



treasury

Department:  
Treasury  
PROVINCE OF KWAZULU-NATAL

KWAZULU-NATAL PROVINCIAL TREASURY VOTE: 6

# KWAZULU-NATAL PROVINCIAL TREASURY



## ANNUAL REPORT 2018/19



**PR214/2019**

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**KwaZulu-Natal Provincial Treasury Annual Report 2018/2019**

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## PART A: GENERAL INFORMATION

### A1: FOREWORD BY THE MEC OF FINANCE, MR RR PILLAY



**Mr RR Pillay**  
**MEC for Finance**

The 2018/2019 financial year presented great economic challenges at both provincial and national levels but this period also saw the country doubling its efforts to fix key institutions, grow the economy and restore investor confidence. Sluggish economic growth and high unemployment may have defined the financial year but so did the numerous efforts and interventions to remedy the situation.

By the end of the second quarter of 2018, the country slipped into a technical recession after registering negative economic growth in two consecutive quarters. In the first quarter of 2018 the economy shrunk by 2,7% and contracted further by 0,5% in the second. Things however improved thereafter as positive growth of 2,6% in the third quarter and that of 1,4% in the fourth quarter was enough to push the overall annual growth for the year into positive territory at 0,8%.

In the first quarter of 2019, South Africa's economy once again underperformed shrinking by 3,2%. Statistics South Africa noted that this was the biggest quarterly fall in economic activity since the first quarter of 2009 during the time of the global financial crisis. The poor performance in the first quarter of 2019 was largely attributed to load shedding, a strike at gold mines, and weak levels of investment.

The mining, manufacturing and agriculture sectors all saw concerning declines, with the export of goods from our country also falling sharply, partly due to the effects that the global trade war between the United States (US) and China is having on global growth.

The beginning of the 2018/2019 financial year also saw VAT increase coming into effect while government expenditure (in all three tiers) was reduced by R85 billion over the 2018 MTEF. In the financial year under review KZN continued to experience cuts in its equitable share allocation due to two factors, namely: changes in the data updates of the provincial equitable share formula and the cuts relating to National Treasury's fiscal consolidation.

Delivering the Vote 7 Budget Speech in July 2019, Finance Minister Tito Mboweni described the problem this way: "In the last few years, South Africa's economy has significantly underperformed. Growth has lagged behind global and emerging market levels, real GDP has grown slower than population growth for five consecutive years, and our current GDP performance on a per capita basis is the weakest since the 1960s."

Research conducted by national Treasury identified unemployment, inequality, poor productivity, poor education outcomes; and inefficient and poor-quality public service delivery as the top impediments to economic growth.

KZN has a huge number of non-economically active population which is estimated at 3.5 million in the fourth quarter of 2018. As at the fourth quarter of 2018 the province had high expanded unemployment rate (41.3%). Furthermore, unemployment in the province is high among district municipalities that are in rural areas due to limited economic activities, lack of economic infrastructure and highly unskilled labour force, among others.

Government has identified slow economic growth as the main challenge confronting the country currently. In his State of the Nation Address delivered on 20 June 2019, President Cyril Ramaphosa reminded us that "our country is confronted by severe challenges. Our economy is not growing. Not enough jobs are being created. This is the concern that rises above all others. It affects everyone".

The President has been leading the charge in trying to mobilise foreign direct investment as a means of stimulating growth in the economy. From 2018 there have been major interventions meant to address leadership and governance challenges at state owned enterprises and in other key institutions of state such as the South African Revenue Service. Interventions included the appointment of new boards at Eskom, Transnet, South African Airways and Denel.

All these interventions, many of which started in the first half of 2018, bolstered confidence and led to a new wave of optimism in the country. The 2018 Investment Conference attracted some R300bn in investment pledges from several companies.

Despite this the economy continues to be subdued. The country will continue grappling with the economic challenges and these need us to work hard in ensuring that our fiscal resources are well-managed.

As I stated when I revived the 2019 Appropriation Bill, as the Provincial Treasury we are determined to play our part as a contributor to an environment conducive to investments and job creation.

We will do this through increasing our efforts to ensure that we remain on a path of fiscal prudence and that the people of KwaZulu-Natal receive value for money in goods procured by government. In order to offset the effects of the budget cuts we have to cut wastage and where possible, reduce the government's reliance on consultants.

As you will see in this report, despite the challenging circumstances, the Provincial Treasury continued to perform its tasks with aplomb. We were able to use the fiscal resources we have to the betterment of our people. Service delivery programmes were not compromised while the province also remained in a cash positive situation.

We will continue to assist and support in all areas of financial management. It is also our role to highlight areas where there is a breach of the Public Finance Management Act (PFMA), as well as where the cost-cutting measures are not adhered to. As we carefully forge ahead, we remain committed to good corporate governance and a shared vision to make the socio-economic environment in KwaZulu-Natal better.

**Mr RR Pillay**  
**MEC for Finance**





## A.2: INTRODUCTION BY THE HEAD OF DEPARTMENT, MR. LS MAGAGULA



**Head of Department  
Mr LS Magagula**

As we report on the financial year 2018/19, it is worth highlighting that it was once again another financially turbulent period in the country and invariably had an effect on the finances of provinces. For KZN in particular, the poor economic performance and population out-migration had a negative impact on the provincial fiscal framework.

The National Minister for Finance in his budget speech for 2017/18 MTEF, said that the South African economy grew at a very slow pace. Although a moderate recovery was forecast over the 2017/18 MTEF, National Treasury expected the South African economy to remain fragile, growing at 1.3% in 2017 and 2% in 2018. On a seasonally adjusted quarterly basis, the economy shrank 3.2 percent on quarter in the three months to March of 2019,

Our provincial economic growth performance had not been that different from the rest of the country. We predicted a 1.5% growth rate in 2017. This sluggish provincial economic performance was, to a large extent, influenced by the contractions in the agriculture, forestry and fishing industries, mining and quarrying, electricity, as well as trade.

A year later, the economic picture remained bleak, forcing government to continue with the fiscal consolidation programme. Fiscal consolidation implies reducing public spending without impacting negatively on service delivery. It means eliminating inefficiencies in spending by implementing fiscal austerity measures. The Provincial Treasury has been consistently monitoring the fiscal austerity programme and this has assisted the province to navigate the fiscal turbulence.

Over the years, the department has demonstrated its resolve to be the centre of excellence in the management of public finances. Testimony to this fact, KZN Treasury has once again received its 10th consecutive clean audit report – a milestone and an historic moment in the history of public administration.

This achievement is a direct consequence of consistently and efficiently implementing all the elements of good governance, characterised by prudent financial controls.

Unfortunately however, not all public institutions have mastered the art of good governance. This is evident from the persistent negative findings by the Auditor General. The Provincial Treasury has been called upon by the Executive Council to intensify its support to departments, with a view to assisting them to improve their audit outcomes.

The concept of good governance has been measured, studied and defined by numerous agents, international organisations and academics around the world, who have developed an array of theories as well as multiple and diverse standards for outlining what constitutes good governance.

Ultimately, adequate horizontal administrative procedures concerning human resource management and public financial management are crucial for the achievement of good financial outcomes. KZN Treasury is committed to continuously apply the best financial protocols as dictated by the Public Finance Management Act and Treasury Regulations.

As our MEC, Hon. Ravi Pillay said: *“the Provincial Treasury, an institution historically tasked with being the guardians of the public purse, is determined to play a part as a contributor to an environment conducive to investments and job creation. More than ever, as the provincial government, we are determined to continue on our path of fiscal discipline and fiscal consolidation. For the past eight years, this province has not deviated from its budget by more than 1% and this will continue. There is no place in our plan of action for fraud and corruption and neither is there room for failure”*

For the year ahead, Treasury has been requested to support departments and municipalities in the following areas:

- Reducing irregular expenditure by strengthening supply chain management;
- Implementing audit improvement plans;
- Enforcing the fiscal austerity measures
- Supporting infrastructure delivery through Infrastructure Development Management System (IDMS) for both departments and municipalities
- Support municipalities with proper budgeting, and,
- Enhance risk management in departments.

As KZN Provincial Treasury, we pride ourselves for having strong and dedicated team of professionals who, while paying attention to detail, work collaboratively and efficiently with other departments, public entities and municipalities to make this province an envy of others in the management of fiscal resources in the country. We look forward to receiving another clean audit report in the year ahead and hope that the entire province will improve on its audit outcomes for 2019/20.

A handwritten signature in dark ink, appearing to read 'L. S. Magagula'.

**Mr L. S. Magagula  
Head: Provincial Treasury**

## Programme 1 : Administration



Accounting Officer  
Mr. S Moodley CA(SA)



Chief Financial Officer  
Mr. IT Ndlovu



Head of Ministry  
Mr R. Harcharan



Director: SCM, Assets  
Management & Loss Control  
Ms A. Zondo



Director: Information  
Technology Management  
Mr. C Rajah



Director: Security  
Services  
Ms. N Zulu



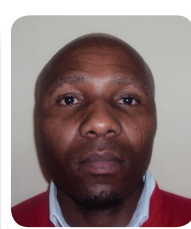
Director: Human Resource  
Management and Development  
Ms. K Chetty



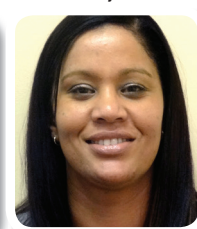
Director: Legal Services  
Mr. N Nkomo



Director: Auxiliary  
Services  
Mr. EVN Xulu



Director: Corporate  
Communications  
Mr. M Cebisa



Director: IGR  
Ms. R Smith-Petersen

## Programme 2 : Sustainable Resources Management



DDG: Fiscal Resource  
Management  
Ms N Shezi



CD: Public Finance  
Ms. T Stielau



CD: Economic Analysis and  
Infrastructure Management  
Dr. C Coetzee



Director: Infrastructure  
Management  
Ms. F Mkhize



Director: Macro  
Economic Analysis  
Ms N Lembethe



Director: Provincial  
Own Revenue  
Mr. E Musasiwa



Director: Special Advisory  
Support Services  
Ms L Curtis



Director: Provincial  
Budget Management  
Ms N Mjuza

## Programme 3 : Financial Governance



CD: Accounting Practices  
Ms. A Singh



CD: Public Private  
Partnership  
Ms. T Kankqu



Director: Supply Chain  
Management  
Ms. L Naidoo



Director: SCM (Governance  
and Admin Cluster)  
Mr. N Sphengane



Director: Support and  
Interlink Financial Systems  
Mr. K. Mqadi



Director: Cash Management  
and Liabilities  
Mr. F Pretorius



Director: Norms and  
Standards  
Mr. N Price



Director: Information  
Management: SCM  
Ms R Madhan





## Programme 4 : Internal Audit



DDG: Internal Audit  
Ms M Radebe



CD: Assurance Services  
Ms. M Bhaw CA(SA),  
IIA (SA)



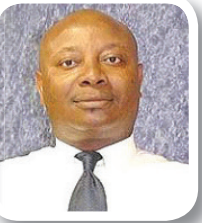
CD: Forensic Services  
Ms. J Naidoo CA (SA),  
MBA, ICFP



CD: Risk  
Management  
Mr N Ndandza



Director: Performance  
Audit  
Mr. K Lamola



Director: Strategy  
Development and  
Management  
Mr. T Madlala



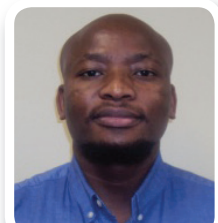
Director: Financial  
Management and Reporting  
Mr. J Ramharak



Director: Assurance Services  
(Economic Cluster)  
Ms L Japi



Director: Assurance Services  
(Governance and Administration Cluster)  
Ms L Xaba



Director: Municipal  
Support  
Mr. P Moloi



Director: Information  
Technology  
Mr. K Malapane



Director: Forensic  
Services  
Mr. M Mollo

## Programme 5 : Municipal Finance Management



Director: Municipal  
Finance  
Mr. A Soopal



CD: Municipal Finance  
Mr. F Cassimjee



Director: Municipal  
Finance  
Mr M Ndumo



Director: Municipal  
Finance  
Ms. S Balgobind



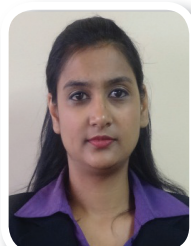
Director: Municipal  
Finance  
Ms K Mare



Director: Municipal  
Finance  
Mr. W Donelly



Director: Municipal  
Finance  
Mr. N Radebe



Director: Municipal  
Finance  
Ms. R Bhagwandeem



Director: Municipal  
Finance  
Ms. K Pillay



### **A.3 Report by the Accounting Officer to the Executive Authority and the KwaZulu-Natal Legislature**

#### **OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT**

Provincial Treasury (PT) received an allocation of R681, 900 million during the 2018/19 financial year and this allocation was largely for financial governance for general oversight and support to all Departments, Municipalities and Public entities, in areas such as;

- internal audit,
- supply chain management, as well as
- support for transversal financial systems.

The main aim is to attain improved provincial audit outcomes, to ensure on-budget spending, and to remain cash positive. Risk-based audits with specific focus on overall good governance were performed, and Departments remained assisted in terms of ensuring that risk assessments are performed.

Through the Supply Chain Management (SCM) Unit the Department provided hands-on support and undertook comprehensive compliance assessments of departments, municipalities and public entities to help reduce irregular expenditure on SCM-related processes.

PT has supported the development of the Internal Audit function of all Provincial Departments, thereby assisting them in achieving their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The auditing function was achieved by sourcing the appropriate information regarding fraud, corruption, unethical behaviour and irregularities.

Through the Municipal Support Program (MSP), PT managed to provide technical support to delegated municipalities with the primary aim of ensuring compliance with the MFMA and other relevant legislation.

PT has made a progress regarding the provision of support and assistance to provincial departments in their planning and implementation of infrastructure programmes and project initiatives to obtain value for money. This function was performed through the application of the principles and guidelines of the Infrastructure Delivery Management System (IDMS). PT received R5 million per year over the 2019/20 MTEF as part of ongoing efforts to increase technical capacity within infrastructure units at Provincial Treasuries.

The department remained to enforce the adherence of the cost-cutting measures, as every cent saved through cost-cutting allows us to redirect these funds to service delivery spending areas.

Lastly, the department is running a Trainee Accountant Programme (TAP) which is aimed at the development of CA's that benefited through the Thuthuka Bursary Fund over the past three years.



**EVENTS AFTER THE REPORTING DATE**

There were no events occurred outside of the reporting period with financial implications.

There are no other material facts or circumstances which may have an effect on the understanding of the financial state of affairs not addressed elsewhere in this report that I'm aware of.

**GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS**

The table below shows the revenue budget and collected for Provincial Treasury for the year-ending 2018/19.

Departmental receipts	2018/19			2017/18		
	Estimate	Actual Amount Collected	Over/Under Collection	Estimate	Actual Amount Collected	Over/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	0	0	0	0	0	0
Sale of goods and services other than capital assets	227	287	(60)	226	446	(220)
Transfers received	0	0	0	0	0	0
Fines, penalties and forfeits	0	0	0	0	0	0
Interest, dividends and rent on land	295, 219	471, 010	(175, 791)	216, 842	338, 296	(121, 454)
Sale of capital assets	203	0	203	192	356	(164)
Financial transactions in assets and liabilities	407	433	(26)	385	715	(330)
<b>Total</b>	<b>R 296, 056</b>	<b>R 471, 730</b>	<b>(R 175, 674)</b>	<b>R 217, 645</b>	<b>R 339, 813</b>	<b>(R 122, 168)</b>

The actual revenue collected in the 2018/19 financial year was R471 730 million against a budget of R296 056 million, resulting in an over collection at year end of R175 674 million. The over collection is explained per economic classification as follows:

- **Sale of goods and services other than capital assets** - The revenue collected under this category relates mainly to parking fees, gaming licenses, commission received on PERSAL deductions and sale of tender documents. The over collection is mainly from commission on garnishee fees and sale of tender document that was higher than anticipated.
- **Fines, penalties and Forfeits** – There were no fines or penalties collected under this category.
- **Interest, dividends and rent on land** – Revenue collected against this category is from interest earned on the Inter-Governmental Cash Co-ordination (IGCC) and the Pay Master-General (PMG) accounts. The enormity of the interest earned by these accounts is related to the amount of cash on hand and interest rate volatility, as the IGCC account has been cash positive to the implementation of cost-cutting measures and tight cashflow management by provincial departments.
- **Sale of capital assets** - The over collection against this item was due to auctioning of motor vehicles and machinery and equipment.
- **Transactions in financial assets and liabilities** - Revenue generated against this category is mainly



attributed to recovery of debts from previous financial years. It is often difficult to accurately forecast for this category due to its indeterminate nature.

## Programme Expenditure

Programme Name	2018/19			2017/18		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	R237, 262	R235, 392	R1, 870	R181, 051	R162, 962	R18, 089
Sustainable Resource Management	R38, 657	R38, 344	R313	R40, 744	R39, 099	R1, 645
Financial Governance	R196, 102	R194, 336	R1, 766	R208, 496	R199, 954	R8, 542
Internal Audit	R149, 648	R130, 111	R19, 537	R143, 869	R133, 643	R10, 226
Municipal Finance Management	R60, 231	R59, 439	R792	R57, 209	R53, 218	R3, 991
<b>Total</b>	<b>R 681, 900</b>	<b>R 657, 622</b>	<b>R 24, 278</b>	<b>R 631, 369</b>	<b>R 588, 876</b>	<b>R42, 493</b>

The main appropriation of Provincial Treasury was R650, 900 million in 2018/19. During the year, the department's budget was increased by R31 million to R681, 900 million which was appropriated during 2018/19 Adjustments Estimate.

The main adjustments that led to the increase in the budget are summarised below;

**Roll-overs:** Approval was granted for the roll-over of R11 million from 2017/18 financial year.

**Other adjustments:** Additional funding of R20 million was allocated to *Goods and services* under Programme 1 in respect of the Health/ Treasury Assistance Project plan.

Spending in respect of **Programmes** can be summarised as follows:

- Programme 1 - This programme spent 99.2% of the allocated budget and the slight under-spending of (0.8%) was mainly due to unfilled vacant funded posts that were vacated during the financial year, as well as the donation to FLAT that was lower than anticipated.
- Programme 2 - This programme spend 99.2% of the allocated budget and the slight under-spending of (0.8%) was mainly due to slow spending in the Infrastructure Support (Crack Team).
- Programme 3 - This programme spent 99.1% of the allocated budget and the slight under-spending of (0.9%) was mainly due vacant funded posts that were vacated during the financial year, Inter-departmental claims that were recovered from client departments, as well as S&T due to decrease in the number of staff that was travelling as a result of staff exits.
- Programme 4 - This programme spend 86.9% of the allocated budget and the substantial under-spending of (13.1%) was mainly due to some of the projects that could not be completed at year end due to delays on the finalisation of the Panels which includes Performance Audits and Risk Services, as well as the pending Forensics and Criminal cases that are not yet finalised. Moreover, a slight under-spending on Compensation of employees was mainly due to delays in the filling of vacant funded posts.





- Programme 5 - This programme spent 98.7% of the allocated budget and the under-spending of (1.3%) was mainly due the reduction of scope on projects, as well as non-receipts of invoices from the suppliers due to the reports that were not finalised on time before the end of the financial year.

Spending in respect of **Economic Classification** can be summarised as follows:

- Compensation of Employees was under-spent by R3.429 million (4.6%) mainly due to:
  - Unfilled vacant funded posts and the recruitment processes that are unfinalised, as well as vacant posts that were vacated during the financial year.
- Goods and Services was under-spent by R19.447 million (5.5%). This was attributed to the following:
  - Savings on Advisory Services in respect of the Municipal Support Programme due to reduction in the scope of work, as well as the S&T.
  - Slow spending in the Infrastructure Support project due to focus on the Health Storm damage project that was taking precedence.
  - Projects that were not finalised at year end which includes Performance Audits and pending Forensics and Criminal cases that are outside the control of the department
  - The balance of the savings is coming from S&T and operational costs due to strict adherence to the cost-cutting measure circular.
- Interest and Rent on Land was under-spent by R1 000 as there was no Interest paid on the bank overdraft during 2018/19 financial year.
- Transfers and Subsidies was under-spent at year-end by R538 000 (6.9%) mainly due to:
  - Departmental Agencies in respect of the TV licenses that were lower than budgeted for.
  - Non-profit Institutions was under-spent at year-end by R128 000 (36.6%) in respect of cash donations that were lower than budgeted.
  - Households was under-spent at year-end by R409 000 (5.5%) due to payment made in respect of the FLAT creditors that was lower than provided, as well as the staff exits costs that were lower than budgeted.
- Payments for Capital Assets
  - Machinery and Equipment was underspent by R863 000 (4.4%) mainly due to adherence to the cost-cutting measures circular.

**The following post virements were made between Programmes:**

**Table 6.1: Summary by programmes**

R thousand	Adjusted Appropriation	POST ADJUSTMENTS APPROPRIATION		Total adjustments appropriation	Post Adjusted appropriation
		Virement	Shifts		
1. Administration	230,669	6,593	-	6,593	237,262
2. Sustainable Resource Management	41,157	(2,500)	-	(2,500)	38,657
3. Financial Governance	196,102	-	-	-	196,102
4. Internal Audit	150,263	(615)	-	(615)	149,648
5. Municipal Finance Management	63,709	(3,478)	-	(3,478)	60,231
<b>Total</b>	<b>681,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>681,900</b>
Amount to be voted					-



## Programme 1

An amount of R6.593 million was received within this programme from other programmes as follows:

- R2.500 million was received from programme 2 from various items to this programme mainly to cover for the Legal Fees, payment to Thuthuka Bursary (SAICA), Computer Services and Communications that was higher than budgeted.
- R615 000 was received from programme 4: Assurance Services from Goods and Services under this programme to cover for Computer services costs that were higher than budgeted for.
- R3.478 million was received from programme 5 under various sub-programmes to this programme mainly to cover for Computer services costs that were higher than budgeted for.

### The following post virements were made between Economic Classification:

Table 6.2: Summary by economic classification

R thousand	Adjusted Appropriation	POST ADJUSTMENTS APPROPRIATION		Total adjustments appropriation	Post Adjusted appropriation
		Virement	Shifts		
<b>Current payments</b>	<b>655,812</b>	<b>(1,753)</b>	<b>-</b>	<b>(1,753)</b>	<b>654,059</b>
Compensation of employees	314,333	(11,409)	-	(11,409)	302,924
Goods and services	341,473	9,647	-	9,647	351,120
Interest and rent on land	6	9	-	9	15
<b>Transfers and subsidies to:</b>	<b>6,077</b>	<b>1,753</b>	<b>-</b>	<b>1,753</b>	<b>7,830</b>
Provinces and municipalities	23	31	-	31	54
Departmental agencies and accounts	3	-	-	-	3
Public corporations and private enterprises	-	5	-	5	5
Non-profit institutions	694	168	(512)	(344)	350
Households	5,357	1,549	512	2,061	7,418
<b>Payments for capital assets</b>	<b>20,011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,011</b>
Machinery and equipment	19,861	-	-	-	19,861
Software and other intangible assets	150	-	-	-	150
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>681,900</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>681,900</b>
Amount to be voted					-

- R11.409 million was moved out from Compensation of employees as follows:
  - R9.647 million was moved to Goods and Services.
  - R9 000 was moved to Interest and Rent on Land.
  - R1.753 million was moved to Transfers and Subsidies under various items.

Various post virements and shifts were made between economic classification items within the various programmes and sub-programmes.

All Virements were approved by the Accounting Officer of the department in terms of Section 43(1) of the Public Finance Management Act.

## 2018/19 Rollovers

The department has requested a roll-over of R15.911 million for *Goods and Services* budget in respect of Performance Audits, Forensics Investigations and Risk Services on committed projects.



### Fruitless, Wasteful or Irregular Expenditure

An amount of R927 000 was recognised as fruitless and wasteful expenditure in respect of labour dispute for Ms F. Rouget, and fruitless and wasteful expenditure of R927 000 has been condoned during 2018/19 financial year.

There was an irregular expenditure of an amount of R1 226 million and irregular expenditure of R1 226 million has been condoned during 2018/19 financial year.

### Future plans of the department

The department will continue to implement its strategic plan targets as contained in the 2019/20 Annual Performance Plan document.

### Public Private Partnerships

The department had no PPP project in the 2018/19 financial year and there is none planned currently.

### Discontinued activities / activities to be discontinued

None.

### New or proposed activities

None.

### Supply chain management

TENDER NO	DESCRIPTION	STATUS
ZNT1191/2014-F	Crack team	Ongoing panel appointed for duration of 3 years.
ZNT1193/2014-F	Panel of internal audit	Ongoing panel appointed for duration of 3 years.
ZNT1194/2014-F	Panel of financial management	Contract expired, new panel in place
ZNT1195/2014-F	KZN regional technology hubs projects	Contract expired
ZNT1196/2014-F	Panel of municipal finance	Contract expired, new panel in place
ZNT 1198/2015-F	Barometer Project	Project cancelled and re-advertised as ZNT 1202/2016-F
ZNT 1201/2015-F	Waterproofing & ceiling at KwaKhangela Royal Palace	Project cancelled and re-advertised as ZNT 1203/2016-F
ZNT 1202/2016-F	Barometer Project	Project was cancelled
ZNT 1206/2016-F	Cleaning services	Ongoing contract appointed for duration of 3 years
ZNT 1207/2016-F	Panel of Contract management and SCM Experts	Ongoing panel appointed for duration of 3 years.
ZNT 1210/2016-F	Security services	Ongoing contract appointed for duration of 3





		years
ZNT 1215/2017	Panel of municipal finance	Ongoing panel appointed for duration of 3 years.
ZNT 1216/2017-F	Panel of financial management	Ongoing panel appointed for duration of 3 years.
ZNT 1217/2017-F	Panel of internal audit	Legal is drafting SLAs
ZNT 1218/2018-F	Banking services	Ongoing contract appointed for duration of 3 years
ZNT 1219/2018-F	Panel of Crack team	Awaiting finalisation

### **Prevention of Irregular expenditure and SCM challenges**

The department adhere to the legislations, policies and practice notes that should be followed in executing SCM functions to avoid irregular expenditure. There were no serious challenges encountered in the SCM area that threatened the smooth functioning of the unit.

### **Gifts and Donations from non-related parties**

The MEC for Finance together with the Public Finance Business Unit were offered Budget Breakfast in Durban by ABSA.

### **Donations Received (R'000)**

None



**Donations made in Kind (R'000)**

NATURE OF GIFT, DONATION OR SPONSORSHIP		2018/19'
Receiver of Donation	Discription of Donation	Amount
<b>Schedule for Donations Made in Cash</b>		
Coastal Horse Care Unit(eMmahhashini)	Cash Donation	32,400
Xolo Family	Cash Donation	16,500
SAICA	Cash Donation	13,800
KwaThintwa School of Deaf	Cash Donation	63,804
Insika Women in Business NPC	Cash Donation	95,000
<b>Total: Cash Donations</b>		<b>221,504</b>
<b>Schedule for Donations Made in kind</b>		
Siphakama Creche	Books, Blankets, sponges, pens and chairs.	51,000
Nomfundo Creche	Books, Blankets, sponges, pens , tables and chairs.	27,600
Esther House	5 Sewing Machines	41,200
Kalinka Educare	Books, Blankets, sponges, pens , stove , Jojo tank and Chairs and Tables.	28,000
Inkululeko Sewing Project	4 Sewing Machines	34,000
Isiphingo Community	10 Soccer Balls	3,500
Enhlalakahle Creche	Future Life Porridge, books, blankets, sponges, pens , tables and chairs.	30,759
Molweni Community	5 Sports Kits	26,300
Gulube Creche	50 Blankets, 20 Mats and 20 Stationery	13,193
Khulakahle Creche	51 Blankets, 20 Mats and 20 Stationery	13,193
Thandanani Creche	52 Blankets, 20 Mats and 20 Stationery	13,194
Siyazwelana Co-op LTD	40 Chairs and 7 Machines	59,800
Uyengo School	Installation of Water Tanks	29,100
Fundukuzama Creche	Kids Mattresses	12,144
Molweni Community	5 Sports Kits	7,047
Ndlovane High School	Installation of Water Tanks	70,596
KwaNkulu High School	Installation of Water Tanks	104,133
Inkosikayibukwa PS	4 Sewing Machines	24,500
Lindela Creche	20 Blankets, 20 sponges , 20 Babby potty , 65 Chairs and 16 Tables.	24,500
KZN SOC DEV	Installation of Water Tanks	4,550
Masibathande Creche	Books, Blankets, sponges, pens , stove , Jojo tank and Chairs and Tables.	37,918
Zathobane Coop	Crockery and Cutlery	5,178
Mbalenhle Creche	10 Blankets, 10 sponges , 52 Chairs and 13 Tables.	11,475
Siphakama Creche	Installation of Water Tanks	121,600
Mlaba Family	Groceries	8,251
Mlaba Family	Clothing , Books, Blankets, sponges, Cooking Utensils	6,532
Mlaba Family	Stove	7,182
Hlosokuhle Creche	Books, Blankets, sponges, pens and chairs.	42,500
KwaThintwa School of Deaf	Trophies	1,850
SOS	Toys	7,990
KZN Doh(Edendale Hospital)	Toys	7,767
Hlosokuhle Creche	Fridge	11,067
KwaThintwa School of Deaf	Catering	70,840
<b>Total: Goods &amp; Services Donations</b>		<b>958,458</b>

**Donor Funding**

The department had no Donor funding during the 2018/19 financial year.

**Global Funding**

Provincial Treasury is project managing the Global Fund programme whose main objective is to address the social and structural drivers of HIV and TB prevention, care and impact, preventing new HIV, STI and TB infections, sustaining health and wellness, as well as ensuring protection of human rights and improving access to justice. The project is allocated a total budget of R420 million over a period of three years and has spent



over a total amount of R255, 608 million at the end of 2018/19. This project has been running for the past three financial years and is coming to an end in the third quarter of 2019/20.

### **Exemptions and deviations received from the National Treasury**

There were no exemptions received by the department during 2018/19 financial year.

### **Events after the reporting date**

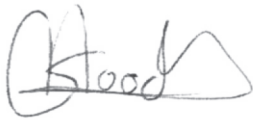
There were no subsequent events occurred after reporting date.

### **Acknowledgement/s or Appreciation**

I would like to express my special thanks to the MEC for Finance for her support, Treasury Management and Staff for their hard work during the year.

### **Conclusion**

This report presents the annual financial statements and performance information report for the financial year 2018/19.



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**Mr S. Moodley**  
**Accounting Officer**

**31 May 2019**



## **A.4 Statement of Responsibility and Confirmation of Accuracy for the Annual Report**

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2019.

Yours faithfully



**Mr S. Moodley**  
**Accounting Officer**

**31 May 2019**





## A.5 Strategic Overview

### a) Vision

***Be the centre of excellence in financial and fiscal management in the country.***

### b) Mission

***We, the KZN Provincial Treasury, seek to enhance the KwaZulu-Natal Provincial Government service delivery by responding to the expectations of all stakeholders in the value chain as a key driver through:-***

- Optimum and transparent allocation of financial resources whilst enhancing revenue generation and financial management practices in compliance with applicable legislation and corporate governance principles;
- Our competent and dedicated employees who are at centre of ensuring best value of our stakeholders.

### c) Values

The core values of the Department are as follows:

- Responsibility
- Efficiency
- Service Excellence
- Financial Discipline
- Professionalism
- Integrity
- Respect
- Loyalty

## A.6 Legislative and Other Mandates

The Department is governed by the following pieces of 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
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)



- 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)

## 6.1 Constitutional Mandates

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

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

## 6.2 Legislative Mandates

The following pieces of legislation that give mandate and outline the key responsibilities on the Department are as follows:

### 6.2.1 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 may be summarised as being 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; and
- d) Eliminate waste and corruption in the use of public assets.

### 6.2.2 Municipal Finance Management Act (Act No. 56 of 2003)

Chapter 2 of MFMA outlines the 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 the 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 the MFMA, a provincial treasury:*

- a) *must monitor:*
  - i. *compliance with the MFMA by municipalities and municipal entities in the province;*
  - ii. *the preparation by municipalities in the province of their budgets;*
  - iii. *the monthly outcome of those budgets; and*
  - iv. *submission of reports by municipalities in the province 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 the MFMA.*

### **6.2.3 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's 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.

### **6.2.4 Annual Division of Revenue Act**

- a) This Act provides for the equitable division of revenue anticipated to be raised nationally among the national, provincial and local spheres of government.
- b) It promotes better co-ordination between policy, planning, budget preparation and execution processes between and within the different spheres of government.
- c) 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.
- d) It promotes transparency and equity in the resource allocation process.
- e) It promotes accountability by ensuring that all allocations are reflected on the budgets of receiving provinces and municipalities.

### **6.2.5 Annual Provincial Appropriation Acts**

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



### **6.2.6 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.

### **6.2.7 Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)**

The object of this Act is to promote the achievement of the constitutional right to equality, increase broad-based and effective participation of black people in the economy and promote a higher growth rate increased employment and more equitable income distribution; and

Establish a national policy on broad-based black economic empowerment so as to promote the economic unity of the nation, protect the common market, and promote equal opportunity and equal access to government services.

### **6.2.8 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, including:

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

### **6.2.9 Provincial Borrowing Powers 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.

### **6.2.10 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.



### **6.2.11 Construction Industry Development Board Act (Act No. 38 of 2000)**

The objective of this Act is to provide for the establishment of the Construction Industry Development Board; to implement an integrated strategy for the reconstruction, growth and development of the construction industry and to provide for matters connected therewith.

### **6.2.12 Public Audit Act (Act No. 25 of 2004)**

The Department has a responsibility to comply with all applicable provisions of the Public Audit Act as an auditee.

### **6.2.13 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.

## **6.3 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 1 of 1999 as amended by Act 29 of 1999).





## 6.4 Service Delivery Improvement Plan

### INTRODUCTION

The Service Delivery Improvement Plan (SDIP 2018 – 2021) for KZN Provincial Treasury is informed by the 2015-2020 Strategic Plan and is aligned to the Annual Performance Plan for 2018/19. To this end, the primary focus to the Department is the optimum and transparent allocation of financial resources whilst enhancing revenue generation and financial management practices in compliance with applicable legislation and corporate governance principles so as to ensure prudent financial management within provincial departments, municipalities and public entities within KwaZulu-Natal. With this in mind, this SDIP had set out the priority areas of service improvement that KZN Treasury will focus over the next three years.

The Assurance Services within Internal Audit Unit assesses its performance on an annual basis. This business component has, for the past and current years, experience two main challenges. The first challenge has been human resources constraints which has compelled the unit to utilize external service providers who have put a lot of pressure on the unit's budget. Another challenge has been poor cooperation from client departments in terms of timely submission of management responses to the audit reports. The third and key challenge has been inadequate allocated budget for the unit which has led to curtailing the annual audit plans for client Departments.

Due to the low level of risk management maturity in provincial departments, public entities and municipalities (Institutions), the Provincial Treasury, through the Risk Management Unit (the Unit) is required by the PFMA, and the National and Provincial Risk Management Frameworks to assist these institutions in building the necessary capacity and to monitor these institutions' compliance with the prescribed risk management processes. The key challenges faced by the Unit is that most of these institutions seek Provincial Treasury's assistance on risk assessments and other risk-related needs such as risk management training, whereas the Unit has limited human resources and budget capacity to promptly and adequately respond to these requests. The Unit is currently revising the Provincial Risk Management Framework to expand on the minimum risk management standards, and to provide guidelines to provincial departments on issues such as developing credible risk registers. The envisaged risk management framework will also assist in addressing the Unit's challenge relating to facilitation of risk assessments and providing risk management training to provincial departments and other institutions supported by the Provincial Treasury.

### 1. LIST OF DEPARTMENTAL KEY SERVICES:

In terms of the SDIP for the period 2018-21, the department focused on the following key services:



- Provide management with the assurance on the compliance with the relevant legislations and prescripts, and effectiveness of the internal control systems (here referred to as key service 1).
- Facilitation of risk assessments in line with approved risk assessment methodology and provision of risk management training (here referred to as key service 2).

## 2. SITUATIONAL ANALYSIS (AS PER THE SDIP):

As per the approved SDIP	Current analysis
<p><b>Key service 1 Assurance Services</b></p> <p>The Internal Audit Unit, Assurance Services continued to perform its mandate as prescribed by the PFMA and Treasury Regulations. This included the preparation and execution of the annual audit plans for all Provincial Government Departments and some of the public entities. Through audit reports, assist audit clients to improve their control systems which help to accomplish the organizational goals and objectives. However, the following should be noted:</p> <p><b>a) Positive Reflections on PIAS</b></p> <ul style="list-style-type: none"> <li>• The performance audit on S&amp;T Expenditure conducted during 2014/15 and 2016/17 by PIAS across all Provincial Departments has led to reviews of Departmental S&amp;T Policies by all Government Departments. In addition, the Province has collectively experienced expenditure reduction on the S&amp;T Audit Report advised Departments to improve on scrutinizing S&amp;T Claims. This control measure has helped to eliminate unnecessary trips and has also helped to eliminate the risk of processing fraudulent S&amp;T claims. Most of the Departments have commended the audit as it had led to the improvement of control environment.</li> <li>• The Auditor-General had placed reliance on the IT audit work conducted by the Internal Audit, Assurance Services through its IT</li> </ul>	<p>The situation as reported above (per SDIP), has not changed except that our service to the Public Entities has since been discontinued</p>



	<p>Audit Component. The reliance of internal audit work by AG encourages the Assurance Services to continue to work hard and improve on other types of audits conducted by the Unit. Reliance on the internal audit work resulted on the AG's scope reduction and therefore led to reduced audit fees charged to the client Department.</p> <ul style="list-style-type: none"> <li>• The appointment of the Audit Committee that is competent has contributed to the high level of professional respect received from all internal audit stakeholders such as Provincial Government Departments, Auditor-General, etc. In the past, audit committee meetings were not being attended by the Heads of Department and other key senior personnel, and in addition, audit reports produced by the PIAS were not being responded to by the audited Departments. As a result, Departments are taking the audit reports serious and therefore implement the recommendations and/or action plans for which the implementation is tracked quarterly through the introduced audit logs.</li> </ul> <p><b>b) Negative Reflections on PIAS</b></p> <ul style="list-style-type: none"> <li>• The Internal Audit, Assurance Services has received negative comments from the Auditor-General and Provincial Government Departments due to non-completion of the annual audit plans of several departments at the end of the financial years which has led to doubts on the effectiveness of the unit's service. In terms of the provincial arrangements, departments are entirely depending on Provincial Internal Audit Service to comply with Sections 38 &amp; 77 of PFMA, and failure by Assurance Services to complete annual audit plans leads to automatic failure by departments to comply with the relevant legislations. For example, on average the unit has achieved 95% of the annual audit plans for the past three</li> </ul>
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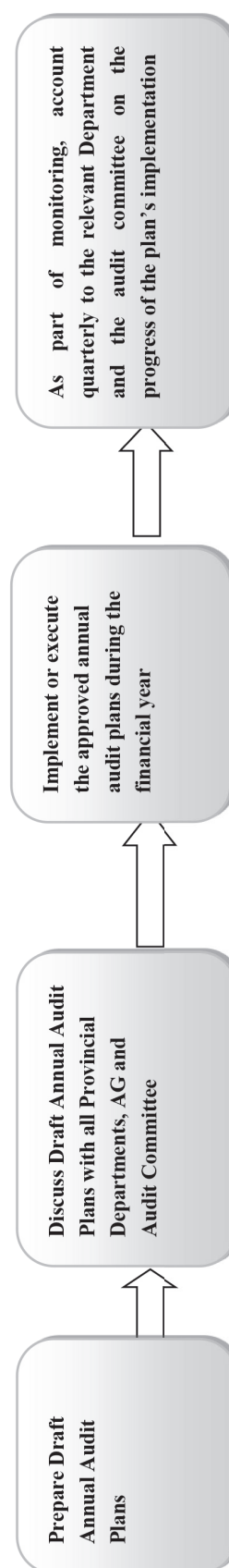
<p>consecutive financial years due to inadequate resourced (financial &amp; human) business unit.</p> <ul style="list-style-type: none"> <li>Client Departments do not invite internal audit to be represented during the departments' management meetings as well as strategic planning sessions. These factors have led to poor audit coverage on the areas of clients' concern which could render internal audit ineffective with its service. For example, sometimes when audit reports are presented or discussed at the completion of the audit, concerns are raised whereby certain areas have not been covered mainly due to lack of communication of their expectations at the beginning of the audit.</li> <li>Negative comments, through client satisfaction surveys, by the audited Departments regarding the value not added by some of the audit assignments conducted. Departments would like to have majority of the audit findings by the external auditor (AG) being eliminated or avoided through the internal audit work.</li> </ul>	<p>As at the end of this current (18/19) financial year, the situational analysis remained the same, but with more demands on other types of specialized risks such as project risk assessment, particularly for infrastructure-driven departments such as Health, Education, Public Works, Provincial Treasury (Public Private Partnership Projects) and Transport. There is now an added need for each project to be re-assessed and risk registers maintained per project. Given the inadequate technical and resource capacity within departments, there will be now and added responsibility on the Unit to support departments in project-related risk assessments, which is a complex and technical area beyond the capacity of the Unit.</p> <p>There is also now a renewed requirement for the Unit to develop Provincial</p>
<p><b>Key service 2</b></p> <p>The Risk and Advisory Services is mandated by the PFMA, and the National and Provincial Risk Management Frameworks to assist provincial departments, public entities and municipalities with risk management support and assist these institutions in various advisory services. The risk management support include provision of risk management training, facilitation of various types of risk assessments, monitoring and evaluating risk management maturity of these institutions. The following should also be noted:</p> <ul style="list-style-type: none"> <li>a) Positive Reflections on the Unit</li> <li>With limited capacity, the Unit is assisting its client institutions with risk</li> </ul>	<p>As at the end of this current (18/19) financial year, the situational analysis remained the same, but with more demands on other types of specialized risks such as project risk assessment, particularly for infrastructure-driven departments such as Health, Education, Public Works, Provincial Treasury (Public Private Partnership Projects) and Transport. There is now an added need for each project to be re-assessed and risk registers maintained per project. Given the inadequate technical and resource capacity within departments, there will be now and added responsibility on the Unit to support departments in project-related risk assessments, which is a complex and technical area beyond the capacity of the Unit.</p> <p>There is also now a renewed requirement for the Unit to develop Provincial</p>



<p>assessments and development of risk registers;</p> <ul style="list-style-type: none"> <li>The Unit has a CURA Risk Management System that has a build-in templates to produce and store risk registers;</li> <li>The Unit host various risk management fora to impart knowledge on risk management on a quarterly basis.</li> </ul> <p>b) Negative Reflections on Unit</p> <ul style="list-style-type: none"> <li>The Unit has no capacity and thus not able to facilitate risk assessments for specialized areas such as IT, Fraud and Occupational Health and Safety risk assessments. Consultants are utilized to complement internal resources;</li> <li>Because of lack of a standardized documented risk assessment planning process, the risk assessment may not be complete and accurate.</li> </ul>	<p>Risk Profile, which had to be a culmination of risks emanating from provincial departments, public entities and municipalities. This requirement would require a sophisticated risk aggregation systems and uniform approach on risk reports which the Unit has to make it a reality.</p>
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### 3. PROCESS MAPPING (AS PER THE SDIP):

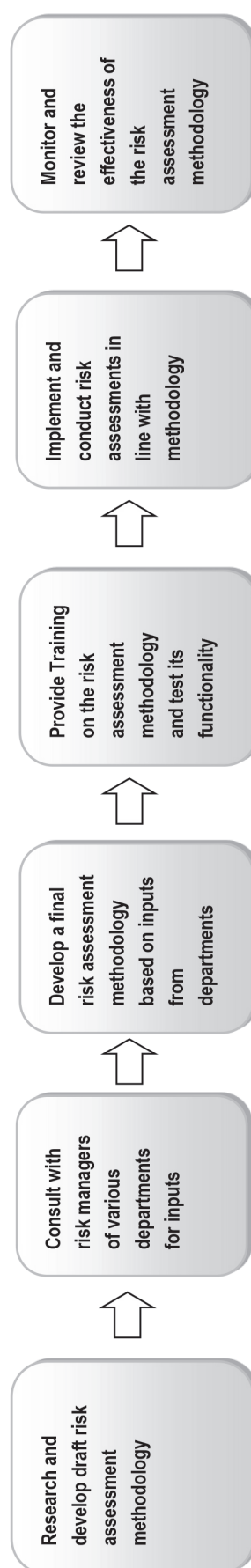
Key Service 1 – provide management with the assurance on the compliance with the relevant legislations and prescripts, and effectiveness of the internal control systems.





Process		Resources Involved	Timelines
Step 1	Prepare Draft Annual Audit Plans	DD, D, CD & DDG	3 <sup>rd</sup> Quarter – Annually
Step 2	Discuss Draft Annual Audit Plans with all Provincial Departments, AG and Audit Committee	DD, D, CD, DDG, HODs, AG & AC	3 <sup>rd</sup> Quarter – Annually
Step 3	Implement or execute the approved annual audit plans during the financial year	DD, D, CD & DDG	Annually
Step 4	As part of monitoring, account quarterly to the relevant Department and the audit committee on the progress of the plan's implementation	DDG, HODs, AG & AC	Quarterly

#### Key Service 2: Facilitation of risk assessments in line with approved risk assessment methodology and provision of risk management training



The above key service will be rolled-out as follows:

Steps	Activity	Resources Involved	Timelines
Step 1	Research and develop a draft risk assessment methodology	Chief Director and 1 Deputy Director	7 working days
Step 2	Consult with risk managers of various departments for inputs	Chief Director and risk managers of various departments	24 working days
Step 3	Develop a final risk assessment methodology based on inputs from departments	Chief Director	20 working days
Step 4	Provide Training on the risk assessment methodology and test its functionality	Directors, Deputy Directors and departments	26 working days
Step 5	Implement and conduct risk assessments in line with methodology	Directors, Deputy Directors and departments	10 May – 30 March of a financial year
Step 6	Monitor and review the effectiveness of the risk assessment methodology	Internal Resources: Chief Director	Quarter 1 of a financial year

#### 4. COST ANALYSIS:

KEY SERVICE	ADJUSTED BUDGET (SDIP)	EXPENDITURE (31 <sup>ST</sup> MARCH 2019)
Key service 1	R 84 413 000	R 74 023 224
Key service 2	R 32 666 000	R 20 751 317
<b>TOTAL</b>		

#### 5. PROBLEM STATEMENT (AS PER APPROVED SDIP):

As per SDIP	Current analysis
<p><b>Key service 1</b></p> <p>Inadequate resourcing of the unit has impacted negatively on the audit service provision to the Provincial Government Departments and some of the public entities. If our structural issues are not resolved speedily, Internal Audit will fail to assist improve governance issues in the province and lead to KZN Treasury's failure to achieve its strategic goal on promotion of sound financial management practices and fiscal management through <b>good governance</b>.</p> <p>As mentioned previously, the following table enlists the unit's service delivery challenges</p>	<p>The situation with the resources for the unit has not changed, and this has impacted negatively on the audit service provision to the Provincial Government Departments. Our structural issues has led to Internal Audit Unit only achieving 64% of the combined Annual Internal Audit Plans for all 14 Provincial Departments. Should the situation not improve, Internal Audit Unit will fail to assist improve governance issues in the province and lead to KZN Treasury's failure to achieve its strategic goal on promotion of sound financial management practices and fiscal management through <b>good governance</b>.</p>



<p><b>Key service 2</b></p> <p>The Unit has a limited number of staff who ranges from 10 Deputy Directors, 4 Directors and 1 Chief Director who are expected to support 14 departments, 10 public entities and over 50 municipalities. Although the majority of provincial departments have risk managers, the level of risk management maturity in these departments is still very low – based on the recently (December 2016) conducted risk maturity gap analysis all departments still require hands-on support. One Risk Manager per department is also inadequate to carry out full risk management responsibility for the whole department. All departments are yet to establish risk management structures and populate them as is required. The picture of municipalities and public entities is worse as most of these institutions do not have internal risk management functions and capacity to comply with their risk management obligations as per the MFMA and the PFMA.</p>	<p>The Unit has a limited number of staff who ranges from 08 risk practitioners (level 8), 10 Deputy Directors, 4 Directors and 1 Chief Director who are expected to support 14 departments, 10 public entities and over 50 municipalities. Although the majority of provincial departments have risk managers, the level of risk management maturity in these departments is still very low – based on the recently (December 2016) conducted risk maturity gap analysis all departments still require hands-on support. One Risk Manager per department is also inadequate to carry out full risk management responsibility for the whole department. All departments are yet to establish risk management structures and populate them as is required. The picture of municipalities and public entities is worse as most of these institutions do not have internal risk management functions and capacity to comply with their risk management obligations as per the MFMA and the PFMA.</p>
<p>The Unit is also expected to perform various reviews, provides advice and produces various risk related documents and policies to assist the institutions to improve their risk management maturity. The absence of a documented risk assessment planning process should be prioritised.</p>	<p>The Unit is also expected to perform various risk management reviews and analysis, provides advice and produces various risk related documents and policies to assist the institutions to improve their risk management maturity. The absence of a documented risk assessment planning process should be prioritised.</p> <p>The Unit is also expected to compile the provincial risk profile, which is supposed to be a culmination or aggregation of critical and transversal risks emanating from provincial departments, public entities and municipalities. This obligation requires that the Unit has a sophisticated Risk Management Information System that is uniform or compatible to risk management information systems used by all these institutions. So the currently revamped risk assessment methodology has to take into account this requirement and it also need to be extended to public entities and municipalities.</p>



## OTHER CHALLENGES AND SUGGESTED SOLUTIONS

CHALLENGES	SOLUTIONS
<b>Key service 1</b>	
Inadequate skills and expertise/ competence by the internal auditors required to perform certain critical internal audit engagements and consulting activities for all our client departments in order to enhance the value-add service that is provided to our client departments.	<ul style="list-style-type: none"> <li>A list of all Assurance officials with the qualifications, skills and expertise possessed by each official has been compiled and the training gaps have been identified. Implementation of the training intervention is in progress.</li> </ul>
Inadequate/Lack of continuous quality reviews of the work performed by the assurance team/unit to ensure compliance with International Standards for the Professional Practice of Internal Auditing (ISPPIA) from the IIASA.	<ul style="list-style-type: none"> <li>There is an approved Internal Quality Review Plan and the team responsible to execute the plan which is led by the Director: IT Audits. As part of the quality improvement plan, there were two internal peer reviews conducted during the 2019/20 financial year.</li> <li>The peer review has so far assisted with identification of non-conformance with ISPPIA on some of the audit projects. As a result, corrective measures were implemented to ensure conformance. It must be noted that corrective measures are on-going as per the audit assignment executed.</li> </ul>
Poor cooperation from client departments in terms of timely submission of management responses to the audit reports.	<ul style="list-style-type: none"> <li>A letter/ communique signed by the Chairperson of the Provincial Audit and Risk Committee (PARC) was sent out to all Accounting Officers of the client departments detailing the process that will be followed by the departments and Assurance unit when finalizing audit engagements and issuing of the final reports. The adherence with this process has been monitored on the quarterly basis by the Cluster Audit and Risk Committee (CARC) during the quarterly CARC sittings.</li> </ul>
<b>Key service 2</b>	
<b>Inadequate Human Resource to support number of institutions.</b>	The Unit is exploring the introduction of risk management learner ships to complement its staff to ensure better support to institutions.



<p><b>Lack of standardized methods for conducting risk assessments.</b></p> <p>The Unit uses CURA risk management information system to record its risk facilitation and development of risk registers. Despite this system, the Unit lacks a formalized process of facilitating and developing credible risk registers. A standardized risk assessment planning process to be adopted by all departments and the unit is yet to be developed. The documented planning process will be utilized to guide the facilitation and development of credible risk registers.</p>	<p>The Provincial Risk Management Framework is being reviewed and it will be supplemented with a risk assessment methodologies for various risk assessment types. As part of the revision of the Provincial Risk Management Framework, the unit will be documenting and adopting a standardized process for risk assessments and development of risk registers. Employees and clients will be trained on these processes and various checklists and after project client satisfaction surveys will be introduced to assess compliance to the adopted risk facilitation process.</p>
<p><b>Provision of uninformed risk management training.</b></p> <p>Risk management training currently provided to institutions needs to be structured and formalized.</p>	<p>The Unit will work with each institution to develop annual risk management plans which are based on needs analysis and maturity levels of institutions that are supported. To improve on this area, the team intends to formalize a process of needs analysis; development and validation of training manuals, understanding the level of risk management of the people to be trained; adjusting and aligning the training approach to the needs and level of people being offered risk management training.</p>

## BATHO PELE PRINCIPLES:

### Key service 1

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2018/19	PROGRESS REPORT
Provide management with the assurance on the compliance with the relevant legislations and prescripts, and effectiveness of the internal control systems.	All KZN Provincial departments and Public Entities	<p>95% achievement of annual operational plans</p> <p><b>Quantity</b></p>	100% overall achievement of the operational plan on a quarterly basis.	<p><b>Not Achieved</b> – the Unit could not achieve the desired 100% of the 2018/19 planned audit projects. This was mainly due to slow progress in appointing the consultants to assist with the execution of the annual audit plans for all 14 Provincial Departments. Slow progress with the procurement of the consultants' service was as a result of changes effected on SCM processes by the CFO's Office.</p>
		Execute the audit as per the scope determined at the planning stage.	100% audit coverage on all the areas of client's concern.	<p><b>Achieved</b> – all audits conducted to date have covered scope of work as per the plan and discussion with the client management.</p>





			Partially Compliance with IIA Standards	Implement remaining action plans on external Quality Assurance review performed.	<b>Achieved</b> - External QAR completed. Overall rating has improved.
			Peer reviews conducted on an ad-hoc basis	Perform bi-annual peer reviews.	<b>Achieved</b> – peer review has been conducted during the 2 <sup>nd</sup> quarter.
			Fragmented implementation of desired structure	Update and implement register of training.	<b>Achieved</b> - Register for training for the period between 2018/19 and 2020/21 has been developed in consultation with the staff. In the process of rolling out required training.
				Obtain approval and implement the new revised structure on a phased in approach.	<b>Not Achieved</b> – Revision and approval of the IAU structure has been put on hold until the discussions on the Unit's future as a shared service in the Province have been completed. However the structural issues are currently impacting the operations of the Unit negatively.
			Compile Annual Performance Plan with standards.	Revise Annual Performance Plan with standards.	<b>Achieved</b> – the Annual Audit Plan for 2018/19 has been revised from the 3 year rolling strategic plan (2017/18 – 2019/20) in consultation with the client Departments. The plan is in the process of implementation.
		<b>Consultation</b>	Currently experiencing limited beneficial engagements with the auditee.	Quarterly meetings to be expanded to include HOD's and Audit Committee.	<b>Partially Achieved</b> – attendance of audit clients' ManCo and/or risk management committees' meetings to present and discuss audit engagements, IAU role and expectations from client Departments was achieved with only the Departments of Treasury, Health, Social Development and Human Settlements. This resulted to only 29% (4/14) achievement. IAU will continue or keep on knocking at the remaining Departments pleading for invitations to their key management meetings. It must be noted that as much as we wish to attend this meetings, this target is dependent on invitations from the Departments.



		Concerns are mostly raised at the conclusion of the audit instead of during the commencement of the project.	Continuous client engagement throughout the audit process to ensure that concerns of the client are addressed.	<b>Achieved</b> – audit opening meetings were held with the senior management officials (CDs, DDGs or HODs). To this end, the Unit did not receive complaints from client management on not addressing concerns raised by the client Department at the commencement of the audits.
		No participation	Participate during Risk Assessment process and ensure alignment of audit to the risk findings.	<b>Not Achieved</b> – this is still a challenge as attendance of the sessions are dependent on invitation from the client Departments. This is despite of the plea with client Departments to extend invitations to the unit.
		Client satisfaction surveys sent out	Monitor comments & implement improvement from client satisfaction surveys.	<b>Not Achieved</b> – so far, the CSS results are still reviewed on individual basis by the cluster audit manager, the unit has not implemented a process to collectively (Unit management) monitor and report on CSS results.
			Meet with client to discuss feedback on client satisfaction surveys and actions to address weaknesses.	<b>Not Achieved</b> – this has not been achieved, the unit is yet to collectively monitor and report on the CSS results.
		Lack of client understanding on Internal vs External Auditing	Sharing of information at forum	<b>Partially Achieved (29%)</b> - meetings have taken place with certain HODs and management team to discuss audit engagements, IAU role and expectations from Departments.  However, presentations were done at COHOD and cabinet on the differences between internal audit, internal control and external audit.
	<b>Access</b>	Contact details of management team to be made available on Treasury website	Create awareness on developed SCC	<b>Achieved</b> – the contact details of the IAU management are on the Department's website. However, what is still outstanding is the development of our services' pamphlet or prospectus for uploading on the website.



	<b>Courtesy</b>	The IIA Code of Conduct signed by all internal audit staff.	IIA Code of Conduct to be signed annually by staff and create awareness.	<b>Achieved</b> – all staff members including management have signed IIA Code for 2018/19 financial year.
				<b>Achieved</b> – all newly appointed staff members have signed the Public Service Code of Conduct for 2018/19 financial year.
	<b>Openness and Transparency</b>	Accounting Officer Reports issued quarterly.	Accounting Officer Reports 15 days after the end of the quarter.	<b>Achieved</b> – the Accounting Officers Report for the 3 quarters of the 2018/19 financial year were timely done and submitted to the HOD's. The report for the 4 <sup>th</sup> quarter is still outstanding as the 4 <sup>th</sup> quarter Audit Committee meetings are scheduled for the month of May 2019.
				<b>Achieved</b> – two additional junior resources have been acquired to assist the secretariat with coordination of information for the Audit Committee.
	<b>Information</b>	Currently there is poor coordination of information for the Audit Committee	Audit Committee to evaluate services to determine improvement levels of secretarial functions.	<b>Achieved</b> – the contact details of the IAU management are on the Department's website. However, what is still outstanding is the development of our services' pamphlet or prospectus for uploading on the website.
		Certain documents available on the Departmental Website.	Review and update website bi-annually.	
	<b>Redress</b>	Client Satisfaction Survey (CSS) are completed by the client	Review completed CSS and address all complaints recorded to automated system	<b>Not Achieved</b> – this has not been achieved, the unit is yet to collectively monitor and report on the CSS results.
		Suggestion Box available in the foyer	Analyze and address complaints received	<b>Achieved</b> – suggestion box is available at the reception/foyer, however, no complaints or suggestions have been received.



			Value for Money	Internal Audit Technician Learnership training implemented for all internal auditors.	Implement issue tracking system to consolidate and track audit findings across department as well as transversally.	<b>Achieved</b> – the unit implemented an Audit Log for all audit findings and action plans. On quarterly basis an Audit Log is updated and discussed at the audit committee meetings.
				Engage consultants for scarce skill	Maintain standard	<b>Achieved</b> – IT audits are implemented with the assistance of the consultants. In addition, some of the Performance Audits - Infrastructure which require subject experts (e.g. engineers, surveyors, etc.) are implemented with the help of consultants whenever a need arise.
			Encouraging Innovation & Rewarding Excellence	EPMDS system in place	Implement employee of the quarter reward scheme.	<b>Not Achieved</b> – management is yet to complete the criteria document to guide the implementation of reward scheme for highly achieving or performing audit staff members.
			Service Delivery Impact	Carry out survey to assess the impact of improved services to KwaZulu-Natal	Implement Governance Framework	<b>Not Achieved</b> – the governance framework has not been finalized. Once the framework is done, the survey instrument will be developed and implemented immediately.
			Leadership & Strategic Direction	All staff members in Assurance Services are in possession of signed and agreed upon work plans, performance agreements, and JD's	Involve staff on strategic planning sessions.	<b>Not Achieved</b> – the Unit has not yet held the strategic planning session for 2019/20, when it does, staff members are to be involved.
				Staff work plans	Review and update staff work plans	<b>Achieved</b> – the staff work plans for the 2018/19 financial years have been reviewed and signed-off by all staff members.
			HR	73 (Filled posts plus learners)	Obtain approval to appoint staff members on contract. If approved, implement the	<b>Achieved</b> – contract posts for across the board have been approved, staff recruited and for the remainder posts, recruitment is in progress.





				approved request gradually in phases.	
			Request for additional funding within a financial year	Review of IA Funding baseline	<b>Achieved</b> – Assurance baseline budget has been revised and additional funding was approved, however this was not sufficient to fully support Department's needs.

## Key service 2

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2018/19	PROGRESS REPORT
Facilitation of risk assessments in line with approved risk assessment methodology and provision of risk management training	Provincial departments, public entities and municipalities	80% achievement of risk operational plan.	80% overall achievement of the operational plan on an annual basis.	<b>Achieved</b> - Completed and complied with the set standard for the 18/19 financial year.
		Execute the risk assessment process as per the risk planning scope.	100% coverage of the planning scope.	<b>Partly achieved (60%)</b> - The planning process was introduced and done on specialized risk assessments that we facilitated for clients during the 18/19 financial year.
		Partially Compliant with best practice risk process.	90% compliant with risk process.	<b>Partly achieved</b> - The whole risk assessment process is being reviewed and document properly as part of the revised Provincial Risk Management Framework.
		Currently not adequate consultation with clients as we only use risk forums to consult with clients.	Engage and consult client as part of scoping risk assessments and have quarterly meetings with clients.	<b>Partly achieved (60%)</b> - It was done mostly in specialized risk assessments we facilitated for clients during the 18/19 financial year.
		Concerns are mostly raised at the conclusion of the risk assessment.	Engage client at the start and end of project.	<b>Partly achieved</b> - Without doubt clients are engaged at the start of projects, which is always not the case at the end projects. The end of project engagements with clients will be improved during the 19/20 financial year.
		Client satisfaction not sent out.	Design and agree on client satisfaction surveys	<b>Partly achieved</b> - One has been done for risk forum surveys, The Unit need to design one for reports.



		Contact details of management team is known to clients and is available on Treasury website	Formally introduce risk support team dedicated to each institution, and any changes thereof.	<b>Partly achieved</b> - This is currently done informally through risk fora and email communication. The Unit needs to formalize this process through writing formal letters to accounting officers officially informing them of their Risk Support Team from our Unit.
	<b>Courtesy</b>	Responding to clients correspondence/emails on an ad-hoc basis	Respond to client requests/correspondence/email within 2 weeks.	<b>In Progress and Completed</b> . Client needs are being addressed as received and within the set timeliness.
	<b>Openness and Transparency</b>	Clients' Accounting Officer Reports issued twice a year.	Clients' Accounting Officer Reports 15 days after the end of the 2 <sup>nd</sup> and 4 <sup>th</sup> quarters	<b>Achieved</b> - This is being done on a quarterly basis.
	<b>Information</b>	Currently there is poor coordination and dissemination of risk management information to clients.	Risk Management information/reports provided to clients on a quarterly basis.	<b>Achieved</b> - Risk management information and concerns are being communicated to departments on a quarterly basis through accounting officers reports.
		Certain documents available on the Department's (Treasury) Website.	Review and update website bi-annually.	<b>Not achieved</b> - This will be done once the revised Provincial Risk Management Framework is approved.
	<b>Redress</b>	Complaints raised and address through risk forums	Six-monthly engagement of clients to determine their concerns and provide solutions thereof.	<b>In Progress and partly addressed</b> . This is currently done on a quarterly basis through risk management fora. The process of engagement will be improved further in the 19/20 financial year through holding of one-on-one engagements with clients on a monthly or quarterly basis.
		Suggestion Box available in the foyer	Analyze and address complaints received	<b>Not achieved</b> - Will be done as part of the 19/20 risk operational plan.
	<b>Value for Money</b>	Provided CURA (risk management tool) access to departments.	Provide risk management policies and framework to clients	<b>Partly achieved</b> . Although the Provincial Risk Management Framework has not yet been approved, the Unit has already shared some of its templates for use by provincial departments.



			Engage consultants for scarce skills	Maintain standard	<b>Achieved</b> - and done as needs arise.
		<b>Encouraging Innovation &amp; Rewarding Excellence</b>	EPMDS system in place	Implement employee of the year award scheme.	<b>Not achieved.</b> Will be formalized during the 19/20 financial year.
		<b>Service Delivery Impact</b>	Carry out survey to assess the impact of improved services to KwaZulu-Natal	Implement Governance framework	<b>Partly achieved</b> - Service delivery impact surveys currently done after hosting risk management fora. This surveys will be formalized on a regular basis and after each report is issued to provincial departments.
		<b>Leadership &amp; Strategic Direction</b>	All staff members are in possession of signed and agreed upon work plans, performance agreements, and JD's	Involve staff on strategic planning sessions.	<b>Achieved</b> - Staff is engaged in the development of annual performance targets through their directors.
			Staff work plans	Review and update staff work plans	<b>Achieved</b> and done annually as part of the performance agreement signing process.
		<b>Time</b>	1 April 2018 to 31 March 2019	1 April 2018 to 31 March 2019	1 April 2018 to 31 March 2019
		<b>Cost</b>	R 32 6666 000.00	R 32 6666 000.00	R20 751 317.00
		<b>HR</b>	15 posts, 1 vacant	16 posts plus 7 risks trainees.	16 posts plus 7 risks trainees.



<b>Challenges/gaps encountered per service:</b>	<p><b>Key service 1</b></p> <ul style="list-style-type: none"> <li>There is still a heavy reliance on external service providers; as the structure of the Unit is on hold for approval and implementation. However, approval was granted to fill certain posts on contract. Although contract posts are somehow filling the void, this option is not sustainable as contract staff continues to seek permanent job opportunities and as a result, we are continuously on a recruitment drive.</li> <li>The added challenge in using external service providers, is the long process in the appointment of these resources. Even though there has been a panel of internal audit service providers, the unit does not have the capacity to carry out SCM process to appoint these resources.</li> <li>There is also an increased cost implication in appointing external firms to conduct audit assignments versus the appointment of internal resources. This places an increased burden on the unit's budget as well as managers to oversee the work of the consultants.</li> </ul> <p><b>Key service 2</b></p> <ul style="list-style-type: none"> <li>On developing a standardized risk assessment methodology, the main challenge that we had was on timely approval of the revised Provincial Risk Management Framework by the Executive Council. The outgoing Provincial Executive Council took a decision to defer all major approvals/decisions after the National and Provincial Elections hence the revised Provincial Risk Management Framework could not be approved by March 2019, and this delay had also delayed the implementation of the risk assessment methodology.</li> <li>On risk management training, although the process of training needs analysis has commenced, there is no adequate and satisfactory response from departments.</li> </ul>
<b>Mitigation factors/ intervention per service:</b>	<p><b>Key service 1</b></p> <ul style="list-style-type: none"> <li>There is an urgent need for the structure of the unit to be revised to ensure that there is sufficient internal capacity to carry out its mandate. However, given the ongoing debate on the future of the Unit's centralized service in the Province, the issue of the structural review would remain pending until there is clear direction on the Unit's future.</li> <li>Appointment of the two resources on contract to assist the Unit with the procurement process of the consultants.</li> </ul>



	<p><b>Key service 2</b></p> <ul style="list-style-type: none"> <li>The revised Provincial Risk Management Framework will be fast-tracked for approval by the incoming Provincial Executive Council by August 2019.</li> <li>On risk management training, generic approach on training needs analysis will be adopted for similar departments so that we can promptly finalise the development of integrated risk management training needs analysis for all provincial departments.</li> </ul>
<p><b>Suggestions/ Recommendations:</b></p>	<p><b>Key service 1</b></p> <p>As a temporary measure whilst awaiting clear direction on the Unit's future as a centralized service, approval on the creation and appointment of junior resources on contract posts may assist the Unit by reducing heavy reliance on the consultants as the model on its own brings about further challenges.</p> <p><b>Key service 2</b></p> <p>Further consultations will be done with key stakeholders to enhance the quality of the draft Provincial Risk Management Framework and to enhance quality of inputs into risk management training needs analysis.</p>
<p><b>Conclusion:</b></p>	<p><b>Key service 1</b></p> <p>The Unit did not progress well with the implementation of performance targets due to prolonged process of appointment of the consultants to complement our internal limited resources. As a result, a handful number of audit projects were rolled over to the new financial year – 2019/20.</p> <p><b>Key service 2</b></p> <p>Most of the outstanding action plans will be done once the revised Provincial Risk Management Framework is formally approved, but in the meantime departments are being engaged and work-shopped on the draft Provincial Risk Management Framework.</p>





## 6.5 Organisational Environment

Despite the subdued economic performance of South Africa over the past three or four years, there is a renewed sense of optimism driven by the political stability of the country. This optimism is supported by the OECD and Goldman Sachs reports citing stronger activity in trading partners, which is expected to boost exports, as well as investment to support growth in 2019. However, the long-term challenges facing the country include the creation of a stronger, more inclusive and resilient economy. Similar to the national projections, the provincial economic outlook is also on an upward trajectory but expected to grow by 1.2% and 1.3% in 2018 and 2019, respectively.

The fiscal trajectory of the province however, still points to a constrained resource availability. For the 2018/19 MTEF no less than R1.8 billion is reduced from the provincial resource allocation, due to annual updates of the provincial equitable share formula in the main. This is the fiscal environment within which the Provincial Treasury operates. To offset these reductions, Treasury has been very robust in implementing the fiscal austerity measures to ensure that we find savings from within our budget. Own revenue growth has also been steady and attempts are afoot to further improve revenue collection.

Treasury is also faced with a challenge of retaining critical skills in finance, accounting and economics. It is a “poaching” ground for other departments and the private sector. Consequently, the department has to be on a recruitment drive constantly. The department has then embarked on bursary programme to train future chartered accountants. This will ensure a sufficient pool of qualified accountants both in Treasury and in other departments and municipalities.

## A.7 Strategic Outcome Oriented Goals

The strategic goals of the Provincial Treasury are as follows:

- To promote sound financial and fiscal management and good governance.
- To place strong emphasis on fighting poverty and creating jobs in partnership with provincial Departments through procurement targeting.
- To focus on the enhancement of broad-based BEE through effective Supply Chain Management policies.
- To implement a policy on zero tolerance on fraud and corruption.
- To ensure good financial management with the elimination of over-expenditure and the reduction of rollovers.
- To target government investment in service delivery.
- To promote sound cash management practices and improve liquidity in the province.



## PART B: PROGRAMME PERFORMANCE

### B.1 Programme 1: Administration

**Purpose:** *The purpose of this programme is to provide service support to the core programmes within the Department.*

**The Strategic Objectives are:**

1. Effective management of the departmental finances in line with statutory requirements
2. To provide optimal Human resource services to the Department.
3. To provide IT Technical and IT functional support to the Department.

**Service Delivery Achievements:**

#### Office of the MEC

#### Community Outreach and Social Responsibility

The Office of the MEC for Finance has championed the course of poor and developing communities alike through a number of interactive engagements as well as ensuring meaningful contributions to impoverished organisations, strengthening and improving the lives of the most vulnerable communities in all the corners of the province.

By engaging in these meaningful programmes, KZN Provincial Treasury has transformed a number of lives. This has also further opened an opportunity for the effective two-way communication and engagement which is mostly required by the constitution in order to solve problems effectively.

These engagements have been in the form of community outreach events in Mtubatuba, Vryheid, Dumbé and KwaNyuswa areas where sewing machines were donated to women Co-operatives in a bid to encourage skills development and boost local economies as well as women economic empowerment.

Various categories of communities have been touched and this includes an outreach programme to children in Edendale Hospital on Christmas Day with toys and various gifts and warm wishes. The other leg of this outreach programme targeted orphaned and vulnerable children housed at SOS Village in Pietermaritzburg.

By the same token, the business community has equally been an important sector for KZN Treasury given our strategic mandate in terms of Public Finance Management Act. Ministry has led business engagements in the form of Budget Breakfasts attended by the business community in Durban mostly. The objective has always been to involve and engage with business-minded people on the configuration of the provincial budget. This is the platform where the department gets to have a robust two-way communication on the “good and the bad” in respect of the management of public finances. Of particular



importance for Ministry and government in general is for government to know what role the business fraternity should and need to play in the development of the socio-economic landscape of KwaZulu-Natal.

Sustained campaigns were held to reach out to deserving Non-Profit Organisations, especially in the form of creches in areas that include Cliffdale near Cato Ridge, to mention but a few. Furthermore, Ministry led a critical intervention with various donations to an impoverished Children's Home in KwaDukuza area, under ILembe District, in partnership with the nearby Roman Catholic Church handed out mattresses, groceries and various kitchen appliances to help care for the needy children accommodated.

This was driven by the belief that the various Non-Profit Organisations assist government in its task to alleviate poverty and because of this, it is critical that government supports the work they do in communities.

Ministry is proud to have initiated progressive engagements with Absa Bank, our Provincial Banker, that have eventually given rise to a substantial financial injection into Mandela Day Marathon, over three years. This is a practical expression of public private partnership with the aim of enhancing government programmes to benefit communities.

Another example of private public partnership is the association of KZN Treasury and the South African Institute for Chartered Accountants (SAICA) that has seen KZN Treasury accorded the status of being the Training Office for Chartered Accountants in KwaZulu-Natal. This is particularly significant in that it allows government to literally "grow its own tree" in creating and enlarging the pool of skills in the area of financial management for the public sector.

A lot of other gestures of goodwill were shown through government's flagship campaigns that include Mandela Day and Thuma Mina activities that have seen Ministry, and the MEC in particular, roll up sleeves and join communities to clean streets, paint schools and community halls in an attempt to show that government cares about communities and their environment.

Through these social initiatives and support to KwaThintwa School for the Deaf and KwaJika-Joe Informal Settlement, the department in partnership with the relevant sister departments – an inter-governmental relation in action - made donations to help some of the poorest and most vulnerable people. They include orphans, single parents, youth, widows, the elderly, infirm people, people with disabilities as well as victims of rape and abuse. Through this initiative, communities were assisted through food security, access to education, youth empowerment, skills development and support services for victims of rape and trauma in line with the objectives outlined in our budget.

The Month of July is traditionally known as the Savings Month in South Africa. MEC and HOD visited and interacted with shoppers and taxi commuters in Mlazi Mega City to encourage them to save money during the hard economic and financial times in the world.



It is events, engagements and donations like these that have consistently ensured that Ministry is visible and demonstrates its resolve to better the lives of communities across all racial, political, creed and gender lines.

### **Office of the Head of Department ( HOD)**

This sub-programme provides support to the Executive Authority in providing strategic and political direction to provincial department, municipalities and public entities.

Achievements of the Office of the Head of Department are:

- (a) The Office of the Head of Department continues to ensure that the department fulfils its mandate in terms of the PFMA & MFMA. This includes facilitating the tabling of the MTEF and Budget Adjustment process to Cabinet.
- (b) The HOD continues without fail to emphasise the need to save by continuing with the implementation of the cost cutting measures together with careful budget and cash management.
- (c) The Head of department also continues to be very instrumental in the implementation of key projects that have an impact on financial management and social governance in KZN, such as the Provincial Recovery Plan, Contract Management.
- (d) The Head of department continued to provide strategic leadership in policy development through his co-chairmanship of the Economic Sector and Infrastructure Development Cluster (ESID) and his participation in various policy discussion on financial management and economic development.
- (e) The office of the HOD remained very instrumental in driving certain programmes which have received a good success over the 2018/19 financial year:
  - Operation Sukuma Sakhe
  - The Municipal Finance Management Internship Program (MFMIP)
  - Minimum Competency Regulation
  - Drought Relief Project
  - School Adoption Project





## OPERATION SUKUMA SAKHE

Operation Sukuma Sakhe (OSS) aims to rebuild the fabric of society by

- Promoting human values,
- Fighting crime, diseases, deprivation and social ills,
- Ensuring moral regeneration and
- Unblock service delivery through effective intergovernmental partnerships.

As HOD Champion in Ethekewini Operation Sukuma Sakhe, the office of the head of department/IGR participated in various outreach programmes for the youth in schools, supported all 110 war rooms' programmes in eThekewini Metro and programmes that sought to mitigate the water scarcity issues throughout the Province by donating and installing jojo tanks. Over the 2018/19 financial year, the following were Treasury's deliverables in Ethekewini and other districts:

- **Qiko High School** (Ugu District) - 15 x laptops with bags and lock chains
- **Ndlovana High School (Zululand)** - Supply of 4 x self-filing water tanks powered by engine support
- **Esiphakama Crèche (EDumbe)** - Supply 2 x water tanks and installation & Construction of a toilet
- **Uyengo Senior Secondary School (uThungulu)** - Supply 2 x water tanks and installation
- **Kwankulu Primary School (Zululand)** - Supply 8 x water tanks & installation, supply 1 x Pressure Pump, Supply of Gutters and Installation, Supply 8 x Down pipes and installation, supply of 1 x concrete sink and installation
- **Inqolobane Home of Disabled Children (KwaDukuza)** - Supply 2 x water tanks and washing Machines
- **Fundukuzama Crèche (Abaqulusi)** - Supply of 48 Kids Sleeping Matrasses

## The Municipal Finance Management Internship Program (MFMIIP)

The MFMIIP seeks to assist municipalities to develop the knowledge and skills of the interns employed under this program in areas such as strategic planning and management, municipal budgeting and finance management. It is an organized professional training and work experience program with the goal of providing high quality training and practical exposure in all aspects of municipal finance management.

In 2017/18, Treasury coordinated Municipal Interns MFMA Induction Programme for all municipalities where both Treasury and COGTA made presentations that gave a broad overview and understanding of the public sector ethos and ethics, including the municipal service delivery mandate, as well as the





municipal finance environment and MFMA reforms. Unfortunately, **only 50%** of the municipalities in the province participated hence the coordination of the **2018/19** once off workshop to accommodate those who missed out the previous financial year for various reasons.

**The attendance for the 2 day workshop was as follows:**

Metro: 15

Mthonjaneni: 4

Umnjeni: 4

KCM: 4

Impendle: 3

Umzinyathi: 1

**Minimum Competency Regulations**

Sections 83, 107 and 119 of the MFMA requires that the Accounting Officer, senior managers, the Chief Financial Officer and other finance and SCM officials of municipalities and municipal entities meet the prescribed financial management competency levels. The Municipal Regulations on Minimum Competency Levels were promulgated in 2007 to give effect to the aforementioned sections of the MFMA.

Tables 6.19 to 21 show the compliance with the Municipal Regulations on Minimum Competency Levels as at 10 September 2018 in KZN, South Africa as a whole and per province as per National Treasury.

**Table 6.19: Compliance with Municipal Regulations on Minimum Competency Levels in 54 KZN Municipalities as per National Treasury - 10 September 2018**

Position	Total municipalities	Total officials appointed	Appointed officials who meet minimum competency requirements	Percentage Appointed officials who meet minimum competency requirements %
Accounting Officers	54	38	20	52.6
Chief Financial Officers	54	43	14	32.6
Senior Manager	54	116	32	27.6
Head of Supply Chain Management unit	54	11	3	27.3
Supply Chain Management Manager	54	32	16	50.0
Middle Manager	54	401	165	41.1
Other Official	54	778	323	41.5
<b>Total</b>	<b>54</b>	<b>1419</b>	<b>573</b>	<b>40.4</b>



Source: National Treasury

Lastly, the South African public sector is transforming at a rapid rate and this increases the exposure to elements of **risks** and opportunities that may impair or promote the achievement its objectives.

**Risk management** in the public sector presents some significant differences from its private sector counterpart. In the private sector, it is generally true that the higher the risk, the higher the reward – usually in the form of profits. However, in the public sector this trade-off doesn't necessarily apply. Integrated risk management requires an ongoing assessment of potential risks for an organisation at every level, and then aggregating the results at the corporate level to facilitate priority setting and improved decision-making.

The department has integrated risk management into existing decision-making strategies through report-back by risk owners on progress of actions plans at various management meetings. The departments risk committee continues to be proactive and acts as an oversight committee that facilitates the management of risk facing KZN Provincial Treasury on a central basis in accordance with the requirements of the PFMA, and the relevant National Treasury Regulations. In addition, the risk committee assists the Accounting Officer in discharging his accountability for risk management by reviewing the effectiveness of the department's risk management system, practices and procedures and proving recommendations for improvement.

### **Financial Management (Office of the CFO)**

The objectives of this unit are to render financial and supply chain management functions to Provincial Treasury.

Some achievements of the Office of the CFO include the following:

- The department continued to maintain an error free asset register and there were no audit findings raised in this area of work.
- The Treasury internal control unit has been responsible for the reviewing of all invoices submitted for payment by services providers, the unit has been able to prevent, detect and correct any internal control deficiencies.
- Averages of 98% of all invoices received were settled within prescribed 30 days period as per treasury regulations.
- The office of the CFO office has facilitated the departmental audit and received 10th consecutive clean audit for the 2018/19 financial year and the target is to maintain the status quo through continuous improvement. All audit issues raised during the previous audit were resolved timeously.



- The payments and revenue units have achieved their legislative mandates, there were no material findings raised by the Auditor General during the year 2018/19. The unit has continued to implement optimal financial management processes.
- The budget of the department was managed successfully and there was no over spending.
- Various strategies to bring down the vacancy rate were explored hence various vacant funded posts were filled within the Office of the Chief Financial Officer, the asset management and SCM unit have now been fully capacitated.
- The Office of the Chief Financial Officer has continued to attract, motivate and retained competent personnel through developing skills and empowering our employees. We also help them perform at consistently high level by encouraging their professional and personal development.

### **Corporate Services**

This sub-programme contains various support services to ensure that the service delivery units of Provincial Treasury are adequately supported by an effective Legal Services, and have the required telecom system, transport fleet, and appropriate facilities to support their operations. Furthermore, the Human Resource Management unit within Provincial Treasury provides strategic human resources management and development support services to the Department and ensures compliance with relevant national and provincial legislative mandates.

### **Human Resource Management**

#### **Achievements for 2018/19 are as follows:**

- During 2018/19, the Human Resource Management Directorate fulfilled all of its legislative mandates and delivered an efficient and professional Human Resources function to the Department. The Unit's success in HR legislative compliance was further recognized through the MPAT assessment administered by the Office of the Presidency, where the Unit was once again identified as a top performer in respect of KPA3 – Human Resource Management at a Provincial level in respect of MPAT 1.8 results.
- The unit has successfully implemented all planned Human Resource Planning and WSP 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.
- The Employee Health and Wellness Section within HRM continues to make a visible impact on the lives of employees by increasing the number of Wellness Clinics per month within the Department,



with noticeable improvements in the number of voluntary on-site testing. Monthly articles instilling responsible life style disease management as well as encouraging physical fitness and awareness are distributed throughout the organization and have been extremely well received. The Work and Play policy was actively implemented during this year with the introduction of Yoga and Aerobics during Office hours, as approved by the Head of Department.

- There had been a significant reduction in the number of grievances and misconduct cases within the Department which is largely attributed to the monthly articles that stem from the Labour Desk of the Directorate as well as engagements at Line Directorate meetings to empower both staff and management on the managing of sound employer/employee relations. Leadership impact surveys and overall employee satisfaction surveys have also contributed positively in this area.
- The Unit continues with strategies to implement the Head of Department's commitment to improving EE targets of women in management and people with disabilities. A strong focus is on Youth development Programs and the development and improvement of existing skills and qualifications through vigorous skills and empowerment programs. Integrated efforts of the sections within HRM during the year has ensured a strong drive for policy compliance, eradication of fraud and corruption, responsible sick leave management, well aligned departmental structures, adequately skilled employees and a healthy and well informed workforce.
- Provincial Treasury's partnership with SAICA on the Thuthuka Bursary Fund, where Treasury is currently sponsoring 74 previously disadvantaged students studying towards becoming Chartered Accountants is in its 7<sup>th</sup> year since inception. The partnership has further resulted in the Department receiving SAICA accreditation as a Training Office during December 2015, and the Department has received its 4<sup>th</sup> allocation of three Trainee Accountants as at January 2019 making it a total of eight (8) trainees who are currently undergoing training towards becoming chartered accountants. The program yielded its first three Public Service specific Chartered Accountants in December 2018, who are all now employed on a further two year management development program within the Department.

## Information Technology Management

### Achievements for 2018/19 are as follows:

- During 2018/19, the unit once again excelled in the area of ICT governance as reflected in the top score achieved in MPAT. This means from an ICT governance perspective that IT was able to provide business value to the department and assist it in achieving its strategic objectives.
- Server infrastructure was refreshed at the beginning of the year to replace obsolete equipment and meet the increasing demand for storage and processing power.
- The computers in the training room were replaced with new all-in-one units. This is a worthwhile investment as staff training is a priority in the department with regards to skills development.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

- Uninterrupted power supply units were installed in the department to protect server equipment against fluctuating electrical power and loss of electrical power.

The unit implemented Skype for Business. The tool is meant to encourage collaboration and interaction in the department and with external parties.





# PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME ONE: ADMINISTRATION												
1.1 Financial Management (Office of the CFO): Effective management of departmental finances in line with statutory requirements.												
Programme / Sub-programme Output	Performance Measures	1st Qtr Planned Output	1st Qtr Actual Output	2nd Qtr Planned Output	2nd Qtr Actual Output	3rd Qtr Planned Output	3rd Qtr Actual Output	4th Qtr Planned Output	4th Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19	
Financial Management Support Plan	Number of budget submission and planning documents compiled ( EPRE; APPX4; AR; PP; AEPRE & ACF)	2	2	3	3	2	2	2	2	9	9	
Financial Management Support Plan	Number of legislative financial reports produced. (IYMx12,QPRx4 and AFS)	5	5	4	5	4	5	4	5	17	20	
Number of reports produced	Number of supply chain management compliance reports produced	3	3	3	3	3	3	3	3	12	12	
Implemented Financial Reform	Number of Asset Counts performed	1	1	N/A	N/A	1	1	N/A	N/A	2	2	
MPAT moderated rating of 3	Annual MPAT rating on KPA4; Financial Management	N/A	N/A	N/A	N/A	N/A	N/A	Finalised moderated rating of 3	Overall annual MPAT rating of 3	Overall annual MPAT rating of 3	Overall annual MPAT rating of 3.2	
Payments within 30 days	Percentage of supplier's valid invoices paid within 30 days.	100%	98%	100%	98%	100%	99%	100%	98%	100%	98%	
1.2 Human Resource Management: To provide optimal Human Resource services to the department.												
Programme / Sub-programme Output	Performance Measures	1st Qtr Planned Output	1st Qtr Actual Output	2nd Qtr Planned Output	2nd Qtr Actual Output	3rd Qtr Planned Output	3rd Qtr Actual Output	4th Qtr Planned Output	4th Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19	
No. of HR seminars conducted	Number of HR seminars to be conducted	2 seminars	2 seminars	2 seminars	2 seminars	2 seminars	2 Seminars	2 seminars	2 seminars	8 seminars	8 seminars conducted	
No. of policies reviewed.	Number of HR policies to be reviewed	2 policies	2 policies	2 policies	2 policies	2 policies	3 Policies	2 policies	7 policies	8 policies	14 policies reviewed	
HR Plan and Quarterly Implementation Monitoring Reports	Number of Human Resources Plan developed (HRP)	1 X Annual HR Plan & Annual HRP/IR	1 X Annual HR Plan & Annual HRP/IR	N/A	N/A	N/A	N/A	N/A	N/A	1 X Annual HR Plan & Annual HRP/IR	1 X Annual HR Plan & Annual HRP/IR developed	



PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

HRP Quarterly Monitoring Reports	Number of monitoring reports produced to ensure implementation of HRP	1 X implementation monitoring reports	1 X implementation monitoring report	1 X implementation monitoring reports	1 X implementation monitoring report	1 X implementation monitoring reports	1 X HRP implementation monitoring report	1 X implementation monitoring reports	1 X implementation monitoring reports	1 X implementation monitoring report	4 quarterly HRP implementation monitoring reports produced
Annual WSP established	Number of Annual Work Place Skills Plan developed	1 X Annual WSP	1 X Annual WSP	N/A	N/A	N/A	N/A	N/A	N/A	1 X Annual WSP	1 X Annual WSP developed
Work Skills Plan and Quarterly Implementation Monitoring Reports	Number of monitoring reports to ensure implementation of Work Skills Plan (WSP)	1 X implementation monitoring reports	1 X implementation monitoring report	1 X implementation monitoring reports	1 X implementation monitoring report	1 X implementation monitoring reports	1 x WSP implementation monitoring report	1 X implementation monitoring reports	1 X implementation monitoring report	4 quarterly WSP implementation monitoring reports produced	
1.3. Information Technology Management: To provide IT technical and IT functional support to the department.											
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
Initiatives Implemented	Number of initiatives implemented	N/A	N/A	1	1	N/A	N/A	1	1	2	2
Policy Reviews	Number of policy reviews completed	1	1	1	1	1	2	1	0	4	4
Compliance Reports	Number of compliance reports completed	2	2	2	2	2	2	2	2	8	8
Policy Information Sessions	Number of information sessions conducted	1	1	1	1	1	1	1	1	4	4
Mean Time To Resolve ( MTTR) - Provincial	Mean ( Average) time to resolve (MTTR)-Treasury	4 hr MTTR	1hr 49 min	4 hr MTTR	1hr 8min	4 hr MTTR	1hr 52min	4 hr MTTR	1hr	4 hr MTTR	1h 27min MTTR
Percentage network uptime	Percentage network uptime	99%	99%	99%	100%	99%	94%	99%	97%	99%	98%



## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

**B.2 Programme 2: Sustainable Resource Management**

This programme consists of two units, namely Economic Analysis and Infrastructure, as well as Public Finance. The main aim of the programme is the effective management and monitoring of the provincial fiscal resources and budget processes. It also includes the management of the Infrastructure Crack Team. The achievements of the teams responsible for these functions are commendable, and include the careful monitoring of in-year spending of provincial departments' and public entities' spending. This has resulted in an around 1 per cent deviation only of aggregate actual spending against the annual budget for the province as a whole for the past eight consecutive years. These teams play a pivotal role in the continued improvement of fiscal stability in the province.

**The Strategic Objectives are:**

1. Determine and evaluate economic parameters and socio-economic imperatives that inform provincial and local resource allocation;
2. Provide platform to enhance regional economic growth and development through quality research;
3. Support efficient Infrastructure planning and management in KZN that contributes to effective economic and social infrastructure for KZN;
4. To facilitate implementation and institutionalisation of the Integrated Delivery Management Services (IDMS) in all KZN provincial departments and municipalities;
5. To assist and provide technical support to the development of the KZN Infrastructure Master Plan;
6. To assist and provide infrastructure funding support to all KZN provincial departments and municipalities;
7. Promote effective and optimal financial resource allocation for provincial government (including public entities);
8. Ensure efficient budget and expenditure management and accurate financial reporting for provincial government (including public entities);
9. Promote optimal and sustainable revenue generation and collection by provincial departments and public entities.

**Economic Analysis and Infrastructure****Service Delivery Achievements 2018/2019**

This sub-programme will continue to *support and enhance infrastructure and economic development in the province by:*

- Developing strategic policies and frameworks;
- Ensuring the implementation of policies and frameworks;
- Managing the implementation through monitoring and evaluation; and
- Providing continuous support to the relevant stakeholders



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

The mandate of the sub-programme is fivefold, namely.

- To provide and oversee the provisioning of infrastructure management and economic services in the province in terms of legislative mandates.
- To determine and evaluate economic parameters and socio-economic imperatives that inform the provincial and local resource allocation and to provide a platform to enhance regional economic growth and development through quality research.
- To monitor infrastructure planning and delivery performance in the province.
- To co-ordinate and facilitate the implementation and institutionalisation of the Infrastructure Development Management System (IDMS) regulations and methodologies.
- To support the funding and implementation of strategic infrastructure projects in the province

- *Economic Services*

The economic analysis unit continues with its mandate of providing an informed, and well-researched fiscal framework for the allocation of resources within the provincial government departments.

The economic analysis unit has several publications which are accessible on the departmental website for both internal and external stakeholders who wish to do business in the province. The speeches of the MEC are prepared within the unit. Participation in the assessment of the Integrated Development Plans (IDPs) and Local Economic Development (LED) forums in the municipalities were conducted. Chairmanship of the National Public Sector Economic Forum has been passed on from the unit to Limpopo Treasury. Support was also provided at municipal level through projects such as the Financial Literacy Programme (FLP) and Operation Sukuma Sakhe (OSS). Budget information was made accessible to the public through the media (The Mercury Newspaper).

Economic presentations were conducted at various organisations including public, private, institutions of higher education, Non Profit Organisations (NPOs), to name a few: Trade and Investment KZN, Chartered Institute of Government Finance, Auditing and Risk Officers, Durban Chamber of Commerce, South African Diversity Council and the University of KwaZulu-Natal (UKZN).

The unit also participated in bid evaluations, provided newsletters for the department's quarterly publication "Dialogue" and produced a report on the viability of the KZN Sharks Board, which came out with positive results.

Publications such as the Provincial Economic Review and Outlook (PERO), Socio-Economic Review and Outlook (SERO) and departmental analysis reports were produced, and contributions towards other in-house publications such as Municipal Finance's Close-Out Report, Public Finance's Estimates of Provincial



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

Revenue and Expenditure (EPRE) and Human Resource Management and Development's Policy Documents were made.

- *Infrastructure Management*

The Infrastructure Management Unit has continued to support the infrastructure development in the province and the introduction of the IDMS principles to all Department that have infrastructure budget including Health and Education where IDMS was piloted. The infrastructure planning and reporting schedule circular which indicates the milestone and the timeline for each activity required with regard to infrastructure planning and reporting is now applicable to all Departments that have budgeted for infrastructure projects.

The 2017/18 Estimate for Capital Expenditure (ECE) which was published for the first time is one of the highlight achievement of this financial year. This publication provides detailed infrastructure expenditure plans for provincial departments and is aiming at improving the infrastructure planning and contribute to ensuring effective and efficient delivery of infrastructure projects. ECE includes each provincial department's infrastructure development project lists planned to be delivered during the 2017/18 MTEF period. The projects were then captured on a newly introduced web-based Infrastructure Reporting Model (IRM). This will assist to improve reporting and monitoring

Through improved planning and reporting Health and Education has managed to receive the incentives for infrastructure development for Health Facilities Revitalisation Grant and Education Infrastructure Grant respectively.

- *Infrastructure Delivery Management System (IDMS)*

The IDMS is Government policy for implementing the Government's strategy to enhance socio-economic growth and development through infrastructure delivery. Its legality is based on:

- The 9 Provincial IDMS Framework documents which were approved by Provincial EXCO (thereby endorsing IDMS in each Province);
- The Division of Revenue Act (DoRA);
- Endorsement of the IDMS by the Presidential Infrastructure Coordination Committee (PICC); and
- The Standard for Infrastructure Procurement and Delivery Management (SIPDM).

Having one standard system for infrastructure delivery management in all spheres of government has been and is the vision of the Government. This is not only evident from the aforementioned policies but also from the National Development Plan, 2030, decisions by the PICC, the Budget Council (BC), the Technical Committee of Finance (TCF) and the Cabinet.





**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

Government's Infrastructure Delivery Management System (IDMS) comprises three core legislative requirements of the IDMS, namely, asset management, planning and budgeting, and supply chain management. Infrastructure Delivery Management comprises portfolio, programme, operations, maintenance and project management processes. Performance and risk management are integrated in the delivery management processes. The institutional system provides organisations with guidance on a generic approach towards building an institutional Infrastructure Delivery Management System.

Current National Treasury strategic direction and initiatives in IDMS implementation - National Treasury Instruction Note 4 of 2015: Standard for Infrastructure Procurement and Delivery Management (SIPDM) – was issued on 6 November 2015.

The KZN EXCO approved the KZN-IDMS Framework document for the Departments of Health, Education, Public Works and Treasury on 22 September 2012. Given the time lapsed to implement the KZN-IDMS Framework; the PT Infrastructure Unit determined that a detailed progress review be undertaken. The progress review is also informed by the DoRA 2016/17, Chapter 4, Section 27:

Progress: The 2012 KZN-IDMS Framework document progress review report was presented to the Department of Health, Education, Public Works and Treasury in November 2016 and a final report was circulated on 9th February 2017. The review findings are to be incorporated in the development of the new Provincial KZN-IDMS Framework Document aligned to the SIPDM. The reviewed Provincial KZN-IDMS Framework Document is to be completed and approved in 2018/19.

In March 2017 Provincial Treasury issued a circular to all Provincial Departments (PT/INFR 1 of 2016/17), which principally states: The Province of KwaZulu-Natal adopted the Infrastructure Delivery Management System (IDMS) for the planning, delivery, management and reporting on the infrastructure programme. The IDMS requires departments to have long, medium and short term plans for infrastructure delivery. The infrastructure long term plan known as the User Asset Management Plan (UAMP) is a 10 year plan, the Medium term plan known as the Infrastructure Programme Management Plan (IPMP) is a 3 year plan and the Infrastructure Programme Implementation Plan (IPIP) is the short term plan — 1 year plan. In year reporting on infrastructure spending and monitoring is reported in the Infrastructure Reporting Model.

- *KZN Infrastructure Master Plan*

The KwaZulu-Natal Provincial Planning Commission developed the KwaZulu-Natal Provincial Growth and Development Plan (PGDP), which is underpinned by and aligned to the National Development Plan (NDP). Both the NDP and the PGDP emphasises the need for improved co-ordination, alignment and integration of infrastructure planning. This resulted in KZN Cabinet approving the establishment of an Infrastructure Co-ordination Work Group (ICWG) to facilitate integration and co-ordination of all Infrastructure programmes and projects in KwaZulu-Natal that are identified as being strategic to the extent that they have the ability to



## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

advance the strategic objectives and interventions identified in the PGDP. The ICWG is chaired and coordinated by KZN Department of Public Works with support from Provincial Treasury.

The development of a Provincial Infrastructure Master Plan (IMP) which provides a high level overview of the nature, extent and status of alignment of and between the abovementioned categories of infrastructure within the Province of KwaZulu-Natal, indicating critical and priority gaps to attend to in the short, medium and longer term. The need for such Provincial Infrastructure Master Plan is driven by the fact that there is no institutional framework to facilitate a coordinated and integrated approach to planning of strategic infrastructure at a provincial level.

Progress on the development of the IMP was presented in August/September 2017 and January/February 2018 to:

- KZN Provincial Planning Commission (PPC);
  - Economic Sector Infrastructure Development (ESID) Cluster; and
  - KZN Lekgotla
- *Infrastructure Crack Team*

The provision of public infrastructure is integral in the realisation of government's goal to provide basic services to all South Africans. However, low capital expenditure by Departments and municipalities necessitated the establishment of an infrastructure support initiative. The infrastructure support team (or the infrastructure "crack team") was established in 2011 by the Provincial Executive to assist Departments and Municipalities in delivering cost effective and efficient infrastructure in the province. The initial panel consisted of 18 built environment professional companies which included engineers, town planners, architects, project managers, and quantity surveyors. The "new" three year contract commenced in April 2015 with 23 built environment professional companies.

The objective of the "Crack Team" is to assist provincial Departments, entities and municipalities in the infrastructure delivery value chain in assessing, planning, identifying and unblocking of bottlenecks in the delivery of the essential infrastructure services to communities.

One key project that has arisen out of this initiative is the support provided to the Department of Health in undertaking repair works to health facilities damaged by storms of 10th October 2017. Due to the magnitude of the damages and the need for extra capacity for professional services over and above what the Department of Public Works carries, Provincial Treasury was requested to avail a Professional Service Provider to ascertain the extent of damage, determine remedial measures and cost these interventions.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

Listed below are some of the projects undertaken in the 2017/18 financial year.

- Technical infrastructure support and capacity in preparation of the Infrastructure Plan for Greater Kokstad Municipality
  - Infrastructure support in the development of Ray Nkonyeni Spatial Plans
  - Supporting Municipalities with development maintenance plans and asset registers
  - Department of Health Storm Damages
- *Provincial Regional Technology Hub Project*

The focus and purpose of this project is based on what has been experienced and achieved internationally through the establishment and innovation of technology hubs. Using foreign examples as “best practice” but with a good understanding of conditions and opportunities in South Africa, the project will cater for:

- The establishment, financing, designing, initial construction of phase 1 and the preparation for the operating of FOUR regional technology hubs in the province.
- The four locations are:
  - uMsunduzi (at the Pietermaritzburg airport)
  - Newcastle (at the Newcastle airport)
  - Richards Bay (at the Richards Bay Industrial Development Zone (RBIDZ) Phase 1A site)
  - Hibiscus Coast (opposite the Shelly Mall, Shelly Beach)
- Funding of R120m through the General Budget Support Programme has been secured over the MTEF (2015/16 to 2017/18).
- The current funding will ONLY support the development of phases 1 at each location, (mostly for bulk infrastructure, some top structures to initiate the projects’ and development facilitation and planning).
- Funding applications to both public and private entities were submitted to augment the current funding. However the applications were not successful.
- A professional team had been appointed to support the project over the Medium Term Expenditure Framework (MTEF).
- Significant private sector participation was facilitated for top structure development.
- The four “**hub hosts**” (the three municipalities and the RBIDZ) will own the hubs and will have to put operations and maintenance budgets and plans forward.
- Each hub host has put forward an incentive policy for prospective tenants and investors.
- The project was completed by the 31 March 2018 within time and 100% of the R120 million grant was spent.
- The technology hubs have been formally handed over to the hub hosts.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

- *King's Palaces Maintenance Repairs Project*

The KZN Treasury was mandated by the Honourable Premier in November 2015 to implement the Palaces Maintenance Repairs Project. Funding of R8m was made available through the Office of the Premier for the 2016/17 financial year. A rollover commitment from 2016/17 financial year of R1 313 000.00 for 2017/18 was approved for repairs at the Kwakhangelala Palace. The final package of work of interior repairs went out on open tender and was awarded in June 2017 with the award amount was R 1 010 657,02. Total expenditure for 2017/18 amounted to R 1 507 482,31. The final repair project is planned to be completed in May 2019.

## **Public Finance**

### **Service Delivery Achievements**

The Public Finance unit continued to perform its mandate as prescribed by the PFMA and Treasury Regulations. This included following:

The revenue collection and expenditure trends of 15 Votes and 16 public entities were monitored.

The Finance Portfolio Committee was briefed on the mid-year and close-out budget performance of the province.

The Standing Committee on Oversight was briefed on the budget performance of the Provincial Legislature.

The Provincial Executive Council was kept informed of the provincial budget performance throughout the year.

The 2017/18 Adjustments Estimate of Provincial Revenue and Expenditure, the Adjustments Appropriation Act and the Adjustments Estimate Budget Speech were prepared and MEC tabled this in the Legislature. In addition to the Adjustments Estimate which has to be tabled in the Legislature within 30 days of the national Adjustments Estimate having been tabled, the province tabled a Second Adjustments Appropriation Bill on 22 March 2018 to formalise the appropriation of an additional R200 million to the Human Settlements Development grant under Vote 8: Human Settlements, as determined by a Gazette issued by National Treasury. Also, for the first time, the MEC for Finance was required to table a Third Adjustments Estimate in the Legislature on 29 March 2018 to appropriate R339.996 million to the Education Infrastructure grant under Vote 5: Education, as determined by a Gazette issued by National Treasury.

The 2018/19 Estimates of Provincial Revenue and Expenditure, the Appropriation Act, 2018 and the 2018/19 Budget Speech were prepared and MEC tabled these in the Legislature.

Revenue enhancement, particularly by the Department of Health, continued to remain a focal point.

The cost-cutting measures remained in place with Public Finance continuing to provide an oversight role in this regard with approximately 1 200 such submissions being processed during the year.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

The impact of these achievements is as follows:

The fiscal discipline in KwaZulu-Natal continues to be noteworthy and is achieved through careful oversight and continued implementation of the cost-cutting measures, together with careful budget and cash management. These factors have all contributed to the province showing a less than one per cent deviation, when comparing spending to the annual budget, for the past seven consecutive years. This is a remarkable achievement. In addition, the bank balance of the province continued to remain cash positive as it has done since May 2010.

These successes were sustained in 2017/18, with Provincial Treasury continuing to monitor departments' and public entities' spending patterns and revenue collection. KZN was thus able to manage its budget very well in 2017/18, with the province under-spending by a mere 0.6 per cent and over-collecting own revenue by 9.7 per cent (according to unaudited numbers), which is well within the acceptable norms.





## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME TWO: SUSTAINABLE RESOURCE MANAGEMENT											
2.2.1 Economic Analysis:											
<ul style="list-style-type: none"><li>Determine and evaluate economic parameters and socio-economic imperatives that inform provincial and local resource allocation.</li><li>Provide platform to enhance regional economic growth and development through quality research.</li></ul>											
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
Provision of economic analysis for the province	Number of Provincial Department Economic Reports produced	1	1	1	1	1	1	1	1	4	4
Input to OPRE	Number of Socioeconomic Review and Outlook Reports (SERO) produced	N/A	N/A	N/A	N/A	N/A	N/A	1	1	1	1
Research papers	Number of Districts Socio economic Reports produced	3	3	3	3	3	3	N/A	N/A	9	9
Information sharing Forums held	Timeous Economic Analysis input to Estimate of Provincial Revenue and Expenditure (EPRE)	N/A	N/A	N/A	N/A	N/A	N/A	February 2019	February 2019	February 2019	February 2019
Quality research conducted	Number of quality research for regional policy analysis	1	1	1	1	1	1	1	1	4	4
2.2.2 Infrastructure Management:											
<ul style="list-style-type: none"><li>To Support efficient Infrastructure planning and management in KZN that contributes to effective economic and social infrastructure delivery for KZN;</li><li>To facilitate implementation and institutionalisation of the Infrastructure Delivery Management System (IDMS) in all KZN provincial departments and municipalities;</li></ul>											
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
User Asset Management Plans	Number of Assessment Report on the User Asset	N/A	N/A	1	1	N/A	N/A	N/A	N/A	1	1



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

[illegible]



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

Quarterly Reports	Number of revenue quarterly performance reports produced	1	1	2	2	1	1	1	1	N/A	4	4
Revenue input into EPRE and OPRE	Timeous Revenue input into Overview of Provincial Revenue and Expenditure (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Mar-19	Mar-19	Mar-19
<b>2.3 Public Finance: Specialised Advisory Support services: Promote effective and optimal financial resource allocation for provincial government ( including public entities)</b>												
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19	
Input into the revision and maintenance of DORA	Timeous input into the revision and maintenance of Division Of Revenue Act (DORA)	N/A	N/A	N/A	1	Nov-18	0	N/A	Jan-19	Nov-18	August-18 and Jan-19	
Institutionalise framework for the monitoring of provincial public entities	Number of reports on institutionalising framework for the monitoring of provincial public entities	N/A	N/A	1	1	1	1	N/A	N/A	2	2	
MTEC reports completed	Number of MTEC reports completed	N/A	N/A	N/A	1	1	0	N/A	N/A	1 report completed 1 day before MTEC	1 MTEC report completed	



## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

**B.3 Programme 3: Financial Governance**

**Purpose:** To enhance financial management in the Province by taking the necessary steps to assist and support Departments and municipalities in the spheres of Financial Reporting, Asset Management, Supply Chain Management, Public Private Partnerships, Financial Management and Norms & Standards in obtaining clean audit reports on an annual basis.

**The Strategic Objectives are:**

1. To assist departments in improving cash management.
2. 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.
3. To support and monitor adherence of departments, public entities and municipalities to SCM prescripts.
4. To assist departments, public entities and municipalities in the attainment of positive audit outcomes for the Province, with respect to financial management.
5. To develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and entities to enhance financial management.
6. To provide technical and functional support to supporting and interlinked financial systems.
7. Enhance the Gaming and Betting Regulatory environment in KwaZulu-Natal.

**Service Delivery Achievements****Asset and Liabilities Management**

The tax section provided on-going support to the KZN provincial departments in respect of payroll tax functions during 2018/2019. There has been a noticeable improvement in the knowledge and skills of the tax supervisors at most departments in the Province.

A quarterly risk analysis was conducted on the status of the tax functions at each department to ensure that any risks were identified and corrective action taken to ensure compliance with tax legislation and year-end practices. Where deemed necessary the Chief Financial Officer was informed of the risks identified and requested to take further action within the relevant department.

An information session was held to ensure that amendments to pay roll tax legislation were communicated to departments and to address gaps in the required knowledge and skills of tax officials at the departments. One-on-one training sessions were conducted at all departments with tax supervisors to address individual training needs.

The Tax manual was updated to include new legislation amendments and to make the manual more user-friendly for tax officials. During the 2018/2019 year the training was specifically focused at supervisory level to address the issue whereby the tax supervisors lacked the necessary tax knowledge and skills to assist and train their staff on all areas of the payroll tax function.





**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

The banking section provided a support service to KZN departments in all areas of the banking function. Liaison with departments on a monthly basis has continued to improve the zero balances on the banking-related suspense accounts and Chief Financial Officers of departments were made aware of any risks identified in respect of outstanding transactions.

Municipalities were informed of the reporting requirements in terms of the Municipal Finance Management Act and the submission of reports by municipalities continued to improve in the 2018/2019 financial year.

The Cash Blocking system has ensured more effective cash management by the departments during the 2018/2019 financial year, as departments were not able to disburse payments to suppliers unless they had the funds available in their cashbook.

**Public Private Partnerships (PPPs)**

The **Public Private Partnership Unit** housed in this programme, provides technical support on any possible PPP project envisaged by the Departments, Public Entities and Municipalities in the province. The Unit, in collaboration with the National Treasury's PPP Unit, is presently assisting:

- KZN Provincial Department of Health in conducting a Feasibility Study for Inkosi Albert Luthuli Central Hospital based on the options selected by the Provincial Executive Committee;
- KZN Department of Health in its contract management of its concession contract with Impilo consortium;
- KZN Department of Economic Development, Tourism and Environmental Affairs in initiating the investigation of a possible Public Transport solution linking King Shaka International Airport to the Cities of Durban, Pietermaritzburg, Richards Bay and Port Shepstone.

In Municipalities, the Unit assists in the following:

- iLembe District Municipality in its Water and Sanitation concession contract management with the municipality and Siza Water;
- uMhlathuze Local Municipality in following the Municipal PPP regulations in procuring a PPP as the delivery mechanism for the waste water reuse and associated by-product;
- iLembe District Municipality, through its municipal entity, Enterprise iLembe, in exploring the possible procurement of ICT/broadband infrastructure within the iLembe district through a PPP; and
- uMhlathuze Local Municipality in exploring the viability of procuring a PPP as the delivery mechanism for the Airport relocation.

In Public Entities, the Unit assists in the following:

- Ezemvelo KZN Wildlife in the investigation into the commercialisation of its Eco-Tourism and Hospitality Functions.
- Assisted Department of Health with stakeholder management with regards to the exit strategy;



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

- Assisted Department of Health in ensuring the completion of the Asset Condition Assessment for Inkosi Albert Luthuli Central Hospital;
- Assisted iLembe District Municipality in its analysis and recommendations of the change in shareholding and control of the concessionaire and assisted the municipality in kick-starting its five-year review and planning processes;
- Assisted uMhlathuze Local Municipality in obtaining Treasury Views and Recommendation I (TVR:I) and conducting stakeholder management in respect of the feasibility study for the preferred technical solution for waste water reuse and associated by-product;
- Liaised continuously with the Development Bank of Southern Africa (DBSA) in efforts to assist the iLembe District Municipality and its municipal entity, Enterprise iLembe, in their application for Project Development funding for its ICT/Broadband infrastructure project; and
- Assisted uMhlathuze Local Municipality in bidding process of transaction advisor for Richards Bay airport relocation.

**Commitments**

- To assist the KZN Department of Health with the completion of the Feasibility Study as well as the implementation of the recommendations from the Feasibility Study that is currently in progress;
- To assist the KZN Department of Economic Development, Tourism and Environmental Affairs in conducting a feasibility study to determine the viability of Public Transport solution linking King Shaka International Airport to the Cities of Durban, Pietermaritzburg, Richards Bay and Port Shepstone;
- To assist the iLembe District Municipality in finalising the five-year review and five-year planning processes – for council approval by the end of the concessionaire's financial year and introduce an outlook that will assist the municipality capitalise on the final ten (10) years of the concession, i.e. in respect of skills transfer, skills development, maintenance of facilities and handover procedures;
- To assist the iLembe District Municipality in realising its socio-economic empowerment initiatives of bringing about meaningful transformation through the Siza Water concession contract;
- To assist the uMhlathuze Local Municipality with procurement process and also assist in obtaining the necessary approvals for the waste water reuse and associated by-product;
- To assist the iLembe District Municipality in appointing a service provider to undertake a feasibility study/scoping study as preparation for project bankability review of the ICT/broadband infrastructure within the iLembe district through a PPP; and
- Assisting Ezemvelo KZN Wildlife in the investigation into the commercialisation of its Eco-Tourism and Hospitality Functions.
- Assisting the uMhlathuze Local municipality in conducting a feasibility study to determine the viability of Richards Bay airport relocation.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019****Provincial Supply Chain Management (SCM)**

The Provincial SCM Unit is responsible for enforcing compliance with all Supply Chain Management prescripts by Provincial Departments, Municipalities and Public Entities in the province through monitoring and support.

**Service Delivery Achievements**

- The Provincial SCM Unit conducted routine compliance assessments in Departments, Municipalities and Public Entities to ensure compliance with all relevant SCM prescripts and to enhance the level of compliance, governance and accountability in the province. The unit also identified the necessary support interventions and provided training, where required. The Unit continued to receive complaints and conducted investigations where required, serving as a vigilant watchdog for perceived irregularities.
- Capacity building interventions were conducted in SCM components of Institutions which were found to have unfavourable audit outcomes. As per a Cabinet Resolution, an SCM intervention at the Department of Health commenced in the 2017/18 financial year and continued into the 2018/2019 financial year. The Unit provided support to the Department of Agriculture and Rural Development; and Abaqulusi Municipality in terms of the Municipal Support Programmes. Support on SCM policy and processes and training of bid committees was provided to Big 5 Hlabisa Municipality and Umzinyathi Municipality and the close out reports had been issued. The support was also provided by rendering hands-on resources at the client site to be responsible for identifying all weaknesses and gaps and the implementation of sustainable reforms. Additional interventions will be identified in terms of the Audit outcomes, for Departments, Municipalities and Public Entities.
- In line with relevant legislative prescripts and National Treasury requirements the unit had conducted policy reviews and updated practice notes and circulars.
- The unit continued to enforce compliance on the Central Supplier Database (CSD) and provided direct support to all Departments, Municipalities, Public and Municipal Entities including the registration of suppliers. Training was provided to all departments in order to equip SCM practitioners with knowledge on the enhancements and functionality of the CSD. The unit was active in assisting and capacitating institutions to upload payment data, purchase order data and employee data onto the CSD to ensure compliance to the National Treasury directive.
- Contract Management has now been rolled out to all Municipalities in the Province. There is currently on-going monitoring and support being provided to all Municipalities. The Unit further undertook site visits to assess the on-site implementation of Contract Management within all Municipalities in the Province. To this end, comprehensive reports were submitted to the Municipalities, setting out areas of weaknesses and providing comprehensive action plans to address any failings and potential areas which needed attention.



## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

The SCM Unit further embarked on an exercise aimed at providing post-implementation support to all Departments within the Province, and commenced herein with such support at the KZN DOH, as part of the intervention. A team was deployed to assist with Contract Management as part of the recovery plan for the intervention. The contract for the resource has expired even though the intervention is continuing and the resource has captured 1379 contracts. Procurement processes have commenced in order to deploy resources for contract management at 4 Provincial Departments, with the aim being to complete the exercise to all Departments before the close of the 2020/2021 financial year.

- The unit identified the use of Regulation 32 contracts, at municipalities, as one of the major contributors to irregular expenditure. The Regulations were being improperly applied and the result of which was the incurrence of irregular expenditure by the Municipality utilising the said contracts. The Unit continues to ensure good governance and transparency in the procurement process by overseeing the approval and monitoring of the use of Regulation 32 requests. The unit has processed thirty three Regulations 32 requests.
- In accordance with Instruction Note 3 of 16/17, the Unit ensures accountability and good governance at Provincial level and has processed one hundred and ninety one (191) applications for deviations. It is our view that this has gone a long way in curbing the incurrence of irregular expenditure.
- The Provincial Bid Appeals Tribunal has facilitated a number of cases relating to the appeals against bids that were awarded by the Departments in the Province. The table below reflects the appeals handled during the 2018/2019 financial year:-

SCHEDULE OF APPEALS – DEPARTMENTS					
DEPARTMENTS	APPEALS RECEIVED	STATUS			
		PENDING	WITHDRAWN	FINALISED	LATE APPEALS
AGRICULTURE	19	2	15	0	2
ARTS & CULTURE	0	0	0	0	0
EDUCATION	2	0	1	0	1
HEALTH	99	5	33	56	5
TRANSPORT	22	3	0	10	9
TREASURY	9	3	3	1	2
WORKS	18	0	11	4	3
DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	7	0	4	2	1
DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM	0	0	0	0	0
DEPARTMENT OF SPORTS AND RECREATION	0	0	0	0	0
PREMIER	0	0	0	0	0
HUMAN SETTLEMENT	2	0	0	2	0
SOCIAL DEVELOPMENT	10	0	0	10	0
<b>TOTAL</b>	<b>188</b>	<b>13</b>	<b>67</b>	<b>85</b>	<b>23</b>





## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

- The Municipal Bid Appeals Tribunals (MBAT) have provided active support for the hearing of MBAT matters. The table below reflect a summary of appeals handled by the Municipal Bid Appeals Tribunal for Municipalities, during the period of 2018/2019 financial year.

SCHEDULE OF APPEALS – MUNICIPALITIES					
MUNICIPALITY	APPEALS RECEIVED	STATUS			
		PENDING	WITHDRAWN	FINALISED	LATE APPEALS
Amajuba Municipality	4		1		3
Harry Gwala District Municipality	1			1	
Nkosazana Dlamini Zuma Municipality	1		1		
Mandeni Municipality	1			1	
Ugu District Municipality	1			1	
Umuziwabantu Municipality	2			2	
Hibiscus Coast Municipality / Ray Nkonyeni	10		2	7	1
Umzumbe Municipality	3	1	1	1	
Umgungundlovu District Municipality	4		2	2	
Msunduzi Municipality	11	3	1	6	1
Umgweni Municipality	1			1	
King Cetshwayo District Municipality	17	1	4	10	2
Umkhanyakude District Municipality	1	1			
Umzinyathi District Municipality	1			1	
Endumeni Municipality	1	1			
Zululand Municipality	12	3	4	5	
Uphongolo Municipality	3	1		2	
Abaqulusi Municipality	1			1	
Alfred Duma Municipality	2		1	1	
City of uMhlathuze	3	1		1	1
Ilembe Municipality	3	1		1	1
Richmond Municipality	2		1	1	
Ubuhlebezwe Municipality	1			1	
Umlalazi Municipality	2			2	
Umdoni Municipality	2	1		1	
Umvoti Municipality	5		2	2	1
<b>TOTAL</b>	<b>95</b>	<b>14</b>	<b>20</b>	<b>51</b>	<b>10</b>





## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

**Accounting Services (Financial Reporting)****Municipal Financial Management Support Program**

In keeping with the Provincial Treasury's mandate to assist and support municipalities in strengthening and building their financial management capacity, an initiative was undertaken by the Financial Reporting sub-programme under the direction of Municipal Finance Management to provide financial management on-site support to identified municipalities within the province. The aim of the initiative is to build and strengthen financial management capacity through the implementation of sustainable financial management practices which results in an improvement of audit outcomes. This has been reported separately in Programme 3 (Section B3).

The deliverables of the Financial Management Municipal Support Programme were as follows:

- Provide assistance in preparation of monthly general ledger reconciliations and monitoring of the quality of financial management reconciliations and accounting processes;
- Address prior year financial management audit matters as raised by the Auditor General;
- Monitor and assist in the preparation of interim financial statements and annual financial statements;
- Preparation of annual financial statements and supporting reconciliations and schedules, as required;
- Assistance in preparation and review of audit working paper file and address all financial management audit queries;
- Training and development of municipal officials in terms of financial management;
- Monitor and implement compliance with the Municipal Finance Management Act, and other relevant local government legislation;
- Provision of financial management support in areas of budgeting, income, expenditure and supply chain management;
- Attendance at audit steering committee meetings, provide guidance and support during the audit process until the issue of the final audit report;
- Attendance at management meetings that relate to financial management within the municipality and
- Implement any other deliverable as agreed in writing, with the Provincial Treasury

Progress made in assisting, supporting and monitoring municipalities with financial management and compliance with the annual reporting framework is reported under Sub-Programme 3.6. The 2018/19 annual targets for this objective include:

- Financial Management Monitoring Support to Municipalities:
  - Target for 2018/19: Pre-audit assessment report in four (4) municipalities by 31 August 2018.  
Actual: During the 2018/19 financial year Municipal Accounting and Reporting assisted 12 municipalities to review the Annual Financial Statements prepared by municipalities.
  - Target for 2018/19: Progress reports on intensive on site financial management support to six (6) municipalities within 10 days of every quarter end.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

Actual: On site financial management support was provided to eight (8) municipalities during the 2018/19 financial year. Financial management support was provided at one (1) of the municipalities (Mpofana) as part of an intervention team with CoGTA.

**List of municipalities that received support from Municipal Accounting and Reporting during 2018/19**

No	Name of Municipality	Financial Management Support	AFS Reviews
1	Ray Nkonyeni LM		✓
2	Mkhambatini LM		✓
3	iMpendle LM	✓	
4	Mpofana LM	✓	
5	Richmond LM	✓	✓
6	uMgungundlovu DM		✓
7	uThukela DM	✓	
8	uMzinyathi DM	✓	
9	eMadlangeni LM	✓	
10	Amajuba DM		✓
11	eDumbe LM		✓
12	uPhongolo LM		✓
13	Nongoma LM		✓
14	Big Five Hlabisa LM	✓	
15	uMfolozi LM		✓
16	Nkandla LM		✓
17	Mandeni LM		✓
18	iLembe DM		✓
19	Harry Gwala DM	✓	

**Implementation of the Municipal Regulations on Standard Chart of Accounts (mSCOA)**

The Minister of Finance promulgated Government Gazette No. 37577, Municipal Regulations on Standard Chart of Accounts (mSCOA), on 22 April 2014. All municipalities and related municipal entities were required to transact in compliance with the mSCOA Regulations from 01 July 2017.

Provincial Treasury continued with the implementation of mSCOA in the Province during the 2018/2019 municipal financial year by means of providing onsite support and engagements.

**Onsite Municipal System Assessments**

MFMA Circular No. 86, issued by National Treasury, indicated that in order for a municipality or municipal entity to be regarded as mSCOA compliant on the 1 July 2017, it must be able to transact across the seven segments of the mSCOA framework.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

In addition, the municipality's core financial system and its subsystems (including that of its municipal entities) must seamlessly integrate. This means that there must be no manual intervention in processing account balances between the subsystems and the municipality's core financial system.

National Treasury further required that priority be given to the following subsystems/modules for transacting and integration:

- Debtors (including cash management, billing and receipting);
- Payroll;
- Asset management (including inventory management)
- Supply chain management (issue requisitions and orders, including payment of creditors)
- Reporting (to be able to extract and submit to National Treasury)

All municipalities were further required to accommodate seamless integration into the core financial system between the:

- Integrated Development Plan;
- Service Delivery and Budget Implementation Plan;
- Budget facilities

Provincial Treasury conducted follow-up onsite municipal system assessments during the period of October 2018 to December 2018 across municipalities within the KwaZulu-Natal Province. The assessment included the determination of third-party systems, implementation status and integration status.

The intention of the assessments were as follows:

- Determine whether the minimum modules are in place and are functional;
- Establish if users have the knowledge to utilise the system from a transactional environment perspective;
- Assess the level of integration that is in place for subsystems;
- Determine the municipality's progress in complying with MFMA Circular No. 80 requirements across the system functionality of revenue, debtors, supply chain management, expenditure, payments, payroll, assessment management, inventory management and reporting

No municipality or municipal entity has met the full requirements of the mSCOA Regulation to date. However, significant effort has been made by the municipalities and entities in transacting in accordance with the Regulation requirements and system specifications. National Treasury has further indicated that this position is the same across the country, and therefore no municipality or municipal entity can indicate that they have fully complied with the Regulation. Provincial Treasury will continue to conduct onsite assessments to determine the individual progression of each municipality against MFMA Circular No. 86 requirements.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019****Provincial Treasury mSCOA Support to Municipalities and Entities**

Municipalities were provided with support through the various platforms including:

- The mSCOA forums and combined CFO Forums
- Individual municipal training on request
- District Level Training
- Engaged stakeholders at external platforms such as CIGFARO and CoGTA
- Telephonic and email support on chart queries, clearing of validation errors, assistance to register on the LG Portal and queries relating to budgeting and accounting related matters.
- Attendance at project steering committee meetings
- Unbundling and alignment of the old chart of accounts to the new mSCOA chart of accounts. This was done through working group sessions held prior to the tabled budget of March 2017/2018. This included the data conversion from the old chart into mSCOA reporting requirements
- Provision audit checklist including review of the working paper files that municipalities have in place. Feedback has been provided to improve outstanding information
- Provided advise with regards to the procedure to be followed as indicated in Circular 80 of the MFMA. All supply chain management queries in respect of the RT25/2016 was forward to the Office of Chief Procurement officer for input where necessary
- Review of the In-Year-Reporting and provide feedback on areas of improvement required and misuse of the mSCOA chart
- Execution of onsite assessments to determine the overall status of municipalities. This was completed and an mSCOA Implementation status dashboard provided to all delegated municipalities.

The training consisted of the following

- The objective of the regulations (Recap)
- Understanding the mSCOA framework (Recap)
- Conversion from the old chart to the new mSCOA chart (6.2 to 6.3)
- Budgeting and Transacting in mSCOA
- Compliance with circular 80 of MFMA and Circular 5 and Circular 6 of the mSCOA regulations
- Impact of on business processes
- Linking of the Integrated Development Plan to the mSCOA budgeting
- Data validation errors and process of correction
- Monthly Statutory Reporting
- Budgeting and Adjustment Budget processes
- Councillor Training
- Internal Audit Training
- Audit Checklist and supporting information required



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

In addition to the above mentioned, Provincial Treasury conducted multiple mSCOA training and presentations to individual municipalities, as requested, which included EXCO, MANCO, Project steering committee, Implementation team, key personnel and internal auditors.

Provincial Treasury has further established a dedicated support team to assist municipalities, with a resource allocated to two districts each in order to provide hands on support as required. All mSCOA team members assist the various municipalities in terms of addressing queries with the chart and provide assistance with budgeting and clearing of validation errors on the data files. The focus is further on ensuring that the transactional data and the annual financial statements are credible. An audit file checklist has further been developed, and has been issued to municipalities to commence the compilation of the audit file, to ensure readiness for the audit ahead. Provincial Treasury shall be reviewing these files during July and August 2019 to ensure completeness of the audit file.

**Assistance to Departments and Public Entities**

Financial Reporting continued to support Departments and Public Entities in the following areas for the 2017/18 financial year:

- Provision of asset management intervention support to KZN Department of Health;
- Provision of financial management support to KZN Department of Transport in asset management, irregular expenditure and commitments;
- Provision of financial management support to KZN Department of Agriculture in irregular expenditure and commitments;
- Continued financial management support to KZN Department of Arts and Culture, including preparation of the annual financial statements and asset register;
- Continued financial management support to KZN Department of Social Development, in reviewing and monitoring the preparation of the annual financial statements and support in preparation of working papers;
- Reviewed the Interim Financial Statements of 14 Departments and 7 Public Entities, including working papers.
- Extensive training on the Modified Cash Standards, asset and inventory management, and irregular expenditure identification processes and condonement for Provincial Departments
- Extensive three week GRAP training course and irregular expenditure management training was further undertaken for Public Entities in the Province.
- Provision of assistance in terms of addressing government debt owed to Municipalities.





**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

The Unit further continues to support Departments and Public Entities in the following areas for the 2018/19 financial year:

- Provide assistance in preparation of monthly general ledger reconciliations and monitoring of the quality of financial management reconciliations and accounting processes;
- Prepared consolidated annual financial statements for the province and public entities
- Prepared annual financial statements for Provincial Revenue Fund
- Provided guidance with technical queries in implementation of accounting standard requirements for both Provincial Departments and Public Entities;
- Engaged with National Treasury and Office of the Auditor General on contentious issues relating to changes in accounting standards and any National Treasury reforms;
- Provided monitoring support to Provincial Departments and Public Entities on the submission of mandatory information to Provincial Treasury and Auditor General;
- Continued asset management intervention support to KZN Department of Health;
- Continued financial management support to KZN Department of Transport in asset management;
- Provision of financial management support to KZN Department of Agriculture in irregular expenditure and commitments;
- Continued financial management support to KZN Department of Arts and Culture, including preparation of the annual financial statements, irregular expenditure and asset registers;
- Continued financial management support to KZN Department of Cooperative Governance and Traditional Affairs, including preparation of the monthly financial statements, irregular expenditure and commitments;
- Continued financial management support to KZN Department of Social Development, in reviewing and monitoring the preparation of the annual financial statements and support in preparation of working papers;
- Continued financial management support to KZN Department of Economic Development, Tourism and environmental Affairs in asset management;
- Continued financial management support to KZN Office of the Premier in preparation of the monthly financial statements;
- Reviewed the monthly reconciliations of the interdepartmental accounts.
- Reviewed the Interim Financial Statements of 14 Departments and 3 Public Entities
- Conducted pre-audit AFS and working papers reviews for 14 Departments and 7 Public Entities
- Provision of assistance in terms of addressing government debt owed to Municipalities.
- Provision of support rendered to Departments in terms of addressing long outstanding payments to suppliers.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

*Future Plans*

**Provincial Treasury mSCOA Support to Municipalities and Entities**

The Provincial Treasury will continue to support municipalities and their entities in implementation of the mSCOA Regulation, by means of training, onsite support and the review of system implementation in the Province. Due to municipalities preparing the first set of financial statements subsequent to the implementation of mSCOA, support is focused toward supporting municipalities and entities to ensure that their financial information is credible and supported.

**Provincial Departments and Public Entities:**

The Financial Management Unit will continue to focus on addressing special areas of concern to improve the audit opinions in 2019/20:

- Continued Financial Management support to be provided in the Interim and Annual Financial statement preparation process;
- Monitor the financial management processes within Provincial Departments and on a monthly basis and address weaknesses with Departments accordingly;
- Provide support to departments on fixed asset management and the updating of the asset register;
- Support Provincial Departments and Public Entities in the implementation of irregular expenditure framework
- Assist Departments and Public Entities to implement processes to address irregular expenditure identification and investigation processes.
- Support Provincial Departments in the implementation of internal controls to manage transfer and subsidy payments
- Undertake extensive inventory management training for the Province.
- Review the monthly reconciliations of the interdepartmental accounts.
- Continued assistance in terms of addressing government debts owed to Municipalities as it relates to municipal rates and services
- Continued support rendered to Provincial Departments in terms of addressing long outstanding payments to suppliers

**Norms and Standards**

**Policy Assistance to Departments**

The unit reviewed ten (10) existing instruction notes and ten (10) existing corresponding standard operating procedures as per the annually determined review schedule. All proposed amendments were consulted with departments and proposals incorporated, where applicable, in anticipation of its adoption and implementation.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

A comparative analysis was undertaken to compare issued Provincial Treasury Instruction Notes and National Treasury Policy to mainly identify any possible duplication of information. This ensued in the proposed re-issue of 7 instruction notes and the development of 15 guideline documents with the necessary amendments, with 7 instruction notes to be repealed. Going forward, the aforementioned findings will greatly inform the unit's generic policy assistance provided to departments.

**Policy Assistance to Municipalities and Entities**

The unit's annual plan is informed by the annual policy support survey conducted prior to commencement of the financial year as well as numerous ad-hoc requests received during the course of the financial year.

The unit provided support on finance-related policies to four (4) municipalities and seven (7) entities that included Big 5 Hlabisa, uMkhanyakude District, eMadlangeni Local, Nkandla Local, KZN Sharks Board, Richards Bay Industrial Development Zone and KZN Heritage.

**Monitoring Compliance and Evaluation**

A compliance monitoring and evaluation exercise was conducted to assess financial management compliance within all provincial departments. A questionnaire was developed which assessed Expenditure Management, Unauthorised, Irregular and Fruitless and Wasteful Expenditure, Management of Debtors and Basic Accounting Records and included a compliance checklist where documentary evidence was requested to support the responses indicated in the questionnaire. Departments were required to provide reasons for non-compliance when completing the questionnaire and formulate action plans with stipulated deadlines to address deviations.

The completed questionnaire was analysed and thereafter compliance assessment reports issued per department which detailed compliance achievements and provided recommendations to address identified weaknesses or non-compliance. Additional guidelines were provided for incorporation within the working environment, where applicable, to strengthen existing internal control measures and enhance financial management and control.

A compliance follow-up report was issued per department to ensure that recommended remedial or control measures were implemented to address compliance deviations or non-conformance with regulatory prescripts and financial norms and standards.

Compliance monitoring was conducted within eight (8) entities who were assessed and monitored during the 2017/18 financial year. A questionnaire was developed which assessed Cash, Banking and Investment Management, Debt Management, Expenditure Management, Revenue Management, Budget Management and Financial Delegations Framework. The process commenced with the development and issuing of the standardised assessment questionnaires that were submitted to the entities for completion. The completed questionnaire was analysed and thereafter compliance assessment reports issued per entity which detailed compliance achievements and provided recommendations to address identified weaknesses or non-compliance.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019****Implementation of the Financial Delegation Framework**

Support was provided to one (1) municipality, two (2) municipal entities and seven (7) public entities within KZN Province to assess the implementation of the Delegations Framework as envisaged in National Treasury's principles document. The major challenge identified since the initial roll-out of the framework is the frequent turnover of senior management and senior positions occupied by acting personnel which hinders a consistent and uninterrupted delegation, implementation and feedback on execution of delegated powers/functions. Further support was provided emanating from ad-hoc requests.

Follow-ups were conducted in 10 departments for previously assessed financial delegation frameworks, to establish whether the recommendations provided were incorporated in the departmental System of Delegations, to ensure compliance with legislative prescripts, Delegation Frameworks and accountability, functionality and achievement of expected standards regarding results and performance.





PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME THREE: FINANCIAL GOVERNANCE											
3.2 Asset and Liabilities Management: To assist departments in improving cash management											
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
Inform Departments on tax legislation and regulations to payroll tax	Number of Tax Information Seminar conducted annually	N/A	N/A	1 session	1 session	N/A	N/A	N/A	N/A	1 session	1 session conducted
Quarterly Reports	Number of risk analysis reports per dept. to ensure compliance to tax legislation	14 Risk Analysis reports	14 Risk Analysis reports	14 Risk Analysis reports	14 Risk Analysis reports	14 Risk Analysis reports	14 Risk Analysis reports	14 Risk Analysis reports	14 Risk Analysis reports	56 Risk Analysis reports	56 Risk Analysis reports produced
Assessment Report on status of suspense account	Number of quarterly assessment reports to depts. on status of bank related suspense accounts compiled	14 assessment reports	14 assessment reports	14 assessment reports	14 assessment reports	14 assessment reports	14 assessment reports	14 assessment reports	14 assessment reports	56 assessment reports	56 assessment reports compiled
Monitor early completion of Bank Reconciliation	Number of monthly bank reconciliations per department to be reconciled	42 bank reconciliations	42 reconciled bank reconciliations	42 bank reconciliations	42 reconciled bank reconciliations	42 bank reconciliations	42 reconciled bank reconciliations	42 bank reconciliations	42 reconciled bank reconciliations	168 reconciled bank reconciliations	168 reconciled bank reconciliation
Municipal bank accounts	Number of quarterly 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	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	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts
3.3 Supporting and Interlinked Financial Systems: To provide technical and functional support to supporting and interlinked financial systems.											





# PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
Mean Time To Resolve ( MTTR) – Transversal Systems	Mean (Average) time to resolve IT calls on transversal systems	8-16 hr MTTR	02:53:27	8-16 hr MTTR	03:13:27	8-16 hr MTTR	00:58:21	8-16 hr MTTR	08:51:02	8-16 hr MTTR	03:59:04
<b>3.4 Provincial Supply Chain Management:</b> To support and monitor adherence of departments, public entities and municipalities to SCM prescripts											
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
Training SCM practitioners in Provincial departments and municipalities	Number of SCM training sessions conducted	3	10	3	14	3	4	3	10	Conduct 12 SCM training, information sessions, workshops and forums for state institutions	38 SCM training, information sessions, workshops and forums for state institutions conducted
No. of assessments	Number of SCM compliance assessments conducted	21	21	21	24	21	19	21	26	Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints	90 SCM assessments in depts, munic. and public entities & investigate complaints conducted
No. of policies and practice nctes reviewed and issued	Number of policies reviewed	1	1	1	1	1	3	1	3	Review and update 4 policies	8 policies reviewed and updated
No. of contract management analysis conducted	Number of contract management analysis conducted	40	18	30	41	30	41	30	30	Conduct 130 contract management reviews for state institutions	130 contract management reviews for state institutions conducted
<b>3.5 Public Private Partnerships (PPP):</b> 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.											



PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
Number of seminar/workshops conducted for Provincial departments, Public entities, Municipalities, and the Private sector	Number of PPP Seminars/Workshops conducted annually	N/A	N/A	1	1	N/A	N/A	1	2	2	3
Reports for Prov. Treasury management and NT PPP unit	Number of reports for Prov. Treasury management and NT PPP unit submitted	3	3	3	3	3	3	3	3	12	12
Reports on closed deal.	Number of contract management reports on closed deals	3	3	3	3	3	3	3	3	12	12

**3.6 Accounting Services (Financial Reporting)**

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

Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
Tabling of Consolidated Financial Statements for Departments, Public Entities and Revenue Fund	Timeous tabling of consolidated AFS for Provincial Departments to Legislature	N/A	N/A	N/A	N/A	Audited Consolidated AFS for FY 2017/18 by 31 December 2018	Submitted Unaudited Consolidated AFS for FY 2017/18 on 17 October 2018	N/A	N/A	Audited Consolidated AFS for FY 2017/18 by 31 December 2018	Submitted Unaudited Consolidated AFS for FY 2017/18 on 15 October 2018
	Timeous tabling of consolidated AFS for Public	N/A	N/A	N/A	N/A	Audited Consolidated AFS for FY 2017/18 by 2017/18	Submitted Unaudited Consolidated AFS for FY 2017/18	N/A	N/A	Audited Consolidated AFS for FY 2017/18	Submitted Unaudited Consolidated AFS for FY 2017/18 on 15



PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

Entities to Legislature				31 December 2018	2017/18 on 15 October 2018			2017/18 by 31 December 2018	October 2018
Timeous submission of Audited AFS for Revenue Fund to Legislature	N/A	N/A	N/A	Audited AFS for FY 2017/18 submitted to Legislature by 31 December 2018	Submitted Unaudited Consolidated AFS for FY 2017/18 on 15 October 2018	N/A	N/A	Audited AFS for FY 2017/18 submitted to Legislature by 31 December 2018"	Submitted Unaudited Consolidated AFS for FY 2017/18 on 15 October 2018
Number of trainings conducted to Provincial Departments and Public Entities	1 training workshop for Public Entities conducted from 23 to 26 April 2018 (4 day training session)	N/A	N/A	N/A	1 training workshop conducted for one Public Entity conducted from 26 to 30 November 2018	N/A	1 training workshop conducted on MCS updates	1 training workshop by 30 April 2018	3 training workshops conducted
Number of progress reports on financial management support based on identified needs/audit findings	3 Progress reports on Financial management support based on identified needs/audit findings for Departments	8 Progress reports on Financial management support based on identified needs/audit findings for Departments	3 Progress reports on Financial management support based on identified needs/audit findings for Departments	5 Progress reports on Financial management support based on identified needs/audit findings for Departments	6 Progress reports on Financial management support based on identified needs/audit findings for Departments	3 Progress reports on Financial management support based on identified needs/audit findings for Departments	9 Progress reports on Financial management support based on identified needs/audit findings for Departments	3 Progress reports on Financial management support based on identified needs/audit findings for Departments	28 Progress reports on Financial management support based on identified needs/audit findings for Departments
Annual Pre-audit review conducted on	Pre-audit review of AFS at 14	Pre-audit review of AFS at 14	N/A	N/A	N/A	N/A	0	Pre-audit review of AFS	Pre-audit review of AFS at 14 Departments



PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

Sustainable Departments and Municipalities on financial management	Departments preparing AFS on MCS basis	at all Departments preparing AFS on the MCS basis	Departments preparing AFS on the MCS basis																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																											</
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## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

Institutions complying with financial norms and standards	Number of institutions assessed for compliance with financial norms and standards.	14 departments assessed	14 departments assessed	14 departments assessed	14 departments assessed	14 departments assessed	14 departments assessed	14 departments assessed	14 departments assessed	14 departments assessed	14 departments assessed	14 departments assessed
		2 public entities assessed	2 public entities assessed	2 public entities assessed	2 public entities assessed	2 public entities assessed	2 public entities assessed	2 public entities assessed	2 public entities assessed	2 public entities assessed	2 public entities assessed	8 public entities assessed



## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

**B.4 Programme 4: Internal Audit**

**Purpose:** *The Internal Audit component provides a legislated function which covers an independent objective assurance and consulting services on issues of internal control, risk management and governance as provided in the PFMA and Standards for the Professional Practice of Internal Auditing and in line with the principles in the King Report and its scope, comprehensively defined in chapter 3 of Treasury Regulations.*

The Provincial Internal Audit Services (PIAS) component of Provincial Treasury supports all provincial Departments, as well as some public entities and municipalities in areas of internal audit, risk management, governance and forensic investigations. The component has formulated a three-lines-of-defence mechanism which entails:

- Providing assurance on the effectiveness of governance.
- Risk management.
- Compliance systems and controls.

**The Strategic Objectives are:**

1. An efficient, effective and economical assurance service.
2. Build and maintain solid client relationships through providing value added service.
3. Enhance capacity within and outside the Unit.
4. To promote good governance through assisting provincial departments, public entities and municipalities with risk assessments, risk management and internal audit capacity building exercises.
5. Promote a culture of zero tolerance for fraud and corruption

**Service Delivery Achievements****Assurance Services**

Assurance Services provided a shared internal audit function to 14 Provincial Departments during the financial year. The internal audit services and consulting activities designed to add value and improve the Departments operations were provided with objectivity and independently in compliance with the Standards for the International Professional Practices of Internal Auditing (SPPIA) issued by the Institute of Internal Auditors (IIA). The Unit operated under the control and direction of the Provincial Audit and Risk Committee (PARC). In executing its responsibilities as a shared internal audit function, the Unit assessed the effectiveness of controls over various processes by conducting 180 audit reviews. These reviews were based on the risk profiles of each Department. Focus was given to critical transversal high risk areas such as Supply Chain Management, Performance Management, Asset management for some departments, Information Technology (IT) and Transfer Payments.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

A Financial Audits component was established in the Unit to ensure more frequent reviews were conducted on financial management and accounting processes. The Unit reviewed the General Accounting Controls across Departments during the year; and also assisted with evaluating the completeness and adequacy of Audit Improvement Strategies. Other core business activities conducted through performance audits include Back to Basics special program at COGTA, Contracts Management at specific departments and completion of phase II S and T audits.

In order to ensure that audits remain effective in assisting Departments improve internal controls, follow up reviews were regularly conducted to ensure that management implemented actions to remedy weaknesses reported by Internal Audit. These follow ups on focused on both Internal Audit findings as well as Auditor General Follow-ups and the progress of implementation was reported to Heads of Departments on a quarterly basis.

The Provincial Audit and Risk Committee, together with the Cluster Audit and Risk Committees, met regularly during the financial year to discharge their oversight responsibilities over audit processes. The Provincial Audit & Risk Committee comprises of independent members from outside the public service. Cluster Audit and Risk Committee meetings were held quarterly with the presence of Heads of Departments and their senior management; the Internal Audit Unit and the Auditor General. The Committee reported on all critical matters that were identified in these meetings which needed escalation and action; to all Accounting Officers via quarterly CARC reports. Committee members also attended certain SCOPA meetings by invitation; as part of their oversight role.

**Risk Management**

The Risk and Advisory Services provides transversal risk management and governance assistance to 14 provincial departments and municipalities. For the period under review, the component's support was only limited to provincial departments and selected municipalities.

The support provided to departments included assistance with the facilitation of specialised risk assessments such as Fraud, IT, Business Management and Continuity assessments and Occupational Health and Safety risk assessments. Support on specialised risk areas will be continued into the 19/20 financial year, and will be expanded to include assistance on strategic risk assessments and IT Project risk assessments.

The component continued to monitor and report progress on provincial departments' compliance with the Provincial Minimum Risk Management Standards as set by the Provincial Executive Council in 2015. The component also reviewed and updated the Provincial Risk Management Framework. It is being benchmarked with National Treasury and the Institute of Risk Management (SA). The revised framework is envisaged to provide additional minimum risk management standards and risk management guidance to provincial departments. Local Government Risk Management Framework is also currently being reviewed and will be rolled out to municipal institutions before the end of 2019/20 financial year.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

With regard to Department of Health Intervention Project, the component is continuing to assist the department in evaluation and design of internal controls in key areas such as commuted overtime, contingent liabilities, leave management, revenue management and irregular expenditure. This support program is envisaged to be extended to include support on PPSP, Inventory Management, development of the Governance and Risk management Framework. During the year under review, Standard Operating Procedures and Control Frameworks relating to the aforementioned business activities were developed and officials, including CEOs of hospitals were trained on how to apply them.

The support to municipalities was re-instated towards the end of 2017/18 financial year. During the 2018/19 financial year, 19 municipalities were assisted with the facilitation and development and/or update of risk registers (including IT Risk Assessments), whilst others had IT General Controls reviews conducted by the unit. Other support extended to these local government institutions included training on risk management and fraud awareness to MPAC members as well as induction to newly appointed Audit Committees.

**Forensic Services**

As at the end of March 2019, Forensic Audit Services received four hundred and seventeen (417) allegations of fraud and corruption, financial mismanagement and maladministration allegations amounting to approximately **R9.023 billion**, cumulative from 2009. Due to the number of these requests, the complexity of the matters reported and some specialised skills required from time to time, the unit outsourced some of the requests for investigation to contracted service providers on the approved panel. The Audit and Risk Committee oversight role with regards to forensic investigations (conducted and those still in progress) has been limited to two hundred and ninety one (291) of the four hundred and seventeen (417) allegations received against the provincial departments.

The unit is tasked with monitoring the implementation of recommendations contained in the finalized forensic reports relating to criminal, disciplinary and civil proceedings. Through the work done during the 2017/18, preservation order to the tune of R543 000 000.00 was obtained. More than 10 criminal cases were also registered during the financial year under review and are still on the court roll.

The forensic unit is committed to the fight against fraud and corruption and has assisted law enforcement agencies such as the Anti-Corruption Task Team (ACTT), National Prosecuting Authority (NPA), South African Police Services (SAPS), SCCU and Asset Forfeiture Unit on matters under criminal investigation. The unit has assisted Departments with the compiling of affidavits for registering of criminal cases and are in regular contact with the investigating officers and prosecutors to determine the status of the registered cases and to determine whether any further assistance is required.

The unit has assisted in disciplinary hearings which resulted in successful convictions.



## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

## List of municipalities that received MFIP III Asset Management Support during 2018/19

No	Name of Municipality	No	Name of Municipality
1	Ugu DM	8	Amajuba DM
2	Richmond LM	9	AbaQulusi LM
3	Mpofana LM	10	uPhongolo LM
4	iMpendle LM	11	Jozini LM
5	uMsinga LM	12	uMkhanyakude DM
6	uMvoti LM	13	Harry Gwala DM
7	uMzinyathi DM		

The MSP also engaged with other sub-programmes within Provincial Treasury to support municipalities with challenges that they are specifically skilled to assist with. These included initiative to support municipalities on fixed asset management, mSCOA, supply chain management and infrastructure management.

The MSP support provided, together with the commitment and determination of the municipalities supported, has resulted in a positive impact thereto.





# PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME FOUR: INTERNAL AUDIT												
<b>4.2 Assurance Services</b> <ul style="list-style-type: none"> <li>• An efficient, effective and economical assurance service.</li> <li>• Build and maintain solid client relationships through providing value added services.</li> <li>• Enhance capacity within and outside the unit.</li> </ul>												
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19	
Developed IA Annual operational plans and a rolling three year strategic plan	Number of approved IA Annual operational plans and a rolling three year strategic plan.	14	13	N/A	1	N/A	N/A	N/A	N/A	14	14	
Audit Committee reports to the Cabinet	Number of annual MEC Audit & Risk Committee report on clients' areas of risk management, governance and internal control	N/A	N/A	N/A	N/A	1	1	N/A	N/A	1	1	
Internal Audit Reports	Number of risk based audit conducted	20	18	40	36	41	34	47	49	148	137	
CARC meetings held	Number of meetings held between clients and the Cluster Audit & Risk Committee	14	14	14	14	14	14	14	13	56	55	
Accounting Officers report issued	Number of Audit Committee reports issued to Accounting Officers	N/A	N/A	14	13	N/A	N/A	14	14	28	27	
Training and Development Programmes	Number of training and development programmes attended	2	2	2	2	2	2	2	2	8	8	



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

**4.3 Risk Management:** To promote good governance through assisting provincial departments, public entities and municipalities with risk assessments, risk management and internal audit capacity building exercises.

Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
Risk Reports	Number of risk assessments conducted for clients	10	10	10	10	20	22	10	10	50	52
Risk policies, procedures and structures established	Number of risk maturity review reports issued to clients	5	0	10	10	10	10	5	10	30	30
Occupational Health and Safety programmes established	Number of Occupational Health and Safety review reports issued to clients	5	5	10	10	10	10	5	5	30	30
Developed governance framework	Number of Business Continuity Review reports issued to clients	5	5	10	10	10	10	5	5	30	30
Conference/ forums on risk and governance conducted.	Number of risk forums held	1	1	1	2	1	1	1	1	4	5
Risk management/ governance guidelines and policies produced	Number of fraud prevention plans review reports issued to clients	5	5	10	0	10	0	5	0	30	5
Fraud prevention strategies developed and reviewed	Number of risk/governance-related training/awareness provided to clients	5	7	5	8	5	9	5	5	20	29
Training on governance and risk management	Number of risk assessments conducted for	5	6	5	9	5	4	5	5	20	24



## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

conducted	municipalities																			
4.4 Forensic Services: Promote a culture of zero tolerance for fraud and corruption in the province.																				
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19									
No. of forensic audits reports	Number of Forensic Audits reports issued	8	16	8	19	8	12	8	11	32	58									
MEC Report	Number of updated register of forensic investigations – MEC Report	1	1	1	1	1	1	1	1	4	4									
Follow ups on investigations completed	Number of follow ups on completed investigations	15	15	15	15	15	15	15	15	60	60									



## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

**B.5 Programme 5: Municipal Finance Management**

Programme 5 was established during the 2018/19 financial year in line with the new generic structure which was approved by the Budget Council Lekgotla on 08 November 2014. This programme is responsible for municipalities' budget, accounting and reporting, revenue and debt management as well as the municipal support programme. The Municipal Accounting and Reporting sub-programme will be phased in 2019/20 financial year and the Municipal Revenue and Debt Management sub-programme will be phased in during the 2020/21 financial year.

**The Strategic Objectives are:**

- To promote optimal and sustainable municipal budgets;
- To promote optimal implementation of budgets by municipalities and reporting on related compliance;
- To assist, support and monitor municipalities with financial management and compliance with the annual reporting framework; and
- To assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability.

**Service Delivery Achievements****Municipal Budget**

The Municipal Budget sub-programme provides support to delegated municipalities and monitors the preparation and performance of municipal budgets as well as the compliance by all delegated municipalities with the relevant and applicable sections of the Municipal Finance Management Act, Act No.56 of 2003 (MFMA) and the Municipal Budget and Reporting Regulations (MBRR).

During the 2018/19 financial year, the primary focus of the Municipal Budget unit was the promotion of credible and funded municipal budgets and sound fiscal management. Monitoring of the municipal budgets included the following:

- Provision of support to all delegated municipalities in the preparation of their 2018/19 Medium Term Revenue and Expenditure Framework (MTREF) Budgets;
- Assessment of the 2018/19 MTREF budgets to establish whether the budgets were credible, sustainable and complied with the provisions of the Municipal Finance Management Act (No.56 of 2003) (MFMA), the Municipal Budget and Reporting Regulations (MBRR) and other applicable legislations. It is critical that the funding position (i.e. funded or unfunded) of the municipal budgets are evaluated to determine the sustainability of municipalities in the province as this impacts on the municipality's ability to deliver services; and
- Monitoring the implementation of municipal budgets and preparation of monthly and quarterly reports in terms of Sections 71(6) and 71(7) of the MFMA, as well as assessing the 2018/19 Mid-Year Budget and



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

Performance Assessment Reports on the budget performance of all delegated municipalities.

The Municipal Budget unit assessed the 2018/19 Tabled and Approved Budgets of all 51 delegated municipalities and reports containing feedback on the key findings of the assessments were submitted to the delegated municipalities.

Technical support for the 2018/19 budget preparation process was provided on request to the following 5 municipalities as indicated below.

**Onsite technical support to municipalities on the 2018/19 budget preparation process**

No	Name of municipality	No	Name of municipality
1	Ray Nkonyeni	4	Mthonjaneni
2	Alfred Duma	5	Nkandla
3	uMlalazi		

Source: KZN Provincial Treasury

To guide all 51 delegated municipalities with the preparation of their 2018/19 budgets and to monitor compliance with the Municipal Budget and Reporting Regulations (MBRR), Provincial Treasury (PT) issued Circular PT/MF 08 of 2017/18 dated 26 February 2018 (Preparation, submission and publication of the 2018/19 MTREF) to the municipalities. The PT Circular included some of the areas of weaknesses and common mistakes identified by both Provincial and National Treasuries in prior years that should have been considered and addressed (where applicable) by municipalities when preparing their 2018/19 MTREF budgets.

Furthermore, Provincial Treasury offered training to the BSCs and/or EXCOs of municipalities on the preparation of funded budgets for the 2018/19 MTREF. The offer was made to 18 municipalities that tabled unfunded budgets for the 2017/18 budget year as well as those that posed an additional risk of tabling an unfunded budget for 2018/19. Only five municipalities accepted the offer and received the training as listed in the table below.

**Municipalities' BSC/EXCO trained on the 2018/19 budget preparation process**

No	Name of municipality	No	Name of municipality
1	Big Five Hlabisa	4	Amajuba DM
2	Jozini	5	uMuziwabantu
3	uMvoti		

Source: KZN Provincial Treasury

Provincial Treasury conducted the 2018/19 budget assessment in two phases. The objective of the first phase was to assess the Tabled Budgets of the municipalities and provide comments for consideration by municipalities as per the requirement of Section 23(1) of the MFMA. The assessment process also included compliance checks on all Tabled Budgets received to establish the level of compliance with the requirements of the MFMA and MBRR in general and to verify amongst others, whether the Tabled Budgets submitted were in the correct version of the prescribed format.

Copies of the 2018/19 Tabled Budgets were received from all 51 delegated municipalities in the prescribed





**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

format. Comprehensive assessments were conducted and bi-laterals engagements with 45 municipalities within the months April and May 2019 were undertaken to discuss Provincial Treasury's findings on the municipalities' 2018/19 Tabled Budgets before formal feedback was provided to all 51 delegated municipalities. Provincial Treasury could not engage six of the delegated municipalities due to amongst others, the unavailability of senior municipal officials at these municipalities.

The second phase entailed the high level assessment of the budgets approved by the municipal Councils. Copies of the 2018/19 Approved Budgets were received from all 51 delegated municipalities in the prescribed format. High level assessments were conducted and feedback was provided to all 51 delegated municipalities. The main purpose of the assessment of the Approved Budgets was to establish whether the Approved Budgets took into consideration the comments and recommendations of Provincial Treasury provided on the Tabled Budgets. This process also included a compliance check to establish the level of compliance of the Approved Budgets with the requirements of the MFMA and MBRR.

Provincial Treasury also monitored the submission of the 2018/19 Mid-Year Budget and Performance Assessment (Section 72) Reports which were due to both Provincial and National Treasuries by 25 January 2019, in line with the provisions of the MFMA. Provincial Treasury conducted an assessment on the Mid-Year Budget and Performance Assessment Reports submitted by the delegated KZN municipalities, with a view of providing recommendations which would influence their 2018/19 Adjustments Budgets.

Provincial Treasury requested municipalities in Circular PT/MF 8 of 2018/19 dated 13 December 2018 to refrain from tabling their 2018/19 Mid-Year Budget and Performance Assessment Reports together with their 2018/19 Adjustments Budgets. This was requested in order for the Provincial Treasury to effectively assess the 2018/19 Mid-Year Budget and Performance Assessment Reports and provide meaningful contribution thereon in the preparation of the municipalities' 2018/19 Adjustments Budgets.

In order to improve on the quality of the bilateral engagements with municipalities, the Supply Chain Management (SCM) and internal Audit Units of the Provincial Treasury was invited to participate at the engagements. Due to the large number of municipalities in the province, it was not feasible to conduct joint engagements with all municipalities but rather to select those to be visited for the joint engagements.

The SCM Unit attended the bi-lateral engagements of 24 municipalities, which represents 50 percent of the engagements convened

**List of the 24 bi-lateral engagements on the 2018/19 Mid-Year Budget and Performance Assessment Reports that were attended by the SCM Unit**



## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

No	Name of municipality	No	Name of municipality	No	Name of municipality
1	uMzumbi LM	9	uThukela DM	17	Mtubatuba LM
2	Ray Nkonyeni LM	10	eNdumeni LM	18	Big Five Hlabisa LM
3	uMuziwabantu LM	11	uMvoti LM	19	KwaDukuza LM
4	Mkhambathini LM	12	Newcastle LM	20	Greater Kokstad LM
5	Richmond LM	13	eMadlangeni LM	21	uBuhlebezwe LM
6	Okhahlamba LM	14	Amajuba DM	22	uMzimkhulu LM
7	iNkosi Langalibalele LM	15	uMhlabyalingana LM	23	Dr. Nkosazana Dlamini Zuma LM
8	Alfred Duma LM	16	Jozini LM	24	Harry Gwala DM

Source: KZN Provincial Treasury

The Internal Audit Unit attended eight bi-lateral engagements due to their capacity constraints.

**List of the 8 bi-lateral engagements on the 2018/19 Mid – Year Budget and Performance Assessment Reports that were attended by the Internal Audit Unit**

No	Name of municipality	No	Name of municipality	No	Name of municipality
1	Nquthu LM	4	KwaDukuza LM	7	uThukela DM
2	uMzinyathi DM	5	uMhlabyalingana LM	8	Okhahlamba LM
3	Amajuba DM	6	Alfred Duma LM		

Source: KZN Provincial Treasury

Engagements on the 2018/19 Mid-Year Budget and Performance Assessments Reports were conducted with a total of 48 municipalities including the joint engagements with the Provincial Treasury's SCM and Internal Audit Unit. Provincial Treasury did not engage with Dannhauser LM, Ulundi LM and Ugu DM due to the unavailability of municipal officials.

The Municipal Finance Unit prepared 12 monthly Consolidated Budget Performance reports on all delegated municipalities and submitted these reports to National Treasury in terms of Section 71(6) of the MFMA.

Four quarterly reports on the Consolidated Budget Performance for all delegated municipalities including the three non-delegated municipalities were prepared in line with the requirements of Section 71(7) of the MFMA.

All municipalities which provide Electricity are expected to submit applications for an electricity tariff increase to the National Energy Regulator of South Africa (NERSA) in line with Section 43 of the MFMA. To ensure an improvement in the quality and timeliness of the tariff increase applications to be submitted, NERSA jointly with Provincial Treasury conducted a two day workshop on 10 October 2018 in Richards Bay and on 12 October 2018 in Durban.

The purpose of the workshop was mainly to highlight the correct process of completing and submitting the relevant application forms and to remind municipalities of the deadlines for other related processes. The workshop was conducted for all delegated and non-delegated municipalities which are licenced to provide electricity services and was attended by 65 municipal officials from 25 municipalities.



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

Provincial Treasury consistently monitors payments of electricity and water accounts by all delegated municipalities to Eskom and the Water Boards respectively. Provincial Treasury has assisted in ensuring that defaulting municipalities enter into payment arrangements with Eskom with a view of settling their outstanding Eskom debt.

**Municipal Accounting and Reporting**

This is a new sub-programme which will be phased in over the 2019/20 MTEF period.

In keeping with the Provincial Treasury's mandate to assist and support municipalities in strengthening and building their financial management capacity, an initiative was undertaken by the Financial Reporting sub-programme under the direction of Municipal Finance Management to provide financial management on-site support to identified municipalities within the province. The aim of the initiative is to build and strengthen financial management capacity through the implementation of sustainable financial management practices which results in an improvement of audit outcomes. This has been reported separately in Programme 3.

Progress made in assisting, supporting and monitoring municipalities with financial management and compliance with the annual reporting framework is reported under Sub-Programme 3.6.

**Municipal Support Program (MSP)**

The Municipal Support Program (MSP) within Municipal Finance Management was established to assist and provide technical support to delegated municipalities. The MSP is committed to supporting its clients and identifying ways to improve service delivery by supporting and assisting municipalities. The program also places emphasis on capacity building to ensure improvements effected are sustainable. The 2018/19 target was for MSP to implement 10 projects at municipalities.

The VAT Review initiative was implemented at seven (7) municipalities in the 2018/19 financial year. The initiative is intended to address the shortcomings relating to the management of VAT. The filing of VAT returns by municipalities and the processes associated with this function have often been outsourced to service providers which resulted in external resources preparing and filing the returns on behalf of the municipality at a considerable cost thereto. In addition, the municipal officials have not necessarily been trained in the tasks involved and could be unaware of the best practices to follow in fulfilling these responsibilities. The VAT Review initiative aims to capacitate municipalities to undertake the function on their own.

The PAYE Review was implemented at 12 municipalities in the 2018/19 financial year. The initiative is intended to assist municipalities in complying with SARS to ensure that no VAT refunds are withheld due to PAYE non-compliance, the PAYE returns are processed to prevent fruitless and wasteful expenditure in the form of interest and penalties as well as to capacitate municipal officials. The review is conducted for the previous five financial years.

Municipal Finance Management also identified the need to instil the practice of effective grant management in a municipal environment and thus took the lead in developing a guide in line with the principles set out in applicable legislation and standards. The MSP provided structured support during the 2018/19 financial year,



**PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019**

initiated by the rollout of the guide in conjunction with an intensive training programme at three (3) municipalities. The MSP performed on site assessments of the grant management function at the selected municipalities in order to identify any weaknesses or inefficiencies which were addressed in the customised training sessions that were conducted. This initiative presents a holistic approach to effective grant management with the intention of embedding key foundation principles in a municipal environment, covering areas such as municipal planning, budgeting, financial accounting and reporting, cash management, compliance as well as document management.

**List of Municipalities supported by MSP during 2018/19**

No	Name of Municipality	VAT	PAYE	GRANT MANAGEMENT
1	uMdoni LM	✓	✓	
2	uMshwathi LM	✓		
3	iMpendle LM	✓	✓	
4	uMsinga LM	✓	✓	
5	Newcastle LM		✓	✓
6	Amajuba DM		✓	✓
7	AbaQulusi LM	✓	✓	
8	Jozini LM		✓	
9	Big Five Hlabisa LM		✓	
10	Mthonjaneni LM	✓	✓	
11	King Cetshwayo DM			✓
12	Mandeni LM		✓	
13	iLembe DM	✓	✓	
14	Greater Kokstad LM		✓	

A Municipal Finance Improvement Programme (MFIP) Advisor was appointed by the Government Technical Advisory Centre (GTAC) at National Treasury to provide assistance and guidance to Provincial Treasury and municipalities in all aspects of Asset Management. An assessment of the status of asset management in the province was undertaken by a review of the prior year audit findings for 2015/16 and 2016/17 along with the results of the Financial Management Capability Maturity Model (FMCMM) undertaken by National Treasury. A total of 13 municipalities were selected to receive dedicated support during 2018/19 from the MFIP Advisor, with assistance from the provincial support team.





## PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

PROGRAMME FIVE: MUNICIPAL FINANCE MANAGEMENT											
<b>5.2 : Municipal Budget</b> <ul style="list-style-type: none"> <li>To ensure optimal and sustainable municipal budgets; and</li> <li>To ensure optimal implementation of budgets by municipalities and reporting on related compliance.</li> </ul>											
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
Tabled municipal budgets evaluated	Number of municipal tabled budget to be evaluated	51 municipal tabled budgets evaluated	51 municipal tabled budgets evaluated	N/A	N/A	N/A	N/A	N/A	N/A	51 municipal tabled budgets evaluated	51 municipal tabled budgets evaluated
Approved municipal budgets evaluated	Number of municipal approved budgets to be evaluated	N/A	N/A	51 municipal approved budgets evaluated	51 municipal approved budgets evaluated	N/A	N/A	N/A	N/A	51 municipal approved budgets evaluated	51 municipal approved budgets evaluated
Budget workshop conducted	Number of budget workshops conducted	N/A	N/A	N/A	N/A	1 budget related workshop	1 budget related workshop	N/A	N/A	1 budget related workshop	1 budget related workshop conducted
Section 71(6) compliance reports	Number of Section 71(6) reports (Monthly municipality IYM report) submitted within the prescribed time frame	3 Reports	3 Reports	3 Reports	3 Reports	3 Reports	3 Reports	3 Reports	3 Reports	12 Section 71(6) reports	12 Section 71(6) reports
Section 71(7) compliance reports	Number of Section 71(7) quarterly budget performance reports completed	1 Report	1 Report	1 Report	1 Report	1 Report	1 Report	1 Report	1 Report	4 Section 71(7) Quarterly budget performance reports completed	4 Section 71(7) Quarterly budget performance reports completed
Section 72 compliance reports	Number of Section 72 municipal reports evaluated	N/A	N/A	N/A	N/A	N/A	N/A	51 Section 72 municipal reports evaluated	51 Section 72 municipal reports evaluated	51 Section 72 municipal reports evaluated	51 Section 72 municipal reports evaluated





# PROGRAMME PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2019

MFMA compliance reports	Number of reports on the compliance with the applicable MFMA reporting requirements	N/A	N/A	1 Report	5 Reports	N/A	N/A	1 Report	7 Reports	2 reports on the compliance with the applicable MFMA reporting requirements	12 Reports on the compliance with the applicable MFMA requirements completed
Municipal Finance Circulars issued	Number of Municipal Finance Circulars issued	1 Circular	3 Circulars	2 Circulars	3 Circulars	1 Circular	3 Circulars	1 Circular	3 Circulars	5 Municipal Finance circulars	12 Municipal Finance Circulars Issued
5.4: Municipal Support Programme: To assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability.											
Programme / Sub-programme Output	Performance Measures	1 <sup>st</sup> Qtr Planned Output	1 <sup>st</sup> Qtr Actual Output	2 <sup>nd</sup> Qtr Planned Output	2 <sup>nd</sup> Qtr Actual Output	3 <sup>rd</sup> Qtr Planned Output	3 <sup>rd</sup> Qtr Actual Output	4 <sup>th</sup> Qtr Planned Output	4 <sup>th</sup> Qtr Actual Output	Target for 2018/19 as per APP	Actual Output 2018/19
MSP projects implemented	Number of MSP projects implemented at target municipalities	2 projects	12	2 projects	16	3 projects	13	3 projects	13 projects	10 projects to be implemented	22 projects implemented
Municipal steering committee meetings conducted	Number of municipal support steering committee meetings conducted	1 meeting	1	1 meeting	1	1 meeting	1 meeting	1 meeting	1 meeting	4 quarterly meetings to monitor progress on municipal support	4 quarterly meetings to monitor progress on municipal support conducted
CFO forums conducted	Number of CFO Forums conducted	1 forum	1	1 forum	1	1 forum	1 forum	1 forum	1 forum	4 quarterly CFO Forums	4 quarterly CFO forums conducted
Circular on the grant roll	Number of circulars on the grant roll over process	N/A	N/A	1 circular by 31 August 2018 on the grant roll over process	1	N/A	N/A	N/A	N/A	1 circular by 31 August 2018 on the grant roll over process	1 circular on the grant roll over issued on 6 August 2018



**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019****PART C: GOVERNANCE****C. 1 Introduction**

In its endeavour to promote good governance, the department is continuously striving to enforce compliance with relevant prescripts, acts and regulations. Good governance is fundamental to the management of public finances and the assurance that the utilisation of the department's resources is effective, efficient and realises optimum value for money. During the current financial year, the oversight structures, at executive level, were fully functional in providing direction on both strategic and operational issues of the department.

**C. 2 Risk Management**

The uncertain economic times of the past few years have had a major effect on how organisations function these days. Organisations that used to operate efficiently with the assistance of forecasts and projections now refrain from making business judgements that are set in stone. Now, organisations have a renewed focus: to manage risk. The same holds true for government.

Risks are associated with possible events or circumstances that can threaten the achievement of organizational goals and objectives. However, risks can be reduced and even eliminated through effective risk management.

Risk management is no longer just seen as a method to keep organisations safe and protected from external harm, but a way to also have a holistic view of opportunities and threats, and how they align with business needs and objectives.

The hub of any strong Enterprise Risk Management (ERM) system is the organization's risk climate or culture, i.e., the attitude and approach the organization takes toward identifying, monitoring, controlling, and mitigating risk. KZN Provincial Treasury continues to strengthen its risk management function through the collective impact of the tone at the top, tone in the middle, and tone at the bottom on risk management, compliance and responsible business behaviour.

All members of the risk committee have successfully completed the national treasury on-line risk management course. The course has provided the committee with the necessary skills to discharge its assigned roles and responsibilities more effectively.

Risk reviews with business units are undertaken quarterly and the departments risk register is updated accordingly.

The risk management committee continues to exercise its accountability through its oversight of management responsibilities and review of the risk profile of the department to ensure that risk is not higher than the risk appetite. In addition, the committee ensures that the department is taking appropriate measures



**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

to achieve a prudent balance between risk and reward in the quest to achieve organisational objectives. The department continues to hold quarterly risk committee meetings chaired by the Accounting Officer where, amongst other, the department's risk register is deliberated and vetted.

The department boasts a robust risk governance framework with an approved risk policy and strategy, risk committee terms of reference, risk appetite and tolerance.

The Audit and Risk Management Committee plays a key role in fulfilling the departments' corporate governance and monitoring responsibilities in relation to reporting, internal control structure, risk management systems, external audit and internal audit functions. The Audit Committee continues to provide an independent oversight over the system of risk management and monitors the effectiveness of the system of risk management.

**C. 3 Fraud and Corruption**

The pandemic of fraud and corruption continues to be a source of trepidation to the country's development prospects. Provincial Treasury continues to take proactive measures to reduce the risk of fraud both internally and through our transversal role.

Fraud risk assessments have been undertaken with strategic units within the department. The department has also established an ethics committee which is chaired by the Accounting Officer. An ethics strategy, policy and implementation plan has been drafted. The department supports and fosters a culture of zero tolerance to fraud in all its manifestations. Our employees are encouraged to report all incidents of fraud to their immediate supervisors.

To ensure that the department is liberal, the department's fraud prevention policy and plan as well as the whistle blowing policy is under review to reflect the various modifications in the realm of fraud undertaken by government collectively. The department also utilises the National anti-corruption hotline for the reporting of suspected fraud and corruption incidents. The department also continued to conduct fraud and corruption awareness sessions to sensitize the employees on fraud and fraud prevention.

All fraud is investigated by our forensic division and followed up by the application of all remedies available within the full extent of the law as well as application of appropriate prevention and detection controls.

**C. 4 Minimising Conflict of Interest**

All officials in the department are expected to avoid all personal activities and financial interests which could conflict with their responsibilities to the department. In preventing conflict of interest, all officials were obliged to complete financial disclosure forms, which is an annual practice. The financial disclosures statements includes certification that the assets and financial activities of each staff member, their spouses and family



**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

do not pose a conflict of interest with their official duties. Due to the nature of their duties all employees in the Financial Management (CFO) unit were further expected to sign a code of conduct.

Declaration of interests and impartiality forms were signed by bid committee members during each evaluation sitting. Bid Committee members are required to excuse themselves if a conflict of interest exists in the process. Bidders are expected to declare their personal and business interests on the standard bidding documents when submitting proposals.

**C. 5 Code of Conduct**

The department continues to conduct workshops on the amended code of conduct in terms of the new Public Service Regulations 2016, to ensure that employees understand and adhere to the expectations of the public service code of conduct. Employees are discouraged to receive gifts or payments which are or may be construed as being a bribe. All employees are compliant with the submission of Financial Disclosures on an annual basis which is verified by the Ethics Officer of the Department to identify potential/actual conflicts of interest.

**C. 6 Health, Safety and Environmental Issues**

The Department is committed to create a healthy and safe working environment for all its employees. Health and Safety is an element of an approved departmental Business Continuity Plan. In compliance with the Occupational Health and Safety Act 85 of 1993, the department has provided and maintained as far as reasonable and practicable a working environment that is safe and without risk to the health of its employees and its customers. An approved OHS Policy is available and Policy Statement is posted on strategic entrance areas as mandatory.

The department temporarily appointment an OHS Specialist for a period of twelve months, which is one of the mitigations to adhere to the mandatory appointments while the organisational structure is under review. Both the employer and employees have a joint responsibility in ensuring their safety and that of others such as visitors by complying with all the safety measures that are put in place. Mandatory fire drills are conducted within prescribed intervals while regular OHS inspections are conducted by appointed and trained OHS representative. The representatives further identify potential hazards and where possible, reduce the level of risk by recommending and putting in place safety precautions while elevating such in quarterly OHS Committee meetings for discussion.

Mandatory training of OHS representatives is maintained within prescribed period for new appointments and provisions of refresher trainings. OHS awareness are conducted by means of circulars and Policy workshops to business units at an ongoing approach. Mandatory quarterly reporting to Department of Public Service and Administration is maintained through a compliance tool signed by the HOD. Employees are encouraged to report any potential risk emanating from their work and all incidents that happen within their





**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

workspace that might cause injury, in order to prevent recurring incidents of the same nature. First Aid provision is available to Departmental employees through the appointed and trained First Aiders for minor injuries. First Aid boxes are well placed in all floors with relevant signage and they are regularly replenished.

**C. 7 Portfolio Committees**

During the year, the department had two meetings with the Portfolio committee on Finance to discuss quarterly financial and non-financial performance report. The department responded to all matters raised at the meetings in the form of written and oral representations. No major concerns were raised by the portfolio committee.

**C. 8 SCOPA Resolutions**

There were no SCOPA resolutions specific to Provincial Treasury in the current financial year. KZN Treasury continued to maintain a clean audit opinion in the current year's audit.

**C. 9 Prior Modifications to Audit Reports**

There were no matters reported in the AG report.

**C. 10 Internal Control Unit**

Management of Treasury is responsible for establishing and maintaining adequate internal control over financial reporting. The department has effective and efficient systems of financial, risk management and internal control as required in terms of section 38 of the PFMA. The unit applied these systems in ensuring that the department obtains a clean audit.

Treasury's internal control unit continued to provide a reasonable assurance regarding the achievement of the departments' objectives relating to operations, reporting and compliance. During the year under review the department continues with the provision of compliance function with the department's applicable laws, regulations and internal policies thus ensuring that relevant processes are being executed; ensuring that risk mitigation action plans are implemented, ensuring the monitoring and evaluation on the effective and efficient internal controls within the department; developing and reviewing finance policies thereby ensuring its relevance, accuracy and alignment with legislation;

It continued to verify payments before and after processing in order to ensure validity and accuracy; checking of monthly and quarterly reports to ensure to ensure reliable financial reporting; identification of internal control weaknesses and provision of recommendations; monitoring of the implementation of internal and external audit recommendations, in addition, it has issued circulars to regulate internal processes and procedures.





**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019****C. 11 Internal Audit and Audit Committees****11.1 Audit Committee****11.1.1 Objective of the Provincial Audit and Risk Committee**

The Executive Council has established the Provincial Audit and Risk Committee (PARC) in accordance with regulations and instructions prescribed in terms of sections 76 and 77 of the Public Finance Management Act, Act No. 1 of 1999 as amended by Act No. 29 of 1999 (PFMA). The PARC reports to the Member of Executive Council (MEC) for Finance.

The KwaZulu-Natal Provincial Government has also established the following three Cluster Audit and Risk Committees (CARC), which report directly to the PARC:

- Governance and Administration Cluster
- Economic Sector and Infrastructure Development Cluster
- Social Protection, Community & Human Development Cluster

The Provincial Treasury is governed by the Economic Cluster Audit & Risk Committee which is constituted by 3 members of the PARC.

**11.2 Key Activities of the Provincial Audit and Risk Committee during the year**

The PARC exercised their responsibility as embedded in the audit and risk committee Charter as follows:

<b>Internal Controls, Accounting Systems &amp; Internal Audit</b>
Review of the internal audit reports to manage critical risks and to ensure the adequacy and effectiveness of the departmental internal control structure including: <ul style="list-style-type: none"> <li>• Financial and internal controls,</li> <li>• Accounting systems and reporting and</li> <li>• Corporate governance</li> </ul>
Review any significant matters reported by the internal auditors and the extent to which the recommendations have been implemented by management; and provide any additional recommendations to Accounting Officers.
Direct the Accounting Officer to provide status reports detailing the progress made in implementing the Committee's recommendations.
Through PIAS reports, evaluate IT governance systems and the related internal controls.
Ensure that the relevant departmental management demonstrates accountability over internal control functions.
Consider the fact and potential of any limitation on the scope of internal audit, and if there is, report to the MEC for Finance.
<b>Fraud Prevention</b>
Ensure that the Accounting Officer develops and implement strategies, policies, procedures and systems to prevent and detect fraud and corruption
Ensure that the Accounting Officer demonstrates some pro-activeness in maintaining anti-fraud and corruption strategies to protect the Provincial assets entrusted to them



**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Review and evaluate the effectiveness of such strategies, policies/procedures.
Should a report to the Audit Committee, whether from the PIAS or any other source, implicate the Accounting Officer in fraud, corruption or negligence, the chairperson of Audit Committee must promptly report this to the relevant executive authority via the MEC for Finance.
<b>Financial Statements</b>
Ensure that the timing and nature of reports from the external auditor(s) are in accordance and comply with the requirements of the PFMA.
Consider key matters arising in the AGSA management report and audit report (including illegal acts or irregularities) and satisfy themselves that they are being properly followed up and resolved.
Consider the reports and function of the External Audit Steering committee to ensure that external audits are performed efficiently and that management co-operates with the AGSA.
Comment on its evaluation of the annual financial statements, the interim financial reports, the preliminary announcement of the AGSA report and any other announcement regarding the KZNPG's results or other financial information to be made public, prior to the submission to and approval by the Accounting Officer and/or Executive Authority.
Consider any accounting treatments, significant unusual transactions, or accounting judgments, which could be contentious to ensure that these are properly addressed.
In line with TR 3.1.13 (b), comment on the quality of IYM and monthly/quarterly reports submitted in terms of the PFMA and DoRA.
<b>Risk Oversight</b>
The Committee is an integral component of the risk management process and shall oversee: <ul style="list-style-type: none"> <li>• Financial reporting risks</li> <li>• Fraud risk as it relates to financial reporting</li> <li>• IT risk as it relates to financial reporting</li> <li>• All other strategic and operational risks that may impede the department from achieving their business objectives.</li> </ul>
Review the procedures for identifying business risks and mitigating their impact on the department.
Ensure that the Accounting Officer and Accounting Authority maintains and regularly reviews the system of risk management within their areas of responsibilities.
Review the results of the risk assessment to determine the material risks to which the departments may be exposed and evaluate strategies to mitigate those risks.
Ensure that the Accounting Officer has incorporated reputational and ethical risks and opportunities in the risk management process.
<b>Ethics</b>
Review the internal audit reports on compliance with the ethical code of conduct and policies of the Department based on the number of statutory, common law and other requirements which cover the ethical behaviour of senior management, and officials of the Departments.
Identify through PIAS reports, any violation of ethical conduct, environmental and social issues.
Provide advice on any identified potential conflict of interest.
<b>Reporting Responsibilities</b>
The Committees must report and make recommendations to the Accounting Officer on a regular basis (TR 3.1.12).
The Committees should engage with Accounting Officers of respective departments at least on a quarterly basis.
The Committees may communicate any concerns they deem necessary to the executive authorities, Head of Provincial Treasury and the AG SA (TR 3.1.15).



**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019****11.3 Information on the Audit Committee Members**

The following five members served as Provincial Audit & Risk Committee members during the period under review. The Committee members' attendance of meetings during the 2018/19.

Name	Qualifications	Internal or External member	If Internal, position in the Department	Date Appointed	Date Contract Renewed	Contract Review Date	No of PARC Meetings Attended
Mr S P Simelane (Acting Chairperson of PARC and Economic CARC)	CA(SA)	External	N/A	23 February 2015	31 October 2018	31 May 2021	8 of 8
Mr P Christianson (Economic CARC)	CA(SA)	External	N/A	23 February 2015	31 October 2018	31 May 2021	8 of 8
Mr V Ramphal (Economic CARC)	CA(SA)	External	N/A	23 February 2015	31 October 2018	31 May 2021	8 of 8
Ms T Njozela	MBA	External	N/A	23 February 2015	31 October 2018	31 May 2021	8 of 8
Mr D O'Connor	CA(SA)	External	N/A	23 February 2015	31 October 2018	31 May 2021	8 of 8
Ms N Sithole	CA (SA)	External	N/A	01 May 2018	-	31 May 2021	8 of 8
Mr M Tarr	MSc Agricultural Economics	External	N/A	01 May 2018	-	31 May 2021	8 of 8

**C.12 Report of the Audit Committee**

The Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations 3.1, including all other related prescripts and is pleased to present its report for the financial year ended 31 March 2019.

The Provincial Audit and Risk Committee (PARC) is the shared audit and risk committee for the provincial departments, and is further sub-divided into three Cluster Audit & Risk Committees (CARC's) that provide oversight of key functions to the KZN Provincial Government Departments. The KZN Provincial Treasury is served by the Economic Cluster Audit & Risk Committee.

The Committee has adopted appropriate formal terms of reference contained in its Audit and Risk Committee Charter and has regulated its affairs in compliance with this charter; and reports that it has discharged all of its responsibilities as contained therein.

**1. Audit Committee Members and Attendance**

The PARC and Economic CARC consists of the members listed hereunder who have met as reflected below, in line with the approved terms of reference.



**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

#	Name of Member	PARC Meetings Attended	G&A CARC Meetings Attended
1.	Mr S Simelane (Acting Chairman of PARC and Economic CARC)	8 of 8	4 of 4
2	Mr V Ramphal	8 of 8	3 of 4
1.	Mr M Tarr	8 of 8	4 of 4
4.	Mr P Christianson	8 of 8	N/A*
5.	Ms T Njozela	8 of 8	N/A*
6.	Mr D O'Connor	8 of 8	N/A*
7.	Ms N Sithole	8 of 8	N/A*

\* refers to PARC members who did not serve on the Economic CARC

\*\* Mr Ramphal was absent on day 2 of the Q4 Eco Cluster meeting

**2. The Effectiveness of Internal Control**

Our review of the reports provided by the Provincial Internal Audit Service (PIAS), revealed that the systems of internal controls were effective in the Department, except for Fleet Management, where some control deficiencies were identified.

The Committee considered the appropriateness of the agreed management interventions to the address the control weaknesses identified and advised management to implement same timeously, to avoid the recurrence of findings.

**3. Effectiveness of Internal Audit**

The Committee has, through the CARC monitoring processes, considered internal audit reports on the adequacy and effectiveness of controls designed to mitigate the risks associated with the operational and strategic activities of the Department, at its quarterly meetings.

The PIAS planned to conduct twenty five (25) audit assignments for the period under review, of which eighteen (18) were finalised, two (2) were cancelled, two (2) were rolled over and three (3) were carried over to the 2019/20 financial year with the approval of the Audit Committee.

The Committee noted with extreme concern that only 72% of the operational audit plan for the year had been completed, due to the financial and human resource limitations imposed upon PIAS. The Committee urged the management of Provincial Treasury and PIAS to urgently address the factors which had negatively impacted the performance of PIAS during the year under review in order to ensure that it continues to fulfil its mandate and add value to the department.

**4. Risk Management**

The responsibilities of the Committee with respect to risk management are formally defined in its Charter. For the period under review, the Committee's responsibilities have been focused, amongst other things, on





**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

the quarterly review of the Department's risk register and monitoring progress against the Risk Management Operational Plan.

As at the end of the 2018/19 financial year, the status of the Department's risk register was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	3	10	17	48	13	91
Number of Identified Action Plans	8	22	20	17	4	71
Number of Completed Action Plans.	0	2	4	3	3	12
% Completion of Action Plans	0	9	20	18	75	17

The Committee is concerned about the Department's slow progress in implementing its risk mitigation plans, particularly addressing risks classified as critical and major as these risks have to be addressed within a period of six months as prescribed in the Department's risk appetite and tolerance statement. The Department is, therefore, urged to ensure the implementation of the outstanding risk mitigation plans and to regard the risk register as a dynamic document which should be reviewed and updated on a quarterly basis.

With regard to other risk management initiatives, the Department is commended for recording positive progress on compliance with prescribed risk management standards; completion of the on-line risk management training prescribed for the Departmental risk committee members; and the implementation of recommended improvement plans for risk management maturity, business continuity management, and occupational health and safety management.

Notwithstanding the above, the Department is urged to pay particular attention on the capacitation of its risk management function; and on ensuring the linkage of its risks to performance indicators (to enable the Department to timely identify and resolve risk factors that might disturb the achievement of set performance targets).

#### **5. Quality of in year management and monthly/quarterly reports**

The Committee was satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance, prepared and issued by the Accounting Officer of the Department during the year under review, in terms of the PFMA and the Division of Revenue Act.





## GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### 6. Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the Annual Financial Statements, including the audit report, with the Auditor General and the Accounting Officer;
- Reviewed the Auditor General's Management Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions and did not identify any instances of material non-compliance; and
- Reviewed the conclusions regarding the reliability and usefulness of performance information.

### 7. Forensics Investigations

During the period under review, the Committee noted that there were six (6) forensic investigations from 1 April 2018 to 31 March 2019, all relating to alleged supply chain management and procurement irregularities and mismanagement of funds, which was referred to the PIAS for investigation.

All six (6) investigations in terms of Phase 1 were completed.

From the six (6) matters completed, four (4) had disciplinary actions recommended, of which two (2) matters were finalised. For one (1) of the matters, the implementation of the disciplinary proceedings were transferred to the Department of Education.

The Committee further noted that criminal cases on two (2) matters are still to be registered.

The department and the PIAS are urged to promptly finalize the outstanding investigations, and work together to implement recommendations made in the finalised investigations.

### 8. Auditor-General's Report

The Committee has monitored the implementation of corrective action plans to address the audit issues raised by the Auditor General in the prior year. The Committee has met with the Auditor General of South Africa to discuss and evaluate the major issues that emanated from the current regulatory audit. The Committee will ensure that corrective actions in respect of the detailed findings emanating from the current regulatory audit continue to be monitored on a quarterly basis through the CARC processes.

The Committee concurs and accepts the conclusion of the Auditor General's unqualified opinion on the Annual Financial Statements, and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General. The Committee commends the Department on obtaining an unqualified audit opinion.



**GOVERNANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**9. Appreciation**

The Committee wishes to express its appreciation to the Management of the Department, the Auditor General of South Africa, and the Provincial Internal Audit Services for the co-operation and support they have provided to enable us to compile this report.



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**Mr SP Simelane**

**Acting Chairman: Provincial Audit and Risk Committee**

**06 August 2019**



## PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

### D1 INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

### D2 OVERVIEW OF HUMAN RESOURCES

#### 2.1 Status of Human Resources in the Department

The Filling of vacant posts and the overall turnaround time to fill vacancies is affected by the moratorium on the filling of non-critical posts in the Province, where approval to fill critical posts is first obtained from the Premier of the Province. The vacancy rate of the Department has decreased to 14.80 % in comparison to 16.50% as per the 2017/2018 vacancy rate. The Department still faces challenges in terms of attracting and employing people with disabilities and females at SMS level into the permanent structure, however there has been improvement in both areas with Women at SMS at 40% and People with disabilities at 1.60%.

#### 2.2 Human Resource priorities for the year under review

Enhanced and improved employee engagement – through effective climate surveys; leadership impact analysis; effective exit interview analysis.

Skill and Talent attraction – prioritizing the recruitment of critical core posts and ensuring the correct alignment of competence profile and qualification requirements to the needs of the Department.

Talent Retention – reduction in turnover rate; improvement of management capability through leadership impact analysis; greater focus on career management strategies

Integrated Human Resource Information sessions and Business Unit engagements – improve levels of compliance; increase HR knowledge base of all employees; reduction in number of grievances received.

#### 2.3 Workforce Planning and key strategies to attract and recruit skilled and capable workforce

The Department has an approved MTEF HR Plan for the period April 2018 to March 2023 has been endorsed by the Executing Authority of the Department. All vacancies in the Department were advertised to encourage fair and transparent competition. In respect of scarce skilled posts partnerships were developed with Professional Associations like SAICA and Institute of Internal Auditors to place advertisements within professional magazines to attract correctly skilled applicants. Succession Planning is in place for all key critical posts of the Department ensuring a pool of competent empowered staff who will compete for these positions when they are vacated. The HR Development Committee scrutinizes Bursary applications ensuring qualifications that are funded are in line with the critical needs of the Department and support upward mobility of staff.



## **PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

### **2.4 Employee Performance Management**

The Department obtained 100% compliance in respect of the signing of SMS Performance Agreements, and 98.2% in respect of those at levels 1 to 12. Non-compliant staff were excluded from the receipt of any performance incentives and stringent monitoring mechanisms, including the disciplining of supervisors and Line Managers for non-compliant staff have been put in place to ensure 100% compliance at all levels going forward. The 17/18 assessments were finalized and paid out during the 2nd quarter of the 18/19 assessment year. No grievances were received regarding the outcome of the 17/18 performance assessments. The 17/18 assessment of the Head of Department, was also timeously finalized by the Human Resources Directorate.

### **2.5 Employee Health and Wellness Program**

The Employee Health and Wellness Section within HRM continues to make a visible impact on the lives of employees by increasing the number of Wellness Clinics per month within the Department, with noticeable improvements in the number of voluntary on-site testing. Monthly articles instilling responsible life style disease management as well as encouraging physical fitness and awareness are distributed throughout the Organization and have been extremely well received. The Work and Play policy was actively implemented during this year with the introduction of Yoga and Aerobics during Office hours, as approved by the Head of Department

### **2.6 Achievements and Challenges faced by the Department**

- During 2018/2019, the Human Resource Management Directorate fulfilled all of its legislative mandates and delivered an efficient and professional Human Resources function to the Department. The Unit's success in HR legislative compliance was further recognized through the MPAT assessment administered by the Office of the Presidency, where the Unit was once again identified as a top performer in respect of KPA3 – Human Resource Management at a Provincial level in respect of MPAT 1.8 results.
- The unit has successfully implemented all planned Human Resource Planning and WSP priority 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, There has been a significant reduction in the number of grievances and misconduct cases within the Department which is largely attributed to the monthly articles that stem from the Labour Desk of the Directorate as well as engagements at Line Directorate meetings to empower both staff and





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

management on the managing of sound employer/employee relations. Leadership impact surveys have also contributed positively in this area.

- The Unit continues with strategies to implement the Head of Department's commitment to improving EE targets of women in management and people with disabilities. Six females were appointed into permanent SMS positions during the 17/18 financial year, and the purchase of assistive devices and Office configuration for people with disabilities were also undertaken. Integrated efforts of the sections within HRM during the year has ensured a strong drive for policy compliance, eradication of fraud and corruption, responsible sick leave management, well aligned Departmental structures, adequately skilled employees and a healthy and well informed workforce.
- Youth development initiatives are a priority for the Unit. Provincial Treasury's partnership with SAICA on the Thuthuka Bursary Fund, where Treasury is currently sponsoring 74 previously disadvantaged students studying towards becoming Chartered Accountants is in its 6th year since inception. The partnership has further resulted in the Department receiving SAICA accreditation as a Training Office during December 2015, and the Department has received its 4<sup>th</sup> allocation of three Trainee Accountants as at January 2019 making it a total of eight (8) trainees who are currently undergoing training towards becoming chartered accountants. The program yielded its first three Public Service specific Chartered Accountants in December 2018, who are all now employed on a further two year management development program within the Department.

**2.7 Future Human Resource Plans/Goals**

- Improved Employee engagement initiatives
- Talent management, acquisition and retention.
- Strategic partnering with Line Management to improve Business understanding of HR prescripts and mandates; as well as buy in of HR strategies in respect of work force planning.
- Strong drive for continued excellence and legislative compliance

**D3 HUMAN RESOURCES OVERSIGHT STATISTICS**

**3.1. Personnel related expenditure**

*Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019*

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
ADMINISTRATION	235 392.00	85 853.00	0.00	0.00	36.50	491.00
FINANCIAL GOVERNANCE	412 391.00	76 681.00	0.00	0.00	18.60	473.00





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

INTERNAL AUDIT	130 113.00	78 721.00	0.00	0.00	60.50	447.00
MUNICIPAL FINANCE MANAGEMENT	59 437.00	34 231.00	0.00	0.00	57.60	778.00
SUSTAINABLE RESOURCE MANAGEMENT	38 343.00	34 778.00	0.00	0.00	90.70	915.00
<b>Total</b>	<b>875 677.00</b>	<b>310 264.00</b>	<b>0.00</b>	<b>0.00</b>	<b>35.40</b>	<b>521.00</b>

*Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019*

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
02 Skilled (Levels 3-5)	10 307.00	3.20	57	180 825.00
03 Highly skilled production (Levels 6-8)	38 019.00	11.70	86	442 081.00
04 Highly skilled supervision (Levels 9-12)	136 253.00	41.80	182	748 643.00
05 Senior management (Levels >= 13)	65 151.00	20.00	53	1 229 264.00
11 Contract (Levels 3-5)	529.00	0.20	58	9 121.00
12 Contract (Levels 6-8)	14 738.00	4.50	45	327 511.00
13 Contract (Levels 9-12)	21 875.00	6.70	43	508 721.00
14 Contract (Levels >= 13)	20 896.00	6.40	14	1 492 571.00
18 Contract Other	4 799.00	1.50	0	0.00
19 Periodical Remuneration	6 743.00	2.10	38	177 447.00
20 Abnormal Appointment	16.00	0.00	0	0.00
<b>TOTAL</b>	<b>319 327.00</b>	<b>98.00</b>	<b>576</b>	<b>554 387.00</b>

*Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019*

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
ADMINISTRATIO N	73 142.00	83.20	1 147.00	1.30	1 846.00	2.10	2 879.00	3.30
FINANCIAL GOVERNANCE	68 009.00	82.50	21.00	0.00	1 381.00	1.70	1 734.00	2.10
INTERNAL AUDIT	69 341.00	81.80	0.00	0.00	1 274.00	1.50	1 335.00	1.60
MUNICIPAL FINANCE MANAGEMENT	17 635.00	87.60	0.00	0.00	299.00	1.50	204.00	1.00
SUSTAINABLE RESOURCE MANAGEMENT	44 397.00	87.50	0.00	0.00	1 006.00	2.00	580.00	1.10
<b>TOTAL</b>	<b>272 523.00</b>	<b>83.60</b>	<b>1 167.00</b>	<b>0.40</b>	<b>5 806.00</b>	<b>1.80</b>	<b>6 730.00</b>	<b>2.10</b>



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

*Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019*

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
02 Skilled (Levels 3-5)	7 834.00	76.00	67.00	0.60	495.00	4.80	941.00	9.10
03 Highly skilled production (Levels 6-8)	30 550.00	80.00	515.00	1.30	1 207.00	3.20	2 095.00	5.50
04 Highly skilled supervision (Levels 9-12)	116 301.00	83.80	382.00	0.30	2 810.00	2.00	2 806.00	2.00
05 Senior management (Levels >= 13)	56 975.00	85.10	0.00	0.00	1 252.00	1.90	669.00	1.00
11 Contract (Levels 3-5)	517.00	97.50	0.00	0.00	0.00	0.00	0.00	0.00
12 Contract (Levels 6-8)	13 931.00	93.80	188.00	1.30	41.00	0.30	99.00	0.70
13 Contract (Levels 9-12)	21 285.00	93.60	0.00	0.00	0.00	0.00	49.00	0.20
14 Contract (Levels >= 13)	20 336.00	94.30	0.00	0.00	0.00	0.00	71.00	0.30
18 Contract Other	4 783.00	96.90	15.00	0.30	0.00	0.00	0.00	0.00
19 Periodical Remuneration	10.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00
20 Abnormal Appointment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>272 523.00</b>	<b>83.60</b>	<b>1 167.00</b>	<b>0.40</b>	<b>5 806.00</b>	<b>1.80</b>	<b>6 730.00</b>	<b>2.10</b>

### 3.2. Employment and Vacancies

*Table 3.2.1 Employment and vacancies by programme as on 31 March 2019*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATION, Permanent	142	126	11.30	46
FINANCIAL GOVERNANCE, Permanent	121	86	28.90	35
INTERNAL AUDIT, Permanent	105	94	10.50	68
MUNICIPAL FINANCE MANAGEMENT, Permanent	39	37	5.10	7



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

SUSTAINABLE RESOURCE MANAGEMENT, Permanent	37	34	8.10	4
<b>TOTAL</b>	<b>444</b>	<b>377</b>	<b>15.10</b>	<b>160</b>

*Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019*

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
02 Skilled (Levels 3-5), Permanent	65	57	12.30	58
03 Highly Skilled Production (Levels 6-8), Permanent	103	86	16.50	45
04 Highly Skilled Supervision (Levels 9-12), Permanent	213	181	15.00	43
05 Senior Management (Levels >= 13), Permanent	63	53	15.90	14
<b>TOTAL</b>	<b>444</b>	<b>377</b>	<b>15.10</b>	<b>160</b>

*Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2019*

- No formal critical occupations were approved for KZN Provincial Treasury

### **3.3. Filling of SMS Posts**

*Table 3.3.1 SMS post information as on 31 March 2019*

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Dept SL16	1	1	100.00	0	0.00
Salary Level 15	3	3	100.00	0	0.00
Salary Level 14	12	10	83.33	2	16.66
Salary Level 13	47	39	82.97	8	17.02
<b>Total</b>	<b>63</b>	<b>53</b>	<b>84.12</b>	<b>10</b>	<b>15.87</b>

*Table 3.3.2 SMS post information as on 30 September 2018*

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Dept SL16	1	1	100.00	0	0.00
Salary Level 15	3	3	100.00	0	0.00
Salary Level 14	12	10	83.33	2	16.66
Salary Level 13	47	39	82.97	8	17.02
<b>Total</b>	<b>63</b>	<b>53</b>	<b>84.12</b>	<b>10</b>	<b>15.87</b>



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*Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019*

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Dept SL16	1	1	100.00	0	0.00
Salary Level 15	3	3	100.00	0	0.00
Salary Level 14	12	10	83.33	2	16.66
Salary Level 13	47	39	82.97	8	17.02
<b>Total</b>	<b>63</b>	<b>53</b>	<b>84.12</b>	<b>10</b>	<b>15.87</b>

*Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2018 and 31 March 2019*

**Reasons for vacancies not advertised within six months**

There are SMS vacancies that are affected by the reviewing of the structure where the content or placement of post changes after the approval of the proposed structure, therefore such posts cannot be advertised and filled until the proposed structure is concurred by the DPSA and thereafter approved by the EA of the Department.

**Reasons for vacancies not filled within six months**

There is a Provincial moratorium on the filling of all posts where authority to fill critical posts is approved by the Premier of the Province which can add a further 30 days to the entire recruitment process. A further challenge is the entire pre-employment screening process which can take approximately 2 months in itself to be finalized. These challenges make it difficult to fill a post with an incumbent within 6 months of the SMS post becoming vacant. All attempts are made to fast track processes and endeavour to meet the 6 month time frame.

*Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2018 and 31 March 2019*

**Reasons for vacancies not advertised within six months**

Reasons for delays as contained above in 3.3.5 are beyond the control of Human Resource Directorate and disciplinary action is therefore not warranted.

**Reasons for vacancies not filled within six months**

Reasons for delays as contained in 3.3.4 above are beyond the control of Human Resource Directorate and disciplinary action is therefore not warranted.



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**3.4. Job Evaluation**

*Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2018 and 31 March 2019*

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
02 Skilled (Levels 3-5)	65	0	0.00	0	0.00	0	0.00
03 Highly Skilled Production (Levels 6-8)	103	0	0.00	0	0.00	0	0.00
04 Highly Skilled Supervision (Levels 9-12)	213	0	0.00	0	0.00	0	0.00
05 Senior Management Service Band A	47	0	0.00	0	0.00	0	0.00
06 Senior Management Service Band B	12	0	0.00	0	0.00	0	0.00
07 Senior Management Service Band C	3	0	0.00	0	0.00	0	0.00
08 Senior Management Service Band D	1	0	0.00	0	0.00	0	0.00
<b>TOTAL</b>	<b>444</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>

*Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 and 31 March 2019*

Gender	African	Asian	Coloured	White	Total
Female	0.00	0.00	0.00	0.00	0.00
Male	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Employees with a Disability	0.00
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*Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 and 31 March 2019*

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
xxx	0.00	xxx	xxx	xxx
xxx	0.00	xxx	xxx	xxx
<b>TOTAL</b>	<b>0.00</b>			
Total number of employees whose salaries exceeded the level determined by job evaluation				n/a
Percentage of total employed				n/a

*Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 and 31 March 2019*

Total number of Employees whose salaries exceeded the grades determine by job evaluation	None
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**3.5. Employment Changes**

*Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 and 31 March 2019*

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
02 Skilled (Levels 3-5) Permanent	56	4	5	8.90
03 Highly Skilled Production (Levels 6-8) Permanent	81	11	6	7.40
04 Highly Skilled Supervision (Levels 9-12) Permanent	179	10	14	7.80
05 Senior Management Service Band A Permanent	39	4	3	7.70
06 Senior Management Service Band B Permanent	10	0	2	20.00
07 Senior Management Service Band C Permanent	3	0	0	0.00
08 Senior Management Service Band D Permanent	1	0	0	0.00
10 Contract (Levels 1-2)	10	0	24	240.00
11 Contract (Levels 3-5) Permanent	32	1	22	68.80
12 Contract (Levels 6-8) Permanent	32	10	15	46.90
13 Contract (Levels 9-12) Permanent	26	23	5	19.20
14 Contract Band A Permanent	11	4	0	0.00
15 Contract Band B Permanent		0	2	0.00
17 Contract Band D Permanent		0	0	0.00
<b>TOTAL</b>	<b>480</b>	<b>67</b>	<b>98</b>	<b>20.40</b>

*Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019*

- **No formal critical occupations were approved for KZN Provincial Treasury**

*Table 3.5.3 Reasons why staff left the department for the period 1 April 2018 and 31 March 2019*

Termination Type	Number	% of Total Resignations
01 Death, Permanent	1	3.40
02 Resignation, Permanent	20	69.00
03 Expiry of contract, Permanent	0	0.00
09 Retirement, Permanent	2	6.90
<b>TOTAL</b>	<b>29</b>	<b>100.00</b>



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*Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019*

- No formal critical occupations were approved for KZN Provincial Treasury

*Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019*

Salary Band	Employees 1 April 2018	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
02 Skilled (Levels 3-5), Permanent	56	0	0.00	31.00	55.40
03 Highly Skilled Production (Levels 6-8), Permanent	81	3	3.70	59.00	72.80
04 Highly Skilled Supervision (Levels 9-12), Permanent	179	5	2.80	128.00	71.50
05 Senior Management (Levels >= 13), Permanent	53	0	0.00	34.00	64.20
09 Other, Permanent	0	0	0.00	0.00	0.00
11 Contract (Levels 3-5), Permanent	32	0	0.00	0.00	0.00
12 Contract (Levels 6-8), Permanent	32	0	0.00	1.00	3.10
13 Contract (Levels 9-12), Permanent	26	0	0.00	3.00	11.50
14 Contract (Levels >= 13), Permanent	11	0	0.00	7.00	63.60
<b>TOTAL</b>	<b>470</b>	<b>8</b>	<b>1.70</b>	<b>263.00</b>	<b>56.00</b>

### 3.6. Employment Equity

*Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2019*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
02 - PROFESSIONALS	51.00	0.00	6.00	1.00	43.00	2.00	8.00	8.00	119.00
03 - TECHNICIANS AND ASSOCIATE PROFESSIONALS	43.00	1.00	3.00	0.00	36.00	0.00	3.00	1.00	87.00
09 - LABOURERS AND RELATED WORKERS	2.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
08 - PLANT AND MACHINE OPERATORS AND ASSEMBLERS	5.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00
04 - CLERKS	25.00	1.00	1.00	0.00	66.00	1.00	6.00	10.00	110.00
01 - SENIOR OFFICIALS AND MANAGERS	18.00	2.00	5.00	2.00	11.00	1.00	11.00	3.00	53.00
<b>TOTAL</b>	<b>144.00</b>	<b>5.00</b>	<b>15.00</b>	<b>3.00</b>	<b>156.00</b>	<b>4.00</b>	<b>28.00</b>	<b>22.00</b>	<b>377.00</b>
<b>Employees with disabilities</b>	1.00	0.00	1.00	0.00	2.00	0.00	2.00	1.00	7.00



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*Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2018*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
01 Top Management, Permanent	1.00	0.00	2.00	0.00	2.00	0.00	0.00	0.00	5.00
02 Senior Management, Permanent	18.00	2.00	3.00	2.00	9.00	1.00	11.00	3.00	49.00
03 Professionally qualified and experienced specialists and mid-management, Permanent	59.00	1.00	8.00	1.00	52.00	0.00	6.00	6.00	133.00
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	56.00	1.00	2.00	0.00	61.00	3.00	9.00	13.00	145.00
05 Semi-skilled and discretionary decision making, Permanent	10.00	1.00	0.00	0.00	32.00	0.00	2.00	0.00	5.00
<b>Total</b>	<b>144.00</b>	<b>5.00</b>	<b>15.00</b>	<b>3.00</b>	<b>156.00</b>	<b>4.00</b>	<b>28.00</b>	<b>22.00</b>	<b>377.00</b>

*Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
02 Senior Management, Permanent	0.00	0.00	0.00	0.00	3.00	0.00	1.00	0.00	4.00
03 Professionally qualified and experienced specialists and mid-management, Permanent	2.00	0.00	2.00	0.00	11.00	0.00	0.00	0.00	15.00
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	9.00	0.00	0.00	0.00	4.00	0.00	1.00	0.00	14.00
05 Semi-skilled and discretionary decision making, Permanent	0.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00	5.00
07 Not Available, Permanent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
09 Contract (Senior Management), Permanent	0.00	0.00	0.00	0.00	3.00	0.00	0.00	1.00	4.00
10 Contract (Professionally qualified), Permanent	15.00	0.00	1.00	0.00	4.00	0.00	0.00	1.00	21.00
11 Contract (Skilled	2.00	1.00	2.00	0.00	5.00	0.00	0.00	0.00	12.00



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12 Contract (Semi-skilled), Permanent	21.00	0.00	2.00	0.00	33.00	0.00	0.00	0.00	56.00
<b>TOTAL</b>	<b>50.00</b>	<b>1.00</b>	<b>8.00</b>	<b>0.00</b>	<b>68.00</b>	<b>0.00</b>	<b>2.00</b>	<b>2.00</b>	<b>131.00</b>
Employees with disabilities	0	0	0	0	1.00	0.00	1.00	0	2.00

*Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
01 Top Management, Permanent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
02 Senior Management, Permanent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
03 Professionally qualified and experienced specialists and mid-management, Permanent	2.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	5.00
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	3.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00
05 Semi-skilled and discretionary decision making, Permanent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>5.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>3.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8.00</b>
<b>Employees with disabilities</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
02 Senior Management, Permanent	4.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	4.00
03 Professionally qualified and experienced specialists and mid-management, Permanent	8.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	10.00
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	5.00	0.00	0.00	0.00	5.00	0.00	0.00	0.00	10.00
05 Semi-skilled and discretionary decision	1.00	0.00	0.00	0.00	3.00	1.00	0.00	0.00	5.00



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07 Not Available, Permanent	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
09 Contract (Senior Management), Permanent	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	2.00
10 Contract (Professionally qualified), Permanent	1.00	0.00	0.00	0.00	3.00	0.00	0.00	1.00	5.00
11 Contract (Skilled technical), Permanent	6.00	0.00	1.00	0.00	8.00	0.00	0.00	0.00	15.00
12 Contract (Semi-skilled)	17.00	0.00	0.00	0.00	30.00	0.00	0.00	0.00	47.00
<b>TOTAL</b>	<b>43.00</b>	<b>0.00</b>	<b>1.00</b>	<b>1.00</b>	<b>51.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>98.00</b>
<b>Employees with Disabilities</b>	0	0	0	0	0	0	0	0	0

*Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019*

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
NO OUTCOME	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
<b>TOTAL</b>	<b>1.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>

*Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	20	2	4	2	7	1	11	3	50
Professionals	48	0	5	2	42	1	6	7	111
Technicians and Associate Professionals	43	1	3	0	31	0	3	1	82
Clerks	32	1	1	0	64	2	7	10	117
Service and Sales Workers	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	8	0	0	0	0	0	0	0	8
Elementary Occupations	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>151</b>	<b>4</b>	<b>13</b>	<b>4</b>	<b>144</b>	<b>4</b>	<b>27</b>	<b>21</b>	<b>368</b>





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**3.7. Signing of Performance Agreements by SMS Members**

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

*Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 March 2019*

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Head of Department	1	1	1	100.00
Salary Level 15	3	3	3	100.00
Salary Level 14	12	10	10	100.00
Salary Level 13	47	39	39	100.00
<b>Total</b>	<b>63</b>	<b>53</b>	<b>53</b>	<b>100.00</b>

*Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2019*

Reasons
N/A

*Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2018*

Reasons
N/A

**3.8. Performance Rewards**

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations.

*Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2018 to 31 March 2019*

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Female	41.00	242.00	16.90	1 742.55	42 501.00
Male	34.00	202.00	16.80	1 322.55	38 899.00
<b>Asian</b>					
Female	13.00	32.00	40.60	480.98	36 998.00
Male	4.00	22.00	18.20	336.29	84 072.00
<b>Coloured</b>					
Female	0.00	4.00	0.00	0.00	0.00
Male	1.00	5.00	20.00	51.07	51 073.00
<b>White</b>					
Female	12.00	25.00	48.00	649.69	54 141.00



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Male	1.00	5.00	20.00	87.79	87 787.00
<b>Total</b>	<b>106.00</b>	<b>537.00</b>	<b>19.70</b>	<b>4 709.98</b>	<b>44 434.00</b>

*Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019*

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
02 Skilled (Levels 3-5)	11.00	57.00	19.30	136.51	12 410.00
03 Highly Skilled Production (Levels 6-8)	28.00	86.00	32.60	694.92	24 819.00
04 Highly Skilled Supervision (Levels 9-12)	56.00	182.00	30.80	2 669.41	47 668.00
09 Other	0.00	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5)	0.00	58.00	0.00	0.00	0.00
12 Contract (Levels 6-8)	0.00	45.00	0.00	84.43	0.00
13 Contract (Levels 9-12)	0.00	43.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>95.00</b>	<b>471.00</b>	<b>20.20</b>	<b>3 585.27</b>	<b>37 740.00</b>

*Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019*

- No formal critical occupations were approved for KZN Provincial Treasury

*Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019*

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	9.00	49.00	18.40	678.04	75 337.30	1.20
Band B	2.00	13.00	15.40	247.05	123 524.00	1.10
Band C	0.00	3.00	0.00	199.63	0.00	4.00
Band D	0.00	1.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>11.00</b>	<b>66.00</b>	<b>16.70</b>	<b>1 124.72</b>	<b>102 246.90</b>	<b>1.30</b>

### 3.9. Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

*Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 and 31 March 2019*

Salary band	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Highly skilled supervision (Levels 9-12)	1.00	25.00	2.00	50.00	1.00	0.00
Senior management (Levels 13-16)	3.00	75.00	1.00	25.00	- 2.00	0.00
<b>Total</b>	<b>4.00</b>	<b>100.00</b>	<b>3.00</b>	<b>75.00</b>	<b>- 1.00</b>	<b>0.00</b>



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*Table 3.9.2 Foreign workers by major occupation for the period 1 April 2017 and 31 March 2018*

Major occupation	01 April 2017		31 March 2018		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and managers	4.00	100.00	3.00	75.00	- 1.00	0.00
<b>TOTAL</b>	<b>4.00</b>	<b>100.00</b>	<b>3.00</b>	<b>75.00</b>	<b>- 1.00</b>	<b>0.00</b>

**3.10. Leave utilisation**

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

*Table 3.10.1 Sick leave for the period 1 January 2018 to 31 December 2018*

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 13-16)	27.00	59.30	8.00	1.90	3.00	137.00
Contract (Levels 3-5)	3.00	0.00	2.00	0.50	2.00	3.00
Contract (Levels 6-8)	212.00	73.10	33.00	7.80	6.00	286.00
Contract (Levels 9-12)	97.00	66.00	23.00	5.40	4.00	237.00
Contract Other	121.00	45.50	45.00	10.60	3.00	60.00
Highly skilled production (Levels 6-8)	526.00	61.80	84.00	19.90	6.00	775.00
Highly skilled supervision (Levels 9-12)	994.00	64.00	148.00	35.00	7.00	2 617.00
Senior management (Levels 13-16)	239.00	62.30	42.00	9.90	6.00	1 013.00
Skilled (Levels 3-5)	262.00	63.00	38.00	9.00	7.00	216.00
<b>Total</b>	<b>2 481.00</b>	<b>63.10</b>	<b>423.00</b>	<b>76.40</b>	<b>26</b>	<b>4628.00</b>

*Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2018*

Salary band	Total days	% Days with Medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Contract (Levels 6-8)	46.00	100.00	1.00	7.10	46.00	72.00
Highly skilled production (Levels 6-8)	9.00	100.00	3.00	21.40	3.00	12.00
Highly skilled supervision (Levels 9-12)	67.00	100.00	7.00	50.00	10.00	158.00
Senior management (Levels 13-16)	25.00	100.00	1.00	7.10	25.00	92.00
Skilled (Levels 3-5)	12.00	100.00	2.00	14.30	6.00	9.00
<b>TOTAL</b>	<b>159.00</b>	<b>100.00</b>	<b>14.00</b>	<b>100.00</b>	<b>11.00</b>	<b>343.00</b>



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*Table 3.10.3 Annual Leave for the period 1 January 2018 to 31 December 2018*

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	253.00	13.00	19.00
Contract (Levels 3-5)	37.00	12.00	3.00
Contract (Levels 6-8)	663.00	13.00	52.00
Contract (Levels 9-12)	518.00	14.00	38.00
Contract Other	899.00	11.00	80.00
Highly skilled production (Levels 6-8)	2 380.00	23.00	105.00
Highly skilled supervision (Levels 9-12)	4 500.00	24.00	188.00
Senior management (Levels 13-16)	1 313.00	25.00	53.00
Skilled (Levels 3-5)	1 072.00	21.00	51.00
<b>TOTAL</b>	<b>11 635.00</b>	<b>20.00</b>	<b>589.00</b>

*Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2018*

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2018
Highly skilled production (Levels 6-8)	30.00	3.00	10.00	32.00
Highly skilled supervision (Levels 9-12)	5.00	2.00	3.00	40.00
Senior management (Levels 13-16)	0.00	0.00	0.00	57.00
Skilled (Levels 3-5)	0.00	0.00	0.00	6.00
<b>TOTAL</b>	<b>35.00</b>	<b>5.00</b>	<b>7.00</b>	<b>38.00</b>

The following table summarise payments made to employees as a result of leave that was not taken.

*Table 3.10.5 Leave pay-outs for the period 1 April 2018 and 31 March 2019*

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
ANNUAL - DISCOUNTING WITH RESIGNATION (WORK DAYS)	692.00	14.00	49 429.00
ANNUAL - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK	241.00	3.00	80 333.00
CAPPED - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK	893.00	3.00	297 667.00
<b>TOTAL</b>	<b>1 827.00</b>		



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**3.11. HIV/AIDS & Health Promotion Programmes**

*Table 3.11.1 Steps taken to reduce the risk of occupational exposure*

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Nil	n/a

*Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)*

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	<b>X</b>		Mrs. Kogie Chetty: Director : HRM
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available.	<b>X</b>		The Department has a dedicated EHWP Sub Directorate that reports directly to the Director: HRM. The Unit comprises of two employees at a Deputy Director (SL11) and Practitioner (SL07) level.  The annual EHWP budget is <b>R300 000</b> , for the implementation of Wellness programmes.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	<b>X</b>		Assessment of cases & Professional Counselling services are rendered. Cases are externally referred for extensive intervention if necessary. Wellness Clinic services are offered to employees twice a month which is aimed at managing Chronic Diseases to ensure health and productivity. Healthy lifestyle promotions through articles with educational information and fitness sessions.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide	<b>X</b>		The Department has an established Consultative Forum which serves as the committee to monitor, discuss and evaluate all HR processes including the Employee Health and Wellness Program. The Committee is chaired by the Director: HRM and has representatives from all business Units in the





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the names of the members of the committee and the stakeholder(s) that they represent.			Department and also comprises of relevant stakeholders viz Organized labour representatives.
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	<b>X</b>		All HR policies are reviewed annually to ensure that there are no elements of discrimination in the policies. The Department has an approved HIV/AIDS & TB Management Policy to address issues of Human Rights and Discrimination in the workplace. The Recruitment and Selection policy for the Department has been reviewed and all other relevant policies on annual basis to ensure that there is no unfair discrimination against any employee during the processes of recruitment and selection which includes employees who are HIV positive.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	<b>X</b>		The Department has policies that guides all processes and specifically spells out against any discrimination of any employee on the basis of their HIV status. The Employee Health Wellness unit ensures confidentiality of all information disclosed in relation to any employees HIV status. The unit also create awareness campaigns on issues of stigma, HIV prevention and management as well as issues relating to adherence to treatment and the inclusion of a disciplinary clause on the HIV, AIDS & TB Management policy in case a discriminatory act is committed. Availability of an onsite Wellness clinic as well as quarterly GEMS HCT campaigns are strategies for prevention where employees are encouraged to know their status for early detection and better management of the disease and a way of dealing with stigma as all employees are encouraged to use the clinic, not just the HIV positive employees as a means to provide treatment, care and support for all employees including those that are infected and affected by HIV&AIDS.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	<b>X</b>		Employees have access to the Departmental Wellness Clinic on monthly basis and GEMS also renders the HTC services to employees which is twice a year due to changes that were implemented. This has had a negative impact in the number of employees testing as it's not increasing as expected. There has been a slight decrease in employees that tested HIV positive hence the intensification of HCT to prevent new infections seems to be working



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			despite the challenges of the service being offered lesser than before.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	<b>X</b>		Annual HR client satisfaction surveys which include EHWP are conducted; evaluation questionnaires at the end of every workshop are distributed for feedback as part of evaluation of the services rendered by EHW. According to the survey EHWP has been rated fairly good with room for improvement.

**3.12. Labour Relations**

*Table 3.12.1 Collective agreements for the period 1 April 2018 and 31 March 2019*

Subject matter	Date
<b>Total number of Collective agreements</b>	<b>None</b>

*Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 and 31 March 2019*

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0.00
Verbal warning	0	0.00
Written warning	0	0.00
Final written warning	0	0.00
Suspended without pay	0	0.00
Fine	0	0.00
Demotion	0	0.00
Dismissal	0	0.00
Not guilty	0	0.00
Case withdrawn	0	0.00
<b>Total</b>	<b>0</b>	<b>0.00</b>

<b>Total number of Disciplinary hearings finalised</b>	<b>None</b>
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*Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019*

Type of misconduct	Number	% of total
Fails to comply with or contravenes an act	0	0
<b>Total</b>	<b>0</b>	<b>0</b>

*Table 3.12.4 Grievances logged for the period 1 April 2018 and 31 March 2019*

Grievances	Number	% of Total
Number of grievances resolved	2	100
Number of grievances not resolved	0	0
<b>Total number of grievances lodged</b>	<b>2</b>	<b>100</b>



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*Table 3.12.5 Disputes logged with Councils for the period 1 April 2018 and 31 March 2019*

Disputes	Number	% of Total
Un-fair Labour Practice	1.00	1.00
Un-fair Dismissal	1.00	1.00
<b>TOTAL:</b>	<b>2.00</b>	<b>2.00</b>

*Table 3.12.6 Strike actions for the period 1 April 2018 and 31 March 2019*

<b>Total number of persons working days lost</b>	<b>Nil</b>
<b>Total costs working days lost</b>	<b>0.00</b>
<b>Amount recovered as a result of no work no pay (R'000)</b>	<b>n/a</b>

*Table 3.12.7 Precautionary suspensions for the period 1 April 2018 and 31 March 2019*

<b>Number of people suspended</b>	<b>Nil</b>
<b>Number of people who's suspension exceeded 30 days</b>	<b>n/a</b>
<b>Average number of days suspended</b>	<b>n/a</b>
<b>Cost of suspension(R'000)</b>	<b>n/a</b>

### **3.13. Skills development**

This section highlights the efforts of the department with regard to skills development.

*Table 3.13.1 Training needs identified for the period 1 April 2018 and 31 March 2019*

Occupational category	Gender	Number of employees as at 1 April 2018	Training needs identified at start of the reporting period			
			Learnerships	Skills Prog & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	26	0	9	0	9
Legislators, senior officials and managers	Male	27	0	48	0	48
Professionals	Female	61	0	225	0	225
Professionals	Male	58	0	231	0	231
Technicians and associate professionals	Female	40	0	106	0	106
Technicians and associate professional	Male	47	0	113	0	113
Clerks	Female	83	0	83	0	83
Clerks	Male	27	0	52	0	52
Plant and machine operators and assemblers	Female	0	0	2	0	2
Plant and machine operators and assemblers	Male	6	0	7	0	7
Elementary occupations	Male	2	0	0	0	0
<b>TOTAL</b>		<b>377</b>	<b>0</b>	<b>876</b>	<b>0</b>	<b>876</b>



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*Table 3.13.2 Training provided for the period 1 April 2018 and 31 March 2019*

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	26	0	55	0	55
Legislators, senior officials and managers	Male	27	0	22	0	22
Professionals	Female	61	0	142	0	142
Professionals	Male	58	0	114	0	114
Technicians and associate professionals	Female	40	27	4	0	31
Technicians and associate professional	Male	47	9	11	0	20
Clerks	Female	83	0	15	0	15
Clerks	Male	27	0	13	0	13
Service and sales workers	Female	0	0	1	0	1
Plant and machine operators and assemblers	Male	6	0	1	0	1
<b>TOTAL</b>		<b>377</b>	<b>36</b>	<b>378</b>	<b>0</b>	<b>414</b>

### 3.14. Injury on duty

The following tables provide basic information on injury on duty.

*Table 3.14.1 Injury on duty for the period 1 April 2018 and 31 March 2019*

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	50.00
Temporary Total Disablement	2	50.00
Permanent Disablement	0	0.00
Fatal	0	0.00
<b>TOTAL</b>	<b>4</b>	<b>100.00</b>



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**3.15 Utilisation of Consultants**

The following table relates information on the utilisation of consultants in the department. In terms of the Public Service Regulations “consultant” means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- (a) The rendering of expert advice;
- (b) The drafting of proposals for the execution of specific tasks; and
- (c) The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

*Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 and 31 March 2019*

Description	Duration of the Project	Number of Consultants	Amount
Assist with accruals and payment at Department of Health	320hrs	One Consultant	145,264.00
Department of Transport-AFS Disclosure Note Support	640hrs	Two Consultants	662,400.00
MSCOA Project Management Support	480hrs	One Consultant	672,000.00
KZN DEPARTMENT OF COGTA Provision of Irregular Expenditure	255hrs	One Consultant	87,975.00
KZN Department of Art & Culture- Annual Financial Statements Compilation & Asset Management Disclosure Note Support	650hrs	Two Consultants	848,700.00
KZN Dept of Education Financial Statement	690hrs	Two Consultants	1,380,000.00
KZN Department of Health- PPSD- Accruals and Payments	320hrs	Four Consultants	1,307,376.00
Department of Transport: AFS Disclosure Note Support	960hrs	One Consultant	1,248,297.60
KZN Department of COGTA- Provision of irregular expenditure support	320hrs	One Consultant	220,800.00
Assist with commitments at Department of Public Works	950hrs	One Consultant	1,341,666.00
Assist with Financial management support at Department of Transport	600hrs	One Consultant	414,000.00
KZN Department of Social Development- Financial Management Support	630hrs	One Consultant	326,025.00
KZN Department of Health- PPSD- Accruals and Payments	400hrs	One Consultant	181,580.00
Reconciliation of Accruals and Payments at Department of Health	400hrs	One Consultant	430,100.00





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Department of Transport-AFS Disclosure Note Support	640hrs	One Consultant	331,200.00
KZN Department of Health- PPSD- Accruals and Payments	320hrs	One Consultant	326,844.00
Department of Public Works: Capital Commitments, Maintenance & Period Contracted	750hrs	Three Consultants	1,336,875.00
To provide financial Management support to KZN Dept of Social Development	320hrs	One Consultant	386,400.00
Department of ARTS and CULTURE-Resources to provide Financial Management Support to	580hrs	One Consultant	400,200.00
Resources to provide financial management support to Department of Education	1000hrs	One Consultant	690,000.00
To develop proposal application for KZN Treasury to serve as principal recipient of HIV and TB request for function the GLOBAL	160hrs	One Consultant	172,040.00
To assist with financial management support at Department of Health	960hrs	One Consultant	1,510,732.80
Assist with immovable assets at department of Public Works	800hrs	One Consultant	598,000.00
KZN Department of COGTA- Provision of irregular expenditure support	250hrs	One Consultant	87,975.00
KZN department of Transport - AFS Disclosure Note Support	600hrs	One Consultant	621,000.00
KZN Department of COGTA- Provision of irregular expenditure support	255hrs	One Consultant	87,975.00
Department of Public Works: Capital Commitments, Maintenance & Period Contracted	750hrs	One Consultant	388,125.00
DEPARTMENT OF TRANSPORT: AFS DISCLOSURE NOTE SUPPORT	600hrs	One Consultant	310,500.00
Resources to provide financial management support to Department of Social Development	630hrs	One Consultant	217,350.00
Financial Management Support to UMzinyathi Municipality	1120hrs	One Consultant	1,204,280.00
Financial Management Support to Harry Gwala Municipality	1120hrs	One Consultant	1,204,280.00
Financial Management Support to Harry Gwala Municipality	1120hrs	One Consultant	1,204,280.00
Financial Management Support- Vat Review Abaqulusi Municipality	30-Sep-18	Firm Appointment	479,000.00
Financial Management Support- Vat Review Mandeni Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support- Vat Review Abaqulusi Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support- Vat Review ILembe Municipality	30-Sep-18	Firm Appointment	479,000.00



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Financial Management Support- Vat Review Impendle Municipality	30-Sep-18	Firm Appointment	479,000.00
Financial Management Support- PAYE Review Ilembe Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support- PAYE Review Impendle Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support- PAYE Review Newcastle Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support to Big 5 Hlabisa Municipality	1040hrs	One Consultant	1,118,260.00
Financial Management Support to Harry Gwala Municipality	1040hrs	One Consultant	777,400.00
Financial Management Support to Impendle Municipality	1040hrs	Three Consultants	2,673,060.00
Financial Management Support to Msinga Municipality	1040hrs	One Consultant	1,118,260.00
Financial Management Support to Umzinyathi Municipality	1040hrs	One Consultant	777,400.00
Supply Chain Management Support at Big Five Hlabisa Municipality	960hrs	One Consultant	709,117.50
Supply Chain Management Support at Department of Agriculture and Rural Development	1920hrs	One Consultant	1,435,200.00
Support and guidance in SCM at Abaqulusi municipality	960hrs	One Consultant	441,600.00
Supply Chain Management Support at Department of Agriculture and Rural Development	1920hrs	One Consultant	1,435,200.00
Supply Chain Management Support Abaqulusi Municipality	960hrs	One Consultant	717,600.00
Contract Management administration for assistance with post implementation support in terms of contract management with Department of Health	960hrs	One Consultant	720,000.00
Supply Chain Management Support at Department of Health	1280hrs	One Consultant	839,296.00
Supply Chain Management Support at Department of Health	1280hrs	One Consultant	839,296.00
Supply Chain Management Support at Department of Agriculture and Rural Development	1920hrs	One Consultant	1,435,200.00
Supply Chain Management Support at Department of Agriculture and Rural Development	1920hrs	One Consultant	1,435,200.00
Supply Chain Management Support at Big Five Hlabisa Municipality	960hrs	One Consultant	384,000.00
Contract Management at uMzinyathi Municipality	320hrs	One Consultant	320,000.00
Criminal Litigation Phase 3: Department of Agriculture & Rural Development		Firm Appointment	254,564.00



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Assistance to the SAPS- Criminal investigation at KZN Music House		Firm Appointment	1,546,888.00
Contract Management Audit at Department of Transport	490hrs	One Consultant	437,000.00
Crack Team support to manage completion of repair works: Department of Health		Firm Appointment	7,115,814.92
Performing Network Vulnerability Assessment in the KZN Department of Arts & Culture	212hrs	Four Consultants	276,253.00
Performing Network Vulnerability Assessment in the KZN Department of Agriculture & Rural Development	230hrs	Four Consultants	295,377.50
Performing Network Vulnerability Assessment in the KZN Department of EDTEA (Economic Development)	230hrs	Four Consultants	295,337.50
Performing Network Vulnerability Assessment for KZN Treasury	190hrs	Five Consultants	253,000.00
Performing Network Vulnerability Assessment in the KZN Department of Health	190hrs	Five Consultants	253,000.00
Performing Network Vulnerability Assessment for the Office of the Premier	190hrs	Five Consultants	253,000.00
Performing IT Project Management Audit & Application Controls Reviews in the KZN Department of Agriculture & Rural Development	260hrs	Three Consultants	306,130.00
Performing IT Project Management Audit & Application Controls Reviews for the Office of the Premier ( Dube Trade Port)	240hrs	Three Consultants	284,625.00
Performing Network Vulnerability Assessment in the KZN Department of Transport	245hrs	Three Consultants	290,001.25
Performing Network Vulnerability Assessment in the KZN Department of Community Safety & Liaison	245hrs	Three Consultants	290,001.25
Forensic Investigation at Department of Public Works	240hrs	Four Consultants	337,548.00
Forensic Investigation at Department of Health		Four Consultants	341,803.00
Trail Preparation and Testimony- Department of Social Development	160hrs	Firm Appointment	548,665.00
Municipal Support: Municipal Annual Financial Statements	80hrs	One Consultant	172,040.00
Perform Internal Control Improvement Program at Department of Health: <b>VARIATION ORDER</b>	640hrs	Two Consultants	1,065,163.12
Municipal Support: Municipal Annual Financial Statements Review	80hrs	One Consultant	172,040.00
Performing Network Vulnerability Assessment: Department of Works	250hrs	Four Consultants	295,377.50
Performing Network Vulnerability Assessment: Department of Sport and Recreation	240hrs	Four Consultants	276,253.00
Performing Network Vulnerability Assessment: Department of Human Settlements	240hrs	Four Consultants	276,253.00
Performing Network Vulnerability Assessment: Department of Education	239hrs	Four Consultants	284,814.75



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Performing Network Vulnerability Assessment: Department of COGTA	239hrs	Four Consultants	284,814.75
Performing Network Vulnerability Assessment: Department of Human Settlements	239hrs	Four Consultants	284,814.75
Interdepartmental Debt, Pay on Time and Interdepartmental Accounts	144hrs	One Consultant	74,520.00
Review of General Accounting for Provincial Departments	2160hrs	Seven Consultants	1,235,100.00
Repairs and renovations at Northdale Hospital		One Consultant	801,074.50
Forensic Investigation- Department of Health		Firm Appointment	1,579,549.00
Forensic Investigation- Procurement, Nepotism & Banking Irregularities at Olympia Primary School Phoenix		Firm Appointment	218,592.00
Review of General Accounting for Provincial Departments	280hrs	One Consultant	128,800.00
Review of General Accounting for Provincial Departments	840hrs	Two Consultants	627,900.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	9600hrs	Six Consultants	720,000.00
Repairs and renovations at Natalia Building		Firm Appointment	422,511.00
Software Licensing & Spending Audit @ KZN DARD	185hrs	Three Consultants	206,540.00
Software Licensing & Spending Audit at Department of Social Development	185hrs	Three Consultants	206,540.00
Appointment of one resource to assist KZN Treasury - Forensic Investigations Unit with the review of Forensic Reports	880hrs	Firm Appointment	946,220.00
Appointment of one resource to assist KZN Treasury - Forensic Investigations Unit with the review of Forensic Reports	880hrs	Firm Appointment	946,220.00
Repairs and renovations at Northdale Hospital		Firm Appointment	124,200.00
Software Licensing & Spending Audit at Department of Human Settlement	180hrs	Two Consultants	190,900.00
Software Licensing & Spending Audit at Department of COGTA	180hrs	Two Consultants	190,900.00
Software Licensing & Spending Audit at Department of Community Safety & Liason	180hrs	Two Consultants	190,900.00
Software Licensing & Spending Audit at Department of Arts & Culture	180hrs	Two Consultants	190,900.00
Software Licensing & Spending Audit at Department of Sports & Recreation	180hrs	Two Consultants	190,900.00
Repairs and renovations at Natalia Building		Firm Appointment	114,586.19
Software Licensing & Spending Audit at KZN Treasury	170hrs	Two Consultants	196,075.00
Repairs and renovations at Natalia Building		Firm Appointment	387,607.50
Repairs and renovations at Northdale Hospital		Firm Appointment	387,607.50
Software Licensing & Spending Audit at Department of Health	167hrs	Two Consultants	188,864.50
Software Licensing & Spending Audit at Office of	167hrs	Two Consultants	188,864.50





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the Premier			
Audit on General Accounting Controls for Provincial Departments	280hrs	One Consultant	128,000.00
Repairs and renovations at Northdale Hospital		Firm Appointment	234,000.00
Repairs and renovations at Northdale Hospital		Firm Appointment	234,000.00
Software Licensing & Spending Audit at Department of Transport	200hrs	Four Consultants	241,615.00
Review of General Accounting for Provincial Departments	2000hrs	Seven Consultants	1,081,000.00
Software Licensing & Spending Audit at Department of Public Works	200hrs	Four Consultants	241,615.00
Forensic Investigation of Misconduct Moses Kotane Institution: DEDTEA		Firm Appointment	1,197,983.80
Software Licensing & Spending Audit at Department of Education	180hrs	Two Consultants	190,900.00
Review of General Accounting for Provincial Departments	1200hrs	Five Consultants	552,000.00
Review of General Accounting for Provincial Departments	240hrs	One Consultant	110,400.00
Software Licensing & Spending Audit at Department of DEDTEA	180hrs	Two Consultants	190,900.00
Further Forensic Investigation at Department of Transport		Firm Appointment	2,046,689.50
Investigation into alleged kickbacks at Department of Public Works		Firm Appointment	283,245.00
Human Resource Audit at Department of Agriculture & Rural Development (Economic and G & A Cluster)	160hrs	One Consultant	73,600.00
SCM Audit at Department of Public Works (Economic and G & A Cluster)	360hrs	Two Consultants	407,100.00
Audit on Performance Information at KZN Provincial Treasury (Economic and G & A Cluster)	200hrs	One Consultant	149,500.00
Audit on Operation Sakuma Sakhe at Department of COGTA (Economic and G & A Cluster)	160hrs	Three Consultants	220,800.00
Audit on Performance Information at Department of Agriculture and Rural Development (Economic and G & A Cluster)	380hrs	One Consultant	284,050.00
Audit on Asset Management at Department of Human Settlement (Economic and G & A Cluster)	220hrs	Two Consultants	202,400.00
Records Management Audit at KZN Provincial Treasury (Economic and G & A Cluster)	240hrs	One Consultant	179,400.00
Audit on Asset Management at Office of the Premier (Economic and G & A Cluster)	1120hrs	Four Consultants	595,700.00
Human Resource Audit at Department of Agriculture & Rural Development (Economic and G & A Cluster)	200hrs	One Consultant	149,500.00
Follow up on resolved Audit Findings at Department of Transport (Economic and G & A Cluster)	560hrs	Two Consultants	343,850.00
Audit on Transfer Payment- Municipalities at Department of Sports and Recreation (Social Cluster)	328hrs	One Consultant	245,180.00





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Appointment of a resource for Department of Health (A. Muslim) Variation ORDER	192hrs	One Consultant	125,894.40
Appointment of a resource for Department of Health (S. Rajah) Variation ORDER	285hrs	One Consultant	686,188.80
MSCOA Project Management Support ( <b>Variation Order</b> )	5 months	One Consultant	1,324,400.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	1600hrs	One Consultant	120,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	2400hrs	Three Consultants	180,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	1600hrs	One Consultants	120,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	4800hrs	Two Consultants	360,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	1600hrs	Two Consultants	120,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	1600hrs	One Consultant	120,000.00
Perform Internal Control Improvement Program at Department of Health: <b>EXTENSION</b>	1280hrs	Two Consultants	1,262,563.84
Perform Internal Control Improvement Program at Department of Health: <b>EXTENSION</b>	1600hrs	Three Consultants	1,316,004.80
Audit on HRM at Department of Education (Social Cluster)	400hrs	One Consultant	299,000.00
Audit on Fleet Management at Department of Social Development (Social Cluster)	624hrs	Two Consultants	287,404.00
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	1080hrs	Two Consultants	1,071,843.24
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	520hrs	One Consultant	427,701.56
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	1272hrs	Three Consultants	1,046,223.82
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	996hrs	Two Consultants	815,100.47
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	512hrs	One Consultant	588,929.54
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	922hrs	Two Consultants	968,107.77
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	2225hrs	Six Consultants	2,321,694.18
To assist with financial management support at Department of Health ( <b>Variation Order</b> )	960hrs	One Consultant	1,510,732.80
Audit on Risk Management at Department of Health and Sports and Recreation	160hrs	Three Consultants	184,000.00
Audit on Supply Chain Management at KZN Treasury	650hrs	Two Consultants	349,600.00
Audit on In-Year Monitoring (IYM) at KZN Provincial Treasury.	240hrs	One Consultant	179,400.00
Audit on Supply Chain Management at Department of Transport.	240hrs	Three Consultants	460,000.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Audit on Performance Information at the Office of the Premier.	200hrs	One Consultant	92,000.00
Audit on Contract Management at various departments.	650hrs	Four Consultants	966,000.00
Audit on Transfer Payments at Department of Human Settlement.	320hrs	One Consultant	239,200.00
Audit on Risk Management at Department of Social Development and Office of the Premier.	195hrs	Six Consultants	365,700.00
Audit on Performance Information at Department of Sports & Recreation.	650hrs	One Consultant	503,067.00
Audit on Implementation of IPIP and IPMP at Department of Public Works.	360hrs	Two Consultants	379,500.00
Audit on Performance Information at Department of Public Works	320hrs	One Consultant	147,200.00
Audit on Transfer Payment Municipalities at Department of Agriculture and Rural Development.	260hrs	One Consultant	119,600.00
Audit on Immovable Assets at Department of Transport.	520hrs	Two Consultants	591,100.00
Audit on Contract Management at Department of Arts & Culture, Department of Social Development and Office of the Premier.	360hrs	Three Consultants	471,500.00
Audit on Transfer Payment Department of Agriculture and Rural Development.	300hrs	Two Consultants	343,850.00
Audit on Supply Chain Management at Department of Human Settlement.	320hrs	One Consultant	239,200.00
Audit on Supply Chain Management at Department of Agriculture and Rural Development.	360hrs	Two Consultants	416,300.00
Audit on Performance Information at Department of Transport.	336hrs	Two Consultants	387,320.00
Audit on Language Services at Department of Arts & Culture.	160hrs	One Consultant	73,600.00
Audit on Risk Management at Department of EDTEA and Department of Agriculture and Rural Development.	265hrs	One Consultant	198,088.00
Audit on Supply Chain Management at Department of Community Safety & Liaison.	200hrs	Two Consultants	184,000.00
Audit on Risk Management at various Departments.	480hrs	One Consultant	524,400.00
Audit on Human Resource Management Department of Agriculture and Rural Development.	160hrs	One Consultant	73,600.00
Audit on Fleet Management at Department of Social Development	400hrs	Two Consultants	287,040.00
Audit on Risk Management at various Departments.	240hrs	Six Consultants	968,013.00
Audit on Transfer Payment at Department of Human Settlement.	280hrs	Two Consultants	257,600.00
Audit on Transfer Payment at Department of Arts & Culture.	400hrs	One Consultant	299,000.00
Follow up on resolved Audit Findings at Department of Public Works (Economic and G & A Cluster)	380hrs	One Consultant	174,800.00
Follow up on resolved Audit Findings at Department	200hrs	One Consultant	149,500.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

of Education (Economic and G & A Cluster)			
Audit on Risk Management at COGTA	140hrs	Three Consultants	184,000.00
Audit on Performance Information at Department of Community Safety & Liaison.	160hrs	One Consultant	73,600.00
Assistance with performance of OHS Reviews Assessments at various Departments	1 Site	Firm Appointment	100,000.00
Audit on Transfer Payments at Department of Arts & Culture.	400hrs	One Consultant	184,000.00
Contract Management Audit at Department of Community Safety & Liaison and COGTA		Two Consultants	478,400.00
Assistance with performance of OHS Reviews Assessments at various Departments	6 Sites	Firm Appointment	720,000.00
Audit on Performance Information at Department of Public Works.	360hrs	One Consultant	165,200.00
Assistance with performance of OHS Reviews Assessments at various Departments	6 Sites	Firm Appointment	720,000.00
Audit on Supply Chain Management at Department of Human Settlement	280hrs	One Consultant	128,800.00
Follow up on resolved Audit Findings at Department of Arts and Culture (Economic and G & A Cluster)	210hrs	One Consultant	96,600.00
Assistance with review of Business Continuity Management Practices / Plan	1 Site	Firm Appointment	200,000.00
Audit on Performance Information at Department of EDTEA	240hrs	One Consultant	179,400.00
Audit on Language Services at Department of Arts & Culture	160hrs	One Consultant	73,600.00
Audit on Supply Chain Management at Department of Social Development	200hrs	One Consultant	149,500.00
Audit on Supply Chain Management at Department of COGTA	993hrs	Four Consultants	592,767.50
Contract Management Audit at Department of Social Development and COGTA	520hrs	Two Consultants	239,000.00
Audit on Risk Management at Department of Arts & Culture	130hrs	One Consultant	59,800.00
Audit on Contract Management at Department of Community Safety & Liaison	200hrs	One Consultant	92,000.00
Audit on Supply Chain Management at Department of Social Development	1027hrs	Two Consultants	472,420.00
Audit on Supply Chain Management at Department of EDTEA	320hrs	One Consultant	239,200.00
Assistance with performance of OHS Reviews Assessments at various Departments	6 Sites	Firm Appointment	720,000.00
Development of Business Continuity Plan for the Department of Health.	3 Sites	Firm Appointment	300,000.00
Assistance with performance of OHS Reviews Assessments at various Departments	5 Sites	Firm Appointment	600,000.00
Provincial Departments and Public Entities - AFS/IFS Reviews 2018/19	750 hrs	Three Consultants	1,052,135.00
Provincial Departments and Public Entities -	1000hrs	Five Consultant	627,900.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

AFS/IFS Reviews 2018/19			
KZN Department of Public Works - Immovable Assets	1150hrs	One Consultants	1,624,122.50
Risk Management Audit at the Department, Tourism and Environmental Affairs (EDTEA), KZN Provincial Treasury (KZNPT) and the Department of Agriculture and Rural Development (DARD)	600 hrs	Three Consultants	276,000.00
Risk Management Audit at the Department of Public Works (DPW) and Department of (DOT)	370hrs	Two Consultant	170,200.00
Provincial Entities - AFS/IFS Reviews	160hrs	One Consultant	193,200.00
KZN Department of co-operative Governance and Traditional Affairs - Irregular expenditure and commitments	724hrs	Two Consultants	372,255.00
Provincial Departments - AFS/IFS Reviews	260hrs	One Consultant	460,460.00
KZN Department of Education - Financial Management Support: Fixed Assets	1424hrs	One Consultant	1,103,600.00
Appointment of resources for conditional assessment/rmedial recommendations for urban roads in the town of Dannhauser, Durncol, Hattingspruit and Emafuzeni residential area		Firm Appointment	345,000.00
Performance Information Audit: Department of Social Development Project No. 01/DSD2019	240hrs	One Consultant	110,400.00
Audit on transfer payments at the Department of Human Settlements: Project NOS: 03-2018 DHS	320 hrs	One Consultant	239,200.00
Appointment of resources for support with regards involving replacement of existing fence/boundary wall and repairs to entrance at Addington hospital under maintenance Package 3		Firm Appointment	486,864.00
Appointment of resources for support with regards involving replacement of existing fence/boundary wall and repairs to entrance at Addington hospital under maintenance Package 3		Firm Appointment	238,050.17
Provincial Departments - AFS/IFS Reviews	160hrs	One Consultant	193,200.00
Appointment of resources for support with regards involving replacement of existing fence/boundary wall and repairs to entrance at Addington hospital under maintenance Package 3		Firm Appointment	923,737.50
Provincial Departments - AFS/IFS Reviews	120hrs	One Consultant	62,100.00
Variation to the Appointment of resources to implement an SCM Turn-Around Strategy at the KZN Department of Health ( <b>Extension</b> )	435hrs	One Consultant	1,045,522.50
Appointment of senior resource for the KZN Department of Health intervervation	640hrs	One Consultant	603,520.00
Appointment of senior resource for the KZN Department of Health intervervation	640hrs	One Consultant	603,520.00
Audit on Contract Management at Departments of Economic Development, Tourism & Environmental Affairs & Arts & Culture	650hrs	Two Consultants	463,450.00
Assistance with development of Fraud Prevention	Risk Appointment	Six Consultants	450,000.00





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

plans & related Documents			
Performance Information Audit: Department of Social Development Project No. 01/DSD2019	240hrs	One Consultant	110,400.00
Audit on performance information at Department of Arts & Culture	400hrs	Two Consultants	184,920.00
Assistance with development of Fraud Prevention plans & related Documents	Risk Appointment	Eight Consultants	300,000.00
Forensic Investigations into allegations of irregular expenditure relating to catering at the KZN Department of Agriculture & Rural Development	Forensic Appointment	One Consultant	378,804.00
Appointment of 10 intermediate resources at the KwaZulu-Natal Department of Health, Section 18(2)(G) Intervention	640hrs	One Consultant	419,648.00
Appointment of 10 intermediate resources at the KwaZulu-Natal Department of Health, Section 18(2)(G) Intervention	640hrs	One Consultant	419,648.00
Supply Chain Management audit: Department of Social Development Project	200hrs	One Consultant	92,000.00
KZN Department of Public Works - Immovable Assets	900hrs	One Consultant	672,750.00
Audit on performance information at Department of Co-operative Governance & Traditional Affairs	320hrs	Three Consultants	496,800.00
Infrastructure management audit at Department of Rural development & Environmental Affairs	520hrs	One Consultant	388,700.00
Allegation of procurement irregularities in the award of ZNB5700/2016 H: Department of Health : FR06/2018	100hrs	Three Consultants	137,517.00
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	400hrs	Three Consultants	1,152,000.00
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	640hrs	One Consultant	419,648.00
Assistance with review of Business Continuity Management Practices / Plans for department of Public Works	Risk Appointment	Eleven Consultants	100,000.00
Audit on transfer payments- Sports federations: Department of Sports & Recreation no. 02/2019 DSR	396hrs	One Consultant	296,010.00
Assistance with the Forensic Investigation: Alleged irregularities at the Durban regional office: Department of Transport KZN: FR 13/2015	Forensic Appointment	Three Consultants	477,365.00
Resources for support with regards construction of seven washbays for the KZN Health Emergency Services		Firm Appointment	558,900.00
Appointment of 10 intermediate resources at the KwaZulu-Natal Department of Health, Section 18(2)(G) Intervention	640hrs	Five Consultants	2,098,240.00





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH****2019**

Assist municipalities in AFS reviews	160hrs	One Consultant	172,040.00
AFS reviews	160hrs	Two Consultants	172,040.00
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	960hrs	One Consultant	384,000.00
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	960hrs	Three Consultants	1,152,000.00
Works involving general renovations at Addington Hospital under maintenance package 2		Firm Appointment	132,218.84
Renovations to ablution facilities at Addington Hospital under maintenance package 1- Architect		Firm Appointment	1,474,658.90
Fraud prevention plans and related documents at 3 departments	Risk Appointment	Seven Consultants	450,000.00
Renovations to ablution facilities at Addington Hospital under maintenance package 1- Quantity Surveyor		Firm Appointment	794,745.00
Conduct Follow-up Performance Audit on awareness Campaigns/Events	1512hrs	Three Consultants	812,992.50
Renovations to ablution facilities at Addington Hospital under maintenance package 2- Quantity Surveyor		Firm Appointment	1,067,788.80
Irregular expenditure incurred in respect of transfer payments & overseas travel by department of Economic Development, Tourism & Environmental Affairs		Three Consultants	751,396.80
General renovations at Addington Hospital under maintenance package 2		Firm Appointment	3,505,343.21
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	960hrs	One Consultant	384,000.00
Excursion of follow-up performance audit on S&T expenditure at COGTA, DOH, DED, DARD & DSD	120hrs	One Consultant	524,400.00
Excursion of follow-up performance audit on S&T expenditure at DSD, KPT, DHS & DPW	368hrs	Two Consultants	485,760.00
Full execution of phase 2 performance audit on office accommodation at DPW and its affected user departments		Seven Consultants	3,746,736.80
Excursion of follow-up performance audit on S&T expenditure at DOH, EDTEA, DSD, KZNPT, Office of the Premier, Agriculture, Transport, Human settlements & DPW.	3252hrs	Six Consultants	2,090,470.00
Execution of performance audit on road infrastructure (Construction & Maintenance) at DOT		Four Consultants	1,001,880.00
Supervision & Management of performance audit on contract management at DARD	352hrs	One Consultant	384,560.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

KZN DOE Financial Statement Related Assistance	1424hrs	One Consultant	1,103,600.00
Execution of performance audit on road infrastructure (Construction & Maintenance) at DOT	720hrs	Two Consultants	1,693,352.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	828,000.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	828,000.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	828,000.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	1,581,250.00
KZN Department of Health-Provision of asset related support	1000hrs	Three Consultants	2,111,400.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	455,400.00
Audit of tender process for Financial Management Panel	Risk Appointment	Firm Appointment	250,000.00
Audit of tender process for Internal Audit Panel	Risk Appointment	Firm Appointment	250,000.00
Audit of tender process for Travel Contract	Risk Appointment	Firm Appointment	250,000.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	396,000.00
Appointment of service provider to Conduct Audit of Tender Process for Municipal Finance Panel	Risk Appointment	Firm Appointment	250,000.00
Execution of the Follow-Up Performance Audit on S&T Expenditure at the Departments of COGTA, Health, Economic Development and Agriculture & Rural Development	1200hrs	Two Consultant	552,000.00
Audit of tender process for Banking Contract	Risk Appointment	Firm Appointment	250,000.00
Renovations to Ablution Facilities at Addington Hospital package 1		Firm Appointment	267,806.30
Renovations to Ablution Facilities at Addington Hospital package 1		Firm Appointment	265,658.49
Dube Tradeport: Financial Management Support	320hrs	One Consultant	239,200.00
Assist with accruals and payment at Department of Health	320hrs	One Consultant	145,264.00
Department of Transport-AFS Disclosure Note Support	640hrs	Two Consultants	662,400.00
MSCOA Project Management Support	480hrs	One Consultant	672,000.00
KZN DEPARTMENT OF COGTA Provision of Irregular Expenditure	255hrs	One Consultant	87,975.00
KZN Department of Art & Culture- Annual Financial Statements Compilation & Asset Management Disclosure Note Support	650hrs	Two Consultants	848,700.00
KZN Dept of Education Financial Statement	690hrs	Two Consultants	1,380,000.00
KZN Department of Health- PPSD- Accruals and Payments	320hrs	Four Consultants	1,307,376.00
Department of Transport: AFS Disclosure Note Support	960hrs	One Consultant	1,248,297.60
KZN Department of COGTA- Provision of irregular	320hrs	One Consultant	220,800.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

expenditure support			
Assist with commitments at Department of Public Works	950hrs	One Consultant	1,341,666.00
Assist with Financial management support at Department of Transport	600hrs	One Consultant	414,000.00
KZN Department of Social Development- Financial Management Support	630hrs	One Consultant	326,025.00
KZN Department of Health- PPSD- Accruals and Payments	400hrs	One Consultant	181,580.00
Reconciliation of Accruals and Payments at Department of Health	400hrs	One Consultant	430,100.00
Department of Transport-AFS Disclosure Note Support	640hrs	One Consultant	331,200.00
KZN Department of Health- PPSD- Accruals and Payments	320hrs	One Consultant	326,844.00
Department of Public Works: Capital Commitments, Maintenance & Period Contracted	750hrs	Three Consultants	1,336,875.00
To provide financial Management support to KZN Dept of Social Development	320hrs	One Consultant	386,400.00
Department of ARTS and CULTURE-Resources to provide Financial Management Support to	580hrs	One Consultant	400,200.00
Resources to provide financial management support to Department of Education	1000hrs	One Consultant	690,000.00
To develop proposal application for KZN Treasury to serve as principal recipient of HIV and TB request for function the GLOBAL	160hrs	One Consultant	172,040.00
To assist with financial management support at Department of Health	960hrs	One Consultant	1,510,732.80
Assist with immovable assets at department of Public Works	800hrs	One Consultant	598,000.00
KZN Department of COGTA- Provision of irregular expenditure support	250hrs	One Consultant	87,975.00
KZN department of Transport - AFS Disclosure Note Support	600hrs	One Consultant	621,000.00
KZN Department of COGTA- Provision of irregular expenditure support	255hrs	One Consultant	87,975.00
Department of Public Works: Capital Commitments, Maintenance & Period Contracted	750hrs	One Consultant	388,125.00
DEPARTMENT OF TRANSPORT: AFS DISCLOSURE NOTE SUPPORT	600hrs	One Consultant	310,500.00
Resources to provide financial management support to Department of Social Development	630hrs	One Consultant	217,350.00
Financial Management Support to Umzinyathi Municipality	1120hrs	One Consultant	1,204,280.00
Financial Management Support to Harry Gwala Municipality	1120hrs	One Consultant	1,204,280.00
Financial Management Support to Harry Gwala Municipality	1120hrs	One Consultant	1,204,280.00
Financial Management Support- Vat Review Abaqulusi Municipality	30-Sep-18	Firm Appointment	479,000.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Financial Management Support- Vat Review Mandeni Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support- Vat Review Abaqulusi Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support- Vat Review Ilembe Municipality	30-Sep-18	Firm Appointment	479,000.00
Financial Management Support- Vat Review Impendle Municipality	30-Sep-18	Firm Appointment	479,000.00
Financial Management Support- PAYE Review Ilembe Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support- PAYE Review Impendle Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support- PAYE Review Newcastle Municipality	30-Sep-18	Firm Appointment	509,860.00
Financial Management Support to Big 5 Hlabisa Municipality	1040hrs	One Consultant	1,118,260.00
Financial Management Support to Harry Gwala Municipality	1040hrs	One Consultant	777,400.00
Financial Management Support to Impendle Municipality	1040hrs	Three Consultants	2,673,060.00
Financial Management Support to Msinga Municipality	1040hrs	One Consultant	1,118,260.00
Financial Management Support to Umzinyathi Municipality	1040hrs	One Consultant	777,400.00
Supply Chain Management Support at Big Five Hlabisa Municipality	960hrs	One Consultant	709,117.50
Supply Chain Management Support at Department of Agriculture and Rural Development	1920hrs	One Consultant	1,435,200.00
Support and guidance in SCM at Abaqulusi municipality	960hrs	One Consultant	441,600.00
Supply Chain Management Support at Department of Agriculture and Rural Development	1920hrs	One Consultant	1,435,200.00
Supply Chain Management Support Abaqulusi Municipality	960hrs	One Consultant	717,600.00
Contract Management administration for assistance with post implementation support in terms of contract management with Deptment of Health	960hrs	One Consultant	720,000.00
Supply Chain Management Support at Department of Health	1280hrs	One Consultant	839,296.00
Supply Chain Management Support at Department of Health	1280hrs	One Consultant	839,296.00
Supply Chain Management Support at Department of Agriculture and Rural Development	1920hrs	One Consultant	1,435,200.00
Supply Chain Management Support at Department of Agriculture and Rural Development	1920hrs	One Consultant	1,435,200.00
Supply Chain Management Support at Big Five Hlabisa Municipality	960hrs	One Consultant	384,000.00
Contract Management at uMzinyathi Municipality	320hrs	One Consultant	320,000.00
Criminal Litigation Phase 3: Department of		Firm Appointment	254,564.00





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Agriculture & Rural Development			
Assistance to the SAPS- Criminal investigation at KZN Music House		Firm Appointment	1,546,888.00
Contract Management Audit at Department of Transport	490hrs	One Consultant	437,000.00
Crack Team support to manage completion of repair works: Department of Health	Dec-18	Firm Appointment	7,115,814.92
Performing Network Vulnerability Assessment in the KZN Department of Arts & Culture	212hrs	Four Consultants	276,253.00
Performing Network Vulnerability Assessment in the KZN Department of Agriculture & Rural Development	230hrs	Four Consultants	295,377.50
Performing Network Vulnerability Assessment in the KZN Department of EDTEA (Economic Development)	230hrs	Four Consultants	295,337.50
Performing Network Vulnerability Assessment for KZN Treasury	190hrs	Five Consultants	253,000.00
Performing Network Vulnerability Assessment in the KZN Department of Health	190hrs	Five Consultants	253,000.00
Performing Network Vulnerability Assessment for the Office of the Premier	190hrs	Five Consultants	253,000.00
Performing IT Project Management Audit & Application Controls Reviews in the KZN Department of Agriculture & Rural Development	260hrs	Three Consultants	306,130.00
Performing IT Project Management Audit & Application Controls Reviews for the Office of the Premier ( Dube Trade Port)	240hrs	Three Consultants	284,625.00
Performing Network Vulnerability Assessment in the KZN Department of Transport	245hrs	Three Consultants	290,001.25
Performing Network Vulnerability Assessment in the KZN Department of Community Safety & Liaison	245hrs	Three Consultants	290,001.25
Forensic Investigation at Department of Public Works	240hrs	Four Consultants	337,548.00
Forensic Investigation at Department of Health		Four Consultants	341,803.00
Trail Preparation and Testimony- Department of Social Development	160hrs	Firm Appointment	548,665.00
Municipal Support: Municipal Annual Financial Statements	80hrs	One Consultant	172,040.00
Perform Internal Control Improvement Program at Department of Health: <b>VARIATION ORDER</b>	640hrs	Two Consultants	1,065,163.12
Municipal Support: Municipal Annual Financial Statements Review	80hrs	One Consultant	172,040.00
Performing Network Vulnerability Assessment: Department of Works	250hrs	Four Consultants	295,377.50
Performing Network Vulnerability Assessment: Department of Sport and Recreation	240hrs	Four Consultants	276,253.00
Performing Network Vulnerability Assessment: Department of Human Settlements	240hrs	Four Consultants	276,253.00
Performing Network Vulnerability Assessment:	239hrs	Four Consultants	284,814.75





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Department of Education			
Performing Network Vulnerability Assessment: Department of COGTA	239hrs	Four Consultants	284,814.75
Performing Network Vulnerability Assessment: Department of Human Settlements	239hrs	Four Consultants	284,814.75
Interdepartmental Debt, Pay on Time and Interdepartmental Accounts	144hrs	One Consultant	74,520.00
Review of General Accounting for Provincial Departments	2160hrs	Seven Consultants	1,235,100.00
Repairs and renovations at Northdale Hospital		One Consultant	801,074.50
Forensic Investigation- Department of Health		Firm Appointment	1,579,549.00
Forensic Investigation- Procurement, Nepotism & Banking Irregularities at Olympia Primary School Phoenix		Firm Appointment	218,592.00
Review of General Accounting for Provincial Departments	280hrs	One Consultant	128,800.00
Review of General Accounting for Provincial Departments	840hrs	Two Consultants	627,900.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	9600hrs	Six Consultants	720,000.00
Repairs and renovations at Natalia Building		Firm Appointment	422,511.00
Software Licensing & Spending Audit @ KZN DARD	185hrs	Three Consultants	206,540.00
Software Licensing & Spending Audit at Department of Social Development	185hrs	Three Consultants	206,540.00
Appointment of one resource to assist KZN Treasury - Forensic Investigations Unit with the review of Forensic Reports	880hrs	Firm Appointment	946,220.00
Appointment of one resource to assist KZN Treasury - Forensic Investigations Unit with the review of Forensic Reports	880hrs	Firm Appointment	946,220.00
Repairs and renovations at Northdale Hospital		Firm Appointment	124,200.00
Software Licensing & Spending Audit at Department of Human Settlement	180hrs	Two Consultants	190,900.00
Software Licensing & Spending Audit at Department of COGTA	180hrs	Two Consultants	190,900.00
Software Licensing & Spending Audit at Department of Community Safety & Liason	180hrs	Two Consultants	190,900.00
Software Licensing & Spending Audit at Department of Arts & Culture	180hrs	Two Consultants	190,900.00
Software Licensing & Spending Audit at Department of Sports & Recreation	180hrs	Two Consultants	190,900.00
Repairs and renovations at Natalia Building		Firm Appointment	114,586.19
Software Licensing & Spending Audit at KZN Treasury	170hrs	Two Consultants	196,075.00
Repairs and renovations at Natalia Building		Firm Appointment	387,607.50
Repairs and renovations at Northdale Hospital		Firm Appointment	387,607.50
Software Licensing & Spending Audit at Department of Health	167hrs	Two Consultants	188,864.50



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Software Licensing & Spending Audit at Office of the Premier	167hrs	Two Consultants	188,864.50
Audit on General Accounting Controls for Provincial Departments	280hrs	One Consultant	128,000.00
Repairs and renovations at Northdale Hospital		Firm Appointment	234,000.00
Repairs and renovations at Northdale Hospital		Firm Appointment	234,000.00
Software Licensing & Spending Audit at Department of Transport	200hrs	Four Consultants	241,615.00
Review of General Accounting for Provincial Departments	2000hrs	Seven Consultants	1,081,000.00
Software Licensing & Spending Audit at Department of Public Works	200hrs	Four Consultants	241,615.00
Forensic Investigation of Misconduct Moses Kotane Institution: DEDTEA		Firm Appointment	1,197,983.80
Software Licensing & Spending Audit at Department of Education	180hrs	Two Consultants	190,900.00
Review of General Accounting for Provincial Departments	1200hrs	Five Consultants	552,000.00
Review of General Accounting for Provincial Departments	240hrs	One Consultant	110,400.00
Software Licensing & Spending Audit at Department of DEDTEA	180hrs	Two Consultants	190,900.00
Further Forensic Investigation at Department of Transport		Firm Appointment	2,046,689.50
Investigation into alleged kickbacks at Department of Public Works		Firm Appointment	283,245.00
Human Resource Audit at Department of Agriculture & Rural Development (Economic and G & A Cluster)	160hrs	One Consultant	73,600.00
SCM Audit at Department of Public Works (Economic and G & A Cluster)	360hrs	Two Consultants	407,100.00
Audit on Performance Information at KZN Provincial Treasury (Economic and G & A Cluster)	200hrs	One Consultant	149,500.00
Audit on Operation Sakuma Sakhe at Department of COGTA (Economic and G & A Cluster)	160hrs	Three Consultants	220,800.00
Audit on Performance Information at Department of Agriculture and Rural Development (Economic and G & A Cluster)	380hrs	One Consultant	284,050.00
Audit on Asset Management at Department of Human Settlement (Economic and G & A Cluster)	220hrs	Two Consultants	202,400.00
Records Management Audit at KZN Provincial Treasury (Economic and G & A Cluster)	240hrs	One Consultant	179,400.00
Audit on Asset Management at Office of the Premier (Economic and G & A Cluster)	1120hrs	Four Consultants	595,700.00
Human Resource Audit at Department of Agriculture & Rural Development (Economic and G & A Cluster)	200hrs	One Consultant	149,500.00
Follow up on resolved Audit Findings at Department of Transport (Economic and G & A Cluster)	560hrs	Two Consultants	343,850.00
Audit on Transfer Payment- Municipalities at Department of Sports and Recreation (Social	328hrs	One Consultant	245,180.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Cluster)			
Appointment of a resource for Department of Health (A. Muslim) Variation ORDER	192hrs	One Consultant	125,894.40
Appointment of a resource for Department of Health (S. Rajah) Variation ORDER	285hrs	One Consultant	686,188.80
MSCOA Project Management Support ( <b>Variation Order</b> )	5 months	One Consultant	1,324,400.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	1600hrs	One Consultant	120,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	2400hrs	Three Consultants	180,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	1600hrs	One Consultants	120,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	4800hrs	Two Consultants	360,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	1600hrs	Two Consultants	120,000.00
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	1600hrs	One Consultant	120,000.00
Perform Internal Control Improvement Program at Department of Health: <b>EXTENSION</b>	1280hrs	Two Consultants	1,262,563.84
Perform Internal Control Improvement Program at Department of Health: <b>EXTENSION</b>	1600hrs	Three Consultants	1,316,004.80
Audit on HRM at Department of Education (Social Cluster)	400hrs	One Consultant	299,000.00
Audit on Fleet Management at Department of Social Development (Social Cluster)	624hrs	Two Consultants	287,404.00
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	1080hrs	Two Consultants	1,071,843.24
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	520hrs	One Consultant	427,701.56
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	1272hrs	Three Consultants	1,046,223.82
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	996hrs	Two Consultants	815,100.47
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	512hrs	One Consultant	588,929.54
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	922hrs	Two Consultants	968,107.77
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	2225hrs	Six Consultants	2,321,694.18
To assist with financial management support at Department of Health ( <b>Variation Order</b> )	960hrs	One Consultant	1,510,732.80
Audit on Risk Management at Department of Health and Sports and Recreation	160hrs	Three Consultants	184,000.00
Audit on Supply Chain Management at KZN Treasury	650hrs	Two Consultants	349,600.00
Audit on In-Year Monitoring (IYM) at KZN Provincial Treasury.	240hrs	One Consultant	179,400.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH****2019**

Audit on Supply Chain Management at Department of Transport.	240hrs	Three Consultants	460,000.00
Audit on Performance Information at the Office of the Premier.	200hrs	One Consultant	92,000.00
Audit on Contract Management at various departments.	650hrs	Four Consultants	966,000.00
Audit on Transfer Payments at Department of Human Settlement.	320hrs	One Consultant	239,200.00
Audit on Risk Management at Department of Social Development and Office of the Premier.	195hrs	Six Consultants	365,700.00
Audit on Performance Information at Department of Sports & Recreation.	650hrs	One Consultant	503,067.00
Audit on Implementation of IPIP and IPMP at Department of Public Works.	360hrs	Two Consultants	379,500.00
Audit on Performance Information at Department of Public Works	320hrs	One Consultant	147,200.00
Audit on Transfer Payment Municipalities at Department of Agriculture and Rural Development.	260hrs	One Consultant	119,600.00
Audit on Immovable Assets at Department of Transport.	520hrs	Two Consultants	591,100.00
Audit on Contract Management at Department of Arts & Culture, Department of Social Development and Office of the Premier.	360hrs	Three Consultants	471,500.00
Audit on Transfer Payment Department of Agriculture and Rural Development.	300hrs	Two Consultants	343,850.00
Audit on Supply Chain Management at Department of Human Settlement.	320hrs	One Consultant	239,200.00
Audit on Supply Chain Management at Department of Agriculture and Rural Development.	360hrs	Two Consultants	416,300.00
Audit on Performance Information at Department of Transport.	336hrs	Two Consultants	387,320.00
Audit on Language Services at Department of Arts & Culture.	160hrs	One Consultant	73,600.00
Audit on Risk Management at Department of EDTEA and Department of Agriculture and Rural Development.	265hrs	One Consultant	198,088.00
Audit on Supply Chain Management at Department of Community Safety & Liaison.	200hrs	Two Consultants	184,000.00
Audit on Risk Management at various Departments.	480hrs	One Consultant	524,400.00
Audit on Human Resource Management Department of Agriculture and Rural Development.	160hrs	One Consultant	73,600.00
Audit on Fleet Management at Department of Social Development	400hrs	Two Consultants	287,040.00
Audit on Risk Management at various Departments.	240hrs	Six Consultants	968,013.00
Audit on Transfer Payment at Department of Human Settlement.	280hrs	Two Consultants	257,600.00
Audit on Transfer Payment at Department of Arts & Culture.	400hrs	One Consultant	299,000.00
Follow up on resolved Audit Findings at Department	380hrs	One Consultant	174,800.00





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

of Public Works (Economic and G & A Cluster)			
Follow up on resolved Audit Findings at Department of Education (Economic and G & A Cluster)	200hrs	One Consultant	149,500.00
Audit on Risk Management at COGTA	140hrs	Three Consultants	184,000.00
Audit on Performance Information at Department of Community Safety & Liaison.	160hrs	One Consultant	73,600.00
Assistance with performance of OHS Reviews Assessments at various Departments	1 Site	Firm Appointment	100,000.00
Audit on Transfer Payments at Department of Arts & Culture.	400hrs	One Consultant	184,000.00
Contract Management Audit at Department of Community Safety & Liaison and COGTA		Two Consultants	478,400.00
Assistance with performance of OHS Reviews Assessments at various Departments	6 Sites	Firm Appointment	720,000.00
Audit on Performance Information at Department of Public Works.	360hrs	One Consultant	165,200.00
Assistance with performance of OHS Reviews Assessments at various Departments	6 Sites	Firm Appointment	720,000.00
Audit on Supply Chain Management at Department of Human Settlement	280hrs	One Consultant	128,800.00
Follow up on resolved Audit Findings at Department of Arts and Culture (Economic and G & A Cluster)	210hrs	One Consultant	96,600.00
Assistance with review of Business Continuity Management Practices / Plan	1 Site	Firm Appointment	200,000.00
Audit on Performance Information at Department of EDTEA	240hrs	One Consultant	179,400.00
Audit on Language Services at Department of Arts & Culture	160hrs	One Consultant	73,600.00
Audit on Supply Chain Management at Department of Social Development	200hrs	One Consultant	149,500.00
Audit on Supply Chain Management at Department of COGTA	993hrs	Four Consultants	592,767.50
Contract Management Audit at Department of Social Development and COGTA	520hrs	Two Consultants	239,000.00
Audit on Risk Management at Department of Arts & Culture	130hrs	One Consultant	59,800.00
Audit on Contract Management at Department of Community Safety & Liaison	200hrs	One Consultant	92,000.00
Audit on Supply Chain Management at Department of Social Development	1027hrs	Two Consultants	472,420.00
Audit on Supply Chain Management at Department of EDTEA	320hrs	One Consultant	239,200.00
Assistance with performance of OHS Reviews Assessments at various Departments	6 Sites	Firm Appointment	720,000.00
Development of Business Continuity Plan for the Department of Health.	3 Sites	Firm Appointment	300,000.00
Assistance with performance of OHS Reviews Assessments at various Departments	5 Sites	Firm Appointment	600,000.00
Provincial Departments and Public Entities -	750 hrs	Three Consultants	1,052,135.00





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

AFS/IFS Reviews 2018/19			
Provincial Departments and Public Entities - AFS/IFS Reviews 2018/19	1000hrs	Five Consultant	627,900.00
KZN Department of Public Works - Immovable Assets	1150hrs	One Consultants	1,624,122.50
Risk Management Audit at the Department, Tourism and Environmental Affairs (EDTEA), KZN Provincial Treasury (KZNPT) and the Department of Agriculture and Rural Development (DARD)	600 hrs	Three Consultants	276,000.00
Risk Management Audit at the Department of Public Works (DPW) and Department of (DOT)	370hrs	Two Consultant	170,200.00
Provincial Entities - AFS/IFS Reviews	160hrs	One Consultant	193,200.00
KZN Department of co-operative Governance and Traditional Affairs - Irregular expenditure and commitments	724hrs	Two Consultants	372,255.00
Provincial Departments - AFS/IFS Reviews	260hrs	One Consultant	460,460.00
KZN Department of Education - Financial Management Support: Fixed Assets	1424hrs	One Consultant	1,103,600.00
Appointment of resources for conditional assessment/remedial recommendations for urban roads in the town of Dannhauser, Durncol, Hattingspruit and Emafuzeni residential area		Firm Appointment	345,000.00
Performance Information Audit: Department of Social Development Project No. 01/DSD2019	240hrs	One Consultant	110,400.00
Audit on transfer payments at the Department of Human Settlements: Project NOS: 03-2018 DHS	320 hrs	One Consultant	239,200.00
Appointment of resources for support with regards involving replacement of existing fence/boundary wall and repairs to entrance at Addington hospital under maintenance Package 3		Firm Appointment	486,864.00
Appointment of resources for support with regards involving replacement of existing fence/boundary wall and repairs to entrance at Addington hospital under maintenance Package 3		Firm Appointment	238,050.17
Provincial Departments - AFS/IFS Reviews	160hrs	One Consultant	193,200.00
Appointment of resources for support with regards involving replacement of existing fence/boundary wall and repairs to entrance at Addington hospital under maintenance Package 3		Firm Appointment	923,737.50
Provincial Departments - AFS/IFS Reviews	120hrs	One Consultant	62,100.00
Variation to the Appointment of resources to implement an SCM Turn-Around Strategy at the KZN Department of Health ( <b>Extension</b> )	435hrs	One Consultant	1,045,522.50
Appointment of senior resource for the KZN Department of Health intervention	640hrs	One Consultant	603,520.00
Appointment of senior resource for the KZN Department of Health intervention	640hrs	One Consultant	603,520.00
Audit on Contract Management at Departments of	650hrs	Two Consultants	463,450.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Economic Development, Tourism & Environmental Affairs & Arts & Culture			
Assistance with development of Fraud Prevention plans & related Documents	Risk Appointment	Six Consultants	450,000.00
Performance Information Audit: Department of Social Development Project No. 01/DSD2019	240hrs	One Consultant	110,400.00
Audit on performance information at Department of Arts & Culture	400hrs	Two Consultants	184,920.00
Assistance with development of Fraud Prevention plans & related Documents	Risk Appointment	Eight Consultants	300,000.00
Forensic Investigations into allegations of irregular expenditure relating to catering at the KZN Department of Agriculture & Rural Development	Forensic Appointment	One Consultant	378,804.00
Appointment of 10 intermediate resources at the KwaZulu-Natal Department of Health, Section 18(2)(G) Intervention	640hrs	One Consultant	419,648.00
Appointment of 10 intermediate resources at the KwaZulu-Natal Department of Health, Section 18(2)(G) Intervention	640hrs	One Consultant	419,648.00
Supply Chain Management audit: Department of Social Development Project	200hrs	One Consultant	92,000.00
KZN Department of Public Works - Immovable Assets	900hrs	One Consultant	672,750.00
Audit on performance information at Department of Co-operative Governance & Traditional Affairs	320hrs	Three Consultants	496,800.00
Infrastructure management audit at Department of Rural development & Environmental Affairs	520hrs	One Consultant	388,700.00
Allegation of procurement irregularities in the award of ZNB5700/2016 H: Department of Health : FR06/2018	100hrs	Three Consultants	137,517.00
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	400hrs	Three Consultants	1,152,000.00
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	640hrs	One Consultant	419,648.00
Assistance with review of Business Continuity Management Practices / Plans for department of Public Works	Risk Appointment	Eleven Consultants	100,000.00
Audit on transfer payments- Sports federations: Department of Sports & Recreation no. 02/2019 DSR	396hrs	One Consultant	296,010.00
Assistance with the Forensic Investigation: Alleged irregularities at the Durban regional office: Department of Transport KZN: FR 13/2015	Forensic Appointment	Three Consultants	477,365.00
Resources for support with regards construction of seven wash bays for the KZN Health Emergency Services		Firm Appointment	558,900.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
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Appointment of 10 intermediate resources at the KwaZulu-Natal Department of Health, Section 18(2)(G) Intervention	640hrs	Five Consultants	2,098,240.00
Assist municipalities in AFS reviews	160hrs	One Consultant	172,040.00
AFS reviews	160hrs	Two Consultants	172,040.00
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	960hrs	One Consultant	384,000.00
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	960hrs	Three Consultants	1,152,000.00
Works involving general renovations at Addington Hospital under maintenance package 2		Firm Appointment	132,218.84
Renovations to ablution facilities at Addington Hospital under maintenance package 1- Architect		Firm Appointment	1,474,658.90
Fraud prevention plans and related documents at 3 departments	Risk Appointment	Seven Consultants	450,000.00
Renovations to ablution facilities at Addington Hospital under maintenance package 1- Quantity Surveyor		Firm Appointment	794,745.00
Conduct Follow-up Performance Audit on awareness Campaigns/Events	1512hrs	Three Consultants	812,992.50
Renovations to ablution facilities at Addington Hospital under maintenance package 2- Quantity Surveyor		Firm Appointment	1,067,788.80
Irregular expenditure incurred in respect of transfer payments & overseas travel by department of Economic Development, Tourism & Environmental Affairs		Three Consultants	751,396.80
General renovations at Addington Hospital under maintenance package 2		Firm Appointment	3,505,343.21
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	960hrs	One Consultant	384,000.00
Execution of follow-up performance audit on S&T expenditure at COGTA, DOH, DED, DARD & DSD	120hrs	One Consultant	524,400.00
Execution of follow-up performance audit on S&T expenditure at DSD, KPT, DHS & DPW	368hrs	Two Consultants	485,760.00
Full execution of phase 2 performance audit on office accommodation at DPW and its affected user departments		Seven Consultants	3,746,736.80
Execution of follow-up performance audit on S&T expenditure at DOH, EDTEA, DSD, KZNPT, Office of the Premier, Agriculture, Transport, Human settlements & DPW.	3252hrs	Six Consultants	2,090,470.00
Execution of performance audit on road infrastructure (Construction & Maintenance) at DOT		Four Consultants	1,001,880.00



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
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Supervision & Management of performance audit on contract management at DARD	352hrs	One Consultant	384,560.00
KZN DOE Financial Statement Related Assistance	1424hrs	One Consultant	1,103,600.00
Execution of performance audit on road infrastructure (Construction & Maintenance) at DOT	720hrs	Two Consultants	1,693,352.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	828,000.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	828,000.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	828,000.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	1,581,250.00
KZN Department of Health-Provision of asset related support	1000hrs	Three Consultants	2,111,400.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	455,400.00
Audit of tender process for Financial Management Panel	Risk Appointment	Firm Appointment	250,000.00
Audit of tender process for Internal Audit Panel	Risk Appointment	Firm Appointment	250,000.00
Audit of tender process for Travel Contract	Risk Appointment	Firm Appointment	250,000.00
KZN Department of Health-Provision of asset related support	1000hrs	One Consultant	396,000.00
Appointment of service provider to Conduct Audit of Tender Process for Municipal Finance Panel	Risk Appointment	Firm Appointment	250,000.00
Execution of the Follow-Up Performance Audit on S&T Expenditure at the Departments of COGTA, Health, Economic Development and Agriculture & Rural Development	1200hrs	Two Consultant	552,000.00
Audit of tender process for Banking Contract	Risk Appointment	Firm Appointment	250,000.00
Renovations to Ablution Facilities at Addington Hospital package 1		Firm Appointment	267,806.30
Renovations to Ablution Facilities at Addington Hospital package 1		Firm Appointment	265,658.49
Dube Tradeport: Financial Management Support	320hrs	One Consultant	239,200.00
<b>TOTAL</b>			<b>161,935,248.21</b>

*Table 3.15.2 Analysis of consultant appointments in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019*

Project Title	Percentage ownership by HDI	Percentage management by HDI groups	No. Of consultant from HDI groups that work on project
Assist with accruals and payment at Department of Health	100%	100%	1





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Assist with immovable assets at department of Public Works	28.10%	43%	1
KZN Department of COGTA- Provision of irregular expenditure support	28.10%	43%	1
KZN department of Transport - AFS Disclosure Note Support	25.66%	50%	1
KZN Department of COGTA- Provision of irregular expenditure support	35.82%	61.54%	1
Department of Public Works: Capital Commitments, Maintenance & Period Contracted	35.82%	61.54%	1
DEPARTMENT OF TRANSPORT: AFS DISCLOSURE NOTE SUPPORT	35.82%	61.54%	1
Resources to provide financial management support to Department of Social Development	100%	100%	1
Financial Management Support to UMzinyathi Municipality	96%	82%	1
Financial Management Support to Harry Gwala Municipality	96%	82%	1
Financial Management Support to Harry Gwala Municipality	100%	100%	1
Financial Management Support- Vat Review Abaqulusi Municipality	28.10%	43%	1
Financial Management Support- Vat Review Mandeni Municipality	28.10%	43%	1
Financial Management Support- Vat Review Abaqulusi Municipality	28.10%	43%	1
Financial Management Support- Vat Review ILembe Municipality	100%	100%	1
Financial Management Support- Vat Review Impendle Municipality	100%	100%	1
Financial Management Support- PAYE Review Ilembe Municipality	100%	100%	1
Financial Management Support- PAYE Review Impendle Municipality	100%	100%	1
Financial Management Support- PAYE Review Newcastle Municipality	100%	100%	1
Financial Management Support to Big 5 Hlabisa Municipality	100%	100%	1
Financial Management Support to Harry Gwala Municipality	96%	82%	1
Financial Management Support to Impendle Municipality	28.10%	43%	1





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Financial Management Support to Msinga Municipality	100%	100%	1
Financial Management Support to Umzinyathi Municipality	100%	100%	1
Supply Chain Management Support at Big Five Hlabisa Municipality	100%	100%	1
Supply Chain Management Support at Department of Agriculture and Rural Development	100%	100%	1
Support and guidance in SCM at Abaqulusi municipality	28.10%	43%	1
Supply Chain Management Support at Department of Agriculture and Rural Development	28.10%	43%	1
Supply Chain Management Support Abaqulusi Municipality	100%	100%	1
Contract Management administration for assistance with post implementation support in terms of contract management with Deptment of Health	47.71%	80%	1
Supply Chain Management Support at Department of Health	47.71%	80%	1
Supply Chain Management Support at Department of Health	96%	82%	1
Supply Chain Management Support at Department of Agriculture and Rural Development	96%	82%	1
Supply Chain Management Support at Department of Agriculture and Rural Development	100%	100%	1
Supply Chain Management Support at Big Five Hlabisa Municipality	100%	100%	1
Contract Management at uMzinyathi Municipality	35.82%	61.54%	1
Criminal Litigation Phase 3: Department of Agriculture & Rural Development	96%	82%	1
Assistance to the SAPS- Criminal investigation at KZN Music House	96%	82%	1
Contract Management Audit at Department of Transport	100%	100%	1
Crack Team support to manage completion of repair works: Department of Health	58.80%	66.70%	1
Performing Network Vulnerability Assessment in the KZN Department of Arts & Culture	90%	90%	1
Performing Network Vulnerability Assessment in the KZN Department of Agriculture & Rural Development	92%	92%	1
Performing Network Vulnerability Assessment in the KZN Department of EDTEA (Economic Development)	92%	92%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Performing Network Vulnerability Assessment for KZN Treasury	25.66%	50%	1
Performing Network Vulnerability Assessment in the KZN Department of Health	25.66%	50%	1
Performing Network Vulnerability Assessment for the Office of the Premier	25.66%	50%	1
Performing IT Project Management Audit & Application Controls Reviews in the KZN Department of Agriculture & Rural Development	76%	76%	1
Performing IT Project Management Audit & Application Controls Reviews for the Office of the Premier ( Dube Trade Port)	76%	76%	1
Performing Network Vulnerability Assessment in the KZN Department of Transport	76%	76%	1
Performing Network Vulnerability Assessment in the KZN Department of Community Safety & Liaison	76%	76%	1
Forensic Investigation at Department of Public Works	100%	100%	1
Forensic Investigation at Department of Health	35.82%	61.54%	1
Trail Preparation and Testimony- Department of Social Development	25.66%	50%	1
Municipal Support: Municipal Annual Financial Statements	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>VARIATION ORDER</b>	35.82%	61.54%	1
Municipal Support: Municipal Annual Financial Statements Review	17.80%	78%	1
Performing Network Vulnerability Assessment: Department of Works	92%	92%	1
Performing Network Vulnerability Assessment: Department of Sport and Recreation	90%	90%	1
Performing Network Vulnerability Assessment: Department of Human Settlements	90%	90%	1
Performing Network Vulnerability Assessment: Department of Education	96%	82%	1
Performing Network Vulnerability Assessment: Department of COGTA	96%	82%	1
Performing Network Vulnerability Assessment: Department of Human Settlements	96%	82%	1
Interdepartmental Debt, Pay on Time and Interdepartmental Accounts	28.10%	43%	1
Review of General Accounting for Provincial Departments	100%	100%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
2019**

Repairs and renovations at Northdale Hospital	100%	100%	1
Forensic Investigation- Department of Health	100%	100%	1
Forensic Investigation- Procurement, Nepotism & Banking Irregularities at Olympia Primary School Phoenix	100%	100%	1
Review of General Accounting for Provincial Departments	96%	82%	1
Review of General Accounting for Provincial Departments	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	100%	100%	1
Repairs and renovations at Natalia Building	100%	100%	1
Software Licensing & Spending Audit @ KZN DARD	90%	90%	1
Software Licensing & Spending Audit at Department of Social Development	90%	90%	1
Appointment of one resource to assist KZN Treasury - Forensic Investigations Unit with the review of Forensic Reports	96%	82%	1
Appointment of one resource to assist KZN Treasury - Forensic Investigations Unit with the review of Forensic Reports	25.66%	50%	1
Repairs and renovations at Northdale Hospital	100%	100%	1
Software Licensing & Spending Audit at Department of Human Settlement	100%	100%	1
Software Licensing & Spending Audit at Department of COGTA	100%	100%	1
Software Licensing & Spending Audit at Department of Community Safety & Liason	100%	100%	1
Software Licensing & Spending Audit at Department of Arts & Culture	100%	100%	1
Software Licensing & Spending Audit at Department of Sports & Recreation	100%	100%	1
Repairs and renovations at Natalia Building	100%	100%	1
Software Licensing & Spending Audit at KZN Treasury	28.10%	43%	1
Repairs and renovations at Natalia Building	100%	100%	1
Repairs and renovations at Northdale Hospital	100%	100%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Software Licensing & Spending Audit at Department of Health	25.66%	50%	1
Software Licensing & Spending Audit at Office of the Premier	25.66%	50%	1
Audit on General Accounting Controls for Provincial Departments	35.82%	61.54%	1
Repairs and renovations at Northdale Hospital	100%	100%	1
Repairs and renovations at Northdale Hospital	100%	100%	1
Software Licensing & Spending Audit at Department of Transport	92%	92%	1
Review of General Accounting for Provincial Departments	92%	92%	1
Software Licensing & Spending Audit at Department of Public Works	92%	92%	1
Forensic Investigation of Misconduct Moses Kotane Institution: DEDTEA	100%	100%	1
Software Licensing & Spending Audit at Department of Education	100%	100%	1
Review of General Accounting for Provincial Departments	100%	100%	1
Review of General Accounting for Provincial Departments	28.10%	43%	1
Software Licensing & Spending Audit at Department of DEDTEA	100%	100%	1
Further Forensic Investigation at Department of Transport	25.66%	50%	1
Investigation into alleged kickbacks at Department of Public Works	100%	100%	1
Human Resource Audit at Department of Agriculture & Rural Development (Economic and G & A Cluster)	100%	100%	1
SCM Audit at Department of Public Works (Economic and G & A Cluster)	96%	82%	1
Audit on Performance Information at KZN Provincial Treasury (Economic and G & A Cluster)	100%	100%	1
Audit on Operation Sakuma Sakhe at Department of COGTA (Economic and G & A Cluster)	96%	82%	1
Audit on Performance Information at Department of Agriculture and Rural Development (Economic and G & A Cluster)	100%	100%	1
Audit on Asset Management at Department of Human Settlement (Economic and G & A Cluster)	100%	100%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Records Management Audit at KZN Provincial Treasury (Economic and G & A Cluster)	100%	100%	1
Audit on Asset Management at Office of the Premier (Economic and G & A Cluster)	100%	100%	1
Human Resource Audit at Department of Agriculture & Rural Development (Economic and G & A Cluster)	35.82%	61.54%	1
Follow up on resolved Audit Findings at Department of Transport (Economic and G & A Cluster)	35.82%	61.54%	1
Audit on Transfer Payment- Municipalities at Department of Sports and Recreation (Social Cluster)	35.82%	61.54%	1
Appointment of a resource for Department of Health (A. Muslim) Variation ORDER	47.71%	80%	1
Appointment of a resource for Department of Health (S. Rajah) Variation ORDER	47.71%	80%	1
MSCOA Project Management Support ( <b>Variation Order</b> )	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	96%	82%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>EXTENSION</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>EXTENSION</b>	100%	100%	1
Audit on HRM at Department of Education (Social Cluster)	90%	90%	1
Audit on Fleet Management at Department of Social Development (Social Cluster)	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	100%	100%	1





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Records Management Audit at KZN Provincial Treasury (Economic and G & A Cluster)	100%	100%	1
Audit on Asset Management at Office of the Premier (Economic and G & A Cluster)	100%	100%	1
Human Resource Audit at Department of Agriculture & Rural Development (Economic and G & A Cluster)	35.82%	61.54%	1
Follow up on resolved Audit Findings at Department of Transport (Economic and G & A Cluster)	35.82%	61.54%	1
Audit on Transfer Payment- Municipalities at Department of Sports and Recreation (Social Cluster)	35.82%	61.54%	1
Appointment of a resource for Department of Health (A. Muslim) Variation ORDER	47.71%	80%	1
Appointment of a resource for Department of Health (S. Rajah) Variation ORDER	47.71%	80%	1
MSCOA Project Management Support ( <b>Variation Order</b> )	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	96%	82%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>DISBURSEMENTS</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>EXTENSION</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>EXTENSION</b>	100%	100%	1
Audit on HRM at Department of Education (Social Cluster)	90%	90%	1
Audit on Fleet Management at Department of Social Development (Social Cluster)	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	100%	100%	1
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	100%	100%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	35.82%	61.54%	1
Perform Internal Control Improvement Program at Department of Health: <b>New Orders</b>	100%	100%	1
To assist with financial management support at Department of Health ( <b>Variation Order</b> )	100%	100%	1
Audit on Risk Management at Department of Health and Sports and Recreation	90%	90%	1
Audit on Supply Chain Management at KZN Treasury	90%	90%	1
Audit on In-Year Monitoring (IYM) at KZN Provincial Treasury.	90%	90%	1
Audit on Supply Chain Management at Department of Transport.	90%	90%	1
Audit on Performance Information at the Office of the Premier.	96%	82%	1
Audit on Contract Management at various departments.	96%	82%	1
Audit on Transfer Payments at Department of Human Settlement.	96%	82%	1
Audit on Risk Management at Department of Social Development and Office of the Premier.	100%	100%	1
Audit on Performance Information at Department of Sports & Recreation.	96%	82%	1
Audit on Implementation of IPIP and IPMP at Department of Public Works.	96%	82%	1
Audit on Performance Information at Department of Public Works	96%	82%	1
Audit on Transfer Payment Municipalities at Department of Agriculture and Rural Development.	35.82%	61.54%	1
Audit on Immovable Assets at Department of Transport.	35.82%	61.54%	1
Audit on Contract Management at Department of Arts & Culture, Department of Social Development and Office of the Premier.	35.82%	61.54%	1
Audit on Transfer Payment Department of Agriculture and Rural Development.	35.82%	61.54%	1
Audit on Supply Chain Management at Department of Human Settlement.	35.82%	61.54%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Audit on Supply Chain Management at Department of Agriculture and Rural Development.	35.82%	61.54%	1
Audit on Performance Information at Department of Transport.	35.82%	61.54%	1
Audit on Language Services at Department of Arts & Culture.	100%	100%	1
Audit on Risk Management at Department of EDTEA and Department of Agriculture and Rural Development.	100%	100%	1
Audit on Supply Chain Management at Department of Community Safety & Liaison.	100%	100%	1
Audit on Risk Management at various Departments.	100%	100%	1
Audit on Human Resource Management Department of Agriculture and Rural Development.	100%	100%	1
Audit on Fleet Management at Department of Social Development	100%	100%	1
Audit on Risk Management at various Departments.	100%	100%	1
Audit on Transfer Payment at Department of Human Settlement.	92%	92%	1
Audit on Transfer Payment at Department of Arts & Culture.	92%	92%	1
Follow up on resolved Audit Findings at Department of Public Works (Economic and G & A Cluster)	92%	92%	1
Follow up on resolved Audit Findings at Department of Education (Economic and G & A Cluster)	92%	92%	1
Audit on Risk Management at COGTA	100%	100%	1
Audit on Performance Information at Department of Community Safety & Liaison.	96%	82%	1
Assistance with performance of OHS Reviews Assessments at various Departments	35.82%	61.54%	1
Audit on Transfer Payments at Department of Arts & Culture.	100%	100%	1
Contract Management Audit at Department of Community Safety & Liaison and COGTA	100%	100%	1
Assistance with performance of OHS Reviews Assessments at various Departments	100%	100%	1
Audit on Performance Information at Department of Public Works.	92%	92%	1
Assistance with performance of OHS Reviews Assessments at various Departments	100%	100%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Audit on Supply Chain Management at Department of Human Settlement	28.10%	43%	1
Follow up on resolved Audit Findings at Department of Arts and Culture (Economic and G & A Cluster)	92%	92%	1
Assistance with review of Business Continuity Management Practices / Plan	100%	100%	1
Audit on Performance Information at Department of EDTEA	92%	92%	1
Audit on Language Services at Department of Arts & Culture	92%	92%	1
Audit on Supply Chain Management at Department of Social Development	92%	92%	1
Audit on Supply Chain Management at Department of COGTA	25.66%	50%	1
Contract Management Audit at Department of Social Development and COGTA	96%	82%	1
Audit on Risk Management at Department of Arts & Culture	35.82%	61.54%	1
Audit on Contract Management at Department of Community Safety & Liaison	100%	100%	1
Audit on Supply Chain Management at Department of Social Development	25.66%	50%	1
Audit on Supply Chain Management at Department of EDTEA	25.66%	50%	1
Assistance with performance of OHS Reviews Assessments at various Departments	25.66%	50%	1
Development of Business Continuity Plan for the Department of Health.	25.66%	50%	1
Assistance with performance of OHS Reviews Assessments at various Departments	25.66%	50%	1
Provincial Departments and Public Entities -AFS/IFS Reviews 2018/19	96%	82%	1
Provincial Departments and Public Entities -AFS/IFS Reviews 2018/19	76%	76%	1
KZN Department of Public Works - Immovable Assets	35.82%	61.54%	1
Risk Management Audit at the Department, Tourism and Environmental Affairs (EDTEA), KZN Provincial Treasury (KZNPT) and the Department of Agriculture and Rural Development (DARD)	96%	82%	1
Risk Management Audit at the Department of Public Works (DPW) and Department of (DOT)	96%	82%	1
Provincial Entities - AFS/IFS Reviews	100%	100%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

KZN Department of co-operative Governance and Traditional Affairs - Irregular expenditure and commitments	35.82%	61.54%	1
Provincial Departments - AFS/IFS Reviews	100%	100%	1
Repairs to the collapsed embankment at Wentworth for the KwaZulu Natal Provincial Treasury	100%	100%	1
KZN Department of Education - Financial Management Support: Fixed Assets	47.71%	80%	1
Appointment of resources for conditional assessment/medical recommendations for urban roads in the town of Dannhauser, Durncol, Hattingspruit and Emafuzeni residential area	100%	100%	1
Performance Information Audit: Department of Social Development Project No. 01/DSD2019	25.66%	50%	1
Audit on transfer payments at the Department of Human Settlements: Project NOS: 03-2018 DHS	96%	82%	1
Appointment of resources for support with regards involving replacement of existing fence/boundary wall and repairs to entrance at Addington hospital under maintenance Package 3	100%	100%	1
Appointment of resources for support with regards involving replacement of existing fence/boundary wall and repairs to entrance at Addington hospital under maintenance Package 3	58.80%	66.70%	1
Provincial Departments - AFS/IFS Reviews	35.82%	61.54%	1
Appointment of resources for support with regards involving replacement of existing fence/boundary wall and repairs to entrance at Addington hospital under maintenance Package 3	100%	100%	1
Provincial Departments - AFS/IFS Reviews	25.66%	50%	1
Variation to the Appointment of resources to implement an SCM Turn-Around Strategy at the KZN Department of Health ( <b>Extension</b> )	47.71%	80%	1
Appointment of senior resource for the KZN Department of Health intervention	100%	100%	1
Appointment of senior resource for the KZN Department of Health intervention	96%	82%	1
Audit on Contract Management at Departments of Economic Development, Tourism & Environmental Affairs & Arts & Culture	28.10%	43%	1
Assistance with development of Fraud Prevention plans & related Documents	25.66%	50%	1
Performance Information Audit: Department of Social Development Project No. 01/DSD2019	92%	92%	1





**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Audit on performance information at Department of Arts & Culture	96%	82%	1
Assistance with development of Fraud Prevention plans & related Documents	100%	100%	1
Forensic Investigations into allegations of irregular expenditure relating to catering at the KZN Department of Agriculture & Rural Development	96%	82%	1
Appointment of 10 intermediate resources at the KwaZulu-Natal Department of Health, Section 18(2)(G) Intervention	96%	82%	1
Appointment of 10 intermediate resources at the KwaZulu-Natal Department of Health, Section 18(2)(G) Intervention	28.10%	43%	1
Supply Chain Management audit: Department of Social Development Project	25.66%	50%	1
KZN Department of Public Works - Immovable Assets	100%	100%	1
Audit on performance information at Department of Co-operative Governance & Traditional Affairs	100%	100%	1
Infrastructure management audit at Department of Rural development & Environmental Affairs	25.66%	50%	1
Allegation of procurement irregularities in the award of ZNB5700/2016 H: Department of Health : FR06/2018	25.66%	50%	1
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	100%	100%	1
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	100%	100%	1
Assistance with review of Business Continuity Management Practices / Plans for department of Public Works	100%	100%	1
Audit on transfer payments- Sports federations: Department of Sports & Recreation no. 02/2019 DSR	96%	82%	1
Assistance with the Forensic Investigation: Alleged irregularities at the Durban regional office: Department of Transport KZN: FR 13/2015	35.82%	61.54%	1
Resources for support with regards construction of seven washbays for the KZN Health Emergency Services	100%	100%	1
Appointment of 10 intermediate resources at the KwaZulu-Natal Department of Health, Section 18(2)(G) Intervention	100%	100%	1
Assist municipalities in afs reviews	100%	100%	1
Afs reviews	100%	100%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Replacement of mainwarehouse roof@clairwood	100%	100%	1
Repairs to storm damage	100%	100%	1
Water system at prince mshiyeni	100%	100%	1
Development & Implementation of a Biometric based, Data Capturing for Global Fund	100%	100%	1
Conduct evaluation of HIV testing services component of the Global Fund young woman and girls programme implemented in 10 District in South Africa.	100%	100%	1
Provide capacity building war rooms	100%	100%	1
Ngo to provide capacity building of war rooms	100%	100%	1
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	90%	90%	1
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	100%	100%	1
Works involving general renovations at Addington Hospital under maintenance package 2	100%	100%	1
Renovations to ablution facilities at Addington Hospital under maintenance package 1- Architect	100%	100%	1
Fraud prevention plans and related documents at 3 departments	100%	100%	1
Renovations to ablution facilities at Addington Hospital under maintenance package 1- Quantity Surveyor	100%	100%	1
Conduct Follow-up Performance Audit on awareness Campaigns/Events	35.82%	61.54%	1
Renovations to ablution facilities at Addington Hospital under maintenance package 2- Quantity Surveyor	100%	100%	1
Irregular expenditure incurred in respect of transfer payments & overseas travel by department of Economic Development, Tourism & Environmental Affairs	100%	100%	1
Investigation into alleged inappropriate behaviour by the facilitators	100%	100%	1
General renovations at Addington Hospital under maintenance package 2	100%	100%	1
Approval for the deviations from requirements of the terms of reference and the appointment of Graduates for the Department of Health Intervention Team	100%	100%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

Excursion of follow-up performance audit on S&T expenditure at COGTA, DOH, DED, DARD & DSD	28.10%	43%	1
Excursion of follow-up performance audit on S&T expenditure at DSD, KPT, DHS & DPW	100%	100%	1
Full execution of phase 2 performance audit on office accommodation at DPW and its affected user departments	76%	76%	1
Excursion of follow-up performance audit on S&T expenditure at DOH, EDTEA, DSD, KZNPT, Office of the Premier, Agriculture, Transport, Human settlements & DPW.	76%	76%	1
Excursion of performance audit on road infrastructure (Construction & Maintenance) at DOT	100%	100%	1
Supervision & Management of performance audit on contract management at DARD	100%	100%	1
KZN DOE Financial Statement Related Assistance	100%	100%	1
Excursion of performance audit on road infrastructure (Construction & Maintenance) at DOT	100%	100%	1
KZN Department of Health-Provision of asset related support	28.10%	43%	1
KZN Department of Health-Provision of asset related support	100%	100%	1
KZN Department of Health-Provision of asset related support	35.82%	61.54%	1
KZN Department of Health-Provision of asset related support	100%	100%	1
KZN Department of Health-Provision of asset related support	100%	100%	1
KZN Department of Health-Provision of asset related support	100%	100%	1
Audit of tender process for Financial Management Panel	92%	92%	1
KZN Department of Health-Provision of asset related support	100%	100%	1
Appointment of service provider to Conduct Audit of Tender Process for Municipal Finance Panel	47.71%	80%	1
Execution of the Follow-Up Performance Audit on S&T Expenditure at the Departments of COGTA, Health, Economic Development and Agriculture & Rural Development	100%	100%	1
Audit of tender process for Banking Contract	100%	100%	1



**PART D: HUMAN RESOURCE MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH  
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Renovations to Ablution Facilities at Addington Hospital package 1	100%	100%	1
Renovations to Ablution Facilities at Addington Hospital package 1	100%	100%	1
Dube Tradeport: Financial Management Support	100%	100%	1

### 3.16 Severance Packages

*Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019*

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **Prevention of Irregular expenditure and SCM challenges**

The Department has policies and practice notes that should be followed in executing SCM functions to avoid irregular expenditure. There were no serious challenges encountered in the SCM area that threatened the smooth functioning of the unit.



**PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

**E1 Report of the Auditor-General to the KwaZulu-Natal Provincial Legislature on vote no. 6: Provincial Treasury**

***Report on the audit of the financial statements***

**Opinion**

1. I have audited the financial statements of the Provincial Treasury set out on pages 181 to 244 which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Provincial Treasury as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act No.1 of 2018) (Dora).

**Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the Provincial Treasury in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Emphasis of matters**

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.





**PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019*****Irregular expenditure***

7. As disclosed in note 23 to the financial statements, the Provincial Treasury incurred in the previous years, irregular expenditure of R25 million. This was because the Provincial Treasury had not received the required authorisation for implementing the e-procurement tool from the National Treasury. The amount was investigated and is currently awaiting condonation.

**Other matter**

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

***Unaudited supplementary schedules***

9. The supplementary information set out on pages 245 to 259 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

**Responsibilities of the accounting officer for the financial statements**

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA and Dora, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting officer is responsible for assessing the Provincial Treasury's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the Provincial Treasury or to cease operations, or has no realistic alternative but to do so.

**Auditor-general's responsibilities for the audit of the financial statements**

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

***Report on the audit of the annual performance report***

**Introduction and scope**

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Provincial Treasury. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the Provincial Treasury for the year ended 31 March 2019:

<b>Programmes</b>	<b>Pages in the annual performance report</b>
Programme 3 – financial governance	65 - 86
Programme 4 – internal audit	87 - 93
Programme 5 – municipal finance management	94 - 101

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and



**PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes tabulated in paragraph 17 of my report.

**Other matters**

19. I draw attention to the matters below.

***Achievement of planned targets***

20. Refer to the annual performance report on pages 42 to 101 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets.

***Adjustment of material misstatements***

21. I identified material misstatements in the annual performance report submitted for auditing. The material misstatement was on the reported performance information of financial governance. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

***Report on the audit of compliance with legislation*****Introduction and scope**

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Provincial Treasury with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. I did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

***Other information***

24. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes



**PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

presented in the annual performance report that have been specifically reported in this auditor's report.

25. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
26. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

<b><i>Internal control deficiencies</i></b>
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28. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

<b><i>Other reports</i></b>
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29. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the Provincial Treasury's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
30. The internal unit conducted fifteen investigations covering the period 1 March 2012 to 31 March 2019. Nine investigations were still in progress at the time of this report which related to allegations of irregularities in supply chain management. Six investigations were



**PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019**

completed which some resulted in irregular expenditure and appropriate recommendations are currently being implemented.

31. The Special Investigating Unit of South Africa is investigating allegations relating to misconduct within Provincial Treasury. The investigation was still in progress at year end.

*Auditor-General*

Pietermaritzburg

31 July 2019



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*





**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Appropriation per programme									
	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Programme</b>									
1. Administration	230 669		6 593	237 262	234 049	3 213	98.6%	181 051	162 962
2. Sustainable Resource Management	41 157		(2 500)	38 657	38 344	313	99.2%	40 744	39 099
3. Financial Governance	196 102			196 102	194 227	1 875	99.0%	208 496	199 954
4. Internal Audit	150 263		(615)	149 648	130 111	19 537	86.9%	143 869	133 643
5. Municipal Finance Management	63 709		(3 478)	60 231	59 439	792	98.7%	57 209	53 218
<b>Subtotal</b>	<b>681 900</b>		<b>-</b>	<b>681 900</b>	<b>656 170</b>	<b>25 730</b>	<b>96.2%</b>	<b>631 369</b>	<b>588 876</b>
<b>Statutory Appropriation</b>									
Provincial equitable share									
National Revenue Fund payments									
Skills levy and sector education and training authorities									
Judges' and magistrates' salaries									
<b>TOTAL</b>	<b>681 900</b>		<b>-</b>	<b>681 900</b>	<b>656 170</b>	<b>25 730</b>	<b>96.2%</b>	<b>631 369</b>	<b>588 876</b>



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

	2018/19		2017/18	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
<b>TOTAL (brought forward)</b>				
<b>Reconciliation with statement of financial performance</b>				
<b>ADD</b>				
Departmental receipts	171 277		100 051	
NRF Receipts				
Aid assistance	162 935		162 420	
<b>Actual amounts per statement of financial performance (total revenue)</b>	<b>1 016 112</b>		<b>893 840</b>	
<b>ADD</b>				
Aid assistance		219 055		116 186
Prior year unauthorised expenditure approved without funding				
<b>Actual amounts per statement of financial performance (total expenditure)</b>		<b>875 225</b>		<b>705 062</b>



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

Appropriation per economic classification									
	2018/19						2017/18		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>655 812</b>		<b>(1 610 )</b>	<b>654 202</b>	<b>630 035</b>	<b>24 167</b>	<b>96.3%</b>	<b>612 348</b>	<b>571 510</b>
Compensation of employees	314 333		(11 314)	303 019	299 646	3 373	98.9%	283 805	270 780
Salaries and wages	281 676		(9 862)	271 814	269 216	2 598	99.0%	254 322	242 945
Social contributions	32 657		(1 452)	31 205	30 430	775	97.5 %	29 483	27 835
Goods and services	341 473		9 695	351 168	330 375	20 793	94.1%	327 809	300 730
Administrative fees	10 516		(19)	10 497	10 419	78	99.3%	12 636	11 964
Advertising	3 095		122	3 217	3 207	10	99.7%	4 357	4 273
Minor assets	607		(117)	490	399	91	81.4%	362	241
Audit costs: External	3 926		676	4 602	4 602	-	100.0%	5 225	5 225
Bursaries: Employees	750		187	937	937	-	100.0%	839	839
Catering: Departmental activities	2 234		98	2332	2 307	25	98.9%	1 833	1 763
Communication (G&S)	2 497		761	3 258	2 903	355	89.1%	2 488	2 046
Computer services	87 981		17 000	104 981	104 937	44	100.0%	109 611	108 611
Consultants: Business and advisory services	11 777		2 568	14 345	14 264	81	99.4%	24 004	22 485
Legal services	2 993		768	3 761	3 722	39	99.0%	2 251	2 166
Contractors	1 541		361	1 902	1 850	52	97.3%	978	940
Agency and support / outsourced services	147 957		(8 087)	139 870	123 230	16 640	88.1%	109 520	89 142
Entertainment	4		(1)	3		3	-	10	-



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Fleet Services (Including government motor transport)	2 282	-	(199)	2 083	1 992	91	95.6%	1 747	1 740
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	165	165
Inventory: Food and food supplies	618	-	(507)	111	111	-	100.0%	8	8
Inventory: materials and supplies	85	-	(85)	-	-	-	-	-	-
Inventory: Other supplies	1 386	-	(539)	847	847	-	100.0%	583	576
Consumable supplies	1 010	-	991	2 001	1 962	39	98.1%	771	612
Consumable: Stationery, printing and office supplies	2 197	-	(418)	1 779	1 505	274	84.6%	1 960	1 812
Operating leases	21 858	-	(2 526)	19 332	19 323	9	100.0%	16 599	16 570
Property payments	12 316	-	914	13 230	11 757	1 473	88.9%	9 335	9 335
Transport provided: Departmental activity	440	-	(104)	336	306	30	91.1%	205	199
Travel and subsistence	16 784	-	(1 706)	15 078	14 008	1 070	92.9%	15 937	14 065
Training and development	3 080	-	(497)	2 583	2 372	211	91.8%	2 372	2 162
Operating payments	2 734	-	195	2 929	2 832	97	96.7%	3 372	3 163
Venues and facilities	805	-	(141)	664	583	81	87.8%	641	628
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	6	-	9	15	14	1	93.3%	734	-
Interest (Incl. Interest on unitary payments (PPP))	-	-	-	-	-	-	-	734	-
Rent on land	6	-	9	15	14	1	93.3%	-	-
<b>Transfers and subsidies</b>	<b>6 077</b>	-	<b>1 610</b>	<b>7 687</b>	<b>7 293</b>	<b>394</b>	<b>94.9%</b>	<b>6 780</b>	<b>5 419</b>
Provinces and municipalities	23	-	31	54	54	-	100.0%	31	26
Provinces	23	-	31	54	54	-	100.0%	31	26
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

Provincial agencies and funds	23		31	54	54		100.0%	31	26
Municipalities									
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	3	-	-	3	2	1	66.7%	1 027	1 025
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies (non-business entities)	3	-	-	3	2	1	66.7%	1 027	1 025
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	5	5	5	-	100.0%	-	-
Public corporations	-	-	-	-	-	-	-	-	-
Subsidies on products and production (pc)	-	-	-	-	-	-	-	-	-
Other transfers to public corporations	-	-	-	-	-	-	-	-	-
Private enterprises	-	-	5	5	5	-	100.0%	-	-
Subsidies on products and production (pe)	-	-	-	-	-	-	-	-	-
Other transfers to private enterprises	-	-	5	5	5	-	100.0%	-	-
Non-profit institutions	694	-	(529)	165	205	(40)	124.2%	4 116	3 264
Households	5 357	-	2 103	7 460	7 027	433	94.2%	1 606	1 104
Social benefits	2 129	-	411	2 540	2 356	184	92.8%	1 195	731
Other transfers to households	3 228	-	1 692	4 920	4 671	249	94.9%	411	373
<b>Payments for capital assets</b>	<b>20 011</b>	<b>-</b>	<b>-</b>	<b>20 011</b>	<b>18 842</b>	<b>1 169</b>	<b>94.2%</b>	<b>12 235</b>	<b>11 941</b>





**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Machinery and equipment	19 861	-	-	19 861	18 842	1 019	94.9%	12 235	11 941
Transport equipment	7 073	-	13	7 086	7 073	13	99.8%	4 643	4 642
Other machinery and equipment	12 788	-	(13)	12 775	11 769	1 006	92.1%	7 592	7 299
Software and Intangible assets	150	-	-	150	-	150	-	-	-
<b>Payments for financial assets</b>	<b>681 900</b>	<b>-</b>	<b>-</b>	<b>681 900</b>	<b>656 170</b>	<b>25 730</b>	<b>96.2%</b>	<b>631 369</b>	<b>588 876</b>

<b>Programme 1: Administration</b>									
	<b>2018/19</b>					<b>2017/18</b>			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. Office of the MEC	33 506	-	(900)	32 606	32 521	85	99.7%	33 222	32 823
2. Management Services(HOD)	62 355	-	(3 455)	58 900	58 267	633	98.9%	22 544	10 542
3. Financial Management(CFO)	30 894	-	770	31 664	31 390	274	99.1%	35 352	32 832
4. Corporate Services	103 914	-	10 178	114 092	111 871	2 221	98.1%	89 933	86 765
<b>Total for sub programmes</b>	<b>230 669</b>	<b>-</b>	<b>6 593</b>	<b>237 262</b>	<b>234 049</b>	<b>3 213</b>	<b>98.6%</b>	<b>181 051</b>	<b>162 962</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>213 935</b>	<b>-</b>	<b>5 630</b>	<b>219 565</b>	<b>217 157</b>	<b>2 408</b>	<b>98.9%</b>	<b>167 116</b>	<b>150 022</b>
Compensation of employees	89 152	-	(2 924)	86 228	85 853	375	99.6%	80 725	74 943
Salaries and wages	78 150	-	(1 683)	76 467	76 309	158	99.8%	71 428	66 352
Social contributions	11 002	-	(1 241)	9 761	9 544	217	97.8%	9 297	8 591
Goods and services	124 777	-	8 545	133 322	131 290	2 032	98.5%	86 391	75 079



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Administrative fees	391	-	(41)	350	350	-	100.0%	394	369
Advertising	3 000	-	192	3 192	3 188	4	99.9%	2 277	2 276
Minor Assets	361	-	(114)	247	220	27	89.1%	151	144
Audit costs: External	3 926	-	653	4 579	4 579	-	100.0%	5 225	5 225
Bursaries: Employees	750	-	187	937	937	-	100.0%	839	839
Catering: Departmental activities	1 907	-	152	2 059	2 056	3	99.9%	1 234	1 220
Communication (G&S)	1 431	-	1 103	2 534	2 523	11	99.6%	1 181	1 165
Computer services	10 054	-	8 824	18 878	18 836	42	99.8%	15 067	15 067
Consultants: Business and advisory services	208	-	3 771	3 979	3 910	69	98.3%	7 916	7 889
Legal services	2 646	-	769	3 415	3 376	39	98.9%	2 026	2 025
Contractors	1 479	-	333	1 812	1 785	27	98.5%	790	778
Agency and support / outsourced services	50 829	-	(3 728)	47 101	46 956	145	99.7%	13 046	2 009
Entertainment	4	-	(1)	3	-	3	-	10	-
Fleet Services (Including government motor transport)	2 282	-	(199)	2 083	1 992	91	95.6%	1 747	1 740
Inventory: Clothing material and accessories								165	165
Inventory: Food and food supplies	618	-	(507)	111	111	-	100.0%	8	8
Inventory: Material & supplies	85	-	(85)						
Inventory: Other supplies	1 386	-	(539)	847	847		100.0%	583	576
Consumable supplies	809	-	939	1 748	1 738	10	99.4%	511	435
Consumable: Stationery, printing and office supplies	1 002	-	(262)	740	740	-	100.0%	963	958
Operating leases	21 788	-	(2 526)	19 262	19 262	-	100.0%	16 527	16 518
Property payments	12 316	-	914	13 230	11 757	1 473	88.9%	9 332	9332



**APPROPRIATION STATEMENT  
for the year ended 31 March 2019**

Transport provided: Departmental activity	440	-	(104)	336	306	30	91.1%	205	199
Travel and subsistence	4 311	-	(259)	4 052	3 997	55	98.6%	3 946	3 946
Training and development	985	-	(351)	634	634	-	100.0%	567	534
Operating payments	1 055	-	(406)	649	646	3	99.5%	1 050	1 038
Venues and facilities	714	-	(170)	544	544	-	100.0%	631	624
Rental and hiring									
Interest and rent on land	6	-	9	15	14	1	93.3%	-	-
Rent on land	6	-	9	15	14	1	93.3%	-	-
<b>Transfers and subsidies</b>	<b>4 066</b>	<b>-</b>	<b>1 344</b>	<b>5 410</b>	<b>5 125</b>	<b>285</b>	<b>94.7%</b>	<b>4 853</b>	<b>3 940</b>
Provinces and municipalities	23	-	31	54	54	-	100.0%	31	26
Provinces	23	-	31	54	54	-	100.0%	31	26
Provincial agencies and funds	23	-	31	54	54	-	100.0%	31	26
Departmental agencies and accounts	3	-	-	3	2	1	66.7%	2	-
Departmental agencies (non-business entities)	3	-	-	3	2	1	66.7%	2	-
Public corporations and private enterprises	-	-	5	5	5	-	100.0%	-	-
Private enterprises	-	-	5	5	5	-	100.0%	-	-
Other transfers to private enterprises	-	-	5	5	5	-	100.0%	-	-
Non-profit institutions	677	-	(512)	165	205	(40)	124.2%	4 116	3 264
Households	3 363	-	1 820	5 183	4 859	324	93.7%	704	650
Social benefits	135	-	446	581	506	75	87.1%	293	277
Other transfers to households	3 228	-	1 374	4 602	4 353	249	94.6%	411	373
<b>Payments for capital assets</b>	<b>12 668</b>	<b>-</b>	<b>(381)</b>	<b>12 287</b>	<b>11 767</b>	<b>520</b>	<b>95.8%</b>	<b>9 079</b>	<b>8 997</b>
Machinery and equipment	12 518	-	(381)	12 137	11 767	370	97.0%	9 079	8 997



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

Transport equipment	7 073	-	13	7 086	7 073	13	99.8%	4 643	4 642
Other machinery and equipment	5 445	-	(394)	5 051	4 694	357	92.9%	4 436	4 355
Software and intangible assets	150	-	-	150	-	150	-	-	-
<b>Payments for financial assets</b>	<b>230 669</b>	<b>-</b>	<b>6 593</b>	<b>237 262</b>	<b>234 049</b>	<b>3 213</b>	<b>98.6%</b>	<b>181 051</b>	<b>162 962</b>

Programme 2: Sustainable Resource Management									
	2018/19					2017/18			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. Programme Support	3 850	-	-	3 850	3 749	101	97.4%	4 727	4 361
2. Economic Analysis	20 760	-	(2 819)	17 941	17 730	211	98.8%	21 415	20 214
3. Public Finance	16 547	-	319	16 866	16 865	1	100.0%	14 602	14 524
<b>Total for sub programmes</b>	<b>41 157</b>	<b>-</b>	<b>(2 500)</b>	<b>38 657</b>	<b>38 344</b>	<b>313</b>	<b>99.2%</b>	<b>40 744</b>	<b>39 099</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>40 938</b>	<b>-</b>	<b>(2 620)</b>	<b>38 318</b>	<b>38 005</b>	<b>313</b>	<b>99.2%</b>	<b>40 396</b>	<b>38 794</b>
Compensation of employees	34 759	-	178	34 937	34 778	159	99.5%	33 179	32 667
Salaries and wages	31 816	-	59	31 875	31 716	159	99.5%	30 198	29 744
Social contributions	2 943	-	119	3 062	3 062	-	100.0%	2 981	2 923
Goods and services	6 179	-	(2 798)	3 381	3 227	154	95.4%	7 217	6 127
Administrative fees	76	-	(3)	73	64	9	87.7%	67	49



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

Advertising	70	-	(50)	20	14	6	70.0%	83	11
Minor assets	27	-	3	30	15	15	50.0%	10	9
Audit costs: External									
Bursaries: Employees									
Catering: Departmental activities	107	-	(32)	75	75	-	100.0%	71	50
Communication (G&S)	125	-	(18)	107	75	32	70.1%	195	99
Computer services	100	-	(100)					181	181
Consultants: Business and advisory services	3 623	-	(3 300)	323	315	8	97.5%	4 161	3 422
Legal services									
Contractors	11	-	3	14	7	7	50.0%	26	26
Consumable supplies	15	-	15	30	28	2	93.3%	28	28
Consumable: Stationery, printing and office supplies	171	-	(52)	119	80	39	67.2%	178	141
Travel and subsistence	1 239	-	267	1 506	1 492	14	99.1%	1 376	1 341
Training and development	78	-	4	82	60	22	73.2%	166	96
Operating payments	537	-	465	1 002	1 002	-	100.0%	675	674
<b>Transfers and subsidies</b>								<b>67</b>	<b>67</b>
Households								67	67
Social benefits								67	67
Other transfers to households								67	67
<b>Payments for capital assets</b>	<b>219</b>	-	<b>120</b>	<b>339</b>	<b>339</b>	-	<b>100.0%</b>	<b>281</b>	<b>238</b>
Machinery and equipment	219	-	120	339	339	-	100.0%	281	238
Transport equipment									
Other machinery and equipment	219	-	120	339	339	-	100.0%	281	238
Software and intangible assets									







**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Goods and services	115 016	-	7 059	122 075	121 193	882	99.3%	142 073	137 553
Administrative fees	9 719	-	74	9 793	9 736	57	99.4%	11 858	11 306
Advertising	25	-	(20)	5	5	-	100.0%	1 986	1 986
Minor assets	107	-	(42)	65	65	-	100.0%	96	60
Audit costs: External	-	-	23	23	23	-	100.0%	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	73	-	(14)	59	46	13	78.0%	378	372
Communication (G&S)	355	-	(94)	261	143	118	54.8%	748	435
Computer services	77 467	-	8 377	85 844	85 842	2	100.0%	93 446	92 446
Consultants: Business and advisory services	4 575	-	1 655	6 230	6 226	4	99.9%	9 356	8 603
Legal services	347	-	(1)	346	346	-	100.0%	225	141
Contractors	15	-	12	27	18	9	66.7%	131	105
Agency and support / outsourced services	16 415	-	(2 198)	14 217	13 810	407	97.1%	17 737	16 832
Consumable supplies	134	-	21	155	147	8	94.8%	167	97
Consumable: Stationery, printing and office supplies	319	-	(10)	309	274	35	88.7%	375	324
Operating leases	70	-	-	70	61	9	87.1%	72	52
Property payments	-	-	-	-	-	-	-	3	3
Travel and subsistence	4 181	-	(999)	3 182	3 070	112	96.5%	4 604	3 941
Training and development	879	-	281	1 160	1 115	45	96.1%	549	517
Operating payments	305	-	(6)	299	256	43	85.6%	332	329
Venues and facilities	30	-	-	30	10	20	33.3%	10	4
Rental and hiring	-	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	734	-
Interest (Incl. interest on unitary payments (PPP))	-	-	-	-	-	-	-	734	-
Rent on land	-	-	-	-	-	-	-	-	-



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

<b>Transfers and subsidies</b>	<b>974</b>	<b>-</b>	<b>192</b>	<b>1 166</b>	<b>1 108</b>	<b>58</b>	<b>95.0%</b>	<b>1 651</b>	<b>1 204</b>
Provinces and municipalities									
Departmental agencies and accounts	-	-	-	-	-	-	-	1 025	1 025
Departmental agencies (non-business entities)	-	-	-	-	-	-	-	1 025	1 025
Non-profit institutions									
Households	974	-	192	1 166	1 108	58	95.0%	626	179
Social benefits	974	-	(109)	865	807	58	93.3%	626	179
Other transfers to households			301	301	301		100.0%	-	
<b>Payments for capital assets</b>	<b>5 687</b>	<b>-</b>	<b>261</b>	<b>5 948</b>	<b>5 861</b>	<b>87</b>	<b>98.5%</b>	<b>899</b>	<b>742</b>
Machinery and equipment	5 687	-	261	5 948	5 861	87	98.5%	899	742
Transport equipment									
Other machinery and equipment	5 687	-	261	5 948	5 861	87	98.5%	899	742
Software and Intangible assets									
<b>Payments for financial assets</b>	<b>196 102</b>	<b>-</b>	<b>-</b>	<b>196 102</b>	<b>194 227</b>	<b>1 875</b>	<b>99.0%</b>	<b>208 496</b>	<b>199 954</b>
<b>Total</b>									

Programme 4: Internal Audit									
2018/19					2017/18				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000		R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. Programme Support	3 575	-	817	4 392	3 964	428	90.3%		
2. Assurance Services	85 841	-	(1 657)	84 184	74 289	9 895	88.2%	74 777	72 920



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

3. Risk Management	25 555	-	-	25 555	20 751	4 804	81.2%	29 439	27 486
4. Forensic Services	35 292	-	225	35 517	31 107	4 410	87.6%	39 653	33 237
<b>Total for sub programmes</b>	<b>150 263</b>	<b>-</b>	<b>(615)</b>	<b>149 648</b>	<b>130 111</b>	<b>19 537</b>	<b>86.9%</b>	<b>143 869</b>	<b>133 643</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>148 319</b>	<b>-</b>	<b>(684)</b>	<b>147 635</b>	<b>128 534</b>	<b>19 101</b>	<b>87.1%</b>	<b>142 039</b>	<b>131 826</b>
Compensation of employees	81 004	-	(556)	80 448	78 719	1 729	97.9%	75 976	73 099
Salaries and wages	72 720	-	(42)	72 678	70 951	1 727	97.6%	68 222	65 921
Social contributions	8 284	-	(514)	7 770	7 768	2	100.0%	7 754	7 178
Goods and services	67 315	-	(128)	67 187	49 815	17 372	74.1%	66 063	58 727
Administrative fees	281	-	(47)	234	222	12	94.9%	287	214
Minor assets	48	-	67	115	75	40	65.2%	64	8
Catering: Departmental activities	57	-	42	99	92	7	92.9%	80	71
Communication (G&S)	505	-	(220)	285	99	186	34.7%	257	240
Computer services	360	-	(179)	181	181	-	100.0%	917	917
Consultants: Business and advisory services	3 371	-	442	3 813	3 813	-	100.0%	2 571	2 571
Legal services									
Contractors	-	-	7	7	7		100.0%		
Agency and support / outsourced services	55 518	-	-	55 518	39 510	16 008	71.2%	54 840	49 056
Consumable supplies	40	-	-	40	25	15	62.5%	58	45
Consumable: Stationery, printing and office supplies	343	-	55	398	259	139	65.1%	217	212
Travel and subsistence	5 156	-	(26)	5 130	4 367	763	85.1%	5 121	3 947
Training and development	1 047	-	(431)	616	496	120	80.5%	915	903
Operating payments	528	-	162	690	669	21	97.0%	736	543
Venues and facilities	61	-	-	61	-	61	-	-	-



**APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

<b>Transfers and subsidies</b>	<b>1 037</b>	<b>-</b>	<b>69</b>	<b>1 106</b>	<b>1 055</b>	<b>51</b>	<b>95.4%</b>	<b>181</b>	<b>180</b>
Provinces and municipalities									
Provinces									
Non-profit institutions	17	-	(17)	-	-	-	-	-	-
Households	1 020	-	86	1 106	1 055	51	95.4%	181	180
Social benefits	1 020	-	69	1 089	1 038	51	95.3%	181	180
Other transfers to households	-	-	17	17	17	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>907</b>	<b>-</b>	<b>-</b>	<b>907</b>	<b>522</b>	<b>385</b>	<b>57.6%</b>	<b>1 649</b>	<b>1 637</b>
Machinery and equipment	907	-	-	907	522	385	57.6%	1 649	1 637
Transport equipment									
Other machinery and equipment	907	-	-	907	522	385	57.6%	1 649	1 637
<b>Payments for financial assets</b>									
<b>Total</b>	<b>150 263</b>	<b>-</b>	<b>(615)</b>	<b>149 648</b>	<b>130 111</b>	<b>19 537</b>	<b>86.9%</b>	<b>143 869</b>	<b>133 643</b>

<b>Programme 5: Municipal finance Management</b>									
<b>2018/19</b>					<b>2017/18</b>				
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. Programme Support	2 400	-	14	2 414	2 292	122	94.9%	-	-
2. Municipal Budget	26 900	-	(1 752)	25 148	24 661	487	98.1%	57 209	53 218
3. Municipal support Programme	34 409	-	(1 740)	32 669	32 486	183	99.4%	-	-
<b>Total for sub programmes</b>	<b>63 709</b>	<b>-</b>	<b>(3 478)</b>	<b>60 231</b>	<b>59 439</b>	<b>792</b>	<b>98.7%</b>	<b>57 209</b>	<b>53 218</b>





**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Economic classification	63 179	-	(3 483)	59 696	59 081	615	99.0%	56 851	52 860
<b>Current payments</b>	<b>63 179</b>	<b>-</b>	<b>(3 483)</b>	<b>59 696</b>	<b>59 081</b>	<b>615</b>	<b>99.0%</b>	<b>56 851</b>	<b>52 860</b>
Compensation of employees	34 993	-	(500)	34 493	34 231	262	99.2%	30 786	29 616
Salaries and wages	32 095	-	(711)	31 384	31 241	143	99.5%	27 990	26 820
Social contributions	2 898	-	211	3 109	2 990	119	96.2%	2 796	2 796
Goods and services	28 186	-	(2 983)	25 203	24 850	353	98.6%	26 065	23 244
Administrative fees	49	-	(2)	47	47	-	100.0%	30	26
Advertising	-	-	-	-	-	-	-	11	-
Minor assets	64	-	(31)	33	24	9	72.7%	41	20
Audit costs: External									
Bursaries: Employees									
Catering: Departmental activities	90	-	(50)	40	38	2	95.0%	70	50
Communication (G&S)	81	-	(10)	71	63	8	88.7%	107	107
Computer services	-	-	78	78	78	-	100.0%	-	-
Contractors	36	-	6	42	33	9	78.6%	31	31
Agency and support / outsourced services	25 195	-	(2 161)	23 034	22 954	80	99.7%	23 897	21 245
Inventory: Other supplies									
Consumable supplies	12	-	16	28	24	4	85.7%	7	7
Consumable: Stationery, printing and office supplies	362	-	(149)	213	152	61	71.4%	227	177
Travel and subsistence	1 897	-	(689)	1 208	1 082	126	89.6%	890	890
Training and development	91	-	-	91	67	24	73.6%	175	112
Operating payments	309	-	(20)	289	259	30	89.6%	579	579
Venues and facilities	-	-	29	29	29	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>100.0%</b>	<b>28</b>	<b>28</b>
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	5	5	5	-	100.0%	28	28



**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Social benefits	-	5	5	5	-	100.0%	28	28
<b>Payments for capital assets</b>	<b>530</b>	<b>530</b>	<b>530</b>	<b>353</b>	<b>177</b>	<b>66.6%</b>	<b>327</b>	<b>327</b>
Machinery and equipment	530	-	530	353	177	66.6%	327	327
Transport equipment	-	-	-	-	-	-	-	-
Other machinery and equipment	530	-	530	353	177	66.6%	327	327
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>3</b>
<b>Total</b>	<b>63 709</b>	<b>(3 478)</b>	<b>60 231</b>	<b>59 439</b>	<b>792</b>	<b>98.7%</b>	<b>57 209</b>	<b>53 218</b>



**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

**1. Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1 (A-H) to the Annual Financial Statements.

**2. Detail of specifically and exclusively appropriated amounts voted (after Virement):**

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

**3. Detail on payments for financial assets**

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

**4. Explanations of material variances from Amounts Voted (after Virement):**

**4.1 Per programme**

	<b>Final Appropriation R'000</b>	<b>Actual Expenditure R'000</b>	<b>Variance R'000</b>	<b>Variance as a % of Final Appropriation</b>
Administration	237 262	234 049	3 213	1.4%

Explanation of variance: This under-expenditure is mainly a saving resulting from posts that were filled later in the financial year, as well as the adherence to the cost cutting measure circular

Sustainable Resources Management	38 657	38 344	313	0.8%
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Explanation of variance: This under-expenditure is mainly a saving as a result of adherence to the cost cutting measures circular

Financial Governance	196 102	194 227	1 875	1.0%
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Explanation of variance: The under-expenditure at year-end mainly relates to the delays in the filling of vacant funded posts under Support & Interlinked Financial Systems and SCM that were vacated during the financial year.

Internal Audit	149 648	130 111	19 537	13.1%
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Explanation of variance: The bulk of this under-expenditure mainly relates to slow spending on Consultants as a result of delays in the appointment of panel of service providers.



**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2019

Municipal Finance Management	60 231	59 439	792	1.3%
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Explanation of variance: This under-expenditure is mainly a saving due to adherence to cost cutting measures circular.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
<b>Current payments</b>				
Compensation of employees	303 019	299 646	3 373	1.1%
Goods and services	351 168	330 375	20 793	5.9%
Interest and rent on land	15	14	1	6.7%
<b>Transfers and subsidies</b>				
Provinces and municipalities	7 687	7 293	394	5.1%
Departmental agencies and accounts	3	2	1	33.3%
Higher education institutions				
Public corporations and private enterprises	5	5	-	0.0%
Foreign governments and international organisations				
Non-profit institutions	165	205	(40)	(24.2%)
Households	7 460	7 027	433	5.8%
<b>Payments for capital assets</b>				
Buildings and other fixed structures				
Machinery and equipment	19 861	18 842	1 019	5.1%
Heritage assets				
Specialised military assets				
Biological assets				
Land and subsoil assets				
Software and intangible assets	150	-	150	100.0%
<b>Payments for financial assets</b>				

**Explanation of variance:**

**Compensation of employees:**

Compensation of employees was slightly under-spent by 1.1% at year-end due to delays in the filling of vacant funded posts, as well as posts that were vacated during the financial year.

Goods and Services - Goods & Services was under-spent by 5.9% at year-end due to the slow spending on Projects as a result of delays in the appointment of panels of service providers. Moreover, adherence to the cost cutting measures circular resulted in an underspending on Operation costs as well as Travel & Subsistence.



**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

***Interest on Rent on Land:***

This item was under-spent by R1 thousand at year-end. This expenditure mainly relate to a penalty charge by SARS that relates to the previous financial year.

Transfers and Subsidies - Transfers & Subsidies was under-spent at year-end by 5.1% mainly due to Donation's made in respect of Financial Literacy Association Trust (FLAT) that were lower than anticipated, and payment of cash donations that were lower than budgeted. Moreover, payment to Households were also lower than budgeted for.

***Payments for Capital Assets:***

Machinery and Equipment was under-spent by 4.4% at year-end mainly due to purchases of office equipment and laptops that was lower than anticipated.





**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
<b>REVENUE</b>			
Annual appropriation	<u>1</u>	681 900	631 369
Departmental revenue	<u>2</u>	171 277	100 051
Aid assistance	<u>3</u>	162 935	162 420
<b>TOTAL REVENUE</b>		<b>1 016 112</b>	<b>893 840</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	<u>4</u>	299 646	270 780
Goods and services	<u>5</u>	330 375	300 730
Interest and rent on land	<u>6</u>	14	-
Aid assistance	<u>3</u>	25 391	12 186
<b>Total current expenditure</b>		<b>655 426</b>	<b>583 696</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	<u>8</u>	7 293	5 419
Aid assistance	<u>3</u>	193 571	25 225
<b>Total transfers and subsidies</b>		<b>200 864</b>	<b>30 644</b>
<b>Expenditure for capital assets</b>			
Tangible assets	<u>9</u>	18 935	90 716
Intangible assets	<u>9</u>	-	-
<b>Total expenditure for capital assets</b>		<b>18 935</b>	<b>90 716</b>
<b>Payments for financial assets</b>	<u>7</u>	-	6
<b>TOTAL EXPENDITURE</b>		<b>875 225</b>	<b>705 062</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>140 887</b>	<b>188 778</b>



**STATEMENT OF FINANCIAL PERFORMANCE**  
*for the year ended 31 March 2019*

**Reconciliation of Net Surplus/(Deficit) for the year**

Voted funds		25 730	42 493
Annual appropriation		25 730	42 493
Conditional grants		-	-
Departmental revenue and NRF Receipts	<u>14</u>	171 277	100 051
Aid assistance	<u>3</u>	(56 120)	46 234
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>140 887</b>	<b>188 778</b>



**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>47 776</b>	<b>112 260</b>
Cash and cash equivalents	<u>10</u>	21 292	79 831
Prepayments and advances	<u>11</u>	1	-
Receivables	<u>12</u>	22 500	32 429
Aid assistance prepayments	<u>3</u>		
Aid assistance receivable	<u>3</u>	3 983	-
<b>Non-current assets</b>		<b>85</b>	<b>30</b>
Receivables	12	85	30
<b>TOTAL ASSETS</b>		<b>47 861</b>	<b>112 290</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>46 613</b>	<b>110 949</b>
Voted funds to be surrendered to the Revenue Fund	<u>13</u>	26 730	42 493
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>14</u>	19 442	9 766
Payables	<u>15</u>	441	1 150
Aid assistance repayable	<u>3.2</u>	-	5 403
Aid assistance unutilised	<u>3.2</u>	-	52 137
<b>Non-current liabilities</b>			
<b>TOTAL LIABILITIES</b>		<b>46 613</b>	<b>110 949</b>
<b>NET ASSETS</b>		<b>1 248</b>	<b>1 341</b>



**STATEMENT OF FINANCIAL POSITION**  
*as at 31 March 2019*

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>Represented by:</b>			
Capitalisation reserve		-	-
Recoverable revenue		1 248	1 341
Retained funds		-	-
Revaluation reserves		-	-
<b>TOTAL</b>		<b>1 248</b>	<b>1 341</b>



**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2019**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Capitalisation Reserves</b>			
Opening balance		-	-
Transfers:		-	-
Movement in Equity		-	-
Movement in Operational Funds		-	-
Other movements		-	-
Closing balance		-	-
<b>Recoverable revenue</b>			
Opening balance		1 341	931
Transfers:		(93)	410
Irrecoverable amounts written off	<u>7.1</u>	-	6
Debts revised		-	-
Debts recovered (included in departmental receipts)		(646)	(191)
Debts raised		553	595
Closing balance		1 248	1 341
<b>Retained funds</b>			
Opening balance		-	-
Transfer from voted funds to be surrendered (Parliament/Legislatures ONLY)		-	-
Utilised during the year		-	-
Other transfers		-	-
Closing balance		-	-
<b>Revaluation Reserve</b>			
Opening balance		-	-
Revaluation adjustment (Housing departments)		-	-
Transfers		-	-
Other		-	-
Closing balance		-	-
<b>TOTAL</b>		<b>1 248</b>	<b>1 341</b>





**CASH FLOW STATEMENT**  
for the year ended 31 March 2019

	Note	2018/19 R'000	2017/18 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		1 016 115	893 484
Annual appropriated funds received	<u>1.1</u>	681 900	631 369
Departmental revenue received	<u>2</u>	752	1 161
Interest received	<u>2.2</u>	170 525	98 534
Aid assistance received	<u>3</u>	162 935	162 420
Net (increase)/decrease in working capital		9 164	(18 843)
Surrendered to Revenue Fund		(203 094)	(128 984)
Surrendered to RDP Fund/Donor		(5 403)	(3 884)
Current payments		(655 412)	(583 696)
Interest paid	<u>6</u>	(14)	
Payments for financial assets		-	(6)
Transfers and subsidies paid		(200 864)	(30 644)
<b>Net cash flow available from operating activities</b>	<u>16</u>	<b>(39 511)</b>	<b>127 427</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Distribution/dividend received			
Payments for capital assets	<u>9</u>	(18 935)	(90 716)
Proceeds from sale of capital assets	<u>2.3</u>	-	356
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
<b>Net cash flows from investing activities</b>		<b>(18 935)</b>	<b>(90 360)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(93)	410
Increase/(decrease) in non-current payables		-	-
<b>Net cash flows from financing activities</b>		<b>(93)</b>	<b>410</b>
Net increase/(decrease) in cash and cash equivalents		(58 539)	37 477
Cash and cash equivalents at beginning of period		79 831	42 354
Unrealised gains and losses within cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of period</b>	<u>17</u>	<b>21 292</b>	<b>79 831</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2019***E8. Accounting Policies****Summary of significant accounting policies**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

<b>1</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2</b>	<b>Going concern</b> The financial statements have been prepared on a going concern basis.
<b>3</b>	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
<b>4</b>	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5</b>	<b>Foreign currency translation</b> Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.
<b>6</b>	<b>Comparative information</b>
<b>6.1</b>	<b>Prior period comparative information</b> Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
<b>6.2</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****for the year ended 31 March 2019**

	<p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
<b>7.2</b>	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>• the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>
<b>8</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2019*

<b>8.3</b>	<b>Accruals and payables not recognised</b> Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<b>Operating leases</b> Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. The operating lease commitments are recorded in the notes to the financial statements.
<b>8.4.2</b>	<b>Finance leases</b> Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of: <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9</b>	<b>Aid Assistance</b>
<b>9.1</b>	<b>Aid assistance received</b> Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value. Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.
<b>9.2</b>	<b>Aid assistance paid</b> Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.
<b>10</b>	<b>Cash and cash equivalents</b> Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.
<b>11</b>	<b>Prepayments and advances</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2019*

	<p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
<b>12</b>	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
<b>13</b>	<p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
<b>14</b>	<b>Financial assets</b>
<b>14.1</b>	<p><b>Financial assets (not covered elsewhere)</b></p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
<b>14.2</b>	<p><b>Impairment of financial assets</b></p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
<b>15</b>	<p><b>Payables</b></p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
<b>16</b>	<b>Capital Assets</b>
<b>16.1</b>	<p><b>Immovable capital assets</b></p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
<b>16.2</b>	<p><b>Movable capital assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair</p>





**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****for the year ended 31 March 2019**

	<p>value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
<b>16.3</b>	<p><b>Intangible assets</b></p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p>
<b>16.4</b>	<p><b>Project Costs: Work-in-progress</b></p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
<b>17</b>	<b>Provisions and Contingents</b>
<b>17.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The</p>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2019*

	provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
<b>17.4</b>	<p><b>Commitments</b></p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
<b>18</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
<b>19</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>20</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is</p>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS****for the year ended 31 March 2019**

	<p>impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>21</b>	<p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p>Changes in accounting policies that are effected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
<b>22</b>	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
<b>23</b>	<p><b>Principal-Agent arrangements</b></p> <p>The department is not a party to any principal-agent arrangement.</p>
<b>24</b>	<p><b>Departures from the MCS requirements</b></p> <p>The financial statements present fairly the department's primary and secondary information. The department complied with the Modified Cash Standard and has not departed from it.</p>
<b>25</b>	<p><b>Capitalisation reserve</b></p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
<b>26</b>	<p><b>Recoverable revenue</b></p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS***for the year ended 31 March 2019*

<b>27</b>	<p><b>Related party transactions</b></p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
<b>28</b>	<p><b>Inventories</b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p>
<b>29</b>	<p><b>Public-Private Partnerships</b></p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership.</p>
<b>30</b>	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

**1. Annual Appropriation**

**1.1 Annual Appropriation**

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	<b>Final Appropriation</b>	<b>2018/19 Actual Funds Received</b>	<b>Funds not requeste d/ not received</b>	<b>2017/18 Final Appropriation</b>	<b>Appropriation received</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Administration	237 262	237 262		163 869	163 869
Sustainable Resource Management	38 657	38 657		97 953	97 953
Financial Governance	196 102	196 102		208 496	208 496
Internal Audit	149 648	149 648		143 869	143 869
Municipal Finance Management Programme	60 231	60 231		17 182	17 182
<b>Total</b>	<b>681 900</b>	<b>681 900</b>		<b>631 369</b>	<b>631 369</b>

**2. Departmental revenue**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Tax revenue			
Sales of goods and services other than capital assets	2.1	286	446
Interest, dividends and rent on land	2.2	170 525	98 534
Sales of capital assets	2.3	-	356
Transactions in financial assets and liabilities	2.4	466	715
<b>Total revenue collected</b>		<b>171 277</b>	<b>100 051</b>
<b>Departmental revenue collected</b>		<b>171 277</b>	<b>100 051</b>





**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

**2.1 Sales of goods and services other than capital assets**

	<i>Note</i> <u>2</u>	2018/19 R'000	2017/18 R'000
Sales of goods and services produced by the department		285	427
Sales by market establishment		104	105
Administrative fees		-	34
Other sales		181	288
Sales of scrap, waste and other used current goods		1	19
<b>Total</b>		<b>286</b>	<b>446</b>

**2.2 Interest, dividends and rent on land**

	<i>Note</i> <u>2</u>	2018/19 R'000	2017/18 R'000
Interest		170 525	98 534
Rent on land			
<b>Total</b>		<b>170 525</b>	<b>98 534</b>

**2.3 Sale of capital assets**

	<i>Note</i> <u>2</u>	2018/19 R'000	2017/18 R'000
<b>Tangible assets</b>			<b>356</b>
Machinery and equipment	<u>26</u>	-	356
<b>Total</b>		<b>-</b>	<b>356</b>

**2.4 Transactions in financial assets and liabilities**

	<i>Note</i> <u>2</u>	2018/19 R'000	2017/18 R'000
Loans and advances			
Receivables		466	715
<b>Total</b>		<b>466</b>	<b>715</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

**3. Aid assistance**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Opening Balance		57 540	15 190
Prior period error			
As restated		57 540	15 190
Transferred from statement of financial performance		(56 120)	46 234
Transfers to or from retained funds			
Paid during the year		(5 403)	(3 884)
<b>Closing Balance</b>		<b>(3 983)</b>	<b>57 540</b>

**3.1 Analysis of balance by source**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Aid assistance from RDP	3		
Aid assistance from other sources		(3 983)	57 540
CARA			
<b>Closing balance</b>		<b>(3 983)</b>	<b>57 540</b>

**3.2 Analysis of balance**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Aid assistance receivable	3	(3 983)	-
Aid assistance prepayments (not expensed)	3	-	-
Aid assistance unutilised	3	-	52 137
Aid assistance repayable	3	-	5 403
<b>Closing balance</b>		<b>(3 983)</b>	<b>57 540</b>

**3.3 Aid assistance expenditure per economic classification**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Current		25 391	12 186
Capital		93	78 775
Transfers and subsidies		193 571	25 225
<b>Total aid assistance expenditure</b>		<b>219 055</b>	<b>116 186</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

**4. Compensation of employees****4.1 Salaries and Wages**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Basic salary		210 160	190 032
Performance award		4 806	2 503
Service Based		94	248
Compensative/circumstantial		2 387	2 961
Periodic payments		10	-
Other non-pensionable allowances		51 759	47 201
<b>Total</b>		<b>269 216</b>	<b>242 945</b>

**4.1 Social contributions**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
<b>Employer contributions</b>			
Pension		23 641	21 625
Medical		6 749	6 176
UIF			
Bargaining council		40	34
Official unions and associations			
<b>Total</b>		<b>30 430</b>	<b>27 835</b>

**Total compensation of employees**

<b>299 646</b>	<b>270 780</b>
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**Average number of employees**

<b>507</b>	<b>494</b>
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

**5. Goods and services**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Administrative fees		10 419	11 964
Advertising		3 207	4 273
Minor assets	<u>5.1</u>	399	241
Bursaries (employees)		937	839
Catering		2 307	1 763
Communication		2 903	2 046
Computer services	<u>5.2</u>	104 937	108 611
Consultants: Business and advisory services		14 264	22 485
Legal services		3 722	2 166
Contractors		1 850	940
Agency and support / outsourced services		123 230	89 142
Entertainment			
Audit cost – external	<u>5.3</u>	4 602	5 225
Fleet Services		1 992	1 740
Inventory	<u>5.4</u>	958	749
Consumables	<u>5.5</u>	3 467	2 424
Operating leases		17 871	16 570
Property payments	<u>5.6</u>	13 209	9 335
Transport provided as part of the departmental activities		306	199
Travel and subsistence	<u>5.7</u>	14 008	14 065
Venues and facilities		583	628
Training and development		2 372	2 162
Other operating expenditure	<u>5.8</u>	2 832	3 163
<b>Total</b>		<b>330 375</b>	<b>300 730</b>

**5.1 Minor assets**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
	<u>5</u>		
<b>Tangible assets</b>		399	241
Machinery and equipment		399	241
<b>Total</b>		<b>399</b>	<b>241</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**5.2 Computer services**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
	<u>5</u>	<b>R'000</b>	<b>R'000</b>
SITA computer services		72 466	71 993
External computer service providers		32 471	36 618
<b>Total</b>		<b>104 937</b>	<b>108 611</b>

**5.3 Audit cost – External**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
	<u>5</u>	<b>R'000</b>	<b>R'000</b>
Regularity audits		4 323	4 574
Computer audits		279	651
<b>Total</b>		<b>4 602</b>	<b>5 225</b>

**5.4 Inventory**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
	<u>5</u>	<b>R'000</b>	<b>R'000</b>
Clothing material and accessories			164
Farming supplies			
Food and food supplies		111	8
Other supplies	5.4.1	847	577
<b>Total</b>		<b>958</b>	<b>749</b>

**5.4.1 Other supplies**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
	<u>5.4</u>	<b>R'000</b>	<b>R'000</b>
Ammunition and security supplies			
Assets for distribution		847	577
Machinery and equipment		486	-
Sports and recreation		30	45
Other assets for distribution		331	532
Other			
<b>Total</b>		<b>847</b>	<b>577</b>





**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**5.5 Consumables**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Consumable supplies		1 962	611
Uniform and clothing		9	53
Household supplies		320	194
Building material and supplies		-	-
Communication accessories		9	74
IT consumables		26	83
Other consumables		1 598	207
Stationery, printing and office supplies		1 505	1 813
<b>Total</b>		<b>3 467</b>	<b>2 424</b>

**5.6 Property payments**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Municipal services		5 325	4 214
Property management fees			
Property maintenance and repairs		7 884	2 467
Other		-	2 654
<b>Total</b>		<b>13 209</b>	<b>9 335</b>

**5.7 Travel and subsistence**

	Note <u>5</u>	2018/19 R'000	2017/18 R'000
Local		13 147	13 399
Foreign		861	666
<b>Total</b>		<b>14 008</b>	<b>14 065</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**5.8 Other operating expenditure**

	<i>Note</i> <u>5</u>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Professional bodies, membership and subscription fees		634	369
Resettlement costs		219	122
Other		1 979	2 672
<b>Total</b>		<b>2 832</b>	<b>3 163</b>

**6. Interest and rent on land**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Interest paid		14	-
Rent on land		-	-
<b>Total</b>		<b>14</b>	<b>-</b>

**7. Payments for financial assets**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Debts written off	<u>7.1</u>	-	6
Losses on GFECRA		-	-
<b>Total</b>		<b>-</b>	<b>6</b>

**7.1 Debts written off**

	<i>Note</i> 7	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
<b>Nature of debts written off</b>			
Vehicle damage		-	3
Membership fees		-	3
<b>Total debt written off</b>		<b>-</b>	<b>6</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**8. Transfers and subsidies**

		2018/19 R'000	2017/18 R'000
	<i>Note</i>		
Departmental agencies and accounts	<i>Annex 1A</i>	56	1 051
Public corporations and private enterprises	<i>Annex 1B</i>	5	-
Non-profit institutions	<i>Annex 1C</i>	205	3 264
Households	<i>Annex 1D</i>	7 027	1 104
<b>Total</b>		<b>7 293</b>	<b>5 419</b>

**9. Expenditure for capital assets**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Tangible assets</b>		<b>18 935</b>	<b>90 716</b>
Buildings and other fixed structures	28	-	78 775
Machinery and equipment	26	18 935	11 941
<b>Total</b>		<b>18 935</b>	<b>90 716</b>

**9.1 Analysis of funds utilised to acquire capital assets – 2018/19**

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	18 842	93	18 935
Buildings and other fixed structures	-	-	-
Machinery and equipment	18 842	93	18 935
<b>Total</b>	<b>18 842</b>	<b>93</b>	<b>18 935</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**9.2 Analysis of funds utilised to acquire capital assets – 2017/18**

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>11 941</b>	<b>78 775</b>	<b>90 716</b>
Buildings and other fixed structures	-	78 775	78 775
Machinery and equipment	11 941	-	11 941
<b>Total</b>	<b>11 941</b>	<b>78 775</b>	<b>90 716</b>

**9.3 Finance lease expenditure included in Expenditure for capital assets**

	Note	2018/19 R'000	2017/18 R'000
<b>Tangible assets</b>			
Buildings and other fixed structures		-	-
Machinery and equipment		3 828	3 837
<b>Total</b>		<b>3 828</b>	<b>3 837</b>

**10. Cash and cash equivalents**

	Note	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General Account		39 054	14 790
Cash receipts			
Disbursements		(18 630)	-
Cash on hand		4	4
Investments (Domestic)		864	65 037
Investments (Foreign)			
<b>Total</b>		<b>21 292</b>	<b>79 831</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**11. Prepayments and advances**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Staff advances			
Travel and subsistence		1	-
<b>Total</b>		<b>1</b>	<b>-</b>

**11.1 Prepayments (Expensed)**

<i>Note</i>	Amount as at 1 April 2018	Less: Received in the current year	Add or Less: Other	Add: Current Year prepayments	Amount as at 31 March 2019
	R'000	R'000	R'000	R'000	R'000
Capital assets	1 025	(1 025)	-	-	-
Other					
<b>Total</b>	<b>1 025</b>	<b>(1 025)</b>	<b>-</b>	<b>-</b>	<b>-</b>

<i>Note</i>	Amount as at 1 April 2017	Less: Received in the current year	Add or Less: Other	Add: Current Year prepayments	Amount as at 31 March 2018
	R'000	R'000	R'000	R'000	R'000
Capital assets	-	-	-	1 025	1 025
Other					
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 025</b>	<b>1 025</b>





**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**12. Receivables**

		2018/19			2017/18		
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
	<i>Note</i>						
Claims recoverable	<u>15.1</u>	20 848		20 848	30 779	-	30 779
Trade receivables	<u>15.2</u>	1		1	6	-	6
Recoverable expenditure	<u>15.3</u>	340	24	364	213	-	213
Staff debt	<u>15.4</u>						
Fruitless and wasteful expenditure	<u>15.6</u>	-	-	-	-	-	-
Other debtors	<u>15.5</u>	1 311	61	1 372	1 431	30	1 461
<b>Total</b>		<b>22 500</b>	<b>85</b>	<b>22 585</b>	<b>32 429</b>	<b>30</b>	<b>32 459</b>

**12.1 Claims recoverable**

	<i>Note</i>	2018/19	2017/18
	<i>12 and Annex</i>	R'000	R'000
	3		
National departments		10	1
Provincial departments		20 098	29 434
Public entities			
Private enterprises		740	1 344
Households and non-profit institutions		-	-
Local governments		-	-
<b>Total</b>		<b>20 848</b>	<b>30 779</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**12.2 Recoverable expenditure (disallowance accounts)**

	<i>Note</i> 12	2018/19 R'000	2017/18 R'000
Sal: reversal control		-	5
Sal tax debt		1	1
Disallowance damages and losses		270	10
Disallowance damages and losses		(270)	(10)
<b>Total</b>		<b>1</b>	<b>6</b>

**12.3 Staff debt**

	<i>Note</i> 12	2018/19 R'000	2017/18 R'000
Bursary debts		336	97
Other		28	67
Cell phones		-	48
Overpaid salary		-	1
<b>Total</b>		<b>364</b>	<b>213</b>

**12.4 Other receivables**

	<i>Note</i> 12	2018/19 R'000	2017/18 R'000
Bursary debts		1 109	1 199
Overpaid salary		97	138
Other debtors		166	124
<b>Total</b>		<b>1 372</b>	<b>1 461</b>

**13. Voted funds to be surrendered to the Revenue Fund**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Opening balance		42 493	32 039
As restated		42 493	32 039
Transfer from statement of financial performance (as restated)		25 730	42 493
Paid during the year		(41 493)	(32 039)
<b>Closing balance</b>		<b>26 730</b>	<b>42 493</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Opening balance		9 766	6 660
As restated		9 766	6 660
Transfer from Statement of Financial Performance (as restated)		171 277	100 051
Paid during the year		(161 601)	(96 945)
<b>Closing balance</b>		<b>19 442</b>	<b>9 766</b>

**15. Payables – current**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Amounts owing to other entities			1 055
Advances received	<u>15.1</u>		
Clearing accounts	<u>15.2</u>	189	95
Other payables	<u>15.3</u>	252	-
<b>Total</b>		<b>441</b>	<b>1 150</b>

**15.1 Clearing accounts**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Description	15		
Sal income tax		357	95
Online travel control account		(168)	-
<b>Total</b>		<b>189</b>	<b>95</b>

**15.2 Other payables**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Description	15		
Payable: Adv:P/Dept :KZN Adv Acc: CL		252	-
<b>Total</b>		<b>252</b>	<b>-</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**16. Net cash flow available from operating activities**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Net surplus/(deficit) as per Statement of Financial Performance		140 887	188 778
Add back non cash/cash movements not deemed operating activities		(180 398)	(61 351)
(Increase)/decrease in receivables		9 874	(19 977)
(Increase)/decrease in prepayments and advances		(1)	8
Increase/(decrease) in payables – current		(709)	1 126
Proceeds from sale of capital assets		-	(356)
Expenditure on capital assets		18 935	90 716
Surrenders to Revenue Fund		(203 094)	(128 984)
Surrenders to RDP Fund/Donor		(5 403)	(3 884)
<b>Net cash flow generated by operating activities</b>		<b>(39 511)</b>	<b>127 427</b>

**17. Reconciliation of cash and cash equivalents for cash flow purposes**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
Consolidated Paymaster General account		39 054	14 790
Disbursements		(18 630)	
Cash on hand		4	4
Cash with commercial banks (Local)		864	65 037
Cash with commercial banks (Foreign)			
<b>Total</b>		<b>21 292</b>	<b>79 831</b>

**18. Contingent liabilities and contingent assets****18.1 Contingent liabilities**

		<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees	<i>Annex 2A</i>	90	90
Claims against the department		<i>Annex 2B</i>	700	1 800
Intergovernmental payables (unconfirmed balances)		<i>Annex 4</i>	3	1 040
<b>Total</b>			<b>793</b>	<b>2 930</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**18.2 Contingent assets**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Nature of contingent asset</b>			
Salary payment Ms F Rouget: DDG Fiscal Resource Management		-	927
<b>Total</b>		<u>-</u>	<u>927</u>

**19. Commitments**

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Current expenditure</b>			
Approved and contracted		88 147	113 211
		<u>88 147</u>	<u>113 211</u>
<b>Capital expenditure</b>			
Approved and contracted		2 012	126
Approved but not yet contracted		-	-
		<u>2 012</u>	<u>126</u>
<b>Total Commitments</b>		<u><b>90 159</b></u>	<u><b>113 337</b></u>

Included in the above figure are contracts which are running for a period of 3 years and these include Cleaning Services, Security Services, as well as the Forensics Services.

**20. Accruals and payables not recognised****20.1 Accruals**

			2018/19 R'000	2017/18 R'000
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	32 552	284	32 836	7 904
Transfers and subsidies	-	-	-	3
<b>Total</b>	<u>32 552</u>	<u>284</u>	<u><b>32 836</b></u>	<u><b>7 907</b></u>





**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Listed by programme level</b>			
Administration		5 987	4 425
Sustainable Resource Management		32	278
Financial Governance		22 773	1 989
Internal Audit		3 951	1 024
Municipal Finance Management		93	191
<b>Total</b>		<b>32 836</b>	<b>7 907</b>

**20.2 Payables not recognised**

			2018/19 R'000	2017/18 R'000
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	1 450	1 108	2 558	2 955
Interest and rent on land	-	-	-	-
Transfers and subsidies	-	-	-	13
Capital assets	-	-	-	-
<b>Total</b>	<b>1 450</b>	<b>1 108</b>	<b>2 558</b>	<b>2 968</b>

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Listed by programme level</b>			
Administration		673	535
Sustainable Resource Management		2	1 506
Financial Governance		1 183	927
Internal audit		538	-
Municipal Finance Management		162	-
<b>Total</b>		<b>2 558</b>	<b>2 968</b>

	<i>Note</i>	2018/19 R'000	2017/18 R'000
<b>Included in the above totals are the following:</b>			
Confirmed balances with other departments	<i>Annex 5</i>	205	1 834
Confirmed balances with other government entities	<i>Annex 5</i>		
<b>Total</b>		<b>205</b>	<b>1 834</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**21. Employee benefits**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Leave entitlement		10 143	11 464
Service bonus		6 574	6 038
Performance awards		4 933	7 915
Capped leave commitments		3 827	4 612
Other		135	99
<b>Total</b>		<b>25 612</b>	<b>30 128</b>

The leave entitlement as disclosed above is the net of negative balances. The negative balance amounts to R361K. Other include long services awards that will be paid in 19/20 financial year.

**22. Lease commitments****22.1 Operating leases**

<b>2018/19</b>	<b>Specialised military equipment R'000</b>	<b>Land R'000</b>	<b>Buildings and other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
Not later than 1 year					
Later than 1 year and not later than 5 years	-	-	14 923	-	14 923
Later than five years	-	-	28 444	-	28 444
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>43 367</b>	<b>-</b>	<b>43 367</b>
<b>2017/18</b>	<b>Specialised military equipment R'000</b>	<b>Land R'000</b>	<b>Buildings and other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
Not later than 1 year					
Later than 1 year and not later than 5 years	-	-	16 745	-	16 745
Later than five years	-	-	1 992	-	1 992
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>18 737</b>	<b>-</b>	<b>18 737</b>



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Included in the total above is an amount of R39.422 million and R1.864 million for Treasury House and Gilttime Parkade expired leases which are in the process of being renewed. The department will continue to occupy the two premises for the period of 36 months in respect of Treasury House and 24 months for Gilttime Parkade.

**22.2 Finance leases**

2018/19	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	2 681	2 681
Later than 1 year and not later than 5 years	-	-	-	3 945	3 945
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	<b>6 626</b>	<b>6 626</b>

2017/18	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	1 940	1 940
Later than 1 year and not later than 5 years	-	-	-	341	341
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	-	-	-	<b>2 281</b>	<b>2 281</b>

Included in the total above is an amount of R3.377 million for lease that expires in 31/05/2019 which are in the process of being renewed. The supply chain management process is ongoing using RT contract.

**23. Irregular expenditure****23.1 Reconciliation of irregular expenditure**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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	Note	2018/19 R'000	2017/18 R'000
Opening balance		25 706	23 104
Prior period error			
As restated		25 706	23 104
Add: Irregular expenditure – relating to prior year		-	2 395
Add: Irregular expenditure – relating to current year		1 226	1 027
Less: Prior year amounts condoned			
Less: Current year amounts condoned		(1 226)	(820)
<b>Closing balance</b>		<b>25 706</b>	<b>25 706</b>

**Analysis of awaiting condonation per age classification**

Current year	-	207
Prior years	25 706	25 499
<b>Total</b>	<b>25 706</b>	<b>25 706</b>

**23.2 Details of irregular expenditure – added current year (relating to current and prior years)**

Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
PKX	No disciplinary steps taken	77
Integrity Forensic Solutions	Warning letter issued	168
SD Moloi & Associates	No disciplinary steps taken	463
Ngidi & Company Incorporated	No disciplinary steps taken	321
L and M Removals	Verbal warning given	30
Zaca Stuurman & Magubane	No disciplinary steps taken	167
<b>Total</b>		<b>1 226</b>

**23.3 Details of irregular expenditure condoned**

Incident	Condoned by (condoning authority)	2018/19 R'000
SCM Transgression	Accounting Officer	77
SCM Transgression	Accounting Officer	168
SCM Transgression	Accounting Officer	463
SCM Transgression	Accounting Officer	321



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SCM Transgression	Accounting Officer	30
SCM Transgression	Accounting Officer	167
<b>Total</b>		<b>1 226</b>

**24. Fruitless and wasteful expenditure**

**24.1 Reconciliation of fruitless and wasteful expenditure**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Opening balance		927	-
Prior period error			
As restated		927	
Fruitless & wasteful expenditure – relating to prior year		-	92
Fruitless & wasteful expenditure – relating to current year		14	1 289
Less: Amounts resolved		(941)	(454)
<b>Closing balance</b>		<b>-</b>	<b>927</b>

**24.2 Analysis of awaiting resolution per economic classification**

	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Current capital	14	927
Transfers and subsidies		
<b>Total</b>	<b>14</b>	<b>927</b>

**24.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure**





**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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Incident	Disciplinary steps taken/criminal proceedings	2018/19 R'000
Interest paid to SARS	No disciplinary steps taken	14
<b>Total</b>		<b>14</b>

**25. Key management personnel**

	No. of Individuals	2018/19 R'000	2017/18 R'000
Political office bearers (provide detail below)	1	1 978	1 978
Officials:			
Level 15 to 16	5	9 057	10 899
Level 14	17	20 905	19 780
Family members of key management personnel			
<b>Total</b>		<b>31 940</b>	<b>32 657</b>

**26. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>70 069</b>		<b>16 135</b>	<b>888</b>	<b>85 316</b>
Transport assets	12 478	-	8 098	-	20 576
Computer equipment	52 086	-	7 461	888	58 659
Furniture and office equipment	5 081	-	480	-	5 561
Other machinery and equipment	424	-	96	-	520
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>70 069</b>	<b>-</b>	<b>16 135</b>	<b>888</b>	<b>85 316</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**Movable Tangible Capital Assets under investigation**

	<b>Number</b>	<b>Value R'000</b>
<b>Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:</b>		
Machinery and equipment	5	341

The assets were reported stolen and the investigation is underway through the implementation of loss control processes.

**26.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE  
YEAR ENDED 31 MARCH 2019**

	<b>Cash*</b>	<b>Non-cash**</b>	<b>(Capital Work in Progress current costs and finance lease payments)</b>	<b>Received current, not paid (Paid current year, received prior year)</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>MACHINERY AND EQUIPMENT</b>	<b>18 842</b>		<b>(3 732)</b>	<b>1 025</b>	<b>16 135</b>
Transport assets	7 073	-	-	1 025	8 098
Computer equipment	7 461	-	-	-	7 461
Furniture and office equipment	480	-	-	-	480
Other machinery and equipment	3 828	-	(3 732)	-	96
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>18 842</b>	<b>-</b>	<b>(3 732)</b>	<b>1 025</b>	<b>16 135</b>

The amounts of R 1 025 and R3 732 million relate to a vehicle that was received in the current year (FY2018/19) but paid for in previous year (FY 2017/18) and finance leases for machinery, equipment and cell phones respectively.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**26.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>		<b>888</b>	<b>888</b>	
Computer equipment	-	888	888	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>888</b>	<b>888</b>	<b>-</b>

**26.3 Movement for 2017/18**

**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>66 948</b>		<b>7 070</b>	<b>3 949</b>	<b>70 069</b>
Transport assets	9 463	-	3 617	602	12 478
Computer equipment	52 331	-	2 947	3 192	52 086
Furniture and office equipment	4 746	-	490	155	5 081
Other machinery and equipment	408	-	16	-	424
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>66 948</b>	<b>-</b>	<b>7 070</b>	<b>3 949</b>	<b>70 069</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**26.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	1 428		7 413	-	8 841
Additions	-	-		399	-	399
Disposals	-	-		(8)	-	(8)
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>1 428</b>		<b>7 804</b>	<b>-</b>	<b>9 232</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets				1 778	-	1 778
Number of minor assets at cost	-	21		3 908	-	3 929
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>21</b>		<b>5 686</b>	<b>-</b>	<b>5 707</b>

**Minor Capital Assets under investigation**

	Number	Value R'000
Included in the above total of the minor capital assets per the asset register are assets that are under investigation:		
Machinery and equipment	1	1

The asset was reported stolen and the investigation is underway through the implementation of loss control processes.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	1 428	-	22 313	-	23 741
Prior period error	-	-	-			
Additions	-	-	-	241	-	241
Disposals	-	-	-	15 141	-	15 141
<b>TOTAL MINOR ASSETS</b>	<b>-</b>	<b>1 428</b>	<b>-</b>	<b>7 413</b>	<b>-</b>	<b>8 841</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1 778	-	1 778
Number of minor assets at cost	-	21	-	3 272	-	3 293
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>5 050</b>	<b>-</b>	<b>5 071</b>





**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**26.5 Movable assets written off****MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2019**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	106	-	106
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>106</b>	<b>-</b>	<b>106</b>
<b>MOVABLE ASSETS WRITTEN OFF</b>						

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2018**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	267	-	267
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>267</b>	<b>-</b>	<b>267</b>
<b>MOVABLE ASSETS WRITTEN OFF</b>						

**26.6 S42 Movable capital assets****MAJOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2019**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	41	-	41
Value of the assets (R'000)	-	-	-	206	-	206



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**MINOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 31 MARCH 2019**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
No. of Assets	-	-	-	1	-	1
Value of the assets (R'000)	-	-	-	2	-	2

**27. Intangible Capital Assets****MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	23 159	-	-	-	23 159
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>23 159</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 159</b>

**27.1 Movement for 2017/18****MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	23 159	-	-	-	23 159
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>23 159</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23 159</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**28. Immovable Tangible Capital Assets**

**28.1 Movement for 2017/18**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED</b>			<b>119 998</b>	<b>119 998</b>	
Non-residential buildings	-	-	119 998	119 998	-
<b>TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>119 998</b>	<b>119 998</b>	<b>-</b>

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018**

	Opening balance	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2018
	R'000	R'000	R'000	R'000	R'000
<i>Note</i> <i>Annexure 7</i>					
Buildings and other fixed structures	41 365	-	78 633	119 998	-
<b>TOTAL</b>	<b>41 365</b>	<b>-</b>	<b>78 633</b>	<b>119 998</b>	<b>-</b>

**Assets to be transferred in terms of S42 of the PFMA – 2017/18**

	Number of assets	Value of assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>4</b>	<b>119 998</b>
Other fixed structures	4	119 998
<b>TOTAL</b>	<b>4</b>	<b>119 998</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**29. Inventories****29.1**

<b>Inventories for the year ended 31 March 2019</b>	<b>Inventory food sup: grocery</b>	<b>Inv assets distr: water tanks</b>	<b>Inv assets distr: mach eqp &amp; sport</b>	<b>Inv mat &amp; sup:HH lin &amp; soft furn</b>	<b>TOTAL</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Opening balance					
Add: Additions/Purchases – Cash	111	331	241	275	958
(Less): Issues	(111)	(331)	(241)	(275)	(958)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<b>Inventories for the year ended 31 March 2018</b>	<b>Inventory food sup: grocery</b>	<b>Inv assets distr: water tanks</b>	<b>Inv assets distr: mach eqp &amp; sport</b>	<b>Inv mat &amp; sup:HH lin &amp; soft furn</b>	<b>TOTAL</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Add: Additions/Purchases – Cash	8	217	314	210	749
(Less): Issues	(8)	(217)	(314)	(210)	(749)
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1A**  
**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES (NON-BUSINESS ENTITIES) AND ACCOUNTS**

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
KZN Gaming and Betting	-	-	-	-	-	1 025	
Com Licences	3	-	-	3	2	67%	2
PD Vehicle Licences	23	-	31	54	54	100%	31
TOTAL	26	-	31	57	56		1 058





**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1B**  
**STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2017/18	
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Capital R'000	Current R'000		Final Appropriation R'000
Private Enterprises										
Transfers	-	-	5	5	5	100%	-	5	7	
Claims against State	-	-	5	5	5	100%	-	5	7	
TOTAL										



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1C**  
**STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
NON-PROFIT INSTITUTIONS	R'000	R'000	R'000	R'000	R'000	%	Final Appropriation R'000
<b>Transfers</b>							
KZN Financial Literacy	512	-	(512)	-	-	-	3 150
SAICA	-	-	14	14	14	100%	18
UKZN	-	-	-	-	-	-	948
Xolo Family	17	-	(17)	-	-	-	-
Kwantintwa school of deaf	63	-	59	122	63	52%	-
Coastal Horse Care Unit (eMmahhashini)	102	-	-	102	33	32%	-
Insika women in Business NCP	-	-	95	95	95	100%	-
<b>TOTAL</b>	<b>694</b>	<b>-</b>	<b>(361)</b>	<b>333</b>	<b>205</b>		<b>4 116</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1D**  
**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
<b>Transfers</b>							
Injury on duty	16	-	31	47	46	98%	5
Post retirement benefit	889	-	(400)	489	432	88%	592
Leave gratuity	1 224	-	755	1 979	1 878	95%	641
Bursaries	3 228	-	865	4 093	4 078	100%	374
Claims against state	-	-	301	301	301	100%	-
Pmt/Refund & rem – act /grace	-	-	527	527	292	55%	5
<b>TOTAL</b>	<b>5 357</b>	<b>-</b>	<b>2 079</b>	<b>7 436</b>	<b>7 027</b>		<b>1 617</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1E**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
Received in cash			
ABSA	Post Budget Speech Breakfast	100	-
<b>TOTAL</b>		<b>100</b>	<b>-</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1F**  
**STATEMENT OF AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI- TURE R'000	PAID BACK ON/BY 31 MARCH R'000	CLOSING BALANCE R'000
<b>Received in cash</b>						
European Union	Development of Kwazulu Natal Science Parks	5 403	314	-	5 403	314
Global Fund	Fight against Aids, HIV, TB and Malaria	52 137	162 621	219 055	-	(4 297)
<b>TOTAL</b>		<b>57 540</b>	<b>162 935</b>	<b>219 055</b>	<b>5 403</b>	<b>(3 983)</b>





**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1G**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE**

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2018/19	2017/18
	R'000	R'000
<b>Made in kind</b>		
Thumela Primary School (School Uniforms)	-	165
Kutloanong Lunchon Club (Furniture)	-	16
Nelisiwe Co-op (Sewing Machines)	-	7
Enhlalakahle Creche (Food Parcels)	-	3
Gcizela C.P. School (School Uniforms)	-	1
Cool Air Creche (Domestic Furniture)	-	38
Jika-Joe Community (Bedding Materials and FutureLife Porridge)	-	51
Vryheid Correctional Centre (5 Sewing Machines)	-	49
Zululand FM (Trophies & Certificates)	-	35
Lethukuthula Co-op (4 Sewing Machines)	-	24
KwaThintwa School of the Deaf in Inchanga (Trophies)	-	10
Zimele Centre (Sewing Machines, Foam Matresses)	-	73
Lay Centre (Floor Fans)	-	3
Child Evangelism Fellowship (Transport & Accommodation)	-	18
Hill 70 Primary School (Water Tank Installation)	-	70
Inkosi Moses Zikhali Secondary School (Water Tank Installation)	-	52
Phungaza High School (Water Tank Installation)	-	95
Sinothando Creche (Domestic Furniture)	-	40
<b>TOTAL</b>	<b>-</b>	<b>750</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 2A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2018 R'000	Guarantees draw downs during the year R'000	Guarantees repayments/ reduced during the year R'000	Revaluation due to foreign currency movements R'000	Closing balance 31 March 2019 R'000	Revaluations due to inflation rate movements R'000	Accrued guaranteed interest for year ended 31 March 2019 R'000
Standard Bank	Housing	-	90	-	-	-	90	-	-
<b>TOTAL</b>		-	90	-	-	-	90	-	-



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 2B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019**

Nature of Liability	Opening Balance 1 April 2018 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancell ed/reduced during the year R'000	Liabilities recoverabl e (Provide details hereunder) R'000	Closing Balance 31 March 2019 R'000
<b>Claims against the department</b>					
R Ranjith vs KZN Treasury (MMK Inc.)	100	-	(100)	-	-
Thembisile Cynthia Khumalo vs MEC for Finance(Case No. 11985/16)	300	-	-	-	300
N D Jacobs vs KZN Provincial Treasury (Case No. GPBC992/2017)	1 000	-	(1 000)	-	-
Phumalanga Communication (G&S)s CC & Another vs DG Office for KZN Premier	400	-	-	-	400
<b>TOTAL</b>	<b>1 800</b>	<b>-</b>	<b>(1 100)</b>	<b>-</b>	<b>700</b>



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 3**  
**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2018/19 *	
	31/03/2019		31/03/2018		31/03/2019		Receipt date up to six (6) working days after year end	
	R'000	R'000	R'000	R'000	R'000	R'000		Amount R'000
<b>Department</b>								
Vote 01: KZ Office of the Premier	-	469	-	-	-	469		-
Vote 03: KZ Agriculture	-	-	1 045	-	1 045	-	03/04/2019	829
Vote 04: KZ EDTEA	-	-	297	891	297	891		-
Vote 05: KZ Education	-	-	1 163	19 814	1 163	19 814		-
Vote 07: KZ Health	-	5 063	14 583	577	14 583	5 640	09/04/2019	13 667
Vote 11: KZ COGTA	-	-	593	-	593	-	10/04/2019	221
Vote 12: KZ Transport	-	-	-	1 499	-	1 499		-
Vote 14: KZ Public Works	-	-	2 088	1 024	2 088	1 024		-
Vote 15: KZ Arts and Culture	-	-	67	-	67	-		-
Gaming and Betting	-	-	96	96	96	96		-
<b>Other Government Entities</b>								
PSETA	-	-	-	355	-	355		-
Global fund	906	361	-	-	906	361		-
Office of the Public Services	-	-	-	1	-	1		-
GP Labour	-	-	3	-	3	-		-
Dube Trade Port	-	-	-	629	-	629		-
	-	5 532	19 932	23 901	19 932	29 433		14 717



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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NAT Labour	-	-	7	-	7	-	-
	906	361	10	985	916	1 346	-
<b>TOTAL</b>	906	5 893	19 942	24 886	20 848	30 779	-



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 5**  
**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2018/19 *	
	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000	31/03/2019 R'000	31/03/2018 R'000	Payment date up to six (6) working days before year end	Amount R'000
<b>DEPARTMENTS</b>								
<b>Current</b>								
Vote 01: KZN Office of the Premier	-	-	-	-	-	-	-	-
Vote 07: KZN Health	52	1 299	-	-	52	1 299	-	-
Vote 10: KZN Sport and Recreation	20	20	-	-	20	20	-	-
Vote 12: KZN Transport	-	8	-	4	-	12	-	-
Vote 14: KZN Public Works	-	507	-	-	-	507	-	-
Vote 15: KZN Arts & Culture	7	-	-	-	7	-	-	-
NAT Government Printing Works	38	-	3	36	41	36	-	-
NAT Labour SA	57	-	-	-	57	-	-	-
NAT Dept. of Rural and Land Reform	31	-	-	-	31	-	-	-
<b>TOTAL</b>	<b>205</b>	<b>1 834</b>	<b>3</b>	<b>40</b>	<b>201</b>	<b>1 874</b>	<b>-</b>	<b>-</b>





**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**OTHER GOVERNMENT ENTITY**

<b>Current</b>	-	-	-	1 000	-	-	-
Global Fund	-	-	-	1 000	-	-	-
<b>Subtotal</b>	-	-	-	1 000	-	-	-
<b>TOTAL</b>	198	1 834	3	1 040	201	2 874	-



**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

**ANNEXURE 5  
INVENTORIES**

Inventories	Note	Quantity	2018/19 R'000	Quantity	2017/18 R'000
Opening balance					
Add/(Less): Adjustments to prior year balance					
Add: Additions/Purchases – Cash			958		749
(Less): Issues			(958)		(749)
<b>Closing balance</b>			<b>-</b>		<b>-</b>



## ANNEXURE 6

### MOVEMENT IN CAPITAL WORK IN PROGRESS

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>41 365</b>	<b>78 633</b>	<b>(119 998)</b>		
Non-residential buildings	-	-	-	-	-
Other fixed structures	41 365	78 633	(119 998)	-	-
<b>TOTAL</b>	<b>41 365</b>	<b>78 633</b>	<b>(119 998)</b>	<b>-</b>	<b>-</b>



