

# Vote 6

## Provincial Treasury

R thousand	2020/21			
	Special adjustments appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	602 431	569 316	(33 115)	
MEC remuneration <sup>1</sup>	1 978	1 978		
<b>Total amount to be appropriated</b>	<b>604 409</b>	<b>571 294</b>	<b>(33 115)</b>	
<i>of which:</i>				
Current payments	593 847	561 084	(32 763)	
Transfers and subsidies	1 652	2 513		861
Payments for capital assets	8 910	7 697	(1 213)	
Payments for financial assets	-	-		
Responsible MEC	MEC for Finance			
Administering department	Provincial Treasury			
Accounting Officer	Provincial Accountant-General			

## 1. Vision and mission

### Vision

The vision of the department is: *To be the centre of excellence in financial and fiscal management in the country.*

### Mission

The department's mission is: *To enhance the KwaZulu-Natal Provincial Government's service delivery by responding to the expectations of all stakeholders in the value chain as a key driver through:*

- Optimum and transparent allocation of financial resources while enhancing revenue generation and financial management practices in compliance with applicable legislation and corporate governance principles.
- Competent and dedicated employees who are at the centre of ensuring best value to their stakeholders.

## 2. Strategic outcomes

The outcomes of the department are as follows:

- Improved audit outcomes.
- Enhanced fiscal sustainability of the province.
- Improved governance, risk and control processes thereby reducing fraud and corruption.
- Improved participation of targeted groups in the economy of the province.
- Improved and sustainable infrastructure delivery which contributes to inclusive economic growth.

It is noted that the outcomes of the department have changed from the 2020/21 EPRE to align with the revised APP which was tabled in July 2020 following the tabling of the Special Adjustments Estimate, which formalised the province's response to the Covid-19 pandemic.

<sup>1</sup>At the time of going to print, the proclamation determining the 2020 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2020/21 EPRE.

### 3. Summary of the second adjustments estimate for 2020/21

The main appropriation of the department was R718.763 million in 2020/21. During the year, the Covid-19 pandemic resulted in the department's budget being reduced by R114.354 million, and this was formalised with the tabling of the Special Adjustments Estimate in July. Subsequently, the department's budget decreased by a net amount of R33.115 million from R604.409 million to R571.294 million.

The main reasons for this net decrease, as well as other adjustments, are summarised below, and are explained in detail in Section 4.

- *Roll-overs:* Approval was granted for the equitable share roll-over of R10 million from 2019/20, relating to committed funds in respect of the Irregular Expenditure condonation project. This was allocated to Programme 1: Administration under the Management Services (HOD) sub-programme in respect of *Goods and services*.
- *Virement between programmes:* The department undertook an extensive budget review at the end of the second quarter of 2020/21, aimed at correcting the budgets of the various units within Provincial Treasury, as well as identifying areas of savings in order to offset in-year spending and projected pressures in some areas. The budget review resulted in extensive virements being undertaken across programmes, as well as within programmes, sub-programmes and economic classification categories. The net result of the virements undertaken between programmes is summarised below, and further details of these virements, as well as the virements at sub-programme and economic category level, are provided in Sections 4.1 to 4.5:
  - Savings of R11.415 million were identified from *Compensation of employees* (R2.854 million), *Goods and services* (R7.296 million) and *Payments for capital assets* (R1.265 million) in Programme 1 mainly in respect of vacant funded posts, special projects that were put on hold during the nationwide lockdown due to the need to have extensive face to face interactions, as well as the non-purchase of tools of trade as posts were not filled. These savings were slightly offset by the movement of R400 000 to *Transfers and subsidies to: Households* in respect of staff exit costs and external bursaries that were under-budgeted for.

The net savings in Programme 1 of R11.015 million were utilised as follows:

- R594 000 was moved to *Compensation of employees* in Programme 2: Sustainable Resource Management, to defray spending pressures that resulted from the cost-of-living adjustment budget cut made against the programme, which is explained under *Other adjustments*. These spending pressures are also attributable to the department's budget being reduced against *Compensation of employees* in the Special Adjustments Estimate to fund the provincial response to the Covid-19 pandemic.
- R3.197 million was moved to *Compensation of employees* in Programme 3: Financial Governance, to defray spending pressures that resulted from the cost-of-living adjustment budget cut made against the programme.
- R5.474 million was moved to *Compensation of employees* in Programme 4: Internal Audit, to defray spending pressures that resulted from the cost-of-living adjustment budget cut made against the programme.
- R1.750 million was moved to *Compensation of employees* in Programme 5: Municipal Finance Management, to defray spending pressures that resulted from the cost-of-living adjustment budget cut made against the programme,

In addition to the above virements across programmes, the department undertook further virements within programmes and across economic classification, and these are explained in Section 4. The above virements are permissible in terms of the Treasury Regulations and the PFMA. The increase in *Compensation of employees* was approved by Provincial Treasury.

Note that the decrease in *Capital* requires Legislature approval, in terms of the PFMA, because *Capital* for the Vote as a whole is reduced.

- *Other adjustments:* The department's budget allocation was decreased by a net amount of R43.115 million as explained below:
  - An amount of R23.119 million was cut from all programmes in respect of *Compensation of employees*. This cut relates to the provision made for the 2020/21 cost-of-living adjustment as this matter is currently in court and is unlikely to be resolved before the end of the financial year.
  - R19.996 million was moved from the department in respect of the shift of the Forensic Services function from Provincial Treasury to Vote 1: Office of the Premier (OTP) with effect from 1 August 2020. This shift was undertaken in line with Cabinet Resolution 75 dated 10 June 2020. This shift was effected in Programme 4, against *Compensation of employees* (R14.450 million), *Goods and services* (R5.452 million), as well as *Machinery and equipment* (R94 000).

Tables 6.1 and 6.2 reflect a summary of the 2020/21 adjusted appropriation of the department, summarised according to programme and economic classification. Note that further details of adjustments at economic classification level are provided in *Annexure – Vote 6: Provincial Treasury*.

Table 6.1 : Summary by programmes

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	191 849	10 000	-	(11 015)	-	(6 296)	(7 311)	184 538
2. Sustainable Resource Management	41 948	-	-	594	-	(2 402)	(1 808)	40 140
3. Financial Governance	181 433	-	-	3 197	-	(5 197)	(2 000)	179 433
4. Internal Audit	131 384	-	-	5 474	-	(26 470)	(20 996)	110 388
5. Municipal Finance Management	57 795	-	-	1 750	-	(2 750)	(1 000)	56 795
<b>Total</b>	<b>604 409</b>	<b>10 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43 115)</b>	<b>(33 115)</b>	<b>571 294</b>
<b>Amount to be voted</b>								<b>(33 115)</b>

Table 6.2 : Summary by economic classification

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>593 847</b>	<b>10 000</b>	<b>-</b>	<b>258</b>	<b>-</b>	<b>(43 021)</b>	<b>(32 763)</b>	<b>561 084</b>
Compensation of employees	359 633	-	-	11 961	-	(37 569)	(25 608)	334 025
Goods and services	233 405	10 000	-	(11 703)	-	(5 452)	(7 155)	226 250
Interest and rent on land	809	-	-	-	-	-	-	809
<b>Transfers and subsidies to:</b>	<b>1 652</b>	<b>-</b>	<b>-</b>	<b>861</b>	<b>-</b>	<b>-</b>	<b>861</b>	<b>2 513</b>
Provinces and municipalities	27	-	-	-	-	-	-	27
Departmental agencies and accounts	3	-	-	-	-	-	-	3
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	279	-	-	-	-	-	-	279
Households	1 343	-	-	861	-	-	861	2 204
<b>Payments for capital assets</b>	<b>8 910</b>	<b>-</b>	<b>-</b>	<b>(1 119)</b>	<b>-</b>	<b>(94)</b>	<b>(1 213)</b>	<b>7 697</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	8 638	-	-	(847)	-	(94)	(941)	7 697
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	272	-	-	(272)	-	-	(272)	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>604 409</b>	<b>10 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43 115)</b>	<b>(33 115)</b>	<b>571 294</b>
<b>Amount to be voted</b>								<b>(33 115)</b>

#### 4. Changes to programme purposes and service delivery measures

It is noted that the department's budget structure is largely aligned with the uniform budget structure issued for Provincial Treasuries and has received formal approval from National Treasury for slight deviations. The department tabled a revised 2020/21 APP, to take into account changes resulting from the Covid-19 pandemic. As such, the non financial data differs from the tabled *EPRE* in many instances, and these are reflected in the "Revised target" column in the non financial tables.

##### 4.1 Programme 1: Administration

The purpose of this programme is to provide strategic support to the department in the area of financial management and corporate services (Human Resources, Auxiliary Services, Information

Communication Technology and Legal Services). The objectives and services of this programme remain unchanged from the 2020/21 EPRE.

Tables 6.3 and 6.4 reflect a summary of the 2020/21 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R7.311 million, are provided in the paragraphs after the tables.

Table 6.3 : Programme 1: Administration

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	27 667			788		(1 257)	(469)	27 198
2. Management Services (HOD)	32 484	10 000		(10 351)		(517)	(868)	31 616
3. Financial Management (CFO)	32 584			(513)		(1 687)	(2 200)	30 384
4. Corporate Services	99 114			(939)		(2 835)	(3 774)	95 340
<b>Total</b>	<b>191 849</b>	<b>10 000</b>	<b>-</b>	<b>(11 015)</b>	<b>-</b>	<b>(6 296)</b>	<b>(7 311)</b>	<b>184 538</b>
<b>Amount to be voted</b>								<b>(7 311)</b>

Table 6.4 : Summary by economic classification

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>183 483</b>	<b>10 000</b>	<b>-</b>	<b>(10 150)</b>	<b>-</b>	<b>(6 296)</b>	<b>(6 446)</b>	<b>177 037</b>
Compensation of employees	97 961			(2 854)		(6 296)	(9 150)	88 811
Goods and services	85 522	10 000		(7 296)			2 704	88 226
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>1 274</b>	<b>-</b>	<b>-</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>400</b>	<b>1 674</b>
Provinces and municipalities	27						-	27
Departmental agencies and accounts	3						-	3
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	279						-	279
Households	965			400			400	1 365
<b>Payments for capital assets</b>	<b>7 092</b>	<b>-</b>	<b>-</b>	<b>(1 265)</b>	<b>-</b>	<b>-</b>	<b>(1 265)</b>	<b>5 827</b>
Buildings and other fixed structures							-	-
Machinery and equipment	6 820			(993)			(993)	5 827
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	272			(272)			(272)	-
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>191 849</b>	<b>10 000</b>	<b>-</b>	<b>(11 015)</b>	<b>-</b>	<b>(6 296)</b>	<b>(7 311)</b>	<b>184 538</b>
<b>Amount to be voted</b>								<b>(7 311)</b>

### Roll-overs – Programme 1: Administration: R10 million

A roll-over of R10 million from 2019/20 in respect of equitable share funding was approved, relating to committed funds relating to the Irregular Expenditure condonation project. This was allocated to Programme 1 under the Management Services (HOD) sub-programme in respect of *Goods and services*.

### Virement – Programme 1: Administration: (R11.015 million)

The special adjustments appropriation of Programme 1 was decreased by a net amount of R11.015 million due to the following virements to Programmes 2, 3, 4 and 5:

- Savings of R16.823 million were identified against *Goods and services* under the Management Services (HOD) sub-programme in respect of special projects such as the pre-audit audit, that were put on hold during the nationwide lockdown due to the need to have extensive face to face interactions. These funds were moved to *Compensation of employees* in Programme 2 (R2.402 million), Programme 3 (R5.197 million), Programme 4 (R6.474 million) and Programme 5 (R2.750 million) to defray spending pressures that resulted from the cost-of-living adjustment budget cut made against each programme.
- The above virement of R16.823 million from Programme 1 was offset by the movement of savings of R5.808 million to the programme as follows:

- Savings of R1.808 million were realised under *Compensation of employees* (R975 000) in respect of vacant funded posts, as well as *Goods and services* (R833 000) in Programme 2. These funds were moved to *Goods and services* under the Management Services (HOD) sub-programme in order to offset spending pressures in respect of ongoing special projects. These spending pressures resulted from the department reprioritising funds from this category to *Compensation of employees*, as previously discussed.
- R2 million was realised under *Goods and services* in Programme 3 as a result of slow spending against consultants' costs in respect of the contract management project. These funds were moved to *Goods and services* under the Management Services (HOD) sub-programme in order to offset spending pressures in respect of ongoing special projects.
- R1 million was realised under *Goods and services* in Programme 4 due to slow spending against consultants' costs in respect of delays in risk management projects emanating from the nationwide lockdown. These funds were moved to *Goods and services* in the Management Services (HOD) sub-programme in order to offset spending pressures in respect of ongoing special projects.
- Savings of R1 million were realised under *Compensation of employees* (R682 000) in respect of vacant funded posts, as well as *Goods and services* (R318 000) in Programme 5. These funds were moved to *Goods and services* under the Management Services (HOD) sub-programme in order to offset spending pressures in respect of ongoing special projects.
- In addition, the following virements were undertaken across sub-programmes and economic classifications within Programme 1:
  - Savings of R6.296 million were identified against *Compensation of employees* due to the non-filling of vacant posts as a result of recruitment delays caused by the nationwide lockdown. These were moved to *Goods and services* in respect of computer services which was under-budgeted for, as well as in respect of consultants and professional services in order to offset spending pressures in respect of ongoing special projects.
  - Savings of R3.842 million were identified against *Goods and services* under the Management Services (HOD) sub-programme in respect of special projects that were put on hold during the nationwide lockdown due to the need to have extensive face to face interactions, as mentioned. These funds were moved to various sub-programmes as follows:
    - R3.442 million was moved to *Compensation of employees* to defray spending pressures that resulted from the cost-of-living adjustment budget cut made against the programme.
    - R400 000 was moved to *Transfers and subsidies to: Households* under the same sub-programme to cater for staff exit costs (R259 000) and external bursaries (R141 000) that were under-budgeted for.
  - Savings of R993 000 were realised against *Machinery and equipment* in respect of the non-purchase of tools of trade, such as laptops, for posts that remain vacant. These funds were moved to *Goods and services* under the Management Services (HOD) sub-programme in order to offset spending pressures in respect of ongoing special projects.
  - Savings of R272 000 were realised against *Software and other intangible assets* in respect of the non-purchase of software licences. These funds were moved to *Goods and services* to cater for computer services, in respect of SITA payments, that were under-budgeted for.

These virements are permissible in terms of the PFMA and Treasury Regulations.

Note that the decrease in *Capital* in respect of the programme requires Legislature approval, in terms of the PFMA, because *Capital* for the Vote as a whole is reduced.

**Other adjustments – Programme 1: Administration: (R6.296 million)**

An amount of R6.296 million was cut from all sub-programmes in respect of *Compensation of employees*. This cut relates to the provision made for the 2020/21 cost-of-living adjustment as this matter is currently in court and is unlikely to be resolved before the end of the financial year.

**4.2 Programme 2: Sustainable Resource Management**

The purpose of this programme is to manage, maintain and monitor the fiscal sustainability of the province and support improved and sustainable infrastructure delivery. The objectives and services of this programme remain unchanged from the 2020/21 EPRE. Tables 6.5 and 6.6 reflect a summary of the 2020/21 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R1.808 million, are provided in the paragraphs following the tables.

**Table 6.5 : Programme 2: Sustainable Resource Management**

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support	3 727			468		(228)	240	3 967
2. Economic Analysis	19 765			(363)		(1 043)	(1 406)	18 359
3. Public Finance	18 456			489		(1 131)	(642)	17 814
<b>Total</b>	<b>41 948</b>	<b>-</b>	<b>-</b>	<b>594</b>	<b>-</b>	<b>(2 402)</b>	<b>(1 808)</b>	<b>40 140</b>
Amount to be voted								<b>(1 808)</b>

**Table 6.6 : Summary by economic classification**

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>41 789</b>	<b>-</b>	<b>-</b>	<b>390</b>	<b>-</b>	<b>(2 402)</b>	<b>(2 012)</b>	<b>39 777</b>
Compensation of employees	37 359			1 427		(2 402)	(975)	36 384
Goods and services	4 430			(1 037)			(1 037)	3 393
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>-</b>	<b>-</b>	<b>70</b>	<b>70</b>
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households				70			70	70
<b>Payments for capital assets</b>	<b>159</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>293</b>
Buildings and other fixed structures							-	-
Machinery and equipment	159			134			134	293
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>41 948</b>	<b>-</b>	<b>-</b>	<b>594</b>	<b>-</b>	<b>(2 402)</b>	<b>(1 808)</b>	<b>40 140</b>
Amount to be voted								<b>(1 808)</b>

**Virement – Programme 2: Sustainable Resource Management: R594 000**

The special adjustments appropriation of Programme 2 was increased by a net amount of R594 000 due to the following virements:

- Savings of R2.402 million were realised from *Goods and services* under Programme 1 in respect of special projects that had been put on hold during the nationwide lockdown due to the need for extensive face to face interactions. These funds were moved to *Compensation of employees* to defray spending pressures from the cost-of-living adjustment budget cut made against the programme.
- The above virement of R2.402 million to Programme 2 was offset by the movement of savings of R1.808 million from the programme, as follows:
  - Savings of R975 000 were realised from *Compensation of employees* under the Economic Analysis and Public Finance sub-programmes in respect of funded vacant posts and were moved

to *Goods and services* in Programme 1 under the Management Services (HOD) sub-programme, as mentioned.

- o Savings of R833 000 were realised under *Goods and services* under the Economic Analysis and Public Finance sub-programmes due to slow spending against items such as consultants as a result of limited requests for infrastructure support received by the Infrastructure Crack Team during the nationwide lockdown. These funds were moved to *Goods and services* in Programme 1 under the Management Services (HOD) sub-programme, as mentioned.
- In addition, the following virements were undertaken across sub-programmes and economic classifications within Programme 2:
  - o R204 000 was moved from *Goods and services* under the Economic Analysis sub-programme in respect of slow spending against consultants' costs as follows:
    - R70 000 was moved to *Transfers and subsidies to: Households* under the same sub-programme to cater for staff exit costs that were not budgeted for.
    - R134 000 was moved to *Machinery and equipment* to cater for the purchase of laptops, under the same sub-programme, which was necessitated by the new working arrangements under the nationwide lockdown where staff worked from home.
  - o Although not evident in Table 6.5, savings of R240 000 were realised from *Compensation of employees* under the Economic Analysis sub-programme and were moved to the same category under Programme Support.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Compensation of employees* was approved by Provincial Treasury.

#### Other adjustments – Programme 2: Sustainable Resource Management: (R2.402 million)

An amount of R2.402 million was cut from all sub-programmes in respect of *Compensation of employees*. This cut relates to the provision made for the 2020/21 cost-of-living adjustment as this matter is currently in court and is unlikely to be resolved before the end of the financial year.

#### Service delivery measures – Programme 2: Sustainable Resource Management

Table 6.7 shows the revised service delivery information for Programme 2 as per the revised APP of Provincial Treasury, as well as the actual achievements for the first six months of the year. Note that changes in the service delivery outputs, indicators and targets to align with the 2020/21 revised APP are indicated in bold italics. Revised targets are reflected in the Revised target column.

**Table 6.7 : Service delivery measures – Programme 2: Sustainable Resource Management**

Outputs	Performance indicators	Performance targets		
		2020/21 Original target	2020/21 Mid-year actual	2020/21 Revised target
<b>1.1. Economic Analysis</b>				
1.1.1. Credible research for informed provincial resource allocation	<ul style="list-style-type: none"> <li>• <i>No. of reports to evaluate and monitor economic trends and performance supporting policy formulation</i></li> <li>• <i>No. of reports to evaluate and monitor departmental impact, performance and policy formulation</i></li> </ul>	10	5	17
		4	4	7
<b>1.2. Infrastructure Management</b>				
1.2.1. Capacitated departments	<ul style="list-style-type: none"> <li>• <i>No. of reports on IDMS oversight monitoring and performance assessment at provincial departments</i></li> </ul>	4	3	6
<b>2. Public Finance</b>				
<b>2.1. Provincial Budget Management</b>				
2.1.1. Optimal, efficient and effective resource allocation.	<ul style="list-style-type: none"> <li>• No. of MTEC reports on budget and expenditure management for realistic and credible budgets</li> </ul>	15	-	
<b>2.2. Provincial Own Revenue</b>				
2.2.1. Optimal, efficient and effective resource allocation.	<ul style="list-style-type: none"> <li>• <i>No. of early warning system reports to address variances requiring remedial action</i></li> </ul>	4	8	18

**Table 6.7 : Service delivery measures – Programme 2: Sustainable Resource Management**

Outputs	Performance indicators	Performance targets		
		2020/21 Original target	2020/21 Mid-year actual	2020/21 Revised target
<b>2.3. Special Advisory Support Services</b>				
2.3.1. Optimal, efficient and effective resource allocation.	<ul style="list-style-type: none"> <li>Inputs into DORA on provincial allocations</li> </ul>	1	-	

### 4.3 Programme 3: Financial Governance

The purpose of this programme is to provide audit readiness support to provincial departments and public entities with the objective of improving audit outcomes in the province, as well as to conduct supply chain management compliance assessments, policy and contract support services to provincial departments, public entities and municipalities. The objectives and services of this programme remain unchanged from the 2020/21 EPRE.

Tables 6.8 and 6.9 reflect a summary of the 2020/21 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R2 million, are provided in the paragraphs following the tables.

**Table 6.8 : Programme 3: Financial Governance**

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support	4 468			662		(271)	391	4 859
2. Asset and Liabilities Management	13 486			1 387		(387)	1 000	14 486
3. Support and Interlinked Financial Systems	100 381			(14 987)		(649)	(15 636)	84 745
4. Supply Chain Management	38 945			(947)		(2 053)	(3 000)	35 945
5. Public, Private Partnerships	(3 613)			12 816		(526)	12 290	8 677
6. Accounting Services	34 463			(10 323)		(844)	(11 167)	23 296
7. Norms and Standards	(6 697)			14 589		(467)	14 122	7 425
<b>Total</b>	<b>181 433</b>	<b>-</b>	<b>-</b>	<b>3 197</b>	<b>-</b>	<b>(5 197)</b>	<b>(2 000)</b>	<b>179 433</b>
<b>Amount to be voted</b>								<b>(2 000)</b>

**Table 6.9 : Summary by economic classification**

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>180 648</b>	<b>-</b>	<b>-</b>	<b>2 822</b>	<b>-</b>	<b>(5 197)</b>	<b>(2 375)</b>	<b>178 273</b>
Compensation of employees	80 832			4 846		(5 197)	(351)	80 481
Goods and services	99 007			(2 024)			(2 024)	96 983
Interest and rent on land	809						-	809
<b>Transfers and subsidies to:</b>	<b>260</b>	<b>-</b>	<b>-</b>	<b>306</b>	<b>-</b>	<b>-</b>	<b>306</b>	<b>566</b>
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	260			306			306	566
<b>Payments for capital assets</b>	<b>525</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>69</b>	<b>594</b>
Buildings and other fixed structures							-	-
Machinery and equipment	525			69			69	594
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>181 433</b>	<b>-</b>	<b>-</b>	<b>3 197</b>	<b>-</b>	<b>(5 197)</b>	<b>(2 000)</b>	<b>179 433</b>
<b>Amount to be voted</b>								<b>(2 000)</b>

### Virement – Programme 3: Financial Governance: R3.197 million

The special adjustments appropriation of Programme 3 was increased by a net amount of R3.197 million due to the following virements:



- Savings of R5.197 million were realised from *Goods and services* under Programme 1 in respect of special projects that were put on hold during the nationwide lockdown due to the need to have extensive face to face interactions. These funds were moved to *Compensation of employees* to defray spending pressures from the cost-of-living adjustment budget cut made against the programme.
- The above virement of R5.197 million to Programme 3 was offset by the movement of savings of R2 million from the programme. In this regard, savings of R2 million were realised from *Goods and services* under the Supply Chain Management (SCM) sub-programme as a result of slow spending against consultants' costs in respect of the contract management project. These funds were moved to the same category under the Management Services (HOD) sub-programme in Programme 1 in respect of special projects, as mentioned.
- In addition, the following virements were undertaken across sub-programmes and economic classifications within Programme 3:
  - R1.614 million was moved from *Compensation of employees* under the Support and Interlinked Financial Systems sub-programme in respect of funded vacant posts. These funds were moved to the same category under the Accounting Services sub-programme to cater for the internal appointment of two trainee managers through the Management Training Programme, which was not budgeted for.
  - R1 million was moved from the SCM sub-programme under *Goods and services* as a result of slow spending against consultants' costs in respect of the contract management project, and this was moved to the Asset and Liabilities sub-programme against the same category to cater for higher than budgeted administrative fees relating to bank charges.
  - Savings of R766 000 were moved from *Compensation of employees* under the Public, Private Partnerships sub-programme in respect of funded vacant posts as follows:
    - R391 000 was moved to the same category under Programme Support to cater for higher than budgeted salary costs in this regard.
    - R306 000 was moved to *Transfers and subsidies to: Households* within the same sub-programme to cater for higher than anticipated staff exit costs.
    - R69 000 was moved to *Machinery and equipment* under Accounting Services to cater for the purchase of laptops which was necessitated by the new working arrangements under the nationwide lockdown where staff worked from home.
  - Savings of R24 000 were moved from the Support and Interlinked Financial Systems sub-programme under *Goods and services* as a result of low spending against computer services, and this was moved to *Compensation of employees* to defray spending pressures from the cost-of-living adjustment budget cut made against the programme.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Compensation of employees* was approved by Provincial Treasury.

#### **Other adjustments – Programme 3: Financial Governance: (R5.197 million)**

An amount of R5.197 million was cut from all sub-programmes in respect of *Compensation of employees*. This cut relates to the provision made for the 2020/21 cost-of-living adjustment as this matter is currently in court and is unlikely to be resolved before the end of the financial year.

#### **Service delivery measures – Programme 3: Financial Governance**

Table 6.10 shows the revised service delivery information for Programme 3 as per the revised APP of Provincial Treasury, as well as the actual achievements for the first six months of the year. Note that changes in the service delivery outputs, indicators and targets to align with the 2020/21 revised APP are indicated in bold italics. Targets that were added are reflected as “New” and the revised targets are reflected in the Revised target column.

Table 6.10 : Service delivery measures – Programme 3: Financial Governance

Outputs	Performance indicators	Performance targets		
		2020/21 Original target	2020/21 Mid-year actual	2020/21 Revised target
<b>1. Asset and Liabilities Management</b>				
1.1.1. Improved compliance to tax and banking legislation	<ul style="list-style-type: none"> <li>No. of risk analysis reports compiled per department to <i>minimise non-compliance with payroll tax legislation</i></li> <li>No. of assessment reports on status of bank related suspense accounts <i>issued to dept. to minimise audit queries</i></li> </ul>	56 risk analysis reports	28	
		56 compliance assessment reports	28	
<b>2. Supporting and Inter-Linker Financial Systems</b>				
2.1.1. Improved Financial Management systems	<ul style="list-style-type: none"> <li><i>% of financial transversal systems uptime</i></li> <li><i>No. of reports on the implementation of the Invoice Management System in the province</i></li> <li><i>No. of reports on the implementation of the e-Leave management system in the province</i></li> </ul>	100%	100%	97%
		New	-	System piloting to 2 departments
		New	-	System piloting to 2 departments
<b>3. Provincial Supply Chain Management</b>				
3.1. <i>Reduced number of SCM related audit findings</i>	<ul style="list-style-type: none"> <li><i>Report of % reduction in the no. of SCM related audit findings</i></li> <li><i>No. of reports on the pre-order compliance assessment pertaining to Covid-19</i></li> </ul>	Reduction of 5%	104 initiatives and projects conducted to reduce the no. of SCM related findings	Reduction of 30%
		New	1 report	3 reports
3.2. <i>Approved open tender system</i>	<ul style="list-style-type: none"> <li><i>No. of reports on the implementation of the Operational Open Tender System</i></li> </ul>	New	-	Formulate policy/statutory mandate and pilot in 1 dept.
3.3. Full compliance by depts. on the PPPFA Regulations inclusive of targets per target group	<ul style="list-style-type: none"> <li><i>No. of reports on the bids advertised inclusive of targets per targeted group in terms of the Procurement Plan</i></li> </ul>	4 reports	1	
<b>4. Public, Private Partnerships (PPP)</b>				
4.1. <i>Capacitate departments, municipalities and entities</i>	<ul style="list-style-type: none"> <li><i>No. of institutions capacitated in the implementation of the PPP process</i></li> </ul>	New	1	2
4.2. <i>Implementation of PPPFA regulation by departments, municipalities and public entities</i>	<ul style="list-style-type: none"> <li><i>No. of compliance reports on the implementation of the PPPFA Regulations inclusive of target per targeted groups</i></li> </ul>	New	4	2
<b>5. Accounting Services</b>				
5.1. 90% unqualified audit reports in provincial public sector institutions	<ul style="list-style-type: none"> <li><i>No. of public sector institutions supported in financial management to reduce qualified audit opinions</i></li> </ul>	7	8	5
5.2. <i>Improved financial management compliance in the province</i>	<ul style="list-style-type: none"> <li><i>No. of consolidated Instruction Note 34 to NT on compliance to the payments of suppliers invoices within 30 days</i></li> </ul>	New	6	12
<b>6. Norms and Standards</b>				
6.1. Improved compliance with legislation by the public sector institutions	<ul style="list-style-type: none"> <li>No. of depts. assessed to minimise non-compliance with legislation</li> <li>No. of public entities assessed to minimise non-compliance with legislation</li> </ul>	14	14	
		8	8	

#### 4.4 Programme 4: Internal Audit

The purpose of this programme is to promote good governance through the provision of assurance services and recommend internal control system improvements to departments. The objectives and services of this programme remain unchanged from the 2020/21 EPRE.

Tables 6.11 and 6.12 reflect a summary of the 2020/21 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R20.996 million, are provided in the paragraphs following the tables.

Table 6.11 : Programme 4: Internal Audit

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support	3 934			1 028		(212)	816	4 750
2. Assurance Services	74 415			4 198		(5 014)	(816)	73 599
3. Risk Management	24 541			248		(1 248)	(1 000)	23 541
4. Forensic Services	28 494					(19 996)	(19 996)	8 498
<b>Total</b>	<b>131 384</b>	<b>-</b>	<b>-</b>	<b>5 474</b>	<b>-</b>	<b>(26 470)</b>	<b>(20 996)</b>	<b>110 388</b>
<b>Amount to be voted</b>								<b>(20 996)</b>

Table 6.12 : Summary by economic classification

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>130 461</b>	<b>-</b>	<b>-</b>	<b>5 474</b>	<b>-</b>	<b>(26 376)</b>	<b>(20 902)</b>	<b>109 559</b>
Compensation of employees	100 706			6 474		(20 924)	(14 450)	86 256
Goods and services	29 755			(1 000)		(5 452)	(6 452)	23 303
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>-</b>	<b>-</b>	<b>85</b>	<b>203</b>
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	118			85			85	203
<b>Payments for capital assets</b>	<b>805</b>	<b>-</b>	<b>-</b>	<b>(85)</b>	<b>-</b>	<b>(94)</b>	<b>(179)</b>	<b>626</b>
Buildings and other fixed structures							-	-
Machinery and equipment	805			(85)		(94)	(179)	626
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>131 384</b>	<b>-</b>	<b>-</b>	<b>5 474</b>	<b>-</b>	<b>(26 470)</b>	<b>(20 996)</b>	<b>110 388</b>
<b>Amount to be voted</b>								<b>(20 996)</b>

### Virement – Programme 4: Internal Audit: R5.474 million

The special adjustments appropriation of Programme 4 was increased by a net amount of R5.474 million due to the following virements:

- Savings of R6.474 million were realised from *Goods and services* under Programme 1 in respect of special projects that had been put on hold during the nationwide lockdown due to the need to extensive face to face interactions. These funds were moved to *Compensation of employees* to defray spending pressures from the cost-of-living adjustment budget cut made against the programme.
- The above virement of R6.474 million to Programme 4 was offset by the movement of savings of R1 million from the programme. In this regard, savings of R1 million were realised from *Goods and services* under the Risk Management sub-programme due to slow spending against consultants' costs as a result of project delays caused by the nationwide lockdown. These funds were moved to the same category under the Management Services (HOD) sub-programme in Programme 1 in respect of special projects, as mentioned.
- In addition, the following virements were undertaken across sub-programmes and economic classifications within Programme 4:
  - R816 000 was moved from *Compensation of employees* under Assurance Services in respect of vacant funded posts. These funds were allocated to the same category under Programme Support to cater for higher than budgeted salary costs.
  - R85 000 was moved from *Machinery and equipment* as a result the non-purchase of tools of trade in respect of vacant posts. These funds were moved to *Transfers and subsidies to: Households* within the Assurance Services sub-programme to cater for higher than budgeted staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Compensation of employees* was approved by Provincial Treasury.

Note that the decrease in *Capital* in respect of the programme requires Legislature approval, in terms of the PFMA, because *Capital* for the Vote as a whole is reduced.

#### Other adjustments – Programme 4: Internal Audit: (R26.470 million)

The department's budget allocation was decreased by a net amount of R26.470 million as follows:

- An amount of R19.996 million was moved from the programme in respect of the shift of the Forensic Services function from Provincial Treasury to Vote 1: OTP with effect from 1 August 2020. This shift was undertaken in line with Cabinet Resolution 75 dated 10 June 2020. This shift was effected against *Compensation of employees* (R14.450 million), *Goods and services* (R5.452 million), as well as *Machinery and equipment* (R94 000).
- An amount of R6.474 million was cut from the three remaining sub-programmes in respect of *Compensation of employees*. This cut relates to the provision made for the 2020/21 cost-of-living adjustment as this matter is currently in court and is unlikely to be resolved before year-end.

#### Service delivery measures – Programme 4: Internal Audit

Table 6.13 shows the revised service delivery information for Programme 4 as per the revised APP of Provincial Treasury, as well as the actual achievements for the first six months of the year. Note that changes in the service delivery outputs, indicators and targets to align with the 2020/21 revised APP are indicated in bold italics. Revised targets are reflected in the Revised target column. It is noted that Mid-year actual and Revised targets for Forensic Services only include information for quarter one, as this sub-programme was moved to Vote 1: OTP, as previously mentioned.

**Table 6.13 : Service delivery measures – Programme 4: Internal Audit**

Outputs	Performance indicators	Performance targets		
		2020/21 Original target	2020/21 Mid-year actual	2020/21 Revised target
<b>1. Assurance Services</b>				
1.1. Improved governance of assurance and internal control in depts.	<ul style="list-style-type: none"> <li>• No. of Internal Audit Reviews conducted</li> <li>• No. of follow-up reviews on <i>the implementation of recommendations on resolved audit findings</i></li> <li>• <i>No. of audits on Covid-19</i></li> </ul>	112 42 <i>New</i>	24 17 5	80 32 7
1.2. Strengthened oversight and accountability	<ul style="list-style-type: none"> <li>• <i>No. of reports to the oversight structures to enforce accountability</i></li> </ul>	20	15	44
<b>2. Risk Management</b>				
2.1. <i>Risk management embedded in the province</i>	<ul style="list-style-type: none"> <li>• <i>No. of reports on risk management reviews conducted</i></li> </ul>	84	48	76
2.2. <i>Strengthened internal control and risk function in the province</i>	<ul style="list-style-type: none"> <li>• <i>No. of internal control (IC) reports on compliance with minimum IC standards</i></li> </ul>	<i>New</i>	-	1
2.3. Strengthened oversight and accountability	<ul style="list-style-type: none"> <li>• <i>No. of reports to the oversight structures to enforce accountability</i></li> </ul>	20	15	40
<b>3. Forensic Services</b>				
3.1. Strengthened oversight and accountability	<ul style="list-style-type: none"> <li>• No. of resolved Forensic Investigations</li> <li>• No. of follow-ups on the implementation of the recommendations on completed investigations (accountability/consequence management)</li> <li>• No. of reports to the oversight structures to strengthen oversight to enforce accountability</li> </ul>	4 56 16	- 14 8	1 14 10

#### 4.5 Programme 5: Municipal Finance Management

The purpose of this programme is to provide oversight, technical support and guidance to delegated municipalities. The objectives and services of this programme remain unchanged from the 2020/21 EPRE. Tables 6.14 and 6.15 reflect a summary of the 2020/21 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R1 million, are provided in the paragraphs following the tables.

Table 6.14 : Programme 5: Municipal Finance Management

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support	2 392			143		(143)	-	2 392
2. Municipal Budget	27 062			1 001		(1 643)	(642)	26 420
3. Municipal Accounting and Reporting	15 629			649		(362)	287	15 916
4. Municipal Support Programme	12 712			(43)		(602)	(645)	12 067
<b>Total</b>	<b>57 795</b>	<b>-</b>	<b>-</b>	<b>1 750</b>	<b>-</b>	<b>(2 750)</b>	<b>(1 000)</b>	<b>56 795</b>
Amount to be voted								<b>(1 000)</b>

Table 6.15 : Summary by economic classification

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>57 466</b>	<b>-</b>	<b>-</b>	<b>1 722</b>	<b>-</b>	<b>(2 750)</b>	<b>(1 028)</b>	<b>56 438</b>
Compensation of employees	42 775			2 068		(2 750)	(682)	42 093
Goods and services	14 691			(346)			(346)	14 345
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
<b>Payments for capital assets</b>	<b>329</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>28</b>	<b>357</b>
Buildings and other fixed structures							-	-
Machinery and equipment	329			28			28	357
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>57 795</b>	<b>-</b>	<b>-</b>	<b>1 750</b>	<b>-</b>	<b>(2 750)</b>	<b>(1 000)</b>	<b>56 795</b>
Amount to be voted								<b>(1 000)</b>

### Virement – Programme 5: Municipal Finance Management: R1.750 million

The special adjustments appropriation of Programme 5 was increased by a net amount of R1.750 million due to the following virements:

- Savings of R2.750 million were realised from *Goods and services* under Programme 1 in respect of special projects that had been put on hold during the nationwide lockdown due to the need for extensive face to face interactions. These funds were moved to *Compensation of employees* to defray spending pressures from the cost-of-living adjustment budget cut made against the programme.
- The above virement of R2.750 million to Programme 5 was offset by the movement of savings of R1 million from the programme as follows:
  - Savings of R682 000 were realised from *Compensation of employees* under the Municipal Support Programme sub-programme in respect of vacant funded posts. These funds were moved to *Goods and services* under the Management Services (HOD) sub-programme in Programme 1, as mentioned.
  - Savings of R318 000 were realised from *Goods and services* in respect of slow spending against items such as consultants' cost, as well as travel and subsistence costs. These funds were moved to the same category under the Management Services (HOD) sub-programme in Programme 1 in respect of special projects, as previously discussed.
- In addition, the following virements were undertaken across sub-programmes and economic classifications within Programme 5:
  - R315 000 was moved from *Compensation of employees* under the Municipal Budgets sub-programme due to vacant funded posts and moved to the same category under the Municipal Accounting and Reporting sub-programme to cater for higher than budgeted salary costs.

- o R28 000 was moved from *Goods and services* in respect of slow spending against items such as consultants' costs, as well as travel and subsistence costs. These funds were moved to *Machinery and equipment* under the Municipal Support sub-programme to cater for the purchase of laptops which was necessitated by the new working arrangements under the nationwide lockdown where staff worked from home.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Compensation of employees* was approved by Provincial Treasury.

#### Other adjustments – Programme 5: Municipal Finance Management: (R2.750 million)

An amount of R2.750 million was cut from the three remaining sub-programmes in respect of *Compensation of employees*. This cut relates to the provision made for the 2020/21 cost-of-living adjustment as this matter is currently in court and is unlikely to be resolved before the end of the financial year.

#### Service delivery measures – Programme 5: Municipal Finance Management

Table 6.16 shows the revised service delivery information for Programme 5 as per the revised APP of Provincial Treasury, as well as the actual achievements for the first six months of the year. Note that changes in the service delivery outputs, indicators and targets to align with the 2020/21 revised APP are indicated in bold italics. Revised targets are reflected in the Revised target column.

**Table 6.16 : Service delivery measures – Programme 5: Municipal Finance Management**

Outputs	Performance indicators	Performance targets		
		2020/21 Original target	2020/21 Mid-year actual	2020/21 Revised target
<b>1. Municipal Budgets</b>				
1.1. Provincial Treasury recommendations implemented by municipalities	<ul style="list-style-type: none"> <li><i>No. of delegated municipal tabled budgets evaluated with feedback provided</i></li> <li><i>No. of delegated municipal approved budgets evaluated with feedback provided</i></li> </ul>	51	47	
		51	51	
<b>2. Municipal Accounting and Reporting</b>				
2.1. Provincial Treasury recommendations implemented by municipalities	<ul style="list-style-type: none"> <li><i>No. of financial statement review projects conducted at targeted municipalities</i></li> <li>No. of financial management support projects implemented at targeted municipalities</li> </ul>	16	-	2
		6	3	3
<b>3. Municipal Support Programme</b>				
3.1. Provincial Treasury recommendations implemented by municipalities	No. of MSP projects implemented at targeted municipalities	10	15	6
3.2. Full implementation of mSCOA by provincial municipalities	No. of reports on the implementation of mSCOA and compliance by municipalities	4 reports	2 reports	

## 5. Specifically and exclusively appropriated allocations

Table 6.17 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act, 2020. It is noted that there were no changes to the special adjustments appropriation.

**Table 6.17 : Summary of specifically and exclusively appropriated funding**

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Prog 2 : Infrastructure Development improvement shift	5 000						-	5 000
<b>Total</b>	<b>5 000</b>	-	-	-	-	-	-	<b>5 000</b>
Amount to be voted								-

## 6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships in excess of R100 000.

## 7. Infrastructure

Table 6.18 shows the summary of infrastructure payments per main category. It is noted that there were no changes to the special adjustments appropriation.

**Table 6.18 : Summary of infrastructure payments by category**

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Existing infrastructure assets</b>	-	-	-	-	-	-	-	-
Maintenance and repair: Current							-	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital							-	-
<b>New infrastructure assets: Capital</b>							-	-
<b>Infrastructure transfers</b>	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
<b>Infrastructure: Payments for financial assets</b>							-	-
<b>Infrastructure: Leases</b>	18 775						-	18 775
<b>Non infrastructure</b>							-	-
Capital infrastructure	-	-	-	-	-	-	-	-
Current infrastructure	18 775	-	-	-	-	-	-	18 775
<b>Total</b>	18 775	-	-	-	-	-	-	18 775
<b>Amount to be voted</b>								-

## 8. Conditional grants

The department does not receive any conditional grant allocation.

## 9. Transfers and subsidies

Table 6.19 shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall increase of R861 000 in the transfers and subsidies allocation, are provided in the paragraphs following the tables.

**Table 6.19 : Summary of transfers and subsidies by programme and main category**

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>1. Administration</b>	1 274	-	-	400	-	-	400	1 674
Provinces and municipalities	27	-	-	-	-	-	-	27
Motor vehicle licences	27						-	27
Departmental agencies and accounts	3	-	-	-	-	-	-	3
SABC TV Licences	3						-	3
Higher education institutions	-	-	-	-	-	-	-	-
Non-profit institutions	279	-	-	-	-	-	-	279
OSS donations	279						-	279
Households	965	-	-	400	-	-	400	1 365
Thuthuka Bursary Fund & External Bursaries	853			141			141	994
Staff exit costs	112			259			259	371
<b>2. Sustainable Resource Management</b>	-	-	-	70	-	-	70	70
Households	-	-	-	70	-	-	70	70
Staff exit costs				70			70	70
<b>3. Financial Governance</b>	260	-	-	306	-	-	306	566
Households	260	-	-	306	-	-	306	566
Staff exit costs				306			306	566
<b>4. Internal Audit</b>	118	-	-	85	-	-	85	203
Households	118	-	-	85	-	-	85	203
Staff exit costs				85			85	203
<b>5. Municipal Finance Management</b>	-	-	-	-	-	-	-	-
<b>Total</b>	1 652	-	-	861	-	-	861	2 513
<b>Amount to be voted</b>								861

- *Virement*: The *Transfers and subsidies* allocation sees a number of virements occurring, with the category as a whole increasing by R861 000, explained as follows:

- o Programme 1 was increased by R400 000 as follows:
  - Savings of R259 000 were realised from *Goods and services* within the Management Services (HOD) sub-programme and moved to *Households* to cater for staff exit costs that were under-budgeted for, as explained.
  - Savings of R141 000 were realised from *Goods and services* within the Corporate Services sub-programme and moved to *Households* to cater for external bursaries which were under-budgeted for, as explained.
- o Programme 2:
  - Savings of R70 000 were realised from *Goods and services* under the Economic Analysis sub-programme in respect of slow spending against consultants' costs, and were moved to *Households* under the same sub-programme as a result of staff exit costs that were not budgeted for, as explained.
- o Programme 3:
  - Savings of R306 000 were realised from *Compensation of employees* under the Public, Private Partnership sub-programme and were moved to Accounting Services to fund staff exit costs that were higher than budgeted.
- o Programme 4:
  - Savings of R85 000 were realised from *Machinery and equipment* within the Assurance Services sub-programme and were moved to *Households* to cater for staff exit costs that were under-budgeted for, as explained.

## 10. Transfers to local government

The amount against *Provinces and municipalities* in Table 6.2 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality.

## 11. Actual payments and revised spending projections for the rest of 2020/21

Tables 6.20 and 6.21 reflect actual payments as at the end of September 2020, projected payments for the rest of the financial year and the total revised spending in Rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2019/20 Audited outcome.

The department spent 42.4 per cent of its total adjusted budget, which is lower than the 50 per cent benchmark for the period under review, partly because of the non-filling of vacant posts as a result of the nationwide lockdown. The department is projecting a balanced budget at year-end.

**Table 6.20 : Actual payments and revised spending projections by programme**

	2019/20 Audited outcome	Adjusted appropriation	Actual payments April 2020 - September 2020		Projected payments October 2020 - March 2021		Projected actual
R thousand			% of budget		% of budget		
1. Administration	204 269	184 538	64 692	35.1	119 846	64.9	184 538
2. Sustainable Resource Management	40 980	40 140	17 329	43.2	22 811	56.8	40 140
3. Financial Governance	205 764	179 433	84 220	46.9	95 213	53.1	179 433
4. Internal Audit	162 584	110 388	52 164	47.3	58 224	52.7	110 388
5. Municipal Finance Management	58 418	56 795	23 820	41.9	32 975	58.1	56 795
<b>Total</b>	<b>672 015</b>	<b>571 294</b>	<b>242 225</b>	<b>42.4</b>	<b>329 069</b>	<b>57.6</b>	<b>571 294</b>



Table 6.21 : Actual payments and revised spending projections by economic classification

	2019/20 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2020 - September 2020		October 2020 - March 2021		
R thousand			% of budget		% of budget		
Current payments	659 122	561 084	239 169	42.6	321 915	57.4	561 084
Compensation of employees	331 508	334 025	161 419	48.3	172 606	51.7	334 025
Goods and services	327 614	226 250	77 664	34.3	148 586	65.7	226 250
Interest and rent on land	-	809	86	10.6	723	89.4	809
Transfers and subsidies to:	5 782	2 513	1 235	49.1	1 278	50.9	2 513
Provinces and municipalities	39	27	4	14.8	23	85.2	27
Departmental agencies and accounts	2	3	-	-	3	100.0	3
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	362	279	-	-	279	100.0	279
Households	5 379	2 204	1 231	55.9	973	44.1	2 204
Payments for capital assets	7 066	7 697	1 821	23.7	5 876	76.3	7 697
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	7 066	7 697	1 821	23.7	5 876	76.3	7 697
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	45	-	-	-	-	-	-
Total	672 015	571 294	242 225	42.4	329 069	57.6	571 294



Table 6.A : Summary by economic classification : Provincial Treasury

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>593 847</b>	<b>10 000</b>	<b>-</b>	<b>258</b>	<b>-</b>	<b>(43 021)</b>	<b>(32 763)</b>	<b>561 084</b>
Compensation of employees	359 633	-	-	11 961	-	(37 569)	(25 608)	334 025
Salaries and wages	323 028	-	-	12 978	-	(36 899)	(23 921)	299 107
Social contributions	36 605	-	-	(1 017)	-	(670)	(1 687)	34 918
Goods and services	233 405	10 000	-	(11 703)	-	(5 452)	(7 155)	226 250
Administrative fees	6 765	-	-	815	-	(14)	801	7 566
Advertising	2 407	-	-	127	-	-	127	2 534
Minor assets	674	-	-	27	-	(47)	(20)	654
Audit cost: External	3 917	-	-	(150)	-	-	(150)	3 767
Bursaries: Employees	1 006	-	-	-	-	-	-	1 006
Catering: Departmental activities	910	-	-	(88)	-	-	(88)	822
Communication (G&S)	2 702	-	-	(226)	-	(53)	(279)	2 423
Computer services	88 475	-	-	1 928	-	-	1 928	90 403
Cons. & prof serv: Business and advisory services	25 229	10 000	-	(6 994)	-	-	3 006	28 235
Infrastructure and planning	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	1 979	-	-	(267)	-	-	(267)	1 712
Contractors	2 874	-	-	391	-	-	391	3 265
Agency and support / outsourced services	43 851	-	-	(4 788)	-	(4 887)	(9 675)	34 176
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl govt motor transport)	2 094	-	-	(310)	-	-	(310)	1 784
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	10	-	-	-	-	-	-	10
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	1 176	-	-	(298)	-	-	(298)	878
Consumable supplies	637	-	-	12	-	(6)	6	643
Consumable: Stationery, printing and office supplies	2 244	-	-	(174)	-	(40)	(214)	2 030
Operating leases	18 475	-	-	-	-	-	-	18 475
Property payments	10 817	-	-	(460)	-	-	(460)	10 357
Transport provided: Departmental activity	203	-	-	(95)	-	-	(95)	108
Travel and subsistence	11 787	-	-	(829)	-	(191)	(1 020)	10 767
Training and development	1 949	-	-	(110)	-	(202)	(312)	1 637
Operating payments	2 862	-	-	(214)	-	(12)	(226)	2 636
Venues and facilities	362	-	-	-	-	-	-	362
Rental and hiring	-	-	-	-	-	-	-	-
Interest and rent on land	809	-	-	-	-	-	-	809
Interest	-	-	-	-	-	-	-	-
Rent on land	809	-	-	-	-	-	-	809
<b>Transfers and subsidies to</b>	<b>1 652</b>	<b>-</b>	<b>-</b>	<b>861</b>	<b>-</b>	<b>-</b>	<b>861</b>	<b>2 513</b>
Provinces and municipalities	27	-	-	-	-	-	-	27
Provinces	27	-	-	-	-	-	-	27
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	27	-	-	-	-	-	-	27
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	3	-	-	-	-	-	-	3
Public corporations	3	-	-	-	-	-	-	3
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	3	-	-	-	-	-	-	3
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	279	-	-	-	-	-	-	279
Households	1 343	-	-	861	-	-	861	2 204
Social benefits	490	-	-	720	-	-	720	1 210
Other transfers to households	853	-	-	141	-	-	141	994
<b>Payments for capital assets</b>	<b>8 910</b>	<b>-</b>	<b>-</b>	<b>(1 119)</b>	<b>-</b>	<b>(94)</b>	<b>(1 213)</b>	<b>7 697</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	8 638	-	-	(847)	-	(94)	(941)	7 697
Transport equipment	-	-	-	-	-	-	-	-
Other machinery and equipment	8 638	-	-	(847)	-	(94)	(941)	7 697
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	272	-	-	(272)	-	-	(272)	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>604 409</b>	<b>10 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43 115)</b>	<b>(33 115)</b>	<b>571 294</b>
<b>Amount to be voted</b>								<b>(33 115)</b>