



PUBLIC PROTECTOR  
SOUTH AFRICA

Accountability • Integrity • Responsiveness  
Justice • Good Governance

# PUBLIC PROTECTOR ANNUAL REPORT 2017/2018

Vision 2023: Taking the Services of the Public Protector to the Grassroots







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Justice • Good Governance

# Annual Report

## 1 April 2017-31 March 2018

Vision 2023: Taking the Services of the Public Protector to the Grassroots



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## FOREWORD BY THE PUBLIC PROTECTOR ADV. BUSISIWE MKHWEBANE

The Public Protector is an independent constitutional institution established in terms of section 181(1) of the Constitution, with a shared responsibility to strengthen constitutional democracy. I draw my powers from section 182(1) of the Constitution, in terms of which I can investigate, report on and remedy any alleged or suspected improper conduct in state affairs, in the public administration and in any sphere of government.

In a landmark judgment handed down in March 2016, dealing with the extent of these powers, the Constitutional Court held among other things that this institution is essentially an instrument through which the poor and the marginalised can hold the state to account. As the Public Protector South Africa, we have embraced this judgment as a decree on what our work is and the kind of stance this office should assume in society.

I have since guided the Public Protector Team in the direction of the wisdom gleaned from the judgment as a principle that should inform the manner in which we approach our quest to serve communities that are in dire need of assistance with regard to service and conduct failure grievances.

Our approach in this regard is encapsulated in what we call Vision 2023, the essence of which is to take the services of the Public Protector to the grassroots. Eight strategic pillars provide the foundation for Vision 2023, namely enhancing access to the services of the Public Protector; using vernacular to improve our communication with the targeted audience; expanding our footprint to be closer to the targeted communities; and leveraging stakeholder relations and formalising those relationships in signed agreements.

Other pillars empower our people to understand their rights, creating a safe haven for the poor and destitute. We further encourage organs of state to establish effective internal complaints resolution units. Ultimately we aim to inspire formerly disadvantaged communities to become their own liberators.

The Public Protector Annual Report for 2017/18 accordingly brings to the attention of the National Assembly details of the progress we have made in pursuit of this ambitious vision. Our efforts in this regard were defined in a number of strategic objectives, including the need to deliver prompt services to the people we serve; achieve access to available Public Protector services; and promote and maintain good governance.

I am pleased to report on the extent of the progress we made in achieving these goals. For starters, our caseload for the year under review was a staggering 18 356 - a variety of complaints ranging from everyday bread and butter matters to incidences of abuse of state resources and breaches of the executive code of ethics.

A closer look at the statistics shows that the Department of Home Affairs continues to be the organ of state attracting the most complaints. In second place were municipalities, followed closely by the Department of Labour and its agencies. Other offenders included the Department of Justice and Correctional Services, the Department of Education, the Government Pensions Administration Agency and Department of Health.

The Public Protector Team comprising 198 experienced, devoted and capable men and women assisted me to finalise 13 572 of the total the caseload. The term “finalised” in this instance refers to matters received, accepted and settled; those received and referred to other institutions; and those received and subsequently rejected on the grounds that they fell outside our remit. Just over 1 250 matters were found to have not been within our jurisdiction while more than 1 700 were referred to other institutions.

Nearly 4 400 matters could not be finalised during the period under review and for that reason were carried over into the 2018/19 financial year. We finalise most of the cases through Alternative Dispute Resolution (ADR), which leads to parties signing settlement agreements. Therefore, only a few cases result in formal investigation reports. In the 12 months in question, we published 33 investigation reports.

Often performance reports contain statistical information that does not reflect the holistic impact felt at grassroots level. I therefore wish to highlight a few of the ADR cases and formal reports, which in my view, had a very significant effect in the fight against maladministration and impropriety.

One of the beneficiaries of our efforts in this regard is the community of Masiphumele, an informal settlement outside Cape Town in the Western Cape. Before our involvement, the area experienced regular violent service delivery protests.

I visited the community at their request in 2017 and took note of the inhumane living conditions they were subjected to. On arrival, I could not help but notice that sewage was stagnating in storm water canals that cut through the settlement, posing a hazard to children who played along the canals' banks, totally oblivious to the danger.

Due to poor sanitation infrastructure, the canals were also being used as a place of deposit for night soil. Water supply was poor and there was overcrowding within the community. Today, the City of Cape Town is attending to these issues. Community members are relieved, thankful and optimistic about the future.

In the Eastern Cape, I investigated allegations of misappropriation of public funds, improper conduct and maladministration by the provincial government and several other organs of state in connection with the Nelson Mandela funeral and memorial. I found evidence of widespread irregular, fruitless and wasteful expenditure in the procurement of goods and services. The impact of my remedial action has filtered across the entire provincial administration.

Although the provincial Director-General is taking a section of the remedial action on judicial review as is her right to do so, the rest of the organs of state, including the Provincial Development Corporation; the provincial Parks and Tourism Agency and the Buffalo City, King Sabata Dalindyebo Local, OR Tambo District and Nelson Mandela Bay Metropolitan Municipalities are implementing the remedial action in full. We will continue to monitor progress in this regard.

Elsewhere, residents of the infamous Glebelands Hostel in Umlazi, Durban in KwaZulu-Natal, are relieved that the sound of gunfire that was regularly heard in the neighbourhood, robbing breadwinners of their lives, have largely been silenced. Following our investigation and remedial action directing the South African Police Service (SAPS) to restore law and order, peace has largely been restored and implementation of my directives is ongoing. We continue to monitor the situation closely to ensure that all the remedial action in our report is implemented, and that this is done within the timeframes stipulated in the report.

In addition to these, my remedial action as contained in two reports that I submitted to the Office of the President following investigations into alleged breaches of the Executive Ethics Code have been implemented.

For my office to make a meaningful contribution towards its shared responsibility of strengthening constitutional democracy, our services must be accessible to all. The successes I refer to above could therefore not have been possible without our efforts to enhance access to our services. In the intervening period, 815 outreach clinics were held to take our services to far-flung communities. With only 19 offices countrywide, these clinics make up for our limitations where our footprint is concerned.

Through our participation in the activities of the African Ombudsman and Mediators Association (AOMA) and our chairpersonship of the Durban-based African Ombudsman Research Centre (AORC), we continued to make contributions towards the entrenchment of a culture of good governance, the upholding of human rights and the respect for the rule of law in the continent. The AORC plays an important role in supporting Ombudsman institutions across Africa. This includes helping with research, information-sharing, capacity-building and advocacy. All this work would not have been possible had it not been for the generosity of the South African government through the African Renaissance Fund, which is administered by the Department of International Relations and Cooperation.

The work that both AOMA and AORC performs is in sync with the foreign policy of the South African government, including the belief in the need for strong institutions, capable states and effective governments as well as willing leadership to satisfy the needs and aspirations of the populace as encompassed in the African Union's ambitious development plan, Agenda 2063.

While we have managed to secure these modest achievements, it has not been plain sailing. We continue to grapple with historical challenges such as poor cooperation from some organs of state, conduct that comes across as interference with our functions and a lot of court cases that take our focus away from our work while also draining the little resources we have.

Accordingly, I wish to stress the following constitutional provisions. First, my office is subject only to the law and the Constitution and must exercise its powers and perform its function without fear, favour or prejudice. Other organs of state must assist and protect this office to ensure its independence, impartiality, dignity and effectiveness in line with section 181(3) of the Constitution. No person or organ of state, as provided in section 181(4), may interfere with the functioning of my office.

We need to ask if the failure to provide this institution with enough financial resources does not go against the constitutional provision that enjoins organs of state to assist and protect this office to ensure its independence, impartiality, dignity and effectiveness. If money is a problem, would it not be more effective if some of the matters entrusted to Commissions of Inquiry (Col), along with the relevant resources, were instead referred to relevant Chapter 9 institutions such as my office, which, unlike a Col, has power to take binding appropriate remedial action?

While we are grateful for our budget allocation, it is true that it is not nearly enough for an institution that watches over more than 1000 organs of state including 47 national departments, over 100 provincial departments, more than 250 municipalities and hundreds of other public bodies such as state-owned enterprises, statutory bodies, institutions performing public functions and universities.

The litigation that we have attracted since the Constitutional Court judgment that declared that our remedial action is binding is another source of our financial challenges. Millions of rand in resources that we should be putting to good use in the service of the people of this country goes towards our legal costs. While we accept that organs of state against whom we make adverse findings have every right to take those matters on judicial review when they disagree with the findings, we must also ask if frivolous court challenges that eat away at the little resources we have at our disposal do not go against the constitutional provision for other organs of state to assist and protect this office to ensure its independence, impartiality, dignity and effectiveness. I highlight these issues because I remain hopeful for a larger share of the national budget and that the National Assembly will assist us in that regard.

Still on court challenges, I must remind stakeholders of the fact that the Public Protector Act in section 5(3) is clear that “neither a member of the office of the Public Protector nor the office of the Public Protector shall be liable in respect of anything reflected in any report, finding, point of view or recommendation made or expressed in good faith and submitted to Parliament or made known in terms of this Act or the Constitution”. The Act provides further in section 6(8) that “the Public Protector or any members of his or her staff shall be competent but not compellable to answer questions in any proceedings in or before a court of law or anybody or institution established by or under any law, in connection with any information relating to the investigation which in the course of his or her investigation has come to his or her knowledge”.

Lastly, it is critical for public functionaries to understand that we essentially exist to help ensure that there is good governance and not to usurp the powers bestowed upon organs of state. In other words, we can’t do the work of public functionaries. Ours is to provide oversight and ensure that those powers are exercised in accordance with the law and in a manner that is rational.

As already indicated, we have not done nearly as much as we would have wanted to. The 2018/19 financial year therefore presents us with another opportunity to try again. We will redouble our efforts in order to do better. As was the case in 2017/18, we trust that we will have the unwavering support of all stakeholders.



**ADV. BUSISIWE MKHWEBANE**

Public Protector Of The Republic Of South Africa  
31 August 2018



## CHIEF EXECUTIVE OFFICER'S OVERVIEW

MR VUSSY MAHLANGU

The 2017/18 financial year has been very difficult due to limited funding to adequately manage the institution's operations, thus affecting effectiveness and efficiency in the institution. We also face capacity constraints related to the financial crisis whereby a decision has been taken during the year under review to refrain from filling positions when employees resign, leading to an increased workload for the remaining employees. Furthermore, contracts of Assistant Investigators and interns were not renewed. Despite the challenges, the institutions managed to achieve 50% of its planned targets.

To deal with the financial challenges, we requested funding from various government institutions such as National Treasury, Department of Justice and Correctional Services, etc. The institution was fortunate to have received assistance in the form of a R15 million cash injection from the Department of Justice and Correctional Services, which was used to pay our creditors. Since the institution is grossly underfunded, we have exhausted various cost saving measures. Provincial Representatives of Public Protector South Africa are connected via electronic means for meetings as opposed to travelling to the National Office in Pretoria. We ceased to provide catering for meetings, implemented central printing, postponed the procurement plan and did not renew a contract for leasing of vehicles.

Even with the cost saving measures already implemented and the additional R15 million received from the Department of Justice and Correctional services, we still ended the financial year with an accumulated deficit of R30 million. In essence, we will continue to request for additional funding from government institutions in order for us to continue to fulfil our mandate and make a positive impact in the lives of the people we serve.

Risk management is of paramount importance to the institution. It is for this reason that relevant risk management policies and strategies were reviewed and approved for the year under review, while mandatory quarterly Risk Management Committee meetings took place. Furthermore, risk action plan follow-ups were conducted quarterly and reported to our governance structures such as EXCO, MANCO and the Risk Management Committee. Related to risk management is fraud prevention which was implemented.

The institution embarked on activities aimed at preventing fraud such as reviewing the Anti-Fraud Plan and the Whistle Blowing Policy, conducting Anti-Fraud and Corruption workshops with focus on topics of ethics (PPSA Code of Conduct), business interest disclosures, remuneration work outside PPSA to mention but a few. At the same time, the institution has an agreement with the Public Service Commission (PSC) to utilise their National Anti-Fraud and Corruption Hotline where anonymous reporting of fraudulent activities within PPSA is reported. It is pleasing to report that there was no reported allegations of fraudulent activities within the 2017/18 financial year.

Matters raised by Internal Audit and the Auditor General are treated as a matter of priority on our journey towards the attainment of a clean audit. To this end, we have established an Audit Steering Committee to deal with all matters that are audit related such as the review of audit action plans and follow-up on implementation of the action plans.

I take this opportunity to thank the Public Protector, Deputy Public Protector, employees of Public Protector South Africa as well as stakeholders for working together in strengthening constitutional democracy.



**MR VUSSY MAHLANGU**  
Chief Executive Officer  
31 August 2018





PART

GENERAL  
INFORMATION



## PART A: GENERAL INFORMATION

### 1. General Information

Registered Name:	Public Protector
Physical Address:	175 Lunnon Street Hillcrest Office Park 0083
Postal Address:	Private Bag X677 Pretoria 0001
Telephone Number:	012 366 7000
Fax Number:	012 362 3473
Email Address:	oupas@pprotect.org
Website Address:	www.pprotect.org
External Auditors:	Auditor-General South Africa (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  
0800

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 2017 to 31 March 2018.

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



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**ADV. BUSISIWE MKHWEBANE**

Public Protector of the Republic of South Africa  
31 August 2018

## 2. LIST OF ABBREVIATIONS/ACRONYMS

AORC	African Ombudsman Research Centre
BAC	Bid Adjudication Committee
BCM	Buffalo City Municipality
BAcc	Bachelor of Accountancy
BCom	Bachelor of Commence
BCompt	Bachelor of Accounting Science
BEC	Bid Evaluation Committed
BSC	Bid Specification Committee
CA (SA)	Chartered Accountant South Africa
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COI	Commission of Inquiry
DIRCO	Department of International Relations and Cooperation
DG	Director General
DPCI	Directorate for Priority Crime Investigations
ECSDS	Eastern Cape Provincial Department of Social Development
EMEA	Executive Members Ethics Act
EXCO	Executive Committee
FY	Financial Year
GEPF	Government Employee Pension Fund
GPAA	Government Pensions Administration Agency
GRAP	Generally Recognised Accounting Practice
HoD	Head of Department
Hon	Honourable
HRD	Human Resource Development
ICT	Information Communications Technology
ID	Identity Document
LLB	Legum Baccalaureus (Bachelor of Laws)
LLM	Latin Legum Magister (Master of Laws)
MANCO	Management Committee
MBA	Master of Business Administration
MBL	Master of Business Leadership
MFMA	Municipal Finance Management Act
MM	Municipal Manager
MO	Military Ombudsman
N/A	Not Applicable
NPA	National Prosecuting Authority
NECSA	Nuclear Energy Corporation
NHBRC	National Home Builders Registration Council
PAJA	Promotion of Administrative Justice Act
PMDS	Performance Management and Development System
PPSA	Public Protector South Africa
PSC	Public Service Commission
SANDF	South African National Defence Force
SARA	South African Roadies Association
SARB	South African Reserve Bank
SAPS	South African Police Service
SIU	Special Investigating Unit
TBC	Transnet Bargaining Council
TRC	Threat and Risk Analysis

### 3. The Year - 2017/18 At a Glance



**R301 831 000**

Total Budget  
Allocation



**380**

Total funded Staff  
(Filled posts: 352)



**18 356**

Cases Handled in  
2017/2018



**5 255**

Cases carried over  
from 2016/17



**11 943**

New  
cases



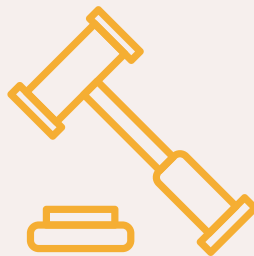
**1 251**

Non-jurisdiction  
Cases



**1 733**

Cases referred to  
other institutions



**13 572**

Cases  
finalised



**4 390**

Cases carried over  
from to 2018/19



**815**

Outreach  
clinics

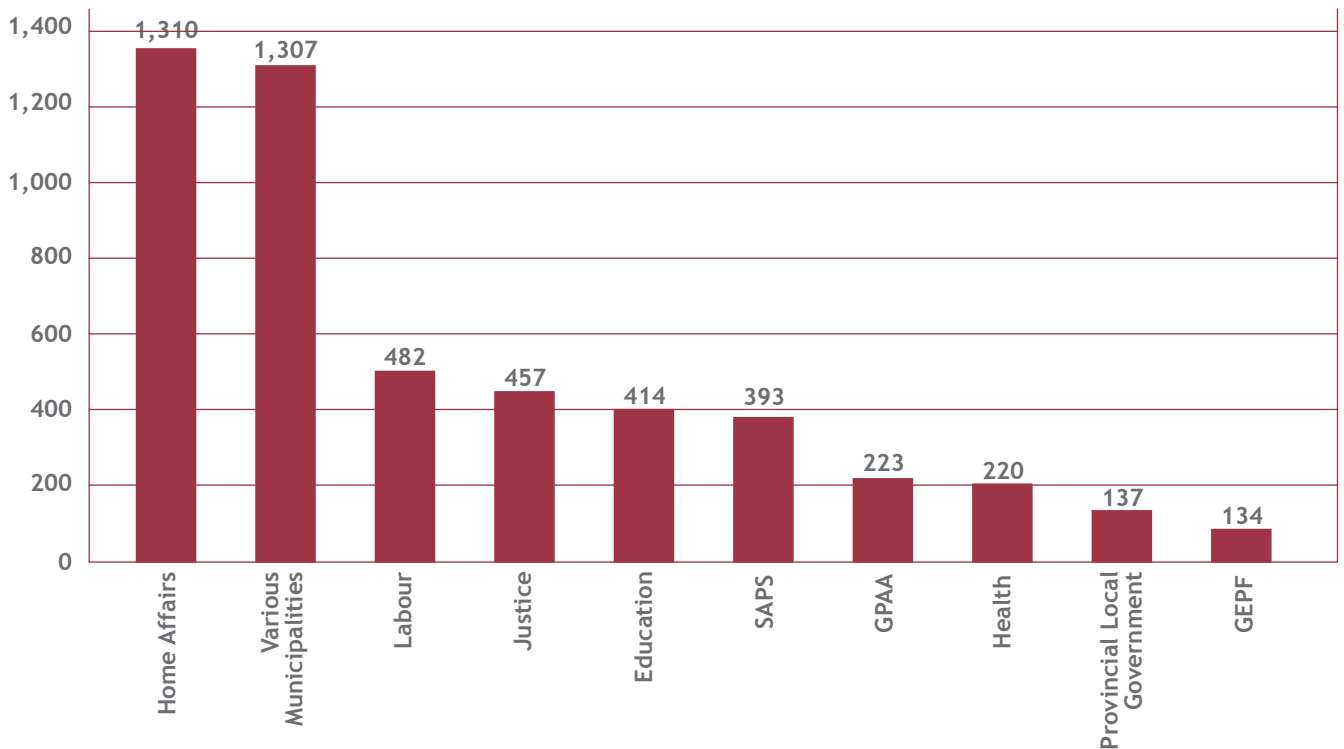


**FOOTPRINT**

1 National Office  
9 Provincial Offices  
9 Regional offices

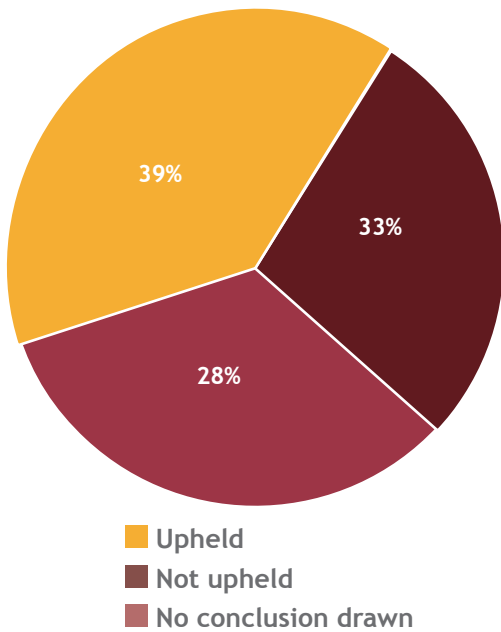
## Graph indicating top 10 government institutions complained against in the 2017/18 financial year for completed investigations

### Top 10 government institutions complained against



### Percentage of complaints upheld/not upheld

#### Number of complaints upheld and not upheld



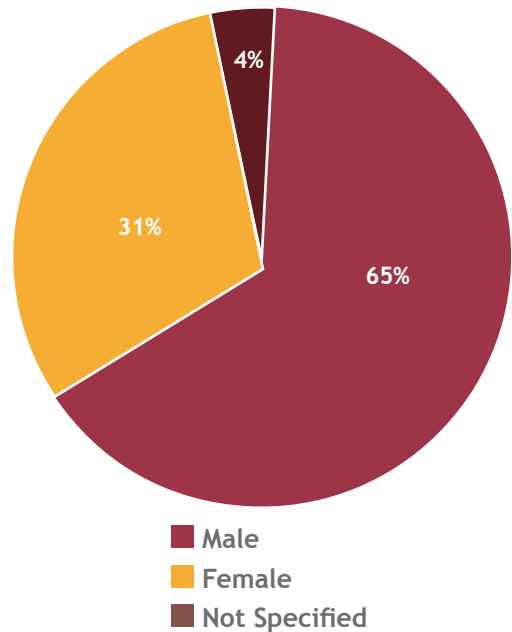
*Cases upheld:* When the office confirms the allegations of the complainant

*Cases not upheld:* When the office does not confirm the allegations by the complainant

*No conclusion drawn:* No jurisdiction matters; matters referred to other institutions; matters withdrawn by complainants; matters resolved by the parties before the office could conclude the investigation

### Accessibility Indicator

#### The chart below indicates gender percentage breakdown on complaints received



## 4. 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 of South Africa.

The Annual Report is complete, accurate and is free from 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 control 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 are 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 2018.

Yours faithfully



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**MR VUSSY MAHLANGU**

Chief Executive Officer

Date: 30 July 2018



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**ADV. BUSISIWE MKHWEBANE**

Chairperson of the Executive Committee

Date: 30 July 2018

## 5. Strategic Overview

### 5.1 Vision

An effective and trusted constitutional institution that remedies administrative injustices and promotes good governance in state affairs.

### 5.2 Mission

Strengthening and Supporting constitutional democracy by investigating, reporting on and remedying alleged or suspected improper conduct in state affairs.

### 5.3 Institutional Purpose Statement

A catalyst for change in pursuit of good governance.

### 5.4 Principles and Values

Anchored in the pursuit of proper conduct in state affairs and the Batho Pele principles, we seek to uphold and promote the principles of:

- a) Accountability
- b) Integrity
- c) Responsiveness
- d) Justice
- e) Good Governance

Furthermore our institutional Value System is articulated by:

<b>Ubuntu</b>	We respect the constitutionally protected dignity of all those we interact with as we deliver services and manage our affairs and serve professionally with humanity, empathy, compassion, understanding and respect for every person's human rights.
<b>Impartiality</b>	We will make our decisions based on objective criteria, rather than on the basis of bias or prejudice.
<b>Transparency</b>	We strive to be open in the manner in which we conduct our investigations and deal with our customers.
<b>Efficiency and professionalism</b>	We will deal with our customers and stakeholders with a high level of professionalism, skill, good judgement while ensuring speed and responsiveness in the delivery of our services.
<b>Redress</b>	We strive to place those that have been wronged as close as possible to where they would have been had the state acted properly.

## 6. Constitutional and Statutory Mandates

### 6.1 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 suspected 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.

### 6.2 Statutory Mandate Areas

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

#### 6.2.1. 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;

#### 6.2.2. Executive Ethics Enforcement

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

#### 6.2.3. 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.

#### 6.2.4. Protected Disclosures

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

#### 6.2.5. Review of decisions of the National Home Builders Registration Council (NHBRC)

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

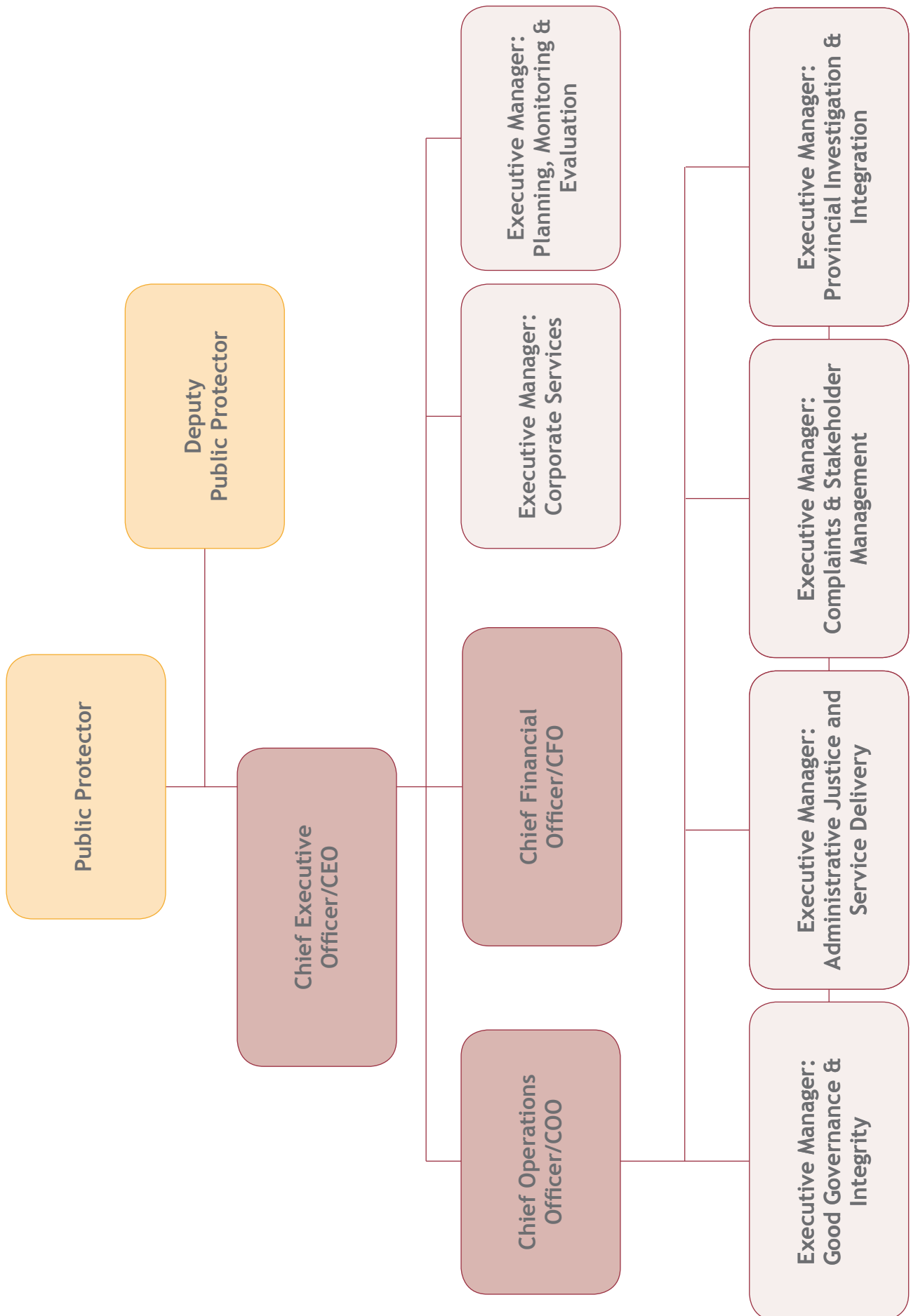
#### 6.2.6 Other Mandates

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.

## 7. High Level Organisational Structure





PART

B

PERFORMANCE  
INFORMATION



## 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 72 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 for the year under review is 50%. Key outputs for the year under review include managing to adhere to 79% of our investigation standards for finalised cases. Having followed up on 100% of remedial action matters, the institution is contributing to ensuring complainants who were adversely affected by conduct of an organ of state get redress. The 815 outreach clinics that were conducted ensured that people, especially the marginalised know about the services offered by PPSA and can accordingly lodge complaints if necessary.

The biggest challenge faced by the institution in the 2017/18 financial year is the lack of adequate funding to effectively implement the mandate of the institution. To remedy the financial difficulties, the institution has been engaging different government stakeholders such as National Treasury, Department of Justice and Correctional Services, etc to request additional funding. As a result of such efforts, the institution received R15 million from the Department of Justice and Correctional Services to assist with commitments.

#### 2.2. Organisational Environment

The institution operated under very difficult circumstances of financial constraints that affected the institution's ability to fulfil its intended plans. The departure of the CEO and CFO left a vacuum that had to be filled by employees in acting capacities. Taking into account the financial challenges, positions of employees who vacated the system were not filled, thus negatively impacting service delivery. Requests for additional funding will potentially alleviate the financial challenges.

#### 2.3. Key policy developments and legislative changes

None

#### 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 outcomes oriented goals during the 2017/18 financial year.

The following key strategic outcomes oriented goals informed the work of the Public Protector in the 2017/18 financial year:

- a) Strategic Outcomes Oriented Goal 1: To deliver prompt services to all persons and institutions we serve;
- b) Strategic Outcomes Oriented Goal 2: To achieve access to available Public Protector services;
- c) Strategic Outcomes Oriented Goal 3: An effective and efficient people driven organisation;
- d) Strategic Outcomes Oriented Goal 4: Promote and maintain good governance; and
- e) Strategic Outcomes Oriented Goal 5: Play a leading role in strengthening fellow administrative oversight institutions.

Below is a summary of how the institution performed in accordance with the five strategic outcomes oriented goals.

#### Goal 1: To deliver prompt services to all persons and institutions we serve

The goal of the institution is to finalise quality investigations promptly. In doing so, we managed to adhere to 79% of our service standards. The institution also managed to follow-up on implementation of remedial action to ensure reports are implemented by relevant organs of state to ensure that those who were treated prejudicially by organs of state will be as close as possible to where they could have been had the organ of state not acted improperly. Furthermore, for cases that were received in the year under review, the institution managed to reduce the turnaround times in finalisation of cases.

### **Goal 2: To achieve access to available Public Protector services**

The institution's goal is to reach as many people as possible through its outreach activities. We reached many communities through our 815 clinics that were conducted for the year under review. The outreach activities were inclined towards making PPSA service accessible to people living in the margins of society such as far flung rural areas and farming communities.

### **Goal 3: An effective and efficient people driven organisation**

In order to improve efficiency of Public Protector South Africa, investments have been made in improving productivity through resourcing information technology infrastructure which is currently under-invested. Unfortunately, the ICT projects were stopped due to financial constraints. Furthermore, the security systems that were expected to be implemented were also not done due to the same financial predicament. The conditions of service, including remuneration framework are finalised and awaiting consultation and approval. Though there is slow movement in working towards being an effective and efficient people driven organisation, the institution is working hard to acquire additional funding to improve operations.

### **Goal 4: Promote and maintain good governance**

In promoting good governance in state affairs, the Public Protector engaged with eleven (11) organs of state of which complaints were lodged against that were indicative of systemic challenges. The purpose of the meetings were to correct systemic deficiencies in order to stop the influx of complaints while assisting the people who receive the services to not be negatively affected. Secondly, a good governance week was held with traditional leaders and municipalities as their disagreements affected service delivery for residents. By bringing traditional leaders and municipalities together and facilitating a meeting whereby fruitful discussions were held, it was concluded that a systemic investigation be conducted into the relationship between traditional authorities and municipalities which affect service delivery.

### **Goal 5: Play a leading role in strengthening fellow administrative oversight institutions**

The Public Protector played a role in strengthening fellow ombudsman in Africa through the work done by the African Ombudsman Research Centre (AORC), of which the Public Protector is the chairperson of the AORC board. The AORC is funded by DIRCO through Public Protector South Africa to conduct research, inform, capacitate ombudsman in Africa, and to advocate for the principles and existence of Ombudsman institutions. The public protector played a role of ensuring that the strategic plan and annual performance plans of AORC talk to the mandate and their reason for existence, while at the same time ensuring that the centre reports periodically on its work.

## **3. HIGHLIGHTS - ALTERNATIVE DISPUTE RESOLUTION MATTERS**

### **Turning point for Masiphumelele struggles**

The community of Masiphumelele Informal Settlement near Fish Hoek outside Cape Town is optimistic about the future after the Public Protector successfully mediated in their infrastructure dispute with the City of Cape Town Metropolitan Municipality. Concerned residents took the Public Protector by the hand while she was giving a talk at a local hall in May 2017 to show her the terrible conditions in which they lived. On arrival, the Public Protector was greeted by a stinking sewage stagnating in storm water canals that cut through the settlement. Children played innocently along the banks of the canals totally oblivious to the health hazard the sewage posed. Due to poor sanitation infrastructure, night soil was deposited in the canals. Water supply was poor and there was overcrowding within the community. The Public Protector immediately took up the matter with the City, resulting in a settlement agreement between community representatives and the City. Work has since commenced to address the problems. The Public Protector is monitoring implementation.

### **Public Protector mediates between a grieving mother and state morgue**

The Public Protector mediated between a Free State parent who lost a child and the state morgue in Bloemfontein. The parent of the deceased accused the morgue of not issuing her son's death certificate timeously. Instead, she alleged, was issued a Medico-Legal Post Mortem Certificate advising her that the cause of his son's death was still under investigation. This, she alleged, resulted in her not being able to claim from insurances for his burial. An investigation found that the Department delayed in issuing the complainant a post mortem certificate. A mediation was arranged between the two: the Department apologised and issued the mother her son's death certificate.

### **Public Protector gets a disabled child's mother a house**

The Public Protector intervened on behalf of a KwaZulu-Natal mother of a child living with a disability after she was allocated a house located on the first floor and without wheelchair access for her disabled child. She complained to the Public Protector that the eThekweni municipality allocated her the house despite her applying for an RDP house under special conditions. The complainant could not occupy the house and was told to wait since 2013.

The Public Protector contacted the municipality regarding the alleged delay in allocating the complainant the house she had applied for. She was allocated a new house and confirmed occupation in May 2018.

### **Public Protector gets a KZN man his identity back**

An intervention by the Public Protector has resulted in a KwaZulu-Natal man duplicate Identity Number (ID) being corrected by the Department of Home Affairs.

The complainant approached the Public Protector complaining against alleged delay by the department in resolving his duplicate ID matter. Upon contacting the department, the complainant was issued with a new smart identity card with a corrected ID Number.

### **Public Protector intervention secures KZN patient her medical records**

An intervention by the Public Protector has ensured the release of the medical records of a patient by the Department of Health in KwaZulu-Natal. She approached the Public Protector complaining that the Ngwelezana Hospital was not providing her with medical records that she had requested. The Public Protector contacted the hospital and the medical records were released to the patient.

### **Retired bureaucrat finally gets her dues**

A retired public servant in the Eastern Cape is now able to provide for her family after the Public Protector helped get the Government Pensions Adjudication Agency (GPAA) to pay her pension benefits. The woman approached the Public Protector in March 2017 when months passed by without certainty on when the GPAA was going to deposit her benefits. The matter was immediately raised with authorities at the GPAA and the woman's former employers, the provincial Department of Sports, Arts and Culture. The Public Protector pursued the matter until four months later when the department advised that the payout had been made. The woman confirmed on the same day that she had received a lump sum payment.

### **Public Protector helps pensioner get his SASSA card**

A Northern Cape man can now withdraw his old age pension after the Public Protector helped him secure a South African Social Security Agency (SASSA) card. The Public Protector met with the pensioner on the sidelines of the 2017 Youth Day Commemorations in Kuruman. The man informed the Public Protector that he had lodged a complaint at her Kuruman office, decrying SASSA's failure to issue him the card. The Public Protector accompanied the man to the local SASSA office, where she enquired about the delay in helping the man. A call was made to the provincial office of SASSA, where officials were requested to sort the problem out. The pensioner received his card later that day.

### **Indigent woman debt-free after Public Protector intervention**

An unemployed Free State woman is now debt-free after the Public Protector helped get the Mangaung Metropolitan Municipality to write-off her liability. The woman approached the municipality in February 2015, requesting that her debt be written off on the grounds that she was indigent. However, her application was declined. The municipality did not offer any explanation for its decision to decline her application. Although she pursued officials to furnish her with the grounds for the decision, the woman's efforts in this regard were all in vain. She turned to the Public Protector for help in December 2017. A meeting was soon held with the municipality's revenue section, leading to her debt being written off.

## 4. FORMAL REPORTS - REPORTS OF THE PUBLIC PROTECTOR FOR 2017/18 FINANCIAL YEAR

Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
1. Report No 1 of 2017/18 "Allegations of maladministration against the Eastern Cape Provincial Department of Social Development by Ms Z Malanda"	12 April 2017	The report deals with the complaint by Ms Malanda about the alleged delay by the Eastern Cape Provincial Department of Social Development (ECSDS) in the payment of her pension benefits held with the Government Employee Pension Fund (GEPF), failure to pay her leave gratuity and interest, termination of service as well as salary discrepancies affecting the calculation of her pension benefits.	The Public Protector found that the complaints regarding the undue delay and failure to pay the leave gratuity were substantiated, while the allegation relating to incorrect salary notches were not substantiated. The Complainant suffered significant financial prejudice following the conduct of the ECSDS. The Public Protector directed that the Complainant be paid interest on the delayed payment as well as the outstanding leave gratuity with interest thereon.
2. Report No 2 of 2017/18 "Allegations of maladministration and unfair conduct by officials of Transnet SOC Ltd in respect of disciplinary matters involving a number of complainants"	12 April 2017	<p>The report follows an investigation into a protected disclosure and allegations of improper conduct made against Transnet SOC Ltd in respect of disciplinary action taken against a number of complainants. The disclosure related to the conduct of certain managers regarding the appointment of arbitrators to hear arbitrations in the Transnet Bargaining Council (TBC) and the alleged unlawful interception of telephone communications of employees.</p> <p>The complaints by employees related to alleged irregularities and inconsistencies in disciplinary action taken against them on charges of financial misconduct.</p>	<p>The Public Protector found that Transnet:</p> <ol style="list-style-type: none"> <li>Improperly attempted to influence the outcome of arbitration proceedings in the TBC in its favour by endeavouring to control the appointment of arbitrators;</li> <li>Improperly engaged in the unlawful monitoring of cellular contacts or communications between an employee or employees and third parties, without the knowledge and consent of the employee(s);</li> <li>Did not improperly fail to follow due process in the disciplinary action and subsequent dismissal of the Complainants;</li> <li>Did however treat the Complainants unfairly by seeking to victimise employees suspected of external whistleblowing while failing to act on the disclosed information against employees implicated in perceived wrongful acts;</li> <li>Did not improperly fail to reinstate the Complainant, Mr Mali, in compliance with an arbitration award in favour of the Complainant;</li> <li>Treated the Complainants unfairly based on the inconsistent application of discipline, by failing to act against other employees in similar instances of the same acts of alleged financial misconduct; and</li> <li>Improperly victimised the Complainants because of their perceived loyalty to a potential candidate to succeed Ms M Ramos as Group CEO of Transnet.</li> </ol>

Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
			<p>The Public Protector's remedial action directing the Chief Executive Officer (CEO) of Transnet is to:</p> <ul style="list-style-type: none"> <li>• Ensure that Transnet diligently complies with the obligations in terms of the TBC Constitution and Rules relating to the appointment of arbitrators in the TBC to ensure that the conduct of its employees meets the requirements of good faith and fairness as envisaged in section 23 of the Constitution;</li> <li>• Ensure that action is taken, including reporting the matter to the South African Police Service (SAPS) to deal with violations of its policies as well as legislation dealing with the unlawful interception and monitoring of communications;</li> <li>• Embark in a process, in consultation with the Complainants, through the Office of the Public Protector, to provide the Complainants with a financial remedy no less than an amount equal to the remuneration which may be paid to an employee in lieu of reinstatement to a maximum of 24 months;</li> <li>• Provide all Complainants with a reasonable compensation for legal costs incurred, as well as a remedy, including a reasonable amount to the value of at least one year's annual salary as settlement for consolatory compensation.</li> </ul>
<p>3. Report No 3 of 2017/18 "Allegations of maladministration in the matter between Mr DA Burnett and the South African Airways (Transnet)"</p>	<p>12 May 2017</p>	<p>The report relates to an investigation into the alleged maladministration by Transnet to ensure bonus payments on the pension benefits accrued to Mr DA Burnett for the full period of his pensionable service with the South African Airways.</p>	<p>The Public Protector found that Transnet improperly failed to ensure that the Complainant's full pension entitlement was secured when his term of employment was extended.</p> <p>Due to the fact that the Complainant was not able to remain a member of the Transnet Second Defined Benefit Fund (TSDBF) he suffered financial prejudice.</p> <p>Through her remedial action the Public Protector directed that Transnet take the necessary steps to recover from the TSDBF in lieu of past and future bonuses on the excluded portion of his pension emoluments, the actuarial value of the amount that the Complainant would have received. He will also receive interest for the period from when his membership with the TSDBF was terminated in 1998 until the date of his retirement in 2002.</p>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
4.	Report No 4 of 2017/18 "Allegations of maladministration, unfair treatment and prejudice by the Government Pensions Administration Agency (GPAA) and the Nuclear Energy Corporation (NECSA)".	12 May 2017	Report into an investigation into the allegations of maladministration by the GPAA, National Treasury and NECSA in respect of the pension benefits of Mr JWA King.	<p>The Public Protector found that the allegation that the employer undertook to adjust the Complainant's remuneration package in order to secure a higher pension benefit was not substantiated.</p> <p>However the allegation that the Complainant was never informed about the changes of the pension fund rules and provided with information which adversely effected the calculations of his pension benefits after the notice of termination of service was issued was substantiated.</p> <p>The allegation that the balance of the Complainants pensionable service provided for in his contract of service was not taken into account to compensate for his retrenchment before retirement age was substantiated.</p> <p>The Public Protector's remedial action requires NECSA, in consultation with GPAA, to recalculate, with interest, the Complainant's pension benefits with due recognition of the balance of his pensionable service, based on his final salary scale as provided for prior to the amendment of the Pension Fund Rules.</p>
5.	Report No 5 of 2017/18 "Allegations of maladministration in the Bapo ba Mogale Administration".	19 June 2017	The report follows an investigation into alleged improper prejudice suffered by the Bapo ba Mogale Community as a result of maladministration by the former Bapo ba Mogale Administration and the Department of Local Government and Traditional Affairs in the management of the Bapo Ba Mogale D-Account.	<p>The Public Protector found that the Head of the Provincial Department of Local Government and Traditional Affairs and the Bapo Administration failed to manage the Bapo ba Mogale (BBM) D-Account, including issues of procurement, construction work, the prevention of fruitful and wasteful expenditure, the awarding of bursaries, the payment of professional and legal fees, personnel costs and allowances, expenditure on security costs, the maintenance of facilities according to the functions and responsibilities required by law, thus constituting maladministration.</p> <p>The failure by the Department and the Bapo Administration to properly manage the D-Account caused the Community to suffer prejudice, depriving the community of financial resources, which could have been used for the socio-economic upliftment and the benefit of the community.</p>

Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
			<p>In terms of the Public Protector's remedial actions, the Premier of the North West Province is to:</p> <ul style="list-style-type: none"> <li>• Approach the SIU to initiate a process to investigate and recover certain irregular payments of approximately R254 million paid to various service providers and consultants.</li> <li>• Conduct a forensic investigation on serious maladministration, unlawful appropriation and expenditure of public funds by the administrators and service providers, and the circumstances leading to the establishment of the BBM Investments (NPC) The Director-General (DG) of the Province was directed to ensure that:</li> <li>• The Bapo Administration effect repairs and maintain facilities used by the community, including cemeteries, halls and Multi-Purpose Centres.</li> <li>• The Bapo Administration develop and implement policies in financial risk and controls, allowances and bursaries; and an effective procurement and provisioning system.</li> </ul> <p>The DG must furthermore follow-up on criminal cases lodged with the SAPS, conduct an investigation into the conduct of the then administrator, take steps to assess and verify the fairness of legal costs incurred, refer the matter to the Auditor-General and, if necessary, to the National Prosecuting Agency (NPA) and the Directorate for Priority Crime Investigations (DPCI).</p>
<p>6. Report No 6 of 2017/18 "Allegations of failure or undue delay by the Department of Arts and Culture (DAC) to implement the settlement agreement signed in terms of section 6(4)(a) and (b) of the Public Protector Act, between South African Roadies Association (SARA) and Department of Arts and Culture (DAC)".</p>	<p>19 June 2017</p>	<p>The report follows an investigation into</p> <ol style="list-style-type: none"> <li>a) an alleged failure or undue delay by the Department of Arts and Culture to implement the settlement agreement which was reached with the South African Roadies Association (SARA) signed in terms of section 6(4)(a) and (b) of the Public Protector Act 23 of 1994 signed on 1 April 2014;</li> <li>b) alleged failure to fund or render financial assistance to SARA; and</li> <li>c) alleged unduly funded cost of operations of three orchestras, which unfairly discriminated against SARA.</li> </ol>	<p>The Public Protector found that:</p> <ol style="list-style-type: none"> <li>a) The Department failed in implementing the Settlement Agreement, thus constituting improper conduct and maladministration;</li> <li>b) The allegation that the Department failed to support SARA to strengthen its international relations was not substantiated;</li> <li>c) The allegation that the Department improperly failed to fund operational costs of SARA whilst supporting other similar organisations, including the improper funding of three orchestras was substantiated;</li> <li>d) Allegations relating to improper conduct by the Department in relation to the correspondence from SARA were not substantiated.</li> </ol> <p>SARA and its learners were therefore unfairly prejudiced by the conduct of the Department.</p> <p>In terms of the Public Protector's remedial action:</p> <ul style="list-style-type: none"> <li>• The Director-General (DG) must provide funding for the SARA House to the amount of R15million as per the Settlement Agreement.</li> </ul>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
				<ul style="list-style-type: none"> <li>• The DG must further ensure that a written policy is developed for a more coherent and consistent funding model.</li> <li>• The Minister of Arts and Culture was directed to amend the White Paper of Arts Culture and Heritage of 1996 to ensure that SARA is not unfairly discriminated against.</li> </ul>
7.	Report No 7 of 2017/18 “Investigation into alleged acts or omissions by certain organs of state which resulted in unlawful or improper prejudice to the residents of the Glebelands Hostel”.	19 June 2017	The report follows an investigation by the Public Protector to ensure accountability by the relevant state institutions for their roles in redressing the situation at the Glebelands Hostel in KwaZulu-Natal Province under the EThekweni Metropolitan Municipality where murders and unlawful evictions allegedly take place.	<p>The Public Protector found that the EThekweni municipality failed to provide services to the Glebelands Hostel community in a financially and environmentally sustainable manner. The Public Protector further found that the SAPS and the EThekweni Metropolitan Police Service neglected the community by failing to prevent, combat and investigate crime, to maintain public order, to protect and secure the residents of the hostel and their property and to uphold and enforce the law as required by the Constitution.</p> <p>It was also found that the Department of Social Development neglected their responsibility to the victims of violence at the Glebelands hostel.</p> <p>In terms of the Public Protector’s remedial action:</p> <ul style="list-style-type: none"> <li>• The Municipal Manager (MM) was directed to take appropriate measure to promote a safe and healthy environment through inter alia access control and a regularisation of residency at the hostel; to compile a database of evicted and displaced persons with the view of supplying alternative accommodation if needed.</li> <li>• The MM must also ensure that the community is allowed equitable access to municipal services in a financially and environmentally sustainable manner.</li> <li>• The Provincial Police Commissioner was directed to ensure that the SAPS complies with its duties in respect of its prevention and investigation of crime and protection of public order in the community.</li> <li>• The MEC for Social Development must investigate the conduct of officials of the Department implicated in the failure to protect the victims of violence at the Glebelands hostel.</li> </ul>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
8.	Report No 8 of 2017/18 “Alleged failure to recover misappropriated funds”.	19 June 2017	The report follows an investigation into allegations of maladministration, corruption, misappropriation of public funds and failure by the South African Government to implement the CIEX Report and to recover public funds from ABSA Bank.	<p>The Public Protector found that:</p> <ul style="list-style-type: none"> <li>• The allegation that the South African government improperly failed to implement the CIEX report which deals with alleged stolen state funds, after commissioning and duly paying for same, was substantiated.</li> <li>• The allegation that the South African government and the South African Reserve Bank (SARB) improperly failed to recover from Bankorp Limited/ABSA Bank an amount of R3, 2 billion owed as a result of an illegal gift to Bankorp Limited/ABSA Bank between 1986 and 1995 was substantiated.</li> <li>• The South African public was prejudiced by the conduct of the government and by the SARB as the public funds could have benefitted the broader society instead of a handful of shareholders of Bankorp Limited/ABSA Bank.</li> </ul> <p>The Public Protector directed by way of her remedial action that:</p> <ul style="list-style-type: none"> <li>• The Special Investigating Unit re-open and amend Proclamation R47 of 1998, with full cooperation by the SARB to recover the misappropriated public funds to the amount of R3,2 billion as cited in the CIEX report from ABSA and various institutions.</li> <li>• The Chairperson of the Portfolio Committee on Justice and Correctional Services must initiate a process that will result in the amendment of section 224 of the Constitution in pursuit of improving socio-economic conditions of the citizens of the Republic. The section should read: <ul style="list-style-type: none"> <li>(1) <i>The primary object of the South African Reserve Bank is to promote balanced and sustainable economic growth in the Republic, while ensuring that the socio-economic well-being of the citizens are protected.</i></li> <li>(2) <i>The South African Reserve Bank, in pursuit of its primary object, must perform its functions independently and without fear, favour or prejudice, while ensuring that there must be regular consultation between the Bank and Parliament to achieve meaningful socioeconomic transformation.</i></li> </ul> </li> </ul>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
9.	Report No 9 of 2017/18 “Allegations of maladministration against the North West Department of Education and Sports Development”.	10 July 2017	<p>The report follows an investigation into alleged maladministration and improper conduct by the North West Department of Education and Sports Development regarding the death of Thabang M’Belle while playing rugby for Potchefstroom Boys High School in 2002.</p> <p>It was alleged that the Department failed to keep and preserve a proper management of records of this incident, failed to inform the Complainant of the outcome of its internal investigation and failed to report the death to the SAPS.</p>	<p>The Public Protector found that the conduct of the Department before and after the incident was improper, including its failure to inform the Complainant about the rugby trip, failure to allow the Complainant access to information on the death of her son and failure to properly manage the relevant records. The complaint relating to the outcome of the Department’s internal investigation as well as its interaction with SAPS were also substantiated.</p> <p>In terms of the Public Protector’s remedial action:</p> <ul style="list-style-type: none"> <li>• The Head of the Department (HoD) was directed to ensure that officials are assisted and trained to draft and conclude an internal policy and regulations relating to the management, keeping, preserving and transfer of public records;</li> <li>• The HoD must furthermore, in consultation with the National Department create, review and implement a policy on the safety of learners engaged in school sporting activities;</li> <li>• The HoD must ensure that the death is reported to SAPS for a criminal investigation or an inquest; and</li> <li>• In respect of the Complainant the Department is directed to consider an ex gratia payment as compensation for the trauma she suffered.</li> </ul>
10.	Report No 10 of 2017/18 “Allegations of failure by the South African National Defence Force (SANDF) to properly implement the recommendations of the Military Ombud (MO) in the case of Lieutenant Colonel (LT) Babalo Mvithi”.	27 July 2017	<p>The report follows an investigation into allegations of failure by the South African National Defence Force (SANDF) to properly implement the recommendations of the Military Ombud in the case of LT Colonel B Mvithi.</p>	<p>The Public Protector found that that the SANDF’s re-instatement of the Complainant amounted to malicious compliance with the recommendations of the Military Ombud (MO) and was not in line with the recommendations of the MO to be reinstated to his original post. The Complainant’s salary was however adjusted and backdated in accordance with the MO’s recommendations. The allegation that the SANDF failed to comply with its own transfer policy was also substantiated as was the allegation that the SANDF improperly locked the Complainant out of the workplace.</p> <p>As per the Public Protector’s remedial action the:</p> <ul style="list-style-type: none"> <li>• Chief of the National Defence Force must reinstate the Complainant back to his original post, ensure that salary adjustments are properly affected and if it decides to transfer the Complainant after his reinstatement to do so in compliance with the appropriate policy directives; and</li> <li>• The Minister of Defence and Military Veterans must ensure compliance with the recommendations of the MO and institute disciplinary action against officials implicated in the subversion of the recommendation of the MO.</li> </ul>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
11.	Report No 12 of 2017/18 "Report on an investigation into allegations of improper conduct by the Minister of Social Development, Ms Bathabile Dlamini, MP and the misappropriation of public funds by the Northern Cape Department of Social Development relating to events that were held at Strydenburg on 24 November 2011 and 2 December 2011".	27 Sept 2017	The report follows an investigation into allegations of improper conduct by the Minister of Social Development, Ms Bathabile Dlamini, MP and the misappropriation of public funds by the Northern Cape Department of Social Development relating to the launch of the 16 Days of Activism Campaign on 24 November 2011 and the World Aids Day commemoration event held on 2 December 2011.	The Public Protector found that: <ul style="list-style-type: none"> <li>▫ The complaint that Minister Dlamini sought to promote Cllr B Jafta's ANC by-election candidacy in violation of the Constitution or the Electoral Act was unsubstantiated; and</li> <li>▫ The complaint that the provincial Department of Social Development misappropriated public funds and promoted political party agendas through the distribution of T-shirts and food parcels at the launch of the 16 Days of Activism campaign on 24 November 2011 was also unsubstantiated. The Public Protector nevertheless reiterated that the remedial action taken in Report No 12 of 2015/16 "State and Party, Blurred Lines" to avoid perceptions of political campaigning at events of this nature have still not been implemented and that she would be pursuing implementation of the said remedial action.</li> </ul>
12.	Report No 15 of 2017/18 "Allegations pertaining to the failure by the Compensation Fund to finalise an objection".	29 Sept 2017	The report follows an investigation into the allegations of undue delay and maladministration by the Compensation Fund to finalise the objection hearing of Ms GM Robertson.	The Public Protector found that the allegation that there was undue delay by the Compensation Fund (CF) to finalise the objection of the Complainant was substantiated, which resulted the Complainant to suffer prejudice. The Public Protector took the following remedial action: <ul style="list-style-type: none"> <li>• The Compensation Commissioner is to apologise to the Complainant, determine a date for the Objection Hearing within 14 days and finalise the hearing with a period of three months from the date of the report.</li> <li>• The Complainant will be compensated for wasted legal and travelling expenses.</li> </ul>
13.	Report No 16 of 2017/18 "Allegations of maladministration in the matter between Ms Dinah Nancy Thakanyane and the Department of Rural, Environmental and Agricultural Development".	29 Sept 2017	The report follows an investigation into allegations of improper prejudice suffered as a result of the alleged maladministration caused by the North West Provincial Department of Rural, Environmental and Agricultural Development's failure to implement the approved outcome of its investigation into a grievance lodged by the Complainant about the level on which she was absorbed into the Department in February 1997.	The Public Protector found that the North West Department of Rural, Environmental and Agricultural Development improperly failed to implement the approved outcome and recommendations of its investigation into the Complainant's absorption grievance contrary to its written undertakings. Therefore the complainant was unfairly prejudiced. <p>The remedial action requires that the Head of the Department:</p> <ul style="list-style-type: none"> <li>• Must ensure that the outcome of the investigation into the Complainant's absorption grievance is implemented, retrospectively from February 1997. The Complainant is also to be paid all monies owed to her together with interest based on the Prescribed Rate of Interest Act.</li> <li>• Must reimburse the Government Employee Pension Fund (GEPF) with the cost implications, including arear employee and employer contributions.</li> </ul>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
14.	Report No 17 of 2017/18 “Allegations of maladministration in the matter of Mr C Jinoo and the Department of Labour”.	29 Sept 2017	The report follows an investigation into allegations of maladministration by the Western Cape Department of Labour relating to the alleged failure to follow due process and to inform the Complainant of an outcome of an inspection of Commercial Cold Storage PTY (Ltd) for alleged violations of the Occupational Health and Safety Act 85 of 1993.	<p>The Public Protector was unable to make a finding on the allegation that the Western Cape Department of Labour failed to follow due process during the course of the inspection but found that the Department indeed failed to secure and safeguard the relevant records in terms of its records management policy and the National Archives of South Africa Act thus constituting improper conduct and maladministration.</p> <p>The allegation that the Department improperly informed the Complainant of the outcome of an inspection of Commercial Cold Storage PTY (Ltd) for alleged violations of the Occupational Health and Safety Act 85 of 1993 was substantiated. The Complainant thus suffered prejudice as a result of the conduct of the Department.</p> <p>The remedial action requires the Director-General (DG) of the Department of Labour to investigate the conduct of the relevant officials responsible for the safekeeping of the relevant records as well as providing feedback to the Complainant; and to determine if appropriate action can be taken against the implicated officials. The DG is also required to apologise to the Complainant. Batho Pele Principles and the provisions of the Promotion of Administrative Justice Act (PAJA) are to be promoted as part of induction training to Departmental officials and on an ongoing basis.</p>
15.	Report No 18 of 2017/18 “Allegations of maladministration in the matter between Ms Moipone Tryphina Molebatse and the Department of Rural, Environmental and Agricultural Development”.	29 Sept 2017	The report follows an investigation into allegations of improper prejudice suffered as a result of the alleged maladministration by the North West Provincial Department of Rural, Environmental and Agricultural Development by failing to implement the approved outcome of the Labour Relations unit’s investigation into the Complainants grievance about her salary level when she was absorbed into the Department.	<p>The Public Protector found that the North West Provincial Department of Rural, Environmental and Agricultural Development improperly failed to implement the outcome of an investigation into the complainant’s grievance. Therefore the alleged unfair financial prejudice was substantiated.</p> <p>The Public Protector’s remedial action requires the Head of Department to implement the outcome of the investigations into the Complainant’s grievance retrospectively from 1998. The Complainant will be paid all the monies due to her, including notch progressions, and interest thereon. The Department must also reimburse the Government Employee Pension Fund (GEPF) with the cost implications, including arear employer and employee contributions.</p>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
16.	Report No. 19 of 2017/18 “An investigation into alleged irregular appointment of the Director: Engineering Services by the Ventersdorp Local Municipality”.	29 Sept 2017	The report followed an investigation into alleged maladministration and impropriety by the Ventersdorp Local Municipality in the appointment of the Director: Engineering Services.	<p>The Public Protector found that:</p> <ul style="list-style-type: none"> <li>• The Municipal Council irregularly appointed a candidate to the position of Director: Engineering Services who did not possess the required qualifications or met prescribed requirements for the post;</li> <li>• The allegation that the Municipal Council unduly disregarded directives of the MEC Local Government and Human Settlement regarding the appointment of a registered engineer on secondment was substantiated; and</li> <li>• The allegation that the MEC failed to take decisive corrective measures in terms of section 56(5) of the Municipal Systems Amendment Act after becoming aware of the irregular appointment was also substantiated. The Public Protector’s remedial action requires:</li> <li>• The Speaker of the Municipal Council to ensure that the Council, in consultation with the Municipal Manager, declares salary payments made to the Director: Engineering Services as irregular and to reflect the same as an irregular expenditure in the Municipality’s financial systems for the 2017/18 period;</li> <li>• The MEC to investigate the reasons for the Council’s decisions to deviate from his directives, and must further take action against all the Councillors and officials responsible to prevent a recurrence; and</li> <li>• The MEC to ensure, in accordance with section 56(5) of the Municipal Systems Amendment Act that the irregular employment contract is terminated by the Council.</li> </ul>
17.	Report No 20 of 2017/18 “Allegations of undue delay by the North West Department of Health”.	29 Sept 2017	The report relates to an investigation into the alleged undue delay by the North West Provincial Department of Health to respond to a complaint lodged by Mr Godfrey Maseng regarding the death of his mother, Ms Ziphora Maseng, who died at the Mahikeng Provincial Hospital on 3 June 2003.	After a failed Alternative Dispute Resolution process the Public Protector found, pursuant to a subsequent investigation, that the allegation that the hospital failed to provide the deceased with appropriate and urgent medical care was substantiated. The allegation that the Department failed to respond to a complaint by the Complainant regarding the passing of his mother was also substantiated. The Public Protector’s remedial action requires the Head of Department to consider an ex gratia payment to the amount of R50 000 to the Complainant and his family by way of compensation.
18.	Report No 21 of 2017/18 “Allegations of maladministration in the matter between MR Tsela on behalf of 178 tribal police and the North West Provincial Department of Culture Arts and Traditional Affairs”.	2 Oct 2017	The report relates to an investigation into the alleged failure by the North West Department of Local Government and Traditional Affairs to follow due process in terminating the employment of the Complainants as tribal police officers in January 2000.	<p>The Public Protector found that the Department failed to follow due process in contravention of section 33(1) of the Constitution when terminating the employment of the Complainants. The Complainants suffered prejudice as a result of the Department’s conduct.</p> <p>The Public Protector’s Remedial action directs the Head of the Department to compensate the Complainants for an amount equal to twelve (12) months’ salary representing a reasonable consultation period for which the Complainants would still have been paid.</p>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
19.	Report No 13 of 2017/18 "Allegations of abuse of power and maladministration regarding the alleged irregular termination of a contract of services awarded to Castle Terminal by Eskom".	2 Oct 2017	The report relates to an investigation into the alleged abuse of power and maladministration by Eskom regarding the termination of a contract of service awarded to Castle Terminal and the alleged irregular involvement of Aurecon and Voltex for the installation of lighting fixtures at Eskom fossil fired power stations.	<p>The Public Protector found that the complaint relating to Eskom's termination of Castle Terminal's contract was not substantiated. However the inclusion of Voltex in tender GN:3135 was in violation of Eskom's procurement and supply chain management (SCM) procedures. The allegation that Eskom improperly included Aurecon to participate in GN:3135 was also not substantiated. However Eskom's management of the tender process was found to be in contravention of its procurement and SCM procedures as well as sections 195 and 217 of the Constitution.</p> <p>The Public Protector's remedial action obliges the Chairperson of the Eskom Board as well as its Group Chief Executive (GCE) to ensure that appropriate action is taken to comply with Eskom's procurement and SCM procedures regarding due diligence and the vetting and authorisation of service providers as well as compliance with sections 195 and 217 of the Constitution.</p> <p>The GCE was also directed to amend Eskom's procurement and SCM procedure in order to prescribe the inclusion of an agreed full amount of a contract in the main contract.</p>
20.	Report No 22 of 2017/18 "Allegation of maladministration at Gateway Airport Authority Limited".	2 Oct 2017	Report on an investigation into alleged maladministration, tender irregularity, misrepresentation of qualifications and wasteful expenditure against the former Chief Executive Officer of Gateway Airport Authority Limited, Mr TT Zulu as well as the various administrative failures by the former CEO and the Board of Directors.	<p>The Public Protector found that:</p> <ul style="list-style-type: none"> <li>• The alleged maladministration by the former CEO was partially substantiated;</li> <li>• Whilst the appointment of a consultant was found to be improper, allegations that the appointment of certain service providers was irregular, was not substantiated;</li> <li>• The alleged maladministration and irregularities by the Board of Directors was substantiated by appointing the former CEO without meeting the post requirements, authenticating his qualifications and CV or conducting the required probity and security checks; and</li> <li>• The allegation that the Board failed to execute its fiduciary duties by failing to take disciplinary action against the former CEO was also substantiated; and</li> <li>• The allegation that the Board irregularly uplifted the former CEO's precautionary leave without disciplinary action was not substantiated.</li> </ul>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
				<p>The remedial action of the Public Protector requires:</p> <ul style="list-style-type: none"> <li>• The MEC for Transport to consider the Public Protector’s report and where appropriate take disciplinary action against implicated officials for financial misconduct, acts of maladministration and improper conduct; and monitor the implementation of the Public Protector’s remedial action by the Board of Directors.</li> <li>• The Board of Directors to ensure that steps are taken to prevent a recurrence of the conduct mentioned in the report and that action is taken to recover fruitless and wasteful expenditure incurred by the conduct of the former CEO. The Board is further required to evaluate its internal controls on supply chain management and human resource processes. The Board must further report particulars of financial misconduct to the National Treasury and the Auditor-General and where appropriate take the necessary disciplinary action and action for the recovery of losses.</li> </ul>
21.	Report No 14 of 2017/18: “Allegations of improper prejudice.	2 Oct 2017	The report followed an investigation into allegations of improper prejudice suffered as a result of maladministration committed by the South African Revenue Service (SARS) in failing to consider the Complainant’s representations and objection before imposing additional taxes and interest in terms of the Income Tax Act.	<p>The Public Protector found that:</p> <p>a) the allegation that SARS improperly failed to consider the Complaint’s representations and objection before levying additional taxes and interest in terms of the Income Tax Act was substantiated; and</p> <p>b) the allegation that SARS improperly failed to deal with the Complainant’s objection in respect of assessments for the period from 2000 to 2008 was also substantiated. In lieu of remedial action proposed by the Public Protector in the notice in terms of section 7(9) of the Public Protector Act SARS agreed to remedy the maladministration and prejudice suffered by the Complainant through a Compromise Agreement in terms of section 200 of the Tax Administration Act, which was concluded on 30 May 2017.</p>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
22.	Report No 23 of 2017/18 “Allegations of maladministration surrounding the designation and improper authorisation of Mpenjati Estuary as a nudist friendly beach by the Hibiscus Coast (Ray Nkonyeni) municipality”.	23 Oct 2017	The report follows an investigation into the alleged irregular and improper authorisation of the establishment of the nudist friendly beach at the Mpenjati Estuary by the Hibiscus Coast (Ray Nkonyeni) municipality following an application by the South African Naturists Association and KwaZulu-Natal Naturists Association (SANA/KZNNNA).	<p>The Public Protector found that allegation that the Hibiscus Coast (Ray Nkonyeni) Municipality improperly designated Mpenjati Estuary as a nudist friendly beach and without following proper procedures was substantiated. It was also found that the allegation that the Municipality failed to follow proper consultation processes and improperly failed to consider objections to the establishment of a nudist friendly beach was substantiated. However, the Public Protector found that the allegation whether the South African Police Service in Margate conducted themselves in an appropriate and ethical manner in the 3 April 2015 incident was not substantiated.</p> <p>Therefore the Ray Nkonyeni Municipal Council must reconsider Municipal Council Resolution C127/10/2014 in view of this investigation. If the Municipality in future will establish a naturist beach it should ensure compliance with the necessary and applicable legal prescripts, after consultations with the CRL Commission. The Public Protector’s remedial action further requires the MEC to review the Municipality’s Coastal Management Programme relating to the establishment of the nudist friendly beach at the Mpenjati Estuary and give directions for the replacement or amendment of the Programme.</p>
23.	Report No. 24 of 2017/18 “Allegations of maladministration in the matter between Mr J Nchupetsang and the North West Provincial Department of Rural, Environment and Agricultural Development”.	2 Nov 2017	The report follows an investigation into the alleged failure by the North West Provincial Department of Rural, Environment and Agricultural Development to provide financial assistance to Mr J Nchupetsang and other 371 affected farmers for the 2003 Cold Spell disaster.	<p>The Public Protector found that the allegation that the Provincial Department failed to process the Complainant and other affected farmers’ applications for compensation for loss of livestock was substantiated. The Department further failed to provide the Complainant with information regarding the status of his application.</p> <p>The Complainant and other affected farmers suffered prejudice due to the conduct of the Department.</p> <p>The Public Protector’s remedial action directs the Head of Department to apologise to the Complainant and the other farmers; and consider each case of the 372 farmers for compensation in terms of the revised <i>Framework for the 2003 Cold Spell Relief Spell Scheme</i>.</p>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
24.	Closing report on an investigation into allegations of a violation of the Executive Ethics Code by the Minister of State Security, Mr Mbagiseni David Mahlobo, MP.	2 Nov 2017	The report follows an investigation into the allegation whether a statement made by Minister Mahlobo in the National Assembly on 16 November 2016 contradicts his statement made two days prior in a panel discussion at the Institute for Security Studies and that he therefore deliberately misled Parliament in violation of the Executive Ethics Code.	The Public Protector found that Minister Mahlobo's contention that he did not make contradictory statements was corroborated by media reports, Hansard recordings of parliamentary proceedings and his response thereto. The allegation that the Minister violated paragraph 2(3)(a) of the Executive Ethics Code were therefore not substantiated.
25.	Report No 27 of 2017/18 "Allegations of maladministration by the South African Police Service with regard to its handling of an appeal lodged by Constable RJ Thomas".	27 Nov 2017	Report on an investigation into allegations of maladministration by the South African Police Service (SAPS) with regard to its handling of an appeal against his dismissal lodged by Constable RJ Thomas.	<p>The Public Protector found that the allegations that SAPS improperly failed to allow the Complainant to resume his duties and reinstate his benefits within the prescribed period were substantiated. The Complainant suffered prejudice as a result of the improper conduct by SAPS.</p> <p>The Public Protector's remedial action directs the National Police Commissioner to apologise to the complainant and pay his full salary and benefits for the period during which the appeal was delayed from 24 November 2014 until its finalisation by the appeals authority on 15 January 2016.</p> <p>While the risk of a recurrence of such delays is addressed by the new disciplinary regulations the Commissioner is further to ensure that it provides the necessary training and workshops to all SAPS staff in this regard.</p>
26.	Report No 26 of 2017/18 "Allegations of failure to follow proper procurement processes by the North West Provincial Department of Education and Sports Development".	27 Nov 2017	The reports follows an investigation into alleged failure to follow proper procurement processes that resulted in the awarding of Tender No: EDU 04/12NW to Matlosana Books and Stationery by the North West Provincial Department of Education and Sports Development.	During the course of the investigation the Public Protector discovered that the Complainant had filed an application with the North West High Court for an order to review and set aside the decision taken by the Department to award Tender No: EDU 04/12 NW to Matlosana Books and Stationery on 27 February 2013. The Court subsequently dismissed the Complainant's application with costs on 24 March 2016. In terms of section 182(3) of the Constitution the Public Protector may not investigate court decision and she could not proceed with the investigation.
27	Report No 28 of 2017/18 "Report on an investigation into allegation of undue delay by the South African Police Service to inform MR LA Mokonyama of the outcome of his application for re-enlistment in the Police Service during 2010	4 Dec 2017	The report follows an investigation into allegations of undue delay by the South African Police Service (SAPS) to process Mr LA Mokonyama's application for re-enlistment in the SAPS during 2010.	The Public Protector found that SAPS unduly delayed to inform the Complainant of the outcome his application for re-enlistment in the SAPS during 2010 and also failed to give him a reasonable opportunity to make representations regarding its decision not to enlist him. Although the reasons provided by the SAPS for not re-enlisting the Complainant were found to be fair, just and reasonable in the circumstances, the Complainant was prejudiced by SAPS' conduct.


Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
			<p>The Public Protector’s remedial action include that the National Police Commissioner must ensure that standards for the re-enlistment of former SAPS members are developed and that outcomes of applications are timeously communicated. The Complainant must be granted an ex gratia payment by the SAPS for the distress caused by the undue delay and for the costs incurred in pursuing the matter over the more than three year period. In addition the National Police Commissioner must apologise to the Complainant in writing for the inconvenience caused to him and his family.</p>
<p>28. Report No 29 of 2017/18 “Report on an investigation into allegations of the misappropriation of public funds, improper conduct and maladministration by the Eastern Cape Provincial Government and other organs of state in connection with expenditure incurred in preparation for the funeral of former President Nelson Rolihlahla Mandela”.</p>	<p>4 Dec 2017</p>	<p>The report relates to an investigation into the allegations of the misappropriation of public funds, improper conduct and maladministration by the Eastern Cape Provincial Government (ECPG) and other organs of state in connection with expenditure incurred for the memorial services and funeral of the late former President Nelson Rolihlahla Mandela that was held in Qunu in the Eastern Cape Province on 15 December 2013.</p>	<p>The Public Protector found that:</p> <ol style="list-style-type: none"> <li>a) The Eastern Cape Provincial Government (ECPG) improperly diverted public funds amounting to R300 million placed in the custody of the Eastern Cape Development Corporation (ECDC) to use for the memorial service and funeral of President Mandela in contravention of the PFMA.</li> <li>b) The ECPG did not follow proper procurement processes in accordance with a system that is fair, equitable, transparent, competitive and cost effective in the appointment of service providers to assist in the preparations for the funeral of President Mandela.</li> <li>c) The Provincial Treasury irregularly transferred an amount of R250 000 of public funds into the personal bank account of MEC Phumulo Masualle.</li> <li>d) The ECDC, acting in its official capacity as Project Host and Paymaster, caused the ECPG to incur irregular, fruitless and wasteful expenditure of public funds for the memorial services and funeral of President Mandela.</li> <li>e) The Eastern Cape Parks and Tourism Agency incurred irregular expenditure of R500 000 and fruitful and wasteful expenditure to the amount of R970 000 in procuring goods and services relating to preparations for the funeral of President Mandela.</li> <li>f) The Buffalo City Metropolitan Council (BCMC) improperly procured the services of Victory Ticket 750 CC and paid an amount of R5, 985 million of public funds to transport mourners to four venues where the memorial services of President Mandela were held.</li> <li>g) The King Sabata Dalindyebo (KSD) local municipality incurred irregular, wasteful and fruitless expenditure of public funds in procuring the services of various service providers to assist in the preparations of the funeral of President Mandela</li> <li>h) The OR Tambo District Municipality (ORTDM) incurred irregular expenditure in procuring goods and services for the funeral.</li> <li>i) The Nelson Mandela Bay Municipality (NMBM) incurred unauthorised expenditure of R110 300 in respect of catering for events relating to the funeral.</li> </ol>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
				<p>The Public Protector's remedial action include that:</p> <ul style="list-style-type: none"> <li>• The Minister of Finance as the Head of the National Treasury is to request the President to issue a Proclamation in terms of section 2(1) of the Special Investigating Unit and Special Tribunals Act, 1996, to investigate the: <ul style="list-style-type: none"> <li>- Unlawful appropriation or expenditure of public money or property; - Unlawful, irregular or unapproved acquisitive acts, transactions, measures or practices; and</li> <li>- Intentional or negligent loss of public money by organs of state and referred to in this report, with a view to institute civil action for the recovery of the loss of public money by organs of state in the procurement of goods and services for the funeral of President Mandela.</li> </ul> </li> <li>• The Provincial Treasury of the Eastern Cape is to conduct an investigation into the financial misconduct of Ms Mbina-Mthembu referred to in this report, in terms of Treasury Regulation 4.1.3, and to take the appropriate action;</li> <li>• The Municipal Managers of the BCM, KSD Municipality, ORTDM and the NMBMM, in consultation and with the assistance of the National Treasury, are to investigate the financial misconduct of officials of the respective Municipalities referred to in this report, in terms of section 171(4) of the MFMA, and to take the appropriate action; and</li> <li>• The Municipal Council of the BCM is to appoint a special committee to investigate the conduct of Councillors Goma and Simon-Ndzele referred to in this report in terms of item 14.1 of the Code of Conduct for Councillors, provided for in the Local Government Municipal Systems Act, 2000, and to take further action accordingly.</li> </ul>
29	Report No 30 of 2017/18 "Allegations of unfair treatment by the NW Department of Public Works".	19 Dec 2017	The report follows an investigation into alleged unfair treatment by the North West Department of Public Works and Roads in failing to compensate the Complainants for loss of tools of trade and materials purchased and left on site at Lesedi clinic at Potchefstroom in the North West Province-Contract DPW/143/05.	The Public Protector found that no evidence was provided to substantiate the allegations made and therefore no remedial action will be instated.

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
30.	Report no 31 of 2017/8 "Allegations of maladministration against the Free State Department of Agriculture - Vrede Integrated Dairy Project".	8 Feb 2018	<p>Report on an investigation into complaints of maladministration against the Free State Department of Agriculture and Rural Development in respect of non-adherence to Treasury prescripts and lack of financial control in the administration of the Vrede Integrated Dairy Project.</p> <p>The Public Protector clarified the scope of the investigation with reference to issues that were not investigated due to capacity and financial constraints including cattle deaths, value for money, references to the Gupta family, transfer of money to Estina and the beneficiaries who intended to benefit from the project.</p>	<p>The Public Protector found that:</p> <p>a) The allegation that the Department improperly entered into a Public Private Partnership agreement for the implementation of the Vrede Dairy project was not substantiated. However the Public Protector is in concurrence with the Accountant-General's observations that the Department did not comply with procurement processes in concluding the agreement with and payments to Estina.</p> <p>b) The allegation that the Department failed to manage and monitor implementation of the agreement in terms budget evaluation, expenditure control and performance by Estina was substantiated.</p> <p>The Public Protector was unable to make a definite finding on the allegation whether the prices for goods and service were inflated, specifically alleged expenses in respect of construction, processing equipment, procurement of cows and administrative costs.</p> <p>Furthermore the Public Protector did not have the required resources to conduct a comprehensive investigation in order to determine the fair market value for goods and services procured.</p> <p>The Public Protector directed in the remedial action that the Premier is to initiate and institute disciplinary action against all implicated officials involved in the Vrede Dairy Farm project and report thereon. The Premier is further to ensure that he conducts a reconciliation of the number of cows initially procured and found.</p> <p>The Head of Department of Agriculture is to:</p> <ul style="list-style-type: none"> <li>• Ensure that the officials in the Supply Chain Management division and the Management of the Department are trained on the prescripts of the National and Provincial Treasuries in respect of procurement and specifically in respect of deviations;</li> <li>• Take corrective measures to prevent a recurrence of the failure in the management process referred to in this report;</li> <li>• Ensure that all Departmental staff involved in the implementation and execution of the Projects are properly trained and capacitated to manage projects assigned to them for future projects; and</li> <li>• Develop and revise current policies for the implementation of internal control measures in line with Treasury prescripts and regulations.</li> </ul>

	Report Name	Date	Summary of Complaint and Issues	Summary of the Findings and Remedial Action
31.	Report No 11 of 2017/18 "Allegation of a violation of the Executive Ethics Code in the matter between Mr Kevin Mileham, MP of the Democratic Alliance (DA), and the Minister of Co-operative Governance and Traditional Affairs, Mr David Douglas van Rooyen, MP".	9 Feb 2018	Report on an investigation into complaints The report follows an investigation into allegations that the Minister of Co-operative Governance and Traditional Affairs, Mr David Douglas van Rooyen, MP, misled Parliament in a violation of the Executive Ethics Code on the question of ever having met with or visited the residence of the Gupta family since taking office.	The Public Protector found that the complaint that Minister Van Rooyen violated the Executive Ethics Code was substantiated and that his conduct was also in violation of section 96 of the Constitution. As per the Public Protector's remedial action the President has to take appropriate action against Minister van Rooyen.
32.	Report No 33 of 2017/18 "Allegations of a violation of the Executive Ethics Code in the matter between Ms Natasha Mazzone, MP of the Democratic Alliance and the Minister of Public Enterprises, Ms Lynne Brown, MP".	21 Feb 2018	The report follows an investigation into the allegation that the Minister of Public Enterprises, Ms Lynne Brown misled Parliament in violation of the Executive Ethics Code when she denied that there was a contract of engagement between Eskom and Trillion Capital Partners.	The Public Protector found that Minister Brown deliberately or inadvertently made a misleading statement to the National Assembly in violation of the Executive Ethics Code.  As per the Public Protector's remedial action the President must take appropriate remedial action against Minister Brown for violating the Executive Ethics Code and the Constitution.
33	Report No 32 of 2017/18 "Allegations of undue delay and the improper adjudication of applications for naturalisation as a South African citizen by the Department of Home Affairs".	22 Feb 2018	Report on an investigation into allegations lodged by 18 Complainants of undue delay to finalise and the improper adjudication of applications for naturalisation, contrary to the provisions of the South African Citizenship Act, 1995, by the Department of Home Affairs.	The Public Protector found that: <ul style="list-style-type: none"> <li>• The Department of Home Affairs unduly delayed to adjudicate upon the Complainants' applications outside the prescribed time limits.</li> <li>• In respect of ten (10) of the Complainants the Department improperly adjudicated upon their application for naturalisation in terms of requirements that exceeded the residence periods specified in the Citizenship Act.</li> <li>• The allegation that the Complainants were prejudiced by the conduct of the Department was substantiated. The Public Protector's remedial action requires: <ul style="list-style-type: none"> <li>• The Minister to review the prescriptions in the Regulations relating to periods for naturalisation.</li> <li>• The Director-General (DG) to apologise to the Complainants and to review the applications of those Complainants that were adjudicated contrary to the provisions of the Citizenship Act and all other similar applications.</li> <li>• The DG to further reconsider the application of seven of the Complainants and allow one of the Complainants to re-apply.</li> <li>• The DG also to publish Standard Operating Procedures (SOPs) with turn-around timeframes for adjudication of applications for naturalisation.</li> </ul> </li> </ul>

## 5. Caseload and Statistics for the 2017/18 Financial Year

Branch	Brought Forward From 2016/17	Total Received	Internal Transfers Received	Total Workload	 Total Finalised	Carried Over To 2018/19
Complaints and Stakeholder Management	0	3 042	0	3 042	3 042	0
Administrative Justice and Service Delivery	609	1 668	56	2 333	1 311	1 001
Good Governance And Integrity	283	86	14	383	167	198
Eastern Cape	240	338	112	690	419	262
Free State	402	811	137	1 350	1 048	265
Gauteng	479	733	154	1 366	1 112	152
KwaZulu-Natal	530	1 160	138	1 828	1 316	481
Limpopo	227	701	89	1 017	764	222
Mpumalanga	455	312	125	892	519	363
Northern Cape	261	307	50	618	338	252
North West	517	1 338	186	2 041	1 556	403
Western Cape	1 252	1 447	97	2 796	1 980	791
<b>Total</b>	<b>5 255</b>	<b>11 943</b>	<b>1 158</b>	<b>18 356</b>	<b>13 572</b>	<b>4 390</b>

## 6. Performance Information

### Summary of Overall Performance in the 2017/18 Financial Year

Targets	2016/2017	2017/18
Number of planned targets during the financial year	45	14
Number of targets achieved	24	7
Number of targets not achieved	21	7
Percentage level of performance	53%	50%

### Programme Performance

#### Programme 1: Administration

The programme aims to improve business processes and systems as well as to enhance the institution's human resources and skills base. Strategic objectives applicable under programme 1 are: "Capacity building of employees", "Transform Information Communications Technology to optimally support business needs", "Purchase of key facilities/Infrastructure", "Operational Efficiencies", Improve security in all offices" and "Obtain clean Audit".

## Key performance indicators, planned targets and actual achievements

KPI	Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/18	Actual Achievement 1017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comments on deviations
1	Capacity building of employees	Number of employees trained through implementation of systemic HRD programme by 31 March 2018	N/A	150 employees trained through implementation of systemic HRD programme by 31 March 2018	EXCEEDED  196 employees were trained through implementation of systemic HRD programme by 31 March 2018	46 more employees were trained	The institution took advantage of training that was not paid for by the institution such as Protocol training and Procurement law training
2	Capacity building of employees	Number of awareness activities on institutional values and Customer Service Charter conducted by 31 March 2018	10 awareness activities on institutional values and Customer Service conducted by March 2017	10 awareness activities on institutional values and Customer Service Charter Conducted by 31 March 2018	ACHIEVED  10 awareness activities on institutional values and Customer Service Charter were conducted by 31 March 2018	N/A	N/A
3	Operational efficiencies	% of development and implementation of the institution's Conditions of service including remuneration framework	N/A	100% completion and approval of the institution's Conditions of service including remuneration framework by 31 March 2018	NOT ACHIEVED  Conditions of service including remuneration framework was developed but were not approved	Conditions of service and Remuneration Framework were not approved by 31 March 2018	The second Bargaining Forum meeting was postponed from 28 February to 19 April 2018 hence the Conditions of Service and Remuneration Framework could not be submitted to the Public Protector for approval without buy-in from the Bargaining Forum. It is envisaged that the bargaining process will be finalised and the conditions of service finalised before the end of 2018/19 financial year.
4	Transform Information Communication Technology to optimally support business needs	% of implementation of ICT infrastructure	N/A	100% implementation of Video conferencing, integrated telephone management system and e-mail encryption by 31 March 2018	NOT ACHIEVED  The target was <u>suspended</u>	Video conferencing, integrated telephone management system and e-mail encryption were not implemented by 31 March 2018	Due to budgetary constraints the institution decided to reprioritise, which resulted in the three projects being deferred.

KPI	Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/18	Actual Achievement 1017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comments on deviations
5	Obtain clean audit	Obtain clean audit	NOT ACHIEVED The institution did not obtain a clean audit	Sustain an unqualified audit opinion with no material misstatements	NOT ACHIEVED The institution achieved an unqualified audit opinion with material misstatements	Material misstatements were raised in the Audit Report	An action plan will be developed to address audit findings on a path to achieving a clean audit
6	Improve security in all offices	% of implementation of integrated Security System	NOT ACHIEVED Benchmarking was conducted with other Chapter 9 Institutions	Conduct Threat and Risk Analysis (TRA) in all offices by 31 December 2017. Implementation of the TRA recommendations by 31 March 2018	NOT ACHIEVED TRAs were conducted in 9 PPSA offices by the service provider	Threat and Risk Analysis (TRA) was not conducted in 10 offices and recommendations of TRA was not implemented by 31 March 2018	The TRA was not conducted in 10 offices due to delays by the service provider. Most recommendations emanating from the 9 reports of TRA conducted were not implemented due to lack of funds
7	Purchase of key facilities/infrastructure	Own infrastructure assets, vehicles, printing and production facilities	ACHIEVED A feasibility study on insourcing of key facilities/ infrastructure was conducted and a report was completed and approved	Develop a project plan of the infrastructure feasibility report (for in-sourcing of infrastructure)	ACHIEVED A costed project plan of the infrastructure feasibility report (for in-sourcing of infrastructure) was developed	N/A	N/A

### **Employees trained through implementation of systemic HRD programme by 31 March 2018**

The objective of training employees through a systemic HRD programme is to ensure that employees of Public Protector South Africa are capacitated to perform their duties effectively. The target for the financial year was to train 150 employees through implementation of systemic HRD programme by 31 March 2018. The target was exceeded by training 196 employees due to the fact that the institution took advantage of other trainings (Procurement Law and Protocol) that were not paid for by the office. The training contributed to the Strategic Outcome Oriented Goal of building “An effective and efficient people driven organisation” because as employees are trained to be more knowledgeable and improve on their work areas, the institution benefits as a whole.

### **Awareness activities on institutional values and Customer Service Charter**

Awareness activities on institutional values and Customer Service Charter are used to optically capacitate employees on what is expected of them in terms of conduct and treating our complainants. During the period under review, ten (10) activities on institutional values were conducted as planned. As the institution focuses on customer service though capacitating its employees, our complainants needs will be better taken care of in an effective and efficient way that is primarily client driven.

### **Development and implementation of the institution’s Conditions of service including remuneration framework**

The purpose of the Conditions of service including remuneration framework is to ensure that employees are remunerated at correct levels. The target was to ensure 100% completion of conditions of service and remuneration framework by 31 March 2018, however the target was not achieved as envisaged. The reason for non-achievement was due to the second Bargaining Forum meeting being postponed from 28 February to 19 April 2018, making it impossible for the framework to be approved by the Public Protector without proper consultation. The institution plans to implement the target in the next financial year.

### **Implementation of ICT infrastructure**

The objective of the ICT infrastructure is to support the institution to cut down on travelling costs and telephone costs as well as to ensure the security of information through encryption of e-mails. In the 2017/18 financial year, the institution did not manage to implement video conferencing, integrated telephone management system and e-mail encryption by 31 March 2018 as planned due to budgetary constraints. There is no funding to continue with the projects, thus all the projects will not continue in the next financial year.

### **Obtain clean audit**

The purpose of this measure is to ensure that the institution adheres to legislative and policy prescripts while implementing internal controls. The target for the financial year is sustain an unqualified audit opinion with no material misstatements. Though an unqualified audit opinion is a result of the audit for the year under review, material misstatements were identified, leading to the non-achievement of the target. An action plan will be developed to address root causes for the material misstatement in order for the institution to attain a clean audit in the coming years.

### **Implementation of integrated Security System**

In an effort to safeguard employees and property of Public Protector South Africa, the institution targeted to conduct a Threat and Risk Analysis (TRA) in all offices by 31 December 2017 and implement TRA recommendations by 31 March 2018. The TRA was not conducted in 10 offices due to delays by the service provider. Due to lack of funds, most TRA recommendations could not be implemented.

### **Own infrastructure assets, vehicles, printing and production facilities**

In order to save costs for the institution, PPSA embarked on a process of conducting a feasibility study on insourcing of key facilities/infrastructure in the 2016/17 financial year. In the 2017/18 the institution planned to develop a project plan of the infrastructure feasibility report (for in-sourcing of infrastructure) and the target was achieved as planned.

### Strategies to overcome areas of under performance

The completion and approval of the institution's conditions of service including remuneration framework will be completed once the planned engagement with the Bargaining Forum has happened in the 2018/19 financial year. The challenges of implementing ICT infrastructure as well as security related projects were mainly due to financial constraints that forced the institution to defer their implementation.

### Changes to planned targets

No in-year changes were made to planned targets and performance indicators during the period under review.

## Linking Performance with Budgets

Programme/activity/objective	2016/17			2017/18		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	106 087	111 444	-5 358	139 304	149 285	-9 981
<b>Total</b>	<b>106 087</b>	<b>111 444</b>	<b>-5 358</b>	<b>139 304</b>	<b>149 285</b>	<b>-9 981</b>

## 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 we follow up on implementation of remedial action.

Strategic objectives relating to the programme are: "Adherence to defined investigations turnaround times", "Promote a culture of good governance" and "Implementation of remedial action and settlement agreements".

KPI	Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/18	Actual Achievement 1017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comments on deviations
8	Adherence to defined investigations turnaround times	Percentage of cases investigated and finalised in accordance with approved service standards	N/A	100% of new cases received from 1 April 2017 investigated and finalised in accordance with the revised service standards	NOT ACHIEVED 79% (3786/4784)	21% deviation	Resignations of investigators that were not filled and an increased caseload negatively affected the achievement of the target.  The service standards will be revised in line with the available capacity.
9	Adherence to defined investigations turnaround times	Percentage of decline in turnaround times for investigations	N/A	10% decline in turnaround times for investigations received and finalised in 2017/18 FY	EXCEEDED  There was a 46% decline in turnaround times for investigations received and finalised in 2017/18 FY	There was a deviation of 36%	Most of the matters were not complex (bread and butter issues)
10	Adherence to defined investigation	Investigation and finalisation of systemic investigations/ interventions	NOT ACHIEVED  1 out of 16 existing systemic investigations/ interventions was finalised  Quarterly reports were not submitted to departments	Conduct and finalise all existing systemic investigations/ interventions as at 1 April 2017 by 31 March 2018	NOT ACHIEVED  6 out of 17 existing systemic investigations/ interventions as at 1 April 2017 were finalised by 31 March 2018	11 existing systemic investigations/ interventions as at 1 April 2017 were not finalised by 31 March 2018	Reasons for the non-achievement relate to certain information being received late from organs of State and requests for extensions to respond by implicated parties.  10 of the 11 reports will be finalised in 2018/19 financial year as most investigations are at report writing stage
11	Promote a culture of good governance	Number of dialogues held with organs of State on systemic challenges	N/A	10 dialogues held with organs of State on systemic challenges by 31 March 2018	EXCEEDED  11 dialogues were held with organs of State on systemic challenges by 31 March 2018	1 more dialogue was conducted with an organ of State	The target was exceeded as there was a need to address systemic challenges that arose. Specifically Mpumalanga province was receiving many complaints regarding incorrect billing. This is the reason why NERSA was engaged.

KPI	Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/18	Actual Achievement 1017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comments on deviations
12	Implementation of remedial action and settlement agreements	Percentage of follow-up on remedial action matters and implementation of a policy to deal with non-implementation of remedial action	NOT ACHIEVED 84% (75/89) of remedial action matters were followed up	100% follow-up of remedial action matters from 1 April 2012 till 31 March 2018. 100% development and implementation of a policy to deal with non-implementation of remedial action	ACHIEVED 100% (74/74) of the remedial action matters from 1 April 2012 till 31 March 2018 were followed up.) A policy on the follow-up on the implementation and non-implementation of the remedial action was approved on 28 March 2018 and implemented.	N/A	N/A

### **Percentage of cases investigated and finalised in accordance with approved service standards**

Public Protector South Africa in line with its mandate has committed to deliver prompt services to all persons and institutions it serves within timeframes as defined in service standards. In the financial year under review, the target was to achieve 100% of new cases received from 1 April 2017 investigated and finalised in accordance to the approved service standards. The actual achievement is 79%.

### **10% decline in turnaround times for investigations received and finalised in 2017/18**

To ensure the institution provides a prompt service to all persons, a target of 10% decline in turnaround times for investigations was exceeded by 36%.

### **Systemic investigations/interventions as at 1 April 2017 to be finalised by 31 March 2018**

Systemic investigations are investigations that are conducted when the Public Protector office receives numerous complaints about the same service delivery issue against the same state organ. The institution then undertook the decision to investigate those matters as a collective. It is in this regard that the Public Protector office set a target to conduct and finalise all existing systemic investigations/interventions as at 1 April 2017 to be finalised by 31 March 2018. The target was not achieved as envisaged, as only six (6) reports out of the seventeen (17) reports were finalised. Reasons for the non-achievement include certain information being received late from organs of State and requests for extensions to respond by implicated parties. To address the under achievement, ten (10) of the eleven (11) reports will be finalised in 2018/19 financial year as most investigations are at report writing stage.

### **Dialogues held with organs of State on systemic challenges by 31 March 2018**

The purpose of the dialogues is to work with organs of state to resolve systemic challenges. The institution planned to hold ten (10) dialogues with organs of state on system challenges and the target was exceeded by conducting one (1) more dialogue. The reason for exceeding the target was due to a need to address systemic challenges that arose during the course of the financial year in Mpumalanga province where there was an influx of complaints pertaining to incorrect billing that prompted the engagement with NERSA.

### **100% follow-up of remedial action matters from 1 April 2012 till 31 March 2018. 100% development and implementation of a policy to deal with non-implementation of remedial action**

Follow-ups on remedial actions are conducted to ensure that all remedial actions issued by the Public Protector are implemented. It is in this regard, the institution committed itself to follow up on all (100%) remedial action matters from 1 April 2012 till 31 March 2018 and to develop and implement a policy to deal with non-implementation of remedial action. The target was achieved as planned.

### **Strategies to overcome areas of under performance**

Regarding the non-compliance with approved service standards, the target has been revised in the next financial year to be achievable in line with our available resources. Ten (10) of the eleven (11) systemic investigations/interventions that are outstanding will be finalised in 2018/19 as there is an improved process to monitor such cases and to ensure appropriate interventions are applied timeously. One such intervention is the monthly progress reports at dashboard meetings that monitor the implementation of investigation plans.

### **Changes to planned targets**

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

## Linking Performance with Budgets

Programme/activity/objective	2016/17			2017/18		
	Budget	Actual Expenditure	Over/ (Under) Expenditure	Budget	Actual Expenditure	Over/ (Under) Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Investigations	161 848	173 263	-11 415	173 815	181 991	-8 176
<b>Total</b>	<b>161 848</b>	<b>173 263</b>	<b>-11 415</b>	<b>173 815</b>	<b>181 991</b>	<b>-8 176</b>

### Programme 3: Stakeholder Management

The purpose of stakeholder management programme is to ensure that Public Protector South Africa services are accessible to all persons and communities we serve. Furthermore, the aim of the programme is to play a leading role in strengthening ombudsman institutions in South Africa and the rest of Africa. Strategic objectives under this programme are: “Ease of access to Public Protector services” and “Strengthening of the role of ombudsman institutions”.

KPI	Strategic Objective	Performance Indicator	Actual Achievement 2016/2017	Planned Target 2017/18	Actual Achievement 1017/2018	Deviation from planned target to Actual Achievement for 2017/2018	Comments on deviations
13	Ease of access to Public Protector Services	Number of outreach clinics conducted across the country	N/A	84 clinics per province by 31 March 2018	NOT ACHIEVED EC = 117 FS= 88 GP = 86 KZN 84 LP=113 MP=66 NC=84 NW = 91 WC= 86	EC = +33 FS= +4 GP= +2 LP= +29 MP= -18 NW = +7 WC= +2	EC, GP, LP, NW, WC, KZN, FS and EC exceeded their targets due to initiated activities by other departments and high demand from stakeholders.  MP failed to achieve its target in the last quarter and the matter is being dealt with in terms of the Performance Management Development System (PMDS)
14	Strengthening of the role of the ombudsman institutions	Number of bilateral agreements entered into annually	N.A	Enter into 1 bilateral agreement with an ombudsman institution by 31 March 2018	ACHIEVED  A bilateral agreement entered into with the Office of the Health Ombudsman by 31 March 2018.	N/A	N/A

### Outreach clinics conducted across the country

In the 2017/18 financial year, to ensure PPSA services are available to all persons and communities, the institution set a target to conduct 84 clinics per province. The target was not achieved due to failure by Mpumalanga Province.

### Bilateral agreements entered into annually

PPSA as a leading ombudsman in the country, seeks to contribute by entering annually into bilateral agreements with other ombudsman in the country. The institution entered into a bilateral agreement with the Office of the Health Ombudsman by 31 March 2018 as planned.

### Strategies to overcome areas of under performance

The target that was not met under stakeholder management programme is the 18 clinics that were not carried out in Mpumalanga Province. As part of remedying the non-performance, the matter is being dealt with in terms of the PMDS. There will be no plans to conduct the outstanding clinics in 2018/19 financial. ~~Actually, the 2018/19 targets have been reduced in line with available resources.~~

### Changes to planned targets

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

## Linking Performance with Budgets

Programme/activity/objective	2016/17			2017/18		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Stakeholder Management	7 880	5 210	2 670	14 095	13 937	158
<b>Total</b>	<b>7 880</b>	<b>5 210</b>	<b>2 670</b>	<b>14 095</b>	<b>13 937</b>	<b>158</b>

## 7. Revenue Collection

Sources of revenue	2016/17			2017/18		
	Estimate	Actual Amount Collected	Over/ (Under) Collection	Estimate	Actual Amount Collected	Over/ (Under) Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Government Transfer	262 608	264 108	1 500	301 093	316 093	-15 000
Finance Income	579	3 169	2 590	608	2 116	-1 508
Other Income	126	58	-68	130	937	807
Revenue in Kind	0	7 524	7 524	0	8 067	8 068
<b>Total</b>	<b>263 313</b>	<b>274 860</b>	<b>11 546</b>	<b>301 831</b>	<b>327 214</b>	<b>25 383</b>

The Public Protector of South Africa exceeded its revenue collection with R25.4 million at the end of the 2017/18 financial year. The over collection is mainly as a result of additional transfers received from the Department of Justice and Constitutional Development of R15 million to settle legal fees and contractual obligations. Other contributing factors for the higher revenue collection includes; a higher than expected interest income for favourable bank balances, higher recoveries of other income (parking fees, staff debt) and revenue in kind amounting to R8 million, which is rental paid by the Department of Public Works on behalf of PPSA.

### Capital investment

PPSA's initial capital investment plans included investments to the value of R26.3 million mainly in its ICT infrastructure of which includes;

- Server and storage upgrades
- Integrated telephone systems, video conferencing and email encryption
- Case Management system
- Computer equipment

PPSA could not implement all capital investment projects due to cost pressures in other economic classifications (Compensation of employees and Goods and services) and had to defer outstanding capital investments until the financial position of PPSA improves significantly.

Infrastructure projects	2016/17			2017/18		
	Estimate	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Capital expenditure	<del>5 000</del>	<del>886</del>	<del>4 114</del>	6 902	13 475	-6 573
<b>Total</b>	<del><b>5 000</b></del>	<del><b>886</b></del>	<del><b>4 114</b></del>	<b>6 902</b>	<b>13 475</b>	<b>-6 573</b>



# "Vision 2023: Bringing the Services of the Public Protector to the Grassroots"

Director  
11 20  
Public Protector South Africa  
www.publicprotektor.org



PARLIAMENT  
of the Republic of South Africa

Final Report - Review  
of the Task Team

# PART C

## GOVERNANCE



## PART C: GOVERNANCE

### 1. INTRODUCTION

### 2. 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.



ADV. BUSISIWE MKHWEBANE



ADV. KEVIN MALUNGA

### 3. Executive Committee (EXCO)

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



MR VUSSY MAHLANGU

### 4. Management Committee (MANCO)

A committee, chaired by the Chief Executive Officer, referred to as the Management Committee, comprises all executive and senior managers of Public Protector South Africa. The committee sits quarterly and is established primarily to advise the Chief Executive Officer.

### 5. 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 for part of the year under review.

### 6. Risk Management Committee

The Accounting Officer has established a Risk Management Committee and appointed an external and independent person as a chairperson. The committee has sat four times this financial year to review the risk management activities and to provide guidance and advice on the status of PPSA's risk profile and exposure.

## 7. Portfolio Committee

The Public Protector is accountable to the National Assembly through the Portfolio Committee on Justice and Correctional Services. In 2017/18 financial year, the Public Protector met with the Portfolio Committee two times. On 05 October 2017, the Public Protector presented the 2016/17 Annual Report and on 06 March 2018, the Public Protector was requested by the Portfolio Committee to explain certain media reports regarding the institution. The biggest risk facing the institution is underfunding. The institution is engaging the Department of Justice and Correctional Services and National Treasury through the normal budget processes.

## 8. Committee Meetings

Committees that were functional include the Audit Committee, the Risk Management Committee, Executive Committee and Management Committee.

## 9. Risk Management

PPSA has Risk Management Policy and Risk Management Strategy reviewed annually and presented to Risk Committee for recommendation and ultimately approved by the Accounting Officer.

Risk assessments are conducted at strategic and operational levels at the beginning of the financial year. Implementation of risk action plans to mitigate the identified risks are monitored quarterly for both strategic and operational risk registers.

The Audit Committee reviews the quarterly Risk Management Reports presented by the Risk Management Committee and the strategic risk register. Risk Management documents were reviewed by the Internal Audit with the instruction of the Audit Committee.

There is improvement with compliance in risk management process of updating and reporting the implementation of risk action plans.

## 10. Internal Audit and Audit Committee

### 10.1 Internal Audit

The internal audit function provided assurance on the effectiveness and efficiency of governance, risk management and control processes. Internal Audit did not review all risks and assurances' relating to the organisation as it is one component of combined assurance. The Internal Audit function is outsourced due to the institutions financial constraints to establish its own Internal Audit division. The outsourcing has resulted in the Internal Audit function being ineffective.

The following internal audit work was completed during the year under review:

- Audit of Predetermined Objectives;
- Review of Internal Financial Controls;
- Review of Risk Management documents
- Review of Investigations and Reporting process;
- Information Technology Application Controls review; and
- Follow up on previously reported internal audit and AGSA audit findings.

The overall, internal control environment is still a concern with urgent intervention required by the Accounting Officer. The following were areas of concern:

- There has been minimal progress in implementing the audit action plan as repeat findings in the current year were identified related to audit of predetermined objectives and material misstatements in the financial statements;
- Findings on compliance with service standards and specific requirements of applicable legislation were identified and require management focus to rectify; and
- Under funding continues to be a constraint in the ability to fully implement the PPSA's legislative mandate.

### 10.2 Audit Committee

The Audit Committee activities and its responsibilities arise from Section 51(1)(a)(ii) of the PFMA and Treasury Regulation 27.1. The Audit Committee has adopted appropriate formal terms of reference as its Audit Committee Charter, its activities and affairs are regulated in compliance with this charter.

The Audit Committee is an independent advisory body to the Accounting Officer, management and staff of PPSA on matters relating to internal financial control and internal audits; risk management; accounting policies; the adequacy, reliability and accuracy of financial reporting and information; performance management; effective governance; the PFMA, Treasury Regulations and any other applicable legislation; performance evaluation; and any other issues. The Audit Committee is also expected to review the Annual Financial Statements to provide an authoritative and credible view of the constitutional institution, its efficiency and effectiveness and its overall level of compliance with the applicable legislation. In the year under review, the Audit Committee held one ordinary meeting and two special meetings.

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 of expiry of contract	No. of meetings
Ms Pumla Mzizi (Chairperson)	BBusSC Finance; Hons; BCompt Hons CTA; BCom Honours in Transport Economics CA (SA)	External	N/A	5 May 2014	31 August 2017	3
Mr Robin Theunissen	CA (SA); BAcc, Registered Auditor, Diploma in Criminal Justice and Forensic Auditing	External	N/A	5 May 2014	31 August 2017	3
Mr Alpheus Mashego	BCom; Bcom Hons; LLB; LLM; Diploma State Finance and Auditing;	External	N/A	5 May 2014	31 August 2017	2
Mr Nkosana Sifumba	BCom, MBL, CISA, CGEIT	External	N/A	20 April 2016	30 April 2018	2
Ms Princess Mangoma (Chairperson)	BCompt, BCom Honours,	External	N/A	1 March 2018	28 February 2021	0
Ms Miseria Nyathi	BComm Honors (Finance) MBA	External	N/A	1 January 2018	31 December 2020	0
Mr Stanley Ngobeni	BCom, BCompt (Honours), MBA, MCom	External	N/A	1 March 2018	28 February 2021	0

## 11. 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 established the following Committees in place to monitor and ensure compliance with applicable laws and regulations:

- Risk Management Committee
- Labour Relations Consultative Forum
- Executive Committee
- Audit Committee
- Management Committee
- ~~Internal Audit~~

## 12. Fraud and Corruption

PPSA has an approved fraud prevention plan and the implementation is a continuous process. Anti-Fraud and Corruption workshops are conducted annually to all branches at head office and to all provincial offices to create awareness on fraud and corruption activities. There is also an approved whistle blowing policy and PPSA has a working relationship with Public Service Commission to utilise their National Anti-Fraud and Corruption Hotline as our internal reporting mechanism for anonymous reporting of incidents of fraud and corruption. Public Service Commission provide us with a quarterly reports on the stats of anonymous reporting of which is presented to the Risk Management Committee. The institution has not received any anonymous reporting for the financial year under review. Although awareness is created throughout the provinces and National Head Office during our workshops.

## 13. Minimising Conflict of Interest

All PPSA employees sign declaration of interest forms every financial year, where financial interests are disclosed.

Regarding procurement processes, the following measures which are currently in place:

- The Bid Specification Committee (BSC) signs the declaration of confidentiality forms during the first meeting in order to commit that the tender process is fair, equitable, competitive and cost effective and also for ensuring the confidentiality of the entire bidding process.
- There is segregation of duties as the members of the Bid Evaluation Committee (BEC) does not form part of the Bid Adjudication Committee (BAC) to ensure that each committee take decisions independently without influencing each other.
- The third measure is that during the evaluation and adjudication of the bids the members of the Bid Evaluation and Bid Adjudication Committee's declares during the meeting sittings and the entire process is recorded and minuted.
- To date and to the best of my knowledge there had never been any incident where it was established that there is any conflict of interest.

## 14. Code of Conduct

The Public Protector South Africa has a Code of Conduct which regulates the conduct that is expected from PPSA staff. The institution also has a Disciplinary Code and Procedure detailing processes to be followed when an employee transgresses the Code of Conduct. The disciplinary process is progressive.

## 15. Health Safety and Environmental Matters

### Brief description of Health and Safety compliance in PPSA

- The implementation of Occupational Health and Safety in a workplace is a legal requirement consisting of many pieces of legislation which includes the Occupational Health and Safety Act and General Safety Regulations intended to protect people and property in the workplace.
- The primary objective is not only that of meeting the growing legislative requirements, but to enhance the spirit of occupational health and safety on employees in general.
- The aim for the establishment of Office Accommodation and Occupational Health and Safety Committee is to ensure the development and sustainability of high quality Health and safety support services and systems within PPSA.
- This will enable the management to meet, and exceed, the statutory obligations placed upon the organisation to safeguard the health, safety and welfare of staff, clients and others who might otherwise be affected by the actions and/or omissions of PPSA.

### Nature of Health Safety and Environmental matter and the effect in PPSA

- There were no health and safety incidents reported in 2017/18 financial year. Some of the PPSA offices meet the minimum health and safety requirements i.e disabled ablutions, wheel chair ramps and designated parking bays. However the critical shortage of office space and the implementation of security issues are the major concern which affect the overall health and safety environment of employees.
- The nature of the building structure in some offices without natural ventilation or light lead to health hazards and impair general wellbeing of the occupants. In other instances flooring type used in the office i.e. carpet instead of tiles.
- Due to budget constraints and that all PPSA offices are leased, PPSA cannot fully implement these issues, the discussions are ongoing with the landlords to assist in implementing the minimum health and safety requirements in all PPSA offices.

## 16. Social Responsibility

Cordelia Verster of Rand Girls High School shadowed Public Protector Adv. Busisiwe Mkhwebane as part of 2017 Cell C Take a Girl Child to Work campaign. She travelled with Adv. Mkhwebane during the final leg of her Stakeholder Roadshow in Kimberly. Ms Verster attended all the events as well as the meetings the Public Protector had on the visit to Northern Cape.

Public Protector Adv. Busisiwe Mkhwebane dedicated 67 Minutes of her time towards spending time with children of Moepathutse Orphanage in Stinkwater near Hammanskraal. Adv. Mkhwebane applauded management of the orphanage for ensuring that the children at the centre felt the love enjoyed by other children. She said her office was in the process of initiating a programme focusing on empowering a boy child. Adv. Mkhwebane said her office would look into partnering with the orphanage towards ensuring that some of the children in the orphanage interested in studying law, were assisted through training. The visit is also in line with one of the 8 pillars of the Vision 2023 which focuses on Access especially to the marginalized sections of the society.

## 17. REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2018.

### 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 current year, three meetings were held by the Audit Committee. During the year under review, the contracts for members Ms Mzizi, Mr Theunissen and Mr Mashego lapsed in August 2017. Members Ms Mangoma, Ms Nyathi and Mr Ngobeni were appointed in January and March 2018. The reason new members could not meet during the 2017/18 financial year was due to the appointment of the Chairperson in March 2018.

Name	Role	Scheduled Meetings		Special Meetings	
		Held	Attended	Held	Attended
Ms. P Mzizi	Chairperson	1	1	2	2
Mr R Theunissen	External Member	1	1	2	2
Mr A Mashego	External Member	1	1	2	1
Mr N Sifumba	External Member	1	0	2	2
Ms. P Mangoma	Chairperson	0	0	0	0
Ms. M Nyathi	External Member	0	0	0	0
Mr S Ngobeni	External Member	0	0	0	0

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38(1) (a) (ii) of the PFMA and Treasury Regulation 3.1.

### The Effectiveness of Internal Controls

In line with the PFMA, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by evaluating internal controls to determine their effectiveness and efficiency, and by developing recommendations for enhancement or improvement. The Accounting Officer retains responsibility for implementing such recommendations as per Treasury Regulation 3.1.12.

It was noted from various reports of internal auditors and Auditor General South Africa that controls pertaining to areas of financial reporting, reporting on pre-determined objectives and compliance with laws and regulations are work in progress. Therefore, the Audit Committee raised with PPSA to continuously implement all internal and external audit action plans as identified. In reciprocation, the PPSA has established an Audit Steering Committee to effect all the identified deficiencies and where necessary, consequence management is implemented.

### Financial Management

The Audit Committee remains concerned with the inadequate funding of the Public Protector South Africa.

### Evaluation of Annual Financial Statements

The Audit Committee has reviewed the draft Annual Financial Statements prepared by the PPSA and has advised the Accounting Officer to ensure that all the comments of the Audit Committee are fully addressed prior to submission of the Annual Financial Statements to the Auditor General South Africa. Subsequently the material misstatements identified during the external audit process and material misstatements were corrected.

## Evaluation of Reporting on Predetermined Objectives

The Audit Committee has reviewed the draft Annual Report prepared by the PPSA and has advised the Accounting Officer to ensure that all the comments of the Audit Committee are fully addressed prior to submission of the Annual Report to the Auditor General South Africa. The Audit Committee has discussed the external audit outcomes on the reporting on predetermined objectives to be included in the Annual Report with the Auditor General South Africa and the Accounting Officer.

## Compliance with Laws and Regulations

The Public Protector South Africa in the year under review needs to improve in order to fully comply with laws and prescripts applicable to financial management and other requirements.

## Internal Audit

The Audit Committee raised a concern that the Internal Audit function is outsourced.

## Risk Management

Risk management framework and processes were implemented as planned during the year under review. Risk management policy, strategy and methodology was reviewed and updated. Risk assessments were conducted at both strategic and operational level with adequate monitoring of risk action plans. Although the implementation of risk action plans remains a challenge, low percentage of risk action plans are implemented due to multiple factors such as budget constraints and capacity.

Adequate fraud and corruption measures have been adopted and implemented. PPSA has arrangement with PSC to utilise their National Anti-Fraud Anonymous Hotline and quarterly receive anonymous statistical report. Anti-Fraud and Corruption awareness measure have been implemented. utilise their National Anti-Fraud Anonymous Hotline and quarterly receive anonymous statistical report. Anti-Fraud and Corruption awareness measure have been implemented.

## Auditor General South Africa

We have reviewed the PPSA's implementation plan for audit issues raised in the previous year and we are not satisfied that all the matters have been adequately resolved. Based on our interaction with the PPSA, we conclude that the PPSA is on the right track in implementing measures to address external audit findings and the Audit Committee and Internal Audit have recommended specific improvements in this regard.

The Audit Committee is not aware of any unresolved issues with respect to the current audit.

The Audit Committee concurs and accepts the conclusions of the Auditor General South Africa on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor General South Africa.

## General

The Audit Committee strongly recommends that the Public Protector South Africa 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.

Signed on behalf of the Audit Committee by:



**MS PRINCESS MANGOMA**

Chairperson of the Audit Committee

Date 27 July 2018





PART

D

HUMAN  
RESOURCE  
MANAGEMENT



## PART D: HUMAN RESOURCES

### 1. Introduction

The unit provides human resources services to the whole institution. The unit facilitated the implementation of Occupation Specific Dispensation for all staff in the core business of the institution. That has gone a long way to ensure stability and improved relations between staff and management. This also contributed to staff retention as salaries of investigators are relatively competitive.

The institution has also reviewed its Recruitment and Selection Policy to ensure that it provides for growth and development opportunities for internal staff. This was another intervention to ensure that the institution retains its staff.

The long standing dispute on performance assessments for 2015/16 and 2016/17 financial years was resolved. This paved a way for the smooth implementation of the newly approved Performance Enhancement and Accountability System.

The above mentioned interventions were the success stories of the year under review.

The organisational structure of the PPSA is still just over 50% filled. This personnel budget of the PPSA does not match the human resource needs of the institution. The mandate of the PPSA is very wide and it requires human resources the institution cannot afford.

The institution is to embark on a comprehensive organisational review which will be informed by a Service Delivery Model which will ensure efficiency of the systems and processes in the operations of the institution.

## 2. Human Resource Oversight Statistics

### Personnel Cost per Programme

Programme/ activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of Employees	Average personnel cost per employee (R'000)
Administration	149 285	58 829	39%	68	2 195
Investigations	181 991	166 901	92%	263	692
Complaints and Stakeholder Management	13 937	13 197	95%	21	664
<b>Total</b>	<b>345 213</b>	<b>238 927</b>	<b>69%</b>	<b>352</b>	<b>981</b>

### Personnel Cost per Salary Band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of Employees	Average personnel cost per employee (R'000)
Top Management	4 890	2%	2	2 445
Senior Management	39 124	16%	32	1 223
Professional qualified	82 146	34%	191	430
Skilled	112 767	47%	127	888
Semi-skilled	-	-	-	-
Unskilled	-	-	-	-
<b>Total</b>	<b>238 927</b>	<b>100%</b>	<b>352</b>	<b>679</b>

### Performance Rewards

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	-	4 890	-
Senior Management	-	39 124	-
Professional qualified	356	82 146	0.1%
Skilled	876	112 767	0.4%
Semi-skilled	-	-	-
Unskilled	-	-	-
<b>Total</b>	<b>1 232</b>	<b>238 927</b>	<b>0.5%</b>

### Training Costs

Programme/ activity/ objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg training cost per employee (R'000)
Administration	58 829	307	1%	21	15
Investigations	166 901	1 601	1%	160	10
Complaints and Stakeholder Management	13 197	263	2%	15	18
<b>Total</b>	<b>238 927</b>	<b>2 171</b>	<b>1%</b>	<b>196</b>	<b>11</b>

## Employment and Vacancies

Programme/activity/objective	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	% of Vacancies
Administration	67	83	67	16	19%
Investigations <sup>1</sup>	252	290	252	38	13%
Complaints and Stakeholder Management	24	29	24	5	17%
<b>Total</b>	<b>343</b>	<b>380</b>	<b>352</b>	<b>28</b>	<b>7%</b>

<sup>1</sup>The total number of investigators in the year under review is 198.

Programme/activity/objective	2016/2017 No. of Employees	2017/2018 Approved Posts	2017/2018 No. of Employees	2017/2018 Vacancies	% of Vacancies
Top Management	3	3	2	1	33%
Senior Management	25	34	32	2	6%
Professional qualified	183	207	191	16	8%
Skilled	105	136	127	9	17%
Semi-skilled	27	0	0	0	0
Unskilled	0	0	0	0	0
<b>Total</b>	<b>343</b>	<b>380</b>	<b>352</b>	<b>28</b>	<b>7%</b>

There has been a moratorium on the filling of vacant positions because of budgetary constraints. PPSA has developed a succession planning policy to provide growth opportunities for staff and the institution is currently developing its conditions of service. It is believed that this will go a long way to attract and retain staff.

### Employment changes

Although high turnover rate negatively affects the operations of the institution, the positive is that it provides an opportunity to improve representativity of underrepresented designated groups. Representation of females at management levels has improved.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	1	2
Senior Management	26	7	1	32
Professional qualified	179	27	15	191
Skilled	125	17	11	127
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
<b>Total</b>	<b>333</b>	<b>51</b>	<b>32</b>	<b>352</b>

### Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0%
Resignation	23	82%
Dismissal	1	3.6%
Retirement	3	11%
Ill health	1	3.6%
Other	0	0
<b>Total</b>	<b>28</b>	<b>100%</b>

As reflected above, 82% of staff leaving the institution is due to resignation. In almost all cases, staff resigned because they got better opportunities elsewhere. This can be attributed to lack of growth opportunities because of the size of the institution. The approved succession planning policy will assist to address the challenges.

### Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	None
Written Warning	3
Final Written warning	2
Dismissal	1

### Equity Target and Employment Equity Status

There are no major variances between the current representation and target. The cause for the minor variances is inability to fill vacancies because of budgetary constraints.

Levels	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	1	0	1	0	1	1	0
Senior Management	16	15	0	1	0	1	2	2
Professional qualified	88	90	7	8	3	7	3	5
Skilled	40	34	1	3	0	2	0	2
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>Total</b>	<b>145</b>	<b>140</b>	<b>8</b>	<b>13</b>	<b>3</b>	<b>11</b>	<b>6</b>	<b>9</b>

Levels	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	2	0	1	0	1	0	1
Senior Management	12	15	0	2	0	2	2	2
Professional qualified	66	70	8	9	4	5	2	5
Skilled	82	80	7	9	4	5	3	4
Semi-skilled	0	0	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
<b>Total</b>	<b>161</b>	<b>167</b>	<b>15</b>	<b>21</b>	<b>8</b>	<b>13</b>	<b>7</b>	<b>12</b>

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management				
Senior Management				
Professional qualified	2	2	0	1
Skilled	1	1	1	0
Semi-skilled	0		0	1
Unskilled				
<b>Total</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>2</b>

### 3. Management of Public Protector South Africa



**Adv. Stoffel Fourie**  
Executive Manager: Good Governance and Integrity



**Nthoriseng Motsitsi**  
Executive Manager: Complaints and Stakeholder Management



**Reginald Ndou**  
Executive Manager: Provincial Investigations and Integration



**Yalekile Lusibane**  
Chief Financial Officer



**Ponatshego Mogaladi**  
Executive Manager: Administrative Justice and Service Delivery



**Linda Molelekoa**  
Acting Chief of Staff



**Oupa Segalwe**  
Senior Manager: Communications



**Rodney Mataboge**  
Acting 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 Mthuphi**  
Senior Manager: Provincial Investigations and Integration



**Zoleka Mntumtum**  
Senior Manager: Facilities Management



**Lesedi Sekele**  
Senior Manager: Complaints and Stakeholder Management



**Gumbi Tyelela**  
Senior Manager: Human Resource Management and Development



**Hombisa Caleni**  
Senior Manager: Information and Communication Technology



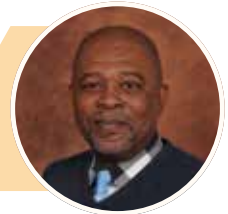
**Kgalalelo Masibi**  
Senior Manager: Management Outreach and Education



**Sphelo 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



**Machebane Mothiba**  
Senior Manager:  
Strategic Support



**Futana Tebele**  
Senior Manager:  
Executive Support



**Baldwin Neshunzhi**  
Senior Manager:  
Security Management



**Cleopatra Mosana**  
Spokesperson



**Magapane Makaba**  
Senior Manager:  
Risk Management



**Ntsumbedzeni Nemasisi**  
Senior Manager:  
Legal Services



**Thabang Maswi**  
Senior Manager:  
Supply Chain Management



PART

E

FINANCIAL  
INFORMATION



## PART E: FINANCIAL INFORMATION

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

#### Report on the Audit of the Financial Statements

##### Opinion

1. I have audited the financial statements of the Public Protector South Africa set out on pages 77 to 115, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Public Protector South Africa as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

##### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the constitutional institution in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 27 to the financial statements, which indicates that the constitutional institution incurred a deficit of R17 999 252 during the year ended 31 March 2018 and, as of that date the constitutional institution's current liabilities exceeded its total assets by R25 952 064. These events or conditions, along with other matters as set forth in note 27, indicate that a material uncertainty exists that may cast significant doubt on the constitutional institution's ability to continue as a going concern.

##### Responsibilities of Accounting Officer for the financial statements

8. The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP and the requirements of the 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.
9. In preparing the financial statements, the Accounting Officer is responsible for assessing the Public Protector South Africa's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Accounting Officer either intends to liquidate the constitutional institutional or to cease operations, or has no realistic alternative but to do so.

##### Auditor-general's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the Audit of the Annual Performance Report

### Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the constitutional institution. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general

Programmes	Pages in the annual performance report
Programme 2- Investigations	46 - 50
Programme 3- Stakeholder management	50 -52

notice, for the following selected programmes presented in the annual performance report of the constitutional institution for the year ended 31 March 2018:

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

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

### Programme 2 - Investigations

#### Percentage of decline in turnaround times for investigations

17. The achievement for the target of 10% decline in turnaround times for investigations received and finalised in 2017/18 financial year reported in the annual performance report was 46%. However, the supporting documentation provided did not agree to the reported achievement.

#### Percentage of cases investigated and finalised in accordance with approved service standards

18. The achievement for the target of 100% of new cases received from 1 April 2017 investigated and finalised in accordance with the revised service standard reported in the annual performance report was 79%. However, the supporting documentation provided did not agree to the reported achievement.

19. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programme:

- Programme 3 - Stakeholder management

#### Other matter

20. I draw attention to the matter below.

#### Achievement of planned targets

21. Refer to the annual performance report on pages 42 to 52 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 17 to 18 of this report.

## Report on the Audit of Compliance with Legislation

### Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the constitutional institution with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material findings on compliance with specific matters in key legislations are as follows:

### Expenditure Management

24. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R19 902 512, as disclosed in note 26 to the Annual Financial Statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure disclosed in the financial statements was caused by payments being made above the contract value as well as no procurement process being followed.
25. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R1 484 097, as disclosed in note 25 to the Annual Financial Statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by labour related matters.
26. Some payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulation 8.2.3.

### Procurement and contract Management

27. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.
28. Some of the contracts were extended or modified without the approval of a properly delegated official as required by section 44 of the PFMA and treasury regulations 8.1 and 8.2. Similar non-compliance was also reported in the prior year.
29. Some of the goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulations 16A6.1.

### Annual Financial Statements, performance and Annual Report

30. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA. Material misstatements of liabilities and disclosure items identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified opinion.

### Other Information

31. The Accounting Officer is responsible for the other information. The other information comprises the information included in the Annual Report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
32. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

## Internal Control Deficiencies

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

### Leadership

36. The Accounting Officer did not adequately implement controls to properly review and monitor compliance with legislation.

37. An action plan was developed to address external audit findings; however adherence to the plan was not adequately monitored to prevent non-compliance with legislation.

### Financial and performance management

38. Non-compliance with legislation could have been prevented had compliance been properly reviewed and monitored by management.

39. There was an inadequate review and supervision during the process of compiling the financial statements and annual performance report which resulted in material adjustments being corrected as well misstatements identified in the annual performance report.

Auditor-General

Pretoria

31 July 2018



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*





PUBLIC PROTECTOR  
SOUTH AFRICA

Accountability • Integrity • Responsiveness  
Justice • Good Governance

# Annual Financial Statements

1 April 2017-31 March 2018

Vision 2023: Taking the Services of the Public Protector to the Grassroots



# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Index

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Statement of Financial Position	2
Statement of Financial Performance	3
Statement of Changes in Net Assets	4
Cash Flow Statement	5
Statement of Comparison of Budget and Actual Amounts	6 - 7
Accounting Policies	8 - 17
Notes to the Annual Financial Statements	18 - 38

The annual financial statements set out on pages 2 to 38, which have been prepared on the going concern basis, were approved by the Public Protector of South Africa on July 31, 2018 and were signed on its behalf by:

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**Member**  
**The Public Protector**

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

### Statement of Financial Position as at March 31, 2018

Figures in Rand		Note(s)	2018	2017
<b>Assets</b>				
Current Assets				
Receivables from exchange transactions	<u>31.20</u>	5	230,840	322,493
Cash and cash equivalents	<u>32.20</u>	6	14,356,774	32,162,842
			<b>14,587,614</b>	<b>32,485,335</b>
Non-Current Assets				
Property, plant and equipment	<u>20.20</u>	3	15,275,009	7,246,122
Intangible assets	<u>23.22</u>	4	473,610	661,650
			<b>15,748,619</b>	<b>7,907,772</b>
<b>Total Assets</b>			<b>30,336,233</b>	<b>40,393,107</b>
<b>Liabilities</b>				
Current Liabilities				
Finance lease obligation	<u>25.29</u>	7	-	1,001,762
Payables from exchange transactions	<u>51.20</u>	9	35,182,684	33,031,363
Provisions	<u>52.20</u>	8	21,105,613	27,102,180
			<b>56,288,297</b>	<b>61,135,305</b>
Non-Current Liabilities				
Finance lease obligation	<u>25.29</u>	7	-	961,452
Provisions	<u>52.20</u>	8	3,635,762	2,631,006
			<b>3,635,762</b>	<b>3,592,458</b>
<b>Total Liabilities</b>			<b>59,924,059</b>	<b>64,727,763</b>
<b>Net Assets</b>			<b>(29,587,826)</b>	<b>(24,334,656)</b>
Accumulated (deficit) surplus	<u>40.24</u>		(29,587,826)	(24,334,656)

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Recoveries of Legal Fees		802,077	-
Other income	10	135,044	58,476
Finance Income	11	2,115,907	3,168,801
<b>Total revenue from exchange transactions</b>		<b>3,053,028</b>	<b>3,227,277</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies	12	316,093,000	264,108,000
Revenue - Service in Kind	13	8,067,632	7,524,392
<b>Total revenue from non-exchange transactions</b>		<b>324,160,632</b>	<b>271,632,392</b>
<b>Total revenue</b>		<b>327,213,660</b>	<b>274,859,669</b>
<b>Expenditure</b>			
Staff Costs	14	(238,926,667)	(202,513,337)
Depreciation and amortisation		(4,361,196)	(5,257,382)
Finance costs	15	(190,023)	(268,264)
Loss on disposal of assets and liabilities		(1,065,723)	(58,452)
Other Operating Expenses	17	(35,503,020)	(31,557,498)
Administrative Expenses	16	(65,166,283)	(53,812,199)
<b>Total expenditure</b>		<b>(345,212,912)</b>	<b>(293,467,132)</b>
<b>Deficit for the year</b>		<b>(17,999,252)</b>	<b>(18,607,463)</b>

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

### Statement of Changes in Net Assets

Figures in Rand	Accumulated (deficit) surplus	Total net assets
<b>Restated* Balance at 01 April 2016 as restated</b>	<b>(5,727,190)</b>	<b>(5,727,190)</b>
Changes in net assets		
Surplus (Deficit) for the year	(18,607,466)	(18,607,466)
<b>Total changes</b>	<b>(18,607,466)</b>	<b>(18,607,466)</b>
Opening balance as previously reported	(24,334,660)	(24,334,660)
Adjustments		
Other Adjustments	(183,723)	(183,723)
Prior year adjustments	12,929,809	12,929,809
<b>Restated* Balance at April 1, 2017 as restated</b>	<b>(11,588,574)</b>	<b>(11,588,574)</b>
Changes in net assets		
Surplus (Deficit) for the year	(17,999,252)	(17,999,252)
<b>Total changes</b>	<b>(17,999,252)</b>	<b>(17,999,252)</b>
<b>Balance at March 31, 2018</b>	<b>(29,587,826)</b>	<b>(29,587,826)</b>

Note(s)

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Cash Flow Statement

Figures in Rand	Note(s)	2018	2017
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		316,093,000	264,108,000
Interest income		2,115,907	3,168,801
Other receipts		1,028,774	37,796
		<b>319,237,681</b>	<b>267,314,597</b>
<b>Payments</b>			
Employee costs		(231,330,883)	(197,311,162)
Suppliers		(62,649,652)	(49,027,155)
Finance costs		(190,023)	(268,264)
Other operating expenses payments		(27,435,388)	(23,882,445)
		<b>(321,605,946)</b>	<b>(270,489,026)</b>
<b>Net cash flows from operating activities</b>	<b>18</b>	<b>(2,368,265)</b>	<b>(3,174,429)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(13,474,587)	(2,880,518)
Purchase of other intangible assets	4	-	(181,851)
<b>Net cash flows from investing activities</b>		<b>(13,474,587)</b>	<b>(3,062,369)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(1,963,215)	(106,259)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(17,806,067)</b>	<b>(6,343,057)</b>
Cash and cash equivalents at the beginning of the year		32,162,841	38,505,898
<b>Cash and cash equivalents at the end of the year</b>	<b>6</b>	<b>14,356,774</b>	<b>32,162,841</b>

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Other Income	130,000	-	<b>130,000</b>	937,121	<b>807,121</b>	
Finance Income	608,000	-	<b>608,000</b>	2,115,907	<b>1,507,907</b>	
<b>Total revenue from exchange transactions</b>	<b>738,000</b>	-	<b>738,000</b>	<b>3,053,028</b>	<b>2,315,028</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	301,093,000	15,000,000	<b>316,093,000</b>	316,093,000	-	
Revenue - Service in Kind	-	-	-	8,067,632	<b>8,067,632</b>	
<b>Total revenue from non-exchange transactions</b>	<b>301,093,000</b>	<b>15,000,000</b>	<b>316,093,000</b>	<b>324,160,632</b>	<b>8,067,632</b>	
<b>Total revenue</b>	<b>301,831,000</b>	<b>15,000,000</b>	<b>316,831,000</b>	<b>327,213,660</b>	<b>10,382,660</b>	
<b>Expenditure</b>						
Personnel	(217,081,032)	-	<b>(217,081,032)</b>	(244,260,692)	<b>(27,179,660)</b>	
Finance costs	(981,000)	-	<b>(981,000)</b>	(190,023)	<b>790,977</b>	
Goods and Services	(76,866,968)	(15,000,000)	<b>(91,866,968)</b>	(100,138,979)	<b>(8,272,011)</b>	
<b>Total expenditure</b>	<b>(294,929,000)</b>	<b>(15,000,000)</b>	<b>(309,929,000)</b>	<b>(344,589,694)</b>	<b>(34,660,694)</b>	
<b>Operating deficit</b>	<b>6,902,000</b>	-	<b>6,902,000</b>	<b>(17,376,034)</b>	<b>(24,278,034)</b>	
Tangible and intangible assets	(6,902,000)	-	<b>(6,902,000)</b>	(13,474,587)	<b>(6,572,587)</b>	
<b>Deficit before taxation</b>	-	-	-	<b>(30,850,621)</b>	<b>(30,850,621)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	-	-	-	<b>(30,850,621)</b>	<b>(30,850,621)</b>	

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Reconciliation</b>						
<b>Basis difference</b>						
Finance Lease Payments				1,963,214		
Provisions Movements				4,991,812		9
Depreciation and amortisation				(4,361,196)		3
<b>Timing difference</b>						
Payables Movement				(2,151,325)		8
Tangible and Intangible assets				13,474,587		
Loss on disposal of assets and liabilities				(1,065,723)		
<b>Actual Amount in the Statement of Financial Performance</b>				<b>(17,999,252)</b>		

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

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 Significant judgements and sources of estimation uncertainty

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement 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 judgements include: bonus provision, leave provision, useful lives and depreciation methods and asset impairment.

#### Leave and bonus provision

The liability for accumulated leave and bonus provision 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.

#### 1.4 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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

### 1.4 Property, plant and equipment (continued)

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.

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.

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

Item	Depreciation method	Average useful life
Furniture and Fixtures	Straight line	5 - 16 years
Motor Vehicles	Straight line	
• Owned vehicles		5 years
• Leased vehicles		Over lease term
Office Equipment	Straight line	
• Owned office equipment		5 - 8 years
• Leased office equipment		Over lease term
Computer equipment	Straight line	4 - 8 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Assets held under finance lease 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, and 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 charge 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 asset.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are de-recognised 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 de-recognition of an item of property, plant and equipment is included in surplus or deficit when the item is de-recognised. The gain or loss arising from the de-recognition 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.

### 1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

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.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

### 1.5 Intangible assets (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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. 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 reporting date.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	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 arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.6 Financial instruments

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - 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:

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

#### 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.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the constitutional institution becomes a party to the contractual provisions of the instrument.

#### Initial measurement of financial assets and financial liabilities

The constitutional institution measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

#### Subsequent measurement of financial assets and financial liabilities

##### Receivables from exchange transactions

Receivables from exchange transactions are stated at their 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.

##### Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit

##### Impairment and uncollectability 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 had been impaired. For amounts due to the entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default on 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.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Derecognition

##### Financial assets

The constitutional institution derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the institution transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the institution, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the institution:
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

##### Financial Liabilities

The institution removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, 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 substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amount is recognised in the surplus or deficit for the year.

### 1.7 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.

#### 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 Lease. Assets held under finance lease 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.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability. Finance charges are charged directly to the Statement of Financial Performance.

Any contingent rents are expensed in the period 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 lease term.

### 1.8 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.8 Impairment of cash-generating assets (continued)

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

### 1.9 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-oriented entity, it generates a commercial return.

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential 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 assets 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 asset 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 this 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, 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 asset is carried at a re-valued amount under another standard, in this case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.10 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 the 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.

### 1.11 Key Management Personnel

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

### 1.12 Employee benefits

Employee benefits are all forms of consideration given by an institution 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.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences are due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the institution recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The institution measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the institution has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

#### 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 her office. The gratuity calculation is based on the basic salary and period of office. The provision raised in the Annual Financial Statements is the actual amount that is payable to the Public Protector on vacation of her office.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.12 Employee benefits (continued)

#### 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. The institutions' 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 charged against income as and when they are incurred.

### 1.13 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

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 Liabilities

A 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 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 should be 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.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.15 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 (primarily in the form of goods, services or use of assets) to the other party 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.

### 1.16 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 the Public Protector South Africa but the rental is paid by the Department of Public Works and is 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.

### 1.17 Finance Cost

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.18 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense. 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.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Accounting Policies

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### 1.21 Irregular expenditure

Irregular expenditure is an 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 recoverable or written off as irrecoverable.

### 1.22 Surplus or deficit

Income, expenditure, gains and losses are recognised 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.

### 1.23 Budget information

The constitutional institution prepares its annual budget on a cash basis in accordance with the Public Financial Management Act and the National Treasury Medium Term Expenditure Framework guidelines that are 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 statement.

### 1.24 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 operational decisions, or if the related party entity and another entity are subject to common control. This includes:

- (a) Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the PPSA
- (b) Individuals owning, directly or indirectly, an interest in the PPSA that gives them significant influence, and close members of the family of any individual;
- (c) Key management personnel, and close members of the family of key management personnel, and
- (d) 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.

### 1.25 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.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 2. New standards and interpretations

#### 2.1 Standards and Interpretations early adopted

The entity has chosen to early adopt the following standards and interpretations:

- GRAP 20: Related parties April 1, 2018
- GRAP 17 (as amended 2016): Property, Plant and Equipment April 1, 2018

#### 2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after April 1, 2018 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 110 Living and non-living resources	April 1, 2020	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	April 1, 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	April 1, 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	April 1, 2019	Unlikely there will be a material impact
• IGRAP 19: Liabilities to pay Levies	April 1, 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	April 1, 2019	Unlikely there will be a material impact
• GRAP 21 (as amended 2016): Impairment of non-cash-generating assets	April 1, 2018	Unlikely there will be a material impact
• GRAP 26 (as amended 2016): Impairment of cash-generating assets	April 1, 2018	Unlikely there will be a material impact

#### 2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after April 1, 2018 or later periods but are not relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 34: Separate Financial Statements	Not yet effective	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	Not yet effective	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	Not yet effective	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	Not yet effective	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	Not yet effective	Unlikely there will be a material impact
• IGRAP 17: Service Concession arrangements where a Grantors Controls a sufficient residual interest in an Asset	Not yet effective	Unlikely there will be a material impact

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 3. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	9,842,849	(7,747,608)	2,095,241	8,669,401	(7,401,097)	1,268,304
Motor vehicles	1,346,229	(388,045)	958,184	5,416,021	(3,560,195)	1,855,826
Office equipment	6,576,997	(4,868,108)	1,708,889	6,309,506	(4,215,270)	2,094,236
IT equipment	24,307,796	(13,795,101)	10,512,695	13,930,619	(11,902,863)	2,027,756
<b>Total</b>	<b>42,073,871</b>	<b>(26,798,862)</b>	<b>15,275,009</b>	<b>34,325,547</b>	<b>(27,079,425)</b>	<b>7,246,122</b>

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

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1,268,304	1,199,768	(737)	(372,094)	2,095,241
Motor vehicles	1,855,826	1,315,566	(1,160,051)	(1,053,157)	958,184
Office equipment	2,094,236	409,985	(3,874)	(791,458)	1,708,889
IT equipment	2,027,756	10,549,268	(107,882)	(1,956,447)	10,512,695
	<b>7,246,122</b>	<b>13,474,587</b>	<b>(1,272,544)</b>	<b>(4,173,156)</b>	<b>15,275,009</b>

#### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1,801,090	87,106	(5,510)	(614,382)	1,268,304
Motor vehicles	1,949,102	908,289	(27,632)	(973,933)	1,855,826
Office equipment	2,698,519	457,507	(10,483)	(1,051,307)	2,094,236
IT equipment	3,087,578	1,427,614	(14,827)	(2,472,609)	2,027,756
	<b>9,536,289</b>	<b>2,880,516</b>	<b>(58,452)</b>	<b>(5,112,231)</b>	<b>7,246,122</b>

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>3. Property, plant and equipment (continued)</b>		
<b>Assets subject to finance lease (Net carrying amount)</b>		
Motor vehicles	-	1,752,098
Office equipment	-	484,006
	-	<b>2,236,104</b>

#### Re-assessment of useful lives

#### 4. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,141,982	(668,372)	473,610	1,141,982	(480,332)	661,650

#### Reconciliation of intangible assets - 2018

	Opening balance	Amortisation	Total
Computer software	661,650	(188,040)	473,610

#### Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	624,949	181,851	(145,150)	661,650

#### 5. Receivables from exchange transactions

Other receivables	131,408	91,464
Interest receivable	99,432	231,029
	<b>230,840</b>	<b>322,493</b>

#### 6. 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 of the following amounts in the statement of financial position.

Cash on hand	16,789	12,889
Bank balances	14,339,985	32,149,953
	<b>14,356,774</b>	<b>32,162,842</b>

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>7. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	-	1,188,352
- in second to fifth year inclusive	-	1,132,436
	-	2,320,788
less: future finance charges	-	(357,573)
<b>Present value of minimum lease payments</b>	-	<b>1,963,215</b>
<b>Present value of minimum lease payments due</b>		
- within one year	-	1,001,762
- in second to fifth year inclusive	-	961,452
	-	<b>1,963,214</b>
Non-current liabilities	-	961,452
Current liabilities	-	1,001,762
	-	<b>1,963,214</b>

The constitutional institution leased motor vehicles and photocopiers during the current financial year. The leases have expired during the course of the current financial year and have not been renewed.

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

### Notes to the Annual Financial Statements

Figures in Rand			2018	2017		
<b>8. Provisions</b>						
<b>Reconciliation of provisions - 2018</b>						
	<b>Opening Balance</b>	<b>Additions</b>	<b>Utilised during the year</b>	<b>Reversed during the year</b>	<b>Reclassified to accruals</b>	<b>Total</b>
Gratuity	2,631,006	1,004,756	-	-	-	3,635,762
Accumulated leave	13,901,054	2,743,360	(3,288,938)	-	-	13,355,476
Performance awards	12,929,809	7,750,137	(1,532,912)	(11,396,897)	-	7,750,137
Provision - Levies	271,318	188,295	(148,094)	-	(311,519)	-
	<b>29,733,187</b>	<b>11,686,548</b>	<b>(4,969,944)</b>	<b>(11,396,897)</b>	<b>(311,519)</b>	<b>24,741,375</b>
<b>Reconciliation of provisions - 2017</b>						
		<b>Opening Balance</b>	<b>Additions</b>	<b>Utilised during the year</b>		<b>Total</b>
Accumulated leave		12,800,278	3,603,597	(2,502,822)		13,901,053
Performance awards		6,241,484	9,585,647	(2,897,322)		12,929,809
Provision - Levies		-	271,318	-		271,318
Gratuity		7,182,346	3,052,121	(7,603,461)		2,631,006
		<b>26,224,108</b>	<b>16,512,683</b>	<b>(13,003,605)</b>		<b>29,733,186</b>
Non-current liabilities				3,635,762		2,631,006
Current liabilities				21,105,613		27,102,180
				<b>24,741,375</b>		<b>29,733,186</b>

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 (7) years. The current Public Protector's term will officially end in 2023.

The accumulated leave provision relates to the employer's present obligation as a result of leave days which were not utilised by the employees 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 June of each year.

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 end. A provision is made for performance incentives at the end of the financial year.

The Public Protector South Africa contributes to the compensation fund (COIDA levies). The levies are paid on an annual basis to the Department of Labour. The Department of Labour conducts an assessment based on the number of employees and the total salary costs for PPSA and determines the amount payable. The assessment is normally completed and issued after the financial year end. The assessment for the current year was completed before the annual financial statements were issued and thus constitutes an adjusting event subsequent to year end. The current year COIDA levies have therefore been reclassified under accruals as at year end.

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>9. Payables from exchange transactions</b>		
Trade payables	6,001,990	6,974,395
Deferred operating lease	1,386,722	850,395
Salaries and allowances	461,329	1,441,906
Accrued service bonus	5,781,918	5,143,554
Creditors accruals	6,503,048	4,598,579
Accrued operating leases	14,736,158	14,022,534
COIDA Levies Accrual	311,519	-
	<b>35,182,684</b>	<b>33,031,363</b>
<b>10. Other income</b>		
Other income	31,008	5,000
Parking and access cards	44,340	37,290
Pension - Sanlam	14,680	1,200
Recoveries of bursaries	45,016	14,986
	<b>135,044</b>	<b>58,476</b>
<b>11. Finance Income</b>		
<b>Finance income</b>		
Finance Income	2,115,907	3,168,801
<b>12. Revenue from non-exchange transactions</b>		
<b>Operating transfers</b>		
Government transfers	316,093,000	264,108,000
<b>13. Revenue from non-exchange transactions</b>		
Services in kind	8,067,632	7,524,392
<p>The institution has recognised services in kind related to the office accommodation in Hillcrest. The Department of Public Works has entered into a lease agreement on behalf of the institution and paid for the rentals on its behalf.</p>		
<b>14. Staff cost</b>		
Basic	159,914,524	131,550,967
Performance Awards	9,283,049	6,688,325
Medical aid - company contributions	5,619,903	5,427,255
UIF	638,215	1,123,584
Cell phone allowance	3,003,657	2,677,471
Medical aid allowance	744,207	891,129
Employer contribution: pension GPEF	19,488,910	15,160,569
Travel allowances	2,353,623	2,436,241
Service bonus	11,584,006	9,711,249
Acting allowance	1,026,264	1,070,604
Housing benefits and allowances	5,874,013	5,204,354
Gratuity	1,043,956	3,067,921
Pension allowances	2,851,219	2,340,832
Non-pensionable allowances	13,516,090	11,631,823
Leave days discounting	169,287	2,075,024
Other staff allowances	1,815,744	1,455,989
	<b>238,926,667</b>	<b>202,513,337</b>

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>15. Finance costs</b>		
Finance cost under finance lease obligation	190,023	268,264
<b>16. Administration expenses</b>		
Auditors remuneration	3,773,712	3,564,640
Bank charges	101,268	97,602
Cleaning	2,524,602	2,186,890
Consulting and professional fees	24,485,704	13,020,511
Donations	15,000	-
Entertainment	1,309,063	1,354,513
Information Technology	13,941,622	11,357,460
Marketing	574,777	1,370,414
Fuel and oil	390,350	870,682
Subscriptions and membership fees	39,587	47,172
Travel - local	7,430,503	7,335,536
Travel - overseas	62,078	2,158,592
Municipal services	3,856,672	4,706,747
Communication	2,364,603	1,999,722
General and administrative expenses	4,296,742	3,741,718
	<b>65,166,283</b>	<b>53,812,199</b>
<b>17. Other operating expenses</b>		
Communication Costs	330,345	158,340
Copy Charges- photocopiers	295,316	150,960
Other Operating Costs	1,702,282	1,821,169
Printing and Publications	1,520,688	826,593
Rental- Office Buildings	14,277,344	13,772,372
Rental Expense: Service in Kind	8,067,632	7,524,392
Rental and lease maintenance costs- motor vehicles	4,036,946	4,059,765
Staff training and development	2,170,694	1,346,639
Stationery	3,101,773	1,746,608
Trade- Receivables - Impairment Loss	-	150,660
	<b>35,503,020</b>	<b>31,557,498</b>
<b>18. Cash used in operations</b>		
Deficit	(17,999,252)	(18,607,462)
<b>Adjustments for:</b>		
Depreciation and amortisation	4,361,196	5,257,382
Gain on sale of assets and liabilities	1,065,723	58,452
Movements in provisions	(4,720,494)	3,509,083
Reversal of performance bonus provision	12,929,809	-
<b>Changes in working capital:</b>		
Receivables from exchange transactions	91,653	129,979
Payables from exchange transactions	1,903,100	6,478,137
	<b>(2,368,265)</b>	<b>(3,174,429)</b>

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>19. Commitments</b>		
<b>Authorised operational expenditure</b>		
<b>Approved and contracted</b>		
• Contracted services	5,423,409	4,330,667
• Procurement of goods	193,573	647,189
	<b>5,616,982</b>	<b>4,977,856</b>
<b>Approved but not yet contracted</b>		
• Approved services but not yet contracted	5,573,827	358,074
<b>Total operational commitments</b>		
Approved and contracted	5,616,982	4,977,856
Approved but not yet contracted	5,573,827	358,074
	<b>11,190,809</b>	<b>5,335,930</b>

Committed expenditure relates to cleaning services and internal audit services. These will be financed by available cash. PPSA is finalising a new contract for the rental of photocopy machines via the RTS3 transversal contract with National Treasury. The contract value over the 3 - year term is R 2 241 361. PPSA has a commitment to Microsoft in relation to an audit performed by Microsoft on the current usage of Microsoft licences. The total amount for the true-up payment is R 3 332 465.

#### Operating leases - as lessee (expense)

<b>Minimum lease payments due</b>		
- within one year	11,255,747	12,686,033
- in second to fifth year inclusive	10,169,818	21,192,082
	<b>21,425,565</b>	<b>33,878,115</b>

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

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

### Notes to the Annual Financial Statements

Figures in Rand

2018

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#### 20. Contingent Liabilities

In a matter between the South African Reserve Bank v Public Protector South Africa and Others, the court ordered, on 15 August 2017, the Public Protector pay the costs of the application up to and including the filing of her answering affidavit, such costs to include the costs of employing two counsel. We have not received the bill of costs in this matter and therefore, we are unable to estimate the legal costs payable.

In the review case between ABSA Bank Limited v Public Protector South Africa and Others, the court ordered, on 16 February 2018, the Public Protector South Africa

(a) to pay the costs of ABSA, on an attorney and client scale, including the costs of three counsel

(b) to pay 85% of the costs of the South African Reserve Bank on an attorney and client scale, including the costs of three counsel

Please note that we have not received the bill of costs from either ABSA or SARB and therefore we are unable to estimate the legal costs payable.

The Public Protector South Africa received summons from Nkadimeng Attorney's for services rendered between 2012 and 2015. The amount of R 888 315 is being negotiated with the attorneys. A final settlement amount has not been reached.

Four legal firms have lodged claims against the Public Protector South Africa in relation to outsourced investigations conducted on behalf of Public Protector South Africa in prior years. An amount of R 865 110 is the subject of the disputes and claims made. There is an ongoing process to negotiate and reach a settlement with the said legal firms. The outcome of such negotiations cannot yet be determined at this stage.

Public Protector South Africa has 3 employee dispute cases. One such case has been lodged at the Commission for Conciliation, Mediation and Arbitration (CCMA). The outcome of the cases cannot at this stage be determined as the cases have not yet been finalised.

At the conclusion of the current financial year, Public Protector South Africa has a balance of cash and cash equivalents of R 14 356 774. Upon completion of the 2017/18 audit process, management will lodge an application for the retention of funds with National Treasury. A contingent liability therefore exists in relation to the retention of surplus funds for the 2017/18 financial year.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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### 21. Related parties

#### Relationships

Funds Transferring Department:

Department of Justice and Constitutional Development

Other Entities within the Justice Portfolio:

Legal Aid Board  
 Guardian's Fund  
 President's Fund  
 Special Investigating Unit  
 The Human Right Commission  
 Criminal Asset Recovery Account  
 Third Party Funds  
 Office of the Chief Justice  
 Department of Correctional Services  
 National Prosecuting Authority  
 Rules Board for Courts of Law  
 South African Board of Sheriffs  
 South African Law Reform Commission (SALRC)  
 Council of Debt Collectors  
 Refer to detail disclosure below

Members of key management

#### Key management information

Class	Description	Number
Executive Authority	The Public Protector of South Africa	1
Executive Authority	The Deputy Public Protector of South Africa	1
Executive management	Executive Managers within the PPSA	5

#### Key Management Personnel Remuneration

#### Key Management Personnel Information

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 21. Related parties (continued)

2018

Name	Basic Salary	Pension	Travel Allowance	Medial aid allowance	Non-pensionable allowance	Other allowance	Service bonus	Gratuity	Leave pay	Total
Public Protector - Adv BJ Mkhwebane	1,570,115	-	-	-	603,355	77,700	-	1,004,756	-	3,255,926
Deputy Public Protector - Adv KS Malunga	980,699	-	-	-	653,800	-	-	-	-	1,634,499
Chief Executive Officer - TCC Dlamini *	831,318	124,698	-	-	356,739	20,341	77,795	-	70,291	1,481,182
Chief Financial Officer - K Kaposi **	310,033	46,505	62,500	-	-	1,053,358	-	-	-	1,472,396
Executive Manager- GGI Adv CH Fourie	1,136,210	170,430	147,502	57,600	12,763	31,788	94,683	-	-	1,650,976
Executive Manager- AJSD PR Mogaladi	1,039,112	155,867	72,000	-	17,699	140,232	86,593	-	-	1,511,503
Executive Manager- PII Adv LR Ndou	1,054,694	158,204	-	25,752	51,310	154,945	81,912	-	-	1,526,817
Executive Manager- CSM - FN Motsitsi ***	962,531	125,129	54,000	-	98,546	154,328	6,826	-	-	1,401,360
Acting Chief of Staff - L Molelekoa	-	-	-	-	-	271,292	-	-	-	271,292
Acting Executive Manager - CSM - LR Sekele	-	-	-	-	-	18,706	-	-	-	18,706
Acting Executive Manager- PII - SD Mothupi	-	-	-	-	-	19,027	-	-	-	19,027
Acting Executive Manager- CSM -O Segalwe	-	-	-	-	-	39,144	-	-	-	39,144
	<b>7,884,712</b>	<b>780,833</b>	<b>336,002</b>	<b>83,352</b>	<b>1,794,212</b>	<b>1,980,861</b>	<b>347,809</b>	<b>1,004,756</b>	<b>70,291</b>	<b>14,282,828</b>

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand

### 21. Related parties (continued)

2017

Name	Basic Salary	Pension	Travel Allowance	Medical aid allowance	Non-pensionable allowance	Other allowances	Service bonus	Gratuity	Leave pay	Total
Public Protector Adv BJ Mkhwebane	744,776	-	-	-	276,538	35,613	-	2,631,006	-	3,687,933
Former Public Protector - Adv TN Madonsela	910,705	-	-	-	349,961	41,793	-	421,115	-	1,723,574
Deputy Public Protector - Adv KS Malunga	919,552	-	-	-	611,084	-	-	-	-	1,530,636
Chief Executive Officer - TCC Dlamini	95,175	14,276	-	-	41,243	2,500	-	-	-	153,194
Former Chief Executive Officer - LB Zondo	307,157	-	-	-	204,771	-	-	-	23,466	535,394
Former Chief Executive Officer - M Du Toit	82,831	10,768	5,000	-	36,050	566,206	34,513	-	119,259	854,627
Chief Financial Officer - K Kaposha	748,615	112,292	150,000	-	5,469	254,475	-	-	45,775	1,316,626
Chief of Staff: B Dhlamini****	511,044	28,746	-	-	99,015	683,805	-	-	84,591	1,407,201
Acting Chief of Staff: L Molelekoa*****	-	-	-	-	-	54,147	-	-	-	54,147
Executive Manager- GGI Adv CH Fourie	737,554	110,633	253,603	59,335	5,389	314,219	61,090	-	-	1,541,823
Executive Manager- AJSD PR Mogaladi	664,552	98,273	72,000	-	35,264	485,888	55,044	-	-	1,411,021
Executive Manager- PII Adv LR Ndou	694,908	104,236	-	51,504	82,293	648,766	57,558	-	42,491	1,681,756
Former Executive Manager- CSM- MM Kula	109,013	14,172	-	-	60,774	3,860	27,253	-	76,186	291,258
Acting Executive Manager- PII - SD Mothupi	-	-	-	-	-	50,336	-	-	-	50,336
Acting Executive Manager - CSM - LR Sekele	-	-	-	-	-	32,736	-	-	-	32,736



# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

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### 21. Related parties (continued)

Acting Executive Manager - CSM	-	-	-	-	-	6,132	-	-	-	6,132
	<b>6,525,882</b>	<b>493,396</b>	<b>480,603</b>	<b>110,839</b>	<b>1,807,851</b>	<b>3,180,476</b>	<b>235,458</b>	<b>3,052,121</b>	<b>391,768</b>	<b>16,278,394</b>

\* TC Dlamini resigned in December 2017.

\*\* K Kaposo reached a settlement with PPSA in June 2017 and his employment was terminated.

\*\*\* FN Motsitsi was appointed to Act in the position of Chief Executive Officer from December 2017.

\*\*\*\* B Dlamini resigned during the course of the 2016/17 financial year and Ms L Molelekoa was appointed to Act in the Position of Chief of Staff. The prior year financial statement disclosure notes did not include the amounts paid for the Chief of Staff.

### 22. Change in estimate

#### Property, plant and equipment

The useful lives of furniture and fittings, office equipment and computer equipment was re-evaluated. In the current period management have revised their estimate to reflect the remaining period of use by the Public Protector South Africa for the classes of assets. The effect of this revision has increased the depreciation charges for the current and future periods by R 417 429.59 in total for all asset classes.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

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### 23. Risk management

#### Liquidity risk

The Public Protector South Africa is exposed to liquidity risk as it is dependent on the transfer and grants received from the Department of Justice and Constitutional Development. 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.

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

<b>Contractual undiscounted liabilities</b>	Payable in less than 3 months	Payable in 3 - 12 months	Payable after 1 year	Total
Payables from exchange transactions	20,446,526	-	-	20,446,526
Operating leases	14,736,158	-	-	14,736,158
	<b>35,182,684</b>	-	-	<b>35,182,684</b>

<b>Contractual undiscounted liabilities - 31 March 2017</b>	Payable in less than 3 months	Payable in 3- 12 months	Payable after 1 year	Total
Payables from exchange transactions	19,008,825	-	-	19,008,825
Operating leases	14,022,534	-	-	14,022,534
Finance lease liability	260,784	740,798	961,452	1,963,034
	<b>33,292,143</b>	<b>740,798</b>	<b>961,452</b>	<b>34,994,393</b>

#### 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 South Africa's credit risk is primarily attributable to its receivables. However, the risk is minimal as the Public Protector South Africa'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 South Africa'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 of cash and cash equivalents, the Public Protector South Africa'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.

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

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#### 23. Risk management (continued)

##### Interest rate risk

The Public Protector South Africa is exposed to cash flow interest rate risk arising from cash on hand at commercial banks with 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.

The Public Protector South Africa's exposure to market risk (in the form of interest rate 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 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 obligations within 30 days and interest on outstanding debts is charged monthly using the applicable interest rates.

##### Foreign exchange risk

The Public Protector South Africa's exposure to foreign exchange risk is limited to the payment of Microsoft licence fees and international membership fees, the transaction volume is minimal. The foreign exchange risk is related to the fluctuation of the Rand and Dollar/Euro purchase rates.

The entity reviews its foreign currency exposure, including commitments on an ongoing basis. The entity expects its foreign exchange contracts to hedge foreign exchange exposure.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand 2018 2017

### 23. Risk management (continued)

#### 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 fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

#### (i) Cash and cash equivalents

The carrying amount of trade receivables 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 its financial asset.

#### (iii) Payables from exchange transactions

The carrying amount of trade payables approximates fair value.

<b>31 March 2018</b>	Financial assets	Financial liabilities	Total carrying amount	
Receivables from exchange transactions	230,840	-	230,840	-
Cash and cash equivalents	14,356,774	-	14,356,774	-
Trade and other payables	-	(20,446,526)	(20,446,526)	-
Operating leases	-	(14,736,158)	(14,736,158)	-
	<b>14,587,614</b>	<b>(35,182,684)</b>	<b>(20,595,070)</b>	-
<hr/>				
<b>31 March 2017</b>	Financial assets	Financial liabilities	Total carrying amount	
Receivables from exchange transactions	322,493	-	322,493	-
Cash and cash equivalents	32,162,842	-	32,162,842	-
Trade and other payables	-	(19,008,825)	(19,008,825)	-
Operating leases	-	(14,022,534)	(14,022,534)	-
	<b>32,485,335</b>	<b>(33,031,359)</b>	<b>(546,024)</b>	-

### 24. Events after the reporting date

There are no significant events after the reporting date that require disclosure in these annual financial statements.

## Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

### Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>25. Fruitless and wasteful expenditure</b>		
Fruitless and wasteful expenditure opening balance	1,373,067	30,964
Vernitos - Settlement of legal costs plus interest 2015/16	-	59,429
Labour Related Matters - Settlements	1,256,744	1,269,428
Encha Properties - Interest charged for late payment	-	5,735
Property Management (DPW) - rental overpayment	-	7,511
SARS Interest and penalties	151,492	-
Redefine - Interest on overdue account	10,967	-
Phakisa World -Accident Access	12,736	-
Duma Travel - Booking Cancellations	52,353	-
Telkom - Interest on overdue account	7,316	-
DWP -Amount recovered from Property Management -rental overpayment	(7,511)	-
	<b>2,857,164</b>	<b>1,373,067</b>

**(i) Employee Settlements and CCMA cases**

Settlement awards were paid to Kennedy Kaposo and Bonginkosi Dhlamini as a result of a mutual separation agreement and CCMA award. Kennedy Kaposo received a settlement of R 945 132 and an award of R 311 612 was made in favour of Bonginkosi Dhlamini at the CCMA.

**(ii) Redefine Properties**

The Public Protector South Africa was charged interest by Redefine Properties for the late payment of the account.

**(iii) South African Revenue Services**

Interest and penalties were charged by SARS in relation to a short payment made on the UIF.

**(iv) Duma Travel**

The Public Protector South Africa issued a purchase order for an international trip which covered accommodation for two Public Protector South Africa officials. The trip was later cancelled after the bookings were finalised.

**(v) Telkom**

Interest charged on an overdue account.

**(vi) Property Management (DPW)**

The Public Protector South Africa was erroneously billed an amount of R 7 511 over and above the actual rental for the Bloemfontein Office. DPW has since issued Public Protector South Africa with a credit note, hence the reversal of the previously disclosed fruitless and wasteful expenditure.

**(vii) Phakisa World**

Public Protector South Africa incurred accident excess costs when two pool vehicles were involved in car accidents during the financial year.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>26. Irregular expenditure</b>		
Opening balance	22,892,099	10,631,143
Prior year irregular expenditure identified in the current year:		
Outsourced investigations: No SCM process followed	-	50,331
Litigations: Payments made above contract value of R 500 000	-	1,389,484
Leasing of Office Buildings (Head Office): Goods and services with a transactional value of more than R 500 000 not procured through a competitive bidding process	846,212	-
Leasing of Office Building (Kuruman Regional Office): Tax non-compliance	1,027,280	-
Cleaning Services (Limpopo Regional Office): Good and services with a transaction value of more than R 500 000 not procured through a competitive bidding process	210,000	-
Add: Irregular Expenditure - current year		
Consultations: Transcribers	-	63,240
Litigation: Payments made above the contract value of R 500000	8,577,182	6,251,529
Outsourced Investigations: No SCM process followed	-	-
Travel Agency Services: Payments made above contract value	3,881,963	3,753,464
Off-site storage facilities: Payments made above contract value	82,284	106,759
Southern Sun gala dinner - No SCM process followed	-	75,046
Security guarding services - No 3 quotations obtained	60,120	119,676
Advertising and Printing - Scope extension above 15 % threshold	28,266	205,337
Training: No SCM process followed	-	240,000
Advertising and Distribution: Payments made above contract value	-	6,090
Emergency services: Engagement with service provider without approval	2,707	-
Catering services: Scope extension without approval	2,907	-
Transportation services: Appointment without approval	26,400	-
Gardening services: No 3 quotations obtained	7,000	-
Cleaning services: extension of contract exceeding 15% order variation	17,730	-
Quality Survey Consultant: Scope Variation without approval	18,601	-
Venue Booking: contract value exceeded	2,300	-
Office Relocation: No 3 quotes obtained	38,638	-
Sage VIP Consultant: Service provider engaged without approval	17,610	-
Furniture and Fittings- non compliant SCM process	381,672	-
Security Services- scope extension without approval	33,027	-
Printing and Publications- No three quotes obtained	35,308	-
Leasing of Office Building (Kuruman Regional Office): Tax non-compliant	142,758	-
Leasing of Office Building (Head Office): Goods and services with a transactional value of more than R 500 000 not procured though a competitive bidding process	4,252,547	-
Cleaning Services (Limpopo Regional Office): Goods and services with a transactional value of more than R 500 000 not procured through a competitive bidding process	210,000	-
	<b>42,794,611</b>	<b>22,892,099</b>

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand

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### 26. Irregular expenditure (continued)

#### Payments to service providers above the contract value

(i) During the current financial year the Public Protector South Africa made payments to firms of attorneys in relation to review cases in which they represent the Public Protector South Africa in various courts of law. The Public Protector South Africa has made payments above R 500 000 to such firms without inviting competitive bids as per National Treasury Practice Note no. 8 of 2007/2008. Such payments have also exceeded the original amounts contracted with the firms.

(ii) The Public Protector South Africa contracted with Duma Travel for travel and related services. The contract of R 8 million commenced on 01 January 2006. Public Protector South Africa has made payments to Duma Travel in excess of the original contract amount without the necessary prior approval.

(iii) Docufile was appointed by the Public Protector South Africa for off-site storage facilities. The contract with Docufile was subsequently extended without obtaining prior approval, additional payments were made above the original contract value without approval.

(iv) Manjegithungiwe Pty Ltd was appointed to provide transportation at Mkhambathini, the final quoted amount on which the service provider was appointed was in excess of the original quote of R 10 000, the variation from the original quotation was not approved.

(v) Lepro Corporation CC provides cleaning services for PPSA offices, their contract was extended without approval.

(vi) Delta Built Environment Consultants provided quality survey services for the PPSA, the scope of the contract was extended by more than 15 % without approval.

(vii) Sage VIP was engaged without prior approval.

(viii) Tshwane Emergency Services were engaged without prior approval.

(ix) The contract for security services at Head Office was extended without obtaining approval.

#### Appointment without following a competitive bidding process

(i) Fidelity Security Services was appointed without obtaining three (3) quotations.

(ii) The Public Protector South Africa appointed and paid 3G Relocation and Transport to relocate staff members from Egret to Falcon Building without obtaining the required three (3) quotations.

(iii) A gardening services company was appointed without obtaining three (3) quotations.

(iv) A cleaning service provider was appointed for the Limpopo Regional Office where the transaction value exceeded R 500 000, however no competitive bidding process was followed in appointing the service provider.

(v) Additional office space was procured at the Head Office in Pretoria without following a competitive bidding process.

(vi) Evaluation criteria were changed during the bid evaluation for the procurement of furniture.

#### Tax non-compliant service provider

(i) SF Pienaar leases office space to the Public Protector South Africa Kuruman office, the service provider has not cleared his tax matters with SARS and continues to be non-compliant with SARS. Payments have been made to the non-compliant vendor.

PPSA is investigating the above cases and the necessary steps are being taken against the responsible officials.

#### Analysis of expenditure awaiting condonation per age classification

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

Figures in Rand	2018	2017
<b>26. Irregular expenditure (continued)</b>		
Current year	19,902,512	12,260,956
Prior years	22,892,099	10,631,143
	<b>42,794,611</b>	<b>22,892,099</b>

### 27. Funding of operations

The Public Protector South Africa has an accumulated deficit of R 29 587 826 (accumulated deficit - 31 March 2017: R 24 334 653). The deficit reported for the current financial year is R 17 999 252 (deficit - 31 March 2017: R 18 607 463). Public Protector South Africa will continue with its austerity measures to minimise its spend and to remain within the set budget to avoid an increase in its reported deficit in the 2018/19 financial year and over the MTEF. Current liabilities exceed current assets by R 41 700 683. The financial statements have been prepared on a going concern basis as the institution is a constitutional institution and will continue to operate for the foreseeable future. Public Protector South Africa is funded by government. Funds continue to be allocated to the Public Protector South Africa by National Treasury via the Department of Justice and Constitutional Development vote.

### 28. Budget differences

#### Material differences between budget and actual amounts

##### Finance income

Finance income relates to interest received from the bank for positive balances maintained during the reporting period. At the beginning of the financial year, Public Protector South Africa had a cash balance of R 32 162 842 which was the prior year funds retained. Interest was earned on the remaining balance of these funds. As at 31 March 2018 Public Protector South Africa has a positive bank balance of R 14 356 774.

##### Other income

Recoveries of legal fees in relation to cases awarded in favour of the Public Protector South Africa were received during the financial year.

##### Government grants and subsidies

During the month of March 2018, Public Protector South Africa received an additional transfer of R 15 000 000 from the Department of Justice and Constitutional Development. The funds were used to settle all outstanding invoices which remained outstanding as at the end of the financial year.

##### Personnel costs

As at 31 March 2018 Public Protector South Africa had spent R 238 926 667 on personnel costs from an initial budget of R 217 081 032. The overspending of R 21 845 635 was as a result of the implementation and re-alignment for salaries of investigators and senior investigators to the occupational specific dispensation (OSD) framework.

##### Finance costs

The actual finance costs paid were below the budgeted amount. This is due to lease contracts which have expired and have not been renewed as at the end of the financial year.

##### Goods and Services

The overspending on goods and services is due to increased expenditure on payments for legal services, information technology for data and network lines, travel and subsistence, leases on motor vehicles and rental on office buildings.

##### Capital expenditure

During the reporting period Public Protector South Africa made investments in its capital infrastructure to the value of R 13 474 587 through the procurement of furniture and fixtures (R 1 199 768), motor vehicles (R 1 315 566), office equipment (R 409 985) and computer equipment (R 10 549 268).

#### Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting basis 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 2017 to 31 March 2018.

# Public Protector South Africa

Annual Financial Statements for the year ended March 31, 2018

## Notes to the Annual Financial Statements

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### 28. Budget differences (continued)

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.







PUBLIC PROTECTOR  
SOUTH AFRICA

Accountability • Integrity • Responsiveness  
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