SERVICES				
#	KEY PERFORMANCE INDICATOR	2018/19 TARGET	2018/19 ACTUAL	REASON FOR DEVIATION
SO 3	<b>Provide effective and efficient operational and procurement support to project management units to meet their objectives</b>			
3.1	Number of project management units supported	2	2	n/a

### PROGRAMME 3: PROGRAMME MANAGEMENT SERVICES

#	KEY PERFORMANCE INDICATOR	2018/19 TARGET	2018/19 ACTUAL	REASON FOR DEVIATION
<b>SO 3</b>	<b>Provide effective and efficient operational and procurement support to project management units to meet their objectives</b>			
3.1.1	Percentage of procurement requests successfully finalised as per the PSP operational guidance	100%	59%	Under performance is attributed to the business processes improvement and systems enhancement which have effected the turn-around times in procurement
3.1.2	Percentage of payments made within the prescribed norm of 30 days.	100%	100%	n/a

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

##### UNDERPERFORMING INDICATORS AND ACTION PLANS

Indicator	Deviation	Action plan
<b>PROGRAMME 1: MANAGEMENT AND SUPPORT SERVICES</b>		
Percentage of procurement requests successfully finalised, as per the Professional Services Procurement operational guidance	Underperformance is attributed to improvements in the quality, management and governance of requests for procurement support. In implementing such systems enhancement, Professional Services Procurement sent back requests to be corrected; this resulted in processing delays	Effective implementation of the new systems and processes.  In the new performance cycle, turnaround times will be reduced to an acceptable level.

#### 2.3.3 PROGRAMME 3 OUTPUTS

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

The Professional Services Procurement operational guidelines categorises the turnaround times for processing of procurement requests as follows:

- Requests for bids: 90 days
- Requests for proposals: 60 days
- Requests for quotations: 30 days.

During the year under review, Professional Services Procurement successfully finalised 59% of procurement requests as per the operational guidelines. The target of 100% was not met, as improvements in business processes and systems affected procurement turnaround times. The positive effect of the new business processes should become evident in the new financial year.

### 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.

*See Annexure 1 for more information on the PMUs supported.*

### 2.4 OVERALL PERFORMANCE OVERVIEW FOR GTAC

*In 2018/19, GTAC's overall performance ratio was 84%, with 16 out of 19 indicators achieved.*

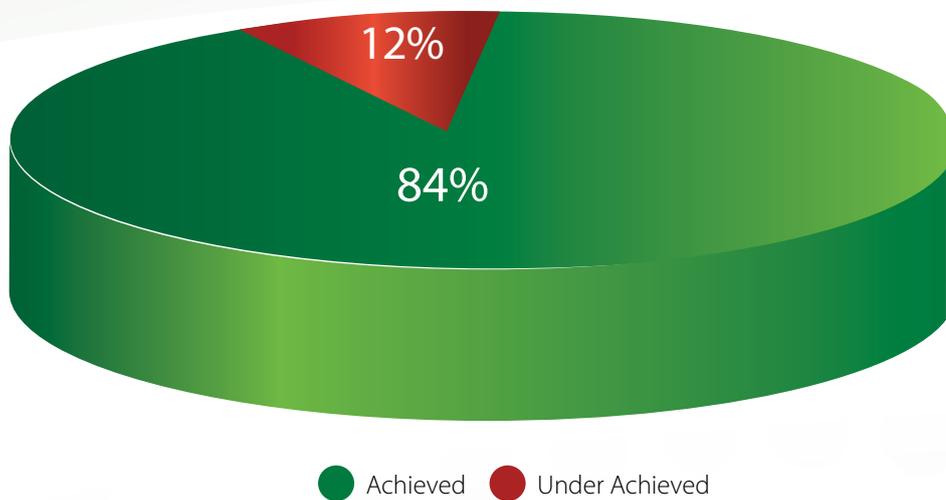


Figure 3: GTAC's overall performance information, 2018/19

# GOVERNANCE C

The image features a dark red background with a large, inverted triangle in a slightly darker shade of red. A curved, light brown shape overlaps the bottom of the triangle. In the lower right, a pattern of small, light brown circles is visible. The text 'GOVERNANCE C' is centered in white, with 'C' being a large, thin, sans-serif letter.

# 1. GOVERNANCE

## 1.1 INTRODUCTION

GTAC measures its progress against a range of key performance indicators, which recognise this government component's role in achieving the outcomes of government. On the whole, GTAC performed well during the year, achieving a number of the strategic objectives set out in the strategic plan and budget. It has consolidated the foundation for stronger enterprise risk management, compliance and good governance, and is already reaping the benefits of some of its major initiatives, including the roll-out of an approved governance framework. In the year under review, GTAC pursued a management approach that inspired confidence, credibility and integrity.

To this end, it emphasised effective and ethical leadership in responding to issues in a challenging environment, worked to continuously strengthen internal controls and ensured the implementation of sound management practices. GTAC acknowledges these institutional governance improvements as important milestones in its trajectory to continuously improving its institutional governance. The organisation is committed to the pursuit of clean administration in the public service. Finally, GTAC is prioritising strong relationships with key stakeholders and strategic partners to build trust and accountability. Collaboration and regular interaction with all stakeholder groups therefore remains essential to GTAC's long-term resilience and the effectiveness.

## 1.2 RISK MANAGEMENT

GTAC's executive leadership is responsible for identifying, measuring and managing all significant risks to which the organisation may be exposed, as outlined in the approved risk management framework and strategy. In order to improve the maturity of risk management, GTAC has undertaken a process of aligning risk management processes with that of the strategic and annual performance planning processes. During the first quarter of 2018/19, it finalised strategic risk assessments, which has already begun to yield positive results, in terms of helping management understand and implement its responsibilities with respect to connecting the dots between strategic, operational, business process and project-level risks. Quarterly risk assessments are performed, and inform quarterly reports into the management meeting. As part of the quarterly performance reporting process to the audit committee, risk reports are discussed and emerging risks identified. In the past year, several responses to strategic risks were implemented and a level of success was achieved. The management committee remained steadfast in its commitment to managing risk and building a culture through which to sustainably manage such risk. It is institutionally building an understanding and practice of embedding processes of thinking about risk strategising into its daily operations in a manner that does not overburden management. The internal audit function continues to provide independent and objective assurance of the overall adequacy and effectiveness of governance, risk management and controls, and made constructive, informed recommendations for improvement. The audit committee provided thoughtful and helpful oversight over the management of risk, the system of internal control and especially focused on the mitigation of unacceptable levels of risk.

### 1.3 FRAUD AND CORRUPTION

The Anti-Corruption Unit, which is part of a shared services agreement with the National Treasury, continued to facilitate effective implementation of the approved anti-corruption and ethics management plan. GTAC maintains a zero-tolerance stance on fraud, corruption and unethical behaviour.

### 1.4 MINIMISING CONFLICT OF INTEREST

In the year under review, GTAC management continued to model commitment to ethical behaviour and support for good governance and accountability. GTAC's ethical code is based on the Code of Conduct for the Public Service and it has developed an ethics policy, aligned with that of the Public Sector Integrity Management Framework. An ethics officer facilitates and oversees the implementation of the ethics policy and the code of conduct. Ethical risk assessments are conducted as part of enterprise risk management.

In the past year, GTAC continued to implement and monitor mechanisms for managing conflicts of interest which might arise from financial interests, gifts, hospitality and other benefits. Post-GTAC employment and remunerative work outside of GTAC are monitored at least once a year through the transversal system of the Department of Public Service and Administration. The recruitment process integrates pre-employment screening (including qualification, reference, credit and criminal checks) to ensure that GTAC selects people who can both provide quality services and uphold its organisational values. Employees are also vetted by the National Intelligence Agency to obtain security clearance. Service providers are also screened to ensure that no one is afforded scope to abuse the supply chain management system.

GTAC prohibits any form of discrimination or harassment based on race, colour, religion, national origin, age, physical disability, medical condition, gender, sexual orientation, marital status, or any other legally protected status.

### 1.5 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

GTAC's occupational safety and health activities are governed by the approved Safety, Health, Environment, Risk and Quality (SHERQ) policy, which is part of the shared services with the National Treasury. The SHERQ programme deals with the intangible and tangible factors affecting the occupational health and safety of employees; the safety of citizens; the sustainability of the environment; and the management of occupational and general risks, as well as the quality of GTAC products and services. The occupational health and safety programme aims to anticipate, evaluate, communicate and control environmental stressors in the workplace that may result in injury, illness or impairment, or affect the well-being of staff and members of the community

Another part of the shared services with the National Treasury is the *Siyaphila* employee health and wellness programme, which is driven by professionals such as registered social workers, psychologists, nurses and medical practitioners. This worksite programme is designed to assist employees in identifying and resolving personal concerns, such as health, marital, family, financial, alcohol, drug, legal, emotional, stress or other personal issues that may affect job performance.

### 1.6 PORTFOLIO COMMITTEES

In the year under review, GTAC did not participate in any portfolio committees.

### 1.7 SCOPA RESOLUTIONS

In the year under review, there were no SCOPA resolutions affecting GTAC.

### 1.8 PRIOR MODIFICATIONS TO AUDIT REPORTS

There were no prior modifications to the GTAC audit reports.

## 1.9 INTERNAL AUDIT AND AUDIT COMMITTEES

Internal auditing is an independent and objective assurance and consulting activity that is guided by a policy of adding value to improve the operations of the National Treasury, Co-operative Banks Development Agency (CBDA), Government Technical Advisory Centre (GTAC), the Accounting Standards Board (ASB), the Independent Regulatory Board for Auditors (IRBA) and Programme 7. It assists the National Treasury, CBDA, GTAC, ASB, IRBA and Programme 7 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 2018/19 as part of the three-year rolling plan, after consultation with management and approval by the National Treasury's Audit Committee. Of the 8 planned audits, 7 audits were completed, 1 audit was still in progress. This resulted in a 87,5 percent completion of the approved 2018/19 IA annual plan.

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 in fulfilling its oversight responsibilities and the Accounting Officer in fulfilling executive duties regarding the financial reporting process, the management of risk, 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 those issues within its ambit, and communicates this in the annual report in terms of the Treasury Regulations

The table below discloses relevant information on Audit Committee members:

Name of member	Qualifications	Appointment Date	Number of meetings attended
Ms Octavia Matloa (Chairperson)	Chartered Accountant (SA), B.Com (Hons) and CTA.	1 March 2016 <sup>3</sup>	6 of 6
Ms Anna Badimo	B.Sc Computer Science B.Sc Hons Computer Science Master in Business Administration, Master of Science, CISM (Certified Information Security Manager), CGEIT (Certified in the Governance of Enterprise IT), CRISC (Certified in Risk and Information Systems Control), Cobol Programming Diploma, Project Management Diploma, Cert. IT Auditing, F. Inst D (IoDSA), COBIT5.	1 July 2015	5 of 6
Mr Ameen Amod	Master in Business Administration, Bachelor of Commerce, Certificate in Internal Audit (CIA), Certified Government Auditing Professional Auditor and Certification in Risk Management Assurance, Chartered Director (SA)	1 July 2015 <sup>4</sup>	1 of 6
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	6 of 6
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
Mr Luyanda Mangquku	Chartered Accountant (SA), Masters in Business Leadership, Honours Bachelor of Accounting and Honours Bachelor of Commerce, Advanced Company Law I & II	1 July 2015 <sup>5</sup>	1 of 6

<sup>3</sup>Contract expired on 30 June 2019

<sup>4</sup>Contract expired on 30 June 2018

<sup>5</sup>Contract expired on 30 June 2018

The table below discloses relevant information on daree members(Cont.):

Name of member	Qualifications	Appointment Date	Number of meetings attended
Ms Pumla Mzizi	MCom in Transport Economics on PPPs BCom Honours in Transport Economics CA (SA) BCompt Honours CTA	1 October 2018	2 of 6

## AUDIT COMMITTEES REPORT

We hereby present our report for the financial year ended 31 March 2018.

### Audit Committee Responsibilities

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 2018/19 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 Enterprise-Wide Risk Management (ERM);
- Ethics Management & Fraud Prevention;
- Review of Critical Financial Reporting Controls (CFRC);
- Review of Supply Chain Management;
- Performance information audit (Consulting review);
- Performance Bonus Review; and
- Domain Controller review.

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 current 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 2018/19 unaudited and audited Annual Financial Statements prepared by GTAC.
- Reviewed the 2018/19 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 CMA(SA)*

**Pumla Mzizi**  
**Chairperson of the Audit Committee**  
**31 July 2019**



# 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 sweeps across the middle of the page. In the lower right quadrant, there is a pattern of small, light green circles arranged in a grid-like fashion, fading out towards the right edge.

# 1. HUMAN CAPITAL MANAGEMENT

## 1.1 INTRODUCTION

The Human Capital Management and Corporate Services department provides strategic leadership, direction and support to business units in GTAC. Through its offerings, it strives to attract, develop, support and retain skilled, qualified, resilient and talented human resources. The Unit administers employee benefit programmes, coordinates workforce development in terms of training and formal studies, and ensures that GTAC's human capital is capacitated to meet the strategic objectives of the organisation in a diverse and ever-changing environment. Through a shared-service agreement with the National Treasury, it also manages the provision of Corporate Services, including facilities and security management, as well as information and communications technology access and support.

## 1.2 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 amount spent on personnel, salaries, overtime, homeowner's allowances and medical aid.

Table 1: Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019

Programme	Total expenditure (R 000)	Personnel expenditure (R 000)	Training expenditure (R 000)	Professional and special services (R 000)	Personnel cost as % of total	Average personnel cost per employee (R 000)
Programme 1 (MSS)	63,985.50	34,790.00	951.35	5,591.58	54%	740.21
Programme 2 (TAS)	128,133.27	33,543.00	0	89,995.01	26%	906.57
Programme 3 (PMU)	80,606.36	52,721.00	314.06	20,112.10	65%	850.34
<b>Total</b>	<b>272,725.13</b>	<b>121,054.00</b>	<b>1,265.41</b>	<b>115,698.69</b>	<b>44%</b>	<b>2,497.12</b>

Table 2: Personnel costs by salary band for the period 1 April 2018 and 31 March 2019

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)	0	0	0	0
Skilled (levels 3-5)	0	0	0	0
Highly skilled production (levels 6-8)	10,900	9%	38	231
Highly skilled supervision (levels 9-12)	46,049	39%	74	1,245
Senior management (levels 13-16)	62,517	52%	53	1,008
<b>Total</b>	<b>119,466</b>	<b>100%</b>	<b>165</b>	<b>2,484</b>

**Table 3: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019**

Programme	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
Programme 1 (MSS)	27,046	23%	7.85	0%	322	%	772	1%
Programme 2 (TAS)	28,016	23%	0	0%	334	0%	384	0%
Programme 3 (PMU)	49,339	41%	0	0%	21	0%	358	0%
<b>Total</b>	<b>104,403</b>	<b>87%</b>	<b>7.85</b>	<b>0%</b>	<b>678</b>	<b>0%</b>	<b>1,514</b>	<b>1%</b>

**Table 4: Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019**

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
Lower skilled (levels 1-2)	0	0%	0	0	0	0	0	0%
Skilled (levels 3-5)	0	0%	0	0	0	0	0	0%
Highly skilled production (levels 6-8)	8,427	7%	2.99	0%	293.51	0%	516	0%
Highly skilled supervision (levels 9-12)	39,935	33%	4.86	0%	189.00	0%	549	0%
Senior management (levels 13-16)	56,041	47%	0	0%	195.10	0%	448	0%
<b>Total</b>	<b>104,403</b>	<b>87%</b>	<b>7.85</b>	<b>0%</b>	<b>677.61</b>	<b>0%</b>	<b>1,513</b>	<b>0%</b>

### 1.3 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 (Table 5), salary band (Table 6) and critical occupations<sup>6</sup>

Table 5: Employment and vacancies by programme as on 31 March 2019

Programme	Number posts on approved establishment	Number of Posts filled	Vacancy rate (%)	Number of employees additional to the establishment
Management and Support Services	60	48 <sup>7</sup>	11.67%	5*
Technical and Advisory	38	37	2.6%	0
Programme Management Support	64	58	9.38%	0
<b>Total*</b>	<b>162</b>	<b>143*</b>	<b>8.64%</b>	<b>5</b>

Table 6: Employment and vacancies by salary band as on 31 March 2019

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 (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	1	0	100%	0
Highly skilled production (levels 6-8)	36	28*	8.33%	5 <sup>8</sup>
Highly skilled supervision (levels 9-12)	67	63	6%	0
Senior management (levels 13-16)	58	52	10.34%	0
<b>Total</b>	<b>162</b>	<b>143</b>	<b>8.64%</b>	<b>5</b>

<sup>6</sup>Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

<sup>7</sup>The 5 Graduate Interns appointed in Programme 1 are appointed additional to the establishment. Therefore, they are part of the filled headcount for Programme 1 (48+5).

<sup>8</sup>The 5 Graduate Interns appointed in Programme 1 are appointed additional to the establishment. Therefore, they are part of the filled headcount for the Highly Skilled Production group (Levels 6-8).

Table 7: Employment and vacancies by critical occupations as on 31 March 2019

Critical Occupation	Number of Posts on approved establishment	Number of Posts filled	Vacancy rate (%)	Number of employees additional to the establishment
Analyst: Capital Projects Appraisal	4	4	8	0
Quantitative Data Analytics	2	2	0	0
Financial Analysts	8	7	12.5%	0
Director: Office of the Head GTAC	0	0	0	0
Risk Management and Internal Controls	1	1	0	0
Director: Financial Management	0	0	0	0
<b>Total</b>	<b>15</b>	<b>14</b>	<b>6.67%</b>	<b>0</b>

#### 1.4 FILLING OF SENIOR MANAGEMENT SERVICE POSTS

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Services 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 8: SMS post information as at 31 March 2019

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	0	0	1	100%
Salary level 16	0	0	0	0	0
Salary level 15	2	2	100%	0	0
Salary level 14	16	15	93.73%	1	6.25%
Salary level 13	39	35	89.74%	4	10.26%
<b>Total</b>	<b>58</b>	<b>52</b>	<b>89.66%</b>	<b>6</b>	<b>10.34%</b>

Table 9: SMS post information as at 30 September 2018

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 10: Advertising and filling of SMS posts the period 1 April 2018 to 31 March 2019

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	0	0	0
Salary level 16	0	0	0
Salary level 15	0	0	0
Salary level 14	0	0	0
Salary level 13	5	4	0
<b>Total</b>	<b>5</b>	<b>4</b>	<b>0</b>

Table 11: Reasons for not having complied with the filling of funded vacant SMS posts advertised within 6 months and filled within 12 months of becoming vacant, 1 April 2018 to 31 March 2019

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

The Head of GTAC position has been vacant since 01 October 2015. This is a Political Office Bearer, and is to be appointed by Cabinet. This process is led by National Treasury, from the Ministry of Finance. GTAC has no control over advertisement and filling.

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

Head of GTAC position vacant since 01 October 2015. This is a Political Office Bearer, and is to be appointed by Cabinet. This process is led by National Treasury, from the Ministry of Finance. GTAC has no control over advertisement and filling.

Table 12: Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 and 31 March 2019

<b>Reasons for vacancies not advertised within six months</b>
See response in Table 11 - therefore not applicable
<b>Reasons for vacancies not filled within twelve months</b>
See response in Table 11 - therefore not applicable

## 1.5 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 Regulation 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 period under review. The table also provides statistics in the number of posts that were upgraded or downgraded.

Table 13: Job evaluation by Salary band for the period 1 April 2018 to 31 March 2019

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)	0	0	0	0	0	0	0
Skilled (levels 3-5)	1	1	100%	0	0	0	0
Highly skilled production (levels 6-8)	36	17	47%	1	2.7%	0	0
Highly skilled supervision (levels 9-12)	67	48	72%	0	0	1	1.5%
SMS (band A)	40	17	42.5%	0	0	0	0
SMS (band B)	15	13	86%	0	0	0	0
SMS (band C)	2	1	50%	2	100%	0	0
SMS (band D)	1	0	0%	0	0	0	0
<b>Total</b>	<b>162</b>	<b>97</b>	<b>60%</b>	<b>3</b>	<b>1.86%</b>	<b>1%</b>	<b>0.62%</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 14: Profile of employees whose salary positions were upgraded due to their posts being upgraded for the period 1 April 2018 to 31 March 2019

Gender	African	Asian	Coloured	White	Total
Female	2	0	0	0	2
Male	2	0	1	0	3
Total	4	0	1	0	5
<b>Employees with a disability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

The following table presents the number of cases where remuneration levels exceeded the grade determined by job evaluation. The reasons for the deviation are provided in each case.

Table 15: Employees whose salary level higher than those determined by job evaluation per occupation for the period 1 April 2018 to 31 March 2019

Occupation	Number of employees	Job evaluation level	Remuneration level	Remuneration level Reason for deviation
Senior Management	3	14	15	Attraction and Retention
Administration and Related	1	7	8	Downgrading of Job function with retention of service benefits – Job Evaluation
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>4</b>
<b>Percentage of total employment</b>				<b>2.85%</b>

The following table presents these employees in terms of race, gender and disability.

Table 16: Profile of employees who have salary levels higher than those determined by job evaluation, 1 April 2018 to 31 March 2019

Gender	African	Asian	Coloured	Whites	Total
Female	0	0	1	0	1
Male	3	0	0	1	4
Total	<b>3</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>5</b>
<b>Employees with a disability</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 1.6 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 17: Annual turnover rates by salary band for the period 1 April 2018 to 31 March 2019

Salary band	Number of employees a beginning of period 1 April 2018	Appointments and transfers into department	Terminations and transfers out of the department	Turnover rate %
Lower skilled (levels 1-2)	0	0	0	0
Skilled (levels 3-5)	1	0	0	0
Highly skilled production (levels 6-8)	25	11	3	8.3%
Highly skilled supervision (levels 9-12)	65	11	9	11.84%
SMS (band A)	33	3	4	11.11%
SMS (band B)	14	1	1	6.67%
SMS (band C)	2	0	0	0
SMS (band D)	0	0	0	0
Contracts	0	0	0	0
<b>Total</b>	<b>140</b>	<b>26</b>	<b>17</b>	<b>10.24%</b>

Table 18: Annual turnover rates by critical occupation for the period 1 April 2018 to 31 March 2019

Critical Occupation	Number of employees at beginning of period- April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Analyst: Capital Projects Appraisal	4	1	1	20%
Quantitative Data Analytics	1	1	0	0
Financial Analysts	8	2	2	20%
Director: Office of the Head GTAC	0	0	0	0
Risk Management and Internal Controls	1	0	0	0
Director: Financial Management	0	0	0	0
<b>Total</b>	<b>14</b>	<b>4</b>	<b>5</b>	<b>27.8%</b>

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

Table 19: Reasons for staff leaving the department for the period 1 April 2018 to 31 March 2019

Termination type	Number	% of total
Death	1	5.9%
Resignation	14	82.4%
Expiry of contract	1	5.9%
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill health	1	5.9%
Retirement	0	0
Transfers to other public service departments	0	0
Other	0	0
<b>Total</b>	<b>17</b>	<b>100%</b>
<b>Number of employees who left as a % of total employment</b>		<b>12.14%</b>

Table 20: Promotions by critical occupation for the period 1 April 2018 to 31 March 2019

Occupation	Employees 1 April 2018	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
Analyst: Capital Projects Appraisal	4	1	25%	0	0
Financial Analysts	8	3	37.5%	0	0
<b>Total</b>	<b>12</b>	<b>4</b>	<b>33.3%</b>	<b>0</b>	<b>0</b>

Table 21: Promotions by salary band for the period 1 April 2018 to 31 March 2019

Salary band	Employees 1 April 2018	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)	0	0	0	0	0
Skilled (levels 3-5)	1	1	100%	0	0
Highly skilled production (levels 6-8)	25	1	4%	0	0
Highly skilled supervision (levels 9-12)	65	6	9.23%	0	0
Senior management (levels 13-16)	49	1	2.05%	0	0
<b>Total</b>	<b>140</b>	<b>9</b>	<b>6.43%</b>	<b>0</b>	<b>0</b>

## 1.7 EMPLOYMENT EQUITY

Table 22: Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2019

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (Salary Level 13-16)	24	3	2	4	8	1	1	9	52
Professionals (Salary Level 11-12)	17	1	0	1	20	3	0	6	48
Technicians and associate professionals (Salary Level 9-10)	5	0	0	0	9	0	0	1	15
Clerks (Salary Level 5-8)	3	0	0	1	23	4	0	2	33
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
<b>Total*</b>	<b>49</b>	<b>4</b>	<b>2</b>	<b>6</b>	<b>60</b>	<b>8</b>	<b>1</b>	<b>18</b>	<b>148</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

Table 23: Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2019

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (levels 15-16)	0	0	0	1	0	1	0	1	3
Senior management (levels 13-14)	24	3	2	3	8	0	1	7	48
Professionally qualified and experienced specialists and mid-management (levels 11-12)	17	1	0	0	20	3	0	6	47
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (levels 9-10)	5	0	0	1	9	0	0	1	16
Semi-skilled and discretionary decision making (levels 6-8)	3	0	0	0	23	4	0	2	32
Unskilled and defined decision making (levels 1-5)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>49</b>	<b>4</b>	<b>2</b>	<b>5</b>	<b>60</b>	<b>8</b>	<b>1</b>	<b>17</b>	<b>146</b>

Table 24: Recruitment for the period 1 April 2018 to 31 March 2019

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (levels 15-16)	0	0	0	0	0	0	0	0	0
Senior management (levels 13-14)	3	1	0	0	2	0	0	1	7
Professionally qualified and experienced specialists and mid-management (levels 9-12)	5	0	0	0	5	0	0	0	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (levels 6-8)	1	0	0	0	5	0	0	0	6
Semi-skilled and discretionary decision making (levels 3-5)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (levels 1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>23</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 25: Promotions for the period 1 April 2018 to 31 March 2019

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (levels 15-16)	0	0	0	0	0	0	0	0	0
Senior management (levels 13-14)	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management (levels 9-12)	2	1	0	0	1	1	1	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (levels 6-8)	0	0	0	0	2	0	0	0	2
Semi-skilled and discretionary decision making (levels 3-5)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (levels 1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>18</b>	<b>9</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>							

Table 26: Terminations for the period 1 April 2018 to 31 March 2019

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management (levels 15-16)	0	0	0	0	0	0	0	0	0
Senior management (levels 13-14)	0	0	0	1	4	0	0	0	5
Professionally qualified and experienced specialists and mid-management (levels 9-12)	4	0	0	0	4	0	0	1	9
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (levels 6-8)	1	0	0	0	2	0	0	0	3
Semi-skilled and discretionary decision making (levels 3-5)	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making (levels 1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>17</b>
<b>Employees with Disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Table 27: Disciplinary action for the period 1 April 2018 to 31 March 2019

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Written warning	1	0	0	0	0	0	0	0	1
Final written warning	0	0	0	0	1	0	0	0	1

Table 28: Skills development for the period 1 April 2018 to 31 March 2019

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	0	0	0	0	0
Professionals	3	1	0	0	3	0	1	2	10
Technicians and associate professionals	2	0	0	0	6	1	0	0	9
Clerks	4	0	0	0	4	1	0	2	11
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
<b>Total*</b>	<b>9</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>13</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>30</b>
<b>Employees with disabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 1.8 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

Table 29: Signing of performance agreements by SMS members as on 31 May 2018

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	0	0
Salary level 16	0	0	0	0
Salary level 15	2	5	5	100%
Salary level 14	16	14	14	100%
Salary level 13	33	30	30	100%
<b>Total</b>	<b>52</b>	<b>49</b>	<b>49</b>	<b>100%</b>

Table 30: Reasons for not having concluded performance agreements for all SMS members as on 31 March 2019

Reasons
N/A

Table 31: Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 March 2019

Reasons
N/A

## 1.9 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 32: Performance Rewards by race, gender and disability for the period 1 April 2017 to 31 March 2018

	Beneficiary profile			Cost	
	No. of beneficiaries Total no. of employees		% of total within group	Cost (R 000)	Average cost per employee
<b>African</b>	<b>61</b>	<b>104</b>	<b>60</b>	<b>883</b>	<b>14</b>
Male	24	46	54	483	20
Female	37	58	66	400	11
<b>Indian</b>	<b>4</b>	<b>4</b>	<b>100</b>	<b>124</b>	<b>31</b>
Male	3	3	100	76	25
Female	1	1	100	48	48
<b>Coloured</b>	<b>7</b>	<b>10</b>	<b>60</b>	<b>155</b>	<b>22</b>
Male	2	3	67	39	20
Female	5	7	57	115	22
<b>White</b>	<b>17</b>	<b>22</b>	<b>77</b>	<b>349</b>	<b>21</b>
Male	4	6	67	94	24
Female	12	16	81	255	21
<b>Total</b>	<b>88</b>	<b>140</b>	<b>64</b>	<b>1,511</b>	<b>17</b>

Table 33: Performance rewards by salary band for personnel below SMS 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 (R 000)	Total cost as % of total personnel expenditure
Lower skilled (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	0	0	0	0	0	0
Highly skilled production (levels 6-8)	21	36	56%	173	823	0.14%
Highly skilled supervision (levels 9-12)	42	67	64%	582	139	0.49%
<b>Total</b>	<b>63</b>	<b>103</b>	<b>61%</b>	<b>755</b>	<b>120</b>	<b>0.63%</b>

Table 34: Performance rewards by critical occupation for the period 1 April 2018 to 31 March 2019

Critical Occupation	Beneficiary profile			Cost	
	No. of beneficiaries	No. of employees	% of total within occupation	Total cost (R 000)	Average cost per employee (R 000)
Public Expenditure & Public Analysis	4	4	100	92	232
Capital Appraisals project	6	6	100	127	21
<b>Total</b>	<b>10</b>	<b>10</b>	<b>100%</b>	<b>219</b>	<b>127</b>

Table 35: Performance-related rewards (cash bonus), by salary band, for SMS for the period 1 April 2018 to 31 March 2019

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	0	0	0	0	0	0%
Band B	5	5	100%	196	39	0.16%
Band C	8	15	53%	264	33	0.22%
Band D	12	35	34%	295	25	0.25%
<b>Total</b>	<b>25</b>	<b>55</b>	<b>45%</b>	<b>756</b>	<b>30</b>	<b>0.63%</b>

## 1.10 FOREIGN WORKERS

Table 36: Foreign workers by salary band for the period 1 April 2018 to 31 March 2019

Salary band	1 April 2018		31 March 2019		Change*	
	No.	% of total	No.	% of total**	No.	% change
Lower skilled (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	0	0	0	0	0	0
Highly skilled production (levels 6-8)	3	8.33%	3	7.89%	0	0
Highly skilled supervision (levels 9-12)	7	24.14%	4	16%	-3	-42.86%
Senior management (levels 13-16)	5 <sup>9</sup>	17.86%	7 <sup>10</sup>	26.93%	+2	40%
<b>Total</b>	<b>15</b>	<b>10.71%</b>	<b>14</b>	<b>9.52%</b>	<b>-1</b>	<b>6.67%</b>

Table 37: Foreign workers by major occupation for the period, 1 April 2018 to 31 March 2019

Major Occupation	1 April 2018		31 March 2019		Change	
	No.	% of total	No.	% of total	No.	% change
Administrative Related	3	16.67%	3	18.75%	0	0
Information Technology Related	1	5.56%	1	6.25%	0	0
Finance and Economics Related	6	33.34%	3	18.75%	-3	100%
Senior Managers	8	44.44%	9	56.25%	+1	11%

<sup>9</sup> 3 Foreign Nationals with South African Citizenship appointed permanently.

<sup>10</sup> 2 Foreign Nationals with South African Citizenship appointed permanently.

One finance and economics related official, and one senior manager resigned from office, however, 2 of the Finance and Economics Related employees were promoted into the Senior Managers occupation. There has been a decrease in the number of foreign nationals employed in the GTAC. It should however be noted that majority of Senior Managers are Technical Specialists, employed on a fixed-term contract.

### 1.11 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 38: Sick leave for the period 1 January 2018 to 31 December 2018*

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 skilled (levels 1-2)	0	0	0	0	0	0
Skilled (levels 3-5)	0	0	0	0	0	0
Highly skilled production (levels 6-8)	257	82%	25	100%	10.28	402
Highly skilled supervision (levels 9-12)	401	78%	56	92%	7.16	1,155
Senior management (levels 13-16)	205	70%	38	69%	5.4	892
<b>Total</b>	<b>863</b>	<b>77%</b>	<b>119</b>	<b>84%</b>	<b>7.25</b>	<b>2,450</b>

*Table 39: Disability leave (temporary and permanent), for period 1 January 2018 to 31 December 2018*

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)	0	0	0	0	0	0
Skilled (levels 3-5)	0	0	0	0	0	0
Highly skilled production (levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (levels 9-12)	107	100%	4	6.6%	27	376
Senior management (levels 13-16)	123	100%	1	1.8%	123	403
<b>Total</b>	<b>230</b>	<b>100%</b>	<b>5</b>	<b>4%</b>	<b>57.5</b>	<b>779</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 40: Annual leave for the period 1 January 2018 to 31 December 2018*

Salary bands	Total days taken	Number of Employees using Annual leave	Average per employee
Lower skilled (levels 1-2)	0	0	0
Skilled (levels 3-5)	0	0	0
Highly skilled production (levels 6-8)	533	25	21.32
Highly skilled supervision (levels 9-12)	1 338	57	23.47
Senior management (levels 13-16)	1 105	49	22.55
<b>Total</b>	<b>2 976</b>	<b>131</b>	<b>22.71</b>

*Table 41: Capped leave for the period 1 January 2018 to 31 December 2018*

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 at 31 December 2017
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>

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

**Table 42: Leave pay-outs for the period 1 April 2018 to 31 March 2019**

Reason	Total amount (R 000)	No. of employees	Average payment per employee (R 000)
Leave pay-out for 2018/19 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay-outs on termination of service for 2018/19	0	0	0
Current leave pay-outs on termination of service for 2018/19	334	13	26
<b>Total</b>	<b>334</b>	<b>13</b>	<b>26</b>

## 1.12 HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

**Table 43: 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 44: 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		The Chief Director: Human Capital Management and Corporate Services – Ms Besa Muthuri. Official resigned from service on 22 February 2019. Currently acting incumbent, Ms Ezré Stokes.
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		The HR Administration Unit – Two resources dedicated on Assistant Director, and Deputy Director Level. Total budget for the year: R500 000

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>Siyaphila – The National Treasury’s Employee Assistance programme for employees and their immediate family members. GTAC benefits from this through its Shared Service Agreement with the National Treasury. The service is currently provided by Careways Employee Wellness and includes:</p> <ul style="list-style-type: none"> <li>• Counselling</li> <li>• Bereavement Support</li> <li>• Life Management Support</li> <li>• Primary Health Care On-site Clinic</li> <li>• Absenteeism Management</li> <li>• Awareness and Education</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>Ezré Stokes (Management)  Winnie Sangweni (HR Wellness Champion and Co-ordinator)  Matthew Mokoena (Programme Management Unit)  Alophina Khala (Technical Consulting Services)  Letsholo Mosehle (Transaction Advisory Services and Public-Private Partnerships)  Katlego Mokoena (Financial Management)  Anita Rwelamira (Strategy, Management and Communications)</p>
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		<p>Recruitment and Selection (in consultation)  Bereavement Guidelines (approved)  Employee Relations Guidelines and Disciplinary Procedures (approved)  Internship (in consultation)  Parking Policy (in consultation)</p>

Question	Yes	No	Details, if yes
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		<p>Voluntary HIV/AIDS testing and counselling provided by the service provider.</p> <p>General quarterly wellness awareness provided to de-stigmatise HIV/AIDS Service provider bounded by patient confidentiality, as the service is rendered only by health practitioners actively registered on the HPCSA and/or Nursing Council of SA.</p> <p>Records kept by Service Provider, and HR Employees involved, are vetted for Confidential and higher</p>
7. Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	X		<p>Quarterly VCT with all wellness events. Primary Health Care clinic also provides testing during clinic hours. No positive results for the GTAC in the reporting period.</p>
8. Has the department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	<p>Programmes promote higher productivity and reduced absenteeism. Tools have not yet been developed to measure the impact. This will be prioritized in the new financial year.</p>

### 1.13 LABOUR RELATIONS

Table 45: Collective agreements for the period 1 April 2018 to 31 March 2019

Total number of Collective agreements	None
N/A	N/A

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

Table 46: Misconduct and disciplinary hearings for the period 1 April 2018 to 31 March 2019

Outcome of Disciplinary hearings	Number	% of total
Correctional counselling	0	0%
Verbal Warning	0	0%
Written Warning	1	1.34%
Final Written warning	1	1.34%
Suspended without pay	0	0%
Fine	0	0%
Demotion	0	0%
Dismissal	0	0%
Not guilty	0	0%
Case withdrawn	0	0%
<b>Total</b>	<b>2</b>	<b>2.68%</b>

Table 47: Types of misconduct addressed at disciplinary hearing for the period 1 April 2018 to 31 March 2019

Type of Misconduct	Number	% of total
<b>Total</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>0</b>	<b>0</b>

Table 48: Grievances logged for the period 1 April 2018 to 31 March 2019

Grievances	Number	% of total
Number of grievances resolved	0	0
Number of grievances lodged	2	2.68%
Number of grievances not resolved	0	0
<b>Total number of grievances lodged</b>	<b>2</b>	<b>2.68%</b>

*Table 49: Disputes logged with Councils for the period 1 April 2018 to 31 March 2019*

Disputes	Number	% of total
Number of disputes upheld resolved	0	0
Number of disputes lodged	1	1.34%
Number of disputes dismissed	0	0
<b>Total number of disputes lodged</b>	<b>1</b>	<b>1.34</b>

*Table 50: Strike Action for for the period 1 April 2018 to 31 March 2019*

Total Number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

*Table 51: Precautionary suspensions for the period 1 April 2018 to 31 March 2019*

Total number of people suspended	0
Total number of people whose suspension exceeded 30 days	0
Average number of days suspended	0

Cost of suspension (R'000)

0

## 1.14 SKILLS DEVELOPMENT

This section summarises the GTAC's work to develop staff skills.

*Table 52: Training needs identified for the period 1 April 2018 to 31 March 2019*

Occupational categories	Gender	No. of employees as at 1 April 2018	Training needs identified at start of reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	14	0	19	8	33
	Male	15	0	23	2	40
Professionals	Female	20	0	31	0	51
	Male	9	0	9	1	19
Technicians and associated professionals	Female	6	0	9	0	15
	Male	3	0	7	1	11
Clerks	Female	14	0	30	1	45
	Male	1	0	5	0	6
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Subtotal	Female	54	0	89	1	144
	Male	28	0	44	4	76
<b>Total</b>		<b>82</b>	<b>0</b>	<b>133</b>	<b>5</b>	<b>220</b>

Table 53: Training provided for the period 1 April 2018 to 31 March 2019

Occupational categories	Gender	No. of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	1	0	1	8	10
	Male	6	0	6	13	25
Professionals	Female	7	0	7	0	14
	Male	7	0	7	0	14
Technicians and associated professionals	Female	1	0	1	0	2
	Male	1	0	1	0	2
Clerks	Female	2	0	2	0	4
	Male	2	0	2	0	4
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Subtotal	Female	11	0	11	8	30
	Male	16	0	16	13	45
<b>Total</b>		<b>27</b>	<b>0</b>	<b>27</b>	<b>21</b>	<b>75</b>

### 1.14.1 Injury on duty

The following tables provide basic information on injury on duty.

*Table 53: Injury on duty for the period 1 April 2018 and 31 March 2019*

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	1	100%
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>1</b>	<b>100%</b>

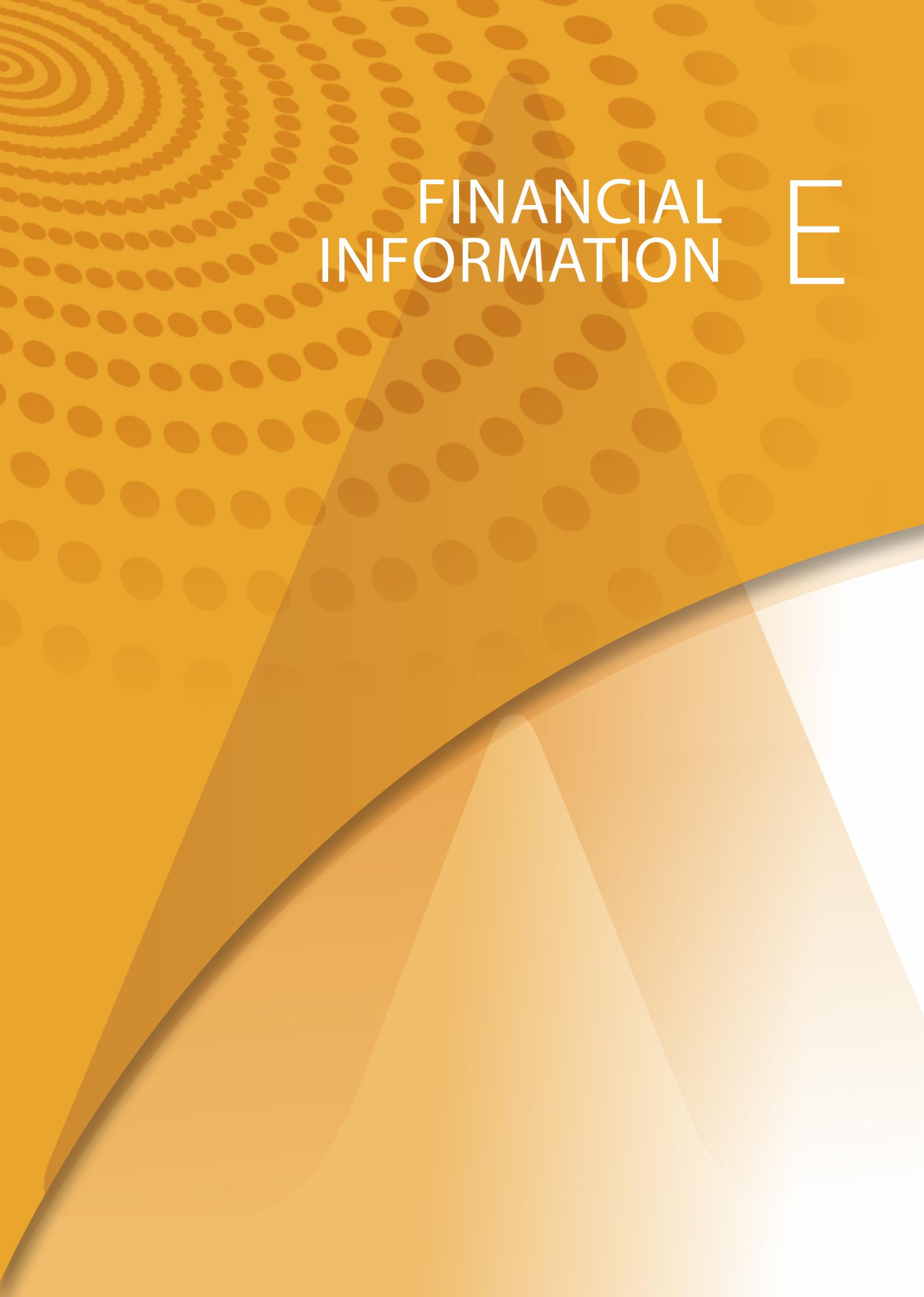
The employee was injured abroad whilst on official duty, and received medical attention, including surgery, and physiotherapy. The official was off from work temporarily, and could not render any service due to the nature of the injury.

### 1.15 SEVERANCE PACKAGES

*Table 54: Granting of employee initiated severance packages for the period 1 April 2018 to 31 March 2019*

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by the MPSA	Number of packages approved by the GTAC
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	0
Highly skilled supervision (levels 9-12)	0	0	0	0
Senior management (levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

No severance packages were requested and granted in the reporting period.



FINANCIAL  
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# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE 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 89 to 129, which comprise the statement of financial position as at 31 March 2019, 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 2019, and its financial performance and cash flows for the year then ended 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).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the 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 International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) and 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 THE GOVERNMENT TECHNICAL ADVISORY CENTRE

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 R207 014 239 was incurred as a result of non compliance with procurement processes. Irregular expenditure amounting to R152 568 000, incurred in the 2015/16 and 2016/17 financial year, has been investigated by the internal audit unit of National Treasury. The investigation has been finalised and management is awaiting approval of the condonation from the Office of the Chief Procurement Officer (OCPO). Irregular expenditure amounting to R34 018 000, incurred in 2017/18, was still under investigation by the internal audit unit of National Treasury.

## Restatement of corresponding figures

8. As disclosed in note 31 to the financial statements, the government component restated the corresponding figures for 31 March 2018, as a result of errors in the financial statements for the year ended 31 March 2018.

## Report on the audit of the annual performance report

### Introduction and scope

9. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
10. My procedures address 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/ measures included in the planning documents. My procedures also did 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.
11. 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 programmes presented in the annual performance report of the government component for the year ended 31 March 2019:

### Programmes

### Pages in the annual performance report

Programme 1 – Management and Support Services	26 - 30
Programme 2 – Transaction and Advisory Services	31 - 39

12. 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.

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

13. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

## **Programme 1 – Management and Support Services**

### **Number of strategic knowledge management activities undertaken to improve visibility and reach of GTAC's business priorities**

14. The planned indicator and target were deliver two biannual learning events to promote GTAC as a centre of excellence in public policy capacity building, but the reported achievement referred to was 3.

## **Programme 2 – Transaction and Advisory Services**

### **Number of PERs supported**

15. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of number of PERs supported. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 5 as reported in the annual performance report.

### **Other matters**

16. I draw attention to the matters below.

### **Achievement of planned targets**

17. Refer to the annual performance report on pages 26 to 41 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 9 to 15 of this report.

### **Adjustment of material misstatements**

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of transaction and advisory services. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

### **Report on audit of compliance with legislation**

#### **Introduction and scope**

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the government component with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

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

20. The material findings on compliance with specific matters in key legislations are as follows:

## **Procurement and contract management**

21. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1
22. Some of the contracts 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 reported in the prior year.
23. 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.
24. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids or deviations were approved by the accounting officer but it was practical to invite competitive bids, as required by treasury regulations 16A6.1 and 16A6.4. Similar non-compliance was reported in the prior year.
25. Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8 (2). Similar non-compliance was reported in the prior year.

## **Annual financial statement, performance and annual report**

26. 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.
27. Material misstatements of cost recovery revenue and disclosure items identified by auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified opinion.

## **Expenditure management**

28. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R70 167 439, 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. All of the irregular expenditure was caused by the procurement and contract management processes not being followed.

## **Other information**

29. The accounting officer is responsible for the other information. The other information comprises the information included in the annual 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 in this auditor's report.
30. 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.
31. In connection with my audit, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

32. 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

33. 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.

## Leadership

34. The accounting officer did not effectively exercise oversight responsibility and review compliance with legislation relating to procurement and contract management, the requirements of the financial reporting framework as well as the requirements of the National Treasury's Framework for Managing Programme Performance Information, resulting in material non-compliance being identified.

35. Action plans developed to address material non-compliance, re-occurrence of irregular expenditure and material findings in the audit of predetermined objectives identified during the prior audit was not adequate.

36. Inadequate documented policies and procedures to guide the operations of the government component was in place, resulting in numerous instances of non-compliance with the PFMA.

## Financial and performance management

37. Management did not prepare financial statements that were free from material misstatements. This was mainly due to staff not adequately reviewing compliance with the applicable accounting standards.

38. 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.

39. Inadequate measures were put in place by management to ensure compliance with procurement and contract management legislation to avoid the recurrence of irregular expenditure. This was mainly due to the inconsistent application of internal processes as well as a lack of review and monitoring of compliance with all applicable legislation.

*Auditor-General*

Pretoria

31 July 2019



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE 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 programmes and on the government’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 related to events or conditions that may cast significant doubt on the Government Technical Advisory Centre ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a government component to cease continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
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, related safeguards.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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	90
Statement of Financial Performance	91
Statement of Changes in Net Assets	92
Cash Flow Statement	93
Statement of Comparison of Budget and Actual Amounts	94
Accounting Policies	95
Notes to the Financial Statements	105

The audited financial statements set out on pages 90 to 129, which have been prepared on the going concern basis, were approved and signed on the 31st July 2019.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## STATEMENT OF FINANCIAL POSITION

		R	Restated R
	Note	2019	2018
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	3,775,269	4,192,807
Intangible assets	5	85,908	111,112
		<b>3,861,177</b>	<b>4,303,919</b>
<b>Current Assets</b>			
Inventories	6	-	2,009,650
Receivables from exchange transactions	7	20,054,867	57,655,963
Receivables from non-exchange transactions	8	2,165,968	2,553,740
Cash and cash equivalents	9	864,965,881	855,230,658
		<b>887,186,716</b>	<b>917,450,011</b>
<b>TOTAL ASSETS</b>		<b>891,047,893</b>	<b>921,753,930</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	10	28,071,569	40,242,879
Payables from non-exchange transactions	11	619,241,559	631,776,146
Provisions	12	5,215,393	4,143,536
<b>Total Liabilities</b>		<b>652,528,521</b>	<b>676,162,561</b>
<b>Net Assets</b>		<b>238,519,372</b>	<b>245,591,369</b>
Accumulated surplus		238,519,372	245,591,369
<b>Net Assets</b>		<b>238,519,372</b>	<b>245,591,369</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## STATEMENT OF FINANCIAL PERFORMANCE

		R	Restated R
	Note	2019	2018
<b>REVENUE</b>			
<b><i>Revenue from exchange transactions</i></b>			
Administration fees received		2,467,832	360,000
Cost recovery revenue	13	141,124,140	188,742,029
Interest revenue	14	33,577,114	28,653,540
Royalties and sundry income		300,918	187,343
<b>Total revenue from exchange transactions</b>		<b>177,470,004</b>	<b>217,942,912</b>
<b><i>Revenue from non-exchange transactions</i></b>			
Appropriated Funding	15	73,516,383	83,222,625
Donor Funding	16	14,666,604	31,777,534
<b>Total revenue from non-exchange transactions</b>		<b>88,182,987</b>	<b>115,000,159</b>
<b>TOTAL REVENUE</b>		<b>265,652,991</b>	<b>332,943,071</b>
<b>EXPENDITURE</b>			
Goods and services	17	148,776,607	192,531,911
Compensation of employees	18	121,053,643	107,807,159
Depreciation and amortisation	19	2,894,738	2,516,148
<b>TOTAL EXPENDITURE</b>		<b>272,724,988</b>	<b>302,855,218</b>
<b>(DEFICIT)/SURPLUS FOR THE YEAR</b>		<b>(7,071,997)</b>	<b>30,087,853</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 2017</b>	<b>215,503,516</b>
Net surplus for the year ended 31 March 2018	28,406,302
Correction of prior year errors	1,681,551
<b>Balance at 31 March 2018</b>	<b>245,591,369</b>
<b>Balance at 1 April 2018</b>	<b>245,591,369</b>
Net deficit for the year ended 31 March 2019	(7,071,997)
<b>Balance at 31 March 2019</b>	<b>238,519,372</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## CASH FLOW STATEMENT

		R	R
	Note	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<i>Receipts</i>			
Government funding and other sources		635,730,406	705,046,328
Interest income	20	35,482,137	28,538,462
		<b>671,212,543</b>	<b>733,584,790</b>
<i>Payments</i>			
Grants and project payments		539,120,215	324,599,751
Compensation of employees		119,787,605	103,834,807
		<b>658,907,820</b>	<b>428,434,558</b>
<b>Net cash flows from operating activities</b>	21	<b>12,304,723</b>	<b>305,150,232</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	4	(2,569,500)	(2,290,645)
Purchase of intangible assets	5	-	(124,295)
<b>Net cash flows from investing activities</b>		<b>(2,569,500)</b>	<b>(2,414,940)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		9,735,223	302,735,292
Cash and cash equivalents at the beginning of the year		855,230,658	552,495,366
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	9	<b>864,965,881</b>	<b>855,230,658</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	217,639,451	(12,419,000)	205,220,451	141,124,140	(55,985,366)	26
Investment revenue	38,754,000	(1,828,133)	36,925,867	33,577,114	(3,348,753)	26
Royalties and administration fees received	660,000	-	660,000	2,768,750	918	
<b>Total revenue from exchange transactions</b>	<b>257,053,451</b>	<b>(14,247,133)</b>	<b>242,806,318</b>	<b>177,470,004</b>	<b>(59,333,201)</b>	
<b>Revenue from non-exchange transactions</b>						
Appropriated funding	86,858,000	(11,000,000)	75,858,000	73,516,383	(2,341,617)	26
Donor funding	23,760,000	761,000	24,521,000	14,666,604	(9,854,396)	26
<b>Total revenue from non-exchange transactions</b>	<b>110,618,000</b>	<b>(10,239,000)</b>	<b>100,379,000</b>	<b>88,182,987</b>	<b>(12,196,013)</b>	
<b>Total Revenue</b>	<b>367,671,451</b>	<b>(24,486,133)</b>	<b>343,185,318</b>	<b>265,652,991</b>	<b>(71,529,214)</b>	
<b>Expenditure</b>						
Goods and services	239,034,255	(28,776,959)	210,257,296	148,776,607	61,482,432	26
Compensation of employees	122,995,787	3,897,442	126,893,229	121,053,643	5,839,586	26
Depreciation	2,496,369	488,424	2,984,793	2,894,738	90,181	
Transfers	95,040	(95,040)	-	-	-	
<b>Total Expenditure</b>	<b>364,621,451</b>	<b>(24,486,133)</b>	<b>340,135,318</b>	<b>272,724,988</b>	<b>67,412,199</b>	
<b>Surplus/(Deficit) for the year*</b>	<b>3,050,000</b>	<b>-</b>	<b>3,050,000</b>	<b>(7,071,997)</b>	<b>(4,117,015)</b>	26

\* The surplus budgeted for is due to CAPEX included in Appropriated funding and not expensed as it is capitalised.

# 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.

The Minister of Finance has indicated that for the purposes of financial management, GTAC must operate as a public entity listed in Schedule 3A to the Public Finance Management Act (PFMA), 1999 (Act No 1 of 1999).

Thus the financial statements were prepared in accordance with the Standard 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 No 1 of 1999), rather than the Modified Cash Basis normally applicable to Departments and Government Components.

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.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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

Item	Average useful life
Office equipment	5 years
Computer equipment	3 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 of 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

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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.

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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 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.

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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.

## 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.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## 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 and 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 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

Management made certain estimates with regard to the determination of estimated useful life and residual values of items of property, plant and equipment, as discussed further in Note 4. An annual assessment and review of estimated useful life and residual values is performed and any significant change is accounted for as a change in accounting estimate in accordance with GRAP 3.

## 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.

### 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.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## 17. EVENTS AFTER REPORTING DATE

GTAC's financial statements include disclosure of events with material financial implications, either favourable 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
- (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.

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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.

#### **Standard / Interpretation:**

GRAP 34:	Separate Financial Statements
GRAP 35:	Consolidated Financial Statements
GRAP 36:	Investments in Associates and Joint Ventures
GRAP 37:	Joint Arrangements
GRAP 38:	Disclosure of Interest in other entities
GRAP 104:	Financial Instruments
GRAP 110:	Living and Non-living Resources

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

The adoption of these Standards of GRAP, when they become effective, is not expected to have a significant impact on the financial statements. GTAC does not participate in the transactions covered by the GRAP 34, 35, 36, 37, 38 and 110.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 4. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office equipment	1,037,458	277,853	759,605	673,344	108,378	564,966
Computer equipment	10,060,443	7,357,244	2,703,199	8,080,740	4,754,254	3,326,486
Furniture and fittings	366,356	53,891	312,465	320,690	19,335	301,355
<b>Total</b>	<b>11,464,257</b>	<b>7,688,988</b>	<b>3,775,269</b>	<b>9,074,774</b>	<b>4,881,967</b>	<b>4,192,807</b>

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

	Opening balance	Additions	Disposals	Depreciation	Total
Office equipment	564,966	377,605	3,509	179,455	759,605
Computer equipment	3,326,486	2,145,486	113,251	2,655,522	2,703,199
Furniture and fittings	301,355	45,666	-	34,557	312,465
	<b>4,192,807</b>	<b>2,569,500</b>	<b>116,760</b>	<b>2,869,534</b>	<b>3,775,269</b>

#### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Office equipment	142,099	494,958	-	72,091	564,966
Computer equipment	4,284,747	1,474,997	21,719	2,411,539	3,326,486
Furniture and fittings	-	320,690	-	19,335	301,355
	<b>4,426,846</b>	<b>2,290,645</b>	<b>21,719</b>	<b>2,502,965</b>	<b>4,192,807</b>

	Restated	
	R	R
<b>Net Carrying Value</b>	<b>2019</b>	<b>2018</b>
Office equipment	759,605	564,966
Computer equipment	2,703,199	3,326,486
Furniture and fittings	312,465	301,355
	<b>3,775,269</b>	<b>4,192,807</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

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer software	124,295	38,387	85,908	124,295	13,183	111,112

#### Reconciliation of Intangible assets - 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	111,112	-	-	25,204	85,908

#### Reconciliation of Intangible assets - 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	-	124,295	-	13,183	111,112

#### Net Carrying Value

	2019	2018
Computer software	85,908	111,112

### 6. INVENTORIES

#### Work in progress

		Restated	
		R	R
		2019	2018
		-	2,009,650

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 asset is carried at cost of development.

### 7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade Receivables	14,063,695	49,181,997
VAT receivables	64,085	641,856
Interest accrued	5,927,087	7,832,110
	<b>20,054,867</b>	<b>57,655,963</b>

No debtor older than 6 months has been impaired. Debtors past due have not been impaired due to no history of defaults and management is of the opinion that the monies will be recovered.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2019	2018
<b>8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Reconstruction and Development Programme*	2,161,014	2,553,740
Other receivables	4,954	-
	<b>2,165,968</b>	<b>2,553,740</b>

\* This relates to donor funding 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)	5,000	4,999
- Building a Capable State Programme (BCS)	1,000	1,500
- Project Development Facility (PDF)	1,000	1,500
- Neighbourhood Development Programme (NDP)	1,000	1,500
- Independent Power Procurement Programme (IPPP)	1,000	1,500
- Jobs Fund Partner Funds (JF)	-	1,500
- Paymaster-General Account (PMG)	357,389	104,260
	<b>366,389</b>	<b>116,759</b>

#### Call accounts:

- Government Technical Advisory Centre (GTAC)	724,898	702,705,415
- Building a Capable State Programme (BCS)	147,068	2,554,612
- Project Development Facility (PDF)	497,639,130	95,225,405
- Neighbourhood Development Programme (NDP)	12,508,695	12,812,589
- Independent Power Procurement Programme (IPPP)	353,578,701	177,942
- Jobs Fund Partner Funds (JF)	1,000	41,637,936
	<b>864,599,492</b>	<b>855,113,899</b>

#### Total cash and cash equivalents

<b>864,965,881</b>	<b>855,230,658</b>
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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 2018/2019 funds were invested in call accounts with Nedbank to maximise the interest earned (6.30 - 7.95% p.a.)

# ANNUAL FINANCIAL STATEMENTS

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## NOTES TO THE FINANCIAL STATEMENTS

	R	Restated R
	2019	2018
<b>10. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade payables	9,825,008	29,261,594
Other payables	1,740,662	2,776,895
Leave accrual	3,990,438	3,796,258
Income received in advance – Cost Recovery:		
- Infrastructure Improvement Programme	7,831,468	4,408,132
- Department of Communications	4,683,993	-
	<b>28,071,569</b>	<b>40,242,879</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	20,159,602	21,817,985
- General Budget Support	-	1,831,429
- Building a Capable State	-	2,951
Unspent government funding		
- Jobs Fund partner funds *, **	369,733	42,014,894
- Neighbourhood Development Programme *, **	12,594,447	12,893,781
- Development Bank of Southern Africa (Independent Power Producer Procurement Programme) **	355,939,626	195,972
- Department Rural Development and Land Reform **	-	445,878,269
- Municipal Finance Improvement Programme III **	114,578,990	69,110,095
- Department of Public Works – Salvokop **	67,845,654	36,416,837
- Department of Public Works Department of Agriculture, Forestry and Fisheries **	15,000,000	-
- Department of Public Works – Energy **	20,000,000	-
- Department of Social Development **	10,000,000	-
- Department of Transport **	817,358	-
Interest received on Donor funds	1,936,149	1,613,933
	<b>619,241,559</b>	<b>631,776,146</b>

\* Jobs Fund and 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 acts as the agent for the above listed departments in a Principal Agent relationship (Refer Note 31).

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

12. PROVISIONS	Restated	
	R	R
	2019	2018
Provision for Bonuses	5,215,393	4,143,536

### Reconciliation of employee provisions – 2019

	Opening balance	Provided	Utilised	Total
Bonus provisions	4,143,536	5,692,626	(4,620,769)	5,215,393

### Reconciliation of employee provisions – 2018

	Opening balance	Provided	Utilised	Total
Bonus provisions	2,188,776	5,586,428	(3,631,668)	4,143,536

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

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

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

13. COST RECOVERY REVENUE	Restated	
	R	R
	2019	2018
Technical Advisory Services	60,336,002	111,487,161
Infrastructure Delivery Improvement Programme (IDIP)	2,158,691	1,149,944
Employment Facilitation (Jobs Fund Project Management Unit)	70,261,050	68,093,780
Municipal Finance Improvement Programme III (MFIP)	8,368,397	8,011,144
	<b>141,124,140</b>	<b>188,742,029</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	R	Restated R
	2019	2018
<b>14. INTEREST REVENUE</b>		
Interest: GTAC	<b>33,577,114</b>	<b>28,653,540</b>
<p>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-exchange transactions (refer note 11).</p>		
<b>15. APPROPRIATED FUNDING (NATIONAL TREASURY VOTE)</b>		
GTAC – Contribution to Operations	71,858,000	80,818,000
Project allocations:		
- Employment Creation Facilitation (Jobs Fund) – Projects	1,658,383	2,404,625
	<b>73,516,383</b>	<b>83,222,625</b>
<b>16. DONOR FUNDING</b>		
General Budget Support (GBS)	-	19,815,937
- Funding from the European Union through National Treasury for institutional transformation		
Building a Capable State (BCS)	13,254,273	10,850,422
- Funding from the Canadian Department of Foreign Affairs, Trade and Development		
Support to the National Treasury in National Health Insurance Design	1,216,850	1,111,175
- Funding from the German Department Deutsche Gesellschaft für Internationale Zusammenarbeit		
Assessing the viability of utilising outcomes-based instruments for contracting service delivery by government	195,481	-
- Funding from the Government of Flanders		
	<b>14,666,604</b>	<b>31,777,534</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R 2019	R 2018
<b>17. GOODS AND SERVICES</b>		
Accounting fees	42,504	31,190
Administration fees	7,055,938	3,029,005
Advertising	122,424	371,495
Assets less than capitalisation threshold	270,168	514,084
Audit committee fees	-	505,205
Audit fees	1,544,947	2,614,613
Bank charges	49,693	43,414
Bursaries	173,978	510,893
Bursaries – Public Economics Capacity Building (donor funded)	1,038,883	1,213,975
Catering	371,846	293,999
Communication	700,263	460,036
Computer services	91,183	960,025
Consumables and maintenance	260,560	1,500,808
Contractors general management	364,043	92,381
Courier services	-	1,098
Entertainment	5,458	5,761
Gifts and promotions	151,682	192,235
Injury on duty	29,236	-
Internship	898,191	-
Legal services	422,498	72,300
License fees	1,167,796	555,966
Losses and damages	117,505	21,420
Operating leases	620,334	579,809
Parking services	4,209	4,454

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	R	Restated R
	2019	2018
<b>17. GOODS AND SERVICES CONTINUED</b>		
Project expenditure:		
- Building a Capable State (Canadian Government funding)	9,917,712	6,313,133
- Institutional Transformation (Funded from GBS)	-	20,340,730
- Technical Advisory Services	82,986,013	102,419,770
- Infrastructure Delivery Improvement Programme (IDIP)	1,061,181	1,014,166
- Employment Facilitation – Jobs Fund Operations	16,533,549	20,340,178
- Employment Facilitation – Jobs Fund Projects	448,229	2,398,456
- Specialised Procurement – Project Development Facility	3,343,034	12,135,429
- Capital Projects Appraisals	376,947	382,013
- Support to National Treasury in National Health Insurance Design	1,216,850	1,248,260
- Assessing the viability of utilising outcomes-based instruments for contracting service delivery by government	225,166	-
Resettlement cost	154,526	22,407
Security services	5,971	3,500
Stationery and printing	510,855	316,376
Subscriptions	1,042,495	77,998
Training	1,265,406	644,079
Transfers – Budget Portal	3,777,036	-
Travel and subsistence	9,047,222	10,501,346
Venues and facilities	1,361,076	799,904
	<b>148,776,607</b>	<b>192,531,911</b>
<b>18. COMPENSATION OF EMPLOYEES</b>		
Salaries and wages	67,096,714	55,790,911
UIF, pensions and medical Aid	8,750,932	7,266,634
Service bonuses	5,586,944	2,479,988
Performance bonuses	105,683	3,106,441
Other employee related costs	649,195	2,168,061
Housing allowances	740,905	502,848
Non pensionable allowance	38,123,270	36,492,276
	<b>121,053,643</b>	<b>107,807,159</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	R	Restated R
	2019	2018
<b>19. DEPRECIATION AND AMORTISATION</b>		
Office equipment	179,455	72,091
Computer equipment	2,655,522	2,411,539
Furniture and fittings	34,557	19,335
Computer software	25,204	13,183
	<b>2,894,738</b>	<b>2,516,148</b>
<b>20. INTEREST INCOME</b>		
Interest income at the beginning of the year	7,832,110	7,717,032
Interest income received per the Statement of Financial performance	33,577,114	28,653,540
Accrued net interest income at the end of the year	(5,927,087)	(7,832,110)
	<b>35,482,137</b>	<b>28,538,462</b>
<b>21. NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Deficit) / Surplus for the year	(7,071,997)	30,087,853
<b>Adjustments for:</b>		
Depreciation and amortisation	2,894,738	2,516,148
Loss on disposal of assets	117,504	21,719
Increase in salary provisions and accruals	1,266,037	3,972,350
(Decrease)/Increase in unspent government funding from non-exchange transactions	(9,364,040)	345,712,752
Increase/(Decrease) in income received in advance	4,614,566	(34,127,003)
- From Exchange Transactions	8,107,329	(2,503,068)
- From Non-Exchange Transactions	(3,492,763)	(31,623,935)

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	<b>R</b>	<b>Restated</b>
	<b>2019</b>	<b>R</b>
		<b>2018</b>
<b>Changes in working capital</b>		
Decrease/(Increase) in receivables from exchange transactions	37,601,096	(41,822,210)
Decrease/(Increase) in receivables from non-exchange transactions	387,772	(2,553,740)
Decrease/(Increase) in work in progress/inventory	2,009,650	(2,009,650)
(Decrease)/Increase in payables from exchange transactions	(20,472,819)	4,603,781
Increase in payables from non-exchange transactions	322,216	(1,251,768)
	<b>12,304,723</b>	<b>305,150,232</b>

## 22. COMMITMENTS

### Operating Commitments

Contractual commitments	<b>210,638,845</b>	<b>344,075,842</b>
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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 33 months.

# 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>2019</b>	<b>2018</b>

### 23. RELATED PARTIES

During the financial year, GTAC entered into various transactions with related parties.

#### Relationship

National Treasury is the Principal entity to GTAC.

#### Related party balances

##### Receivables

Council for Built Environment	109,440	449,281
Department of Arts and Culture	517,812	-
Department of Higher Education and Training (DHET)	5,541,222	-
Department of Human Settlements	-	3,254,541
Department of Public Works	-	4,915,606
Department of Science and Technology	-	360,000
Department of Tourism	-	1,683,344
Department of Co-operative Governance and Traditional Affairs	-	2,874,069
Municipal Infrastructure Support Agency (MISA)	3,381,734	5,998,135
National Skills Authority	-	1,680,000
National Treasury	-	2,436,218
Public Service Commission	199,880	-
South African National Bio Diversity Institution	-	741,483
	<b>9,750,088</b>	<b>24,392,677</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	R	Restated R
	2019	2018
<b>Trade and other payables</b>		
National Treasury		
- Infrastructure Delivery Improvement Programme	7,831,468	4,408,132
- Employment Creation Facilitation Programme	20,159,602	21,817,985
- Municipal Finance Improvement Programme III	114,578,990	69,110,095
- Neighbourhood Development Programme	12,594,447	12,893,781
- Jobs Fund	369,733	42,014,894
Department of Public Works – Salvokop	67,845,654	36,416,837
Department of Public Works – DAFF	15,000,000	-
Department of Public Works – Energy	20,000,000	-
Department of Rural Development and Land Reform	-	445,878,269
Development Bank of Southern Africa Ltd (Independent Power Producer Procurement Programme)	355,939,626	195,972
Department of Social Development	10,000,000	-
Department of Transport	817,358	-
National School of Government (inter departmental claim)	-	39,182
Department of Higher Education and Training (inter departmental claim)	-	25,086
	<b>625,136,878</b>	<b>632,800,233</b>

These funds have been committed against projects except for the inter-departmental claims.

### Related party transactions

#### Funding provided by relating parties

National Treasury:

- GTAC	71,858,000	80,818,000
- Municipal Finance Improvement Programme III	140,915,000	125,756,000
- Neighbourhood Development Programme	48,127,421	22,959,440
	<b>260,900,421</b>	<b>229,533,440</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R 2019	R 2018
<b>Revenue received for services provided</b>		
Council for Built Environment	184,320	673,921
Department of Agriculture, Forestry and Fisheries (Branch Fisheries) (DAFF)	-	6,602,904
Department of Arts and Culture	834,750	-
Department of Communications	529,758	-
Department of Co-operative Governance and Traditional Affairs	1,349,964	3,918,875
Department of Environmental Affairs (DEA)	1,238,327	-
Department of Higher Education and Training (DHET)	5,541,222	4,139,101
Department of Home Affairs	2,668,861	735,943
Department of Human Settlements	805,459	3,254,541
Department of Public Service Administration	218,880	1,000,832
Department of Public Works	10,059,923	5,460,514
Department of Rural Development and Land Reform	-	3,050,304
Department of Science and Technology	-	2,235,787
Department of Small Business Development	874,600	-
Department of Telecommunications and Postal Services	205,909	-
Department of Tourism	2,980,320	1,683,344
Municipal Infrastructure Support Agency (MISA)	291,918	9,918,754
National Health Laboratory Services	2,407,091	625,518
National Treasury	85,212,065	100,907,644
National Skills Authority	-	1,680,000
Office of the Tax Ombudsman	-	250,000
Office of the Military Ombudsman	1,034,360	-
Public Service Commission (PSC)	1,093,790	300,000
South African National Bio Diversity Institution	-	2,224,448
	<b>117,531,517</b>	<b>148,662,430</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

	<b>R</b>	<b>Restated R</b>
	<b>2019</b>	<b>2018</b>
<b>Services received at no cost</b>		
Financial Intelligence Centre	14,188	85,502
National Treasury	8,475,440	11,715,782
	<b>8,489,628</b>	<b>11,801,284</b>

These costs at fair value relate to office space occupied by GTAC and associated municipal services.

### **Services rendered at no cost**

National Treasury Budget Portal	<b>3,777,036</b>	-
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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	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	146,060	48,126	1,646,509
EC Gille	Chief Director: Technical Consulting Services	1,113,024	-	-	94,180	90	1,207,294
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 and Corporate 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
		<b>13,191,645</b>	<b>333,303</b>	<b>409,876</b>	<b>1,322,509</b>	<b>725,262</b>	<b>15,982,595</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### Key Management Personnel

		2018					
Name	Designation	Basic	Performance Bonus	Service Bonus	Pension	Other Allowances	Total
		R	R	R	R	R	R
LO Ndlela	Head of GTAC (Acting) (2 months)	198,213	-	-	19,843	14	218,070
SM Khan	Head of GTAC (Acting) (10 months)	1,213,054	-	-	76,538	215,980	1,505,572
SPM Rautenbach	Chief Director: Financial Management	1,342,538	37,265	-	134,401	82	1,514,286
LO Ndlela	Chief Director: Technical Consulting (9 months)	891,960	-	-	89,294	61	981,315
TP Moleke	Chief Director: Transaction Advisory Services and PPP (5 months)	495,875	-	-	42,234	3,383	541,492
SR Maganedisa	Chief Director: Transaction Advisory Services and PPP (Acting) (7 months)	647,913	41,172	-	54,812	49	743,946
N Allie-Edries	DDG: Employment Facilitation	1,223,684	66,419	90,091	140,541	90,172	1,610,907
R Engela	DDG: Public Expenditure and Policy Analysis	1,227,196	40,833	87,447	136,418	48,118	1,540,012
N Prins	Chief Director: Capital Projects Appraisal (9 months)	815,166	24,974	-	68,962	61	909,163
B Mashilo	Chief Director: Capital Projects Appraisal (Acting) (3 months)	214,022	-	-	22,895	30,260	267,177
EC Gille	Chief Director: Technical Consulting Services	1,039,402	23,512	-	87,932	82	1,150,928
S Naidoo	Chief Director: Strategy, Management and Communications	1,225,222	27,687	-	122,657	82	1,375,648
NA Mazibuko	Director: Professional Services Procurement	956,574	27,221	-	95,762	82	1,079,639
B Muthuri	Chief Director: Human Capital Management and Corporate Support	932,544	15,462	-	98,001	45,503	1,091,510
XYZ Mac Master	Chief Director: Municipal Finance Improvement Programme (9 months)	723,274	-	28,825	80,456	28,886	861,441
		<b>13,146,637</b>	<b>304,545</b>	<b>206,363</b>	<b>1,270,746</b>	<b>462,815</b>	<b>15,391,106</b>

# 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 risks 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 (except for the PMG account), 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>2019</b>						
Trade Receivables	<b>14,063,695</b>	<b>2,544,395</b>	<b>8,422,641</b>	<b>3,096,659</b>	-	-
<b>2018</b>						
Trade Receivables	<b>49,181,997</b>	<b>9,145,152</b>	<b>23,296,243</b>	<b>3,941,067</b>	-	<b>12,799,535</b>

#### 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>2019</b>						
Trade Payables	<b>9,825,008</b>	<b>9,825,008</b>	-	-	-	-
<b>2018</b>						
Trade Payables	<b>29,261,594</b>	<b>29,261,594</b>	-	-	-	-

#### Interest rate risk

GTAC 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 R 1 million is seen as material and has been reported on.

#### **Adjustments to the Approved Budget**

The significant budget adjustment was on the Jobs Fund. Jobs Fund budget was significantly adjusted due to the professional services being reduced in order to cover critical areas only.

#### **Cost Recovery Revenue**

*Under budget*

Cost recovery invoices are issued to the departments on instruction of the budget manager in line with the MoA. The variance was due to delays in invoicing to the departments and the under recovery due to credit notes issued where the projects were stopped. The demand from departments also went down as can be seen on the decrease in project spending as well as underspending on the PMU's.

#### **Interest Revenue**

*Under budget*

All surplus funds are transferred to a Call account that earns interest between 6% and 7.95% depending on the period fixed. The variance was due to R457 mil that was returned to the Department of Rural Development and Land Reform that was budgeted for.

#### **Appropriated Funding**

*Under budget*

The budget was adjusted on the Employment Creation Facilitation Fund (ECFF) due to lack of projects. The variance on the actuals was mainly to ECFF revenue that was under recovered due less project spent.

#### **Donor Funding**

*Under budget*

The overall underspend was mainly due to the delays in the Flanders project spending and Building a Capable State (BCS) underspent.

#### **Goods and Services**

*Under budget*

The underspending was due to a decrease in demand from other departments as well as underspending in the PMUs, mainly on Jobs Fund due delays on the appointment of service providers, which affected the commencement of work and scheduled payments of services. There was also underspent on the BCS projects and delays with the start of the Flanders project. Lastly there was a delay in implementation of the Knowledge Management System under programme 1.

#### **Compensation of Employees**

*Under budget*

Under spending on compensation of employees was due to vacancies mainly in the Jobs Fund and programme 1.

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

### 27. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

2019

#### *Financial assets*

	R	
	2019	
	At amortised costs	Total
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>

2018

#### *Financial assets*

	R	
	2018	
	At amortised costs	Total
Receivables from exchange transactions	57,655,963	57,655,963
Receivables from non-exchange transactions	2,553,740	2,553,740
Cash and cash equivalents	855,230,658	855,230,658
	<b>915,440,361</b>	<b>915,440,361</b>

#### *Financial Liabilities*

Trade and other payables from exchange transactions	40,242,879	40,242,879
Payables from non-exchange transactions	631,776,146	631,776,146
	<b>672,019,025</b>	<b>673,700,576</b>

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	R	Restated R
	2019	2018
<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	136,846,800	62,835,739
Irregular Expenditure that relates to prior year non-compliance	50,228,249	55,628,233
Irregular Expenditure identified during the current year	19,939,190	18,382,828
<b>Irregular expenditure to be condoned</b>	<b>207,014,239</b>	<b>136,846,800</b>

The internal audit unit of the National Treasury has investigated the 2015/16 and 2016/17 irregular expenditure (R152,568 million) and has recommended that the expenditure can be condoned after disciplinary action has been taken against the relevant officials. Management has actioned the recommendations and has subsequently requested the Office of the Chief Procurement Officer (OCPO) to condone the irregular expenditure. GTAC is awaiting the OCPO response. The Internal Audit unit has been requested to investigate the 2018 irregular expenditure (R34,018 million).

### 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 the National Treasury, as principal.

Bank Balance	1,000	41,639,436
Assets – interest receivable	368,733	375,458
Liability	(369,733)	(42,014,894)
	-	-

\* This final balance must be returned to the National Treasury in the 2018/19 financial year.

Revenue	- Appropriated funds	305,000,000	524,964,000
	- Interest accrued	4,804,089	6,885,935
Expenditure	- Jobs Fund partner payments	263,036,681	490,306,727
	- Bank charges	996	927

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated	
	R	R
	2019	2018

### **Independent Power Producers Procurement Programme – DBSA**

GTAC manages 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 role and responsibilities in terms of the Memorandum of Agreement between DoE, NT and DBSA.

Bank Balance		353,579,701	179,442
Assets – interest receivable		2,359,924	16,530
Liability*		(355,939,625)	(195,972)
		-	-
Revenue	- Development and request for proposal fees	561,982,733	30,318,991
	- Interest accrued	16,755,388	3,132,151
Expenditure	- Technical Advisory Services	-	23,398,491
	- Salaries and overheads	222,993,472	145,484,784
	- Bank charges	996	1,351

### **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		12,509,695	12,814,089
Assets – interest receivable		84,752	79,692
Liability*		(12,594,447)	(12,893,781)
Difference – inter account transfer between GTAC and the NDP account. Corrected in the next financial year.		-	-
Revenue	- Appropriate funds*	48,127,421	22,959,440
	- Interest accrued	941,739	1,292,061
Expenditure	- Payments to service providers	48,127,421	25,609,501
	- Administration fees	360,000	360,000
	- Bank charges	996	927

\* Appropriate 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

	R	Restated R
	2019	2018
<b>Department of Rural Development and Land Reform</b>		
<p>GTAC has been appointed by the Department of Rural Development and Land Reform (DRDLR) as an agent for the implementation of the PPP project for procuring office accommodation.</p>		
Funds available	-	436,641,535
Liability	-	(436,641,535)
	-	-
Expenditure – Payments to service providers	-	2,042,465
<b>Office of the Accountant-General – National Treasury</b>		
<p>The Office of the Accountant-General within National Treasury has requested GTAC to assist with the roll out of the Municipal Finance Improvement Programme III.</p>		
Funds available	114,578,990	69,110,095
Liability	(114,578,990)	(69,110,095)
	-	-
Expenditure – Payments to service providers	96,078,141	51,596,935
<b>National Department of Transport (NDoT)</b>		
<p>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.</p>		
Funds available	817,358	69,110,095
Liability	(817,358)	-
	-	-
Expenditure – Payments to service providers	682,642	-

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	R	Restated R
	2019	2018
<b>Department of Public Works - Salvokop</b>		
<p>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.</p>		
Funds available	67,845,654	36,416,837
Liability	(67,845,654)	(36,416,837)
	-	-
Expenditure – Payments to service providers	8,571,182	1,353,124

### Department of Public Works – Department of Agriculture, Forestry and Fisheries

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 feasibility study and approval thereof by DAFF.

Funds available	15,000,000	-
Liability	(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 project.

Funds available	20,000,000	-
Liability	(20,000,000)	-
	-	-

### Department of Social Development (DSD)

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

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

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	R	Restated R
	2019	2018

### 31. PRIOR PERIOD ERRORS

#### (1) *Error in disclosure of prior year commitments*

Corrections of the incorrectly calculated 2018 opening balances, expenditure of Long-term Advisors (LTA) and Services Providers increments. This resulted in an error in the prior year calculation commitment. This error was corrected.

Decrease in commitments	(2,569,170)
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Refer to Note 22.

#### (2) *Error in disclosure of Department of Public Works – Salvokop transactions with third parties*

Payments to third parties were incorrectly accounted for as expenditure and the monies received from DPW under Cost Recovery. As GTAC acts as an agent of the DPW on the procurement of transactional advisors, the prior years have been restated to correct the error and the effect of the restatement of the financial statements is summarised below:

#### **Statement of Financial position**

Decrease in Trade and other payables from exchange transactions	(38,098,388)
Increase in Payables from non-exchange transactions	38,098,388

#### **Statement of Financial Performance**

Decrease in Cost Recovery	(1,353,124)
Decrease in Goods and Services	(1,353,124)

#### **Cash flow statement**

Decrease in government funding and other sources	(1,353,124)
Decrease in grants and project payment	(1,353,124)
Increase in unspent government funding from non-exchange transactions (refer Note 21)	38,098,388
Decrease in payables from exchange transactions (refer Note 21)	(38,098,388)

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

## NOTES TO THE FINANCIAL STATEMENTS

	Restated
R	R
2019	2018

### (3) *Error in disclosure of Work in Progress (Budget Portal) as an intangible asset*

The partially developed Budget Portal was incorrectly accounted for as an intangible asset in the GTAC's records instead of Work in Progress (inventory) as it was an asset developed by GTAC for NT. The budget portal was developed for NT as per agreement and transferred to NT as the portal is being used by NT. The impact is as below:

#### **Statement of Financial Position**

Increase in Inventory - Work in Progress	2,009,650
Decrease in Intangible Asset	(2,009,650)

#### **Cash flow statement**

Decrease in government funding and other sources	(2,009,650)
Decrease in purchase of intangible assets	(2,009,650)
Increase in Inventory – Work in Progress (refer Note 21)	(2,009,650)

### (4) *Error in recording Salvokop project expenses*

Payment to a third party on the Salvokop was recorded against the wrong account.

#### **Statement of Financial Position**

Increase in Net assets	1,681,551
Decrease in Payables from Non -exchange	(1,681,551)

#### **Statement of Financial Performance**

Decrease in Project expenditure	(1,681,551)
---------------------------------	-------------

#### **Statement of changes in net assets**

Increase in Net assets	1,681,551
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# ANNEXURES F

The background features a series of overlapping, semi-transparent geometric shapes. A large, dark red triangle is positioned at the top, pointing downwards. Below it, a lighter, brownish-red triangle also points downwards, overlapping the first one. The bottom portion of the image is dominated by a large, light brown shape that resembles a wide, shallow triangle or a large, rounded letter 'F' shape, pointing upwards. The overall composition is minimalist and modern, using a monochromatic color palette of reds and browns.

# ANNEXURES: 1

## PROGRAMME 3 - PROGRAMME MANAGEMENT SERVICES

### MUNICIPAL FINANCE IMPROVEMENT PROGRAMME

The MFIP aims to assist all three spheres of government in effectively performing their responsibilities for financial management compliance, support, monitoring and oversight at local government level. This strategically driven programme of technical support is aligned with the six local government financial management 'game changers' and is designed to build 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 is due to end on 31 March 2020. The MFIP is institutionalised in the Office of the Accountant-General, while GTAC provides administrative support to the project management unit.

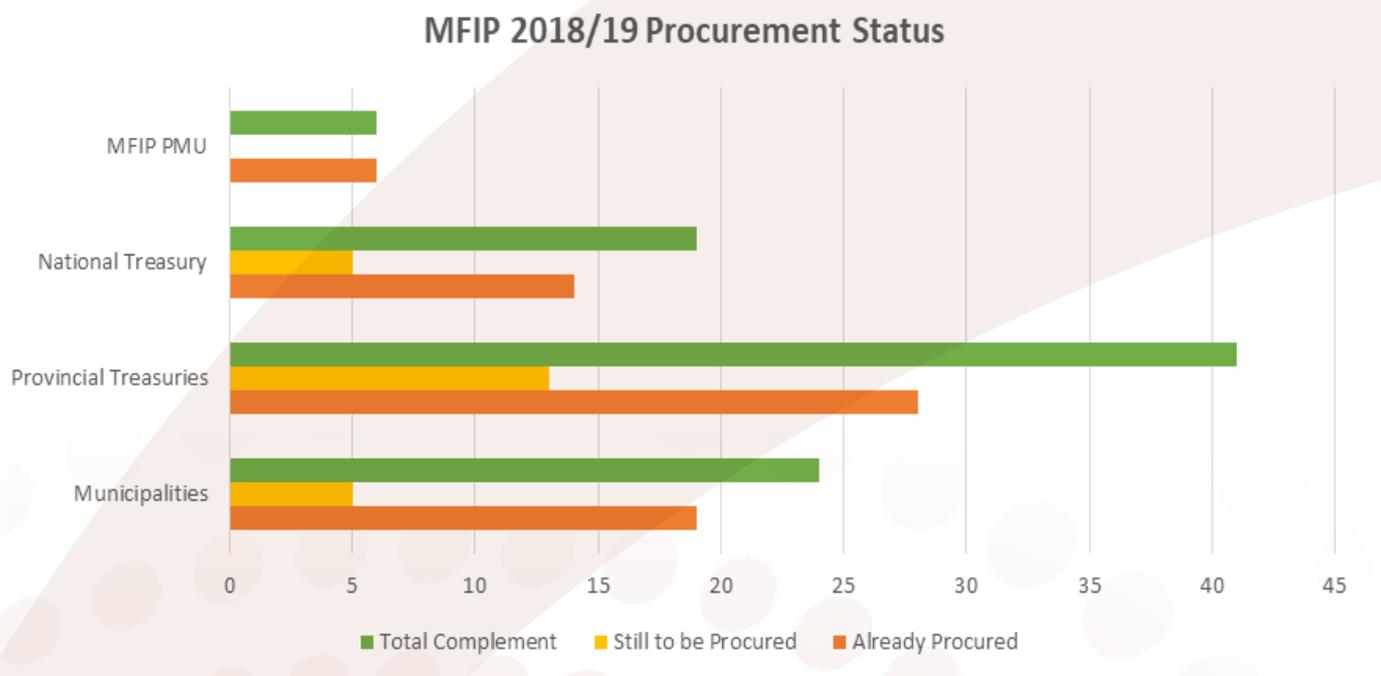
### DEPLOYMENT OF TECHNICAL ADVISORS

- During the year, the MFIP procured and deployed 69 technical advisors. As at 31 March 2019, the programme was involved in the following areas:
- Direct capacity support to municipal budget and treasury offices in general financial management: 19 advisors were deployed in municipalities across the nine provinces.
- Direct capacity support to the municipal finance units of provincial treasuries: 31 technical advisors were placed, of whom five provide general support. Specialist support is offered in the following areas: supply chain management (seven advisors), the Municipal Standard Chart of Accounts or mSCOA (eight), asset management (six) and revenue management (five).
- Direct capacity support to two Treasury chief directorates – Local Government Budget Analysis and Municipal Finance Management Act Implementation: 13 technical advisors were placed, providing specialist support on the Financial Management Capability Maturity Model (two), audit outcomes (three), budgeting and reporting (one), the Municipal Financial Recovery Service (six), and revenue management (one).

- Six technical advisors were procured to provide programme and project management capacity support to the officials in the MFIP project management unit.
- Setbacks in procurement processes and a shortage of specialised skills in the professional services market contributed to delays in sourcing technical advisors. This adversely affected the full implementation of MFIP technical support during 2018/19.

A summary of the abovementioned technical advisor procurement status as at 31 March 2019 is provided in figure 1 below.

**Figure 1: MFIP Technical Advisor Procurement Status as at 31 March 2019**

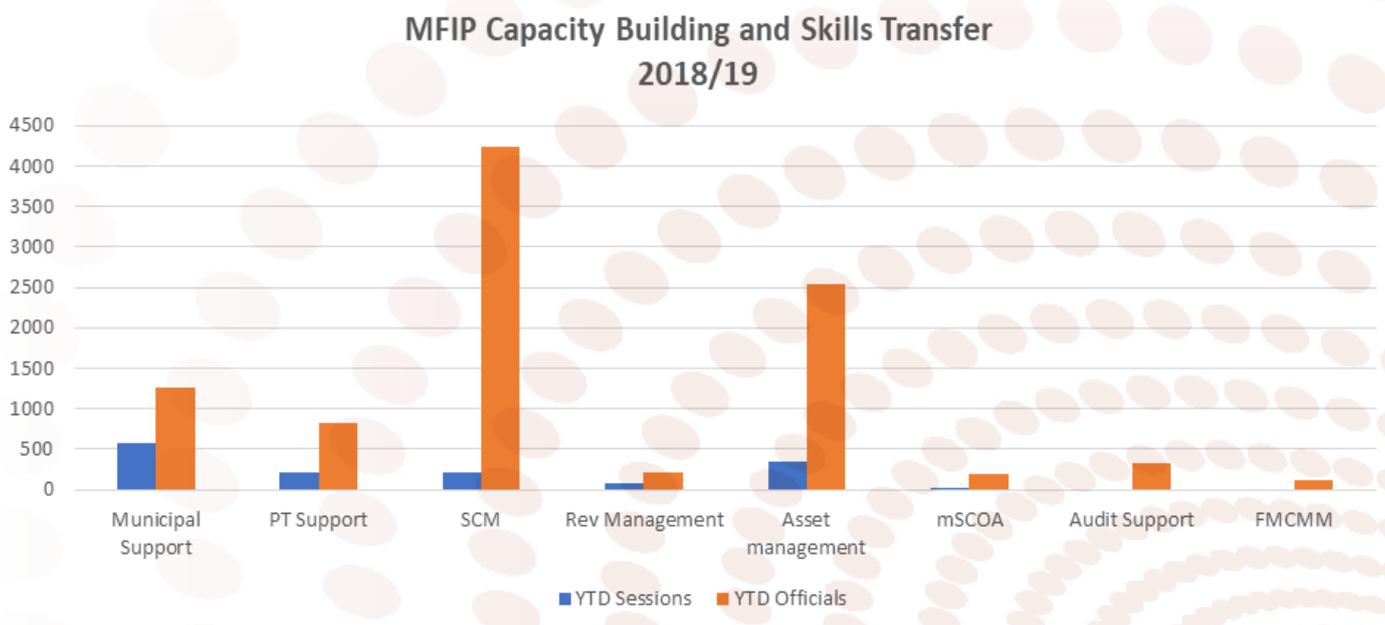


## CAPACITY BUILDING

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 help build the practical, on-the-job skills of officials involved in municipal financial management. During the year, 1 434 capacity building sessions were held, involving 9 716 officials. The municipal advisors conducted 568 capacity building sessions, reaching 1 253 officials across 19 municipalities. The provincial advisors conducted 208 capacity building sessions, involving 832 officials from both provincial treasuries and municipalities. Finally, MFIP specialists conducted 658 capacity building sessions with 7 631 officials on topics such as supply chain management, revenue management, asset management, mSCOA, audit support and the Financial Management Capability Maturity Model.

The year also saw the implementation of various 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 bolster 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. These critical initiatives will continue in 2019/20 to help realise the expected return on the National Treasury’s investment in the MFIP. In addition, a comprehensive mid-term programme evaluation will assist in developing proposals for further institutionalising the MFIP beyond the end of the current phase in March 2020.

**Figure 2: Capacity Building Statistics per Project Stream**



## JOBS FUND PROJECT MANAGEMENT

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 grants following a competitive, open and transparent application process. Project allocations are made by an independent investment committee.

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. As at the end of 2018/19, 43 business case applications (out of an initial 214 proposals) were being considered by the Jobs Fund Investment Committee. These applications totalled grant requests of R3.74 billion and R8.24 billion in proposed matched funding, with the aim of creating 53 651 new permanent jobs.

Since the Jobs Fund's inception, 152 projects have been approved against a target of 130; 25 withdrew before contracting, leaving 127 on the approved portfolio. Of these, 116 are currently in implementation. The main determinant of the number of projects approved is the quality of proposals submitted.

During the year under review, the Jobs Fund partnered with the Sernick Group to launch the Sernick Emerging Farmers Programme in the Free State. The initiative is a comprehensive intervention in which emerging black farmers are recruited, trained, set up and provided with supply opportunities through integration into Sernick's value chain. A total of 660 farmers (Tier 1) are being recruited, given SETA-accredited training and an opportunity to exchange their old stock with good-quality cattle that fetch higher prices at the market. Of these, 300 (Tier 2) are being equipped with technical skills to develop their own herds while maintaining healthy cash flows to meet their working capital requirements. From among these 300, another 50 farmers (Tier 3) will be upskilled into viable commercial entities with their own reproductive capacity. These Tier 3 farmers will also be given the opportunity to acquire shares in Sernick Wholesale, a new company that will be established to consolidate the group's wholesaling operations.



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