

PARLIAMENT OF THE PROVINCE OF THE WESTERN CAPE

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

MONDAY, 28 MARCH 2022

COMMITTEE REPORT

The Public Accounts Committee (PAC), having considered, as part of its oversight role, the 2020/2021 Annual Reports of the 13 departments of the Western Cape Government (WCG), including their entities, wishes to report as follows:

1. Introduction

The core functions of the PAC comprises of the following mandate (according to Standing Rules 99-102 of the Western Cape Provincial Parliament (WCPP)):

- 1.1 The Committee on Public Accounts must examine:
 - 1.1.1 The financial statements of provincial departments and provincial public entities;
 - 1.1.2 Any audit reports issued on the statements;
 - 1.1.3 Any reports issued by the Auditor-General on the affairs of any provincial department or provincial public entity; and
 - 1.1.4 Any other financial statements or reports referred to it by the House.
- 1.2 may report on any of those financial statements or reports to the House;
- 1.3 may initiate any investigation in its area of competence as stated in paragraph 1.1.1; and
- 1.4 must perform any other functions assigned to it by legislation, the Standing Rules of WCPP or resolutions of the House.

When the PAC examines the financial statements and reports of departments and their entities, it must take into account the previous annual financial statements and reports, including all

governance matters which could impact on the audit outcomes of departments and entities and report on the degree to which shortcomings have been rectified.

2. Departments that reported to the Public Accounts Committee

The financial statements included in the annual reports for the financial year ending 31 March 2021 of the following provincial departments were examined –

- 2.1 Department of the Premier;
- 2.2 Provincial Treasury;
- 2.3 Department of Community Safety;
- 2.4 Western Cape Education Department;
- 2.5 Department of Health;
- 2.6 Department of Social Development;
- 2.7 Department of Human Settlements;
- 2.8 Department of Environmental Affairs and Development Planning;
- 2.9 Department of Transport and Public Works;
- 2.10 Department of Agriculture;
- 2.11 Department of Economic Development and Tourism;
- 2.12 Department of Cultural Affairs and Sport; and
- 2.13 Department of Local Government.

3. Entities that reported to the Public Accounts Committee

The financial statements included in the annual reports for the financial year ending 31 March 2021 of the following public entities were examined –

- 3.1 Western Cape Gambling and Racing Board;
- 3.2 Government Motor Transport (GMT);
- 3.3 Western Cape Tourism, Trade and Investment Promotion Agency (WESGRO);
- 3.4 Western Cape Liquor Authority;
- 3.5 Saldanha Bay Industrial Development Zone Licensing Company (SOC) Ltd;
- 3.6 Casidra
- 3.7 CapeNature
- 3.8 Heritage Western Cape;
- 3.9 Western Cape Cultural Commission; and
- 3.10. Western Cape Language Committee.

4. Transversal Departmental resolution

The Committee has formulated transversal resolutions for the attention of all departments and entities of the WCG. These resolutions originates from the discussions the Committee had with the departments and entities, while conducting oversight over the annual reports for the financial year under review. The resolutions does resonate under some of the departmental votes hereunder. However, it should be noted that these resolutions are transversal in nature and requests the attention of the entire WCG, which includes all departments and entities, as follows:

Matter	Resolution	Due date
<p>Integrated Financial Management System (IFMS) Piloting in the Western Cape.</p> <p>While engaging the Audit Committee Chairperson of the Department of Cultural Affairs and Sport, the Committee noted that the IFMS piloting was still considered a risk within the department and the Western Cape, which the Audit Committee undertook to monitor on a quarterly basis.</p>	<p>4.1 That the Department of the Premier, as well as Provincial Treasury, brief the Committee on the status of the implementation of the IFMS in the Western Cape.</p>	<p>Briefing to be scheduled by the Public Accounts Committee.</p>
<p>Red Ants Security Relocation and Eviction Services (Pty) Ltd</p> <p>While engaging the Auditor-General of South Africa on the risks within the Department of Transport and Public Works for the financial year under review, it emerged that the Department of Human Settlements made use of the services of the Red Ants Security Relocation and Eviction Services based on a contract between Human Settlements and the Red Ants, but without following the process related to participating in a contract of another organ of state. Instead, the Department of Human Settlements paid the supplier and was reimbursed by the other departments.</p>	<p>4.2 That Provincial Treasury brief the Committee on the Red Ants Security Relocation and Eviction Services (Pty) Ltd matter, including the general sourcing and implementation of transversal departmental contracts which are utilised by the WCG (e.g. transversal cleaning contracts) and how these differ from the Red Ants sourcing matter.</p>	<p>Briefing to be scheduled by the Public Accounts Committee.</p>
<p>National instruction notes</p> <p>The Committee engaged the AGSA's comments on the instruction notes which are issued by the National Treasury on a continuous basis in terms of section 76 of the Public Finance Management Act, No 1 of 1999. The Committee further notes that the arrangement in the Western Cape is that the Provincial Treasury review these instruction notes and re-issue them to the various departments and entities on a selective basis. One of the identified risks is whereby material non-compliance could arise if certain national instruction notes</p>	<p>4.3 That the Provincial Treasury brief the Committee on the instruction notes that were issued by National Treasury for the 2019/20 and 2020/21 financial years, including whether there were any departments and entities which deviated from the instruction notes. If such deviations occurred, the respective department/s should indicate the remedies that were introduced to mitigate future instances of deviations from instruction notes.</p>	<p>Briefing to be scheduled by the Public Accounts Committee.</p>

are not complied with by departments and entities, where the necessary approval from the National Treasury to depart from them was not obtained as required by section 79 of the PFMA.		
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5. General Findings

Having considered the reports of the Auditor-General of South Africa (AGSA) and the Audit Committees, and having heard evidence from the executive members (the Premier and Ministers), the heads of department (Director-General and Heads of Department (HODs), the Chief Executive Officers and Board members of the public entities and members of the public in attendance at the discussions on the 2019/20 annual reports of the Departments and public entities of the Western Cape Provincial Government, the Committee wishes to report as follows:

The Committee acknowledges the assurances that were provided by the first level (departmental management and leadership), second level (internal independent assurance and oversight), and the third level (standing committees) providers. These three levels of assurances were instrumental in ensuring that risks were mitigated and ensured that the departments and entities strive towards an improved audit outcome.

The Committee congratulates the Western Cape Gambling and Racing Board for achieving a clean audit outcome, which represents an improvement from the 2019/20 financial year where the Entity received an unqualified audit outcome with findings on some matters. The Committee further notes the unchanged audit outcomes of the following auditees, where unqualified audit outcomes were recorded by the AGSA, with findings on some matters. These auditees includes the Western Cape Education Department, CASIDRA and WESGRO. Furthermore, the Committee notes the regressed audit outcome of the Department of Human Settlements from a clean audit outcome in the 2019/20 financial year, to an unqualified audit outcome with findings in the 2020/21 financial year. The Committee will engage these departments and entities with the view to support them in improving their audit outcomes for the 2021/22 financial year.

The Public Accounts Committee aims to, in the 2021/22 financial year, engage the AGSA on any performance audits reports on issues, if such reports becomes available.

The recommendations of the Public Accounts Committee to the departments and entities of the Western Cape Government are stated below, including any requests for information, as follows.

Part A: Findings which relates to Departments

6.1 Department of the Premier

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2020/21 financial year of the Department, having obtained a clean audit outcome. This audit opinion remains unchanged from the 2019/20 financial year.

6.2 Audit Opinion

The AGSA raised no findings with the Department on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

6.3 Financial Management

The Department of the Premier spent R1,610 billion of an appropriated budget of R1,616 billion, which resulted in an under-expenditure of R6,593 million (99,6% spend). For the 2019/20 financial year under review, the Department spent R1,450 billion of an appropriated budget of R1,496 billion, which resulted in an under-expenditure of R46,599 million (98,6% spend). The under-expenditure of R6,593 million occurred under the following programmes:

- Programme 1: Executive Support (R831 000)
- Programme 2: Provincial Strategic Management (R2,017 million)
- Programme 3: People Management (R1,923 million)
- Programme 4: Centre for e-Innovation (R1,020 million) and
- Programme 5: Corporate Assurance (R802 000).

The underspending within the programmes were mainly due to savings on the compensation of employees, goods and services and the impact of COVID-19 on certain projects which started later than anticipated or had to be postponed to the 2021/22 financial year.

In addition, the total estimated Departmental revenue budget of R1,602 million was over-collected by R229 000, which resulted in total departmental receipts of R1,831 million. The revenue over-collection occurred under the following line items:

- Interest, dividends and rent on land (R4 000);
- Sale of capital assets (R3 000); and
- Financial transactions in assets and liabilities (R994 000)

The revenue under-collection occurred under the line item *sale of goods and services other than capital assets* (R772 000).

The Committee note the contents under note 17 to the financial statements, which indicates that the Department is the defendant in a property damages claim to the value of R184,8 million. The Department is defending the claim, as it believes the summons is materially defective failing to establish a causal link between the actions of the defendant and the resultant damages and, therefore, fails to disclose a legitimate cause of action on which to hold the Department liable for the damages claimed.

6.4 Resolution/s

None

6.5 List of Information Requested

None

7.1 Provincial Treasury

The Committee noted the audit opinion of the Auditor-General regarding the Annual Financial Statements of the Department for the 2020/21 financial year, having obtained a clean audit report with no findings. This audit opinion remains the same as the audit outcome for the 2019/20 financial year, where the Department obtained a clean outcome with no findings.

7.2 Audit opinion

The Auditor-General of South Africa raised no findings with the Department on compliance with laws and regulations, predetermined objectives nor deficiencies in its internal controls.

7.3 Financial management

For the 2020/21 financial year, the Department spent R277,393 million of an appropriated budget of R289,505 million, which resulted in an under-expenditure of R12,112 million (95,8% budget spend). During the 2019/20 financial year, Provincial Treasury spent R328,765 million of a budget of R338,009 million, resulting in an under-expenditure of R9,244 million (97,2 % budget spend).

In addition, the total estimated departmental receipts budget of R73 000 was over-collected by R19,654 million, which resulted in a departmental receipt of R19,727 million.

The revenue over-collection occurred under the following line items:

- Sale of goods and services other than capital assets (R28 000);
- Interest, dividends and rent on land (R5 000);
- Sale of the Departmental capital assets (R1 000); and
- Transactions in financial assets and liabilities (R19,621 million).

7.4 Resolution/s

None

7.5 List of Information Requested

None

8. Department of Community Safety

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2020/21 financial year of the Department, having obtained an unqualified audit report with no findings on pre-determined objectives. This audit opinion remains unchanged from the 2019/20 financial year.

8.1 Audit Opinion

The AGSA raised no findings with the Department on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

8.2 Financial Management

For the 2020/21 financial year, the Department spent R773,295 million of an appropriated budget of R784,458 million (98,5% budget spend). During the 2019/20 financial year, the

Department spent R464,924 million of an appropriated budget of R471,332. Thus resulted in an under-expenditure of R6,4 million (98,6% spend).

The under-expenditure of R11,163 million occurred under the following programmes:

- Programme 1: Administration (R192 000)
 - The underspending was due to Goods & Services in relation to audit costs.
- Programme 2: Civilian Oversight (R1,402 million)
 - The underspending was due to the Compensation of Employees (late filling of posts and staff attrition) and Goods and Services (due to the procurement of data devices for Neighbourhood Watch (NHW) structures that could not be finalized before year end).
- Programme 3: Provincial Policing Functions (R9,079 million)
 - The underspending is due to Compensation of Employees and Transfers to Non-Profit Organisations.
- Programme 4: Security Risk Management (R490 000)
 - The underspending is due to Compensation of Employees (late filling of posts and staff attrition).

The Department had no projected or actual departmental receipts which it could report on during the 2019/20 financial year.

8.3 Resolution/s

None

8.4 List of Information Requested

None

9. Western Cape Education Department

The Committee noted the audit opinion of the AGSA regarding the annual financial statements of the Department for the 2020/21 financial year, having obtained an unqualified audit report with findings on compliance with key legislation relating to performance, pre-determined objectives and internal control deficiencies. This audit opinion remains unchanged from the 2019/20 financial year, where the Department achieved an unqualified audit outcome with findings on its predetermined objectives and internal control deficiencies.

9.1 Audit Opinion

The AGSA raised findings with the Department on compliance with key legislation relating to performance, pre-determined objectives and internal control deficiencies.

Governance

Finding on compliance with key legislation relating to performance

The findings which relates to compliance with key legislation relating to performance of the Department relates to the following:

Programme 2 –Public Ordinary School Education

PPM 208: Percentage of learners with English first additional language (EFAL) and Mathematics textbooks in Grades 3, 6, 9 and 12

An achievement of 87,4% was reported against a target of 60% in the annual performance report. However, the supporting evidence provided materially differed from the reported achievement.

Findings on pre-determined objectives

The findings which relates to the pre-determined objectives of the Department relates to the following:

Achievement of planned targets: These refers to the annual performance report on pages 81 to 87 for information on the achievement of planned targets for the year under review, as well as explanations provided for the under- and overachievement of a number of targets. This information should be considered in the context of the material finding on the reliability of the reported performance information in the paragraph above (paragraph 19 of the auditor's report).

Adjustment of material misstatements: The AGSA identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2: Public Ordinary School Education. As management subsequently corrected only some of the misstatements, the AGSA raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

Findings on internal control deficiencies

The findings which relates to the internal control deficiencies of the Department relates to the following:

- Leadership did not exercise oversight responsibility regarding financial and performance reporting and compliance, as well as related internal controls, in respect of the submission of the financial statements as required by the PFMA.
- Management did not perform adequate reviews to ensure that the annual performance report was supported by reliable evidence for the reported indicators.

9.2 Financial Management

For the 2020/21 financial year, the Western Cape Education Department spent R24,008 billion of an appropriated budget of R24,564 billion, which resulted in an under-expenditure of R556,321 million (97,7% budget spend). Compared to the 2019/20 financial years, the Department spent R23, 446 billion of a budget of R23, 650 billion, which resulted in an overall under-expenditure of R203, 634 million (99, 1% budget expenditure).

The overall under-spending within the Department occurred under the following programmes:

- Programme 1: Administration (R42,598 million);
- Programme 2: Public Ordinary School Education (R40,518 million);

- Programme 4: Public Special School Education (R14,497 million);
- Programme 6: Infrastructure Development (R192,291 million); and
- Programme 7: Examination and Education Related Services (R266,417 million).

The reasons for the underspending per programme can be referenced on pages 16 to 17 of the Annual Report of the Department.

In addition, for the 2020/21 financial year, the departmental receipt estimated revenue budget of R24,710 million was over-collected by R4,382 million, which resulted in a Departmental receipt collection of R20,328 million. Compared to the 2019/20 financial year, the Department's receipt estimate of R28,401 million was over-collected by R3,527 million, which resulted in a departmental receipt of R31,928 million.

The revenue over-collection was collected under the following line items:

- Sale of goods and services other than capital assets (R688 000);
- Fines, penalties and forfeits (R347 000);
- Interest, dividends and rent on land (R1,261 million); and
- Financial transactions in assets and liabilities (R2,086 million).

The Committee note that the Department recorded irregular expenditure for the 2020/21 financial year of R5,841 million and fruitless and wasteful expenditure of R6 000. The details are recorded under notes 24 and 25 of the Annual Report of the Department.

9.3 Resolution

BACKGROUND/ CONCERNS	RESOLUTIONS	ACTION DATE
<p>Pages: 213-215 of the Annual Report.</p> <p>Headings: "Notes 18-19, 21-22 and 30-32"</p> <p><u>Description:</u> The Committee notes the audit findings of the Department by the Auditor-General of South Africa.</p>	<p>9.3.1 That the Department brief the Public Accounts Committee, as well as the Standing Committee on Education, on how it and the Auditor-General of South Africa will deal with the audit findings in order to mitigate a future recurrence.</p>	<p>To be scheduled by the PAC.</p>

9.4 List of Information Requested

The Committee requested that the Western Cape Education Department provide it with the following:

- 9.4.1 Quarterly reports which highlights how the findings of the Auditor-General will be and has been addressed, as referenced under notes 18,19,21,22,30,31 and 32 on pages 213 to 215 of the Annual Report.
- 9.4.2 A Report on how the Department addressed the audit findings of the Auditor-General for the 2019/20 financial year.
- 9.4.3 A report which highlights the irregular expenditures incurred during the 2019/20 and 2020/21 financial years which were sent for condonation, including how future irregular expenditures will be minimised in future financial years, as referenced under note 24 of the Annual Report.

- 9.4.4 A report on the expenditure surrendered to the Provincial Treasury in respect of the repair to the Knysna High Hostel School which was damaged by fire in June 2017.

10. Department of Health

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2020/21 financial year of the Department, having obtained an unqualified audit report with no findings on pre-determined objectives, key legislation nor internal control deficiencies. This audit outcome remains unchanged from the 2019/20 financial year, where the Department obtained an unqualified audit report with no findings on pre-determined objectives and internal control deficiencies.

10.1 Audit Opinion

The Department received a clean audit outcome for the 2020/21 financial year.

The Committee recognise and commends the Department that it continued to maintain its clean audit outcome, whilst also reducing the number of medico-legal claims against it.

10.2 Financial Management

For the 2020/21 financial year, the Department spent R26,963 billion of an appropriated budget of R27,213 billion, which resulted in an under-expenditure of R250,013 million (99% budget spend). At the end of the 2019/20 financial year, the Department of Health spent R24,773 billion of an appropriated budget of R24,852 billion, which resulted in an underspending of R78,768 million (99,7% budget spend).

The under-expenditure of R250,013 million occurred under the following programmes:

- Programme 1: Administration (R99,025 million);
- Programme 3: Emergency Medical Services (R18,446 million);
- Programme 4: Provincial Hospital Services (R28,899 million);
- Programme 5: Central Hospital Services (R31,328 million);
- Programme 6: Health Sciences And Training (R39,338 million);
- Programme 7: Health Care Support Services (R14,960 million); and
- Programme 8: Health Facilities Management (R18,017 million).

For the 2020/21 financial year, the Department's receipts collected amounted to R411,472 million. This was an over-collection of R14,655 million from an estimated collection of R396,817 million. During the 2019/20 financial year, the total estimated departmental revenue budget of R544,178 million was over-collected by R141,194 million, which resulted in a departmental receipt of R686,092 million.

The revenue over-collection occurred under the following line items:

- Sale of goods and services other than capital assets (R12,870 million);
- Interest, dividends and rent on land (R1,312 million);
- Financial transactions in assets and liabilities (R84 000); and
- Transfer received (R389 000).

The Department recorded R60,641 million in irregular expenditure as per note 23 of the annual financial statements. In addition, the Department recorded R4,670 million in fruitless and wasteful expenditure as per note 24 of the annual financial statements.

10.3 Resolution/s

None

10.4 List of Information Requested

10.4.1. The Committee requested that the Department of Health provide it with a Report on the irregular expenditures of the Department, as indicated under Note 23, as reflected on pages 227 and 228 of the Annual Report.

11. Department of Social Development

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2020/21 financial year of the Department, having obtained a clean audit opinion with no findings on pre-determined objectives, internal control deficiencies nor compliance with key legislation. This audit opinion remains unchanged from the 2019/20 financial year.

11.1 Audit Opinion

The AGSA raised no findings with the Department on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

11.2 Financial Management

During the 2020/21 financial year, the Department spent R2,678 billion from an appropriated budget of R2,692 billion, which resulted in an under-expenditure of R13,491 million (99,45% spend). However, during the 2019/20 financial year, the Department spent R2,431 billion of an appropriated budget of R2,461 billion, which resulted in an under-expenditure of R29,448 million (98,8% budget spend).

The overall under-spending within the Department occurred under following programmes:

- Programme 1: Administration (R965 000);
- Programme 2: Social Welfare Services (R4,520 million); and
- Programme 3: Children and Families (R8,006 million).

During the 2020/21 financial year, the Department collected R2,108 million in departmental receipts from an estimated collection of R1,192 million, which resulted in an over-collection of R916 000. The Committee noted that during the 2019/20 financial year, the Department collected R1,443 million, from an estimated collection target of R1,130 million, which resulted in an over-collection of R313 000.

The revenue over-collection occurred under the following line items:

- Interest, dividends and rent on land (R173 000); and
- Financial transactions in assets and liabilities (R812 000).

An under-collection occurred under the line item *Sale of goods and services other than capital assets* of R69 000.

For the year under review, the Department recorded irregular expenditure of R1,211 million, as well as fruitless and wasteful expenditure of R5 000. These amounts are recorded under notes 22 and 23 of the Annual Report, respectively.

11.3 Resolution/s

None

11.4 List of Information Requested

11.4.1. The Committee requested that the Department of Social Development provide it with a report on note 26 ('Non-adjusting events after reporting date') which highlights that the Executive Authority approved early retirement without penalty for 34 officials which affected the 2021/2022 and 2022/2023 financial years, as reflected on page 248 of the Annual Report of the Department.

12. Department of Human Settlements

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the Department for the 2020/21 financial year, having obtained an unqualified audit report with findings on compliance to key legislation, material misstatements in the submitted financial statements, procurement and contract management; including deficiencies in the internal controls of the Department. This audit opinion represents a regression from the audit outcome for the 2019/20 financial year, where the Department obtained a clean outcome with no findings.

12.1 Audit opinion

The Auditor-General of South Africa raised findings with the Department on compliance to key legislation, material misstatements in the submitted financial statements, procurement and contract management; including deficiencies in the internal controls.

12.2 Financial management

For the 2020/21 financial year, the Department spent R2,380 billion of an appropriated budget of R2,426 billion, which resulted in an under-expenditure of R46,180 million (98% budget spend). Compared to the 2019/20 financial year, the Department of Human Settlements spent R2,683 billion of a budget of R2,684 billion, resulting in an under-expenditure of R349 000 (99, 9 % budget expenditure).

In addition, the total estimated departmental receipts budget of R66,845 million was over-collected by R49,588 million, which resulted in a departmental receipt of R116,433 million.

The revenue over-collection occurred under the following line items:

- Interest, dividends and rent on land (R2,092 million);
- Sale of the Departmental capital assets (R12 000); and
- Transactions in financial assets liabilities (R47,588 million).

As disclosed in note 24 of the annual financial statements, the Department incurred irregular expenditure totalling R284,55 million.

12.3 Resolution/s

BACKGROUND/ CONCERNS	RESOLUTIONS	ACTION DATE
<p>Pages: 147-151 of the Annual Report.</p> <p>Heading: "Report of the Auditor-General: Report on the audit of the financial statements"</p> <p><u>Description:</u> The Committee notes the findings that the AGSA has highlighted in terms of its audit opinion of the Department as contained in notes 8, 26-29 and 36-38 which relates to irregular expenditure, procurement and contract management and internal controls deficiencies</p>	<p>12.3.1 That the Department brief the Public Accounts Committee on the reasons for the audit opinion and findings of the AGSA, including how the Department will prevent a recurrence of a similar nature.</p> <p>12.3.2 That the Department brief the Committee on the irregular expenditure incurred by it, including the condonations received from Provincial Treasury and the disciplinary steps taken against the officials who were responsible for the irregular expenditure.</p>	<p>To be scheduled by the PAC.</p>

12.4 List of Information Requested

The Committee requested that the Department of Human Settlements furnish it with the following:

- 12.4.1 A Report on the various grants (e.g. fires and emergency grants) below 1000 units and how these grants are activated and dealt with by the Department. This request emanated from note 1.2 conditional grants on page 185 of the Annual Report of the Department.
- 12.4.2 The meeting minutes of 11 October 2021 which took place between the Audit Committee, Internal Audit and the AGSA.

13. Department of Environmental Affairs and Development Planning

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the Department for the 2020/21 financial year, having obtained a clean audit report with no findings on compliance with key legislation, predetermined objectives nor internal control deficiencies. This audit opinion remains unchanged from the 2019/20 financial year.

13.1 Audit opinion

The Auditor-General of South Africa raised no findings with the Department on compliance with laws and regulations, predetermined objectives nor deficiencies in its internal controls.

13.2 Financial management

For the 2020/21 financial year, the Department spent R583,751 million of an appropriated budget of R588,532 million which resulted in an under-expenditure of R4,781 million (99,18% budget spend). At the 2019/20 financial year-end, the Department of Environmental Affairs and Development Planning spent R624,869 million of an appropriated budget of R634,759 million which resulted in an under-expenditure of R9,890 million (98% budget spend).

In addition, the Department raised R3,274 million of an 2020/21 estimated Departmental receipt of R2,742 million, which resulted in an over-expenditure of R532 000. During the 2019/20 financial year, the total estimated Departmental revenue budget of R2,104 million was over collected by R1,024 million to yield an actual Departmental receipt of R3,128 million. The revenue over-collection occurred under the following line items:

- Fines, penalties and forfeits (R386 000);
- Sale of the Departmental capital assets (R9 000); and
- Financial transactions in assets and liabilities (R201 000).

The Department recorded irregular expenditure of R184 000, which is awaiting condonation, as indicated under Note 23 of the Annual Report of the Department. The Department did not incur any fruitless and wasteful expenditure during the 2020/21 financial year.

13.3 Resolution/s

None

13.4 List of Information Requested

13.4.1 The Committee requested that the Department furnish it with its State of Biodiversity and State of Environment Report, as discussed by the Committee while engaging the Department on its key risks considered and addressed during the year, as highlighted on pages 89 and 90 of the Annual Report of the Department.

14. Department of Transport and Public Works

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the Department for the 2020/21 financial year, having obtained a clean audit report with no findings. This audit opinion remains unchanged from the 2019/20 financial year.

14.1 Audit opinion

The Auditor-General of South Africa raised no findings with the Department on compliance with laws and regulations, predetermined objectives nor deficiencies in its internal controls.

14.2 Financial management

For the 2020/21 financial year, the Department spent R8, 443 billion of an appropriated budget of R8, 575 billion, which resulted in an under-expenditure of R131, 937 million (98,5% spend). At the end of the 2019/20 financial year, the Department reported that it spent R8,547 billion of an appropriated budget of R8,557 billion, which resulted in an under-expenditure of R10,469 million (99,8% budget spend).

In addition, the total estimated departmental revenue budget of R1, 896 billion was over-collected by R109, 297 million, which resulted in a Departmental receipt of R2, 006 billion.

The revenue over-collection occurred under the following line items:

- Motor vehicle licences (R77,872 million);
- Sale of goods and services other than capital assets (R2,735 million);
- Interest, dividends and rent on land (R541 000);
- Fines, penalties and forfeits (R1,063 million);
- Sale of the Departmental capital assets (R15,255 million); and
- Financial transactions in assets and liabilities (R11,831 million).

The Department incurred irregular expenditure of R8,032 million which was a culmination of expenditure of prior financial years (R5,174 million) and current year (R2,858 million). The expenditure occurred due to non-compliance to supply chain management delegations and value added tax that was removed from calculations of the preference points to make a bid more comparable (94 incidents). Progressive disciplinary steps have been implemented by the Department for the prior financial year expenditure, while it is yet to institute disciplinary steps against the Departmental officials as it's yet to conclude on a determination on the value added tax that was removed from bid applications. In addition, the one case of irregular expenditure was condoned by Provincial Treasury for a case of non-compliance to public private partnership (local content), which amounted to R118 000.

The Department did incur one incident of unauthorised, fruitless and wasteful expenditure during the 2020/21 financial year for the theft of diesel, which amounted to R15 000. However, the official who was implicated in the theft is no longer in the employ of the Department. The amount was recovered by the Department, and the matter was reported to the South African Police Services for further action.

14.3 Resolution/s

None

14.4 List of Information Requested

14.4.1 The Committee requested that the Department of Transport and Public Works provide it with a report which highlights a breakdown of the expenditures against the line items "consultants and business advisory services", as reflected on page 246 (R117,333 million) and page 260 (R188,370 million) of the Annual Report of the Department.

15. Department of Agriculture

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the Department for the 2020/21 financial year, having obtained an unqualified audit opinion with no findings on key legislation, predetermined objectives and internal control deficiencies. This audit opinion remains unchanged from the 2019/20 financial year.

15.1 Audit opinion

The Auditor-General of South Africa raised no findings with the Department on key legislation, predetermined objectives, nor deficiencies in its internal controls.

High Court litigation

The Minister of Economic Opportunities in the Western Cape lodged a dispute at the Western Cape High Court on 22 October 2018, with the aim to request the Court to review and set aside the Auditor-General qualified opinion and the following findings:

- That the Department of Agriculture did not account for payments in accordance with the Modified Cash Standard;
- That the Department incorrectly budgeted for payments as transfers instead of goods and services;
- That the Department irregularly entered into contracts with “implementing agents” without applying the National Treasury Regulations; and
- That the principal-agent relationships were not disclosed.

The matter was heard in the Western Cape High Court on 10 March 2020 and on 8 June 2020 the judgement was in favour of the Department of Agriculture. However, the AGSA appealed the judgement on 30 June 2020, to which the ruling of the court as also in favour of the Department of Agriculture.

It is for this reason that the Committee repeals its former audit opinion notations with the AGSA, which indicates that the Department received a qualified audit opinion with findings on key legislation, predetermined objectives and internal control deficiencies from the 2017/18 to 2019/20 financial years.

Due to the aforementioned, the notation of this Committee regarding the audit opinions of the AGSA are repealed and restated as the following:

2017/18 financial year:

The Committee notes the audit opinion of the Auditor-General regarding the annual financial statements of the Department for the 2017/18 financial year, having obtained an unqualified audit opinion with findings on predetermined objectives and internal control deficiencies. This audit opinion represents a regression from the 2016/17 financial, where the Department received a clean audit opinion with no findings on compliance with key legislation, predetermined objectives nor internal control deficiencies.

2018/19 financial year:

The Committee notes the audit opinion of the Auditor-General regarding the annual financial statements of the Department for the 2018/19 financial year, having obtained an unqualified audit opinion with no findings on key legislation, predetermined objectives and internal control deficiencies. This audit opinion represents an improved audit outcome from the 2017/18 financial year.

2019/20 financial year:

The Committee notes the audit opinion of the Auditor-General regarding the annual financial statements of the Department for the 2019/20 financial year, having obtained an unqualified audit opinion with no findings on key legislation, predetermined objectives and internal control deficiencies. This audit opinion remains unchanged from the 2018/19 financial year.

12.2 Financial management

During the 2020/21 financial year, the Department spent R917,856 million of an appropriated expenditure of R928,803 million which resulted in an under-expenditure of R10,947 million (98,8% budget spend). For the 2019/20 financial year, the Department spent R928,920 million of an appropriated budget of R947,929 million which resulted in an under-expenditure of R19 million (97,9 % budget spend).

In addition, the Department's departmental receipt estimated revenue budget of R28,543 million was over-collected by R9,100 million, which resulted in a departmental receipt of R28,543 million.

The revenue over-collection was collected under the following line items:

- Sale of goods and services other than capital assets (R5,421 million);
- Interest, dividends and rent on land (R1,851 million);
- Sale of capital assets (R704 000); and
- Financial transactions in assets and liabilities (R1,087 million).

The Committee noted that the overall under-spending within the Department occurred under the following:

Programmes

- Programme 1: Administration (R1,793 million),
- Programme 2: Sustainable Resource Management (R2 million);
- Programme 3: Farmer Support and Development (R3 000);
- Programme 4: Veterinary Services (R2,632 million);
- Programme 5: Research and Technology Development (R1,154 million);
- Programme 6: Agriculture Economics Services (R473 000);
- Programme 7: Structured Agricultural Education and Training (R414 000); and
- Programme 8: Rural Development (R2,478 million).

15.3 Resolution/s

BACKGROUND/ CONCERNS	RESOLUTIONS	ACTION DATE
<p>Pages: 234-235 of the Annual Report.</p> <p>Headings: "Report on the audit of the financial statements"</p> <p><u>Description:</u> The AGSA provided a qualified opinion in the Annual Report of the Department, yet in its presentation to the Committee on the audit outcome of the Department, it was stated that the Department achieved a clean audit outcome.</p> <p>Moreover, the Committee notes the judgement that was made in favour of the Department. The Committee requests that the AGSA and</p>	<p>15.3.1 That the Auditor-General of South Africa and the Department of Agriculture engage the Committee on the court judgement which impacted on the audit outcomes of the Department, including how a future recurrence would be avoided.</p> <p>15.3.2 That the AGSA and Department brief the Committee on the internal controls in place within the Department which impacted on the material misstatements and predetermined objectives of the Department.</p>	<p>To be scheduled by the Public Accounts Committee.</p>

Department engage it in order to avoid a future recurrence on this matter.		
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15.4 List of Information Requested

None

16. Department of Economic Development and Tourism

The Committee noted the Auditor-General's audit opinion regarding the Department's annual financial statements for the 2020/21 financial year, having obtained an unqualified audit report with no findings on pre-determined objectives. This audit opinion remains unchanged from the 2019/20 financial year.

16.1 Audit Opinion

The Auditor-General of South Africa raised no findings with the Department on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

16.2 Financial Management

For the 2020/21 financial year, the Department spent R530, 711 million of an appropriated budget of R534, 886 million, resulting in an under-expenditure of R4,175 million (99,2% spend). During the 2019/20 financial year, the Department of Economic Development and Tourism spent R498, 783 million of a budget of R511,263 million, resulting in an overall under-expenditure of R12,480 million (97,6% spend).

The following Departmental programmes were affected by the under-expenditure, as follows:

- Programme 1: Administration (R66 000);
- Programme 2: Integrated Economic Development Services (R22 000);
- Programme 3: Trade and Sector Development (R609 000);
- Programme 4: Business Regulation and Governance (R51 000);
- Programme 5: Economic Planning (R3,208 million);
- Programme 6: Tourism, Arts and Entertainment (R135 000); and
- Programme 7: Skills Development and Innovation (R84 000).

For the 2020/21 financial year, the Department collected R2,176 million, from an estimated receipt collection of R351 000, which resulted in an over-collection of R1,825 million.

The over-collection under the following line items:

- Interest, dividends and rent on land (R28 000);
- Sale of capital assets (R33 000); and
- Financial transactions in assets and liabilities (R1,938 million).

For the financial year under review, the Department recorded irregular expenditure of R1,469 million, which relates to two cases that are still under investigation. Fruitless and wasteful expenditure was incurred at R1 000 for the year under review.

16.3 Resolution/s

None

16.4 List of Information Requested

None

17. Cultural Affairs and Sport

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the Department for the 2020/21 financial year, having obtained unqualified audit opinion with no findings on predetermined objectives and compliance with applicable laws and regulations. This audit opinion remains unchanged from the 2019/20 financial year.

17.1 Audit Opinion

The Auditor-General of South Africa raised no findings with the Department on compliance with laws and regulations, predetermined objectives nor significant deficiencies in its internal controls.

17.2 Financial Management

The Department of Cultural Affairs and Sport spent R735,454 million of a budget of R745,805 million, which resulted in an under-expenditure of R10,351 million (98,6% expenditure). In the 2019/20 financial year, the Department spent R784,571 million of a budget of R794,450 million, which resulted in an overall under-expenditure of R9,879 million (98,8% expenditure). The under-expenditure occurred under the following programmes:

- Programme 1: Administration (R889 000);
- Programme 2: Cultural Affairs (R2,266 million);
- Programme 3: Library and Archive Services (R5,580 million); and
- Programme 4: Sport and Recreation (R1,616 million).

In addition, the total projected departmental receipts of R818 000 was over-collected by R663 000, which resulted in a departmental receipt of R1,481 million. The revenue over-and under collections occurred under the following line items:

- Transfers received other Government Units (R450 000 over-collection);
- Interest, dividends and rent on land (R5 000 over- collection);
- Financial transactions and assets and liabilities (R404 000 over-collection);
- Sale of goods and services other than capital assets (R162 000 under-collection); and
- Fines, penalties and forfeits (R34 000 under-collection).

The Committee further notes under Note 17 on page 262 of the Department's Annual Report that the Department recorded contingent liabilities which amounted to R11, 525 million. Furthermore, under note 23 on page 266, the Department recorded irregular expenditure of R55 000 which is awaiting the condonation of Provincial Treasury. It should be highlighted that R128 000 in irregular expenditure for prior financial years has already been condoned by Provincial Treasury during the financial year under review. The condonation was a result of

non-compliance to procurement prescripts.

17.3 Resolutions

None

17.4 List of Information Requested

The Committee requested that the Department of Cultural Affairs and Sport provide it with the following:

- 17.4.1. The Memorandum of Agreement between the Department and Laingsburg Municipality in respect of the R717 350 transfer which took place from the Department to the Municipality during the year under review; including the letter from the Municipality on this transfer, all quarterly reports on the expenditure of the transfer, the inspection report and the closed-up report on the matter, as reflected on pages 147 and 280 of the Annual Report.
- 17.4.2. A Report on all the transfers that were made to the various municipalities of the Western Cape; including the purpose and timing of each allocation, how municipalities are chosen and the selection criteria used by the Department on which project to fund.

18. Local Government

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2020/21 financial year of the Department, having obtained a clean audit report. This audit opinion remains unchanged from the 2019/20 financial year.

18.1 Audit Opinion

The AGSA raised no findings with the Department on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

18.2 Financial Management

During the 2020/21 financial year, the Department spent R279,141 million of an appropriated budget of R283,679 million, resulting in an under-expenditure of R4,538 million (98,4% budget spend). At the end of the 2019/20 financial year, the Department of Local Government spent R313,749 million of an appropriated budget of R319,295 million, which resulted in an under-expenditure of R5,546 million (98,2% budget spend).

The under-expenditure of R4,538 million occurred under the following programmes:

- Programme 1: Administration (R791 000);
- Programme 2: Local Governance (R3,746 million);
- Programme 3: Development and Planning (none); and
- Programme 4: Traditional Institutional Management (R1 000).

For the 2020/21 financial year, the estimated Departmental receipt of R109 000 was over-collected by R398 000, which resulted in a collected amount of R507 000. During the 2019/20 financial year, the total Departmental revenue budget of R103 000 was over-collected by R4,202 million which resulted in a Departmental receipt of R4,305 million.

The revenue over-collection occurred under the following line items:

- Sale of goods and services other than capital assets (R23 000); and
- Financial transactions in assets and liabilities (R375 000).

The Department recorded irregular expenditure of R469 000. In addition, the Department incurred no fruitless and wasteful expenditure during the financial year under review.

18.3 Resolution/s

None

18.4 List of Information Requested

None

Part B: Findings which relates to Entities

19. Western Cape Gambling and Racing Board

The Committee noted the audit opinion of the AGSA regarding the annual financial statements of the Entity for the 2020/21 financial year, having obtained a clean audit outcome. This presents an improvement from the 2019/20 financial year, where the Entity obtained an unqualified audit outcome with matters relating to findings on compliance with key legislation and deficiencies in internal control.

19.1 Audit opinion

The Auditor-General of South Africa raised no findings with the Entity on compliance with laws and regulations, predetermined objectives nor deficiencies in its internal controls.

19.2 Financial management

The Western Cape Gambling and Racing Board (WCGRB) spent R53,161 million of a an appropriated budget of R69,970 million. This resulted in an overall under-expenditure of R16,808 million (76% budget spend).

The WCGRB's revenue collection 2020/21 financial year estimate of R69,970 million was exceeded by R6,073 million, which resulted in an end of year revenue yield of R76,044 million. The over-collection occurred under the following line items:

- Application fees (R454 894);
- Investigation fees (R2,737 million);
- Interest (R6,946 million);
- Services in-kind (R5,067 million); and
- Miscellaneous (R101 009).

19.3 Resolution/s

None

19.4 List of Information Requested

None

20. The Western Cape Liquor Authority

The Committee noted the audit opinion of the AGSA regarding the annual financial statements for the 2020/21 financial year of the Entity, having obtained an unqualified audit report with no findings on pre-determined objectives. This audit opinion remains unchanged from the 2019/20 financial year.

20.1 Audit Opinion

The AGSA raised no findings with the Entity on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

20.2 Financial Management

During the 2020/21 financial year, the Entity spent R46,159 million from a final budget of R65,879 million which resulted in an under-expenditure of R19,719 million. For the 2019/20 financial year, the Entity spent R55 558 million from an appropriated budget of R53,830 million for its operating budget, which indicates an over-expenditure of R1,728 million.

For the 2020/21 financial year, the Entity spent R1,260 million of a budget of R5,306 million. During the 2019/20 financial year, the Entity spent R15,587 million of its appropriated capital budget of R19,695million, which resulted in an under-expenditure of R4,107 million.

For the 2020/21 financial year, the Entity under-collected its revenue budget of R71,185 million by R14,137 million which resulted in a total revenue budget of R57,047 million. During the 2019/20 financial year, the Entity under-collected its revenue budget of R57,047 million by R14,137 million which resulted in a total revenue budget of R56,366 million.

In addition, as disclosed on page 48 of the Entity's annual report, the total estimated revenue budget of R49,288 million was under-collected by R3,880 million, which resulted in a receipt of R45,408 million.

20.3 Resolution/s

None

20.4 List of Information Requested

None

21. CapeNature

The Committee noted the audit opinion of the Auditor-General regarding the Annual Financial Statements of the Entity for the 2020/21 financial year, having obtained a clean audit. This

audit opinion remains unchanged from the 2019/20 financial year.

21.1 Audit opinion

The Auditor-General of South Africa raised no findings with the Entity on compliance with laws and regulations, predetermined objectives nor deficiencies in its internal controls.

21.2 Financial management

For the 2020/21 financial year, the Entity spent R345,428 million of an appropriated budget of R366,574 million, which resulted in an under-expenditure of R21,145 million (94,2% budget spend). At the end of the 2019/20 financial year, CapeNature spent R390,366 million of an appropriated budget of R396,679 million, which resulted in an under-expenditure of R6,12 million (99,9 budget spend).

For the 2020/21 financial year, the Entity's revenue estimation of R366,574 million was under-collected by R9,832 million, which resulted in an revenue collection of R356,742 million. During the 2019/20 financial year the total estimated revenue budget of the CapeNature of R396, 679 million was under-collected by R40 000, which resulted in a departmental receipt of R396, 639 million. The under-expenditure occurred under the line item Government Grant, Own Revenue and Special projects.

The Entity recorded no irregular expenditure during the financial year under review.

21.3 Resolution/s

None

21.4 List of Information Requested

21.4.1 The Committee requested that the Entity furnish it with its Corporate Social Responsibility Policy, including a Report on how the Entity operationalise the Policy; as indicated on page 72 of the Annual Report.

22. Government Motor Transport

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the Entity for the 2020/21 financial year, having obtained a clean audit. This audit opinion remains unchanged from the 2019/20 financial year.

22.1 Audit opinion

The Auditor-General of South Africa raised no findings with the Entity on compliance with laws and regulations, predetermined objectives nor deficiencies in its internal controls.

22.2 Financial management

For the 2021/21 financial year, the Entity spent R598,706 million of an approved budget of R649,008 million, which resulted in an under-expenditure of R50,302 million (92,2% spend). During the 2019/20 financial year, the Entity spent R601,357 million of an appropriated budget of R651,832 million, which resulted in an under-expenditure of R50,475 million (92,2% budget

spend).

The under-expenditure occurred under the following line items:

- Administrative expenses (R1,178 million);
- Employee costs (R17,834 million);
- Operating expenditure (R27,228 million);
- Depreciation (R1,077 million);
- Amortisation (R779 000);
- Accidents and Impairment losses (R329 000); and
- Operating leases (R2,413 million).

In addition, the total estimated revenue budget of the Government Motor Transport of R823,142 million was under-collected by R65,042 million, which resulted in a departmental receipt of R758,100 million. The over- and under collection of revenue occurred under the following categories of revenue:

- Daily-, kilometre tariffs and interest earned on finance lease receivables (R20,469 million under-collection);
- Other income (R22,139 million under-collected);
- Government grants and other subsidies received (funding received from clients for additional vehicles) (R1,231 million over-collected);
- Services in-kind (R2,312 million over-collected); and
- Interest earned – accounts receivables, and cash and cash equivalents (R25,977 million under-collected).

The Entity incurred no unauthorised, irregular, fruitless and wasteful expenditure during the 2020/21 financial year.

22.3 Resolution/s

None

22.4 List of Information Requested

22.4.1. The Committee requested that the Government Motor Transport provides it with a Report which indicates the outstanding debts per client older than 3 months, including the mechanism in place to recoup the debts, as referenced from Table 3 on page 15 and Note 3 on page 152 of the Annual Report.

23. Cape Agency for Sustainable Integrated Development in Rural Areas (CASIDRA)

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements of the Entity for the 2020/21 financial year, having obtained an unqualified audit opinion with findings on predetermined objectives and internal control deficiencies. This opinion remains unchanged from the 2019/20 financial year.

23.1 Audit opinion

The Auditor-General of South Africa raised findings with the Entity relating to predetermined objectives and deficiencies in the Entity's internal controls.

23.2 Financial management

For the 2020/21 financial year, the Entity spent R39,242 million against its operational budget. Furthermore, the Entity spent R285,958 million against its project expenditure. During the 2019/20 financial year, CASIDRA spent R43,059 million against its operating budget, and R275,829 million against its project expenditure.

23.3 Resolution/s

None

23.4 List of Information Requested

None

24. Saldanha Bay Industrial Development Zone (SOC) Ltd (SBIDZ)

The Committee noted the Auditor-General's audit opinion regarding the Entity's annual financial statements for the 2020/21 financial year, having obtained a clean audit. This audit opinion remains unchanged from the 2019/20 financial year.

24.1 Audit Opinion

The Auditor-General of South Africa raised no findings with the Entity on compliance with laws and regulations, predetermined objectives nor internal control deficiencies.

24.2 Financial Management

As disclosed on page 93 of the Entity's Annual Report, the SBIDZ spent R87,976 million of its operating expenditure budget of R87,898 million, resulting in an underspending of R78,020 million (100% budget spend).

Furthermore, the Entity spent R446,7 million of a capital budget of R447,3 million, resulting in an overall underspending of R653 558 (99,8% budget spend).

The Entity's revenue budget of R7,036 million was under- collected by R541 358, which resulted in an overall collection of R6,494 million.

24.3 Resolution/s

None

24.4 List of Information Requested

None

25. The Western Cape Tourism, Trade and Investment Promotion Entity (WESGRO)

The Committee noted the Auditor-General's audit opinion regarding the Entity's annual financial statements for the 2020/21 financial year, having obtained an unqualified audit report with findings on predetermined objectives, as well as internal control deficiencies. This audit

opinion remains unchanged from the audit outcome of the 2019/20 financial year, where the Entity received an unqualified audit report with findings relating to compliance with key legislation, performance and annual reports, procurement and contract management and internal control deficiencies.

25.1 Audit Opinion

The Auditor-General of South Africa raised some findings with the Entity on predetermined objectives and internal control deficiencies.

Findings on predetermined objectives:

Number of tourism destination marketing initiatives supported.

The source information and method of calculation for achieving the planned indicator was not clearly defined.

The achievement of 15 was reported against the target of 34 in the annual performance report. However, some supporting evidence provided materially differed from the reported achievement, while in other instances, the AGSA was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. The AGSA was also unable to confirm the reported achievement by alternative means. Consequently, the AGSA was unable to determine whether any further adjustments were required to the reported achievement.

Other matters relating to predetermined objectives:

Achievement of planned targets: Refer to the annual performance report on page 52 for information on the achievement of planned targets for the year and management's explanations provided for the under-achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information as per above.

Adjustment of material misstatements: the AGSA identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of programme 6 – destination marketing organisation (DMO). As management subsequently corrected only some of the misstatements, the AGSA raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

Findings on internal control deficiencies:

Management did not have sufficient and adequate documented and signed standard operating procedures which define what the term “supported” means. This resulted in the planned understanding when setting up the indicator and outcome not being reflected in the reported achievement. The technical indicator description was not specific enough to define management's planned intentions for the indicator reported on. As a result, the supporting evidence provided was not sufficient and appropriate for the reported achievement

25.2 Financial Management

WESGRO spent R90,517 million of a budget of R100,895 million, which resulted in an underspending of R10,379 million (89,7% budget spend).

Furthermore, the Entity spent R874 000 of a capital budget of R1,724 million, resulting in an overall underspending of R850 000 (50,7% budget spend).

The agency's final revenue budget of R107,289 million was under-collected by R7,294 million, which resulted in a total end-of year revenue balance of R102,624 million.

In addition, the total Entity's projected receipts of R7,036 million was over-collected by R4,860 million, which resulted in a departmental receipt of R132,042 million. The revenue over-collection occurred under the following line items:

- City of Cape Town (R4,175 million);
- Interest (R481 000); and
- Other incomes (R204 000).

Significant emphasis of matters

Investments (put option): As disclosed in note 9 of the financial statements, a fair value gain of R2,920 million (2020: R1,735 million) was realised during the year on the entity's investment through its put option on shares held in the Cape Town Film Studies (Pty) Ltd, bringing the value of the investment to R29,441 million (2020: R26,521 million) as at 31 March 2021.

The Entity recorded an irregular expenditure incurment of R61 000. No fruitless and wasteful expenditure was identified for the period under review.

25.3 Resolution/s

None

25.4 List of Information Requested

None

26. Heritage Western Cape

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements for the 2020/21 financial year of the Entity, having obtained an unqualified audit report with no findings on pre-determined objectives and compliance with applicable laws and regulations. This audit opinion remains unchanged from the 2019/20 financial year.

26.1 Audit Opinion

The Auditor-General of South Africa raised no material findings with the Entity on compliance with laws and regulations, predetermined objectives nor significant deficiencies in its internal controls.

26.2 Financial Management

For the year under review, Heritage Western Cape spent R2,380 million of a budget of R1,99

million, resulting in an over-expenditure of R390 000 (120,6% expenditure). During the 2019/20 financial year, the Entity spent R4,119 million of a budget of R3,561 million, which resulted in an over-expenditure of R558 000 (115,6% over-expenditure).

The over- expenditure relates to the GRAP 23 adjustments made for salaries, “Employee cost of R485 000, of the financial management staff of the Department as services in-kind received. As indicated on page 46 of the Entity’s Annual Report, the estimated revenue budget of R1,990 million was under-collected by R14 000, which resulted in a departmental receipt of R1,976 million. The revenue over- and under collections occurred under the following line items:

- Other operating income (R433 000 over-collection);
- Transfer payment (R452 000 under-collection); and
- Interest income (R5 000 over-collection)

26.3 Resolution/s

None

26.4 List of Information Requested

None

27. The Western Cape Cultural Commission

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements for the 2020/21 financial year of the Entity, having obtained an unqualified audit report with no findings on pre-determined objectives and compliance with applicable laws and regulations. This audit opinion remains unchanged from the 2019/20 financial year.

27.1 Audit Opinion

The Auditor-General of South Africa raised no material findings with the Entity on compliance with laws and regulations, predetermined objectives nor significant deficiencies in its internal controls.

27.2 Financial Management

For the year under review, Western Cape Cultural Commission spent R2,276 million of a final budget of R1,809 million, resulting in an over-expenditure of R467 000(125,8% expenditure). However, during the 2019/20 financial year, the Entity spent R3,507 million of an appropriated budget of R3,072 million, which resulted in an over-expenditure of R435 000 (114,2% expenditure).

As indicated on page 21 of the Annual Report, the estimated revenue collection budget of the Entity of R1,809 million was over-collected by R1,094 million which resulted in an end-of-financial year departmental receipt of R2,903 million. The revenue over- and under collections occurred under the following line items:

- Other operating income (R495 000 under-collection);
- Transfer payment (R1,588 million over-collection); and
- Interest income (R1 000 over-collection).

27.3 Resolution/s

None

27.4 List of Information Requested

None

28. The Western Cape Language Committee

The Committee noted the audit opinion of the Auditor-General regarding the annual financial statements for the 2020/21 financial year of the Entity, having obtained an unqualified audit report with no findings on pre-determined objectives and compliance with applicable laws and regulations. This audit opinion remains unchanged from the 2019/20 financial year.

28.1 Audit Opinion

The Auditor-General of South Africa raised no material findings with the Entity on compliance with laws and regulations, predetermined objectives nor significant deficiencies in its internal controls.

28.2 Financial Management

During the year under review, the Western Cape Language Committee spent R649 000 of a budget of R179 000, which resulted in an over-expenditure of R470 000 (362,6% expenditure). However, during the 2019/20 financial year, the Entity spent R915 000 of an appropriated budget of R335 000, which resulted in an over-expenditure of R580 000 (273,1% expenditure).

As highlighted on page 5 of the English version of the Entity's Annual Report, the total estimated departmental revenue budget of R179 000 was over-collected by R555 000, which resulted in a departmental receipt of R734 000. The over-collection mainly relates to GRAP 23: Service in Kind adjustment made for the salaries of R485 000 in relation to the financial management staff of the Entity. Further details is explained under Note 8 in the annual financial statements of the Entity.

28.3 Resolution/s

None

28.4 List of Information Requested

None

29. Conclusion

The Committee thanked the Premier, Ministers, Director-General and Heads of Department, the Auditor-General of South Africa, the audit committees and all other role players, for the information provided towards ensuring efficient and productive oversight outcomes in terms of this process.

It should be noted that the public was invited to participate in the 2020/21 financial year annual reports process through placing adverts in various newspapers in the Western Cape. No inputs were received from the members of the public in the meetings of the Public Accounts

Committees with the Departments and entities on their annual reports. The Committee is of the view that in order to increase public interest, knowledge and participation in this important oversight process, that more community organisations and members of the public should be invited to engage in this important process

The Committee also acknowledges the important role that the administrative staff embarked on for this Committee to have achieved its set goal, during this season of annual reporting.

Report to be considered.