

Gauteng Provincial Government

INFRASTRUCTURE AND CONDITIONAL GRANTS FINANCIAL AND NON-FINANCIAL REPORT

Q2
2007/2008



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Outline

- GPG Audit Outcomes 2006/07
- Conditional Grants Allocation and Expenditure
- Service Delivery Per Programme
- Capital Budget/Infrastructure Delivery
- Assessment of Monitoring Capacity
- Intervention by Treasury



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Purpose

- To provide the National Council of Provinces (NCOP) with an overview of Conditional Grant and Capital Expenditure performance for Gauteng Province during the Second Quarter of 2007/08**
- Explanation of the 2006/07 audited outcomes for GPG**
- Snapshot of detailed Q2 financial and non-financial performance**



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2006/07 Audit Outcomes

	Outcome
Vote 1: Office of the Premier	Unqualified
Vote 2: Gauteng Legislature	Unqualified/Clean
Vote 3: Department of Economic Development	Qualified
Vote 4: Health	Unqualified
Vote 5: Education	Unqualified
Vote 6: Social Development	Unqualified
Vote 7: Housing	Unqualified
Vote 8: Local Government	Unqualified
Vote 9: Public Transport, Roads and Works	Unqualified
Vote 10: Community Safety	Unqualified
Vote 11: Agriculture, Conservation and Environment	Unqualified
Vote 12: Sport, Arts, Culture and Recreation	Unqualified
Vote 13: Gauteng Shared Service Centre	Unqualified
Vote 14: Gauteng Treasury	Unqualified



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2006/07 Audit Outcomes (Cont'd)

→ One Department received a qualified audit report due to:

- Limitation of scope - no supporting documentation
- Employee costs - non-reconciliation between PERSAL and ledger

→ For rest of Departments, various emphases of matter raised, e.g.

- Non-compliance with PFMA and TR - eg. tender regulation
- Matters of Governance – e.g. no guidance given to agencies.
- Information Systems – e.g. security for accessing the systems
- Internal Controls – e.g. inadequate monitoring
- Value for Money – e.g. poor planning



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Plans to address shortcomings

- **Finance Function Effectiveness Diagnostic developed in conjunction with PWC.**
 - The diagnostic was developed to provide the CFO and management with an indication of where the Finance Function of CFO compared to global benchmarks and use outcomes based approach to determine an improvement in the processes of a department.
 - The results from the FFE process are being utilised to enhance the financial management capacity plan that aims at improving the CFO's capacity as well as preparing customised solutions for each individual department.
- **Action Plans to address queries of 2006/07**
 - Action plans to address queries have been finalised and a team from Treasury is currently working with departments to fast track queries to ensure these are solved and do not recur in the future.
 - Treasury also facilitates learning and sharing of knowledge through a number of forums eg. CFO Forums, AFS Forums, Risk Management and Asset Management Forums.



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Plans to address shortcomings

→ Audit Committees

- Treasury is engaging with Audit Committees to ensure that audit plans of the departments talk to risks in the risk registers of departments.

→ Risk Management

- Departments are currently being assisted by Treasury to update their risk profiles with the outcomes of the audit, especially where material risks exist. These are then prioritised by management, controls developed and then same are monitored on a monthly basis. Reports will be submitted to Treasury on a monthly basis commencing 15 November 2007.



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Plans to address shortcomings

→ Asset Management

- Treasury in process of engaging a service provider to undertake a valuation of all assets of departments to meet deadline of March 2008.
- Though this intervention may not materialize immediately, GT intends to engage National Treasury regarding the issue of systems, especially asset management systems, which is a big constraint for departments at the moment. A lack of a uniform system is a hindrance to effective asset management, and manual reconciliations that have to be undertaken as current systems do not interface with BAS directly.



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Gauteng Provincial Infrastructure Budgets 2007/08

DEPARTMENT	2007/08 Main Appropriation
R '000	
Vote 4: Health	1,084,965
Vote 5: Education	670,023
Vote 6: Social Development	129,517
Vote 7: Housing	2,322,223
Vote 9: Public Transport, Roads	1,209,423
Vote 11 Agriculture Cons & Environment	8,640
Vote 12: Sports Arts and Recreation	69,900
TOTALS	5,494,691



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Consolidated View of GPG Infrastructure Payments

	1	2	3	4	5 = 1-(3+4)
R '000	2007/08 Budget	Projections to end of Q2	Actual Expenditure to end of Q2	Q3-Q4 Projections	Projected Outcome
Total Infrastructure	5,494,692	2,834,092	2,380,167	2,853,107	261,418
Capital	4,772,357	2,567,006	2,132,048	2,463,452	176,857
Maintenance	722,335	267,086	248,119	389,655	84,561
Total	100%	52%	43%	52%	
Capital as % of Budget	87%	54%	45%	52%	
Maintenance as % of Budget	13%	37%	34%	54%	



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Consolidated Review of GPG Infrastructure Achievements

- The 2007/08 infrastructure appropriation for the Province is an amount of approximately R 5.5 billion which equates to approximately 13.6% of the total Provincial budget, R 40,312 billion. This amount excludes an appropriation for Gautrain of which R1,3b has been spent.
- The infrastructure allocation is split. Of the total R5.5 billion infrastructure appropriation, R4.8 billion, (87%) is allocated for capital projects and R722,3 million, (13%) is allocated towards maintenance projects.
- Up to the end of Quarter 2, R2,4 billion was expended in total on infrastructure projects in the Province by provincial departments. Of which R2,1 billion was spent on capital projects and R248.2 million was spent on maintenance projects.
- The following tables and figure describe these infrastructure allocations and spending to date.



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