

Linking performance with budgets

2014/2015				2015/2016		
Sub- Programme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Integrated Economic Development	25,789	27,415	(1,626)	19,754	17,213	2,541
Economic Research and Planning	34,784	31,289	3,495	69,797	67,931	1,866
Small Business Development	63,152	62,147	1,005	34,813	38,667	(3,854)
Total	123,725	120,851	2,874	124,364	123,811	553

Appropriation to this programme increased by 0.5% from 2014/15 to 2015/16. Expenditure during the same period increased by 2.4%. Sub-programme performance was not negatively influenced by allocations.

4.4. Programme 4: Tourism

To ensure adequate planning, growth, development and transformation in the Tourism Industry.

Sub-programmes:

Programme	Sub Programme
Tourism	1. Tourism Planning 2. Tourism Growth and Development 3. Transformation of Tourism Sector

This programme contributed to the following priorities:

- **NDP:**
 - Chapter 3: Economy and employment
- **MTSF:**
 - Outcome 4: Decent employment through inclusive growth
- **FSGDS:**
 - Driver 5: Harness and increase tourism potential and opportunities

4.4.1. Tourism Planning

Strategic objectives						
Sub-Programme Tourism Planning						
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
1.	Development and implementation of tourism policies and strategies.	4	Conduct 24 IDP assessments, 8 regulatory	32	0	-

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Strategic objectives						
Sub-Programme Tourism Planning						
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
			inspections to ensure alignment to the Tourism Master Plan. (Total Target = 32)			

Performance Indicators						
Sub-Programme Tourism Planning						
	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
1.1	Provincial tourism master plan implemented.	4	Quarterly implementation reports of the Provincial master plan	4	0	-
1.2	Number of municipalities IDPs assessed for alignment with the master plan.	20	24	24	0	-
1.3	Tourist guiding regulatory framework implemented.	11	8 Implementation inspections	8	0	-
1.4	Provincial tourist guiding association established and maintained.	-	2	2	0	-
1.5	Tourist safety plan developed and implemented.	-	1	1	0	-

4.4.2. Tourism Growth and Development

Strategic objectives						
Sub-Programme Tourism Growth and Development						
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
1.	Radically grow the Tourism Sector's contribution to the	3	Increase provincial bed nights	10	0	-

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Strategic objectives						
Sub-Programme Tourism Growth and Development						
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
	Provincial Economy.		consumption, through 2 capacity building sessions, 3 SRI funded initiatives and support to 5 annual tourism events. (Total Target = 10)			

Performance Indicators						
Sub-Programme Tourism Growth and Development						
	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
1.1	Flea markets created in support of district tourism. *	4	2	2	0	-
1.2	Support provided to tourism information Centres. *	3	2 Capacity building sessions	2	0	-
1.3	Number of SRI funded initiatives supported. *	-	3	3	0	-
1.4	Provincial tourism summit hosted.	-	1	1	0	-
1.5	Provincial accommodation database developed and updated.	-	1	1	0	-
1.6	Audit of provincial tourism attractions conducted.	-	5	5	0	-
1.7	Number of tourism events supported to address geographic seasonal and rural spread. *	5	5	5	0	-

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Performance Indicators						
Sub-Programme Tourism Growth and Development						
	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
1.8	Comprehensive Free State Tourism Signage Strategy developed and implemented.	-	1	0	-1	Awaiting the national Department of Transport to complete their review of the signage guidelines to be implemented across all sectors.
1.9	I love Free State Tourism cleaning campaign.	-	2 Campaigns	2	0	-
1.10	Facilitation of the establishment of an international convention centre through PPP for increased business tourism.	-	1 Concept document and TOR	1	0	-
1.11	Facilitation of the Free State conventions and events bureau to grow the events and meetings and exhibitions sector "MICE" to market the province.	-	1 Concept document and TOR	1	0	-

*Demand driven indicator. The target for the period under review was based on historical trends and estimated demand.

4.4.3. Transformation of Tourism Sector

Strategic objectives						
Sub-Programme Transformation of Tourism Sector						
	Strategic objectives	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
1.	Radically transform the Tourism Sector.	10	Ensure compliance with the Tourism Transformation Plan through 2 training programmes, an annual career EXPO and 2 community beneficiation initiatives. (Total Target = 5)	5	0	-

Performance Indicators						
Sub-Programme Transformation of Tourism Sector						
	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
1.1	Schools competition programmes implemented. *	-	1	1	0	-
1.2	Establishment of cooperatives facilitated through a Community Beneficiation Programme with emphasis on rural tourism development.	4	2 Cooperatives	2	0	-
1.3	Tourism events facilitated.	1	1 Tourism career expo	1	0	-
1.4	Free State Tourism transformation plan developed.	-	Draft and approval of tourism transformation plan	1	0	-
1.5	Tourism specific training provided. *	4	2 Specialised hospitality training	2	0	-

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Performance Indicators						
Sub-Programme Transformation of Tourism Sector						
	Performance Indicator	Actual Achievement 2014/2015	Planned Target 2015/2016	Actual Achievement 2015/2016	Deviation from planned target to Actual Achievement for 2015/2016	Comment on deviations
			programmes implemented			
		5	1 Tour Operator training session	1	0	-

*Demand driven indicator. The target for the period under review was based on historical trends and estimated demand.

Strategies to overcome areas of underperformance:

- More frequent and better quality engagements with stakeholders are planned for 2016-2017.
- DESTEA will continue to work with the provincial Department of PR & T to craft the Tourism Signage Strategy which will align with the Department of Transport's revised guidelines.

Changes to planned targets

n/a

Linking performance with budgets

2014/2015				2015/2016		
Sub-Programme Name	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Tourism Planning	60,771	59,805	966	60,838	60,249	589
Tourism Growth and Development	-	-	-	50	1	49
Transformation of Tourism Sector	-	-	-	50	30	20
Total	60,771	59,805	966	60,938	60,280	658

Appropriation to this programme increased by 0.3% from 2014/15 to 2015/16. Expenditure during the same period also increased by 0.79%. Sub-programme performance was not negatively influenced by allocations.

5. TRANSFER PAYMENTS

5.1. Transfer payments to public entities

As part of the departmental transfer process, the three entities of the department provided assurances that they implement effective, efficient and transparent financial management and internal controls systems, as required by the PFMA and Treasury Regulations.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Free State Development Corporation	SMME Development	3 700	3 700	48% of the total loans budget (R12 000 000) to the total value of R5 743 141.06. 41 SMME's were financed
	Revenue Collection			88% of the approved loan amounts were disbursed to the total value of R5 045 639.91.
	Property Leasing			87% of rental was collected on current billings whilst 65% of loans was collected on current billings
	Trade and Investment Promotion			FDC achieved 10% annual increase on occupancy on its property portfolio.
				182 Free State exporters were promoted against a set target of 30 for the year.
				Three export awareness and readiness workshops were facilitated to capacitate our SMME on export.
				Five investment policy advocacy workshops were also conducted.
				Free State Trade profile report was produced.
	Special Economic Zone Development			Maluti A Phofung SEZ received designation. MAP SEZ has been allocated

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	Broadband Development			<p>R244m for infrastructure and R600m for factories.</p> <p>FDC through its partner Vox Communication has installed free wire fire at Motheo TVC and Dr Molemela Stadiums. Other broad band and free wire fire initiatives will be implemented in the 2016-2017 financial year.</p>
Free State Gambling and Liquor Authority	<p>The mandate of the Entity is to effectively regulate the gambling and liquor industry in the Province, Increase revenue collection and</p> <p>Increase public awareness and protection.</p> <p>Functions</p> <ul style="list-style-type: none"> • Invite Applications for licenses (gambling) • Receive applications for registrations (liquor) • Consider, grant or refuse applications • Cancel, suspend, vary, renew or revoke a license or registration approved. • Ensure compliance to the act ,rules and regulations • Reduce the socio-economic and other costs of alcohol • Promote the development of a responsible and sustainable liquor industry 	51 851	51 851	<p>The key achievements for the period 2015-16 are:</p> <ul style="list-style-type: none"> • Creditors were paid on average, within 20 days and 87% of our procurement was made from SMME's, women, youth and people with disabilities. • The FSGLA Board approved 19 new Limited Pay Out Machine Site licenses • The Authority processed 490 liquor applications and approved 130 registrations and refused 204 applications, conditional approval 16, 21 withdrawals. • The Authority promotes a sustainable liquor industry and only issues registrations to qualifying applicants. • Enforcement Operations conducted to date is 51 operations between April 2015 and March 2016. <p>Illegal Gambling</p> <ul style="list-style-type: none"> • Illegal internet gambling is on the rise, due to the complicated nature thereof and links to organised crime, these matters are dealt with at the liquor and

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				<p>gambling priority committee (subcommittee on gambling).</p> <ul style="list-style-type: none"> During various enforcement operations throughout the year 45 illegal gambling machines were seized and destroyed publicly on the 19th of November 2015 in conjunction with DESTEA to send a clear message that illegal gambling will not be tolerated in the Free State Province. <p>Gambling and Liquor Compliance inspections</p> <ul style="list-style-type: none"> A total number of 4685 liquor compliances inspection and 171 gambling compliance inspections were conducted throughout the province. <p>Awareness Campaigns</p> <ul style="list-style-type: none"> 16 awareness campaigns have been conducted to date across the 5 Districts of the Province of which 7296 people were reached through attendance of the sessions and social media platforms also Radio and Newspaper articles. <p>Conducted the first annual Designated Police Officer(DPO) and Designated Municipal Officer (DMO) workshop .the workshop is aimed at sharing our understanding of Section 31 of the free state gambling and liquor Act ,6 of 2010 ,finding working solutions that will allow for quicker turnaround times, strengthening the</p>
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				partnership between the Authority and its key stakeholders and ultimately enhance service delivery.
Free State Tourism Authority	<p>The entity is mandated to market the tourism attractions and events that take place in the province.</p> <p>The Act mandates the entity to promote and market the province as well as to promotion of major sport events to promote tourism in the Province.</p>	52 794	52 794	<p><u>Activations to Promote Domestic Tourism:</u> Bloem Show Motor Rider Midas Historic Race Gambling Board Chairperson's & CEO's City Tour Bethlehem Air-Show Women of Note Cherry Festival Cherry Jazz Festival Phakisa Powerboat New Year's Eve on the Track Trade Bridge National Tourism Career Expo Mall Activations in Mimosa Mall, Dihlabeng Mall, Goldfields Mall Gariep Celebrations</p> <p><u>Activations to Promote International Tourism:</u> Tourism Indaba Feyenoord FC visit in Netherlands Phakisa International Football Programme</p> <p><u>Stakeholder Engagement Meetings</u> Product Owners Engagement meetings in 4 Districts and Metro.</p>
Total		108 345	108 345	

5.2. Transfer payments to all organisations other than public entities

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity (R'000)	Reasons for the funds unspent by the entity
n/a						

The table below reflects the transfer payments which were budgeted for in the period 1 April 2015 to 31 March 2016, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
n/a				

6. CONDITIONAL GRANTS

6.1. Conditional grants and earmarked funds paid

n/a

6.2. Conditional grants and earmarked funds received

The table below details the conditional grants and ear marked funds received during for the period 1 April 015 to 31 March 2016.

Conditional Grant EPWP:

Department who transferred the grant	National Department of Public Works
Purpose of the grant	To alleviate unemployment, delivery goods and services labour-intensively and to provide work experience and training.
Expected outputs of the grant	Job creation
Actual outputs achieved	75
Amount per amended DORA (R'000)	2 421
Amount received (R'000)	2 421
Reasons if amount as per DORA was not received	None
Amount spent by the department (R'000)	2 240
Reasons for the funds unspent by the entity	Delay in receiving of goods from a service provider.
Reasons for deviations on performance	n/a
Measures taken to improve performance	n/a

Monitoring mechanism by the receiving department	Treasury Infrastructure Review Model.
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7. DONOR FUNDS

7.1. Donor Funds Received

n/a

8. CAPITAL INVESTMENT

8.1. Capital investment, maintenance and asset management plan

8.1.1. Asset Management Plan

By the end of the financial year 2015/2016, the following processes had been finalised:

- Stocktaking for both biological assets and the machinery and equipment.
- Updating of the room asset-lists and the bar-coding of all assets.
- Ensuring that paper trails of all asset-related transaction are in place.
- The transfer of Fish Hatchery assets to the Department of Agriculture and Rural Development as per EXCO Resolution number 72 of 2009.
- Reconciliation of LOGIS and BAS and passing of the required journals.

8.1.2. Infrastructure Projects

Infrastructure projects	2014/2015			2015/2016		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	895	358	537	748	662	86
Existing infrastructure assets						
- Upgrades and additions	10,959	9,473	1,486	14,712	13,545	1,167
- Rehabilitation, renovations and refurbishments						
- Maintenance and repairs	519	445	64	2,783	1,561	1,222
Infrastructure transfer						
- Current						
- Capital						
Total	12,373	10,286	2,087	18,243	15,768	2,475

8.1.3. Plans to close down or down-grade any current facility

There are no plans to close down or down grade any facility.

8.1.4. Progress made on the maintenance of infrastructure**8.1.4.1. General maintenance**

General maintenance is done by contractors close to each Reserve or Resort. This is mainly urgent repair work for e.g. cooler rooms, sewerage pumps, geysers.

8.1.4.2. Major maintenance projects

The following major maintenance projects are receiving attention:

- The repairs to ablution facilities at Krugersdrift dam (Soetdoring N/R) not yet done.
- Repairs to sewerage systems at Erfenisdam – (Phase 2) not yet done.
- Repairs to sewerage pipelines at Koppiesdam & repairs to ablution facilities at south side Caravan Park is under construction.
- Install back-up electricity at Sandveld Resort. Not yet done.
- Repair to 2 staff houses at Koppiesdam. Completed.
- Carport at Sandveld's chalets and ablution facilities at Koppiesdam are completed.
- Boreholes for water at Sterkfonteindam, Maria Moroka and Phillip Saunders have been completed.

8.1.4.3. Progress made in addressing the maintenance backlog

The following has been done in an attempt to address the maintenance backlog:

- New updated specification lists has been drawn-up and resubmitted to SCM in order to get contractors to commence with work.
- Requested increased budget for maintenance work.
- Developed a maintenance plan in order to establish priorities against the available budget.

8.1.5. Details on how asset holding has changed during the period under review (incl. Information on disposals, scrapping and losses)**Departmental asset holding**

The following changes in the departmental asset holding were observed:

- Biological assets: Opening balance as at 1 April 2015: R 53 230 000.00
Closing balance as at 31 March 2016: R 84 979 100.00
- Machinery and Equipment: Opening balance as at 1 April 2015: R 23 736 000.00
Closing balance as at 31 March 2016: R 25 893 000.00

Disposals

Revenue collected for disposing scrap assets:

- Transport assets: R8 800.00.
- Other assets: R4 880.00

8.1.6. Current status of capital assets

The current state of departmental capital assets in terms of percentages is as follows:

- Good: 30%
- Fair: 65%
- Bad: 5%

PART C: GOVERNANCE

1. INTRODUCTION

The Department constantly strives to improve its internal processes to ensure effectiveness and efficiency of business processes. Measures have been put in place to popularise and address issues such as the conflict of interest, code of conduct and the health safety environment. Below is an account of processes followed to address these issues.

2. RISK MANAGEMENT

In line with the terms of reference, Risk Management Framework of National Treasury, directives from Provincial Treasury and the risk management charter, the committee confirms that it has executed its responsibilities as required, mainly the following:

- Reviewed the risk management policy, strategy and implementation plan and advised accordingly.
- Reviewed the Department's risk identification and assessment methodologies to obtain reasonable assurance about the completeness of the risk register.
- Reviewed comprehensive risk registers informed by risk assessment process.
- Evaluated the effectiveness of the mitigating strategies to address emerging risks identified by Internal Audit, AGSA, other relevant reports and inputs from management.
- Reviewed and acted on any material findings and recommendations by assurance providers on the system of risk management and monitored that appropriate action is instituted to address the identified weaknesses
- Provided proper and timely reports to the accounting officer on the state of the risk management, together with aspects requiring improvement accompanied by the committee's recommendations to address such issues.

In order to remain focused and with the advice of the audit committee, the committee also identified top 10 risks in the Department which will be subjected to constant monitoring by the committee and management.

The committee also appointed risk champions in each programme to ensure ownership of risks and to assist the risk management committee in the implementation and monitoring of the risk management strategy.

The Risk Management Committee met on a quarterly basis and also when necessary to discuss the emerging risks and relevant committee matters.

Risk management is treated as a priority by management. The presentation and discussion of the risk reports remains a standing item in the Executive Management Team and Audit Committee meetings.

The recommendations and resolutions of the committee were communicated to the Accounting Officer on a quarterly basis and the committee is indeed supported by both management and the Accounting Officer. The attendance of meetings is compulsory for all members of the committee.

The entire enterprise risk management process will be monitored, and modified on regular basis. In this way, the system can react dynamically to changing conditions. As a result, the Risk Management Unit has established a reporting method/tool so as to track progress made on addressing risk identified. The Risk Management Unit follows up and verifies information submitted quarterly by managers.

3. FRAUD AND CORRUPTION

The departmental Fraud Prevention Plan, recognizes basic fraud prevention initiatives within the department. The primary objectives of the plan are to;

- Provide guidelines in preventing, detecting and reporting fraudulent activities within the department.
- Create an environment within the department where all employees and stakeholders continuously behave ethically with or on behalf of the department.
- Encourage all employees and stakeholders to report suspicions of fraudulent activity without fear of reprisals or recriminations.

Progress made in implementing the plan includes;

- Physical security, whereby access to assets, documentation or IT systems is continuously monitored and controlled. All assets will be held securely and access to them restricted as appropriate.
- Access to computer systems is an important area, which should be very tightly controlled not only to prevent unauthorized access and use but also to protect the integrity of the data.
- The threat to computers can come from inside and outside department as computer hackers may gain access in order to extract or corrupt information.

Organizing as a preventative measure involves the allocation responsibility to individuals or groups so that they work together to achieve objectives in the most efficient manner. Major principles in organizing relevant to fraud and corruption are;

- Clear definition of the responsibilities of individuals for resources allocated, activities, objectives and targets. This includes defining levels of authority and is a preventive measure, which sets a limit on the amounts which may be authorized by individual officers. To be effective, checks need to be made to ensure the transactions have been properly authorized;
- Establishing clear reporting lines and the most effective spans of command allow adequate supervision;
- Avoiding undue reliance on any one individual.

Through the Fraud Response Plan, the department seeks to put its fraud prevention strategy into perspective and to enforce the commitment of the department to fair and open business practices and to overall commitment to fraud and corruption free environment.

Fraud and Corruption Case Management System to be developed. Whistle Blowing Policy developed Management Action training managers on identifying issues. Internal Audit, conducting numerous audit checks per year.

In South Africa the Protected Disclosure Act (Act No 26 of 2000) protects employees in both public and private sectors who disclose information of unlawful or corrupt, fraudulent conduct by their employers or fellow employees from occupational detriment. Legislative imperatives for reporting fraud and corruption Section 34 of the Prevention and Combating of Corrupt Activities Act of 2004 creates a duty on persons who hold a position of authority who knew or ought reasonably to have known or suspected that any person has committed any offence in terms of the Act or theft, fraud, extortion, forgery or uttering involving an amount of R100 000 or more to report to police. The Code of Conduct for Public Service requires all employees of the Public Service to report fraud or corruption to an appropriate authority.

After investigation of the detected fraud or corruption, a resolution in a form of disciplinary action, improved controls, civil recovery, criminal prosecution or offering to other agencies must be taken.

4. MINIMISING CONFLICT OF INTEREST

All bid committee members were required to declare their interest before sitting of meetings. All SCM officials have signed a Code of Conduct.

5. CODE OF CONDUCT

The code of conduct is an instrument that is used in the Public Service to promote and maintain a high standard of professional ethics and good governance. It serves as a guideline to all public servants in various categories/ levels and control their relationships in various ways, namely:-

- The relationship with the legislature and the executive
- The relationship with the public
- The relationship among employees
- The performance of duties
- Personal conduct and private interest

Each employee in the department has been given a Code of Conduct which is written in the language of their choice and all the newly appointed employees are given a copy of the code on the day they assume duty. The code was also thoroughly explained to the newly appointed employees during their induction. Furthermore, quarterly workshops were conducted on the code.

The above indicated actions contribute towards the understanding of the code by the employees in terms of how to conduct themselves once they are employed in the Public Service. In cases the code is violated, the necessary disciplinary actions are taken against the perpetrators.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

According to the Occupational Health and Safety Act no 181 of 1993, Occupational health and Safety aims “to provide for the health and safety of persons at work and for the health and safety of persons in connection with the use of plant and machinery; the protection of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for occupational health and safety; and to provide for matters connected therewith”.

The following are some of the examples of risks/hazards that have been identified and addressed through this Act:

- Chemical hazards e.g. exposure to high or low temperature, high level of noise, such hazard can affect your concentration or lead to a possibility to accidents.
- Physical hazards e.g. Gases, dust, high level of industrial chemicals that can poison your body, affect lungs and the ability to breath.
- Biological hazards e.g. organisms can be passed from one person to the other or animal to a person (people working in abattoirs with animals etc).
- Mechanical hazards e.g. moving parts or energy sources a broad range of machinery and equipment are high source of danger (can cause cuts, crush injuries, amputations and fractures).
- Ergonomic hazards e.g. working in cramp positions or spaces, poor lighting, poor seating, or standing for long period (exposure to eye strain, backache, wrist strain and sore shoulders).
- Behavioural hazards e.g. non-compliance with standards, lack of skills, new tasks.

A departmental Health and Safety Committee has been established. The members of the Committee were trained on Occupational Health and Safety (OHS) Act and First Aid Level 1 and 2. The main responsibility of the Committee members is to conduct health and safety inspections at their respective workplaces. Their findings are reported to the Employee Health and Wellness unit who in turn submit a report with recommendations to the Head of Department.

Health hazards that have been identified and not timeously attended to, have a negative impact on the health and morale of the departmental employees. In order to minimise the risks, a certain amount of the allocated budget has been set aside to correct the identified hazards. Health threatening hazards are prioritised in accordance with the available budget.

7. PORTFOLIO COMMITTEES

Portfolio Committee Meetings took place on the following dates:

- 20 May 2015
- 24 June 2015
- 22 October 2015
- 25 February 2016
- 10 March 2016

The Portfolio Committee raised the following issues during the year under review:

- Expenditure on catering and entertainment
- Performance bonuses
- Phillip Sanders Resort
- Environmental Impact assessment authorization
- Environmental compliance
- Annual Expenditure
- Supply Chain Management deficiencies
- Revenue collection
- Maluti-A-Phofung Special Economic Zone (SEZ)
- Vrede Integrated Dairy Farm

8. SCOPA RESOLUTIONS

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	STATUS OF RESOLVE
17/2014	All staff in the following functional areas in provincial departments be assessed against the Competency Framework and relevant Technical Competency Dictionary to identify training and development needs and to ensure that the Work Skills Development Plan for 2015/16 are based on the	<ul style="list-style-type: none"> * Management Accounting (Planning and Budgeting) * Revenue Management * Expenditure Management * Asset Management 	Develop the Works Skills Development Plan for 2015/16 based on the relevant Competency Framework	The resolution has been included in the Work Skills Development Plan

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	STATUS OF RESOLVE
	outcome of these assessments:	(Movable & Immovable) * Financial Accounting * Supply Chain Management * Internal Control * Enterprise Risk Management * Internal Audit * The Competency Framework and relevant Technical Competency Dictionary be used as part of the future recruitment and selection process.		
	Tabling of Annual Reports when disputed	To ensure effective oversight departments should ensure that Annual Reports are tabled by 30 September, unless there was a delay in the audit.	Departments to confirm that this resolution is noted and will be complied with.	Completed
2/2010	Capacity:	Ensure that the financial section of the department is sufficiently capacitated by skilled officials to ensure that financial functions are properly executed.	Fill vacant posts in SCM by end December 2013.	Post has been filled
4/2013	Document Management:	The Portfolio Committee note with great concern that the department does not have an effective document management system which resulted in misstatements on the annual financial statement, delays in the external audit process and non-compliance with laws and regulations. The Portfolio Committee resolved that the Accounting Officer must develop and approve a document management policy and	Develop records management policy and appoint a records manager to implement the policy	The department has developed document management policy

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RESOL UTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	STATUS OF RESOLVE
		procedure for implementation which include adequate and effective control measures to ensure compliance. The Accounting Officer, supported by the CFO, must ensure compliance with the implementation of the departmental policy and measures in terms of Treasury Regulations 2(1).		
	Management of Public Entities:	<p>The Portfolio Committee was extremely concerned with the ineffective management of public entities under the department's control.</p> <p>The Portfolio Committee resolved that the Accounting Officer must take actions within 30 days of the tabling and adoption of this resolution by Legislature to address the following deficiencies:</p> <ul style="list-style-type: none"> . Planning and performance management . Development and management of Service Level Agreement with entities. The Accounting Officer should obtain written assurance that the entities implement effective, efficient and transparent financial and internal control system. The Service Level Agreement should include conditions in instances where the requirements are not adhered to. These conditions must be monitored for compliance prior to any transfer payments. . Non-compliance with section 	HOD is meeting with the entities on the monthly basis	Quarterly review meetings are held

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		38(i)(j) of the PFMA and Treasury Regulation 8.4 relating to transfer payments.		
	Under- Spending:	<p>The Portfolio Committee noted concern that the department materially under-spent it's budget by R8 659 000 in the previous financial year and indicated that this was as result of vacant funded posts not filled.</p> <p>The Portfolio Committee resolved that the Accounting Officer must put measures and controls in place to ensure that the department does not materially underspent in future.</p> <p>The Accounting Officer must inform the Portfolio Committee of the planned controls and target dates to fill the critical posts within 30 days from the date this resolution has been tabled and adopted in the Legislature. Quarterly progress reports must be submitted to this Committee.</p>	The department has put control measures in place to ensure that there is no underspending	The control measures has been put in place
	Drivers of audit outcomes:	<p>The Portfolio Committee was extremely concerned that the AGSA assessment indicates that intervention is still required on all three audit dimensions, namely leadership, financial and performance objectives as well as compliance with laws and regulations relating to the following fundamentals of internal controls.</p> <p>a) Leadership: Oversight responsibility</p>	<p>Training will be conducted until 31 March 2014 and in future only for new recruits.</p> <p>New recruits will be given copy of Code of Conduct when they assume their duties.</p> <p>Officials will be informed on the correct procurement procedures</p>	The resolution is finalised

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		<p>regarding finance and performance reporting and compliance to internal controls.</p> <ul style="list-style-type: none"> Effective HR Management to ensure adequate and sufficiently skilled resources are in place and performance is monitored. Development and monitoring of implementation of action plans to address the internal control deficiencies. <p>b) Financial and performance management:</p> <ul style="list-style-type: none"> Proper record keeping in timely manner to ensure that complete, relevant and accurate information is accessible and available to support reporting. Design and implement formal controls over IT systems to ensure reliability of systems and the availability, accuracy and protection of information. <p>c) Governance:</p> <ul style="list-style-type: none"> Appropriate risk management activities to ensure that the regular risk assessment including IT and fraud, are conducted and that risk strategy to address risks is developed and monitored. <p>The Portfolio Committee resolved that the Accounting Officer must within 30 days after the tabling and adoption</p>	<p>and be furnished with a check list. Failure to adhere will lead to disciplinary action.</p> <p>System users will use the check list to ensure that all the supporting documents are attached to prevent the occurrence of irregular expenditure.</p>	