

**DEPARTMENT OF TREASURY
PROVINCE OF KWAZULU-NATAL**

VOTE 6

ANNUAL REPORT

2019/20 FINANCIAL YEAR





PR168/2020

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KwaZulu-Natal Provincial Treasury Annual Report 2019/20

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PART A: GENERAL INFORMATION

A.1 DEPARTMENT GENERAL INFORMATION

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A.2 LIST OF ABBREVIATIONS/ACRONYMS

AEPRE	Adjustments Estimate of Provincial Revenue and Expenditure
AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
AG	Auditor - General
AO	Accounting Officer
BBBEE	Broad Based Black Economic Empowerment
CARC	Cluster Audit and Risk Committees
CD	Chief Director
CFO	Chief Financial Officer
CSD	Central Supplier Database
DDG	Deputy Director General
EH&W	Employee Health and Wellness
EPRE	Estimate of Provincial Revenue and Expenditure
EU	European Union
FLP	Financial Literacy Programme
FMCM	Financial Management Capability Maturity Model
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HOD	Head of Department
HRP	Human Resource Plan
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plans
IGCC	Inter-Governmental Cash Co-ordination
IMF	International Monetary Fund
IPMP	Infrastructure Programme Management Plan
IRM	Infrastructure Reporting Model
KZNFLA	KwaZulu-Natal Financial Literacy Association
KZNP	KwaZulu-Natal Provincial Government
LED	Local Economic Development
MBAT	Municipal Bid Appeals Tribunals
MBRR	Municipal Budget and Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Finance Management Act
MPAT	Monitoring Performance Assessment Tool
MSP	Municipal Support Programme
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
OES	Organisational Efficiency Services
OSD	Occupation Specific Dispensation
PARC	Provincial Audit Risk Committee
PERO	Provincial Economic Review and Outlook
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PMG	Pay Master-General
PPP	Public Private Partnerships

SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SERO	Social-Economic Review and Outlook
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprises
SLA	Service Level Agreement
SITA	State Information Technology Agency
U-AMPs	User Asset Management Plans
WSP	Workplace Skills Plan

A.3 Foreword by the MEC of Finance, Mr. RR Pillay –

As the MEC for Finance in KwaZulu-Natal (KZN), it is both an honour and a privilege to lead this Department as we enter the second term of the 6th Administration. This Department is mandated with a huge responsibility of promoting sound financial management practices and fiscal management to achieve good governance.



Provincial Treasury is further required to promote sound processes, controls and improved capabilities in Departments, Municipalities and Public Entities. This is not an easy task, particularly as it is aimed at reducing unauthorised, irregular, fruitless and wasteful expenditure thereby improving audit outcomes.

The economic indicators show that 2019/20 was one of the most challenging financial years in the history of South Africa (SA). Though the real gross domestic product (GDP) demonstrated an impressive moderate growth of 3.2% in the second quarter of 2019, this was short-lived as the country's economy contracted by 0.6% and 1.4% in the third and fourth quarters of 2019, respectively. SA unfortunately, closed the 2019/20 financial year with an uninspiring negative GDP growth rate of 2% in the first three months of this year.

The disappointing contraction that perpetuated the on-going technical recession at the beginning of 2020 was to a large extent due to the coronavirus (COVID-19) pandemic. This virus continues to shut down economic activities in advanced economies and across the globe. It is disrupting billions of lives and jeopardising decades of development progress. As a result of this pandemic, major financial institutions such as the International Monetary Fund, World Bank, Organisation for Economic Co-operation and Development and the South African Reserve Bank are already expecting the economy of SA to contract by between 6% and 8% this year.

In KZN, GDP is projected to shrink by close to 10% this year, after the estimated contraction of 0.1% in 2019. These depressive growth rates are unfortunately detrimental to the creation of job opportunities and reducing poverty as envisaged in the National Development Plan and the Provincial Growth and Development Plan (PGDP) and the 2019-2024 Medium Term Strategic Framework (MTSF).

Despite these subdued economic conditions, we, as Provincial Treasury, continued to implement financial governance through cash blocking system for the effectiveness of cash management by departments to disburse payments to suppliers only when they have cash available.

This control mechanism ensured that the province continued to remain cash positive. We also provided support to departments, municipalities and public entities on supply chain management policies and

procedures. While implementing these strategic financial management interventions, we obtained the eleventh consecutive clean audit report for 2018/19.

In collaboration with other Departments, we conducted a review of the adequacy and effectiveness of internal controls to enhance overall good governance. This process was undertaken to strengthen the adequacy of Departments' audit improvement strategies to address previous Auditor General's adverse findings. We further embarked on advisory service projects that were designed to capacitate departments on strategic interventions such as business continuity plans and fraud prevention plans, among others. Other critical frameworks undertaken to improve good governance, included the combined assurance model and reviewed the risk management framework. These initiatives were prioritised and finalised and are already implemented during the turbulent 2020/21.

Notwithstanding the budget cuts and financial constraints due to sluggish economic performance and the population data used by National Treasury when allocating funding to provinces, we completed a total of 54 forensic investigations. We also conducted 65 follow-ups to track the status of implementation of recommendations arising from forensic investigation reports. The Anti-Corruption Task Team was revitalised, and the Fraud Case Management system was developed. These interventions will be used to record, consolidate and track all forensic investigations conducted within all spheres of government.

As required by the Municipal Financial Management Act, we continued to provide technical support to delegated municipalities. The key activities included monitoring of the implementation of the budgeting framework by municipalities, providing guidance on budget planning and implementation, monitoring, evaluating and reporting on budget implementation, as well as the monitoring and reporting on compliance.

We further continued to provide support on infrastructure reporting using the Infrastructure Reporting Model, Infrastructure Delivery Management and the KZN Infrastructure Master Plan for all provincial infrastructure projects. These interventions were undertaken to enable the province to implement economic and social infrastructure projects required to kick-start economic development that is needed for the benefit of the most vulnerable communities in KZN.



Mr R.R. Pillay

MEC for Finance (KwaZulu-Natal)

A.4 Introduction by the Head of Department, Mrs Neli Shezi (Acting)



The financial year 2019/20 came with a change of leadership for government in general, who in turn had to lead departments that were faced with the task of managing the shrinking fiscal resources.

While tabling the national budget, the Honourable Minister of Finance, Mr Tito Mboweni had said that we had expected economic growth of 0.7% in 2018 and that this was still our estimate. He further said they expected a slower, but still steady recovery after the 2018 technical recession, with real GDP growth in 2019 expected to rise to 1.5% and to strengthen moderately to 2.1% in 2021. Sadly, the economy remained fragile.

As if that was not enough, KwaZulu-Natal suffered substantial budget cuts over the previous MTEF periods. Some of these cuts related to the annual data update of the equitable share formula, while others related to National Treasury's fiscal consolidation plan. Unfortunately, we were not spared from budget cuts over the 2019/20 MTEF either.

Despite the challenges mentioned above, KZN Treasury continued to perform its mandate as prescribed by the Public Finance Management Act (PFMA) and Treasury Regulations, resulting in the department receiving a 10th consecutive clean audit report around June last year - a milestone and an historic moment in the history of public administration.

This bears testimony that KZN Treasury has continuously ensured that fiscal discipline in the provincial administration is achieved through careful oversight and continued implementation of the cost-cutting measures, together with careful budget and cash management. We are proud to say that we ended the financial year under review with the bank balance of the province remaining cash positive as it has been since May 2010.

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, Municipal Finance Management Act and Treasury Regulations.

Government has formulated strong policies and programmes, as KZN Provincial Treasury, we want to do our best to ensure implementation of all that is within our mandate and ensure strong consistent monitoring in order to bring about the required growth which will translate into the much expected social relief for our communities.

The outbreak of the coronavirus and the need to find resources to deal with it had sadly added to our financial woes. However, Provincial Treasury remains committed to fiscal prudence and has therefore put measures in place to reduce risks which may arise from Covid-19 emergency procurement. We are performing oversight over all covid-19 related procurement and KZN Treasury will play its role to ensure that the province navigates this storm successfully.

As KZN Treasury, we pride ourselves in the knowledge that the management of public finances is in good hands as a result of strong and dedicated professionals that work collaboratively and efficiently with other departments, public entities and municipalities. This happens despite the challenging fiscal environment we face.

Even in turbulent economic times like these that the country and the globe find themselves in, as KZN Treasury-the Guardian of the Public Purse, we remain committed to becoming the centre of excellence in the management of fiscal resources going forward.



Mrs Neli Shezi

Head: Provincial Treasury (Acting)

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



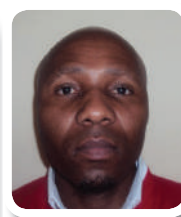
Director: Human Resource
Management and Development
Ms. K Chetty



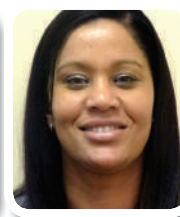
Director: Legal Services
Mr. N Nkomo



Director: Auxiliary
Services
Mr. EVN Xulu



Director: Corporate
Communications
Mr. M Cebisa



Director: IGR
Ms. R Smith-Petersen



Director: Financial
Management
Ms R Gwala

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: 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: SCM Policy Development
and Contract Management
Ms N. Kubheka



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



Director: SCM Social Cluster
Ms T. Mlawu

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



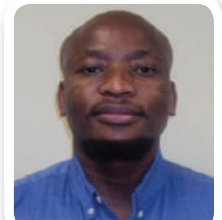
Director: Financial
Management and Reporting
Mr. J Ramharak



Director: Assurance Services
(Economic Cluster)
Ms L Japi



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



Director: Municipal
Support
Mr. P Moloji



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 Donnelly



Director: Municipal
Finance
Mr. N Radebe



Director: Municipal
Finance
Ms. R Bhagwandeem



Director: Municipal
Finance
Ms. K Pillay

A.5 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 R721, 629 million in 2019/20 financial year. During the 2019/20 adjustments this allocation was adjusted to R727, 654 million and this was largely for financial management for general oversight and support to all Departments, Municipalities and Public entities, in areas such as;

- Infrastructure Management Support,
- Financial management support,
- Supply Chain Management (SCM),
- Support for transversal financial systems,
- Internal audit services, as well as
- Municipal Support Programme,

PT has made reasonable progress in respect of providing support and guidance to provincial departments in improving their planning and implementation of infrastructure programmes and project initiatives to obtain value for money. The department has Technical Advisors which assist the departments in the infrastructure delivery through the application of the principles and guidelines of the Infrastructure Delivery Management System (IDMS).

During the adjustments estimate the department introduced the Irregular expenditure project to assist provincial departments to clear the backlog of irregular expenditure in the province. The project was allocated a total amount of R13 million which was a reprioritization within the department's budget.

Through financial management support, SCM and Accounting Services has provided a 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 through Provincial Internal Audit Services (PIAS) performed Risk-based audits with specific focus on overall good governance, and continued assisting Departments in ensuring that risk assessments are performed. Through the Municipal Support Program (MSP), PT managed to provide a hands-on technical support to delegated municipalities with the primary aim of ensuring compliance with the MFMA and other relevant legislation with the aim to improve the audit results of the delegated municipalities.

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

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 2019/20.

Departmental receipts	2019/20			2018/19		
	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	R 0	R 0	R 0	R 0	R 0	R 0
Sale of goods and services other than capital assets	R 228	R 303	R 75	R 227	R 287	R 60
Transfers received	R 0	R 0	R 0	R 0	R 0	R 0
Fines, penalties and forfeits	R 0	R 0	R 0	R 0	R 0	R 0
Interest, dividends and rent on land	R 365, 000	R 599, 025	R 234, 025	R 295, 219	R 471, 010	R 175, 791
Sale of capital assets	R 204	R 1,434	R 1,230	R 203	R 0	R 203
Financial transactions in assets and liabilities	R 410	R 2,194	R 1, 784	R 407	R 433	R 26
Total	R 365, 842	R 602, 957	R 237, 115	R 296, 056	R 471, 730	R 175, 674

The actual revenue collected in the 2019/20 financial year was R602 957 million against a budget of R365 842 million, resulting in an over collection at year end of R237 115 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 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, sale of tender document and sale of assets <R5000 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 due to the implementation of cost-cutting measures and tight cash flow management by provincial departments
- **Sale of capital assets** - The over collection against this item was due to the sale or auctioning of old motor vehicles, 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	2019/20			2018/19		
	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	R 237, 636	R 204, 269	R 33, 367	R 237, 262	R 234, 049	R 3, 213
Sustainable Resource Management	R 44, 641	R 40, 980	R 3, 661	R 38, 657	R 38, 344	R 313
Financial Governance	R 210, 917	R 205, 764	R 5, 153	R 196, 102	R 194, 227	R 1, 875
Internal Audit	R 174, 595	R 162, 584	R 12, 011	R 149, 648	R 130, 111	R 19, 537
Municipal Finance Management	R 59, 865	R 58, 418	R 1, 447	R 60, 231	R 59, 439	R 792
Total	R 727, 654	R 672, 015	R 55, 639	R 681, 900	R 656, 170	R 25, 730

The main appropriation of Provincial Treasury was R721 629 million in 2019/20. During the year, the department's budget was increased by R6, 025 million to R727, 654 million which was appropriated during 2019/20 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 R4 million from 2017/18 financial year.

Other adjustments: Additional funding of R2, 025 million was allocated to *Households* under Programme 1 in respect of the Severance Package for the ex-MEC exit.

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

- Programme 1 - This programme spent 86% of the allocated budget. The substantial under-spending of (14%) was mainly due to; -
 - delays in the appointment of Resources in respect of Irregular Expenditure project,
 - slow spending on the Health/Treasury Assistant project,
 - savings were also realised due to no purchasing of Motor Vehicles during the year, and
 - Further savings due to the delays in the filling of vacant funded posts mainly from the office of the MEC of (R2, 1m), HOD of (R2,3m) and Corporate Services of (R1,4m) due to lengthy recruitment process. The adherence to cost cutting measures also resulted in savings on Subsistence and Travel and other operational items.

- Programme 2 - This programme spent 92% of the allocated budget. The under-spending of (8%) was mainly due to; -
 - slow spending in the Infrastructure Crack team with regard to infrastructure support offered by the unit which is mainly driven on a needs basis of departments/municipalities,
 - savings were realized via an IDA claims in relations to the appointment of the DDG as Acting HOD of DARD and the Director: Provincial Own Revenue post which was vacated during the year,
 - Further savings were realised on S&T, Training & Development and the balance is the operating costs.

- Programme 3 - This programme spent 98% of the allocated budget. The slight under-spending of (2%) was mainly due to; -
 - savings were realised from Bank charges being lower than budgeted,
 - savings on advertising and S&T being lower than anticipated,
 - further savings were realised on Training, Computers, Communication and Stationery being lower due to adherence to the cost cutting measures.
 - Under-expenditure as a result of the late filling of vacant funded posts mainly under Assets & Liabilities as well as PPP.

- Programme 4 - This programme spend 93% of the allocated budget. The under-spending of (7%) was mainly due to; -
 - orders of (R6.1m) that were not issued in 2019/20 in respect of planned Risk Management projects such as Risk Maturity Reviews as projects were brought forward from previous financial years,
 - savings were realised on Compensation of Employees due to delays in the filling of vacant funded posts within this programme,
 - further savings were also realised from S&T, Stationery, Training, Communication, and Computers,

- the balance is savings from other operational items.
- Programme 5 - This programme spent 98% of the allocated budget. The under-spending of (2%) was mainly due to; -
 - the delays in the filling of vacant funded, and
 - savings were also realised on S&T, other operating expenditure due to cost cutting measures, as well as Computers.

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

- Compensation of Employees was under-spent by R12. 885 million i.e. (3%) 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 R33.484 million i.e. (9%). This was attributed to the following:
 - Health/Treasury assistance budget was not fully spent,
 - Slow spending on the Irregular expenditure project as the project started very late in the year.
 - Slow spending in the Infrastructure Support project with regard to infrastructure support offered by the unit which is mainly driven on a needs basis of departments/municipalities;
 - orders of (R6.1m) that were not issued in 2019/20 in respect of planned Risk Management projects such as Risk Maturity Reviews as projects were brought forward from previous financial years,
 - pending Forensics and Criminal cases that are outside the control of the department,
 - balance of the savings is coming from S&T, Training, Communication and other operational costs due to strict adherence to the cost-cutting measure circular.
- Transfers and Subsidies was under-spent at year-end by R371 000 i.e. (6%) mainly due to:

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- Provinces and Municipalities in respect of the Motor Vehicle licenses was under-spent by R1000 i.e. (2%) at year-end as they were lower than budgeted for.
- Non-profit Institutions was under-spent at year-end by R138 000 i.e. (27%) in respect of cash donations that were lower than budgeted.
- Households was under-spent at year-end by R231 000 i.e. (4%) due to external bursaries being lower than budgeted.
- Payments for Capital Assets was under-spent at year-end by R8, 897 i.e. (55%) mainly due to:
 - Machinery and Equipment was underspent by R7, 537 million (51%) as the department did not need to procure or replace motor vehicles during the financial year.
 - Software & Other Intangible Assets was not spent.

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	Other adjustments		
1. Administration	241,112	(3,476)	-	-	(3,476)	237,636
2. Fiscal Resource Management	44,641	-	-	-	-	44,641
3. Financial Management	207,441	3,476	-	-	3,476	210,917
4. Internal Audit	174,595	-	-	-	-	174,595
5. Growth and Development	59,865	-	-	-	-	59,865
Total	727,654	-	-	-	-	727,654
Amount to be voted						-

Programme 1

An amount of R3.476 million was moved out of this programme to programme 3 as follows:

- An amount of R906 000 was moved to Accounting Services (P3) under compensation of employees to cover for salary costs that were higher than anticipated.
- An amount of R2.570 million was moved to Systems (P3) under goods and services to cater for Computer Services as a result of higher exchange rate on Forex (Microsoft).

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	Other adjustments		
Current payments	706,789	(1,298)	-	-	(1,298)	705,491
Compensation of employees	347,820	(3,427)	-	-	(3,427)	344,393
Goods and services	358,969	2,129	-	-	2,129	361,098
Interest and rent on land	-	-	-	-	-	-
Transfers and subsidies to:	5,572	581	-	-	581	6,153
Provinces and municipalities	26	14	-	-	14	40
Departmental agencies and accounts	3	-	-	-	-	3
Public corporations and private enterprises	-	-	-	-	-	-
Non-profit institutions	537	(37)	-	-	(37)	500
Households	5,006	604	-	-	604	5,610
Payments for capital assets	15,293	670	-	-	670	15,963
Buildings and other fixed structures	-	-	-	-	-	-
Machinery and equipment	13,933	670	-	-	670	14,603
Software and other intangible assets	1,360	-	-	-	-	1,360
Payments for financial assets	-	47	-	-	47	47
Total	727,654	-	-	-	-	727,654
Amount to be voted						-

- R3.427 million was moved out from Compensation of employees as follows:
 - R2.129 million was moved to Goods and Services to defray over-expenditure.
 - R581 000 was moved to Transfers and Subsidies under various items to defray over-expenditure.
 - R670 000 was moved to Machinery & Equipment.
 - R47 000 was moved to Payment for financial assets.

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 and Public Finance.

2019/20 Rollovers

The department has requested a roll-over of R10 million for *Goods and Services* budget in respect of Irregular Expenditure Project with the aim of reducing Irregular expenditure in the province.

Fruitless, Wasteful or Irregular Expenditure

The value of irregular transactions condoned for 2019/20 financial year was R662 000 .

Future plans of the department

The department will continue to implement its strategic plan targets as contained in the revised 2020/21 Annual Performance Plan document.

Public Private Partnerships

The department had no PPP project in the 2019/20 financial year and there is none planned currently.

Discontinued activities / activities to be discontinued

The Forensic unit under Programme 4 will be transferred to the Office of the Premier effective 1 August 2020.

New or proposed activities

None.

Supply chain management

TENDER NO	DESCRIPTION	STATUS
ZNT1191/2014-F	Crack team	Panel appointed for duration of 3 years. Extended until 29/02/2020, contract expired
ZNT1193/2014-F	Panel of internal audit	Panel appointed for duration of 3 years. Extended until 31/08/2019, contract expired
ZNT 1206/2016-F	Cleaning services	Contract appointed for duration of 3 years
ZNT 1207/2016-F	Panel of Contract management and SCM Experts	Panel appointed for duration of 3 years.
ZNT 1210/2016-F	Security services	Contract appointed for duration of 3 years

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ZNT 1215/2017	Panel of municipal finance	Panel appointed for duration of 3 years.
ZNT 1216/2017-F	Panel of financial management	Panel appointed for duration of 3 years.
ZNT 1217/2017-F	Panel of internal audit	Panel appointed for duration of 3 years
ZNT 1218/2018-F	Banking services	Contract appointed for duration of 3 years
ZNT 1219/2018-F	Panel of Crack team	Contract appointed for duration of 3 years
ZNT 1222/2019-F	Cleaning services	Awaiting finalisation
ZNT 1223/2019-F	Electronic Security System	Awaiting finalisation
ZNT 1224/2019-F	Security services	Awaiting finalisation
ZNT 1225/2019-F	Panel of Contract management and SCM Experts	Awaiting finalisation

Prevention of Irregular expenditure and SCM challenges

The department incurred irregular expenditure relating to the legal fees (proper SCM process not followed in the appointment of the Service Provider)

Gifts and Donations from non-related parties

The department was offered the Budget Breakfast in Durban by ABSA.

The department received an amount of R100 000 from Standard Bank towards Year-end Service Excellent.

Donations made in Kind (R'000)

		2019/20'
Receiver of Donation	Discription of Donation	Amount
Schedule for Donations Made in Cash		
KwaHhaza: Hlongwane Family	Cash Donation	312,495
SAICA	Cash Donation	22,500
ABASA	Cash Donation	12,000
Zwellihle HBC	Cash Donation	5,000
Mother of the Nation	Cash Donation	5,000
The Legend Group	Cash Donation	5,000
Total: Cash Donations		361,995
Schedule for Donations Made in kind		
Inqolobane Childern's Home	3 Washing Machines	88,598
Mr Kubheka:	Gas Braai Stove	5,980
Mbazwana P S	Water Tanks	58,984
Mbulula Creche	Sponges, Domestic Equipment & Stationery	32,090
Khula Village	15 Blankets & Walking sticks	5,250
Mrs Ndlovu	1 Blanket	350
Stock on Hand	34 Blankets	11,900
Dududu PS	School Uniforms	71,930
Phindavele HS	School Uniforms	63,020
Nyoni PS	Paint and Utensils	1,392
Dept. Of Health	Scanners	207,000
Inqolobane Childern's Home	Soar Installation	84,700
Siphakame Creche	Septic Tanks	60,939
Richmond Day Care Centre	Groceries	29,900
Janiter Co-op	6 Sewing Machines	16,790
Buhle Bengqondo Co-op	2 Sewing Machines	7,130
Thimuni P. School	School Uniforms	75,000
Nsongeni Secondary School	School Uniforms	96,839
Bayeni P School	School Uniforms	95,000
Inqolobane Childern's Home	Water Tanks	29,574
Phoenix Child Welfare	Food Parcels	42,895
Ward 2- Nquthu	Food Parcels	22,710
Sukuma Coop	9 Sewing Machines	24,035
Mgwaba& Sons Trading Ent	9 Sewing Machines	24,035
Sizozphilisa Coop	7 Sewing Machines	19,205
Vulindlela Production	12 Sewing Machines	31,280
Thandanani Luncheon	11 Sewing Machines	28,865
Mrs Johns	4 Sewing Machines	16,560
Total: Goods & Services Donations		1,251,950
		1,613,945

Donor Funding

The department had no new Donor funding during the 2019/20 financial year.

Global Funding

Provincial Treasury was responsible for 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 was allocated an amount of R420 million over a period of three years and at the end of the project, a total amount of R335, 261, 890.00 was spent on the project. This project has since come to an end at 31 December 2019. The balance of the unspent funds will be surrendered.

Exemptions and deviations received from the National Treasury

There were no exemptions received by the department during 2019/20 financial year.

Events after the reporting date

The province experienced the world's outbreak of the Corona Virus before the close of the 2019/20 financial year. The department is currently using the allocated budget to fund any related expenditure, and reprioritisation will be necessary to cover for this unplanned expenditure.

The departmental appropriation for 2020/21 financial year was revised to cater for the proposed budget cuts of R114, 354 million that were imposed to the department to fund COVID19 pandemic. This will have a huge impact in the structure of the department as some posts have also been frozen to accommodate this proposed cut.

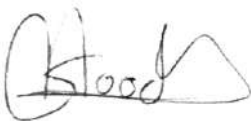
The Forensic unit will be transferred to Office of the Premier (OTP) as from 01 August 2020. The initial budget of the unit was R38, 733 million however it was subsequently decreased by R10, 239 million to cater for the budget cut. The remaining budget as at 31 July 2020 that will be transfer to OTP is R19, 996 million.

Acknowledgement/s or Appreciation

I would like to express my special thanks to the MEC for Finance for his 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 2019/20.



Mr S. Moodley
Accounting Officer
31 July 2020

A.6 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 2020.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. Moodley', written over a horizontal line.

Mr S. Moodley
Accounting Officer

31 July 2020

A.7 Strategic Overview

7.1 Vision

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

7.2 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.

7.3 Values

The core values of the Department are as follows:

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

A.8 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)

7.1 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.

7.2 Legislative Mandates

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

7.2.1 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.

7.2.2 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.*

7.2.3 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.

7.2.4 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.

7.2.5 Annual Provincial Appropriation Acts

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

7.2.6 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.

7.2.7 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.

7.2.8 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.

7.2.9 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.

7.2.10 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.

7.2.11 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.

7.2.12 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.

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

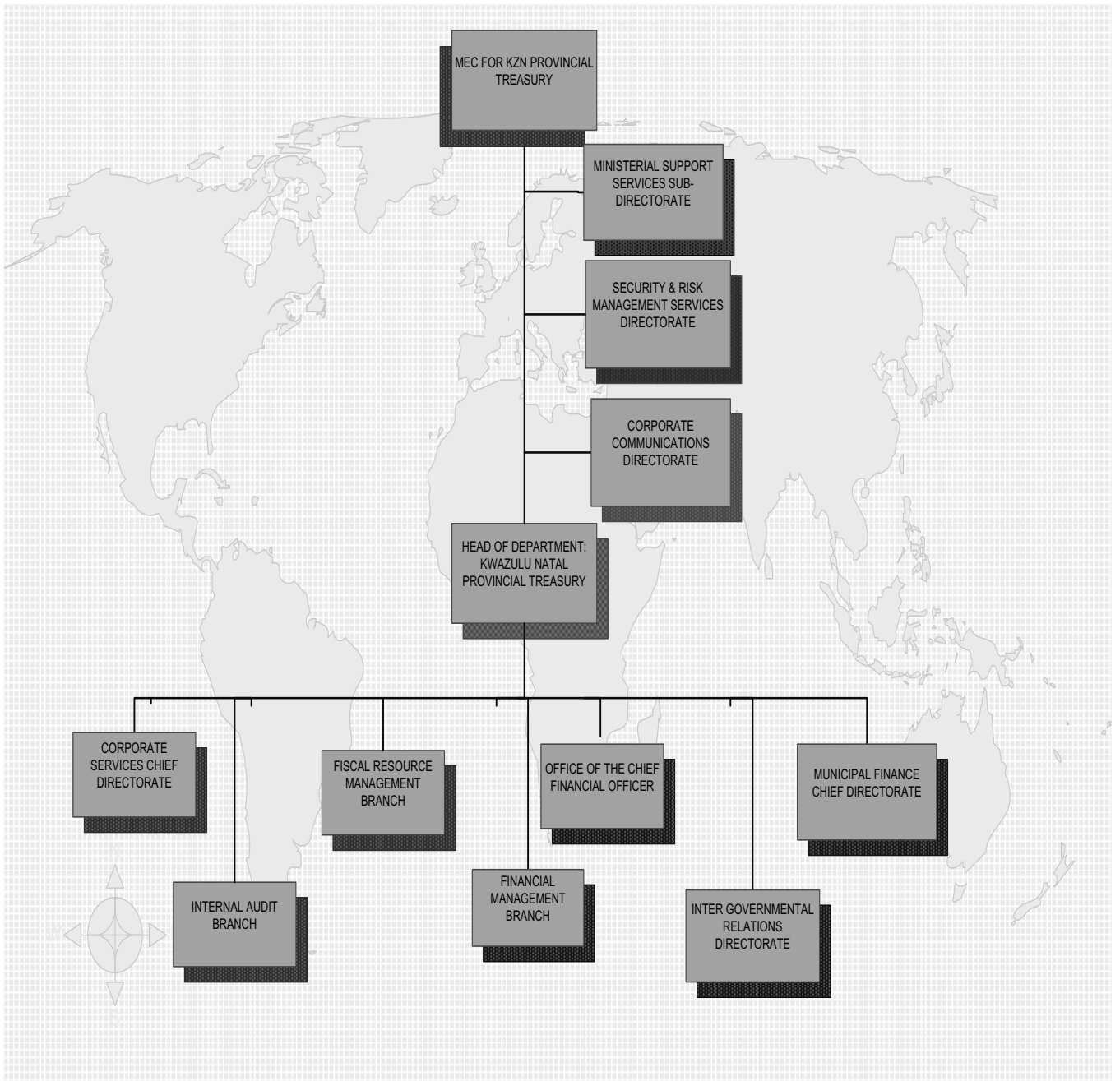
This Act provides the regulation of intergovernmental process that must be followed by provinces in the exercise of their power in terms of section 228 of the Constitution to impose taxes, levies and duties, the flat-rate surcharges on the tax basis of any tax, levy or duty imposed by national legislation;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

7.3 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).

A.9 Organisational Structure



A.10 ENTITIES REPORTING TO THE MINISTER/MEC

N/A

PART B:

PERFORMANCE INFORMATION

1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to page 204 of the Report of the Auditor General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 Service Delivery Environment

Office of the MEC (Community Outreach and Social Responsibility)

The Constitution of the Republic of South Africa mandates Provincial Treasuries to coordinate dialogue between government and the public on service delivery issues. Provincial Treasury provides information and interacts with communities and other stakeholders to ensure a two-way process of sharing ideas.

The nature of Provincial Treasury as a department, not directly involved in service delivery, requires a unique approach to its community outreach programme. As mass gatherings are usually not appropriate, the department identifies and assists non-governmental organisations and/or non-profit-making institutions that operate within communities to develop and improve the quality of lives of people.

The Provincial Treasury's objective is to make an impact and provide tangible assistance to address specific needs.

In line with this, the Office of the MEC for Finance has led multiple community outreach programmes both in urban and rural areas across the province of KwaZulu-Natal with the objective of empowering communities to fight poverty and underdevelopment.

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

Since taking over the reins at KZN Treasury, MEC kicked off with an outreach event in Dukuduku area, near Mtubatuba where he donated sewing and overlocker machines to Janitor Co-operative. The objective was to help beef up resources of this young women enterprise. This is a youth Co-operative that specialises in sewing various type of clothing, furniture making and repairs as well as upholstery. KZN Treasury further supported this Co-operative with upholstery raw materials in order to help them grow and create more jobs for the other youth in the area.

During this three-legged outreach, local elderly women received blankets and walking sticks while one impoverished family of 6 members that survives through the 66 year-old's pension received a donation of grocery.

Similar outreach campaigns were undertaken in areas that include Eziqoleni under Ray Nkonyeni Municipality in the south coast, eShowe area in ILembe District, Bhongweni area in Kokstad as well as Phoenix where various women-owned Co-operatives received donations that include different types of sewing machines and sewing material and were also empowered with advice on running and growing their Co-operatives.

Further, various categories of communities have been touched and this includes MEC's donation of 20 mattresses, 50 blankets, a refrigerator, urn, microwave as well as colouring books and pencils to 50 children in Mbulula crèche which is one of the impoverished Non-Profit Organisations in KwaDumisa area under uMdoni Municipality as part of Mandela Day in July 2019.

The MEC further undertook visits to Angels' Care Crisis Centre and Khazimula Orphanage Centres in ward 2 and 4 under UMngeni Municipality in July 2020, where he made donations of blankets, grocery, sanitizers, masks and warm sleep wear. These Non-Profit Organisations assist children who are abused, orphaned and victims of gender-based violence.

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.

In an attempt to assist learners who come from various poor families, the MEC has made numerous donations of full school uniform to five different schools that have benefitted hundreds of learners.

These schools include Dududu Primary and Phindavele High schools under uMdoni Municipality in the south coast as well as Baniyena, Thimoni Primary Schools and Ntsongeni Secondary School in Mid-Illovo area under uMkhambathini Municipality respectively.

In recognition of Womens' and Mens' Months (July and August), the MEC held an engagement session with all Treasury staff which was attended by external experts on health, beauty, gender-based violence and lifestyle disciplines. This was an attempt to encourage staff to help fight the high incidents of gender based violence and abuse of women and children in society.

The MEC, as Political Champion of uMgungundlovu District, has led various other transversal community activities with the support of the Department of Agriculture and Rural Development. These include the launch of the Planting Season in Swayimane area under uMshwathi Municipality, Launch of Covid-19 One Home One Garden Programme in Dambuza location under uMsunduzi Municipality as well as the Launch of Msunduzi Service Delivery War Room whose main purpose is to help improve the functionality of the municipality in various areas. The objective of these engagements is to give a sharp focus to community empowerment and targeted service delivery.

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 and focus 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.

The Department further secured a partnership with the Provincial Banker, Absa Bank, for the allocation of R70 million to complement the Provincial Youth Business Fund as well as setting aside a fund of R500 million to help SMMEs and Co-operatives doing business with the provincial government. This is

the contribution to the realisation of one of the seven priorities of government: “Economic Transformation and job creation”.

Another example of private public partnership is the association of KZN Treasury with 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 in December 2015. 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.

In January 2020, this department welcomed a further three trainee Chartered Accountants, making a total of fourteen in the programme, nine of whom are currently undergoing training towards becoming Chartered Accountants (CA), and five who have been successfully signed off as Public Service trained Chartered Accountants and who are currently within an internal two year Management Development Programme. This programme is responding to the call from the President to increase the capacity of the state and to expand the pool of financial skills in the country. Through this initiative, Treasury will also strengthen the capacity of Departments and Municipalities to manage their finances prudently. These Chartered Accountants will be utilised as skilled resources within the Audit Improvement Strategy of the province.

Furthermore, Provincial Treasury has made financial investments through the Thuthuka Bursary Fund for previously disadvantaged students in financial management who want to pursue Chartered Accountancy. There are a total of 86 students who have been funded by the Department. All of these students come from various district municipalities in KwaZulu-Natal and are expected to serve the province upon completion of their studies. They feed into the training programme mentioned above, and to other government programmes, for example, in the eThekweni Municipality and the office of the Auditor-General.

Conversely, the outbreak of coronavirus has disrupted the work of government. One of our main tasks as the Provincial Treasury, during this time of the Covid-19 crisis, is capacitating Supply Chain Management on the new Covid-19 emergency procurement regulations. We are acutely aware of the risks that are already manifesting themselves. We will undertake the training of Supply Chain Management to ensure that departments can procure commodities on an emergency basis in line with the emergency procurement regulations without compromising on quality, specifications and value for money. It must be stressed that Provincial Treasury cannot do the procurement itself. Departments remain responsible and Accounting Officers remain accountable.

The Provincial Treasury is currently monitoring expenditure related to Covid-19 by Municipalities, Public Entities and Departments. Risks such as the possible purchase of items not related to Covid-19 while using the emergency procurement regulations and instruction notes have been identified.

It is events, engagements and interventions 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.

Guided by the Public Finance Management Act (PFMA) and the Municipal Finance Management Act (MFMA), Provincial Treasury will continue to strive to be the “Guardian of the Public Purse.”

Management Services (Office of the 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 2019/20 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 eThekweni 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 eThekweni Metro and programmes that sought to mitigate the water scarcity issues throughout the Province by donating and installing jojo tanks. Over the 2019/20 financial year, the following were Treasury's deliverables in eThekweni and other districts:

- **Windy Heights Primary School (eThekweni)** - Supply of 10 x Desktop computers for learners with bags and lock chains
- **Mbazwane Primary School (Zululand)** - Supply of 4 x self-filing water tanks powered by engine support
- **Esiphakama Crèche (EDumbe)** – Supply & Installation of the Jojo septic tank
- **Ombimbi Primary School (Nongoma)** - Supply of computer for the principals' office
- **Emkhombe High School (Nongoma)** - Supply 10 x Desktop computers for learners with bags and lock chains

The Municipal Finance Management Internship Program (MFMIP)

The MFMIP 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 **2019/20** 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
Umngeni:	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
Total	54	1419	573	40.4

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 continues to assist 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 invoices submitted for payment by services providers, the unit has been able to prevent, detect and correct any internal control deficiencies.
- Averages of 99% 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 11th consecutive clean audit for the 2019/20 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 2019/20. 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. There are five (5) vacant posts that will not be filled in the 2020/21 financial year due to the budget cuts that were initiated by National Treasury to fund the COVID-19 expenditure.
- The Office of the Chief Financial Officer has continued to attract, motivate and retain 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 Auxiliary Services support. 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

- During 2019/20, 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 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 is actively implemented, with the introduction during this period of an Outdoor Wellness Sanctuary for outdoor activities, relaxation, outdoor meetings and gatherings, and a dedicated space for planting, flowers, trees and vegetables. This facility is also used for Aerobics during Office hours, as approved by the Head of Department.

- 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 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 previously disadvantaged students studying towards becoming Chartered Accountants is in its 8th 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 5th allocation of three Trainee Accountants as at January 2020 making it a total of nine (9) trainees who are currently undergoing training towards becoming chartered accountants. The program has since inception, yielded a total of five (5) Public Service trained Chartered Accountants, who are all now employed on a further three-year management development program within the Department.
- Provincial Treasury's proposed Organizational Structure, aligned to the generic structure of Treasuries developed by DPSA, was concurred by the Minister of Public Service and Administration for approval and implementation at the end of the financial year.

Information Technology Management

- During 2019/20, the unit maintained high levels of good governance in ICT. The General Controls Review audits by the Auditor General and the Internal Audit unit resulted in no audit findings. 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.

- In order to improve service resilience a distributed electronic mail system was implemented to ensure that the email system remained available in the event of any server failure.
- The journey to the Cloud continued with the registration of a tenet for Treasury. This has enabled us to roll-out collaborative platforms like Microsoft Teams and document sharing with OneDrive.
- The Disaster Recovery site in Durban was made fully functional. Data is backed up and replicated on a daily basis.

Programme 2: Sustainable Resource Management

Economic Analysis and Infrastructure

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

- *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 Delivery 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 continued 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

Unit continued to contribute to several speeches for the MEC. Participation in the assessment of the Integrated Development Plans (IDPs) and Local Economic Development (LED) forums in the municipalities was conducted. Support was also provided at the municipal level through Operation Sukuma Sakhe (OSS).

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), MillaSA.

The Unit also participated in bid evaluations, provided newsletters for the department's quarterly publication "Dialogue". Members of the Unit were also seconded to RASET programme for three months.

Publications such as the 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 and Public Finance's Overview of Provincial Revenue and Expenditure (OPRE) 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 Departments that have an 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 2020/21 Estimates for Capital Expenditure (ECE) which was published together with the Provincial Budget is one of the highlight achievement of this financial year. This annual 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. The ECE includes each provincial department's infrastructure development programme and project lists planned to be delivered during the 2020/21 MTEF period. The programmes and projects were then captured Infrastructure Reporting Model (IRM). This will assist to improve reporting and monitoring.

Through improved planning and reporting departments of 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 to unify infrastructure delivery management in all spheres of government continues to be 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.

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

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, and Section 27:

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) covering a minimum planning forecast of 10 years, the Medium term plan known as the Infrastructure Programme Management Plan (IPMP) focuses on the next 3 years (or MTEF) and the Infrastructure Programme Implementation Plan (IPIP) focus is detail planning implementation for the next financial year or a 1 year plan. The in year reporting of infrastructure performance and spending is monitored and reported in the Infrastructure Reporting Model (IRM).

During the 2019/20 financial year, National Treasury strategic direction and initiatives in IDMS implementation changed with the repealing of Instruction Note 4 of 2015/16: Standard for Infrastructure Procurement and Delivery Management (SIPDM). The SIPDM was replaced with Instruction No. 3 of 2019/20, the Framework for Infrastructure Delivery and Procurement Management (FIDPM) addresses issues of inconsistencies with National Treasury infrastructure delivery management and separate Procurement systems. The National Treasury Instruction No. 3 of 2019/20 in this respect was issued on 26th April 2019.

- *KZN Infrastructure Integrated Master Plan*

The KwaZulu-Natal Provincial Planning Commission lead in development of the KwaZulu-Natal Provincial Growth and Development Strategy and Plan (PGDS/P), which is underpinned by and aligned to the National Development Plan (NDP). Both the NDP and the PGDS/P emphasises the need for improved co-ordination, alignment and integration of infrastructure planning. This resulted

in KZN EXCO approving the establishment of the provincial 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 advance the strategic objectives and interventions identified in the PGDS/P. The ICWG is chaired and coordinated by KZN Department of Public Works with support from Provincial Treasury.

The developments of the Provincial Integrated Infrastructure Master Plan (IIMP) provides a high level overview of the nature, extent and status of alignment of and between the abovementioned categories with organisations infrastructure planning within the Province of KwaZulu-Natal. Where the IIMP identifies critical infrastructure priority gaps due to singular sector infrastructure planning. The need therefore, for such a Provincial Integrated Infrastructure Master Plan that keeps pace with sector planning developments; 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 sector planning developments, that were received, were reviewed and included or updated in the IIMP, and was presented in August/September 2019 and January/February 2020 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 Capacity support initiative otherwise called "Crack Team". The infrastructure support team (a panel comprising of Built Environment Firms) 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. A new three year contract commenced in April 2015 with 23 built environment professional companies, and now in the 2020-21 financial year - a new increased 90 firm panel has been put in place.

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 of 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. Subsequently contractors were appointed to undertake repair works as follows:

- Wentworth Hospital for the main buildings and a collapsed embankment
- Roof replacement and improvements to the Stormwater system
- Repairs and improvement to the Stormwater management system

Listed below are some other projects undertaken in the 2019/20 financial year.

- Mpfana Municipality Electricity System Assessment
- uMngeni Municipality Conditional Investigation into Municipal Flats
- Ndumo Irrigation Scheme A Review

- *Provincial Regional Technology Hub Project*

The focus and purpose of the project is based on what has been experienced and achieved internationally through the establishment of innovation technology hubs. 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:
 - uMunduzi (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 was secured over the MTEF (2015/16 to 2017/18).

- The four “**hub hosts**” (the three municipalities and the RBIDZ) own the hubs. 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 fully utilized.
- The technology hubs have been formally handed over to the hub hosts by KZN Treasury.
- EDTEA have taken over the Provincial oversight and strategy for the Technology Hubs

- *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. It is important to clarify the role of KZN Treasury in a project at implementation level. The circumstances of this project were unique and the KZN Treasury role included a broader objective – which was to provide technical support to Departments. Funding of R8m was made available through the Office of the Premier for the 2016/17 financial year. A summary of completed progress includes:

- The final tendered award of 9 selected projects amounted to R 7 629 870.55 or 95.4% of the R8m.
- The carry-over was requested was approved for the 2017/18 financial year was R 2 616 946.78.
- The final expenditure at completion of the 9 selected projects selected, amounted to R7 220 810.68 or 90.3% of the R8m.
- The final project completion of the 9 projects - achieved final completion certification by the project engineer on the 23rd October 2018. This date also marks the point of final handover of the last project competed to the Office of the Premier. The final completion certification point - also provides all contractual retentions payments that were paid in the final account in 2018/19 financial year.

Public Finance

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

The department continued to monitor and report on the performance of the budget and service delivery achievements for all 14 departments, the Provincial Legislature and 16 public entities to National Treasury, the Provincial Executive Council, as well as the Finance Portfolio Committee (FPC). The Standing Committee on Oversight (STACOV) was also updated on the budget performance of the Provincial Legislature.

The 2019/20 main budget was finalised and tabled on time as stipulated by the PFMA. The main budget was accompanied by the tabling of the 2019/20 EPRE, which provides provincial spending plans for the next three years. Also tabled in 2019/20 was the 6th Democratic Administration Budget Speech, Reviving the 2019/20 MTEF Budget in the Provincial Legislature and the reprint of the 2019/20 Estimates of Provincial Revenue and Expenditure (EPRE).

The 2019/20 Adjustments Estimate of Provincial Revenue and Expenditure (AEPRE) was prepared and tabled in the Legislature as stipulated by the PFMA. The implementation of cost-cutting measures by departments and public entities continued to be overseen with approximately (1416) such submissions being processed during the year.

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 measures are constantly being improved upon, through the introduction of new measures and amendment of existing measures. The province was the first in the country to institute controls around the process of filling of vacant posts. These measures have all contributed to the province remaining cash positive, continuing with a trend which started in May 2010.

The Public Finance unit will continue to monitor the spending and revenue collection of departments and public entities against budget will continue in 2020/21, with the aim of keeping provincial spending within budget. The Provincial Executive Council will continue to be kept regularly informed of the province's budget performance. The 2020/21 EPRE and 2020/21 AEPRE will be prepared. The enhancement of Provincial Own Revenue will remain a focus area in view of the fiscal consolidation and PES data updates budget cuts that continue to reduce the province's equitable share and conditional grant allocations. Departments' and public entities' adherence to the cost-cutting measures will continue to be monitored.

Programme 3: Financial Governance

Asset and Liabilities Management

The Cash Blocking system has ensured more effective cash management by the departments during the 2019/2020 financial year, as departments were not able to disburse payments to suppliers unless they had the funds available in their cashbook.

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 2019/2020 financial year.

The tax section provided on-going support to the KZN provincial departments in respect of payroll tax functions during 2019/2020. There has been a noticeable improvement in the knowledge and skills of the tax supervisors at some departments in the Province.

Amendments to tax legislation which impacted PAYE or payroll tax were communicated to departments. Where gaps were identified in the required knowledge and skills of tax supervisors at the departments, one-on-one training sessions were conducted to address individual training needs.

The PAYE Tax Manual was updated to include new legislation amendments and is used by departments in conjunction with SARS Employer Guide. During the 2019/2020 year the training and support continued to be 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.

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.

Public Private Partnerships (PPPs)

Service Delivery Achievements

Feasibility Study for Inkosi Albert Luthuli Hospital was conducted, outcome was presented to the Provincial Executive Council for its approval before application for Treasury Approval 1. KZN Provincial Department of Health has since obtained Treasury Approval 1 from National Treasury, it is unfortunate however that the department did not seek nor obtain Provincial Treasury approval 1 as required by Treasury Regulation 16.4.1 and 16.4.2.

The PPP unit continued to provide technical support to KZN Department of Health in its contract management of its concession contract with Impilo consortium.

Procurement of Transaction advisors to undertake investigation of a possible Public Transport solution linking King Shaka International Airport to the Cities of Durban, Pietermaritzburg, Richards Bay and Port Shepstone by KZN Department of Economic Development, Tourism and Environmental Affairs was completed during the year under review.

Even though the five-year review for the concession contract of iLembe District Municipality in its Water and Sanitation concession contract with Siza Water was not concluded at year end such review has since been finalised. The PPP unit had continued with its support in management and monitoring of this concession contract

Supporting and Interlinked Financial Systems

The directorate continues to provide support for financial systems such as BAS and HardCat in the province. The Persal is technical supported by the directorate, whilst the Office of the Premier is handling the functionality and policy.

The directorate remains committed to provide optimal protection to both BAS and Persal transversal systems thus mitigating any financial loss to the province. The use of the Biometric Access Control System (BACS) has significantly strengthened the non-repudiation in both BAS and Persal.

The directorate started to embark on improving the performance of HardCat Asset Management in the Province for all participating departments with KZN Department of Education being the first moving their standalone database to the centralized database. Training on the latest version was also conducted to their users in 14 -16 October 2019.

Provincial Supply Chain Management (SCM)

- Routine SCM compliance assessments, operational support and investigations were conducted in Departments, Municipalities and Public Entities to ensure compliance with all relevant SCM prescripts. The unit also provided training to Institutions mainly on Local Production and Content and SCM Bid Committees, where necessary.
- 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 2019/2020 financial year. Additional interventions will be identified in terms of the Audit outcomes, for Departments, Municipalities and Public Entities.

- The Policy Development Unit continued to review SCM Policies from the Departments, Public Entities and Municipalities on request. The Unit also commenced the process of consolidating comments on the Draft Public Procurement Bill which was published in February 2020 for public comments.
- The Contract Management Unit assisted Municipalities in developing their Contract Management Policies in line with the Provincial Contract Management Policy Framework and on-going monitoring and support was provided to all Municipalities. The site visits were undertaken to assess the on-site implementation of Contract Management within all Municipalities in the Province and comprehensive reports were submitted to the Municipalities, setting out areas that required attention and providing comprehensive action plans to address any weaknesses and potential areas which needed attention. Training was provided on request by Municipalities.

The SCM Unit further embarked on an exercise aimed at providing post-implementation support to all Departments within the Province, where site visits commenced in November 2019 with an aim of analysing the situation in relation to Contract Management in all Departments. Ten (10) Departments were visited during the reporting period and the remaining Department visits were disrupted by the National Lockdown, which is planned for completion as soon as the situation allows such visits. The process to source more resources to be deployed in the Departments was underway and the Department had appointed two (2) additional resources on a two (2) year contract. Recommendations had already been sent to the Departments where site visits had been conducted as some of the Departments did not have fully functional Contract Management Units.

- 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 incurrance 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 twenty two (22) Regulations 32 requests.
- The unit provided direct support to all Departments, Municipalities, Public and Municipal Entities to facilitate the reporting, compliance, data uploads and registration of suppliers onto the Central Supplier Database (CSD). CSD training was facilitated to all municipalities and departments in order to provide SCM practitioners with knowledge on the functionality of the CSD.
- In accordance with Instruction Note 3 of 16/17, the Unit ensures accountability and good governance at Provincial level and has processed Two Hundred and Forty-Five (245) applications

for deviations. It is our view that this has gone a long way in curbing the incurrence of irregular expenditure.

- Specialised Support is a new unit that has been established within the Provincial SCM Unit to assist provincial departments and public entities in creating an enabling environment for government procurement to enhance opportunities for Historically Disadvantaged Individuals through vetting of bid specifications to ensure compliance with Preferential Procurement Regulations 4 and 9 of 2017 and to review high value bids in an effort to curb 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 2019/2020 financial year:-

SCHEDULE OF APPEALS – DEPARTMENTS					
DEPARTMENTS	APPEALS RECEIVED	STATUS			
		PENDING	WITHDRAWN	FINALISED	LATE APPEALS
AGRICULTURE	0	0	0	0	0
ARTS & CULTURE	1	0	0	0	1
EDUCATION	1292	1120	0	10	162
HEALTH	23	3	3	12	5
TRANSPORT	63	4	1	50	8
TREASURY	1	0	0	1	0
WORKS	40	15	17	3	5
DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS	15	1	2	9	3
DEPARTMENT OF ECONOMIC DEVELOPMENT AND TOURISM	1	0	0	1	0
DEPARTMENT OF SPORTS AND RECREATION	0	0	0	0	0
PREMIER	0	0	0	0	0
HUMAN SETTLEMENT	4	0	1	1	2
SOCIAL DEVELOPMENT	1	0	0	1	0
COMMUNITY SAFETY AND LIAISON	1	0	0	0	1
TOTAL	1442	1143	24	88	187

- 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 2019/2020 financial year.

SCHEDULE OF APPEALS – MUNICIPALITIES					
MUNICIPALITY	APPEALS RECEIVED	STATUS			
		PENDING	WITHDRAWN	FINALISED	LATE APPEALS
Amajuba Municipality	3		1	2	
Harry Gwala District Municipality	7		2	5	
Nkosazana Dlamini Zuma Mun	1			1	
Mandeni Municipality	1			1	
Danhauser Municipality	10			10	
Edumbe Municipality	2			2	
Greater Kostad Municipality	3		1	2	
Umzumbe Municipality	1		1		
Umgungundlovu District Municipality	4	3		1	
Msunduzi Municipality	3	1	1	1	
Inkosi Langalibalele Municipality	1			1	
KwaDukuza Municipality	2			2	
Umkhanyakude District Municipality	1			1	
Mshwathi Municipality	1			1	
Endumeni Municipality	1			1	
Zululand Municipality	2			2	
Uphongolo Municipality	9	1	1	7	
Abaqulusi Municipality	1			1	
Newcastle Municipality	1			1	
Alfred Duma Municipality	1		1		
Ilembe Municipality	2			2	
Richmond Municipality	1			1	
TOTAL	58	5	8	45	0

Accounting Services (Financial Reporting)

I. Provincial Departments and Public Entities

An executive overview of the financial management support provided to Provincial Departments and Public Entities by the Accounting Services Unit during the year is as follows:

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- Provided assistance in preparation of monthly general ledger reconciliations and monitoring of the quality of financial management reconciliations and accounting processes;
- Provided guidance with technical queries on implementation of accounting standard requirements for both Provincial Departments and Public Entities;
- Engaged with National Treasury and Office of the Auditor General on contentious matters relating to interpretation of 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;
- Reviewed the Interim Financial Statements of 14 Departments and 1 Public Entity;
- Conducted a pre-audit review of the annual financial statements and working papers for 14 Departments and 8 Public Entities;
- Facilitated training on Unauthorised, Irregular and Fruitless and Wasteful Expenditure for Departments and Public Entities;
- Training material developed and circulated to Departments on updates to the Modified Cash Standards;
- Facilitated GRAP update training for Public Entities;
- Reviewed the monthly reconciliations of interdepartmental accounts in the province;
- 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;
- Support suppliers to resolve payment disputes with departments when payment is delayed.
- In addition to the above support, the Unit undertook specific interventions at the following Departments to address audit risk areas:

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- Continued financial management support to KZN Department of Arts and Culture, including preparation of the annual financial statements, irregular expenditure and asset registers;
- Continued asset management support to KZN Department of Health;
- Provided asset management support and training on “accruals and payables not recognised” to KZN Department of Economic Development, Tourism and Environmental Affairs;
- Financial management support provided to KZN Office of the Premier in preparation of the financial statements;
- Provision of financial management support to KZN Department of Agriculture on commitments for the 2019 financial year end and updating of the irregular expenditure register for both the 2019 and 2020 financial years;
- Financial management support to KZN Department of Cooperative Governance and Traditional Affairs, including assistance with preparation of the monthly financial statements, irregular expenditure and commitment registers for the 2019 financial year;
- 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 for the 2019 financial year;
- Financial Management support to the Department of Sport and Recreation;
- Financial Management support to the Acting CFO at the KZN Department of Education.

In addition to the above the unit undertook the following:

- Prepared the consolidated annual financial statements for the province and public entities;
- Prepared the annual financial statements for the Provincial Revenue Fund;
- Reviewed the condonation of irregular expenditure submissions made by departments and public entities. The teams managing the sub-programmes of Accounting Services and Supply Chain Management have been instrumental in this process to ensure compliance with the Irregular Expenditure Framework.

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

In keeping with the Provincial Treasury's mandate to assist and support municipalities in strengthening and building their financial management capacity, the Accounting Services Unit in collaboration with the Municipal Finance Management Unit continued to provide mSCOA support to municipalities and their related entities in the province. In leading the initiative, the Accounting Services Unit played an instrumental role in spearheading a technically integrated engagement with municipalities and the Municipal Finance Unit with specific focus on MSCOA implementation and champion training, skills development and transfer to ensure continuation and inculcation of MSCOA support plans in action.

An executive overview of the deliverables accomplished is as follows:

- Management of the review of the detailed monthly transactional data of municipalities and municipal entities to ensure correct alignment to the mSCOA chart requirements, as well as completeness and accuracy of transaction information.
- Train municipalities and municipal entities in various mSCOA areas.
- Manage the support to municipalities in correcting the monthly transactional information in readiness for interim and annual financial statements.
- Provide hands on support to municipalities and their entities based on needs identified in relation to mSCOA budget preparation, monthly transactional information and/or financial statement preparation.
- Provide guidance and review the mSCOA adjustment budget for the 2018/2019 financial year and the mSCOA annual budget for the 2019/2020 financial year to ensure correct use of the mSCOA segments and assist municipalities and entities in clearing identified errors.
- Monitor the planning and implementation of the business process change in municipalities and municipal entities.
- Conduct a systems assessment on progress made by the municipalities and the entities and provide guidance in addressing these challenges.
- Provide guidance to municipalities and entities in the implementation of outstanding mSCOA modules including the integration of modules.

- Attend project steering committee meetings, forum and other stakeholder and role-player engagements as and when required including active participation.
- Compilation of presentations and progress reports for various platforms engagements.

In addition to the above, Provincial Treasury 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.

The function of mSCOA support to municipalities and their entities has been transferred to the Municipal Finance Unit with effect from 1 April 2020.

Future Plans

Provincial Departments and Public Entities:

The Financial Management Unit will continue to play a significant role in the implementation of the province-wide, multi-level PFMA audit readiness financial management support plan that has been developed to achieve the broad and overarching goal of improved financial management practices and the achievement of 90% unqualified audit outcomes by 2024. The improvement of the effectiveness of financial management in the Province remains a priority in the attainment of improved audit outcomes.

The following targeted projects and initiatives have been identified by the Accounting Services Unit to achieve the outcome outlined above:

- Provision of specialist financial and asset management support to provincial departments and public entities to enhance financial management skills and capabilities and ensure audit readiness.
- Provision of technical support and financial management training to strengthen capacity of officials at departments and public entities on financial reporting standards.
- Monitoring of financial management processes and analysis of monthly key accounts and reconciliations.
- Support to departments in the interim and annual financial statement preparation process with the object of improving the availability of quality supporting documentation.

- Monitor compliance with month-end closure procedures and submission of interim and annual financial statements.

In addition to the above the sub-programme will continue to provide support to the Province in terms of:

- Operation “Pay-On-Time”: A dedicated “operation pay on time” team is available to supports SMMEs in particular with resolving of payment disputes that arise and reporting to National Treasury on compliance with Instruction Note No. 34.
- Inter-Governmental Debt Management: Assistance with reconciliation of Inter-Departmental Accounts and Municipal Debt Recovery.
- Condonation of Irregular Expenditure: Assist with the reduction of irregular expenditure through a process of condonation in compliance with Instruction Note No. 2 of 2019/2020. Provincial Treasury will continue enforcement of the Framework for the condonation of irregular expenditure, by ensuring that all requests for condonation, made by Departments and Public Entities are in accordance with the requirements thereof.
- Preparation of the consolidated annual financial statements for the province and public entities.
- Preparation of annual financial statements for the Provincial Revenue Fund.

Norms and Standards

Policy Assistance to Departments

The unit reviewed eight (8) 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. Eight (8) policies were reviewed for four identified departments (2 per department) to ensure alignment with regulatory prescripts and financial norms and standards, with a comprehensive report issued on the findings, for incorporation and implementation, where relevant.

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 and 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 8 (eight) entities that included Mkhambathini local, Dr Nkosazane Dlamini-Zuma local, uMzimbhulu local, KZN Agri-business Development Agency, KZN Ezemvelo, and Trade & Investment KZN.

Monitoring Compliance and Evaluation

A compliance monitoring and evaluation exercise was conducted to assess financial management compliance within all provincial departments which assessed unauthorised, irregular and fruitless and wasteful expenditure 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 which was a more detailed analysis articulated from the assessment conducted during the 2018/19 financial year. A questionnaire was developed which assessed the Debt Management and Revenue Management in a more comprehensive manner. 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.

Implementation of the Financial Delegation Framework

Support was provided to four (4) public entities within KZN Province to assess the implementation of the Delegations Framework, as envisaged in National Treasury's principles document. The entities supported were Trade and Investment KZN, KZN Agri-business Development Agency, KZN Sharks Board and Dube Tradeport.

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

Audit Improvement Plan 2019

The unit conducted three critical assessments in line with the *Operation Clean Audit Improvement Strategy* for the Province:

- Review adequacy of departments' policies, based on the findings contained within the Management Report and Auditor-General Report for 2018/19 and taking into account the mitigation strategy per department to address such findings. Support are provided on an ongoing basis in reviewing identified policies per department, based on the audit findings and identified control deficiencies.
- Evaluation of financial management qualifications of officials in the Office of the Chief Financial Officer (CFO) and all payment points, identifying any deviations with minimum qualification criteria as per job descriptions and DPSA requirements and ensuring remedial measures are implemented based on the findings. A comprehensive report was issued on the outcomes of the analysis.
- Review adequacy of Financial Management Delegations of Authority. A report was issued on the current status of Departments delegation frameworks and any new matters arising subsequent to the matters reported on as at 31 August 2019.

PROGRAMME 4: INTERNAL AUDIT

Assurance Services

The shared internal audit function for the Province was provided by the Assurance Services sub-programmes within PIAS. All 14 provincial departments were serviced by the unit during the 2019/20 financial year. The Unit operated under the control and direction of the Provincial Audit and Risk Committee (PARC); and provided internal audit services as well as consulting activities designed to add value and improve Departments operations. The internal audit function operated with objectivity and independence, in compliance with the Standards for the International Professional Practices of Internal Auditing (SPPIA) issued by the Institute of Internal Auditors (IIA).

In executing its responsibilities as a shared internal audit function, the Unit assessed the effectiveness of controls over various processes by conducting 232 audit reviews. These reviews were based on the

risk profiles of each Department and included both full scope audit reviews as well follow ups to determine the extent of implementation of previous audit recommendations.

In line with efforts to improve audit outcomes within the various provincial departments, the financial audits component conducted various transversal audits. These included reviews of the in-year monitoring processes, reviews of the completeness and adequacy of audit improvements plans developed by departments to address AG findings; as well as conducting AG follow audits to provide accounting officers with assurance on the effective implementation of these audit improvement plans.

The unit focused on assisting departments by conducting cyber-security assessments as a consulting activity to assist Departments by providing an independent assessment of its state of preparedness to manage cyber-security threats and risks. In addition, various IT governance reviews were concluded in a number of departments. Other core business activities were also reviewed across various departments; as well transversal audits on supply chain management, reviews of performance management processes, human resource management, asset management and transfer payments.

The unit enhanced the number of follow up reviews conducted to ensure that audits remained effective in assisting Departments improve internal controls. These follow up reviews were aimed at ensuring that management implemented actions to remedy weaknesses reported by Internal Audit. These follow ups 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, discharged their oversight responsibilities over audit processes during the financial year. The Provincial Audit and Risk Committee met regularly; including meetings with the MEC: Finance as well as the Auditor General. The 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. during the financial year. The Provincial Audit & Risk Committee comprises of independent members from outside the public service. 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; as well reports to individual MECs. Committee members also attended AG Audit Steering Committee meetings and certain SCOPA meetings by invitation; as part of their oversight role.

Risk Management

Risk and Advisory Services is a Unit within the Provincial Internal Audit Services which has been established to assist provincial departments, public entities and municipalities to comply with their risk

management obligations as stated in the PFMA and the MFMA. Due to budget constraints, the support to public entities was curtailed, whilst the support to municipalities is done on a limited basis.

During the financial year, the Unit developed various frameworks which are envisaged to enhance departments' and municipalities' risk management and internal control practices. These frameworks, which are envisaged to be approved and rolled-out during the 2021/22 financial year, include the updated Provincial Risk Management Frameworks for departments and municipalities and the Provincial Combined Assurance Framework.

The Unit also continued its support to departments and municipalities through, among other things, facilitation of risk assessments at over 20 municipalities; and monitoring departments' compliance with: 1) Minimum risk management standards as set by the Provincial Executive Council in 2015; 2) Occupational Health and Safety Act; and 3) Sound Business Continuity Management Practices.

With regard to the Health Intervention Project, the Unit produced a detailed close-out report on the internal control work stream which was shared MECs for Finance and Health, the Department of Health, and the Provincial Audit and Risk Committee. Further work on the internal control work stream has been scoped and is awaiting approval for implementation. Further work includes assisting the Department with the recruitment and training of internal control practitioners to ensure the sustainability of the internal control work that was provided by the Unit.

In response to various COVID 19 control measures issued under the Disaster Management Act, the Unit has produced risk assessment guidelines and compliance checklists which have been issued to departments and municipalities for customisation. The Unit has also performed high level assessments of how departments are complying with selected COVID 19 control measures.

Forensic Services

Four hundred and fifty-eight (458) investigation requests were received by the unit for the period December 2009 to 31 March 2020 from provincial departments, public entities, and municipalities. The amount of fraud and corruption that is currently under investigation is in excess of R9 billion, accumulated from December 2009 to date.

Approximately 83% of the investigation requests received were investigated and completed. Those that warranted criminal investigation were referred to the law enforcement agencies for further investigation. The remaining 17% of alleged corruption and fraud cases reported are currently under investigation. The Audit and Risk Committee oversight role with regards to forensic investigations (conducted and

those still in progress) has been limited to three hundred and twenty-nine (329) of the four hundred and fifty-eight (458) allegations received against the provincial departments.

Most of the allegations received and investigated are serious and complex in nature. These investigations are very costly and had created serious financial pressures for the unit. The unit has thus requested local government institutions and public entities to fund their own investigations, disciplinary hearings and criminal investigations. Provincial Treasury will however assist wherever possible, but will prioritise investigations requests from provincial departments. The unit had also requested provincial departments to fund their own disciplinary hearings and in some cases criminal investigations.

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 also assisted Accounting Officers of 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 is tasked with monitoring the implementation of recommendations contained in the finalized forensic reports by the respective Accounting Officers of all departments relating to criminal, disciplinary and civil proceedings by conducting follow-up exercises. Through the work done during the 2017/18 financial year, a preservation order amounting to R543 000 000.00 was obtained.

Programme 5: Municipal Finance Management

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 2019/20 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 2019//20 Medium Term Revenue and Expenditure Framework (MTREF) Budgets;
- Assessment of the 2019/20 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 legislation. 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 2019/20 Mid-Year Budget and Performance Assessment Reports on the budget performance of all delegated municipalities.

The Municipal Budget unit assessed the 2019/20 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 2019/20 budget preparation process was provided on request to the following six municipalities as indicated below.

Onsite technical support to municipalities on the 2019/20 budget preparation process

No	Name of municipality	No	Name of municipality
1	uMdoni	4	iMpendle
2	uMzambe	5	uMgungundlovu DM
3	Ugu DM	6	iNkosi Langalibalele

Source: KZN Provincial Treasury

To guide all 51 delegated municipalities with the preparation of their 2019/20 budgets and to monitor compliance with the Municipal Budget and Reporting Regulations (MBRR), Provincial Treasury (PT) issued Circular PT/MF 10 of 2018/19 dated 12 March 2019 (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 all the delegated municipalities on the preparation of funded budgets for the 2019/20 MTREF. Only two municipalities had invited Provincial Treasury to their BSC meetings.

Municipalities who invited Provincial Treasury to their BSC meetings

No	Name of municipality	Date of BSC meeting
1	Nquthu	12-Feb-19
2	uMvoti	22-Mar-19

Source: KZN Provincial Treasury

Provincial Treasury conducted the 2019/20 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 2019/20 Tabled Budgets were received from all 51 delegated municipalities in the prescribed format. Comprehensive assessments were conducted and bi-laterals engagements with 50 municipalities within the months April and May 2019 were undertaken to discuss Provincial Treasury's findings on the municipalities' 2019/20 Tabled Budgets before formal feedback was provided to all 51 delegated municipalities. Provincial Treasury could not engage the remaining delegated municipality due to the unavailability of senior municipal officials at the municipality.

The second phase entailed the high level assessment of the budgets approved by the municipal Councils. Copies of the 2019/20 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.

National Treasury recognised the unforeseen consequences of municipalities adopting unfunded budgets and therefore afforded municipalities that had unfunded 2019/20 Approved Budgets the opportunity to rectify the situation through the Special Adjustments Budgets. The requirement for the municipality to table and approve the Special Adjustments Budget was communicated to municipalities by National Treasury as per the correspondence to municipalities dated 08 October 2019. Provincial Treasury was required to engage with municipalities that had unfunded 2019/20 Approved Budgets before the end of October 2019. Provincial Treasury engaged all 16 delegated municipalities that had unfunded 2019/20 Approved Budgets over the period 14 October 2019 to 22 October 2019. Thereafter,

detailed assessments were performed on the Special Adjustments Budgets submitted by the municipalities and the findings thereof were communicated to municipalities during the bi-lateral meetings.

Provincial Treasury also monitored the submission of the 2019/20 Mid-Year Budget and Performance Assessment (Section 72) Reports which were due to both the Provincial and National Treasuries by 25 January 2020, 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 2019/20 Adjustments Budgets.

Provincial Treasury requested municipalities in Circular PT/MF 06 of 2019/20 dated 18 December 2019 to refrain from tabling their 2019/20 Mid-Year Budget and Performance Assessment Reports together with their 2019/20 Adjustments Budgets. This was requested in order for the Provincial Treasury to effectively assess the 2019/20 Mid-Year Budget and Performance Assessment Reports and provide meaningful contribution thereon in the preparation of the municipalities' 2019/20 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 were 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 19 municipalities, which represents 37 percent of the engagements convened.

List of the 19 bi-lateral engagements on the 2019/20 Mid-Year Budget and Performance Assessment Reports that were attended by the SCM Unit

No	Name of municipality	No	Name of municipality	No	Name of municipality
1	Ugu DM	8	Mkhambathini LM	15	uMngeni LM
2	Mpoofana LM	9	Richmond LM	16	iMpendle LM
3	uMdoni LM	10	uMgungundlovu DM	17	AbaQulusi LM
4	uMzambe LM	11	Maphumulo LM	18	uMzimkhulu LM
5	uMuziwabantu LM	12	Mandeni LM	19	uMvoti LM
6	eNdumeni LM	13	uMsinga LM		
7	Ndwedwe LM	14	Ray Nkonyeni LM		

Source: KZN Provincial Treasury

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

List of the 9 bi-lateral engagements on the 2019/20 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	uMdoni LM	4	Maphumulo LM	7	Okhahlamba LM
2	uMngeni LM	5	uMlalazi LM	8	Alfred Duma LM
3	uMvoti LM	6	Msinga LM	9	Ndwedwe LM

Source: KZN Provincial Treasury

Engagements on the 2019/20 Mid-Year Budget and Performance Assessments Reports were conducted with a total of 49 municipalities including the joint engagements with the Provincial Treasury's SCM and Internal Audit Unit. Provincial Treasury did not engage with the Nquthu LM due to the poor quality of the 2019/20 Mid-Year Budget and Performance Assessment Report submitted and the KwaDukuza LM due to the unavailability of municipal officials.

The Municipal Finance Management 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 15 and 16 October 2019 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 77 municipal officials from 22 municipalities.

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

In keeping with the Provincial Treasury's mandate to assist and support municipalities in strengthening and building their financial management capacity, the Municipal Accounting and Reporting Sub-programme provided on-site financial management support to identified municipalities within the province. The fundamental objective of this program is to improve the financial management accounting and reporting processes at the delegated municipalities and assist in addressing audit findings.

The on-site support intervention strategy conducted by the initiative entailed the following:

- An assessment of the status of financial management practice at identified municipalities and the development of a project plan;
- Review or perform monthly general ledger reconciliations and monitoring of the quality of financial management reconciliations and accounting processes, as required;
- Address prior year audit matters as raised by the Auditor-General to ensure that such matters are resolved adequately;
- Provide guidance and oversight in the asset register preparation process and asset management processes or assist in the preparation of the asset register as required;
- Monitor and assist in the preparation of the Interim Financial Statements and Annual Financial Statements (AFS);
- Preparation of AFS and supporting reconciliations and schedules, as required;
- Assist in the preparation and review of the audit working paper file including all financial reconciliations and disclosure requirements;
- Training and development, including continuous on-the-job training of municipal officials in terms of financial management throughout the project;
- Monitor and implement compliance with the Municipal Finance Management Act No. 56 of 2003 (MFMA), and other relevant local government legislation;
- Provide support with the alignment and compliance of Municipal Standard Chart of Accounts (mSCOA) requirements for financial management transactions;
- Attendance at audit steering committee meetings. Provide guidance and support during the audit process to the CFO in addressing all financial management audit queries until the issue of the final audit report; and
- Attendance at management meetings that relate to financial management within the municipality.

The 2019/20 annual targets for Financial Management Support to Municipalities include:

- Target for 2019/20: Pre-audit assessment report in four (4) municipalities by 31 August 2019.

Actual: During the 2019/20 financial year Municipal Accounting and Reporting assisted eight (8) municipalities to review the Annual Financial Statements prepared by the municipalities.

- Target for 2019/20: Progress reports on intensive on site financial management support to six (6) municipalities.

Actual: On site financial management support was provided to seven (7) municipalities during the 2019/20 financial year.

List of municipalities that received support from Municipal Accounting and Reporting during 2019/20

No	Name of Municipality	AFS Reviews	Financial Management Support
1	Ray Nkonyeni LM		✓
2	uMuziwabantu LM		✓
3	Ugu DM		✓
4	uThukela DM		✓
5	uPhongolo LM	✓	✓
6	Ulundi LM	✓	
7	uMhlabuyalingana LM	✓	
8	Mandeni LM		✓
9	KwaDukuza LM	✓	
10	uBuhlebezwe LM	✓	✓
11	uMzimkhulu LM	✓	
12	Dr Nkosazana Dlamini Zuma LM	✓	
13	Harry Gwala DM	✓	

Municipal Finance Improvement Programme (MFIP III) - Asset Management

In response to the continuing challenges faced by municipalities and the resulting impact on audit outcomes, particularly as it relates to Asset Management, Provincial Treasury continued to provide hands on assistance to municipalities whom require asset management support. National Treasury deployed an Asset Management Technical Advisor as part of the Municipal Finance Improvement Programme (MFIP III) to provide assistance and guidance to Provincial Treasury and municipalities in all aspects of Asset Management. The advisor assisted to address weaknesses identified with the establishment of an asset management steering committee, capacitation of the asset management unit and assistance with the development of policies and procedures.

An assessment of the status of asset management in the province was undertaken by a review of the prior year audit findings. A total of ten (10) municipalities received dedicated support during 2019/20 from the MFIP Advisor, with assistance from the Municipal Accounting and Reporting team.

List of municipalities that received MFIP III Asset Management Support during 2019/20

No	Name of the municipality	No	Name of the municipality
1	AbaQulusi LM	6	Ugu DM
2	Harry Gwala DM	7	uMgungundlovu DM
3	Impendle LM	8	uMzinyathi DM
4	Nongoma LM	9	uPhongolo LM
5	uBuhlebezwe LM	10	uThukela 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.

The objective of mSCOA is to provide a national standard for the uniform recording and classification of municipal budget and financial information at a transactional level by providing a standard chart of accounts.

Provincial Treasury continued to monitor the implementation of mSCOA in the Province during the 2019/2020 municipal financial year by means of providing onsite support and engagements to assist all delegated municipalities with the implementation of the chart and ensuring transfer of skills.

Municipalities were provided with support through various platforms including:

- CFO Forums.
- Individual municipal training on request.
- Telephonic and email support to assist in 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.
- Technical queries on the chart within regards to inadequate guides not included in 6.3 and 6.4 of the mSCOA chart.
- Provision of an audit checklist including review of the working paper files that municipalities have in place.
- Review of the Adopted budget for the 2019/20 and the Adjustment budget of the 2019/20 financial year and feedback provided to municipalities on the use of segments.
- Review of the In-Year-Reporting and provide feedback on areas of improvement required and misuse of the mSCOA chart.

- 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.
- 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.

Training provided consisted of the following:

- mSCOA and Annual Financial Statement Alignment.
- The use of segments and corrections required.
- Budgeting and Transacting in mSCOA.
- mSCOA Fundamentals and mSCOA reporting requirements at identified municipalities.

The mSCOA team continues to support municipalities in addressing queries with the chart and assisting 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.

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 2019/20 target was for MSP to implement 10 projects at municipalities. A total of eleven (11) projects were implemented at nine (9) municipalities during 2019/20.

The VAT Review initiative was implemented at two (2) municipalities in the 2019/20 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 three (3) municipalities in the 2019/20 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. The MSP provided structured support through the grant management training initiative at five (5) municipalities during the 2019/20 financial year. 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.

The MSP also provided Municipal Finance technical support to one municipality as part of an intervention team to address the outstanding Eskom debt.

List of Municipalities supported by MSP during 2019/20

No.	Name of Municipality	VAT	PAYE	Grant Management	Municipal Finance Technical Support
1	Mpofana LM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	✓
2	iMpendle LM	✓	✓	<input type="checkbox"/>	<input type="checkbox"/>
3	uThukela DM	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>
4	Newcastle LM	<input type="checkbox"/>	✓	<input type="checkbox"/>	<input type="checkbox"/>
5	Mandeni LM		<input type="checkbox"/>	✓	<input type="checkbox"/>
6	KwaDukuza LM	<input type="checkbox"/>	<input type="checkbox"/>	✓	<input type="checkbox"/>
7	Ndwedwe LM	<input type="checkbox"/>		✓	
8	iLembe DM	✓	✓		
9	Harry Gwala DM			✓	

2.2 Service Delivery Improvement Plan (SDIP)

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.

Assurance Services within the Internal Audit Unit assesses its performance on an annual basis. This business component has, for the past and current years, experienced 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.

The annual audit plans of all fourteen (14) Provincial Departments were not completed by the end of the financial year (31st March 2020) which has led to ineffectiveness 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 & 77 of PFMA, and failure to complete annual audit plans has led to automatic failure by Departments to comply with the relevant legislations. On average the unit has achieved 85% of the combined annual audit plans (14) for the financial year under reporting. The percentage of achievement was as a result of 15 audit projects that were cancelled/carried over to the 2020/21 financial year, out of a total of 267 audits that were initially planned. Non-achievement of the 267 audits for 2019/20 financial year was mainly due to the challenges with the Departments not being timely responsive to audit requests. In addition, some of the audits were under planned in terms of the nature and complexities of the audit areas.

Due to the low level of risk management maturity in provincial departments, public entities and municipalities, Provincial Treasury, through the Risk Management 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 has revised the Provincial Risk Management Framework to expand on the minimum risk management standards, and to provide guidelines to provincial departments and municipalities. These two frameworks have been shared with the Provincial Audit and Risk Committee and the MEC, and they are envisaged to be approved by 30 June 2020. Once approved, these frameworks will assist in providing guidance in the development of credible risk registers and facilitation of risk assessments at departments and municipalities levels.

2.3. ORGANISATIONAL ENVIRONMENT:

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..3.1 SITUATIONAL ANALYSIS (AS PER THE SDIP):

As per the approved SDIP	Current analysis
<p>Key service 1 Assurance Services</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>a) Positive Reflections on PIAS</p> <ul style="list-style-type: none"> • The performance audit on S&T Expenditure conducted during 2014/15 and 2016/17 by PIAS across all Provincial Departments has led to reviews of Departmental S&T Policies by all Government 	<p>The situational analysis as per the approved SDIP has not changed for 19/20, with a few additional issues to note. The 19/20 situational analysis is thus reflected as follows :</p> <p>a) Positive Reflections on PIAS</p> <ul style="list-style-type: none"> • A Supply Chain Management internal audit was conducted for COGTA during Q3 and Q4 of 2019/20 financial year. Internal Audit was able to assist the department by preventing it from incurring irregular expenditure of R19 879 126.00. The department was able to cancel the tender that did not fully comply with the SCM process prior to expenditure being incurred. • A cyber-security assessment was conducted during 2019/20 by PIAS across eleven (11) Provincial

<p>Departments. In addition, the Province has collectively experienced expenditure reduction on the S&T Audit Report advised Departments to improve on scrutinizing S&T Claims. This control measure has helped to eliminate unnecessary trips and has also helped to eliminate the risk of processing fraudulent S&T claims. Most of the Departments have commended the audit as it had led to the improvement of control environment.</p> <ul style="list-style-type: none"> • The Auditor-General had placed reliance on the IT audit work conducted by the Internal Audit, Assurance Services through its IT 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. • 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 	<p>Departments. The objective was to assess the departments' state of readiness to identify to, protect against, respond to, and recover from, cyber-attacks. The assessments have lead departments to re-evaluate their cyber security stance and readiness for potential attacks and enhanced protective controls in their network to both detect and prevent potential attacks. Most of the Departments have commended the audit as it had led to the improvement of the information security environment.</p> <ul style="list-style-type: none"> • The Auditor-General had placed reliance on the IT audit work conducted by the Internal Audit, Assurance Services through its IT 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. • The Auditor-General conducts an audit on an annual basis. The detailed findings of the audit are issued to the department in a Management Report. The department is then tasked with developing a set of action plans (Audit Improvement Strategy) to address
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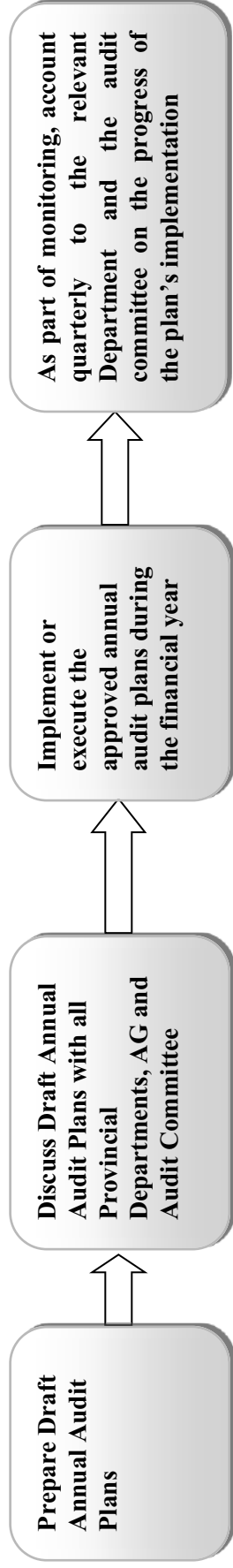
<p>Heads of Department and other key senior personnel, and in addition, audit reports produced by the PIAS were not being responded to by the audited Departments. As a result, Departments are taking the audit reports seriously and therefore implement the recommendations and/or action plans for which the implementation is tracked quarterly through the introduced audit logs.</p>	<p>and prevent the reoccurrence of the findings. Internal Audit has conducted a review of the Audit Improvement Strategy to:</p> <ul style="list-style-type: none"> - Assess the completeness of management's action plans to address all findings in Auditor General's Management Report 2018/2019 and; - Assess the adequacy of management's action plans to prevent the re-occurrence of the audit findings
<p>b) Negative Reflections on PIAS</p> <ul style="list-style-type: none"> • 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 & 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 consecutive financial years due to inadequate resourced (financial & human) business 	<p>From this audit, PIAS was able to advise client departments on the likelihood of AG findings reoccurring based on the actions developed in the Audit Improvement Plans. PIAS also provided recommendations on how to improve the Audit Improvement Strategies to better use as a monitoring and control mechanism to improve the control environment and hence the audit outcomes.</p> <ul style="list-style-type: none"> • The re-appointment of the Audit Committee that is competent has continuously 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,

<p>unit.</p> <ul style="list-style-type: none"> 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. 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 	<p>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 seriously and therefore implement the recommendations and/or action plans for which the implementation is tracked quarterly through the introduced audit logs.</p> <p>c) Negative Reflections on PIAS</p> <ul style="list-style-type: none"> On average the unit has achieved 92% of the annual audit plans for the past three consecutive financial years due to inadequate resourced (financial & human) business unit.
<p>Key service 2</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 includes</p>	<p>As at the end of this current (19/20) 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</p>

<p>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> <p>a) Positive Reflections on the Unit</p> <ul style="list-style-type: none"> • With limited capacity, the Unit is assisting its client institutions with risk assessments and development of risk registers; • The Unit has a CURA Risk Management System that has built-in templates to produce and store risk registers. • The Unit hosts various risk management fora to impart knowledge on risk management on a quarterly basis, to departments, and aimed to the same for public entities and municipalities twice a year <p>b) Negative Reflections on Unit</p> <ul style="list-style-type: none"> • 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; • Because of the lack of a standardized documented risk assessment planning process, the risk assessments may not be complete and totally representative of the institution/organization. 	<p>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 the Provincial 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 system and a uniform approach on risk reports which the Unit has to drive in order to make it a reality. The Unit is also expected to be at the forefront of providing guidance on emerging risk issues such as risks currently posed by the COVID-19 pandemic, and monitor compliance by departments with COVID-19 regulations and circulars.</p>
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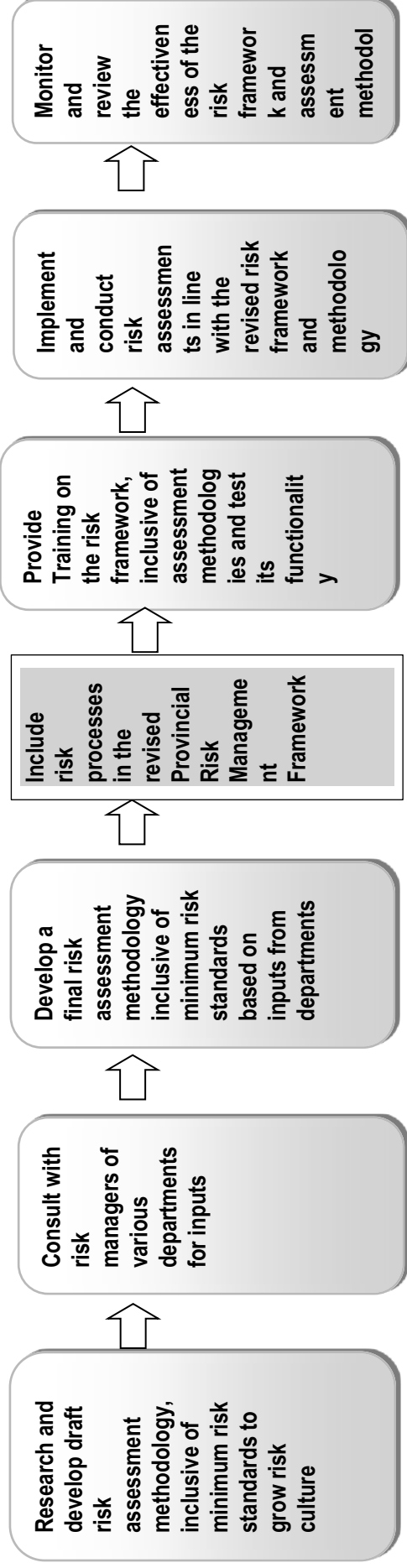
2.3.2 PROCESS MAPPING:

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	DD, D, CD & DDG	3 rd Quarter – Annually
Step 2	DD, D, CD, DDG, HODs, AG & AC	3 rd Quarter – Annually
Step 3	DD, D, CD & DDG	Annually
Step 4	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



Details of the current roll-out of the key service as per the SDIP:

Steps	Activity	Resources Involved	Timelines
Step 1	Research and develop a draft risk assessment methodologies for various risk types, inclusive of minimum risk standards to grow risk culture.	Chief Director and internal risk team.	21 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 final risk assessment methodologies for various risk types, inclusive of minimum risk standards based on inputs from departments	Chief Director.	20 working days
Step 4	Include the above process in the revised Provincial Risk Management Framework.	Chief Director	10 working days
Step 5	Provide Training on the risk framework, inclusive of assessment methodologies and test their functionalities.	Directors, Deputy Directors and departments.	35 working days
Step 6	Implement and conduct risk assessments in line with risk framework and methodology	Directors, Deputy Directors and departments	10 July – 30 March of a financial year
Step 7	Monitor and review the effectiveness of the risk framework	Internal Resources: Chief Director	Quarter 2 of a financial year

	and assessment methodologies	
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2.3.3 COST ANALYSIS:

KEY SERVICE 1 Assurance	ADJUSTED BUDGET (SDIP)	EXPENDITURE (31 ST MARCH 2020)
Compensation of Employees	R 55 980 000	R 55 918 000
Goods & Services (e.g. Consultants, S&T)	R 47 647 000	R 47 320 000
TOTAL	R 103 627 000	R 103 238 000

KEY SERVICE 2: Risk Management	ADJUSTED BUDGET (SDIP)	EXPENDITURE (31 ST MARCH 2020)
Compensation of Employees	R 18 399 000	R 17 062 000
Goods & Services (e.g. Consultants, S&T)	R 8 702 000	R 4 170 000
TOTAL	R 27 101 000	R 21 232 000

2.3.4 PROBLEM STATEMENT (AS PER APPROVED SDIP):

As per SDIP	Current analysis
<p>Key service 1</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 good governance.</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. Structural issues have 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</p>

	<p>failure to achieve its strategic goal on promotion of sound financial management practices and fiscal management through good governance.</p>
<p>Key service 2</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 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 prioritized.</p>	<p>The Unit has a limited number of staff who ranges from 6 risk practitioners (level 8), 8 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 are not at the same level, and is still developing – based on the assessment of risk maturity levels that was initially conducted in December 2016, that was re-assessed in June 2019. The functioning of non-stand-alone risk management components (i.e. Appointed risk managers at departments, also perform internal control and forensic functions, in addition to risk management functions) is inadequate to carry out full risk management responsibility for the whole department. All Departments have since established risk management committees, which are chaired by Accounting Officers of departments, and which meet on a quarterly basis. The risk management committees review the risks of the department and add value to risk registers, although this still requires further capacitation and guidance from the Unit. The Unit encouraged the risk committees to complete the E-LEARNING programme on risk management that was offered by the National treasury, to which some departments’ risk committee members</p>

have completed and some still need to complete same. The Unit Plans to assist the departments' risk committee by putting in standard agenda items, as well as develop a process of re-rating risks, through an assessment of whether the implemented risk mitigation plans strengthened the control environment. 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.

The Unit is also expected to perform various risk management reviews and analysis; as well as provide advice and produce 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, inclusive of an updated risk management framework should be prioritized.

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, hence the currently revamped risk management framework and assessment methodologies has to take into account this requirement and has also been extended to municipalities.

2.3.5 OTHER CHALLENGES AND SUGGESTED SOLUTIONS

CHALLENGES	SOLUTIONS
Key service 1	
<p>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.</p>	<ul style="list-style-type: none"> • 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.
<p>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 (ISPP/IA) from the IIASA.</p>	<ul style="list-style-type: none"> • 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. • The peer review has so far assisted with identification of non-conformance with ISPP/IA 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.
<p>Poor cooperation from client departments in terms of timely submission of management responses to the audit reports.</p>	<ul style="list-style-type: none"> • A letter/ communicate 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.
Key service 2	
Inadequate Human Resource to support number of institutions.	<p>The Unit is exploring the introduction of risk management learnerships to complement its staff to ensure better support to institutions.</p>
<p>Lack of standardized methods for conducting risk assessments.</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</p>	<p>The Provincial Risk Management Framework has been reviewed and is supplemented by risk assessment methodologies for various risk assessment types. As part of the revision of the Provincial Risk Management Framework, inclusive of minimum risk management standards, the unit will be documenting and adopting standardized</p>

<p>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>processes for risk assessments and development of risk registers. In addition, the Unit will assist the departments' risk management committees through introduction of standard agenda items, as well as development of a process of re-rating risks. 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>Provision of uninformed risk management training. 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 and validation of people to be trained; adjusting and aligning the training approach to the needs and level of people being offered risk management training.</p>

2.3.5 BATHO PELE PRINCIPLES:

Key service 1

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
<p>Monitor and address non-completion (92%) of the annual audit plans by 31 March of every financial year. Improve audit coverage on areas of client's concern.</p>	<p>All KZN Provincial departments and Public Entities</p>	<p>Quantity 92% achievement of annual operational plans – 2018/19.</p>	<p>100% overall achievement of the operational plan on a quarterly basis.</p>	<p>Not Achieved – On average the unit has achieved 85% of the combined annual audit plans (14) for the financial year under reporting. The percentage of achievement was as a result of 15 audit projects that were cancelled/carried over to the 2020/21 financial year, out of a total of 267 audits that were initially planned. Non-achievement of the 267 audits for 2019/20 financial year was mainly due to the challenges with the Departments not being responsive timely to audit requests. In addition, some of the audits were under planned in terms of the nature and complexities of the audit areas.</p>

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
		Execute the audit as per the scope determined at the planning stage.	100% audit coverage on all the areas of client's concern.	Achieved – all audits conducted to date have covered scope of work as per the plan and discussion with the client management. This is with the exception of the SCM at DSD where all the regions could not be covered due to budget constraints.
		Quality Partially Compliance with IIA Standards	Implement remaining action plans on external Quality Assurance review performed.	Not Achieved – TeamMate is continuously proving to be a challenge for the Unit and as a result, some of the action plans could not be implemented as desired.
		Peer reviews conducted on an ad-hoc basis	Perform bi-annual peer reviews.	Not Achieved – peer review that was planned for the 2 nd & 3 rd quarter was not done due to capacity issues as the Director who had been tasked with responsibility has since left PIAS and the post is yet to be filled.
		Fragmented implementation of desired structure	Update and implement register of training.	Partially Achieved - the training plan for the period of 2019/20 had been developed in consultation with the staff. But the plan was not implemented due to financial constraints.
			Obtain approval and implement the new revised structure on a phased approach.	Not Achieved – 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.	Achieved – the Annual Audit Plan for 2019/20 has been revised from the 3 year rolling strategic plan (2019/20 – 2021/22) in consultation with the client Departments. The plan is in the process of implementation.

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
		<p>Consultation</p> <p>Currently experiencing limited beneficial engagements with the auditor.</p> <p>Concerns are mostly raised at the conclusion of the audit instead of during the commencement of the project.</p> <p>No participation</p> <p>Client satisfaction surveys sent out</p>	<p>Quarterly meetings to be expanded to include HOD's and Audit Committee.</p> <p>Continuous client engagement throughout the audit process to ensure concerns of the client are addressed.</p> <p>Participate during Risk Assessment process and ensure alignment of audit to the risk findings.</p> <p>Monitor comments & implement improvement from client satisfaction surveys.</p>	<p>Partially Achieved – 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, Human Settlements and Agriculture. This resulted to only 36% (5/14) 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.</p> <p>Achieved – 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.</p> <p>Not Achieved – this is still a challenge as our attendance of the sessions are dependent on invitation from the client Departments. This is despite of our plea with client Departments to extend invitations to us (IAU).</p> <p>Partially Achieved – so far, the CSS results are still reviewed on individual basis by the cluster audit managers, we have not implemented a process to collectively (Unit management) monitor and report on CSS results.</p>

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
			Meet with client to discuss feedback on client satisfaction surveys and actions to address weaknesses.	Achieved – individual audit managers meet with the clients to discuss the feedback obtained through CSS.
		Lack of client understanding on Internal vs External Auditing	Sharing of information at forum	Achieved – meetings have taken place with the HODs and management team to discuss audit engagements, IAU role and expectations from Departments. In addition, presentations were done at COHOD and cabinet on the differences between internal audit, internal control and external audit.
		Access Contact details of management team to be made available on Treasury website	Create awareness on developed SCC	Achieved – 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.
		Courtesy The IIA Code of Conduct signed by all internal audit staff.	IIA Code of Conduct to be signed annually by staff and create awareness. Newly appointed staff to sign Public Service Code of Conduct and create awareness	Achieved – staff members including management have signed IIA Code for 2019/20 financial year. Achieved – newly appointed staff members have since signed the Public Service Code of Conduct for 2019/20 financial year.

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
		<p>Openness and Transparency</p> <p>Accounting Officer Reports issued quarterly.</p> <p>Information</p> <p>Currently there is poor coordination of information for the Audit Committee</p> <p>Certain documents available on the Departmental Website.</p> <p>Redress</p> <p>Client Satisfaction Survey (CSS) are completed by the client</p> <p>Suggestion Box available in the foyer</p> <p>Value for Money</p> <p>Internal Audit Technician Learnership training implemented for all Internal auditors.</p>	<p>Accounting Officer Reports 15 days after the end of the quarter.</p> <p>Audit Committee to evaluate services to determine improvement levels of secretarial functions.</p> <p>Review and update website bi-annually.</p> <p>Review completed CSS and address all complaints recorded to automated system</p> <p>Analyze and address complaints received</p> <p>Implement issue tracking system to consolidate and track audit findings across department as well as transversally.</p>	<p>Achieved – the Accounting Officer Reports for the 2nd quarter of the 2019/20 financial year were timely done and submitted to the HOD.</p> <p>Achieved – two additional junior resources had been acquired to assist the secretariat with coordination of information for the Audit Committee. However, these resources have since left the Unit and secretariat office is left with only one person.</p> <p>Three contract posts at SL 10 have been approved and awaiting for advertisement and recruitment process to take off.</p> <p>Achieved – 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.</p> <p>Achieved – individual audit managers met with their respective client Departments to discuss the complaints and feedback obtained through CSS.</p> <p>Achieved – suggestion box is available at the reception/foyer, however we have not received any complaints or suggestions during the 2nd quarter.</p> <p>Achieved – 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.</p>

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
		Engage consultants for scarce skills	Maintain standard	Achieved – IT audits are implemented with the assistance of the consultants. In addition, some of the Performance Audits – Road Infrastructure and Office Accommodation which require subject experts (e.g. engineers, surveyors, etc.) are implemented with the help of consultants whenever a need arise.
		Encouraging Innovation & Rewarding Excellence	Implement employee of the quarter reward scheme.	Not Achieved – 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	Not Achieved – 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,	Not Achieved – the Unit has not held the strategic planning session for 2019/20.

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
		and JD's		
		Time	Staff work plans	Achieved – the staff work plans for the 2019/20 financial year have been reviewed and signed-off by all staff members.
		HR	73 (Filled posts plus learners)	Achieved – contract posts across the board (Unit) have been approved, staff recruited and for the remainder posts, recruitment is in progress.
			1 April 2019 to 31 March 2020	
			Obtain approval to appoint staff on contract. If approved, implement the approved request gradually in phases.	
			45 permanent filled posts plus learners	39 filled and 6 permanent filled posts plus learners.
		Cost	Request for additional funding within a financial year	Achieved – Assurance baseline budget has been revised and additional funding was approved, however this was not sufficient to fully support Department's needs.
			R 106 960 242	R 105 151 861

Key service 2

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE	
Facilitation of risk assessments and provision of risk management training.	Provincial departments, public entities and municipalities	Quantity	80% achievement of risk operational plan.	Achieved - As part of the Annual performance Plan for 2019/20, the target for Q4 was 100% met. We achieved 10 planned risk assessments for provincial departments and there was no need to meet the risk assessment target for Municipalities as the annual target was met in Q3.	
			Execute the risk assessment process as per the risk planning scope.	Partly Achieved - Planning does occur, however, the shortfall is in keeping proper evidence to show that planning was executed prior to the risk assessment workshops.	
		Quality	Partially compliant with best practice risk process.	100% compliant with risk process.	In progress - The risk process has not yet been fully defined as it envisaged being part of the revised Provincial Risk Management Framework.
		Consultation	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. Have a debrief meeting to discuss success of project, and also have follow-up meetings with clients.	Partly Achieved - (90%) Completed. Currently most of the engagement happens before the risk assessments and during the workshops. The debriefings are only discussed at risk management committee meetings, when the completed risk registers form part of the agenda/are presented at the meeting.
		Concerns are mostly raised at the conclusion of the risk assessment.	Engage client on a quarterly basis through attendance of their risk committees.	Achieved - Risk Committees for all departments are now attended by representatives of the Team. The draft audit and risk committee report is being tabled at the risk management committee meetings as a basis to discuss the progress of the operational plan as well as to provide input/analysis into the departments risk register.	

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
		Client satisfaction survey not sent out.	Send out client satisfaction surveys and address improvement areas.	Partly Achieved -. The surveys are only done for the Risk Forums. There is an intention for this to be extended to all aspects of our projects from Q1 of the new financial year (20/21). We were unable to kick this off in Q4 of the 19/20 financial year, as the risk reports have generally been accepted and are further still discussed and accepted at the departmental risk management committee meetings.
		Access Contact details of management team is known to clients and is available on Treasury website	Annual introduction of risk support team dedicated to each institution, and any changes thereof.	Achieved - . This is currently being done through signed internal audit plans as the team to support departments on risk management is stated in signed internal audit plans issued by the Audit Committee to each department before the commencement of audit and risk projects.
		Courtesy Responding to clients correspondence/emails on an ad-hoc basis	Respond to clients' requests/emails within 7 days.	These are generally responded to within the 7 day period. There was a request for fleet management risk assessment which was continuously postponed until it took place between January and March 2020, and was finalized in March 2020.
	Openness and Transparency	Clients' Accounting Officer Reports issued twice a year.	Quarterly meetings with clients' Accounting officers prior to CARC meetings.	Achieved -. This is informally done through the CARC Dry-run Meetings and Risk Committee meetings. Further to this, a report to the Accounting Officer, which incorporates Assurance, Risk and Forensic, is done on a quarterly basis. A similar and more detailed report to the MEC of Departments has also been prepared from Q3 onwards. Meetings with some MEC were also held during this quarter, i.e. EDTEA, DSD, and DPW.

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
		<p>Currently there is poor coordination and dissemination of risk management information to clients.</p> <p style="text-align: center;">Information</p>	<p>Risk Management information/reports provided to clients on a quarterly basis and meetings held with clients on quarterly basis to discuss such information.</p> <p>Review and update website bi-annually.</p>	<p>Partly Achieved - The draft audit and risk committee report is being tabled at the risk management committee meetings as a basis to discuss the progress of the operational plan as well as to provide input/analysis into the departments risk register. Meetings with CROs are taking place prior to the risk management committee and CARC meetings, but no minutes are being recorded. We will aim to minute these from Q1 of the 20/21 financial year.</p> <p>Not Achieved - This was not done in Q4, and we will persevere to do so in Q1 of the 20/21 financial year.</p>
		<p>Certain documents available on the Department's (Treasury) Website.</p> <p>Complaints raised and address through risk forums</p> <p style="text-align: center;">Redress</p>	<p>Quarterly engagement of clients to determine their concerns and provide solutions thereof.</p>	<p>Partially Achieved - . The draft audit and risk committee report is being tabled at the risk management committee meetings as a basis to discuss the progress of the operational plan as well as to provide input/analysis into the departments risk register. Meetings with CROs (which discuss concerns, challenges, planning and progress) are taking place prior to the risk management committee and CARC meetings, but no minutes are being recorded. We will aim to minute these from Q1 of the 20/21 financial year. The risk forums are also another way in which we aim to address innovative ideas as well deal with challenges/concerns, etc.</p>

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
		Suggestion Box available in the foyer	Analyze and address complaints received	Not Yet Done as complaints from clients are not formalized. In as much as we do the evaluation forms for the risk forums, there has not been any serious need to address complaints as there have not been any, other than the request to include certain topics at the next forum.
	Value for Money	Provided CURA (risk management tool) access to departments.	Update and risk management templates on an annual basis.	Achieved - Risk report templates are updated and shared on a quarterly basis.
		Engage consultants for scarce skills	Streamline process to engage consultants for scarce skills to ensure efficiency.	Achieved - Done as consultants are engaged from time to time to compliment scarce skills.
	Encouraging Innovation & Rewarding Excellence	EPMDS system in place	Implement employee of the quarter award scheme.	In progress - The Criteria to select employee of the quarter was discussed and agreed in Q2, but has not yet been formalized. This would be applies in the new financial year (20/21).
	Service Delivery Impact	Carry out survey to assess the impact of improved services to KwaZulu-Natal	Implement Governance framework	Not Yet Achieved , but will be explored in the new financial year.

KEY SERVICE	SERVICE BENEFICIARY	CURRENT STANDARD	DESIRED STANDARD 2019/20	ACHIEVED LEVEL OF PERFORMANCE
		<p>All staff members are in possession of signed and agreed upon work plans, performance agreements, and JD's</p> <p>Staff work plans</p>	<p>Involve staff on strategic planning sessions.</p> <p>Review and update staff work plans</p>	<p>Achieved - . Staff was engaged in Q2 to make contributions to the unit's strategic plans. Staff are always engaged prior to finalization of any templates, frameworks, risk maturity models, risk reporting, etc.</p> <p>Achieved</p>
		<p>Leadership & Strategic Direction</p>	<p>1 April 2019 to 31 March 2020</p>	
		<p>Time</p>	<p>R 32 666 000</p>	<p>R 25 751 317</p>
		<p>Cost</p>	<p>16 posts plus 10 risks trainees.</p>	<p>1 vacant post at DD level and 4 vacant posts at risk practitioner level.</p>
		<p>HR</p>	<p>15 posts, 1 vacant</p>	

2.3.7 CHALLENGES, MITIGATION FACTORS AND SUGGESTIONS

Challenges/gaps encountered per service:	<p>Key service 1</p> <ul style="list-style-type: none"> • 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. • 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. <p>Key service 2</p> <ul style="list-style-type: none"> • On developing a revised risk management framework, inclusive of the 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 2020, and this delay had also delayed the implementation of the risk assessment methodology and various guiding documents/templates. • On risk management training, although the process of training needs analysis has commenced, there is no adequate and satisfactory response from departments.
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Mitigation factors/intervention per service:	<p>Key service 1</p> <ul style="list-style-type: none"> • 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.
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Key service 2

- The revised Provincial Risk Management Framework will be fast-tracked for approval to the Provincial Executive Council by June/July 2020 as we have now the buy-in of the MEC. The revised Provincial Risk Management Framework has been presented to the MEC for Finance, Provincial Audit and Risk Committee, departments' risk managers at the risk forum, as well as to the departments' risk management committees for inputs and awareness.
- On risk management training, a generic approach on training needs analysis will be adopted for similar departments so that we can promptly finalize the development of integrated risk management training needs analysis for all provincial departments.

**Suggestions/
Recommendations:**

Key service 1

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.

Key service 2

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.

Conclusion:

Key service 1

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 – 2020/21.

Key service 2

Most of the outstanding action plans will be done once the revised Provincial Risk Management Framework is formally approved.

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020**

2.4 Key policy developments and legislative changes

The department did not have any major changes to relevant policies or legislation that may have affected the operations during the 2019/20 financial year or future financial periods.

B3 STRATEGIC OUTCOME ORIENTED GOALS

The strategic goals of the Provincial Treasury are as follows:

Goal 1: To promote sound financial management practices and fiscal management to achieve good governance.

Goal 2: To ensure targeted financial resource allocation and promote utilization that contributes to improved service delivery.

Goal 3: To promote sound processes, controls and improved capabilities in Departments, Municipalities and Public Entities in order to reduce unauthorized, irregular, fruitless and wasteful expenditure thereby improving audit outcomes.

Goal 4: To facilitate and monitor infrastructure delivery in the province thereby contributing towards inclusive economic growth.

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020**

B4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 Programme 1: Administration

Purpose: Programme 1 is responsible for providing support services to the core programmes within the department. The sub-programmes under this programme are Office of the MEC, Management Services, Financial Management and Corporate Services.

The strategic objective of Programme 1 is to provide strategic leadership support in the area of Financial Management and Corporate Services (Human Resources, Auxiliary Services, Information Communication Technology and Legal Services) to the department.

The programme consist of the following measurable sub-programmes:

4.1.1 Sub-programme: Financial Management (CFO)

4.1.2 Sub-programme: Human Resources Management

4.1.3 Sub-programme: Information Technology Management.

4.1.1 Sub-programme: Financial Management (CFO)

Administration					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Effective management of departmental finances in line with statutory requirements.	No material audit finding on Financial Management.	Unqualified Audit Opinion	Unqualified Audit Opinion	N/A	N/A

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Performance indicators

Sub-programme: Financial Management (Office of the CFO)									
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations		
Number of budget submission and planning documents compiled (EPRE; APPX4; AR; PP; AEPRE & ACF)	10	9	9	9	9	N/A	N/A		
Number of legislative financial reports produced. (IYMX12; QPRx4 and AFS)	20	20	20	17	17	N/A	N/A		
Number of supply chain management compliance reports produced	12	12	12	12	12	N/A	N/A		
Number of Asset Counts performed	2	2	2	2	2	N/A	N/A		
MPAT moderated rating of 3	Finalized Moderated rating of 3	Finalized Moderated rating of 3.6	Overall annual MPAT rating of 3.2	N/A	N/A	N/A	N/A		
Percentage of supplier's valid invoices paid within 30 days.	New	New	98%	100%	99%	1%	There were queries identified on the invoices and the process of resolving these queries took longer than 30 days.		

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020
4.1.2 Sub-programme: Human Resources Management

Administration					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To provide optimal Human Resource services to the department.	1. Overall annual MPAT rating of 3 2. No material Human Resource Management and Development audit finding	No material Human Resource Management and Development audit finding	No material Human Resource Management and Development audit finding	N/A	N/A

Performance indicators

Sub-programme: Human Resource Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Overall annual MPAT rating on Human Resource Management	Finalized moderating of 4	N/A	N/A	N/A	N/A	N/A	N/A
Number of HR seminars to be conducted	8 seminars	11 seminars	8 seminars	8 seminars	8 seminars	N/A	N/A
Number of EPW Seminars	6 information Seminars	N/A	N/A	N/A	N/A	N/A	N/A
No of policies developed / reviewed and seminars conducted	22 policies and 8 policy related seminars	N/A	N/A	N/A	N/A	N/A	N/A
Number of Human Resources Plan developed (HRP)	Annual (MTEF) HRPIR	1X Annual (MTEF) HRPIR	1X Annual HR Plan & Annual HRPIR	1 X Annual HR Plan & Annual HRPIR	1 X Annual HR Plan & Annual HRPIR	N/A	N/A
Number of monitoring reports produced to ensure implementation of	4 X Quarterly HRP	4 monitoring reports for	4 quarterly HRP	4 quarterly HRP implementation	4 quarterly HRP implementation		N/A

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HRP	implementation on monitoring report	the implementation of the HRP	implementation monitoring reports	monitoring reports	monitoring reports	N/A
Number of Annual Work Place Skills Plan developed	Annual WSP 4 quarterly WSP implementation on monitoring report	1x Annual WSP 4 quarterly WSP implementation on monitoring report	1 X Annual WSP	1 X Annual WSP	N/A	N/A
Number of monitoring reports to ensure implementation of Work Skills Plan (WSP)	4 quarterly WSP implementation on monitoring report	4 quarterly WSP implementation on monitoring report	4 quarterly WSP implementation monitoring reports	4 quarterly WSP implementation monitoring reports	N/A	N/A
Number of HR policies to be reviewed	N/A	12 policies	8 policies	8 policies	1	Depending on changes at a National level it Frameworks and Directives, policies have to be immediately amended hence an increase in the planned number per quarter.

4.1.3 Sub-programme: Information Technology Management

Administration						
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations	
To provide IT technical and IT functional support to the department.	No material Information Technology Management audit findings	No material Information Technology Management audit findings	No material Information Technology Management audit findings	N/A	N/A	

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PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020**

Performance indicators

Sub-programme: Information Technology Management									
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations		
Number of initiatives implemented	2	2	2	1	1	N/A	N/A		
Number of policy reviews completed	4	4	4	4	4	N/A	N/A		
Number of compliance reports completed	12	16	8	8	8	N/A	N/A		
Number of information sessions conducted	4	4	4	2	2	N/A	N/A		
Mean Time To resolved (MTTR)- Treasury	48 Min	0.56 Min	1:27 Min MTTR	N/A	N/A	N/A	N/A		
Percentage IT calls resolved	99%	98%	98%	95%	100%	5%	None of the calls received were beyond the expertise of the support staff hence all calls received were resolved.		
Percentage network uptime	N/A	N/A	N/A	99%	99%	N/A	N/A		

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020**

Programme 1 Expenditure

Sub- Programme Name	2018/19		2019/20			
	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
Office of the MEC	32 606	32 521	85	36 576	32 410	4 166
Management Services (HOD)	58 900	58 267	633	57 127	40 549	16 578
Financial Management	31 664	31 390	274	34 337	32 998	1 339
Corporate Services	114 092	111 871	2 221	109 596	98 312	11 284
Total	237 636	234 049	3 213	237 636	204 269	33 367

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
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4.2. PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

Purpose: Programme 2 is responsible for providing budgeting and reporting functions related to provincial departments and public entities, in terms of the PFMA. Analysis of the economy of the province, as well as infrastructure management are performed within this programme.

The strategic objective of Programme 2 is to effectively manage and monitor the provincial government fiscal resources.

The programme consist of the following measurable sub-programmes:

4.2.1 Sub-programme: Economic Analysis

4.2.2 Sub-programme: Infrastructure Management

4.2.3 Sub-programme: Public Finance

4.2.1 Sub-programme: Economic Analysis

Sustainable Resource Management					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Determine and evaluate economic parameters and socio-economic imperatives that inform provincial and local resource allocation	Produced 10 provincial economic reports	Produce 11 provincial economic reports local resource allocation	Produced 11 provincial economic reports local resource allocation	N/A	N/A
Provide platform to enhance regional economic growth and development through quality research	Produced 4 economic policy research documents	Produce 5 economic policy research documents	Produced 5 economic policy research documents	N/A	N/A

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020**

Performance indicators

Sub-programme: Economic Analysis.							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of Provincial Department Economic Reports produced	Produced 4 provincial department economic reports	Produced 5 provincial department economic reports	4	1	1	N/A	N/A
Number of Socioeconomic Review and Outlook Reports (SERO) produced	Produced 1 SERO	Produced 1 SERO	1	1	1	N/A	N/A
Produce 1 Provincial Economic Review and Outlook(PERO)	Produce 1 Provincial Economic Review and Outlook(PERO)	Produce 1 Provincial Economic Review and Outlook(PERO)	N/A	N/A	N/A	N/A	N/A
Number of Districts Socio economic Reports produced	Produced 9 districts socio-economic reports	Produced 9 districts socio-economic reports	9	9	9	N/A	N/A
Timeous Economic Analysis input to Estimate of Provincial Revenue and Expenditure (EPRE)	EPRE submitted on time for tabling	February 2018	February 2019	February 2020	February 2020	N/A	N/A
Number of quality research for regional policy analysis	Produced 5 economic research projects	Produced 6 economic research projects	4	4	4	N/A	N/A
Number of information sharing sessions to be conducted.	N/A	8 information sharing sessions conducted.	N/A	N/A	N/A	N/A	N/A

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020
4.2.2 Sub program Programme 2: Infrastructure Management

Sustainable Resource Management					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
<i>Efficient infrastructure planning and management in KZN that contributes to effective economic and social infrastructure delivery for KZN</i>	<i>Compile a consolidated assessment report on U-AMPs</i>	12 votes	12 votes	N/A	N/A
<i>To facilitate implementation and institutionalisation of the IDMS in all KZN provincial departments</i>	<i>Produce 4 reports on the implementation of IDMS in the province</i>	12 votes	12 votes	N/A	N/A

Performance indicators

Sub program: Infrastructure Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Consolidated Assessment Report on the User Asset Management Plans (U-AMPs) compiled	Completed a consolidated assessment report on U-AMPs	Completed a consolidated assessment report on U-AMPs	1	1	1	N/A	N/A
Consolidated assessment Reports on the Infrastructure Programme Management Plan (IPMP) compiled	N/A	N/A	1	1	1	N/A	N/A

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
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Number of reports on support and progress on the implementation of IDMS in KZN produced	Produced 4 reports on the implementation of IDMS in the province	Produced 4 reports on the implementation of IDMS in the province	4	4	4	4	N/A	N/A
Number of progress reports on infrastructure budget and delivery plans using IRM data submitted by provincial departments.	Submitted 4 reports on the infrastructure expenditure in the province	Submitted 4 reports on the infrastructure expenditure in the province	4	4	4	4	N/A	N/A
Number of reports on the infrastructure site visit conducted.	Submitted 4 reports on the infrastructure site visits conducted	Submitted 4 reports on the site visits conducted.	4	4	4	4	N/A	N/A
Estimates of Provincial Revenue and Expenditure (EPRE)	Input into OPRE submitted on time for tabling	February 2018	1	N/A	N/A	N/A	N/A	N/A
Reports on support to develop the Prov Infrastructure Master Plan (IMP) KZ	Produced 4 reports on the support to develop Prov IMP	Produced 4 reports on the support to develop Prov IMP	N/A	N/A	N/A	N/A	N/A	N/A
Number of Estimate for Capital Expenditure (ECE) developed for publishing annually	New	N/A	1	1	1	1	N/A	N/A
Number of reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework produced	Produced 4 reports on the infrastructure mechanisms in the province	Produced 4 reports on the infrastructure mechanisms in the province	4	4	4	4	N/A	N/A

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020
4.2.3.1 Sub program Programme 2: Provincial Budget Management

Public Finance					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Promote effective and Optimal financial resource allocation for provincial government (including public entities)	15 Votes	15 Votes	15 Votes	N/A	N/A
Ensure efficient budget and expenditure management and accurate financial reporting for provincial departments (including public entities)	15 Reports	15 Reports	15 Reports	N/A	N/A

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
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Performance Indicator

Sub-programme : Provincial Budget Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of chapters in MTEC report to be completed	15 chapters completed 1 working day before MTEC as per budget process timetable	15	1 report with 15 chapters completed 1 working day before MTEC as per budget process timetable	15	15	0	N/A
Timeous tabling Estimates of Provincial Revenue and Expenditure (EPRE)	EPRE on time for tabling	March 2018 (1)	March 2019	March 2020 (1)	March 2020 (1)	0	N/A
Timeous tabling of Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)	2 X AEPRE submitted on time for tabling	November 2017 (1)	November 2018	November 2019 (1)	November 2019 (1)	0	N/A
Number of section 32 report (Monthly provincial IYM report) submitted	12 IYM reports p/a (submitted to NT by 22nd monthly)	12	12	12	12	0	N/A
Number of quarterly performance reports for provincial departments	3 quarterly performance reports	3	4	4	4	0	N/A

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
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4.2.3.2 Sub-programme: Provincial Own Revenue

Public Finance					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Promote optimal and sustainable revenue generation and collection by provincial departments and public entities	5	5	5	0	N/A

Performance indicators

Sub-programme: Provincial Own Revenue							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Conduct and co-ordinate quarterly Provincial Revenue Forums	1 forum held	1	1	N/A	N/A	N/A	N/A
Number of revenue quarterly performance reports produced	3 Revenue Quarterly Performance Reports	3	4	4	4	0	N/A
Timeous Revenue input into Overview of Provincial Revenue and Expenditure (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE)	Revenue input into OPRE and EPRE submitted on time for tabling	March 2018 (1)	March 2019	March 2020 (1)	March 2020 (1)	0	N/A

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
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4.2.3.3 Sub-programme: Specialised Advisory Support Services

Public Finance					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Promote effective and optimal financial resource allocation for provincial government (including public entities)	3	3	3	3	N/A

Performance indicators

Sub-programme: Specialized Advisory Support Services							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Timeous input into the revision of Division Of Revenue Act (DORA)	Input was submitted by due date as set by NT	August 2017 (1)	August 2018 and January 2019	November 2019 (1)	September 2019 (1)	0	Input was required by 2 September 2019, as per National Treasury request.
Number of reports on institutionalising framework for the monitoring of provincial public entities	Reported bi-annually for all listed public entities	47	2	2	2	0	N/A

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Number of MTEC reports completed	N/A	N/A	N/A	1 report completed 1 day before MTEC	1 report completed 1 day before MTEC	0	N/A
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Programme 2 Expenditure

Sub- Programme Name	2018/19			2019/20		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Programme support	3 850	3 749	101	4 125	3 741	384
Economic Analysis	17 941	17 730	211	22 500	19 534	2 966
Public Finance	16 866	16 865	1	18 016	17 705	311
Total	38 657	38 344	313	44 641	40 980	3 661

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4.3 PROGRAMME 3: FINANCIAL GOVERNANCE

The strategic objectives of Programme 3 are to:

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

The programme consists of the following measurable sub-programmes:

- 4.3.1 Sub-programme: Asset and Liabilities Management**
- 4.3.2 Sub-programme: Supporting and Interlinked Financial Systems**
- 4.3.3 Sub-programme: Supply Chain Management**
- 4.3.4 Sub-programme: Public Private Partnerships (PPPs)**
- 4.3.5 Sub-programme: Accounting Services (Financial Reporting)**
- 4.3.6 Sub-programme: Norms and Standards**
- 4.3.1 Sub-programme: Asset and Liabilities Management**

Financial Governance					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To assist departments in improving cash management	14	Assist departments in improving cash management	Assisted departments in improving cash management	N/A	N/A

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Performance indicators

Sub-programme: Asset and Liabilities Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of Tax Information Seminar conducted annually	1 sessions	1 sessions	1 session	1 session	Partially achieved	Partially achieved	The information was shared electronically with the departments due to the lockdown Regulations which did not allow gatherings.
Number of risk analysis reports per dept. to ensure compliance to tax legislation	57 reports	56 Risk Analysis reports	56 Risk Analysis reports	56 Risk Analyses Reports	56 Risk Analyses Reports	0	N/A
Number of quarterly assessment reports to depts. on status of bank related suspense accounts compiled	56 Assessment reports	56 Assessment reports	56 assessment reports compiled	56 Assessment reports	56 Assessment reports	0	N/A
Number of monthly bank reconciliations per department to be reconciled	168 Reconciled bank reconciliation	168 Reconciled bank reconciliation	168 reconciled bank reconciliation	168 Reconciled bank reconciliation	168 Reconciled bank reconciliation	0	N/A
Number of quarterly reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	0	N/A

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4.3.2 Sub-programme: Supporting and Interlinked Financial Systems

Financial Governance					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To provide technical and functional support to supporting and interlinked financial systems	8-16hr MTTR	8-16hr MTTR	8-16hr MTTR	N/A	N/A

Performance indicators

Sub-programme :Supporting and interlinked Financial Systems							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Mean (average) time to resolve IT calls on transversal systems	2h05min	03:55:22	3:59:04	4-8 hr MTTR	5:09:07 hr MTTR	N/A	N/A

4.3.3 Sub-programme: Supply Chain Management

Financial Governance					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To support and monitor adherence of departments, public entities and municipalities on SCM.	230	Support and monitor adherence of departments, public entities and municipalities on SCM.	Supported and monitor adherence of departments, public entities and municipalities on SCM.	N/A	N/A

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Performance indicators

Sub-programme: Supply Chain Management							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of SCM training sessions conducted	Conduct 16 SCM training, information sessions and workshops for state institutions	30	38 SCM training information sessions, workshops and forums for state institutions conducted.	24	57	33	There were special requests for training from various institutions
Number of SCM compliance assessments conducted	Conduct 87 SCM assessments in depts, munic. and public entities & investigate complaints	105	90 SCM assessments in depts., munic. and public entities & investigate complaints conducted.	144	158	14	There were special investigations in quarter three as requested by client entities.
No. of policies reviewed and issued	4 policies Reviewed and updated	4 policies Reviewed and updated	8 policies Reviewed and updated	12	17	5	The annual target was exceeded due to additional requests for policy reviews that were received for Institutions.
Number of contract management reviews	Conducted 19 contract management reviews for state institutions	130 contract management reviews for state institutions Conducted	130 contract management reviews for state institutions Conducted	121	111	-10	The annual target could not be reached due to the fact that Contract Management Unit had to redirect its focus from Municipalities to Departments where there was an urgent need to provide post implementation support on Contract Management. Situational analysis had to be conducted from all departments to ensure relevant deployment of resources as interventions to eliminate irregular expenditure emanating from contract management. Some of the site visit appointments were rescheduled and could not fall within the reporting period.

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4.3.4 Public Private Partnerships (PPPs)

Financial Governance					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To provide substantial technical, financial and legal advice in support of all provincial PPP projects in line with the PPP Project Cycle as	26	Provide substantial technical, financial and legal advice in support of all provincial PPPs in line with PPP Project Cycle as regulated by National Treasury guidelines	Provided substantial technical, financial and legal advice in support of all provincial PPPs in line with PPP Project Cycle as regulated by National Treasury guidelines	N/A	N/A

Performance indicators

Sub-programme: Public Private Partnerships (PPPs)							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of PPP Seminars/Workshops conducted annually	2	2	3	2	1	-1	The workshop was scheduled to take place on the 30th of March 2020, and could not take place due to adherence to the lockdown regulation
Number of reports for Prov. Treasury management and NT PPP unit submitted	12	12	12	12	9	-3	Quarterly meetings are held at the end of the quarter where information is consolidated and the reports are formulated. Reports could not be produced due to COVID interruption
Number of contract management reports on closed deals	12	12	12	12	9	-3	Quarterly meetings are held at the end of the quarter where information is consolidated and the reports are formulated. Reports could not be produced due to COVID interruptions

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4.3.5 Accounting Services (Financial Reporting)

Financial Governance					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To assist departments, public entities and municipalities in the attainment of clean audit outcomes for the Province	26	Assist departments, and public entities in the attainment of positive audit outcomes for the Province	Assisted departments, and public entities in the attainment of positive audit outcomes for the Province	N/A	N/A

Performance indicators

Sub-programme: Accounting Services (Financial Reporting)							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Consolidated AFS for Provincial Departments and revenue fund.	Audited consolidated AFS for FY 2015/16 by 30 December 2016.	Submitted Consolidated AFS for FY 2016/17 by 18 December 2017.	Submitted Consolidated AFS for FY 2017/18 by 17 October 2018.	N/A	N/A	N/A	N/A
Consolidated AFS for Public entities tabled in Legislature	Audited consolidated AFS for FY 2015/16 by 31 December 2016.	Submitted consolidated AFS for FY 2016/17 by 15 December 2017.	Submitted un audited Consolidated AFS for FY 2017/18 by 15 October 2018.	N/A	N/A	N/A	N/A
Annual Financial Statement for Revenue Fund tabled in Legislature	Audited revenue fund for FY 2015/16 by 31 December 2016.	Submitted revenue fund for FY 2016/17 by 19 December 2017.	Submitted un audited Consolidated AFS for FY 2017/18 by 15 October 2018.	N/A	N/A	N/A	N/A
Provincial Audit outcome Analyses for Municipalities, Departments and Public entities.	Summary of audit outcome analyses on AG audit reports for Provincial	Summary of audit outcome analyses on AG audit reports for Provincial Departments and Public entities by 30 September	N/A	N/A	N/A	N/A	N/A

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	Departments and Public entities by 30 September 2016	2017							
	Summary of audit outcome analyses on AG audit reports for Municipalities by 28 February 2017.								
AFS support and Training to Provincial Departments	AFS Training Workshop by 30 April 2016	13 Training workshop Conducted	3 Training workshop Conducted	N/A	N/A	N/A	N/A	N/A	N/A
	Pre audit review in 15 Departments by 31 May 2016	N/A	Pre audit review of AFS at 14 Departments preparing AFS on the MCS bases Conducted.	Pre-audited reviews of AFS in all 14 Provincial Department preparing AFS on the MCS basis	Pre-audit review of AFS at 14 Departments preparing AFS on the MCS basis	N/A	N/A	N/A	N/A
Financial Management monitoring support to Public Entities	Progress Report on intensive on site Financial Management support to 4 Departments within 10 day of every quarter end	Progress Report on Financial Management support based on specific requests received from 8 Departments within 10 day of every quarter end	28 Progress Report on Financial Management support based on identified needs/ audit findings for Departments.	N/A	N/A	N/A	N/A	N/A	N/A
	Pre audit Reviews in two Public Entities by 31 May 2016	N/A	Pre audit Review of AFS conducted at 7 Public Entity.	Pre-audited review of AFS at 7 Public Entities	Pre-audit review of AFS at 8 Public Entities	1	One more special request received from 1 Public Entity for AFS review		
	AFS training workshop for Public Entities by 30 April 2016	Not achieved	Not achieved	Not achieved	Not achieved				

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	AFS training workshop for Municipalities by 30 June 2016	N/A	N/A	N/A	N/A	N/A	N/A
	¹ Assets Workshop on GRAP standard for AFS/Audit Readiness by 30 June 2016	N/A	N/A	N/A	N/A	N/A	N/A
	Pre Audit assessment Report in 10 Municipalities by 30 August 2016	Pre Audit assessment Report in 18 Municipalities by 31 August 2017	Pre Audit assessment Report conducted in 12 Municipalities by 31 August 2017	N/A	N/A	N/A	N/A
	Progress Report on intensive on site Financial Management support to 11 Municipalities within 10 day of every quarter end	Progress Report on intensive on site Financial Management support to 10 Municipalities within 10 day of every quarter end	Progress Report on intensive on site Financial Management support to 10 Municipalities within 10 day of every quarter end	12 Progress reports on Financial management support based on identified needs/audits findings for Departments	40 Progress reports on Financial management support based on identified needs/audit findings for Departments	28	More requests received from the departments in terms of financial management support
Financial Management monitoring support to Municipalities	Progress Report on intensive on site Financial Management support to 10 Municipalities within 10 day of every quarter end	Monitored implementation of mSCOA by Municipalities and provide progress reports within 10 days of every quarter end.	Monitored implementation of mSCOA by Municipalities and provide progress reports within 10 days of every quarter end.	N/A	N/A	N/A	N/A
Timeous tabling of consolidated AFS for Provincial Departments to Auditor General (AG) for audit	N/A	N/A	N/A	Submission of Unaudited Consolidated AFS to the AG for FY2018/19 by 30 September 2019	Submitted unaudited Consolidated AFS for FY2018/19 by 01 October 2019	Late Submission	The delay was due to the fact that audit deadline for two departments namely Department of Health and Public Works, was extended until 31 August 2019.
Timeous tabling of consolidated AFS for Public Entities to Auditor	N/A	N/A	N/A	Submission of Unaudited Consolidated AFS to the AG for FY2018/19 by 30	Submitted unaudited Consolidated AFS for	Late submission	The audit for Ithala Group and KZN Growth Fund was

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General for audit			September 2019	FY2018/19 by 19 June 2020		not finalised on time due to delays in the audit.
Timeous submission of Audited AFS for Revenue Fund to Auditor General for audit	N/A	N/A	Submission of Unaudited consolidated AFS to the AG for FY2018/19 by 30 September 2019	Submitted unaudited AFS for FY2018/19 by 01 October 2019	Late submission	The delay was due to the fact that audit deadline for two departments namely Department of Health and Public Works, was extended until 31 August 2019.
Number of financial management workshops conducted for officials for Provincial Departments and Public Entities	N/A	N/A	1 training workshop by 31 march 2020	5 financial management training workshops conducted to 1 Department and Public entities	4	Special requests received from the clients and changes in the expenditure management framework by National Treasury

4.3.6 Sub-programme: Norms and Standards

Financial Governance					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To develop, facilitate implementation, and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities	58	Develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities to enhance financial management	Developed, facilitated the implementation and monitoring compliance with financial norms and standards in provincial departments, municipalities and public entities to enhance financial management	N/A	N/A

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Performance indicators

Sub-programme: Norms and Standards							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of policies reviewed for institution	123 instruction notes and policies developed and reviewed	134 instruction notes, standard operating procedures and policies developed and/or reviewed	8 financial norms & standards reviewed for departments	8 financial norms & standards reviewed for departments	8 financial norms & standards reviewed for departments	0	N/A
			8 standard operating procedures reviewed for departments	8 standard operating procedure review for departments	8 standard operating procedure review for departments	0	N/A
Number of institutions assessed for compliance with financial norms and standards	All departments assessed and monitored	14 departments assessed and monitored. 7 public entities assessed and monitored.	15 policies reviewed for 4 entities and 10 policies reviewed for 2 municipalities	20 policies reviewed for entity	20 policies reviewed for entity	0	N/A
			14 departments assessed	14 departments assessed.	14 departments assessed.	0	N/A
			8 entities assessed	8 entities assessed.	8 entities assessed.	0	N/A

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Programme 3 expenditure

Sub- Programme Name	2018/2019		2019/2020			
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Programme Support	4 512	4 459	53	4 235	3 907	328
Assets & Liabilities Management	15 319	14 975	344	12 569	10 800	1 769
Sup & Interlinked Fin Systems	98 263	98 119	144	103 768	103 269	499
Supply Chain Management	38 651	38 552	99	36 735	35 701	1 034
Public, Private Partnerships	6 067	5 800	267	7 085	6 071	1 014
Accounting Services	26 668	26 101	567	39 403	39 127	276
Norms and Standards	6 622	6 221	401	7 122	6 889	233
Total	196 102	194 227	1 875	210 917	205 764	5 153

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4.4 PROGRAMME 4: INTERNAL AUDIT

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

- An efficient, effective and economical assurance service.
- Build and maintain solid client relationships through providing value added services.
- To promote good governance through effective risk management
- Promote a culture of zero tolerance for fraud and corruption in the province.

The programme consists of the following measurable sub-programmes:

- 4.4.1 Sub-programme: Assurance Services**
- 4.4.2 Sub-programme: Risk Management**
- 4.4.3 Sub-programme: Forensic Services**

4.4.1 Sub-programme: Assurance Services

Internal Audit					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Promote an efficient, effective and economical assurance service	168	Promote an efficient, effective and economical assurance service	Promoted an efficient, effective and economical assurance service	N/A	N/A
Build & maintain solid client relationships through provision of value adding services	56	Build & maintain solid client relationships through provision of value adding services	Built & maintained solid client relationships through provision of value adding services	N/A	N/A
Enhance capacity within and outside the unit	8	Provide capacity building within and outside the unit	Provided capacity building within and outside the unit	N/A	N/A

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Performance indicators

Sub-programme: Assurance Services								
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations	
Number of approved IA Annual operational plans and a rolling three year strategic plan develop and approved.	22	14	14	14	14	0	N/A	
Number of annual MEC Audit & Risk Committee report on clients' areas of risk management, governance and internal control submitted to MEC Finance.	1	1	1	1	1	0	N/A	
Number of risk based audit reports including follow up audit reports on Financial, IT, Performance and Governance Audits.	179	150	137	155	154	1	Project not finalized by year, and has been carried over to the 2020/21 financial year.	
No. of audit reports on predetermined objectives	22	N/A	N/A	N/A	N/A	N/A	N/A	
Number of meetings held between clients and the Cluster Audit & Risk Committee	60	57	55	56	56	0	N/A	

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Number of training and development programmes attended	12	8	8	8	8	0	N/A
No. of internal and independent external Quality Assurance reviews conducted.	1	0	N/A	N/A	N/A	N/A	N/A
Number of Audit Committee reports issued to Accounting Officers	N/A	N/A	27	28	28	0	N/A

4.4.2 Sub-programme: Risk Management

Internal Audit							
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations		
To promote good governance through effective risk management	2/4	Promote good governance through assisting provincial departments, public entities and municipalities with risk assessments, risk management and internal audit capacity building exercises.	Promoted good governance through assisting provincial departments, public entities and municipalities with risk assessments, risk management and internal audit capacity building exercises.	N/A	N/A		

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Performance indicators

Sub-programme: Risk Management								
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations	
Risk register updated, biannually, for provincial departments, municipality and public entities	100	11 public entities 9 municipalities 27 departments	N/A	NA	NA	NA	NA	
Review risk Management mutuality of departments, Public entities and municipalities, and assist with development of risk polices and procedures.	39	28	N/A	NA	NA	NA	NA	
Number of Occupational Health and Safety review reports issued to departments (clients)	40	19 Departments 12 Municipalities 1 public entity	30	30	30	0	N/A	
Review and or assistance with development of governance frameworks for department and public entities.	13	N/A	N/A	NA	NA	NA	NA	
Review and assist with development of DPSA compliant IT Governance Framework, Including BCP for departments, Municipalities, and public entities.	40	N/A	N/A	NA	NA	NA	NA	

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Assist with the provision of complex internal audit service/reviews provided to municipalities and Municipal entities	15	N/A	N/A	NA	NA	NA	NA	NA	NA
Review of internal audit and audit committee practice of municipalities, and assist with closing of gaps	47	N/A	N/A	NA	NA	NA	NA	NA	NA
Risk and governance-related conferences/forums help for provincial departments, municipalities, and public entities.	5	N/A	N/A	NA	NA	NA	NA	NA	NA
Best risk management/ governance guidelines/transversal risk policies produced by the unit –i.e. review and update for provincial and municipal risk framework	1	N/A	N/A	NA	NA	NA	NA	NA	NA
Risk management information system development and rolled-out to provincial departments, Municipalities and public entities	7	N/A	N/A	NA	NA	NA	NA	NA	NA
Review and/ or assist with development of fraud prevention plans for provincial departments, municipalities and public entities	70	N/A	N/A	NA	NA	NA	NA	NA	NA
Risk/Governance-related training/ awareness provided to risk officials of departments, public entities and municipalities.	64	NA	NA	NA	NA	NA	NA	NA	NA
Number of risk assessments conducted for departments (clients)	N/A	N/A	52	50	50	50	0	N/A	N/A
Number of risk maturity review reports issued to departments (clients)	N/A	N/A	30	28	28	28	0	N/A	N/A
Number of Business Continuity Review reports issued to departments (clients)	N/A	19	30	28	28	28	0	N/A	N/A

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Number of risk forums held for departments, municipalities and public entities	N/A	7	5	10	9	-1	The missed risk forum on business continuity was scheduled for 30 March 2020, and was interrupted by the onset of COVID 19 and subsequent lockdown.
Number of reviews of provincial risk management framework	NA	0	NA	NA	NA	NA	NA
Number of fraud prevention plans review reports issued to departments (clients)	70	4 Municipalities 8 public entities 18 Departments	5	28	15	-13	The draft reports were scheduled to be issued in March 2020, but could not finalise the review process in time due to staff shortage and urgent matters that arose during March 2020.
Number of risk/governance-related training/awareness provided to departments (clients)	64	23 Departments & 1 Entity	29	40	44	4	More risk training requests than anticipated received from municipalities
Number of risk assessments conducted for municipalities	NA	NA	24	30	31	1	More risk assessment request than anticipated received from a municipality

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4.4.3 Sub-programme: Forensic Services

Internal Audit					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Promote a culture of zero tolerance for fraud and corruption in the province.	92	Promote a culture of zero tolerance for fraud and corruption in the province	Promoted a culture of zero tolerance for fraud and corruption in the province	N/A	N/A

Performance indicators

Sub-programme: Forensic Services							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of Forensic Audits performed reports issued	54	33	58	30	34	4	The forensic unit has a number of long outstanding matters that required finalisation. Some of these matters were finalised during the year.
Number of updated register of forensic investigations – MEC Report	4	4	4	4	4	0	N/A
Number of follow ups on completed investigations per institution	127	57	60	56	56	0	N/A
Development on roll-out of fraud Case Management System	0	N/A	N/A	N/A	N/A	NA	N/A

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Programme 4 Expenditure

Sub- Programme Name	2018/2019			2019/2020		
	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
Programme Support	4 392	3 964	428	4 979	4 667	312
Assurance Services	84 184	74 289	9 895	105 594	105 158	436
Risk Management	25 555	20 751	4 804	27 544	21 389	6 155
Forensic Services	35 517	31 107	4 410	36 478	31 370	5 108
Total	149 648	130 111	19 537	174 595	162 584	12 011

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4.5 PROGRAMME 5: MUNICIPAL FINANCE MANAGEMENT

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

The programme consists of the following measurable sub-programmes:

- 4.5.1 Sub-programme: Municipal Budget**
- 4.5.2 Sub-programme: Municipal Accounting & Reporting**
- 4.5.3 Sub-programme: Municipal Support Program**

4.5.1 Sub-programme: Municipal Budget

Municipal Finance Management					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To promote optimal and sustainable municipal budgets	Support and monitor the preparation of Municipal budgets by municipalities	To support and monitor the preparation of Municipal budgets by municipalities	Supported and monitor the preparation of Municipal budgets by municipalities	N/A	N/A
To promote optimal implementation of budgets by municipalities and reporting on related compliance	Support and monitor the preparation of Municipal budgets by municipalities	To support and monitor the preparation of Municipal budgets by municipalities	Supported and monitor the preparation of Municipal budgets by municipalities	N/A	N/A

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020**

Performance indicators

Sub-programme: Municipal Budget								
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations	
Number of municipal tabled budget to be evaluated	N/A	N/A	51 municipal tabled budgets evaluated	51 municipal tabled budgets evaluated	51 municipal tabled budgets evaluated	0	N/A	
Number of municipal approved budgets to be evaluated	N/A	N/A	51 municipal approved budgets evaluated	51 municipal approved budgets evaluated	51 municipal approved budgets evaluated	0	N/A	
Number of budget workshops conducted	N/A	N/A	1 budget related workshop	1 budget related workshop	1 budget related workshop	0	N/A	
Number of Section 71(6) reports (Monthly municipality (YM) report) submitted within the prescribed time frame	12 Section 71 (6) reports, 22 working days after end of each month	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	0	N/A	
Number of Section 71(7) quarterly budget performance reports completed	4 Section 71 (7) Quarterly budget performance reports, 45 days after end of quarter	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	0	N/A	
No. of Municipalities supported by the Municipal Support Programme (MSP)	25 Municipalities supported through the MSP	20 Municipalities supported through the MSP	N/A	N/A	N/A	N/A	N/A	

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020**

Number of Section 72 municipal reports evaluated	N/A	N/A	51 Section 72 municipal reports evaluated	51 Section 72 municipal reports evaluated	51 Section 72 municipal reports evaluated	0	N/A
Number of reports on the compliance with the applicable MFMA reporting requirements	N/A	N/A	12 reports on the compliance with the applicable MFMA reporting requirements	2 reports on the compliance with the applicable MFMA reporting requirements	13 Reports	11	Target is subject to the level of non-compliance with the MFMA by delegated municipalities, which dictates the number of non-compliance reports issued. Thus, the target was exceeded as more report was prepared and sent to municipalities during the year under review.
Number of Municipal Finance Circulars issued	N/A	N/A	12 Municipal Finance circulars	5 Municipal Finance circulars	9 Municipal Finance circulars	4	The target was exceeded as more Circulars were prepared and sent to municipalities during the year under review. Preparation of Circulars is purely based on the need to communicate important information and provide guidance to municipalities in order for them to comply with the MFMA and MBRR

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020
4.5.2 Sub-programme: Municipal Accounting & Reporting

Municipal Finance Management					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To assist, support and monitor municipalities with financial management and compliance with the annual reporting framework.	To assist Municipalities with financial management and facilitate the implementation of MSCOA	Assist Municipalities with financial management and facilitate the implementation of MSCOA	Assisted Municipalities with financial management and facilitation of the implementation of MSCOA	N/A	N/A

Performance indicators

Sub-programme: Municipal Accounting & Reporting							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of Annual Financial Statement Reviews performed.	N/A	N/A	N/A	Pre-audit assessment report in 4 municipalities by 31 August 2019	Pre-audit assessment report in 8 municipalities by 31 August 2019	4	The sub-programme planned to conduct 4 AFS review projects during the year. However, municipal support is driven by the needs of the municipalities delegated to KZN Provincial Treasury. Due to the poor audit outcomes, municipalities that were selected for the AFS review initiative required additional post audit support. Discontinuing support could have impacted the municipalities negatively. Therefore, support was provided to additional municipalities which resulted in an over-achievement.

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020**

Number of Financial Management Support projects implemented	N/A	N/A	N/A	Progress reports on intensive on-site financial management support to 6 municipalities	Progress reports on intensive on-site financial management support to 7 municipalities	1	The sub-programme planned to conduct 6 financial management support projects during the year. However, municipal support is driven by the needs of the municipalities delegated to KZN Provincial Treasury. Due to the poor audit outcomes, municipalities that were selected for the AFS review initiative required additional post audit support. Discontinuing support could have impacted the municipalities negatively. Therefore, support was provided to an additional municipality which resulted in an over-achievement.
Number of Reports on the monitoring of implementation of mSCOA	N/A	N/A	N/A	4 reports on the municipalities supported with implementation of mSCOA	4 reports on the municipalities supported with implementation of mSCOA	0	N/A

4.5.3 Sub-programme: Municipal Support Program

Municipal Finance Management					
Strategic objectives	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
To assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability.	Assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability	Assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability	Assisted and provided technical support to delegated municipalities to ensure sound financial management and sustainability.	N/A	N/A

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020**

Performance indicators

Sub-programme: Municipal Support Program							
Performance Indicator	Actual Achievement 2016/2017	Actual Achievement 2017/2018	Actual Achievement 2018/2019	Planned Target 2019/2020	Actual Achievement 2019/2020	Deviation from planned target to Actual Achievement 2019/2020	Comment on deviations
Number of MSP projects implemented at target municipalities	N/A	N/A	22 projects to be implemented	10 projects to be implemented	11 projects implemented	1	The MSP initially planned to conduct 10 projects during the year. However, municipal support is driven by the needs of the municipalities delegated to KZN Provincial Treasury. A special Technical Support project was implemented at Mpoofana Local Municipality who required urgent assistance. Delays in implementing the project or deferral thereof could have impacted the municipality negatively. Therefore, the project was initiated immediately. This resulted in an over-achievement of the initial target.
Number of municipal support steering committee meetings conducted	N/A	N/A	4 quarterly meetings to monitor progress on municipal support	4 quarterly meetings to monitor progress on municipal support	4 quarterly meetings to monitor progress on municipal support	0	N/A
Number of CFO Forums conducted	N/A	N/A	4 quarterly CFO Forums	4 quarterly CFO Forums	4 quarterly CFO Forums	0	N/A
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 circular by 31 August 2019 on the grant roll over process	1 circular by 31 August 2019 on the grant roll over process	0	N/A

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART B: PERFORMANCE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020
Programme 5 Municipal Finance Management

Sub- Programme Name	2018/2019			2019/2020		
	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
Programme Support	2 414	2 292	122	2 587	2 377	210
Municipal Budget	25 148	24 661	487	26 974	26 242	732
Municipal Acc & Reporting	-	-	-	14 503	14 357	146
Municipal Support Programme	32 669	32 486	183	15 801	15 442	359
Total	60 231	59 439	792	59 865	58 418	1 447

5. Transfer Payments

N/A

6. Conditional Grants

N/A

7. Donor Funds

- Donor assistance includes both cash and in-kind contributions. Reporting on donor assistance

Name of donor	■ Fight Against HIV/Aids, TB & Malaria
Full amount of the funding	■ 420 million
Period of the commitment	■ 2015/16-2019/20
Purpose of the funding	■ Fight Against HIV/Aids, TB & Malaria
Expected outputs	Preventing new HIV, STI and TB infections, sustaining health and wellness, as well as ensuring protection of human rights and improving access to ■ Justice.
Actual outputs achieved	Preventing new HIV, STI and TB infections, sustaining health and wellness, as well as ensuring protection of human rights and improving access to ■ justice.
Amount received in current period (R'000)	■ 268 million
Amount spent by the department (R'000)	■ 268 million
Reasons for the funds unspent	■ N/A
Monitoring mechanism by the donor	■ Quarterly reporting

8. Capital Investment

N/A

PART C: GOVERNANCE

PART C: GOVERNANCE

C. 1 Introduction

The world is grappling with the containment of the novel Covid-19 pandemic that has struck the globe and brought economies to its knees.

The UN's Framework for the Immediate Socio-Economic Response to the COVID 19 Crisis warns that "The COVID-19 pandemic is far more than a health crisis: it is affecting societies and economies at their core. While the impact of the pandemic will vary from country to country, it will most likely increase poverty and inequalities at a global scale. More than ever before effective and efficient governance in the public sector is now an obligation as it encourages better decision making and the efficient use of resources and strengthens accountability for the stewardship of those resources.

Against this backdrop, KZN Provincial Treasury continues its commitment to maintain the highest level of good governance through reporting and feedback that promotes honesty and accountability

C. 2 Risk Management

Albert Einstein said "learn from yesterday, live for today, hope for tomorrow. The important thing is not to stop questioning." The world is collectively questioning everything as we navigate a new normal – COVID-19. More than ever before risk management has been thrust to the forefront.

The discipline of risk management, mainly consist of identifying threats and opportunities to an organization's short, medium and long-term strategic objectives; and presenting response strategies to tackle these uncertainties. The COVID-19 pandemic clearly presents risk managers with an opportunity to launch and strengthen value propositions. Hence, the "new" normal has created the need for revised policies and procedures that address. Consequently, KZN Provincial Treasury has strengthened its risk governance framework to include the emergence of a pandemic and how the department will respond in various risk related

The risk management committee continues to assist the Accounting Officer in discharging his accountability for risk management by reviewing the effectiveness of the departments risk management system, practices and procedures and proving recommendations for improvement.

During the period under review, the establishment of a COVID-19 committee was commissioned to deal with and respond to risks emanating as a result of the pandemic.

The department continues to maintain a consolidated risk register which encompasses strategic, operational, IT, Business Continuity and COVID-19 risks.

The Audit Committee continues to provide an independent oversight over the system of risk management and monitors its effectiveness. The *Audit committee* oversees the system of internal controls and ensures that the department is compliant with laws and regulations.

C. 3 Fraud and Corruption

Corruption in the public sector has and always will continue to be a thorn in the side of any government throughout the world. Irrespective of what control measures are put in place, corruption remains a problem in many respects. It undermines the authority and the credibility of the government and its employees, it has an effect on the economic balance of the country and it plays a major role in the spread of economic crimes in general.

Over this period, the department has established an ethics committee. The ethics committee is chaired by the Accounting Officer and provides feed-back to the risk committee on matters within its scope. The Ethics Committee ensures that the department operates in an atmosphere of accountability, though, amongst other, the review of departmental Ethics Policies and recommended changes.

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. 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.

The department's fraud prevention policy and plan has been revised. The department continues to utilise the National anti-corruption hotline for the reporting of suspected fraud and corruption incidents. The department follows up on all information received through the hotline.

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 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 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 offers.

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.

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

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 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

The department had the following meetings with the Portfolio Committee.

Date of Meetings	Matters for discussion
10 July 2019	Briefing on KZN Appropriation Bill
11 July 2019	Presentation of the 2019/20 Budget and APP, Consideration of 2018/19 Fourth Quarter Financial and Non-Financial Performance Report
17 July 2019	Briefing on the 2018/19 Unaudited Closeout Report for Departments and entities
04 October 2019	Presentation of Strategic Plan 2019-2024, Presentation of First Draft 2020/21 Budget and APP , presentation of 2019/20 First Quarter Financial and Non-Financial Performance report
08 November 2019	Briefing on 2019/20 Midyear Budget Performance report
06 December 2019	Stakeholder engagement in Durnacol, Amajuba District to present draft 2020/21 Budget and APP
19 March 2020	2020/21 Budget and APP presentation for Vote 6: Treasury

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

During the year under review, the department was once invited to the Portfolio Committee for SCOPA resolutions. The following matters were raised for discussion.

Resolution No	Subject	Details	Response by the department	Resolved (Yes/No)
Resolution 17/2019	Irregular Expenditure of R25 706 000	Investigation since treasury did not receive authorisation	Report was submitted to the premier for action	No
Resolution 18/2019	Rationalisation of provincial public entities	Progress on rationalisation of public entities	Report submitted - rationalisation still in progress	No
Resolution 19/2019	Condonation of irregular expenditure	Irregular expenditure in the AFS of KZN provincial departments	Progress report for all departments was submitted	Yes
Resolution 20 /2019	Investigations by Provincial Internal Audit Services (PIAS)	Status of investigations by PIAS	Report submitted	Yes
Resolution 21/2019	Provincial Bid Appeals Tribunal	Composition of Committee, status of appeals received, turnaround times for completion and progress report	Progress report submitted	Yes

C. 9 Prior Modifications to Audit Reports

There were no prior modifications to the AG's report. KZN Treasury continued to maintain a clean audit opinion in the current year's audit.

C. 10 Internal Control Unit

Internal Control is responsible for assisting management to ensure that adequate and effective financial control systems are in place and that the department complies with the financial management prescripts in its pursuit to achieve its strategic goals.

During the year under, Internal Control activities included amongst others the following:

- Verification of payments before and after processing in order to ensure validity and accuracy;
- Identification of internal control weaknesses and provision of recommendations;
- Facilitation of Audit requests & Monitoring of the implementation of internal and external audit action plans;
- Issuing of circulars to regulate internal processes and procedures;

- Review of monthly management accounts;
- Preparation of AFS working papers.
- Review of policies and procedure manuals

C. 11 Internal Audit and Audit Committees

1. Audit Committee

11.1 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 Provincial Audit & Risk Committee (PARC):

- Governance, State, Capacity and Institutional Development (GSCID) Cluster
- Economic Sector and Infrastructure Development (ESID) Cluster
- Social Protection, Community & Human Development Cluster

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

11.2 Key Activities of the ESID Cluster Audit and Risk Committee during the year

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

Internal Controls, Accounting Systems & Internal Audit
<p>Review of the internal audit reports to manage critical risks and to ensure the adequacy and effectiveness of the departmental internal control structure including:</p> <ul style="list-style-type: none"> • Financial and internal controls, • Accounting systems and reporting and • Corporate governance
<p>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.</p>
<p>Direct the Accounting Officer to provide status reports detailing the progress made in implementing the Committee's recommendations.</p>

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 via the Provincial Audit & Risk Committee.
Fraud Prevention
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
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 the CARC must promptly report this to the relevant executive authority via the Chairperson of PARC.
Financial Statements
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.
Risk Oversight
The Committee is an integral component of the risk management process and shall oversee: <ul style="list-style-type: none"> • Financial reporting risks • Fraud risk as it relates to financial reporting • IT risk as it relates to financial reporting • All other strategic and operational risks that may impede the department from achieving their business objectives.
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.
Combined Assurance
Ensure a coordinated approach to all assurance activities, and in particular the CARC shall:
<ul style="list-style-type: none"> • Ensure that the combined assurance model relevant to the department is appropriate to address all the significant risks facing the department. • Monitor the relationship between the external and internal assurance providers. • Comment on the effectiveness of the combined assurance model.
Integrated Reporting
Review the integrated report, including the financial statements, and should have regard to all factors and risks that may impact on the integrity of the integrated report, and in particular the Committee must:
<ul style="list-style-type: none"> • Have regard to all factors that may impact on the integrity of the integrated/ annual report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information; forward looking statements or information. <ul style="list-style-type: none"> a) Review disclosure of sustainability issues in the integrated report to ensure that it does not conflict with the financial information. b) Comment in the annual financial report on the financial statements, the accounting practices and the effectiveness of the internal financial controls. c) Consider whether the content of the summarised information provides a balanced view.
Ethics
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.
Reporting Responsibilities
The Committees must report and make recommendations to the Accounting Officer on a regular basis (TR 3.1.12) – preferably quarterly.
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).

11.3 Information on the Audit Committee Members

The following seven members served as Provincial Audit & Risk Committee members during the period under review. The Committee members' attendance of meetings during the 2019/20 financial year is as depicted in the following table:

Name	Qualifications	Internal or External member	If Internal, position in the Department	Date Appointed	Date Contract Renewed	No. of PARC meetings attended	No. of CARC meetings attended
Mr S P Simelane (Acting Chairperson of PARC and ESID CARC)	CA(SA)	External	N/A	23 February 2015	30 October 2015	10	4
Mr M Tarr (ESID CARC)	MSc Agricultural Economics	External	N/A	01 May 2018	-	10	4
Mr V Ramphal (ESID CARC)	CA(SA)	External	N/A	23 February 2015	30 October 2015	10	4
Mr P Christianson	CA(SA)	External	N/A	23 February 2015	30 October 2015	10	4
Ms T Njozela	MBA	External	N/A	23 February 2015	30 October 2015	10	4
Mr D O'Connor	CA(SA)	External	N/A	23 February 2015	30 October 2015	10	4
Ms N Sithole	CA (SA)	External	N/A	01 May 2018	RESIGNED 07 October 2019	3	1

C. 12 Report of the Audit Committee

12.1 Objective and responsibility of the Audit and Risk 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 2020.

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.

12.2 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 its approved terms of reference.

No.	Name of Member	PARC Meetings Attended	Economic CARC Meetings Attended
1.	Mr S Simelane (Acting Chairman of PARC and Economic CARC)	4 of 4	4 of 4
2	Mr V Ramphal	4 of 4	4 of 4
3.	Mr P Christianson	4 of 4	4 of 4
4.	Ms T Njozela	4 of 4	N/A*
5.	Mr D O'Connor	4 of 4	N/A*

* Refers to PARC members who do not serve on the Economic CARC

12.3 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 the problems surrounding the development of the E-Procurement system.

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.

12.4 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 seven (7) audit assignments for the period under review, of which six (6) were finalised and one (1) was carried over to the 2020/21 financial year with the approval of the Audit Committee.

The PIAS performed effectively during the period under review; notwithstanding concerns raised by the Committee in respect of the financial and other limitations imposed upon the unit. The Committee will monitor the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the department.

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

As at the end of the 2019/20 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	2	2	11	29	5	49
Number of Identified Action Plans	5	8	18	8	1	40
Number of Completed Action Plans.	5	8	16	8	1	38

Although the department is commended on the recently updated risk register and the high completion rate of its risk mitigation plans, the Committee is still concerned about the department's failure to update its risk register regularly on a quarterly basis. The Department is 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. The Department is also requested to address the slow progress it has made in implementing the agreed action plans in respect of Risk Maturity and Fraud Prevention.

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.

12.6 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.

12.7 Forensics Investigations

The Committee noted that there were thirteen (13) forensic investigations from 2009 to date, all relating to alleged procurement irregularities, HR irregularities and mismanagement of funds, which the Department has referred to the PIAS for investigation. Twelve (12) of these investigations were completed and one (1) is in-progress. The Committee further noted that there is a recommendation to register a criminal case emanating from one (1) investigation.

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

The Committee further noted the PIAS' failure to develop and roll-out the Case Management System as planned.

12.8 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 without findings.

12.9 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.



Mr S Simelane

Acting Chairman: Provincial Audit and Risk Committee

27 August 2020

13 B-BBEE Compliance Performance Information

The following table has been completed in accordance with the compliance to the BBEE requirements of the BBEE Act of 2013 and as determined by the Department of Trade and Industry.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The Department does not issue any authorisations in respect of economic activity
Developing and implementing a preferential procurement policy?	Yes	Department has SCM Policy and Professional Service Providers Rotation Policy that are in line with the objectives of the PPPFA
Determining qualification criteria for the sale of state-owned enterprises?	No	This is not applicable to the Department
Developing criteria for entering into partnerships with the private sector?	Yes	Bids are invited with prequalification criteria.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	Preferential point system is considered in the awarding of bids and quotations

PART D: HUMAN RESOURCE MANAGEMENT

D 1. 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.

D 2. 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 increased to 17.20% in comparison to 14.80% as per the 2018/2019 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 42% and People with disabilities at 1.80%.

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.

2.4 Employee Performance Management

The Department obtained 100% compliance in respect of the signing of SMS Performance Agreements, and 97% 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 18/19 assessments were finalized and paid out during the 2nd quarter of the 19/20 assessment year. No grievances were received regarding the outcome of the 18/19 performance assessments. The 18/19 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 2019/2020, the Human Resource Management Directorate fulfilled all of its legislative mandates and delivered an efficient and professional Human Resources function to the Department, with no audit findings.
- 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. 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, 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 52 previously disadvantaged students studying towards becoming Chartered Accountants is in its 7th 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 5th allocation of three Trainee Accountants as at January 2020 making it a total of eight (11) trainees who are currently undergoing training towards becoming chartered accountants.

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.

D.3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 01 April 2019 to 31 March 2020

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)	Employment (including Periodical-and Abnormal Appointments)
ADMINISTRATION	204 257.00	88 330.00	0.00	0.00	43.20	485.00	181.00
ASSETS & LIAB	0.00	0.00	0.00	0.00	0.00	0.00	0.00
FINANCIAL GOVERNANCE	272 867.00	76 228.00	0.00	0.00	27.90	476.00	160.00
INTERNAL AUDIT	162 557.00	96 761.00	0.00	0.00	59.50	569.00	169.00
MUNICIPAL FINANCE MNGT	58 415.00	40 225.00	0.00	0.00	68.90	894.00	45.00
SUSTAINABLE RES MNGT	40 971.00	35 595.00	0.00	0.00	86.90	937.00	38.00
Total as on Financial Systems (BAS)	739 067.00	337 138.00	0.00	0.00	45.60	567.00	593.00

Table 3.1.2 Personnel costs by Salary Band for the period 01 April 2019 to 31 March 2020

Salary band	Personnel expenditure including transfers (R'000)	% of total personnel cost	Average personnel cost per employee (R)	Total Personnel Cost for Department including Goods and Services	No. of employees
02 Skilled (Levels 3-5)	11 457.00	3.30	249 065.00	349 326.00	46.00
03 Highly skilled production (Levels 6-8)	40 480.00	11.60	449 778.00	349 326.00	90.00
04 Highly skilled supervision (Levels 9-12)	139 853.00	40.00	785 691.00	349 326.00	178.00
05 Senior management (Levels >= 13)	64 998.00	18.60	1 299 960.00	349 326.00	50.00
11 Contract (Levels 3-5)	1 136.00	0.30	14 564.00	349 326.00	78.00
12 Contract (Levels 6-8)	17 323.00	5.00	393 705.00	349 326.00	44.00
13 Contract (Levels 9-12)	29 728.00	8.50	707 810.00	349 326.00	42.00
14 Contract (Levels >= 13)	22 905.00	6.60	1 205 526.00	349 326.00	19.00
18 Contract Other	8 766.00	2.50	0.00	349 326.00	0.00
19 Periodical Remuneration	6 305.00	1.80	137 065.00	349 326.00	46.00
TOTAL	342 951.00	98.20	578 332.00	349 326.00	593.00

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme for the period 01 April 2019 to 31 March 2020

Programme	Salaries (R'000)	Salaries as a % of pers. costs	Overtime (R'000)	Overtime as a % of personnel costs	HOA (R'000)	HOA as a % of pers. costs	Medical Aid (R'000)	Medical aid as a % of pers. costs
ADMINISTRATION	75 124.00	83.90	1 309.00	1.50	1 865.00	2.10	2 978.00	3.30
FINANCIAL GOVERNANCE	65 150.00	82.40	65.00	0.10	1 330.00	1.70	2 053.00	2.60

INTERNAL AUDIT	85 744.00	83.30	0.00	0.00	0.00	1 545.00	1.50	1 819.00	1.80
MUNICIPAL FINANCE MANAGEMENT	36 521.00	88.50	0.00	0.00	0.00	503.00	1.20	382.00	0.90
SUSTAINABLE RESOURCE MANAGEMENT	31 890.00	87.40	0.00	0.00	0.00	798.00	2.20	434.00	1.20
TOTAL	294 429.00	84.30	1 374.00	0.40	6 040.00	1.70	7 667.00	2.20	

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band for the period 01 April 2019 to 31 March 2020

Salary Band	Salaries (R'000)	Salaries as a % of personnel costs	Overtime (R'000)	Overtime % of personnel costs	HOA (R'000)	HOA as a % of personnel costs	Medical Aid (R'000)	Medical aid as a % of personnel costs
02 Skilled (Levels 3-5)	8 641.00	75.40	85.00	0.70	523.00	4.60	1 061.00	9.30
03 Highly skilled production (Levels 6-8)	31 710.00	78.00	639.00	1.60	1 249.00	3.10	2 417.00	5.90
04 Highly skilled supervision (Levels 9-12)	120 153.00	84.50	455.00	0.30	2 767.00	1.90	2 967.00	2.10
05 Senior management (Levels >= 13)	57 580.00	86.60	0.00	0.00	1 256.00	1.90	622.00	0.90
11 Contract (Levels 3-5)	980.00	86.30	0.00	0.00	27.00	2.40	26.00	2.30
12 Contract (Levels 6-8)	15 675.00	90.10	141.00	0.80	194.00	1.10	395.00	2.30
13 Contract (Levels 9-12)	28 614.00	92.90	5.00	0.00	24.00	0.10	96.00	0.30
14 Contract (Levels >= 13)	22 363.00	95.90	0.00	0.00	0.00	0.00	82.00	0.40
18 Contract Other	8 714.00	96.00	48.00	0.50	0.00	0.00	0.00	0.00
19 Periodical Remuneration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	294 429.00	84.30	1 374.00	0.40	6 040.00	1.70	7 667.00	2.20

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATION, Permanent	140	119	15.70	62
FINANCIAL GOVERNANCE, Permanent	121	92	24.00	28
INTERNAL AUDIT, Permanent	104	86	17.30	77
MUNICIPAL FINANCE MANAGEMENT, Permanent	39	36	7.70	9
SUSTAINABLE RESOURCE MANAGEMENT, Permanent	37	32	13.50	6
TOTAL	441	365	17.50	182

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2020

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate (includes frozen posts)	Number of employees additional to the establishment
02 Skilled (Levels 3-5), Permanent	65	46	29.20	0
03 Highly Skilled Production (Levels 6-8), Permanent	100	90	10.00	0
04 Highly Skilled Supervision (Levels 9-12), Permanent	213	178	16.40	0
05 Senior Management (Levels >= 13), Permanent	63	51	20.60	0
09 Other, Permanent	0	0	0.00	0
11 Contract (Levels 3-5), Permanent	0	0	0.00	78
12 Contract (Levels 6-8), Permanent	0	0	0.00	44
13 Contract (Levels 9-12), Permanent	0	0	0.00	42
14 Contract (Levels >= 13), Permanent	0	0	0.00	18
TOTAL	441	365	17.50	182

Table 3.2.3 Employment and vacancies by Critical Occupation as at 31 March 2020

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 2020

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	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	37	78.72	10	21.28		
Total	63	51	80.95	12	19.05		

Table 3.3.2 SMS post information as on 30 September 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	37	78.72	10	21.28
Total	63	51	80.95	12	19.05

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2019 to 31 March 2020

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	37	78.72	10	21.28
Total	63	51	80.95	12	19.05

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 2019 and 31 March 2020

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 2019 to 31 March 2020

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.

3.4 Job Evaluation

Table 3.4.1 Evaluation by Salary Band for the period 01 April 2019 to 31 March 2020

Salary Band	Number of Posts on Approved Establishment	Number of Jobs Evaluated	% of Posts Evaluated by Salary Bands	Number of Posts Upgraded	% of posts evaluated	Number of posts Downgraded	% of posts evaluated
02 Skilled (Levels 3-5)	65	0	0	0	0	0	0
03 Highly Skilled Production (Levels 6-8)	100	0	0	0	0	0	0
04 Highly Skilled Supervision (Levels 9-12)	213	0	0	0	0	0	0
05 Senior Management Service Band A	48	0	0	0	0	0	0
06 Senior Management Service Band B	11	0	0	0	0	0	0
07 Senior Management Service Band C	3	0	0	0	0	0	0
08 Senior Management Service Band D	1	0	0	0	0	0	0
11 Contract (Levels 3-5)	0	0	0	0	0	0	0
12 Contract (Levels 6-8)	0	0	0	0	0	0	0
13 Contract (Levels 9-12)	0	0	0	0	0	0	0
14 Contract Band A	0	0	0	0	0	0	0
15 Contract Band B	0	0	0	0	0	0	0
17 Contract Band D	0	0	0	0	0	0	0
TOTAL	441	0	0	0	0	0	0

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 01 April 2019 to 31 March 2020

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
TOTAL	0.00	0.00	0.00	0.00	0.00

Employees with a Disability

0.00

TABLE 3.4.3 - Employees whose salary level exceed the grade determined by Job Evaluation for the period 01 April 2019 to 31 March 2020

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Department
0	0	0	0	0	
0	0	0	0	0	
TOTAL	0				
Percentage of Total Employment	0				0

TABLE 3.4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation for the period 01 April 2019 to 31 March 2020

Total no. of employees whose salaries exceed the grade determined 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 01 April 2019 to 31 March 2020

Salary band	Number of employees at beginning of period	Appointments	Terminations	Turnover rate
02 Skilled (Levels 3-5) Permanent	57	5	2	3.50
03 Highly Skilled Production (Levels 6-8) Permanent	86	6	10	11.60
04 Highly Skilled Supervision (Levels 9-12) Permanent	181	9	10	5.50
05 Senior Management Service Band A Permanent	40	1	4	10.00
06 Senior Management Service Band B Permanent	9	0	0	0.00
07 Senior Management Service Band C Permanent	3	0	0	0.00
08 Senior Management Service Band D Permanent	1	0	0	0.00
09 Other Permanent	0	0	0	0.00

Salary band	Number of employees at beginning of period	Appointments	Terminations	Turnover rate
11 Contract (Levels 3-5) Permanent	58	27	27	46.60
12 Contract (Levels 6-8) Permanent	45	15	10	22.20
13 Contract (Levels 9-12) Permanent	43	6	11	25.60
14 Contract Band A Permanent	10	5	3	30.00
15 Contract Band B Permanent	3	1	1	33.30
17 Contract Band D Permanent	1	0	0	0.00
TOTAL	537	75	78	14.50

TABLE 3.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April 2019 to 31 March 2020

No formal critical occupations were approved for KZN Provincial Treasury.

TABLE 3.5.3 – Reasons why staff are leaving the Department for the period 01 April 2019 to 31 March 2020

Termination Type	Number	% of Total Resignations	% of Total Employment	Total	Total Employment
01 Death, Permanent	3	11.50	0.80	26	364
02 Resignation, Permanent	19	73.10	5.20	26	364
03 Expiry of contract, Permanent	0	0.00	0.00	26	364
07 Dismissal-misconduct, Permanent	1	3.80	0.30	26	364
09 Retirement, Permanent	3	11.50	0.80	26	364
TOTAL	26	100.00	7.10	26	364

TABLE 3.5.4 - Granting of Employee Initiated Severance Packages for the period 01 April 2019 to 31 March 2020

Total no. of employees granted severance packages	None
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TABLE 3.5.5 - Promotions by Critical Occupation * contracts not included for the period 01 April 2019 to 31 March 2020

No formal critical occupations were approved for KZN Provincial Treasury.

TABLE 3.5.6 - Promotions by Salary Bands for the period 01 April 2019 to 31 March 2020

Salary band	Number of Employees at Beginning of period	Promotions to another Salary Level	Salary Level Promotions as a % of Employees by Salary Band	Progressions to another Notch within a Salary Level	Notch Progression as a % of Employees by Salary Band
02 Skilled (Levels 3-5), Permanent	57	3	5.30	30	52.60
03 Highly Skilled Production (Levels 6-8), Permanent	86	2	2.30	55	64.00
04 Highly Skilled Supervision (Levels 9-12), Permanent	181	7	3.90	125	69.10
05 Senior Management (Levels >= 13), Permanent	53	1	1.90	30	56.60
09 Other, Permanent	0	0	0.00	0	0.00
11 Contract (Levels 3-5), Permanent	58	0	0.00	0	0.00
12 Contract (Levels 6-8), Permanent	45	0	0.00	7	15.60
13 Contract (Levels 9-12), Permanent	43	7	16.30	4	9.30
14 Contract (Levels >= 13), Permanent	14	1	7.10	3	21.40
TOTAL	537	21	3.90	254	47.30

3.6 Employment Equity

TABLE 3.6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category as at 31 March 2020

Occupational Category	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
01 - SENIOR OFFICIALS AND MANAGERS	16	3	5	2	11		10	3	51
02 - PROFESSIONALS	79	0	10	1	69		10	8	178
03 - TECHNICIANS AND ASSOCIATE PROFESSIONALS	33	0	0	0	43		5	8	90
04 - CLERKS	14	1	0	0	29		2	0	46
08 - PLANT AND MACHINE OPERATORS AND ASSEMBLERS	0	0	0	0	0		0	0	0
09 - LABOURERS AND RELATED WORKERS	0	0	0	0	0		0	0	0
99 - UNKNOWN	0	0	0	0	0		0	0	0
TOTAL	142	4	15	3	152	3	27	19	365

TABLE 3.6.2 - Total number of Employees with disabilities as at 31 March 2020

Male African	Male Coloured	Male Indian	Male Total Blacks	Male White	Female African	Female Coloured	Female Indian	Female Total Blacks	Female White	Total
3	0	1	4	0	2	0	2	4	0	8
Employees with disabilities										

TABLE 3.6.3 – Total number of Employees (incl. Employees with disabilities) per Occupational Bands as at 31 March 2020

Occupational Category	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
01 Top Management, Permanent	1	0	3	0	1	0	0	0	5
02 Senior Management, Permanent	15	3	2	2	10	1	10	3	46
03 Professionally qualified and experienced specialists and mid-management, Permanent	79	0	10	1	69	1	10	8	178
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	33	0	0	0	43	1	5	8	90

Occupational Category	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
05 Semi-skilled and discretionary decision making, Permanent	14	1	0	0	29	0	2	0	46
07 Not Available, Permanent	0	0	0	0	0	0	0	0	0
08 Contract (Top Management), Permanent	0	0	0	0	1	0	0	0	1
09 Contract (Senior Management), Permanent	3	0	2	2	4	0	3	3	17
10 Contract (Professionally Qualified), Permanent	21	0	2	0	16	0	2	1	42
11 Contract (Skilled Technical), Permanent	13	1	1	0	28	1	0	0	44
12 Contract (Semi-Skilled), Permanent	31	0	2	0	45	0	0	0	78
TOTAL	210	5	22	5	246	4	32	23	547

TABLE 3.6.4 – Recruitment for the period 01 April 2019 to 31 March 2020

Occupational Band	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
02 Senior Management, Permanent	0	0	0	0	0	1	0	1	2
03 Professionally qualified and experienced specialists and mid-management, Permanent	6	0	0	0	0	5	0	0	11
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	6	0	0	0	0	5	0	0	11
05 Semi-skilled and discretionary decision	4	0	0	0	0	1	0	0	5

	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
making, Permanent									
07 Not Available, Permanent	0	0	0	0	0	0	0	0	0
09 Contract (Senior Management), Permanent	0	0	1	0	1	0	1	0	3
10 Contract (Professionally qualified), Permanent	2	0	0	0	3	0	1	0	6
11 Contract (Skilled technical), Permanent	2	0	0	0	7	0	0	0	9
12 Contract (Semi-skilled), Permanent	11	0	0	0	17	0	0	0	28
TOTAL	31	0	1	0	40	0	3	0	75

TABLE 3.6.4B - Recruitment (Employees with disabilities) for the period 01 April 2019 to 31 March 2020

	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
Employees with disabilities	1	0	0	0	0	0	0	0	1

TABLE 3.6.5 - Promotions for the period 01 April 2019 to 31 March 2020

Occupational Band	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
01 Top Management, Permanent	0	0	0	0	0	0	0	0	0
02 Senior Management, Permanent	0	0	0	0	1	0	0	0	1
03 Professionally qualified and experienced specialists and mid-management, Permanent	3	0	0	0	4	0	0	0	7
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	1	0	1	0	2
05 Semi-skilled and discretionary decision making, Permanent	1	0	0	0	2	0	0	0	3
08 Contract (Top Management), Permanent	0	0	0	0	0	0	0	0	0
09 Contract (Senior Management), Permanent	0	0	1	0	0	0	0	0	1
10 Contract (Professionally qualified), Permanent	3	0	0	0	4	0	0	0	7

11 Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	7	0	1	0	0	12	0	1	0	1	0	0	21

TABLE 3.6.5B - Promotions (Employees with disabilities) for the period 01 April 2019 to 31 March 2020

	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
Employees with disabilities	0	0	0	0	0	0	1	0	1

TABLE 3.6.6 – Terminations for the period 01 April 2019 to 31 March 2020

Occupational Band	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
01 Top Management, Permanent	0	0	0	0	0	0	0	0	0
02 Senior Management, Permanent	2	0	0	0	1	0	1	0	4
03 Professionally qualified and experienced specialists and mid-management, Permanent	4	0	0	0	5	0	0	1	10
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	6	0	0	0	3	0	0	1	10
05 Semi-skilled and discretionary decision making, Permanent	0	0	0	0	2	0	0	0	2

07 Not Available, Permanent	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
09 Contract (Senior Management), Permanent	1	0	0	0	0	0	2	0	0	0	1	0	0	0	0	0	0	4
Occupational Band	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total									
10 Contract (Professionally qualified), Permanent	2	0	1	0	7	0	1	0	11									
11 Contract (Skilled technical), Permanent	3	0	0	0	7	0	0	0	10									
05 Semi-skilled and discretionary decision making, Permanent	10	0	1	0	16	0	0	0	27									
TOTAL	28	0	2	0	43	0	3	2	78									

TABLE 3.6.6B – Terminations (Employees with disabilities) for the period 01 April 2019 to 31 March 2020

Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Occupational Band	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total										

TABLE 3.6.7 - Disciplinary Action for the period 01 April 2019 to 31 March 2020

Disciplinary Action	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
FINAL WRITTEN WARNING	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
NO OUTCOME	0	0	0	0	0	0	1	0	1	0	0	0	0	0	0	0	0	0	1
TOTAL	1	0	0	0	0	0	1	0	2	0	0	0	0	0	0	0	0	0	2

TABLE 3.6.8 - Skills Development for the period 01 April 2019 to 31 March 2020

Occupational Category	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
Legislators, Senior Officials and Managers	9	2	4	2	4	0	20	6	47
Professionals	100	0	6	0	84	0	20	5	215
Technicians and Associate Professionals	28	0	0	0	53	0	1	7	89
Clerks	10	0	0	0	40	0	5	0	55
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	0	0	0	0	0	0	0	0	0
Elementary Occupations	2	0	0	0	0	0	0	0	2
Employees with disabilities	0	0	0	0	2	0	1	0	3
TOTAL	149	2	10	2	181		46	18	408

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 May 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	37	37	100.00
Total	63	51	51	100.00

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 2019

Reasons
N/A

3.8 Performance Rewards

TABLE 3.8.1 - Performance Rewards by Race, Gender and Disability for the period 01 April 2019 to 31 March 2020

Race and Gender	Number of beneficiaries	Number of employees	% of total within group	Total Cost (R'000)	Average cost per employee (R)
African, Female	38	246	15.40	1 130 322.57	29 745.33
African, Male	19	210	9.00	710 495.28	37 394.48
Asian, Female	9	32	28.10	378 892.14	42 099.13
Asian, Male	5	22	22.70	258 939.99	51 788.00
Coloured, Female	0	4	0.00	0.00	0.00
Coloured, Male	1	5	20.00	54 949.80	54 949.80
Total Blacks, Female	47	282	16.70	1 509 214.71	32 110.95
Total Blacks, Male	25	237	10.50	1 024 385.07	40 975.40
White, Female	10	23	43.50	477 223.20	47 722.32
White, Male	1	5	20.00	47 225.10	47 225.10
Employees with a disability * already included in totals	1	9	11.10	14 548.50	14 548.50
TOTAL	83	556	14.90	3 072 596.58	36 578.53

TABLE 3.8.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service for the period 01 April 2019 to 31 March 2020

Salary Band	Number of beneficiaries	Number of employees	% of total within Salary Band	Total Cost (R'000)	Average cost per employee (R)
02 Skilled (Levels 3-5)	10	46	21.70	109 724.43	10 972.44
03 Highly Skilled Production (Levels 6-8)	17	90	18.90	370 740.15	21 808.24
04 Highly Skilled Supervision (Levels 9-12)	41	178	23.00	1 701 288.45	41 494.84
09 Other	0	0	0.00	0.00	0.00
11 Contract (Levels 3-5)	0	78	0.00	0.00	0.00
12 Contract (Levels 6-8)	0	44	0.00	0.00	0.00

13 Contract (Levels 9-12)	0	42	0.00	0.00	0.00
TOTAL	68	478	14.20	2 181 753.03	32 084.60

TABLE 3.8.3 - Performance Rewards by Critical Occupation for the period 01 April 2019 to 31 March 2020

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 01 April 2019 to 31 March 2020

Salary Band	Number of beneficiaries	Number of employees	% of total within Salary Band	Total Cost (R'000)	Average cost per employee (R)	Total Cost As A% of the Total Personnel Expenditure	Personnel Cost SMS (R'000)
Band A	12	51	23.50	654 727.25	54 560.60	1 111.50	58 907.33
Band B	2	13	15.40	140 100.00	70 050.00	735.70	19 042.77
Band C	1	3	33.30	81 467.40	81 467.00	1 513.10	5 384.08
Band D	0	2	0.00	0.00	0.00	0.00	6 504.97
TOTAL	15	69	21.70	876 294.65	58 419.64	975.40	89 839.16

3.9 Foreign Workers

TABLE 3.9.1 - Foreign Workers by Salary Band for the period 01 April 2019 to 31 March 2020

Salary Band	Employment at the Beginning of Period	Percentage of Total at Beginning of Period	Employment at End of Period	Percentage of Total at End of period	Change in Employment	Percentage of Total
Highly skilled supervision (Levels 9-12)	1	50.00	1	100.00	0	50.00
Senior management (Levels 13-16)	1	50.00	0	0.00	-1	50.00
TOTAL	2	100.00	1	100.00	-1	100.00

TABLE 3.9.2 - Foreign Workers by Major Occupation for the period 01 April 2019 to 31 March 2020

Major Occupation	Employment at the Beginning of Period	Percentage of Total at Beginning of Period	Employment at End of Period	Percentage of Total at End of period	Change in Employment	Percentage of Total
Professionals and managers	2.00	100.00	1.00	100.00	- 1.00	100.00
TOTAL	2.00	100.00	1.00	100.00	- 1.00	100.00

3.10. Leave

TABLE 3.10.1 - Sick Leave for the period 1 January 2019 to December 2019

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)	Total number of Employees using Sick Leave	Total number of days with medical certification
Contract (Levels 13-16)	65	73.80	10	2.20	7	292.00	463	48.00
Contract (Levels 3-5)	8	25.00	2	0.40	4	7.00	463	2.00
Contract (Levels 6-8)	210	74.30	36	7.80	6	332.00	463	156.00
Contract (Levels 9-12)	149	66.40	35	7.60	4	379.00	463	99.00
Contract Other	164	63.40	42	9.10	4	126.00	463	104.00
Highly skilled production (Levels 6-8)	764	70.70	93	20.10	8	1 245.00	463	540.00
Highly skilled supervision (Levels 9-12)	1314	69.10	157	33.90	8	3 763.00	463	908.00
Senior management (Levels 13-16)	280	78.90	45	9.70	6	1 212.00	463	221.00
Skilled (Levels 3-5)	383	66.80	43	9.30	9	338.00	463	256.00
TOTAL	3337	69.90	463	100.00	7	7 694.00	463	2 334.00

TABLE 3.10.2 - Disability Leave (Temporary and Permanent) for the period January 2019 to December 2019

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)	Total number of Days with medical certification	Total number of employees using Disability Leave
Contract (Levels 9-12)	30	100.00	1	14.30	30	81.00	30	7
Highly skilled production (Levels 6-8)	163	100.00	1	14.30	163	307.00	163	7

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)	Total number of Days with medical certification	Total number of employees using Disability Leave
Highly skilled supervision (Levels 9-12)	16	100.00	3	42.90	5	42.00	16	7
Senior management (Levels 13-16)	32	100.00	1	14.30	32	125.00	32	7
Skilled (Levels 3-5)	11	100.00	1	14.30	11	10.00	11	7
TOTAL	252	100.00	7	100.00	36	565.00	252	7

TABLE 3.10.3 - Annual Leave for the period January 2019 to December 2019

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	323	17	19
Contract (Levels 3-5)	85	12	7
Contract (Levels 6-8)	817	17	49
Contract (Levels 9-12)	649	14	48

Contract Other		870	11	81
Highly skilled production (Levels 6-8)		2236	22	102
Highly skilled supervision (Levels 9-12)		4355	23	189

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Senior management (Levels 13-16)	1196	23	53
Skilled (Levels 3-5)	991	20	49
TOTAL	11522	19	597

TABLE 3.10.4 - Capped Leave for the period January 2019 to December 2019

Salary band	Total days of capped leave taken	Average Number of Days Taken per Employees	Average Capped Leave per Employee as at End of Period	Number of Employees using Capped Leave	Total Number of Capped Leave Available at End of Period	Number of Employees as at End of Period
Contract (Levels 13-16)	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0
Contract Other	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	21	11	28	2	440	16
Highly skilled supervision (Levels 9-12)	3	1	42	3	918	22

Senior management (Levels 13-16)	0	0	55	0	329	6
Skilled (Levels 3-5)	0	0	6	0	11	2
TOTAL	24	5	37	5	1700	46

TABLE 3.10.5 - Leave Payouts (Estimated) for the period January 2019 to December 2019

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
ANNUAL - DISCOUNTING WITH RESIGNATION (WORK DAYS)	467	15	31133
ANNUAL - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK)	78	4	19500
CAPPED - GRATUITY: DEATH/RETIREMENT/MEDICAL RETIREMENT(WORK)	159	3	53000
TOTAL	704		

Leave Pay-outs (Actual) Allowance Codes - 0060, 0168, 0625, 0422, 0567	705.00	20.00
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3.11 HIV/AIDS & Health Promotions 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 Yes/No and provide 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.	X		Mrs. Kogie Chetty: Director : HRM
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available.	X		The Department has a dedicated EHWP Sub Directorate, that reports directly to the Director: HRM. The Unit comprises of two employees, a Deputy Director (SL11) and Practitioner (SL7). The annual EHWP budget is R300 000 , 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.	X		Assessment of cases, & Professional Counselling services is rendered to cases and 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 are also arranged.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		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 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.	X		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 an 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.

Question	Yes	No	Details, if yes
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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.	X	The Department has policies that guides all processes and specifically addresses 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 facilitates 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.	X	Employees have access to the Departmental Wellness Clinic on a 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.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	X	Annual HR client satisfaction surveys which includes 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 good.

3.12 Labour Relations

TABLE 3.12.1 - Misconduct and Discipline Hearings Finalised for the period 01 April 2019 to 31 March 2020

Outcomes of disciplinary hearings	Number	% of total	Total
FINAL WRITTEN WARNING	1	50	2
DISMISSAL WITH IMMEDIATE EFFECT	1	50	2
TOTAL	2	100	2

TABLE 3.12.2 - Types of Misconduct Addressed and Disciplinary Hearings for the period 01 April 2019 to 31 March 2020

Type of misconduct	Number	% of total	Total
CONDUCT SELF IN IMPROPER/UNACCEPTABLE MANNER	1	50	2

POSSESSES OR WRONGFULLY USES PROPERTY OF STATE		1		50	2
TOTAL		2		100	2

TABLE 3.12.3 - Grievances Lodged for the period 01 April 2019 to 31 March 2020

	Number of grievances addressed	Number	% of total	Total
RESOLVED		2	100	2
TOTAL		2	100	2

TABLE 3.12.4 - Disputes Lodged for the period 01 April 2019 to 31 March 2020

Type of dispute	Number	Total
UNFAIR DISMISSAL	1	1
TOTAL:	1	1

TABLE 3.12.5 - Strike Actions for the period 01 April 2019 to 31 March 2020

Type of Action	Number	Total
N/A	0	0
TOTAL:	0	0

TABLE 3.12.6 - Precautionary Suspensions for the period 01 April 2019 to 31 March 2020

Precautionary suspensions exceeding 60 days	Number	Total
N/A	0	0
TOTAL:	0	0

3.13 Skills Development

TABLE 3.13.1 - Training Needs identified for the period 01 April 2019 to 31 March 2020

Occupational Category	Gender	Number of Employees at Beginning of Period	Learnerships	Skills Prog & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	30	0	27	1	28
Legislators, senior officials and managers	Male	23	0	52	1	53
Professionals	Female	89	15	203	14	232
Professionals	Male	94	15	208	11	234
Technicians and associate professionals	Female	51	0	85	4	89
Technicians and associate professionals	Male	36	0	92	4	96
Clerks	Female	30	0	58	4	62
Clerks	Male	8	0	22	0	22
Service and sales workers	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
Elementary occupations	Female	3	0	13	1	0
Elementary occupations	Male	6	0	4	0	0
Gender sub totals	Female	203	15	386	24	425
Gender sub totals	Male	167	15	378	16	409
TOTAL		370	30	764	40	834

TABLE 3.13.2 - Training provided for the period 01 April 2019 to 31 March 2020

Occupational Category	Gender	Number of Employees at Beginning of period	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	30	0	29	1	30
Legislators, senior officials and managers	Male	23	0	16	1	17
Professionals	Female	89	14	89	20	123
Professionals	Male	94	10	89	17	116
Technicians and associate professionals	Female	51	0	59	2	61
Technicians and associate professionals	Male	36	0	28	0	28
Clerks	Female	30	0	45	0	45
Clerks	Male	8	0	10	0	10
Service and sales workers	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
Elementary occupations	Female	3	0	0	0	0
Elementary occupations	Male	6	0	2	0	2
Gender sub totals	Female	203	14	234	40	0
Gender sub totals	Male	167	10	397	18	0
TOTAL		370	24	367	41	432

3.14 Injuries

TABLE 3.14.1 - Injury on Duty for the period 01 April 2019 to 31 March 2020

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	20.00
Temporary Total Disablement	5	80.00
Permanent Disablement	0	0.00
Fatal	0	0.00
TOTAL	6	100.0

D 4. Utilisation of Consultants

The following tables relate 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

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 2019 and 31 March 2020

Description	Duration of the Project	Number of Consultants	Amount
Assist Department of Arts & Culture with Asset Disclosure Notes	635 hours	Two Consultants	949,320.00
Financial Management Support to Dube Tradeport	727 hours	One Consultant	747,719.50
DAC Annual Financial Statements Compilation & Support	635 hours	One Consultant	474,662.50
Financial Management Support at uThukela District	1040 hours	One Consultant	861,120.00
Financial Management Support at uThukela District	1040 hours	One Consultant	861,120.00
Financial Management Support at Ugu District	1040 hours	One Consultant	1,231,880.00
Grant Management Support at KwaDukuza	960 hours	One Consultant	1,137,120.00
Grant Management Support at Harry Gwala	960 hours	One Consultant	1,137,120.00
Forensic investigation into alleged fraud & mismanagement of funds transferred by KZN department of Social Development	Forensic Appointment	Five Consultants	496,892.00
Forensic investigation into procurement irregularities at DOH	Forensic Appointment	Eight Consultants	1,497,081.50
Forensic investigation into abuse of power by senior officials at DAC & DSR	Forensic Appointment	Ten Consultants	498,663.00
Financial Management Support at Ugu District	1040 hours	One Consultant	861,120.00
Review & updating of the ERM framework for Local Government	Risk Appointment	Five Consultants	580,000.00
KZN Department of Public Works Immovable Asset Management & Disclosure note support	820 hours	One Consultant	642,850.00
Forensic Investigation into various allegations of Maladministration & Mismanagement of school	Forensic Appointment	Five Consultants	619,947.75

funds DOE			
Forensic Investigation into Intellectual Property theft & Potential Irregular Expenditure regarding youth projects at DEDTEA	Forensic Appointment	Seven Consultants	1,496,305.00
Transfer payment audit at EDTEA	200 hours	One Consultant	149,500.00
Financial Management Support at uThukela District	1040 hours	One Consultant	1,231,880.00
Grant Management Support to Ndwedwe Municipality	960 hours	One Consultant	1,137,120.00
Financial Management Support for PPSD (Department of Health)	800 hours	Two Consultants	728,640.00
AFS Preparation Support at Department of Social Development	720 hours	One Consultant	956,340.00
Financial Management Support for PPSD (Department of Health)	800 hours	Two Consultants	728,640.00
Financial Management Support for PPSD (Department of Health)	920 hours	One Consultant	761,760.00
MSCOA Implementation support for KZN Municipalities	1200 hours	One Consultant	1,421,400.00
To assist with the provision of Creditors related support (Department of Health)	800 hours	Two Consultants	728,640.00
MSCOA Implementation support for KZN Municipalities	1280 hours	One Consultant	2,502,400.00
To assist with the provision of Creditors related support (Department of Health)	800 hours	One Consultant	662,400.00
To assist with the provision of Creditors related support (Department of Health)	800 hours	Two Consultants	728,640.00
MSCOA Implementation support for KZN Municipalities	1200 hours	One Consultant	1,421,400.00
To assist with the provision of Creditors related support (Department of Health)	400 hours	One Consultant	473,112.00
MSCOA Implementation support for KZN Municipalities	1200 hours	One Consultant	1,421,400.00
To assist with the provision of Creditors related support (Department of Health)	800 hours	One Consultant	364,320.00
Financial Management Support for PPSD (Department of Health)	920 hours	One Consultant	1,088,157.60
MSCOA Implementation support for KZN Municipalities	1200 hours	One Consultant	1,421,400.00
Assist with Provision of Credit related support at Department of Education	976 hours	One Consultant	767,136.00
To assist with KZN Public Works Capital Commitments	680 hours	One Consultant	1,059,208.80

To assist with KZN Public Works Capital Commitments	590 hours	One Consultant	481,652.40
To assist with KZN Public Works Capital Commitments	500 hours	Two Consultants	564,300.00
Internal Control Improvement Programme- Department of Health Intervention	480 hours	One Consultant	557,520.00
Internal Control Improvement Programme- Department of Health Intervention	480 hours	Six Consultants	3,441,720.00
Internal Control Improvement Programme- Department of Health Intervention	480 hours	Two Consultants	789,360.00
Internal Control Improvement Programme- Department of Health Intervention	480 hours	Two Consultants	789,360.00
Internal Control Improvement Programme- Department of Health Intervention	480 hours	Two Consultants	789,360.00
Internal Control Improvement Programme- Department of Health Intervention	480 hours	One Consultant	394,680.00
Financial Management Support to Ugu District Municipality	1040 hours	One Consultant	1,231,880.00
Internal Control Improvement Programme- Department of Health Intervention	480 hours	Two Consultants	952,200.00
Grant Management Support to uThukela District Municipality	720 hours	One Consultant	852,840.00
Alteration and Renovations to staff housing at Murchison Hospital	Firm Appointment	Firm Appointment	5,166,137.85
Financial Management Support: Review of Municipal AFS	170 hours	One Consultant	201,365.00
Conversion of the College into staff accommodation and construction of new student accommodation at Nkonjeni Hospital	Firm Appointment	Firm Appointment	11,131,646.47
Financial Management Support: Review of Municipal AFS	170 hours	One Consultant	201,365.00
Financial Management Support: Review of Municipal AFS	170 hours	One Consultant	201,365.00
Financial Management Support: Review of Municipal AFS	170 hours	One Consultant	201,365.00
Financial Management Support: Review of Municipal AFS	170 hours	One Consultant	201,365.00
Assessment of Mpofana Local Municipality Electricity Infrastructure and Metering distribution tariffs	Firm Appointment	Firm Appointment	1,200,000.00
Assessment of Mpofana Local Municipality Electricity Infrastructure and Metering distribution tariffs	Firm Appointment	Firm Appointment	4,973,328.61
Audit on Farmer Support & Development- Food Security at Department of Agriculture and Rural Development	Firm Appointment	Firm Appointment	1,044,320.75
Audit on Human Resource Management at Department of Social Development	Firm Appointment	Firm Appointment	918,706.25

Audit on Inventory Management at Department of Sports & Recreation	Firm Appointment	Firm Appointment	536,187.50
Performance Information Audit at the Department of Arts and Culture	Firm Appointment	Firm Appointment	613,697.50
Nerve Centre System Audit at the KZN Office of the Premier (Quarter 2 & 3) of 2019/20	Firm Appointment	Firm Appointment	518,161.25
Audit on SCM at Department of Agriculture and Rural Development	Firm Appointment	Firm Appointment	800,808.25
Audit on Performance Information at KZN Office of the Premier	Firm Appointment	Firm Appointment	579,312.50
Audit on Bursaries at KZN Office of the Premier	Firm Appointment	Firm Appointment	705,928.65
Audit on Human Resource Management at Department of Transport	Firm Appointment	Firm Appointment	1,342,165.00
Audit on expanded Public Works Program EPWP at Department of Public Works	Firm Appointment	Firm Appointment	953,746.75
Audit on Transfer Payments at Department of Sports and Recreation	Firm Appointment	Firm Appointment	951,596.25
Audit on SCM at Department of Community Safety and Liaison	Firm Appointment	Firm Appointment	579,312.50
Audit on SCM at Department of Arts and Culture	Firm Appointment	Firm Appointment	750,208.25
Audit on SCM at Department of Education	Firm Appointment	Firm Appointment	881,768.25
Audit of Fleet Management at Department of Education	Firm Appointment	Firm Appointment	881,768.25
Microsoft Exchange System Audit at KZN Department of Community Safety and Liaison	Firm Appointment	Firm Appointment	189,117.50
Audit on Supply Chain Management at Department of Transport	Firm Appointment	Firm Appointment	1,659,363.75
Audit on Traditional Council at KZN Department of COGTA	Firm Appointment	Firm Appointment	571,337.25
Audit on Transfer Payment at KZN DEDTEA	Firm Appointment	Firm Appointment	1,067,976.25
Audit on SCM at Department of Public Works	Firm Appointment	Firm Appointment	1,081,891.25
Audit on Contract Management at the Office of the Premier	Firm Appointment	Firm Appointment	596,505.00
Audit on SCM at Department of COGTA	Firm Appointment	Firm Appointment	637,272.50
Audit on Vulindlela Housing Project at Department of Human Settlement	Firm Appointment	Firm Appointment	801,693.75
Audit on SCM at Department of Human Settlement	Firm Appointment	Firm Appointment	307,500.00

Microsoft Exchange System Audit at KZN Department of COGTA (Quarter 2)	Firm Appointment	Firm Appointment	189,117.50
Audit on Property Transfer at KZN Human Settlement	Firm Appointment	Firm Appointment	1,373,220.75
Financial Management Support: Mpofana Local Municipality	800 hours	One Consultant	947,600.00
Financial Management Support: Review of Municipal AFS	510 hours	Three Consultants	604,095.00
Provide SCM Support at Zululand District Municipality	1920 hours	Two Consultants	1,159,200.00
To assist with KZN Public Works Capital Commitments	500 hours	One Consultant	282,150.00
To assist with KZN Public Works Capital Commitments	500 hours	One Consultant	282,150.00
Variation Order MSCOA Implementation Support For KZN Municipalities	192 hours	One Consultant	375,360.00
Variation Order MSCOA Implementation Support For KZN Municipalities	180 hours	One Consultant	213,210.00
Variation Order MSCOA Implementation Support For KZN Municipalities	180 hours	one Consultant	213,210.00
Variation Order MSCOA Implementation Support For KZN Municipalities	180 hours	one Consultant	213,210.00
Variation Order MSCOA Implementation Support For KZN Municipalities	180 hours	one Consultant	213,210.00
Appointment Of Resources To Be Deployed By Provincial Treasury To Provide SCM Support At Department Of Arts & Culture For The Period Of 10 Months	160 hours	One Consultant	1,720,400.00
Appointment Of Resources To Be Deployed By Provincial Treasury To Provide Supply Chain Management Support At Department of Human Settlements For The Period Of Six Months	2880 hours	Three Consultants	1,159,200.00
Appointment Of Resources To Be Deployed By Provincial Treasury To Provide Supply Chain Management Support At Department of Human Settlements For The Period Of Six Months	960 hours	One Consultant	441,600.00
Execution Of The Computer Network Penetration Testing & Investigation Of Identified Email Security Breaches	Firm Appointment	Firm Appointment	350,330.40
Conditional Assessment/Remedial Recommendations and Budget Requirements For UMngeni Municipal Owned Flats	380 hours	Firm Appointment	304,000.00
Execution Of Internal Audit Assignments For Gaming & Betting Board	Firm Appointment	Firm Appointment	1,000,000.00
Execution Of The Supply Chain Management Audit At The Department Of Social Development (DSD)	Firm Appointment	Firm Appointment	918,706.25
Execution Of The Transfer Payment Audit At The Department Of Cooperative Governance & Traditional Affairs	Firm Appointment	Firm Appointment	568,540.00
Execution Of The Follow-Up Performance Audit On S&T Expenditure AT The Department Of Sports And Recreation (DSR)	Firm Appointment	Firm Appointment	375,417.50

Variation Order Investigation Various Allegations Of Procurement Irregularities & And Corruption KwaZulu-Natal Department Of Transport FR20/2015-Addendum	Firm Appointment	Four Consultant	743,972.25
Appointment of Resources To Be Deployed By The Kwazulu-Natal Provincial Treasury To Provide Supply Chain Management Support AT Department Of Arts & Culture For The Period Of 10 Months	10 Months	One Consultant	1,196,000.00
Execution Of The Biodiversity Audit At The Department Of Economic Development Tourism & Environmental Affairs	Firm Appointment	Firm Appointment	810,902.85
Variation Order KZN Department Of Public Works-Capital Commitments, Maintenance & Period Contract Support	102 hours	One Consultant	158,880.92
Variation Order For Financial Management Support To The KZN Department Of Education	213.5 hours	One Consultant	165,462.50
Variation Order For an Intermediate Resource: Capital Work-In Progress and disclosure notes project-	Hours	One Consultant	165,462.50
Variation Order MSCOA Implementation Support For KZN Municipalities	80 hours	One Consultant	94,760.00
Variation Order MSCOA Implementation Support For KZN Municipalities	1.8176 hours	One Consultant	3,553.40
Variation Order MSCOA Implementation Support For KZN Municipalities	96 hours	One Consultant	113,712.00
Variation Order MSCOA Implementation Support For KZN Municipalities	96 hours	One Consultant	113,712.00
Appointment Of Resources To Provide Support To KZN Department Of Public Works- Immovable Assets	1150 hours	One Consultant	1,818,437.50
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	840 hours	One Consultant	993,535.20
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	2880 hours	Three Consultants	2,384,640.00
Appointment Of Resources To Provide Support To KZN Department Of Public Works- Immovable Assets	900 hours	One Consultant	745,200.00
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	960 hours	One Consultant	794,880.00
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	3840 hours	Four Consultant	3,179,520.00
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	960 hours	One Consultant	794,880.00
Variation Order Financial Management Support To Mpfana Local Municipality	240 hours	One Consultant	284,280.00
Variation Order Financial Management Support To UGu District Municipality	65 hours	One Consultant	76,992.50
Variation Order Appointment Of Municipal Finance Grant Management	100 hours	One Consultant	118,450.00
Variation Order Appointment Of Financial Management Support @ UGu District	65 hours	One Consultant	76,992.50

Appointment Of Resources To Provide Support To KZN Department Of Public Works- Immovable Assets	900 hours	One Consultant	1,064,502.00
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	960 hours	One Consultant	794,880.00
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	960 hours	One Consultant	794,880.00
Review & Of Inkululeko Development Project At Ndumo Village In UMkhanyakude	Firm Appointment	Firm Appointment	700,000.00
Appointment Of Resources For Support With Regards An Independent Assessment Of The Ndumo Irrigation Scheme	Firm Appointment	Firm Appointment	432,000.00
Appointment Of Resources For Support With Regards An Independent Assessment Of The Ndumo Irrigation Scheme	Firm Appointment	Firm Appointment	213,600.00
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	400 hours	One Consultant	632,500.00
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	400 hours	One Consultant	473,112.00
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	400 hours	One Consultant	473,112.00
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	400 hours	One Consultant	331,200.00
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	400 hours	One Consultant	331,200.00
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	400 hours	One Consultant	331,200.00
Forensic Investigation At Department Of Health Irregularity as Issued By The Auditor General	Forensic Appointment	3 Consultant	498,640.00
TOTAL			121,948,550.65

Table 3.15.2 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 and 31 March 2020

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Assist Department of Arts & Culture with Asset Disclosure Notes	100%	80%	100
Financial Management Support to Dube Tradeport	100%	100%	1
DAC Annual Financial Statements Compilation & Support	100%	100%	25
Financial Management Support at uThukela District	100%	100%	25
Financial Management Support at uThukela District	25%	11.81%	100
Financial Management Support at UGu District	25%	11.81%	100
Grant Management Support at KwaDukuza	25%	11.81%	100
Grant Management Support at Harry Gwala	99%	99%	100

Forensic investigation into alleged fraud & mismanagement of funds transferred by KZN department of Social Development	100%	100%	100
Forensic investigation into procurement irregularities at DOH	25%	11.81%	100
Forensic investigation into abuse of power by senior officials at DAC & DSR	100%	100%	1
Financial Management Support at UGu District	100%	100%	3
Review & updating of the ERM framework for Local Government	100%	85%	10
KZN Department of Public Works Immovable Asset Management & Disclosure note support	99%	99%	100
Forensic Investigation into various allegations of Maladministration & Mismanagement of school funds DOE	100%	100%	3
Forensic Investigation into Intellectual Property theft & Potential Irregular Expenditure regarding youth projects at DEDTEA	42.20%	61%	3
Transfer payment audit at EDTEA	96%	96%	90%
Financial Management Support at uThukela District	100%	100%	10
Grant Management Support to Ndwedwe Municipality	100%	80%	10%
Financial Management Support for PPSD (Department of Health)	100%	80%	100
AFS Preparation Support at Department of Social Development	99%	99%	100
Financial Management Support for PPSD (Department of Health)	100%	100%	100
Financial Management Support for PPSD (Department of Health)	80.70%	80.70%	20
MSCOA Implementation support for KZN Municipalities	100%	100%	1
To assist with the provision of Creditors related support (Department of Health)	99%	99%	100
MSCOA Implementation support for KZN Municipalities	100%	100%	3
To assist with the provision of Creditors related support (Department of Health)	100%	100%	15
To assist with the provision of Creditors related support (Department of Health)	100%	100%	4
MSCOA Implementation support for KZN Municipalities	99%	99%	100
To assist with the provision of Creditors related support (Department of Health)	100%	100%	100
MSCOA Implementation support for KZN Municipalities	25%	11.81%	100
To assist with the provision of Creditors related support (Department of Health)	100%	100%	1
Financial Management Support for PPSD (Department of Health)	100%	100%	1
MSCOA Implementation support for KZN Municipalities	100%	100%	10
Assist with Provision of Credit related support at Department of Education	80.70%	80.70%	20
To assist with KZN Public Works Capital Commitments	100%	100%	100
To assist with KZN Public Works Capital Commitments	100%	100%	100
To assist with KZN Public Works Capital	100%	100%	20

Commitments			
Internal Control Improvement Programme- Department of Health Intervention	100%	80%	100
Internal Control Improvement Programme- Department of Health Intervention	100%	100%	100
Internal Control Improvement Programme- Department of Health Intervention	100%	100%	12
Internal Control Improvement Programme- Department of Health Intervention	100%	100%	100
Internal Control Improvement Programme- Department of Health Intervention	100%	100%	100
Internal Control Improvement Programme- Department of Health Intervention	100%	100%	20
Financial Management Support to Ugu District Municipality	100%	100%	100
Internal Control Improvement Programme- Department of Health Intervention	100%	100%	1
Grant Management Support to uThukela District Municipality	100%	100%	100
Alteration and Renovations to staff housing at Murchison Hospital	100%	100%	1
Financial Management Support: Review of Municipal AFS	100%	100%	2
Conversion of the College into staff accommodation and construction of new student accommodation at Nkonjeni Hospital	100%	100%	10
Financial Management Support: Review of Municipal AFS	100%	100%	25
Financial Management Support: Review of Municipal AFS	100%	100%	100
Financial Management Support: Review of Municipal AFS	99%	99%	100
Financial Management Support: Review of Municipal AFS	100%	100%	4
Assessment of Mpofana Local Municipality Electricity Infrastructure and Metering distribution tariffs	100%	100%	100
Assessment of Mpofana Local Municipality Electricity Infrastructure and Metering distribution tariffs	100%	80%	10
Audit on Farmer Support & Development- Food Security at Department of Agriculture and Rural Development	100%	100%	10
Audit on Human Resource Management at Department of Social Development	100%	100%	100
Audit on Inventory Management at Department of Sports & Recreation	100%	100%	100
Performance Information Audit at the Department of Arts and Culture	100%	100%	100
Nerve Centre System Audit at the KZN Office of the Premier (Quarter 2 & 3) of 2019/20	25%	11.81%	100
Audit on SCM at Department of Agriculture and Rural Development	100%	85%	10
Audit on Performance Information at KZN Office of the Premier	100%	100%	38
Audit on Bursaries at KZN Office of the	25%	11.81%	100

Premier			
Audit on Human Resource Management at Department of Transport	100%	100%	25
Audit on expanded Public Works Program EPWP at Department of Public Works	100%	85%	10
Audit on Transfer Payments at Department of Sports and Recreation	100%	100%	100
Audit on SCM at Department of Community Safety and Liaison	100%	100%	10
Audit on SCM at Department of Arts and Culture	100%	100%	100
Audit on SCM at Department of Education	100%	100%	100
Audit of Fleet Management at Department of Education	100%	100%	100
Microsoft Exchange System Audit at KZN Department of Community Safety and Liaison	25%	11.81%	100
Audit on Supply Chain Management at Department of Transport	100%	100%	100
Audit on Traditional Council at KZN Department of COGTA	30.50%	42.90%	44
Audit on Transfer Payment at KZN DEDTEA	100%	100%	100
Audit on SCM at Department of Public Works	25%	11.81%	100
Audit on Contract Management at the Office of the Premier	100%	100%	3
Audit on SCM at Department of COGTA	100%	100%	3
Audit on Vulindlela Housing Project at Department of Human Settlement	100%	100%	100
Audit on SCM at Department of Human Settlement	100%	100%	10
Microsoft Exchange System Audit at KZN Department of COGTA (Quarter 2)	25%	11.81%	100
Audit on Property Transfer at KZN Human Settlement	30.50%	42.90%	44
Financial Management Support: Mpfana Local Municipality	100%	100%	100
Financial Management Support: Review of Municipal AFS	100%	100%	10
Provide SCM Support at Zululand District Municipality	100%	100%	10
To assist with KZN Public Works Capital Commitments	100%	100%	1
To assist with KZN Public Works Capital Commitments	100%	80%	100
Variation Order MSCOA Implementation Support For KZN Municipalities	100%	100%	3
Variation Order MSCOA Implementation Support For KZN Municipalities	99%	99%	100
Variation Order MSCOA Implementation Support For KZN Municipalities	100%	100%	1
Variation Order MSCOA Implementation Support For KZN Municipalities	100%	100%	10
Variation Order MSCOA Implementation Support For KZN Municipalities	25%	11.81%	100
Appointment Of Resources To Be Deployed By Provincial Treasury To Provide SCM Support At Department Of Arts & Culture For The Period Of 10 Months	100%	100%	100
Appointment Of Resources To Be Deployed By Provincial Treasury To	100%	100%	20

Provide Supply Chain Management Support At Department of Human Settlements For The Period Of Six Months			
Appointment Of Resources To Be Deployed By Provincial Treasury To Provide Supply Chain Management Support At Department of Human Settlements For The Period Of Six Months	100%	100%	100
Execution Of The Computer Network Penetration Testing & Investigation Of Identified Email Security Breaches	100%	100%	100
Conditional Assessment/Remedial Recommendations and Budget Requirements For UMngeni Municipal Owned Flats	65%	90%	12
Execution Of Internal Audit Assignments For Gaming & Betting Board	50%	50%	100
Execution Of The Supply Chain Management Audit At The Department Of Social Development (DSD)	100%	80%	10%
Execution Of The Transfer Payment Audit At The Department OF Cooperative Governance & Traditional Affairs	100%	100%	15
Execution Of The Follow-Up Performance Audit On S&T Expenditure AT The Department Of Sports And Recreation (DSR)	100%	100%	20
Variation Order Investigation Various Allegations Of Procurement Irregularities & And Corruption KwaZulu-Natal Department Of Transport FR20/2015-Addendum	51%	44.44%	5
Appointment of Resources To Be Deployed By The Kwazulu-Natal Provincial Treasury To Provide Supply Chain Management Support AT Department Of Arts & Culture For The Period Of 10 Months	100%	100%	38
Execution Of The Biodiversity Audit At The Department Of Economic Development Tourism & Environmental Affairs	100%	100%	38
Variation Order KZN Department Of Public Works-Capital Commitments, Maintenance & Period Contract Support	100%	100%	100
Variation Order For Financial Management Support To The KZN Department Of Education	100%	100%	10
Variation Order For an Intermediate Resource: Capital Work-In Progress and disclosure notes project-	100%	100%	3
Variation Order MSCOA Implementation Support For KZN Municipalities	100%	100%	10
Variation Order MSCOA Implementation Support For KZN Municipalities	100%	100%	3
Variation Order MSCOA Implementation Support For KZN Municipalities	100%	100%	1
Variation Order MSCOA Implementation Support For KZN Municipalities	99%	99%	100
Appointment Of Resources To Provide Support To KZN Department Of Public Works- Immovable Assets	100%	100%	2
Appointment Of Resources To Provide	100%	100%	10

Irregular Expenditure Management Support To KZN Department Of Health			
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	100%	100%	20
Appointment Of Resources To Provide Support To KZN Department Of Public Works- Immovable Assets	100%	100%	100
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	100%	100%	12
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	100%	100%	100
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	100%	100%	1
Variation Order Financial Management Support To Mpofana Local Municipality	100%	100%	100
Variation Order Financial Management Support To Ugu District Municipality	100%	100%	100
Variation Order Appointment Of Municipal Finance Grant Management	100%	100%	100
Variation Order Appointment Of Financial Management Support @UGu District	25%	11.81%	100
Appointment Of Resources To Provide Support To KZN Department Of Public Works- Immovable Assets	100%	100%	1
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	25%	11.81%	100
Appointment Of Resources To Provide Irregular Expenditure Management Support To KZN Department Of Health	96%	96%	90%
Review & Of inkululeko Development Project At Ndumo Village In UMkhanyakude	100%	90%	8
Appointment Of Resources For Support With Regards An Independent Assessment Of The Ndumo Irrigation Scheme	91%	66.70%	3
Appointment Of Resources For Support With Regards An Independent Assessment Of The Ndumo Irrigation Scheme	100%	100%	1
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	100%	100%	1
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	100%	80%	100
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	100%	100%	10
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	100%	100%	2
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	100%	100%	4
Appointment Of Resources To Provide Support To Department And Public Entities Irregular Expenditure	100%	100%	10
Forensic Investigation At Department Of Health Irregularity as Issued By The Auditor General	100%	66.67	3

3.1. Severance Packages

Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2019 and 31 March 2020

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
Total	0	0	0	0

3.2 **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

**KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
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 Provincial Treasury set out on pages 209 to 264, which comprise the appropriation statement, statement of financial position as at 31 March 2020, 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 Provincial Treasury as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2019 (Act No.16 of 2019) (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 Provincial Treasury in accordance with sections 290 and 291 of the *Code of ethics for professional accountants* and parts 1 and 3 of the *International Code of ethics for professional accountants (including International Independence Standards)* of the International Ethics Standards Board for Accountants (IESBA codes) as well as 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 matter

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

Material underspending of the budget

7. As disclosed in the appropriation statement, Provincial Treasury materially underspent on programme 1- administration by R33,68 million due to delays in implementing

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

certain projects, delays in filling of vacant funded posts and cost-cutting measures that had to be implemented.

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 265 to 276 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 accounting officer for the financial statements

10. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance 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 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 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.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

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 on the usefulness and reliability of the reported performance information against predetermined objectives for the selected programme presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of Provincial Treasury. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by Provincial Treasury enabled service delivery. My procedures also do 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 programme 3: financial governance, as presented in the annual performance report of Provincial Treasury for the year ended 31 March 2020.
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 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 programme.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. The annual performance report on page(s) 101 to 141 includes information on the achievement of planned targets for the year and explanations are provided for the under/overachievement of a significant number of targets.

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

Adjustment of material misstatements

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

<i>Report on the audit of compliance with legislation</i>
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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 Provincial Treasury's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

23. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

<i>Other information</i>

24. The accounting officer is responsible for the other information. The other information does not include the financial statements, the auditor's report and the selected programme presented in the annual performance report that has been specifically reported in this auditor's report.

25. My opinion on the financial statements, 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 programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. The other information I obtained prior to the date of this auditor's report is the report of the accounting officer and the report of the member of the executive committee. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

28. When I do receive and read the report of the audit committee, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6
PART E: FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2019

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.

Internal control deficiencies

29. 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.

Other reports

30. I draw attention to the following engagements, which had, or could have, an impact on the matters reported in 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.

31. Three investigations into allegations relating to fraud and improper conduct in supply chain management were completed at year-end and recommendations needed to be implemented.

32. The Special Investigating Unit of South Africa is investigating into allegations of misconduct within Provincial Treasury. These investigations were still in progress at

Auditor-General

30 September 2020



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

Appropriation per programme									
	2019/20					2018/19			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration	241 112	-	(3 476)	237 636	204 269	33 367	86.0%	237 262	234 049
2. Sustainable Resource Man	44 641	-	-	44 641	40 980	3 661	91.8%	38 657	38 344
3. Financial Governance	207 441	-	3 476	210 917	205 764	5 153	97.6%	196 102	194 227
4. Internal Audit	174 595	-	-	174 595	162 584	12 011	93.1%	149 648	130 111
5. Municipal Fin Man	59 865	-	-	59 865	58 418	1 447	97.6%	60 231	59 439
TOTAL	727 654	-	-	727 654	672 015	55 639	92.4%	681 900	656 170
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				242 019				171 277	
Aid assistance				105 038				162 935	
Actual amounts per statement of financial performance (total revenue)				1 074 711				1 016 112	
ADD									
Aid assistance					67 258				219 055
Prior year unauthorised expenditure approved without funding									
Actual amounts per statement of financial performance (total expenditure)					739 273				875 225

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

Appropriation per economic classification	2019/20						2018/19		
	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
Economic classification									
Current payments	706 789		(1 298)	705 491	659 122	46 369	93.4%	654 202	630 035
Compensation of employees	347 820		(3 427)	344 393	331 508	12 885	96.3%	303 019	299 646
Salaries and wages	314 796		(6 897)	307 899	298 161	9 738	96.8%	271 814	269 216
Social contributions	33 024		3 470	36 494	33 347	3 147	91.4%	31 205	30 430
Goods and services	358 969		2 129	361 098	327 614	33 484	90.7%	351 168	330 375
Administrative fees	7 007		239	7 246	5 962	1 284	82.3%	10 497	10 419
Advertising	3 700			3 700	2 231	1 469	60.3%	3 217	3 207
Minor assets	1 102		(7)	1 095	718	377	65.6%	490	399
Audit costs: External	5 660		(719)	4 941	4 514	427	91.4%	4 602	4 602
Bursaries: Employees	614			614	612	2	99.7%	937	937
Catering: Departmental activities	2 091		(1 018)	1 073	864	209	80.5%	2 332	2 307
Communication	2 248		36	2 284	1 376	908	60.2%	3 258	2 903
Computer services	93 877		20 347	114 224	114 075	149	99.9%	104 981	104 937
Consultants: Business and advisory services	42 844		11 362	54 206	44 521	9 685	82.1%	14 345	14 264
Legal services	2 104		1 418	3 522	3 264	258	92.7%	3 761	3 722
Contractors	2 904		1 582	4 486	4 245	241	94.6%	1 902	1 850
Agency and support/ outsourced services	131 013		(29 852)	101 161	89 608	11 553	88.6%	139 870	123 230
Entertainment	5			5	5		100.0%	3	
Fleet services	2 005			2 005	1 587	418	79.2%	2 083	1 992

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

Inventory: Clothing material and supplies	402	402	402	100.0%					
Inventory: Food and food supplies	66	96	96	100.0%	111				111
Inventory: Materials and supplies	144	147	147	100.0%					
Inventory: Other supplies	(144)	1 426	608	42.6%	847				847
Consumable supplies	(1 588)	1 355	1 240	91.5%	2001				1962
Consumable: Stationery, printing and office supplies	(63)	2 426	1 521	62.7%	1779				1505
Operating leases	297	19 249	19 249	100.0%	19 332				19 323
Property payments	1 581	12 278	12 209	99.4%	13 230				11 757
Transport provided: Departmental activity	(403)	307	197	64.2%	336				306
Travel and subsistence	(804)	15 749	13 005	82.6%	15 078				14 008
Training and development	64	3 325	2 210	66.5%	2 583				2 372
Operating payments	236	3 624	3 096	85.4%	2 929				2 832
Venues and facilities	(1 047)	152	52	34.2%	664				583
Rental and hiring									
Interest and rent on land									
Interest								15	14
Rent on land								15	14
Transfers and subsidies	5 572	6 153	5 782	94.0%	7 687				7 293
Provinces and municipalities	26	40	39	97.5%	54				54
Provinces	26	40	39	97.5%	54				54
Provincial agencies and funds	26	40	39	97.5%	54				54
Departmental agencies and accounts	3	3	2	66.7%	3				2
Departmental agencies and accounts	3	3	2	66.7%	3				2

KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Public corporations and private enterprises									5	
Private enterprises									5	
Other transfers to private enterprises			500						5	
Non-profit institutions	537	(37)		362		138		72.4%	165	205
Households	5 006	604		5 379		231		95.9%	7 460	7 027
Social benefits	3 463	754		3 994		223		94.7%	2 540	2 356
Other transfers to households	1 543	(150)	1 393	1 385		8		99.4%	4 920	4 671
Payments for capital assets	15 293	670	15 963	7 066	8 897	8 897	44.3%		20 011	18 842
Machinery and equipment	13 933	670	14 603	7 066	7 537	7 537	48.4%		19 861	18 842
Transport equipment	7 262	(1 005)	6 257		6 257	6 257			7 086	7 073
Other machinery and equipment	6 671	1 675	8 346	7 066	1 280	1 280	84.7%		12 775	11 769
Intangible assets	1 360		1 360		1 360	1 360			150	
Payments for financial assets	-	47	47	45	2	2	95.7%		-	-
	727 654	-	727 654	672 015	55 639	55 639	92.4%		681 900	656 170

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

	2019/20						2018/19		
	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
Programme 1: ADMINISTRATION									
Sub programme									
1. Office of the MEC	36 576			36 576	32 410	4 166	88.6%	32 606	32 521
2. Management Services (HOD)	66 208		(9 081)	57 127	40 549	16 578	71.0%	58 900	58 267
3. Financial Management (CFO)	34 337			34 337	32 998	1 339	96.1%	31 664	31 390
4. Corporate Services	103 991		5 605	109 596	98 312	11 284	89.7%	114 092	111 871
Total for sub programmes	241 112	-	(3 476)	237 636	204 269	33 367	86.0%	237 262	234 049
Economic classification									
Current payments	225 943		(4 478)	221 465	195 917	25 548	88.5%	219 565	217 157
Compensation of employees	94 598		(303)	94 295	88 338	5 957	93.7%	86 228	85 853
Salaries and wages	83 566		(103)	83 463	78 650	4 813	94.2%	76 467	76 309
Social contributions	11 032		(200)	10 832	9 688	1 144	89.4%	9 761	9 544
Goods and services	131 345		(4 175)	127 170	107 579	19 591	84.6%	133 322	131 290
Administrative fees	334			334	192	142	57.5%	350	350
Advertising	3 048			3 048	2 187	861	71.8%	3 192	3 188
Minor assets	279		9	288	148	140	51.4%	247	220
Audit costs: External	5 660		(719)	4 941	4 514	427	91.4%	4 579	4 579
Bursaries: Employees	614			614	612	2	99.7%	937	937
Catering: Departmental activities	1 514		(987)	527	465	62	88.2%	2 059	2 056
Communication	1 417		177	1 594	1 082	512	67.9%	2 534	2 523

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

Computer services	10 021	7 029	17 050	17 050	100.0%	18 878	18 836
Consultants: Business and advisory services	40 299	3 300	43 599	35 504	81.4%	3 979	3 910
Legal services	2 104		2 104	1 846	87.7%	3 415	3 376
Contractors	2 832	1 573	4 405	4 195	95.2%	1 812	1 785
Agency and support / outsourced services	20 340	(15 144)	5 196			47 101	46 956
Entertainment	5	-	5	5	100.0%	3	-
Fleet services	2 005		2 005	1 587	79.2%	2 083	1 992
Inventory: Clothing material and supplies		402	402	402	100.0%	-	-
Inventory: Food and food supplies	30	66	96	96	100.0%	111	111
Inventory: Materials and supplies	3	144	147	147	100.0%	-	-
Inventory: Other supplies	1 570	(144)	1 426	608	42.6%	847	847
Consumable supplies	685	327	1 012	957	94.6%	1 748	1 738
Consumable: Stationery, printing and office supplies	1 325	-	1 325	797	60.2%	740	740
Operating leases	18 936	251	19 187	19 187	100.0%	19 262	19 262
Property payments	10 697	1 581	12 278	12 209	99.4%	13 230	11 757
Transport provided: Departmental activity	710	(403)	307	197	64.2%	336	306
Travel and subsistence	3 966	(659)	3 307	2 376	71.8%	4 052	3 997
Training and development	930		930	390	41.9%	634	634
Operating payments	874	69	943	774	82.1%	649	646
Venues and facilities	1 147	(1 047)	100	52	52.0%	544	544
Rental and hiring	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	15	14
Interest	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	15	14

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

Transfers and subsidies	4 779	397	5 176	4 974	202	96.1%	5 410	5 125
Provinces and municipalities	26	14	40	39	1	97.5%	54	54
Provinces	26	14	40	39	1	97.5%	54	54
Provincial agencies and funds	26	14	40	39	1	97.5%	54	54
Departmental agencies and accounts	3	-	3	2	1	66.7%	3	2
Departmental agencies	3	-	3	2	1	66.7%	3	2
Public corporations and private enterprises	-	-	-	-	-	-	5	5
Private enterprises	-	-	-	-	-	-	5	5
Other transfers to private enterprises	-	-	-	-	-	-	5	5
Non-profit institutions	525	(37)	488	350	138	71.7%	165	205
Households	4 225	420	4 645	4 583	62	98.7%	5 183	4 859
Social benefits	2 682	570	3 252	3 198	54	98.3%	581	506
Other transfers to households	1 543	(150)	1 393	1 385	8	99.4%	4 602	4 353
Payments for capital assets	10 390	605	10 995	3 378	7 617	30.7%	12 287	11 767
Machinery and equipment	9 030	605	9 635	3 378	6 257	35.1%	12 137	11 767
Transport equipment	7 262	(1 005)	6 257	3 378	6 257	100.0%	7 086	7 073
Other machinery and equipment	1 768	1 610	3 378	3 378	-	-	5 051	4 694
Intangible assets	1 360	-	1 360	-	1 360	-	150	-
Payments for financial assets								
TOTAL	241 112	(3 476)	237 636	204 269	33 367	86.0%	237 262	234 049

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

Programme 2: SUSTAINABLE RESOURCE MANAGEMENT										
	2019/20					2018/19				
	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	
Sub programme										
1. Programme Support	4 125			4 125	3 741	384	90.7%	3 850	3 749	
2. Economic Analysis	22 500			22 500	19 534	2 966	86.8%	17 941	17 730	
3. Public Finance	18 016			18 016	17 705	311	98.3%	16 866	16 865	
Total for sub programmes	44 641	-	-	44 641	40 980	3 661	91.8%	38 657	38 344	
Economic classification										
Current payments	44 133			44 099	40 526	3 573	91.9%	38 318	38 005	
Compensation of employees	36 717		(34)	36 683	35 595	1 088	97.0%	34 937	34 778	
Salaries and wages	33 504		(34)	33 470	32 473	997	97.0%	31 875	31 716	
Social contributions	3 213			3 213	3 122	91	97.2%	3 062	3 062	
Goods and services	7 416			7 416	4 931	2 485	66.5%	3 381	3 227	
Administrative fees	36		198	234	227	7	97.0%	73	64	
Advertising	85			85	-	85	-	20	14	
Minor assets	77		10	87	43	44	49.4%	30	15	
Audit costs: External	-		-	-	-	-	-	-	-	
Bursaries: Employees	-		-	-	-	-	-	-	-	
Catering: Departmental activities	116			116	69	47	59.5%	75	75	
Communication	137		(11)	126	70	56	55.6%	107	75	
Computer services	100		-	100	-	100	-	-	-	
Consultants: Business and advisory services	10		4 161	4 171	2 582	1 589	61.9%	323	315	

KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Legal services	9	-	9	9	-	100.0%	14	7
Contractors	4 359	(4 359)	-	-	-	-	-	-
Agency and support / outsourced services	22	1	23	9	14	39.1%	30	28
Consumable supplies	143	-	143	115	28	80.4%	119	80
Consumable: Stationery, printing and office supplies	1 117	(40)	1 077	796	281	73.9%	1 506	1 492
Travel and subsistence	141	-	141	22	119	15.6%	82	60
Training and development	1 064	40	1 104	989	115	89.6%	1 002	1 002
Operating payments								
Transfers and subsidies	105	7	112	110	2	98.2%	-	-
Households	105	7	112	110	2	98.2%	-	-
Social benefits	105	7	112	110	2	98.2%	-	-
Other transfers to households								
Payments for capital assets	403	27	430	344	86	80.0%	339	339
Machinery and equipment	403	27	430	344	86	80.0%	339	339
Transport equipment	-	-	-	-	-	-	-	-
Other machinery and equipment	403	27	430	344	86	80.0%	339	339
Intangible assets								
Payments for financial assets	44 641	-	44 641	40 980	3 661	91.8%	38 657	38 344
Total	44 641	-	44 641	40 980	3 661	91.8%	38 657	38 344

KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6

APPROPRIATION STATEMENT
for the year ended 31 March 2020

	2019/20							2018/19	
	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
Programme 3: FINANCIAL GORVENANCE									
Sub programme									
1. Programme Support	4 235			4 235	3 907	328	92.3%	4 512	4 459
2. Assets & Liabilities Management	12 569			12 569	10 800	1 769	85.4%	15 319	14 975
3. Sup & Interlinked Fin Systems	101 198		2 570	103 768	103 269	499	99.5%	98 263	98 119
4. Supply Chain Management	36 735			36 735	35 701	1 034	97.2%	38 651	38 552
5. Public, Private Partnerships	7 085			7 085	6 071	1 014	85.7%	6 067	5 800
6. Accounting Services	38 497		906	39 403	39 127	276	99.3%	26 668	26 101
7. Norms and Standards	7 122			7 122	6 889	233	96.7%	6 622	6 221
Total for sub programmes	207 441	-	3 476	210 917	205 764	5 153	97.6%	196 102	194 227
Economic classification									
Current payments	205 876		3 374	209 250	204 463	4 787	97.7%	188 988	187 258
Compensation of employees	75 795		(3 930)	71 865	70 594	1 271	98.2%	66 913	66 065
Salaries and wages	70 557		(6 542)	64 015	62 780	1 235	98.1%	59 410	58 999
Social contributions	5 238		2 612	7 850	7 814	36	99.5%	7 503	7 066
Goods and services	130 081		7 304	137 385	133 869	3 516	97.4%	122 075	121 193
Administrative fees	6 331		5	6 336	5 235	1 101	82.6%	9 793	9 736
Advertising	567			567	44	523	7.8%	5	5
Minor assets	290		8	298	162	136	54.4%	65	65
Audit costs: External								23	23
Catering: Departmental activities	163		(12)	151	117	34	77.5%	59	46

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

Communication	303	(3)	300	94	206	31.3%	261	143
Computer services	82 522	13 270	95 792	95 790	2	100.0%	85 844	85 842
Consultants: Business and advisory services	2 324	678	3 002	3 001	1	100.0%	6 230	6 226
Legal services	-	1 418	1 418	1 418	-	100.0%	346	346
Contractors	30	12	42	25	17	59.5%	27	18
Agency and support / outsourced services	31 249	(7 963)	23 286	23 178	108	99.5%	14 217	13 810
Consumable supplies	153	82	235	206	29	87.7%	155	147
Consumable: Stationery, printing and office supplies	376		376	258	118	68.6%	309	274
Operating leases	16	46	62	62		100.0%	70	61
Travel and subsistence	4 379	(328)	4 051	3 201	850	79.0%	3 182	3 070
Training and development	914	(58)	856	621	235	72.5%	1 160	1 115
Operating payments	412	149	561	457	104	81.5%	299	256
Venues and facilities	52	-	52	-	52	-	30	10
Transfers and subsidies	324	30	354	248	106	70.1%	1 166	1 108
Non-profit institutions	12	-	12	12	-	100.0%	-	-
Households	312	30	342	236	106	69.0%	1 166	1 108
Social benefits	312	30	342	236	106	69.0%	865	807
Other transfers to households							301	301
Payments for capital assets	1 241	38	1 279	1 019	260	79.7%	5 948	5 861
Machinery and equipment	1 241	38	1 279	1 019	260	79.7%	5 948	5 861
Other machinery and equipment	1 241	38	1 279	1 019	260	79.7%	5 948	5 861
Payments for financial assets	-	34	34	34	-	100%	-	-
Total	207 441	3 476	210 917	205 697	5 153	97.6%	196 102	194 227

KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6

APPROPRIATION STATEMENT
for the year ended 31 March 2020

	2019/20						2018/19		
	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
Programme 4: INTERNAL AUDIT									
Sub programme									
1. Programme Support	4 979			4 979	4 667	312	93.7%	4 392	3 964
2. Assurance Services	104 583		1 011	105 594	105 158	436	99.6%	84 184	74 289
3. Risk Management	28 555		(1 011)	27 544	21 389	6 155	77.7%	25 555	20 751
4. Forensic Services	36 478			36 478	31 370	5 108	86.0%	35 517	31 107
Total for sub programmes	174 595	-	-	174 595	162 584	12 011	93.1%	149 648	130 111
Economic classification									
Current payments	171 801			171 650	160 358	11 292	93.4%	147 635	128 534
Compensation of employees	99 727		(151)	100 576	96 757	3 819	96.2%	80 448	78 719
Salaries and wages	89 668		(234)	89 434	87 235	2 199	97.5%	72 678	70 951
Social contributions	10 059		1 083	11 142	9 522	1 620	85.5%	7 770	7 768
Goods and services	72 074		(1 000)	71 074	63 601	7 473	89.5%	67 187	49 815
Administrative fees	235		17	252	224	28	88.9%	234	222
Minor assets	371		6	377	338	39	89.7%	115	75
Catering: Departmental activities	196		1	197	140	57	71.1%	99	92
Communication	310		(120)	190	68	122	35.8%	285	99
Computer services	1 152		44	1 196	1 149	47	96.1%	181	181
Consultants: Business and advisory services	211		3 223	3 434	3 434	-	100.0%	3 813	3 813
Contractors	2			2	2		100.0%	7	7

KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6

APPROPRIATION STATEMENT
for the year ended 31 March 2020

Agency and support / outsourced services	62 383	(4 708)	57 675	51 489	6 186	89.3%	55 518	39 510
Consumable supplies	48	2	50	38	12	76.0%	40	25
Consumable: Stationery, printing and office supplies	351	7	358	194	164	54.2%	398	259
Travel and subsistence	5 010	404	5 414	4 872	542	90.0%	5 130	4 367
Training and development	1 109	124	1 233	1 084	149	87.9%	616	496
Operating payments	696	-	696	569	127	81.8%	690	669
Venues and facilities	-	-	-	-	-	-	61	-
Transfers and subsidies	338	138	476	415	61	87.2%	1 106	1 055
Households	338	138	476	415	61	87.2%	1 106	1 055
Social benefits	338	138	476	415	61	87.2%	1 089	1 038
Other transfers to households							17	17
Payments for capital assets	2 456		2 456	1 800	656	73.3%	907	522
Machinery and equipment	2 456		2 456	1 800	656	73.3%	907	522
Transport equipment								
Other machinery and equipment	2 456		2 456	1 800	656	73.3%	907	522
Payments for financial assets								
Total	174 595	-	174 595	162 584	12 011	93.1%	149 648	130 111

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

Programme 5: MUNICIPAL FINANCE MANAGEMENT									
	2019/20					2018/19			
	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
Sub programme									
1. Programme Support	2 587			2 587	2 377	210	91.9%	2 414	2 292
2. Municipal Budget	26 974			26 974	26 242	732	97.3%	25 148	24 661
3. Municipal Acc & Reporting	14 503			14 503	14 357	146	99.0%	-	-
4. Municipal Support Programme	15 801			15 801	15 442	359	97.7%	32 669	32 486
Total for sub programmes	59 865	-	-	59 865	58 418	1 447	97.6%	60 231	59 439
Economic classification									
Current payments	59 036			59 027	57 858	1 169	98.0%	59 696	59 081
Compensation of employees	40 983		(9)	40 974	40 224	750	98.2%	34 493	34 231
Salaries and wages	37 501		16	37 517	37 023	494	98.7%	31 384	31 241
Social contributions	3 482		(25)	3 457	3 201	256	92.6%	3 109	2 990
Goods and services	18 053		19	18 053	17 634	419	97.7%	25 203	24 850
Administrative fees	71			90	84	6	93.3%	47	47
Advertising									
Minor assets	85		(40)	45	27	18	60.0%	33	24
Catering: Departmental activities	102		(20)	82	73	9	89.0%	40	38
Communication	81		(7)	74	62	12	83.8%	71	63
Computer services	82		4	86	86		100.0%	78	78
Contractors	31		(3)	28	14	14	50.0%	42	33

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2020**

Agency and support / outsourced services	12 682		2 322	15 004	14 941	63	99.6%	23 034	22 954
Consumable supplies	2 035		(2 000)	35	30	5	85.7%	28	24
Consumable: Stationery, printing and office supplies	294		(70)	224	157	67	70.1%	213	152
Travel and subsistence	2 081		(181)	1 900	1 760	140	92.6%	1 208	1 082
Training and development	167		(2)	165	93	72	56.4%	91	67
Operating payments	342		(22)	320	307	13	95.9%	289	259
Venues and facilities	-		-	-	-	-	-	29	29
Transfers and subsidies	26		9	35	35	-	100.0%	5	5
Non-profit institutions									
Households	26		9	35	35	-	100.0%	5	5
Social benefits	26		9	35	35	-	100.0%	5	5
Other transfers to households									
Payments for capital assets	803		-	803	525	278	65.4%	530	353
Machinery and equipment	803		-	803	525	278	65.4%	530	353
Transport equipment									
Other machinery and equipment	803		-	803	525	278	65.4%	530	353
Payments for financial assets									
Total	59 865	-	-	59 865	58 418	1 447	97.6%	60 231	59 439

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**Notes to the Appropriation Statement
for the year ended 31 March 2020**

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	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	237 636	204 269	33 367	14.0%

Under-expenditure is mainly due to the delays in the appointment of Resources in respect of irregular Expenditure project of (R13m), and slow spending on the health/ Treasury Assistant project of (R7.9m). Savings were also realised due to no purchasing of motor vehicles during the year of (R6.2m), as savings due to the delays in filling of vacant funded posts mainly from the office of the MEC of (R2.2m), office of the HOD of (R2.3m) and Corporate Services of (R1.4m) due to lengthy recruitment process. The adherence to cost cutting measures resulted in savings on Subsistence and Travel and other operational items.

Sustainable Resource Management	44 641	40 980	3 661	8.2%
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Under-expenditure is mainly due to the slow spending in the Infrastructure Crack team of (R1.5m) with regard to infrastructure support offered by the unit which is mainly driven on a needs basis of departments/ municipalities. Moreover, Savings were realized via an IDA claims in relations to the appointment of the DDG as Acting HOD of DARD and the director: Provincial Own Revenue post which was vacated during the year of (R1.1m). Further savings were realised on S&T of (R281 000), Training & Development of (R119 000) and the balance is savings on the operating costs. The department has payment vouchers to the value of R59 million for expenditure that was incurred on behalf of department of health for storm damage project in relation to the renovations of 4 hospitals that were damaged due to storm damages. This expenditure was recovered from the department of Health via IDA claim.

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**Notes to the Appropriation Statement
for the year ended 31 March 2020**

Financial Governance	210 917	205 764	5 153	2.4%
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Savings of (R1.1m) were realised from bank charges being lower than budget, Advertising of (R523 000) was lower than anticipated, S&T of (R850 000). Further savings were realised on Training of (R235 000), Computer of (R260 000), Communication of (R206 000), and Stationery of (R118 000) being lower due to adherence to the cost cutting measures. An under-expenditure of (R1.2m) relates mainly to the late filing of vacant funded posts mainly under Assets & Liabilities as well as PPP. The balance is savings on the operating costs.

Internal Audit	174 595	162 584	12 011	6.9%
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An under-expenditure of (R6.1m) relating mainly to orders that were not issued in 2019/20 in respect of planned Risk Management projects such as Risk Maturity reviews. Risk management unit brought forward incomplete projects from previous financial years. Savings of (R3.8m) were realised on Compensation of Employees due to delays in the filling of vacant funded posts within this programme. Further savings were also realised from S&T of (R542 000), Computers of (R656 000), Stationery of (R164 000), Training of (R149 000), and Communication of (R122 000) and the balance from other operational items.

Municipal Finance Management	59 865	58 418	1 447	2.4%
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The Under-expenditure of (R750 000) is mainly due to the delays in the filling of vacant funded posts. Total savings of (R140 000) were also realised on S&T, and well as other operating expenditure due to cost cutting measures, as well as Computers of (R278 000).

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	344 393	331 508	12 885	3.7%
Goods and services	361 098	327 614	33 484	9.3%
Interest and rent on land	-	-	-	
Transfers and subsidies				
Provinces and municipalities	40	39	1	2.5%
Departmental agencies and accounts	3	2	1	33.3%

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**Notes to the Appropriation Statement
for the year ended 31 March 2020**

Non-profit institutions	500	362	138	27.6%
Households	5 610	5 379	231	4.1%
Payments for capital assets				
Machinery and equipment	14 603	7 066	7 537	51.6%
Intangible assets	1 360	-	1 360	100.0%
Payments for financial assets	47	45	2	4.3%

Compensation of Employees – Compensation of employees was under-spent by R12,8 million due to delays in the filling of vacant funded posts within the department, and as well as vacated posts during the financial year, as such savings have been realised.

Goods and Services – Goods & Services was under-spent mainly by R33.4 million due to delays in the appointment of Resources in respect of Irregular Expenditure project, and slow spending on Health/Treasury Assistant project, and slow spending in the Infrastructure Crack team with regards to infrastructure support offered by the department and slow spending on Professional Services in respect of Risk Management projects such as Risk Maturity Reviews due to reports not being finalised on time, and Forensic Services in respect of Investigations on Criminal Cases taking longer than anticipated. Savings were also realised from bank charges being lower than budgeted as well as S&T due to adherence to the cost cutting measures.

Transfers and Subsidies - Transfers and Subsidies was under-spent due to cash donations and External bursaries being lower than anticipated.

Payments for Capital Assets - Payments for Capital Assets was under-spent by R8.8 million and this relates to the vehicle expenditure which has been lesser as well as purchase of server related items which has been classified as Goods and Services

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2020**

	Note	2019/20 R'000	2018/19 R'000
REVENUE			
Annual appropriation	<u>1</u>	727 654	681 900
Departmental revenue	<u>2</u>	242 019	171 277
Aid assistance		105 038	162 935
TOTAL REVENUE		1 074 711	1 016 112
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	331 507	299 646
Goods and services	<u>5</u>	327 616	330 375
Interest and rent on land	<u>6</u>	-	14
Aid assistance	<u>3</u>	16 340	25 391
Total current expenditure		675 463	655 426
Transfers and subsidies			
Transfers and subsidies	<u>8</u>	5 782	7 293
Aid assistance	<u>3</u>	50 860	193 571
Total transfers and subsidies		56 642	200 864
Expenditure for capital assets			
Tangible assets	<u>9</u>	7 123	18 935
Intangible assets	<u>9</u>	-	-
Total expenditure for capital assets		7 123	18 935
Unauthorised expenditure approved without funding	<u>1</u>	-	-
Payments for financial assets	<u>7</u>	45	-
TOTAL EXPENDITURE		739 273	875 225
SURPLUS/(DEFICIT) FOR THE YEAR		335 438	140 887
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		55 639	25 730
Annual appropriation		55 639	25 730
Conditional grants		-	-
Departmental revenue and NRF Receipts	<u>14</u>	242 019	171 277
Aid assistance	<u>3</u>	37 780	(56 120)
SURPLUS/(DEFICIT) FOR THE YEAR		335 438	140 887

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2020**

	<i>Note</i>	2019/20 R'000	2018/19 R'000
ASSETS			
Current assets		132 637	47 776
Unauthorised expenditure		-	-
Cash and cash equivalents	<u>10</u>	108 056	21 292
Prepayments and advances	<u>11</u>	-	1
Receivables	<u>12</u>	24 581	22 500
Aid assistance prepayments	<u>3</u>	-	-
Aid assistance receivable	<u>3</u>	-	3 983
Non-current assets		1 824	85
Receivables	<u>12</u>	1 824	85
TOTAL ASSETS		134 461	47 861
LIABILITIES			
Current liabilities		132 504	46 613
Voted funds to be surrendered to the Revenue Fund	<u>13</u>	55 639	26 730
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>14</u>	21 386	19 442
Payables	<u>15</u>	22 008	441
Aid assistance repayable	<u>3</u>	-	-
Aid assistance unutilised	<u>3</u>	33 471	-
Non-current liabilities			
Payables		-	-
TOTAL LIABILITIES		132 504	46 613
NET ASSETS		1 957	1 248
	<i>Note</i>	2019/20 R'000	2018/19 R'000
Represented by:			
Recoverable revenue		1 957	1 248
TOTAL		1 957	1 248

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2020**

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Recoverable revenue			
Opening balance		1 248	1 341
Transfers:		709	(93)
Irrecoverable amounts written off	<u>7.1</u>	45	
Debts revised			
Debts recovered (included in departmental receipts)		(798)	(646)
Debts raised		1 462	553
Closing balance		<u>1 957</u>	<u>1 248</u>
TOTAL		<u>1 957</u>	<u>1 248</u>

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**CASH FLOW STATEMENT
for the year ended 31 March 2020**

	Note	2019/20 R'000	2018/19 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 073 276	1 016 112
Annual appropriated funds received	<u>1.1</u>	727 654	681 900
Departmental revenue received	<u>2</u>	2 497	752
Interest received	<u>2.2</u>	238 087	170 525
Aid assistance received	<u>3</u>	105 038	162 935
Net (increase)/decrease in working capital		19 487	9 164
Surrendered to Revenue Fund		(266 805)	(203 094)
Surrendered to RDP Fund/Donor		(326)	(5 403)
Current payments		(675 463)	(655 412)
Interest paid	<u>6</u>	-	(14)
Payments for financial assets	<u>7</u>	(45)	-
Transfers and subsidies paid		(56 642)	(200 864)
Net cash flow available from operating activities	<u>23</u>	93 482	(39 511)
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received			
Payments for capital assets	<u>9</u>	(7 123)	(18 935)
Proceeds from sale of capital assets	<u>2.3</u>	1 435	
(Increase)/decrease in non-current receivables		(1 739)	
Net cash flows from investing activities		(7 427)	(18 935)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		709	(93)
Increase/(decrease) in non-current payables			
Net cash flows from financing activities		709	(93)
Net increase/(decrease) in cash and cash equivalents		86 764	(58 539)
Cash and cash equivalents at beginning of period		21 292	79 831
Unrealised gains and losses within cash and cash equivalents		-	-
Cash and cash equivalents at end of period	<u>10</u>	108 056	21 292

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2020**

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies	
<p>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.</p> <p>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.</p> <p>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.</p>	
1	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern</p> <p>The financial statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Foreign currency translation</p> <p>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.</p>
6	<p>Comparative information</p>
6.1	<p>Prior period comparative information</p> <p>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.</p>
6.2	<p>Current year comparison with budget</p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	<p>Revenue</p>
7.1	<p>Appropriated funds</p>

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2020**

	<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>
7.2	<p>Departmental revenue</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>
7.3	<p>Accrued departmental revenue</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"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. <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>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</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>
8.2	<p>Other expenditure</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>
8.3	Accruals and payables not recognised

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2020**

	Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
8.4	Leases
8.4.1	Operating leases 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.
8.4.2	Finance leases 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"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	Aid assistance received 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.
9.2	Aid assistance paid 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.
10	Cash and cash equivalents 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.
11	Prepayments and advances Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.

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	Prepayments and advances are initially and subsequently measured at cost.
12	Loans and receivables 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.
13	Investments Investments are recognised in the statement of financial position at cost.
14	Financial assets
14.1	Financial assets (not covered elsewhere) 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. 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.
14.2	Impairment of financial assets 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.
15	Payables Payables recognised in the statement of financial position are recognised at cost.
16	Capital Assets
16.1	Immovable capital assets 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. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2	Movable capital assets 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 value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital

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	<p>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>Biological assets are subsequently carried at fair value.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<p>Intangible assets</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>
16.4	<p>Project Costs: Work-in-progress</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>
17	<p>Provisions and Contingents</p>
17.1	<p>Provisions</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 provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>

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17.2	<p>Contingent liabilities</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>
17.3	<p>Contingent assets</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>
17.4	<p>Capital commitments</p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
18	<p>Unauthorised expenditure</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"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • Transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</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 or written off.</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>
20	<p>Irregular expenditure</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 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, not condoned and removed or written-off.</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>

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21	<p>Changes in accounting estimates and errors</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>
22	<p>Events after the reporting date</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>
23	<p>Capitalisation reserve</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 National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
24	<p>Recoverable revenue</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 National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
25	<p>Related party transactions</p> <p>Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.</p>
26	<p>Inventories</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> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
27	<p>Public-Private Partnerships</p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of</p>

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	<p>the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
28	<p>Employee benefits</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>
29	<p>Transfers of functions</p> <p>Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.</p> <p>Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>
30	<p>Mergers</p> <p>Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.</p> <p>Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.</p>

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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:

	Final Appropriation	2019/20 Actual Funds Received	Funds not request ed/not receive d	Final Appropriation	2018/19 Appropriation received	Funds not request ed /not receiv ed
	R'000	R'000	R'000	R'000	R'000	
Administration	237 636	237 636		237 262	237 262	
Sustainable Resource Management	44 641	44 641		38 657	38 657	
Financial Governance	210 917	210 917		196 102	196 102	
Internal Audit	174 595	174 595		149 648	149 648	
Municipal Finance Programme	59 865	59 865		60 231	60 231	
Total	727 654	727 654	-	681 900	681 900	-

2. Departmental revenue

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	302	286
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land	2.2	238 087	170 525
Sales of capital assets	2.3	1 435	-
Transactions in financial assets and liabilities	2.4	2 195	466
Transfer received		-	-
Total revenue collected		242 019	171 277
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		242 019	171 277

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2.1	Sales of goods and services other than capital assets		2019/20	2018/19
		<i>Note</i>	R'000	R'000
		<u>2</u>		
	Sales of goods and services produced by the department		302	285
	Sales by market establishment		103	104
	Administrative fees		30	
	Other sales		169	181
	Sales of scrap, waste and other used current goods		-	1
	Total		302	286
2.2	Interest, dividends and rent on land		2019/20	2018/19
		<i>Note</i>	R'000	R'000
		<u>2</u>		
	Interest		238 087	170 525
	Dividends		-	-
	Rent on land		-	-
	Total		238 087	170 525
2.3	Sale of capital assets		2019/20	2018/19
		<i>Note</i>	R'000	R'000
		<u>2</u>		
	Tangible assets			
	Machinery and equipment	27	1 435	-
	Intangible assets			
	Software	28	-	-
	Total		1 435	-
2.4	Transactions in financial assets and liabilities		2019/20	2018/19
		<i>Note</i>	R'000	R'000
		<u>2</u>		
	Receivables		2 195	466
	Total		2 195	466

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3. Aid assistance

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Opening Balance		(3 983)	57 540
Prior period error		-	-
As restated		(3 983)	57 540
Transferred from statement of financial performance		37 780	(56 120)
Transfers to or from retained funds			
Paid during the year		(326)	(5 403)
Closing Balance		33 471	(3 983)

3.1 Analysis of balance by source

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Aid assistance from RDP		-	-
Aid assistance from other sources		33 471	(3 983)
CARA		-	-
Closing balance	3	33 471	(3 983)

3.2 Analysis of balance

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Aid assistance receivable			(3 983)
Aid assistance prepayments (not expensed)			
Aid assistance unutilised		33 471	
Aid assistance repayable			
Closing balance	3	33 471	(3 983)
Aid assistance not requested/not received		-	-

3.3 Aid assistance expenditure per economic classification

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Current		16 340	25 391
Capital	<u>9</u>	58	93
Transfers and subsidies		50 860	193 571
Total aid assistance expenditure		67 258	219 055

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4. Compensation of employees

4.1 Salaries and Wages

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Basic salary		235 031	210 160
Performance award		3 184	4 806
Service Based		211	94
Compensative/circumstantial		3 103	2 387
Periodic payments		-	10
Other non-pensionable allowances		56 630	51 759
Total		<u>298 159</u>	<u>269 216</u>

4.2 Social contributions

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Employer contributions			
Pension		25 637	23 641
Medical		7 661	6 749
UIF		1	-
Bargaining council		49	40
Official unions and associations		-	-
Insurance		-	-
Total		<u>33 348</u>	<u>30 430</u>
 Total compensation of employees		 <u>331 507</u>	 <u>299 646</u>
 Average number of employees		 <u>537</u>	 <u>507</u>

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5. Goods and services

	Note	2019/20 R'000	2018/19 R'000
Administrative fees		5 962	10 419
Advertising		2 231	3 207
Minor assets	<u>5.1</u>	718	399
Bursaries (employees)		612	937
Catering		864	2 307
Communication		1 377	2 903
Computer services	<u>5.2</u>	114 075	104 937
Consultants: Business and advisory services		44 521	14 264
Legal services		3 264	3 722
Contractors		4 245	1 850
Agency and support / outsourced services		89 608	123 230
Entertainment		5	-
Audit cost – external	<u>5.3</u>	4 514	4 602
Fleet services		1 587	1 992
Inventory	<u>5.4</u>	1 253	958
Consumables	<u>5.5</u>	2 761	3 467
Operating leases		19 249	17 871
Property payments	<u>5.6</u>	12 209	13 209
Rental and hiring		-	-
Transport provided as part of the departmental activities		197	306
Travel and subsistence	<u>5.7</u>	13 006	14 008
Venues and facilities		52	583
Training and development		2 210	2 372
Other operating expenditure	<u>5.8</u>	3 096	2 832
Total		327 616	330 375

5.1 Minor assets

	Note	2019/20 R'000	2018/19 R'000
Tangible assets	<u>5</u>		
Machinery and equipment		718	399
Total		718	399

5.2 Computer services

	Note	2019/20 R'000	2018/19 R'000
SITA computer services	<u>5</u>	78 864	72 466
External computer service providers		35 211	32 471
Total		114 075	104 937

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5.3 Audit cost – External

	Note	2019/20	2018/19
	<u>5</u>	R'000	R'000
Regularity audits		4 128	4 323
Computer audits		386	279
Total		4 514	4 602

5.4 Inventory

	Note	2019/20	2018/19
	<u>5</u>	R'000	R'000
Clothing material and accessories		402	
Food and food supplies		96	111
Materials and supplies		147	
Other supplies	5.4.1	608	847
Total		1 253	958

5.4.1 Other supplies

	Note	2019/20	2018/19
	<u>5.4</u>	R'000	R'000
Assets for distribution		608	847
Machinery and equipment		558	486
Sports and recreation		-	30
Other assets for distribution		50	331
Other			
Total		608	847

5.5 Consumables

	Note	2019/20	2018/19
	<u>5</u>	R'000	R'000
Consumable supplies		1 241	1 962
Uniform and clothing		44	9
Household supplies		422	320
Building material and supplies		397	-
Communication accessories		2	9
IT consumables		292	26
Other consumables		84	1 598
Stationery, printing and office supplies		1 520	1 505
Total		2 761	3 467

5.6 Property payments

	Note	2019/20	2018/19
	<u>5</u>	R'000	R'000
Municipal services		6 353	5 325
Property maintenance and repairs		5 856	7 884
Other		-	-
Total		12 209	13 209

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5.7 Travel and subsistence

	<i>Note</i>	2019/20	2018/19
	<u>5</u>	R'000	R'000
Local		12 923	13 147
Foreign		83	861
Total		13 006	14 008

5.8 Other operating expenditure

	<i>Note</i>	2019/20	2018/19
	<u>5</u>	R'000	R'000
Professional bodies, membership and subscription fees		554	634
Resettlement costs		190	219
Other		2 352	1 979
Total		3 096	2 832

6. Interest and rent on land

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Interest paid		-	14
Rent on land		-	-
Total		-	14

7. Payments for financial assets

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Debts written off	7.1	45	-
Total		45	-

7.1 Debts written off

	<i>Note</i>	2019/20	2018/19
	7	R'000	R'000
Nature of debts written off			
Irregular expenditure written off		-	-
Total		-	-
Recoverable revenue written off			
Salary overpayment		34	-
Tax Debts		11	-
Total		45	-

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Other debt written off		
Total debt written off	45	-

8. Transfers and subsidies

		2019/20 R'000	2018/19 R'000
	<i>Note</i>		
Provinces and municipalities			
Departmental agencies and accounts	<i>Annexure 1B</i>	41	56
Public corporations and private enterprises	<i>Annexure 1D</i>	-	5
Non-profit institutions	<i>Annexure 1F</i>	362	205
Households	<i>Annexure 1G</i>	5 379	7 027
Total		5 782	7 293

9. Expenditure for capital assets

		2019/20 R'000	2018/19 R'000
	<i>Note</i>		
Tangible assets		7 123	18 935
Machinery and equipment	27	7 123	18 935
Total		7 123	18 935

9.1 Analysis of funds utilised to acquire capital assets – 2019/20

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	7 065	58	7 123
Machinery and equipment	7 065	58	7 123
Total	7 065	58	7 123

9.2 Analysis of funds utilised to acquire capital assets – 2018/19

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	18 842	93	18 935
Machinery and equipment	18 842	93	18 935
Total	18 842	93	18 935

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9.3 Finance lease expenditure included in Expenditure for capital assets	<i>Note</i>	2019/20 R'000	2018/19 R'000
Tangible assets			
Machinery and equipment		2 222	3 828
Total		2 222	3 828

10. Cash and cash equivalents	<i>Note</i>	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General Account		70 632	39 054
Cash receipts		-	-
Disbursements		-	(18 630)
Cash on hand		4	4
Investments (Domestic)		37 420	864
Investments (Foreign)			
Total		108 056	21 292

11. Prepayments and advances	<i>Note</i>	2019/20 R'000	2018/19 R'000
Travel and subsistence		-	1
Total		-	1

11.1 Prepayments (Expensed)	<i>Note</i>	Amount as at 1 April 2018 R'000	Less: Received in the current year R'000	Add or Less: Other R'000	Add: Current Year prepayments R'000	Amount as at 31 March 2019 R'000
Capital assets		1 025	(1 025)			
Other		-	-			
Total		1 025	(1 025)	-	-	-

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12. Receivables

		2019/20		2018/19			
		Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	<i>Note 12.1</i>	23 640	-	23 640	20 848	-	20 848
Recoverable expenditure	<i>Note 12.2</i>	-	-	-	1	-	1
Staff debt	<i>Note 12.3</i>	618	611	1 229	340	24	364
Other receivables	<i>Note 12.4</i>	323	1 213	1 536	1 311	61	1 372
Total		24 581	1 824	26 405	22 500	85	22 585

12.1 Claims recoverable

	<i>Note 15 and Annex 4</i>	2019/20 R'000	2018/19 R'000
National departments		7	10
Provincial departments		6 701	20 098
Private enterprises		16 932	740
Total		23 640	20 848

12.2 Recoverable expenditure (disallowance accounts)

	<i>Note 12</i>	2019/20 R'000	2018/19 R'000
Sal: Tax Debt		-	1
Disallowance damages and losses		100	270
Disallowance damages and losses		(100)	(270)
Total		1	1

12.3 Staff debt

	<i>Note 12</i>	2019/20 R'000	2018/19 R'000
Bursary debt		558	336
Other		671	28
Total		1 229	364

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12.4 Other receivables

	<i>Note</i>	2019/20	2018/19
	12	R'000	R'000
Bursary debt		1 242	1 109
Overpaid salary		103	97
Other debtors		191	166
Total		1 536	1 372

13. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Opening balance		26 730	42 493
Prior period error		-	-
As restated		26 730	42 493
Transfer from statement of financial performance (as restated)		55 639	25 730
Add: Unauthorised expenditure for current year		-	-
Voted funds not requested/not received		-	-
Paid during the year		(26 730)	(41 493)
Closing balance		55 639	26 730

14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Opening balance		19 442	9 766
Prior period error		-	-
As restated		19 442	9 766
Transfer from Statement of Financial Performance (as restated)		242 019	171 277
Paid during the year		(240 075)	(161 601)
Closing balance		21 386	19 442

15. Payables – current

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Amounts owing to other entities			
Advances received			
Clearing accounts	<u>15.1</u>	123	189
Other payables	<u>15.2</u>	21 885	252
Total		22 008	441

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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15.1 Clearing accounts

	Note	2019/20	2018/19
	15	R'000	R'000
Sal: Income Tax		261	357
Online travel control account		(192)	(168)
Sal GEHS refund control account		56	-
Sal Pension fund		(2)	-
Total		123	189

15.2 Other payables

	Note	2019/20	2018/19
	15	R'000	R'000
Description			
Payable: Adv: P/Dept.: KZN Adv Acc: CL		901	252
Payable: Adv: Pub corp& Priv ent Adv Acc: CL		100	-
Payable: Adv: Global fund		20 884	-
Total		21 885	252

16. Net cash flow available from operating activities

	Note	2019/20	2018/19
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		355 438	140 887
Add back non cash/cash movements not deemed operating activities		(241 956)	(180 398)
(Increase)/decrease in receivables		(2 081)	9 874
(Increase)/decrease in prepayments and advances		1	(1)
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		21 567	(709)
Proceeds from sale of capital assets		(1 435)	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		7 123	18 935
Surrenders to Revenue Fund		(266 805)	(203 094)
Surrenders to RDP Fund/Donor		(326)	(5 403)
Voted funds not requested/not received		-	-
Other non-cash items		-	-
Net cash flow generated by operating activities		93 482	(39 511)

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17. Reconciliation of cash and cash equivalents for cash flow purposes

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Consolidated Paymaster General account		70 632	39 054
Disbursements		-	(18 630)
Cash on hand		4	4
Cash with commercial banks (Local)		37 420	864
Total		108 056	21 292

18. Contingent liabilities and contingent assets

18.1 Contingent liabilities

Liable to	Nature		<i>Note</i>	2019/20 R'000	2018/19 R'000
Housing loan guarantees	Employees		<i>Annex 3A</i>	90	90
Claims against the department			<i>Annex 3B</i>	1 200	700
Intergovernmental payables (unconfirmed balances)			<i>Annex 5</i>	1 503	3
Total				2 793	793

19. Capital commitments

	<i>Note</i>	2019/20 R'000	2018/19 R'000
<i>Specify class of asset</i>			
Computer equipment		360	1 968
Furniture and office equipment		142	30
Other machinery and equipment		-	14
Total		502	2 012

20. Accruals and payables not recognised

20.1 Accruals

				2019/20 R'000	2018/19 R'000
Listed by economic classification	30 Days	30+ Days	Total	Total	
Goods and services	6 425	269	6 694	32 836	
Total	6 425	269	6 694	32 836	

<i>Note</i>	2019/20 R'000	2018/19 R'000
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Listed by programme level

Administration	2 651	5 987
Sustainable Resource Management	-	32
Financial Governance	2 747	22 773
Internal Audit	1 175	3 951
Municipal Finance Management	121	93
Total	6 694	32 836

20.2 Payables not recognised

	2019/20			2018/19
	R'000			R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	66	8	74	2 558
Capital Assets	86	-	86	-
Total	152	8	160	2 558

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Listed by programme level			
Administration		-	673
Sustainable Resource Management		-	2
Financial Governance		19	1 183
Internal Control		123	538
Municipal Finance Management		18	162
Total		160	2 558

	<i>Note</i>	2019/20	2018/19
		R'000	R'000
Included in the above totals are the following:			
Confirmed balances with other departments	<i>Annex 5</i>	42	205
Confirmed balances with other government entities	<i>Annex 5</i>	-	-
Total		42	205

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21. Employee benefits

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Leave entitlement		13 100	10 143
Service bonus		7 090	6 574
Performance awards		6 779	4 933
Capped leave		3 648	3 827
Other		76	135
Total		30 693	25 612

The leave entitlement as disclosed above is the net of negative balances. The negative balances amounts to R157k

22. Lease commitments

22.1 Operating leases

2019/20	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			19 832		19 832
Later than 1 year and not later than 5 years			43 775		43 775
Later than five years					
Total lease commitments	-	-	63 607		63 607

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			14 923		14 923
Later than 1 year and not later than 5 years			28 444		28 444
Later than five years					
Total lease commitments	-	-	43 367		43 367

Lease accommodation for office accommodation and parking at the following sites (Treasury House, Nomalanga Building, Giltime parking and Edendale Lay centre). The current contracts for all three leased properties have expired.

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22.2 Finance leases

2019/20	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				1 061	1 061
Later than 1 year and not later than 5 years				485	485
Later than five years					
Total lease commitments	-	-	-	1 546	1 546

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					
Total lease commitments	-	-	-	6 626	6 626

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Opening balance		25 706	25 706
Prior period error		-	-
As restated		25 706	25 706
Add: Irregular expenditure – relating to prior year		6	
Add: Irregular expenditure – relating to current year		658	1 226
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		(558)	(1 226)
Less: Prior year amounts not condoned and removed		-	-
Less: Current year amounts not condoned and removed		-	-
Less: Amounts recoverable (current and prior year)		-	-
Less: Amounts written off		-	-
Closing balance		25 812	25 706

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Analysis of awaiting condonation per age classification

Current year	100	-
Prior years	25 712	25 706
Total	25 812	25 706

23.2 Details of current and prior year irregular expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2019/20 R'000
PKX	No	106
Inkazimulo Business & Advisory	No	558
Total		664

Inkazimulo Bus & Advisory was awarded R662k purchase order, the actual was R558k, the whole transaction was regularised.

23.3 Details of irregular expenditure condoned

Incident	Condon by (relevant authority)	2019/20 R'000
Inkazimulo Business & Advisory	Accounting officer	558
Total		558

24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2019/20 R'000	2018/19 R'000
Opening balance		-	927
Prior period error		-	-
As restated		-	927
Fruitless and wasteful expenditure – relating to prior year		-	-
Fruitless and wasteful expenditure – relating to current year		10	14
Less: Amounts recoverable		-	(941)
Less: Amounts written off		-	-
Closing balance		10	-

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24.2 Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2019/20 R'000
Penalties in respect of Legal fees	No	10
Total		<u>10</u>

25. Key management personnel

	No. of Individuals	2019/20 R'000	2018/19 R'000
Political office bearers (provide detail below)	1	4 003	1 978
Officials:			
Level 15 to 16	5	9 461	9 057
Level 14	14	18 547	20 905
Family members of key management personnel			
Total		<u>32 011</u>	<u>31 940</u>

26. Non-adjusting events after reporting date

Nature of event	2019/20 R'000
Covid 19	114 000
Forensic Unit	38 733
Total	<u>152 733</u>

This includes an outbreak of covid19 which resulted in estimated budget cut of R114 000 from baseline on the 2020/21 budget and the transfer of forensic unit to Office of the Premier (OTP) as from 01/08/2020. Initial budget was R38 733 and it was subsequently decreased by R10 239 to cater for the budget cut. The remaining budget as at 1 August 2020 that was transferred to OTP is R19 996.

27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
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MACHINERY AND EQUIPMENT	85 316	4 892	(8 688)	81 520
Transport assets	20 576		(3 264)	17 312
Computer equipment	58 659	3 871	(5 080)	57 450
Furniture and office equipment	5 561	414	(187)	5 788
Other machinery and equipment	520	607	(157)	970
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	85 316	-	4 892	(8 688)
				81 520

27.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Cash*	Non-cash**	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	7 066		(2 260)	86	4 892
Transport assets					
Computer equipment	3 785			86	3 871
Furniture and office equipment	414				414
Other machinery and equipment	2 867		(2 260)		607
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	7 066	-	(2 260)	86	4 892

27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	8 047	641	8 688	1 434
Transport assets	2 984	280	3 264	1 280
Computer equipment	4 731	349	5 080	127
Furniture and office equipment	175	12	187	10
Other machinery and equipment	157		157	17

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	8 047	641	8 688	1 434
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS				

27.3 Movement for 2018/19

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	70 069		16 135	(888)	85 316
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
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	70 069	-	16 135	(888)	85 316

27.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance		1 428		7 804		9 232
Value adjustments						
Additions				737		737
Disposals				(460)		(460)
TOTAL MINOR ASSETS	-	1 428	-	8 081	-	9 509

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	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets				1 607		1 607
Number of minor assets at cost		21		5 399		5 420
TOTAL NUMBER OF MINOR ASSETS	-	21		7 006	-	7 027

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
Prior period error						
Additions				399		399
Disposals				(8)		(8)
TOTAL MINOR ASSETS	-	1 428	-	7 804	-	9 232

	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
TOTAL NUMBER OF MINOR ASSETS	-	21		5 686	-	5 707

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27.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2020

	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				435		435
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	435	-	435

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
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	106	-	106

MAJOR ASSETS TO BE TRANSFERRED IN TERMS OF S42 OF THE PFMA - 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
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 R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
No. of Assets				1		1
Value of the assets (R'000)				2		2

28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	23 159				23 159
TOTAL INTANGIBLE CAPITAL ASSETS	23 159	-	-	-	23 159

28.1 Movement for 2018/19

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	23 159				23 159
TOTAL INTANGIBLE CAPITAL ASSETS	23 159	-	-	-	23 159

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Inventories

Inventories for the year ended 31 March 2020

	Inventory - Clothing material and accessories R'000	Inventory - Food and food supplies R'000	Inventory - Materials and supplies R'000	Other supplies - Assets for distribution - Machinery and equipment R'000	TOTAL R'000
Opening balance					
Add/(Less): Adjustments to prior year balances					
Add: Additions/Purchases – Cash	402	95	147	608	1 252
Add: Additions - Non-cash					
(Less): Disposals					
(Less): Issues	(135)	(95)	(135)	(608)	(973)
Add/(Less): Received current, not paid					
(Paid current year, received prior year)					
Add/(Less): Adjustments					
Closing balance	267	-	12	-	279

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Inventories for the year ended 31 March 2019

	Inventory - Clothing material and accessories R'000	Inventory - Food and food supplies R'000	Inventory - Materials and supplies R'000	Other supplies - Assets for distribution - Machinery and equipment R'000	TOTAL R'000
Opening balance					
Add/(Less): Adjustments to prior year balances					
Add: Additions/Purchases – Cash		111			958
Add: Additions - Non-cash				847	
(Less): Disposals					
(Less): Issues				(847)	(958)
Add/(Less): Received current, not paid (Paid current year, received prior year)					
Add/(Less): Adjustments					
Closing balance	-	-	-	-	-

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30. BROAD BASED BLACK ECONOMIC EMPOWERMENT PERFORMANCE

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION					TRANSFER		2018/19 Final Appropriation R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %		
Com Licences	3			3	2	67%	3	
PD: Vehicle Licences	26		14	40	39	98%	54	
TOTAL	29	-	14	43	41		57	

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ANNEXURE 1D
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE			2018/19 Final Appropriation R'000
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
Public Corporations								
Transfers								
Subsidies								
Total	-	-	-	-	-	-	-	-
Private Enterprises								
Transfers								5
Claims against State								5
Subsidies								
Total								
TOTAL	-	-	-	-	-	-	-	5

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ANNEXURE 1F
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	TRANSFER ALLOCATION				EXPENDITURE		2018/19 Final Appropriation R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	
NON-PROFIT INSTITUTIONS							
Transfers							
ABASA	12			12	12	100%	14
SAICA	23			23	23	100%	122
Kwantintwa School of Deaf							102
Coastal Horse Care Unit (EMmahashini)							95
Insika Women in Business NCP	312			312	312	100%	
KwaHhazi Hlongwane family	5			5	5	100%	
Zwelihle HBC	5			5	5	100%	
Mother of the nation	5			5	5	100%	
The legend Group	5			5	5	100%	
NON Profit institution	175		(37)	138			
TOTAL	537	-	(37)	500	362		333

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2018/19 Final Appropriation
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Injury on Duty	397		(300)	97	59	61%	47
Postretirement benefit	2 200		27	2 227	2 227	100%	489
Severance Packages	198		(198)				
Leave gratuity	668		(17)	651	641	98%	1 979
ER Pension penalties			1 242	1 242	1 067	86%	
Bursaries	1 543		(150)	1 393	1 385	99%	4 093
Claims against State							301
Refund & rem – act/ grace							527
TOTAL	5 006	-	604	5 610	5 379		7 436

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ANNEXURE 1H
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP		2019/20	2018/19
			R'000	R'000
Received in cash				
ABSA		Post budget Speech breakfast	100	100
Standard Bank		Celebrating 10yrs clean audit	100	
Subtotal			200	100
Received in kind				
Subtotal				
TOTAL			200	100

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ANNEXURE 11
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
Received in cash						
European Union		326				
Global Fund		(4 297)	102 459	(67 258)	(326)	30 904
Subtotal		(3 971)	102 459	(67 258)	(326)	30 904
<hr/>						
TOTAL		(3 971)	102 459	(67 258)	(326)	30 904

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ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2020 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2019	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2020	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2020
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles								
	Subtotal								
	Housing		90				90		
	Housing								
	Subtotal		90				90		
	Other								
	Subtotal								
	TOTAL		90				90		

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2020

Nature of Liability	Opening Balance 1 April 2019 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 2020 R'000
Claims against the department					
Thembisile Cynthia Khumalo vs MEC for Finance (Case No. 11985/16)	300				300
Phumalunga Communications CC & Another vs DG Office of the Premier of Telegenix Trading t/a JN Projects v Simiso Lesile Magagula N.O (Case No: 10404/19)	400	150	(150)		400
Unitrade 1047 CC t/a Isidingo Security Services v Ilembe District Municipality & The Municipal Bids Appeal Tribunal		500			500
TOTAL	700	650	(150)	-	1 200

KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2020

ANNEXURE 4
CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20 *	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Vote 03: Agriculture		1 045	121	1 045	121	1 045		
Vote 04: KZ EDTEA		297		297		297		
Vote 05: Education		1 163		1 163		1 163		
Vote 07: KZ Health		14 583	4 660	14 583	4 660	14 583	15/04/2020	533
Vote 08: KZ Human Settlement	74				74			
Vote 11: KZ COGTA		593		593		593		
Vote 13: KZ Social Development		2 088	763	2 088	763	2 088		
Vote 14: KZ Public Works		67		67		67		
Vote 15: KZ Arts and Culture		96	96	96	96	96		
Gaming and Betting		987	987		987		21/04/2020	987
Dube Trade Port								
	74	19 932	6 627	19 932	6 701	19 932		1 520
Other Government Entities								
Global Fund		906	16 932		16 932	906		
GP Labour				3		3		
Nat Labour			7	7	7	7		
		906	16 939	10	16 939	916		
TOTAL	74	906	23 566	19 942	23 640	20 848		

KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2020

ANNEXURE 5
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2019/20 *
	31/03/2020 R'000	31/03/2019 R'000	31/03/2020 R'000	31/03/2019 R'000	31/03/2020 R'000	31/03/2019 R'000	
DEPARTMENTS							
Current							
Vote 07: KZ Health	42	52	6		48	52	
Vote 10: KZ Sports & Rec		20				20	
Vote 14: KZ Works			1 497		1 497		
Vote 15: KZ Art & Culture		7				7	
Nat Gov. Printing Works		38		3		41	
Nat Labour SA		57				57	
Nat Dept. Rural & Land Reform		31				31	
Subtotal	42	205	1 503	3	1 545	208	
TOTAL	42	205	1 503	3	1 545	208	

KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2020

ANNEXURE 6
INVENTORIES

Inventories for the year ended 31 March 2020	Inventory Clothing material and accessories R'000	Inventory Food and food supplies R'000	Inventory Materials and supplies R'000	Other supplies – Assets for distribution Machinery and equipment R'000	TOTAL R'000
Opening balance					
Add/(Less): Adjustments to prior year balances					
Add: Additions/Purchases – Cash	402	95	147	608	1 252
Add: Additions - Non-cash					
(Less): Disposals	(135)	(95)	(135)	(608)	(973)
(Less): Issues					
Add/(Less): Received current, not paid					
(Paid current year, received prior year)					
Add/(Less): Adjustments					
Closing balance	267	-	12	-	279

KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2020

Inventories for the year ended 31 March 2019	Inventory Clothing material and accessories	Inventory Food and food supplies	Inventory Materials and supplies	Other supplies – Assets for distribution Machinery and equipment	TOTAL
	R'000	R'000	R'000	R'000	R'000
Opening balance					
Add/(Less): Adjustments to prior year balances					
Add: Additions/Purchases – Cash		111		847	958
Add: Additions - Non-cash					
(Less): Disposals					
(Less): Issues					
Add/(Less): Received current, not paid					
(Paid current year, received prior year)					
Add/(Less): Adjustments		(111)		(847)	(958)
Closing balance	-	-	-	-	-

