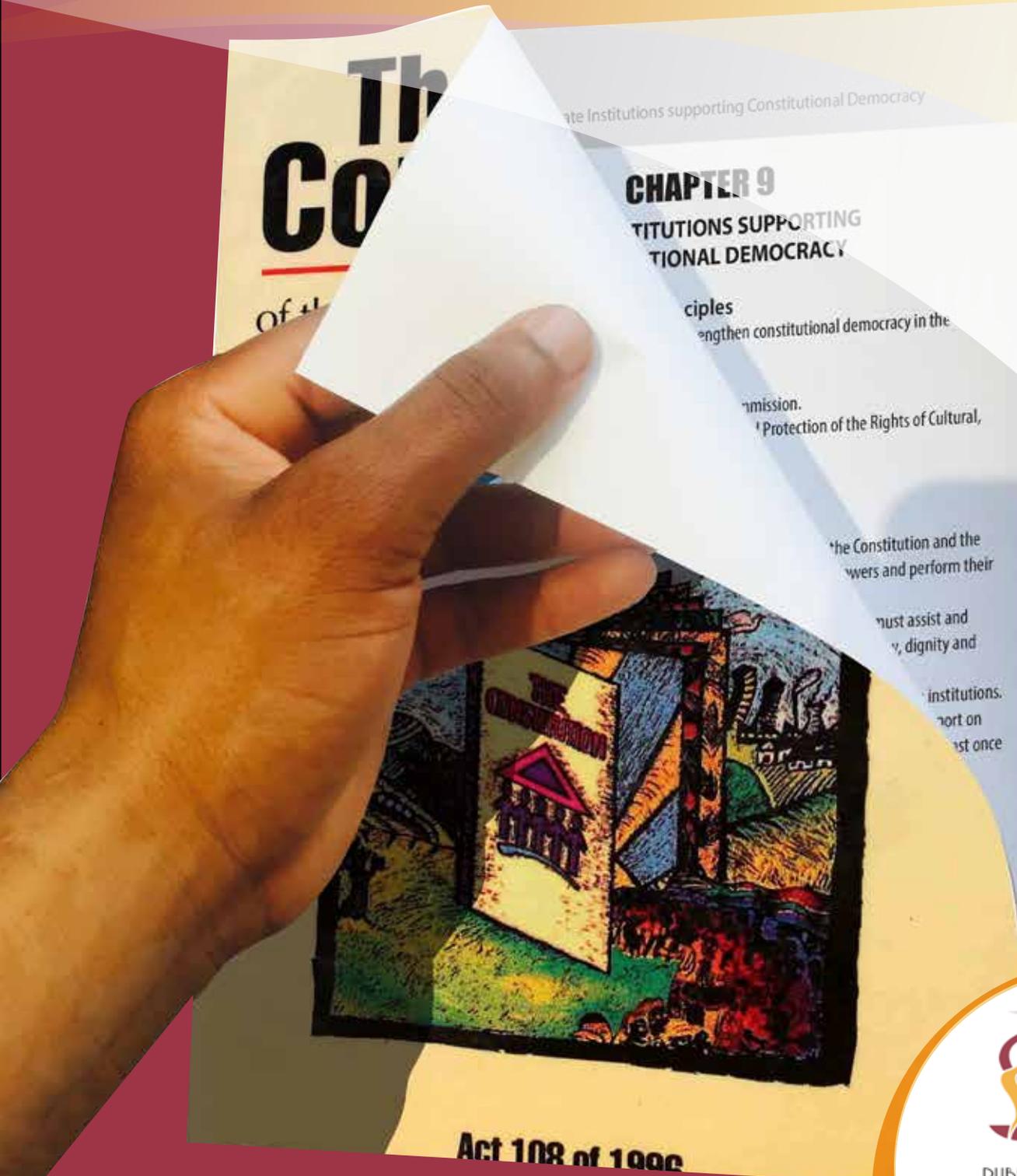


PUBLIC PROTECTOR ANNUAL REPORT

2015/16





Accountability Integrity Responsiveness

PUBLIC PROTECTOR

Annual Report

1 APRIL 2015 – 31 MARCH 2016

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1. FOREWORD BY THE PUBLIC PROTECTOR



Adv. Thuli Madonsela

I'm exceedingly privileged by the honour of submitting my last report to Parliament as the Public Protector South Africa. Submitted to the National Assembly in compliance with Section 181(5) of the Constitution, the report focusses on the milestones achieved in the past year in pursuit of the Public Protector's constitutional mandate of investigating, reporting on and remedying improper conduct in state affairs. It also has elements of touching on some of the key milestones of my seven years at the helm of this critical constitutional institution, which was recently affirmed by the Constitutional Court as a key guardian of good governance while helping the people to push back against administrative and executive lapses such as indifference, maladministration, abuse of power, unethical conduct and corruption.

It seems as if it was yesterday when, at the commencement of the journey, I committed the institution to ensuring access to all, particularly the most disadvantaged who cannot use the complex and expensive courts, while having limited influence

on political oversight. I said then that the disadvantaged in society should see the Public Protector that provides a shade. It does seem as if it was just yesterday when my team undertook to ensure that no case is too small and none too big and that all cases would be subjected, without fear or favour, to a simple test of what happened; what should have happened; is there a discrepancy between the two; and, if so, is it so material or without justification as to constitute maladministration or other improper conduct; and, if so, how do we place the complainant or any prejudiced party as close as possible to where they would have been but for the improper conduct?

Comparing endemic improper governance to water at the bottom of a waterfall, we undertook to always strike a balance between ensuring justice in respect of each case while making a lasting impact to address whatever systemic administrative deficiencies that are responsible for ongoing improprieties and related service or conduct failure and complaints. We proceeded to restructure the organisation to ensure there was early resolution, through Alternative Dispute Resolution and related measures, of bread and butter cases that we affectionately refer to as Gogo Dlamini cases. This ensured that we separate service failure (administrative justice) investigations from conduct failure investigations (ethical violations, governance failure, whistle-blower victimisation, abuse of public funds/resources and corruption).

I look back at the seven years with much pride and gratitude as I believe that my team and I did come close to this dream and promise.

I am particularly grateful to the Public Protector Team that we came as close as possible to this dream through its selfless dedication despite unbelievable resource constraints. I'm also grateful to the government for the respect for the rule of law and constitutional vision that informed cooperation to ensure this institution is not a decoy or gate to nowhere and contributes meaningfully to public accountability and maintenance of trust between the people and those they have entrusted with public power and resources.

We couldn't have done this without the people entrusting us with complaints, information during investigation and persistently following up on remedial action. We also could not have gone far without media support, which initiated investigations, carried our reports to all persons and communities and galvanised moral suasion by ensuring the people stayed engaged on outstanding remedial action. Our gratitude also goes to the international community for its support and recognition of this institution as an important role player in the global partnership for good governance and the rule of law.

The ultimate guardians of our Constitution, the courts, also followed through, particularly when an unexpected attempt was made to water down the remedial powers of the Public Protector to what they were during the days of the Office of the Advocate General and Ombudsman (1979-1991), which was an Office in the Department of Justice. Both the Advocate General and the Ombudsman exercised limited powers delegated by the President and reported to him, leaving it up to him whether or not to implement whatever findings and remedies the Office recommended. It is gratifying to note that the spike in reviews that had emerged during the contestation of the remedial powers of the Public Protector, has since relatively gone down since the Constitutional Court affirmed the Public Protector's powers to issue binding directives whenever s/he deems it appropriate. As per our original view, we understand this to mean that the Public Protector will continue to recommend or negotiate when s/he deems that appropriate and direct when considering that to be appropriate. We thank all those that immediately implement or undertake to implement on receipt of provisional findings in terms of section 7(9) of the Public Protector Act, as the remedies not only restore people's lives and dignity but speedy remedies also restore public trust.

In pursuit of Public Protector Vision 2020 adopted in March 2010, we have continued to ensure that we optimally use the limited resources at our disposal, being R246 067 000 and 329 employees spread across 19 offices (some of the 22 offices were closed due to financial constraints), to ensure that Public Protector services are universally accessible to all persons and communities; that our investigations and ADR efforts yield prompt justice, incorporating remedial action while promoting good governance in the conduct of all state affairs. We also continuously sought to optimise efficiency and effectiveness and optimal performance and a culture of being purpose-driven in Public Protector operations.

Despite having been warned that amidst our resource constraints, we are punching above our weight, the Public Protector Team managed to record a 62% achievement of its performance targets. One of the key achievements has been an increase in accessibility through outreach and related activities and a major decrease in the number of cases older than a year. What is gratifying is that less and less people are approaching this institution after irreparable damage caused by maladministration regarding unpaid monies, particularly in relation to state contracts, pensions, workers' compensation and other employee rights or benefits. More people are also approaching the office for systemic service failure giving us the responsibility to ensure that relationships and trust are repaired as happened in Dipaleseng in Mpumalanga, Braamfischerville in Gauteng, Nala in the Free State, Kuruman and Olifantshoek in the Northern Cape, Houtbay in the Western Cape and Kopela village in the North West. We also managed to begin to identify real causes of fatal conflict at Glebelands and the process of redress and repairing community trust in state interventions.

We have continued to highlight and guide on the proper use of state resources in compliance with the Executive Members' Ethics Act and to engage government and other stakeholders on a common understanding of proper conduct in state affairs as envisaged in section 182 of the Constitution. This was done in numerous bilateral engagements with Members of the Executive, Municipal leaders and other stakeholders. In this regard, I am grateful to the provinces of Gauteng, Western Cape and Eastern Cape for presenting opportunities for the Public Protector Team and I to speak at important gatherings of key leaders in administration such as financial managers and senior managers to ensure that we foster a common understanding of the dictates of good governance, principles of public administration and ethical governance as envisaged in sections 182, 195, 96 and 237 of the Constitution.

Public Protector investigations also highlighted the conflation of state and party, including the use of public resources such as food parcels and blankets meant to support underprivileged people to provide voting incentives. It is encouraging that since relevant reports were released, blatant use of state resources in contested wards has declined.

The impact of Public Protector investigations was also to highlight and begin to address systemic maladministration, governance failure and ethical lapses in the management of State Owned Enterprises. Areas that emerged as needing critical attention include corporate governance at the level of boards, improper appointment, promotion, remuneration and dismissal of employees, including undue "golden handshakes" and procurement irregularities, including corrupt award of contracts and payments against such contracts as well as unmanaged time and cost overruns for infrastructure projects. Concluded and reported investigations in this regard include the Passenger

Rail Agency of South Africa (PRASA), South African Broadcasting Corporation (SABC), and the South African Post Office (SAPO). Still in progress but showing worrying signs regarding improper appointments, handling of whistle-blowers and tender irregularities, including corruption are PRASA Phase 2; SABC; ESKOM; SASSA; TRANSNET and Gautrain, among others.

We must applaud government for cooperation, particularly the Department of Public Works and Treasury for undertaking forensic work as part of remedial action requested in the wake of the Secure in Comfort report on Nkandla and the Derailed report on PRASA and the Postponed Delivery on the Post Office. This includes the directive to the Chief Procurement Officer at the National Treasury to institute a forensic investigation into all tenders with the value of more than R10million. Treasury should also be applauded for following up on remedial action relating to tightening oversight over contracts over R10million.

It is a source of comfort that most of the cases that were handled did not require reports as there was agreement by government that the standard deserved by the people in compliance with the Constitution, particularly sections 195 and 237, had not been met. Most of the approximately 12 000 finalised cases fell into this category. It is our hope that through stakeholder dialogue regarding right and wrong in state governance as envisaged in the Constitution, more cases will be resolved amicably. With a common interpretation of the ethos of public sector governance envisaged in the Constitution, including the right to human dignity, a case such as that reported in “Ubuntu”, which was about government refusing to pay for livestock and human loss in Hluhluwe Game Park will in the future not end in a report or review.

While it is encouraging to note a shift in systemic service failure in many of the municipalities, provincial departments, state entities and national departments, where systemic remedies were ordered or recommended, some of the perennial offenders have remained the same as in previous year, with the list continuing to show that most of the complaints lodged with our office are against municipalities, the Departments of Home Affairs, Justice and Correctional Services, Education, the South African Police Service and Human Settlements, among others. It is particularly concerning that although the Public Protector case load shrunk considerably, due to outreach cut down in the year 2015/16, the figures for the Department of Home Affairs remained the same. Even more concerning is the impact of the service concerned on the constitutional promise of the freed potential and improved quality of life for all when life is at a stand still due to a delayed permit or identity document. This also has implications for the National Development Plan as surplus people cannot contribute effectively to development.

The impact we have made on local government has been mainly in the management of the collective resources of the people of South Africa such as land and mineral rights. We have also made an impact on chieftaincy disputes in rural communities and worked with communities to ensure that companies awarded mining licenses to operate on tribal land comply with relevant conditions aimed at developing communities.

Problems such as the improper allocation of houses to illegitimate recipients continue to plague the RDP housing programme. However, the situation has improved when compared to the period prior our systemic investigation into the programme.

Of concern is the fact that, despite our advise on poverty alleviation following a systemic investigation and hearing on the achievement of Millennium Development Goals dealing with poverty and health, there is still no concrete plan on ending poverty, which is among the key aspects of the Sustainable Development Goals, Agenda 2063: The Africa We Want and the National Development Plan.

Undue delays in the processing of social security benefits such as pensions continues to contribute to poverty levels. The legacy of the apartheid dispensation’s social injustice continues to manifest itself in the plight of people who worked in the erstwhile homeland states, who tend to battle with the payout of their pension benefits.

The pursuit of improving governance transcended South African borders with the main meaningful contribution being through the Department of International Relations (DIRCO) funded African Ombudsman Research Centre (AORC) at the University of KwaZulu Natal. Key offerings in this regard have included training provided to all African Ombudsman Offices, including countries with governance traditions impacted by the so-called Arab Spring.

Research has included partnering with the African Union Commission on the promotion of AU shared values and the development and adoption of the OR Tambo Declaration on Minimum Standards for Ombudsman Offices in Africa. The impact continues to be felt through study visits and participation in sharing of information under the auspices of the African Ombudsman and Mediators Association and the International Ombudsman Institute.

From quantitative perspective, the Public Protector Team handled 17 374 cases, of which 12 735 were finalised, 4 251 carried over while the rest were referred or rejected. Of the total cases finalised, 51% were upheld while 25% were not. In the rest of the cases, no conclusion was drawn. We reached various villages and townships as part of 638 clinics held. We reached even many more through radio, TV, newspapers and social media. The latter brought into the governance dialogue the important millennials and children, among others. It is worth noting though that there is a gender disparity regarding access. When there was more outreach involving the Public Protector herself, more women lodged complaints, pointing to the importance of outreach and the need to find ways to reach out to women. It is also the team's intention to aggregate complainants by economic, racial and other categories in pursuit of the constitutional injunction to be accessible to all persons and communities. We also intend to continue strengthening access to people with disabilities and those facing language impediments.

We also continuously improved on our governance as evidenced by the fact that despite corporate services staff constraints due to the fact that the Public Protector was originally funded as an office within and supported by the Department of Justice, corporate performance never fell below an unqualified audit. I am grateful to the Public Protector Team that we came as close as possible to this dream through its selfless dedication despite unbelievable resource constraints. Despite an establishment of nearly 600 posts having been approved just before I took over and Parliament having approved the first Strategic Plan under my watch on the basis of the same organisational structure, 7 years later, the structure remains unimplemented while the demands on the institution have grown. Also crippling was not having an automated Case Management System after the faulty one installed before I came was canned. However, Standard Operating Protocols and other efficiency promoting business process interventions are, in the meantime, mitigating the problems.

As I prepare to hand over the baton to the next Public Protector to take this institution to the next level, I acknowledge my personal, and the Public Protector as an institution's, indebtedness to its network of stakeholders, including the staff, public, government, civil society, Parliament, fellow integrity institutions, particularly fellow Chapter 9 institutions and the courts, organs of civil society, the media and the international community for the support. Without this support, the Public Protector would not be what it is today. I'm also indebted to my predecessors Judge Selby Baqwa and Advocate Lawrence Mushwana for leaving the institution on high and solid ground for me to take over and achieve more as team captain. Before experiencing the support I receive, I would have never imagined that such support levels were possible. From staff standing with me on everything to individual messages of support, prayers and campaigns and dozens of awards nationally and internationally, all I can say is "Ningadinwa nangomuso". We count on you to continue to support this institution and others supporting constitutional democracy in contribution to the partnership for good governance.



ADV. THULISILE (THULI) NOMKHOSI MADONSELA
PUBLIC PROTECTOR OF THE REPUBLIC OF SOUTH AFRICA
31 August 2016

2. CHIEF EXECUTIVE OFFICER'S OVERVIEW

The period in review, 2015/16 financial year, presented a considerable number of milestones achieved by the Public Protector particularly as we march towards the 2020 vision.

During 2015/16 financial year, we reached out to many communities in all South African provinces through 638 MOPP clinics. The clinics assisted citizens who were not able to reach our offices to lodge complaints and they were also informed about the role and services offered by Public Protector South Africa. On investigations, a total number of 17 374 cases were handled and out of that number 12 735 cases were finalised with 4 251 cases carried over to 2016/17 financial year. There was a decline in the number of cases handled compared to the previous financial year because of the institution's decision to focus on finalising current cases, than accepting many cases where other remedies were not yet exhausted.

The institution has improved its financial performance and achieved a surplus of R17.8 million for the year ended 2015/16 compared to a surplus of R7.6 million in the preceding year 2014/15. This achievement has significantly reduced the accumulated deficit from R18 million as at the end of 2014/15 financial year to just a deficit of R515 442 at the end of 2015/16 financial year.

The cash flow has also improved from R5 million at the end of the 2014/15 financial year to R38.5 million as at the end of 2015/16. This is important because it is necessary to have sufficient liquidity to pay commitments, accrual and payables that have been brought forward into the new financial year (2016/17) from the previous financial year (2015/16).

Challenges still remain in getting adequate resources to fill key prioritised positions in investigations and support services branches and also to invest in critical operational areas such as security, ICT infrastructure, telephone system, leases of office building and also expansion of Public Protector regional footprint and implementation of certain outreach programmes in order to achieve our goal of being accessible to all persons and communities as enshrined in section 182 of the Constitution.

We will continue to work very closely with all critical stakeholders such as National Treasury, the Department of Justice and Correctional Services, Parliament and the Adhoc Committee on Justice and Correctional Services, the Department of Public Works to resolve these funding issues.

The Public Protector South Africa understands the fiscal constraints in which our government operates and will continue to reprioritise its budget and implement the cost containment measures in line with National Treasury initiatives to ensure the organisation operates within its resources. In this regard, the Public Protector 2016 strategic Plan and 2016/17 annual performance plan have been extensively reviewed to ensure that we implement only the projects and programmes that are strategic to the operations of the institution and are affordable.

In conclusion, I wish to convey my gratitude to the Public Protector, Deputy Protector and the entire Public Protector South Africa team for their contribution in delivering our promise of prompt and quality service to our communities. The institution turned 20 years old in the year under review, and together we shall work together to fulfil our mandate and a clean audit going forward.



A handwritten signature in black ink, appearing to read "P. Mogaladi".

MS P. MOGALADI
ACTING CHIEF EXECUTIVE OFFICER
31 August 2016

PART A

GENERAL INFORMATION

3. GENERAL INFORMATION

REGISTERED NAME: PUBLIC PROTECTOR

PHYSICAL ADDRESS: 175 Lunnon Street
Hillcrest Office Park
0083

POSTAL ADDRESS: Private Bag X677
PRETORIA
0001

TELEPHONE NUMBER/S: 012 366 7000

FAX NUMBER: 012 362 3473

EMAIL ADDRESS: kgalalelom@pprotect.org

WEBSITE ADDRESS: www.publicprotector.org

EXTERNAL AUDITORS: AGSA

BANKERS: Standard Bank

LETTER TO THE SPEAKER

The Hon Ms B. Mbete
Speaker of the National Assembly of South Africa
Parliament Building
Parliament Street
PO Box 15
CAPE TOWN

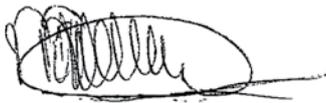
Dear Honourable Speaker

It is an honour to submit the Annual Report of the Public Protector South Africa in terms of section 181 (5) of the Constitution of the Republic of South Africa 1996, which covers the period 1 April 2015 to 31 March 2016.

The report seeks to provide an account of how the office fared in implementing its constitutional mandate and specific commitments of the year under review while capturing our key promises for the year ahead.

I would like to express sincere appreciation from my team and myself to the National Assembly, representatives of organs of state and the people of South Africa for supporting my office and facilitating the fulfilment of its constitutional mandate.

Yours sincerely



ADV. THULISILE (THULI) NOMKHOSI MADONSELA
PUBLIC PROTECTOR OF THE REPUBLIC OF SOUTH AFRICA
31 August 2016

4. LIST OF ABBREVIATIONS/ACRONYMS

ABBREVIATIONS	
ADR	: Alternative Dispute Resolution
Adv.	: Advocate
AG/AGSA	: Auditor-General/Auditor-General South Africa
AIDS	: Acquired Immune Deficiency Syndrome
ANC	: African National Congress
ANCYL	: African National Congress Youth League
AORC	: African Ombudsman Research Centre
APP	: Annual Performance Plan
AU	: African Union
BAcc	: Bachelor of Accountancy
BBusSc	: Bachelor of Business Science
BCom	: Bachelor of Commerce
BCompt	: Bachelor of Accounting Science
CA	: Chartered Accountant
CC	: Close Corporation
CEO	: Chief Executive Officer
CMS	: Case Management System
CSM	: Complaints and Stakeholder Management
CTA	: Certificate in the Theory of Accounting
DIRCO	: Department of International Relations
E/C	: Eastern Cape
EMEA	: Executive Members' Ethics Act
EWP	: Employee Wellness Programme
FMPPI	: Framework for Managing Programme Performance Information
F/S	: Free State
GP	: Gauteng Province
GPAA	: Government Pensions Administration Agency
GRAP	: Generally Recognised Accounting Practice
HIV	: Human Immunodeficiency Virus
Hon	: Honourable
Hons	: Honours
HR/HRM	: Human Resources/Human Resources Management
ICT	: Information Communications Technology
KZN	: KwaZulu-Natal
LLB	: Legum Baccalaureus (Bachelor of Laws)
LLM	: Legum Magister (Master of Laws)

ABBREVIATIONS

LP	:	Limpopo Province
MOPP	:	Mobile Office of the Public Protector
MP	:	Mpumalanga Province
Mr	:	Mister
N/A	:	Not Applicable
N/C	:	Northern Cape
NHBRC	:	National Home Builders Registration Council
No.	:	Number
N/W	:	North West
OHS	:	Occupational Health and Safety
PAA	:	Public Audit Act
PAIA	:	Promotion of Access to Information Act
PAJA	:	Promotion of Administrative Justice Act
PFMA	:	Public Finance Management Act
PMDS	:	Performance Management Development System
Pty	:	Proprietary company
PRASA	:	Passenger Rail Agency of South Africa
SA	:	South Africa
SAAF	:	South African Air Force
SABC	:	South African Broadcasting Corporation
SAICA	:	South African Institute of Chartered Accountants
SAPO	:	South African Post Office
SAPS	:	South African Police Service
SASSA	:	South African Social Security Agency
SBD	:	Standard Bidding Document
SBIDZ	:	Saldanha Bay Industrial Development Zone
SCM	:	Supply Chain Management
SIU	:	Special Investigating Unit
USAID	:	United States Agency for International Development
W/C	:	Western Cape

5. THE YEAR – 2015/16 AT A GLANCE



R246m

Total Budget Allocation



329

Total funded Staff establishment



17 374

Cases Handled by
31 March 2016



5 331

Cases carried over from 2014/15



11 372

New cases



1 159

Cases referred to other institutions



580

Non jurisdiction cases



12 735

Cases finalised



4 251

Cases carried over to 2016/17



Footprint

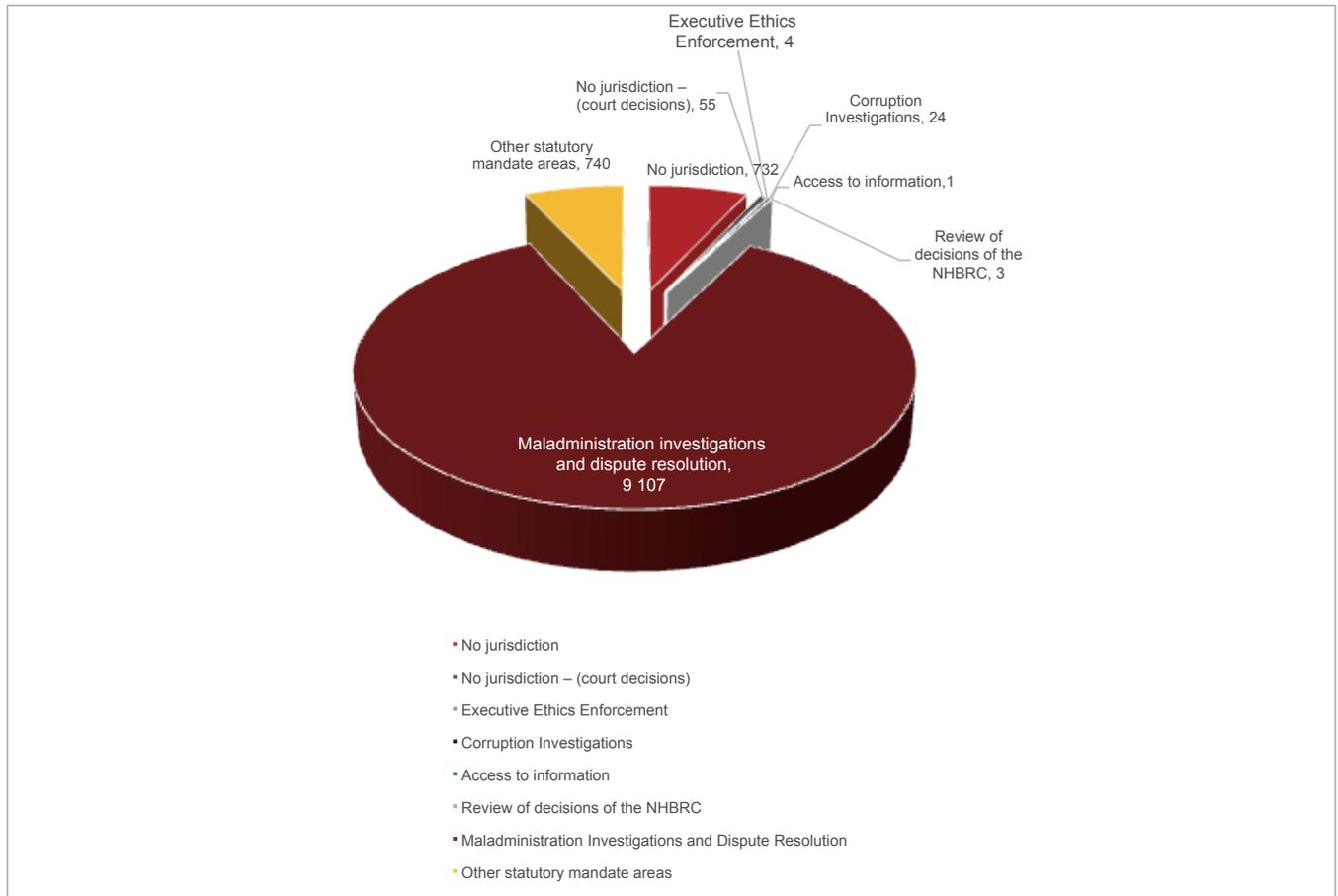
- 1 National Office
- 9 Provincial Offices
- 9 Regional offices



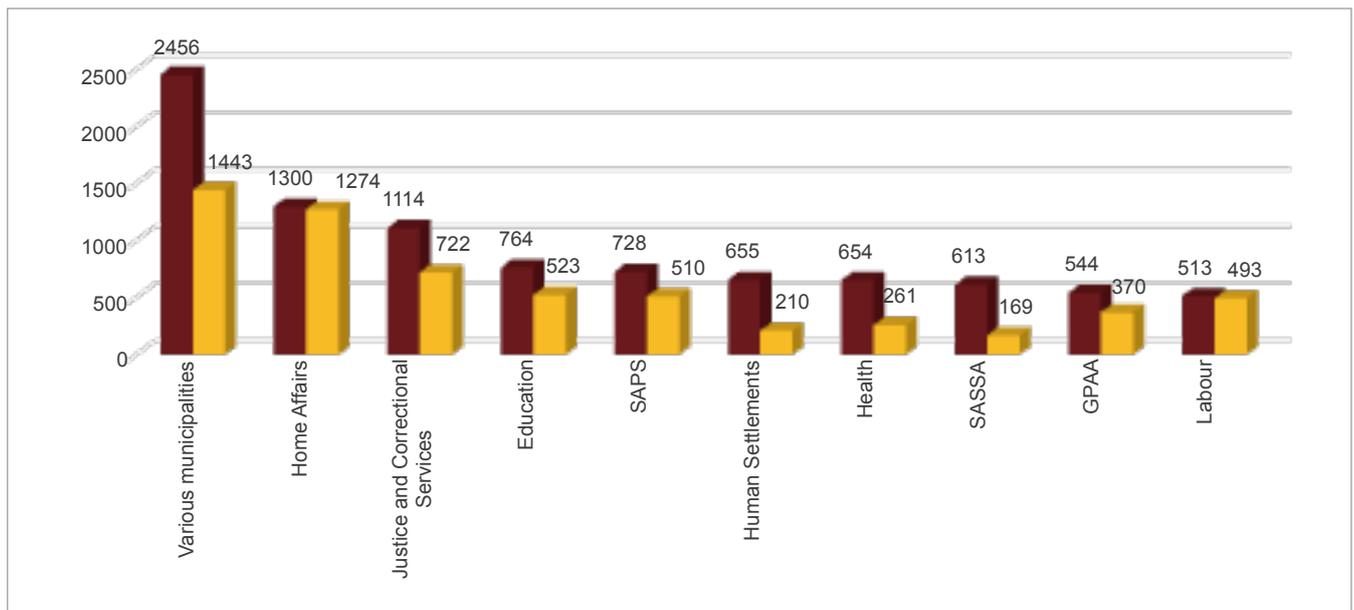
638

Outreach Clinic

Classification of finalised cases¹

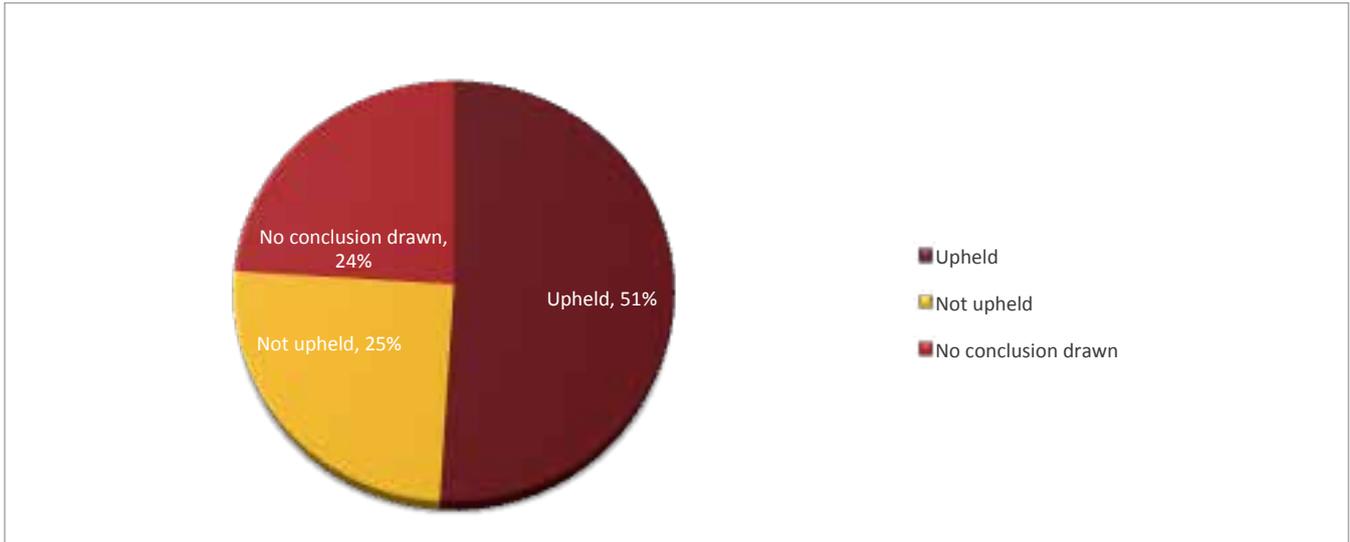


Comparison graph of Top 10 government institutions complained against between 2014/15 and 2015/16 financial years



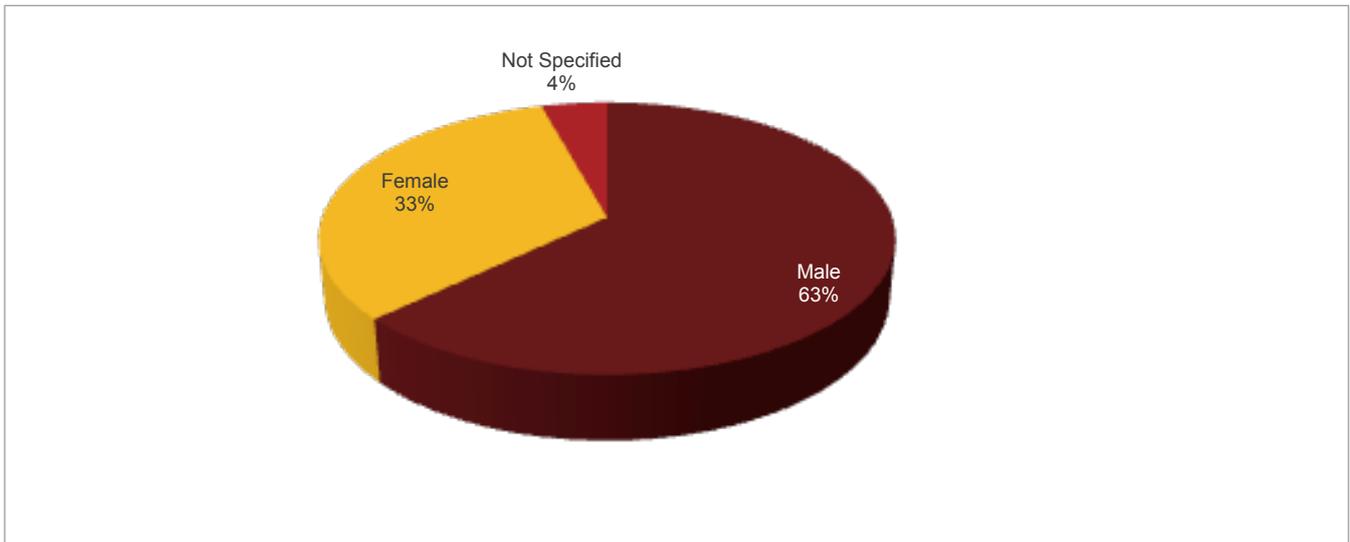
¹ Some corruption cases are embedded in maladministration cases

Percentage of complaints upheld/not upheld



Accessibility Indicator

The chart below indicates gender percentage breakdown on complaints received



6. SUGGESTED AGENDA FOR CHANGE

The value and impact of the work of the Public Protector is key in identifying trends and shining a spotlight on challenges that need to be addressed by role players in government in pursuit of responsive service, accountability and clean governance. In this regard investigations undertaken in the year under review revealed the Local Government, including Traditional Affairs, Home Affairs, Social Security, Health and State Owned enterprises as key areas needing attention from key decision-makers in government. It is encouraging though to note that positive results from implementation of findings of systemic investigations indicate that with attention, the problems identified are not insurmountable. The key trends regarding challenges identified through complaints and investigations include the following:

Local Government/Municipalities

Key challenges emerging from complaints and investigations include systemic service failure, contracts/tenders, employment irregularities, mismanagement of land and related collective resources in rural communities and traditional leadership disputes. Regarding service failure, complaints against municipalities mainly relate to infrastructure provision such as water, electricity and housing, particularly for informal dwellers. The consequence of the failure of municipalities to deliver services leads to stealing of water and electricity through illegal connections, endangering lives and creating a vicious cycle where money is then channelled towards dealing with illegal connections rather than the provision of services. The other challenge is water leakages that are not addressed by municipalities, thus hampering their ability to deliver. On housing, the main complaints are on the management of the delivery of houses on time, built to the right quality and allocated to rightful owners. Delayed provision of infrastructure such as electricity, roads and water in new housing developments was also noted. In some instances, a new settlement is built, but the rightful owners are not allowed to move in and the houses end up being illegally occupied.

State contracts /tenders remain prone to improprieties such as poor planning, time overruns, financial overruns and corruption, including payment for services that are patently defective or not received. Practices such as unnecessary procurement, overcharging, overbilling and false billing, identified earlier, continue. Employment irregularities that continue to bedevil municipal service delivery include procedural irregularities, conflict of interest, cronyism and harassment of whistle-blowers, particularly finance, procurement and Human Resources officials who question perceived improprieties. The management of land and related immovable community resources remains a thorny issue with many communities remaining poor despite restoration of land rights or land redistribution. A related challenge is that of disputed traditional leadership often leaving communities under administration, which often compounds problems. The option of trusts has also proven not to be viable in light of lack of sophistry within communities which enables lack of accountability and pillaging.

Home Affairs

The management of immigration and late birth registration continue to experience undue delays resulting in undocumented persons who can't pursue further studies, work, own businesses or be accounted for in national planning processes. Though there was an improvement in the past on matters raised, there was stagnation in the year under review as can be seen in the graph showing that despite complaint statistics having fallen by nearly 50% Home Affairs complaints remained constant.

Labour

Systemic delays in relation to the Compensation Fund remain a challenge though there have been some improvements. The recurrence of these matters points to findings of the systemic investigation and intervention, and the remedial action of the Public Protector not being expeditiously implemented. As a result a follow up systemic investigation was initiated.

Governance Challenges in Parastatals

Complaints and investigations highlighted and brought to government's attention include systemic governance failure, procurement improprieties and employment irregularities, including the harassment of whistle-blowers at various State Owned Enterprises. Completed investigations identified such challenges at the South African Broadcasting Corporation (SABC); When Governance and Ethics Fail report, Passenger Rail Agency of South Africa (PRASA); Derailed report and South African Post Office (SAPO); Postponed Delivery report. Investigations in progress are dealing with similar allegations at SASSA, ESKOM, Transnet, SABC Phase 2 and PRASA Phase 2, while less extensive allegations are being followed up in relation to TELKOM, SAA, PETRO-SA and SANRAL.

Making an Impact

The key impact made by the Public Protector has been to extend access to justice and public accountability to the most disadvantaged in society wherever they are, particularly townships and villages. Linked to that is the restoration of people's lives, human dignity and public trust.

It is encouraging to report that despite resource constraints, which led to a cutting down of offices and outreach in the past year, the Public Protector is steadily making an impact, particularly through systemic interventions. Among successful systemic interventions, was the Millennium Development Goals intervention, whose public hearings and interim reports enabled interventions to immediately improve service delivery while waiting for the final report. This was followed up with systemic interventions such as a visit to Mamelodi Hospital that led to progress. An intervention at Kopela village in the North West province after receiving a complaint from community members regarding the failure of government to develop roads and to provide water, also quelled unrest. Three schools and a community clinic had been burnt down following the community protest. Though the investigation is ongoing, the intervention of the office in contacting the relevant MEC and attending a community meeting with other MECs assisted in preventing further damage to state property.

The team also intervened at Glebelands Hostel in Umlazi outside Durban in KwaZulu-Natal, where people were dying and fear was pervasive. Though the investigation is ongoing, the intervention correctly identified the source of the conflict and brought it to the attention of the Premier of KwaZulu-Natal and other essential role players who are now more meaningfully seized with the problem.

An impact has also been made with regard to highlighting fault lines regarding proper use of public power and resources; clawing back some of the resources; executive ethics and corruption; and reinjection of funds back into public service delivery causes they were meant for. Relevant investigations and reports in this regard have also sparked an important public conversation regarding the impact of unethical conduct and corruption on the rule of law, the constitutional promise and the lives of ordinary citizens and residents.

INTERNATIONAL WORK

Creating AORC, which is based at the University of KwaZulu Natal was a groundbreaking achievement. AOMA is the only association in the world that has its own training centre. The centre has been instrumental in developing ombudsmanship in Africa. It has the potential to contribute more in this regard. Through the Public Protector's chairpersonship of AORC and its membership of International Ombudsman Institute, we continued to contribute to the development of ombudsmanship in the continent and the world. All of this would not have been possible without funding that AORC received from DIRCO.

In the year under review, we also undertook study visits to several countries in the world. In some instances, we were participating in conferences while in other instances we were benchmarking against our counterparts. This work fits in with South Africa's broader contribution to a better governed world.

IMPACT FROM IMPLEMENTATION OF REMEDIAL ACTION

STATE OWNED ENTERPRISES

Maladministration

“Derailed” no 3 of 2015/16-Report on an investigation into allegations of maladministration relating to financial mismanagement, tender irregularities and appointment irregularities against the Passenger Rail Agency of South Africa (PRASA)

On 16 March 2016, PRASA has forwarded a progress report to update the Public Protector on the implementation of the remedial action.

On 18 March 2016, Chairperson of Board of PRASA and his team had a meeting with the Public Protector to present the above-mentioned progress report. The PRASA board seems to be committed to implementing most of the remedial action prescribed in the PP’s report and the Compliance unit will continue engaging with the state organ to make sure implementation of remedial action is fully fulfilled.

PROVINCIAL GOVERNMENT

Executive Ethics

“Permitted benefits” no 17 of 2014/2015- Report on an investigation into alleged violation of Executive Ethics Code and Constitution by Eastern Cape MEC for Social Development Ms Pemmy Majodina

After the Submission of progress report on 19 June 2015, proof of payment was received as evidence to the recovery of funds (R15 000.00) from MEC Majodina.

PROVINCIAL GOVERNMENT

Maladministration

“Unsettled settlement” no 1 of 2014/2015- Report on an investigation into alleged refusal by the Gauteng Department of Health to pay for services rendered by CKB Washroom Sales and Services CC.

The complainant was compensated accordingly.

“No Finality No Justice” no 24 of 2013/2014- a supplementary report on an investigation into the failure of the Former Transvaal Department of Education and the Limpopo Provincial Department of Education to submit amended pension documents of a former employee to the Government Employees Pension Fund (Supplementary to Report 31 of 2010/2011)

Based on a meeting the Department held with the Public Protector on 23 February 2015, it was agreed that the Public Protector’s Office will engage with the family to give an indicative amount between R264 000.00 and R1000 000.00 for the Department’s consideration. In this regard the Public Protector’s Office advised the Department that Grobler’s family were prepared to accept any amount within the stated parameters that the Department can offer them. In a letter from the Limpopo Department of Education dated 15 June 2015, the Department confirmed an offer to pay to the estate of the late Mr JJ Grobler (complainant) an amount of R500 000.00 in line with the settlement terms as agreed with the Public Protector. The Department further requested the Public Protector to advise them of the banking details of the payee.

LOCAL GOVERNMENT

Maladministration

***“Fish farming paralysis”* no.07 of 2014/2015- Report on an investigation into allegations of improper prejudice as a result of alleged improper conduct by official of the Bojanala District Municipality**

On 27 July 2015 the Municipality made a final settlement of R100 000.00 to the complainant, which was valid until 15 August 2015.

“The Children Shall Pay” no 16 of 2013/2014- Report on a systemic investigation into the allegations of the lack of service delivery and maladministration by the Gamagara Local Municipality which led to community protests

On 07 October 2015, a report was received from the Municipality indicating that:

- a) The road in question has been completed the culverts have been installed;
- b) There is a park at Olifantshoek and three (Welgelee, Diepkloof and Ditlouw) new parks will be developed in the current financial year. A further R2 million has been allocated per park.
- c) Council decided to allocate affected sites to the people who are occupying land. The land has been re-surveyed and redesigning of services has commenced for the concerned area.
- d) Administration of immovable Property policy was approved by Council in March 2014. The Municipality does not have any decision making role in determining the skills and recruitment of employees at the mines, however, through the social labour plan the municipality does contribute to influence employment planning but cannot influence employment patterns.

HIGHER EDUCATION

Maladministration

“Qualified Compliance” no 08 of 2015/16 Investigation into allegations of maladministration, unfair discrimination on the basis of disability, undue delay and failure to comply with the Promotion of Access to Information Act and the Examinations and Other Related Matters Policy by University of Pretoria.

The Vice Chancellor of the University tendered a written apology to Complainant. This is another illustration by a state organ to comply with the remedy of apologising to the complainant, which is analogous to the Bojanala Platinum Municipality as well as the City of Johannesburg’s stances to at least apologise for the prejudice suffered by the complainants, due to their maladministration.

7. Statement of responsibility and confirmation of accuracy for the annual report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.

The annual report is complete, accurate and is free of any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the Constitutional Institution.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing, and implementing a system of internal controls that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors were engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the institution for the financial year ended 31 March 2016.

Yours faithfully



Acting Chief Executive Officer

Ms P. Mogaladi

29 July 2016



Chairperson of the Executive Committee

Advocate Thuli Madonsela

29 July 2016

8. STRATEGIC OVERVIEW

8.1. Vision

An effective, accessible and impartial organisation that rights administrative wrongs and promotes good governance in state affairs.

8.2. Mission

To strengthen constitutional democracy by investigating, rectifying and redressing any improper or prejudicial conduct in state affairs.

8.3. Organisational Purpose Statement

A conscience of the State to act with integrity and fairness.

8.4. Values

We are an independent Constitutional institution and all our work is anchored in the supremacy of the Constitution and the rule of law. Our operations are informed by the following values:

- a) Impartiality
- b) Ubuntu
- c) Fairness
- d) Redress
- e) Efficiency and professionalism

8.5. Public Protector's Service Pledge and Strategic Objectives

The Public Protector undertakes to:

- a) Be accessible to all persons and communities;
- b) Provide prompt justice incorporating remedial action;
- c) Promote good governance in the conduct of all state affairs;
- d) Become an efficient and effective organisation; and
- e) Achieve optimal performance and purpose driven culture.

9. CONSTITUTIONAL AND STATUTORY MANDATES

9.1. Constitutional mandate

Section 181 to 182 of the Constitution of the Republic of South Africa, 1996 gives the Public Protector the power to support and strengthen constitutional democracy by investigating any conduct in state affairs, or in the public administration in any sphere of government, that is alleged or suspect to be improper or to result in any impropriety or prejudice; to report on that conduct; and to take appropriate remedial action. The Public Protector must be accessible to all persons and communities

9.2. Statutory Mandate Areas

The Public Protector's mandate is to strengthen constitutional democracy through the pursuit of the following key statutory mandate areas:

9.2.1. Maladministration Investigations and Dispute Resolution

Investigate and redress maladministration or improper or prejudicial conduct, including abuse of power and abuse of state resources in all state affairs; resolving administrative disputes or rectifying any act or omission in administrative conduct through mediation, conciliation or negotiation; advising on appropriate remedies or employing any other expedient means and reporting as envisaged under the Public Protector Act 23 of 1994;

9.2.2. Executive Ethics Enforcement

Enforce the Executive Members Ethics code as mandated by the Executive Members' Ethics Act 82 of 1998.

9.2.3. Corruption Investigations

Investigate allegations of corruption as mandated by section 64 of the Public Protector Act, read with the Prevention and Combating of Corrupt Activities Act 12 of 2004.

9.2.4. Protected Disclosures

Receive protected disclosures from whistle blowers as mandated by the Protected Disclosures Act 26 of 2000.

9.2.5. Review of decisions of the National Home Builders Registration Council (NHBC)

Review decisions of the National Home Builders Registration Council as mandated by the Housing Protection Measures Act 95 of 1998.

9.2.6. Other Mandates

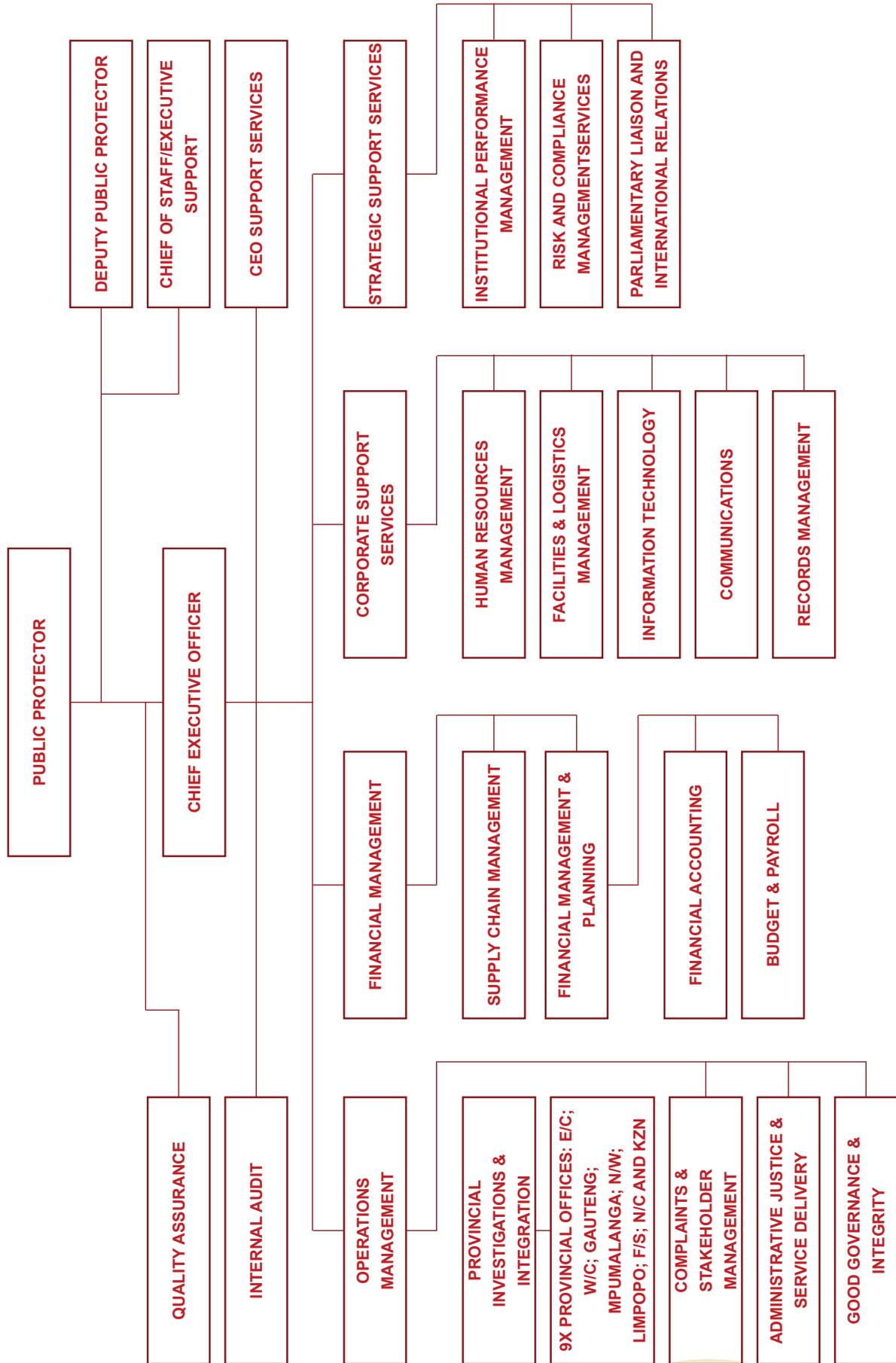
In addition, the Public Protector discharges other responsibilities as mandated by the following legislation:

1. National Environmental Management Act 108 of 1999
2. National Archives and Record Service Act 43 of 1996.
3. National Energy Act 40 of 2004
4. Promotion of Equality and Prevention of Unfair Discrimination act 4 of 2000
5. Public Finance Management Act 1 of 1999 this.
6. Lotteries Act 57 of 1997

7. Special Investigating Units and Special Tribunals Act 74 of 1996
8. Electoral Commission Act 51 of 1996

The work of the Public Protector is also informed by the provisions of the Promotion of Administrative Justice Act 3 of 2000 (PAJA) and other laws that regulate proper conduct in state organs and the public administration.

10. HIGH LEVEL ORGANISATIONAL STRUCTURE



PART B
PERFORMANCE
INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 68 - 70 of the Report of the Auditor General, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

2.1. Service Delivery Environment

The overall performance of the institution is at 62%, a slight improvement from the 52% attained in 2014/15 financial year. Key outputs on accessibility included ensuring that resources were used more efficiently by conducting more MOPP clinics than planned, thus taking service to more persons and communities. Other mechanisms used to ensure access were radio, television and print media. In the 2015/16 financial year, a key target under this programme was to achieve an unqualified audit opinion. Achievements worth mentioning include being able to secure \$500 000 in funding from USAID and the development of an institutional Regulatory Code that assists the institution in document management and archiving. In respect of investigations, the Public Protector developed an investigations manual, including a quality assurance manual to standardise investigations and report writing. The follow-up on implementation of remedial action is undertaken on a regular basis to ensure that State organs comply with the Public Protector's remedial action. Of the eight Executive Members Ethics Act investigations conducted, four reports were issued for the year under review.

A major impediment to the full implementation of Annual Performance Plan targets is human resource capacity. The institution has been engaging in discussions on finding ways to work smarter with the limited resources at its disposal.

The significant ruling by the Constitutional Court, clarifying the extent of the Public Protector's powers poses two significant challenges. The main challenge and risk the institution faces is an increasing number of state institutions taking the Public Protector's reports on judicial review. As a result, the Public Protector is forced to defend these matters resulting in a massive financial burden to the institution. Another potential risk may be an increased number of complaints stemming from the judgement now that there is clarity on the binding effect of the Public Protector's remedial action.

2.2. Organisational environment

The financial performance of the institution improved in the year under review and the accumulated deficit was reduced from R18 million to R515 442. The cash flow has also improved from R5 million at the end of the 2014/15 financial year to R38.5 million as at the end of 2015/16. This improvement assisted the institution to have sufficient liquidity to pay commitments.

The institution operated with 89% of vacant positions filled. Considering that the organisational structure was funded at 59%, the institution performed well. Training was also provided to employees within the institution to improve efficiency. Trainee Investigators, who were employed to gain skills were key in assisting the institution to finalise cases.

2.3. Key policy developments and legislative changes

The powers of the Public Protector were clarified by the Constitutional Court ruling in the case, Economic Freedom Fighters v The Speaker of the National Assembly and Others and Democratic Alliance v the Speaker of the National Assembly and Others (CCT 143/15 and CCT 171/15). It was the finding of the Court that any affected person or institution aggrieved by a finding, decision or action taken by the Public Protector might, in appropriate circumstances, challenge that by way of a review application. Absent a review application, however, such person is not entitled to simply ignore the findings, decision or remedial action taken by the Public Protector. Moreover, an individual or body affected by any finding, decision or remedial action taken by the Public Protector is not entitled to embark on a parallel investigation process to that of the Public Protector, and adopt the position that the outcome of that parallel process trumps the findings, decision or remedial action taken by the Public Protector.

2.4. Strategic Outcome Oriented Goals

In pursuit of its constitutional and legislative mandate, vision and mission the Public Protector's work was informed by five (5) strategic objectives during the 2015/16 financial year. These strategic objectives constitute the pillars to focus organisational energies, decisions and performance management.

Informed by the logical framework planning methodology entailed in the Treasury Guidelines, the strategic objectives collectively seek to generate the desired impact for the realisation of the organisational vision. These were further supported by strategies which were devolved into programmes with each programme's strategies geared at generating the outputs that will collectively achieve a given strategic objective.

The following key strategic objectives informed the work of the Public Protector in the 2015/16 financial year:

- a) Strategic Objective 1: Accessible to all persons and communities;
- b) Strategic Objective 2: Prompt justice incorporating remedial action;
- c) Strategic Objective 3: Promotion of good governance in the conduct of all state affairs;
- d) Strategic Objective 4: An efficient and effective organisation; and
- e) Strategic Objective 5: Optimal performance and purpose driven culture.

Below is a summary of how the organisation performed under each of the 5 strategic objectives.

a) Accessible to all persons and communities

The institution's goal is to reach as many people as possible through its outreach activities in pursuit of the constitutional imperative to be accessible to all persons and communities. In 2015/16, the institution conducted 638 outreach clinics, reaching out to many communities across the country. We also used radio, television and social media to increase access. To further broaden access to the office, groups such as students, schools, women's organisations were targeted. While millions of people were reached through outreach activities, the plan going forward is to ensure that specific groups that were previously not serviced will be targeted. These include groups such as people living with disabilities.

b) Prompt justice incorporating remedial action

The organisation performed well in resolving matters through ADR. An example of a successful ADR relates to a case of Ms A. who was owed by PRASA for a service she rendered. After failed attempts to recover her money years after the service was rendered, the Public Protector assisted her to get paid an amount of R760 000. The institution worked with State organs to ensure that remedial action of the Public Protector was implemented. In the year under review, remedial action was implemented for the following reports: Fish Farming Paralysis, Permitted benefits, Unsettled Settlement, No Finality No Justice, Qualified Compliance, and The Children Shall Pay. In general, there

is cooperation from organs of State in implementing remedial action of the Public Protector with State institutions understanding that the remedial action of the Public Protector cannot be simply ignored. In the next financial year, cases older than two years will be given priority.

c) Promotion of Good Governance in the conduct of state affairs

In the promotion of good governance in all state affairs, four reports on executive ethics were released, namely; She Did Not Know, Out of Bounds, Up In The Air and Political Ethics. We also consulted with three organs of state regarding the establishment of complaint resolution mechanisms with a view to have complaints regarding specific organs of state being handled by ambassadors in those specific institutions, thus reducing the number of complaints coming to the Public Protector. Consultations were held with City of Tshwane, Home Affairs and SAPS in this regard. Going forward, the Public Protector will have good governance conversations with the Forum of South African Directors-General, South African Local Government Association, Department of Cooperative Governance and Traditional Affairs, Auditor General, National Treasury and the Executive on systemic challenges within state institutions. The rationale for holding these talks is to ensure that systemic challenges are addressed, thus benefiting South Africans who receive services from organs of state and consequently reducing the number of complaints received by the Public Protector. The conversations are also aimed at improving executive education in respect to ethical codes of conduct.

d) Efficient and effective organisation

The institution obtained an unqualified audit opinion, and plans to archive a clean audit in the next financial year through strengthening of compliance processes and enhancing our business processes. By standardising our operating procedures in relation to, inter alia, investigations planning and reporting and enhancing technological support, we improved our communication with and our ability to gather evidence from state institutions.

e) Optimal performance and purpose driven culture

The institution focused on acquiring donor funding and developing a funding model for the institution to augment funding received from National Treasury. Thus far, the Public Protector managed to secure US\$500 000 from USAID to assist with specific projects within the institution such as the Case Management System and training for employees. The assistance, especially with the Case Management System helped the institution to map out the “to be Analysis” for the institution, leading to optimal performance on investigations. Employees were trained in the areas of customer service, advanced project management and Promotion of Access to Information Act, among others. The aim of continued training of staff is to hone their skills, thus ensuring optimal performance in the institution. Going forward, the institution will conduct a skills audit to determine training needs and train employees on the gaps identified.

3. FORMAL REPORTS – REPORTS OF THE PUBLIC PROTECTOR FOR 2015/16 FINANCIAL YEAR

NATIONAL GOVERNMENT

MALADMINISTRATION

STATE AND PARTY, BLURRED LINES

Report 12 of 2015/16

The Public Protector investigated allegations of maladministration by the Department of Social Development and the South African Social Security Agency (SASSA) regarding the distribution of food parcels and a SASSA Grant by the then President of the African National Congress Youth League (ANCYL), Mr Julius Malema, at Heinz Park and Philippi in Cape Town on December 01, 2009.

The complainant, Ms Patricia Kopane, Democratic Alliance Shadow Minister of Social Development, alleged that the distribution of food parcels by Mr Malema to the Heinz Park and Philippi communities was irregular as it created the impression that the food parcels were distributed by a political party and not an organ of state.

Findings and remedial action

The Public Protector found that the allegation that SASSA improperly organised the event that was held at Heinz Park and Philippi in Cape Town on December 01, 2009 was unsubstantiated. The allegation that Mr Malema was allowed to distribute SASSA purchased food parcels during the event was also not substantiated. However, the food parcels he distributed were obtained by SASSA as a donation from a private company. The event was organised by the ANCYL in terms of its own internal resolution and using its resources. Mr Malema did distribute SASSA provided food parcels during the event.

The Public Protector also found that the conduct of SASSA and its officials in distributing state provided food parcels at a political party event and allowing a leader of a political party who does not work for government to distribute such food parcels was inconsistent with the provisions of Section 195 of the Constitution requiring “services to be provided impartially, fairly and equitably without bias” and accordingly constitutes improper conduct, abuse of state resources, and maladministration. This constitutes improper conduct as envisaged in section 182(1) of the Constitution.

The Public Protector further found that the allegation that SASSA authorised Mr Malema to distribute its food parcels and to pledge a R100 000 SASSA statutory grant to Ms Rossie Classen, a prominent member of the ANC, was unsubstantiated as he did so in his capacity as President of the political party that organised the event. The pledge was not a statutory grant but one made on behalf of the ANCYL. The involvement of the Minister of Social Development, Ms Edna Molewa, and SASSA in the event were improper.

In addition, the Public Protector found that ANCYL and SASSA banners were displayed alongside each other during the event, at the instruction of former Acting Communications and Marketing Manager Mr Letsatsi, creating an atmosphere of collaboration between the two organisations. This justified the allegation of conflation of party and state. This was exacerbated by allowing Mr Malema to distribute the food parcels.



Lastly, the Public Protector found that the allegation that Minister Molewa instructed SASSA officials to have food parcels organised for distribution at the event was substantiated, in violation of Section 96(2) (b) (c) of the Constitution, and therefore constituted improper conduct. The utilisation of SASSA resources and attendance of ANCYL event by SASSA and department personnel abetted the ANCYL to achieve its party-political objective and thus creating a conflict of interest and favouritism. The conclusion that Minister Molewa's conduct amounted to favouritism of one political party over others is accordingly justified. This conduct constituted maladministration as envisaged in section 6(4) (a) (1) of the Public Protector Act, 1994 and amounts to improper conduct as envisaged in section 182(1) of the Constitution.

As part of remedial action, the Public Protector directed the Minister of Social Development, among other things, to ensure that a policy is developed and circulated in all government institutions, setting out a clear separation between state and party activities at all times and that all provincial state functionaries and employees are made aware of the policy. The Minister was also directed to ensure that no government platform or state functionary is required or allowed to use their position, power and public resources under their control to market political party matters. The Director-General of Social Development was directed to ensure that officials, including high level officials, are capacitated through workshops or memoranda concerning implications of conflation of party and state and integrate in their respective performance agreements in order to ensure maximum compliance.

EXECUTIVE ETHICS VIOLATIONS

POLITICAL ETHICS

Report No. 11 of 2015/16

The Public Protector investigated allegations of abuse of state funds and violations of the Executive Ethics Code against the Minister of Trade and Industry, Mr Rob Davies, relating to the distribution of party political t-shirts and the payments of expenses for the launch of the Saldanha Bay Industrial Development Zone (SBIDZ) using public funds.

Member of Parliament, Mr Geordin Hill-Lewis, alleged that Minister Davies breached the Code by using his position to improperly enrich the governing party, African National Congress (ANC), in his failure to prevent a possible conflict of interest as Minister and his political interest as an ANC member. Further allegations related to the hiring of a sound system and a stage that was bigger than the marquee which could not be used and payment of costs for transportation of ANC supporters to the launch. Mr Hill-Lewis dubbed the event an ANC rally.

Findings and remedial action

The Public Protector found that the allegations that Minister Davies failed to discharge an ethical obligation to prevent a state event of the launch of the SBIDZ from being turned into a political party rally; conducted himself in a manner that exposed him to a situation risking a conflict between his official responsibilities as a member of the Executive and his political interests as an ANC member and thereby improperly benefiting the ANC or anyone; improperly distributed ANC t-shirts at the event, improperly transported ANC supporters to the event; and improperly hired a stage that was too big for the marquee and not used, all these in violation of the Code, were not substantiated. There was no need for remedial action.

OUT OF BOUNDS

Report No. 14 of 2015/16

The Public Protector investigated a complaint that the former Deputy Minister of Economic Development, Mr Enoch Godongwana violated the Executive Ethics Code by allegedly failing to fully disclose his financial interests in the parliamentary Register of Members' Interests as well as non-disclosures in the Register of the Executive Members' Interests. The complaint was lodged by Member of Parliament, Mr Kobus Marais.

Findings and remedial action

It was noted that while the Public Protector was conducting her preliminary enquiries into the matter, Mr Godongwana resigned both as Member of Parliament and as a Deputy Minister to pursue personal interests. This made it difficult to pursue the investigation as Mr Godongwana was no longer a member of the Executive as envisaged in the Executive Members' Ethics Act despite the fact that the complaint was received while he was still in office. It was further noted that following Mr Godongwana's resignation from Parliament and as Deputy Minister, Parliament's Joint Standing Committee on Ethics and Members' Interests also decided not to pursue its inquiry. The Public Protector accordingly decided to close the investigation and leave the matter to the discretion of the President.

SHE DID NOT KNOW

Report No. 12 of 2014/16

The Public Protector investigated allegations of a breach of the Executive Members' Ethics Act against the Minister of International Relations and Cooperation, Ms Maite Nkoana-Mashabane. Member of Parliament, Mr Bill Eloff alleged that Minister Nkoana-Mashabane received a benefit amounting to approximately R100 000 in respect of payments made towards security services at her private residence in Polokwane, which she failed to declare in the Parliament's Register of Members' Interests. The gist of the complaint was that Premier Fishing Company (Pty) Limited paid a sum of R103 856 to Urban Africa Security Services CC towards the security services rendered by the said security company at Ms Nkoana-Mashabane's private home.

Findings and remedial action

The Public Protector elected to make no findings in connection with the allegations against Ms Nkoana-Mashabane as Parliament's Joint Committee on Ethics and Members' Interests had already investigated the matter and found that there was no evidence that Ms Nkoana-Mashabane personally and directly benefited. However, the committee found and accepted that the benefit relates to her property and therefore she benefited indirectly. The Public Protector did not take remedial action as the committee had already recommended that the Minister amends her disclosure to reflect the indirect benefit now that she was aware of it.

UP IN THE AIR

Report No. 13 of 2015/16

The Public Protector investigated allegations and counter allegation of violations of the Executive Ethics Code involving the former and current Ministers of Defence and Military Veterans, Ms Lindiwe Sisulu and Ms Nosiviwe Mapisa-Nqakula. This was in connection with the utilisation of the South African Air Force (SAAF) Gulfstream Aircraft and alleged improper conduct against Ms Mapisa-Nqakula. A complaint was also received from the General Secretary of the Congress of South Africa Trade Unions, Mr Zwelinzima Vavi with a request for the Public Protector to investigate allegations circulating in the media at the time to the effect that the SAAF was spending R68 000 an hour to fly Ms Sisulu. The Public Protector subsequently received a further complaint from Hon. Sisulu requesting her to investigate the conduct of Ms Mapisa-Nqakula, alleging that she violated the Executive Members' Ethics Act.

Findings and remedial action

Having gathered information as part of her preliminary investigation into the matter, the Public Protector tried to invite the two Ministers



to a meeting to resolve the dispute. The Ministers declined to meet with the Public Protector, prompting her to resort to written communication. In her response to the Public Protector's correspondence, Ms Mapisa-Nqakula, in addition to providing SAAF Gulfstream Aircraft flight record information, indicated that she had referred the matter to then Deputy President Kgalema Motlanthe in his capacity as the Leader of Government Business in Parliament. She was of the opinion that the issue would be best dealt with by Mr Motlanthe. Ms Sisulu on the other hand undertook to find a mutually convenient time to meet the Public Protector.

Following these, there wasn't any meaningful communication exchanged between the Public Protector and the two Ministers. Neither was there any confirmation of a resolution of the matter by Mr Motlanthe as advised by Ms Mapisa-Nqakula nor the information or a meeting made by Ms Sisulu. In view of these, the Public Protector decided to close the investigation and leave the matter to the discretion of the President.

STATE OWNED ENTERPRISES

MALADMINISTRATION AND CORRUPTION

DERAILED

Report No. 3 of 2015/16

The Public Protector investigated allegations of maladministration relating to financial mismanagement, tender irregularities and appointment irregularities against the Passenger Rail Agency of the South Africa (PRASA). Initially lodged by the South African Transport and Allied Workers Union and later pursued by the National Transport Movement, the 37 complaints that formed the basis for the investigation alleged conflict of interest, nepotism and human resources mismanagement, including victimisation of whistle-blowers by Group Chief Executive Officer (GCEO), Mr Lucky Montana, and other functionaries at PRASA.

Findings and remedial action

Out of all the 32 allegations on which findings were made; 18 were substantiated, 8 were not substantiated while 5 were deferred to the second report, Derailed 2. Among those substantiated were that PRASA improperly extended to other stations nationally a tender for the installation of high speed passenger gates with R800million, awarded to Siyangena Technologies in 2009/10, which tender was initially advertised for the Doornfontein station in Gauteng and improperly extended another tender to Siemens for the Dark Fibre and Integrated Communication Systems amounting to R800 million to additional stations nationally during the same year when the tender was only advertised in Gauteng were substantiated.

Also found to be substantiated were allegations that PRASA improperly terminated all contracts for cleaning services, subsequently appointing Reakgona Commercial and Industrial Hygiene and Katanga Cleaning Services irregularly; that the parastatal improperly appointed Sidas Security on a security tender in replacement of National Force Security on the GCEO's instruction; and that the alleged improper appointment of Vimtsire Security Services, which failed to meet the minimum requirements for appointment, were substantiated.

In addition, PRASA's alleged improper appointment advance payment of R600 000 to Enlightened Security was found also to be substantiated. Also substantiated was the alleged improper appointment of a media company to produce Hambanathi Magazine during 2008/09. So was the alleged improper appointment of Mr Ezra Ndwandwe on a Change Management Consultancy at a cost of R2 million in 2008/09.

The alleged improper increase of the scope and value of a marketing and communications tender awarded to Brand Leadership was also found to be substantiated. The same applied to the allegation that PRASA improperly awarded a tender in the amount of R22 million for Park Station Development Framework to ARUP, a company associated with a PRASA board member. The alleged improper awarding of a security services contract to Futuris Guarding in April 2010 at Autopax City to City for a total amount of R231 204 was also found to be substantiated.

PRASA was further found to have improperly incurred an over expenditure of R2.2 billion on its operations budget in 2009/10; improperly incurred rental expenditure for Jorissen Building after vacating it 14 months before the expiry of its lease, resulting in fruitless and wasteful expenditure; improperly incurred rental expenditure on Intersite Building after vacating the building 20 months before the expiry of its lease, resulting in fruitless and wasteful expenditure.

Lastly, PRASA was found to have improperly terminated the contracts of Executives, resulting in fruitless and wasteful expenditure amounting to an estimated R5million; improperly suspended employees, resulting in labour dispute settlements amounting to R3.35million thus constituting fruitless and wasteful expenditure; and that the GCEO improperly appointed Mr Joel Chimanda at a cost of R2million as a Special Advisor.

The allegations that were found to be unsubstantiated included PRASA's alleged improper appointment and payment of Royal Security for an amount of R2.8 million for security services; the GCEO's alleged improper awarding of a contract for the provision of professional advisory services on the signaling project to a friend, Mr Makhensa Mabunda of Siyaya DB; PRASA's alleged failure to investigate the theft of buses of its subsidiary, Autopax; the parastatal's alleged improper termination of the Rasakanya Builders contract 1 November 2012; its alleged improper implementation of an advance payment in the amount of R80 million for the FIFA World Cup sponsorship without proper approval, budget and/or allocated funds thus constituting fruitless and wasteful expenditure; and its alleged failure to spend a subsidy of R500 million received for Shosholozza Meyl for the 2009/10 period and not use it for its intended purpose.

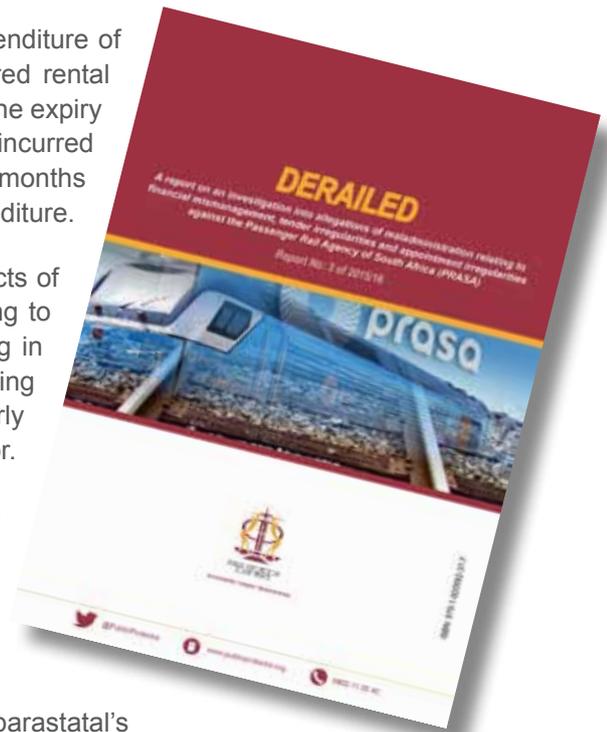
Findings that have been deferred to the second report include those on the alleged improper award of a tender to Umjanji Consortium, for the Media, Advertising and Broadcasting Concession Agreement; the alleged failure by PRASA Board Chairperson, Mr Sfiso Buthelezi and Board Member Dr Bridgette Gasas to disclose and manage a conflict of interest arising from his interest in Makana, a subsidiary of Cadiz, a company allegedly providing advisory services to PRASA on the Rolling Stock Programme and, ARUP and directorship in another company providing consultancy services to PRASA, respectively; and the alleged improper replacement of the Group Executive HR with the GCEO's uncle, Mr Mphhefo Rmutloa, without following proper recruitment process.

As part of remedial action, the Public Protector directed, among other things, that the National Treasury's Chief Procurement Officer, in consultation with the PRASA Board, considers commissioning a forensic investigation on all PRASA contracts or tenders valued above R10million issued between 1 April 2012 and 30 June 2015. The Chairman of the PRASA Board was directed to ensure that the parastatal collaborates with the National Treasury in conducting a forensic investigation into all PRASA contracts above R10million since 2012 and takes measures to address any findings regarding systemic administrative deficiencies allowing ongoing maladministration and related improprieties in its procurement system.

POSTPONED DELIVERY

Report No. 5 of 20

The Public Protector investigated allegations of maladministration against the South African Post Office (SAPO) relating to the leasing of the Eco Point Office Park in Centurion to accommodate its Head Office, the procurement of a catering company, the procurement and utilisation of labour brokers and possible corrupt relationship between some of its employees and certain external service providers. The investigation was prompted by a complaint from the Communication Workers Union.



Findings and remedial action

The Public Protector found that the allegation that the procurement of the Eco Point Office Park to accommodate the head office of SAPO was irregular is substantiated in that the acquisition of the 10 year lease costing approximately R161 million, in 2010, was tainted by procurement irregularities and corruption.

The allegation that SAPO incurred fruitless and wasteful expenditure in the form of irregular upfront rental towards the Eco Point Park Building before occupation was also substantiated. However, the amount involved was not R3.6 million per month as alleged but R2 372 050.00. Furthermore, the irregular payments that were made that were the subject of the original complaint were later conceded as irregular and refunded. Subsequently, SAPO made payments towards the rental for the Eco Point Office Park for a ten month period effective from May 2010 to March 2011 amounting to approximately R22 million prior to occupying the building and contrary to the provisions of the lease agreement signed in February 2010.

The allegation that SAPO appointed a company to project manage the procurement of a catering company, Fedics, to operate the canteen at the Eco Point Building is not substantiated. However, the allegation that this amounted to outsourcing of Supply Chain Management (SCM) operations of SAPO was substantiated.

The allegation that SAPO improperly appointed Employment Agencies/Labour Brokers who operated without written contracts was substantiated. However, the suspicion of corrupt relationships between certain SAPO officials and the Labour Brokers was not substantiated.

As part of remedial action, the Public Protector directed the SAPO Board of Directors to take effective and appropriate steps to recover the amount of R22 million that SAPO paid to Centurion Vision Development in respect of upfront rental payments for the period March 2010 to March 2011 when it hadn't taken occupation of the Eco Point Building. The Board was also directed to end the use of external service providers to procure another service provider as project manager, where corporate SCM is competent to deliver. The Board was further directed to ensure that the recommendations contained in the KPMG and SIU reports are fully implemented without delay and that the evidence pointing to the contravention of the Prevention and Combating of Corrupt Activities Act is submitted to the South African Police Services immediately.

QUALIFIED COMPLIANCE

Report No. 8 of 2015/16

The Public Protector investigated allegations of maladministration against the University of Pretoria following a complaint by Mr Lubbe Viljoen that his examination scripts, communication of conflicting final marks regarding the special examination undertaken by him in January 2012 and undue delay to respond to his application in terms of the Promotion to Access to Information Act No. 2 of 2000 (PAIA). Mr Viljoen further alleged that the university failed to put in place a Student Disability Policy, which he alleged to be unfair discrimination on the grounds of disability and to follow the moderation process as tabled out in the university's Examinations and Related Matters Policy.

Findings and remedial action

On whether the university unfairly marked Mr Viljoen's examination scripts, the Public Protector reserved her finding as both parties failed to comply fully with the Rules and Regulations in respect of remarking of scripts. The allegation that the university improperly communicated conflicting marks to Mr Viljoen relating to the outcome of the special examination was substantiated and found to





amount to maladministration. However, the allegation that had it not been for the conflicting marks Mr Viljoen could have qualified for South African Institute for Chartered Accountants (SAICA) Board Examinations was not substantiated. The allegation that the university unduly failed to accommodate Mr Viljoen's disability was not substantiated and so was the claim that the university unduly delayed to respond to his application in terms of PAIA. Also not substantiated was the allegation that the university failed to follow the moderation process. The allegation that the university failed to put in place a Students Disability Policy was substantiated as the university conceded that it did not have such a policy at the time when Mr Viljoen was its student.

As part of appropriate remedial action, the Public Protector directed that Mr Viljoen applies to the university for remarking of the examination scripts in question within 14 days of receipt of her report; that the university to appoint an independent external examiner within 30 days of receipt of Mr Viljoen's application; and that the Vice Chancellor of the university tenders a written apology on its behalf to Mr Viljoen for the uncertainty caused by the issuing of conflicting examination marks to him.

LOCAL GOVERNMENT

MALADMINISTRATION

COST OF DEVIATION

Report No. 4 of 2015/16

The Public Protector investigated allegations of irregular awarding of a tender and irregularities relating to payments for the construction of the top structures of Reconstruction and Development Programme (RDP) houses in Areas 9 and 10 in Uitenhage, Port Elizabeth in the Eastern Cape. The complaint was lodged by Gobo Gcora Construction, represented by its Directors, Mr Sipho Gcora, and his wife, Mrs Khuselwa Gobo Gcora. The company was a subcontractor to WK Construction, the main contractor, who was awarded the tender by the municipality for the provision of internal services and top structures in the Areas 9 and 10 Uitenhage. The role of the complainant was to build the top structures.

Findings and remedial action

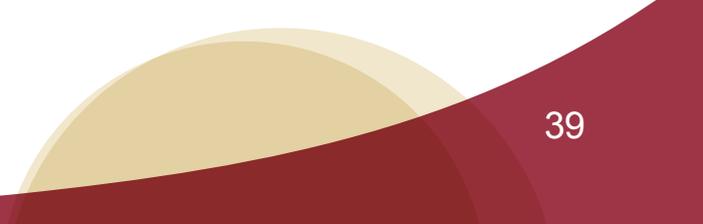
The Public Protector found that, allegations that the tender for the construction of RDP houses in Areas 9 and 10 in Uitenhage, Port Elizabeth was irregularly awarded; funds from the conditional grant were irregularly used for building the top structure for internal services; and the municipality improperly allocated insufficient funds for work done on the top structure for each housing unit, were substantiated. The Public Protector further found that the complainant was prejudiced.

As part of remedial action, the Public Protector directed the municipality to reconcile payments made to the complainant for the top structures and pay the deficit, with interest, within 30 days. This had to be done in consultation with the complainant. The municipality was also directed to issue a written apology to the complainant and its directors.

A COSTLY DELAY

Report No. 1 of 2015/16

The Public Protector investigated allegations of undue delay by the Matlosana Local Municipality to submit a deceased former employee's beneficiaries' Life Assurance Cover claim to the South African Local Authorities Pension Fund within the prescribed period from the date of his death. The complaint was lodged by Mr Peter Malefo on behalf of the minor children of his late brother, Setshogo Jeremiah Malefo.



Findings and remedial action

The Public Protector found that the allegation that the municipality unduly failed to timely complete and submit the deceased's beneficiaries' Life Assurance Cover claim to the Fund within the prescribed twelve months from the date of the deceased's death was substantiated. She further found that the municipality's conduct in failing to abide by Rule 8.11 of the Fund's Revised Rules of 2005 read with clause 3.2 of Schedule 2 of the Fund's Master Policy of 2000 by not submitting the deceased's beneficiaries' Life Assurance Cover claim in time caused the Fund to repudiate the claim. This resulted in financial prejudice amounting to R697, 206 to the deceased's beneficiaries.

The deceased's beneficiaries, including three minor children, one aged 14 and two aged 12 at the time when the claim was repudiated by the Fund, were unlawfully deprived enjoyment of their right to social security.

As part of the remedial action, the Public Protector directed the municipality to compensate the beneficiaries in the amount of R697 206, which amount represents what the beneficiaries would have been paid as a Life Assurance benefit had the municipality submitted the beneficiaries' claim forms to the Fund within the prescribed period. She further directed that compensation be paid with interest, at the prescribed rate of 15.5% per annum, effective from 04 August 2010 until the date of payment. This had to be done within 90 days from the date of the report.

THE COST OF DISEMPOWERMENT

Report No. 2 of 2015/16

The Public Protector investigated allegations of irregular withholding of the payment of an emerging contractor by the Ekurhuleni Metropolitan Municipality. Mr MJ Skhosana of Skomajo Building Contractors. The complaint was lodged in 2001 but the investigation was initially suspended without any findings because of an apparent settlement agreement between the City Council and the complainant and the lack of information at the time to support the complainant's version of events.

The Public Protector found that the full payment of the complainant was irregularly withheld by the City Council for work performed from March 2000 to June 2001 as a contractor to build caretaker quarters and storerooms and to upgrade the infrastructure at Sinaba Stadium in Daveyton. The city was found to have acted unfairly towards the complainant as an emerging contractor and its action constituted maladministration and improper conduct. It was further found that the complainant was prejudiced.

As part of remedial action, the Public Protector directed the Municipal Manager to pay the complainant an amount not less than R100 000, with interest calculated from the date of the final payment certificate, The Municipal Manager was also directed to apologise in writing to the complainant. In addition, the Municipal Manager and the Speaker of Council were directed to ensure that the report is submitted to the council within 30 days.

CASELOAD AND STATISTICS FOR THE 2015/16 FINANCIAL YEAR

BRANCH	BROUGHT FORWARD FROM 2014/15		RECEIVED			TOTAL WORKLOAD	INTERNAL TRANSFERS			FINALISED				CARRIED OVER TO 2016/17
	WITHIN JURISDICTION	NO JURISDICTION	TOTAL RECEIVED	RECEIVED	SENT OUT		JURISDICTION	NO JURISDICTION	REFERRAL TO OTHER BODIES	TOTAL FINALISED	JURISDICTION		CARRIED OVER TO 2016/17	
						WITHIN JURISDICTION					NO JURISDICTION			
CSM	1489	580	2069	2069		330	580	1159	2069	0				
ADMINISTRATIVE JUSTICE AND SERVICE DELIVERY	941	5	946	1973	23	1291	5	6	1302	648				
GOOD GOVERNANCE AND INTEGRITY	56	0	56	376	2	47	1	0	48	326				
EASTERN CAPE	328	3	331	644	15	474	3	0	477	152				
FREE STATE	727	56	783	1024	22	648	50	133	831	171				
GAUTENG	1135	42	1177	2052	124	1058	53	328	1439	489				
KWAZULU-NATAL	1325	188	1513	2397	12	1553	265	106	1924	461				
LIMPOPO	731	33	764	1035	44	773	32	18	823	168				
MPUMALANGA	341	39	380	681	19	346	18	9	373	289				
NORTHERN CAPE	353	2	355	793	20	440	20	0	460	313				
NORTH WEST	1106	154	1260	1697	39	1187	183	4	1374	284				
WESTERN CAPE	1636	102	1738	2633	68	1257	125	233	1615	950				
TOTAL	10168	1204	11372	17374	388	9404	1335	1996	12735	4251				

4. PERFORMANCE INFORMATION

SUMMARY OF OVERAL PERFORMANCE IN THE 2015/16 FINANCIAL YEAR

TARGETS	2014/15	2015/16
Number of planned targets during the financial year	54	21
Number of targets achieved	28	13
Number of targets not achieved	26	8
Percentage level of performance	52%	62%

4. PROGRAMME PERFORMANCE

PROGRAMME 1: ADMINISTRATION

The purpose of the programme is to create an environment of compliance to applicable laws and regulations supported by improved business processes and systems. The programme also aims to enhance the institution's human resources and skills base. Strategic objectives applicable under programme 1 are: "effective and efficient organisation" and "optimal performance and purpose driven culture".

Key performance indicators, planned targets and actual achievements

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
Obtain unqualified audit report	Obtained unqualified audit opinion	Obtain unqualified audit report by 31 March 2016	Achieved The institution obtained an unqualified audit opinion	N/A	N/A
Develop funding model for Public Protector South Africa by 31 March 2016	N/A	Develop a funding model for the Public Protector South Africa by 31 March 2016	Achieved A funding model for Public Protector South Africa was developed in the first quarter	N/A	N/A
Number of institutions approached for donor funding	N/A	Approach 2 institutions for donor funding by 31 March 2016	Exceeded Negotiations for project support were undertaken with 3 institutions. Two partnership projects were completed (CMS Specifications; PAIA Training); three projects are in implementation (Training in Public Procurement Law; PAJA training and development of Case Load Management Model); a range of projects have been committed to for the next financial year as per the committed funds from the USAID to the value of USD500 000.	1 more donor was approached for funding request	More than two potential donors were approached to increase the chance of acquiring actual funding.

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
Revision of the Performance Management and Development System (PMDS) by 31 March 2016	Review of the Performance Management and Development System was completed	Revise the PMDS by 31 March 2016	Achieved The PMDS was revised and approved on 18 August 2015.	N/A	N/A
Development of the monitoring and evaluation framework by 31 March 2016	N/A	Develop a monitoring and evaluation framework by 31 March 2016	Achieved The monitoring and evaluation framework was developed and approved on 30 March 2016	N/A	N/A
Review of internal Human Resources, Finance and other operational procedures by 31 March 2016	N/A	Review internal HR, Finance, SCM and operational procedures by 31 March 2016	Not Achieved Some internal operational procedures were reviewed.	Not all HR, Finance, SCM and operational procedures were reviewed by 31 March 2016.	Increased workload for responsible individuals prevented them from reviewing operational procedures. The target was moved to 2016/17 financial year for implementation.
Develop institutional regulatory code by end of the financial year by 31 March 2016.	N/A	Develop an institutional regulatory code by 31 March 2016.	Achieved An institutional regulatory code was developed by 31 March 2016.	N/A	N/A
Development of a record management system by 31 March 2016.	N/A	Develop a record management system by 31 December 2015.	Achieved A record management system was developed by 31 December 2015.	N/A	N/A

Strategy to overcome areas of under performance

The only target that could not be achieved under administration programme is review of internal Human Resources, Finance and other operational procedures. The reason for non-achievement of the target was other competing work that needed to be performed by the same employees who needed to review operational procedures. The target was moved to the next financial year for implementation. Public Protector South Africa planned to approach two institutions for donor funding, but ended approaching three to improve chances of acquiring actual funding.

Changes to planned targets

No in year changes were made to planned targets and performance indicators

Linking performance with budgets

Programme	2014/15		2015/16		(Over)/Under Expenditure R'000	
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000		Actual Expenditure R'000
Administration	77 658	68 096	9 562	83 228	79 782	3 446
Total	77 658	68 096	9 562	83 228	79 782	3 446

PROGRAMME 2: INVESTIGATIONS

The purpose of the programme is to ensure the finalisation of all investigations with speed and required quality. Furthermore, the programme focuses on ensuring that remedial action of the Public Protector is implemented.

Strategic objectives relating to the programme are: “prompt justice including remedial action” and “promotion of good governance in the conduct of state affairs”.

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
Develop a quality assurance manual by target date.	N/A	Develop a quality assurance manual by 31 March 2016.	Not achieved A quality assurance manual was developed but not approved	The draft quality assurance manual was not submitted for approval. As a remedy, an investigations manual was developed and the quality assurance aspect of the investigations manual is used.	
Appointment of the Panel of Legal Experts by 30 September 2015.	N/A	Appointment of a Panel Legal of Experts by 30 September 2015.	Not achieved An interim panel was appointed on 7 April 2015 pending finalisation of the tender process to appoint a permanent panel.	A permanent Panel of Legal Experts was not appointed.	There was a delay in the appointment and the target was moved to 2016/17 financial year.

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
Development and implementation of a case management system by the end of 2015/16 financial year.	N/A	Develop a case management system by 31 March 2016.	Not achieved The Development and Implementation of the CMS is done in phases and procurement of service providers is now per phase; the ICT Infrastructure upgrade phase is now being procured. The tender was not advertised	The case management system was not developed.	The Development and Implementation of the CMS is now done in phases as there are no fund to develop the whole system at once and procurement of service providers is now per phase, the ICT Infrastructure upgrade phase is now being procured.
Development of a case load model for Public Protector South Africa by 31 March 2016.	N/A	Develop a case load model for the Public Protector South Africa by 31 March 2016.	Achieved Case load model was approved by the Public Protector on 31 March 2016.	N/A	N/A
Number of quarterly investigation reports submitted to the Public Protector.	N/A	4 Quarterly performance investigation reports submitted to the Public Protector.	Achieved 4 Quarterly performance investigation reports submitted to the Public Protector.	N/A	N/A
Number of cases older than a year attended to	N/A	All cases older than a year attended to by 31 March 2016.	Not Achieved Not all cases older than a year were identified and attended to.	Not all cases older than a year were attended to.	The cases will be attended to in 2016/17.
Number of systemic investigations concluded.	Two systemic investigations were concluded	Investigate and conclude 10 systemic investigations by 31 March 2016 (Service Delivery branch and all provinces).	Not Achieved 7 draft Systemic investigation reports were completed.	10 systemic investigations were not concluded.	The workload on other investigations delayed the finalisation of systemic investigations.

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
Investigate and report on cases reported in terms of the Executive Members Ethics Act (EMEA).	The Public Protector investigated and reported on cases in terms of the Executive Members Ethics Act	Investigate and report on cases reported in terms of the Executive Members Ethics Act by 31 March 2016.	<p>Not Achieved</p> <p>All 8 EMEA cases have been investigated. 4 Reports have been issued by 31 March 2016:</p> <ul style="list-style-type: none"> • “She Did Not Know” • “Out of Bounds” • “Up In The Air” • “Political Ethics” 	Four EMEA investigations were not concluded.	EMEA investigations were not finalised because of the backlog of cases investigators had to finalise.
Number of quarterly reports (on implementation of remedial action and impact) submitted to the Public Protector.	2 quarterly reports on implementation of remedial action were submitted to the Public Protector	4 Quarterly reports on implementation of remedial action and impact thereof submitted to the Public Protector after the end of each quarter.	<p>Achieved</p> <p>4 Quarterly reports on implementation of remedial action and impact thereof were submitted to the Public Protector.</p>	N/A	N/A
Number of state institutions consulted for the establishment of complaints handling and resolution mechanisms	N/A	3 state institutions consulted for the establishment of complaint resolution mechanisms by 31 March 2016	<p>Achieved</p> <p>3 institutions (City of Tshwane, Home Affairs, SAPS) were consulted regarding the establishment of complaint handling and resolution mechanisms.</p>	N/A	N/A

Strategy to overcome areas of under performance

Key performance targets that could not be met during the financial year relate to development of a quality assurance manual, appointment of a panel of legal experts, attending to all cases older than a year, concluding systemic investigations and non-conclusion of EMEA cases. Though the quality assurance manual was drafted, it was not submitted for approval at the end of the financial year. Going forward, an investigations manual, with a section on quality assurance will be used for the purposes of quality assurance in investigations. A panel of legal experts had not yet been appointed due to challenges in finalising the tender and the panel will be appointed in 2016/17 financial year. Cases older than a year that were not attended to were transferred to another investigator who studied the matters and is in process of finalising the cases by the end of August 2016. The reason for delay in finalising systemic investigations was mainly due to the complexity of the matters and limited human resource capacity to dedicate time to complete those investigations. To complete systemic investigations, various options are considered by the institution to finalise them such as insourcing external investigators or forming investigative teams from within the institution. EMEA investigations could not be finalised due to capacity constraints; to this end, the institution will work towards finalising the outstanding four investigations. The key reason for non-achievement of the Case Management System was the cost involved in acquiring the system, which was unaffordable to the institution. In order to overcome areas of underperformance, the institution will in the next financial year start to implement the Case Management System incrementally, within the available financial resources.

Changes to planned targets

No in year changes were made to planned targets and performance indicators

Linking performance with budgets

Programme	2014/15		2015/16		(Over)/Under Expenditure R'000
	Budget R'000	Actual Expenditure R'000	Budget R'000	Actual Expenditure R'000	
Investigations	134 003	139 492	159 004	146 212	12 792
Total	134 003	139 492	159 004	146 212	12 792

PROGRAMME 3: OUTREACH

The purpose of outreach programme is to ensure that Public Protector South Africa services are accessible to all persons and communities. The strategic objective applicable to programme 3 is: “accessible to all persons and communities.”

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
Number of MOPP clinics conducted per province.	A total of 1 795 MOPPs held by outreach officers across the country EC – 221 GP – 175 FS – 205 KZN – 149 LP – 314 MP – 200 NC – 190 NW – 147 WC – 194	48 MOPP clinics per province by 31 March 2016.	Exceeded EC – 88 GP – 70 FS – 48 KZN – 59 LP – 119 MP – 54 NC – 52 NW – 68 WC – 80	EC – Annual target exceeded by 40 GP – Annual target exceeded by 22 KZN – Annual target exceeded by 11 LP – Annual target exceeded by 71 MP – Annual target exceeded by 6 NC – Annual target exceeded by 4 NW – Annual target exceeded by 20 WC – Annual target exceeded 32	Efficient use of resources resulted in more clinics being conducted without incurring additional costs.
	Development and implementation of the outreach and stakeholder programme by 31 March 2016.	Develop a comprehensive outreach and stakeholder programme.	Not Achieved Outreach and Stakeholder Programme was developed.	The developed programme was not approved by the Public Protector	The reason for the deviation is non-approval of the programme by the Public Protector. Different targets for stakeholder engagements are included in 2015/16 APP for implementation.
Number of quarterly reports on impact of outreach activities.	N/A	4 Quarterly reports on impact of outreach activities.	Achieved 4 Quarterly reports on impact of outreach activities written and submitted.	N/A	N/A

Strategy to overcome areas of under performance

There was underperformance on development of a comprehensive outreach and stakeholder programme due to non-approval of the submitted programme. The target is revised in 2016/17 financial year to focus on implementation of provincial stakeholder forums. Performance on MOPP clinics was exceeded by 166 additional clinics which were conducted. The reason for exceeded performance on the target was efficient use of resources which resulted in more clinics being conducted without incurring additional costs. For example, if a clinic was planned in a specific locality, and there was still adequate time to conduct a second clinic on the same route, then the clinic would be arranged.

Changes to planned targets

No in year changes were made to planned targets and performance indicators

Linking performance with budgets

Programme	2014/15			2015/16		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Outreach	64 97	5 568	929	3 835	3 330	505
Total	64 97	5 568	929	3 835	3 330	505

5. REVENUE COLLECTION

Sources of revenue	2014/15			2015/16		
	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000	Estimate R'000	Actual Amount Collected R'000	(Over)/Under Collection R'000
Government Transfer	217 584	217 584	0	245 397	245 397	0
Finance income	456	640	184	550	1 775	-1 225
Other income	118	546	428	120	181	-61
Total	218 158	218 770	613	246 067	247 363	-1 286

Own revenue collection for Public Protector South Africa constitutes revenue collected from interest with banks and other income mainly parking fees and staff recoveries of debt. The over-collection in own revenue is mainly due to better than expected interest received from bank balances as at 31 March 2016.

Capital investment

The Public Protector South Africa budgeted R5 million under capital expenditure mainly for the case management system (CMS project). After a feasibility study of the CMS system, it was found that it would cost R50 million and Public Protector South Africa did not have this money to invest in the CMS project. As a result the R5 million budgeted was not fully utilised. However, funds were spent on the following capital items as reflected in capital expenditure for the 2015/16 financial year: furniture and fixings, computer equipment, motor vehicles and office equipment.

Infrastructure projects	2014/15			2015/16		
	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Budget R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Capital expenditure	8 650	1 660	6 990	5 000	886	4 114
Total	8 650	1 660	6 990	5 000	886	4 114

PART C

GOVERNANCE

1. INTRODUCTION

EXECUTIVE AUTHORITY

The Public Protector is the Executive Authority in terms of the Public Protector Act 23 of 1994. In performing her duties effectively and efficiently, the Public Protector is assisted by the Deputy Public Protector, to whom several responsibilities and powers have been delegated in terms of section 2A(6) and (7) of the Act.

EXECUTIVE COMMITTEE

A committee consisting of the Public Protector, Deputy Public Protector and Chief Executive Officer (CEO) which sits at least once a quarter to assist the Public Protector with organisational performance monitoring, review and decision advice.



Adv. Thuli Madonsela



Adv. Kevin Malunga

MANAGEMENT COMMITTEE

A committee, chaired by the Chief Executive Officer, referred to as the Management Committee, comprises all heads of Public Protector South Africa core operations and corporate services. The committee sits quarterly and reports on the performance of each sub-programme and recommends remedial action (if any) to the Executive Committee.

AUDIT COMMITTEE

An independent audit committee has been appointed in terms of the provisions of the Public Finance Management Act 1 of 1999 and was in place throughout the year.

RISK MANAGEMENT COMMITTEE

The Committee is responsible for monitoring the management of Risk within Public Protector South Africa. It is also responsible for ensuring that the action plans as per the Risk Register are effectively implemented. The Committee reports directly to the CEO as the Accounting Officer.

THINK TANK COMMITTEE

A peer review mechanism referred to as the Think Tank Committee, comprising all leaders of investigation teams, sits quarterly to assist the Public Protector in reviewing cases, mainly reports, before they are finalised. Mini-Think Tank Committees within investigation teams have now been established to ensure effectiveness and efficiency.

GOVERNANCE ADVISORY BOARD

The Governance Advisory Board comprises of three external members who meet at least twice a year and at least once a year with the Public Protector. The Governance Advisory Board gives advice to the Public Protector on any strategic and governance matters referred to the committee; governance complaints and compliance to ensure that all decisions taken are in the best interests of the office. The Board also serves to receive Protected Disclosures against the Public Protector and the Deputy Public Protector

2. PORTFOLIO COMMITTEES

The Public Protector is accountable to the National Assembly through the Portfolio Committee on Justice and Constitutional Development. In 2015/16 financial year, the Public Protector met twice with Portfolio Committee to present the 2015-2020 Strategic Plan and Budget on 29 April 2015 and the 2014/15 Annual Report on 16 October 2015. Major concerns raised by the Portfolio committee were matters raised by the Auditor General on irregular expenditure, procurement irregularities and the state of the institution given that it was in a state of technical insolvency. The institution also needed to work on resolving the matters of emphasis. All the above mentioned matters raised by the portfolio committee were addressed. The portfolio committee also expressed that the institution needs work to achieve a clean audit very soon.

3. RISK MANAGEMENT

The Public Protector South Africa conducted a risk assessment, where the Risk Management Committee updated the Risk Register in July 2015. New and emerging risks are identified, action plans developed and included in the Risk Register for monitoring and implementation. While there has been progress in mitigating certain risks, there are still challenges in implementing some mitigation plans mainly because of human resource constraints. The Institution is in the process of filling the position of a Senior Manager: Risk Management in the next financial year. It is envisaged that this will assist the institution in overall management of risk and to institutionalise a risk management culture across the institution.

The Audit Committee oversees the effectiveness of overall risk management processes within the institution.

4. INTERNAL AUDIT AND AUDIT COMMITTEE

4.1. Internal Audit

Internal Audit function was carried out by OMA Chattered Accountants, while Ngubane and Company was appointed in April 2016 for a period of three years to carry out the function. The main documents that guided internal audit work are the approved annual operational internal plan, strategic three-year rolling plan and strategic risk register.

4.2. Audit Committee

The audit committee responsibilities as per the charter are as follows:

- The effectiveness of internal controls;
- The risk management process and performance;
- The reliability, adequacy and effectiveness, of financial and non-financial information provided by management through quarterly reports;
- The accounting and auditing concerns, as identified by the auditors (both internal and external) as well as

reviewing the adequacy of managements' corrective action in response to both significant internal and external audit findings;

- Compliance with legal and regulatory provisions;
- Independence and objectivity of the external auditors; and
- Effectiveness of the internal audit function.

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms Pumla Mzizi (Chairperson)	BBusSC Finance; Hons; BCompt Hons CTA; BCom Honours in Transport Economics CA (SA)	External	N/A	5 May 2014	N/A	8
Mr Robin Theunissen	CA (SA); BAcc, Registered Auditor, Diploma in Criminal Justice and Forensic Auditing	External	N/A	5 May 2014	N/A	8
Mr Alpheus Mashego	BCom; Bcom Hons; LLB; LLM; Diploma State Finance and Auditing;	External	N/A	5 May 2014	N/A	8

5. COMPLIANCE WITH LAWS AND REGULATIONS

A compliance checklist has been developed as tool to regularly monitor compliance with applicable laws and regulations. The checklist is updated on a quarterly basis. In addition, a Compliance function was established in June 2014 to drive and regularly monitor compliance with all laws and regulations.

The Public Protector put the following Committees in place to ensure and monitor compliance with applicable laws and regulations:

- Employment Equity Committee
- Skills Development and Training Committee
- Gender Equality Committee
- Risk Management Committee
- Occupational Health and Safety Committee
- Labour Relations Consultative Forum
- Executive Committee
- Audit committee

- Management Committee
- Internal Audit

6. FRAUD AND CORRUPTION

Fraud and corruption is reported through the national anti-corruption hotline (0800 701 701), which has been communicated to all staff including new employees. There were no reported fraud and corruption cases during year under review.

7. MINIMISING CONFLICT OF INTEREST

There is a code of conduct for all Public Protector South Africa employees. They are required to sign the declaration of business interest forms at the beginning of the financial year. There is also a register at Supply Chain Division for declaring interests during all procurement processes. In addition there is a declaration form (SBD4) prescribed by Treasury and completed with each transaction made where service providers are compelled to declare. There is a declaration form (SBD8) where bidders declare their own past SCM practices. A form has been prescribed by Treasury (SBD 9) where bidders declare whether they have registered or submitted proposals of more than one company.

The following process is followed where a conflict of interest has been identified:

- The organisation will engage either the staff member and or the service provider with the involvement of both SCM and HR.
- The Audi Alterum Partmen rule is applied to afford the staff member and or the service provider an opportunity to respond. After an investigation into the matter has been launched the outcome must be presented to the Accounting Officer for necessary sanctions.
- If the matter cannot be finalised through internal processes then the State Attorney will be involved or the matter can be settled through the court of law. In case of a service provider the matter must be reported to National Treasury for possible blacklisting or listing on the register of defaulters.

8. CODE OF CONDUCT

All Public Protector South Africa employees signed a code of conduct which is enforceable. Breaches of the code attract disciplinary action.

Nature of Code of conduct /ethics and the effect it has on Public Protector South Africa

The code of conduct exists to provide direction to employees with regards to their relationship with the legislature, political and executive office-bearers, other employees and the public and to indicate the spirit in which employees should perform their duties. The code of conduct is communicated to all staff and every employee is required to sign the code of conduct.

Process followed in cases where there is a breach of code of conduct

- The employee will be given a notice of intention to proceed with disciplinary action.
- The employee will be given an opportunity to respond to the notice
- If the employee accepts/concedes to have breached the code of conduct, appropriate sanctions will be instituted.

9. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

No health and safety concerns were raised during the 2015/16 financial year.

All offices have representatives for Health and Safety.

The following has been implemented to ensure safety in our offices

- All OHS representatives have been trained for the evacuation procedures.
- Training was done for the first aid representatives.
- All offices, with the exception of the newly established Musina office have first aid boxes.

10. SOCIAL RESPONSIBILITY

Two social responsibility actions were undertaken during 2015/16 financial year, being “take a girl child to work” and assisting at Tshwane District Hospital on Mandela day.

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2016.

Audit Committee Responsibility

The Audit Committee report is prepared in terms of Section 38(1) (a) (ii) of the Public Finance Management Act No. 1 of 1999 and Treasury Regulations 3.1. The Audit Committee is an independent committee reporting to the Accounting Authority of the Public Protector South Africa. The Committee reports that it has discharged its responsibilities as per its charter and terms of reference.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and should meet at least four times per annum as per its approved terms of reference. During the 2015/16 financial year 8 meetings were held by the Audit Committee. The current Audit Committee was appointed effectively from May 2014 when the term of office of the previous Audit Committee expired.

Table: Attendance at Audit Committee meetings (April 2015 – March 2016)

Name	Role	Scheduled Meetings		Special Meetings	
		Held	Attended	Held	Attended
Ms. P. Mzizi	Chairperson	5	5	3	3
Mr R Theunissen	External Member	5	5	3	3
Mr A Mashego	External Member	5	5	3	3

The effectiveness of internal control

In line with the PFMA, internal audit provides the Audit Committee and management with assurance on the adequacy and effectiveness of the organisation's governance, risk management and internal control processes.

Our evaluation of the system of internal control is that it is **adequate and partially effective** with regards to management of risks that threaten the achievement of organisational strategic, sustainability, operational, compliance and financial objectives. Our evaluation of the system of internal control environment is based on our knowledge of Public Protector South Africa's governance processes, performance monitoring and internal control arrangements and the on-going work with management to assess and provide assurance on the efficiency, effectiveness and assurance on the reliability of operations and systems. Deficiencies in the effectiveness of the system of internal controls in areas pertaining to information and communication technology general controls, reporting on pre-determined objectives and compliance with laws and regulations were reported. There are prior year internal audit action plans agreed upon that are still not fully implemented to give the Audit Committee comfort that recommendations have been implemented and that controls are operating effectively.

The Audit Committee remains concerned with the uncertainty relating to going concern of the Public Protector SA due to inadequate funding.

Evaluation of Financial Statements

The Committee reviewed the annual financial statements prepared by the public entity and it is satisfied that the accounting policies adopted in the preparation of the annual financial statements are appropriate, and that the judgements and estimates made in their preparation are reasonable and prudent. The Committee is also satisfied that the adoption of the going concern premise in the preparation of the annual financial statements is appropriate.

In-Year Management and Monthly/Quarterly Report

The Public Protector South Africa has been reporting quarterly to the Public Protector and to the Audit Committee as is required by the Treasury Regulations. The Audit Committee is satisfied with the content and quality of the quarterly reports prepared and issued by the Public Protector South Africa during the year under review.

Internal audit

Although the internal audit function was not fully functional throughout the year. The Committee approved the annual operational internal plan and strategic three-year rolling plan; and was satisfied that the plans were addressing the risks identified per the strategic risk register.

No significant matters relating to material breakdown of internal controls have come to the attention of the Committee, other than those reported in the Accounting Officer's report. The following were areas of concern noted during the period under review:

- Cases of inadequate review and monitoring of compliance with applicable laws and regulations were noted;
- Inadequate funding;
- The Information technology environment that requires improvement; and
- Implementation of prior year internal audit and Auditor General actions plans.

Auditor General South Africa

The Committee is satisfied that the entity's implementation plan for audit issues raised in the prior year is adequate and partially effective as some of the matters have been adequately resolved and there are still a few unresolved issues.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements after finalisation of the audit. The Audit Committee is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

General

The Audit Committee strongly recommends that the Public Protector SA must prioritise the adequate and effective implementation and frequent monitoring of the audit action plans for both internal and external audit in order to achieve the required effectiveness in governance, accountability and clean administration.

Conclusion

The Committee wishes to extend its appreciation to the Executive Authority, Accounting Officer, internal and external auditors, Executive Management Committee and all the Public Protector South Africa staff for their tireless efforts, commitment and support throughout the year.

I also wish to acknowledge with gratitude the meaningful contribution made by my fellow colleagues in the Audit Committee throughout the year.

Signed on behalf of the Audit Committee by:



Ms P. Mzizi CA (SA)
Chairperson of the Audit Committee
29 July 2016

PART D
HUMAN RESOURCE
MANAGEMENT

1. INTRODUCTION

Overview of HR matters

The Human Resources function provides an integrated and comprehensive HR service covering Employment Equity, Workplace Skills Plan, Training Plan, Employee Wellness Programme, HR Planning, Organisational Development Recruitment and Selection processes and HR Administration. The HR Plan of the Public Protector South Africa is aligned to the Corporate Strategy. The plan provides details on how the HR function supports the goals and strategies of the institution, ensuring that HR planning and practices are consistent across the institution. It also outlines how the gaps between future and present capacity will be addressed.

HR priorities for the year under review and the impact of these priorities

- Review the PMDS Policy
- Review internal HR operational procedures, policies
- Review organisational structure
- Prioritise positions to be filled
- Review HR Plan
- Review training plan
- Appointment of service provider to render services on Employee Wellness Programme

Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

- Human Capital Sourcing and retention strategies are in place to ensure attraction and retention of staff
- Recruitment strategy for people with disability is in place to attract and retain people with disability
- Employment Equity Plan is in place to ensure compliance with Employment Equity Act
- In addition a targeted recruitment and selection drive to attract high calibre, competent and skilled staff is in place
- Competency Assessments are conducted for Managerial and Strategic positions
- Recruitment is monitored and reported on a monthly and quarterly basis

Employee performance management framework

The PMDS provides a framework for the institution to effectively manage the performance of its employees through a results driven approach. It enables the institution to:

- Fulfil its constitutional mandate by encouraging behaviours that are aligned to and give effect to its purpose of existence;
- Ensure the execution of its strategy by aligning organisational and individual performance objectives to its vision and mission;
- Promote effective organisational and individual performance by identifying the performance measures that leverage its value creation processes; and

- Maximise leader, team and employee contributions towards the achievement of Public Protector South Africa strategic objectives

Employee wellness programmes

- Employee Wellness programmes have been established to improve health and wellbeing of employees through health education and activities that will support positive lifestyle changes thereby resulting in improved employee productivity as well as reducing the health care costs
- HIV and AIDS policy is in place to ensure prevention of unfair discrimination and prejudice against HIV positive employees and also incorporating the Disease Management Programme.
- Disease Management Programme is the preventative as well as curative intervention for reducing healthcare costs and improving quality of life for individuals with chronic disease conditions by preventing or minimising the effects of a disease

Policy development

- The institution had its human resources policies reviewed in the financial year 2012/13 and the process of reviewing policies has been initiated and envisaged for completion in June 2016

Highlight achievements

- Employment Equity Report submitted to Department of Labour
- Reviewed Training Plan approved and implemented
- 89% of approved and funded vacancies filled
- Organisational structure reviewed and approved
- HR Plan reviewed and approved
- New service provider appointed for EWP Programme
- PMDS Policy reviewed

Challenges faced by the public entity

- Absence of organisation culture common to all in the institution
- High labour turnover leading to instability towards goal achievement
- The need to improve on customer focused culture, work ethic and performance culture
- Inability to plan and allocate human resources to align with the core business and the strategic objectives of Public Protector South Africa as a result of budget constraints.
- Insufficient HR budget and inability to address the over-arching budgetary constraints in support of HR activities and strategic objectives.
- Insufficient/inadequate employee engagement
- Employment of People with disabilities and Women in Senior Management Positions remains in a big challenge in the institution in that we cannot attract let alone retain People with Disabilities and Women in Management positions.

- Inability to implement Incentive and Career Progression Schemes due to lack of funding

Future HR plans /goals

- Review and refine business processes, policies and introduce tools
- Develop a succession and business continuity plan for employees on prolonged leave
- Assess and re-define the HRM against strategic needs
- Completion of the skills audit
- Number of purpose driven team building and change management activities rolled out to Public Protector offices
- Roll out Leadership Training programme
- Train all managers and investigators on project management by target date
- Design a pilot project for Case Management Officers

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the annual financial statements. Where considered appropriate provide reasons for variances.

Personnel Cost by programme

Programme	Total Expenditure for the entity	Personnel Expenditure	Personnel exp. as a % of total exp.	No. of employees	Average personnel cost per employee
Administration	79 782 259	31 962 337	40%	55	694 833.42
Investigations	140 672 641	131 377 658	93%	281	589 137.48
Outreach and Media Relations	12 621 169	11 802 295	94%	25	472 091.80
TOTAL	233 076 068	175 142 290	75%	361	595 722.08

NB: The total number of employees includes contract employees

Personnel cost by salary band

Level	Personnel Expenditure	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee
Top Management	6 747 938	4.0%	3	2 249 312.67
Senior Management	25 909 401	15.4%	24	1 295 470.05
Professional qualified	106 883 387	63.5%	161	590 515.95
Skilled	28 875 526	17.1%	106	320 839.18
Temporary employees and interns	6726 038	3.8%	67	100 388.63
Unskilled	0	0.0%	0	-
TOTAL	175 142 290	100.0%	361	4 456 138

Training Costs

Programme	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Administration	31 962 337	802 446	2.51%	22	36 474.82
Investigations	131 377 658	268 237	0.20%	169	1 587.20
Outreach	11 802 295	-	0.00%	21	0
Total	175 142 290	1 070 683	0.61%	212	5 050.39

Employment and vacancies

Programme	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	% of vacancies
Administration	59	60	46	14	23%
Investigations	243	243	223	20	8.2%
Outreach and Media Relations	27	27	25	2	7.4%
Total	329	330	294	36	10.9%

Level	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	% of vacancies
Top Management	3	3	3	0	0
Senior Management	29	29	20	6	21%
Professional qualified	186	187	181	27	14.06%
Skilled	111	111	90	3	2.7%
Semi-skilled	0	0	0	0	0
Unskilled	0	0	0	0	0
TOTAL	329	330	294	36	10.9%

Employment changes

The table below provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in employment profile.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	0	3
Senior Management	23	0	2	20
Professional qualified	173	11	19	181
Skilled	105	7	7	90
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
Total	304	18	28	294

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	28	93%
Dismissal	0	0%
Retirement	0	0%
Ill health	2	7%
Expiry of contract	0	0%
Other	0	0%
Total	30	100%

Explanations: 2 employees are on disability leave

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written warning	0
Dismissal	0

Equity Target and Employment Equity Status

LEVELS	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	0	0	0	0	0
Senior Management	12	15	0	1	0	1	2	3
Professional qualified	76	90	5	7	4	5	3	6
Skilled	27	30	1	2	0	2	0	2
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	116	136	6	10	4	8	5	11

LEVELS	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	2	0	0	0	0	1	0
Senior Management	7	13	0	1	1	1	2	2
Professional qualified	55	60	9	9	4	6	5	4
Skilled	62	65	8	9	3	6	5	6
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	125	140	17	19	8	13	13	12

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management				
Senior Management				1
Professional qualified	2	2		2
Skilled	1	2	1	1
Semi-skilled				
Unskilled				
TOTAL	3	4	1	4



Adv. Stoffel Fourie
Executive Manager: Good Governance and Integrity



Kgalalelo Masibi
Acting Executive Manager: Complaints and stakeholder Management



Reginald Ndou
Executive Manager: Provincial Investigations and Integration



Kennedy Kaposha
Chief Financial Officer



Ponatshego Mogaladi
Executive Manager: Administrative Justice and Service Delivery



Bonginkosi Dhlamini
Chief of Staff



Adv. Nkebe Kanyane
Chief Investigator: Good Governance and Integrity



Abongile Madiba
Chief Investigator: Good Governance and Integrity



Adv. Johann Raubenheimer
Chief Investigator: Administrative Justice and Service Delivery



Adv. Elsabe de Waal
Chief Investigator: Administrative Justice and Service Delivery



Sello Mthupi
Senior Manager: Provincial Investigations and Integration



Zoleka Mntumtum
Senior Manager: Facilities Management



Avril Ackers
Business Process Engineer



Lesedi Sekele
Senior Manager: Complaints and stakeholder Management



Gumbi Tyelela
Senior Manager: Human Resource Management and Development



Humbisa Caleni
Senior Manager: Information and Communication Technology



Oupa Segalwe
Senior Manager: Communications



Hamilton Samuel
Provincial Representative: Free State



Sechele Keebine
Provincial Representative: North West



Adv. Mlandeli Nkosi
Provincial Representative: KwaZulu-Natal



Adv. Mthwakazi Thomas
Provincial Representative: Eastern Cape



Suné Griessel
Provincial Representative: Western Cape



Mlungisi Khanya
Provincial Representative: Northern Cape



Botromia Sithole
Provincial Representative: Mpumalanga



Winnie Manyathela
Provincial Representative: Gauteng



Adv. Mashaba Matimolane
Provincial Representative: Limpopo

PART E
FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON PUBLIC PROTECTOR SOUTH AFRICA

Report on the financial statements

Introduction

1. I have audited the financial statements of the Public Protector South Africa set out on pages 71 to 106, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Protector South Africa as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives of selected programmes presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the constitutional institution for the year ended 31 March 2016:

- Programme 2: Investigations on pages 44 to 47
- Programme 3: Outreach on pages 48 to 49

9. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPPI).

10. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

11. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 2: Investigations
- Programme 3: Outreach

Additional matters

12. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

13. Refer to the annual performance report on page(s) 41 to 49 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

14. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: investigations and programme 3: outreach. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Compliance with legislation

15. I performed procedures to obtain evidence that the constitutional institution had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Annual Financial Statements and Annual Report

16. The financial statements submitted for auditing were not prepared in accordance with the prescribed reporting framework as required by section 40 (1) (b) of the Public Finance Management Act. Material misstatements of non-current assets, liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal control

17. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Financial and performance management

18. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored by management.
19. The financial statements and the annual performance report contained material misstatements that were corrected. This was due to lack of supervision and review.

Other reports

20. I draw attention to the following engagements that could potentially impact on the constitutional institution's financial, performance and compliance related matters. My opinion is not modified in respect of these engagements that are either in progress or have been completed.

Investigations

21. An independent consulting firm performed an investigation at the request of the constitutional institution. The purpose was to conduct an investigation into the process followed in the appointment of outsourced investigators. The investigation concluded in December 2015 and management needs to conduct a disciplinary inquiry into those staff members who were involved in the appointment of the outsourced investigators to determine whether any disciplinary action must be taken against them.

Auditor-General

Pretoria
29 July 2016



AUDITOR - GENERAL
SOUTH AFRICA



2. ANNUAL FINANCIAL STATEMENTS



PUBLIC PROTECTOR SOUTH AFRICA

Formerly Office of the Public Protector

Annual Financial Statements

for the year ended 31 March 2016

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Statement of Financial Position as at 31 March 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Receivables from exchange transactions	3	452 472	445 588
Cash and cash equivalents	4	38 505 898	5 034 514
		38 958 370	5 480 102
Non-Current Assets			
Property, plant and equipment	5	9 536 289	15 134 922
Intangible assets	6	624 949	834 253
		10 161 238	15 969 175
Total Assets		49 119 608	21 449 277
Liabilities			
Current Liabilities			
Finance lease obligation	7	1 010 778	1 410 839
Payables from exchange transactions	8	26 467 215	18 831 076
Provisions	9	21 098 356	11 614 467
		48 576 349	31 856 382
Non-Current Liabilities			
Finance lease obligation	7	1 058 701	2 059 662
Provisions	9	-	5 858 419
		1 058 701	7 918 081
Total Liabilities		49 635 050	39 774 463
Net Assets		(515 442)	(18 325 186)
Accumulated deficit		(515 442)	(18 325 186)

Statement of Financial Performance for the Year Ended 31 March 2016

Figures in Rand	Note(s)	2016	2015
Revenue from non-exchange transactions			
Government transfers	10	245 397 000	217 584 000
Revenue: service in-kind	10	7 721 935	-
Revenue from exchange transactions			
Finance Income	11	1 774 706	640 442
Other income	12	180 762	546 065
Total revenue		255 074 403	218 770 507
Expenditure			
Staff Costs	13	(171 243 657)	(155 754 684)
Depreciation and amortisation	14	(6 292 231)	(6 539 951)
Finance costs	15	(348 409)	(549 027)
Other operating expenses	16	(25 377 000)	(15 596 748)
Loss on disposal of assets	17	(306 171)	(278 967)
Administrative expenses	18	(33 697 189)	(32 380 844)
Total expenditure		(237 264 657)	(211 100 221)
Operating surplus		17 809 746	7 670 286
Surplus for the year		17 809 746	7 670 286

Statement of Changes in Net Assets for the Year Ended 31 March 2016

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2014	(25 995 472)	(25 995 472)
Changes in net assets Surplus for the year	7 670 286	7 670 286
Total changes	7 670 286	7 670 286
Balance at 01 April 2015	(18 325 188)	(18 325 188)
Changes in net assets Surplus for the year	17 809 746	17 809 746
Total changes	17 809 746	17 809 746
Balance at 31 March 2016	(515 442)	(515 442)

Cash Flow Statement for the Year Ended 31 March 2016

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Receipts			
Grants		245 397 000	217 584 000
Interest income		1 774 706	640 442
Other receipts		173 879	305 930
		247 345 585	218 530 372
Payments			
Employee costs		(166 862 010)	(157 577 798)
Suppliers		(26 817 225)	(37 121 754)
Finance costs		(348 409)	(549 027)
Other operating expense payments		(17 655 068)	(15 596 749)
		(211 682 712)	(210 845 328)
Net cash flows from operating activities	19	35 662 873	7 685 044
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(738 871)	(1 456 459)
Proceeds from sale of property, plant and equipment	5	95 188	27 200
Purchase of other intangible assets	6	(6 671)	-
Net cash flows from investing activities		(650 354)	(1 429 259)
Cash flows from financing activities			
Finance lease payments		(1 541 135)	(1 406 862)
Net increase/(decrease) in cash and cash equivalents		33 471 384	4 848 923
Cash and cash equivalents at the beginning of the year		5 034 514	185 591
Cash and cash equivalents at the end of the year	4	38 505 898	5 034 514

Statement of Comparison of Budget and Actual Amounts for the Year Ended 31 March 2016

Budget on Cash Basis						
Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	120 000	-	120 000	180 762	60 762	
Finance Income	550 000	-	550 000	1 774 706	1 224 706	30
Total revenue from exchange transactions	670 000	-	670 000	1 955 468	1 285 468	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	245 397 000	-	245 397 000	245 397 000	-	
Total revenue	246 067 000	-	246 067 000	247 352 468	1 285 468	
Expenditure						
Personnel costs	(183 111 918)	-	(183 111 918)	(166 862 010)	16 249 908	30
Finance costs	(873 000)	-	(873 000)	(348 409)	524 591	30
Goods and Services	(60 082 082)	-	(60 082 082)	(46 013 428)	14 068 654	30
Total expenditure	(244 067 000)	-	(244 067 000)	(213 223 847)	30 843 153	
Operating surplus	2 000 000	-	2 000 000	34 128 621	32 128 621	
Fixed and intangible assets	(2 000 000)	-	(2 000 000)	(745 542)	1 254 458	30
Surplus for the period	-	--		33 383 079	33 383 079	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	--		33 383 079	33 383 079	
Reconciliation						
Reconciliation						
Finance Lease Payments				1 541 135		
Provisions Movement				(3 625 470)		9
Depreciation and amortisation				(6 292 231)		14
Payables Movement				(7 636 138)		8
Fixed and intangible assets				745 542		
Loss on disposal of assets				(306 171)		
Actual Amount in the Statement of Financial Performance				17 809 746		

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The following are the principal accounting policies of Public Protector South Africa, which are in all material respects, consistent with those applied in the previous year.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. Management has, where appropriate used estimates and assessments in preparing the annual financial statements.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

1.1. Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the constitutional institution. The figures have been rounded off to the nearest rand.

1.2. Going concern assumption

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

1.3. Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the constitutional institution; and
- the cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Maintenance and repairs, which neither materially add to the value of assets nor appreciably prolong their useful lives, are expensed during the financial year in which they are incurred.

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

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value, from the date available for use.



ACCOUNTING POLICIES (continued)

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

Item	Average useful life
Furniture and fixtures	5 -16 years
Motor vehicles	
• Owned vehicles	5 years
• Leased vehicles	Over the lease term
Office equipment	
• Owned office equipment	5 - 8 years
• Lease office equipment	Over the lease term
Computer equipment	4 - 8 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease

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

Changes in estimates are based on an assessment of continued operational functionality and use of the assets.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

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

1.4. Intangible assets

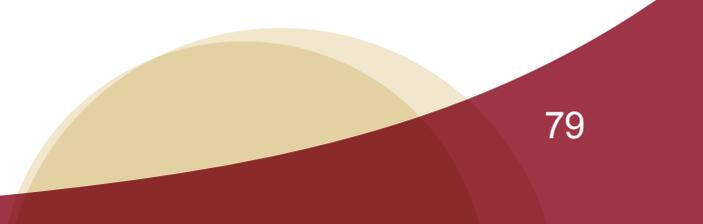
An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the constitutional institution or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the constitutional institution; and
- the cost or fair value of the asset can be measured reliably.



ACCOUNTING POLICIES (continued)

The constitutional institution assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

Item	Useful life
Computer software, other	2 -7 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

1.5. Related parties

Parties are considered to be related if one party has the ability to (a) control the other party, or (b) exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control. This includes:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by Public Protector South Africa
- Individuals owning, directly or indirectly, an interest in Public Protector South Africa that gives them significant influence, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and
- Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) above or over which such a person is able to exercise significant influence.

A related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part. Where related party transactions occur, these are disclosed. Related party transactions are not disclosed if that transaction occurs within: normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances; and terms and conditions within the normal operating parameters established by that reporting entity's legal mandate

ACCOUNTING POLICIES (continued)

1.6. Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

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

The constitutional institution will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The constitutional institution will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.7. Financial instruments

Initial recognition

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or a residual interest of another.

A financial asset is:

- (a) cash;
- (b) a residual interest of another entity; or
- (c) a contractual right to:
 - (i) receive cash or another financial asset from another entity; or
 - (ii) exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity

A financial liability is any liability that is a contractual obligation to:

- (a) deliver cash or another financial asset to another entity; or
- (b) exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Public Protector South Africa becomes a party to the contractual provisions of the instrument.

All “regular way” purchases and sales of financial liabilities are recognised using trade date accounting.

ACCOUNTING POLICIES (continued)

Classification

Financial instruments include cash and bank balances, receivables and trade payables. These financial instruments are generally carried at their estimated fair value, which is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

Initial measurement

Financial instruments are initially measured at fair value, which includes transaction costs when the entity is a party to contractual arrangement.

Gains and losses

Gains and losses arising from a change in the fair value of financial instruments are included in net surplus or deficit in the period in which they arise.

Impairment and uncollectibility of financial assets

At the end of the reporting period, the entity assesses all financial assets, other than those carried at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment. Impairment losses are recognised as a reduction to the surplus. Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised. Reversals of impairment losses are recognised in the surplus.

Derecognition

The Public Protector South Africa derecognises a financial asset (or where applicable part thereof) only when: the right to receive cash flows from the asset have expired,

the Public Protector South Africa retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or

the Public Protector South Africa has transferred its rights to receive cash flows from the asset and has either (a) has transferred substantially all the risks and rewards of the asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same customer on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is recognised in the surplus or deficit for the year.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when the Public Protector South Africa has a legally enforceable right to set off recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

ACCOUNTING POLICIES (continued)

Subsequent measurement

Receivables from exchange transactions

Receivables from exchange transactions are stated at the nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. The carrying amount of these receivables approximate fair value due to the short period to maturity of these instruments.

Payables from exchange transactions

Accounts and other payables are stated at their nominal value. Short-term payables with no interest rate are measured at the original invoice amount if the effect of discounting on individual transactions is immaterial. All payables are settled within 30 days. Where there is a delay in payment it is usually due to a dispute on the transaction. Under such circumstances the time delay is not regarded as being material. The obligation to pay goods and services that have been acquired in the ordinary course of business from suppliers are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value. The carrying amount approximates fair value due to the short period to maturity. Cash and cash equivalents comprise cash on hand and deposits held with banks, all of which are available for use by the Public Protector South Africa unless otherwise stated.

1.8. Prior period errors

Prior period errors are omissions from, and misstatements in, an entity's financial statements for one or more prior periods arising from failure to use or the misuse of reliable information that was available when the financial statements for that period were issued, and could have been reasonably expected to be taken into account in those financial statements.

All prior period errors are corrected retrospectively to the earliest period practicable. Comparative amounts for prior periods in which the error occurred are restated.

1.9. Key management personnel

The key management of the Public Protector South Africa includes the Public Protector, the Deputy Public Protector, the CEO and Executive Managers.

1.10. Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

ACCOUNTING POLICIES (continued)

Finance leases - lessee

Leases where substantially all the risks and rewards of ownership of the underlying asset are transferred to the Public Protector South Africa are classified as finance leases. Assets held under finance leases are initially recognised as assets at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the Statement of Financial Performance. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases - lessee

All leases that the Public Protector South Africa enters into as a lessee, and where the lessor retains substantially all the risks and rewards of ownership of the underlying asset, are classified as operating leases. Payments made under operating leases are charged against revenue on a straight-line basis over the term of the lease.

1.11. Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the constitutional institution with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets held for service delivery purposes.

Impairment is the loss in the future economic benefits or service potential of an asset over and above the systematic recognition of the loss through depreciation and amortisation.

A non-cash-generating asset will be impaired when its carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of the non-cash-generating asset's fair value less cost to sell and its value in use.

Value in use is the present value of the asset's remaining service potential. This is determined by using the depreciated replacement cost.

At each reporting date, the Public Protector South Africa reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a re-valued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in surplus or deficit immediately, unless the relevant asset is carried at a re-valued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

ACCOUNTING POLICIES (continued)

1.12. Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. Accruals and provisions have been raised for benefits where the employer has a present obligation to pay the benefit as a result of the employees' services rendered to balance sheet date. The accruals and provisions have been calculated at undiscounted amounts based on current salary rates.

Gratuity

In terms of the Public Protector's conditions of service, the Public Protector is entitled to a taxable lump sum gratuity on vacation of office. The gratuity calculation is based on the basic salary and period in office. The provision raised in the Annual Financial Statements is the actual amount that is payable to the Public Protector on vacating the office.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Employees of the Public Protector South Africa participate in a defined contribution plan retirement benefit fund. The defined contribution plans offered to employees are the Government Employees Pension Fund (GEPF) and Sanlam pension fund. Public Protector South Africa's obligation is determined by the amounts to be contributed for each reporting period. When contributions are paid to the pension fund, the Public Protector South Africa has no further payment obligations. Expenses are recognised when employees render a service entitling them to contribution. Payments to the defined contribution plans are charged against income as and when they are incurred.

1.13. Provisions and contingencies

Provisions

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that it will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

- The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

ACCOUNTING POLICIES (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Contingent liability

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

1.14. Revenue from exchange transactions

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished and directly gives approximately equal value in the form of goods and services or use of assets or services to the entity in exchange.

Interest Income

Interest income is accrued on favourable balances with commercial banking institutions. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

1.15. Revenue from non-exchange transactions

Revenue from non-exchange transactions constitutes transfer payments from the Department of Justice and Constitutional Development.

The Public Protector South Africa recognises revenue from transfers in the period in which the transfer becomes binding. This is when the recognition criteria have been met.

Assets and revenue recognised as a consequence of a transfer are measured at the fair value of the assets recognised as at the date of recognition.

Services in-kind relates to office buildings occupied by Public Protector South Africa, but the rental is paid by the Department of Public Works and not recoverable from the constitutional institution.

Monetary assets are measured at their nominal value unless the time value of money is material, in which case present value is used, calculated using a discount rate that reflects the risk inherent in holding the asset. Non-monetary assets are measured at their fair value, which is determined by reference to observable market values or by independent appraisal by a member of the valuation profession.

Receivables are recognised when a binding transfer arrangement is in place but cash or other assets have not been received. The Public Protector South Africa analyses all stipulations contained in transfer agreements to determine if it incurs a liability when it accepts transferred resources.

Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.



ACCOUNTING POLICIES (continued)

1.16. Commitments

Commitments are legal obligations entered into before the reporting date for future transactions that will normally result in the outflow of cash, to the extent that the amount has not been recognised in the financial statements.

Unrecognised contractual commitments for which disclosure is necessary to achieve a fair presentation are disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.17. Gain/losses on disposal of assets

Gains or losses on disposal are included in surplus or deficit for the year and are determined by comparing sales proceeds to the carrying amounts.

1.18. Finance costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use of sale. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.19. Comparative figures

In order to conform to changes, comparative figures have been adjusted where necessary. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the Public Protector South Africa may reasonably have available for reporting.

1.20. Fruitless and wasteful expenditure

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

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

1.21. Irregular expenditure

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act. Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

ACCOUNTING POLICIES (continued)

1.22. Significant judgements and estimates

In preparing the financial statements, management makes estimates and assumptions that affect the amounts presented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include: bonus provision, leave provision, useful lives and depreciation methods and asset impairment.

Leave and bonus provisions

The liability for accumulated leave and bonus is recognised and measured at the estimated future cash flows to be made in respect of all employees at the reporting date.

Useful lives and depreciation methods and asset impairment

Depreciation and amortisation recognised on property and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's condition, expected condition at the end of the period of use, its current use and expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the condition and use of the asset that informs the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets

1.23. Surplus or deficit

Income, expenditure, gains and losses are recognized in surplus or deficit except for the exceptional cases where recognition directly in net assets is specifically allowed or required by a Standard of GRAP

1.24. Budget information

The constitutional entity prepares its annual budget on a cash basis in accordance with the Public Financial Management Act and the National Treasury's Medium Term Expenditure Framework guidelines issued annually while the Statement of Financial Performance is prepared on an accrual basis. A reconciliation between the Statement of Financial Performance and the Budget has been included in the financial statements..

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

The constitutional institution has not applied the following standards and interpretations, which have been published and are mandatory for the constitutional institution's accounting periods beginning on or after 01 April 2016 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Description of standard and impact on the entity
Improvements to the standards of GRAP (2013)	01 April 2016	<p>The improvements to the standards of GRAP includes editorial changes to the original texts of standards of GRAP to ensure consistency, as well as provision of additional commentary and inclusion of appendix with illustrative examples that provide clarity in the application of GRAP standards. The following had an impact on the constitutional entity and have been adopted:</p> <p>Presentation of financial statements</p> <p>Cash flow statements</p> <p>Accounting policies, changes in accounting estimates and errors</p> <p>Leases</p> <p>Property, plant and equipment</p> <p>Provisions, contingent liabilities and contingent assets</p> <p>Impairment of non-cash-generating assets</p> <p>Presentation of budget information in financial statements</p> <p>Employee benefits</p> <p>Intangible assets</p> <p>Financial instruments &</p> <p>Revenue from non-exchange transactions</p>
GRAP 18	01 April 2016	This standard relates to segment reporting and does not have any significant impact on the constitutional entity.
Amendments to GRAP 23	01 April 2016	The amendment to the standard on Revenue from non- exchange transactions included clarification on treatment of discounts and volume rebates and the mandatory recognition of services in-kind to the extent that it is significant to the entity's operations. None of these amendments have a significant impact on the reporting of the constitutional entity apart from the revenue from services in-kind which have been adequately disclosed.

2.1. Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the constitutional institution's accounting periods beginning on or after 01 April 2016 or later periods but are not relevant to its operations:

Figures in Rand		Note(s)	2016	2015
Standard/ Interpretation:	Effective date: Years beginning on or after	Description of standard and impact on the entity		
Amendments to GRAP 16	01 April 2016	The amendments relate to changes to definitions of investment property and disclosure requirements. This is not anticipated to have any significant impact on future reporting as the constitutional institution does not hold investment properties		
Amendments to GRAP 17	01 April 2016	The amendments relate to changes to considerations of impairment indicators for property plant and equipment and disclosure requirements. The constitutional institution will apply the amendments in the years they become effective.		
GRAP 20	01 April 2016	This standard relates to related parties disclosures. Although the provisions of the standard are not yet effective, they have been applied in the disclosure of remuneration of key management personnel and the listing of related parties in the Justice Portfolio cluster.		
Amendments to GRAP 21	01 April 2017	The amendments relate to definition, designation, identification and measurement of impairment of non-cash- generating assets. Amendments were also made to disclosure requirements. The constitutional institution will apply the amendments in the years they become effective.		
Amendments to GRAP 26	01 April 2017	The amendments relate to definition, designation, identification and measurement of impairment of cash- generating assets. Amendments were also made to disclosure requirements. The constitutional institution will apply the amendments in the years they become effective.		
GRAP 32	Not yet effective	This standard relates to service concession arrangements for the grantor. This is not expected to have any significant reporting effects on the constitutional institution as no such arrangements are entered into by the institution.		
GRAP 108	Not yet effective	This standard relates to the accounting treatment of statutory receivables that arise from legislation. The provisions of the standard will be adopted once effective together with the interpretation of the standards on revenue from non-exchange transactions.		
GRAP 109	Not yet effective	This standard relates to the accounting treatment of principal- agents arrangements. This is expected to have an impact on reporting on the lease arrangements between the constitutional institution (principal), the Department of Public Works (agent) and third party property lessors. The provisions of the standard will be applied once effective.		
IGRAP 17	Not yet effective	This standard relates to Service Concession Arrangements and is not anticipated to have any significant impact on the constitutional institution because there is no service concession arrangements where a grantor controls a significant residual interest in any of the constitutional institution's assets.		

3. Receivables from exchange transactions

Other receivables	225 696	372 880
Interest receivable	226 776	72 708
	452 472	445 588

Figures in Rand	Note(s)	2016	2015
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4. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balance with banks. Cash and cash equivalents included in the cash flow statement comprise the following amounts in the statement of financial position.

Cash on hand	12 504	11 986
Bank balances	38 493 394	5 022 528
	38 505 898	5 034 514

5. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	8 619 473	(6 818 383)	1 801 090	8 418 432	(6 081 013)	2 337 419
Motor vehicles	4 967 158	(3 018 056)	1 949 102	5 873 421	(2 890 861)	2 982 560
Office equipment	7 102 937	(4 404 418)	2 698 519	7 598 402	(3 962 424)	3 635 978
Computer equipment	12 610 137	(9 522 559)	3 087 578	16 064 277	(9 885 312)	6 178 965
Total	33 299 705	(23 763 416)	9 536 289	37 954 532	(22 819 610)	15 134 922

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	2 337 419	281 210	(5 478)	(812 061)	1 801 090
Motor vehicles	2 982 560	67 226	(153 656)	(947 028)	1 949 102
Office equipment	3 635 978	385 808	(70 919)	(1 252 348)	2 698 519
Computer equipment	6 178 965	144 738	(147 804)	(3 088 321)	3 087 578
	15 134 922	878 982	(377 857)	(6 099 758)	9 536 289

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	3 138 615	2 507	(72)	(803 631)	2 337 419
Motor vehicles	3 992 639	203 380	(88 973)	(1 124 486)	2 982 560
Office equipment	4 541 291	330 190	(61 622)	(1 173 881)	3 635 978
Computer equipment	8 459 831	1 123 761	(155 500)	(3 249 127)	6 178 965
	20 132 376	1 659 838	(306 167)	(6 351 125)	15 134 922

Assets subject to finance lease (Net carrying amount)

Motor vehicles	1 812 879	2 702 011
Office equipment	512 349	698 262
	2 325 228	3 400 273

Figures in Rand	Note(s)	2016	2015
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6. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	960 131	(335 182)	624 949	1 130 342	(296 089)	834 253

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Disposals	Total
Computer software	834 253	6 671	(192 473)	(23 502)	624 949

Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	1 023 079	(188 826)	834 253

7. Finance lease obligation

Minimum lease payments due

- within one year	1 221 554	1 757 206
- in second to fifth year inclusive	1 247 813	2 365 699
	2 469 367	4 122 905
less: future finance charges	(399 888)	(652 403)
Present value of minimum lease payments	2 069 479	3 470 502

Present value of minimum lease payments due

- within one year	1 010 778	1 410 840
- in second to fifth year inclusive	1 058 701	2 059 662
	2 069 479	3 470 502
Non-current liabilities	1 058 701	2 059 662
Current liabilities	1 010 778	1 410 839
	2 069 479	3 470 501

The constitutional institution leases motor vehicles and photocopiers under finance leases.

The average lease term for photocopiers was 3 years and for motor vehicles was 5 years or 150 000 km. The average effective borrowing rate for photocopiers was 8.5% (31 March 2015: 8.5%) and for motor vehicle was 12.5% (31 March 2015: 12.5%) The Interest rates are fixed at the contract date. The constitutional institution's obligations under finance leases are secured by the lessor's charge over the leased assets.

Figures in Rand	Note(s)	2016	2015
8. Payables from exchange transactions			
Trade payables		6 716 276	2 653 961
Deferred operating lease		338 848	187 450
Salaries and allowances		403 437	151 553
Accrued service bonus		4 161 874	3 898 632
Creditors accruals-suppliers		2 733 098	1 532 240
Accrued operating leases		11 872 632	10 407 240
COIDA levies accrual		241 050	-
		26 467 215	18 831 076

9. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Reclassified to accruals	Total
Accumulated leave	7 432 378	1 875 426	(1 633 278)	-	7 674 526
Performance awards	3 876 987	6 241 484	(3 876 987)	-	6 241 484
Provision - Levies	305 102	-	-	(305 102)	-
Gratuity	5 858 419	1 323 927	-	-	7 182 346
	17 472 886	9 440 837	(5 510 265)	(305 102)	21 098 356

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Accumulated leave	8 163 621	(99 398)	(631 845)	7 432 378
Performance awards	3 255 175	621 812	-	3 876 987
Provision - Levies	307 530	189 223	(191 651)	305 102
Gratuity	5 078 719	779 700	-	5 858 419
	16 805 045	1 491 337	(823 496)	17 472 886
Non-current liabilities			-	5 858 419
Current liabilities			21 098 356	11 614 467
			21 098 356	17 472 886

Figures in Rand	Note(s)	2016	2015
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The Public Protector is entitled to a taxable lump sum gratuity on vacation of office as stated in the Judges' Handbook. The Public Protector's term of office is a fixed term of seven years. The term of office for the current public protector will expire on 15 October 2016.

Accumulated leave provision relates to present obligation as a result of leave days accumulated during the current period, which were not utilised by the end of the financial year. In the event of termination of employment, employees' untaken leave days are payable to the extent that they are not forfeited. Untaken leave days are forfeited if they are not taken at the end of the leave cycle.

Employees of the Public Protector South Africa are assessed annually in terms of the performance management and development system. The final assessment process takes place after the financial year. Public Protector South Africa makes a provision for performance incentives at the end of each financial year.

Public Protector South Africa contributes to compensation fund (COIDA levies) payable annually to the Department of Labour. The Department of Labour conducts an assessment annually based on the number of employees and total salary costs for Public Protector South Africa and determines the amount payable.

The assessment is normally completed and issued after the financial year end. The assessment was completed in the current year before the issuance of the financial statements. This is a subsequent adjusting event. The provision has therefore been reclassified as accrual in the current year.

10. Revenue from non-exchange transactions

Government transfers

Transfers from Department of Justice and Constitutional Development	245 397 000	217 584 000
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Other non-exchange revenue

Revenue: service in-kind	7 721 935	-
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	253 118 935	217 584 000
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11. Finance income

Interest revenue

Bank	1 774 706	640 442
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Figures in Rand	Note(s)	2016	2015
12. Other income			
Recoveries of medical aid contributions		14 921	2 400
Recoveries of bursaries		19 060	14 031
Parking and access cards		36 580	37 130
Other income		110 201	492 504
		180 762	546 065

13. Staff costs

Acting allowances		724 620	606 481
Basic		114 218 171	107 700 654
Cellphone allowance		2 345 978	2 421 130
Defined contribution pension expense		13 204 198	12 430 426
Gratuity		1 323 927	779 700
Housing benefits and allowances		4 812 736	3 480 606
Leave discounting		1 071 321	(104 581)
Medical aid - company contributions		5 282 038	4 456 539
Medical aid allowance		821 271	834 784
Non pensionable allowance		10 390 051	9 069 914
Other staff allowance		683 530	541 283
Pension allowances		2 946 900	2 153 639
Performance awards		2 364 497	621 812
Service Bonuses		8 450 804	7 735 854
Travel allowance		2 603 615	3 026 443
		171 243 657	155 754 684

14. Depreciation and amortisation

Motor Vehicles - Leased		893 264	803 631
Office Equipment - Leased		258 798	72 543
Motor Vehicle - Owned		53 764	1 051 944
Furniture and fittings		812 060	938 112
Office Equipment - Owned		993 550	235 768
Computer equipment		3 088 321	3 249 127
Computer software		192 474	188 826

Figures in Rand	Note(s)	2016	2015
		6 292 231	6 539 951

15. Finance costs

Obligation under finance leases		348 409	549 027
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16. Other operating expenses

Communication costs		136 669	160 091
Copy Charges - photocopiers		107 302	90 806
Other operating costs		1 504 941	1 459 361
Printing and publications		869 828	661 289
Rental - Office buildings		9 071 533	9 048 995
Rental expense: service in-kind		7 721 935	-
Rental and lease maintenance costs- motor vehicles		2 638 413	2 373 568
Staff training and development		1 070 683	558 220
Stationery		2 255 696	1 244 418
		25 377 000	15 596 748

17. Losses on disposal of assets

Loss on disposal of assets and liabilities		306 171	278 967
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18. Administrative expenses

Audit fees		3 654 784	3 483 951
Bank charges		90 767	89 619
Catering		424 299	690 702
Cleaning services		1 819 521	1 480 187
Communication		1 765 245	1 923 691
Consulting and professional fees		7 617 745	4 441 447
Fuel, oil & toll fees-Leased and owned vehicles		376 932	898 275
General and administrative expenses		2 556 586	1 632 206
Information technology		7 426 519	7 351 115
Marketing and promotions		767 648	984 665
Municipal Services		3 124 127	3 939 496
Outsourced cases-investigations		-	478 156
Subscriptions and membership fees		195 846	-
Travel and subsistence-Domestic		2 981 242	3 865 630
Travel and subsistence-Foreign		895 928	1 121 704
		33 697 189	32 380 844

Figures in Rand	Note(s)	2016	2015
19. Cash generated from operations			
Surplus		17 809 746	7 670 286
Adjustments for:			
Depreciation and amortisation		6 292 231	6 539 951
Losses on sale of property, plant and equipment		306 171	278 967
Increase in provisions		3 625 470	667 841
Changes in working capital:			
Receivables from exchange transactions		(6 884)	(240 134)
Increase/(decrease) in payables		7 636 139	(7 231 867)
		35 662 873	7 685 044

20. Auditors' remuneration

External		3 654 784	3 483 951
Internal		476 824	62 356
		4 131 608	3 546 307

21. Operating lease

Operating lease obligation-Buildings			
- within one year		5 857 349	4 030 599
- in second to fifth year inclusive		10 676 310	2 741 693
		16 533 659	6 772 292

The Public Protector South Africa occupies office buildings leased under operating leases. Department of Public Works enters into the lease agreement on behalf of the Public Protector South Africa. The lease payments made by Department of Public Works are being recovered from Public Protector South Africa. The lease term ranges between 1 - 5 years. The escalation rate ranges between 5.5%-10%. Four other office buildings are occupied at no cost to Public Protector South Africa, of which three are owned by Department of Public Works and one is leased but paid from Department of Public Works budget.

22. Revenue

Other income		180 762	546 065
Finance Income		1 774 706	640 442
Transfer from Department of Justice and Constitutional Development		245 397 000	217 584 000
Revenue: service in-kind		7 721 935	-
		255 074 403	218 770 507

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income		180 762	546 065
Finance Income		1 774 706	640 442
		1 955 468	1 186 507

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Transfer from Department of Justice and Constitutional Development	245 397 000	217 584 000
Revenue: service in-kind	7 721 935	-
	253 118 935	217 584 000

23. Commitments

Authorised operational expenditure Approved and contracted

Approved but not yet contracted		
▪ Contracted services	11 977 616	3 768 831
▪ Procurement of goods	189 522	555 236
	12 167 138	4 324 067
Approved but not yet contracted		
▪ Approved services not yet contracted	-	1 008 795
Total operational commitments		
Approved and contracted	12 167 138	4 324 067
Approved but not yet contracted	-	1 008 795
	12 167 138	5 332 862

Public Protector South Africa is committed to contract for cleaning, maintenance, employee wellbeing programme, internal audit, travel, document filling and security services for various lengths of time into the future.

24. Key management personnel

Executive

2016 - Financial year

	Basic salary	Pension	Travel allowance	Medical aid allowance	Non pensionable allowance	Other allowances	Service bonus	Gratuity	Leave pay	Total
Public Protector	1 575 558	-	-	-	605 447	77 700	-	1 323 927	-	3 582 632
Deputy Public Protector	891 686	-	-	-	594 456	-	-	-	-	1 486 142
Chief Executive Officer	993 971	129 216	60 000	-	433 854	-	62 123	-	-	1 679 164
Chief Financial Officer	725 931	108 890	150 000	-	6 518	243 637	-	-	-	1 234 976
Executive Manager: Good Governance and Integrity	725 078	108 762	236 295	61 368	-	23 160	59 600	-	-	1 214 263
Executive Manager: Outreach and Stakeholder Management	663 110	86 204	-	-	301 362	23 160	54 507	-	-	1 128 343
Executive Manager: Administrative Justice and Service Delivery	653 312	97 997	72 000	-	19 804	203 160	53 701	-	-	1 099 974
Executive Manager: Provincial Investigations and Integration	683 150	102 473	14 000	51 504	99 503	154 960	56 154	-	-	1 161 744
	6 911 796	633 542	532 295	112 872	2 060 944	725 777	286 085	1 323 927	-	12 587 238

2015 - Financial year

	Basic salary	Pension	Travel allowance	Medical aid allowance	Non pensionable allowance	Other allowances	Service bonus	Gratuity	Leave pay	Total
Public Protector	1 526 740	-	-	-	550 406	77 700	-	779 700	-	2 934 546
Deputy Public Protector	846 749	-	-	-	561 916	-	-	-	-	1 408 665
Former Chief Executive Officer	422 600	63 390	176 083	15 932	26 328	-	-	-	73 149	777 482
Chief Executive Officer	78 513	10 207	5 000	-	30 592	-	-	-	-	124 312
Chief Financial Officer	57 341	8 601	12 500	-	-	17 126	-	-	-	95 568
Executive Manager: Good Governance	664 928	98 461	226 843	57 600	4 999	23 160	55 517	-	-	1 131 508
Executive Manager: Service Delivery	626 480	93 972	42 000	51 504	119 320	82 560	51 725	-	-	1 067 561
Executive Manager: Early Resolution	592 891	88 134	70 000	-	10 367	200 956	49 408	-	-	1 011 756

Figures in Rand		Note(s)					2016	2015	
2015 - Financial year	Basic salary	Pension	Travel allowance	Medical aid allowance	Non pensionable allowance	Other allowances	Service bonus	Gratuities	
Executive Manager: Communications	608 101	79 053	-	-	275 777	23 160	50 539		
Acting Chief Executive Officer	-	-	-	-	-	82 805	-		
Acting: Chief Financial Officer	-	-	-	-	-	15 485	-		
Acting Executive Manager: Outreach and Communications	-	-	-	-	-	7 900	-		
Former Chief Financial Officer	319 361	47 904	60 000	-	105 003	11 580	-		
	5 743 704	489 722	592 426	125 036	1 684 708	542 432	207 189	779	

The gratuity accrued for the Public Protector was not disclosed in the prior year. This has been inserted in the current year and the prior year disclosure updated accordingly.

25. Risk management Introduction and overview

This note represents information about the exposure to financial risks, the objectives, policies and processes for measuring and managing financial risk, and the management of capital. Further quantitative disclosures are included throughout these financial statements.

25.1. Liquidity risk

The Public Protector South Africa is exposed to liquidity risk as it is dependent on the transfers and grants received from the Department of Justice. Timely receipts of transfers and grant amounts are necessary for the Public Protector South Africa to be able to make payments as and when required in terms of its financial liabilities.

Included in the payables is the amount of R11 872 632 (31 March 2016) and R10 407 240 (31 March 2015) relating to operating leases, which is due to the Department of Public Works. The amount has been accumulating since 2008 due to the Department of Public Works not invoicing the Public Protector South Africa.

The table below analyses the Public Protector South Africa's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows

Figures in Rand		Note(s)	2016	2015
	Contractual undiscounted liabilities			
	Total			
	At 31 March 2016			
-	Payables from exchange transactions	14 594 583	-	14 594 583
-	Operating leases	11 872 632	-	11 872 632
-	Finance lease liabilities	226 773	784 005	2 069 479
		26 693 988	784 005	28 536 694
-	7 900			
	Contractual undiscounted liabilities			
	Total			
	At 31 March 2015			
-	Payables from exchange transactions	8 423 838	-	8 423 838
-	Operating leases	10 407 240	-	10 407 240
-	Finance lease liabilities	352 710	1 058 130	3 470 502
		19 183 788	1 058 130	22 301 580
700	141 850			10 306 771

25.2. Credit risk

Credit risk represents the potential loss to the Public Protector South Africa as a result of unexpected defaults or unexpected deterioration in the creditworthiness of counterparties. The Public Protector's credit risk is primarily attributable to its receivables. However, this risk is minimal as the Public Protector's receivables (excluding amounts held with banks) are limited to advance to employees and interest receivable. There is no past due and impaired receivables.

The carrying amount included in the Statement of Financial Position represents the Public Protector's maximum exposure to credit risk in relation to this asset. The Public Protector South Africa does not consider there to be any significant concentration of credit risk.

With regard to credit risk arising from the other financial assets, which comprise cash and cash equivalents, the Public Protector's exposure arises from a potential default of the counterparty where credit rating is constantly monitored, with a maximum exposure to the carrying amount of these instruments. Cash and cash equivalents are only placed with banking institutions with an AA credit rating.

25.3. Market risk

The Public Protector South Africa is exposed to market risk as the fair value or future cash flows of its financial instruments may fluctuate due to changes in market prices. The effect of the market risk to Public Protector South Africa is limited to interest rate risk and foreign exchange risk.

25.3.1. Interest rate risk

The Public Protector South Africa is exposed to cash flow interest rate risk arising from cash on hand at commercial banks, which earns interest at floating rates based on daily bank deposit rates. The Public Protector South Africa is also exposed to fair value interest rate risk arising from fixed interest rates in the finance lease contracts entered into for the acquisition of motor vehicles and photocopiers. The Public Protector South Africa's ability to mitigate this risk is limited by the fact that these finance lease contracts are transversal contracts managed by the National Treasury, and prohibitions contained in the Public Finance Management Act 1 of 1999.

Figures in Rand	Note(s)	2016	2015
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The Public Protector's exposure to market risk (in the form of interest rates risk) arises as a result of the following:

- a) Possible interest on late payment by the Public Protector South Africa.
- b) Interest income linked to rates prescribed by the National Treasury
- c) Interest on accounts held at banking institutions.

The Public Protector South Africa is mainly exposed to interest rate fluctuations. The Public Protector South Africa's financial assets and financial liabilities are managed in such a way that the fluctuations in variable rates do not have material impact on the surplus/(deficit) as the Public Protector South Africa settles its outstanding obligation within 30 days and interest on outstanding debts is charged monthly using the applicable interest rates.

25.3.2. Foreign exchange risk

The Public Protector South Africa's exposure to foreign exchange risk is limited to payment of Microsoft licence fees, however the transaction volume is minimal. The foreign exchange risk relates to the fluctuation of the rand and dollar purchase rate.

25.4. Fair values

The Public Protector South Africa's financial instruments consist mainly of cash and cash equivalents, trade and other receivables and trade and other payables.

No financial asset was carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instruments:

(i) Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets and financial liabilities

(ii) Receivables from exchange transactions

The carrying amount of trade receivables approximates fair value due to the relatively short-term maturity of this financial asset

(iii) Payables from exchange transaction

The carrying amount of trade payables approximates fair value.

Figures in Rand Note(s) 2016 2015

25.5. Financial instruments by classification

31 March 2016	Financial Assets	Financial liabilities	Total carrying amount
Receivables from exchange transactions	452 472	-	452 472
Cash and cash equivalents	38 505 898	-	38 505 898
Trade and other payables	-	(14 594 583)	(14 594 583)
Operating leases	-	(11 872 632)	(11 872 632)
	38 958 370	(26 467 215)	12 491 155

31 March 2015	Financial Assets	Financial liabilities	Total carrying amount
Receivables from exchange transactions	445 588	-	445 588
Cash and cash equivalents	5 034 514	-	5 034 514
Trade and other payables	-	(8 423 838)	(8 423 838)
Operating leases	-	(10 407 240)	(10 407 240)
	5 480 102	(18 831 078)	(13 350 976)

26. Funding of operations

The Public Protector South Africa has an accumulated deficit of R515 442 (accumulated deficit – 31 March 2015: R18 325 188). A surplus of R 17 809 746 (surplus - 31 March 2015: R 7 670 286) was generated during the financial year. Public Protector South Africa will continue with its austerity measures to minimise expenditure and to spend within budget to avoid any deficit in the 2016/17 financial year and the future years. Although current liabilities exceeded the current assets by R9 617 979, these financial statements have been prepared on a going concern basis as the institution is a constitutional entity and will continue in operational existence for the foreseeable future. Public Protector South Africa is substantially funded by government. Funds have been allocated by the National Treasury for the next two years. Additional funding has been allocated by National Treasury for the period 2016/17: R20 million and 2017/18 of R21 million.

27. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure: opening balance	28 832	-
2012/13 wasteful expenditure discovered in 2014/15 regarding motor vehicle insurance	-	28 832
Fruitless and wasteful expenditure relating to interest on 2015/16 Telkom invoice late payment	2 132	-
	30 964	28 832

Motor vehicle insurance

The Public Protector South Africa entered into an insurance contract for six owned motor vehicles. Two of these vehicles were subsequently sold in November 2012. The full insurance premium continued to be deducted because the policy was not cancelled. The fruitless and wasteful expenditure has been reported to National Treasury and the insurance policy for the two vehicles has since been cancelled.

Interest was charged and paid on late settlement of Telkom invoices in the 2015/16 financial year.

Figures in Rand	Note(s)	2016	2015
28. Irregular expenditure			
Opening balance		5 124 391	4 906 717
Prior year irregular expenditure identified in the current year			
Outsourced Investigations: Appointment without three quotes.		197 374	-
Outsourced Investigations: Appointment without following SCM process		1 183 451	-
Legal editors: Appointment without following SCM process		130 830	-
Transcription Services: Appointment without following SCM process		8 100	-
Current year irregular expenditure			
Outsourced Investigations: Appointment without three quotes		-	217 674
Litigation: Payments made above the contract value of R500 000		1 359 389	-
Outsourced Investigations: Appointment without following SCM process		907 094	-
Travel Agency Services: Payments made above contract value of R450000		1 713 122	-
Travel Agency Services: Appointed not being the lowest quote		7 392	-
		10 631 143	5 124 391

Payments of service providers above the contract value

During the year, the Public Protector South Africa appointed firms of attorneys regarding certain litigations and investigations and made payments above R500 000 for each appointment. In terms of the National Treasury practice note no. 8 of 2007/2008, we are required to invite and accept written price quotations for requirements up to an estimated value of R500 000. Practice note 8, Paragraph 3.4 states that the accounting officer should invite competitive bids for all procurement above R500 000. The reason for deviating from inviting competitive bids should be recorded and approved by the accounting officer. We are also required in terms of this practice note to advertise competitive bids in the Government Tender Bulletin.

Public Protector South Africa did not comply with the requirement of practice note 8 as stated above for the appointment of the investigative panel and payments were made for litigations in excess of the contracted amount of R500 000.

A travel agent was appointed to render services based on three quotations with a limit of R450 000. Payments exceeding the contracted amount were made to the agent

Non-appointment of the lowest bidder

The Public Protector South Africa appointed a travel agent without complying with competitive bidding process, i.e. obtaining at least three quotations as per supply chain prescripts and National Treasury practice note 8 of 2007/8, and selecting the most cost effective bid. The travel agent appointed omitted a component in their bid which made the bid the lowest cost. It was only discovered after the contract had been awarded that the appointed agent was not the lowest bidder.

Appointment without following supply chain processes

Public Protector South Africa appointed and paid legal editors through the human resources payroll. This should have been done through normal SCM processes.

Public Protector South Africa also appointed and paid transcribers for minutes of meetings without following SCM processes.

Figures in Rand	Note(s)	2016	2015
Analysis of expenditure awaiting condonation per age classification			
Current year		5 506 752	217 674
Prior years		5 124 391	4 906 717
		10 631 143	5 124 391

Details of irregular expenditure condoned

Condoned by (National Treasury)

Details of irregular expenditure not recoverable (not condoned)

29. Contingent Liability

On the 31 March 2008, the Public Protector South Africa entered into a license and maintenance agreement with Systems Applications Products South Africa (PTY) LTD (SAP South Africa). Under this agreement Public Protector South Africa licensed certain SAP software and acquired software maintenance services. In terms of the signed agreement SAP premium support services have a minimum initial term of two years from initial activation and thereafter automatic renewals of one calendar year each, unless the licensee terminates the agreement by sending a written notice to SAP South Africa, received at least 30 days prior to the end of the applicable calendar year. Public Protector South Africa terminated the agreement in writing in the 2011 calendar year.

SAP South Africa is claiming the amount due in terms of the agreement for the invoices relating to 2011 and 2012 calendar year. An estimate of the contingent liability is R 2 038 308.60. According to the State Attorney's assessment this is unlikely to result in an outflow of cash.

Eighteen cases investigated by Public Protector South Africa are currently being challenged and under high court reviews. The legal costs relating to the defense of these cases cannot be quantified at year end as invoices have not been received and the total costs will be determined by the length of the defense.

30. Budget differences

30.1. Material differences between budget and actual amounts

Finance income

The positive difference in finance income actually received is attributable to higher deposits held in the bank account due to lower spending than the budget. At the end of the financial year the constitutional institution held R38 505 898. The reasons for the decreased spending are further discussed below.

Personnel costs

For the year ending 31 March 2016, personnel costs indicates an underspending. This underspending is mainly due to the late filling of vacant funded positions and the high staff turnover rate Public Protector South Africa is experiencing over the years. This savings were however anticipated early in the financial year and a management decision was taken that any savings from compensation of employees will be utilised to offset other cost pressures.

Finance costs

The actual finance costs paid were below the budgeted amounts. This is some photocopiers and motor vehicles leased by the constitutional institution are reaching the end of the lease period. New assets have not been acquired

and new leases were not signed. Existing leases were extended on a month to month basis pending a management investigation of the viability of acquiring owned assets.

Goods and services

The underspending on goods and services were a result of the cost cutting drive in the various business units. Savings materialised particularly around subsistence and travel expenses. Additional resources were also reallocated and made available for goods and services from non-implementation of the Case Management System and personnel costs.

Leases also contributed to underspending as the Department of Public Works have not fully billed the constitutional institution based on existing operating lease contracts.

Capital expenditure

The underspending in capital expenditure is a result of the constitutional institution's inability to invest in major new assets in the current year. Feasibility studies are still been conducted to assess whether to lease or buy photocopiers and motor vehicles

30.2. Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the Public Protector South Africa are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis by economic classification. The approved budget covers the financial period 1 April 2015 to 31 March 2016.

The actual amounts in the statement of comparison of budget and actuals were recast from the accrual basis to the cash basis and classified per economic classification to be on the same basis as the final approved budget.

31. Related parties

The Department of Justice is the controlling body of the Constitutional Institution.

Other entities within the Justice portfolio which constitute related parties to the Constitutional Institution include

Guardian's Fund

Legal Aid Board

President' Fund

Special Investigating Unit

The Human Right Commission

Third Party Funds

Criminal Asset Recovery Account

Office of the Chief Justice

Department of Correctional Services

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