

**KWAZULU-NATAL
PROVINCIAL TREASURY**



ANNUAL PERFORMANCE PLAN 2017/18

Introduction by the MEC for Finance

“Provincial treasury’s strategic reforms to build public confidence”

An important role of KZN Provincial Treasury is to restore taxpayers’ confidence on how public funds are managed.

The Department has implemented a series of reforms aimed at promoting transparent, equitable, on-budget expenditure and sustainable financial management practices. The reforms implemented by Provincial Treasury are directed at strengthening all government departments, public entities and municipalities, which will in turn improve the effectiveness and efficiency of the public sector.


The Annual Performance Plan presented for the year 2017/18 is a strategic road map to ensure that Provincial Treasury delivers on its mandate of enforcing fiscal prudence and receiving value for the public money entrusted to it.

This Annual Performance Plan is crafted during a difficult period when South Africa is confronted with several economic challenges. The budget cuts and fiscal consolidation programme which are a direct result of the adverse economic climate compel Provincial Treasury to enforce stricter financial discipline whilst still allowing for increased capacity in all support services and governance functions.

Notwithstanding these challenges, Provincial Treasury envisages that the programmes documented in this Annual Performance Plan, which spell out clear delivery targets, will successfully change the lives of our citizens for the better. To this end, the Department has provided a strategic framework essential for efficient and effective operations to ensure the growth and sustainability of the fiscus. For example:

- The establishment of the Municipal Support Programme (MSP) within the Municipal Finance Unit assists and provides technical support to delegated municipalities in financial distress. The programme has had a positive impact on financial management within the municipalities. The MSP will continue to support municipalities and provide innovative solutions to manage finance challenges;
- In terms of the Cash Management and Liabilities unit, a quarterly risk analysis of the tax functions and processes will be conducted per department. The Cash Blocking system will ensure effective cash management by all departments;
- The Supply Chain Management Unit (SCM) will provide hands-on support and undertake comprehensive compliance assessments to departments, municipalities and public entities to ensure that incidents of irregular expenditure relating to SCM processes are reduced. In addition, to ensure streamlining of SCM processes to many frequently procured goods and services by different state institutions, including public entities; the Provincial SCM Unit is at an advanced stage of implementing transversal contracts for events management and purchasing of paper;
- Special attention is being paid to infrastructure development as evidenced by the introduction of the Standards for Infrastructure Procurement and Delivery Management effective from 1 July 2016. The Standards seek to separate the procurement of infrastructure from goods and services;
- In consultation with the Provincial Executive Council, I have appointed Provincial and Cluster Audit & Risk Committees. The Committees oversight responsibilities include monitoring Government’s financial reporting processes, system of internal controls, audit processes, processes for monitoring compliance with laws and regulations and KZN Provincial Government’s Code of Conduct, fraud prevention and risk management. This will assist in the achievement of clean audits in all government departments, municipalities and public entities.

Provincial Treasury is committed to the above programmes which are captured in detail in this document. We regard these programmes as fundamental and critical to the implementation of the Medium Term Strategic Framework, National Development Plan and Provincial Growth and Development Plan. Our obligation as government is to eradicate poverty, improve the lives of our people and make our Province and country a better place to live in with the improvement of the quality of life of all its citizens.



Ms. B.F. Scott

MEC for Finance



Introduction by the Head of Department

The prevailing subdued global economic performance as indicated by the International Monetary Fund (IMF), World Bank, the Organisation for Economic Co-operation and Development (OECD) and the South African Reserve Bank (SARB) requires careful management of public spending. As tax receipts reduce, the amount of money available for public spending also decreases, thus necessitating fiscal austerity. The province of KwaZulu-Natal (KZN) will continue to observe fiscal austerity measures that have been in place for nearly five years. These measures will ensure that the tight fiscal envelope does not compromise service delivery.

The National Finance Minister, during his tabling of the 2017/18 National Budget, indicated that the South African economy is still under severe pressure. National Treasury has already revised the country's growth expectation to 1.3 per cent for 2017, down from 1.7 per cent projected in February last year. This is, however, slightly above the 1.1 per cent and 0.8 per cent projected by the SARB and the IMF, respectively. The economic growth is however expected to rise moderately to 1.6 per cent in 2018.

South Africa's debt is due for review in June 2017 by the ratings agencies. The Rating and Investment Information, Inc. (R&I) downgraded SA's credit rating to "BBB" from "BBB+". Similarly the other three agencies, namely: Moody's, Fitch and Standard & Poor (S & P), R&I also maintained a negative outlook. The primary factors behind the ratings are, weaker economic growth due to both cyclical factors, including external and structural factors and the fact that the country's economy remains vulnerable to volatilities in financial markets.

Since economic growth is one of the factors considered by rating agencies, there is a possibility of downgrades which will result in the rising cost of debt. As KZN, however, we remain optimistic that the fiscal consolidation programme currently underway, which includes debt stabilisation, may assist in averting a downgrade. Part of this consolidation includes the reduction of the expenditure ceiling by R26 billion over the coming MTEF. Effectively this means that there will be no additional budget allocations to Provinces.

Compounding the economic situation in KZN is the persistent drought which is driving food inflation upwards and negatively affecting poor households.

Having partly highlighted the challenges that prevail in the national and provincial fiscal space, we have an unenviable task of building on the good progress made in service delivery, even within the context of a shrinking fiscus.

Ultimately, this means that we need to continue to take tough decisions. These will entail maintaining our stance on cost-cutting measures, finding new revenue sources and strict monitoring of compliance to the Public Finance Management Act and Municipal Finance Management Act. This will be supplemented by oversight provided by the Provincial Audit Committee.

Even though the economic picture looks bleak, we remain optimistic that this province will weather the storm and remain financially viable going forward. We will maintain our cash management practices to ensure that we remain cash-positive at all times. We will also strengthen our support to sister departments and municipalities to ensure improvements in audit outcomes.



Mr. L.S. Magagula

Head of Department



Official Sign-off

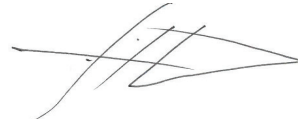
It is hereby certified that this Annual Performance Plan:-

- Was developed by the management of KwaZulu-Natal Provincial Treasury under the guidance of MEC Ms. B.F. Scott.
- Was prepared in line with the current Strategic Plan of KwaZulu-Natal Provincial Treasury and takes into account all the relevant policies, legislation and other mandates for which the department is responsible.
- Accurately reflects the performance targets which KwaZulu-Natal Provincial Treasury will endeavor to achieve given the resources made available in the budget for 2017/18 financial year.

Mr. I.T. Ndlovu

Chief Financial Officer

Signature:



Mr. S. Moodley

Accounting Officer

Signature:



Mr. L.S. Magagula

Head of Department

Signature:

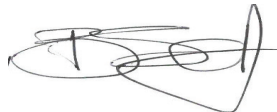


Approved by

Ms. B.F. Scott

MEC for Finance

Signature:



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PART A: STRATEGIC OVERVIEW FOR THE DEPARTMENT

1. Updated situational analysis

The Provincial Equitable Share in KwaZulu-Natal has been reduced again over the 2017/18 Medium Term Expenditure Framework (MTEF) by R294.7m, R343.6m and R572.7m. This reduction is slightly better than during the 2016/17 MTEF, where the equitable share was cut by R2.350b, R1.469b and R1.361b. Even though the 2017/18 cuts are not as severe as the previous cuts, they nonetheless present a serious fiscal challenge for the province given the ever increasing expenditure responsibilities. The first challenge is the drought situation which needs to be funded. The second is the fact that KwaZulu-Natal has a huge wage bill for public servants given the staff compliment, and any improvement in the conditions of service has significant financial implications. Thirdly, the province has a significant burden of disease which puts financial pressure on the health system. There are several other pressures which we discuss in the Estimates of Provincial Revenue and Expenditure.

Beyond the expenditure pressures, we also face a decline in provincial own revenue. For the 2017/18 MTEF, the province has revised down its own revenue by R144.9m, R145.4m and R216.4m. This is due to a decline in interest earnings as a result of lower bank balances in the revenue fund. Lower bank balances are a direct result of a decline in our equitable share allocation. The decrease is also due to lower health patient fees due to the National Department of Health widening the income scales for free health services.

Part of the decline in the provincial equitable share is explained by changes in the total population of the province. The 2011 Census indicated a decline in the population growth of KwaZulu-Natal. This change then necessitated a downward revision of the province's equitable share. The second part that explains the decline is the deliberate programme called fiscal consolidation implemented by National Treasury to reduce public spending in order for the country to stabilise its debt portfolio. Every organ of state, including provinces, had to contribute to this programme by cutting their spending. To achieve this, the following actions had to be taken as per National Cabinet recommendation:

- Combating wasteful and inefficient spending.
- A decrease in the cost of *Compensation of employees*.
- Closing down under-performing programmes that are not delivering the desired outcomes, including events.
- Decreasing the transfers to Development Finance Institutions.

The province is implementing these measures and is also implementing the following:

- Continue to maintain and improve the financial integrity of this province by institutionalising the necessary processes to improve overall financial management practices across departments and public entities;
- Production of timely in-year early warning reports and tightening of systems and processes to reduce the possibility of abuse and corruption, and thereby improving service delivery.

KZN Provincial Treasury as a custodian of the provincial *fiscus* will continue working closely with departments, public entities and municipalities in order to eliminate non-compliance and to monitor the continuous implementation of cost-cutting measures throughout the province.



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Provincial Treasury's focus in this financial year will be to maintain good systems through the roll-out of biometrics scanners in the province, as well as assisting with the registration of suppliers in the central suppliers database (CSD). Provincial Treasury will also roll-out the e-Procurement system to ensure the integrity of supply chain management in the province. The Financial Reporting unit will assist departments to improve their audit outcomes, especially in the areas of unauthorised and irregular expenditure, asset management and the elimination of misstatements in the Annual Financial Statements. Moreover Provincial Treasury will continue to focus on achieving a clean audit report.

1.1 Performance delivery environment

Programme 2: Fiscal Resource Management

Economic Analysis: The unit is responsible for the analysis of the economy of the province, which in turn will address the allocation of the resources in the province. This is done through district profiling, analysis of departmental spending, contributing to the annual report of provincial treasury and conducting various research activities that will contribute in analysing the economy of the province.

The unit has seen the need to assist in the allocation of resources by involving itself with the municipalities directly, through attending municipalities' IDP forums pertaining to the review and assessment of the IDPs. On request the unit provides municipalities and other stakeholders with economic expertise and data. The unit is involved in provincial projects as per request by the Head of Department.

Population dynamics: This covers the migration of people from KZN to other provinces, especially to Gauteng to look for better opportunities (Jobs). The statistics highlights that there are more people leaving the province than entering the province. This leads to the contraction of the equitable share allocated to the province of KZN. The drought situation has impacted on the allocation of funds through the increase in allocation to mitigate the effects of drought.

Infrastructure Management: The Standard for Infrastructure Procurement and Delivery Management that has been introduced and effective from the 1st of July 2016 may have effect on the Infrastructure delivery. This is applicable to all organs of state engaged in the procurement and delivery of infrastructure. The Standards seeks to separate the procurement of Infrastructure from goods and services. Each Department may require built environment skills to implement the new Infrastructure Procurement Standards. This may be a challenge to many departments since the built environment professionals are a scarce skill. This may initially have a negative impact on Infrastructure Delivery which may require this unit to be actively involved in trying to support Departments during the transition period.

The purpose of Infrastructure Unit is to support the provincial departments in planning and implementation of infrastructure programmes and initiatives in order to obtain maximum value for money. With the above mentioned changes which may affect the objectives of "*monitor and facilitate infrastructure delivery in the province which will contribute towards job creation*". It is imperative for this unit to be capacitated in order to be able to provide support to the Departments.

In order to support the Departments the unit will continue to:

- Continue to facilitate, assess and engage on Infrastructure plans to improve planning. Improved planning will ensure infrastructure asset base value is developed, maintained and at the same time have in place mechanisms that assist in prioritisation on future demands. The budget cuts will probably impact infrastructure delivery hence impact will need to be monitored, optimally prioritised and managed hence emphases on planning.
- Facilitate in year monitoring of Infrastructure expenditure and progress on infrastructure programmes.
- Monitor provincial departments during implementation of infrastructure programmes and initiatives in order to obtain maximum value for money. Infrastructure quality and standard is an important term for judging a country's development.
- Investigating and facilitate infrastructure funding mechanisms and opportunities to support the provincial fiscal framework. The results from 2011 census impact to KZN which has resulted in budget cuts. The biggest impact will probably be felt in infrastructure delivery.

Public Finance: The functions of the Public Finance unit remain unchanged from year to year in terms of processes that need to be undertaken, such as the preparation of the annual MTEF budget for KwaZulu-Natal, preparation of the Adjustments Budget, as well as revenue and expenditure monitoring of provincial departments and public entities. The spending, revenue and service delivery of 15 departments are monitored and these inputs are used to:

- Keep the Executive Council updated on the budget performance of the province.
- Prepare first quarter, mid-year and close-out (preliminary and unaudited) budget performance reports for departments.
- Prepare mid-year and unaudited close-out budget performance reports for public entities.
- Brief the Finance Portfolio Committee on the mid-year and close-out budget performance of KZN.
- Brief the Finance Portfolio Committee on the Main Budget and the Adjustments Budget.
- Hold bilateral meetings with departments and public entities to engage on budget matters, as well as spending trends.

Municipal Finance: The Municipal Finance Unit will continue to focus on improving the technical support it provides to delegated municipalities in the province on the preparation of multi-year budgets, the monthly outcomes of those budgets, in-year monitoring including statutory returns, the preparation of monthly, quarterly, mid-yearly and annual consolidated reports on the state financial performance in terms of the Municipal Finance Management Act (MFMA).

The Municipal Support Programme (MSP) within the Municipal Finance Unit was established to assist and provide technical support to delegated municipalities in financial distress and has had a positive impact on the financial management within municipalities. The MSP will continue to support municipalities and provide innovative solutions to municipal finance challenges.



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Programme 3: Financial management

Cash Management and Liabilities: The Tax section will continue to provide a support service to the KZN provincial departments to ensure that legislative amendments which impact on the payroll functions are communicated to all departments and to ensure compliance with the tax legislation and SARS requirements. A quarterly risk analysis of the tax functions and processes will be conducted per department, and where risks are identified the CFO will be informed and where necessary asked to intervene. The Banking section will provide an ongoing support function to all KZN departments in all areas of the banking function and the Chief Financial Officers of departments will be made aware of any risks identified regarding outstanding banking transactions. Municipalities will be informed of the reporting requirements in terms of the Municipal Finance Management Act. The Cash Blocking system will ensure effective cash management by the departments as they are not able to disburse payments to suppliers unless they have the funds available in their cashbook.

Supply Chain Management: The Provincial Supply Chain Management Unit will continue to establish and maintain a strategic link between financial management reforms and procurement processes. To this end, the Unit has conceptualized and implemented important SCM reforms in the current financial year and will continue into the outer years of the MTEF period. The Unit will provide hands-on support and undertake comprehensive compliance assessments to departments, municipalities and public entities to ensure that incidents of irregular expenditure relating to SCM processes are reduced. Capacity building interventions will be conducted in SCM components of departments and municipalities where SCM systems are found to be non-existent or completely collapsed. Interventions in SCM components have been facilitated at the Department of Arts And Culture, Umkhanyakhude District Municipality, Hlabisa Local Municipality, and Maphumulo Local Municipality. Interventions are still in progress at Department of Arts and Culture and Maphumulo Municipality. Four more interventions are planned for the 2017/2018 financial year based on audit outcomes, compliance assessments conducted and client requests, and include, Nongoma Municipality, INkosi Langalibalele Municipality, Big 5 Municipality and Mtubatuba Municipality.

Provincial SCM Unit is at an advanced stage of implementing transversal contracts for events management and purchasing of paper. This is to ensure streamlining of SCM processes to many frequently procured goods and services by different state institutions, including public entities.

In enforcing compliance and best practice in SCM processes at different levels of government in the province, the Provincial SCM Unit is implementing the following projects:

Contract management

Provincial Treasury is, pending the availability of funding, planning to roll-out the implementation of the contract management system to Public Entities. The Unit will also conduct hands on support and undertake compliance assessments to departments and municipalities to ensure that the contract management system is fully implemented.

E-Procurement Tool

The e-Procurement tool was implemented at Provincial Treasury on 20 April 2016 which required that the procurement of all goods and services were to be processed via the web-based application. The tool was also implemented at Departments of Human Settlements and COGTA on 23 May 2016. In June 2016, the system encountered technical errors and the system was switched off pending the finalization of the audit process. In the interim, the project team is continuing to configure departments in preparation for implementation.

Programme 4: Internal audit

Assurance Services: The Unit is the shared Internal Audit function to the Provincial Government departments; and also provides Internal Audit services to certain Provincial Public Entities that do not have internal capacity to carry out this function. The purpose of the Unit is to provide independent and objective assurance and consulting activities which are intended to add value and improve the KZNPG's operations. The components objective is to review the adequacy and effectiveness of systems of financial, operational and management controls. This includes evaluating the governance processes, systematically analyzing and evaluating business processes and associated controls, assessing the effectiveness of risk management and internal control, and providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behavior and irregularities.

Audit testing is in terms of risk profiles and transversal weaknesses identified by the Unit. Reviews have been conducted on Supply Chain Management, Asset Management, Predetermined Objectives, Transfer Payments; Information Technology; as well as service delivery programmes specific to each department or entity. These reviews therefore play a vital role in assisting the Units clients to proactively identify potential areas of control weaknesses that may have an unfavorable impact on audit outcomes.

The Unit reports functionally to the Provincial and Cluster Audit & Risk Committees. The Committees have been appointed by the MEC: Finance in consultation with Cabinet and have been established to assist the Provincial Government in fulfilling their oversight responsibilities for the integrity of the Government's financial reporting process, system of internal controls, audit processes, processes for monitoring compliance with laws and regulations and KZNPG's Code of Conduct, fraud prevention, the risk management process and any other good governance processes.

Assurance Services continues to face a major challenge relating to the lack of funding to fully capacitate the component, to meet the increased demand for internal audit services. There has been an increase in scope of work, additional requests for internal audit projects and requests to service additional provincial public entities, which have all contributed to the need for additional capacity to adequately address weaknesses in control processes. Also of significant concern is the lack of adequate IT skills within the Province which hinders the improvement of the control environment in this area. Although certain weaknesses are reported to management of institutions by the Internal Audit Unit, prompt and effective implementation is still lacking to ensure that risk exposures in this critical area are mitigated.

Advisory Services (Risk Management): The component is responsible for providing risk management, and governance-related advisory services to provincial departments, public entities and municipalities. While the component is starting to make in-roads in terms of risk management support to these institutions, we have also seen an increased need to strengthen our advisory services capabilities. In addition to risk management, we have identified a need to support our institutions on strategic planning and the development of Annual Performance Plans; review and assistance with development of business continuity plans; review and assistance with development of OHS programmes, etc.

Advisory Services (Forensic Services): Following the establishment of Forensics as an independent component its focus is predominantly reactive in nature in that it undertakes investigations of allegations of fraud, theft corruption and contraventions of relevant legislation relating to the administration of public resources on behalf of the provincial departments, public and other entities



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and municipalities with a view to instituting departmental, criminal and civil proceedings. System weaknesses identified during the investigation are reported on to the client department/entity/municipality and Risk Management to ensure that the risks identified are appropriately addressed. The component retains the responsibility to follow up with the client department on the outcome of the departmental proceedings and progress in the civil litigation. The component plays the leading role working with the criminal justice departments to facilitate the criminal proceedings. The outcome of the follow ups conducted is reported on in the various reports issued by the component.

1.2 Organisational Environment

The current structure of the Department was reviewed in 2013, and was duly concurred with, by the Minister of Public Service and Administration, ensuring that the Department was adequately resourced to deliver on its strategic objectives. Furthermore, the current structure of the Organization enables the Department to implement the 2017/2018 Annual Performance Plan of the Department.

Programme 1 (one) - Administration

Programme 1 is responsible for providing support service to the core programmes within the department. A new responsibility has been added under the sub-programme: Corporate Services namely Information Technology moving it from programme 3 due to function shift.

The sub-programmes under this programme are Office of the MEC, Head of Department, Chief Financial Office and Corporate Services.

Programme 2 (two) – Fiscal Resource Management

This programme is responsible for providing budgeting and reporting functions related to provincial departments and public entities, in terms of the Public Finance Management Act, analysis of the economy for the province, as well as the Municipal Finance Management Act (MFMA).

The sub-programmes under this programme are Programme Support, Economic Analysis (which includes Infrastructure Management), Public Finance and Municipal Finance.

Programme 3 (three) – Financial Management

This programme is responsible for providing financial management support to the provincial departments, Municipalities and Public Entities.

The sub-programmes under this programme are Cash Management and Liabilities, Public Private Partnerships, Supply Chain Management, Financial Reporting, Norms and Standards, Support and Interlinked Financial Systems.

Programme 4 (four) – Internal Audit

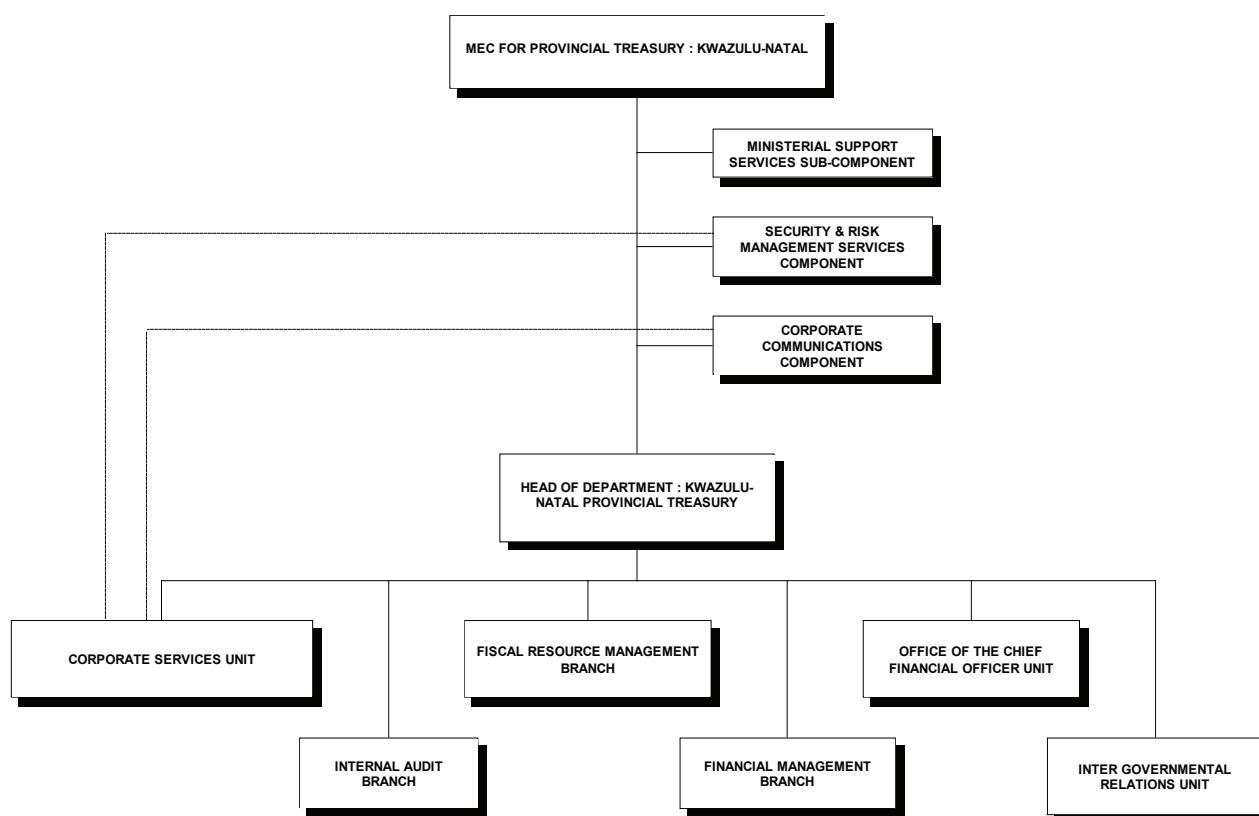
This programme is responsible for providing shared internal audit services to provincial departments, and some of the public entities. The Unit also provides risk advisory services, including forensic investigation services, to provincial departments, public entities and municipalities.

The sub-programmes under this programme are Assurance Services, Risk Advisory Services as well as Forensic Investigation Services.

Programme 5 (five) – Growth and development

This programme is provincial specific. All special projects and community outreach projects of the MEC are housed under this programme.

The below diagram depicts the high level structure of the Provincial Treasury:



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2. Revisions to legislative and other mandates

The department is governed by relevant legislation and policy mandates. These are listed in detail on the Strategic Planning document which corresponds with the 5 year planning cycle

The department is governed by the following legislation and policy directives:

- Constitution of the Republic of South Africa (Act 208 of 1996)
- Public Finance Management Act (Act No. 1 of 1999, as amended) and its regulations
- Municipal Finance Management Act (Act No. 56 of 2003)
- Promotion of Access to Information Act (Act No. 2 of 2000)
- Annual Division of Revenue Act
- Annual Provincial Appropriation Act
- Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Intergovernmental Relations Framework Act (Act No. 13 of 2005)
- Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)
- Government Immovable Asset Management Act (Act No. 19 of 2007)
- Construction Industry Development Board Act (Act No. 38 of 2000)
- Public Audit Act (Act No. 25 of 2004)
- Provincial Tax Regulation Process Act (Act No. 53 of 2001)

2.1 Constitutional mandates

Sections 213, 215, 216, 217, 218, 219, 226 and 228 of the Constitution of the Republic of South Africa (Act 208 of 1996) deal with general financial matters for the national and provincial spheres of government. These sections require the national legislation to give effect to the following:

- To establish a national treasury;
- To introduce generally recognised accounting practices;
- To introduce uniform treasury norms and standards;
- To prescribe measures to ensure transparency and expenditure control in all spheres of government; and
- To set the operational procedures for borrowing, guarantees, procurement and oversight over the various national and provincial revenue funds.

2.2 Policy mandates

The following policies outline the key responsibilities for the department.

- PPP policy, this policy provides guidelines for administration and managing Public Private Partnership's transactions in the public sector environment.
- SCM and PPPFA policy, this policy provides guidelines for the administration of a Supply Chain Management in line with broad government objectives. It also aims at promoting emerging enterprises with particular emphasis on black economic empowerment.
- Budgeting process policies, they provide framework within which budgeting process must be managed in the public sector in line with the relevant Acts.
- Treasury Regulations, provides procedural guidelines of implementation of the Public Finance Management Act (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

3. Overview of 2017/18 budget and MTEF estimates

3.1 Expenditure estimates

Summary of payments and estimates by programme: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
1. Administration	96 932	113 215	112 194	134 552	149 552	138 607	151 596	154 176	163 427
2. Fiscal Resource Management	91 204	75 467	84 294	103 056	95 056	94 123	96 056	104 366	110 628
3. Financial Management	240 987	268 035	240 163	295 563	236 789	231 194	213 820	241 325	255 821
4. Internal Audit	107 363	130 420	134 604	121 683	146 983	145 361	123 888	130 178	136 876
5. Growth and Development	41 940	43 812	33 395	20 426	22 926	22 559	22 484	6 855	10 520
Total	578 426	630 949	604 650	675 280	651 306	631 844	607 844	636 900	677 272

Note: Programme 1 includes MEC remuneration: Salary R1 901,726 million

Summary of payments and estimates by economic classification: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Current payments	545 861	575 075	569 228	627 760	615 925	600 816	590 094	614 616	653 748
Compensation of employees	185 325	208 675	227 845	279 429	274 430	256 250	287 664	307 966	328 580
Goods and services	360 536	366 400	341 383	345 057	340 895	343 966	300 696	300 773	318 938
Interest and rent on land	-	-	-	3 274	600	600	1 734	5 877	6 230
Transfers and subsidies to:	26 175	41 016	21 041	42 977	30 369	27 821	10 755	2 551	2 687
Provinces and municipalities	21 983	31 794	10 303	24	24	20	24	26	27
Departmental agencies and accounts	-	1	-	34 255	21 137	21 137	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	4	-	-	-	-	-	-
Non-profit institutions	893	1 365	4 340	3 370	3 741	3 701	9 105	886	936
Households	3 299	7 856	6 394	5 328	5 467	2 963	1 626	1 639	1 724
Payments for capital assets	5 973	14 854	14 037	4 543	5 012	3 207	6 995	19 733	20 837
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	5 973	14 854	14 037	4 543	5 012	3 207	6 995	19 733	20 837
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	417	4	344	-	-	-	-	-	-
Total	578 426	630 949	604 650	675 280	651 306	631 844	607 844	636 900	677 272



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3.2 Reconciling expenditure trends to strategic goals

- The allocation made to Programmes 2 and 3 is mainly contributing toward attainment of sound financial, fiscal management and good governance.
- The promotion of sound cash management practices and to improve liquidity in the province is catered for under Programme 3, sub-programme: Cash Management and Liabilities.
- The budget allocation in Programme 3 under sub-programme: Supply Chain Management and Programme 5: Growth and Development is aimed at the attainment of fighting poverty and creating jobs in partnership with provincial departments through procurement targeting.
- The attainment of good governance and implementing a policy on zero tolerance on fraud and corruption is catered for under Programme 4, Internal Audit budget allocation.

3.3 Departmental budgeted receipts

Summary of receipts and financing

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Equitable share	439 040	514 768	611 038	633 280	609 306	609 306	607 844	636 900	677 272
Conditional grants	-	-	-	-	-	-	-	-	-
Total receipts	439 040	514 768	611 038	633 280	609 306	609 306	607 844	636 900	677 272
Total payments	578 426	630 949	604 650	675 280	651 306	631 844	607 844	636 900	677 272
Surplus/(Deficit) before financing	(139 386)	(116 181)	6 388	(42 000)	(42 000)	(22 538)	-	-	-
Financing									
of which									
Provincial roll-overs	34 004	24 765	218	-	-	-	-	-	-
Provincial cash resources	180 927	124 807	69 062	42 000	42 000	42 000	-	-	-
Surplus/(Deficit) after financing	75 545	33 391	75 668	-	-	19 462	-	-	-

Summary of departmental receipts collection

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Tax receipts	-	-	-	557 338	286 579	286 580	-	-	-
Casino taxes	-	-	-	478 167	246 512	246 512	-	-	-
Horse racing taxes	-	-	-	79 171	40 067	40 068	-	-	-
Liquor licences	-	-	-	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-	-	-	-
Sale of goods and services other than capital assets	169	322	345	204	204	320	226	227	228
Transfers received	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	1	-	-	-	-	-	-	-	-
Interest, dividends and rent on land	249 807	309 569	391 253	301 754	301 754	270 725	216 842	235 219	236 141
Sale of capital assets	409	39	790	181	181	181	192	203	204
Transactions in financial assets and liabilities	352	2 513	4 027	382	382	3 507	385	407	410
Total	250 738	312 443	396 415	859 859	589 100	561 313	217 645	236 056	236 983



PART B: PROGRAMME AND SUB-PROGRAMME PLANS

1. PROGRAMME 1: ADMINISTRATION

The strategic objective of Programme 1 is to provide strategic leadership support in the area of financial management, human resources, auxiliary services, information communication and technology and legal services to the department. The programme consists of the following measurable sub-programmes:

- 1.1 Sub-programme: Chief Financial Office
- 1.2 Sub-programme: Human Resource Management
- 1.3 Sub-programme: Information Technology Management

1.1 Sub-programme: Chief Financial Office

The strategic objective is:

- Effective management of departmental finances in line with statutory requirements.

Specified policies and priorities

The Office of the Chief Financial Officer (OCFO) provides financial management support services to internal and external customers. The services rendered by OCFO range from budgetary control, supply chain management, financial management, asset management as well as advisory services on internal control systems and governance issues.

Strategic objective annual targets: 2017/18

Sub-programme: 1.1	Chief Financial Office							
Strategic objective	Audited / Actual performance			Estimated performance	Medium-term targets			5 –Year
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Target
SO:1.1 Effective management of departmental finances in line with statutory requirements.	Clean Audit Outcome	Clean Audit Outcome	Clean Audit Outcome	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion



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Programme performance indicators and annual targets: 2017/18

Sub-programme: 1.1				Chief Financial Office			
Programme Performance Indicator	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of budget submission and planning documents compiled (EPRE; APPX4; AR; PP; ADJ Est & ACF)	4	11	10	11	9	9	9
2. Number of legislative financial reports produced. (IYMx12;QPRx4 and AFS)	20	20	20	17	17	17	17
3. Number of supply chain management compliance reports.	12	12	12	12	12	12	12
4. Number of Asset Counts	2	2	2	2	2	2	2
5. Annual MPAT rating on KPA4: Financial Management	New	New	New	Overall annual MPAT rating of 3	Overall annual MPAT rating of 3	Overall annual MPAT rating of 3	Overall annual MPAT rating of 3

Quarterly targets: 2017/18

Sub-programme: 1.1		Chief Financial Office				
Performance indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of budget submission and planning documents compiled (EPRE; APPX4; AR; PP; ADJ Est & ACF)	Annually, Bi-Annually, Quarterly & Monthly	9	2	3	2	2
2. Number of legislative financial reports. (IYMx12;QPRx4 and AFS)	Annually, Bi-Annually, Quarterly & Monthly	17	5	4	4	4
3. Number of supply chain management compliance reports.	Monthly	12	3	3	3	3
4. Number of Asset Counts	Bi-Annually	2	1	N/A	1	N/A
5. Annual MPAT rating on KPA4: Financial Management	Annually	Overall annual MPAT rating of 3	N/A	N/A	N/A	Finalized moderated rating of 3

1.2 Sub-programme: Human Resource Management

The strategic objective is:

- To provide optimal Human Resource services to the department.

Specified policies and priorities

The purpose of the sub-programme is to provide strategic human resources management support services to the department and to ensure compliance with relevant National and Provincial legislative mandates.



Strategic objective annual targets: 2017/18

Sub-programme: 1.2	Human Resource Management							
Strategic objectives	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:1.2 To provide optimal Human Resource services to the department	1. New 2. 1 Audit Finding	1. New 2. 1 Audit Finding	1. Overall rating of 3.86 obtained 2. 1 Audit Finding	1. Overall annual MPAT rating of 3 2. No material Human Resource Management and Development audit finding	1. Overall annual MPAT rating of 3 2. No material Human Resource Management and Development audit finding	1. Overall annual MPAT rating of 3 2. No material Human Resource Management and Development audit finding	1. Overall annual MPAT rating of 3 2. No material Human Resource Management and Development audit finding	1. MPAT Rating of 3 2. No material Human Resource Management and Development audit finding

Programme performance indicators and annual targets: 2017/18

Sub-programme: 1.2	Human Resource Management						
Programme Performance Indicators	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of HR seminars	12 sessions	10 sessions	10 sessions	8 seminars	8 seminars	8 seminars	8 seminars
2. Number of policies developed/ reviewed	13 policies	15 policies	10 policies	8 policies	8 policies	8 policies	8 policies
3. Annual Human Resource(HR) Plan developed	New	New	MTEF HR Plan & Annual HRPIR	1X Annual HR Plan	1 X Annual HR Plan & Annual HRPIR	1 X Annual HR Plan & Annual HRPIR	1 X Annual HR Plan & Annual HRPIR
4. Number of Quarterly monitoring reports produced to ensure implementation of HRP	New	New	4 x quarterly monitoring reports	4 quarterly HRP implementation monitoring reports	4 quarterly HRP implementation monitoring reports	4 quarterly HRP implementation monitoring reports	4 quarterly HRP implementation monitoring reports
5. Number of Annual Work Place Skills Plan developed	New	New	1 x annual WSP	1X Annual WSP	1 X Annual WSP	1 X Annual WSP	1 X Annual WSP
6. Number of Quarterly monitoring reports to ensure implementation of Work Skills Plan	New	New	4 X quarterly implementation reports	4 quarterly WSP implementation monitoring reports	4 quarterly WSP implementation monitoring reports	4 quarterly WSP implementation monitoring reports	4 quarterly WSP implementation monitoring reports

Quarterly targets: 2017/18

Sub-programme: 1.2	Human Resource Management					
Performance indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of HR seminars	Quarterly	8 seminars	2 seminars	2 seminars	2 seminars	2 seminars
2. Number of policies developed/ reviewed	Quarterly	8 policies	2 policies	2 policies	2 policies	2 policies
3. Annual Human Resource(HR) Plan developed	Annually	1 X Annual HR Plan & Annual HRPIR	1 X Annual HR Plan & Annual HRPIR	N/A	N/A	N/A
4. Number of Quarterly monitoring reports produced to ensure implementation of HRP	Quarterly	4 quarterly HRP implementation monitoring reports	1 x implementation monitoring report	1 x implementation monitoring report	1 x implementation monitoring report	1 x implementation monitoring report
5. Number of Annual Work Place Skills Plan developed	Annually	1 X Annual WSP	1 X Annual WSP	N/A	N/A	N/A
6. Number of Quarterly monitoring reports to ensure implementation of Work Skills Plan	Quarterly	4 quarterly WSP implementation monitoring reports	1 x implementation monitoring report	1 x implementation monitoring report	1 x implementation monitoring report	1 x implementation monitoring report



1.3 Sub-programme: Information Technology Management

The strategic objective is:

- To provide IT technical and IT functional support to the department.

Specified policies and priorities

The purpose of the sub-programme is to render technical and functional support on departmental wide Information Technology systems, Information Technology architecture and Information Technology services.

Strategic objective annual targets: 2017/18

Sub-programme: 1.3	Information Technology Management							
Strategic objective	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:1.7 To provide IT technical and IT functional support to the department	New	New	2	No material Information Technology Management audit findings	No material Information Technology Management audit findings	No material Information Technology Management audit findings	No material Information Technology Management audit findings	No material Information Technology Management audit findings

Programme performance indicators and annual targets: 2017/18

Sub-programme: 1.3	Information Technology Management						
Programme Performance indicators	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of initiatives implemented	New	2	2	2	2	2	2
2. Number of policy reviews completed	5	4	5	4	4	4	4
3. Number of compliance reports completed	12	12	12	12	12	12	12
4. Number of information sessions conducted	9	4	5	4	4	4	4
5. Mean time to resolve (MTTR) -Treasury	48 min	4 hr MTTR	44 min	4 hr MTTR	4 hr MTTR	4 hr MTTR	4 hr MTTR
6. Percentage network uptime	99%	99%	99%	99%	99%	99%	99%

Quarterly targets: 2017/18

Sub-programme: 1.3		Information Technology Management				
Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of initiatives implemented	Bi-Annually	2	N/A	1	N/A	1
2. Number of policy reviews completed	Quarterly	4	1	1	1	1
3. Number of compliance reports completed	Quarterly	16	4	4	4	4
4. Number of information sessions conducted	Quarterly	4	1	1	1	1
5. Mean time to resolve (MTTR)- Treasury	Quarterly	4 hr MTTR	4 hr MTTR	4 hr MTTR	4 hr MTTR	4 hr MTTR
6. Percentage network uptime	Quarterly	99%	99%	99%	99%	99%

1.3 Reconciliation of budget with plan

Summary of payments and estimates by sub-programme: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
1. Office of the MEC	23 465	24 507	25 214	28 845	26 045	25 752	30 345	26 480	28 069
2. Head of Department	6 669	8 055	6 987	9 489	8 989	8 140	9 989	10 588	11 224
3. Chief Financial Office	17 441	23 014	19 117	30 560	30 560	23 886	30 560	32 394	34 337
4. Corporate Services	49 357	57 639	60 876	65 658	83 958	80 829	80 702	84 714	89 797
Total	96 932	113 215	112 194	134 552	149 552	138 607	151 596	154 176	163 427

Summary of payments and estimates by economic classification: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Current payments	91 313	102 756	101 996	124 060	138 923	131 815	136 754	144 882	153 620
Compensation of employees	49 660	55 836	59 586	79 466	78 694	69 919	83 766	85 165	90 459
Goods and services	41 653	46 920	42 410	44 594	60 229	61 896	52 988	59 717	63 161
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	3 525	7 114	8 007	7 872	7 945	5 590	9 467	1 206	1 266
Provinces and municipalities	13	129	23	24	24	20	24	26	27
Departmental agencies and accounts	-	1	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	893	138	3 323	3 370	3 393	3 295	8 805	586	619
Households	2 619	6 846	4 661	4 478	4 528	2 275	638	594	620
Payments for capital assets	2 073	3 345	2 113	2 620	2 684	1 202	5 375	8 088	8 541
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 073	3 345	2 113	2 620	2 684	1 202	5 375	8 088	8 541
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	21	-	78	-	-	-	-	-	-
Total	96 932	113 215	112 194	134 552	149 552	138 607	151 596	154 176	163 427



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2. PROGRAMME 2: FISCAL RESOURCE MANAGEMENT

The strategic objective of Programme 2 is to effectively manage and monitor the provincial and local government fiscal resources. The programme consists of the following sub-programmes:

- 2.1 Sub-programme: Programme Support**
- 2.2.1 Sub-programme: Economic Analysis**
- 2.2.2 Sub-programme: Infrastructure Management**
- 2.3. Sub-programme: Public Finance**
- 2.4 Sub-programme: Municipal Finance**

2.1 Sub-programme: Programme Support

This sub-programme is responsible for providing strategic leadership support to fiscal resource management division. There are no measurable performance indicators, hence this office is not measured.

2.2.1 Sub-programme: Economic Analysis

The strategic objectives are to:

- Determine and evaluate economic parameters and socio-economic imperatives that inform provincial and local resource allocation.
- Provide platform to enhance regional economic growth and development through quality research.

Specified policies and priorities

The mandate of the economic analysis unit of the province of KZN provincial treasury is to determine and evaluate economic parameters and socio-economic imperatives within a local, provincial and national macro-economic context; and to provide the KwaZulu-Natal treasury and executives with sound statistical information for decisions on the MTEF and budget framework allocations.

The key functions of the economic analysis unit are to:

- provide comprehensive economic analysis of the province;
- provide quality research for regional policy development;
- provide input to Overview of Provincial Estimates of Revenue and Expenditure;
- maintain the KZN statistical database.

Strategic objective annual targets: 2017/18

Sub-programme: 2.2.1		Economic Analysis						
Strategic objective	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:2.1 To determine and evaluate economic parameters and socio-economic imperatives to inform provincial and local resource allocation	Produced 14 provincial economic reports	Produced 14 provincial economic reports	Produced 15 provincial economic reports	Produce 15 provincial economic reports	Produce 15 provincial economic reports	Produce 15 provincial economic reports	Produce 15 provincial economic reports	Produce 75 provincial economic reports
SO:2.2 Provide platform to enhance regional economic growth and development through quality research	Produced 9 economic research projects	Produced 5 economic research projects	Produced 7 economic research projects	Produce 5 economic research projects	Produce 6 economic research projects	Produce 6 economic research projects	Produce 6 economic research projects	Produce 30 economic research projects
SO:2.3 Provide and facilitate a platform for economic information sharing, dialogue and debate and stakeholder participation	New	New	New	New	8 Information sharing sessions conducted	8 Information sharing sessions conducted	8 Information sharing sessions conducted	24 Information sharing sessions conducted

Programme performance indicators and annual targets: 2017/18

Sub-programme: 2.2.1		Economic Analysis					
Programme Performance Indicators	Audited / Actual Performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of economic analysis reports for the province	Produced 4 provincial department economic reports	Produced 4 provincial department economic reports	Produced 4 provincial department economic reports	Produce 4 provincial department economic reports	Produce 5 provincial department economic reports	Produce 5 provincial department economic reports	Produce 5 provincial department economic reports
	Produced 1 Socio-Economic review and Outlook Report SERO	Produced 1 Socio-Economic Review and Outlook report (SERO)	Produced 1 Socio-Economic Review and Outlook report (SERO)	Produce 1 SERO	Produce 1 SERO	Produce 1 SERO	Produce 1 SERO
	New	New	Produced 1 Provincial Economic Review and Outlook (PERO)	Produce 1 PERO	Produce 1 PERO	Produce 1 PERO	Produce 1 PERO
	Produced 9 districts Socio-Economic reports	Produced 9 district Socio-economic Reports	Produced 9 district Socio-economic Reports	Produce 9 districts socio-economic reports	Produce 9 districts socio-economic reports	Produce 9 districts socio-economic reports	Produce 9 districts socio-economic reports
2. Timeous Economic Analysis inputs to the Overview of Provincial Revenue and Expenditure (OPRE)	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	OPRE submitted on time for tabling	February 2018	February 2019	February 2020
3. Number of quality research for regional policy analysis	Produced 9 economic research projects	Produced 5 economic research projects	Produced 7 economic research projects	Produce 5 economic research projects	Produce 6 economic research projects	Produce 6 economic research projects	Produce 6 economic research projects
4. Number of information sharing sessions conducted	New	New	New	New	8 Information sharing sessions conducted	8 Information sharing sessions conducted	8 Information sharing sessions conducted



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Quarterly targets: 2017/18

Sub-programme: 2.2.1		Economic Analysis				
Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of economic analysis reports produced for the province	Quarterly	Produce 5 provincial department economic reports	1	1	2	1
	Annually	Produce 1 SERO	N/A	N/A	N/A	1
	Annually	Produce 1 PERO	N/A	N/A	1	N/A
	Quarterly	Produce 9 districts socio-economic reports	3	3	3	N/A
2. Timeous Economic Analysis inputs to the Overview of Provincial Revenue and Expenditure (OPRE)	Annually	February 2018	N/A	N/A	N/A	February 2018
3. Number of quality research for regional policy analysis	Quarterly	Produce 6 economic research projects	1	3	2	0
4. Number of information sharing sessions conducted	Quarterly	8 Information sharing sessions conducted	2	2	2	2

2.2.2 Sub-programme: Infrastructure Management

The strategic objective:

- Support efficient Infrastructure planning and management in KZN that contributes to effective economic and social infrastructure for KZN;
- To facilitate implementation and institutionalisation of the Integrated Development Municipal Support (IDMS) in all KZN provincial departments and municipalities;
- To assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan;
- To assist and provide infrastructure funding support to all KZN provincial departments and municipalities.

Specified policies and priorities

KZN Treasury Infrastructure Unit focus ahead will continue to monitor infrastructure planning and delivery performance. Inclusive of those that are process driven and influenced by statutory deadlines as stipulated in the PFMA and DORA. Coordinate and facilitate the implementation and institutionalisation of the IDMS in KZN with National Treasury. Facilitate infrastructure funding mechanisms and opportunities to support the provincial fiscal framework, including funding fares and assisting departments with funding applications; assist and provide technical support to the KwaZulu-Natal Provincial Infrastructure Co-ordination Group (KZN-PICWG) in the development and management of the KZN Provincial Infrastructure Master Plan.

Strategic objective annual targets: 2017/18

Sub-programme: 2.2.2	Infrastructure Management							
Strategic objective	Audited / Actual performance			Estimated performance	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
SO:2.4 Efficient infrastructure planning and management in KZN that contributes to effective economic and social infrastructure for KZN	Compiled a report to NT by 28 February 2014	Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs)	Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs)	Compile a consolidated assessment report on U-AMPs	1	1	1	Compile a consolidated assessment report on U-AMPs
SO:2.5 To facilitate implementation and institutionalisation of the IDMS in all KZN provincial departments and municipalities	Produced 13 reports on the implementation of IDMS in the province	Produced 13 reports on the implementation of IDMS in the province	Produced 13 reports on the implementation of IDMS in the province	Produce 13 reports on the implementation of IDMS in the province	Produce 13 reports on the implementation of IDMS in the province	Produce 13 reports on the implementation of IDMS in the province	Produce 13 reports on the implementation of IDMS in the province	Produce 65 reports on the implementation of IDMS in the province
SO:2.6 To assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan	New	New	Produced 8 Reports on the support to develop Provincial IMP	Produce 8 reports on the support to develop Provincial IMP	Produce 8 reports on the support to develop Provincial IMP	Produce 8 reports on the support to develop Provincial IMP	Produce 8 reports on the support to develop Provincial IMP	Produce 8 reports on the support to develop Provincial IMP

Programme performance indicators and annual targets: 2017/18

Sub-programme: 2.2.2	Infrastructure Management						
Programme Performance Indicator	Audited / Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1. Number of Assessment Report on the User Asset Management Plans (U-AMPs)	Compiled a report to NT by 28 February 2014	Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs)	Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs)	Compile a consolidated assessment report on U-AMPs	Compile a consolidated assessment report on U-AMPs	Compile a consolidated assessment report on U-AMPs	Compile a consolidated assessment report on U-AMPs
2. Number of reports on the implementation of IDMS in KZN	Produced 4 reports on the implementation of IDIP in the province	Produced 4 reports on the implementation of IDIP in the province	Produced 4 reports on the implementation of IDMS in the province	Produce 4 reports on the implementation of IDMS in the province	Produce 4 reports on the implementation of IDMS in the province	Produce 4 reports on the implementation of IDMS in the province	Produce 4 reports on the implementation of IDMS in the province
3. Number of progress reports on infrastructure budgets and delivery plans using IRM data	Submitted 4 reports on the infrastructure expenditure in the province	Submitted 11 reports on the infrastructure expenditure	Submitted 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province
4. Number of reports on the infrastructure site visits conducted	Submitted 4 reports on the site visits conducted	Submitted 4 reports on the site visits conducted	Submitted 4 reports on the infrastructure site visits conducted	Submit 4 reports on the site visits conducted	Submit 4 reports on the site visits conducted	Submit 4 reports on the site visits conducted	Submit 4 reports on the site visits conducted
5. Timeous Infrastructure input for Estimates of Provincial Revenue and Expenditure (EPRE),	Input into OPRE submitted on time for tabling	Input into OPRE submitted on time for tabling	Input into OPRE submitted on time for tabling	Input into OPRE on time for tabling	February 2018	February 2019	February 2020



Sub-programme: 2.2.2		Infrastructure Management					
Programme Performance Indicator	Audited / Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
6. Number of reports on support to develop the Prov Infrastructure Master Plan (IMP) KZN	New	New	Produced 4 Reports on the support to develop Provincial IMP	Produce 4 reports on the support to develop Prov IMP	Produce 4 reports on the support to develop Prov IMP	Produce 4 reports on the support to develop Prov IMP	Produce 4 reports on the support to develop Prov IMP
7. Number of reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework	New	New	Produced 4 reports on the infrastructure mechanisms in the province	Produce 4 reports on the infrastructure mechanisms in the province	Produced 4 reports on the infrastructure funding mechanisms in the province	Produced 4 reports on the infrastructure funding mechanisms in the province	Produced 4 reports on the infrastructure funding mechanisms in the province

Quarterly targets: 2017/18

Sub-programme: 2.2.2		Infrastructure Management				
Performance Indicator	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of Assessment Report on the User Asset Management Plans (U-AMPs)	Annually	Compile a consolidated assessment report on U-AMPs	N/A	1	N/A	N/A
2. Number of reports on the implementation of IDMS in KZN	Quarterly	Produce 4 reports on the implementation of IDMS in the province	1	1	1	1
3. Number of progress reports on infrastructure budgets and delivery plans using IRM data	Quarterly	Submit 4 reports on the infrastructure expenditure in the province	1	1	1	1
4. Number of reports on the infrastructure site visits conducted	Quarterly	Submit 4 reports on the site visits conducted	1	1	1	1
5. Timeous Infrastructure input for Estimates of Provincial Revenue and Expenditure (EPRE),	Annually	February 2018	N/A	N/A	N/A	February 2018
6. Number of reports on support to develop the Prov Infrastructure Master Plan (IMP) KZN	Quarterly	Produce 4 reports on the support to develop Prov IMP	1	1	1	1
7. Number of reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework	Quarterly	Produce 4 reports on the infrastructure mechanisms in the province	1	1	1	1

2.3 Sub-programme: Public Finance

The strategic objectives are:

- Promote effective and optimal financial resource allocation for provincial government (including public entities).
- Ensure efficient budget and expenditure management and accurate financial reporting for the provincial government (including public entities).

- Promote optimal and sustainable revenue generation and collection by provincial departments and public entities.

Specified policies and priorities

Most of the functions of the **Provincial Budget Management** unit are governed by the PFMA and the Treasury Regulations, and are process driven. These include the tabling of the Main and Adjusted Appropriations, within set regulated periods, preparation of an annual Unauthorised Expenditure Authorisation Bill for tabling in the Provincial Legislature, as well as monthly, quarterly and annual reporting.

Provincial Own Revenue is responsible for optimising revenue generated by the province, to augment transfers from National Treasury. Its mandate includes conducting continuous assessments of revenue generation and collection capacity of departments and public entities, as well as researching and proposing ways that own revenue could be enhanced. The unit is also responsible for monitoring the revenue budgets of departments and public entities.

Specialised Advisory Support Services provides economic and other fundamental analysis in the unit. Among other things, it engages in the research and articulation of Treasury's policy stances on various fiscal matters related to public finance. This includes formulation of policy positions on the review of the equitable share formula, intergovernmental fiscal relations, formulations for incorporation into the annual Division of Revenue Bills, monitoring of provincial public entities, among others.

Strategic objective annual targets: 2017/18

Sub-programme: 2.3	Public Finance: Provincial Budget Management							
Strategic objective	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:2.7 Promote effective and optimal financial resource allocation for provincial government	16 chapters	16 chapters	15 chapters	15 chapters	15 departments	15 departments	15 departments	15 departments
SO:2.8 Ensure efficient budget and expenditure management and accurate financial reporting for provincial departments and including public entities	15 reports	15 reports	16 reports	15 reports	15 reports	15 reports	15 reports	15 reports



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Department:
Treasury
PROVINCE OF KWAZULU-NATAL

Programme performance indicators and annual targets: 2017/18

Sub-programme: 2.3		Public Finance: Provincial Budget Management					
Programme Performance Indicator	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of chapters in MTEC report	16 chapters completed 1 working day before Medium Term Expenditure Committee (MTEC) as per budget process timetable	16	15	15 chapters completed 1 working day before MTEC as per budget process timetable	15 chapters completed 1 working day before MTEC as per budget process timetable	15 chapters completed 1 working day before MTEC as per budget process timetable	15 chapters completed 1 working day before MTEC as per budget process timetable
2. Timeous tabling Estimates of Provincial Revenue and Expenditure (EPRE)	EPRE prepared on time for tabling	1	1	EPRE on time for tabling	March 2018	March 2019	March 2020
3. Timeous tabling of Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)	AEPRE prepared on time for tabling	1	1	AEPRE on time for tabling	November 2017	November 2018	November 2019
4. Number of section 32 report (Monthly provincial IYM report)	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12	12	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12 IYM reports p/a (submitted to NT by 22 nd monthly)
5. Number of quarterly performance reports for provincial departments	3 quarterly performance reports	3	4	3 quarterly performance reports	3 quarterly performance reports	3 quarterly performance reports	3 quarterly performance reports

Quarterly targets: 2017/18

Sub-programme: 2.3		Public Finance: Provincial Budget Management				
Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of chapters in MTEC report	Annually	15	N/A	15	N/A	N/A
2. Timeous tabling Estimates of Provincial Revenue and Expenditure (EPRE)	Annually	1	N/A	N/A	N/A	March 2018
3. Timeous tabling of Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)	Annually	1	N/A	N/A	November 2017	N/A
4. Number of section 32 report (Monthly provincial IYM report)	Monthly	12	3	3	3	3
5. Number of quarterly performance reports for provincial departments	Quarterly	3	1	1	1	N/A



Strategic objective annual targets: 2017/18

Sub-programme: 2.3	Public Finance: Public Finance: Provincial Own Revenue						
Strategic objective	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
SO:2.9 Promote optimal and sustainable revenue generation and collection by provincial departments and public entities	9	9	8	5	5	5	5
							46

Programme performance indicators and annual targets: 2017/18

Sub-programme: 2.3	Public Finance: Provincial Own Revenue						
Programme Performance Indicator	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of quarterly Provincial Revenue Forums conducted and co-ordinated	4 Forums per year	4 Forums conducted per year	4 Forums conducted per year	1 Forum per year	1 Forum per year	1 Forum per year	1 Forum per year
2. Number of revenue quarterly performance reports	4 Quarterly Reports	4 Revenue Quarterly Performance Reports	3 Revenue Quarterly Performance Reports	3 Revenue quarterly performance reports	3 Revenue quarterly performance reports	3 Revenue quarterly performance reports	3 Revenue quarterly performance reports
3. Timeous Revenue input into Overview of Provincial Revenue and Expenditure (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE)	1 OPRE and EPRE	Revenue input into OPRE and EPRE submitted on time for tabling	Revenue input into OPRE and EPRE submitted on time for tabling	Revenue input into OPRE and EPRE on time for tabling	November 2017 and March 2018	November 2018 and March 2019	November 2019 and March 2020

Quarterly targets: 2017/18

Sub-programme: 2.3	Public Finance: Provincial Own Revenue					
Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of quarterly Provincial Revenue Forums conducted and co-ordinated	Annually	1	N/A	N/A	N/A	1
2. Number of revenue quarterly performance report produced	Quarterly	3	1	1	1	N/A
3. Timeous Revenue input into Overview of Provincial Revenue and Expenditure (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE)	Annually	1	N/A	N/A	N/A	March 2018



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 Department:
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Strategic objective annual targets: 2017/18

Sub-programme: 2.3	Public Finance: Specialised Advisory Support Services							
Strategic objective	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	Target
SO:2.10 Promote effective and optimal financial resource allocation for provincial government (including public entities)	31	31	30	32	48	48	48	48

Programme performance indicators and annual targets: 2017/18

Sub-programme: 2.3	Public Finance: Specialised Advisory Support Services						
Programme Performance indicators	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Timeous input into the revision and maintenance of Division Of Revenue Act (DORA)	Input submitted by due date as set by NT	PT input into 2015 DORA was submitted to NT by due date	PT input into 2016 DoRA was submitted to NT by due date	Input to be submitted by due date as set by NT	November 2017	November 2018	November 2019
2. Number of reports on institutionalising framework for the monitoring of provincial public entities	Implemented and reported bi-annually for all public entities	Prepared Unaudited Close-out reports for all entities, Prepared budget MTEC report, Mid-year report and EPRE tables for all listed entities	Reported for all listed public entities	Report bi-annually for all listed public entities	48	48	48

Quarterly targets: 2017/18

Sub-programme: 2.3	Public Finance: Specialised Advisory Support Services					
Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Timeous input into the revision and maintenance of Division Of Revenue Act (DORA)	Annually	November 2017	N/A	N/A	November 2017	N/A
2. Number of reports on institutionalising framework for the monitoring of provincial public entities	Bi-annually	48	N/A	32	16	N/A

2.4 Sub-programme: Municipal Finance

The strategic objectives are:

- To ensure efficient budget and expenditure management and accurate financial reporting for the delegated municipalities in the province; and
- To assist and provide technical support to the delegated municipalities in financial distress in the province.

Specified Policies and Priorities

Municipalities are the custodians of public funds and are tasked with using their resources to respond to the needs of communities for infrastructure, local services, community development and spatial development. National and Provincial Government has a constitutional mandate to monitor the state of local government finances and financial management to ensure sustainable service delivery, while concurrently promoting good budget and fiscal management by municipalities.

In order to achieve this mandate, the Municipal Finance Unit monitors the preparation and performance of municipal budgets as well as the compliance by all delegated municipalities with the Municipal Finance Management Act, Act No.56 of 2003 (MFMA) and the Municipal Budget and Reporting Regulations (MBRR).

The Municipal Finance Unit further provides technical support through internal capacity and through the Municipal Support Programme (MSP) to delegated municipalities, particularly those that are in financial distress, in order that these municipalities may achieve their strategic objectives and compliance with the MFMA and MBRR. Towards this end, the Municipal Finance Unit constructively engages all delegated municipalities to ensure that all budget related requirements in terms of the MFMA and MBRR are complied with. The functions of the Municipal Finance Unit are process driven and are largely determined by statutory deadlines as stipulated in the MFMA and the MBRR.

Strategic objective annual targets: 2017/18

Sub-programme: 2.4	Municipal Finance							
Strategic objective	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:2.11 To ensure efficient budget and expenditure management and accurate financial reporting for the delegated municipalities in the Province	16 reports	16 reports	16 reports	16 reports	16 reports	16 reports	16 reports	80 reports
SO:2.12 To assist and provide technical support to municipalities	12 municipalities supported through the MSP	16 municipalities supported through the MSP	40 municipalities supported through the MSP	10 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP	50 municipalities to be supported through the MSP

1. Target is dependent on the cut-off date and closure of the NT database.

2. Targets are not cumulative

Programme performance indicators and annual targets: 2017/18

Sub-programme: 2.4		Municipal Finance					
Programme Performance indicators	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of Section 71(6) report (Monthly municipal IYM report) within the prescribed time frame ¹	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71 (6) reports, 22 working days after end of each month	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports
2. Number of Section 71(7) Quarterly budget performance reports ¹	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71 (7) Quarterly budget performance reports, 45 days after end of quarter	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports
3. Number of municipalities supported by the MSP ²	12 municipalities supported through the MSP	16 municipalities supported through the MSP	40 municipalities supported through the MSP	10 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP

1. Target is dependent on the cut-off date and closure of the NT database.

2. Targets are not cumulative

Quarterly targets: 2017/18

Sub-programme: 2.4		Municipal Finance				
Programme performance indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of Section 71(6) report (Monthly municipal IYM report) within the prescribed time frame ¹	Monthly	12 Section 71(6) reports	3 reports	3 reports	3 reports	3 reports
2. Number of Section 71(7) Quarterly budget performance reports ¹	Quarterly	4 Section 71(7) Quarterly budget performance reports	1 report	1 report	1 report	1 report
3. Number of municipalities supported by the MSP ²	Quarterly	10 municipalities to be supported through the MSP	2 municipalities	2 municipalities	3 municipalities	3 municipalities

1. Target is dependent on the cut-off date and closure of the NT database

2. Targets are not cumulative

2.5 Reconciliation of budget with plan

Summary of payments and estimates by sub-programme: Fiscal Resource Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
1. Programme Support	1 825	1 150	2 721	2 970	3 165	3 168	3 270	3 369	3 570
2. Economic Analysis	37 544	26 301	21 848	24 715	24 520	22 866	21 415	21 966	23 284
3. Public Finance	10 347	11 611	13 688	14 190	14 190	13 483	14 190	15 041	15 944
4. Municipal Finance	41 488	36 405	46 037	61 181	53 181	54 606	57 181	63 990	67 830
Total	91 204	75 467	84 294	103 056	95 056	94 123	96 056	104 366	110 628



Summary of payments and estimates by economic classification: Fiscal Resource Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Current payments	90 510	74 981	83 789	102 770	94 672	93 728	95 690	104 063	110 308
Compensation of employees	37 038	45 548	53 409	59 397	59 397	58 028	61 163	65 629	69 706
Goods and services	53 472	29 433	30 380	43 373	35 275	35 700	34 527	38 434	40 602
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	66	-	78	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	66	-	78	-	-	-	-	-	-
Payments for capital assets	425	486	425	286	384	395	366	303	320
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	425	486	425	286	384	395	366	303	320
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	203	-	2	-	-	-	-	-	-
Total	91 204	75 467	84 294	103 056	95 056	94 123	96 056	104 366	110 628



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3. PROGRAMME 3: FINANCIAL MANAGEMENT

The strategic objectives of Programme 3 are to:

- Assist departments in improving cash management.
- Provide substantial technical, financial and legal advice in support of all provincial PPPs in line with the PPP project cycle as regulated by National Treasury.
- Support and monitor adherence of departments, public entities and municipalities on SCM.
- Assist departments and municipalities in the attainment of a clean audit outcome for the Province.
- To develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities.
- To provide technical and functional support to supporting and interlinked financial systems.

The programme consists of the following measurable sub-programmes:

- | | | |
|------------|-----------------------|---|
| 3.1 | Sub-programme: | Cash Management and Liabilities |
| 3.2 | Sub-programme: | Public Private Partnerships (PPPs) |
| 3.3 | Sub-programme: | Supply Chain Management |
| 3.4 | Sub-programme: | Financial Reporting |
| 3.5 | Sub-programme: | Norms and Standards |
| 3.6 | Sub-programme: | Supporting and Interlinked Financial Systems |

3.1 Sub-programme: Cash Management and Liabilities

The strategic objective is:

- To assist departments in improving cash management

Specified policies and priorities:

The Banking division provides an effective support service to all client departments and ensures that municipalities conform to the reporting requirements in terms of the Municipal Finance Management Act.

The priority of the Tax section is to provide efficient support and guidance to all client departments and to increase the knowledge and skills of officials at the departments. The EMP 10 guide issued by SARS is used as a base to perform Risk Analysis in terms of tax compliance and processes. In addition a practical Tax manual has been compiled which focuses on the Persal and BAS Tax functions and the technical aspects of the pay as you earn (PAYE) tax functions to assist tax officials at all departments.

The key activities of the unit are:

- To keep departments abreast of amendments in tax legislation in respect of payroll tax.
- To provide quality training and an advisory service in respect of tax functions to departments and perform risk analysis in terms of tax compliance.
- To provide an effective Banking and support service to all client departments
- To improve the efficiency of cash management and to minimize the adverse liquidity through effective liabilities management.

Strategic objective annual targets: 2017/18

Sub-programme: 3.1	Cash management and Liabilities							
Strategic objective	Audited/Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	Target
SO:3.13 To assist departments in improving cash management	15	15	15	14	14	14	14	14

Programme performance indicators and annual targets: 2017/18

Sub-programme: 3.1				Cash Management and Liabilities			
Programme Performance indicators	Audited/Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of Tax Information Seminar conducted annually	3 sessions	2 sessions	2 sessions	1 session	1 session	1 session	1 session
2. Number of risk analysis reports per dept. to ensure compliance to tax legislation	64 reports	63 reports	60 reports	56 reports	56 reports	56 reports	56 reports
3. Number of quarterly assessment reports to depts. on status of bank related suspense accounts	60 assessment reports	60 Compliance Assessment reports	60 Compliance Assessment reports	56 assessment reports	56 assessment reports	56 assessment reports	56 assessment reports
4. Number of monthly bank reconciliations per department	180 reconciled bank reconciliation	180 Reconciled bank reconciliation	180 Reconciled bank reconciliation	168 reconciled bank reconciliation	168 reconciled bank reconciliation	168 reconciled bank reconciliation	168 reconciled bank reconciliation
5. Number of quarterly reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts

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Quarterly targets: 2017/18

Sub-programme: 3.1		Cash Management and Liabilities				
Performance indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of Tax Information Seminar conducted annually	Annually	1 session	Nil	1 session	Nil	Nil
2. Number of risk analysis reports per dept. to ensure compliance to tax legislation	Quarterly	56 Risk Analysis reports	14 Risk Analysis reports	14 Risk Analysis reports	14 Risk Analysis reports	14 Risk Analysis reports
3. Number of quarterly assessment reports to depts. on status of bank related suspense accounts	Quarterly	56 assessment reports	14 assessment reports	14 assessment reports	14 assessment reports	14 assessment reports
4. Number of monthly bank reconciliations per department	Monthly	168 reconciled bank reconciliations	42 bank reconciliations	42 bank reconciliations	42 bank reconciliations	42 bank reconciliations
5. Number of quarterly reports on withdrawals from municipal bank accounts	Quarterly	4 reports on withdrawals from municipal bank accounts	1 report on withdrawal from municipal bank accounts	1 report on withdrawal from municipal bank accounts	1 report on withdrawal from municipal bank accounts	1 report on withdrawal from municipal bank accounts

3.2 Sub-programme: Public Private Partnerships (PPPs)

The strategic objective is:

- To provide substantial technical, financial and legal advice in support of all provincial PPP projects in line with the PPP project cycle as regulated by National Treasury guidelines.

Specified policies and priorities

The overall purpose of the sub programme is to oversee and provide support at a provincial and municipal level in line with the PPP Project Cycle. This is achieved by ensuring that the PPP Unit provides transaction support to government departments; public entities and municipalities and their municipal entities to ensure compliance with the PPP legislative processes where necessary, hold information workshops for capacity building in order to ensure that value for money is achieved.

Strategic objective annual targets: 2017/18

Sub-programme: 3.2	Public Private Partnerships							
Strategic objective	Audited/Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:3.14 To provide substantial technical, financial and legal advice in support of all provincial PPPs in line with PPP Project Cycle as regulated by National Treasury guidelines	36	37	26	26	26	26	26	130

Programme performance indicators and annual targets: 2017/18

Sub-programme: 3.2		Public Private Partnerships					
Programme Performance Indicator	Audited/Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of seminars/workshops conducted for Provincial departments, Public entities, Municipalities, Municipal entities and the Private sector.	7	13	2	2	2	2	2
2. Number of reports for Prov. Treasury management and NT PPP unit	17	12	12	12	12	12	12
3. Number of contract management reports on closed deals	12	12	12	12	12	12	12

Quarterly targets: 2017/18

Sub-programme: 3.2		Public Private Partnerships				
Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of seminars/workshops conducted for Provincial departments, Public entities, Municipalities, Municipal entities and the Private sector.	Bi-Annually	2	N/A	1	N/A	1
2. Number of reports for Prov. Treasury management and NT PPP unit	Quarterly	12	3	3	3	3
3. Number of contract management reports on closed deals	Quarterly	12	3	3	3	3

3.3 Sub-programme: Provincial Supply Chain Management

The strategic objectives:

- To support and monitor adherence of departments, public entities and municipalities to SCM prescripts.

Specified policies and priorities

The specified priorities for the Provincial Supply Chain Management Office is to monitor and evaluate compliance by provincial departments, municipalities and public entities to SCM prescripts and, where necessary, to offer support as required by the clients and which may include the development of required policies and practice notes, that allow for best practice implementation.

Strategic objective annual targets: 2017/18

Sub-programme: 3.3	Provincial Supply Chain Management						
Strategic objectives	Audited/Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
SO:3.15 To support and monitor adherence of departments, public entities and municipalities on SCM	99	94	143	80	312	312	312
							1159

Programme performance indicators and annual targets: 2017/18

Sub-programme: 3.3	Provincial Supply Chain Management						
Performance indicators	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of SCM training sessions and information sessions conducted	14	20	Conducted 42 SCM training, information sessions and workshops for state institutions	Conduct 8 SCM training, information sessions, workshops and forums for state institutions	Conduct 12 SCM training, information sessions, workshops and forums for state institutions	Conduct 12 SCM training, information sessions, workshops and forums for state institutions	Conduct 12 SCM training, information sessions, workshops and forums for state institutions
2. Number of SCM compliance assessments conducted	80	70	Conducted 95 SCM compliance assessments and investigate complaints in depts, munic. and public entities	Conduct 60 SCM assessments in depts, munic. and public entities & investigate complaints	Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints	Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints	Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints
3. Number of policies reviewed and updated	5	4	Reviewed and updated 6 policies	Review and update 4 policies	Review and update 4 policies	Review and update 4 policies	Review and update 4 policies
4. Number of contract management analysis conducted	New	New	New	Conduct 8 contract management reviews for state institutions	Conduct 212 contract management reviews for state institutions	Conduct 212 contract management reviews for state institutions	Conduct 212 contract management reviews for state institutions

Quarterly targets: 2017/18

Sub-programme: 3.3	Provincial Supply Chain Management					
Programme performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of SCM training sessions and information sessions conducted	Quarterly	Conduct 12 SCM training, information sessions, workshops and forums for state institutions	3	3	3	3
2. Number of SCM compliance assessments conducted	Quarterly	Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints	21	21	21	21
3. Number of policies reviewed and updated	Quarterly	Review and update 4 policies	1	1	1	1
4. Number of contract management analysis conducted	Quarterly	Conduct 212 contract management reviews for state institutions	53	53	53	53



3.4 Sub-programme: Financial Reporting

The strategic objectives are:

- To assist departments, public entities and municipalities in the attainment of positive audit outcomes for the Province, with respect to financial management.

Specified policies and priorities

The overall purpose of the sub-programme is to analyse audit reports with respect to financial management in order to establish and formulate support strategies to address weaknesses within the financial management accounting and reporting processes.

Strategic objective annual targets: 2017/18

Sub-programme: 3.4	Financial Reporting							
Strategic objective	Audited / Actual performance			Estimated performance	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	
SO: 3.16 To assist departments, municipalities and public entities in the attainment of a clean audit outcome for the Province.	32	24	36	21	16	20	24	117

Programme performance indicators and annual targets: 2017/18

Sub-programme: 3.4	Financial Reporting						
Programme Performance Indicators	Audited / Actual performance			Estimated performance	Medium-term targets		
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1. Consolidated AFS for Provincial Departments	Compiled and tabled Consolidated AFS for FY 12/13 Departments and Provincial Revenue Fund	Compiled and tabled consolidated AFS for FY13/14 in Legislature	Consolidated Departments AFS for FY 14/15 tabled in legislature	Audited Consolidated AFS for FY 2015/16 by 30 November 2016	Audited Consolidated AFS to AG for FY 2016/17 by 30 November 2017	Audited Consolidated AFS to AG for FY 2017/18 by 30 November 2018	Audited Consolidated AFS to AG for FY 2018/19 by 30 November 2019
2. Consolidated AFS for Public Entities	Compiled and tabled Consolidated AFS for FY 12/13 Public Entities	Compiled and tabled consolidated AFS for FY13/14 in legislature	Consolidated Public Entities AFS for FY 14/15 tabled in legislature	Audited Consolidated AFS for FY 2015/16 by 30 November 2016	Audited Consolidated AFS for FY 2016/17 by 30 November 2017	Audited Consolidated AFS to AG for FY 2017/18 by 30 November 2018	Audited Consolidated AFS to AG for FY 2018/19 by 30 November 2019
3. Annual Financial Statements for the Revenue Fund	Compiled and tabled Consolidated AFS for FY 12/13 Revenue Fund	Compiled Revenue Fund Annual Financial Statements	Revenue Fund AFS 2014/15 submitted	Audited Revenue Fund for FY 2015/16 by 30 November 2016	Audited Revenue Fund to AG for FY 2016/17 by 30 November 2017	Audited Revenue Fund to AG for FY 2017/18 by 30 November 2018	Audited Revenue Fund to AG for FY 2018/19 by 30 November 2019
4. Provincial Audit Outcome Analysis for Departments and Public Entities	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2013	Summary of Audit Outcome Analysis for Provincial Departments and Public Entities	Summary of Audit Outcomes Analysis for Provincial Departments and Public Entities for 2014/15 submitted to National Treasury.	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 30 Sept 2016	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 30 Sept 2017	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 30 Sept 2018	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 30 Sept 2019



5. Training to Provincial Departments, Municipalities and Public Entities	1 AFS training workshop	Not achieved	2 AFS Training Workshop conducted for Departments and 1 training workshop conducted for municipalities	1 training workshop by 30 April 2016	1 training workshop by 30 April 2017	1 training workshop by 30 April 2018	1 training workshop by 30 April 2019
6. AFS Support to Provincial Departments	New	New	New	Progress reports on Financial management support based on specific requests received from Departments within 10 days of every quarter end	Progress reports on Financial management support based on specific requests received from Departments within 10 days of every quarter end	Progress reports on Financial management support based on specific requests received from Departments within 10 days of every quarter end	Progress reports on Financial management support based on specific requests received from Departments within 10 days of every quarter end
7. Financial Management Monitoring Support to Municipalities	New	Pre-audit assessment report in 10 municipalities	Pre-audit assessment performed at 10 municipalities	Pre-audit assessment report in 10 municipalities by 31 August 2016	Pre-audit assessment report in 4 municipalities by 31 August 2017	Pre-audit assessment report in 6 municipalities by 31 August 2018	Pre-audit assessment report in 8 municipalities by 31 August 2019
	Progress reports on on-site financial management support to 15 identified municipalities	Progress reports on intensive on-site financial management support to 7 municipalities	Progress reports on intensive on-site financial management support to 19 municipalities	Progress reports on intensive on-site financial management support to 4 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 4 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 6 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 8 municipalities within 10 days of every quarter end
	New	New	New	Monitor progress made by Municipalities to implement MSCOA by 31 July 2017 and provide progress reports within 10 days of every quarter end	Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end	Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end	Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end

Quarterly targets: 2017/18

Sub-programme: 3.4		Financial Reporting				
Programme Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Consolidated AFS for Provincial Departments and the Provincial Revenue Fund	Annually	Submit Consolidated AFS to AG for FY 2016/17 by 30 November 2017	N/A	N/A	Audited Consolidated AFS to AG for FY 2016/17 by 30 November 2017	N/A
2. Consolidated AFS for Public Entities tabled in Legislature	Annually	Submit Consolidated AFS for FY 2016/17 by 30 November 2017	N/A	N/A	Audited Consolidated AFS for FY 2016/17 by 30 November 2017	N/A
3. Annual Financial Statements for the Revenue Fund tabled in Legislature	Annually	Submit Revenue Fund to AG for FY 2016/17 by 30 November 2017	N/A	N/A	Audited Revenue Fund for FY 2015/16 by 30 November 2017	N/A
4. Provincial Audit Outcome Analysis for Departments and Public Entities	Annually	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 30 Sept 2017	N/A	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 30 Sept 2017	N/A	N/A
5. Training to Provincial Departments, Municipalities and Public Entities	Annually	1 Training workshop by 30 April 2017	1 AFS training workshop by 30 April 2017	N/A	N/A	N/A



6. AFS Support to Provincial Departments	Quarterly	Progress reports on intensive on-site financial management support based on specific requests received from Departments within 10 days of every quarter end	Progress reports on intensive on-site financial management support provided to Departments, requesting support within 10 days of every quarter end	Progress reports on intensive on-site financial management support provided to Departments, requesting support within 10 days of every quarter end	Progress reports on intensive on-site financial management support provided to Departments, requesting support within 10 days of every quarter end	Progress reports on intensive on-site financial management support provided to Departments, requesting support within 10 days of every quarter end
7. Financial Management Monitoring Support to Municipalities	Annually	Pre-audit assessment report in 4 municipalities by 31 August 2017	N/A	Pre-audit assessment report in 4 municipalities by 31 August 2017	N/A	N/A
	Quarterly	Progress reports on intensive on-site financial management support to 4 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 4 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 4 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 4 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 4 municipalities within 10 days of every quarter end
	Quarterly	Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end	Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end	Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end	Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end	Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end

3.5 Sub-programme: Norms and Standards

The strategic objective is:

- To develop, facilitate implementation, and monitor compliance with financial norms and standards in provincial departments, municipalities and entities to enhance financial management.

Specified policies and priorities

To facilitate performance-orientated financial management in departments, municipalities and entities as envisaged in the PFMA and the MFMA.

Strategic objective annual targets: 2017/18

Sub-programme: 3.5	Norms and Standards							
Strategic objective	Audited/Actual performance			Estimated performance 2016/17	Medium-term targets			5 -Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:3.17 To develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities	94	130	136	62	62	62	62	310



Programme performance indicators and annual targets: 2017/18

Sub-programme: 3.5		Norms and Standards					
Performance indicator	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of instruction notes/standard operating procedures/policies developed and reviewed for departments, municipalities and their respective entities.	27 Instruction notes reviewed and 1 policy developed for departments/19 policies developed and 31 reviewed for municipalities	114 instruction notes reviewed and policies developed/ reviewed for departments and municipalities	1 Municipal circular developed 31 instruction notes and 73 policies reviewed, 9 policy developed and 8 standard operating procedures developed. (121)	48 instruction notes, standard operating procedures and policies developed and/ or reviewed based on needs analysis.	48 instruction notes, standard operating procedures and policies developed and/ or reviewed based on needs analysis.	48 instruction notes, standard operating procedures and policies developed and/ or reviewed based on needs analysis.	48 instruction notes, standard operating procedures and policies developed and/ or reviewed based on needs analysis.
2. Number of departments/ public entities assessed and monitored	All departments assessed and monitored as per Units Annual Plan, except for quarter 1	All departments assessed and monitored	All departments assessed and monitored	All departments and two public entities assessed and monitored.	All departments and two public entities assessed and monitored.	All departments and two public entities assessed and monitored.	All departments and two public entities assessed and monitored.

Quarterly targets: 2017/18

Sub-programme: 3.5		Norms and Standards				
Programme performance indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of instruction notes/standard operating procedures/policies developed and reviewed for departments, municipalities and their respective entities.	Quarterly	48 instruction notes, standard operating procedures and policies developed and/or reviewed	12 instruction notes, standard operating procedures and policies developed and/or reviewed.	12 instruction notes, standard operating procedures and policies developed and/or reviewed.	12 instruction notes, standard operating procedures and policies developed and/or reviewed.	12 instruction notes, standard operating procedures and policies developed and/or reviewed.
2. Number of departments/ public entities assessed and monitored	Quarterly	All departments and identified public entities assessed and monitored.	All departments and two public entities assessed and monitored.	All departments and two public entities assessed and monitored.	All departments and two public entities assessed and monitored.	All departments and two public entities assessed and monitored.

3.6 Sub-programme: Supporting and Inter-Linked Financial Systems

The strategic objective is:

- To provide technical and functional support to supporting and interlinked financial systems.

Specified policies and priorities

The purpose of the sub-programme is to source, implement and provide support for Financial Systems to provincial departments.

Strategic objective annual targets: 2017/18

Sub-programme: 3.6	Supporting and Interlinked Financial Systems							
Strategic objective	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO: 3.18 To provide technical and functional support to supporting and interlinked financial systems.	2hrs23min	2hrs 1 min	2hr18 min	8-16 hr MTTR	8-16 hr MTTR	8-16 hr MTTR	8-16 hr MTTR	8-16 hr MTTR

Programme performance indicators and annual targets: 2017/18

Sub-programme: 3.6	Supporting and Interlinked Financial Systems						
Programme Performance Indicator	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Mean time to resolve (transversal systems)	2hrs23min	2hrs 1 min	2hr18 min	8-16 hr MTTR	8-16 hr MTTR	8-16 hr MTTR	8-16 hr MTTR

Quarterly targets: 2017/18

Sub-programme: 3.6	Supporting and Interlinked Financial Systems					
Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Mean time to resolve (transversal systems)	Quarterly	8-16 hr MTTR	8-16 hr MTTR	8-16 hr MTTR	8-16 hr MTTR	8-16 hr MTTR

3.7 Reconciliation of budget with plan

Summary of payments and estimates by sub-programme: Financial Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
1. Cash Management and Liabilities	15 318	12 125	13 931	22 548	17 548	14 539	17 070	21 596	22 907
2. Public, Private Partnerships	5 238	5 673	4 916	8 288	5 288	4 682	8 288	8 288	8 785
3. Supply Chain Management	43 333	70 492	52 062	47 272	39 272	49 751	44 272	51 731	54 835
4. Financial Reporting	54 840	55 847	42 626	38 083	33 947	32 929	28 331	36 560	38 770
5. Norms and Standards	3 776	4 016	4 572	5 968	5 168	4 894	5 968	5 968	6 326
6. Support and Interlinked Financial Systems	118 482	119 882	122 056	129 914	112 414	102 272	109 891	117 182	124 198
7. Gaming and Betting	-	-	-	43 490	23 152	22 127	-	-	-
Total	240 987	268 035	240 163	295 563	236 789	231 194	213 820	241 325	255 821



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Summary of payments and estimates by economic classification: Financial Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Current payments	237 358	255 388	227 890	259 821	214 105	208 868	212 442	229 929	243 786
Compensation of employees	49 298	52 304	55 409	69 393	65 217	59 288	71 759	80 068	88 669
Goods and services	188 060	203 084	172 481	187 154	148 288	148 980	138 949	143 984	148 887
Interest and rent on land	-	-	-	3 274	600	600	1 734	5 877	6 230
Transfers and subsidies to:	493	2 067	975	35 055	21 975	21 751	885	939	992
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	34 255	21 137	21 137	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	1 227	-	-	-	-	-	-	-
Households	493	840	975	800	838	614	885	939	992
Payments for capital assets	2 944	10 580	11 237	687	709	575	493	10 457	11 043
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 944	10 580	11 237	687	709	575	493	10 457	11 043
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	192	-	61	-	-	-	-	-	-
Total	240 987	268 035	240 163	295 563	236 789	231 194	213 820	241 325	255 821



4. PROGRAMME 4: INTERNAL AUDIT

The strategic objectives of Programme 4 are to provide departments and public entities with the following:

- An efficient, effective and economical assurance service.
- Build and maintain solid client relationships through providing value added services.
- To promote good governance through assisting provincial departments, public entities and municipalities with risk management and internal audit capacity building.
- Promote a culture of zero tolerance for fraud and corruption in the province.

The programme consists of the following measurable sub-programmes:

- 4.1 Sub-programme: Assurance Services
- 4.2 Sub-programme: Risk Management
- 4.3 Sub-programme: Forensic Services

4.1 Sub-programme: Assurance Services

The strategic objectives are:

- An efficient, effective and economical assurance service.
- Build and maintain solid client relationships through providing value added services.
- Enhance capacity within and outside the unit.

Specified policies and priorities

The Provincial Internal Audit Services (PIAS) provides a legislated shared internal audit function which covers an independent objective assurance and consulting services on issues of internal controls, risk management and governance as provided in the PFMA and aligns its services to the Standards for the Professional Practice of Internal Auditing (ISPPA) and the principles in the King Report on Governance. Its scope is comprehensively defined in Chapter 3 of Treasury Regulations. These services are further regulated through the Provincial Internal Audit Charter and the Provincial Audit & Risk Committee Charter.



Strategic objective annual targets: 2017/18

Sub-programme: 4.1	Assurance Services							
Strategic objective	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:4.19 To provide an efficient, effective and economical assurance service	270	234	224	221	168	168	168	949
SO:4.20 To build & maintain solid client relationships through provision of value adding services	78	48	93	60	56	56	56	321
SO:4.21 To enhance capacity within and outside the unit	16	17	13	13	8	8	8	50

Programme performance indicators and annual targets: 2017/18

Sub-programme: 4.1	Assurance Services						
Programme Performance indicators	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of IA Annual operational plans and a rolling three year strategic plan developed and approved	23	23	22	22	14	14	14
2. Number of annual MEC Audit & Risk Committee report on clients' areas of risk management, governance and internal control	1	1	2	1	1	1	1
3. Number of risk based audit reports including follow up audit reports and reports on financial, IT, performance and governance audits.	225	189	173	176	154	154	154
4. Number of audit reports on predetermined objectives.	21	21	27	22	14	14	14
5. Number of meetings held between clients and the Cluster Audit & Risk Committee	78	48	93	60	56	56	56
6. Number of training and development programmes attended	15	16	13	12	8	8	8
7. Number of internal and/ independent external quality assurance reviews conducted	1	1	0	1	1	1	1

Quarterly targets: 2017/18

Sub-programme: 4.1		Assurance Services				
Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of IA Annual operational plans and a rolling three year strategic plan developed and approved	Annually	14	14	N/A	N/A	N/A
2. Number of annual MEC Audit & Risk Committee report on clients' areas of risk management, governance and internal control	Annually	1	N/A	N/A	1	N/A
3. Number of risk based audit reports including follow up audit reports and reports on financial, IT, performance and governance audits.	Quarterly	154	20	43	41	50
4. Number of audit reports on predetermined objectives.	Half-yearly	14	N/A	N/A	7	7
5. Number of meetings held between clients and the Cluster Audit & Risk Committee	Quarterly	56	14	14	14	14
6. Number of training and development programmes attended	Quarterly	8	2	2	2	2
7. Number of internal and/ independent external quality assurance reviews conducted	Annually	1	N/A	N/A	1	N/A

4.2. Sub-programme: Risk Management

The strategic objective is:

- To promote good governance through assisting provincial departments, public entities and municipalities with risk assessments, risk management and internal audit capacity building exercises.

Specified policies and priorities

The PFMA and the MFMA requires provincial government departments, public entities and municipalities to establish a system of risk management and internal control, and to ensure that risk assessments are conducted regularly to identify emerging risks of these institutions. It should be noted that these institutions have not taken full responsibility and ownership for ensuring establishment and maintenance of an effective system of internal control and risk management. These institutions are still being supported by the Provincial Internal Audit Service (Risk and Advisory) in this regard.

In addition to the above, the unit will be increasing its focus on providing advisory services, and in some instances working with these institutions/clients to develop relevant risk structures and policies.



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Strategic objective annual targets: 2017/18

Sub-programme: 4.2	Risk Management						
Strategic objective	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
SO:4.22 Promote good governance through effective risk management	129	40	233	401	225	225	225
							1309

Programme performance indicators and annual targets: 2017/18

Sub-programme: 4.2	Risk Management						
Programme Performance Indicators	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of risk registers updated, biannually, for provincial departments, municipalities and public entities	76	27	61	100	50	50	50
2. Number of reviews on risk management maturity of departments, public entities and municipalities, and assist with development of risk policies and procedures	New	New	27	50	30	30	30
3. Number of reviews and/or assist with development of Occupational Health and Safety programmes for departments, public entities and municipalities	New	New	15	40	30	30	30
4. Number of reviews and/or assist with development of DPSA compliant IT Governance Framework, including BCP for departments, public entities and municipalities	New	New	36	40	30	30	30
5. Number of complex internal audit services/reviews provided to municipalities and municipal entities	New	New	10	15	10	10	10
6. Number of reviews on internal audit and audit committee practices of municipalities, and assist with closing of gaps	New	New	10	40	20	20	20
7. Number of risk and governance-related conferences/forums held for provincial departments, municipalities, and public entities	4	New	4	5	4	4	5
8. Number of best risk management/ governance guidelines/transversal risk policies produced by the unit	New	New	3	1	1	1	1
9. Number reviews and/or assist with development of fraud prevention plans for provincial departments, municipalities, and public entities	20	New	36	70	30	30	30
10. Number of risk/governance –related training/awareness provided to risk officials of departments, municipalities, and public entities	29	13	31	40	20	20	20



Quarterly targets: 2017/18

Sub-programme: 4.2		Risk Management				
Performance Indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of risk registers updated, biannually, for provincial departments, municipalities and public entities	Quarterly	50	15	10	15	10
2. Number of reviews on risk management maturity of departments, public entities and municipalities, and assist with development of risk policies and procedures	Quarterly	30	N/A	5	10	15
3. Number of reviews and/or assist with development of Occupational Health and Safety programmes for departments, public entities and municipalities	Quarterly	30	10	5	N/A	15
4. Number of reviews and/or assist with development of DPSA compliant IT Governance Framework, including BCP for departments, public entities and municipalities	Quarterly	30	5	5	10	10
5. Number of complex internal audit services/ reviews provided to municipalities and municipal entities	Quarterly	10	N/A	N/A	5	5
6. Number of reviews on internal audit and audit committee practices of municipalities, and assist with closing of gaps	Quarterly	20	5	5	5	5
7. Number of risk and governance-related conferences/forums held for provincial departments, municipalities, and public entities	Quarterly	4	1	1	1	1
8. Number of best risk management/governance guidelines/transversal risk policies produced by the unit	Annually	1	N/A	N/A	1	N/A
9. Number reviews and/or assist with development of fraud prevention plans for provincial departments, municipalities, and public entities	Quarterly	30	N/A	10	10	10
10. Number of risk/governance –related training/ awareness provided to risk officials of departments, municipalities, and public entities	Quarterly	20	5	5	5	5

4.3 Sub-programme: Forensic Services

The strategic objective is:

- Promote a culture of zero tolerance for fraud and corruption in the province.

Specified policies and priorities

The PFMA and the MFMA require accounting officers to ensure that investigations are conducted against officials that are alleged to have committed financial misconducts.

KZN Treasury, through its Internal Audit Unit, has a dedicated component that assists departments to comply with the above-mentioned requirement. In addition, the Internal Audit also uses other sources of information to initiate investigations, these sources include:

- Internal and external (AG) audit findings/reports;
- Request by MECs/Cabinet;
- Anonymous tip-offs;
- Request by the Audit Committee.

Strategic objective annual targets: 2017/18

Sub-programme: 4.3	Forensic Services							
Strategic objective	Audited / Actual Performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:4.24Promote a culture of zero tolerance for fraud and corruption	63	83	124	180	97	97	97	595

Programme performance indicators and annual targets: 2017/18

Sub-programme: 4.3	Forensic Services						
Performance indicator	Audited / Actual performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of Forensic Audits performed and investigations as per clients requests and referrals from the Assurance team	25	25	35	40	20	20	20
2. Number of updated register of forensic investigations – MEC Report	4	4	4	4	4	4	4
3. Number of follow ups on completed investigations per institution	34	54	69	120	60	60	60
4. Number of Fraud Case Management System developed and rolled-out	New	New	1	1	1	1	1
5. Number of updated forensic investigations on Fraud Case Management System per provincial department.	New	New	145	15	12	12	12

Quarterly targets: 2017/18

Sub-programme: 4.3	Forensic Services					
Programme performance indicator	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of Forensic Audits performed and investigations as per clients requests and referrals from the Assurance team	Quarterly	20	5	5	5	5
2. Number of updated register of forensic investigations – MEC Report	Quarterly	4	1	1	1	1
3. Number of follow ups on completed investigations per institution	Quarterly	60	15	15	15	15
4. Number of Fraud Case Management System developed and rolled-out	Annually	1	1	N/A	N/A	N/A
5. Number of updated forensic investigations on Fraud Case Management System per provincial department.	Quarterly	12	3	3	3	3

4.4 Reconciliation of budget with plan

Summary of payments and estimates by sub-programme: Internal Audit

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
1. Assurance Services	59 033	73 585	78 647	65 275	75 775	76 412	65 275	69 191	73 343
2. Risk Management	48 330	56 835	55 957	30 497	27 497	24 810	19 055	19 055	19 055
3. Forensic Services	-	-	-	25 911	43 711	44 139	39 558	41 932	44 478
Total	107 363	130 420	134 604	121 683	146 983	145 361	123 888	130 178	136 876

Summary of payments and estimates by economic classification: Internal Audit

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Current payments	106 710	129 803	133 455	120 683	145 647	144 252	123 024	129 187	135 831
Compensation of employees	49 329	54 987	59 441	71 173	71 122	69 015	70 976	77 104	79 746
Goods and services	57 381	74 816	74 014	49 510	74 525	75 237	52 048	52 083	56 085
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	121	170	684	50	101	74	103	106	112
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	4	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	121	170	680	50	101	74	103	106	112
Payments for capital assets	531	443	262	950	1 235	1 035	761	885	933
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	531	443	262	950	1 235	1 035	761	885	933
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	1	4	203	-	-	-	-	-	-
Total	107 363	130 420	134 604	121 683	146 983	145 361	123 888	130 178	136 876



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5. Programme 5: Growth and Development

5.1 Other Developmental Initiatives

The strategic objective is:

- To provide financial resources and manage special infrastructure projects and strategic cabinet approved initiatives not catered for in any other programmes.

Specified policies and priorities

- To mainly provide for special infrastructure projects, community outreach programmes (mainly for the MEC) and strategic cabinet initiatives as approved by a special sub-committee and department. These funds are for special projects for specific departments which are transferred during the year to the responsible department through Adjustments Estimate or as and when required.
- The only measurable objective is under sub-programme Budget Communication (Community Outreach Programme).

Strategic objective annual targets: 2017/18

Sub-programme: 5.1	Other Developmental Initiatives							
Strategic objective	Audited / Actual Performance			Estimated performance 2016/17	Medium-term targets			5 –Year Target
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20	
SO:5.25 To provide financial resources and manage special infrastructure projects and strategic cabinet approved initiatives not catered for in any other programmes.	21	11	13	5	5	5	5	25

Programme performance indicators and annual targets: 2017/18

Sub-programme: 5.1	Other Developmental Initiatives						
Programme Performance indicators	Audited / Actual Performance			Estimated performance 2016/17	Medium-term targets		
	2013/14	2014/15	2015/16		2017/18	2018/19	2019/20
1. Number of community visits coordinated successfully	21	11	13	5	5	5	5

Quarterly targets: 2017/18

Sub-programme: 5.1	Other Developmental Initiatives					
Performance indicators	Reporting period	Annual target 2017/18	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of community visits co-ordinated successfully	Quarterly	5	1	1	1	2

5.2 Reconciliation of budget with plan

Summary of payments and estimates by sub-programme: Growth and Development

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
1. Budget Communication	7 456	5 180	1 277	3 526	3 256	3 236	3 026	3 526	3 526
2. Special Infrastructure Projects	21 970	31 665	10 280	-	-	-	-	-	-
3. Special Projects	12 514	6 967	21 838	16 900	19 670	19 323	19 458	3 329	6 994
Total	41 940	43 812	33 395	20 426	22 926	22 559	22 484	6 855	10 520

Summary of payments and estimates by economic classification: Growth and Development

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Current payments	19 970	12 147	22 098	20 426	22 578	22 153	22 184	6 555	10 203
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	19 970	12 147	22 098	20 426	22 578	22 153	22 184	6 555	10 203
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	21 970	31 665	11 297	-	348	406	300	300	317
Provinces and municipalities	21 970	31 665	10 280	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	1 017	-	348	406	300	300	317
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	41 940	43 812	33 395	20 426	22 926	22 559	22 484	6 855	10 520



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PART C: LINKS TO OTHER PLANS

6. Links to the long-term infrastructure and other capital plans

KwaZulu-Natal Provincial Treasury as a department does not have long term infrastructure or capital plans but it assist other departments by providing support in planning for infrastructure, monitoring and evaluation of the programmes.

7. Conditional Grants

The table below reflects all the conditional Grants that the department has received.

Table 6.3 : Details of donor funding and agency receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2013/14	2014/15	2015/16	2016/17			2017/18	2018/19	2019/20
Donor funding	-	-	7 073	78 386	56 631	56 631	278 357	197 650	-
Development of KwaZulu-Natal Science Parks	-	-	7 073	59 750	34 527	34 527	78 400	-	-
Fight Against HIV/Aids, TB & Malaria	-	-	-	18 636	22 104	22 104	199 957	197 650	-
Agency receipt	-	-	-	720	480	480	240	-	-
PSETA	-	-	-	720	480	480	240	-	-
Total	-	-	7 073	79 106	57 111	57 111	278 597	197 650	-

7.1 Development of KwaZulu-Natal Science Parks

The department plans to establish four science parks in the province with this funding. These will be located in Pietermaritzburg, Newcastle, Port Shepstone and Richards Bay. The main aim of the science parks is the commercialisation of innovative ideas through which products, processes, strategies and services are formulated to create job opportunities and to create business synergies. The core functions of the science parks include knowledge generation, innovation, enterprise and business formation. The science parks will be aimed at businesses involved in information technology.

In total, KZN received a R120 million grant from the EU and the project was supposed to run from 2014/15 to 2016/17, however, the three-year term was extended to 2017/18. Three sites have started with fencing, infrastructure and building construction. The Pietermaritzburg site has not as yet received a Record of Decision for the Environmental Impact Assessment, therefore it is envisaged that no construction will take place this financial year.

7.2 Global Fund

The KZN Provincial Treasury is one of the eight principal recipients of the programme of the Fight against HIV/Aid, Tuberculosis and Malaria around KwaZulu-Natal.

7.3 PSETA Grant

In respect of PSETA, the department was allocated R720 000 in 2016/17 and 2017/18 for work integrated learning, whose aim is to support 20 students from TVET colleges with a stipend of R2 000 per student per month for a period of 18 months ending in June 2017. This allocation will give learners the opportunity to do in-service training in the department in their area of study.

8. Public Entities

The department does not have a public entity.

9. Public Private Partnerships

The department has not entered into any Public Private Partnerships.

ANNEXURE D

Adjustments to 2015-2020 Strategic Plan

Due to operational and tactical adjustment a combined strategic objective for Programme 1: Administration was revised to cater all sub programmes within programme 1 to better articulate the desired outputs, Programme 5: Growth and Development was adjusted to ensure alignment with strategic plan.

PROGRAMME ONE: Administration		
Sub Programme: Chief Financial Office		
Strategic objective in Strategic Plan 2015 – 2020 that have changed	Adjusted strategic objective in 2017/18 APP	Comments
To provide strategic leadership support in the area of financial management, human resources, auxiliary services, information communication and technology and legal services to the department	Effective management of departmental finances in line with statutory requirements.	To better articulate the desired output
Sub Programme: Human Resource Management		
To provide strategic leadership support in the area of financial management, human resources, auxiliary services, information communication and technology and legal services to the department	To provide optimal Human Resource services to the department	To better articulate the desired output
Sub Programme: Information Technology Management		
To provide strategic leadership support in the area of financial management, human resources, auxiliary services, information communication and technology and legal services to the department	To provide IT technical and IT functional support to the department	To better articulate the desired output

PROGRAMME THREE: Financial Management	
Sub Programme: Gaming and Betting	The function has been moved to Vote 1: Office of the Premier as per Premier's Minute 2 of 2016.



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PROGRAMME FIVE : Growth and Development		
Sub Programme: Other Developmental Initiatives		
Strategic objective in 2016/17 APP	Adjusted strategic objective in 2017/18 APP	Comments
To provide for specific departmental approved community participation not catered for in any other programme that will provide development for the province.	To provide financial resources and manage special infrastructure projects and strategic cabinet approved initiatives not catered for in any other programmes.	Ensuring alignment with 2015-2020 Strategic Plan

LIST OF ABBREVIATIONS

ABBREVIATION	FULL DESCRIPTION
AEPRE	Adjustments Estimate of Provincial Revenue and Expenditure
AFS	Annual Financial Statements
AG	Auditor - General
CARC	Cluster Audit and Risk Committees
CD	Chief Director
CFO	Chief Financial Officer
CSD	Central Supplier Database
DDG	Deputy Director General
EH&W	Employee Health and Wellness
EPRE	Estimate of Provincial Revenue and Expenditure
FLP	Financial Literacy Programme
FMCM	Financial Management Capability Maturity Model
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HOD	Head of Department
HRP	Human Resource Plan
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plans
IGCC	Inter-Governmental Cash Co-ordination
IMF	International Monetary Fund
IPMP	Infrastructure Programme Management Plan
IRM	Infrastructure Reporting Model
KZNFLA	KwaZulu-Natal Financial Literacy Association
KZNPG	KwaZulu-Natal Provincial Government
LED	Local Economic Development
MBAT	Municipal Bid Appeals Tribunals



MBRR	Municipal Budget and Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Finance Management Act
MPAT	Monitoring Performance Assessment Tool
MSP	Municipal Support Programme
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
OES	Organisational Efficiency Services
OSD	Occupation Specific Dispensation
PARC	Provincial Audit Risk Committee
PERO	Provincial Economic Review and Outlook
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PMG	Pay Master-General
PPP	Public Private Partnerships
SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SERO	Social-Economic Review and Outlook
SLA	Service Level Agreement
U-AMPs	User Asset Management Plans
WSP	Workplace Skills Plan

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