

MATERIALITY FRAMEWORK

For the purpose of interpreting and complying with the Public Finance Management Act (PFMA), the following framework of acceptable levels of materiality and significance were applied during the 2015/2016 financial year.

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
<p>Section 50 Fiduciary duties of accounting authorities</p> <p>(1) The accounting authority for a public entity must, on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the executive authority or that legislature</p>	<p>Any fact discovered, of which the amount exceeds the materiality figure of 0.5% of the annual gross operational expenditure of the previous year's audited financial results, must be disclosed</p>	<ul style="list-style-type: none"> Any item or event of which specific disclosure is required by legislation, King Report III or GRAP Any fact discovered of which its omission or misstatement, in the Board's opinion, could influence the decisions or actions of the executive authority or legislature
<p>Section 54 Information to be submitted by accounting authorities</p> <p>(2) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:</p> <p>(b) • Participation in a significant partnership, trust, unincorporated joint venture or similar arrangement</p> <p>(c) • Acquisition or disposal of a significant shareholding in a company</p> <p>(d) • Acquisition or disposal of a significant asset</p> <p>(e) • Commencement or cessation of a significant business activity</p>	<ul style="list-style-type: none"> Acquisition or disposal of a significant asset Acquisition where market value is greater than materiality figure Disposal where market value is greater than 50% of materiality figure 	<ul style="list-style-type: none"> Any participation outside of the approved strategic plan and budget Any acquisition or disposal of any asset that would increase or decrease the overall operational functions of the Board, outside of the approved strategic plan and budget Disposal of the major part of the assets of the Board Any business activity that would increase or decrease the overall operational functions of the Board, outside of the approved strategic plan and budget

MATERIALITY FRAMEWORK (CONTINUED)

PFMA SECTION	QUANTITATIVE (AMOUNT)	QUALITATIVE (NATURE)
<p>Section 55 Annual report and financial statements</p> <p>(2) The annual report and financial statements referred to in subsection (1)(d) must:</p> <p>(a) • Fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned</p> <p>(b) • Include particulars of:</p> <p>(i) – any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year</p> <p>(ii) – any criminal or disciplinary steps taken as a consequence of such losses or irregular expenditure or fruitless and wasteful expenditure</p> <p>(iii) – any losses recovered or written off</p> <p>(iv) – any financial assistance received from the state and commitments made by the state on its behalf</p> <p>(v) – any other matters that may be prescribed</p>	<ul style="list-style-type: none"> • Any losses identified through criminal conduct • Losses through any expenditure where the combined total exceeds the planning materiality figure after consultation with the Audit Committee for the year under review • Any irregular, fruitless and wasteful expenditure as defined by the PFMA will be reported 	<p>Any identified loss through criminal, reckless or negligent conduct</p>
<p>Section 66(1) Restrictions on borrowing, guarantees and other commitments</p>	<p>R0</p>	<p>This public entity may not borrow money, nor issue a guarantee, indemnity or security, nor enter into any other transaction that binds or may bind the institution to any future financial commitment unless acting through the relevant executive authority (PFMA section 66(3)(c))</p>