

Vote 6

Provincial Treasury

R thousand	2019/20			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	719 651	725 676		6 025
MEC remuneration ¹	1 978	1 978		
Total amount to be appropriated	721 629	727 654		6 025
<i>of which:</i>				
Current payments	700 363	706 789		6 426
Transfers and subsidies	2 201	5 572		3 371
Payments for capital assets	19 065	15 293	(3 772)	
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 statement

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 objectives

Strategic policy direction: The Provincial Treasury will ensure a credible distribution of available funds between departments taking cognisance of the demands for social services and the need to stimulate economic development and growth, and will commit to provide ongoing, effective and efficient support services to internal and external clients. The department will analyse and monitor government revenue and expenditure in the provincial and local spheres, including public entities, undertake robust public policy research and instil prudent financial management and good governance.

The department has set the following goals and strategic objectives:

- To promote sound financial management practices and fiscal management through good governance.
- To ensure targeted financial resources allocation and utilisation that contributes to improved service delivery.

¹ At the time of going to print, the proclamation determining the 2019 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2019/20 EPRE.

- To enhance the capacity and capability of SCM in departments, municipalities and public entities to eliminate irregular expenditure.
- To focus on the enhancement of B-BBEE through effective SCM policies.
- To monitor and facilitate infrastructure delivery in the province and thereby contribute towards job creation.
- To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.
- To promote sound cash management practices and improve liquidity in the province.

3. Summary of adjusted estimates for the 2019/20 financial year

The main appropriation of Provincial Treasury was R721.629 million in 2019/20. During the year, the department's budget was increased by R6.025 million to R727.654 million, which is the amount that is to be appropriated in the 2019/20 Adjustments Estimate.

The main adjustments that led to the increase in the budget are summarised below, and further details are given in Section 4.

- *Roll-overs*: Approval was granted for the roll-over of R4 million from 2018/19, relating to Programme 4: Internal Audit and specifically the sub-programme: Assurance Services. This amount was allocated to *Goods and services* and relates to commitments from 2018/19 for Assurance Services projects that were not completed in 2018/19 but were carried over into 2019/20.
- *Virements between programmes*: The department undertook an extensive budget review at the end of the second quarter of 2019/20, 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:
 - o Savings of R16.100 million were realised under Programme 3: Financial Governance, as follows:
 - R8.997 million was realised from *Compensation of employees* due to internal delays in filling vacant funded posts.
 - R5.603 million was realised from *Goods and services* mainly as a result of reduced reliance on consultants in respect of the preparation of consolidated Annual Financial Statements (AFS) as this was done by internal contract staff. In addition, the savings were also due to fewer consultants for Public, Private Partnerships (PPP) and SCM interventions.
 - R1.500 million was realised from *Interest and rent on land* as a result of a positive bank balance as it is expected that the province will not go into overdraft and will therefore not incur any interest charges in this regard.
 - o The total savings of R16.100 million were moved as follows:
 - R15.878 million was moved to *Goods and services* in Programme 1: Administration under the Management Services (HOD) sub-programme, and this relates to provision made for special projects such as financial management assistance to departments, as well as for special interventions such as the Treasury/Health assistance plan. The funds are also for pressures in property payments, and for Special Investigation Unit (SIU) payments for investigations currently being done.
 - R222 000 was moved to *Transfers and subsidies to: Households* in Programme 4 under the Programme Support and Assurance Services sub-programmes as a result of higher than anticipated staff exit costs.

- o Savings of R4.028 million were realised under Programme 5: Municipal Finance Management, as follows:
 - R3.202 million was realised from *Compensation of employees* due to internal delays in filling vacant funded posts.
 - R826 000 was realised from *Goods and services* due to savings in respect of reduced reliance on consultants relating to monitoring of the implementation of municipal budgets.
- o The total savings of R4.028 million were moved as follows:
 - R2.886 million was moved to Programme 4 under the Assurance Services sub-programme, to defray spending pressure against of *Compensation of employees* which was under-budgeted for, especially in respect of contract employees.
 - R1.142 million was moved to *Machinery and equipment* in Programme 4, to cater for costs relating to new and replacement tools of trade such as laptops that were under-budgeted for.
 - In addition, R110 000 was moved internally within Programme 5 from *Compensation of employees* to *Transfers and subsidies to: Households* (R26 000) to cater for an injury on duty payment that was not budgeted for, and *Machinery and equipment* (R84 000) to cater for replacement laptops.
- o Savings of R3 million were realised from *Goods and services* in Programme 2: Sustainable Resource Management under the Economic Analysis sub-programme, due to this category being over-budgeted for. These savings were moved to *Goods and services* in Programme 1, mainly to cater for MEC's events in respect of Operation Sukuma Sakhe (OSS) under the Office of the MEC sub-programme.

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

Note that the increase in respect of Programme 1 requires Legislature approval, as it exceeds 8 per cent of the programme's main appropriation, in terms of the PFMA. Also, 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. The donation made in respect of funeral assistance also requires Legislature approval, in terms of the Treasury Regulations, as it exceeds R100 000.

- *Shifts*: No shifts were undertaken across programmes, but there were shifts across economic categories, and these are explained in Section 4 below.
- *Other adjustments*: An amount of R2.025 million was added to the department's budget for the former MEC's exit package which was payable to her following the 2019 general elections. This amount was allocated to *Transfers and subsidies to: Households* under Programme 1 (under the Office of the MEC sub-programme).

Tables 6.1 and 6.2 reflect a summary of the 2019/20 adjusted appropriation of the department, summarised according to programme and economic classification.

Details of the economic classification are given in *Annexure – Vote 6: Provincial Treasury*.

Table 6.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Administration	220 209	-	-	18 878	-	2 025	241 112
2. Sustainable Resource Management	47 641	-	-	(3 000)	-	-	44 641
3. Financial Governance	223 541	-	-	(16 100)	-	-	207 441
4. Internal Audit	166 345	4 000	-	4 250	-	-	174 595
5. Municipal Finance Management	63 893	-	-	(4 028)	-	-	59 865
Total	721 629	4 000	-	-	-	2 025	727 654
Amount to be voted							6 025

Table 6.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
Current payments	700 363	4 000	-	(302)	2 728	-	6 426	706 789
Compensation of employees	360 012	-	-	(7 992)	(4 200)	-	(12 192)	347 820
Goods and services	338 851	4 000	-	9 190	6 928	-	20 118	358 969
Interest and rent on land	1 500	-	-	(1 500)	-	-	(1 500)	-
Transfers and subsidies to:	2 201	-	-	1 346	-	2 025	3 371	5 572
Provinces and municipalities	26	-	-	-	-	-	-	26
Departmental agencies and accounts	3	-	-	-	-	-	-	3
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	213	-	-	324	-	-	324	537
Households	1 959	-	-	1 022	-	2 025	3 047	5 006
Payments for capital assets	19 065	-	-	(1 044)	(2 728)	-	(3 772)	15 293
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	18 807	-	-	(2 146)	(2 728)	-	(4 874)	13 933
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	258	-	-	1 102	-	-	1 102	1 360
Payments for financial assets	-	-	-	-	-	-	-	-
Total	721 629	4 000	-	-	-	2 025	6 025	727 654
Amount to be voted								6 025

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 non financial information currently reflected in the 2019/20 EPRE does not fully correspond to the department's 2019/20 APP, because the APP was tabled after the EPRE. As such, the department made some changes to the targets in order to ensure alignment between the EPRE and the APP and these are highlighted in bold italics.

4.1 Programme 1: Administration

The purpose of this programme is to provide strategic support services in terms of financial management, human resources, auxiliary services, information communication and technology, and legal services. The services provided by the programme remain unchanged from the EPRE.

Tables 6.3 and 6.4 reflect a summary of the 2019/20 adjusted appropriation of Programme 1, summarised according to sub-programmes and economic classification.

Details of the main adjustments, which resulted in an overall increase of R20.903 million, are provided in the paragraphs following the tables.

Table 6.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
1. Office of the MEC	30 951	-	-	3 600	-	2 025	5 625	36 576
2. Management Services (HOD)	51 963	-	-	14 245	-	-	14 245	66 208
3. Financial Management (CFO)	34 337	-	-	-	-	-	-	34 337
4. Corporate Services	102 958	-	-	1 033	-	-	1 033	103 991
Total	220 209	-	-	18 878	-	2 025	20 903	241 112
Amount to be voted								20 903

Table 6.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	202 456	-	-	20 759	2 728	-	23 487	225 943
Compensation of employees	96 062			(1 464)			(1 464)	94 598
Goods and services	106 394			22 223	2 728		24 951	131 345
Interest and rent on land							-	-
Transfers and subsidies to:	1 891	-	-	863	-	2 025	2 888	4 779
Provinces and municipalities	26						-	26
Departmental agencies and accounts	3						-	3
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	213			312			312	525
Households	1 649			551		2 025	2 576	4 225
Payments for capital assets	15 862	-	-	(2 744)	(2 728)	-	(5 472)	10 390
Buildings and other fixed structures							-	-
Machinery and equipment	15 604			(3 846)	(2 728)		(6 574)	9 030
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	258			1 102			1 102	1 360
Payments for financial assets							-	-
Total	220 209	-	-	18 878	-	2 025	20 903	241 112
Amount to be voted								20 903

Virement – Programme 1: Administration: R18.878 million

The main appropriation of Programme 1 was increased by R18.878 million due to the following virements from Programmes 2 and 3:

- R8.775 million was realised from *Compensation of employees* in Programme 3 due to internal delays in filling vacant funded posts, and was moved to *Goods and services* in Programme 1 under the Management Services (HOD) sub-programme. This relates to provision made for special projects such as financial management assistance to departments, special interventions such as the Treasury/Health assistance plan, as well as pressures in property payments, and payments to the SIU for investigations currently being done, as explained.
- R5.603 million was realised under *Goods and services* in Programme 3, due to savings as a result of reduced reliance on consultants, in respect of the preparation of consolidated AFS as this was done by internal contract staff. In addition, the savings were also due to fewer consultants for PPP and SCM interventions, as mentioned. These savings were moved to Programme 1 as follows:
 - R5.470 million was moved to *Goods and services* under the Management Services (HOD) sub-programme, to cater for special projects such as financial management assistance to departments, as well as for special interventions such as the Treasury/Health assistance plan.
 - R133 000 was moved to *Goods and services* under the Corporate Services sub-programme, mainly to cater for computer services and property payments that were under-budgeted for.
- R3 million was moved from *Compensation of employees* in Programme 2 as a result of this category being over-budgeted for, to *Goods and services* under the Office of the MEC sub-programme, to cater for MEC's OSS events, as mentioned.
- R1.500 million was realised from *Interest and rent on land* in Programme 3 as a result of a positive bank balance as it is expected that the province will not go into overdraft and will therefore not incur any interest charges in this regard. These savings were moved as follows:
 - R1.212 million was moved to *Goods and services* under the Corporate Services sub-programme mainly as result of computer services and property payments that were under-budgeted for.
 - R288 000 was moved to *Goods and services* under the Office of the MEC sub-programme in respect of MEC's OSS events, as mentioned.

In addition to the above virements to Programme 1, the following virements were undertaken across economic categories within the programme, affecting three sub-programmes:

- R1.464 million was moved from *Compensation of employees* due to internal delays in filling vacant funded posts, to *Goods and services* to cater for special projects such as financial management assistance to departments, as well as for special interventions such as the Treasury/Health assistance plan within the Management Services (HOD) sub-programme.
- R3.846 million was moved from *Machinery and equipment* in the Corporate Services sub-programme due to internal delays in filling vacant funded posts. These savings were moved as follows:
 - R1.881 million was moved to *Goods and services* (within the same sub-programme), to cater for costs in respect of operating leases, that were under-budgeted for.
 - R312 000 was moved to *Transfers and subsidies to: Non-profit institutions* (under Office of the MEC sub-programme), in respect of the burial of a person who lost her life on 18 April 2019, due to a collapse of a church wall in Richards Bay. A Provincial Executive Council resolution was taken that departments would contribute funds to assist the affected families with burial costs. The department organised the funeral service and an amount of R312 000 was spent on various items such as catering, transportation, marquee, and speed-fencing, among others. Note that Legislature approval is required for this donation, as it exceeds R100 000.
 - R551 000 was moved to *Transfers and subsidies to: Households* (within the same sub-programme), to cater for the Thuthuka Bursary Fund (R533 000) and external bursaries (R18 000) that were under-budgeted for.
 - R1.102 million was moved to *Software and other intangible assets* (within the same sub-programme), to cater for software licences that were not budgeted for.

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

Note that the increase in respect of Programme 1 requires Legislature approval in terms of PFMA, as it exceeds 8 per cent of the programme's main appropriation. Also, 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. The donation made in respect of funeral assistance also requires Legislature approval, in terms of the Treasury Regulations, as it exceeds R100 000.

Shifts – Programme 1: Administration

The department undertook a shift across economic classification but within sub-programmes, hence this is not evident in Table 6.3. In this regard, an amount of R2.728 million was shifted from *Machinery and equipment* to *Goods and services* within the sub-programmes: Financial Management (CFO) and Management Services (HOD) to cater for the costs of finance leases (cellphones and leases of printing machines) due to the SCOA reclassification of this item to *Goods and services*, and the purpose of the funds remains unchanged.

Other adjustments – Programme 1: Administration: R2.025 million

An amount of R2.025 million was added to the department's budget for the former MEC's exit package following the 2019 general elections. This amount was allocated to *Transfers and subsidies to: Households* under the sub-programme: Office of the MEC.

4.2 Programme 2: Sustainable Resource Management

The main purpose of the programme is to effectively manage and monitor the provincial fiscal resources. The objectives and services of this programme remain unchanged from the 2019/20 EPRE. Tables 6.5 and 6.6 reflect a summary of the 2019/20 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 R3 million, are provided in the paragraphs following the tables.

Table 6.5 : Programme 2: Sustainable Resource Management

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support	3 413			712			712	4 125
2. Economic Analysis	26 685			(4 185)			(4 185)	22 500
3. Public Finance	17 543			473			473	18 016
Total	47 641	-	-	(3 000)	-	-	(3 000)	44 641
Amount to be voted								(3 000)

Table 6.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	47 325	-	-	(3 192)	-	-	(3 192)	44 133
Compensation of employees	41 022			(105)	(4 200)		(4 305)	36 717
Goods and services	6 303			(3 087)	4 200		1 113	7 416
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	105	-	-	105	105
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households				105			105	105
Payments for capital assets	316	-	-	87	-	-	87	403
Buildings and other fixed structures							-	-
Machinery and equipment	316			87			87	403
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	47 641	-	-	(3 000)	-	-	(3 000)	44 641
Amount to be voted								(3 000)

Virement – Programme 2: Sustainable Resource Management: (R3 million)

The main appropriation of Programme 2 was decreased by R3 million due to the following virements:

- Savings of R3 million were realised from *Goods and services* under the Economic Analysis sub-programme as a result of items such as consultants being over-budgeted for. These funds were moved to *Goods and services* in Programme 1, as mentioned.
- In addition, the following internal virements were undertaken across sub-programmes and economic classification:
 - R1.185 million was moved from *Compensation of employees* in respect of funded vacant posts in the Economic Analysis sub-programme as follows:
 - R712 000 was moved to the same category in the Programme Support sub-programme to cater for costs related to the above-budget wage adjustment.
 - R473 000 was moved to the same category in the Public Finance sub-programme to cater for costs related to the above-budget wage adjustment.
 - Offsetting this, to some extent, R105 000 was moved from *Compensation of employees* as a result of vacant funded posts, to *Transfers and subsidies to: Households* as a result of staff exit costs that were not budgeted for within the Public Finance sub-programme.
 - R87 000 was moved from *Goods and services* in respect of consultants that were over-budgeted for, to *Machinery and equipment* in respect of costs of tools of trade such as replacement laptops within the Economic Analysis sub-programme.

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

Shifts – Programme 2: Sustainable Resource Management

The department undertook a shift across economic classifications but within sub-programmes, hence this is not evident in Table 6.5. In this regard, a shift of R4.200 million was undertaken from *Compensation of employees* to *Goods and services* to correct a misallocation of funds to be used for tools of trade in respect of Technical Advisors during the preparation of the 2019/20 budget. Note that these funds were allocated by National Treasury to increase infrastructure capacity and for associated tools of trade. The purpose of these funds remains unchanged.

Service delivery measures – Programme 2: Sustainable Resource Management

Table 6.7 shows the service delivery information for Programme 2 as per the APP of Provincial Treasury, as well as the actual achievements for the first six months of the year. Note that there are minor changes to the wording of service delivery outputs, indicators and targets to align them with the 2019/20 APP and these are indicated in bold italics. One target was added and this is reflected as “New” and the 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		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
1.1 Economic Analysis				
1.1.1 To determine and evaluate economic parameters and socio-economic imperatives to inform provincial and local resource allocation	<ul style="list-style-type: none"> No. of economic analysis reports for the province 	Produce 4 provincial dept. economic reports Produce 1 <i>SERO</i> Produce 9 districts socio-economic reports	Annual Annual 6	Produce 1 provincial dept. economic report
	<ul style="list-style-type: none"> Timeous Economic Analysis inputs to the <i>Estimates of Provincial Revenue and Expenditure (EPRE)</i> 	February 2020	Annual	
1.1.2 To provide a platform to enhancing regional economic growth and development	<ul style="list-style-type: none"> No. of quality research for regional policy analysis 	Produce 4 economic research projects	2	
1.1.3 <i>To determine and evaluate economic parameters and socio-economic imperatives to inform provincial and local resource allocation</i>	<ul style="list-style-type: none"> <i>No. of economic analysis reports for the province</i> 	New	2	Produce 4 provincial dept. economic reports
1.2 Infrastructure				
1.2.1 Efficient infrastructure management in KZN that contributes to effective economic and social infrastructure	<ul style="list-style-type: none"> No. of assessment reports on the User Asset Management Plans (U-AMPs) 	Compile a consolidated assessment report on U-AMPs	Annual	
1.2.2 To facilitate implementation and institutionalisation of the IDMS in all KZN provincial depts and municipalities	<ul style="list-style-type: none"> No. of reports on the implementation of IDMS in KZN No. of reports on the infrastructure site visits conducted No. of progress reports on infrastructure budgets and delivery plans using IRM data Timeous Infrastructure input for <i>EPRE</i> No. of <i>Estimates for Capital Expenditure (ECE)</i> developed and published 	Produce 4 reports on the implementation of IDMS in KZN Submit 4 reports on the site visits conducted Submit 4 reports on the infrastructure expenditure in KZN February 2020	Produced 2 reports on the implementation of IDMS 2 2 Annual	
1.2.3 To assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan	<ul style="list-style-type: none"> No. of assessment reports on the Infrastructure Programme Management Plan (IPMP) compiled No. of reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework 	Compile an assessment report on Infrastructure Programme Management Plans Produce 4 reports on the infrastructure mechanisms in the province	Annual 2	

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
2. Public Finance				
2.1 Provincial Budget Management				
2.1.1 Promote effective and optimal financial resource allocation for provincial govt.	<ul style="list-style-type: none"> No. of chapters in MTEC report Timeous tabling of <i>EPRE</i> Timeous tabling of <i>Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)</i> 	1 report with 15 chapters completed 1 working day before MTEC as per budget process timetable March 2020 November 2019	15 chapters completed 1 working day before MTEC as per budget process timetable Annual Annual	
2.1.2 Ensure efficient budget and expenditure management and accurate financial reporting for provincial govt. (incl. public entities)	<ul style="list-style-type: none"> No. of section 32 report (Monthly provincial IYM report) No. of quarterly performance reports for provincial depts 	12 IYM reports p/a (submitted to NT by 22 nd monthly) 4 quarterly performance reports	6 IYM reports p/a (submitted to NT by 22 nd monthly) 3 quarterly performance reports	
2.2 Provincial Own Revenue				
2.2.1 Promote optimal and sustainable revenue generation and collection by provincial depts and public entities	<ul style="list-style-type: none"> No. of revenue quarterly performance report Timeous revenue input into <i>Overview of Provincial Revenue and Expenditure (OPRE) and EPRE</i> 	4 revenue performance reports per annum March 2020	3 Annual	
2.3 Special Advisory Support Services				
2.3.1 Promote effective and optimal financial resource allocation for provincial govt. (including public entities)	<ul style="list-style-type: none"> Timeous input into the revision and maintenance of Division Of Revenue Act (DORA) No. of reports on institutionalising framework for the monitoring of provincial public entities No. of MTEC reports completed 	November 2019 2 1 report completed 1 day before MTEC	1 1 1	

4.3 Programme 3: Financial Governance

The purpose of this programme is to ensure effective and efficient management of physical and financial assets for provincial and local government. The main services undertaken by this programme remain unchanged from the *EPRE*.

Tables 6.8 and 6.9 reflect a summary of the 2019/20 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 R16.100 million, are provided in the paragraphs below.

Table 6.8 : Programme 3: Financial Governance

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Programme Support	4 235					-	4 235
2. Asset and Liabilities Management	14 969			(2 400)		(2 400)	12 569
3. Support and Interlinked Financial Systems	100 198			1 000		1 000	101 198
4. Supply Chain Management	45 735			(9 000)		(9 000)	36 735
5. Public, Private Partnerships	8 785			(1 700)		(1 700)	7 085
6. Accounting Services	42 497			(4 000)		(4 000)	38 497
7. Norms and Standards	7 122					-	7 122
Total	223 541	-	-	(16 100)	-	(16 100)	207 441
Amount to be voted							(16 100)

Table 6.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	222 493	-	-	(16 617)	-	-	(16 617)	205 876
Compensation of employees	84 792			(8 997)			(8 997)	75 795
Goods and services	136 201			(6 120)			(6 120)	130 081
Interest and rent on land	1 500			(1 500)			(1 500)	-
Transfers and subsidies to:	198	-	-	126	-	-	126	324
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions				12			12	12
Households	198			114			114	312
Payments for capital assets	850	-	-	391	-	-	391	1 241
Buildings and other fixed structures							-	-
Machinery and equipment	850			391			391	1 241
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	223 541	-	-	(16 100)	-	-	(16 100)	207 441
Amount to be voted								(16 100)

Virement – Programme 3: Financial Governance: (R16.100 million)

The main appropriation of Programme 3 was decreased by R16.100 million which affected various sub-programmes, as follows:

- Savings of R8.997 million were realised from *Compensation of employees* under the sub-programme: Supply Chain Management as a result of internal delays in filling vacant posts.
- Savings of R5.603 million were identified from *Goods and services* under the sub-programmes: Accounting Services (R4 million), Asset and Liabilities Management (R900 000) and Public, Private Partnerships (R703 000), mainly as a result of reduced reliance on consultants, in respect of the preparation of consolidated AFS.
- Savings of R1.500 million were identified from *Interest and rent on land* under the Asset and Liabilities Management sub-programme due to the positive bank balance as it is expected that the province will not go into overdraft and will therefore not incur any interest charges in this regard.
- The total savings of R16.100 million were moved as follows:
 - R8.775 million was moved to *Goods and services* under the Management Services (HOD) sub-programme in Programme 1.
 - R7.103 million was moved to *Goods and services* in Programme 1 under the Management Services (HOD), Corporate Services and Office of the MEC sub-programmes, as explained.
 - R222 000 was moved to *Transfers and subsidies to: Households* in Programme 4.

In addition to the above virements from Programme 3, the following virements were undertaken across economic categories within sub-programmes:

- Savings of R517 000 were moved from *Goods and services* under the Public, Private Partnerships sub-programme as a result of reduced reliance on consultants. These funds were moved as follows:
 - R12 000 was moved to *Transfers and subsidies to: Non-profit institutions* to cater for a donation to the South African Institute of Chartered Accountants (SAICA) for the purchase of a table at the annual SAICA dinner for Provincial Treasury employees who are SAICA members (under the Accounting Services sub-programme).

- o R114 000 was moved to *Transfers and subsidies to: Households* to cater for staff exits costs that were higher than budgeted under the Support and Interlinked Financial Systems sub-programme.
- o R391 000 was moved to *Machinery and equipment* under the Support and Interlinked Financial Systems sub-programme to cater for tools of trade such as replacement and new laptops that were under-budgeted for.
- Further savings of R495 000 were moved from *Compensation of employees* from the sub-programmes: Public, Private Partnerships (R480 000), Accounting Services (R12 000) and SCM (R3 000) to the same category under Support and Interlinked Financial Systems which was under-budgeted for.

These virements are permissible in terms of the PFMA and the Treasury Regulations. The increase in *Transfers and subsidies to: Non-profit institutions* was approved by Provincial Treasury.

Service delivery measures – Programme 3: Financial Governance

Table 6.10 shows the service delivery information for Programme 3 as per the APP of Provincial Treasury, as well as the actual achievements for the first six months of the year. The department made various changes to its targets in order to ensure alignment between the *EPRE* and APP. These are shown under the “Revised target” column in the table.

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
1. Asset and Liabilities Management				
1.1. To assist depts. in improving cash management	<ul style="list-style-type: none"> • No. of tax information seminars conducted annually • No. of risk analysis reports per dept. to ensure compliance to tax legislation • No. of quarterly assessment reports to depts. on status of bank related suspense accounts • No. of monthly bank reconciliations per dept. • No. of quarterly reports on withdrawals from municipal bank accounts 	<ul style="list-style-type: none"> 1 session 56 reports 56 assessment reports 168 reconciled bank reconciliation 4 reports on withdrawals from municipal bank accounts 	<ul style="list-style-type: none"> Annual 28 risk analysis reports 28 assessment reports 84 reconciled bank reconciliations 2 reports on withdrawals from municipal bank accounts 	
2. Public, Private Partnerships (PPP)				
2.1. To provide technical, financial and legal advice in support of all provincial PPP projects in line with PPP project cycle as regulated by National Treasury guidelines	<ul style="list-style-type: none"> • Seminars/workshops conducted for provincial depts, public entities, municipalities, municipal entities and the private sector • No. of reports for Provincial Treasury management and National Treasury PPP unit • No. of contract management reports on closed deals 	<ul style="list-style-type: none"> 2 12 12 	<ul style="list-style-type: none"> 1 6 6 	
3. Provincial Supply Chain Management				
3.1. Support and monitor adherence of state institutions to SCM prescripts	<ul style="list-style-type: none"> • No. of SCM training sessions and information sessions conducted • No. of SCM compliance assessments conducted • No. of policies reviewed and updated • No. of contract management analysis conducted 	<ul style="list-style-type: none"> Conduct 24 SCM training, information sessions, workshops and forums for state institutions Conduct 168 SCM assessments in depts, munic. and public entities and investigate complaints Review and update 12 policies Conduct 106 contract management reviews for state institutions 	<ul style="list-style-type: none"> Conducted 40 training information sessions and workshops and forums for state institutions Conducted 78 SCM assessments in depts., municipalities, and public entities, and investigate complaints Reviewed and update 8 policies Conducted 60 contract management reviews for state institutions 	<ul style="list-style-type: none"> Conduct 144 SCM assessments in state institutions Conduct 121 contract management reviews for state institutions
4. Accounting Services				
4.1. To assist depts and public entities in the attainment of a clean audit outcome for the province	<ul style="list-style-type: none"> • Consolidated AFS for provincial depts to the Auditor General 	<ul style="list-style-type: none"> Audited Consolidated AFS for FY 2018/19 tabled by 30 September 2019 to the A-G 	<ul style="list-style-type: none"> Annual 	<ul style="list-style-type: none"> Unaudited Consolidated AFS to the AG for FY 2018/19 by 30 September 2019

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
	<ul style="list-style-type: none"> Consolidated AFS for public entities to the Auditor General Timeous submission of consolidated AFS for Revenue Fund to the Auditor General No. of trainings conducted to provincial depts and public entities to strengthen financial management No. of progress reports on financial management support based on identified needs/audit findings Annual pre-audit review conducted on depts preparing AFS on Modified Cash Standard (MCS) basis Annual pre-audit review conducted on public entities 	<ul style="list-style-type: none"> Audited Consolidated AFS for FY 2018/19 tabled by 30 September 2019 to the A-G Audited Consolidated AFS for FY 2018/19 submitted by 30 September 2019 to A-G 1 training workshop by 30 April 2020 3 progress reports on financial management support based on specific requests received from depts Pre-audit review of AFS at depts preparing AFS on the MCS basis Pre-audit review of AFS at 7 public entities 	<ul style="list-style-type: none"> Annual Annual 5 workshops conducted 19 progress reports on financial management support based on identified needs/audit findings for depts Annual AFS on the MCS basis Annual 	<ul style="list-style-type: none"> Unaudited Consolidated AFS to the AG for FY 2018/19 by 30 September 2019 Unaudited Revenue Fund AFS to the AG for FY 2018/19 by 30 September 2019 1 training workshop by 31 March 2020 12 progress reports on financial management support based on identified needs/ audit findings for depts Pre-audit review of AFS in all 14 provincial departments preparing AFS on MCS
5. Norms and Standards				
5.1. To develop, facilitate implementation and monitor compliance with financial norms and standards in provincial depts, municipalities and public entities	<ul style="list-style-type: none"> No. of instruction notes/standard operating procedures/policies developed and reviewed for depts, municipalities and their respective entities No. of depts/public entities assessed and monitored 	<ul style="list-style-type: none"> 8 standard operating procedures reviewed for departments 20 policies reviewed / developed for 4 entities as required in terms of an assessment 8 financial norms & standards reviewed for departments 14 depts assessed and monitored 8 entities assessed 	<ul style="list-style-type: none"> 4 instruction notes and policies developed and/or reviewed based on needs analysis 9 Annual 14 departments assessed 8 entities assessed 	
6. Support and Interlinked Financial Systems				
6.1. To provide technical and functional support to supporting and interlinked financial systems	<ul style="list-style-type: none"> Mean Time To Resolve (MTTR) (transversal systems) 	<ul style="list-style-type: none"> 4-8hr MTTR 	<ul style="list-style-type: none"> 4-8hr MTTR 	

4.4 Programme 4: Internal Audit

The main purpose of the programme is to develop effective risk management strategies and governance, to build and maintain successful client relationships, to develop knowledge by creating a learning culture, and to build foundations for excellence to support the provincial government in achieving its objectives. The services rendered by the programme remain unchanged from the 2019/20 EPRE. Tables 6.11 and 6.12 reflect a summary of the 2019/20 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R8.250 million, are provided in the paragraphs below the table.

Table 6.11 : Programme 4: Internal Audit

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support	3 729			1 250			1 250	4 979
2. Assurance Services	94 583	4 000		6 000			10 000	104 583
3. Risk Management	28 555						-	28 555
4. Forensic Services	39 478			(3 000)			(3 000)	36 478
Total	166 345	4 000	-	4 250	-	-	8 250	174 595
Amount to be voted							8 250	8 250

Table 6.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Current payments	164 915	4 000	-	2 886	-	6 886	171 801
Compensation of employees	93 841			5 886		5 886	99 727
Goods and services	71 074	4 000		(3 000)		1 000	72 074
Interest and rent on land						-	-
Transfers and subsidies to:	112	-	-	226	-	226	338
Provinces and municipalities						-	-
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	112			226		226	338
Payments for capital assets	1 318	-	-	1 138	-	1 138	2 456
Buildings and other fixed structures						-	-
Machinery and equipment	1 318			1 138		1 138	2 456
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	166 345	4 000	-	4 250	-	8 250	174 595
Amount to be voted							8 250

Roll-over – Programme 4: Internal Audit: R4 million

Approval was granted for a roll-over of R4 million from 2018/19, relating to the sub-programme Assurance Services. This amount was allocated to *Goods and services* and relates to commitments from 2018/19 for projects that were not completed in 2018/19 but were carried over into 2019/20.

Virement – Programme 4: Internal Audit: R4.250 million

The main appropriation of Programme 4 was increased by R4.250 million as a result of the following virements which affected three sub-programmes:

- Savings of R4.250 million were realised from Programme 5 (R4.028 million) and Programme 3 (R222 000) as follows:
 - R3.202 million was realised from *Compensation of employees* as a result of delays in filling vacant funded posts under Programme 5.
 - R222 000 was realised from *Compensation of employees* as a result of internal delays in filling vacant funded posts under Programme 3.
 - R826 000 was realised from *Goods and services* (consultants) as a result of reduced reliance on consultants relating to monitoring the implementation of municipal budgets under Programme 5.
- The total savings of 4.250 million were moved to Programme 4 under the sub-programmes: Assurance Services and Programme Support, as follows:
 - R2.886 million was moved to *Compensation of employees* to cater for spending pressure as a result of this category being under-budgeted for under the Assurance Services sub-programme.
 - R226 000 was moved to *Transfers and subsidies to: Households* to cater for staff exit costs that were under-budgeted for under the Assurance Services (R114 000) and Programme Support (R112 000) sub-programmes.
 - R1.138 million was moved to *Machinery and equipment* to cater for costs in respect of new and replacement laptops under the Programme Support sub-programme.

In addition to the above virements to Programme 4, the following virements were undertaken within the programme, affecting three sub-programmes:

- Savings of R3 million were identified against *Goods and services* under the Forensic Services sub-programme due to reduced reliance on consultants as work was done through internal capacity.
- The total savings of R3 million were moved to *Compensation of employees* under the Assurance Services sub-programme that was under-budgeted for.

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

Service delivery measures – Programme 4: Internal Audit

Table 6.13 shows the service delivery information for Programme 4 as per the APP of Provincial Treasury, as well as the actual achievements for the first six months of the year.

Note that minor changes were made to the service delivery targets to ensure alignment with the APP which was only finalised after the 2019/20 *EPRE* was published. Also note that one performance indicator was added to the APP under Risk Management which is shown as ‘New’ in the original target column. Three performance indicators and targets have replaced the six indicators and targets that were included in the *EPRE* under Forensic Services and these are highlighted in bold italics.

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

Outputs	Performance indicators	Performance targets			
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised Target	
1. Assurance Services					
1.1.	To provide an efficient, effective and economical assurance service	<ul style="list-style-type: none"> No. of IA annual operational plans and a rolling three-year strategic plan developed and approved No. of annual MEC Audit and Risk Committee report on clients' areas of risk management, governance and internal control No. of risk-based audit reports including follow up audit reports and reports on financial, IT, performance and governance audits No. of Audit Committee reports issued to Accounting Officers 	<ul style="list-style-type: none"> 14 1 155 28 	<ul style="list-style-type: none"> 14 Annual 70 14 	
1.2.	To build and maintain client relationships	<ul style="list-style-type: none"> No. of meetings held between clients and the CARC 	56	28	
1.3.	To enhance capacity within and outside the unit	<ul style="list-style-type: none"> No. of training and development programmes attended 	8	5	
2. Risk Management					
2.1.	Promote good governance through effective risk management	<ul style="list-style-type: none"> No. of risk assessments conducted for depts No. of reviews on risks management maturity depts No. of reviews of Occupational Health and Safety practices for depts and municipalities No. of reviews of business continuity practices for depts No. of risk-related/forums conferences held for provincial depts No. of reviews of the fraud prevention plans for depts and municipalities No. of risk/governance-related training conducted to depts No. of risk assessments conducted for municipalities 	<ul style="list-style-type: none"> 50 28 30 28 4 28 25 New 	<ul style="list-style-type: none"> 25 4 10 14 2 14 24 20 	30
3. Forensic Services					
3.1	To promote a culture of zero tolerance for fraud and corruption	<ul style="list-style-type: none"> No. of Forensic Audits reports issued No. of updated register of forensic investigations- MEC report No. of follow ups on completed investigations 	<ul style="list-style-type: none"> New New New 	<ul style="list-style-type: none"> 19 2 28 	<ul style="list-style-type: none"> 3 4 56

4.5 Programme 5: Municipal Finance Management

Programme 5 was established in 2019/20 in line with the new generic structure for all Treasuries which was introduced in 2018/19, which makes provision for an integrated structure in respect of the Municipal Finance Management unit.

Tables 6.14 and 6.15 summarise the 2019/20 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 R4.028 million, are provided in the paragraphs below the table.

Table 6.14 : Programme 5: Municipal Finance Management

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
1. Programme Support	3 287			(700)		(700)	2 587
2. Municipal Budget	27 714			(740)		(740)	26 974
3. Municipal Accounting and Reporting	14 919			(416)		(416)	14 503
4. Municipal Support Programme	17 973			(2 172)		(2 172)	15 801
Total	63 893	-	-	(4 028)	-	(4 028)	59 865
Amount to be voted							(4 028)

Table 6.15 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
Current payments	63 174	-	-	(4 138)	-	(4 138)	59 036
Compensation of employees	44 295			(3 312)		(3 312)	40 983
Goods and services	18 879			(826)		(826)	18 053
Interest and rent on land						-	-
Transfers and subsidies to:	-	-	-	26	-	26	26
Provinces and municipalities						-	-
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households				26		26	26
Payments for capital assets	719	-	-	84	-	84	803
Buildings and other fixed structures						-	-
Machinery and equipment	719			84		84	803
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets	-	-	-	-	-	-	-
Total	63 893	-	-	(4 028)	-	(4 028)	59 865
Amount to be voted							(4 028)

Virement – Programme 5: Municipal Finance Management: (R4.028 million)

The following virements were undertaken from Programme 5, which affected three sub-programmes across various economic categories and resulted in a net reduction of R4.028 million as follows:

- Savings of R4.028 million were identified against the programme, as follows:
 - R3.202 million was identified from *Compensation of employees* as a result of internal delays in filling vacant posts against the sub-programmes: Municipal Support Programme (R2.172 million), Programme Support (R700 000) and Municipal Accounting and Reporting (R330 000).
 - R826 000 was realised from *Goods and services* (consultants) under the Municipal Budget sub-programme as a result of reduced reliance on consultants, as explained.
- The total savings of R4.028 million were moved to Programme 4, as explained.

In addition to the above virements from Programme 5, the following virements were undertaken within the programme, affecting various sub-programmes:

- R84 000 was moved from *Compensation of employees* due to delays in filling vacant posts in the Municipal Accounting and Reporting sub-programme to *Machinery and equipment* in the Municipal Budget sub-programme to fund tools of trade, e.g. replacement laptops, that were under-budgeted for.
- R26 000 was moved from *Compensation of employees* as a result of delays in filling vacant posts under the Municipal Budget sub-programme to *Transfers and subsidies to: Households* within the same sub-programme to cater for an injury on duty claim that was not budgeted for.
- R2 000 was moved from *Goods and services* as a result of reduced reliance on consultants under the Municipal Accounting and Reporting to the same category under the Municipal Budget sub-programme to cater for computer services that were under-budgeted for.

The above virements are permissible in terms of the Treasury Regulations.

Service delivery measures – Programme 5: Municipal Finance Management

Table 6.16 shows the service delivery information for Programme 5 as per the APP of Provincial Treasury, as well as the actual achievements for the first six months of the year. One target contained in the *EPRE* was not fully aligned with the APP and this is reflected in the “Revised target” column.

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
5.1 Municipal Budget				
5.1.1 To ensure optimal and sustainable municipal budgets	<ul style="list-style-type: none"> No. of tabled budgets evaluated and feedback provided to delegated municipalities No. of approved budgets evaluated and feedback provided to delegated municipalities No. of budget workshops 	51 municipal tabled budgets evaluated 51 municipal approved budgets evaluated 1 budget related workshop	51 municipal tabled budgets evaluated 51 municipal approved budgets evaluated Annual	
5.1.2 To ensure optimal implementation of budgets by municipalities and reporting on related compliance	<ul style="list-style-type: none"> No. of Section 71(6) reports (monthly municipal IYM report) within the prescribed time frame No. of Section 71(7) quarterly budget performance reports No. of Section 72 reports evaluated and feedback provided to delegated municipalities No. of reports on the compliance with the applicable MFMA reporting requirements No. of Municipal Finance circulars issued 	12 Section 71(6) reports 4 Section 71(7) quarterly budget performance reports 51 Section 72 municipal reports evaluated 2 reports on the compliance with the applicable MFMA reporting requirements 5 Municipal Finance circulars	6 Section 71(6) reports 2 Section 71(7) quarterly budget performance reports 2 Section 72 reports 9 reports on the compliance with the applicable MFMA reporting requirements 3 Municipal Finance Circulars	
5.2. Municipal Support Programme				
5.2.1 To assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability	<ul style="list-style-type: none"> No. of municipalities supported by the MSP No. of MSP projects implemented at target municipalities No. of municipal support steering committee meetings conducted No. of CFO Forums conducted No. of circulars on the grant roll-over process 	Reported as no. of projects from 2018/19 (as below) 10 projects to be implemented 4 quarterly meetings to monitor progress on MSP 4 quarterly CFO Forums 1 circular by 31 August 2018 on the grant roll over process	Annual 20 2 meetings to monitor progress on municipal support 2 quarterly CFO Forums 1 circular	
5.3. Municipal Accounting and Reporting				
5.3.1 To assist, support and monitor municipalities with financial management and compliance with the annual reporting framework.	<ul style="list-style-type: none"> No. of AFS reviews performed No. of Financial Management Support projects implemented No. of municipalities supported with implementation of mSCOA 	1 Pre-audit assessment report in 4 municipalities by 31 August 2019 Progress reports on intensive on-site financial management support to 6 municipalities within 10 days of every quarter end Monitor implementation of MSCOA by municipalities and provide progress reports within 30 days of every quarter end	8 7 1	4 reports on the monitoring of the implementation of mSCOA by municipalities

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, 2019.

Table 6.17 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 1: Treasury/ Health assistance plan	40 000						-	40 000
2. Prog. 2: Infrastructure development improvement	5 000						-	5 000
3. Prog. 4: Internal Audit Assurance Services roll-over		4 000					4 000	4 000
Total	45 000	4 000					4 000	49 000
Amount to be voted								4 000

- *Roll-over*: Approval was granted for the roll-over of R4 million from 2018/19, relating to Programme 4 and specifically the sub-programme: Assurance Services. This amount relates to commitments from 2018/19 for Assurance Services projects that were not completed in 2018/19 but were carried over into 2019/20.
- *Shifts*: The department undertook a shift of funds in respect the Infrastructure development improvement from *Compensation of employees* to *Goods and services* as explained in Section 4.2. This shift is not reflected in Table 6.17 as it was between economic classifications.

6. Gifts, donations and sponsorships

The department made a donation of R312 000 in respect of the burial of a person who lost her life on 18 April 2019, due to a collapse of a church wall in Richards Bay. As explained, a Provincial Executive Council resolution was taken that departments would contribute funds to assist the affected families with burial costs.

Note that this donation requires Legislature approval as it exceeds R100 000, in terms of Treasury Regulations.

7. Infrastructure

The department does not have any infrastructure projects in 2019/20.

8. Conditional grants

The department does not receive any conditional grant allocation.

9. Transfers and subsidies

Table 6.18 shows the summary of transfers and subsidies per programme. The adjustments in *Transfers and subsidies* resulted in an overall increase of R3.371 million, which is explained in detail in the paragraphs after the table.

Table 6.18 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	1 891	-	-	863	-	2 025	2 888	4 779
Provinces and municipalities	26	-	-	-	-	-	-	26
Motor vehicle licences	26	-	-	-	-	-	-	26
Departmental agencies and accounts	3	-	-	-	-	-	-	3
SABC TV Licences	3	-	-	-	-	-	-	3
Non-profit institutions	213	-	-	312	-	-	312	525
Donations	213	-	-	312	-	-	312	525
Households	1 649	-	-	551	-	2 025	2 576	4 225
Staff exit costs	106	-	-	-	-	2 025	2 025	2 131
Thuthuka Bursary Fund	667	-	-	533	-	-	533	1 200
External bursary	876	-	-	18	-	-	18	894
2. Sustainable Resource Management	-	-	-	105	-	-	105	105
Households	-	-	-	105	-	-	105	105
Staff exit costs	-	-	-	105	-	-	105	105
3. Financial Governance	198	-	-	126	-	-	126	324
Non-profit institutions	-	-	-	12	-	-	12	12
Donations (SAICA table)	-	-	-	12	-	-	12	12
Households	198	-	-	114	-	-	114	312
Staff exit costs	198	-	-	114	-	-	114	312
4. Internal Audit	112	-	-	226	-	-	226	338
Staff exit costs	112	-	-	226	-	-	226	338
5. Municipal Finance Management	-	-	-	26	-	-	26	26
Households	-	-	-	26	-	-	26	26
Injury on duty	-	-	-	26	-	-	26	26
Total	2 201	-	-	1 346	-	2 025	3 371	5 572
Amount to be voted								3 371

- *Virement*: The *Transfers and subsidies* allocation sees a number of virements occurring, with the category as a whole increasing by R1.346 million, explained as follows:
 - o Programme 1:
 - Savings of R312 000 were realised from *Machinery and equipment* under the Corporate Services sub-programme and moved to *Non-profit institutions* (under Office of the MEC sub-programme), in respect of the burial of a person who lost her life on 18 April 2019, due to a collapse of a church wall in Richards Bay. As explained, a Provincial Executive Council resolution was taken that departments would contribute funds to assist the affected families with burial costs.
 - Savings of R551 000 were realised from *Machinery and equipment* and moved to *Households* (within the Corporate Services sub-programme) for the Thuthuka Bursary Fund (R533 000) and external bursary costs (R18 000) that were under-budgeted for, as explained. Provincial Treasury approval was obtained for the increase in transfer to the Thuthuka Bursary Fund.
 - o Programme 2:
 - Savings of R105 000 were realised from *Compensation of employees* as a result of vacant funded posts, and moved to *Households* as a result of staff exit costs that were not budgeted for under the Public Finance sub-programme, as explained.
 - o Programme 3:
 - Savings of R12 000 were realised from *Compensation of employees* under the Public, Private Partnerships sub-programme and moved to *Non-profit institutions* to cater for a donation made to SAICA for the purchase of a table at the annual SAICA dinner, as mentioned.
 - Savings of R114 000 were realised from *Compensation of employees* in the Public, Private Partnerships sub-programme and moved to *Households* to fund staff exit costs that were higher than budgeted in the Support and Interlinked Financial Systems sub-programme, as explained.
 - o Programme 4:
 - Savings of R226 000 realised from Programme 3 (R222 000) and Programme 5 (R4 000) were moved to *Households* to cater for staff exit costs that were under-budgeted for, as explained.
 - o Programme 5:
 - Savings of R26 000 were identified from *Compensation of employees* as a result of delays in filling vacant posts under the Municipal Budget sub-programme to *Households* to cater for an injury on duty claim that was not budgeted for within the same sub-programme, as explained.

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

Note that the donation made against *Non-profit institutions* in Programme 1 requires Legislature approval as it exceeds R100 000, in terms of Treasury Regulations.

- *Other adjustments*: R2.025 million was added to the department's budget for the former MEC's exit package which was payable to her following the 2019 general elections. This amount was allocated to *Households* in Programme 1 (under the Office of the MEC sub-programme), as explained.

10. Transfers to local government

The amounts against *Provinces and municipalities* in Table 6.18 above cater for motor vehicle licences. These funds will not be transferred to any municipality, and therefore the table for transfers to local government has not been included.

11. Actual payments and revised spending projections for the rest of 2019/20

Tables 6.19 and 6.20 reflect actual payments as at the end of September 2019, projected payments for the rest of the year and the total revised spending in Rand value and as a percentage of Adjusted Appropriation per programme and economic classification. The tables also show the 2018/19 Audited outcome.

Table 6.19 : Actual payments and revised spending projections by programme

R thousand	2018/19 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2019 - September 2019	October 2019 - March 2020	October 2019 - March 2020	Projected actual	
			% of budget		% of budget		
1. Administration	234 049	241 112	105 335	43.7	135 777	56.3	241 112
2. Sustainable Resource Management	38 344	44 641	26 621	59.6	18 020	40.4	44 641
3. Financial Governance	194 227	207 441	83 824	40.4	123 617	59.6	207 441
4. Internal Audit	130 111	174 595	69 863	40.0	104 732	60.0	174 595
5. Municipal Finance Management	59 439	59 865	26 631	44.5	33 234	55.5	59 865
Total	656 170	727 654	312 274	42.9	415 380	57.1	727 654

Table 6.20 : Actual payments and revised spending projections by economic classification

R thousand	2018/19 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2019 - September 2019	October 2019 - March 2020	October 2019 - March 2020	Projected actual	
			% of budget		% of budget		
Current payments	630 035	706 789	307 110	43.5	399 679	56.5	706 789
Compensation of employees	299 646	347 820	166 176	47.8	181 644	52.2	347 820
Goods and services	330 375	358 969	140 934	39.3	218 035	60.7	358 969
Interest and rent on land	14	-	-	-	-	-	-
Transfers and subsidies to:	7 293	5 572	1 040	18.7	4 532	81.3	5 572
Provinces and municipalities	54	26	17	65.4	9	34.6	26
Departmental agencies and accounts	2	3	-	-	3	100.0	3
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	5	-	-	-	-	-	-
Non-profit institutions	205	537	347	64.6	190	35.4	537
Households	7 027	5 006	676	13.5	4 330	86.5	5 006
Payments for capital assets	18 842	15 293	4 124	27.0	11 169	73.0	15 293
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	18 842	13 933	4 124	29.6	9 809	70.4	13 933
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	1 360	-	-	1 360	100.0	1 360
Payments for financial assets	-	-	-	-	-	-	-
Total	656 170	727 654	312 274	42.9	415 380	57.1	727 654

The department spent 42.9 per cent of its total adjusted budget, which is lower than the 50 per cent benchmark for the period under review, partly because of internal delays in filling vacant funded posts. The department is projecting a balanced budget at year-end.

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

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	700 363	4 000	-	(302)	2 728	-	6 426	706 789
Compensation of employees	360 012	-	-	(7 992)	(4 200)	-	(12 192)	347 820
Salaries and wages	322 422	-	-	(3 426)	(4 200)	-	(7 626)	314 796
Social contributions	37 590	-	-	(4 566)	-	-	(4 566)	33 024
Goods and services	338 851	4 000	-	9 190	6 928	-	20 118	358 969
Administrative fees	8 075	-	-	(1 068)	-	-	(1 068)	7 007
Advertising	3 593	-	-	107	-	-	107	3 700
Minor assets	738	-	-	364	-	-	364	1 102
Audit cost: External	5 826	-	-	(166)	-	-	(166)	5 660
Bursaries: Employees	614	-	-	-	-	-	-	614
Catering: Departmental activities	1 451	-	-	640	-	-	640	2 091
Communication (G&S)	2 859	-	-	(611)	-	-	(611)	2 248
Computer services	98 238	-	-	(4 361)	-	-	(4 361)	93 877
Cons. & prof serv: Business and advisory services	50 273	-	-	(7 429)	-	-	(7 429)	42 844
Infrastructure and planning	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	2 603	-	-	(499)	-	-	(499)	2 104
Contractors	1 178	-	-	1 726	-	-	1 726	2 904
Agency and support / outsourced services	101 540	4 000	-	21 273	4 200	-	29 473	131 013
Entertainment	5	-	-	-	-	-	-	5
Fleet services (incl gov motor transport)	2 027	-	-	(22)	-	-	(22)	2 005
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	3	-	-	(3)	-	-	(3)	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	10	-	-	20	-	-	20	30
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	3	-	-	3	3
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	1 338	-	-	232	-	-	232	1 570
Consumable supplies	2 540	-	-	403	-	-	403	2 943
Consumable: Stationery, printing and office supplies	2 845	-	-	(356)	-	-	(356)	2 489
Operating leases	17 223	-	-	(999)	2 728	-	1 729	18 952
Property payments	10 123	-	-	574	-	-	574	10 697
Transport provided: Departmental activity	166	-	-	544	-	-	544	710
Travel and subsistence	18 519	-	-	(1 966)	-	-	(1 966)	16 553
Training and development	3 206	-	-	55	-	-	55	3 261
Operating payments	3 129	-	-	259	-	-	259	3 388
Venues and facilities	729	-	-	470	-	-	470	1 199
Rental and hiring	-	-	-	-	-	-	-	-
Interest and rent on land	1 500	-	-	(1 500)	-	-	(1 500)	-
Interest	1 500	-	-	(1 500)	-	-	(1 500)	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	2 201	-	-	1 346	-	2 025	3 371	5 572
Provinces and municipalities	26	-	-	-	-	-	-	26
Provinces	26	-	-	-	-	-	-	26
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	26	-	-	-	-	-	-	26
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	3	-	-	-	-	-	-	3
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	3	-	-	-	-	-	-	3
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	213	-	-	324	-	-	324	537
Households	1 959	-	-	1 022	-	2 025	3 047	5 006
Social benefits	416	-	-	1 022	-	2 025	3 047	3 463
Other transfers to households	1 543	-	-	-	-	-	-	1 543
Payments for capital assets	19 065	-	-	(1 044)	(2 728)	-	(3 772)	15 293
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	18 807	-	-	(2 146)	(2 728)	-	(4 874)	13 933
Transport equipment	7 262	-	-	-	-	-	-	7 262
Other machinery and equipment	11 545	-	-	(2 146)	(2 728)	-	(4 874)	6 671
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	258	-	-	1 102	-	-	1 102	1 360
Payments for financial assets	-	-	-	-	-	-	-	-
Total	721 629	4 000	-	-	-	2 025	6 025	727 654
Amount to be voted								6 025