

2019

Small efficiency gains translate into BIG savings!

Review of the effectiveness of cost-containment policy in the Free State

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Summary

This report is a broad review of the effectiveness of cost-containment policy in the Free State province, it aims at reviewing the efficiency in expenditure since the introduction of cost containment measures in the province, most importantly, is it an exercise to check if there has been any savings derived from implementation these measures.

The implementation of cost containment measures by all departments and public entities remains a key strategy in unlocking funds from non-core items that have little or no material impact on service delivery. The report recommends that the province must revisit the budget for the CCM items given that they are based on the inflated figures from 2017/18. Thus the province would have saved over R300 million in these CCM Items if it did not increasing the budget on these over the MTEF by 8 percent but 2015/16 budget be repeated in 2016/17. Furthermore, the report recommends that Provincial Administration must find ways to improve the adherence to the adopted cost-containment measures aimed at efficiency savings on non-core items spending, across all provincial departments.

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1. Introduction

Given the economic problem of scarcity, it is imperative that resources be applied effectively and efficiently to achieve the economic and social objectives, in its quest to limit non-essential expenditure, Cabinet requested the Minister of Finance to introduce cost saving measures to PFMA compliant institutions. This led to the National Treasury amending the Treasury Regulations dealing with cash, banking and investment to introduce limitations on the use of debit and credit cards. In addition, the National Treasury published a National Treasury Instruction 01 of 2013/2014 to introduce cost containment measures in all PFMA compliant institutions. The decision by government to reduce overall expenditure to stabilise the public finances was as a result and a response to the global financial crisis which began in the year 2008.

Cost Containment Measures (CCM) were adopted in the Free State Province following an EXCO resolution of the 15th of May in 2015, wherein, Provincial Treasury customised the National Treasury's Instruction Note 01 of 2013/14 into a specific province specific instruction note titled Provincial Instruction Note 31 on Cost Containment Measures. The attempt was to reverse the pattern of inefficient consumption spending by provincial government, there were updates made throughout years.

Cost Containment Measures can be defined as the process of controlling the expenses required to operate an organization or perform a project within pre-planned budgetary constraints. The cost containment process is an important management function that helps keep costs down to only necessary and intended expenses in order to satisfy either financial targets in the case of a private sector company or service delivery performance targets in the case of a government department or entity.

This PER is the first comprehensive expenditure review of CCM in the Free State Province, it aims at improving expenditure efficiency and assist in ensuring that limited public funds are spent on improving the lives of the Free State citizens through service delivery, social and capital investment instead on unnecessary non-essential items.

How much was budgeted for the non-essential or cost containment items? How has the share of this budgets changed in recent years?

- What share of the budget is spent on non-essential items? How has the share changed in recent years
- Over the past 3-5 years has the government identified instances of non-essential and at times excessive spending? If so, which departments were involved? What actions did the government take?
- How effective overall is the cost-containment implementation in the Free State Province?

2. Policy and Institutional Information

The PFMA makes Accounting Officers of departments and constitutional institutions responsible for the effective, efficient, economical and transparent use of their establishments' resources. Further, it requires them to take effective and appropriate steps to manage the available working capital of their institutions. they must ensure that appropriate expenditure control measures are instituted to provide reasonable assurance that all expenditure in their

respective institutions is necessary, appropriate, cost-effective and is recorded and reported, as prescribed by the relevant legislative framework. Accounting Officers and Accounting Authorities are responsible for ensuring that all employees are mindful of the current economic realities and the need to intensify efforts to improve efficiency in expenditure¹.

Enforcement of cost containment measures

Non-compliance with the provisions of the Provincial Treasury Instruction can constitute grounds for financial misconduct, as regulated in Chapter 10 of the PFMA, thus, irregular expenditure resulting from non-compliance with this Provincial Treasury Instruction must be recorded as such in the irregular expenditure register and disclosed appropriately in the annual financial statements of the respective institution².

3. Programme Chain of Delivery

The process of containing costs on non-essential items begin with the office of the Accountant General at National Treasury (NT) drafting circulars which serve as a guide to national and provincial departments on how they should implement cost cutting measures. NT then issue these instruction notes in a government gazette for implementation. Provincial Treasuries are then expected to cascade the national instruction notes into their respective provinces, by further developing their own provincial instruction notes.

In the Free State, Provincial Treasury prepare an Executive Council Memorandum (EXCO memo) and submit it for approval, the memo detail all items selected to be included in the province's specific instruction note on CCM. Upon the instruction note be approved by EXCO, Provincial Treasury issue the Provincial Instruction Note for all provincial departments and entities for customization and implementation in the respective departments. The actual implementation of CCM involves all provincial departments having to freeze their cost containment budgets on BAS so that it does not keep changing, following that the departments must ensure that they do not exceed those limits in their spending or overspent on the items.

Additionally, all provincial departments are required to report on a quarterly basis on the implementation of the cost containment measures to the Provincial Treasury, reporting of CCM is part of the Key Control Metrix intervention which is aimed at improving audit outcomes of provincial departments, this reporting is guided by Instruction Note 7 and requires that department report on their cost containment progress on quarterly basis, these reports amongst others, also reflect on the movement in terms of original budget captured for each CCM items and a brief analysis on each of the selected CCM items.

Public Finance Directorate (of FSPT) verify and evaluates compliance with the cost containment measures through quarterly reports, consolidate and prepares a consolidated report and/ presentation for the HOD and Senior Management of Provincial Treasury, who would then decides that the report and/presentation to serve on the Forum for Heads of Departments (FOHOD), Cluster Committees and the Executive Council (EXCO).

The purpose of serving these reports at these forums, in the main is to abreast them on the progress the province is doing in its implementation of the CCM, the expectation is that, if the

¹ Accounting Officers and Accounting Authorities in the Free State are thus required to implement cost containment measures as set out the FS Provincial Treasury's Instruction Note 31, together with those of National Treasury, namely NT Instruction Note 03 of 2017/18 and 04 of 2017/18 (Including Annexure D – Revised maximum allowable rates for domestic accommodation and meals which have been recently attached as an addendum to the National Instruction Note 04 of 2017/18 as of 19 April 2018)

² Section 38(1)(c)(ii) of the PFMA further requires Accounting Officers to take effective and appropriate steps to prevent unauthorised expenditure (in the case of departments) and irregular expenditure and fruitless and wasteful expenditure (in the case of departments and constitutional institutions). Section 51(1) (b) (ii) of the PFMA requires similar of Accounting Authorities of public entities. In terms of sections 45(c) and 57(c) of the PFMA, employees must (within their areas of responsibility), take effective and appropriate steps to prevent unauthorised expenditure (in the case of employees of departments) and irregular expenditure and fruitless and wasteful expenditure (in the case of employees of all institutions).

departments are implementing costs containment measures, the province ought to be saving on expenditures of non-essential items, if not, provincial departments should provide reasons why they are not implementing CCM.

4. Expenditure Observations

The analysis in this report therefore, focuses on a list of those non-essential items which were deemed to contain activities that have a questionable direct effect on services delivery and the welfare of Free State citizens. The list of non-essential items identified by Provincial Treasury as per SCOA classification includes the following:

1. CATERING:DEPARTML ACTIVITIES
2. CNS:BUS&ADV SER: ALL CONSULTANTS
3. COM:AIRTIME & DATA
4. COM:TEL/FAX/TELEGRAP&TELEX
5. COMP HARD&SYS - DESKTOP, LAPTOP & TABLETS
6. CONS HOUS SUP:CROCKERY & CUTLERY
7. CONS:SP&OS:MAG/NEWS/JRNLS
8. CONS:SP&OS:STATIONERY
9. ENTERTAIN MANAGEMENT
10. F/SER: KILOMETERS
11. OFFICE FURNITURE
12. S&W:OVERTIME (RES)
13. S&W:PERFORMANCE BONUS (RES)
14. T&S DOM:ACCOMMODATION
15. T&S DOM:AIR TRANSPORT
16. T&S DOM:CAR RENT
17. T&S DOM:KM ALL(OWN TRANSPORT)
18. T&S DOM:KM ALLOWANCE SMS
19. T&S FORGN:AIR TRANSPORT
20. TRAIN & DEV:EMPLOYEES
21. VENUES AND FACILITIES

The entire allocation to these non-essential items is not actually unnecessary; some of those activities are vitally needed for service delivery; it requires a transparent budget planning and execution process to distinguish necessary from unnecessary expenditures. For reasons of convenience, we continue using the colloquial term “unnecessary expenditures” interchangeably with the list of all non-essential budget items.

5. Performance

According to table 1 below, the province had allocated about R739 million in 2015/16 which was increased to R1.126 Billion in 2018/19, which amounted to an increase of R388 million. Overtime payment was one item that took the largest budget of CCM in the province, it was allocated a grand total of R1.396 billion cumulatively between 2015/16 to 2018/19, and this was followed by Kilometre claims, followed by Telephone account for private use at R338 million. Accommodation is the fourth largest item by budget allocation, it was allocated a budget of R267 million over the four financial years under review.

Table 1: Cost Containment Budgets, 2015/16 to 2018/19

CCM Items	2015/2016	2016/2017	2017/2018	2018/2019	Grand Total
OVERTIME	R 296,834,506	R 328,093,144	R 363,950,835	R 406,743,108	R 1,395,621,594
KILOMETERS	R 2,408,235	R 6,635,833	R 168,455,593	R 171,607,234	R 349,106,894
TELEPHONE	R 80,648,649	R 90,671,163	R 84,173,476	R 83,137,664	R 338,630,953
ACCOMMODATION	R 65,390,069	R 64,883,834	R 65,913,888	R 70,774,846	R 266,962,637
KM ALL (OWN TRANSPORT)	R 61,462,148	R 57,600,389	R 58,602,791	R 74,328,957	R 251,994,286
PERFORMANCE BONUS	R 45,733,825	R 68,838,104	R 58,728,482	R 69,146,176	R 242,446,586
CATERING:DEPARTML ACTIVITIES	R 42,247,022	R 47,500,192	R 47,319,119	R 65,744,499	R 202,810,833
TRAIN & DEV OF EMPLOYEES	R 33,916,411	R 39,054,327	R 33,027,384	R 37,668,500	R 143,666,622
BUSINESS CONSULTANTS	R 33,000	R 649,180	R 101,140,535	R 38,023,439	R 139,846,153
STATIONERY	R 23,555,498	R 22,671,186	R 26,884,659	R 26,301,184	R 99,412,527
AIR TRANSPORT	R 18,864,745	R 19,640,602	R 25,740,757	R 20,695,443	R 84,941,547
DESKTOP	R 13,949,524	R 9,541,967	R 20,754,756	R 11,857,837	R 56,104,084
AIRTIME & DATA	R 10,949,524	R 18,359,882	R 16,342,590	R 12,125,783	R 46,828,256
LAPTOP	R 10,190,662	R 7,735,983	R 15,459,141	R 12,024,572	R 45,410,358
KM ALLOWANCE SMS	R 13,324,507	R 13,432,029	R 13,833,651	R 3,505,804	R 44,095,991
VENUES AND FACILITIES	R 8,630,301	R 9,815,898	R 11,766,056	R 8,813,428	R 39,025,683
OFFICE FURNITURE	R 10,122,406	R 7,040,310	R 10,462,153	R 7,170,171	R 34,795,041
MAGAZINES_NEWS_JOURNALS	R 9,239,321	R 9,419,482	R 9,097,708	R 2,157,040	R 29,913,551
INTERNET CHRG	R 156,455	R 1,619,079	R 1,492,639	R 1,330,896	R 4,599,068
CAR RENTAL	R 1,228,358	R 1,328,358	R 1,928,358	R 2,581,282	R 4,509,641
TRANSACTION COSTS	R 1,304,127	R 824,371	R 451,527	R 392,842	R 2,972,867
CROCKERY & CUTLERY	R 491,780	R 507,373	R 575,815	R 273,180	R 1,848,147
TABLET	R 270,706	R 532,829	R 164,224	R 255,034	R 1,222,793
ENTERTAIN MANAGEMENT	R 133,883	R 91,352	R 120,244	R 74,773	R 420,252
CROCKERY & CUTLERY <R5000	R 22,379	R 28,379	R 37,379	R 60,868	R 98,247
Grand Total	R 751,108,041	R 826,515,246	R 1,136,423,762	R 1,126,794,560	R 3,827,284,610

Source: Basic Accounting System (BAS), 2015/16 to 2018/19 financial year

Table 2 highlights the expenditure trends per CCM item from 2015/16 to 2018/19, overall the trends was highly erratic, in 2016/17 the year on year growth of all cost containment items was 10 percent which rose to 37 percent in the 2017/18 however it suddenly dropped to minus 1 percent in 2018/19 even though spending fell by 1% in 2018/9, this was still much, much higher than in 2016/17 and 2015/16 because of the enormous growth in spending in 2017/18, an indication perhaps that the province is serious about reducing the CCM Budget in the province. However, there are other items which are still of concern, such as the Business Consultants and kilometres claims the budgets of these items at some point were 1867 percent and 176

percent respectively, however, the integrity of this data is uncertain and datasets used and the method used to clean the data would have to be investigated further.

Table 2: CCM Trend Analysis

CCM Items	The year on year growth		
	2016-17 YoY%	2017-18 YoY %	2018-19 YoY %
OVERTIME	11%	11%	12%
KILOMETERS	176%	2439%	2%
TELEPHONE	12%	-7%	-1%
ACCOMMODATION	-1%	2%	7%
KM ALL (OWN TRANSPORT)	-6%	2%	27%
PERFORMANCE BONUS	51%	-15%	18%
CATERING:DEPARTML ACTIVITIES	12%	0%	39%
TRAIN & DEV OF EMPLOYEES	15%	-15%	14%
BUSINESS CONSULTANTS	1867%	15480%	-62%
STATIONERY	-4%	19%	-2%
AIR TRANSPORT	4%	31%	-20%
DESKTOP	-32%	118%	-43%
AIRTIME & DATA	68%	-11%	-26%
LAPTOP	-24%	100%	-22%
KM ALLOWANCE SMS	1%	3%	-75%
VENUES AND FACILITIES	14%	20%	-25%
OFFICE FURNITURE	-30%	49%	-31%
MAGAZINES_NEWS_JOURNALS	2%	-3%	-76%
INTERNET CHRG	935%	-8%	-11%
CAR RENTAL	8%	45%	34%
TRANSACTION COSTS	-37%	-45%	-13%
CROCKERY & CUTLERY	3%	13%	-53%
TABLET	97%	-69%	55%
ENTERTAIN MANAGEMENT	-32%	32%	-38%
CROCKERY & CUTLERY <R5000	27%	32%	63%
Grand Total	10%	37%	-1%

Source: Basic Accounting System (BAS), 2015/16 to 2018/19 financial year

Table 3 highlights the (simple) projected year-on-year growth of cost containment's budget in the current financial year and the two outer years of the MTEF. The overall allocations for these items are projected to increase from about R1.2 billion in 2018/19 to R1.4 billion in 2021/22, an increase of about R202 million over the MTEF. This is a substantial increase for a province that is aiming at reducing its spending on "unnecessary" or non-essential items, it must also be pointed out that, the MTEF figures have built the large increases that occurred in 2017/18 into the baseline.

The items that account for the largest share of this projections are Overtime, Kilometres claims, Telephone Account and Accommodation amongst others, the budgets of these items would increase substantially over the 2019 MTEF and taking the largest share of the non-essential items, such a substantial increase in these items may appear not to support one of the key research questions of this review, which is:

"How much was budgeted for the non-essential or cost containment items? How has the share of this budgets changed in recent years or over the period under review?"

Table 3: CCM YoY% Growth Projections

CCM Items	Growth Projections		
	2019/20 YoY%	2020/21 YoY%	2021/22 YoY%
OVERTIME	R 439,282,556	R 474,425,161	R 512,379,174
KILOMETERS	R 185,335,812	R 200,162,677	R 216,175,692
TELEPHONE	R 89,788,678	R 96,971,772	R 104,729,514
ACCOMMODATION	R 76,436,834	R 82,551,781	R 89,155,923
KM ALL (OWN TRANSPORT)	R 80,275,274	R 86,697,296	R 93,633,080
PERFORMANCE BONUS	R 74,677,870	R 80,652,099	R 87,104,267
CATERING:DEPARTML ACTIVITIES	R 71,004,058	R 76,684,383	R 82,819,134
TRAIN & DEV OF EMPLOYEES	R 40,681,980	R 43,936,538	R 47,451,461
BUSINESS CONSULTANTS	R 41,065,314	R 44,350,539	R 47,898,582
STATIONERY	R 28,405,278	R 30,677,700	R 33,131,917
AIR TRANSPORT	R 22,351,079	R 24,139,165	R 26,070,298
DESKTOP	R 12,806,464	R 13,830,981	R 14,937,460
AIRTIME & DATA	R 13,095,846	R 14,143,513	R 15,274,994
LAPTOP	R 12,986,537	R 14,025,460	R 15,147,497
KM ALLOWANCE SMS	R 3,786,269	R 4,089,170	R 4,416,304
VENUES AND FACILITIES	R 9,518,502	R 10,279,983	R 11,102,381
OFFICE FURNITURE	R 7,743,785	R 8,363,288	R 9,032,351
MAGAZINES_NEWS_JOURNALS	R 2,329,603	R 2,515,972	R 2,717,249
INTERNET CHRG	R 1,437,368	R 1,552,357	R 1,676,546
CAR RENTAL	R 2,787,785	R 3,010,807	R 3,251,672
TRANSACTION COSTS	R 424,269	R 458,210	R 494,867
CROCKERY & CUTLERY	R 295,034	R 318,637	R 344,128
TABLET	R 275,437	R 297,471	R 321,269
ENTERTAIN MANAGEMENT	R 80,755	R 87,215	R 94,193
CROCKERY & CUTLERY <R5000	R 65,738	R 70,997	R 76,677
Grand Total	R 1,216,938,125	R 1,314,293,175	R 1,419,436,628

Source: Basic Accounting System (BAS), 2015/16 to 2018/19 financial year

Table 4 highlights the Pareto analysis³ of the CCM Items, However in the context of the current review, the techniques is used to answer the following question:

What share of the total expenditure is spent on various CCM Items?

Applying this principle to the total expenditure of a provincial government on its expenditures identifies the items that the expenditure reviews process can focus on and reduce their spending. A normal distribution will find that eighty percent of spend is made on twenty percent of the expenditure made. Once established, government can then analyse the items that are being spent to categorise those that can be approached to reduce the costs and/ prices.

³ According Wikipedia, the Pareto analysis it is a statistical technique in decision-making used for the selection of a limited number of tasks that produce significant overall effect. It uses the Pareto Principle (also known as the 80/20 rule) the idea that by doing 20% of the work you can generate 80% of the benefit of doing the entire job.

Table 4 further indicates that, the following items were the 20% which accounted for 80% of expenditure on CCM: Overtime, Kilometres claims, Telephone accounts, Accommodation, Kilometres (Own Transport), Performance Bonus and Catering: Departmental Activities. Moreover, Pareto analysis also answer the question of “How has the share of such expenditure changed in recent years or over the period under review? The answer to this question is responded by the variance in the percentage of spending from 2015/16 to 2018/19 on the identified CCM items.

Table 4: Pareto analysis on expenditure of FS's CCM Items

CCM Items	Pareto analysis				
	2015/2016	2016/2017	2017/2018	2018/2019	Grand Total
OVERTIME	40%	40%	32%	36%	36%
KILOMETERS	40%	40%	47%	51%	46%
TELEPHONE	51%	51%	54%	59%	54%
ACCOMMODATION	59%	59%	60%	65%	61%
KM ALL (OWN TRANSPORT)	67%	66%	65%	72%	68%
PERFORMANCE BONUS	74%	75%	70%	78%	74%
CATERING:DEPARTML ACTIVITIES	79%	80%	75%	84%	80%
TRAIN & DEV OF EMPLOYEES	84%	85%	77%	87%	83%
BUSINESS CONSULTANTS	84%	85%	86%	90%	87%
STATIONERY	87%	88%	89%	93%	90%
AIR TRANSPORT	89%	90%	91%	94%	92%
DESKTOP	91%	91%	93%	95%	93%
AIRTIME & DATA	93%	94%	94%	97%	95%
LAPTOP	94%	95%	96%	98%	96%
KM ALLOWANCE SMS	96%	96%	97%	98%	97%
VENUES AND FACILITIES	97%	97%	98%	99%	98%
OFFICE FURNITURE	98%	98%	99%	99%	99%
MAGAZINES_NEWS_JOURNALS	100%	99%	100%	100%	100%
INTERNET CHRG	100%	100%	100%	100%	100%
CAR RENTAL	100%	100%	100%	100%	100%
TRANSACTION COSTS	100%	100%	100%	100%	100%
CROCKERY & CUTLERY	100%	100%	100%	100%	100%
TABLET	100%	100%	100%	100%	100%
ENTERTAIN MANAGEMENT	100%	100%	100%	100%	100%
CROCKERY & CUTLERY <R5000	100%	100%	100%	100%	100%
Grand Total	100%	100%	100%	100%	100%

Source: Basic Accounting System (BAS), 2015/16 to 2018/19 financial year

6. Options

The nature of this PER is that of pure expenditure analysis, such that no excel costing model would be employed in the analysis of the CCM implementation in the Free State. However, this section would be used to indicate where the axe must fall in as far as the trimming of expenditure of Cost Containment Items is concerned, what are the options available for further savings to be derived having identified the key CCM Items as per the previous section.

Table 5 highlight the comparative analysis of the budget from 2015/16 to 2018/19 and the projected 2019 MTEF figures. It must be noted that the MTEF figures have built the large increases that occurred in 2017/18 into the baseline, comparing what the MTEF figures would be if the 2016/17 figures had been repeated in 2017/18, indicates that the province would have saved over R300 million in these CCM Items. Thus, increasing the budget of these items by 8 percent have led to a huge increase in the budget of the CCM items.

Table 5: Comparative analysis of expenditure over the MTEF

CCM Items	2015/2016	2016/2017	2017/2018	2018/2019	Growth Projections		
					2019/20 YoY%	2020/21 YoY%	2021/22 YoY%
OVERTIME	R 296,834,505.91	R 328,093,144.49	R 363,950,835.33	R 406,743,107.77	R 439,282,556.39	R 474,425,160.90	R 512,379,173.78
KILOMETERS	R 2,408,235.21	R 6,635,832.68	R 168,455,592.82	R 171,607,233.76	R 185,335,812.46	R 200,162,677.46	R 216,175,691.65
TELEPHONE	R 80,648,648.89	R 90,671,163.27	R 84,173,476.34	R 83,137,664.47	R 89,788,677.63	R 96,971,771.84	R 104,729,513.58
ACCOMMODATION	R 65,390,068.92	R 64,883,833.68	R 65,913,887.85	R 70,774,846.38	R 76,436,834.09	R 82,551,780.82	R 89,155,923.28
KM ALL (OWN TRANSPORT)	R 61,462,148.39	R 57,600,388.88	R 58,602,790.88	R 74,328,957.35	R 80,275,273.94	R 86,697,295.85	R 93,633,079.52
PERFORMANCE BONUS	R 45,733,824.75	R 68,838,103.51	R 58,728,482.01	R 69,146,175.56	R 74,677,869.60	R 80,652,099.17	R 87,104,267.11
CATERING:DEPARTML ACTIVITIES	R 42,247,022.25	R 47,500,192.30	R 47,319,119.41	R 65,744,498.61	R 71,004,058.50	R 76,684,383.18	R 82,819,133.83
TRAIN & DEV OF EMPLOYEES	R 33,916,411.05	R 39,054,326.56	R 33,027,384.19	R 37,668,499.93	R 40,681,979.92	R 43,936,538.32	R 47,451,461.38
BUSINESS CONSULTANTS	R 33,000.00	R 649,180.00	R 101,140,534.76	R 38,023,438.56	R 41,065,313.64	R 44,350,538.74	R 47,898,581.84
STATIONERY	R 23,555,498.22	R 22,671,186.23	R 26,884,659.28	R 26,301,183.54	R 28,405,278.22	R 30,677,700.48	R 33,131,916.52
AIR TRANSPORT	R 18,864,744.85	R 19,640,601.98	R 25,740,756.68	R 20,695,443.16	R 22,351,078.61	R 24,139,164.90	R 26,070,298.09
DESKTOP	R 13,949,523.98	R 9,541,967.00	R 20,754,755.75	R 11,857,837.28	R 12,806,464.26	R 13,830,981.40	R 14,937,459.92
AIRTIME & DATA	R 10,949,523.98	R 18,359,882.25	R 16,342,590.43	R 12,125,783.09	R 13,095,845.74	R 14,143,513.40	R 15,274,994.47
LAPTOP	R 10,190,661.64	R 7,735,983.47	R 15,459,141.16	R 12,024,571.69	R 12,986,537.43	R 14,025,460.42	R 15,147,497.25
KM ALLOWANCE SMS	R 13,324,506.52	R 13,432,029.41	R 13,833,651.16	R 3,505,804.29	R 3,786,268.63	R 4,089,170.12	R 4,416,303.73
VENUES AND FACILITIES	R 8,630,301.13	R 9,815,897.64	R 11,766,056.11	R 8,813,428.09	R 9,518,502.34	R 10,279,982.52	R 11,102,381.13
OFFICE FURNITURE	R 10,122,406.34	R 7,040,309.93	R 10,462,153.40	R 7,170,171.45	R 7,743,785.17	R 8,363,287.98	R 9,032,351.02
MAGAZINES_NEWS_JOURNALS	R 9,239,321.23	R 9,419,481.79	R 9,097,708.06	R 2,157,040.23	R 2,329,603.45	R 2,515,971.72	R 2,717,249.46
INTERNET CHRG	R 156,454.57	R 1,619,078.85	R 1,492,638.51	R 1,330,895.95	R 1,437,367.63	R 1,552,357.04	R 1,676,545.60
CAR RENTAL	R 1,228,358.47	R 1,328,358.47	R 1,928,358.47	R 2,581,282.05	R 2,787,784.61	R 3,010,807.38	R 3,251,671.97
TRANSACTION COSTS	R 1,304,127.41	R 824,371.07	R 451,527.43	R 392,841.55	R 424,268.87	R 458,210.38	R 494,867.21
CROCKERY & CUTLERY	R 491,779.58	R 507,373.24	R 575,815.02	R 273,179.58	R 295,033.95	R 318,636.66	R 344,127.60
TABLET	R 270,705.87	R 532,828.98	R 164,223.80	R 255,033.86	R 275,436.57	R 297,471.49	R 321,269.21
ENTERTAIN MANAGEMENT	R 133,882.99	R 91,351.72	R 120,244.02	R 74,773.21	R 80,755.07	R 87,215.47	R 94,192.71
CROCKERY & CUTLERY <R5000	R 22,379.00	R 28,379.00	R 37,379.00	R 60,868.36	R 65,737.83	R 70,996.86	R 76,676.60
Grand Total	R 751,108,041.15	R 826,515,246.40	R 1,136,423,761.87	R 1,126,794,559.77	R 1,216,938,124.55	R 1,314,293,174.52	R 1,419,436,628.48

7. Recommendations

Based on the preceding expenditure analysis of non-essential items the following are recommended:

1. It is recommended that the Province must revisit the budget for the CCM items given that they are based on the inflated figures from 2017/18, therefore the province would have saved over R300 million in these CCM Items if it does not increasing the budget on these over the MTEF by 8 percent, but the 2015/16 be repeated in 2016/17.
2. The Provincial Administration must find ways to improve the adherence to the adopted stringent cost-containment measures aimed at efficiency savings on non-core items spending, across all provincial departments.
3. Departments must closely monitor the movement in budget allocation in identified CCM items and ensure that budgets are blocked on BAS by all departments, which in effect means that departments complete fund shifting forms and not just amend the budget figures.
4. Departments must reprioritise the budget of Cost Containment items, ensure that officials are not allowed to increase the total Cost Containment budget, this will demonstrate their commitment to saving and efficiency.
5. The executive council to put on punitive measures for non-co-operation of departments to adhere to Instruction notes and prescripts;
6. Provincial Treasury to ensure that CCM Instruction notes are communicated to the Office of the Auditor General, and that it is part of the audit process, findings not in accordance with the Instruction note must be regarded as irregular expenditure;

The author recommends that the provincial policy makers aiming to contain costs should resort to these recommendations to maximise chances of success in reducing unnecessary government expenditure and ensuring expenditure efficiency.

8. Action

Going forward the following will be specific actions the author will be undertaking to further enhance expenditure analysis on non-essential items in the province:

CCM PER Action Plan		
#	Activity	Timeframe
001	CCM Report Submission. Submission of the final report to GTAC for further assessment and evaluation.	December, 2019
002	Compile a presentation to brief the Sustainable Resource Management's Chief Director and obtain his inputs, and prepare a presentation to brief the HOD and obtain his buy-in and blessings to share the findings and recommendations of the PER to higher forums such as FOHOD, Clusters and the Executive Council.	January, 2020
003	Compile EXCO resolutions and convert them into a circular and/or amendment of Instruction Note on CCM.	February, 2020
004	To issue amended Instruction Note prior to final Allocation Letters being issued to provincial departments for the 2020/21 provincial budget allocations..	March, 2020