

**KWAZULU-NATAL
PROVINCIAL TREASURY**



STRATEGIC PLAN 2015–2020

FOREWORD BY THE MEC

The National Development Plan 2030 of South Africa (SA) identifies job creation as part of the priorities in the alleviation of abject poverty and reduction of income inequality. It is within this common goal that we the Government of KwaZulu-Natal (KZN) have reviewed and adopted the Provincial Growth and Development Plan (PGDP).

In line with the PGDP, the Medium Term Strategic Framework (MTSF) for the period 2014 to 2019 sets out a roadmap to tackle urgent challenges as part of long term development. As KZN Provincial Treasury we strive to provide a direct response to the renewed priorities as outlined in both the MTSF and PGDP.

In this strategic plan, we re-emphasise that service delivery initiatives will continue to contribute towards job creation and improvement of the lives of the people. This is the reason why our mission statement seeks to improve KZN Provincial Government's service delivery by responding to the expectations of all stakeholders in the value chain as 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;
- Utilising competent and dedicated employees who are at the centre of ensuring best value to our stakeholders.

Over the years, we have implemented strong focus on prudent management of financial resources and good governance. The latter will ensure efficient budget and expenditure management and accurate financial reporting by municipalities, provincial departments and public entities.

We have long acknowledged that spending on infrastructure delivery is essential to fuel economic growth and development. It is therefore critical that departments and municipalities are being monitored closely to improve their planning and prioritisation of infrastructure projects. To this end we will continue to assist departments and municipalities with infrastructure planning and procurement processes using the Infrastructure Delivery Management System (IDMS) framework as a uniform approach for the public sector.



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The KZN Provincial Infrastructure Co-ordination work group which the department is actively involved in was established in 2012. The core function of the workgroup is to ensure that all infrastructures planning in the Province is co-ordinated. This workgroup is tasked to develop the KZN Provincial Infrastructure Master Plan (IMP). The IMP's key objective is to ensure that strategic infrastructure is developed to support the successful delivery and targets contained in the PGDP.

The route for the next five years has been mapped. With good planning, implementation and dedication, SA and the province of KZN will be able to overcome poverty and income inequality. Let us tackle this together - for the sake of those whom we serve.



MEC FOR FINANCE

MS BF SCOTT

FOREWORD BY THE HEAD OF DEPARTMENT

I am pleased to comment on the 2015 -2020 strategic plan for KZN Provincial Treasury. This is the first five year strategic plan after the adoption of the National Development Plan and the KZN Growth and Development Plan (PGDP) which provide a roadmap to deal with the triple challenges of unemployment, poverty and inequality.

This strategic plan has been developed to respond to the abovementioned challenges as clearly articulated in the KZNPGDP. KZN Treasury will play a significant role in the achievement of the 14 government outcomes as indicated in the Medium Term Strategic Framework for 2014-2019. A more focused approach towards the allocation of limited resources has been proposed in this plan.

We are mindful of the impact of the reduced equitable share for KZN and the recently announced fiscal consolidation plans. Our strategic focus is geared towards the enhancement of provincial own generated revenue to compensate for income loss and to ensure a sustainable service delivery to the citizens of KwaZulu-Natal. The cost cutting measures will continue as they are directed at cutting down on wasteful expenditure and prioritisation of spending on service delivery.

The interventions on prudent management of our financial resources and adherence to good governance principles will contribute towards value for money.

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

A call has been made by government for procurement reforms that are geared towards broad based black economic empowerment (BBBEE) and support for local suppliers and SMME. These efforts are directed towards addressing inequalities. We will contribute towards the development of these reforms and ensure their adequate implementation within the Province.

This plan articulates our programmes and further outlines how we will reach the desired destination by being part of the broader government machinery that is responsive to our people's needs.



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I look forward to the continued dedication and commitment of our staff members who are at the centre of service delivery.



Mr SL Magagula

Head of Department

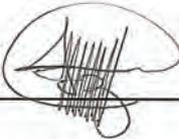
OFFICIAL SIGN-OFF

It is hereby certified that this Strategic Plan:

- Was developed by the management of the KwaZulu - Natal Provincial Treasury under the guidance of **Ms BF Scott, MEC for Finance**
- Takes into account all the relevant policies, legislation and other mandates for which the KwaZulu - Natal Provincial Treasury is responsible for.
- Accurately reflects the strategic goals and objectives which the Provincial Treasury will endeavour to achieve over the five-year period covered by the plan.

Ms I N N Zwane - Dlomo

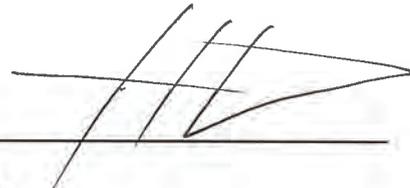
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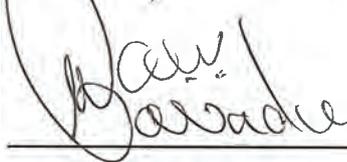


General Manager: Corporate Services

Mr I T Ndlovu

Signature:





Chief Financial Officer

Mr HAW Conradie

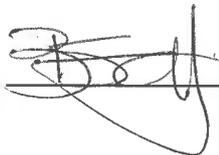
Signature:



Acting Accounting Officer

Mr SL Magagula

Signature:



Head of Department

Ms BF Scott

Signature:

MEC for Finance



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KZN Provincial Strategic Plan 2015–2020

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PART A: STRATEGIC OVERVIEW

1. Vision

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

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 to our stakeholders.

3. Values

The core values of the department are as follows:-

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



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4. 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
- Provincial Appropriation Act
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Intergovernmental Relations Framework Act (Act No. 13 of 2005)
- Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)
- Government Immovable Asset Management Act (Act No. 19 of 2007)
- Public Audit Act (Act No. 25 of 2004)
- Provincial Tax Regulation Process Act (Act No. 53 of 2001)
- KwaZulu-Natal Gaming and Betting Act (Act No. 08 of 2010)

4.1 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.

4.2 Legislative mandates

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

4.2.1 Public Finance Management Act (Act 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 too:

- 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.

4.2.2 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



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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 municipality and municipal entities in the province;*
 - ii) *The preparation by municipality in the province of their budgets;*
 - iii) *The monthly outcome of those budgets; and*
 - iv) *the 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.*

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

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



4.2.4 Annual Division of Revenue Act

- a) This Act provides for the equitable division of revenue anticipated to be raised at the national level among the national, provincial and local spheres of government.
- b) It promotes better coordination 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; and
- e) It promotes accountability by ensuring that all allocations are reflected on the budgets of receiving provinces and municipalities.

4.2.5 Provincial Appropriation Act

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

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

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

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

This act gives effect to Section 217 (3) of the Constitution by providing a framework for the implementation of procurement policy. The framework for the implementation of preferential procurement policy requires all organs of state to have their preferential procurement policy



and implement them within a prescribed set of criteria that applies preference points system with emphasis to previously disadvantaged groups.

4.2.8 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 coordination 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.

4.2.9 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.

4.2.10 Government Immovable Asset Management Act (Act 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.

4.2.11 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.



4.2.12 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.

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

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

4.3 Policy mandates

The National Development Plan (NDP), Medium Term Strategic Framework, the National Infrastructure Plan and the KZN Provincial Growth and Development Plan will in the main inform the strategy and focus of KwaZulu-Natal Provincial Treasury. This Department will contribute towards the following policy mandates:-

POLICY STATEMENT	DESCRIPTION
MTSF Priority	Radical economic transformation, rapid growth and job creation.
MTSF Priority	Fighting corruption
Government Outcome 5	A skilled and capable workforce to support an inclusive growth path
Government Outcome 6	An efficient, competitive and responsive economic infrastructure delivery (improvement in the infrastructure delivery)



	and contribute to economic growth and employment creation.
Government outcome 9	Responsive, accountable, effective and efficient local government
Government outcome 12	An efficient, effective and development oriented public service
PGDP goal 1	Job creation
PGDP goal 2	Human Resource Development
PGDP goal 4	Strategic Infrastructure
PGDP goal 6	Governance and policy

The following policies further outline the key responsibilities for the department:-

- (a) PPP policy, this policy provides guidelines for administration and managing Public Private Partnerships 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)



4.4 Relevant court rulings

There is a complete overhaul in legislation pertaining to gaming and betting that is underway which will alter the impact of some decided cases in the future operations of gaming and betting and service delivery obligations on gaming and betting in KwaZulu-Natal.

4.5 Planned policy initiatives

There are no planned policy initiatives for this MTSF.

5. Situational analysis

Population dynamics

The population dynamics is of paramount important in addressing developmental needs in society. As population grows there is increasing pressure for government to provide social services. In addition, there is a need to increase production and employment for the growing population in order to stabilize gross domestic product (GDP) per capita. Proper planning for population dynamics will ensure that the welfare of both the current and the future generation is promoted with the objective of promoting sustainable development. According to the Population Reference Bureau (2013) Africa's population is projected to increase from 1.1 billion in 2013 to 2.4 billion in 2050. The increase of 1.3 billion people in the African continent mainly emanates from 51 countries of Sub-Saharan Africa. Surprisingly, this estimated increase is even higher than the region of Asia which is projected to rise by 1 billion in the same period.

South Africa (SA) is a diverse nation, comprising of a wide variety of cultures, languages and religious beliefs. According to Statistics South Africa (Stats SA, 2014a), the national population for 2014 increased from 44.8 million in 2001 to 54 million in 2014. Kwazulu-Natal (KZN) recorded the second largest province after Gauteng (24 per cent) with approximately 10.7 million people, constituting 19.8 per cent of the total national population.



Economic performance

According to the International Monetary Fund (IMF, 2014), the global economic recovery remained uneven and fragile since the beginning of 2014, amid sustained improvements in the United States of America (US) and United Kingdom (UK), and deteriorating prospects in the Eurozone and Japan. Subsequently, the global economic growth rate is expected to strengthen gradually; from the stable 3.3 per cent posted in 2013 and 2014 to 3.5 per cent and 3.7 per cent in 2015 and 2016 respectively (IMF, 2015). With the projected growth of 4.3 per cent in 2015, the emerging market economies continue to account for the bulk of the global growth. The Sub-Saharan African economy is expected to perform better in 2015, thereby posting a growth rate of 4.9 per cent, slightly above 4.8 per cent recorded in 2014.

Following the global economic trajectory, the national economic growth outlook remained subdued and grew at 1.5 per cent in 2014. This rate is expected to reach an average of 2 per cent in 2015, before gaining momentum and reach 3 per cent in the 2017/18 financial year (National Treasury, 2015). Akin to the national trend, KZN's economy also recorded an estimated lower growth rate of 1.9 per cent in 2014. It is projected that the economy of the province will also improve slightly to 2.3 per cent and 20.7 per cent in 2015 and 2016 respectively (KZN Treasury, 2015).

These growth rates are however below the targeted 5 per cent required to achieve job creation as outlined in both the National Development Plan (NDP) and the Provincial Growth and Development Plan (PGDP, 2014). This therefore signals a steeper trajectory ahead in terms of addressing poverty, unemployment, inequality and other socio-economic challenges facing the province.

The moderate improvement in the country's economic outlook over the Medium Term Strategic Framework (MTSF) period is expected to be supported by moderate global growth, rising exports to the rest of the continent. The easing of transport and logistics constraints as infrastructure projects are completed, a stabilisation of electricity supply and a recovery in private investment are also critical in achieving higher growth rates over the MTSF period.



Poverty, unemployment and inequality

Despite both the national political stability and moderate economic outlook, the challenges of poverty, unemployment and income inequality are still prevalent. Although KZN's official unemployment rate is 20.8 per cent, much lower than the national 24.5 per cent, the broad definition of unemployment is estimated at 37.9 per cent (Stats SA, 2015a). This means that a little less than half of the provincial populace has no access to income. The National Development Plan (NDP) is therefore a road map in creating jobs, alleviating poverty and reducing inequality by 2030.

As pointed out by Statistics South Africa (Stats SA, 2015b), the poverty line basically establishes a minimum socially acceptable standard for a predetermined welfare indicator to separate the poor from the non-poor. Currently, three poverty lines are being used; the food poverty line (FPL)¹, upper bound poverty line (UBPL)² and lower bound poverty line (LBPL)³. The majority of people living in poverty in KZN were living below the UBPL in 2013 (54.2 per cent), 42 per cent was living below the LBPL and 29.5 per cent was living below the FPL. The fact that poverty is on a downward trend, particularly the proportion of households living below the FPL, is indicative of the effective implementation of the social grant programme within the province.

Since 2002, there had been minimal decline in the Gini coefficient⁴ in KZN. The index dropped marginally from 0.66 in 2002 to 0.63 in 2013. Inequality levels have remained unrelenting despite the economy having experienced some robust growth, particularly in 2007 whereby the province recorded a staggering rate of about 6 per cent.

¹The FPL is the Rand value below which individuals are unable to purchase or consume enough food to supply them with minimum per-capita-per-day energy requirement for good health (which is about 2 100 kilocalories).

² Individuals at the LBPL do not have command over enough resources to consume or purchase both adequate food and non-food items and are therefore forced to sacrifice food to obtain essential non-food items.

³ Individuals at the UBPL purchase both adequate food and non-food items.

⁴The gini coefficient measures the extent to which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution (www.worldbank.org).



It is within this backdrop that the national government's long-term economic prospects are thus highly dependent on the successful implementation of the reforms pronounced in the MTSF and the National NDP. These include among others, large public-sector infrastructure investments in electricity and transport; expanded partnerships to encourage private-sector investment; special economic zones to boost exports; programmes to encourage more dynamic, integrated cities; and initiatives to improve the quality of education and skills development.

Infrastructure

In an effort to realise the goal of delivering the much desired infrastructure the national government and the European Union (EU) appointed the Development Bank of South Africa (DBSA) to be the implementing agent for the Infrastructure Investment Programme for South Africa (IIPSA). The key aim of IIPSA is to assist the South African Government to address its MTSF and the NDP which seeks to improve the conditions of life of South Africans.

The vision of KZN is, "*By 2030 KwaZulu-Natal will be a prosperous Province with a healthy, secure and skilled population, acting as a gateway to Africa and the world*". In line with the NDP, KZN developed and adopted the Provincial Growth and Development Plan (PGDP) in August 2012, with an instruction for all departmental work plans to be aligned with.

The prioritisation of infrastructure at national level is congruent with the province's priorities which identify strategic infrastructure as one of the job drivers. The provincial strategic infrastructure investment will provide for the social and economic growth and development needs of the people of KZN.

As correctly pointed out by the Honourable Premier of KZN, Mr Senzo Mchunu, the province is committed to invest more in infrastructure development initiatives which is anticipated to create employment. Equally, the PGDP's *Strategic Goal 4: Strategic Infrastructure* - clearly ascertains the direction that strategic infrastructure provides for the social and economic growth and development needs of KZN.



National Government adopted a National Infrastructure Plan in 2012. With this plan, it aims to transform the economic landscape while simultaneously creating significant numbers of new jobs, and strengthen the delivery of basic services. The plan also supports the integration of African economies. The National Cabinet established the Presidential Infrastructure Coordinating Commission (PICC) to among others; coordinate, integrate and accelerate implementation; develop a single common National Infrastructure Plan that will be monitored and centrally driven; identify who is responsible and accountable. Furthermore, the PICC mandate is to ensure systematic selection, planning and monitoring of large projects to unlock economic potential and address socio-economic needs. The PICC has formulated 18 Strategic Infrastructure Projects (SIPs), of which 15 are directly relevant to KZN.

Provincial Treasury is a member of the recently established KZN Provincial Infrastructure Coordination Workgroup, which has been tasked to develop the KZN Provincial Infrastructure Master Plan (IMP). The objective of the IMP is to ensure that strategic infrastructure is developed to support the successful implementation of the PGDP. The IMP aligns directly with one of Provincial Treasury's Strategic Goal which is *"to monitor and facilitate infrastructure delivery in the province which will contribute towards job creation"*.

Fiscal management

Given the national and provincial policy priorities, KZN Provincial Treasury will therefore continue to practice fiscal prudence. This will be undertaken through the promotion of sound financial management practice and fiscal management, ensuring equitable allocation of financial resources aimed at improving service delivery. Also important is the enhancement of support capacity to departments, municipalities and public entities in order to eliminate irregular expenditure. This is despite the 2013/14 Medium Term Expenditure Framework (MTEF), whereby the province suffered a severe equitable share reductions amounting to R5.6 billion for the period. The reduction was mainly due to the decline in the population growth rate of the province as per the findings of the 2011 national Census.



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

5.1 Performance environment

The 2014-2019 Medium Term Strategic Framework calls for radical economic transformation. The South African Government wants to place the economy on the qualitative path that eliminate poverty, create jobs and sustain livelihood as well as sustainably reduce inequality. KZN Provincial Treasury is at the helm to realise this goal.

A more focused approach in the allocation and utilisation of limited financial resources was highlighted during the strategic planning session. The KZN Provincial Growth and Development Plan have prioritised 6 goals towards which financial resources must be allocated. The reduction of the KZN equitable share allocation as informed by the latest census of 2011 has presented threats. The department therefore has to be more innovative by identifying further sources of provincial own revenue and also enhance the existing revenue collection strategies in order to augment this challenge.

This is the first 5 year plan after the adoption of the National Infrastructure Plan. The facilitation of infrastructure project delivery was also highlighted during the strategic planning session as a direct contributor towards economic growth and employment opportunities. The focus will be on the facilitation of social infrastructure. A considerable amount of work had already started on the development of strategic infrastructure which this plan will take forward. The IDMS is developed by the National Treasury to capacitate delivery managers and facilitate a uniform approach to infrastructure delivery management to assist public organisations to deliver their mandated services effectively, efficiently and reliably. The Presidential Infrastructure Coordinating Committee (PICC) has endorsed the IDMS as the methodology to supports its infrastructure drive. The PICC is currently developing processes that will seek to outline the requirements of the IDMS at an operational level.



The KZN Provincial Infrastructure Coordination Workgroup (PICWG) has been tasked to develop the KZN Provincial Infrastructure Master Plan. The objective of this Master Plan is to ensure that strategic infrastructure is developed to support the successful implementation of the KZN-PGDP. The Master Plan will provide a technical platform for the spatial alignment, time-line programming and budgetary alignment of the respective infrastructure components. This will promote effective, efficient and economical provision of both economic (productive) and social (redistributive) infrastructure services. Key outcomes of this will be:

- Identification of critical infrastructure gaps and the quantification of resource constraints required to bridge these gaps; and
- Prioritised projects with both long-term planning as well as approved short term MTEF budgets.

The Master Plan will be aligned with and respond essentially to the Strategic Integrated Projects (SIPs) of the PICC and the KZN-PGDP as well as other pertinent planning processes. There has been a call from government for procurement reforms that are geared towards broad based black economic empowerment (BBBEE) and support for local suppliers and SMME. The department has a contribution to make the achievement of this goal. The implementation and monitoring of this policy will be performed by this Department.

The need to fight corruption and fraud is exacerbated by limited financial resources. There is therefore a strong focus on prudent management of financial resources and good governance. The current MTSF has prioritised the development of strategies to fight corruption and crime.

5.2 Organisational environment

The department has a post establishment of 419 posts in order to deliver on its mandate. There has been a need to create additional capacity in order to strengthen the municipal support as well as to reduce over reliance on consultants. A total of 44 additional positions have received written concurrence from the Minister for Public Service and Administration. Fiscal Resource Management will receive 5, 15 for Financial Management, 11 for Internal Audit and 13 for Administration. These posts will be created during the course of the plan.



The structure consists of the executive authority that is a political head of the department assisted by of head of department. Provincial Treasury as a department is made up of five functional programmes.

Programme 1 (one): Administration

Programme 1 is responsible for providing support service to the core programmes within the department. The sub programmes under this programme are Office of the MEC, Head of Department, Office of the Chief Financial Officer and Corporate Services.

Programme 2 (two): Fiscal Resource Management

This programme is responsible for providing provincial treasury functions in terms of the Public finance Management act. The unit responsible for the Municipal Finance Management Act (MFMA) is also under this programme. The sub programmes under this programme are Programme Support, Economic Analysis, Public Finance and Municipal Finance.

Programme 3 (three): Financial Management

This programme is responsible for providing financial management support to the provincial departments. The sub programmes under this programme are Financial Asset and Liabilities, Public Private Partnerships, Supply Chain Management, Financial Reporting, Norms and Standards, Support and Interlinked Financial Systems and Gaming and Betting.

Programme 4 (four): Internal Audit

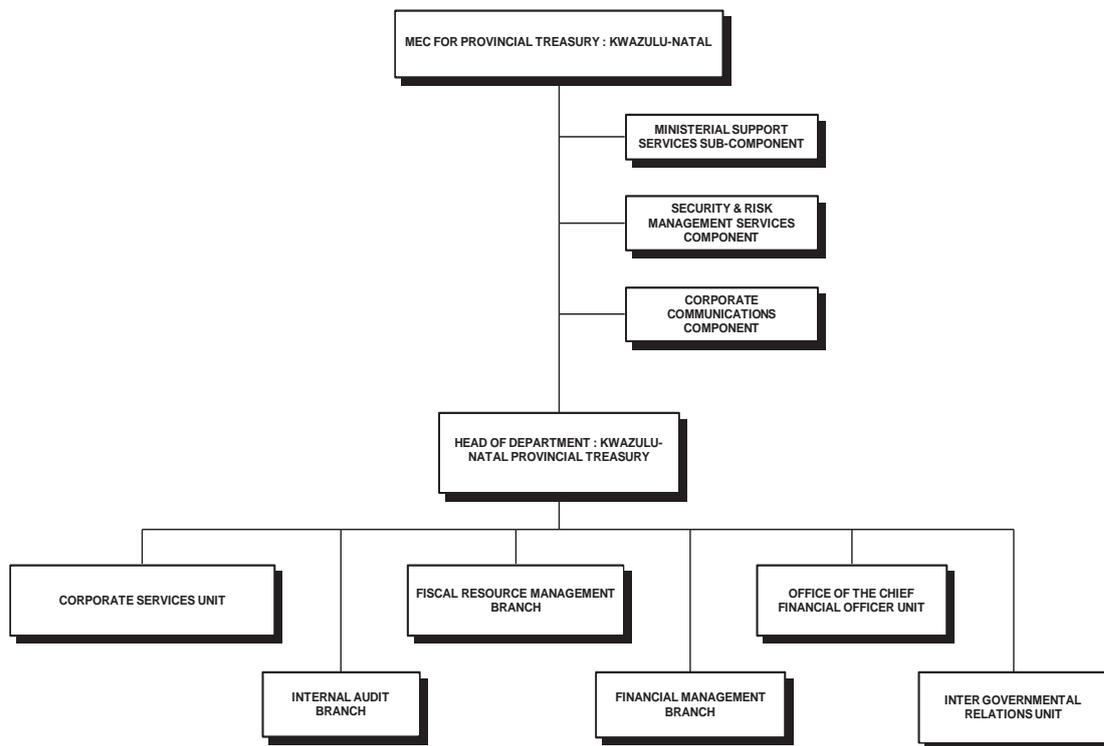
This programme is responsible for providing Internal auditing services in the province. The sub programmes under this programme are Assurance Services and Risk and Advisory Services.



Programme 5 (five): Growth and development

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

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



5.3 Description of the strategic planning process

The process followed in developing the strategic plan of the department started during the month of August 2014 wherein heads of business units were requested to engage staff members from all levels in order to solicit their inputs. The guide on issues to engage upon was provided are as follows:-

- A brief discussion on what the business unit is all about – core business;
- The identification of customers;
- Pertinent issues that have been highlighted by the oversight bodies as well as customers in general during the previous MTSF;
- Proposed solutions to deal with issues highlighted above; and
- The business unit's contributions towards the achievement of the Medium Term Strategic Framework (2014-2019), National Development Plan and the KZN Provincial Growth and Development plan.

The principles of inclusiveness, participatory democracy and consultation were applied during this process. Provincial Treasury has embraced these principles. The involvement of all staff members will also assist in ensuring their buy-in and in the delivery of the departmental goals and objectives. We will continue to use the strategic plan to explain our business and to consult on the chosen processes to ensure the attainment of results.

On 04-05 September 2014, all senior management officials of the department gathered for a strategic planning session. A presentation on the economic outlook was presented to set the tone. Thereafter each manager was given a platform to reflect on the contributions of his/her team members and to highlight issues of strategic focus. The executive authority participated in this process. The mandate, vision, mission and goals of the department were revisited to ensure the correct alignment with broad government priorities that the department must address.



The vision, mission and high level strategic goals for the department were developed and agreed to by all key role players.

6. Strategic outcome oriented goals of the department

The strategic outcome oriented goals of the KZN Provincial Treasury are as follows:

- To promote sound financial management practices and fiscal management through good governance.
- To ensure targeted financial resources allocation and utilisation that contributes to improve service delivery.
- To enhance departments/municipalities and public entities' capacity and capabilities on SCM in order to eliminate irregular expenditure.
- To monitor and facilitate infrastructure delivery in the province and thereby contribute towards job creation.
- To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.
- To focus on the enhancement of broad-based BEE through effective Supply Chain Management policies.
- To promote sound cash management practises and improve liquidity in the province.

Strategic Goal 1	To promote sound financial management practices and fiscal management through good governance.
Goal statement	Provision of strategic support to departments, municipalities public entities to manage their financial resources prudently by applying good governance principles.



Justification	Ensure efficient and effective use of financial resources, promote accountability, reduce risks and ensure clean audit outcomes
Links	Outcome 9 & 12.

Strategic Goal 2	To ensure targeted financial resources allocation and utilisation that contributes to improved service delivery.
Goal statement	Promote the development of focused and responsive departmental, municipal and public entity budgets that will contribute towards the attainment of the KZNPGDP goals through economic analysis, budget formulation and monitoring.
Justification	The realisation of government outcomes is depended on the appropriate allocation of budgets.
Links	NDP, KZNPGDP and , MTSF

Strategic Goal 3	To enhance departments/municipalities and public entities' capacity and capabilities on SCM in order to eliminate irregular expenditure.
Goal statement	Support departments, municipalities and public entities in respect of supply chain management by building their capacity and enforce good governance in order to eliminate irregular expenditure.
Justification	Ensure efficient and effective us of financial resources and to promote accountability.
Links	Outcome 9 & 12.



Strategic Goal 4	To monitor and facilitate infrastructure delivery in the province and thereby contribute towards job creation.
Goal statement	Facilitate and monitor the delivery of infrastructure, including PPP projects in the province by providing technical support to departments.
Justification	The infrastructure investment and delivery has been identified as a major contributor towards job creation. Departments do not have adequate capacity to achieve optimal investment in infrastructure.
Links	MTSF and KZNPGDP

Strategic Goal 5	To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.
Goal statement	The identification of new revenue streams and effect improve the existing sources of provincial own generated revenue.
Justification	The reduction of the provincial equitable share requires some degree of innovation to ensure that service delivery is not compromised by constraint resources.
Links	NDP, MTSF and KZNPGP

Strategic Goal 6	To focus on the enhancement of broad-based BEE through effective Supply Chain Management policies.
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Goal statement	Enhance systems of supply chain management through developing and monitoring the implementation of relevant prescripts.
Justification	There is a call for procurement reforms that are geared towards BBBEE and support for local and small holders in order to deal with the imbalances of the past and thereby ensuring equality.
Links	MTSF

Strategic Goal 7	To promote sound cash management practices and improve liquidity in the province.
Goal statement	Assist department to make accurate request so that there is adequate cash flow to ensure service delivery. To promote a culture of managing cash in line with allocated budget.
Justification	To ensure that there is adequate cash flow to maintain liquidity in departments so that service delivery is not compromised.
Links	Outcome 9 & 12 and KZNPDP



PART B: STRATEGIC OBJECTIVES

7. PROGRAMME 1: Administration

7.1 Strategic objectives

To provide strategic support services in terms of departmental financial management, corporate services; and Information systems services.

Strategic objective	To provide strategic leadership support in the area of financial management, human resources, auxiliary services, information communication and technology and legal services to the department
Objective statement	To ensure provision of efficient departmental financial management, human resources, auxiliary services, information communication and technology and legal services in order to support the core function in executing their duties in accordance with the mandate of the department.
Baseline	Provision of efficient support services in line with relevant prescripts.
Justification	There is a direct correlation between effective and efficient delivery of support services and support service that the department renders to the provincial department
Links	This objective will contribute to the strategic goal of Provincial Treasury



7.2 Resource Considerations

Financial Resources for MTEF: Programme 1

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
1. Office of the MEC	29 768	31 345	32 912
2. Head of Department	9 486	9 989	10 489
3. Chief Financial Office	28 712	30 560	32 089
4. Corporate Service	55 148	58 023	60 923
Total	23 114	129 917	136 413

Personnel

This programme has a total of 141 positions. A total of 124 positions are filled and only 17 positions are vacant. There has been a need to increase capacity in the office of the Chief Financial Officer in order to strengthen the internal control. A total of 13 positions have received concurrence from the Minister for Public Service and Administration for the creation thereof.

7.3 Risk management

Risks	Measures planned to mitigate risks
Vacancy rate and high staff turnover especial the key staff.	Enhancement of retention strategies that will contribute towards the reduction of the staff turnover rate to the manageable level.

Talent Management, sustained leadership and skills development.	Development and implementation of HRD strategy to ensure that skills shortage and sustained leadership is managed.
Optimum organisational performance.	Enhance service delivery improvement initiatives that will contribute to optimum organisational performance.

8. PROGRAMME 2: Fiscal Resource Management

8.1 Strategic objectives

The strategic objectives are:

- To determine and evaluate economic parameters and socio-economic imperatives that informs provincial and local resource allocation;
- To provide a platform to enhance regional economic growth and development through quality research;
- To support efficient infrastructure planning and management in KZN that contributes to effective economic and social infrastructure for KZN;
- To facilitate implementation and institutionalisation of the IDMS in all KZN provincial departments and municipalities;
- To assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan;
- To promote effective and optimal financial resource allocation for provincial government;
- To ensure efficient budget and expenditure management and accurate financial reporting by provincial departments and public entities;
- To promote optimal and sustainable revenue generation and collection by provincial departments and public entities;
- To ensure efficient budget and expenditure management and accurate financial reporting for the delegated municipalities in the province; and



- To assist and provide technical support to delegated municipalities those that are in financial distress in the province.

8.1.1 Sub-programme: Economic Analysis

Strategic objective 1.1	To determine and evaluate economic parameters and socio-economic imperatives that inform provincial and local resource allocation
Objective statement	To provide a comprehensive economic analysis of the province
Baseline	Provide economic input to the Overview of Provincial Estimates of Revenue and Expenditure
Justification	To improve equitable allocation of resources
Links	This strategic objective will contribute to the provincial strategic objective by ensuring targeted allocation of the provinces financial resources

Strategic objective 1.2	To provide a platform to enhance regional economic growth and development through quality research
Objective statement	To provide quality research for regional policy analysis.
Baseline	Research, Socio-economic Review and Outlook (SERO), Provincial Economic Review and Outlook (PERO), and District Socio-economic profiles.
Justification	To improve quality of life through quality economic research.
Links	Improve the standard of living of the KZN populace. This objective will contribute to the strategic objective of Provincial Treasury of ensuring targeted financial resource allocation and utilisation that contributes to improved service delivery.

Purpose of Economic Analysis

The main purpose of the Economic Analysis Unit is the determination and evaluation of economic parameters and socio-economic imperatives to be used to inform provincial and local resource allocation. This is done through alignment with various national and provincial economic growth and development policies which are roadmaps to the achievement of the provincial priorities.

The unit will continue with supporting the municipalities on various economic related issues. In order to address the challenge of lack of reliable and credible data sources, the unit will continue to maintain its current subscription with Global Insight and KZN Barometer. The unit will continue its collaboration with other stakeholders such as public entities, government departments and the private sector to acquire more data. This will strengthen the unit's ability to provide support to municipalities.

8.1.2 Resource considerations

Financial Resources for the MTEF

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
1. Economic Analysis	25 013	25 915	18 811
Total	25 013	25 915	18 811

Personnel:

The sub-programme's services will be extended to municipalities to ensure that their planning and allocation of resources are informed by the socio-economic needs of that municipality. The existing capacity of 11 positions will be increased by a further two positions to ensure optimum support.

8.1.3 Risk Management

Risk	Measures planned to mitigate risks
Lack of availability of quality data	<p>Maintain its current subscription with Global Insight and KZN Barometer.</p> <p>Collaborate with other stakeholders such as public entities, government departments and the private sector to acquire credible data</p>
Level of remuneration is not commensurate with the skill required by the position e.g. remuneration for economic advisors	Engage management.

8.2.1 Sub-programme: Infrastructure Management

Strategic objective 2.1	Support efficient Infrastructure planning and management in KZN that contributes to effective economic and social infrastructure for KZN
Objective statement	Assist departments to improve their planning for infrastructure and implementation in accordance with the PFMA and DORA requirements and timelines.
Baseline	<p>Current infrastructure planning documentation is satisfactory but the effectiveness and efficiency can be improved.</p> <p>The budget cuts implication on infrastructure particularly on committed programmes and projects has not been quantified.</p> <p>Infrastructure prioritization and optimization not being conducted efficiently</p>

Justification	Support improved infrastructure planning practice that contributes to effective economic and social infrastructure for KZN.
Links	This strategic objective contributes to all of the strategic goals of Provincial Treasury, PGDS and MTSF goals.

Strategic objective 2.2	To facilitate implementation and institutionalisation of the IDMS in all KZN provincial departments and municipalities
Objective statement	Standard methodology and system for a uniform infrastructure planning and delivery in the public sector of KZN
Baseline	Current infrastructure planning and delivery systems
Justification	<p>IDMS is uniform system and methodology for infrastructure planning and delivery, which is aimed at integrated infrastructure planning and delivery</p> <p>The Presidential Infrastructure Coordinating Committee (PICC) has endorsed the IDMS as the methodology to supports its infrastructure drive. The PICC is currently developing processes that will seek to outline the requirements of the IDMS at an operational level with key stakeholders.</p>
Links	<p>MTSF Outcome 12. <i>An efficient, effective and development oriented public service</i> - and Outcome No.6: <i>An efficient, competitive and responsive economic infrastructure network</i></p> <p>National Development Plan 2030 – Critical Actions:</p> <ul style="list-style-type: none"> • Steps by the state to professionalize the public service, strengthen accountability, improve coordination and prosecute corruption. • Public infrastructure investment at 10 percent of gross domestic product (GDP) financed through tariffs, public-private partnerships, taxes and loans and focused on transport, energy and water.



	<p>KZN PGDP Strategic Goal 4: Strategic Infrastructure - <i>Strategic infrastructure provides for the social and economic growth and development needs of KZN</i></p> <p>PGDP Strategic Objective 6.2: <i>Build government capacity</i></p> <p><i>Government is able to effectively and efficiently deliver infrastructure and services to the population of KZN.</i> [The intended move towards a “single public service” also provides an imperative (and opportunity) to formulate a more integrated and holistic human resource development strategy for the public sector in the province].</p>
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Strategic objective 2.3	To assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan
Objective statement	Strategic infrastructure that contributes towards an integrated social and economic infrastructure growth and development plan for KZN
Baseline	Existing current infrastructure plans from the public and private sector
Justification	Supports integrated infrastructure planning and development for KZN
Links	<p>MTSF Outcome No.6: <i>An efficient, competitive and responsive economic infrastructure network</i></p> <p>National Development Plan 2030 - Critical Actions No. 4:</p> <p>Public infrastructure investment at 10 percent of gross domestic product (GDP) financed through tariffs, public-private partnerships, taxes and loans and focused on transport, energy and water.</p> <p>The PICC has formulated 18 Strategic Infrastructure Projects (SIPs), of which 15 are directly relevant to KZN.</p> <p>KZN PGDP Strategic Goal 4: Strategic Infrastructure - <i>Strategic infrastructure provides for the social and economic growth and development needs of KZN.</i></p>



Purpose

The purpose of Infrastructure Unit to support the provincial departments in planning for and implementing infrastructure programmes and initiatives in order to obtain maximum value for money. This is achieved through constant engagements on various platforms. This will be achieved by supporting the Departments in building capacity through IDMS that will enhance and improve delivery. The unit will perform its support and monitoring functions on long-term planning and engage departments with recommendations for improvements. This is achieved by:

- Supporting the Department to institutionalise Infrastructure Delivery Management System (IDMS);
- Assisting departments to adhere to infrastructure related legislation e.g. CIDB Act, GIAMA etc.;
- Assessing and engaging on Infrastructure plans to improve planning in general and accessing incentives grants; and
- In year monitoring of Infrastructure expenditure and progress on infrastructure programmes.



8.2.2 Resources considerations

Personnel

Currently the unit supports provincial department but in future it is expected to support Municipalities as well. With an increase in responsibilities the unit should grow in terms of number of employees. Going forward, the new structure will address this crisis.

8.2.3 Risks Management

Risks	Measures planned to mitigate risks
Credibility data submitted by departments	Introduction of verification method by using Vulindlela to verify data from the department which will address the financial part of reporting.
Poor planning and movement of Funding from infrastructure to other programme by the Departments especially in year	To assist department in planning in order to improve and understand the implications of movements of funds in year.
Late submission of Infrastructure plans by the departments to the provincial Treasury before submission to National treasury	Development of a provincial Infrastructure planning calendar that is aligned to the budget circle and Division of Revenue Act.



8.3.1 Sub-programme: Public Finance

Strategic objective 1.1	To promote effective and optimal financial resource allocation for provincial government.
Objective statement	To provide strategic leadership in promoting optimal and effective resource allocation (including providing inputs into the provincial equitable share formula and annual Division of Revenue Bill), and revenue generation for the provincial departments and public entities.
Baseline	Monitor 16 departments and all public entities' budget inputs providing advice in line with the PFMA, and evaluate economic parameters and socio economic imperatives.
Justification	Promote accountability and good governance and perform Provincial Treasury's oversight role.
Links	This objective will contribute to the strategic goal of Provincial Treasury of ensuring targeted financial resource allocation and utilisation that contributes to improved service delivery.
Strategic objective 1.2	To ensure efficient budget and expenditure management and accurate financial reporting by provincial departments and public entities.
Objective statement	To ensure efficient budget and expenditure management and accurate financial reporting for provincial departments and public entities.
Baseline	Monitor 16 departments and all public entities' spending.
Justification	Promote accountability and good governance and perform Provincial Treasury's oversight role.
Links	This objective will contribute to the strategic goal of Provincial Treasury of ensuring targeted financial resource allocation and utilisation that contributes to improved service delivery.



Strategic objective 1.3	To promote optimal and sustainable revenue generation and collection by provincial departments and public entities.
Objective statement	To ensure optimal revenue collection in order to fund government's priority programmes.
Baseline	Assess 16 departments and all public entities' revenue collection capability and implement various own revenue enhancement strategies.
Justification	Promote accountability and good governance and perform Provincial Treasury's oversight role.
Links	To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.

Purpose of Public Finance

The purpose of the Public Finance unit is, *inter-alia*, to monitor the budget and expenditure of provincial departments and public entities, including the annual preparation of the budget for the province. It provides support to the provincial departments and public entities in preparation of credible budgets, ensures that budget allocations are made in line with national and provincial priorities and that resources are utilised in line with these priorities.

The other important role of the unit is that of monitoring the implementation of the budget. As such, the component conducts monthly analyses of the financial data reflecting expenditure to date, as well as forward projections. The unit has to determine and ensure that such reports are credible and therefore verify them independently using systems such as Vulindlela, BAS or Persal. The In Year Monitoring (IYM) report is used to monitor departments' revenue collection and spending patterns. In this regard, this component has the responsibility to ensure and maintain the integrity of financial reporting on budget performance by the provincial departments and public entities.



The unit is also responsible for improvement of the revenue generated by the province to augment transfers from National Treasury. Its mandate includes conducting continuous assessments of revenue generation and collection capacity of all KZN departments, and implementing revenue enhancement strategies where inefficiencies or opportunities are found.

The unit provides economic and other fundamental analyses services. Among other things, it engages in the research and articulation of the KZN Treasury's policy stances on various fiscal and socio-economic matters related to public finance. This includes formulation of policy positions on the review of the equitable share formula, intergovernmental fiscal relations, formulations for incorporation into the annual Division of Revenue Bills and any other additional work that may require specialised advisory support services.

8.3.2 Resource considerations

Financial Resources for MTEF

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
1. Public Finance	14 188	14 940	15 687
Total	14 188	14 940	15 687

Personnel

The Public Finance unit currently has a number of vacancies. The filled posts consist of 1 General Manager, 2 Senior Managers (1 Senior Manager post is vacant) and 9 budget analyst posts (1 budget analyst post is currently vacant). The Public Finance interacts with 16 provincial departments and 13 public entities on a daily basis, which includes attending various forums at the Provincial Legislature, such as the Standing Committee on Public Accounts, Finance Portfolio Committee and sector specific portfolio committees. In addition, the analysts attend sector specific CFO forums and 10 x 10 forums at National Treasury. The analysts also



prepare monthly In Year Monitoring reports, Quarterly Budget Performance Reports, annual Estimates of Provincial Revenue and Expenditure (EPRE), and Adjustments Estimate for the province. Added to this is nearly daily advice and guidance to departments and public entities on fiscal matters, including the PFMA, Treasury Regulations and the Division of Revenue.

The Public Finance unit interacts with National Treasury and the FFC around discussions relating to the equitable share formula.

8.3.3 Risk management

Risks	Measures planned to mitigate risks
Credibility of financial data submitted by departments	The Public Finance unit will continue to engage with the departments, especially with regard to the reasonableness of projections. A detailed monitoring tool has also been implemented, both for monitoring expenditure and own revenue on a monthly basis.
“Unfunded mandates” and shortfall in funding from National Treasury on the wage agreements	These continue to impact on the provincial fiscus and will do so until sufficient funding is received from National Treasury each time a policy is agreed upon or a wage agreement is signed. The matters of under-funding are continuously being raised at National Treasury.
Poor financial management capacity in departments due to: <ul style="list-style-type: none"> • Inadequate number of staff • Inadequate financial management skills 	The staff members from the Public Finance unit conduct workshops on the Budget Guidelines annually. They also provide hands-on support in completing IYMs (where necessary) as well as any other templates. They also provide hands-on support and guidance on all budget related matters.



<ul style="list-style-type: none"> • Insufficient experience of budget staff 	
High levels of spending by some departments continue to be a threat to the province's availability of funds	The Public Finance unit monitors spending monthly. In addition, monthly reports are sent to Cabinet so that urgent matters can be dealt with immediately.

8.4.1. Sub-programme: Municipal Finance

Strategic objective 1.1	To ensure efficient budget and expenditure management and accurate financial reporting for the delegated municipalities in the province
Objective statement	To ensure efficient budget and expenditure management and accurate financial reporting for provincial and local government.
Baseline	12 monthly expenditure reports and 4 quarterly expenditure reports in terms of Sections 71 and 72 of the MFMA are compiled on the finances of the 58 delegated municipalities. These are submitted to National Treasury and tabled in the Provincial Legislature.
Justification	To promote accountability and good governance and perform the Provincial Treasury's oversight role.
Links	This objective will contribute to Provincial Treasury's strategic goals of: <ul style="list-style-type: none"> • Promoting sound financial and fiscal management and good governance;



	<ul style="list-style-type: none"> • Good financial management with the elimination of over-expenditure and the reduction of roll-overs; and • Promoting sound cash management practices.
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Strategic objective 1.3	Assist and provide technical support to municipalities
Objective statement	To assist and provide technical support to delegated municipalities that are in financial distress in the province.
Baseline	Poor financial performance of municipalities. In terms of Section 135 of the MFMA, the primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality and, if a municipality encounters financial problems or anticipates problems in meeting its financial commitments, it must immediately seek solutions for the problems.
Justification	Treasury's response to the poor financial performance of municipalities was the establishment of a Municipal Support Program (MSP) in November 2007. The main objective of this program is to identify the cause of financial problems experienced by the municipalities, support the municipalities where their financial sustainability is threatened and implement turnaround strategies that will ensure that the municipalities remain financially viable.
Links	This objective will contribute to Provincial Treasury's strategic goals of: Promoting sound financial and fiscal management and good governance; and Promoting sound cash management practices.



Purpose of Municipal Finance

The purpose of the Municipal Finance Unit is inter-alia, to monitor the budgets of municipalities in order to establish whether they promote sound fiscal management and to monitor and provide technical support to municipalities that are in financial distress.

The primary focus of the Municipal Finance Unit is to engage all delegated municipalities to ensure that the standards of performance that are envisaged in terms of the MFMA are achieved. It is from this perspective that capacity building and the development of a knowledge environment on the MFMA need to be defined, implemented and managed in constructive engagement with all municipalities.

The function of the Municipal Finance Unit is process driven and is largely determined by statutory deadlines as stipulated in the MFMA. Monthly, quarterly and annual reporting is required on the municipal budgets.

8.4.2 Resource considerations

Financial Resources for MTEF:

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
1. Municipal Finance	61 141	64 381	67 600
Total	61 141	64381	67 600

Personnel:

This sub-programme has a responsibility of monitoring compliance of 58 municipalities in KwaZulu-Natal that have been delegated by National Treasury to the Provincial Treasury in KwaZulu-Natal. From a total of 58, 36 municipalities are categorised as being “Low” capacity municipalities. The consequence is that these municipalities experience difficulties not only in

delivering services but also in administering their finance. This is a challenge for the Municipal Finance unit that monitors their performance.

Even though the capacity for this sub-programme has been reviewed to 42 positions wherein only 3 positions are vacant, this is not adequate to support municipalities. There is a need for an expanded structure that is adequately funded. To achieve the unit's responsibility to effectively and efficiently support municipalities, it is extremely important for the expanded structure to be designed and supported by the right human, technical and other resources.

While the personnel employed by Municipal Finance unit have suitable academic qualifications, their practical experience in providing technically competent support services is yet to be developed to a satisfactory level. The regular monitoring of compliance by municipalities is conducted by the Co-ordinators, Budget Analysts and Trainees. However, their current experience needs to be increased to enable them to offer value added services.

8.4.3 Risk Management

Risks	Measures planned to mitigate risks
<p>Lack of coordinated approach within Provincial Treasury due to the fact that the current organisational structure within Treasury does not support specialised resources which are fully dedicated to MFMA. This could result in:</p> <ul style="list-style-type: none"> • Core budget monitoring and support being compromised as municipalities require support on all fronts • Inadequate support and monitoring of the cash flows, Annual Financial Statements, Internal Audit and SCM 	<p>Review organisational structure</p> <p>Integrated approach by Supply Chain Management, Financial Management and Internal Audit to provide specialised and dedicated support for municipalities</p>
<p>Lack of capacity in Municipal Finance Unit Resulting in:</p>	<p>Motivation to management to review and expand the current organisational structure</p>



<ul style="list-style-type: none"> • Inadequate number of staff per municipality to adequately support the municipalities • Inadequate technical assistance and support provided to municipalities 	<p>on-going training and extension of training programme into analyst post</p>
<p>Poor financial management capacity in Budget and Treasury Offices (BTO) in municipalities due to:</p> <ul style="list-style-type: none"> • Inadequate number of staff and interns within municipalities • Inadequate financial management skills • Insufficient experience of municipal financial officials 	<p>Internship programme run by National Treasury</p> <p>On-going training and support provided by Provincial Treasury's staff and MSP program</p> <p>Minimum competency levels being enforced through regulations.</p>
<p>Lack of uniformed financial management systems at municipalities could result in:</p> <ul style="list-style-type: none"> • Delays in submission of financial data, • Credibility and accuracy of data being compromised • Wastage of time (numerous cross-checks) • Wasteful expenditure on service providers 	<p>Engage National Treasury on the progress with regard to a one uniform financial system.</p>
<p>Diversity and large number of unsustainable municipalities resulting in poor service delivery</p>	<p>Measures to be discussed at a political level.</p>
<p>Political interference in financial management and procurement operations of municipalities which are inconsistent with good governance; and compromise the sustainability of their municipalities' finances.</p>	<p>SCM unit to conduct more frequent site visits and provide training on the roles and responsibilities of stakeholders.</p>



9. PROGRAMME 3: FINANCIAL MANAGEMENT

9.1 Strategic objectives

- 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 supply chain management prescripts;
- 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;
- To provide technical and functional support to supporting and interlinked financial system; and
- To enhance the gaming and betting regulatory environment in KwaZulu-Natal.

9.1.1 Sub-programme: Financial Assets and Liabilities

Strategic Objective 1.1	To assist departments in improving cash management
Objective statement	To enhance cash management in the Province by taking the necessary steps to assist and support departments in reducing cost in respect of overdraft facilities.
Baseline	The number of departments in overdraft on 1 April 2014 in the Province. 8 Departments in overdraft as at 1 April 2014.
Justification	There is a direct justification between effective and efficient cash management and delivery of services to the citizens of the Province.
Links	Weak cash management seriously affects government service delivery plans.

Purpose of Financial Assets and Liabilities Management

The purpose of this sub-programme is to enhance cash management in the Province. The unit also provide training and support in respect of payroll tax functions and legislations. It is also responsible for the provision of banking and support service to the entire KZN Administration.

9.1.2 Resource considerations

Financial Resources for MTEF:

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
2. Financial Assets and Liabilities Management	30 435	32 048	33 650
Total	30 435	32 048	33 650

Personnel

The sub-programme's existing capacity provides for 14 positions with only 4 vacant positions. The current capacity is viewed to be adequate for now.

9.1.3. Risk management

Risk	Measures planned to mitigate risks
Inaccurate cash flow provided by departments at the beginning of the financial year	Awareness on the implication of inaccurate cash flow submissions



Lack of payroll tax knowledge and skills in departments	Continued training and support to supervisors on payroll tax functions
High rate of staff turnover leading to loss of knowledgeable staff	Development and implementation of retention strategies as well as transfer of knowledge

9.2.1 Sub-programme: Public Private Partnership

Strategic Objective 2.1	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.
Objective statement	To provide increased public private partnerships support by providing technical advisory support to the client departments in development and implementation and assist National Treasury in its regulatory function.
Baseline	Two (2) public private partnership projects in implementation, eight (8) currently registered projects in the development stage and 3 projects in the pipeline some of minute decisions were issued that there will be follow a PPP route.
Justification	Treasury Regulation 16, Municipal Public Private Partnership Regulations, Relevant National Treasury's Practice Notes and circulars.
Links	KZN Treasury's strategic Goal 2, Outcome 12.

Purpose of PPP

The purpose of this sub-programme is to oversee and provide support to provincial departments, municipalities and public entities in line with the PPP project cycle in terms of National Treasury. This includes communicating government public private partnership strategy clearly and consistently to all spheres of government, potential private investors and

other stakeholders. Assist government departments, public entities and municipalities to prepare and implement cost effective and cost efficient and affordable public private partnership. Such assistance would be available throughout the PPP project cycle from the project inception up to closer. Support capacity enhancement initiatives by initiating, managing and executing technical assistance.

9. 2.2 Resource considerations

Financial Resources for MTEF:

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
3. Public Private Partnership	7 871	8 288	7 031
Total	7 871	8 288	7 031

Personnel

The sub-programme has filled most of its vacant posts. However, in the past 3 years so many of the project co-ordinators who were trained and qualified have since left the sub-programme. Furthermore, there is a lack of staff with appropriate technical, legal and financial management skills and experience and this contributes to this capacity constraints. The sub-programme will continue with its capacity building programme of trainee ranks in order to address these capacity constraints. The appointment of project manager to assist with technical expertise will continue until the contract lapses.

9.2.3 Risk management

Risk	Measures planned to mitigate risks
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Domination and development of monopolies or cartels in the advisory and implementation markets. (Barrier to entry).	Encourage partnerships between established and emerging firms. Constant monitoring of the market place to ensure monopoly tendencies do not develop.
Non-availability of appropriately skilled and experienced staff.	Trainee rank programme to train undergraduates in scarce skills areas.
Lack of awareness about the benefits of PPP.	The sub-programme creates and holds workshops with departments, public entities, and private business in order to create awareness about PPPs.

9.3.1 Sub-programme: Provincial Supply Chain Management

Strategic objective 3.1	To support and monitor adherence of departments, public entities and municipalities on SCM
Objective statement	To monitor and support adherence of departments, Public Entities and Municipalities to SCM prescripts.
Baseline	Monitoring state of SCM implementation in 15 Departments; 61 Municipalities.
Justification	Robust and transparent SCM systems will not only lead to significantly improved audit outcomes, but will also ensure that government contributes to economic development.
Links	To improve quality of life through job creation and poverty alleviation in line with other government programmes

9.3.2 Resource considerations

Financial Resources for MTEF:

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
1. Provincial Supply Chain Management	64 341	64 562	56 765
Total	64 341	64 562	56 765

Personnel:

This sub-programme has a capacity of 68 positions with only ten of those posts vacant. The high staff turnover impedes the efficiency capacity of the Unit; staff deployment to departments for SCM interventions put a strain on the Unit's human resources.

New mandates have emerged such as the Municipal Bid Appeals Tribunals and Contract Management which all require resources to roll out effectively in the province.

9.3.3 Risk management

Risks	Measures planned to mitigate risks
High Staff turnover	Engage the HR unit on crafting strategies to retain staff
New mandates (such as the MBAT) difficult to predict resource requirements.	Continuous monitoring and assessment of the workload associated with the new mandate



9.4.1 Sub-programme: Financial Reporting

Strategic Objective 4.1	To assist departments and municipalities in the attainment of a clean audit outcome for the Province.
Objective statement	To enhance financial management in the Province by taking the necessary steps to assist and support departments and municipalities in the spheres of Financial Reporting, Asset Management, Supply Chain Management and Financial Management Norms & Standards in obtaining clean audit reports on an annual basis.
Baseline	The number of qualified audit opinions in the Province for 2013/2014: Departments had four qualified reports. Municipalities for 2012/2014: one adverse, nine disclaimers and thirteen qualified reports.
Justification	There is a direct correlation between effective and efficient delivery of services to the citizens of the Province and the ability of government at the provincial and local level to achieve clean financial audits.
Links	KZN Treasury strategic goal: - To promote sound financial management practices and fiscal management through good governance.

Purpose

The main purpose of this sub-programme is to enhance financial management in the Province by taking the necessary steps to assist and support departments and municipalities in obtaining clean audit reports on an annual basis.

9.4.2 Resources considerations

Financial Resources for the MTEF

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
4. Financial Reporting	42 270	44 061	37 339
Total	42 270	44 061	37 399

Personnel:

The personnel requirements for the programme revolve primarily around the support and assistance that needs to be provided to municipalities. Treasury's mandate in respect of the MFMA requires a certain level of resources to be able to effectively give support to municipalities. Given that the programme is still functioning on the pre-MFMA organogram, these levels are yet to be determined so as to quantify the additional human and other resources needed.

The current capacity of 31 positions with a total of eight (8) positions is not adequate to assist the unit to deliver on its mandate. There is a need to review the capacity of this sub-programme in order to improve services to both their clients.

9.4.3 Risk management

Risks	Measures planned to mitigate risks
Non-availability of appropriately skilled and experienced staff	Trainee programmes to train undergraduates in specific scarce areas.



	Structured training programmes and on-the-job training for officials.
Inadequate or lack of response / inputs on draft municipal documentation for municipalities resulting in poor customisation of documents.	Cultivate closer working relationship with relevant municipal officials. Consult guidelines such as those developed by IMFO and SALGA.
Lack of Financial Management Capability	Assessment of financial management capability with the objective of: <ul style="list-style-type: none"> • Designing a strategy to address institutional and capacity difficulties; • Collaboration with the CFO forum on a regular basis to exchange best financial management practice; and • Works closely with the Training Academy in the Office of the Premier devoted to training financial officers in public financial management

9.5. 1 Sub-programme: Norms and Standards

Strategic Objective 5.1	To develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities.
Objective statement	To ensure efficient and effective utilisation of financial resources through adherence to financial norms and standards.
Baseline	48 instruction notes and policies
Justification	Promotion of accountability and good governance and perform oversight in light of constrained fiscal envelop.

Links	KZN Treasury strategic goal number one: to promote sound financial management practices and fiscal management through good governance.
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Purpose:

The main purpose of this sub-programme is to facilitate performance-oriented financial management in department, municipalities and entities as envisaged in the PFMA and MFMA.

9.5.2 Resources Considerations

Financial resources for the MTEF

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
5. Norms and Standard	5 668	5 968	6 266
Total	5 668	5 968	6 266

Personnel

The unit has been facing a number of challenges regarding the recruitment of staff with adequate and relevant experience. The implementation of a trainee programme has assisted in partly resolving the abovementioned challenge. The unit has a total of ten posts, nine of which are filled and only one vacant.

A need to strengthen support to municipalities has put pressure on the current capacity. The unit also uses the panel of service providers to augment its capacity requirements on an as and when required basis.

An evaluation of the capacity with a possible increase to the establishment is under way to ensure that operational needs are met and that there is no reliance on consultants.

9.5.3 Risk Management

Risks	Measures planned to mitigate risks
Non availability of appropriately skilled and experienced staff.	Trainee program is in place to develop graduates to fully-fledged specialists
Skills gap on existing staff to meet current and future needs.	Formal training and on-the-job training will be prioritised for staff developments

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

Strategic Objective 6.1	To provide technical and functional support to supporting and interlinked financial systems.
Objective statement	To ensure that users of the supported systems in all provincial departments are able to perform their duties without being unduly affected by poorly managed and supported systems. To ensure that users of the system are adequately trained to maintain high levels of productivity. To ensure any financial system are adequately secure.
Baseline	Three transversal systems are supported and maintained. Technical support is provided for the accounting system and asset management systems. Full technical and functional support is provided for the security system in place for the accounting system.
Justification	In the absence of adequate support and maintenance of the transversal systems in place, departments would not be able process financial transactions in a secure, effective and efficient manner.

Links	KZN Treasury goal no. 1
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Purpose of Supporting and Inter-Linked Financial Systems

The purpose of this sub-programme is to source, implement and provide support for financial systems to provincial departments. Currently, support is provided of the province's payroll system, the province's financial accounting system and the province's asset management system. The support provided in a mixture of training of staff, tutoring of new staff and technical and functional support. This includes communicating and supporting National government's policy frameworks to all departments. Furthermore, the financial accounting system has been bolstered in terms of security by the implementation of a biometric access control system (BACS). The unit maintains the server infrastructure for BACS, the licensing requirements for BACS and the management of the service level agreement in place for BACS.

9.6.2 Resource considerations

Financial Resources for MTEF:

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
Supporting and Inter-Linked Financial Systems	131 642	138 619	145 550
Total	131 642	138 619	145 550

Personnel

The personnel requirement of the unit is a senior manager, two deputy managers, four assistance managers, ten administrative officers and one help desk person. The senior manager will be responsible to manage and oversee the unit. One deputy manager will be responsible for asset management support with two assistant managers. Each assistant manager has two administrative officers. The other deputy manager is responsible for the

support of the financial systems and has a similar structure for support. Financial constraints and cost cutting measures in place may affect the filling of some posts in the structure. Furthermore, the function calls for highly skilled and scarce resources which may not be easily filled.

9.6.3 Risk management

Risk	Measures planned to mitigate risks
The delays in procurement through SITA continues to be a challenge	The department has signed a business agreement with SITA to put in place a procurement service level agreement.
Non-availability of appropriately skilled and experienced staff.	The department would need to invest in staff that have core skills but want to become more specialised.
An understaffed unit may fail to deliver a high level of service quality.	The department must ensure that the unit is sufficiently staffed and improve networks with other support providers.

9.7.1 Sub-programme: Gaming and Betting

Strategic Objective 7.1	To enhance the gaming and betting regulatory environment in KwaZulu-Natal.
Objective statement	To improve the regulatory environment for Gaming and Betting to support responsible practices.
Baseline	Draft completed of the amendment Act of 2010 complete.
Justification	To enhance the governance of the Gaming and Betting Industry to ensure equitable growth, and responsible practice.

Links	It relates to MTSF Outcome 12 and goal 6 of the PGDP and Provincial Treasury goal: To co- ordinate and enhance revenue collection for sustainable service delivery to the citizens.
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Purpose

The purpose of this sub-programme is to create and maintain an enabling and regulatory environment for the management of gambling and betting in KwaZulu-Natal by:-

- Drafting gambling policies and laws;
- Monitoring the implementation of gambling policies and laws;
- Monitoring of gambling revenue streams for the purpose of optimizing the collection of gambling revenue;
- Providing expert line function and policy advice, regarding gambling and related matters; and
- Providing information and advice to the general public and stakeholders on gambling related matters.

9.7.2 Financial Resources for MTEF:

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
2. Gaming and Betting	37 551	39 490	41 465
Total	37 551	39 490	41 465



9.7.3 Risk Management

Risks	Measures planned to mitigate risks
<p>1. Public entities /statutory bodies charged with regulating gambling do not maintain effective revenue collection systems and compliance monitoring systems, so that gambling licensees do not comply fully with relevant laws and do not render all fees and taxes due, fully and/or timeously, in terms of these relevant laws.</p> <p>Public entities / statutory bodies charged with regulating gambling do not, in co-operation with the SAPs, effectively police and eliminate the illegal gambling industry in KZN, resulting in a migration of gross gaming revenue from legal gambling operators to illegal gambling operators and consequently, resulting in a loss of tax revenue from gambling</p>	<ul style="list-style-type: none"> • The Chief Directorate: Gaming & Betting (CD:G&B) supports the MEC in putting appropriate legislation to regulate gambling in place and supports the MEC in appointing the KwaZulu-Natal Gaming and Betting Board (KZNGBB), in terms of that legislation. The KZNGBB is a Schedule 3 provincial public entity and directly regulates the gaming industry. Its functions are, <i>inter alia</i>, to ensure that licensed operators pay gambling fees and taxes, fully and timeously and to support the SAPS in combatting illegal gambling. The CD:G&B monitors the performance of the KZNGBB, in support of the MEC's ownership and control role, in order to ensure that the KZNGBB performs these functions effectively and lawfully. • Plans for the current and outer years include a major turnaround strategy aimed at making the KZNGBB more efficient and more responsive to policy changes communicated by the MEC. The plans include a first phase of amending the KwaZulu-Natal Gaming and Betting Act, 2010 during 2015/16 and a comprehensive review of the KwaZulu-Natal Gaming and Betting Regulations, 2012 during the 2015/16 and 2016/17 years. Further phases of amending the legislation will follow in 2016/17 and 2017/18.



<p>2. Public entities /statutory bodies charged with regulating gambling do not properly exercise their legal mandates in terms of their empowering legislation, or do not properly fulfil their legal obligations under legislation, such as the Public Service Management Act, 1999, exposing the entity/body and the Executive to reputational risk and /or the risk of litigation</p>	<ul style="list-style-type: none"> • The KwaZulu-Natal Gaming and Betting Regulations, 2012 include comprehensive provisions designed to ensure that the proposed KZN Gaming and Betting Board are rigorously monitored and remain responsive to the Executive, via designated departmental officials.
<p>3. The gambling industry is a highly contested and litigious industry and there is always the risk that legislation, or administrative decisions, can be challenged in the courts.</p>	<ul style="list-style-type: none"> • Sufficient well-trained staff will be appointed, trained and retained to provide support to the dual role of the MEC in both the formulation of policy and the monitoring of the implementation thereof.



10. Programme 4: Internal Audit

Internal Audit Component provide a legislated function which covers an independent objective assurance and consulting services on issues of internal controls, risk management and governance as provided in the PFMA and Standards for the Professional Practice of Internal Auditing and in line with the principles in the King Report and its scope comprehensively defined in chapter 3 of Treasury Regulations. These services are further legislated through the Provincial Internal Audit Act No 2 of 2001.

The PFMA mandates all departments, public entities and constitutional institutions to have in place effective, efficient and transparent systems of risk management. The Municipal Finance Management Act (MFMA), whilst not as explicit as the PFMA in this respect, nevertheless implies the same requirement in the local government environment. The Provincial Treasury's function of assessing and monitoring compliance with the aforementioned prescripts and building capacity in deficient areas is delegated to the Internal Audit: Risk Management and Advisory Services sub-programme.

10.1 Strategic objectives

- To provide an efficient, effective and economical assurance service;
- To build and maintain solid client relationships through provision of value adding services;
- To enhance capacity within and outside the Unit;
- To promote good governance through effective risk management; and
- To promote a culture of zero tolerance for fraud and corruption.



10.1.1 Sub-programme: Assurance Services

Strategic Objective 1.1	To provide an efficient, effective and economical assurance service
Objective statement	Providing internal audit support services to provincial departments, municipalities and public entities.
Baseline	Audits done as per the approved operational and strategic plan.
Justification	To promote good governance through the provision of assurance services to client departments, municipalities and public entities and recommending internal control system improvements where is necessary.
Links	The objective contributes to a strategic goal of the Treasury strategic goal of sound financial management practice and fiscal management is promoted through good governance. In addition, the objective contributes to Strategic Goal 6 – Governance and Policy of the PGDP.
Strategic Objective 1.2	To build and maintain solid client relationships through provision of value adding services.
Objective statement	To obtain the Clients' buy-in into the audit process, improve response time to audit reports.
Baseline	Number of client liaison meetings conducted as per the operational plan.
Justification	Improved co-operation and commitment to the audit process, improved control environment to ensure achievement of strategic objectives.
Links	The objective contributes to a strategic goal of the Treasury strategic goal of sound financial management practice and fiscal management is promoted through good governance. In addition,



	the objective contributes to Strategic Goal 6 – Governance and Policy of the PGDP.
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Strategic Objective 1.3	To enhance capacity within and outside the Unit.
Objective statement	To create a pool of excellence within the Unit and create job opportunities for potential auditors within the province.
Baseline	Targets on staff training as per the training schedules and improvement on quality of work.
Justification	To improve the effectiveness of the internal audit Unit.
Links	The objective contributes to Treasury’s strategic goal wherein the Departments seek to instil a culture of high performances well as the Outcome 5- “A skilled and capable workforce to support and inclusive growth path.

10.1.2 Resources Considerations

Financial Resources: MTEF

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
1. Assurance Services	69 989	65 275	68 539
Total	69 989	65 275	68 539

Personnel

The current capacity of 59 positions with only five (5) vacant positions is not adequate to provide assurance services to the entire KZN administration. The development programmes

such as IAT learner ship has enhanced this limited capacity to a certain degree. The IAT Learner ship Programme has been fully implemented in the past four years and the expenditure in this area has stabilised. However it should be noted that the premature exit of Learners from the IAT Learner ship Programme still creates a serious challenge in the Unit having adequate resources to implement the annual audit plans, as a result the use of consultants has been a solution to address this phenomenon.

The Acceleration Programme has yielded positive results in that 95% of vacant posts of Internal Audit Specialists have been filled. However it should be noted that the Programme has run its course and has since been abolished.

Although the two Programmes (i.e. Learnership and Acceleration) had been seen to address the staff constraints, the ever changing expectations from our Clients has resulted in the extensive need for specialised audits to be performed and also the changes in the audit approaches in the bigger Departments have in turn created a spike in the use of consultants.

We have devised other strategies to address the extensive use of consultants as part of the reduction plan to curb the use of consultants, and recruitment of contract workers for periods of at least 36 months is being explored especially for the two specialised areas of Performance Audits and Information Technology Audits which have proven to be exorbitantly expensive when service providers are utilised.

10.1.3 Risk Management

Risk	Measures planned to mitigate risks
Inability to retain critical and specialized skills within the Unit will hamper achievement of objectives.	The unit has introduced the accelerated development programme to retain staff.
The clients' sluggish responsiveness to internal audits efforts also adversely affects the	The Unit continues to engage with client management to enhance relationships, which include regular meetings with clients, facilitating Road shows to define and clarify our roles



achievements of the unit's service delivery targets.	and responsibilities, attending Audit Steering Committee meetings, strategic planning sessions, MTEC hearings and MANCO meetings of departments.
Our inability to grow and build client confidence will hamper our ability: <ul style="list-style-type: none"> • to sustain internal audit services, • to meet service delivery targets, • to improve the control environment such that good governance is promoted 	Road shows and risk management forums are being held. Risk management training and workshops are being conducted such that there is a proactive approach to promote good governance.

10.2.1. Sub-programme: Risk Management

Strategic Objective2.1	Promote good governance through effective risk management
Objective statement	To promote good governance through effective risk management via risk assessments, governance framework, effective internal controls, monitoring and evaluation.
Baseline	Awareness created, audits, risk assessments conducted, governance training, application of King III code of good governance and reports issued – Being satisfactorily managed with current resources.
Justification	Risk Management is the cornerstone of sound corporate governance.
Links	Will help strengthen the control environment – linked to departmental strategic goal : To promote good governance in all

	provincial government departments, public entities and municipalities.
Strategic Objective 2.2	Promote a culture of zero tolerance for fraud and corruption
Objective statement	To promote a culture of zero tolerance for fraud and corruption through effective risk and fraud risk assessments, forensic audits/investigation, fraud plan reviews.
Baseline	Awareness created, audits/investigations conducted, reports issued – Being satisfactorily managed with current resources.
Justification	Fraud and corruption has been identified as an area of concern, it is Provincial priority, and the financial and IT systems, together with controls of government are vulnerable.
Links	Will help curb fraud and corruption – linked to departmental strategic goal : To promote good governance in all provincial government departments, public entities and municipalities.

10.2.1 Resource Considerations

Financial Resources: MTEF

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
1. Risk Management	61 569	56 408	59 228
Total	61 569	56 408	59 288

Personnel:

The current capacity of 51 positions with only five (8) vacant positions is not adequate to provide risk management advisory services to the entire KZN administration. A need has



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

been identified to increase capacity for sub-programme and a total of eleven (11) positions have received written concurrence from the Minister for Public Service and Administration for creation.

10.2.3. Risk Management

Risks	Measures planned to mitigate risks
<p>Inability to retain critical and specialized skills within the Unit will hamper achievement of objectives.</p>	<p>The unit has introduced the accelerated development programme to retain staff.</p>
<p>The clients' sluggish responsiveness to internal audits efforts also adversely affects the achievements of the unit's service delivery targets.</p>	<p>The Unit continues to engage with client management to enhance relationships, which include regular meetings with clients, facilitating Road shows to define and clarify our roles and responsibilities, attending Audit Steering Committee meetings, strategic planning sessions, MTEC hearings and MANCO meetings of departments.</p>
<p>Our inability to grow and build client confidence will hamper our ability:</p> <ul style="list-style-type: none"> • to sustain internal audit services, • to meet service delivery targets, • to improve the control environment such that good governance is promoted 	<p>Road shows and risk management forums are being held. Risk management training and workshops are being conducted such that there is a proactive approach to promote good governance.</p>

11. Programme: Growth and Development

11.1 Strategic Objectives

To provide financial resources and manage special infrastructure project and strategic cabinet approval initiatives that are not catered for in any other programmes.

Strategic Objectives	To provide financial resources and manage special infrastructure projects and strategic cabinet approved initiatives not catered for in any other programmes.
Goal Statement	To ensure effective and efficient management of special infrastructure projects and strategic cabinet approved initiative.
Justification	There are special infrastructure projects and strategic cabinet approved initiatives that are aimed at improving growth and development in the province for which financial resources are allocated and managed by KZN Provincial Treasury. In order to ensure value for money, those projects must be efficiently and effectively managed.
Link	KZN Treasury goal number 1 and number 3

Purpose

The main of this sub-programme is to provide financial resources and manage special infrastructure and cabinet approved initiatives not catered for in any other programme which is aimed at improving growth and development in the province.



11.2 Resource Considerations

Financial Resources: MTEF

R thousand	Medium-term Estimates		
	2015/16	2016/17	2017/18
Growth and Development	34 159	14 526	8 952
Total	34 159	14 526	8 952

11.3 Risk management

Risk	Measured planned to mitigating risks
Delays in the completion of special projects due to institutional operational requirements.	Develop contingency plans i.e. Alternate areas and ensure that there are no or minimal disruptions to service delivery.



PART C: LINKS TO OTHER PLANS

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

The department does not have long term infrastructure plans and other capital plans.

12. Conditional grants

The department does not have conditional grants transactions.

13. Public entities

KZN Gaming and Betting Board

Name of Public Entity	Mandate and output	Current Annual Budget R thousand	Date of next evaluation
KZN Gaming and Betting Board	<p>Mandate</p> <p>The main purpose is to regulate the Gaming and Betting industry, maintain its integrity, address the vicissitudes of the industry and to promote socio-economic development of the KZN Province.</p> <p>Outputs</p> <ul style="list-style-type: none">• To ensure gambling revenue collection for the Provincial Government;• To promote socio economic development, employment and tourism in the Province;• To pro-actively contribute to policy making relating to gaming within the Province	32 535	Annually



	<ul style="list-style-type: none"> • To regulate the gambling industry to ensure compliance with legislative and regulatory requirements; • To promote compliance by gambling industry and limit potential negative impact of industry on society; • To transform the industry with specific focus on the horse racing and betting sector; and • To have an effective and efficient administration function. 		
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14. Public-private partnerships

The department does not have public-private partnerships transactions that are directly or indirectly managed under its control.

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ANNEXURE E

Technical indicator description: Programme 1

1.1 Sub-programme: Administration

Indicator title	Strategic support services
Short definition	Provision of efficient strategic support services in line with relevant prescripts.
Purpose/importance	To ensure provision of efficient departmental financial management, corporate services, and information systems services in order to support the core function in executing their duties in accordance with the mandate of the department.
Source/collection of data	Collate and compilation of monthly and quarterly reports.
Method of calculation	It consists of cumulative and non-cumulative information.
Data limitations	No specific limitation.
Type of indicator	Output.
Calculation type	Cumulative on a quarterly basis (3 reports for each quarter-1 per month).
Reporting cycle	Monthly, Quarterly and Annually (Reports completed monthly but reported quarterly in terms of the Quarterly Performance Reporting).
New indicator	No.
Desired performance	The aim is for the department to achieve a clean audit outcome.
Indicator responsibility	Accounting Officer.



PROGRAMME 2: Fiscal Resource Management

2.1. Sub-programme: Economic Analysis

Indicator	Enhancing economic growth and development through quality research
Short definition	Number of research papers produced in the reporting period.
Purpose/importance	Give direction to policy makers through research material.
Source/collection of data	Global Insight, Stats SA, governmental departments, CIPC.
Method of calculation	Use statistical tools to conduct research with credible output. Tools used are Eviews, STATA and others.
Data limitations	Accuracy of data cannot be guaranteed.
Type of indicator	The indicator is measuring the impact in the economy of the province.
Calculation type	Cumulative for the year.
Reporting cycle	Yearly.
New indicator	No.
Desired performance	The indicator is for guiding policy formulation.
Indicator responsibility	Manager.
Indicator	Equitable allocation of resources.
Short definition	Allocation of resources to different government departments.
Purpose/importance	Tracks the equity in the allocation of resources.
Source/collection of data	Stats SA, CIPC, Quantec, Global Insight, HSRC, Special reports, Government departments.
Method of calculation	Comparative and performance analysis of socio-economic parameters.
Data limitations	Accuracy of data cannot be guaranteed.
Type of indicator	It measures equity.
Calculation type	Cumulative-for the year.



Reporting cycle	Quarterly.
New indicator	No.
Desired performance	The indicator is for monitoring the equity allocation of resources in the budget process.
Indicator responsibility	Manager.

2.2 Sub-programme: Infrastructure

Indicator title	Quarterly Infrastructure performance reports (IRM)
Short definition	Number of quarterly reports completed during the reporting period.
Purpose/importance	Tracks the planning for infrastructure by departments. It also tracks the implementation of infrastructure in the provincial departments.
Source/collection of data	Infrastructure reports submitted by departments.
Method of calculation	21 days after the end of each quarter.
Data limitations	The accuracy of data depends on completion by the departments.
Type of indicator	Output.
Calculation type	Non-Cumulative – for the year.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Legislation: The indicator is for monitoring the bottlenecks in delivery of infrastructure.
Indicator responsibility	Programme manager.



2.3 Sub-programme: Public Finance

Indicator title	Tabling of Estimates of Provincial Expenditure within two weeks of tabling of the Estimates of National Expenditure
Short definition	Compilation of the Treasury Budget Preparation Guideline, followed by MTEC process which culminates in the tabling of the EPE, previously the Main Budget (including the Adjustments Estimate)
Purpose/importance	To allow the MEC for Finance to table the annual budget for the financial year as required by the PFMA.
Source/collection of data	Treasury Guideline document including the Budget process timetable, 16 chapters of the MTEC report, the EPE, Adjustments Estimate and the relevant Appropriation Bills.
Method of calculation	Treasury Guideline document including the Budget process timetable to be completed by June, 16 chapters of the MTEC report one day before MTEC, the EPE and Adjustments Estimate and the relevant Appropriation Bills on time for tabling.
Data limitations	No specific limitations.
Type of indicator	Output.
Calculation type	Cumulative as required by the Budget Process timetable.
Reporting cycle	Quarterly and Annually.
New indicator	No.
Desired performance	Higher performance in order to comply with legislative requirements of the PFMA for the on-time tabling of the EPE.
Indicator responsibility	General Manager: Public Finance.



Indicator title	Section 32 report (Monthly IYM report) within the prescribed time frame and quarterly budget performance reports
Short definition	Number of Section 32 monthly reports and quarterly budget performance reports completed during the reporting period.
Purpose/importance	Completing the monthly provincial Section 32 reports and forwarding inputs to National Treasury. Completing the quarterly reports and tabling in Provincial Legislature for the purpose of ensuring efficient budget and expenditure management and accurate financial reporting for the provincial departments.
Source/collection of data	Monthly compilation and submission of the provincial Section 32 reports to National Treasury and quarterly reports to the Provincial Legislature.
Method of calculation	1 Section 32 report, 22 working days after end of each month (3 reports for each quarter (1 per month) and 1 consolidated report, 45 days after end of each quarter.
Data limitations	No specific limitation.
Type of indicator	Output.
Calculation type	Cumulative on a quarterly basis (3 reports for each quarter – 1 per month) and non-cumulative on quarterly basis (1 per quarter).
Reporting cycle	Monthly (Reports completed monthly but published quarterly by National Treasury in terms of Section 32 of the PFMA and quarterly for the Budget Performance reports).
New indicator	No.
Desired performance	As an early warning system, to identify variances, gaps and corrective action in spending and revenue collections.



Indicator responsibility	General Manager: Public Finance.
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2.4 Sub-programme: Municipal Finance

Indicator title	Section 71(6) report (Monthly municipal IYM report) within the prescribed time frame
Short definition	Number of Section 71 (6) monthly reports completed during the reporting period.
Purpose/importance	Completing the monthly Section 71 (6) reports and forwarding them to National Treasury for the purpose of ensuring efficient budget and expenditure management and accurate financial reporting for the delegated municipalities in the province.
Source/collection of data	Compilation and submission of the Section 71 (6) monthly reports to National Treasury after National Treasury closes the Local Government database.
Method of calculation	1 Section 71(6) report, 22 working days after end of each month (3 reports for each quarter-1 per month).
Data limitations	No specific limitation.
Type of indicator	Output.
Calculation type	Cumulative on a quarterly basis (3 reports for each quarter – 1 per month).
Reporting cycle	Quarterly (Reports completed monthly but reported quarterly in terms of the Quarterly Performance Reporting).
New indicator	No.
Desired performance	As an early warning system, to identify variances and gaps in spending and revenue collections.
Indicator responsibility	General Manager: Municipal Finance.



Indicator title	Section 71(7) quarterly budget performance reports
Short definition	Number of Section 71 (7) quarterly reports completed during the reporting period.
Purpose/importance	Completing the Section 71 (7) reports and tabling them in Provincial Legislature for the purpose of ensuring efficient budget and expenditure management and accurate financial reporting for the delegated municipalities in the province.
Source/collection of data	Compilation and submission the Section 71 (7) quarterly performance reports to the Provincial Legislature after National Treasury closes the Local Government database.
Method of calculation	1 Section 71(7) report, 45 days after end of each quarter.
Data limitations	No specific limitation.
Type of indicator	Output.
Calculation type	Non-cumulative on a quarterly basis (1 per quarter).
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	As an early warning system, to identify variances and gaps in spending and revenue collections.
Indicator responsibility	General Manager: Municipal Finance.
Indicator title	Support provided by MSP to municipalities
Short definition	Number of municipalities supported by the Municipal Support Program (MSP) during the reporting period.
Purpose/importance	Tracks the number of municipalities supported through the MSP for the purpose of providing assistance and technical support to municipalities where their financial sustainability



	is threatened and implement turnaround strategies that would ensure the municipalities remain financially viable.
Source/collection of data	Actual number of municipalities supported.
Method of calculation	Confirmation of the number of municipalities the MSP team has supported.
Data limitations	No specific limitation.
Type of indicator	Output.
Calculation type	Non-cumulative on a quarterly basis (Number to be supported varies per quarter).
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	To provide the Municipal Support Program to as many municipalities as possible and to see an improvement in their financial management performance.
Indicator responsibility	General Manager: Municipal Finance.

PROGRAMME 3

3.1 Sub-programme: Financial Assets and Liabilities Management

Indicator Title	Improved cash management in for the Province
Short definition	To facilitate the improvement of cash management in the Province.

Purpose / importance	Positive cash balances are indicative of good cash management and have a positive effect on government's ability to service deliver.
Source / collection of data	Reports of the Auditor-General, Internal Audit and information obtained through departments and bank balances.
Method of calculation	The opinion of the Auditor-General is provided in his report in a clear manner.
Data limitations	In order to provide the necessary assistance, the available information is sometimes incomplete or requires clarification or further interpretation.
Type of indicator	Output.
Calculation type	Non-cumulative.
Reporting Cycle	Annual.
New indicator	Yes.
Desired performance	The aim is for the Province to achieve positive bank balances for all departments.
Indicator responsibility	The heads of the Treasury units responsible for Financial Reporting, Asset Management, Supply Chain Management and Financial Management Norms & Standards.



3.2 Sub-programme: Public Private Partnership

Indicator title	Conduct PPP workshops and Information sessions where invited
Short definition	Number of PPP workshops conducted within the reporting period.
Purpose/importance	To create awareness and communicate the government's public private partnership ("PPP") as government procurement model clearly and consistently to all spheres of government, public entities, private investors, financiers and other relevant stakeholders. This should result in more PPP projects and proper project planning by our clients.
Source/collection of data	Lack of understanding of PPP processes by the government officials yet there are the biggest role players who have to manage these contracts. Some are requests particularly by the municipalities and departments.
Method of calculation	Number of workshops per reporting period.
Data limitations	The accuracy of the information sessions and workshops are largely based on the PPP regulations and PPP Manual and Guidelines.
Type of indicator	Output.
Calculation type	Cumulative per annum.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	The indicator is to evaluate whether the said workshops took place and whether there are changes that occur as a result of hosting workshops. Such changes would ideally be that there are more PPPs and all stakeholders are interested in entering into PPP space with their expertise.



3.2 Sub-programme: Public Private Partnership

Indicator responsibility	General Manager: Public Private Partnerships.
Key risk	Unavailability of appropriately skilled and experienced staff on PPPs to better communicate the PPP process as government strategy.

3.3 Sub-programme: Provincial Supply Chain Management

Indicator title	Conduct SCM training sessions and information sessions
Short definition	Number of SCM training sessions and information sessions conducted during the reporting period.
Purpose/importance	Provide specific SCM related workshops and forums in order to broaden the skills base in departments and municipalities and to significantly reduce the incidences of irregular expenditure and fraud.
Source/collection of data	Requests for training received from departments and municipalities or identified through assessments or interventions.
Method of calculation	Each training and information session is counted to measure the achievement of the SCM targets against quarterly objectives.
Data limitations	The accuracy of the training is dependent on SCM prescripts and the knowledge and skills base of the SCM unit.
Type of indicator	Output.
Calculation type	Cumulative per annum.
Reporting cycle	Quarterly.
New indicator	No.



Desired performance	The indicator is to monitor the relevance and impact of SCM training and information sessions according to SCM prescripts.
Indicator responsibility	Programme Manager
Key risk	<ul style="list-style-type: none"> • The excessive demand for training needs in the province is undermined by capacity within the SCM unit; and • Staff require additional SCM training from accredited institutions to offset the demand for training.

Indicator title	SCM assessments
Short definition	Number of SCM compliance assessments conducted during the reporting period.
Purpose/importance	Support and monitor the adherence of departments and municipalities according to SCM prescripts by conducting routine and ad hoc assessments and investigating complaints on the implementation of SCM in the province. Informed by the assessments, the unit provides advisory procurement support to provincial departments and municipalities.
Source/collection of data	Routine assessments are conducted as per the operational plan per cluster. Ad hoc assessments and investigations are conducted upon request.
Method of calculation	Each assessment is counted to measure the achievement of the SCM targets against quarterly objectives.
Data limitations	The accuracy of the assessment is dependent on the reliability of the SCM records maintained at municipalities and departments.
Type of indicator	Output.
Calculation type	Cumulative per annum.

Reporting cycle	Quarterly.
New indicator	No.
Desired performance	The indicator is to monitor the compliance of municipalities and departments to according to SCM prescripts.
Indicator responsibility	Programme Manager.
Key risk	The non-disclosure of relevant data by municipalities and departments may result in inaccurate reporting and statistics.
Indicator title	Policies and practice notes.
Short definition	Number of policies and practice notes reviewed and issued.
Purpose/importance	To ensure the revision of policies and practice notes in accordance with National and Provincial legislation and prescripts.
Source/collection of data	The revision of policies and practice notes takes into accounts the views of provincial stakeholders in line with National Treasury Instruction notes.
Method of calculation	Each policy or practice note is counted to measure the achievement of the SCM targets against quarterly objectives.
Data limitations	The accuracy of the policy / practice notes are dependent on the reliability of the input provided at the stage of implementation.
Type of indicator	Output.
Calculation type	Cumulative per annum.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	The indicator is to monitor the accuracy and relevance of the policies and practice notes in line with provincial stakeholders and National Treasury Instruction notes.



Indicator responsibility	Programme Manager
Key risk	The risk associated with out-dated practice notes and policies will pave the way for poor controls in departments and municipalities and lead to non-adherence of SCM prescripts thus increasing the risk of fraud and irregular expenditure.
Indicator title	Supplier database registration.
Short definition	Number of reviews of the supplier registration form conducted during the reporting period.
Purpose/importance	To provide a supplier registration platform for the province to ensure that the supplier information is reliable and relevant.
Source/collection of data	The revision of the supplier registration form in consultation with provincial stakeholders and National Treasury Instruction notes.
Method of calculation	Each review of the supplier registration form is counted to measure the achievement of the SCM targets against annual objectives.
Data limitations	The accuracy of the supplier registration form is dependent on the reliability of the input provided at the stage of implementation.
Type of indicator	Output.
Calculation type	Cumulative per annum.
Reporting cycle	Annual.
New indicator	Yes.
Desired performance	The indicator is to monitor the accuracy and relevance of the supplier registration form in line with provincial stakeholders input and National Treasury Instruction notes, policies and regulations.
Indicator responsibility	Programme Manager.

Key risk	The risk associated with out-dated supplier registration forms encourages the submission of fraudulent information thus increasing the risk of error and irregular expenditure.
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3.4. Sub-programme: Financial Reporting

Indicator Title	Clean audit outcome for the province.
Short definition	To endeavour to facilitate the attainment of a clean audit outcome for the Province.
Purpose/importance	Unqualified audit opinion indicative of good financial management and has a positive effect on government's ability to deliver services.
Source/collection of data	Report of the Auditor-General, Internal Audit and information obtained through departments and municipalities.
Method of calculation	Report counted once.
Data limitations	In order to provide the necessary assistance, the available information is sometimes incomplete or requires clarification or further interpretation.
Type of indicator	Output.
Calculation type	Non-cumulative.
Reporting cycle	Annually.
New indicator	No.
Desired performance	The aim is for the Province to achieve a clean audit outcome for all departments and municipalities.
Indicator responsibility	Programme manager.
Key risk	Poor support may impact on service delivery and support.

3.5. Sub-programme: Norms and standards

Indicator Title	Policies and practise notes
Short definition	Number of policies and practise notes reviewed and issued.
Purpose/importance	To ensure the revision of policies and practise notes in accordance with National and Provincial legislation and prescripts.
Source/collection of data	The revision of policies and practise notes takes into accounts the views of provincial stakeholders in line with National Treasury notes.
Method of calculation	Each policy or practise note is counted to measure the achievement of the SCM targets against quarterly objectives.
Data limitations	The accuracy of the policy/practice notes are dependent on the reliability of the input provided at the stage of implementation.
Type of indicator	Output.
Calculation type	Cumulative per annum.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	The indicator is to monitor the accuracy and relevance of the policies and practise notes in line with provincial stakeholders and National Treasury instructions notes.
Indicator responsibility	Programme Manager.
Key risk	The risk associated with out-dated practise notes and policies will pave the way for poor controls in departments and municipalities and lead to non-adherence of SCM prescripts thus increasing the risk of fraud and irregular expenditure.



3.6 Sub-programme: Supporting and Interlinked financial systems

Indicator title	Mean time to resolve-transversal systems support.
Short definition	Average of difference between time call is logged and closed for transversal systems support.
Purpose/importance	To ensure that transversal systems are available to all provincial users to minimize downtime.
Source/collection of data	Time of logging and resolving calls are recorded and average is calculated.
Method of calculation	Average of difference between time call is logged and closed for internal support.
Data limitations	None.
Type of indicator	Activities and efficiency.
Calculation type	Cumulative.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	All calls to be resolved in less than 24 hours.
Indicator responsibility	Senior Manager: Systems.
Key risk	Poor support may impact on service delivery and support.

3.7 Sub-programme: Gaming and Betting

Indicator Title	Develop and amend KZN Gaming and Betting legislation.
Short definition	Develop and amended legislation.
Purpose / importance	To enhance the governance of the Gaming and Betting industry to ensure transformation of the industry, equitable growth (including non-gambling economic developments), responsible industry practice and the minimisation of illegal gambling.
Source / collection of data	Records and copies of certified legislation from General Manager Gaming and Betting- hard copy and electronic copy on IT system.
Method of calculation	Progress assessment and reporting.
Data limitations	Cabinet and cluster setting, unpredictable nature of legislative process.
Type of indicator	Output.
Calculation type	Cumulative.
Reporting Cycle	Report quarterly on milestones.
New indicator	Yes.
Desired performance	Amend regulations.
Indicator responsibility	General Manager Gaming and Betting.

Indicator Title	Quarterly reports on the activities and performance of the KZN Gaming and Betting Board, in relation to service delivery, governance and compliance matters.
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Short definition	Quarterly Regulatory reports on the performance of the KZN Gaming and Betting Board.
Purpose / importance	To ensure that the operations of the KZN Gaming and Betting Board reflect effective service delivery, sound governance and compliance with all relevant regulatory requirements.
Source / collection of data	Records and Reports from General Manager Gaming and Betting.
Method of calculation	Count of reports.
Data limitations	Nil.
Type of indicator	Output.
Calculation type	Non-cumulative.
Reporting Cycle	Quarterly.
New indicator	Yes.
Desired performance	Quarterly Reports submitted with 10 days of end of each Quarter.
Indicator responsibility	General Manager Gaming and Betting.



Indicator Title	Monitor revenue collected from the gambling industry.
Short definition	Monitor revenue collection.
Purpose / importance	Monitor to (1) ensure that gambling revenue is collected timeously and in full; and (2) inform policy development in the area of gambling taxes.
Source / collection of data	Tax returns received from industry are reconciled with the department's bank statement.
Method of calculation	Figures are captured from tax return, reconcile with the bank statement and then reported on for the period.
Data limitations	Un-audited figures are reported on.
Type of indicator	Output.
Calculation type	Cumulative.
Reporting Cycle	Quarterly.
New indicator	No.
Desired performance	Accurate revenue collection.
Indicator responsibility	General Manager Gaming and Betting.



Programme 4: Internal Audit

4.1 Sub-programme: Assurance Services

Indicator title	Good governance
Short definition	Improvement on the control environment.
Purpose/importance	To review the adequacy and effectiveness of the systems of internal control environment in order to identify improvements to be implemented.
Source/collection of data	Risk assessment reports, management reports, AG reports, policies, plans and procedures, management information systems.
Method of calculation	Each report is counted when the it is finalized with management comments and action plans.
Data limitations	Lack of timeous response to audit reports and implementation of actions plans by line management.
Type of indicator	Output.
Calculation type	Cumulative – for the year.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Improvement on the governance processes.
Indicator responsibility	Programme Manager.

Indicator title	Participation in the audit process
Short definition	Improve client co-operation.
Purpose/importance	To ensure that clients utilize internal audit as a management tool that can add value into their operations.

Source/collection of data	Risk assessment reports, management reports, AG reports, policies, plans and procedures, management information systems.
Method of calculation	Number of meetings held with the clients.
Data limitations	Postponement of scheduled meetings and non-availability of targeted audience/attendants.
Type of indicator	Output.
Calculation type	Cumulative – for the year.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Improved co-operation and commitment towards the improvement of the control environment.
Indicator responsibility	Programme Manager.
Indicator title	Realistic number of skilled internal auditors available to undertake audit engagements.
Short definition	Maintain a pool of audit excellence.
Purpose/importance	To ensure that there is a value add to our clients operations
Source/collection of data	Risk assessment reports, management reports, AG reports, policies, plans and procedures, management information systems.
Method of calculation	Number of auditors trained on identified training programmes.
Data limitations	Budget restrictions/cuts fostering reprioritization of programmes.
Type of indicator	Output.
Calculation type	Cumulative – for the year.
Reporting cycle	Quarterly.



New indicator	No.
Desired performance	Critical positions filled with well capacitated audit specialists.
Indicator responsibility	Programme Manager.

4.2 Sub-programme: Risk Management unit

Indicator title	Good governance
Short definition	Proactive approach to risk management.
Purpose/importance	To conduct risk assessments with the aim of identifying risks that could prevent the attainment of strategic objectives and service delivery.
Source/collection of data	Risk assessment, management reports, AG reports, policies, strategic and annual performance plans, management information systems.
Method of calculation	Each report is included in actual outputs when it is issued to a client.
Data limitations	System glitches, Lack of timeous response by client management.
Type of indicator	Output.
Calculation type	Cumulative – for the year.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Improvement on the governance processes.
Indicator responsibility	Programme Manager.

4.3 Sub-programme: Forensic Audit unit

Indicator title	Zero tolerance to Fraud
Short definition	Promote a culture of zero tolerance to fraud and corruption.
Purpose/importance	To promote a culture of zero tolerance for fraud and corruption through effective risk and fraud risk assessments, forensic audits/investigation, fraud prevention plan reviews.
Source/collection of data	Internal audit reports, National Anti-Corruption Hot Line, Fraud risk assessment reports, Client requests, Anonymous tip-offs.
Method of calculation	Each report is included in actual targets when it is issued to the client.
Data limitations	Lack of timeous response by client management, lack of a case management software, investigative tools (e.g. Company searches), lack of access to CIPRO and Home Affairs.
Type of indicator	Output.
Calculation type	Cumulative – for the year.
Reporting cycle	Quarterly.
New indicator	No.
Desired performance	Improvement on the governance processes.
Indicator responsibility	Programme Manager.



5. Programme 5: Growth and Development

Indicator title	Number of special infrastructure projects and strategic cabinet approved initiatives.
Short definition	Special infrastructure projects and strategic cabinet approved initiatives.
Purpose/importance	To provide financial resources and manage special infrastructure projects and strategic cabinet approved initiatives not catered for in any other programmes.
Source/collection of data	Budget allocations approval letter special reports to cabinet.
Method of calculation	Simple count.
Data limitations	No.
Type of indicator	Output.
Calculation type	Non-cumulative.
Reporting cycle	Annually.
New indicator	No.
Desired performance	To measure contribution towards growth and development.
Indicator responsibility	Accounting officer.



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