

**KWAZULU-NATAL
PROVINCIAL TREASURY**



ANNUAL PERFORMANCE PLAN 2015/16

Introduction by the MEC for Finance

As the country enters the new Medium Term Strategic Framework (MTSF) period, the main focus for KwaZulu-Natal (KZN) Provincial Treasury will be to continue in improving service delivery. This will be fulfilled by maintaining optimum and transparent allocation of financial resources whilst enhancing revenue generation and financial management practices in compliance with applicable legislation and corporate governance principles.

The 2015/16 Annual Performance Plan (APP) for KZN Provincial Treasury provides highlights of the key priorities the department seeks to implement within the 2014 - 2019 MTSF. These priorities emanate from the reviewed KZN Provincial Growth and Development Plan (PGDP) adopted in 2014, following the successful endorsement of the National Development Plan (NDP) in 2012.

In this financial year, we as KZN Provincial Treasury will continue to promote sound financial management practices and fiscal management through good governance. The focus will be directed mainly towards financial management for general oversight of all provincial departments, municipalities and public entities' budget processes, internal audit, supply chain management (SCM), and support for transversal and interlinked financial systems.

The cost-cutting measures first implemented in 2009/10 continue to remain in place and intensified in KZN. These will be implemented in line with the pronouncement by the National Treasury in the 2015/16 budget. Despite the cost cutting measures, the department will continue to implement a number of special projects, which include but not limited to infrastructure support especially the institutionalisation of Infrastructure Delivery Management System (IDMS), Technical Advisers (TAs), Operation Pay-on-Time, Operation Clean Audit, irregular expenditure projects and Municipal Support Programme (MSP).

The enforcement of the culture of compliance and best practice in SCM processes at different levels of government in the province remains one of our priorities. In 2012 we introduced contract management, Municipal Bid Appeals Tribunal (MBAT) and Operation Clean Audit programmes which became a huge success. Complemented by the first pilot of the e-Procurement system to be introduced this year, these programmes will continue to receive our attention in the 2015/16 financial year.

Public infrastructure investment is a necessary input to stimulate and sustain growth and development in a region. KZN Provincial Treasury has therefore, continuously been facilitating the provincial departments in planning for and implementing infrastructure programmes and initiatives in order to obtain maximum value for money. Following the positive impact of the implementation of the Infrastructure Delivery Management System (IDMS) on the Provincial Departments of Education, Health and Public Works we are now initiating IDMS to all other Provincial Departments in KZN. Further to this, we will continue to monitor infrastructure delivery performance and investigate and facilitate infrastructure funding mechanisms and opportunities to support the provincial fiscal framework.

Our support for municipalities in ensuring compliance with the Municipal Finance Management Act (MFMA) is an on-going process. Emphasis will continue to be placed on capacity building to ensure effective service delivery implementation at municipal level. The MSP will therefore continue to gain momentum this financial year. The programme provides support to municipalities through Cash Flow Management, Internal Control Enhancement including Information Technology General Controls (ITGC), Review of Value Added Tax, Budgeting, SCM Compliance, Internal Audit Risk and Advisory, Policy Development and Reviews, "Getting the Basics Right" Financial Management Support, and Infrastructure Management.

In line with the National Treasury, we as KZN Provincial Treasury will continue to address the lack of capacity in departments and municipalities in identifying and managing private public partnership (PPP) projects. We aim to create and improve relationships between various stakeholders in the PPP process in order to promote better PPP project flow, and to prevent projects taking place that are not considered to be adding value.

The department, as per National Treasury's request, will facilitate the implementation of the new upgraded Diagnostic Compliance Tool and the Financial Management Capability Maturity Model (FMCMM), by identifying two departments as part of the pilot project prior to the nationwide roll-out of the financial model. Inputs will be forwarded to National Treasury in order to address the various challenges that may be experienced during the pilot phase.

The biometric enablement of the asset management system will be completed in 2015/16. Enhancements and standardisation of the Biometric Access Control System are to be expedited to improve the level of support for the system in the province.

The KZN Gaming and Betting Board (KZNGBB) entity will pursue its mandate by ensuring that all gambling authorised under the Act is conducted in a manner which promotes the integrity of the gambling industry and does not cause financial stress to the public. In addition, the KZNGBB will ensure that gaming promotes tourism, employment, economic and social development.

Financial literacy project aimed at educating the citizens of KZN about using their money wisely and also on various aspects such as encouraging savings and financial discipline continues to get the support of the department. To this end, KZN Provincial Treasury has established Financial Literacy Project (FLP), a Non-profit institutions which became an independent entity in 2015.

With our competent and dedicated employees who are at the centre of ensuring best value to our stakeholders, we are determined that we will achieve the goals and targets outlined in this annual performance plan, for the sake of the people of KZN.

Signed by

Ms. BF Scott

MEC for Finance

Introduction by the Head of Department

The department remains committed to ensuring that the distribution of the public funds is aligned to the government priorities as well as the objectives of the National Development Plan, Provincial Growth and Development Plan and that these funds are optimally utilised. KZN Provincial Treasury plays a critical role in supporting service delivery departments through its resource allocation, thus ensuring that service delivery happens.

In 2013 MTEF, KwaZulu-Natal had its equitable share allocation reduced as a result of the 2011 Census data updates. In the 2015 METF a further reduction of more than R1 billion is anticipated as a result of the fiscal consolidation programme implemented by the Minister of Finance to reduce the county's debt exposure. This means that as a province we have to do things differently. We have to reprioritise our budget so as to absorb these reductions and avoid a fiscal cliff. To this effect, Treasury will be more robust in monitoring the implementation of the fiscal austerity measures introduced in 2009.

In the 2015 MTEF, Treasury will continue to provide fiscal and financial management support to all provincial departments, municipalities and public entities as per the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA). The Municipal Support Programme and Financial Management units will continue to improve municipal finances, supply chain management practices, and thereby assisting municipalities to attain clean audit outcomes.

To improve infrastructure planning and delivery in the province, Treasury will continue with the implementation of the Infrastructure Delivery Management System (IDMS) in all departments that have infrastructure projects and this will assist the departments to improve capacity to deliver.

On the supply chain management (SCM) front, Treasury will be rolling out the e-procurement tool throughout the province in 2015. This tool will replace the current paper-based procurement system with an electronic system. There are several benefits that will accrue from this. First, it will eliminate collusion between officials in departments and service providers as it will be extremely transparent. Second, the tool will ensure that government buys goods and services at market related prices, as it will be linked to a price benchmark index. Linked to this, our SCM team will continue with the roll-out of contract management programme in departments. Already, this programme has ensured that thousands of contracts in departments are now available in electronic format, making the management thereof much easier.

In line with the principle of good corporate governance, the department will continue to perform audit and fraud risk reviews and assessments and conduct forensic investigations in departments, public entities and municipalities.

In conclusion, let me welcome the Gaming and Betting Board to Treasury as per the Premier's proclamation. I am certain that working together will improve gaming and betting tax collection going forward. This will assist the province to stabilise its finances.

Signed by

Mr. SL Magagula

Head of Department

TABLE OF CONTENTS

Part A: Strategic overview for the department	1
1. Updated situational analysis	1
1.1 Performance delivery environment	1
1.2 Organisational environment	5
2. Revisions to legislative and other mandates	6
3. Overview of 2015/16 budget and MTEF estimates	10
3.1 Expenditure estimates	10
3.2 Reconciling expenditure trends to strategic goals	10
3.3 Departmental budgeted receipts	11
Part B: Programme and sub-programme plans	12
• Strategic objective annual targets:2015/16	
• Programme Performance indicators and annual targets:2015/16	
• Quarterly targets:2015/16	
1. Programme 1: Administration	12
1.1 Sub-programme 1.1: Office of the MEC	12
1.2 Sub-programme 1.2: Head of Department	14
1.3 Sub-programme 1.3: Chief Financial Office	15
1.4 Sub-programme 1.4: Human Resource Management	18
1.5 Reconciliation of budget with plan	21
2. Programme 2: Fiscal Resource Management	22
2.1 Sub-programme 2.1: Programme Support	22
2.2.1 Sub-programme 2.2.1: Economic Analysis	22
2.2.2 Sub-programme 2.2.2: Infrastructure	24
2.3 Sub-programme 2.3: Public Finance	27
2.4 Sub-programme 2.4: Municipal Finance	31
2.5 Reconciliation of budget with plan	37
3. Programme 3: Financial Management	39
3.1 Sub-programme 3.1: Financial Asset and Liability Management	39
3.2 Sub-programme 3.2: Public Private Partnerships (PPPs)	42
3.3 Sub-programme 3.3: Provincial Supply Chain Management	44
3.4 Sub-programme 3.4: Financial Reporting	47
3.5 Sub-programme 3.5: Norms and Standards	52
3.6 Sub-programme 3.6: Supporting and Interlinked Financial Systems	54
3.7 Sub-programme 3.7: Gaming and Betting	55
3.8 Reconciliation of budget with plan	58
4. Programme 4: Internal Audit	59
4.1 Sub-programme 4.1: Assurance Services	59
4.2.1 Sub-programme 4.2.1: Risk Management	62
4.2.2 Sub-programme 4.2.2: Forensic Services	66
4.3 Reconciliation of budget with plan	68
5. Programme 5: Growth and Development	69
5.1 Sub-programme 5.1: Other Developmental Initiatives	69
5.2 Reconciliation of budget with plan	69
Part C: Links to other plans	70

PART A: STRATEGIC OVERVIEW FOR THE DEPARTMENT

1. Updated situational analysis

In the 2013/14 Medium Term Expenditure Framework KwaZulu-Natal had its equitable share allocation reduced due to the 2011 Census data updates. In the 2015 METF a further reduction of more than R1-billion is anticipated as a result of the fiscal consolidation programme implemented by the Minister of Finance to reduce the county's debt exposure. Despite these major cuts the Provincial Treasury will continue to practice fiscal prudence. This will be undertaken through the promotion of sound financial management practice and fiscal management, ensuring equitable allocation of financial resources aimed at improving service delivery. The Provincial Treasury will enhance its support capacity to departments, municipalities and public entities in order to eliminate non-compliance and to monitor the continuous implementation of the cost containment measures throughout the Province.

KZN Treasury as a custodian of provincial fiscus will continue working closely with departments, municipalities that are entrusted with the delivery Infrastructure projects to ensure economic growth and creating job opportunities throughout the Province.

The focus in this financial year will mainly be to strengthen control measures and systems in Supply Chain Management, Financial Reporting and Financial Management to assist Departments to improve their audit outcomes, especially in the areas of unauthorised and irregular expenditure, assets management and the elimination of misstatements in the Annual Financial Statements.

Finally, the co-ordination and enhancement of revenue collection will also receive maximum attention while at the same time promoting sound cash management and thereby improving financial liquidity in the province.

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 economics of the province.

The unit has seen the need to assist in the allocation of resources by involving itself with the municipalities directly, through conducting workshops and attending municipalities' IDP forums and providing municipalities with economic expertise and data. The unit is fully involved in the financial literacy project conducted in the MEC's office. This project becomes relevant to the unit as it addresses economic issues on financial levels.

Infrastructure Management: From the development focus of the MTSF the government has derived Fourteen Outcome areas that set the guidelines for more results-driven performance. The Fourteen Outcomes, as an implementation framework for the NATIONAL DEVELOPMENT PLAN (NDP) adopted in June 2014, wherein, Outcome No.6 states: An efficient, competitive and responsive economic infrastructure network. Infrastructure however, cuts across all of the Fourteen Outcomes.

The KZN Provincial Growth and Development Plan (PGDP) revised August 2014 aligns with the results-driven performance objectives of the MTSF and the NDP. The PGDP contains Seven Strategic Goals, where Strategic Goal four is Strategic Infrastructure, which states; Strategic infrastructure provides for the social and economic growth and development needs of KZN.

KZN Treasury Infrastructure Unit has continuously been facilitating the provincial departments in planning for and implementing infrastructure programmes and initiatives in order to obtain maximum value for

money. The Infrastructure Delivery Management System (IDMS) developed through the Infrastructure Delivery Improvement Programme (IDIP) has been facilitated by KZN Treasury via National Treasury.

The IDMS focus has been on the Provincial Departments of Education, Health and Public Works. KZN Treasury Infrastructure unit is now initiating IDMS to all other Provincial Departments in KZN. KZN Treasury Infrastructure unit is also support implementation of IDMS at eThekweni Municipality through the National Treasury's Municipal or Cities IDMS implementation pilot and then facilitate full roll-out the CIDMS to Local Government.

The 2011 census impact to KZN has resulted in budget cuts which amounted to R1.249 billion in 2013/14, rising to R3.261 billion in 2015/16. The impact not yet fully realised will be the measure of public infrastructure delivery affordability. Infrastructure shortfalls can have serious implications for communities and businesses in terms of the protection and continued utility of capital assets

Public infrastructure, whether economic or social infrastructure, exhibit shared characteristics: they both deliver essential services, have long economic lives, high capital costs, high barriers to entry, high levels of uncertainty and illiquidity and often involve governments as regulatory or funding counter-parties. Infrastructure decision makers must consider economic, social and environmental factors for priority setting and funding allocation.

Continuous focus on funding and financing of public infrastructure are being developed, but it should be noted that the application of new models is not a panacea. Ultimately infrastructure can only be funded through taxation, borrowings or direct user charges.

KZN Treasury Infrastructure Unit focus ahead will continue to monitor infrastructure delivery performance, coordinate and facilitate the IDMS in the province and investigate and facilitate infrastructure funding mechanisms and opportunities to support the provincial fiscal framework. Assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan.

Public Finance: The functions of the Public Finance unit often 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 all 16 departments were monitored and these inputs were used to:

- Keep Cabinet updated on a monthly basis on the budget performance of the province.
- Prepare quarterly budget performance reports.
- Brief the Finance Portfolio Committee on the Mid-Year and Close-out budget performance of the province.
- Hold bilateral meetings with departments to engage on spending trends.

Municipal Finance: The 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 and annual consolidated reports on the state of delegated municipalities' financial performance in terms of the Municipal Finance Management Act (MFMA).

The Municipal Support Programme (MSP) within the Municipal Finance Unit has had a positive impact on the financial management of municipalities. While it is essential to ensure that the fundamentals of financial management within municipalities are in place, it is not sufficient to only address the basic issues confronting municipalities. Therefore, the Municipal Support Programme intends to provide support to municipalities by undertaking the following initiatives:

- Cash Flow Management;
- Internal Control Enhancement including Information Technology General Controls (ITGC);
- Review of Value Added Tax;
- Budgeting;
- SCM Compliance;
- Internal Audit Risk and Advisory;
- Policy Development and Reviews;
- “Getting the Basics Right” Financial Management Support; and
- Infrastructure Management

Supply Chain Management, Infrastructure Management and Internal Audit initiatives will be undertaken by other sub programs within Provincial Treasury under the MSP banner.

Programme 3: Financial management

Supply Chain Management: The Provincial Supply Chain Management Unit is required to establish and maintain a strategic link between financial management reforms and procurement processes. To this end, the Unit has conceptualised important SCM reforms that are being implemented in the current financial year and will continue into the outer years of the MTEF period. As part of the day to day activities, the Unit provides hands-on support to departments as well as municipalities and continuously undertakes comprehensive compliance assessments. These assessments help to ensure that incidents of irregular expenditure relating to SCM processes are reduced significantly. In addition thereto, Provincial SCM Unit has now established an Intervention Section which intervenes in SCM processes of departments and municipalities where SCM systems are found to be non-existent or completely collapsed. These interventions have been implemented at the Departments of Agriculture and Rural Development and Sports and Recreation. Interventions have also been facilitated at Umkhanyakhude District Municipality and Ugu District Municipality. There are more proposed interventions for the next financial year.

Provincial SCM Unit has also introduced a new transversal contract for a travel booking system in the province. It is planned that more transversal contracts be implemented during the next financial year to ensure streamlining of SCM processes to many frequently procured goods and services by different state institutions, including public entities.

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

1. Contract management

The Contract Management system was introduced during the 2012/2013 financial year and became a huge success at pilot stage. As a result of the success pilot project, this system is being rolled out to all KZN provincial departments. The first and second phases of this project have been completed. The third phase is expected to be completed before the end of the current financial year. This system will assist in ensuring proper measurement and monitoring of suppliers performance.

2. Bid Appeals Tribunal for Municipalities

SCM compliance assessments conducted by Provincial SCM Unit for municipalities indicated that many cases of fraud and corruption often went unnoticed due to the fact that there was no mechanism for the public to question SCM processes. Consequently the Unit introduced a system of Municipal Bid Appeals Tribunal based on Municipal SCM Regulations 49 and 50. The Municipal Bid Appeals Tribunals have been set up and adopted by more than 93% of municipalities in the province. These structures are

currently fully functional in the province thus all bids awarded by municipalities are now subject to appeals. This gives effect to the Constitutional requirements that SCM processes conducted by State institutions must, among other things, be fair and transparent.

3. E-Procurement Tool

The on-going challenge of fraud and corruption through price inflation has necessitated a review on how we procure goods and services. There is a need for continuous monitoring of supplier's quoted prices against market prices for different goods and services procured by government departments. Provincial SCM Unit has started the process of obtaining a procurement tool and setting up of a price index system for the province. The first pilot of the eProcurement system is expected to be deployed in April 2015.

4. BBBEE Verification

Provincial Government has identified a need of assisting small enterprises with the process of obtaining BEE verification certificates, given the financial burden attached thereto. The Provincial SCM Unit has appointed a panel of service providers who are conducting BEE verification for all SMME's falling into that category. To date, over 3000 SMMEs on the Provincial Suppliers Database have been verified for BBBEE compliance and certificates issued. This will assist in getting them in a better position to access work from provincial departments.

5. Limitations/ Threats

Certain factors still remain an issue or impediment for Provincial SCM Unit to properly discharge its mandate. These include the following, among others:

- High staff turnover impedes the efficiency capacity of the Unit;
- Staff deployment to departments for SCM interventions put a strain on the Unit's human resources;
- Most municipalities do not have a properly functioning supplier's database as required by the SCM policy, and this is hindering the Unit's efforts to ensure that municipalities manage suppliers information accurately; and
- Resistance to implement proposed compliance measures by the intended service recipients especially municipalities continues to be a problem.

Norms and Standards: The Unit's assistance to National Treasury in the development of a more high-level monitoring tool for provincial departments will culminate in the piloting thereof in two selected KZN provincial departments prior to its roll-out in the Province and to all state departments. The Unit will finalise the compilation and issuing of a complementary generic set of standard operating procedures for departments as it correlates to the provincial treasury instruction notes.

The Unit's municipal-related activities will centre on policy support and the financial system of delegations in selected municipalities and will primarily function under the auspices of the KZN Provincial Treasury's Municipal Support Programme (MSP).

Gaming and Betting : The Unit provides a gambling policy development, line function support and monitoring service for the MEC responsible for gambling and top management in the department. The Chief Directorate: Gaming and Betting provides, to national and provincial gambling regulatory bodies, stakeholders and the general public, an information and advice service, on gambling policy and law. The Unit operates in a highly litigious environment.

Programme 4: Internal audit

Assurance Services: The Assurance component within the Internal Audit Unit is responsible for providing a shared Internal Audit function to provincial government departments and certain provincial public entities. The component also provides administrative support to the shared Provincial Audit and Risk Committee and the Cluster Audit and Risk Committees which are its sub-committees, and to which

the unit reports functionally. With the increased focus on governance and the elimination of fraud and corruption, the Internal Audit Unit's focus is to proactively assist the institutions it provides services to, to detect and report on issues relating to risk management, control and governance matters.

With the increased focus on clean audits, the Assurance component plays a vital role in assisting departments to proactively identify potential areas of control weaknesses that could result in Auditor General Findings. The component also continues to focus on transversal risk areas and as such conducts audits on, amongst others, Supply Chain Management, Financial Controls, Predetermined Objectives, Transfer Payments, Asset Management and IT. There is also an increased focus on Performance Audits on various projects or programmes being implemented by departments and these audits concentrate on value for money issues.

A major challenge currently is the lack of funding to fully capacitate the component to meet the increased demand for internal audit services, which include an increase in scope of work, additional requests for internal audit projects and requests to service additional provincial public entities. 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): As the component continues to provide forensic investigations services to provincial departments, public entities and municipalities, there is a concern that most of the recommendations coming from our investigation reports are not being implemented. In this regard the component wants to increase its focus on following-up on the implementation of forensic investigations, and to this end most of our limited resources would also be focused on this area as well. In its quest to being pro-active, the component would also be playing a key role in the review of fraud prevention plans of the institutions that we support.

1.2 Organisational Environment

Programme 1 (one) - Administration

Programme 1 is responsible for providing support service to the core programmes within the department. 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. The programme is also responsible for 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. The sub-programmes under this programme are Financial Asset and Liability Management, Public Private Partnerships, Supply Chain Management, Financial Reporting, Norms and Standards and Supporting and Interlinked Financial Systems.

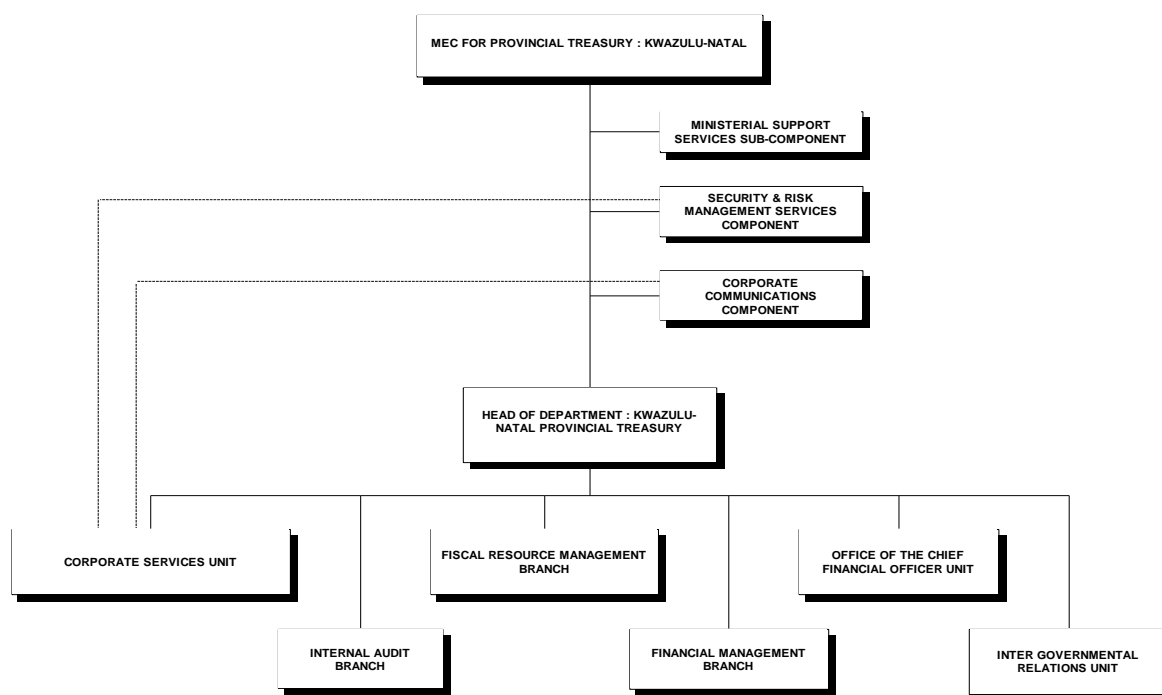
Programme 4 (four) – Internal Audit

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, and Risk Advisory Services (which include 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:



2. Revisions to legislative and other mandates

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

- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Public Finance Management Act (Act No. 1 of 1999, as amended)
- 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 Acts
- 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)
- KwaZulu-Natal Gaming and Betting Act (Act No. 08 of 2010)

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.

Legislative mandates

The pieces of legislation that give mandate and outline the key responsibilities on the department.

2.1 Public Finance Management Act (Act No. 1 of 1999, as amended) and its regulations

The Act promotes the objective of good financial management in order to maximise delivery through the efficient and effective use of limited resources. The key objectives of the Act are to:

- a) Modernise the system of financial management;
- b) Enable public sector managers to manage, but at the same time be more accountable;
- c) Ensure the timely provision of quality information;
- d) Eliminate waste and corruption in the use of public assets; and
- e) Establish National Treasury and provincial treasuries.

2.2 Municipal Finance Management Act (Act No. 56 of 2003)

Chapter 2 of the MFMA outlines general functions of National and provincial treasuries.

Section 5(3) and (4) of the MFMA highlight the supervisory responsibilities of provincial treasuries in relation to ensuring sound and sustainable management of fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements.

To the extent necessary, to comply with its responsibilities in terms of MFMA, a provincial treasury:

- a) Must monitor:
 - Compliance with the MFMA by municipalities and municipal entities in the province;
 - The preparation by municipalities in the province of their budgets;
 - The monthly outcome of those budgets; and
 - The submission of reports by municipalities in KZN as required in terms of the MFMA;
- b) May assist municipalities in the province in the preparation of their budgets;
- c) May exercise any powers and perform any duties delegated to it by the National Treasury in terms of the MFMA; and
- d) May take appropriate steps if a municipality or municipal entity in the province commits a breach of this MFMA.

2.3 Promotion of Access to Information Act (Act No. 2 of 2000)

Section 14 requires the department to produce a manual with detailed information about the department procedure to access it, the form to be used and which information is readily available and which needs to be requested. Section 32 of the Act stipulates that the department must submit an annual report to the Minister of Justice detailing requests received, those acceded or rejected and reasons for rejection.

2.4 Annual Division of Revenue Act

This Act provides for the equitable division of revenue anticipated to be raised nationally among the national, provincial and local spheres of government.

- a) It promotes better coordination between policy, planning, budget preparation and execution processes between and within the different spheres of government.
- b) It promotes predictability and certainty in respect of all allocations to provinces and municipalities in order that such governments may plan their budgets over a multi-year period.
- c) It promotes transparency and equity in the resource allocation process.
- d) It promotes accountability by ensuring that all allocations are reflected on the budgets of receiving provinces and municipalities.

2.5 Annual Provincial Appropriation Acts

These Acts provide for the appropriation of money from the Provincial Revenue Fund for the requirements of the province.

2.6 Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)

This act provides for the establishment of the legislative framework for the promotion of black economic empowerment.

2.7 Preferential Procurement Policy Framework Act (Act No. 5 of 2000)

This act gives effect to Section 217 (3) of the Constitution by providing a framework for the implementation of procurement policy. The framework for the implementation of preferential procurement policy requires all organs of state to have their preferential procurement policy and implement them within a prescribed set of criteria that applies preference points system with emphasis to previously disadvantaged groups.

2.8 Intergovernmental Relations Framework Act (Act No. 13 of 2005)

The object of this act is to provide within the principle of co-operative government set out in Chapter 3 of the Constitution a framework for the national government, provincial governments and local governments, to facilitate co-ordination in the implementation of policy and legislation:

- a) Coherent government;
- b) Effective provision of services;
- c) Monitoring implementation of policy and legislation; and
- d) Realisation of national priorities.

2.9 Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)

This Act provides for norms and conditions in respect of the borrowing powers of provincial governments and for matters incidental thereto.

2.10 Government Immovable Asset Management Act (Act No. 19 of 2007)

The department has a responsibility to implement all applicable sections of this Act in managing its immovable assets or when providing support and advisory services to the provincial departments.

2.11 Construction Industry Development Board Act (Act No. 38 of 2000)

The Act implements an integrated strategy for the reconstruction, growth and development of the Construction industry.

The key objectives of the Act may be summarised as being to:

- (a) promote the contribution of the construction industry in meeting national construction
- (b) demand and in advancing National, social and economic development objectives
- (c) implement policy on construction industry development
- (d) promote best practice through the development and implementation of appropriate programmes and measures aimed at best practice and improved performance of public and private sector clients, contractors and other participants in the construction delivery process.

2.12 Public Audit Act (Act No. 25 of 2004)

The department must comply with all applicable provisions of the Public Audit Act as an auditee.

2.13 Provincial Tax Regulation Process Act (Act No. 53 of 2001)

This Act provides the regulation of intergovernmental process that must be followed by provinces in the exercise of their power in terms of section 228 of the Constitution to impose taxes, levies and duties, the flat-rate surcharges on the tax basis of any tax, levy or duty imposed by national legislation; and to provide for connected therewith.

2.14 KwaZulu-Natal Gaming and Betting Act (Act No. 08 of 2010)

This act provides for the regulation of gaming, horse racing and betting in the Province of KwaZulu-Natal.

2.15 Policy mandates

The following policies outline the key responsibilities for the department.

- a) PPP policy, this policy provides guidelines for administration and managing Public Private Partnership's transactions in the public sector environment.
- b) 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.
- c) Budgeting process policies, they provide framework within which budgeting process must be managed in the public sector in line with the relevant Acts.
- d) 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 2015/16 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1. Administration	80 361	97 905	96 932	117 338	118 312	112 023	123 089	129 917	136 413
2. Fiscal Resource Management	32 280	76 870	91 204	110 123	87 023	76 592	103 567	108 606	105 636
3. Financial Management	185 674	251 487	286 894	334 795	330 695	307 295	319 778	333 036	329 738
4. Internal Audit	75 169	93 154	107 363	129 749	125 749	125 909	131 558	121 683	127 767
5. Growth and Development	37 721	38 317	41 055	186 310	46 693	45 315	34 159	14 526	8 952
Total	411 205	557 733	623 448	878 315	708 472	667 134	712 151	707 768	708 506

Note: Programme 1 includes MEC remuneration: Salary R1 821,577 million

Summary of payments and estimates by economic classification: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Current payments	357 411	478 406	549 746	809 999	618 284	580 388	654 524	660 248	658 764
Compensation of employees	129 790	165 967	188 527	230 825	220 525	213 550	260 566	274 729	280 064
Goods and services	226 615	312 439	361 219	571 406	396 791	365 870	383 726	374 745	367 387
Interest and rent on land	1 006	-	-	7 768	968	968	10 232	10 774	11 313
Transfers and subsidies to:	49 743	73 405	67 171	57 498	78 270	76 860	51 636	42 977	44 969
Provinces and municipalities	31 264	28 026	21 983	13 522	32 120	32 077	10 318	244	256
Departmental agencies and accounts	17 337	35 775	41 881	39 276	39 276	39 276	32 532	34 255	35 968
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	1 000	1 000	3 150	3 150	3 150
Households	1 142	9 604	3 307	4 700	5 874	4 507	5 636	5 328	5 595
Payments for capital assets	3 819	5 909	6 114	10 818	11 918	9 886	5 991	4 543	4 773
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 294	5 515	6 114	10 818	11 918	9 886	5 991	4 543	4 773
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	525	394	-	-	-	-	-	-	-
Payments for financial assets	232	13	417	-	-	-	-	-	-
Total	411 205	557 733	623 448	878 315	708 472	667 134	712 151	707 768	708 506

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: Financial Asset and liability.
- The budget allocation in Programme 3 under supply chain management, and Programme 5 under Growth and Development is aimed at the attainment of fighting poverty and creating jobs in partnership with provincial departments through procurement targeting.
- Also in Programme 3 is the allocation made toward the enhancement of broad-based BEE through effective Supply Chain Management policies.
- 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Equitable share	512 366	567 640	485 764	703 762	559 154	559 154	648 589	680 768	708 506
Total receipts	512 366	567 640	485 764	703 762	559 154	559 154	648 589	680 768	708 506
Total payments	411 205	557 733	623 448	878 315	708 472	667 134	712 151	707 768	708 506
Surplus/(Deficit) before financing	101 161	9 907	(137 684)	(174 553)	(149 318)	(107 980)	(63 562)	(27 000)	-
Financing of which									
Provincial roll-overs	18 538	40 926	34 004	-	24 765	24 765	-	-	-
Provincial cash resources	-	44 062	180 927	174 553	124 553	124 553	63 562	27 000	-
Surplus/(Deficit) after financing	119 699	94 895	77 247	-	-	41 338	-	-	-

Summary of departmental receipts collection

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Tax receipts	405 857	447 730	488 254	572 705	572 705	531 608	648 227	732 728	776 692
Casino taxes	337 435	383 056	421 355	490 803	490 803	457 046	556 890	630 869	668 721
Horse racing taxes	68 422	64 674	66 899	81 902	81 902	74 562	91 337	101 859	107 971
Liquor licences	-	-	-	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-	-	-	-
Sale of goods and services other than capital assets	152	159	169	182	182	297	203	204	209
Transfers received	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	1	-	-	-	-	-	-
Interest, dividends and rent on land	288 008	269 818	249 807	266 048	266 048	291 100	283 341	301 757	316 846
Sale of capital assets	760	32	409	160	160	191	170	181	192
Transactions in financial assets and liabilities	333	437	352	375	375	382	380	382	385
Total	695 110	718 176	738 992	839 470	839 470	823 578	932 322	1 035 253	1 094 324

PART B: PROGRAMME AND SUB-PROGRAMME PLANS

1. PROGRAMME 1: ADMINISTRATION

1.1	Sub-programme:	Office of the MEC
1.2	Sub-programme:	Head of Department
1.3	Sub-programme:	Chief Financial Office
1.4	Sub-programme:	Human Resource Management

1.1 Sub-programme: Office of the MEC

Specified policies and priorities

The purpose of the Office of the MEC is to enable the Member of Executive Authority to provide Provincial Treasury with strategic administrative and political leadership in order to ensure effective and efficient service-delivery as mandated by government.

The mandate is derived from the Constitution of the Republic of South Africa (1996), and various pieces of legislation, policies and directives. These include legislation relating to the core business of the Provincial Treasury as enshrined in e.g. PFMA and MFMA. The Office of the MEC is able to achieve the above through the following activities:

- Engage extensively with various stakeholders in the co-ordination and planning of community based events in order to ensure wide consultation for effectiveness and efficiency of the Provincial Treasury programmes and service delivery;
- Provision of well researched information and data to enhance and add credibility in the speeches and other pertinent issues relevant to the MEC for Finance;
- Provision of relevant effective and efficient ministerial support which is of an administrative nature, parliamentary liaison, public relations, etc.;
- Building and maintenance of a positive image of the department and the MEC through effective internal and external communications; and
- Provision of security risk advisory and management services to the MEC, HOD and department in terms of legislative mandates.

The strategic objective is:

To provide strategic administrative and political leadership, in order to ensure effective and efficient service delivery as mandated by government.

Progress analysis

- The Office of the MEC is progressing well in supporting the MEC to provide strategic administrative and political leadership in Provincial Treasury Department and ensure compliance with the PMFA and other related prescripts.
- Communications regularly utilizes the print and electronic media space to advise public of achievements and progress of MEC's initiatives including pre- and post-budget road shows, financial literacy, infrastructure crack team, operation pay on time and support provided to other departments, municipalities and public entities regarding financial management systems.

- The Security & Risk Management continuously engage with internal and external stakeholders to mitigate risks, increase awareness and compliance with Minimum Security Standards (MISS) and other Security prescripts.

Analysis of constraints

- The current security system is serving the third generation of the term of office and showing some limitations.
- Dependence on the landlord (DOH) for systems that support the Office of the MEC e.g. Switchboard and power supply, limits the normal performance when the landlord is unable to meet/satisfy the contractual obligations with service providers.

Measures to overcome constraints

- Authority has been granted to upgrade the security system to meet the current needs and standards.
- Isolation of the PABX system for the Office of the MEC from the main switchboard for Natalia Building;
- Provide alternative power supply to keep the Office of the MEC systems operative during load shedding.

Description of planned quality improvement measures

- The measures to overcome constraints above will add value in the improvement of performance of the Office of the MEC.
- Events consultation and planning will take place long in advance to avoid short time frames for providers to deliver quality service.

Strategic objective annual targets: 2015/16

Sub-programme: 1.1		Office of the MEC						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To provide strategic administrative and political leadership, in order to ensure effective and efficient service delivery as mandated by government.	Attendance of scheduled Budget Council Meetings	100%	1	0	4	4	4	4
	Attendance of scheduled Provincial Cabinet and Legislature meetings	75	71	61	40	40	40	40
	Media briefings on service delivery	8	4	5	4	4	4	4

Programme performance indicators and annual targets: 2015/16

Programme performance indicators and annual targets: 2010/11							
Sub-programme: 1.1			Office of the MEC				
Performance indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Attendance of scheduled Budget Council Meetings	100%	1	0	4	4	4	4
Attendance of scheduled Provincial Cabinet and Legislature meetings	75	71	61	40	40	40	40
Media briefings on service delivery	8	4	5	4	4	4	4

Quarterly targets: 2015/16

Sub-programme: 1.1		Office of the MEC				
Programme performance Indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Attendance of Scheduled Budget Council Meetings	Quarterly	4	1	1	1	1
Attendance of scheduled Provincial Cabinet and Legislature Meetings	Monthly	40	10	10	10	10
Media briefings on service delivery	Quarterly	4	1	1	1	1

1.2 Sub-programme: Head of Department**Specified policies and priorities**

The overall purpose of the Office of the HOD is to enable the HOD to provide the department with administrative and strategic leadership to fulfill all statutory requirements pertaining to the functioning of the department.

The priorities of the Office of the HOD centre on facilitating, and overseeing financial management and good governance by government departments, entities and municipalities in Kwa-Zulu Natal.

The strategic objectives are:

- To ensure that the department's statutory strategic planning, reporting and performance management processes are in place;
- To ensure that departmental outputs are achieved; and
- To strengthen Provincial Treasury's intra- and inter-governmental relations.

Progress analysis

- The MTEF and budget adjustment process were undertaken in accordance with PFMA.
- The Head of Department has timeously submitted all budget performance reports and all required reports related to key projects within the department to Cabinet.
- The Head of Department provides strategic leadership in policy development through his co-chairmanship of the Economic Sector and Infrastructure Development Cluster and his participation in various policy discussions on financial management and economic development.
- The Head of Department contributes to community development through numerous projects such as donating school uniform to poor learners and a teacher support programme with KPMG as part of Operation Sukuma Sakhe.

Analysis of constraints and measures planned to overcome them

There were no significant constraints which impacted on the Office of the HOD's ability to deliver on its mandate.

Description of planned quality improvement measures

The Head of Department will work with all units concerned in ensuring that the department continues to effectively deliver on its mandate and priorities that have been identified by Cabinet.

Strategic objective annual targets: 2015/16

Sub-programme: 1.2		Head of Department						
Strategic objective	Performance Indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To ensure effective leadership, management and technical support to the Provincial Treasury in line with relevant legislation, policy directives and best practice	Quarterly budget performance report to Cabinet	4 Quarterly budget performance report to Cabinet	4 Quarterly budget performance report to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet
	Facilitate and Coordinate the tabling of MTEF, Adjustment budget in terms of the PFMA at Legislature and Cabinet	2	2	Tabled EPRE and Adjustment Budget, in terms of PFMA at Legislature and Cabinet (2)	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA (2)	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA (2)	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA (2)
	Represent KZN at the National Treasury Meetings	5 meetings per financial year	Attended all 5 national budget council meetings	Attended all national budget council meetings	Attend 5 National Treasury meetings	Attend 5 National Treasury meetings	Attend 5 National Treasury meetings	Attend 5 National Treasury meetings

Programme performance indicators and annual targets: 2015/16

Sub-programme: 1.2		Head of Department					
Performance indicator		Audited / Actual performance			Estimated performance 2014/15	Medium-term targets	
		2011/12	2012/13	2013/14		2015/16	2016/17
Quarterly budget performance report to Cabinet		4 Quarterly budget performance report to Cabinet	4 Quarterly budget performance report to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet
Facilitate and Coordinate the tabling of MTEF, Adjustment budget in terms of the PFMA at Legislature and Cabinet		2	2	Tabled EPRE and Adjustment Budget, in terms of PFMA at Legislature and Cabinet (2)	Tabled EPRE and Adjustment Budget, in terms of PFMA at Legislature and Cabinet (2)	Tabled EPRE and Adjustment Budget, in terms of PFMA at Legislature and Cabinet (2)	Tabled EPRE and Adjustment Budget, in terms of PFMA at Legislature and Cabinet (2)
Represent KZN at the National Treasury Meetings		5 meetings per financial year	Attended all 5 national budget council meetings	Attended all national budget council meetings	Attend 5 National Treasury meetings	Attend 5 National Treasury meetings	Attend 5 National Treasury meetings

Quarterly targets: 2015/16

Sub-programme: 1.2		Head of Department				
Programme performance Indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Quarterly budget performance report to Cabinet	Quarterly	4 budget performance reports to Cabinet	1 budget performance report to Cabinet	1 budget performance report to Cabinet	1 budget performance report to Cabinet	1 budget performance report to Cabinet
Facilitate and Coordinate the tabling of MTEF, Adjustment budget in terms of the PFMA at Legislature and Cabinet	Quarterly	Tabled EPRE and Adjustment Budget, in terms of PFMA at Legislature and Cabinet (2)	N/A	N/A	Table Budget Adjustment at Cabinet	Table EPRE at Cabinet
Represent KZN at the National Treasury Meetings	Quarterly	Attend 5 National Treasury meetings	Attend 5 National Treasury Meetings	Attend 5 National Treasury Meetings	Attend 5 National Treasury Meetings	Attend 5 National Treasury Meetings

1.3 Sub-programme: Chief Financial Office

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.

The strategic objective is:

To ensure effective management of departmental finances in line with statutory requirements.

Progress analysis

In the current year of review, the unit undertook the following activities.

SCM & Asset Management

- All asset additions and internal transfers were updated in the asset register with information received from Assistant Asset Controllers.
- Irreparable and obsolete computer equipment was recommended by the Disposal Committee and approved by the Accounting Officer for auction.
- The SCM unit commenced the process of renewing consultancy panels, this process should be finalized by the end of the financial year 2014/15.
- The procurement plans input were consolidated and submitted to Provincial Treasury SCM.

Management Accounting and Planning

- All Units had their Annual Performance Plans and the Budget allocation letters for the 2014/15 financial year. The budget was captured and balanced on the financial system by the first month of the financial year.
- The progress made in Quarter 1, 2 and 3 was monitored against the set objectives and narratives for identified variances were furnished.
- Preparation of monthly, quarterly and mid-year budget performance reports in accordance with the PFMA and Treasury Regulations was done as per budget time table.
- Prepared the 2015/16 MTEF Budgets, 2014/15 AEPRE and 2015/16 EPRE and submitted to Budget Management Unit as per MTEF guidelines.

Internal Control and Risk Management

- Performing quality compliance checks on all payments in order to identify errors and irregularities.
- Conducted fraud awareness workshops in an attempt to eliminate the possibilities fraud and corruption in the department.
- Conducted risk assessments in order to identify new and emerging risks affecting the departments operations.
- Reviewed policies to take into account new developments in financial management.

Financial Accounting services

- The interim financial statements (IFS) for quarter one, two and three were prepared and submitted.
- All monthly key accounts and monthly reconciliations were prepared and submitted to Treasury.
- Prepare the pay-over schedule to SARS EMP501 before the 7th of each month to avoid paying interest on overdue accounts.
- The department took over the Gaming and Betting function from the Office of the Premier as a result the revenue collection increased.

Analysis of constraints and measures planned to overcome them

- The asset counts/ verifications could not be finalized within the planned time frames due to office relocations and re-configuration occurred within the building.
- The slow response time by the Hardcat Asset Management System resulted in the process overlapping into the subsequent quarters.

- The organizational structure has not been approved by DPSA, resulting in a huge staff turnover among contract staff, as they seek permanent employment elsewhere.
- The challenge of inaccurate and the unreliability of inputs submitted to the CFO is not yet resolved particularly performance information and cash flow projections.
- There are still issues of non compliance to policies and procedures identified by internal control.
- Whistle blowing; protected disclosure is still a concern amongst officials due to fear of victimization.
- The processing of suppliers' invoices, subsistence and travelling claims is still a challenge due to high number of queries experienced, this prolongs turnaround times.

Description of planned quality improvement measures

- The Information Technology Unit has been engaged to rectify the issue of the slow response time of the Hardcat system, where SITA is also part of the project team.
- All units affected by the re-configuration of offices will be monitored to ensure that they account properly for all assets within their area of responsibility.
- The OCFO will continue addressing issues of non-compliance during Finance and Risk Committee meetings.
- Internal control unit will continue to enforce adherence to policies and procedures through management of all risks and ensuring effective internal controls.
- The unit will continue to conduct fraud and corruption workshops to create awareness amongst employees.
- The unit will embark on utilization of contract workers and interns until such time the unit structure is approved.

Strategic objective annual targets: 2015/16

Sub-programme: 1.3		Chief Financial Office						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To ensure effective management of departmental finances in line with statutory requirements	Compile budget submission and strategic planning documents (EPRE; APPX4; AR; PP; ADJ Est; CF; SP & MTEF)	4	4	4	11	10	10	10
	Provide legislative financial reports. IYM * 12 and AFS x 1)	18	20	20	17	17	17	17
	Supply chain Management compliance Report.	12	12	12	12	12	12	12
	Updated asset register – Asset count	2	2	2	2	2	2	2

Programme performance indicators and annual targets: 2015/16

Sub-programme: 1.3			Chief Financial Office				
Performance indicators	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Compile budget submission and strategic planning documents (EPRE; APPX4; AR; PP; ADJ Est; CF; SP& MTEF)	4	4	4	11	10	10	10
Provide legislative financial reports. (IYM * 12;QPR x 4 and AFS x 1	18	20	20	17	17	17	17
Supply chain Management compliance Report.	12	12	12	12	12	12	12
Updated asset register – Asset count	2	2	2	2	2	2	2

Quarterly targets: 2015/16

Sub-programme: 1.3		Chief Financial Office				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Compile budget submission and strategic planning documents(EPRE; APPX4; AR; PP; ADJ Est; CF;SP& MTEF)	Annually	11	2	4	2	3
Provide legislative financial reports. (IYM * 12;QPR x 4 and AFS x 1	Annually	17	5	4	4	4
Supply chain Management compliance Report.	Monthly	12	3	3	3	3
Updated asset register – Asset count	BI-Annually	2	N/A	1	N/A	1

1.4 Sub-programme: Human Resource Management**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.

The strategic objectives are:

- To provide an efficient professional HR services (to provide advisory and consultancy support throughout the department to help achieve organisational improvement).
- To ensure that the department fulfills its statutory and audit requirements in managing HR processes and procedures. This would be achieved in part of assisting in ensuring that the staff is appropriately skilled to be able to provide high quality services to the communities serviced.
- To create a healthy workforce through the provision of EHWP services enabling staff to contribute to the objectives of the department to the best of their ability.

Progress analysis

- During 2013/14, the Human Resource Management and Development Directorate fulfilled all of its legislative mandates and delivered an efficient and professional Human Resources function to the department. The continuous success of the unit resulted in them once again receiving the Gold Award from the Premier, Mr SE Mchunu, during the 2013 HR Convention for the “Best serving Human Resources” in the Province of KwaZulu-Natal. The Units success in HR legislative compliance was further recognized through the MPAT assessment administered by the Office of the Presidency, where the Unit was identified as a top performer within KZN in comparison to all other HR MPAT assessments.
- The unit has successfully implemented all planned Human Resource Planning strategies for the year, thereby ensuring a well capacitated and healthy workforce that is appropriately skilled and empowered.
- The unit has exceeded its requirements in terms of empowering the organisation as a whole on all Human Resource related knowledge and information in terms of the number of policies that were developed and work-shopped. The organisation as a whole is 100 per cent compliant to all

requirements of the performance management and development system, which is efficiently and professionally implemented and monitored by the Human Resources Directorate.

- Succession planning within the department, aimed at increasing the pool of female candidates, have been successfully implemented and monitored in respect of the following scarce skilled posts; the Provincial Accountant-General; the Senior Manager and Deputy Manager – Banking within the Financial Assets and Liabilities Unit.
- In respect of the Wellness Clinic, there has been an overall increase in the number of officials' testing in respect of HIV, glucose levels, cholesterol and blood pressure. The Unit has developed four Department Specific Operational Plans dealing with each pillar of the EHW Strategic Framework namely, Wellness management; Health and Productivity Management; HIV and TB Management and SHERQ Management.
- The disability audit carried out within the Department during 2013 yielded positive results improving the disability statistics from 0.72% to 1.02%.
- Provincial Treasury's partnership with SAICA on the Thuthuka Bursary Fund, where Treasury is sponsoring 100 previously disadvantaged students studying to become Chartered Accountants is in its second year since inception. The program is yielding positive results thus far and by the end will ensure the necessary skills within departments, municipalities and entities, assisting with prudent financial and fiscal management. The department has budgeted R16 million for this project.
- A further empowerment strategy for women is the management training program for unemployed Chartered Accountants who are employed for three year duration and empowered with the necessary management competencies and skills at MMS and SMS level, thereby empowering them to compete equally for management vacancies within the Department and the open labour market at large.

Analysis of constraints and measures planned to overcome them

- Achievement of employment equity for women in management, and People with Disabilities (PWDs) continues to be problematic.
- Increasing number of Additional to Establishment (ATE) appointments due to the increasing number of Treasury interventions and support programs.
- WSP targets in terms of planned training often unachievable due to continuous withdrawals of nominees from training sessions or programs

Description of planned quality improvement measures

- To meet EE National Targets in respect of 50% women in management, all SMS posts are now advertised targeting only women and PWDs. To increase pool of PWDs who can at some point be

part of the permanent structures of the Department, PWDs included on all youth initiatives and programs such as Take a Girl Child to Work; Internships and External Bursaries. Annual disability audit within the Department to be implemented. More networking initiatives have been created with tertiary institutions, with the intention of increasing the pool in respect of PWDs.

- Partnering with Line Managers and Accounting Officers to reduce resources appointed additional to the establishment for interventions and support projects by encouraging client Depts to appoint the additional resources with a Project Manager from Treasury to oversee intervention or Support initiative.
- Developing training undertaking/contract to nomination form indicating withdrawal from training after approved and arranged will result in fruitless expenditure that will be repaid by the official unless proof can be provided that withdrawal was beyond their control.

Strategic objective annual targets: 2015/16

Sub-programme: 1.4		Human Resource Management						
Strategic objectives	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To provide optimal Human Resource services to the department	Overall annual MPAT rating on Human Resource Management	New	New	New	New	Overall annual MPAT rating of 3	Overall annual MPAT rating of 3	Overall annual MPAT rating of 3
	No. of HR seminars	12 sessions	12 sessions	12 sessions	8 sessions	8 seminars	8 seminars	8 seminars
	No. of EWP seminars	19 sessions	11 information seminars	10 information seminars	4 information seminars	4 information seminars	4 information seminars	4 information seminars
	No. of policies developed/ reviewed and seminars conducted	13 policies and 12 seminars	15 policies and 12 seminars	13 policies and 12 seminars	8 policies and 8 seminars	8 policies and 8 seminars	8 policies and 8 seminars	8 policies and 8 seminars
	Human Resource(HR) Plan developed and no. of quarterly monitoring reports to ensure implementation	New	New	New	New	1X Annual HR Plan and 4 quarterly implementation monitoring reports	1X Annual HR Plan and 4 quarterly implementation monitoring reports	1X Annual HR Plan and 4 quarterly implementation monitoring reports
	Work Skills Plan(WSP) developed and no. of quarterly monitoring reports to ensure implementation	New	New	New	New	1X Annual WSP and 4 quarterly implementation monitoring reports	1X Annual WSP and 4 quarterly implementation monitoring reports	1X Annual WSP and 4 quarterly implementation monitoring reports

Programme performance indicators and annual targets: 2015/16

Sub-programme: 1.4		Human Resource Management					
Performance indicators	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Overall annual MPAT rating on Human Resource Management	New	New	New	New	Overall annual MPAT rating of 3	Overall annual MPAT rating of 3	Overall annual MPAT rating of 3
No. of HR seminars	12 sessions	12 sessions	12 sessions	8 sessions	8 seminars	8 seminars	8 seminars
No. of EWP seminars	19 sessions	11 information seminars	10 information seminars	4 information seminars	4 information seminars	4 information seminars	4 information seminars
No. of policies developed/ reviewed and seminars conducted	13 policies and 12 seminars	15 policies and 12 seminars	13 policies and 12 seminars	8 policies and 8 seminars	8 policies and 8 seminars	8 policies and 8 seminars	8 policies and 8 seminars
Human Resource(HR) Plan developed and no. of quarterly monitoring reports to ensure implementation	New	New	New	New	1X Annual HR Plan and 4 quarterly implementation monitoring reports	1X Annual HR Plan and 4 quarterly implementation monitoring reports	1X Annual HR Plan and 4 quarterly implementation monitoring reports
Work Skills Plan(WSP) developed and no. of quarterly	New	New	New	New	1X Annual WSP and 4 quarterly	1X Annual WSP and 4 quarterly	1X Annual WSP and 4 quarterly

monitoring reports to ensure implementation					implementation monitoring reports	implementation monitoring reports	implementation monitoring reports
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Quarterly targets: 2015/16

Sub-programme: 1.4		Human Resource Management				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Overall annual MPAT rating on Human Resource Management	Annually	Overall annual MPAT rating of 3	N/A	N/A	N/A	Overall rating of 3
No. of HR seminars	Quarterly	8 seminars	2 seminars	2 seminars	2 seminars	2 seminars
No. of EWP seminars	Quarterly	4 information seminars	1 information seminar	1 information seminar	1 information seminar	1 information seminar
No. of policies developed/ reviewed and seminars conducted	Quarterly	8 policies and 8 seminars	2 policies and 2 seminars	2 policies and 2 seminars	2 policies and 2 seminars	2 policies and 2 seminars
Human Resource(HR) Plan developed and no. of quarterly monitoring reports to ensure implementation	Annually and Quarterly	1X Annual HR Plan and 4 quarterly implementation monitoring reports	1X Annual HR Plan and 1 quarterly implementation monitoring report	1 quarterly implementation monitoring report	1 quarterly implementation monitoring report	1 quarterly implementation monitoring report
Work Skills Plan(WSP) developed and no. of quarterly monitoring reports to ensure implementation	Annually and Quarterly	1X Annual WSP and 4 quarterly implementation monitoring reports	1X Annual WSP and 1 quarterly implementation monitoring report	1 quarterly implementation monitoring report	1 quarterly implementation monitoring report	1 quarterly implementation monitoring report

1.5 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1. Office of the MEC	18 522	22 680	23 465	28 612	25 536	23 504	29 768	31 345	32 912
2. Head of Department	5 739	6 808	6 669	9 150	9 150	8 378	9 486	9 989	10 489
3. Chief Financial Office	17 289	13 729	17 441	26 382	24 382	23 811	28 687	30 560	32 089
4. Corporate Services	38 811	54 688	49 357	53 194	59 244	56 330	55 148	58 023	60 923
Total	80 361	97 905	96 932	117 338	118 312	112 023	123 089	129 917	136 413

Summary of payments and estimates by economic classification: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Current payments	78 484	87 232	91 313	111 174	108 859	104 811	113 133	119 425	125 552
Compensation of employees	35 936	43 763	49 660	62 919	57 519	57 013	68 415	73 216	76 877
Goods and services	42 548	43 469	41 653	48 255	51 340	47 798	44 718	46 209	48 675
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	453	9 004	3 525	4 022	6 211	4 745	7 659	7 872	8 108
Provinces and municipalities	-	14	898	22	237	194	256	244	256
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	1 000	1 000	3 150	3 150	3 150
Households	453	8 990	2 627	4 000	4 974	3 551	4 253	4 478	4 702
Payments for capital assets	1 424	1 669	2 073	2 142	3 242	2 467	2 297	2 620	2 753
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 424	1 669	2 073	2 142	3 242	2 467	2 297	2 620	2 753
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	21	-	-	-	-	-	-
Total	80 361	97 905	96 932	117 338	118 312	112 023	123 089	129 917	136 413

2. PROGRAMME 2: FISCAL RESOURCE MANAGEMENT

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

The purpose of the programme

Fiscal Resource Management's purpose is to effectively manage and monitor the provincial and local government fiscal resources.

2.1 Sub-programme: Programme Support

This sub-programme is responsible for providing strategic leadership support to fiscal resource management division.

2.2.1 Sub-programme: Economic Analysis

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.

The strategic objectives are to:

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

Progress analysis

The unit:-

- provided informative economic analysis that informs the province of KwaZulu-Natal's budget in order to address the provincial socio-economic challenges.
- Addressed the triple challenge in the municipalities through delivering efficient service delivery by participation in the conducting of municipality induction training, Financial Literacy Association, Operation Sukuma Sakhe, IDP review processes, district municipality development agencies and district socio-economic profiling.

- Engaged in research that will assist in addressing the challenges of the province by giving relevant information that will encourage efficient resource allocation. This resulted in the publication of the Socio-Economic Review and Outlook 2013/14.
- Continued to maintain the KZN statistical database.

Analysis of constraints and measures planned to overcome them

- Inconsistency of data at local municipality level.
- Communication with municipalities sometimes proves to be a challenge.

Description of planned quality improvement measures

- The unit continues to collaborate with government departments and other relevant stakeholders to share information, data, research and other major concerns in the field of economics and economic research.
- The unit will involve itself in municipalities' induction trainings in order to improve channels of communication and provide relevant support.

Strategic objective annual targets: 2015/16

Sub-programme: 2.2.1		Economic Analysis						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To determine and evaluate economic parameters and socio-economic imperatives to inform provincial and local resource allocation	To provide economic analysis for the province	New	10 district profiles and SERO, 4 presentations, 1 OSS report and 1 input into municipal close-out report	Produced 4 provincial department economic reports	Produce 4 provincial department economic reports	Produce 4 provincial department economic reports	Produce 4 provincial department economic reports	Produce 4 provincial department economic reports
		New		Produced 1 Socio-Economic review and Outlook Report SERO	Produce 1 SERO	Produce 1 SERO	Produce 1 SERO	Produce 1 SERO
		New			Produce 1 Provincial Economic Review and Outlook (PERO)	Produce 1 PERO	Produce 1 PERO	Produce 1 PERO
		New		Produced 9 districts 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
	To provide input 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	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling
Provide a platform to enhance regional economic growth and development through quality research	To provide quality research for regional policy analysis	1 Paper presented at ESSA	2 Abstract submitted, 1 questionnaire compiled, Mini research on Umgungundlovu as metro and research papers	Produced 9 economic research projects	Produce 4 economic research projects	Produce 5 economic research projects	Produce 6 economic research projects	Produce 6 economic research projects

Programme performance indicators and annual targets: 2015/16

Programme performance indicators and annual targets: 2016/17							
Sub-programme: 2.2.1		Economic Analysis					
Performance indicators	Audited / Actual Performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To provide economic analysis for the province	New	10 district profiles and SERO, 4 presentations, 1 OSS	Produced 4 provincial department	Produce 4 provincial department	Produce 4 provincial department	Produce 4 provincial department	Produce 4 provincial department

		report and 1 input into municipal close-out report	economic reports	economic reports	economic reports	economic reports	economic reports
	New		Produced 1 Socio-Economic review and Outlook Report SERO	Produce 1 SERO	Produce 1 SERO	Produce 1 SERO	Produce 1 SERO
	New			Produce 1 Provincial Economic Review and Outlook (PERO)	Produce 1 PERO	Produce 1 PERO	Produce 1 PERO
	New		Produced 9 districts 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
To provide input 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	OPRE submitted on time for tabling	OPRE submitted on time for tabling	OPRE submitted on time for tabling	OPRE submitted on time for tabling	OPRE submitted on time for tabling
To provide quality research for regional policy analysis	1 Paper presented at ESSA	2 Abstract submitted, 1 questionnaire compiled, Mini research on Umgungundlovu as metro and research papers	Produced 9 economic research projects	Produce 4 economic research projects	Produce 5 economic research projects	Produce 6 economic research projects	Produce 6 economic research projects

Quarterly targets: 2015/16

Sub-programme: 2.2.1		Economic Analysis				
Programme performance Indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
To provide economic analysis for the province	Quarterly	Produce 4 provincial departments economic reports	1	1	1	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 district socio economic reports	3	3	3	N/A
To provide input to the Overview of Provincial Revenue and Expenditure (OPRE)	Annually	Produce OPRE	N/A	N/A	N/A	1
To provide quality research for regional policy analysis	Quarterly	Produce 4 economic research projects	1	1	2	1

2.2.2 Sub-programme: Infrastructure Management

KZN Treasury has already made inroads in the facilitation of infrastructure delivery. This plan will ensure that the momentum is not lost and that contributions are made towards poverty alleviation and job creation.

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 KZN-PICWG in the development and management of the KZN Provincial Infrastructure Master Plan.

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 IDMS in all KZN provincial departments and municipalities
- To assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan

Progress analysis

The unit:-

- Assessing infrastructure budgets and infrastructure plans, monitoring and enhancing infrastructure spending performance of provincial departments mandated to deliver economic and social infrastructure in KZN.
- Coordinating and facilitating the implementation and institutionalisation of the IDMS in KZN with National Treasury. IDMS will not only focus on Education, Health and Public Works but will be extended to include other infrastructure provincial Department and selected local Municipalities.
- Infrastructure Delivery Improvement Programme (IDIP) Phase IV will commence to for the institutionalization of Infrastructure Delivery Management System (IDMS).
- The short term technical assistance will continue as one of interventions support from National Treasury to assist departments to improve the infrastructure Planning, delivery and spending of the infrastructure allocations
- Logistical management of funding fairs to create a project pipeline
- Creation of an infrastructure funding database and creating financing models that comply with the PFMA and MFMA including assisting departments with funding applications.
- Assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan.

Analysis of constraints and measures planned to overcome them

- With budget cuts while the infrastructure needs continue increasing, departments being monitored closely to improve their planning, prioritization and protection of infrastructure projects budgets. Assist Departments with funding applications
- Infrastructure Reporting Model (IRM), which is a financial reporting system is utilized by Departments for infrastructure in-year monitoring and reporting.
- Description of planned quality improvement measures
- Regular monitoring of the progress in the institutionalisation of the IDMS
- Supporting the DoE and DoH with infrastructure bidding process for infrastructure grant allocations.
- Analysis and assessment of plans are conducted through evaluation and feedback sessions with various departments.
- Continue with the deployment of the Infrastructure Short Term Technical Assistance to the various departments and municipalities

Strategic objective annual targets: 2015/16

Sub-programme: 2.2.2		Infrastructure Management						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Efficient infrastructure planning and management in the province	Assessment Report of User Asset Management Plans (U-AMPs)	New	New	Compiled a report to NT by 28 February 2014	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
	Reports on the implementation of the IDMS in KZN	4	4	Produced 4 reports on the implementation of IDIP 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

	Reports on the site visits conducted	71	53	Submitted 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	Submit 4 reports on the site visits conducted
	Progress reports on infrastructure budgets and delivery plans using IRM data	12	12 Quarterly reports	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
	Estimates of Provincial Revenue and Expenditure (EPRE),	1	1	Input into OPRE submitted on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling
	Reports on support to develop the Prov Infrastructure Master Plan (IMP) KZN	New	New	New	New	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
	Reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework	New	New	New	New	Produce 4 reports on the infrastructure mechanisms in the province	Produce 4 reports on the infrastructure mechanisms in the province	Produce 4 reports on the infrastructure mechanisms in the province

Programme performance indicators and annual targets: 2015/16

Sub-programme: 2.2.2		Infrastructure Management					
Performance indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Assessment Report on the User Asset Management Plans (U-AMPs)	New	New	Compiled a report to NT by 28 February 2014	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
Reports on the implementation of IDMS in KZN	4	4	Produced 4 reports on the implementation of IDIP 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
Progress reports on infrastructure budgets and delivery plans using IRM data	71	53	Submitted 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	Submit 4 reports on the site visits conducted
Reports on the infrastructure site visits conducted	12	12	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
Estimates of Provincial Revenue and Expenditure (EPRE),	1	1	Input into OPRE submitted on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling
Reports on support to develop the Prov Infrastructure Master Plan (IMP) KZN	New	New	New	New	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
Reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework	New	New	New	New	Produce 4 reports on the infrastructure mechanisms in the province	Produce 4 reports on the infrastructure mechanisms in the province	Produce 4 reports on the infrastructure mechanisms in the province

Quarterly targets: 2015/16

Sub-programme: 2.2.2		Infrastructure Management				
Programme performance Indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Assessment Report on the User Asset Management Plans (U-AMPs)	Annual	Compile a consolidated assessment report on the U-AMPs	N/A	1	N/A	N/A
Reports on the implementation of IDMS in KZN	Quarterly	Produce 4 reports on the implementation of IDMS in the province	1	1	1	1
Progress reports on infrastructure budgets and delivery plans using IRM data	Quarterly	Submit 4 reports on the site visits conducted	1	1	1	1
Reports on the infrastructure site visits conducted	Quarterly	Submit 4 reports on the infrastructure expenditure in the province	1	1	1	1
Estimates of Provincial Revenue and Expenditure (EPRE)	Annual	Input into OPRE on time for tabling	N/A	N/A	N/A	1

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
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

Specified policies and priorities

Most of the functions of the Provincial Budget Management unit are governed by the PFMA and the Treasury Regulations, and process driven. These include the tabling of 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 all departments and public entities, as well as researching and proposing ways that own revenue could be enhanced. The unit is also responsible for monitoring revenue budgets of the departments and public entities. As such, the unit conducts monthly analyses of the financial data reflecting revenue to date, as well as forward projections. The unit established the Provincial Revenue Forum, where all the revenue sections of the different departments gather quarterly, to discuss, analyse and resolve issues as they arise.

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 and socio-economic 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, developing and institutionalising a framework for the monitoring of provincial public entities and any other work that may require specialised advisory support services.

The strategic objectives are:

- Promote effective and optimal financial resource allocation for provincial government.
- Ensure efficient budget and expenditure management and accurate financial reporting for provincial government (including public entities).
- Promote optimal and sustainable revenue generation and collection by provincial departments and public entities.
- Promote effective and optimal financial resource allocation for provincial government (including public entities).

Progress analysis

The fiscal austerity measures and close monitoring of departments' and public entities' revenue and expenditure continued in 2013/14. This close monitoring continued to bear fruit in that the province showed an over-collection of own revenue of R283.867 million and minimal over-spending of R64.952 million, or 0.1% of the provincial budget according to the audited numbers.

The fiscal austerity measures will continue to be implemented in the province and have become a way of life. The key focus continues to be to reprioritize any savings realised through the implementation of the fiscal austerity measures back into service delivery spending to make a difference in the lives of our people. The Public Finance unit continued with budget implementation and monitoring and kept the Executive up to date with all budgeting and reporting matters.

The unit also briefed the Finance Portfolio Committee on the mid-year and close-out performance of all departments and listed entities.

Monitoring of public entities' spending and legislative compliance continued in 2013/14, with bi-annual budget performance reports also being prepared in respect of mid-year and end-of-year revenue, expenditure and service delivery performance for the listed entities, and bilaterals being held with them and the transferring departments. During 2014/15, a total of 13 entities were actively monitored and supported in various aspects such as strategic planning, annual performance planning, budgeting, interpretation and application of the PFMA, Treasury Regulations and other relevant prescripts.

Analysis of constraints and measures planned to overcome them

As in the past, the province continues to be plagued by a number of unfunded mandates which have a negative impact on the provincial fiscus. The province has alerted National Treasury on numerous occasions about risks to the provincial budget which come about as a result of policy decisions being taken, without sufficient funding being provided for the implementation of such policy decisions. Some of the unfunded mandates currently putting pressure on the provincial budget are the under-funding of the higher than anticipated wage agreements, the various OSD agreements, provincialisation of libraries and museums, to name a few. These unfunded mandates place pressure on the departments' budgets when implemented. While the province has been able to allocate funding to some of these unfunded mandates through internal reprioritisation, it is the principle that needs to be addressed that, where new functions or activities are assigned to provinces, funds should follow such functions to allow the successful and efficient implementation thereof. The province's ability to cope with such unfunded mandates has reduced tremendously since the Census data used to update the equitable share formula resulted in such significant baseline cuts for the province. The fiscal consolidation recently announced by the National Minister of Finance will result in further budget cuts over the next two years, and this also makes it less likely that unfunded mandates can be funded from within the provincial fiscus.

The Provincial Own Revenue unit is tasked with ensuring that Provincial Own Revenue sources are maximised and even expanded, to assist in financing priority areas.

The provincial list of public entities contains several inactive entities, while other operational entities have not yet been listed. Provincial Treasury is continuously engaging with National Treasury and the transferring departments to address the rationalisation of the listed public entities. Established precedents and frameworks have not yet been established in respect of some of the PFMA prescripts, and sections are therefore not applied consistently. There are still gaps in respect of frameworks and templates, as prescribed by the PFMA and the Treasury Regulations. Some of the concepts are constantly being refined and, as many of these are still unfamiliar to the entities, it hence requires comprehensive support initiatives and analysis from Treasury, before progress reports can be finalised. Although the financial management and monitoring and evaluation capacity has increased significantly, capacity still remains a challenge due to high staff turn-over in entities, expanding or changing legislative mandates and creation of new public entities in the province.

In addition, Treasury will focus its efforts on standardizing board remuneration rates by developing a Board Remuneration policy framework.

Description of planned quality improvement measures

The unit is engaging with various other provincial departments and National Treasury in order to establish compliant processes and templates for reporting that are user-friendly. Treasury will continue with its capacity building efforts and support initiatives, as well as the standardization of processes and reporting templates for public entities.

Strategic objective annual targets: 2015/16

Sub-programme: 2.3		Public Finance: Provincial Budget Management						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Promote effective and optimal financial resource allocation for provincial government	Compile the budget proposal	16 chapters	16 chapters	16 chapters completed 1 working day before MTEC as per budget process timetable	16 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
	Co-ordinate the preparation and publication of Provincial budget documentation	EPRE on time for tabling	EPRE on time for tabling	EPRE prepared on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling
		AEPRE on time for tabling	AEPRE on time for tabling	AEPRE prepared on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling
Ensure efficient budget and expenditure management and accurate financial reporting for provincial government (including public entities)	Monitor and evaluate provincial government financial and non-financial performance	12 IYM reports	12 IYM reports	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)	12 IYM reports p/a (submitted to NT by 22 nd monthly)
		4 quarterly budget performance report	3 quarterly budget performance report	3 quarterly performance reports	3 quarterly perf. reports	3 quarterly perf. reports	3 quarterly perf. reports	3 quarterly perf. reports

Programme performance indicators and annual targets: 2015/16

Sub-programme: 2.3		Public Finance: Provincial Budget Management					
Performance indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
No. of chapters in MTEC report	16 chapters	16 chapters	16 chapters completed 1 working day before MTEC as per budget process timetable	16 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
Estimates of Provincial Revenue and Expenditure (EPRE)	EPRE on time for tabling	EPRE on time for tabling	EPRE prepared on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling
Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE prepared on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling
Section 32 report (Monthly provincial IYM report)	12 IYM reports	12 IYM reports	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)	12 IYM reports p/a (submitted to NT by 22 nd monthly)
Quarterly performance reports for provincial departments	4 quarterly budget performance report	3 quarterly budget performance report	3 quarterly performance reports	3 quarterly perf. reports	3 quarterly perf. reports	3 quarterly perf. reports	3 quarterly perf. reports

Quarterly targets: 2015/16

Sub-programme: 2.3		Public Finance: Provincial Budget Management				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of chapters in MTEC reports	Annual	15	N/A	15	N/A	N/A
Estimates of Provincial Revenue & Expenditure	Annual	1	N/A	N/A	N/A	1
Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)	Annual	1	N/A	N/A	1	N/A
Section 32 report (Monthly provincial IYM report)	Monthly	12	3	3	3	3
Quarterly performance reports for provincial departments	Quarterly	3	1	1	1	N/A

Strategic objective annual targets: 2015/16

Sub-programme: 2.3		Public Finance: Public Finance: Provincial Own Revenue						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Promote optimal and sustainable revenue generation and collection by provincial departments and public entities	Conduct and co-ordinate quarterly Provincial Revenue Forums	New	4	4 Forums per year	4 Forums per year	4 Forums per year	4 Forums per year	4 Forums per year
	Monitoring of departmental revenue collection	16 departments	3	4 Quarterly Reports	3 Revenue quarterly performance reports	3 Revenue quarterly performance reports	3 Revenue quarterly performance reports	3 Revenue quarterly performance reports
	Revenue input into the publication of Provincial budget documentations	Revenue input into OPRE and EPRE on time for tabling	1	1 OPRE and EPRE	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling

Programme performance indicators and annual targets: 2015/16

Sub-programme: 2.3		Public Finance: Provincial Own Revenue					
Performance indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Conduct and co-ordinate quarterly Provincial Revenue Forums	New	4	4 Forums per year	4 Forums per year	4 Forums per year	4 Forums per year	4 Forums per year
Monitoring of departmental revenue collection	16 departments	3	4 Quarterly Reports	3 Revenue quarterly performance reports	3 Revenue quarterly performance reports	3 Revenue quarterly performance reports	3 Revenue quarterly performance reports
Revenue input into Overview of Provincial Revenue and Expenditure (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE)	Revenue input into OPRE and EPRE on time for tabling	1	1 OPRE and EPRE	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling

Quarterly targets: 2015/16

Sub-programme: 2.3		Public Finance: Provincial Own Revenue				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Conduct and co-ordinate quarterly Provincial Revenue Forums	Quarterly	4 Forums per year	1	1	1	1
Monitoring of departmental revenue collection	Quarterly	3 Revenue Quarterly Performance reports	1	1	N/A	1
Revenue input into Overview of Provincial Revenue (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE)	Annual	Revenue input into OPRE and EPRE on time for tabling	N/A	N/A	N/A	1

Strategic objective annual targets: 2015/16

Sub-programme: 2.3		Public Finance: Specialised Advisory Support Services						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Promote effective and optimal financial resource allocation for provincial government (including public entities)	Input into the revision and maintenance of DORA	Input submitted by due date	Submitted by due date	Input submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT
	Institutionalise framework for the monitoring of provincial public entities	Implement monitoring tool and report quarterly for 9 public entities	Close-out report one month after end of financial year	Implemented and reported bi-annually for all public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities

Programme performance indicators and annual targets: 2015/16

Programme performance indicators and annual targets: 2015/16							
Sub-programme: 2.3			Public Finance: Specialised Advisory Support Services				
Performance indicators	Audited / Actual performance			Estimated performance	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18

				2014/15			
Input into the revision and maintenance of DORA	Input submitted by due date	Submitted by due date	Input submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT
Institutionalise framework for the monitoring of provincial public entities	Implement monitoring tool and report quarterly for 9 public entities	Close-out report one month after end of financial year	Implemented and reported bi-annually for all public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities

Quarterly targets: 2015/16

Sub-programme: 2.3		Public Finance: Specialised Advisory Support Services				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Input into the revision and maintenance of DORA	Annual	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT
Institutionalise framework for the monitoring of provincial public entities	Bi-annually	Report bi-annually for all listed public entities	1	N/A	1	N/A

2.4 Sub-programme: Municipal Finance

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 Unit further provides technical support to delegated municipalities, particularly those that are in financial distress, in order that these municipalities may still achieve their strategic objectives and compliance with the MFMA and MBRR. Towards this end, the 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 Unit are process driven and are largely determined by statutory deadlines as stipulated in the MFMA and the MBRR.

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.

Progress Analysis

Mid-year Budget and Performance Assessment Process

Section 72(1)(b)(iii) of the MFMA requires that the accounting officer of a municipality must submit to the Provincial Treasury by 25 January of each year a Mid-Year Budget and Performance Assessment Report.

Regulation 33 of MBRR requires that a Mid-Year Budget and Performance Assessment of a municipality be in the prescribed Schedule C format and include all the required tables, charts and explanatory information taking into account any guidelines issued by the Minister in terms of Section 168(1) of the MFMA.

In the light of the above, the Unit continues to discharge its responsibilities of supporting and monitoring all delegated municipalities to ensure that they fully comply with the requirements of the MFMA and MBRR regarding the preparation and submission of the Mid-Year Budget and Performance Assessment Reports. The Unit assesses all the reports received and feedback is provided accordingly to municipalities.

Adjustments Budget Process

In terms of Section 28(1) of the MFMA, a municipality may revise an approved Annual Budget through an Adjustments Budget. As per Regulation 21 of the MBRR, an Adjustments Budget and supporting documentation are required to be in the prescribed Schedule B format and include all the tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168(1) of the MFMA.

Regulation 23(1) of the MBRR on the other hand, stipulates that the Adjustments Budget of a municipality may be tabled in the municipal council at any time after the Mid-Year Budget and Performance Assessment is tabled in Council, but no later than 28 February of the current year.

Furthermore, Section 28(7) of the MFMA read in conjunction with Regulation 24 of the MBRR, requires that an Adjustments Budget and related supporting documents be submitted to both the Provincial and National Treasuries within 10 working days after tabling in the Council by the Mayor.

To this end, the Unit also plays its role of supporting and monitoring all delegated municipalities in an endeavor to achieve maximum compliance with the MFMA and MBRR requirements in all matters relating to the Adjustments Budget process. All the Adjustments Budgets received are assessed with a view of ensuring that amongst others, they are appropriately funded as per Regulation 22 of the MBRR. Feedback on all assessed Adjustments Budgets is provided accordingly to the municipalities.

Budget Evaluation Process

Section 21(1)(b) of the MFMA requires the Mayor to table in council at least 10 months before the start of the budget year, a time schedule outlining key deadlines for the budget process. One of the objectives of this section is to ensure that the budget preparation process commences timeously and complies with all the legislative requirements.

Section 5(4)(a)(ii) of the MFMA states: *to the extent necessary to comply with subsection (3), a Provincial Treasury must monitor the preparation by municipalities in the province of their budgets.* Furthermore, Section 5(4)(b) of MFMA states that *a Provincial Treasury may assist municipalities in the province in the preparation of their budgets.*

As part of the budget preparation process, all municipalities which provide electricity are expected to submit their applications for a tariff increase in line with Section 43 of MFMA to the National Energy Regulator of South Africa (NERSA). To ensure an improved quality of submitted applications for tariff increases, NERSA jointly with Provincial Treasury conducted a workshop. The workshop focused on the correct process for completing and submitting the relevant application forms, referred to as 'D forms' to all the municipalities in the Province including the non-delegated municipalities, which are licensed to provide electricity.

In a bid to ensure that the 2015/16 budget process of the municipalities improves in comparison to prior years, Provincial Treasury will hold bilateral engagements with the delegated municipalities before the tabling of the 2015/16 municipal Draft Budgets. The presence of Municipal Managers and Chief Financial Officers is required at these engagements. In addition Provincial Treasury specifically requests the presence of other Senior Managers responsible for at least three of the largest municipal votes and any technical experts on infrastructure. The agenda for the engagements will include the progress on the following processes:

- 2014/15 Budget Implementation and In Year Monitoring thereof;
- 2014/15 Mid-Year Budget and Performance Assessment;
- 2014/15 Adjustments Budget Process; and
- 2015/16 Budget Preparation Process.

Through the bilateral engagements, Provincial Treasury will emphasise that the processes indicated above are interdependent and the municipalities should not conduct them in isolation from one another. The objectives of these engagements will include amongst others the following:

- To ensure that the municipalities fully consider the requirements of MFMA Circular No 74 during their 2015/16 Budget process;
- To establish the municipalities' extent of progress on their 2015/16 budget process in line with their Time Schedule outlining key deadlines; and
- To understand municipalities' challenges regarding budget preparation and areas where municipalities need support in ensuring that municipalities properly manage their budget process.

Provincial Treasury also provides all delegated municipalities with a checklist, which is a step by step document with regulated dates for the completion of all major activities in the budget process.

To further guide municipalities in the preparation of the 2015/16 budgets and to monitor compliance with the MBRR, Provincial Treasury will issue a Provincial Treasury Circular to municipalities.

Section 16(2) of the MFMA states that, *the Mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year.*

Section 22(b)(i) of the MFMA requires that **immediately** after an Annual Budget is tabled in a municipal Council, it must be submitted to the National Treasury and the relevant Provincial Treasury in both the printed and electronic formats

Provincial Treasury will conduct the 2015/16 budget assessment in two phases. The first phase will be to assess the Draft Budgets of the municipalities and provide comments as per the requirement of Section 23(1) of the MFMA. The assessment process will also include compliance checks on all Draft Budgets received to establish the level of compliance with the requirements of the MFMA and MBRR in general; to verify amongst others, whether Draft Budgets submitted are in the correct version of the prescribed format and whether the information provided in the main budget Tables (A1 to A10) and supporting Tables (SA1-SA37) are sufficient to enable the assessments of the Draft Budget.

The second phase will be a high level assessment on the Final Budgets adopted by municipal Councils. The main purpose of the assessment of the Final Budgets is to establish whether the Adopted Budgets have taken into consideration the comments and recommendations of Provincial Treasury made on the Draft Budgets, in terms of Section 23 of the MFMA. This process will also include the compliance checks to establish the level of compliance with the requirements of the MFMA and MBRR on Adopted Budgets.

The findings on the 2015/16 Draft and Final Budgets will be noted and communicated through feedback letters to all delegated municipalities. Furthermore, the key findings on the Draft Budgets will be discussed in the bilateral meetings to be held between Provincial Treasury and the municipalities prior to the issuing of the Final Budget comments. The municipalities will be requested to consider the comments and recommendations provided by Provincial Treasury in the Final Budgets to be adopted by Council.

Provincial Treasury will continue to support the municipalities in all budget related matters with a view of improving the quality of budgets and ensuring full compliance with the prescripts of the MFMA and all other related legislation.

In Year Monitoring (IYM) of municipal budget performance

In terms of Section 5(4)(a)(iii) of the MFMA, Provincial Treasury must monitor the monthly outcome of municipal budgets. The objectives of the IYM process are amongst others:

- to improve the quality and the credibility of the information provided;
- to assess the budget performance against the Final Budget;
- to assist municipalities in identifying areas of under or over expenditure;
- to assist municipalities in identifying financial problems facing the municipalities, including any emerging or impending financial problems (early warning system); and
- to allow for appropriate and timeous action to be taken should there be indications of substantial over or under spending against the budget or any other financial problems.

In an attempt to improve the quality and the credibility of the information provided by municipalities, Provincial Treasury Circular TC-RM 5 of 2013/14 was distributed to all municipalities within the KwaZulu Natal Province. This Circular, amongst others, requested municipalities to submit additional documents (Trial Balance, Investments registers, etc.) with their Section 71 monthly returns. Furthermore, Provincial Treasury will continue to hold frequent engagements with the delegated municipalities in order to improve the quality of figures reported.

Municipal Support Program (MSP)

The Municipal Finance Unit within the Provincial Treasury is committed to supporting its clients and finding ways to improve service delivery by supporting and assisting municipalities. The Unit's primary aim is to assist and support municipalities in ensuring compliance with the MFMA. The program also places emphasis on capacity building to ensure improvements effected are sustainable.

The MSP, in conjunction with other business units within Provincial Treasury, intends to provide support to municipalities by undertaking the following initiatives:

- Cash Flow Management;
- Internal Control Enhancement including Information Technology General Controls (ITGC);
- Review of Value Added Tax;
- Budgeting;
- SCM Compliance;
- Internal Audit Risk and Advisory;
- Policy Development and Reviews;
- "Getting the Basics Right" Financial Management Support; and
- Infrastructure Management.

In addition to the above, supplementary work streams may be undertaken as and when required.

The selection of municipalities to be part of the MSP in 2015/16 will be primarily based on two factors:

- The extent of support required by the municipality for assistance in a particular work stream; and
- The unreserved acceptance of support by the municipality to be provided by the Municipal Finance Unit along with the level of commitment by the leadership and staff in embracing the improvements and implementing the processes that will be introduced.

It has been the experience of the MSP, that the greater the dedication by municipalities to improvement, the greater the benefits that flow through into the operations of the municipalities. It is believed that this will lead to a more astute use of funds by Provincial Treasury that can bring about enhanced benefits to municipalities.

Analysis of constraints and measures planned to overcome the constraints

The municipal finance environment is characterised by a number of challenges which negatively impact the Unit's capacity to provide more constructive and intensified support to municipalities, in order to realize their strategic objectives. These challenges can be classified as both internal and external.

Internal challenges include vacancies within the Unit resulting in an insufficient number of staff allocated per municipality, insufficient technical assistance and support provided to municipalities as well as the poor co-ordination of support provided by the different units within Provincial Treasury.

In addressing these internal challenges, during 2013/14, many of the vacancies were filled and the internal staffs of the Unit were capacitated through a series of workshops and training sessions on a various aspects of municipal support, including training regarding the review and analysis of IYM information. This has improved the quality of monitoring and advice provided by the Unit to our delegated municipalities.

The Department of Public Service and Administration (DPSA) together with National Treasury led a process to review Provincial Treasuries' structures. The Unit provided extensive inputs into the process and subsequent to the finalisation of the process, DPSA made recommendations regarding a generic structure that all Treasuries should implement. It is expected that once the recommended structure is implemented there will be an improvement in the coordination of support being provided to municipalities and Provincial Treasury will be adequately capacitated to assist municipalities to improve their level of skill in financial management, and in the process, enable the sustainability of their operations.

External challenges emanate mainly from poor financial management practices on the part of municipalities, the lack of standardised financial reporting systems at the municipal level, a high turnover of skilled staff and a lack of leadership and governance. These factors result in the non compliance with the MFMA and MBRR as well as unfunded budgets and poor cash flow management at municipalities preventing the Unit from providing more constructive support.

The 2015/16 financial year will be the sixth year that all municipalities will be required to prepare their annual budget in accordance with the MBRR, however a noticeable number of municipalities are still submitting budget tables that are incomplete and/or with a considerable number of errors. The Municipal Finance Unit has provided technical support to the municipalities in the preparation of their 2014/15 budgets with the aim of achieving a significant improvement in the completeness and quality of the budget submissions and will continue to do so for the 2015/16 budget cycle.

It is the intention of Provincial Treasury to continue to submit a list of those municipalities that are continuously not complying with the MFMA and Division of Revenue Act (DoRA) reporting requirements

to the Legislature via a bi-annual non-compliance circular from the Office of the MEC and quarterly reports in terms of Section 71(7) of the MFMA for their consideration.

Description of planned quality improvement measures

The main focus of the Unit is supervision over local government finance management in line with Section 5(4) of the MFMA which involves the provision of technical support 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 and annual consolidated reports on the state of the 58 delegated municipalities' financial performance.

Part of this supervision includes the capacitating of municipal staff through the facilitation of Financial Management capacity building training programmes and the ongoing implementation of the Municipal Support Program (MSP). In all our interactions with municipalities, our primary aim is always the transfer of skills.

The submission of statutory MFMA Returns is and will always remain a priority of the Unit with the focus shifting from mere compliance to improving the quality of the returns submitted. In 2015/16 the Unit will adopt a process in order to achieve alignment between the IYM tool and the monthly Section 71, the quarterly Section 52 and the midyear section 72 reports submitted to National Treasury and Council.

Despite the 11 years and five years since the introduction of the MFMA and the MBRR respectively, municipalities are still experiencing difficulties in the preparation of their Annual Budgets and the completion of the statutory budget tables. The Unit in its supervisory role assesses both the Draft and Final Budgets of the 58 delegated municipalities to verify both completeness and sustainability of the budgets.

Continuous technical support is provided by the Unit in budget and financial reporting related aspects and is also the central point of contact at the Treasury for all municipal related queries. Municipalities that do not comply with the MFMA reporting requirements, despite the assistance provided by the Unit will be reported to the Legislature for their consideration.

Strategic objective annual targets: 2015/16

Sub-programme: 2.4		Municipal Finance						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To ensure efficient budget and expenditure management and accurate financial reporting for the local govt.	Monitor and evaluate local govt. budget performance ¹	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) 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	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
To assist and provide technical support to delegated municipalities in financial distress	To support delegated municipalities in financial distress through MSP ²	10 municipalities supported through the MSP	12 municipalities supported through the MSP	16 municipalities supported through the MSP	8 municipalities to be supported through the MSP	8 municipalities to be supported through the MSP	8 municipalities to be supported through the MSP	8 municipalities to be supported through the MSP

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

2. Targets are not cumulative

Programme performance indicators and annual targets: 2015/16

Sub-programme: 2.4			Municipal Finance				
Performance indicators	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
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	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports
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	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
No. of municipalities supported by the MSP ²	10 municipalities supported through the MSP	12 municipalities supported through the MSP	16 municipalities supported through the MSP	8 municipalities to be supported through the MSP	8 municipalities to be supported through the MSP	8 municipalities to be supported through the MSP	8 municipalities to be supported through the MSP

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

2. Targets are not cumulative

Quarterly targets: 2015/16

Sub-programme: 2.4			Municipal Finance			
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
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
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
No. of municipalities supported by the Municipal Support Programme (MSP) ²	Quarterly	8 municipalities to be supported through the MSP	2 municipalities	2 municipalities	2 municipalities	2 municipalities

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

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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1. Programme Support	548	751	1 825	3 059	2 059	1 120	3 262	3 370	3 538
2. Economic Analysis	4 166	19 499	37 544	34 527	26 527	24 831	24 951	25 915	18 811
3. Public Finance	9 435	9 739	10 347	13 564	12 564	11 719	14 188	14 940	15 687
4. Municipal Finance	18 131	46 881	41 488	58 973	45 873	38 922	61 166	64 381	67 600
Total	32 280	76 870	91 204	110 123	87 023	76 592	103 567	108 606	105 636

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Current payments	31 778	76 716	90 510	109 857	86 757	76 239	103 166	108 320	105 336
Compensation of employees	21 191	30 283	37 038	44 755	44 755	45 562	59 892	60 947	55 594
Goods and services	10 587	46 433	53 472	65 102	42 002	30 677	43 274	47 373	49 742
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	-	23	66	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	23	66	-	-	-	-	-	-
Payments for capital assets	374	131	425	266	266	353	401	286	300
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	374	131	425	266	266	353	401	286	300
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	128	-	203	-	-	-	-	-	-
Total	32 280	76 870	91 204	110 123	87 023	76 592	103 567	108 606	105 636

3. PROGRAMME 3: FINANCIAL MANAGEMENT

3.1	Sub-programme:	Financial Asset and Liability Management
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
3.7	Sub-programme:	Gaming and Betting

3.1 Sub-programme: Financial Asset and Liability 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 PAYE tax functions to assist tax officials at all departments.

The Asset Management section is to improve Asset Management controls and processes through the formulation of policies and practices specific to each department to ensure continued maintenance of asset management in the Province.

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.
- To facilitate, monitor support and training interventions with regards to Asset management prescripts and asset registers in the province.

The strategic objectives are:

- Ensure the provision of an effective and efficient transversal advice, guidance and support on banking and tax matters as well as monitoring the compliance to Asset management prescripts in all provincial departments.
- To promote sound cash management practices and improve liquidity in the province; and

- To assist departments and municipalities in the attainment of a clean audit outcome for the province.

Progress Analysis

Departments are informed on an annual basis of any amendments to tax legislation which affect payroll tax. Information Sessions are held annually to address the changes. A risk analysis is performed on a quarterly basis per department, in terms of tax legislation and compliance with tax processes.

Due to support given and regular visits to departments, most departments have been able to clear all transactions on their banking suspense accounts. Due to constant reminders and visits to municipalities there has been an improvement in the timely submission of reports to Treasury.

Asset Management activities were ongoing with support and training offered to departments on the Hardcat Asset Management System in order to improve compliance and effectively meet the reporting requirements. There has been continued maintenance and compliance with Asset management prescripts as well as an effective and efficient asset register.

Analysis of constraints and measures planned to overcome them

The ongoing tax training has improved the payroll tax knowledge and skills at departments. The function however requires an in-depth knowledge and this along with the high rate of staff turnover at department's results in a large volume of training being required. Guidance and support will continue to be provided with the quarterly risk analysis being used to identify areas of non-compliance to tax legislation and to inform the CFO of the relevant department in cases of serious non-compliance. The tax section will continue to conduct an annual seminar on tax issues and regulations to ensure that tax officials are updated and kept abreast of changes to tax legislation which impact on their tax functions.

Some departments are experiencing challenges with the clearing of banking suspense accounts and require assistance and training from Treasury in order to clear them. Staff capacity is usually identified as the problem. There is a lack of knowledge and experience regarding the responsibilities on financial reporting at Municipalities.

Non-compliance with monthly reporting requirements by provincial departments as well as other technical problems associated with the asset register. Reporting and monitoring will be enhanced and strengthened to ensure compliance. Provincial departments will be liaised with to eliminate all identified challenges and constraints.

Description of planned quality improvement measures

An effective training and support service will continue to be provided to each department to improve the knowledge and skills within the tax Sections at all provincial departments and to ensure that SARS deadlines are met. Information Sessions will cover the practical application of the tax legislation, using examples from the payroll and financial systems, now that a base of tax knowledge has been established at most departments. Where new staff are appointed, one-on-one sessions will be conducted with them to train them on the payroll tax functions.

Treasury will continue to visit departments at least once a month to support and assist with the clearing of banking suspense accounts. Municipalities will once again be reminded of their responsibilities regarding submitting financial reports timely and will be visited to ensure compliance with the Municipal Finance Management Act.

Training and support interventions relating to the Asset functions will be improved with workshops and Hardcat training sessions conducted to discuss areas of concern. Effective monitoring and reporting

will be implemented to address issues of non-compliance and to ensure the effective use of the asset register and compliance with Asset management prescripts.

Strategic objective annual targets: 2015/16

Sub-programme: 3.1		Financial Asset and Liability Management						
Strategic objective	Performance Indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To promote sound cash management practices and improve liquidity in the Province and assist departments and municipalities in the attainment of a clean audit outcome for the Province	Conduct tax Information Seminar annually	2 sessions	2 sessions	3 sessions	2 sessions	2 sessions	2 sessions	2 sessions
	Risk Analysis per dept. to ensure compliance to tax legislation	Compliance assessment for 16 depts	64 reports	64 reports	60 reports	60 reports	60 reports	60 reports
	Provide quarterly assessment reports to depts.. on status of bank related suspense accounts	64 assessment reports	64 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports
	Review monthly bank reconciliations per department	192 reconciled bank reconciliation	192 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation
	Produce quarterly report 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	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts
To promote sound Asset Management practices in Provincial Departments	No. of Asset workshops and training sessions conducted	1 Asset Management Workshop and 7 Hardcat training	5 Hardcat training and 4 reports	5 Seminars/Training Workshops	4 seminars/training workshops	1 Asset Training workshop and 4 Hardcat training workshops	1 Asset Training workshop and 4 Hardcat training workshops	1 Asset Training workshop and 4 Hardcat training workshops

Programme performance indicators and annual targets: 2015/16

Sub-programme: 3.1		Financial Asset and Liability Management					
Performance indicators	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Conduct Tax Information Seminar annually	2 sessions	2 sessions	3 sessions	2 sessions	2 sessions	2 sessions	2 sessions
Risk Analysis per dept. to ensure compliance to tax legislation	Compliance assessment for 16 depts	64 reports	64 reports	60 reports	60 reports	60 reports	60 reports
Provide quarterly assessment reports to depts.. on status of bank related suspense accounts	64 assessment reports	64 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports
Review monthly bank reconciliations per department	192 reconciled bank reconciliation	192 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation
Produce quarterly report 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	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts
No. of Asset workshops and training sessions conducted	1 Asset Management Workshop and 7 Hardcat training	5 Hardcat training and 4 reports	5 Seminars/Training Workshops	4 seminars/training workshops	1 Asset Training Workshop and 4 Hardcat Training workshops	1 Asset Training Workshop and 4 Hardcat Training workshops	1 Asset Training Workshop and 4 Hardcat Training workshops

Quarterly targets: 2015/16

Sub-programme: 3.1		Financial Asset and Liability Management				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Conduct Tax Information Seminar annually	Annually	2 sessions	Nil	2 sessions	Nil	Nil
Risk Analysis per dept. to ensure compliance to tax legislation	Quarterly	60 reports	15 reports	15 reports	15 reports	15 reports
Provide quarterly assessment reports to depts.. on status of bank related suspense accounts	Quarterly	60 assessment reports	15 assessment reports	15 assessment reports	15 assessment reports	15 assessment reports
Review monthly bank reconciliations per department	Monthly	180 reconciled bank reconciliations	45 reconciled bank reconciliations	45 reconciled bank reconciliations	45 reconciled bank reconciliations	45 reconciled bank reconciliations
Produce quarterly report on withdrawals from municipal bank accounts	Quarterly	4 reports on withdrawals from municipal bank accounts	1 report on withdrawals from municipal bank accounts	1 report on withdrawals from municipal bank accounts	1 report on withdrawals from municipal bank accounts	1 report on withdrawals from municipal bank accounts
No. of Asset workshops and training sessions conducted	Quarterly	1 Asset Training Workshop and 4 Hardcat Training workshops	Nil Asset workshop 1 Hardcat workshop	1 Asset workshop 1 Hardcat workshop	Nil Asset workshop 1 Hardcat workshop	Nil Asset workshop 1 Hardcat workshop

3.2 Sub-programme: Public Private Partnerships (PPPs)

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.

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.

Progress analysis

The PPP unit continues to support municipalities to deliver critical services through partnerships with the private sector. PPPs are more valuable to municipalities because municipalities are charged with some of the most important levels of service delivery, such as the provision of clean drinking water, waste water treatment and solid waste disposal.

The Provincial Government had a Government Precinct project which was aimed at reducing the shortage of office accommodation in Pietermaritzburg. In June 2012, the Province took a decision to resuscitate the project and mandated both Department of Public Works and Provincial Treasury to update the feasibility study. The update of the feasibility study was completed at the end of June 2013 and the unit is managing the update of the feasibility study for the KZN Government Precinct (office park). This project has currently been put on hold in light of the tough financial position the Province is in; until further notice

The unit also plays an increasing role to the Department of Health in the roll-out of PPPs for the revitalisation of the King Edward VIII Hospital as a tertiary hospital and associated medical facilities. The project has experienced delays with regards to the finalisation of the feasibility study for the pilot projects. The PPP Unit is awaiting direction from Department of Health regarding the way forward.

The unit is working with the Department of Education who is experiencing a substantial infrastructure backlog for both schools and related administrative and support spaces and facilities. Transaction Advisors have been appointed to assist in investigating the feasibility and affordability of the different procurement options which will provide the best technical, financial and legal solution in delivering in

terms of these backlogs in the shortest and most equitable way, including the option of a PPP. The feasibility study is in its final stages with the different possible and viable PPP solutions to the infrastructure backlog facing the Department. The PPP Unit is anticipating further progress in the next financial year in terms of finalization and possible adoption of the feasibility study by Department of Education.

The Inkosi Albert Luthuli Central Hospital is in its 12th year of its concession contract which will be ending in February 2017. The KZN Provincial Treasury's PPP Unit is currently assisting the department of Health and Inkosi Albert Luthuli Central Hospital with an Exit Strategy and the Final Works as requested in the contract. The Exit Strategy will help determine whether the issues agreed upon within the concession have been fulfilled and whether there has been skills transfer as per stipulated contractual requirements.

In January 1999, the Borough of Dolphin Coast (now Ilembe District Municipality) and Siza Water Company entered into a concession agreement whereby Siza Water Company would oversee, manage and implement the provision of water and sanitation services within the municipal boundary on a concession basis. This is a closed project with a concession period of 30 years and a contract reviewable on a 5-yearly basis. The Ilembe District Municipality has initiated a 3rd review of the contract and is in the process of finalizing this review with the PPP unit providing hands on assistance. The PPP Unit is assisting the municipality with a five year plan for the concession which is expected to be finalized in the next financial year 2015/2016.

Analysis of constraints and measures planned to overcome them

A major constraint is the lack of staff with appropriate technical, legal and financial management skills and experience. A training programme was developed for Project Co-ordinators in assisting the unit in enhancing skills and capacity within the PPP unit. One of the objectives of the PPP unit is to create awareness in PPPs. The PPP unit realized there was a non participation by KZN PPP service providers at both Transaction Advisor (TA) and the private Party levels in the planning and the implementation stage of PPP projects. This was due to the fact that there was a lack of capacity by local service providers in dealing with PPP projects. Hence an initiative was born where PPP joined hands with SAFMA and its Platinum members in holding workshops for SMME's in mentoring and coaching in order to assist with the process and understanding of the concept of the build environment and how to approach from the perspective of the private party. The Administrative team in the PPP unit has been capacitated, as the post of Admin Officer has been filled as from the February 2015.

The recent appointment of a Project Manager shall further contribute to the enhancement of skills and capacity building within the unit. Further to this the administration team has recently been beefed up via the appointment of a new administrative officer. The Unit is currently having one PPP Specialist and the other Specialist post is in the process of being filled. There is also a process in place of filling two Trainee project Coordinator positions thus further increasing the units capacity.

Description of planned quality improvement measures

- Seconding project managers to assist in project management of PPP transaction where a lack of project management is hindering the progress of the project.
- Assisting departments, public entities and municipalities to prepare and implement cost-effective and affordable public-private partnership projects.
- Supporting capacity enhancement activities by initiating, managing and as appropriate, executing technical assistance and training activities.

Strategic objective annual targets: 2015/16

Sub-programme: 3.2		Public Private Partnerships						
Strategic objective	Performance Indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To provide substantial technical, financial and legal advice in support of all provincial PPP projects in line with PPP Project Cycle as regulated by National Treasury guidelines	Number of seminars/workshops conducted for Provincial departments, Public entities, Municipalities, Municipal entities and the Private sector.	Nil	5	7	2	2	2	2
	No. of reports for Prov. Treasury management and NT PPP unit	12	12	17	12	12	12	12
	Contract management reports on closed deals	11	12	12	12	12	12	12

Programme performance indicators and annual targets: 2015/16

Sub-programme: 3.2		Public Private Partnerships					
Performance indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Number of seminars/workshops conducted for Provincial departments, Public entities, Municipalities, Municipal entities and the Private sector.	Nil	5	7	2	2	2	2
No. of reports for Prov. Treasury management and NT PPP unit	12	12	17	12	12	12	12
Contract management reports on closed deals	11	12	12	12	12	12	12

Quarterly targets: 2015/16

Sub-programme: 3.2		Public Private Partnerships				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of seminars/workshops conducted for Provincial departments, Public entities, Municipalities, Municipal entities and the Private sector.	Quarterly	2	N/A	1	N/A	1
No. of reports for Prov. Treasury management and NT PPP unit	Annually	12	3	3	3	3
Contract management reports on closed deals	Annually	12	3	3	3	3

3.3 Sub-programme: Provincial Supply Chain Management

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.

The strategic objectives are:

- Support and monitor adherence of departments, public entities and municipalities to SCM prescripts.
- To ensure the revision of policies and practice notes in accordance with National and Provincial legislation and prescripts.
- Provide a supplier monitoring mechanism for the province to ensure that supplier information is reliable.

Progress has been achieved in the following areas:

- Provincial Treasury has successfully completed capacity building interventions in SCM components of the Departments of Social Development, Sport and Recreation, Uthukela District Municipality, Ugu District Municipality and Umtshezi Municipality. In these institutions, Treasury provided direct assistance in managing the procurement processes. The Social Development intervention was successfully completed in December 2013. Other interventions are still in progress at the Department of Agriculture and Rural Development, Umkhanyakude District Municipality and KZN Wildlife.
- Comprehensive SCM compliance assessments of all Provincial Departments and Municipalities were successfully undertaken and findings were tabled in the cabinet of the Provincial Government.
- The introduction of Contract Management system in the Province has been a huge success. Provincial Treasury successfully completed all phases of the Contract Management pilot project in the following pilot sites: Human Settlements, Public Works, Transport, Agriculture, Environmental Affairs and Rural Development, Education, COGTA, Hibiscus Coast, Uthukela and Msunduzi. Phase-1 of this project was the setting up of contract registers and contract filing system. Phase-2 is a comprehensive legal and financial reviews of contracts concluded with third parties and the preparation of action plans to be carried out by the institutions in order to correct any anomaly identified in the contracts under review. This Phase also involved the drafting of standardised contracts for frequently purchased items. Phase-3 was the development of Contract Management Policy Framework. Contract Management system is now being rolled out to all provincial departments.
- In ensuring SCM compliance at local government level, Provincial SCM Unit has completed the process of establishing Municipal Bid Appeals Tribunals in 10 districts of the province. These tribunals will serve as impartial bodies to adjudicate appeals against municipalities relating to awards of bids. These local government compliance monitoring structures were successfully launched at the beginning of this year (2014). All Municipal Bid Tribunals are now operational in the whole province of KwaZulu-Natal. This system is the first of its kind in the country.
- Provincial SCM Unit has set up a panel of BEE verification agencies to assist emerging companies registered in the KZN Provincial Suppliers' Database to get BEE verification certificates as required by the PPPFA. This process is meant to assist emerging businesses that are lacking finances to obtain such certificates.
- Provincial Treasury has started a process of developing an E-procurement tool which will assist in limiting instances of fraud and corruption within SCM process. The development project team has been formed comprising of officials from different departments to participate in this process.
- The Department has introduced an automated system for the Bid Appeals Tribunal processes with an intention to improve the efficiency in handling bids appeals by Bid Appeals Tribunal secretariat. In summary, the system will ensure the following:
 - Improve management reporting and monitoring.
 - Allow for shorter turn-around time.
 - Improve accountability of BAT support staff.
 - Reduce paperwork in dealing with appeals.
 - Allow departments to track the whole appeals process.

Analysis of constraints and measures planned to overcome them

- Shortage of staff, recruitment of key posts in all areas have been prioritized.
- Training programs are being put in place to address skills shortage in identified priority areas.

Description of planned quality improvement measures

- Staff are being trained on in key areas , for example , contract management.
- New posts have been advertised and filled.

Strategic objective annual targets: 2015/16

Sub-programme: 3.3		Provincial Supply Chain Management						
Strategic objectives	Performance Indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Support and monitor adherence of state institutions to SCM prescripts	No. of SCM training sessions and information sessions conducted	75 SCM training sessions /workshops	26	14	Conduct 4 SCM training, information sessions and workshops for state institutions	Conduct 4 SCM training, information sessions and workshops for state institutions	Conduct 4 SCM training, information sessions and workshops for state institutions	Conduct 4 SCM training, information sessions and workshops for state institutions
		New	3	1	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities
	No. of assessments	47 Routine assessments completed at municipalities and 20 routine assessments completed at departments and 24 adhoc investigations completed	103	80	Conduct 60 SCM assessments in depts, munic. and public entities Conduct compliance assessments & investigate complaints	Conduct 60 SCM assessments in depts, munic. and public entities	Conduct 60 SCM assessments in depts, munic. and public entities	Conduct 60 SCM assessments in depts, munic. and public entities
	No. of reviews of the supplier registration form	New	New	New	Reviews and update supplier registration form(2)	Reviews and update supplier registration form(1)	Reviews and update supplier registration form(1)	Reviews and update supplier registration form(1)
	No. of policies and practice notes reviewed and issued	14 reviewed policies	9	5	Review and update policies practise notes(4)	Review and update policies practise notes(4)	Review and update policies practise notes(4)	Review and update policies practise notes(4)

Programme performance indicators and annual targets: 2015/16

Sub-programme: 3.3		Provincial Supply Chain Management					
Performance indicators	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
No. of SCM training sessions and information sessions conducted	75 SCM training sessions /workshops	26	14	Conduct 4 SCM training, information sessions and workshops for state institutions	Conduct 4 SCM training, information sessions and workshops for state institution	Conduct 4 SCM training, information sessions and workshops for state institution	Conduct 4 SCM training, information sessions and workshops for state institution
	New	3	1	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities
No. of assessments	47 Routine assessments completed at municipalities and 20 routine assessments completed at departments and 24 adhoc investigations completed	103	80	Conduct 60 SCM assessments in depts, munic. and public entities Conduct compliance assessments & investigate complaints	Conduct 60 SCM assessments in depts, munic. and public entities	Conduct 60 SCM assessments in depts, munic. and public entities	Conduct 60 SCM assessments in depts, munic. and public entities
No. of reviews of the supplier registration form	New	New	New	Reviews and update supplier registration form(2)	Reviews and update supplier registration form(1)	Reviews and update supplier registration form(1)	Reviews and update supplier registration form(1)
No. of policies and practice notes reviewed and issued	14 reviewed policies	9	5	Review and update policies practise notes(4)	Review and update policies practise notes(4)	Review and update policies practise notes(4)	Review and update policies practise notes(4)

Quarterly targets: 2015/16

Sub-programme: 3.3		Provincial Supply Chain Management				
Programme performance Indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of SCM training sessions and information sessions conducted	Quarterly	Conduct 4 SCM training, information sessions and workshops for state institutions	1	1	1	1
	Quarterly	4 SCM forums for departments & municipalities	1	1	1	1
No. of assessments	Quarterly	Conduct 60 SCM assessments in depts, munic. and public entities Conduct compliance assessments & investigate complaints	15	15	15	15
No. of reviews of the supplier registration form	Annually	Reviews and update supplier registration form(1)	N/A	N/A	N/A	1
No. of policies and practice notes reviewed and issued	Quarterly	Review and update policies practise notes(4)	1	1	1	1

3.4 Sub-programme: Financial Reporting

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.

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. The following goals define the strategic initiatives to achieve the vision for future success:

- To analyse compliance and implementation of accounting frameworks to promote the fair presentation of the consolidated financial position of Province.
- To analyse audit reports, with specific reference to financial management, in order to establish and formulate strategies to address weaknesses in the financial management and accounting processes within departments, public entities and municipalities in the Province.
- To play an advisory and guiding support role to Departments, Public Entities and Municipalities in addressing financial management weaknesses.
- To facilitate the development and implementation of transversal solutions aimed at improving financial management and accounting practices in provincial departments, public entities and municipalities.

Progress analysis: *Provincial departmental and public entity support*

A regression in audit outcomes for the 2013/14 financial year occurred, with only one Department achieving clean audit as opposed to three in the prior financial year. Provincial Treasury sustained its clean audit status achieved in the previous four financial years.

Four Departments were qualified in the 2013/14 financial year, being Arts and Culture, Health, Transport and Education. Intensive assistance was provided to Education in terms of the capped leave and Health in terms of assets, which has reduced the impact on the audit finding compared to the

previous financial years significantly. However, due to the enormity of the qualification matters, these matters still remain in the 2013/14 audit reports.

In terms of public entities,

A significant achievement was made with KZN Nature and Conservation Board, whom was qualified for five financial years, and achieved an unqualified audit opinion in 2013/14 financial year, due to intensive financial management assistance to address the qualification matters.

Support strategies shall be implemented to address key audit areas.

Progress analysis: *Municipal support*

The recent audit outcomes released by the Office of the Auditor General for the 2013/14 financial year have indicated an improvement in financial management within the Province, with the number of clean audit opinions received increasing.

The Financial Reporting unit has implemented a Municipal Financial Management Support Program in the Province, which focuses on the quality of routine accounting processes and financial management reconciliations taking place within municipalities, on a monthly basis.

This Program has achieved great success as majority of the municipalities have prepared the annual financial statements internally, with the assistance from the Financial Reporting officials. Technical reviews by GRAP specialists have further been performed on the annual financial statements for these municipalities, to ensure that GRAP compliance has been achieved, prior to submission to the Auditor General for audit purposes. The assistance provided to these municipalities has contributed positively to maintaining or improving the audit opinions for the 2013/14 financial year:

- Ubuhlebezwe Municipality maintained clean audit status;
- Abaqulusi Municipality improved from a qualified audit opinion to an unqualified audit opinion;
- Ugu District Municipality and Vulamehlo Municipality improved from a disclaimer audit opinion to a qualified audit opinion; and
- The remaining municipalities supported in the program maintained their unqualified audit opinions.

Financial Reporting is further supporting three qualification and two disclaimer municipalities in terms of the Financial Management Support Program with the aim of improving audit opinions in the 2014/15 financial year. This assistance includes accounting reconciliations, working papers, annual financial statements preparation and support as well as asset management assistance and monitoring.

Analysis of constraints and measures planned to overcome them

The major constraint within the financial reporting unit is the lack of staff with appropriate experience in order to provide the “on-the-ground” support those municipalities, departments and public entities require. Internal officials allocated to municipal support have undergone a detailed two week training program on the Accounting Standards as well as AFS preparation, which included practical implementation of concepts as well as assessment driven. Further training initiatives are planned to skill resources.

Ongoing training of this nature will contribute in capacitating officials with the knowledge, and exposure to the daily operations of the organizations that they support, shall assist officials in providing them with the opportunity to implement the knowledge they have obtained, and further grow in terms of capability and competency.

Description of planned quality improvement measures

- Regular hands-on engagement and support to provincial departments, public entities and municipalities to strengthen the financial management and accounting processes.

- Collaboration with the relevant units within Provincial Treasury to obviate functional and operational duplicities to provide support to departments and municipalities in real-time.

Continued staff development and training programmes to develop and retain the requisite financial management skills and expertise.

Strategic objective annual targets: 2015/16

Sub-programme: 3.4		Financial reporting						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To present fairly the consolidated financial position of the province	Consolidated AFS for Provincial Departments and the Provincial Revenue Fund	Consolidated AFS for FY 10/11 tabled in legislature	Compiled AFS for FY 11/12	Compiled and tabled Consolidated AFS for FY 12/13 Departments and Provincial Revenue Fund	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	Consolidated AFS for FY 14/15 tabled in legislature by 30 November 2015	Consolidated AFS for FY 15/16 tabled in legislature by 30 November 2016	Consolidated AFS for FY 16/17 tabled in legislature by 30 November 2017
	Consolidated AFS for Public Entities tabled in Legislature	Consolidated AFS for FY 10/11 tabled in legislature	Compiled AFS for FY 11/12	Compiled and tabled Consolidated AFS for FY 12/13 Public Entities	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	Consolidated AFS for FY 14/15 tabled in legislature by 30 November 2015	Consolidated AFS for FY 15/16 tabled in legislature by 30 November 2016	Consolidated AFS for FY 16/17 tabled in legislature by 30 November 2017
To fairly present the revenue fund of the province	Annual Financial Statements for the Revenue Fund tabled in Legislature	Revenue Fund AFS tabled in Legislature for FY 10/11	Revenue Fund AFS tabled in Legislature for FY 11/12	Compiled and tabled Consolidated AFS for FY 12/13 Revenue Fund	Revenue Fund AFS tabled in Legislature for FY 13/14 by 30 November 2014	Revenue Fund AFS tabled in Legislature for FY 14/15 by 30 November 2015	Revenue Fund AFS tabled in Legislature for FY 15/16 by 30 November 2016	Revenue Fund AFS tabled in Legislature for FY 16/17 by 30 November 2017
To provide financial management support to departments, public entities and municipalities	Provincial Audit Outcome Analysis for Municipalities, Departments and Public Entities	Summary of Audit Outcome Analysis on AG's audit Report	Summary of Audit Outcome Analysis on AG's audit Report	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 on AG's audit Report for municipalities by 31 January 2014	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2014 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2015	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2015 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2016	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2016 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2017	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2017 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2018
	AFS Support and Training to Provincial Departments	1 AFS training workshop	0	1 AFS training workshop	1 AFS training workshop by 31 March 2015	1 AFS training workshop by 31 March 2015	1 AFS training workshop by 31 March 2016	1 AFS training workshop by 31 March 2017
		Pre-audit review in 16 Departments	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments by 31 May 2014	Pre-audit review in 16 Departments by 31 May 2015	Pre-audit review in 16 Departments by 31 May 2016	Pre-audit review in 16 Departments by 31 May 2017
	Financial Management Monitoring Support to Public Entities	new	Pre-audit readiness assessment in 12 public entities	0	Pre-audit review in 12 public entities by 31 May 2014	Pre-audit review in 12 public entities by 31 May 2015	Pre-audit review in 12 public entities by 31 May 2016	Pre-audit review in 12 public entities by 31 May 2017
		new	new	New	1 AFS training workshop for 12 public entities by 31 March 2015	1 AFS training workshop for 12 public entities by 31 March 2015	1 AFS training workshop for 12 public entities by 31 March 2016	1 AFS training workshop for 12 public entities by 31 March 2017
	Financial Management Monitoring Support to Municipalities	new	new	New	1 AFS training workshop for 58 municipalities by 30 June 2014	1 AFS training workshop for 58 municipalities by 30 June 2015	1 AFS training workshop for 58 municipalities by 30 June 2016	1 AFS training workshop for 58 municipalities by 30 June 2017

		new	new	New	Pre-audit assessment report in 10 municipalities by 30 August 2014	Pre-audit assessment report in 15 municipalities by 30 August 2015	Pre-audit assessment report in 20 municipalities by 30 August 2016	Pre-audit assessment report in 20 municipalities by 30 August 2017
		new	new	Progress reports on on-site financial management support to 15 identified municipalities	Progress reports on intensive on-site financial management support to 10 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 15 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 20 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 20 municipalities within 10 days of every quarter end

Programme performance indicators and annual targets: 2015/16

Sub-programme: 3.4		Financial Reporting					
Performance indicators	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Consolidated AFS for Provincial Departments and the Provincial Revenue Fund	Consolidated AFS for FY 10/11 tabled in legislature	Compiled AFS for FY 11/12	Compiled and tabled Consolidated AFS for FY 12/13 Departments and Provincial Revenue Fund	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	Consolidated AFS for FY 14/15 tabled in legislature by 30 November 2015	Consolidated AFS for FY 15/16 tabled in legislature by 30 November 2016	Consolidated AFS for FY 16/17 tabled in legislature by 30 November 2017
Consolidated AFS for Public Entities tabled in Legislature	Consolidated AFS for FY 10/11 tabled in legislature	Compiled AFS for FY 11/12	Compiled and tabled Consolidated AFS for FY 12/13 Public Entities	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	Consolidated AFS for FY 14/15 tabled in legislature by 30 November 2015	Consolidated AFS for FY 15/16 tabled in legislature by 30 November 2016	Consolidated AFS for FY 16/17 tabled in legislature by 30 November 2017
Annual Financial Statements for the Revenue Fund tabled in Legislature	Revenue Fund AFS tabled in Legislature for FY 10/11	Revenue Fund AFS tabled in Legislature for FY 11/12	Compiled and tabled Consolidated AFS for FY 12/13 Revenue Fund	Revenue Fund AFS tabled in Legislature for FY 13/14 by 30 November 2014	Revenue Fund AFS tabled in Legislature for FY 14/15 by 30 November 2015	Revenue Fund AFS tabled in Legislature for FY 15/16 by 30 November 2016	Revenue Fund AFS tabled in Legislature for FY 16/17 by 30 November 2017
Provincial Audit Outcome Analysis for Municipalities, Departments and Public Entities	Summary of Audit Outcome Analysis on AG's audit Report	Summary of Audit Outcome Analysis on AG's audit Report	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 on AG's audit Report for municipalities by 31 January 2014	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2014 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2015	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2015 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2016	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2016 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2017	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2017 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2018
AFS Support and Training to Provincial Departments	1 AFS training workshop	0	1 AFS training workshop	1 AFS training workshop by 31 March 2015	1 AFS training workshop by 31 March 2015	1 AFS training workshop by 31 March 2016	1 AFS training workshop by 31 March 2017
	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments by 31 May 2014	Pre-audit review in 16 Departments by 31 May 2015	Pre-audit review in 16 Departments by 31 May 2016	Pre-audit review in 16 Departments by 31 May 2017
Financial Management Monitoring Support to Public Entities	new	Pre-audit readiness assessment in 12 public entities	0	Pre-audit review in 12 public entities by 31 May 2014	Pre-audit review in 12 public entities by 31 May 2015	Pre-audit review in 12 public entities by 31 May 2016	Pre-audit review in 12 public entities by 31 May 2017
	new	new	New	1 AFS training workshop for 12 public entities by 31 March 2015	1 AFS training workshop for 12 public entities by 31 March 2015	1 AFS training workshop for 12 public entities by 31 March 2016	1 AFS training workshop for 12 public entities by 31 March 2017
Financial Management Monitoring Support to Municipalities	new	new	New	1 AFS training workshop for 58 municipalities by 30 June 2014	1 AFS training workshop for 58 municipalities by 30 June	1 AFS training workshop for 58 municipalities by 30 June	1 AFS training workshop for 58 municipalities by 30 June 2017

					2015	2016	
	new	new	New	Pre-audit assessment report in 10 municipalities by 30 August 2014	Pre-audit assessment report in 15 municipalities by 30 August 2015	Pre-audit assessment report in 20 municipalities by 30 August 2016	Pre-audit assessment report in 20 municipalities by 30 August 2017
	new	new	Progress reports on on-site financial management support to 15 identified municipalities	Progress reports on intensive on-site financial management support to 10 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 15 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 20 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 20 municipalities within 10 days of every quarter end

Quarterly targets: 2015/16

Sub-programme: 3.4		Financial Reporting				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Consolidated AFS for Provincial Departments and the Provincial Revenue Fund	Annually	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	N/A	Compile consolidated AFS for Provincial Departments and Revenue Fund	Tabling of consolidated AFS for 13/14 FY in Legislature	N/A
Consolidated AFS for Public Entities tabled in Legislature	Annually	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	N/A	Compile consolidated AFS for Public Entities	Tabling of consolidated AFS for 13/14 FY in Legislature	N/A
Annual Financial Statements for the Revenue Fund tabled in Legislature	Annually	Revenue Fund AFS tabled in Legislature for FY 13/14 by 30 November 2014	N/A	Compile Revenue Fund Annual Financial Statements	Table Revenue Fund Annual Financial Statements in Legislature	N/A
Provincial Audit Outcome Analysis for Municipalities, Departments and Public Entities	Annually	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2014	N/A	Summary of Audit Outcome Analysis for Provincial Departments and Public Entities	N/A	N/A
	Annually	Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2015	N/A	N/A	N/A	Summary of Audit Outcome Analysis for Municipalities
AFS Support and Training to Provincial Departments	Annually	1 AFS training workshop by 31 March 2014	N/A	N/A	N/A	1 AFS training Workshop
	Annually	Pre-audit review in 16 Departments by 31 May 2014	Pre-audit review in 16 Departments	N/A	N/A	N/A
Financial Management Monitoring Support to Public Entities	Annually	Pre-audit review in 12 public entities by 31 May 2014	Pre-audit review in 12 public entities	N/A	N/A	N/A
	Annually	1 AFS training workshop for 12 public entities by 31 March 2014	N/A	N/A	N/A	1 AFS training workshop for 12 public entities
Financial Management Monitoring Support to Municipalities	Annually	1 AFS training workshop for 58 municipalities by 30 June 2014	1 AFS training workshop for 58 municipalities	N/A	N/A	N/A
	Annually	Pre-audit assessment report in 15 municipalities by 30 August 2014	N/A	Pre-audit assessment report in 10 municipalities	N/A	N/A
	Quarterly	Progress reports on intensive on-site financial management support to 10 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 10 municipalities	Progress reports on intensive on-site financial management support to 10 municipalities	Progress reports on intensive on-site financial management support to 10 municipalities	Progress reports on intensive on-site financial management support to 10 municipalities

3.5 Sub-programme: Norms and Standards

Specified policies and priorities

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

The strategic objective is:

The strategic objective of Norms and Standards is to develop, facilitate implementation, and monitor compliance with financial norms and standards in provincial departments, municipalities and entities to enhance financial management.

Progress analysis

Gaps in the regulatory environment for KwaZulu-Natal municipalities, as they relate to the financial management sphere, are identified largely via continuous surveys conducted in municipalities. The remedial measures undertaken to address these deficiencies resulted in the successful provision of policy assistance and development in twelve municipalities which included Abaqulusi local, UMkhanyakude district, Mtubatuba local and Vulamehlo local municipalities. To facilitate a meaningful and fruitful development/review of policies, relevant personnel within the municipalities were extensively consulted and participated in the customisation of policies to better meet the operational requirements.

In pursuance of Presidential Outcome 12, the unit developed an MFMA System of Delegations template, in conjunction with National Treasury, to ensure that municipalities have a complete and adequate delegations framework in place for financial management. Ongoing assistance is being provided to municipalities in the customisation and finalisation of the adoption of the template by municipalities and its subsequent approval by the individual councils. In terms of the best management practice, financial delegations must be reviewed annually or each time there is a change in the municipal structure that will result in either the centralisation or decentralisation of functions. Assistance was provided to 20 municipalities during the review and assessment of their financial delegations as part of annual review exercise.

The unit reviewed 24 existing instruction notes as per the annually determined review schedule and implemented various amendments in line with the revised Treasury Regulations. All proposed amendments were consulted with Departments and proposals incorporated, where applicable, prior to implementation.

A compliance monitoring and evaluation exercise was undertaken to assess financial management compliance within provincial departments. Questionnaires were developed which departments were required to complete quarterly and provide reasons for non-compliance for assessment purposes. A compliance checklist was developed per questionnaire where documentary evidence was requested to support the responses indicated in the questionnaires. The completed questionnaires were analysed in terms of financial implications and consequences and compliance assessment reports issued which detailed compliance achievements and provided recommendations to address identified weaknesses or non-compliance that were achievable and implementable within reasonable timeframes. Additional guidelines were provided for incorporation within the working environment, where applicable, to strengthen existing internal control measures and enhance financial management and control. Follow-ups were conducted to address any outstanding compliance matters.

The unit facilitated the implementation of the new upgraded diagnostic compliance tool, Financial Management Capability Maturity Model (FMCMM) and identified two departments as part of the pilot project prior to the nationwide roll-out of the financial model. Suggestions and recommendations were put forward to National Treasury to address the various challenges experienced during the pilot phase to ensure the seamless implementation of the model and to ensure the achievement of the desired outcomes of financial management reform.

The provincial departments were assisted where required, to complete the model and to develop action plans or interventions to remedy identified financial management weaknesses or regulatory gaps.

Analysis of constraints and measures planned to overcome them

The nature of the operational environment that the unit finds itself in, with specific reference to ad hoc work and projects from an MFMA perspective, threatens to impact on the unit's ability to execute tasks in a timely and satisfactory manner. The unit will continue to utilise the services of a panel of service providers to augment its capacity requirements on an as and when required basis, whilst implementing further training initiatives to develop staff to fulfill its potential and meet current and future skills requirements.

Description of planned quality improvement measures

On-the job-training initiatives for staff will be implemented in order to improve on services rendered in line with the unit's customer-focused approach. Although structured and formal training will continue to be provided as per individuals' IDPs, it has been established that on-the job-training must take priority as it is directly relevant to the work and will instill a mentoring and coaching mentality in the unit that augers well for the development of all staff.

Strategic objective annual targets: 2015/16

Sub-programmes: 3.5		Norms and Standards						
Strategic objective	Performance Indicator	Audited/Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Develop, review and facilitate the implementation of financial norms and standards in departments, municipalities and the respective entities	No. of policies and instruction notes developed and reviewed for departments, municipalities and their respective entities	22 practice notes reviewed for provincial departments, 10 policies reviewed and 7 developed for municipalities.	14 practice notes reviewed for provincial departments, 22 finance-related policies for municipalities and 4 policies and 6 procedures for 2 entities.	27 Instruction notes reviewed and 1 policy developed for departments/19 policies developed and 31 reviewed for municipalities	48 instruction notes and policies developed and/or reviewed based on needs analysis	48 instruction notes and policies developed and/or reviewed based on needs analysis	48 instruction notes and policies developed and/or reviewed based on needs analysis	48 instruction notes and policies developed and/or reviewed based on needs analysis
Compliance, monitoring and evaluation of financial norms and standards	No. of departments assessed and monitored	New	New	All departments assessed and monitored as per Units Annual Plan, except for quarter1	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored

Programme performance indicators and annual targets: 2015/16

Sub-programme: 3.5		Norms and standards					
Performance indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
No. of instruction notes/policies developed and reviewed for departments, municipalities and their respective entities.	22 practice notes reviewed for provincial departments, 10 policies reviewed and 7 developed for municipalities.	14 practice notes reviewed for provincial departments and 22 finance-related policies for municipalities and 4 policies and 6 procedures for 2 entities.	27 Instruction notes reviewed and 1 policy developed for departments/19 policies developed and 31 reviewed for municipalities	48 instruction notes and policies developed and/or reviewed based on needs analysis	48 instruction notes and policies developed and/or reviewed based on needs analysis	48 instruction notes and policies developed and/or reviewed based on needs analysis	48 instruction notes and policies developed and/or reviewed based on needs analysis
No. of departments assessed and monitored	New	New	All departments assessed and monitored as per Units Annual Plan, except for quarter1	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored

Quarterly targets: 2015/16

Sub-programme: 3.5		Norms and Standards				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of instruction notes/policies developed and reviewed for departments, municipalities and their respective entities.	Quarterly	48 instruction notes and policies developed and reviewed	6 instruction notes and 6 policies reviewed	6 instruction notes and 6 policies reviewed	6 instruction notes and 6 policies reviewed	6 instruction notes and 6 policies reviewed
No. of departments assessed and monitored	Quarterly	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored

3.6 Sub-programme: Supporting and Inter-Linked 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 and provide internal IT services to the KZN Treasury.

The strategic objective is:

To align ICT initiatives with the strategic direction of the department through the provision of IT support, training of users and the acquisition and development of relevant information system solutions as an enabler of business processes.

Progress analysis

The department undertook to automate specific business processes with aim of improving staff efficiencies and performance. The management of leave was automated and successfully implemented across the department. The recruitment process is currently being automated to streamline the process of appointing officials in the department.

The department has embarked on a project to implement Records Management and Enterprise Content Management. The project is 67% complete. There have been operational and technical challenges that resulted in the extension to the completion date. The project is expected to be completed by the end of this financial year.

The Biometric Access Control System (BACS) Infrastructure requires a hardware upgrade due to ageing equipment and kit being out of warranty. This has negatively impacted the releasing of future software updates. A project to upgrade the BACS infrastructure has been initiated. The hardware upgrade should be completed by the end of this financial year.

Analysis of constraints and measures planned to overcome them

The technical skills required to support new applications within the department are inadequate. A programme to ensure the transfer of skills from external specialist to internal staff has been put in place. Formal training as part of the Personal Development Plan will also be utilized. Lack of key skills at SITA and SITA procurement delays have hampered service delivery.

Description of planned quality improvement measures

The project to adopt and implement the provisions of the Corporate Governance of ICT Policy Framework will be fully implemented. The ICT strategy will be reviewed to ensure alignment to business requirements. The department will also continue to engage with SITA through formal meetings and informal communication in order to effectively monitor and manage SITA's performance.

Strategic objective annual targets: 2015/16

Sub-programme: 3.6		Supporting and Interlinked Financial Systems						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Develop and Implement Systems	Number of initiatives implemented	New	New	New	2	2	2	2
Develop, review, implement and monitor dept. supporting information technology enabler policies & procedures	No. of policy reviews completed	5	6	5	4	4	4	4
	No. of compliance reports completed	14	11	12	12	12	12	12
	No. of information sessions conducted	12	6	9	4	4	4	4
To ensure business continuity through the management of the IT network infrastructure, desktop and LAN support and network security	Mean Time to Resolve - Treasury	1hr 4min	55 min per quarter	48 min	8 hr MTTR	8 hr MTTR	8 hr MTTR	8 hr MTTR
	Percentage network Uptime	99%	99% per quarter	99%	99%	99%	99%	99%
Provide technical support for transversal systems	Mean Time to Resolve – Transversal Systems	6hrs3min	1hr53min	2hrs23min	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR

Programme performance indicators and annual targets: 2015/16

Sub-programme: 3.6		Supporting and Interlinked Financial Systems						
Performance indicators		Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
No. of initiatives implemented		New	New	New	2	2	2	2
No. of policy reviews completed		5	6	5	4	4	4	4
No. of compliance reports completed		14	11	12	12	12	12	12
No. of information sessions conducted		12	6	9	4	4	4	4
Mean time to resolve (MTTR) -Treasury		1hr 4min	55 min per quarter	48 min	8 hr MTTR	8 hr MTTR	8 hr MTTR	8 hr MTTR
Percentage network uptime		99%	99% per quarter	99%	99%	99%	99%	99%
Mean time to resolve (transversal systems)		6hrs3min	1hr53min	2hrs23min	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR

Quarterly targets: 2015/16

Sub-programme: 3.6		Supporting and Interlinked Financial Systems				
Programme performance Indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of initiatives implemented	Bi-Annually	2		1		1
No. of policy reviews completed	Quarterly	4	1	1	1	1
No. of compliance reports completed	Quarterly	12	3	3	3	3
No. of information sessions conducted	Quarterly	4	1	1	1	1
Mean time to resolve (MTTR)-Treasury	Quarterly	8 hr MTTR	8 hr MTTR	8 hr MTTR	8 hr MTTR	8 hr MTTR
Percentage network uptime	Quarterly	99%	99%	99%	99%	99%
Mean time to resolve (transversal systems)	Quarterly	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR

3.7 Sub-programme: Gaming and Betting

Specified policies and priorities

The purpose of this Unit is to provide professional line function and policy support to the MEC responsible for gaming and betting with respect to all matters related to gaming and betting, through

monitoring of the gaming and betting industry and through monitoring of the public entity created to regulate the gaming and betting industry.

Priorities

- Ensure that all gambling authorized under the KZN Gaming and Betting Act, no. 08 of 2010 and KwaZulu-Natal Gaming and Betting Tax Act, 09 of 2010 is conducted in a manner which promotes the integrity of the gaming and betting industry and does not cause harm to the public interest;
- Ensure that all gaming and betting authorized under the Act promotes the Province's objectives; related to economic development, Provincial Growth and development Strategy and the National Development Plan.

The strategic objective is:

Enhance the Gaming and Betting Regulatory environment in KwaZulu-Natal.

Progress analysis

The KwaZulu-Natal Gaming and Betting Act, was promulgated in December 2010 and became effective from 1 April 2011. This Act has repealed and replaced The KwaZulu-Natal Gambling Act, 1996 and the Regulation of Racing and Betting Ordinance 1957. Full implementation of the KwaZulu-Natal Gaming and Betting, Act of 2014. The provision of professional line function and policy support to the MEC with respect to all matters related to gambling is ongoing.

Analysis of constraints and measures planned to overcome them

Profound consultation of stakeholders when amending the legislation causes the amendment exercise to be lengthy constant buy in of all stakeholders will receive priority.

Description of planned quality improvement measures

Quarterly meeting with gambling industries and major stakeholders with a view to promote an understanding of the dynamics between the national sumptuary model for gambling and the provincial policy need a buy-in from the KwaZulu-Natal Gaming and Betting Board is needed to transform the Industry.

Strategic objective annual targets: 2015/16

Sub-programme: 3.7		Gaming and Betting						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Enhance the Gaming and Betting Regulatory environment in KwaZulu-Natal	Amended KZN Gaming and Betting legislation	KwaZulu-Natal Gaming & Betting Act, 2010 and the KwaZulu-Natal Gaming & Betting Tax Act, 2010, promulgated on 1/4/2011.	KwaZulu-Natal Gaming & Betting Regulations, 2012 promulgated 14/6/2012.	The KwaZulu-Natal Gaming & Betting Amendment Bill, 2013 presented to Cabinet 7/08/2013.	The KwaZulu-Natal Gaming & Betting Amendment Bill, 2014 to be presented to Cabinet Publication of legislation in Provincial Gazette.	Implementation Of the 2014 Act and Amendment of Regulations	Implementation Of the 2014 Act and Implementation of Regulations	Review Of the 2014 Act and Regulations
	Appointment of the new KZN Gaming and Betting Board	The KwaZulu-Natal Gaming & Betting Board was appointed on 13/1/2012.	One vacant post filled	Board Operational	Nomination process for new Board in terms of the Act.	New KZN Gaming and Betting Board Appointed	New Board Operational , filling of vacant posts within six months	Filling of vacant posts within six months Appointment of new board
	Number of Quarterly Regulatory reports on service delivery, governance and	N/A	N/A	New	Analyse and report on quarterly reports	Analyse and report on quarterly reports	Analyse and report on quarterly reports received from	Analyse and report on quarterly reports received from

	compliance matters of Gaming Board Activities				received from the Board	received from the Board	the Board	the Board
	Collected Revenue	R396 074 933	R447 784 516	R453 682 000	R572 704 000	R600 313 000	R668 126 000	R841 079 000

Programme performance indicators and annual targets: 2015/16

Sub-programme: 3.7	Gaming and Betting						
Performance indicators	Audited / Actual performance			Estimated performance	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Amended KZN Gaming and Betting legislation	KwaZulu-Natal Gaming & Betting Act, 2010 and the KwaZulu-Natal Gaming & Betting Tax Act, 2010, promulgated on 1/4/2011.	KwaZulu-Natal Gaming & Betting Regulations, 2012 promulgated 14/6/2012.	The KwaZulu-Natal Gaming & Betting Amendment Bill, 2013 presented to Cabinet 7/08/2013.	The KwaZulu-Natal Gaming & Betting Amendment Bill, 2014 to be presented to Cabinet Publication of legislation in Provincial Gazette.	Implementation Of the 2014 Act and Amendment of Regulations	Implementation Of the Act and Implementation of Regulations	Review Of the 2014 Act and Regulations
Appointment of the new KZN Gaming and Betting Board	The KwaZulu-Natal Gaming & Betting Board was appointed on 13/1/2012.	One vacant post filled	Board Operational	Nomination process for new Board in terms of the Act.	New KZN Gaming and Betting Board Appointed	New Board Operational	Filling of vacant posts within six months Appointment of new board
Number of Quarterly Regulatory reports on service delivery, governance and compliance matters of Gaming Board Activities	N/A	N/A	New	Number of quarterly reports from the Board analysed and reported on	Number of quarterly reports from the Board analysed and reported on	Number of quarterly reports from the Board analysed and reported on	Number of quarterly reports from the Board analysed and reported on
Collected Revenue	R396 074933	R447 784516	R453 682 000	R572 704 000	R600 313 000	R668 126 000	R841 079 000

Quarterly targets: 2015/16

Sub-programme: 3.7		Gaming and Betting				
Programme performance Indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Implementation of KZN Gaming and Betting legislation	Quarterly	Implementation Of the 2014 Act and Amendment of Regulations	Implementation Of the 2014 Act	Implementation Of the 2014 Act	Implementation Of the 2014 Act	Implementation Of the 2014 Act
New KZN Gaming and Betting Board appointed	Three year term	New KZN Gaming and Betting Board Appointed	New KZN Gaming and Betting Board operational	New KZN Gaming and Betting Board operational	New KZN Gaming and Betting Board operational	New KZN Gaming and Betting Board operational
Number of Quarterly Regulatory reports on service delivery, governance and compliance matters of Gaming Board Activities	Quarterly	Analyse and report on quarterly reports received from the Board	Analyse and report on quarterly reports received from the Board	Analyse and report on quarterly reports received from the Board	Analyse and report on quarterly reports received from the Board	Analyse and report on quarterly reports received from the Board
Collected Revenue	Quarterly	R 600 313 000	R144 500 000	R160 300 000	R 155 500 000	R140 013 000

3.8 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1. Financial Assets and Liability Management	15 261	14 587	15 318	27 255	16 455	13 207	30 435	32 048	33 650
2. Public, Private Partnerships	3 021	3 251	5 238	7 592	6 592	5 955	7 871	8 288	8 703
3. Supply Chain Management	27 862	41 667	43 333	70 614	65 314	62 343	64 341	64 562	56 765
4. Financial Reporting	12 617	31 731	54 840	52 022	64 022	61 192	42 270	44 061	37 339
5. Norms and Standards	3 857	3 543	3 776	5 327	4 327	4 101	5 668	5 968	6 266
6. Support and Interlinked Financial Systems	102 176	117 315	118 482	127 853	129 853	117 584	131 642	138 619	145 550
7. Gaming and Betting	20 880	39 393	45 907	44 132	44 132	42 913	37 551	39 490	41 465
Total	185 674	251 487	286 894	334 795	330 695	307 295	319 778	333 036	329 738

Summary of payments and estimates by economic classification: Financial Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Current payments	166 021	211 393	241 243	287 219	282 919	260 624	283 500	297 294	292 208
Compensation of employees	37 496	45 638	52 500	60 114	59 214	55 878	66 980	69 393	72 862
Goods and services	127 519	165 755	188 743	219 337	222 737	203 778	206 288	217 127	208 033
Interest and rent on land	1 006	-	-	7 768	968	968	10 232	10 774	11 313
Transfers and subsidies to:	18 026	36 337	42 374	39 976	40 176	40 072	33 865	35 055	36 808
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	17 337	35 775	41 881	39 276	39 276	39 276	32 532	34 255	35 968
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	689	562	493	700	900	796	1 333	800	840
Payments for capital assets	1 536	3 757	3 085	7 600	7 600	6 599	2 413	687	722
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 011	3 363	3 085	7 600	7 600	6 599	2 413	687	722
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	525	394	-	-	-	-	-	-	-
Payments for financial assets	91	-	192	-	-	-	-	-	-
Total	185 674	251 487	286 894	334 795	330 695	307 295	319 778	333 036	329 738

4. PROGRAMME 4: INTERNAL AUDIT

4.1:	Sub-programme:	Assurance Services
4.2.1	Sub-programme:	Risk Management
4.2.2	Sub-programme:	Forensic Services

4.1 Sub-programme: Assurance Services

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 (ISPPIA) and the principles in the King Report on Governance. Its scope is comprehensively defined in Chapter 3 of Treasury Regulations. These services are further legislated through the Provincial Internal Audit Act, No. 2 of 2001, the Provincial Internal Audit Charter and the Provincial Audit & Risk Committee Charter.

The strategic objectives 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 service.
- Enhance capacity within and outside the unit.

Progress analysis

Assurance Services as sub-programme of PIAS continued to provide the effective audit service to its client base of 15 provincial departments and 8 public entities. The audit activities and services were driven through the development of Annual Operational Plans and 3 year Strategic Risk based internal audit plans in consultation with Accounting Officers to ensure the focus areas identified for audit were value adding to the business of our clients. In addition to this, input to these plans was also sought from the Auditor General through discussions. To this end, the appointment of new members to the Provincial Audit and Risk Committee (PARC) had not been fully implemented for entire year of 2014/15. The Annual Internal Audit Operational Plans had been agreed upon between the Departments and PIAS and audit activities were implemented in terms of these plans. The Unit has continued to implement the specialized audits, namely performance audits and Information Technology audits. The performance audits continued to focus on core service delivery functions of the Departments. In addition, transversal focus areas of significant risk to all Departments were also reviewed through the value for money audits. With regards to Information Technology Audits, the Unit continued to focus on IT Governance issues through the transversal review of IT Strategies to majority of the Departments and Value IT reviews to a selected Departments wherein this risk was deemed significant. The Unit also channeled its resources in the area of Financial Audits wherein the Unit reviewed the Interim Financial Statements to provide management with some assurance on the financial statement preparation processes.

The Unit also had to respond to reviews that were more of a consulting nature wherein specialized skills were required to meet the Clients expectations. The review of the Patient Referral System at the Department of Health was such a review wherein a normal system/process audit assignment evolved into a consulting activity that necessitated the Unit to engage experts in the Health Sector. Feedback on this project from the management team of the Department has been positive. The Unit had also revised its strategy and approach in reviewing the activities in the two bigger Departments, namely Health and

Education, with a conscious effort to improve the impact of the audit efforts. This move had necessitated a need to revisit and augment our resource base for these two Departments and to this end significant progress has been made in implementing the District Based Audits at the Department of Education and the Hospital Based Audits at the Department of Health.

Training of staff had remained critical contributing factor in the Units' strategy to continuously improve the quality of services to our clients. As a result the Unit has continued to implement the IAT Learnership Programme as mechanism to augment the internal staff resources constraints. In addition, the Unit has also participated in the Departmental internship programme wherein a significant number of unemployed graduates had been recruited for a period of a year. The Unit also participated in the programme to provide unemployed Chartered Accountants with experience in Public Sector/ Government financial management and this strategy is assisting the Unit to build a solid internal capacity around Financial Audits. An internal and external training workshop has been provided to the internal staff to continuously improve their skills in different areas of audit.

Analysis of constraints and measures planned to overcome them

The Assurance Component continued to be challenged with the implementation of the audit plans with its limited resources. The shortage was more prominent in the specialized audit services wherein the internal capacity in respect to human resources is inadequate to deliver on the volume of work required planned. In addition to this, the external capacity that was sought to augment the internal teams did not match the required skills to deliver on the planned audits. The areas significantly affected by this phenomenon were the performance audits. Consequently this situation continues to impact in the completion of these audits. We have since embarked on a process to appoint contract workers for a longer period to limit the use of consultants and address the shortcomings experienced with external service providers.

The slow and/or lack of responses by certain clients to internal audit reports continues to be a hindrance and adversely affects the achievement of the Units service delivery targets. In addition, the delays in providing the requested documentation to execute audits as planned as well providing management action plans to the issues raised in the audit reports impedes the effectiveness and value-add of the Unit. Consequently, these delays hinders managements' ability to take meaningful action to address the risk exposures to the Departments and the audit outcomes of the Auditor General will be reflective of managements' attitude towards audit reviews and risk management efforts in general.

The measures have been planned to address these constraints:

The Unit will continue to use co-sourced services to augment the resource constraints. The use of consultants in specialized audits will be limited to lower level staff for execution phase of the projects and the increased number of learners to participate in the IAT Learnership will be implemented as a mechanism to build sustainable capacity in this area. This strategy will also benefit the increase in the size of audit teams for the bigger Departments.

- Revision of the PIAS structure with a view of increasing the internal capacity to limit the usage of consultants.
- The current components focusing on financial reporting and key financial controls will continue to be expanded and capacitated to assist departments mitigate risks within these areas.
- The Unit will continue to utilize the Cluster Audit & Risk Committees (CARCs) as a platform to strengthen the relationships with the Client Departments and enhance accountability by the Accounting Officers on audit issues.

- The Unit and the CARCs will continuously monitor the implementation of management action plans on both Internal Audit and AG Findings through the regular CARC meetings.
- Attendance of audit steering committee meetings with Departments and Auditor General by the members of PARC and the Unit will continue to be used to continue to support the Departments to improve audit outcomes.
- The Unit will continue to attend strategic planning sessions, MTEC hearings and MANCO meetings of Departments to better understand the environments of our clients and to be accessible to provide advice on pertinent issues facing the Departments.
- The Unit will build relationships with Units in Treasury which provide assurance on similar issues that Internal Audit is providing to the Departments in order to better coordinate efforts and minimize duplication. This strategy will assist and create a conducive environment to share knowledge on areas of risks facing our clients.

Description of planned quality improvement measures

The Assurance Services component continues to implement its Quality Assurance Improvement Programme (QAIP) which is reviewed continuously to ensure a more focused position on quality excellence. The aim of QAIP is to improve on our service offering to our clients and is a requirement of the ISSPIA. The QAIP includes the following:

- Effectiveness of the Internal Audit Function.
- Peer reviews of internal audit projects.
- Independent External Quality Assurance Reviews.
- An assessment of the effectiveness of the PARC.
- An assessment of the effectiveness of the functioning of the Provincial Internal Audit Services (PIAS).

Professional Skills Development

The following interventions have been initiated and continue to be implemented to enhance staff skills and development which impacts on the quality of internal audit services rendered:

- IAT Programme.
- Participation in the Internship Programme.
- Participation in the programme to provide government related financial management training to previously unemployed Chartered Accountants.
- Development of the more focused PIAS annual training plan to address staff training needs.
- Quarterly internal technical training workshops.

Strategic objective annual targets: 2015/16

Sub-programme: 4.1		Assurance Services						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
An efficient, effective and economical assurance service	Internal Audit operational plan and a rolling three-year strategic plan	20	16	23	23	23	23	23
	Annual Audit & Risk Committee report on clients' areas of risk management, governance and internal control submitted to MEC: Finance	New	1	1	1	1	1	1
	Internal Audit risk based and follow up audits conducted, including financial, IT, performance and governance audits	179	135	225	160	160	160	160
	Audits on predetermined objectives	21	20	21	23	25	25	25
Build & maintain client relationships	Cluster Audit & Risk Committee meetings with clients	63	60	78	64	96	96	96

Enhance capacity within and outside the unit	Training and development programme	11	13	15	16	16	16	16
	Internal and/ independent external QAR report	1	4	1	2	2	2	2

Programme performance indicators and annual targets: 2015/16

Sub-programme: 4.1		Assurance Services					
Performance indicators	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
No. of IA Annual operational plans and a rolling three year strategic plan developed and approved	20	16	23	23	23	23	23
Annual Audit & Risk Committee report on clients' areas of risk management, governance and internal control submitted to MEC: Finance	New	1	1	1	1	1	1
No. of risk based audit reports including follow up audit reports and reports on financial, IT, performance and governance audits.	179	135	225	160	160	160	160
No. of audit reports on predetermined objectives.	21	20	21	23	25	25	25
No. of meetings held between clients and the Cluster Audit & Risk Committee	63	60	78	64	96	96	96
No. of training and development programmes attended	11	13	15	16	16	16	16
No. of internal and/ independent external quality assurance reviews conducted	1	4	1	2	2	2	2

Quarterly targets: 2015/16

Sub-programme: 4.1		Assurance Services				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of IA Annual operational plans and a rolling three year strategic plan developed and approved	Annually	23	23	N/A	N/A	N/A
Annual Audit & Risk Committee report on clients' areas of risk management, governance and internal control submitted to MEC: Finance	Annually	1	N/A	1	N/A	N/A
No. of risk based audit reports including follow up audit reports and reports on financial, IT, performance and governance audits.	Quarterly	160	23	40	40	57
No. of audit reports on predetermined objectives.	Annual	25	N/A	2	13	10
No. of meetings held between clients, the Cluster Audit & Risk Committee (CARC) and Provincial Audit and Risk Committee (PARC)	Quarterly	96	32	32	16	16
No. of training and development programmes attended	Quarterly	16	4	4	4	4
No. of internal and/ independent external quality assurance reviews conducted	Half-yearly	2	N/A	1	1	N/A

4.2.1 Sub-programme: Risk Management

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. In this regard, these institutions are still expecting to be 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.

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.

Progress analysis

The achievements of Risk and Advisory Services are as follows:

- As part of continued promoting of good governance the team embarked on ensuring that department's set-up internal risk committees, which was identified during the gap analysis review. The role of the internal risk committees was to provide the department with oversight and interventions into assuring that internal controls are strengthened and that emerging risks are being addressed. The team conducted training to risk committee members and other invited officials of all 15 departments during this financial year;
- The team has also been monitoring and reporting on progress made in the implementation of agreed-upon risk mitigation plans. 60 risk follow-up reports have been tabled to the various Cluster Audit and Risk Committees – i.e. the oversight structures that hold departments accountable for, among other things, the implementation of agreed-upon risk mitigation plans;
- The team also supported 6 public entities and 46 municipalities, and municipal entities with risk assessments including IT risk assessments during 2013/14;
- With regard to Operation Clean Audit, the unit continued with the roll-out of the Municipalities' Enterprise Risk Management Framework, and during the 13/14 financial year, the unit assessed 34 municipalities to test compliance with this framework;
- A performance evaluation of the internal audit units and audit committees was carried out to all delegated municipalities to understand the challenges faced by municipalities and also to develop intervention plans to address identified challenges. This is also in line with the spirit of Operation Clean Audit;
- 6 municipalities have been assisted with specialised audits like IT audit of the general controls, supply chain management and performance management audit. Furthermore, some municipalities have been provided with support of supervising the internal audit units while assisting them to appoint their own internal audit personnel;and
- The team has successfully assisted the Ugu district to establish the internal audit forum for all the internal audit personnel. The district has seven (7) municipalities including the district municipality. The purpose of the forum is to share and impart knowledge amongst the internal auditors of the district. These forums will be established in other districts across the province as well.

Analysis of constraints and measures planned to overcome them

We have been supporting the various institutions over the past 7 years. As part of the initiatives undertaken in order to assist these institutions in various aspects of risk management, we still find ourselves with the following constraints viz:

- There are still low levels of risk management maturity;
- There are indications of the lack of willingness by these institutions to take their risk management responsibilities seriously;
- Capacity in terms of skills and human resources;and

- Culture of dependency and entitlement by these institutions;

In order to try and alleviate the above, the unit has/will:

- Begun with the process of handing-over of risk registers/profiles to the provincial departments. Most of the provincial departments have already appointed risk managers who will assist their respective departments with future maintenance of these risk registers/profiles;
- Focus our initiatives on assisting these institutions to build capacity to deal with issues of risk management and internal audit. This can be done through assisting these institutions with the development and roll-out of relevant risk management policies and procedures;
- Continuously monitor and measure the sustainability of the interventions that are making in these institutions;and
- Enforce the MFMA and the PFMA to ensure that accounting officers take full responsibility of their risk management responsibilities;

Description of planned quality improvement measures

Some of the areas that we will be focusing on are:

- Capacitating 50% of the provincial departments to produce/develop risk registers on their own;
- Capacitating 30% of the municipalities and public entities to produce/develop risk registers on their own;
- Assist 100% of provincial departments; 50% of public entities and 30% of municipalities to comply with Occupational and Health Safety legislation. The assistance in this regard will include checking extent of compliance with this legislation, conducting OHS risk assessments; and assisting these institutions to develop best practice programmes to comply with this legislation;
- Assist 100% of provincial departments, 100 of public entities, and 30 of municipalities to comply with the DPSA IT Governance framework, including Business Continuity. This exercise will involve performing gap analysis to assess the extent to which these institutions comply with the framework, and to assist them to close the gaps to ensure full compliance;
- To assist municipalities with their internal audit requirements, the unit will be providing a centralised internal audit programme to assist selected municipalities with complex internal audit projects;and
- The unit will also continue to evaluate and monitor the internal audit activities of municipalities, and work selected municipalities to comply with the quality requirements of the Institute of Internal Auditors.

Strategic objective annual targets: 2015/16

Sub-programme: 4.2.1		Risk Management						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
An efficient, effective and economical assurance service	Risk Registers updated for provincial departments, municipalities and public entities.	68	53	76	60	60	60	70
	Risk policies, procedures and structures established for provincial departments, municipalities and public entities, and compliance with these monitored on a quarterly basis.	New	New	New	New	30	30	30
	Occupational Health and Safety programmes established and rolled out to provincial departments, municipalities, and public entities.	New	New	New	New	30	30	30
	Governance Frameworks developed and rolled-out to provincial departments and public entities.	New	New	New	New	20	5	5

DPSA compliant IT Governance Framework, including BCP, developed and rolled-out to provincial departments, municipalities, and public entities.	New	New	New	New	40	40	40
Complex internal audit services/reviews provided to municipalities and municipal entities.	New	New	New	New	15	15	15
Internal audit practices of municipalities and municipal entities conforming to the requirements of the institute of internal auditors.	New	New	New	New	10	15	20
Risk and governance-related conferences/forums held for provincial departments, municipalities, and public entities.	4	4	4	4	5	5	5
Best risk management/governance guidelines/transversal risk policies produced by the unit.	New	New	New	New	3	3	4
Risk Management Information System developed and rolled-out to provincial departments, municipalities, and public entities.	New	New	New	New	10	20	40
Review and development of fraud prevention strategies for provincial departments, municipalities, and public entities.	New	New	20	15	40	60	70
Risk/governance –related training/awareness per provincial department, municipality, and public entity.	10	21	29	10	30	30	30

Programme performance indicators and annual targets: 2015/16

Sub-programme: 4.2.1	Risk Management						
	Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
	2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
Risk Registers updated for provincial departments, municipalities and public entities.	53	44	76	60	60	60	70
Risk policies, procedures and structures established for provincial departments, municipalities and public entities, and compliance with these monitored on a quarterly basis.	New	New	New	New	30	30	30
Occupational Health and Safety programmes established and rolled out to provincial departments, municipalities, and public entities.	New	New	New	New	30	30	30
Governance Frameworks developed and rolled-out to provincial departments and public entities.	New	New	New	New	20	5	5
DPSA compliant IT Governance Framework, including BCP, developed and rolled-out to provincial departments, municipalities, and public entities.	New	New	New	New	40	40	40
Complex internal audit services/reviews provided to municipalities and municipal entities.	New	New	New	New	15	15	15
Internal audit practices of municipalities and municipal entities conforming to the requirements of the institute of internal auditors.	New	New	New	New	10	15	20
Risk and governance-related conferences/forums held for provincial departments, municipalities, and public entities.	4	4	3	4	5	5	5
Best risk management/governance guidelines/transversal risk policies produced by the unit.	New	New	New	New	3	3	4
Risk Management Information System developed and rolled-out to provincial departments, municipalities, and public entities.	New	New	New	New	10	20	40
Review and development of fraud prevention strategies for provincial departments, municipalities, and public entities.	New	New	20	15	40	60	70
Risk/governance –related training/awareness per provincial department, municipality, and public entity.	10	21	29	10	30	30	30

Quarterly targets: 2015/16

Sub-programme: 4.2.1		Risk Management				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Risk Registers updated for provincial departments, municipalities and public entities.	Quarterly	60	15	15	15	15
Risk policies, procedures and structures established for provincial departments, municipalities and public entities, and compliance with these monitored on a quarterly basis.	Quarterly	30	5	10	10	5
Occupational Health and Safety programmes established and rolled out to provincial departments, municipalities, and public entities.	Quarterly	30	5	10	10	5
Governance Frameworks developed and rolled-out to provincial departments and public entities.	Quarterly	20	5	5	5	5
DPSA compliant IT Governance Framework, including BCP, developed and rolled-out to provincial departments, municipalities, and public entities.	Quarterly	40	10	10	10	10
Complex internal audit services/reviews provided to municipalities and municipal entities.	Quarterly	15	N/A	5	5	5
Internal audit practices/policies of municipalities and municipal entities conforming to the requirements of the institute of internal auditors.	Quarterly	10	N/A	5	0	5
Risk and governance-related conferences/forums held for provincial departments, municipalities, and public entities.	Quarterly	5	1	1	1	2
Best risk management/governance guidelines/transversal risk policies produced by the unit.	Quarterly	3	N/A	1	1	1
Risk Management Information System developed and rolled-out to provincial departments, municipalities, and public entities.	Quarterly	10	2	2	4	2
Review and development of fraud prevention strategies for provincial departments, municipalities, and public entities.	Quarterly	40	10	10	10	10
Training/raising awareness on governance and risk management	Quarterly	30	5	10	10	5

4.2.2 Sub-programme: Forensic Services

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.

The strategic objective is:

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

Analysis of constraints and measures planned to overcome them

The following represent some of the key challenges being faced by the unit with regard to forensic investigations:

- Limited funding and resources for forensic investigations.

- Inadequate co-ordination with other law enforcement agencies in successfully prosecuting some of our cases.
- Provincial departments not providing us with information on cases that have not been referred to us. The Provincial Audit and Risk Committee has instructed provincial departments to share their forensic investigation reports with the committee and the Unit.

Description of planned quality improvement measures

To improve on our challenges, the unit is undertaking the following:

- The Forensic Investigation Division is currently being restructured to accommodate for the hire of a General Manager and further two Managers to be placed in the division. It is envisaged that the Forensic Investigation Division will be a standalone division. There is a three-year plan to hire further resources within the division so that the division becomes a fully-fledged, efficient and functional.
- Meetings are held, and will continue to be held with law enforcement agencies and relationships have been forged and will be maintained to ensure co-operation.
- Fraud Case Management System to be developed and rolled-out to all provincial institutions, and then upload and update the case management system with all forensics investigations conducted by the provincial administration.

Strategic objective annual targets: 2015/16

Sub-programme: 4.2.2		Forensic Audit						
Strategic objective	Performance Indicator	Audited / Actual Performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To promote a culture of zero tolerance for fraud and corruption	No. of Forensic Audits performed and investigations as per clients requests and referrals from the Assurance team	38	20	25	25	35	35	40
	Updated register of forensic investigations – MEC Report	New	New	4	4	4	4	4
	Number of follow ups on completed investigations per institution	29	22	34	16	100	100	100
	Development and roll-out of Fraud Case Management System	New	New	New	New	1	N/A	N/A
	Update the Fraud Case Management System with forensic investigations per provincial department.	New	New	New	New	15	15	15

Programme performance indicators and annual targets: 2015/16

Sub-programme: 4.2.2		Forensic Audit						
Performance indicator		Audited / Actual performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
No. of Forensic Audits performed and investigations as per clients requests and referrals from the Assurance team		20	20	25	25	35	35	40
Updated register of forensic investigations – MEC Report		New	New	4	4	4	4	4
Number of follow ups on completed investigations per institution		22	22	34	16	100	100	100
Development and roll-out of Fraud Case Management System		New	New	New	New	1	N/A	N/A
Update the Fraud Case Management System with forensic investigations per provincial department.		New	New	New	New	15	15	15

Quarterly targets: 2015/16

Sub-programme: 4.2.2	Forensic Audit					
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of Forensic Audits performed and investigations as per clients requests and referrals from the Assurance team	Quarterly	35	7	10	10	8
Updated register of forensic investigations – MEC Report	Quarterly	4	1	1	1	1
Number of follow ups on completed investigations per institution	Quarterly	100	25	25	25	25
Development and roll-out of Fraud Case Management System	Annually	1	1	N/A	N/A	N/A
Update the Fraud Case Management System with forensic investigations per provincial department	Quarterly	15	0	5	5	5

4.3 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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1. Assurance Services	40 738	54 050	59 033	69 885	67 885	70 008	69 989	65 275	68 539
2. Risk Management	34 431	39 104	48 330	59 864	57 864	55 901	61 569	56 408	59 228
Total	75 169	93 154	107 363	129 749	125 749	125 909	131 558	121 683	127 767

Summary of payments and estimates by economic classification: Internal Audit

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Current payments	74 671	92 760	106 710	128 939	124 939	125 282	130 628	120 683	126 716
Compensation of employees	35 167	46 283	49 329	63 037	59 037	55 097	65 279	71 173	74 731
Goods and services	39 504	46 477	57 381	65 902	65 902	70 185	65 349	49 510	51 985
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	-	29	121	-	-	160	50	50	53
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	29	121	-	-	160	50	50	53
Payments for capital assets	485	352	531	810	810	467	880	950	998
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	485	352	531	810	810	467	880	950	998
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	13	13	1	-	-	-	-	-	-
Total	75 169	93 154	107 363	129 749	125 749	125 909	131 558	121 683	127 767

5. PROGRAMME 5: GROWTH AND DEVELOPMENT

5.1 Other Developmental Initiatives

The strategic objective is:

To mainly provide for special infrastructure projects and strategic cabinet initiatives as approved by a special sub-committee. The majority of these funds are transferred during the year to the responsible department through the Adjustment Estimates. The only measurable objective is budget communication.

Strategic objective annual targets: 2015/16

Sub-programme: 5.1		Other Developmental Initiatives						
Strategic objective	Performance Indicator	Audited / Actual Performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
To provide for specific departmental approved events and initiatives not catered for in any other programme that will provide development for the province.	No. of events coordinated successfully (Budget Communication)	21	9	21	5	5	5	5

Programme performance indicators and annual targets: 2015/16

Sub-programme: 5.1		Other Developmental Initiatives						
Performance indicators		Audited / Actual Performance			Estimated performance 2014/15	Medium-term targets		
		2011/12	2012/13	2013/14		2015/16	2016/17	2017/18
No. of events coordinated successfully (Budget Communication)		21	9	21	5	5	5	5

Quarterly targets: 2015/16

Sub-programme: 5.1		Other Developmental Initiatives				
Programme performance indicators	Reporting period	Annual target 2015/16	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of events co-ordinated successfully (Budget Communication)	Quarterly	5	2	N/A	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		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
1. Budget Communication	6 457	6 032	7 456	7 810	7 810	6 432	8 097	8 526	8 952
2. Special Infrastructure Projects	31 264	30 285	21 085	13 500	31 883	31 883	10 062	-	-
3. Strategic Cabinet Initiatives	-	-	-	150 000	-	-	-	-	-
4. Air Shows/ Special Projects	-	2 000	12 514	15 000	7 000	7 000	16 000	6 000	-
Total	37 721	38 317	41 055	186 310	46 693	45 315	34 159	14 526	8 952

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2011/12	2012/13	2013/14	2014/15			2015/16	2016/17	2017/18
Current payments	6 457	10 305	19 970	172 810	14 810	13 432	24 097	14 526	8 952
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	6 457	10 305	19 970	172 810	14 810	13 432	24 097	14 526	8 952
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	31 264	28 012	21 085	13 500	31 883	31 883	10 062	-	-
Provinces and municipalities	31 264	28 012	21 085	13 500	31 883	31 883	10 062	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
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	37 721	38 317	41 055	186 310	46 693	45 315	34 159	14 526	8 952

PART C: LINKS TO OTHER 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.

PR66/2015

ISBN: 978-0-621-43441-5

Title of Publication: KwaZulu-Natal Provincial Treasury, Annual Performance Plan 2015/16

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