

PART B: PROGRAMME AND SUB-PROGRAMME PLANS

1. PROGRAMME 1: ADMINISTRATION

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

1.1 Sub-programme: Office of the MEC

Specified policies and priorities

The purpose of the Office of the MEC is to enable the Member of Executive Authority to provide Provincial Treasury with strategic administrative and political leadership in order to ensure effective and efficient service-delivery as mandated by Government and to provide leadership and guidance to all provincial departments and municipalities on the finances of the province as enshrined in the relevant prescripts and policies e.g. PFMA and MFMA. The Office of the MEC is able to achieve the above through the following activities:

- The MEC is statutorily tasked with meeting the public and fulfilling various engagements on a continuous basis. The Office of the MEC engages extensively with various stakeholders in the co-ordination and planning of community based events in order to ensure wide consultation for effectiveness and efficiency of the Provincial Treasury programmes and service delivery;
- Provision of well researched information and data to enhance and add credibility in the speeches and other pertinent issues relevant to the MEC for Finance;
- Provision of relevant effective and efficient ministerial support which is of an administrative nature, parliamentary liaison, public relations, etc.;
- Building and maintenance of a positive image of the department and the MEC through effective internal and external communications; and
- Provision of a safe and secure environment to departmental employees and the MEC.

The Office of the MEC's mandate is derived from the Constitution of the Republic of South Africa, 1996, and various pieces of legislation, policies and directives. These include legislation relating to the delivery of the core business of the Provincial Treasury.

The strategic objective is:

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

Progress analysis

The general progress in the Office of the MEC is within the acceptable and reasonable standard as the purpose, priorities and objectives of sub-programme above are continuously being achieved:

- The Office of the MEC will continue with community outreach programmes to consult, educate and communicate budget processes and priorities to ensure that the community understands how the finances of the Province of KwaZulu-Natal are allocated.



- Financial Literacy Programmes pioneered by the MEC for Finance has grown from strength-to strength, increasing the number of member organisations participating in the KwaZulu-Natal Financial Literacy Association (KZNFLA) from 29 to 106 since its inception in 2011. The positive impact of financial literacy will be extended further in the province to share resources, expertise and wisdom in spending money wisely.
- Our commitment to Operation SukumaSakhe(OSS) has reached communities in all Wards of Umgungundlovu District to improve service delivery by departments. Although maximum benefit is yet to realized, much has been achieved by individual community members through OSS initiatives in the district. Interventions on service delivery will continue while a more deliberate effort will be to drive a “Campaign Against Social Ills”.
- Following the fast growth of Provincial Treasury’s partnership with the KZNFLA The growing needs of the financial literacy unit is severely understaffed, with the speech writer/researcher carrying an enormous load.

Analysis of constraints

- Communications with public and stakeholders is mostly limited to print media due to financial constraint. It is envisaged that our print communication may miss out some radio listeners, TV viewers and important stakeholders of electronic media.
- A need was identified to increase the staff establishment for Security Risk Management Unit. Two additional posts were approved and are in the process of being filled. Challenges were experienced in the first attempt to fill the post that the advert did not attract the applicants with all minimum requirements.
- Reliance on the Parliamentary Liaison Office (PLO) to always be available in events to lead protocol became a challenge in that on a few occasions the core function suffered. In the event where the PLO led the protocol team far from the office especially on Tuesdays, the preparation of the Cabinet documents for every Wednesday meeting would suffer.

Measures to overcome constraints

- Our principals are occasionally featured in electronic media due to exceptional relations that our communications team has established with some media organizations. They organize that the principal get a live recording and interview about the event while the media programme is in progress.
- Process in place to re-advertise nationally and fill the posts
- Motivation for the post of a Protocol Officer was made and approved. The post is being evaluated and will soon be filled.

Description of planned quality improvement measures

The two additional Security Risk Management Posts and Protocol Officer Post will be filled to improve service delivery. We shall also increase our community outreach programmes on financial literacy to educate and advise communities on saving and using their money wisely.



Strategic objective annual targets: 2014/15

Sub-programme: 1.1		Office of the MEC						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To provide strategic administrative and political leadership, in order to ensure effective and efficient service delivery as mandated by government.	75% Attendance of scheduled Budget Council Meetings	100%	100%	1	4	4	4	4
	90% Attendance of scheduled Provincial Cabinet and Legislature meetings	100%	75	71	40	40	40	40
	No. of Publications	8	32	47	4	4	4	4
	Free Publicity(news bulletins and articles)	34	86	101	90	90	90	90
	Media briefings on service delivery	7	8	4	4	4	4	4

Programme performance indicators and annual targets: 2014/15

Sub-programme: 1.1		Office of the MEC						
Performance indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets			
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17	
75% Attendance of scheduled Budget Council Meetings	100%	100%	1	4	4	4	4	
90% Attendance of scheduled Provincial Cabinet and Legislature meetings	100%	75	71	40	40	40	40	
No. of Publications	8	32	47	4	4	4	4	
Free Publicity(news bulletins and articles)	34	86	101	90	90	90	90	
Media briefings on service delivery	7	8	4	4	4	4	4	

Quarterly targets: 2014/15

Sub-programme: 1.1		Office of the MEC					
Programme performance Indicators	Reporting period	Annual target 2014/15	Quarterly targets				
			Quarter 1	Quarter 2	Quarter 3	Quarter 4	
75% Attendance of Scheduled Budget Council Meetings	Quarterly	4	1	1	1	1	
90% Attendance of scheduled Provincial Cabinet and Legislature Meetings	Monthly	40	10	10	10	10	
No of Publications	Quarterly	4	1	1	1	1	
Free Publicity(news, bulletins and articles)	Monthly	90	20	20	20	30	
Free Publicity(news, bulletins and articles)	Quarterly	4	1	1	1	1	

1.2 Sub-programme: Head of Department

Specified policies and priorities

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

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

The strategic objectives are:

- To ensure that the department's statutory strategic planning, reporting and performance management processes are in place;

- To ensure that departmental outputs are achieved; and
- To strengthen Provincial Treasury's intra- and inter-governmental relations.

Progress analysis

- The MTEF and budget adjustment process were undertaken in accordance with PFMA.
- The Head of Department has timeously submitted all budget performance reports to Cabinet.
- The Head of Department provides strategic leadership in policy development through his co-chairmanship of the Economic Sector and Infrastructure Development Cluster and his participation in various policy discussions on financial management and economic development.
- The Head of Department contributes to community development through numerous projects such as donating uniform to poor students as part of Operation SukumaSakhe.

Analysis of constraints and measures planned to overcome them

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

Description of planned quality improvement measures

The Head of Department will work with all units concerned in ensuring that the department performs better during the Management Performance Assessment process.

Strategic objective annual targets: 2014/15

Sub-programme: 1.2		Head of Department						
Strategic objective	Performance Indicator	Audited/Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To ensure effective leadership, management and technical support to the Provincial Treasury in line with relevant legislation, policy directives and best practice	Quarterly budget performance report to Cabinet	4 Quarterly budget performance report to Cabinet	4 Quarterly budget performance report to Cabinet	4 Quarterly budget performance report to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet
	Facilitate and Coordinate the tabling of MTEF, Adjustment budget in terms of the PFMA at Legislature and Cabinet	2	2	2	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA
	Represent KZN at the National Budget Council	5 meetings attended	5 meetings per financial year	Attended all 5 national budget council meetings	Attend all national budget council meetings	Attend all national budget council meetings	Attend all national budget council meetings	Attend all national budget council meetings

Programme performance indicators and annual targets: 2014/15

Sub-programme: 1.2		Head of Department						
Performance indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets			
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17	
Quarterly budget performance report to Cabinet	4 Quarterly budget performance report to Cabinet	4 Quarterly budget performance report to Cabinet	4 budget performance reports presented to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	4 budget performance reports to Cabinet	
Facilitate and Coordinate the tabling of MTEF, Adjustment budget in terms of the PFMA at Legislature and Cabinet	2	2	2	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA	Tabling of MTEF, Adjustment Estimates at Legislature and Cabinet in terms of the PFMA	
Represent KZN at the National Budget Council	5 meetings attended	5 meetings per financial year	Attended all 5 national budget council meetings	Attended all national budget council meetings	Attend all national budget council meetings	Attend all national budget council meetings	Attend all national budget council meetings	

Quarterly targets: 2014/15

Sub-programme: 1.2		Head of Department				
Programme performance Indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Quarterly budget performance report to Cabinet	Quarterly	4 budget performance reports to Cabinet	1 budget performance report to Cabinet	1 budget performance report to Cabinet	1 budget performance report to Cabinet	1 budget performance report to Cabinet
Facilitate and Coordinate the tabling of MTEF, Adjustment budget in terms of the PFMA at Legislature and Cabinet	Quarterly	EPRE and Adjustment Budget tabled to Legislature and Cabinet	NA	NA	Budget Adjustment tabled at the Legislature and Cabinet	EPRE tabled at the Legislature and Cabinet
Represent KZN at the National Budget Council	Quarterly	Attend all national Budget Council meetings	Attend all national Budget Council meetings	Attend all national Budget Council meetings	Attend all national Budget Council meetings	Attend all national Budget Council meetings

1.3 Sub-programme: Chief Financial Office

Specified policies and priorities

The Office of the Chief Financial Officer (OCFO) provides financial management support services to internal and external customers. The services rendered by OCFO ranges from strategic, budgetary, supply chain, accounting, financial and asset management as well as advisory services on internal control systems and governance issues. The OCFO is governed by the Constitution of South Africa, the Performance Management Act, and Treasury Regulations, the Division of Revenue Act and subsequent legislation or regulations issued in terms thereof.

The OCFO is responsible for implementing appropriate procedures and instituting such programs, systems, and personnel policies within the Chief Financial Officer's authority, to ensure that budget, accounting, personnel control systems structures are synchronized for budgeting and control purposes on a continuing basis and to ensure that appropriations are not exceeded.

The strategic objective is:

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

Progress analysis

For 2013/14 financial year the OCFO has continued striving to provide customer-focused financial and budgetary support to all programmes within the department on a continuing basis, while adhering to effective accounting control practices and principles. The annual financial statements for 2012/13 and the predetermined objectives information have been presented to Auditor General as per required prescripts and all queries that were raised during the audit were adequately addresses as per agreed times. The audit process was finalized and the Auditor General expressed their opinion. The most notable accomplishment by the OCFO is that it has continued to contribute immensely in the success of the department in achieving a clean audit opinion for the fourth consecutive year. No material issues were expressed by the Auditor General with regard to performance information.

Emanating from the issues during the audit this office will continue to analyse the shortcomings thoroughly to further enhance our financial controls, systems, procedures and best practices.

The Internal control division, although it has not been fully capacitated, has continued to provide a total quality management function, whilst assisting the office to resolve most of internal control issues particularly with policy and financial management.



Analysis of constraints and measures planned to overcome them

The issues of filling vacant posts still pose as a challenge, the HR processes has taken much longer than anticipated, however, and this office will pursue this matter forward with HRM. It is expected that posts will be filled in 2014/15 in financial year. The Unit has resorted to use contract staff which increases the risks especially in SCM. The culture of full compliance especially with SCM prescripts is still a challenge in the department which continually poses as threat to achieve clean audit outcome.

Description of planned quality improvement measures

The information sessions will be held with various units to educate them on SCM and risk management. The office will be embarking on the filling all its vacant posts to ensure full operational efficiency level is attained. The office will continue to implement cost-cutting measures as per Provincial Treasury's cost-cutting circular for 2013/14 financial year. The office will consider capacitating its personnel and also consider utilizing the services of contract staff, however this will increase its cost.

Strategic objective annual targets: 2014/15

Sub-programme: 1.3		Chief Financial Office						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To ensure effective management of departmental finances in line with statutory requirements	Compile budget submission and strategic planning documents (EPRE; APPX4; AR; PP; ADJ Est; CF; SP & MTEF)	4	4	4	4	11	10	10
	Provide legislative financial reports. IYM * 12and AFS x 1)	18	18	20	18	17	17	17
	Supply chain Management compliance Report.	12	12	12	12	12	12	12
	Updated asset register – Asset count	2	2	2	2	2	2	2

Programme performance indicators and annual targets: 2014/15

Sub-programme: 1.3		Chief Financial Office						
Performance indicators	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets			
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17	
Compile budget submission and strategic planning documents (EPRE; APPX4; AR; PP; ADJ Est; CF; SP & MTEF)	4	4	4	4	11	10	10	
Provide legislative financial reports. (IYM * 12;QPR x 4 and AFS x 1	18	18	20	18	17	17	17	
Supply chain Management compliance Report.	12	12	12	12	12	12	12	
Updated asset register – Asset count	2	2	2	2	2	2	2	

Quarterly targets: 2014/15

Sub-programme: 1.3		Chief Financial Office					
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets				
			Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Compile budget submission and strategic planning documents(EPRE; APPX4; AR; PP; ADJ Est; CF;SP & MTEF)	Annually	11	2	4	2	3	
Provide legislative financial reports. (IYM * 12;QPR x 4 and AFS x 1	Annually	17	5	4	4	4	
Supply chain Management compliance Report.	Monthly	12	3	3	3	3	
Updated asset register – Asset count	BI-Annually	2	N/A	1	N/A	1	

1.4 Sub-programme: Human Resource Management

Specified policies and priorities

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

The strategic objectives are:

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

Progress analysis

- Human Resources Management and Development, in line with the Premier's State of the Province address has made substantial progress on the filling of all funded vacant posts within the Department reducing the vacancy rate from 32% to 15.23%. All vacant posts are funded and recruitment processes are in place to ensure a further reduction in the vacancy rate. There has been an increase in the number of informed employees on all human resource issues through the implementation of business unit specific information seminars. The target per quarter on information sharing is always exceeded.
- The unit continues to workshop all newly appointed officials on the entire policy imperatives and requirements around EPMDS during induction, to ensure full compliance to policy directives.
- The unit has exceeded the target on the review and development of HR policies, as well as HR information seminars.
- The Unit has successfully implemented succession planning within the Department to increase its pool of female candidates in respect of posts with scarce skills and is also in the process of implementing knowledge management practices throughout the Department to ensure that Institutional knowledge is not lost with the natural attrition of employees. The Wellness Clinic has been a huge success, with instilling healthy lifestyle practices in staff and there has been a significant increase in the number of officials' testing in respect of HIV, glucose levels, cholesterol and blood pressure. The Unit has also embarked on absenteeism workshops with the aim of reducing the use of sick leave and temporary incapacity leave.
- The department has fostered partnerships with SAICA and is a huge sponsor of the Thuthuka Bursary Fund as well as the National Treasury to partner as an accredited training office with the South African Institute of Chartered Accountants (SAICA), wherein B Com Honours/Certificate in the Theory of Accounting (CTA) postgraduates enter into contract with the department as trainee accountants, in an attempt to create a pool of chartered accountants with the aim of reducing the scarcity of recruits in this area. Furthermore, the Department has obtained approval to appoint unemployed African female Chartered Accountants onto a Training Rank Programme within the Department to develop their management skills at MMS and SMS levels.



- The unit has developed fully achievable strategies to ensure the successful implementation of the HOD's 8 - Principle Plan of Action for Women Empowerment, and has ensured that all policies are aligned to gender mainstreaming initiatives.
- The Department has now included disabled female learners into the Take a girl child to Work initiative, and also carried out a full disability audit on all employees of the Department, as a step towards encouraging officials to disclose their disability status if applicable. The Departments current intake of Interns is inclusive of 4 disabled graduates.
- The HRM&D Directorate, was awarded with the GOLD award for being the best serving Human Resources within the Province by the Premier Dr ZL Mkhize during the 8th annual HR convention held at Sibaya Conference Centre in October 2013.
- In the last MPAT assessment undertaken by the Department of Monitoring and Evaluation under the Office of the Presidency, the Human Resource Directorate of KZN Provincial Treasury scored the highest in the Province in all areas of compliance.

Analysis of constraints and measures planned to overcome them

- Achievement of employment equity for women in management, and People with Disabilities (PWDs) continues to be problematic – to mitigate this all SMS posts are now advertised targeting only women and PWDs.
- More networking initiatives have been created with tertiary institutions, with the intention of increasing the pool in respect of PWDs. PWDs are being targeted for external bursaries through tertiary institutions to ensure that the pool of people with disabilities can be sustained within the department. Adverts are also advertised in “This ability” which is a newspaper that is circulated only amongst the disabled community.
- Lack of readily available Investigating and Presiding Officers, contributes to some degree, to the delay in finalizing disciplinary matters within the prescribed timeframes.

Description of planned quality improvement measures

- Continuous implementation of service commitment charter.
- Use of in-house expertise to create capacity for presiding and investigating officers, as well as partnering with other Departments that are capacitated in this area. Department has finalized the appointment of a dedicated Investigating Officer under the HRM Unit.
- Enhance compliance with HR prescripts through continuous information sharing strategies, seminars being one of them.

Strategic objective annual targets: 2014/15

Sub-programme: 1.4		Human Resource Management						
Strategic objectives	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To provide optimal Human Resource services to the department	% of HR services completed as per HR Charter	100%	100%	100%	100%	100%	100%	100%
	No. of HR seminars	8 sessions	12 sessions	12 sessions	8 sessions	8 sessions	8 sessions	8 sessions
	No. of EWP seminars	4 information seminars	19 sessions	11 information seminars	4 information seminars	4 information seminars	4 information seminars	4 information seminars
	No. of policies developed/ reviewed and seminars conducted	8 policies and 8 seminars	13 policies and 12 seminars	15 policies and 12 seminars	8 policies and 8 seminars	8 policies and 8 seminars	8 policies and 8 seminars	8 policies and 8 seminars
	% achieved from the Human resource plan, and workplace skills plan	HR plan 96% Workplace skills plan 98%	HR Plan 92% Workplace skills plan 91 %	HR Plan 92% Workplace skills plan 85 %	100%	100%	100%	100%

Programme performance indicators and annual targets: 2014/15

Sub-programme: 1.4		Human Resource Management					
Performance indicators	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
% of HR services completed as per HR Charter	100%	100%	100%	100%	100%	100%	100%
No. of HR seminars	8 sessions	12 sessions	12 sessions	8 sessions	8 sessions	8 sessions	8 sessions
No. of EWP seminars	4 information seminars	19 sessions	11 information seminars	4 information seminars	4 information seminars	4 information seminars	4 information seminars
No. of policies developed/ reviewed and seminars conducted	8 policies and 8 seminars	13 policies and 12 seminars	15 policies and 12 seminars	8 policies and 8 seminars	8 policies and 8 seminars	8 policies and 8 seminars	8 policies and 8 seminars
% achieved from the Human resource plan, and workplace skills plan	HR plan 96% Workplace skills plan 98%	HR Plan 92% Workplace skills plan 91 %	HR Plan 92% Workplace skills plan 85 %	100%	100%	100%	100%

Quarterly targets: 2014/15

Sub-programme: 1.4		Human Resource Management				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
% of HR services completed as per HR Charter	Quarterly	100%	100%	100%	100%	100%
No. of HR seminars	Quarterly	8 sessions	2 sessions	2 sessions	2 sessions	2 sessions
No. of EWP seminars	Quarterly	4 information seminars	1 information seminar	1 information seminar	1 information seminar	1 information seminar
No. of policies developed/ reviewed and seminars conducted	Quarterly	8 policies and 8 seminars	2 policies and 2 seminars	2 policies and 2 seminars	2 policies and 2 seminars	2 policies and 2 seminars
% achieved from the Human resource plan, and workplace skills plan	Quarterly	100%	100%	100%	100%	100%

1.5 Reconciliation of budget with plan
Summary of payments and estimates - Programme 1: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16
1. Office of the MEC	14 403	18 522	22 680	27 794	27 164	25 753	28 612	29 768	31 345
2. Head of Department	5 110	5 739	6 808	7 149	8 757	8 726	9 150	9 486	9 989
3. Chief Financial Office	16 859	17 289	13 729	23 114	24 771	23 021	26 382	28 712	30 560
4. Corporate Services	32 383	38 811	54 688	50 271	52 289	50 112	53 194	54 895	57 758
Total	68 755	80 361	97 905	108 328	112 981	107 612	117 338	122 861	129 652

Summary of payments and estimates by economic classification - Programme 1: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16
Current payments	67 582	78 484	87 232	101 382	106 302	100 933	111 174	116 596	122 823
Compensation of employees	32 044	35 936	43 763	54 786	56 386	51 017	62 919	68 287	73 190
Goods and services	35 538	42 548	43 469	46 596	49 916	49 916	48 255	48 309	49 633
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	227	453	9 004	4 260	4 093	4 093	4 022	4 023	4 237
Provinces and municipalities	12	-	14	20	20	20	22	23	24
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	215	453	8 990	4 240	4 073	4 073	4 000	4 000	4 213
Payments for capital assets	934	1 424	1 669	2 686	2 586	2 586	2 142	2 242	2 592
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	934	1 424	1 669	2 686	2 586	2 586	2 142	2 242	2 592
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	12	-	-	-	-	-	-	-	-
Total	68 755	80 361	97 905	108 328	112 981	107 612	117 338	122 861	129 652



2. PROGRAMME 2: FISCAL RESOURCE MANAGEMENT

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

The purpose of the programme

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

2.1 Sub-programme: Programme Support

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

2.2.1 Sub-programme: Economic Analysis

Specified policies and priorities

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

The key functions of the economic analysis unit are to:

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

The strategic objectives are to:

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

Progress analysis

The unit:-

- Provides informative economic analysis that informs the province of KwaZulu-Natal's budget in order to address the provincial socio-economic challenges
- Addresses the triple challenge of unemployment, poverty and inequality confronted by the province through participating in MEC's workshops, financial literacy project, Operation SukumaSakhe, IDP review processes and district socio-economic profiling



- Conducts various research studies that seek to address socio-economic challenges that are facing the province of KZN
- Succeeded in being part of the process of revamping the under utilised airports in the province; and was given a special recognition by Aero Club of South Africa
- Maintains KZN statistical database
- Has drafted the unit policy and is awaiting the approval of the Head of Department and other relevant stakeholders.

Analysis of constraints and measures planned to overcome them

- Duplication of tasks with other units.
- Inconsistency of data at local municipality levels.

To overcome these constraints the unit plans to:-

- Open channels of communication with other units, and departments if necessary
- Engage in various research forums and workshops that address data challenges.

Description of planned quality improvement measures

- The unit continues to collaborate with government departments and other stakeholders to share information, data, research and other major concerns in the field of economics and economic research.
- The unit will continue to provide assistance to municipalities in the form of economic analysis; supplying them with updated and credible data. This will be done in an effort to enhance municipalities' decision-making, thereby improving service delivery.
- The unit will engage itself with the province's projects that improve the service delivery in the province.

Strategic objective annual targets: 2014/15

Sub-programme: 2.2.1		Economic Analysis						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To determine and evaluate economic parameters and socio-economic imperatives to inform provincial and local resource allocation	To provide economic analysis for the province	New	New	10 district profiles and SERO, 4 presentations, 1 OSS report and 1 input into municipal close-out report	Produce 4 provincial department economic reports	Produce 4 provincial department economic reports	Produce 4 provincial department economic reports	Produce 4 provincial department economic reports
		New	New		Produce 1 SERO	Produce 1 SERO	Produce 1 SERO	Produce 1 SERO
		New	New		Produce 9 districts socio-economic reports	Produce 9 districts socio-economic reports	Produce 9 districts socio-economic reports	Produce 9 districts socio-economic reports
	To provide input to the Overview of Provincial Revenue and Expenditure (OPRE)	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling
Provide a platform to enhance regional economic growth and development through quality research	To provide quality research for regional policy analysis	None	1 Paper presented at ESSA	2 Abstract submitted, 1 questionnaire compiled, Mini research on Umgungundlovu as metro and research papers	Produce 4 economic research projects	Produce 4 economic research projects	Produce 4 economic research projects	Produce 4 economic research projects

Programme performance indicators and annual targets: 2014/15

Sub-programme: 2.2.1		Economic Analysis					
Performance indicators	Audited / Actual Performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To provide economic analysis for the province	New	New	10 district profiles and SERO, 4 presentations, 1 OSS report and 1 input into municipal close-out report	Produce 4 provincial departments economic reports	Produce 4 provincial departments economic reports	Produce 4 provincial departments economic reports	Produce 4 provincial departments economic reports
	New	New		Produce 1 Socio-Economic Review and Outlook (SERO) report	Produce 1 Socio-Economic Review and Outlook (SERO) report	Produce 1 Socio-Economic Review and Outlook (SERO) report	Produce 1 Socio-Economic Review and Outlook (SERO) report
	New	New		Produce 9 districts socio economic reports	Produce 9 districts socio economic reports	Produce 9 districts socio economic reports	Produce 9 districts socio economic reports
To provide input to the Overview of Provincial Revenue and Expenditure (OPRE)	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling	Input to OPRE submitted on time for tabling
To provide quality research for regional policy analysis	None	1 Paper presented at ESSA	2 Abstract submitted, 1 questionnaire compiled, Mini research on Umgungundlovu as metro and research papers	Produce 4 economic research projects	Produce 4 economic research projects	Produce 4 economic research projects	Produce 4 economic research projects

Quarterly targets: 2014/15

Sub-programme: 2.2.1		Economic Analysis				
Programme performance Indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
To provide economic analysis for the province	Quarterly	Produce 4 provincial departments economic reports	1	1	1	1
	Annually	Produce 1 Socio-Economic Review and Outlook (SERO) report	-	-	-	1
	Quarterly	Produce 9 districts socio economic reports	3	3	3	-
To provide input to the Overview of Provincial Revenue and Expenditure (OPRE)	Annually	Input to OPRE submitted on time for tabling	-	-	-	1
To provide quality research for regional policy analysis	Quarterly	Produce 4 economic research projects	1	1	1	1

2.2.2 Sub-programme: Infrastructure Management

Specified policies and priorities

The function of the Infrastructure unit is to maximise the impact of infrastructure investment by provincial departments. The unit supports the departments in planning of infrastructure delivery, support and monitoring of the programmes. The functions are process driven and influenced by statutory deadlines as stipulated in the PFMA and DORA.

The strategic objective:

- Ensure efficient infrastructure planning and management in the province.

Progress analysis

- Infrastructure Delivery Improvement Programme (IDIP Phase IIIb) has continued to improve Infrastructure Delivery to the participating Provincial Departments. DIP Phase IIIB objective was to institutionalise Infrastructure Delivery Management System (IDMS).
- The implementation of the IDMS has continued within the Department of Health, Education, Public Works and Treasury.



- The unit will continue with the management of IDIP and rolling out the programme to other Departments.
- The unit continues to promote efficiency in infrastructure financial planning and implementation in line with Infrastructure Delivery Management System.
- Deploy the Infrastructure “Crack Team” at the various provincial departments and municipalities. This intervention aims at unblocking infrastructure delivery challenges to improve value for money and spending of the infrastructure allocations.

Analysis of constraints and measures planned to overcome them

- With the recent budget cuts while the infrastructure needs continue increasing, departments being monitored closely to improve their planning and prioritization of infrastructure projects
- Infrastructure Reporting Model (IRM), which is a financial reporting system is utilized by Departments for in-year monitoring and reporting.

Description of planned quality improvement measures

- Regular monitoring of the progress in the institutionalisation of the IDMS in DoH, DoE, DoPW and PT
- In Assist the DoE and DoH with infrastructure bidding process for infrastructure grant allocations.
- An efficient & effective construction procurement strategy is established and operationalised.
- Analysis and assessment of plans are conducted through evaluation and feedback sessions with various departments.
- Continue with the deployment of the Infrastructure ‘Crack Team’ to the various departments and municipalities

Strategic objective annual targets: 2014/15

Sub-programme: 2.2.2		Infrastructure Management						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Efficient infrastructure planning and management in the province	Assessment Report of User Asset Management Plans (U-AMPs)	New	New	New	Compile a consolidated assessment report on the User Asset Management Plans (U-AMPs)	Compile a consolidated assessment report on the User Asset Management Plans (U-AMPs)	Compile a consolidated assessment report on the User Asset Management Plans (U-AMPs)	Compile a consolidated assessment report on the User Asset Management Plans (U-AMPs)
	Reports on the implementation of the IDIP in KZN	1	4	4	4 reports on the implementation of IDIP in the province	4 reports on the implementation of IDIP in the province	4 reports on the implementation of IDIP in the province	4 reports on the implementation of IDIP in the province
	Reports on the site visits conducted	97	71	53	Submit 4 reports on the site visits conducted	Submit 4 reports on the site visits conducted	Submit 4 reports on the site visits conducted	Submit 4 reports on the site visits conducted
	Progress reports on infrastructure budgets and delivery plans	12	12	12 Quarterly reports	Submit 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province
	Estimates of Provincial Revenue and Expenditure (EPRE)	New	1	1	Input into OPRE on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling

Programme performance indicators and annual targets: 2014/15

Sub-programme: 2.2.2		Infrastructure Management					
Performance indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Assessment Report on the User Asset Management Plans (U-AMPs)	New	New	New	Compile a consolidated assessment report on the User Asset Management Plans (U-AMPs)	Compile a consolidated assessment report on the User Asset Management Plans (U-AMPs)	Compile a consolidated assessment report on the User Asset Management Plans (U-AMPs)	Compile a consolidated assessment report on the User Asset Management Plans (U-AMPs)
Reports on the implementation of IDIP in KZN	1	4	4	Produce 4 reports on the implementation of IDIP in the province	Produce 4 reports on the implementation of IDIP in the province	Produce 4 reports on the implementation of IDIP in the province	Produce 4 reports on the implementation of IDIP in the province
Progress reports on infrastructure budgets and delivery plans	97	71	53	Submit 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province	Submit 4 reports on the infrastructure expenditure in the province
Reports on the infrastructure site visits conducted	12	12	12	Submit 4 reports on the infrastructure site visits conducted	Submit 4 reports on the infrastructure site visits conducted	Submit 4 reports on the infrastructure site visits conducted	Submit 4 reports on the infrastructure site visits conducted
Estimates of Provincial Revenue and Expenditure (EPRE),	New	1	1	Input into OPRE on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling	Input into OPRE on time for tabling

Quarterly targets: 2014/15

Sub-programme: 2.2.2		Infrastructure Management				
Programme performance Indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Assessment Report on the User Asset Management Plans (U-AMPs)	Annual	Compile a consolidated assessment report on the User Asset Management Plans (U-AMPs)	N/A	N/A	1	N/A
Reports on the implementation of IDIP in KZN	Quarterly	Produce 4 reports on the implementation of IDIP in the province	1	1	1	1
Progress reports on infrastructure budgets and delivery plans	Quarterly	Submit 12 reports on the infrastructure expenditure	3	3	3	3
Reports on the infrastructure site visits conducted	Quarterly	Submit 4 reports on the infrastructure site visits conducted	1	1	1	1
Estimates of Provincial Revenue and Expenditure (EPRE)	Annual	Input into OPRE on time for tabling	N/A	N/A	N/A	1

2.3 Sub-programme: Public Finance

Specified policies and priorities

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

Provincial Own Revenue is responsible for improvement of revenue generated by the province, to augment transfers from National Treasury. Its mandate includes conducting continuous assessments of revenue generation and collection capacity of all departments and public entities, as well as researching and proposing ways that own revenue may be enhanced. The unit is also responsible for monitoring revenue budgets of the departments and public entities. As such, the unit conducts monthly analyses of the financial data reflecting revenue to date, as well as forward projections. The unit established the Provincial Revenue Forum, where all the revenue sections of the different departments gather, on a quarterly basis, to discuss, analyse and resolve issues as they arise.



Specialised Advisory Support Services provides economic and other fundamental analysis in the unit. Among other things, it engages in the research and articulation of 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, developing and institutionalising a framework for the monitoring of provincial public entities and any other work that may require specialised advisory support services.

The strategic objectives are:

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

Progress analysis

The cost-cutting measures were first introduced in KZN in 2009/10 due to high projected over-spending by some departments at the time. These cost-cutting measures were further expanded in 2013/14 as a result of the equitable share cuts which were brought about by the 2011 Census data which informs the equitable share formula.

Cost-cutting will continue to be implemented in KZN and is really seen as good governance rather than a once-off reform. **Greater emphasis will be placed on reprioritising savings toward enhanced service delivery.** In the past three years' outcomes, most departments were successful with regard to cost-cutting, and departments have now begun to redirect these savings to fund service delivery programmes.

In May 2013, revenue bi-lateral meetings were initiated. These specifically sought the attendance of CFOs of all departments. Also, revenue bi-lateral meetings are now held before the finalisation of revenue budgets for the MTEF. The objectives of the revenue bi-lateral meetings are:

- To obtain the strategic recommitment of CFOs to own-revenue generation, especially given the effects of the Census 2011 on the Provincial Equitable Share (PES) coupled with the 1, 2 and 3 per cent budget cuts by National Treasury. Increased own revenue generation will, to some extent, buffer these cuts to the PES, reducing the ultimate impact on service delivery.
- To promote optimal and sustainable revenue generation and collection by provincial departments and public entities over the MTEF.
- To enhance compliance with the PFMA, Treasury Regulations, etc.
- To share best practices on transversal issues such as parking fees, tender documents fees, etc.

Analysis of constraints and measures planned to overcome them

The province also continues to be plagued by a number of unfunded mandates which have a negative impact on the provincial fiscus. The province has alerted National Treasury on numerous occasions about risks to the provincial budget which come about as a result of policy decisions being taken, without sufficient funding being provided for the implementation of such policy decisions. Some of the unfunded mandates currently putting pressure on the provincial budget are the under-funding of the higher than anticipated wage agreements, the various OSD agreements, provincialisation of libraries and museums, to name a few. These unfunded mandates place pressure on the departments' budgets when implemented. While the province has been able to allocate funding to some of these unfunded mandates through internal reprioritisation, it is the



principle that needs to be addressed that, where new functions or activities are assigned to provinces, funds should follow such functions to allow the successful and efficient implementation thereof.

The Provincial Own Revenue unit is tasked with ensuring that Provincial Own Revenue sources are maximised and even expanded, to assist in financing priority areas. External factors such as the delays in the repealing of the National Liquor Act and the setting of norms and standards of a revenue billing system by National Department of Health and the decentralisation of the Road Accident Fund (RAF) to Durban, has led to sub-optimal collection of provincial own revenue.

The Specialised Advisory Support Services unit has the difficult task of influencing the equitable share discussions and the provincial inputs into the annual Division of Revenue in such a manner that the areas of budget pressure start being listened to, and addressed by our national counterparts. Similarly, the unit participates in discussions on the research work conducted by the Financial and Fiscal Commission, in order to influence future research.

The unit initiated actions to regularise the listing of public entities in the province. In some instances it may be necessary to develop, amend and/or repeal relevant legislation and/or corporate form of public entities, to enable listing and/or delisting and also to suit the public sector mandate better.

Due to the diversified nature of financial reporting systems used by the entities, the information provided in the bi-annual performance reports cannot easily be verified and needs major adaptations before it can be incorporated into Treasury's reports. Although uniform templates have been developed and workshopped with the entities, very few public entities report comprehensively on financial and service delivery performance, in the correct format. Treasury also does not have access to the financial information of the public entities, and needs to rely on the public entities to provide this information

Description of planned quality improvement measures

The amendments to the schedule of the Gaming and Betting Tax Act, 2010, came into effect on 1 November 2012 and this contributed to higher revenue collected (against casino, horse racing taxes, among others) in that financial year. The real effects of the amendments to the Gaming and Betting Tax Act will be realised in 2013/14. Going forward and subject to amendments to the Act, new revenue may be collected against online sport betting.

In 2009/10, Provincial Treasury initiated the KZN Provincial Revenue Forum, which comprises the Provincial Treasury Own Revenue unit and all departmental CFOs representatives, as well as the revenue sections of the various provincial departments. Its objectives, among others, are to place efficiency improvement measures in place, share learned experiences and develop sector strategies for the review of fees and taxes aimed at the enhancement and optimal collection of revenue. The quarterly meetings of this forum have yielded numerous successes and, going forward, it is hoped to build on these positive outcomes.

Monitoring of public entities' spending and legislative compliance gained momentum in 2012/13 with mid-year and close-out budget performance reports also being prepared for these entities and bilaterals being held with them for the first time. This engagement with entities will continue.

Strategic objective annual targets: 2014/15

Sub-programme: 2.3		Public Finance: Provincial Budget Management						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Promote effective and optimal financial resource allocation for provincial government	Compile the budget proposal	16 chapters completed 1 working day before MTEC as per budget process timetable	16 chapters	16 chapters	16 chapters completed 1 working day before MTEC as per budget process timetable	16 chapters completed 1 working day before MTEC as per budget process	16 chapters completed 1 working day before MTEC as per budget process timetable	16 chapters completed 1 working day before MTEC as per budget process timetable



Strategic objective annual targets: 2014/15

Sub-programme: 2.3		Public Finance: Provincial Budget Management						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
						timetable		
	Co-ordinate the preparation and publication of Provincial budget documentation	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling
		AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling
Ensure efficient budget and expenditure management and accurate financial reporting for provincial government (including public entities)	Monitor and evaluate provincial government financial and non-financial performance	12 IYM reports p/a (submitted to NT by the 22 nd monthly)	12 IYM reports	12 IYM reports	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12 IYM reports p/a (submitted to NT by 22 nd monthly)
		4 quarterly perf. reports submitted by deadline as set by National Treasury	4 quarterly budget performance report	3 quarterly budget performance report	3 quarterly perf. reports	3 quarterly perf. reports	3 quarterly perf. reports	3 quarterly perf. reports

Programme performance indicators and annual targets: 2014/15

Sub-programme: 2.3		Public Finance: Provincial Budget Management					
Performance indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
No. of chapters in MTEC report	16 chapters completed 1 working day before MTEC as per budget process timetable	16 chapters	16 chapters	16 chapters completed 1 working day before MTEC as per budget process timetable	16 chapters completed 1 working day before MTEC as per budget process timetable	16 chapters completed 1 working day before MTEC as per budget process timetable	16 chapters completed 1 working day before MTEC as per budget process timetable
Estimates of Provincial Revenue and Expenditure (EPRE)	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling	EPRE on time for tabling
Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling	AEPRE on time for tabling
Section 32 report (Monthly provincial IYM report)	12 IYM reports p/a (submitted to NT by the 22 nd monthly)	12 IYM reports	12 IYM reports	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12 IYM reports p/a (submitted to NT by 22 nd monthly)	12 IYM reports p/a (submitted to NT by 22 nd monthly)
Quarterly performance reports for provincial departments	4 quarterly perf. reports submitted by deadline as set by National Treasury	4 quarterly budget performance report	3 quarterly budget performance report	3 quarterly perf. reports	3 quarterly perf. reports	3 quarterly perf. reports	3 quarterly perf. reports

Quarterly targets: 2014/15

Sub-programme: 2.3		Public Finance: Provincial Budget Management				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of chapters in MTEC reports	Annual	16	-	16	-	-
Estimates of Provincial Revenue & Expenditure	Annual	1	-	-	-	1
Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)	Annual	1	-	-	1	-
Section 32 report (Monthly provincial IYM report)	Monthly	12	3	3	3	3
Quarterly performance reports for provincial departments	Quarterly	3	1	1	-	1

Strategic objective annual targets: 2014/15

Sub-programme: 2.3		Public Finance: Public Finance: Provincial Own Revenue						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Promote optimal and sustainable revenue generation and collection by provincial departments and public entities	Conduct and co-ordinate quarterly Provincial Revenue Forums	New	New	4	Conduct quarterly meetings of the PRF	Conduct quarterly meetings of the PRF	Conduct quarterly meetings of the PRF	Conduct quarterly meetings of the PRF
	Monitoring of departmental revenue collection	16 departments	16 departments	3	Revenue quarterly performance reports	Revenue quarterly performance reports	Revenue quarterly performance reports	Revenue quarterly performance reports
	Revenue input into the publication of Provincial budget documentations	Revenue inputs for budget statements and supplements finalised	Revenue input into OPRE and EPRE on time for tabling	1	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling

Programme performance indicators and annual targets: 2014/15

Sub-programme: 2.3		Public Finance: Provincial Own Revenue					
Performance indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Conduct and co-ordinate quarterly Provincial Revenue Forums	New	New	4	4 forums per year	4 forums per year	4 forums per year	4 forums per year
Monitoring of departmental revenue collection	16 departments	16 departments	3	Revenue quarterly performance reports	Revenue quarterly performance reports	Revenue quarterly performance reports	Revenue quarterly performance reports
Revenue input into Overview of Provincial Revenue and Expenditure (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE)	Revenue inputs for budget statements and supplements finalised	Revenue input into OPRE and EPRE on time for tabling	1	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling	Revenue input into OPRE and EPRE on time for tabling

Quarterly targets: 2014/15

Sub-programme: 2.3		Public Finance: Provincial Own Revenue				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Conduct and co-ordinate quarterly Provincial Revenue Forums	Quarterly	4 forums per year	1	1	1	1
Monitoring of departmental revenue collection	Quarterly	Revenue quarterly performance reports	1	1	1	1
Revenue input into Overview of Provincial Revenue (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE)	Annual	Revenue input into OPRE and EPRE on time for tabling	n/a	n/a	n/a	1

Strategic objective annual targets: 2014/15

Sub-programme: 2.3		Public Finance: Specialised Advisory Support Services						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Promote effective and optimal financial resource allocation for provincial government (including public entities)	Input into the revision and maintenance of DORA	New	Input submitted by due date	Submitted by due date	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT
	Institutionalise framework for the monitoring of provincial public entities	New	Implement monitoring tool and report quarterly for 9 public entities	Close-out report one month after end of financial year	Report bi-annually for 11 public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities

Programme performance indicators and annual targets: 2014/15

Sub-programme: 2.3		Public Finance: Specialised Advisory Support Services					
Performance indicators	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Input into the revision and maintenance of DORA	New	Input submitted by due date	Submitted by due date	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT	Input to be submitted by due date as set by NT
Institutionalise framework for the monitoring of provincial public entities	New	Implement monitoring tool and report quarterly for 9 public entities	Close-out report one month after end of financial year	Report bi-annually for 11 public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities	Report bi-annually for all listed public entities

Quarterly targets: 2014/15

Sub-programme: 2.3		Public Finance: Specialised Advisory Support Services				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Input into the revision and maintenance of DORA	Annual	Input to be submitted by due date as set by NT	Input to be submitted by due date	Input to be submitted by due date	Input to be submitted by due date	Input to be submitted by due date
Institutionalise framework for the monitoring of provincial public entities	Bi-annually	Implement monitoring tool and report bi-annually for all listed public entities	Prepare close-out report for all listed entities	Prepare 1 st quarter performance report for all entities Prepare budget MTEC report for all listed entities	Prepare mid-year performance report for all listed entities	Prepare EPRE tabled for all listed entities

2.4 Sub-programme: Municipal Finance

Specified Policies and Priorities

Municipalities are the custodians of public funds and are tasked with using their resources to respond to the needs of communities for infrastructure, local services and spatial development. National and Provincial Government has a constitutional mandate to monitor the state of local government financial management and finances to ensure sustainable service delivery, while concurrently promoting good budget and fiscal management by municipalities. In order to achieve this mandate, the Municipal Finance Unit monitors the preparation and performance of municipal budgets in order to ensure that the municipalities implement sound fiscal management; and to provide technical support to municipalities, particularly those that are in financial distress. The Unit endeavors to promote good budgeting and fiscal management but also to monitor the implementation of municipal budgets and compliance with Municipal Finance Management Act (MFMA) and the Municipal Budget and Reporting Regulations (MBRR) by all delegated KZN municipalities. Towards this end, the Municipal Finance Unit constructively engages all delegated municipalities to ensure that all budget related issues that are required in terms of the MFMA and MBRR are complied with. The functions of the Municipal Finance Unit is process driven and is largely determined by statutory deadlines as stipulated in the MFMA and the MBRR.

The strategic objectives are:

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

Progress Analysis

Mid-year Budget and Performance Assessment process

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

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

In the light of above, The Municipal Finance Unit will continue to discharge its responsibilities of supporting and monitoring all delegated municipalities to ensure that they fully comply in line with the requirements of MFMA and MBRR regarding the production and submission of Mid-Year Budget and Performance Assessment Report. The unit will assess all the reports received and feedback provided accordingly to municipalities.

Adjustments Budget process

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

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

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

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

Budget Evaluation Process

Section 16(2) of the MFMA requires that the Mayor of a municipality must table the annual budget at a Council meeting at least 90 days before the start of the new budget year. All municipalities except one tabled their draft 2013/14 budgets in Council by 31 March 2013.

Furthermore, Section 22(b)(i) and Section 23(1) of the MFMA requires that immediately after the annual budget is tabled in a municipal Council it must be submitted to National Treasury and the relevant Provincial Treasury and that the municipal Council must consider the views of the National Treasury, the relevant Provincial Treasury and any provincial or national organs or state or municipalities which made submissions on the budget. All the 58 delegated municipalities submitted their 2013/14 draft budgets to Provincial Treasury.



Regulation 9 of the MBRR requires that the annual budget and supporting documentation of a municipality must be in the format specified in Schedule A. Regulation 14 of the MBRR further requires that an annual budget and supporting documentation tabled in a municipal council in terms of Sections 16(2) and 17(3) of the Act, must be in the format in which it will eventually be approved by the council.

To ensure compliance with the MBRR formats as well as to improve the quality of budgets submitted by municipalities, National Treasury jointly with Provincial Treasury conducted 3 Municipal Budget Workshops on the preparation of the 2013/14 budgets. The workshops were held in Pietermaritzburg as follows:

- Revenue and Expenditure Framework (improvement in the quality of the Statement of Financial Performance) was work-shopped on 22-23 November 2012. This workshop was attended by 132 candidates;
- Fundamentals of credible Capital Budgeting as well as Cash Flow budgeting (funding of the budget) was work-shopped on the 6-7 December 2012 and was attended by 151 candidates; and
- A reinforcement session was held on the 1 February 2013 and was attended by 131 candidates. In this session MFMA Circular No. 66 as well as the Dummy Budget Guide were discussed.

Of the 58 delegated municipalities, 57 tabled their draft 2013/14 budgets in Council by 31 March 2013 as required by Section 16(2) of the MFMA. One municipality did not comply with this section of the Act and the MEC for Finance therefore sent a non-compliance letter to affected municipality. Subsequently, the municipality tabled their draft budget to council on 3 April 2013.

Of the 58 draft budgets received 57 were assessed by Provincial Treasury. The one remaining budget could not be assessed as the municipality submitted incomplete information. Bilateral meetings were conducted with 42 municipalities to discuss Provincial Treasury's assessment of their 2013/14 draft MTREF budgets.

With the exception of one municipality, all delegated municipalities tabled their 2013/14 final budgets for consideration for approval 30 days before the start of the budget year. The municipality applied for extension from the MEC for Finance as required by Section 27(3) of the MFMA. The municipality subsequently tabled and approved their 2013/14 Final Budget on 5 June 2013.

Section 16(1) of the MFMA states that the Council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. All 58 delegated municipalities approved their 2013/14 budgets by 28 June 2013.

A high level assessment was also conducted on the 2013/14 final budgets of all 58 delegated municipalities with a view of assessing whether municipalities have considered the comments and recommendations provided by Provincial Treasury on their draft budgets before it was tabled in Council.

In Year Monitoring of municipal budget performance

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

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



The process has been implemented in 2012/13 by the Municipal Finance Unit and was pursued in 2013/14 in ensuring the accuracy of the monthly reports submitted by the municipalities. There were frequent engagements with delegated municipalities in order to improve the quality of figures reported.

Municipal Support Program (MSP)

While the imperative of achieving a clean audit by 30 June 2014 would have passed at the beginning of the 2014/15 financial year, it is essential that the fundamentals of financial management in municipalities continue to be in place.

With this in mind, the MSP intends focusing on improving the processes around the following work-streams:

- Cash Flow Management;
- Enhancing the control environment around financial processes;
- Improving Information Technology General Controls;
- Mentoring the Chief Financial Officers;
- Improving the credibility of financial reporting;
- Improving Supply Chain Management practices; and
- The Internal Audit function.

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

The selection of municipalities to be part of the MSP in 2014/15 will be primarily based on 2 factors:

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

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

Analysis of constraints and measures planned to overcome the constraints

The municipal finance environment is characterised by a number of challenges which negatively impact on the Unit to provide a more constructive and intensified support to municipalities in order to realise its strategic objectives.

The following are some of these challenges:

- Lack of discipline regarding the financial management, resulting in spending beyond the limited resources;
- Lack of effective leadership in both administration and political roles;
- Inability of municipalities to identify new revenue sources and reliance on grants creates dependency problems which impact on the sustainability of municipalities;
- Escalating municipal debt having a direct impact on the sustainability of municipalities; and
- Consistent under-expenditure on capital budgets and utilisation of conditional grants to cover operations compromises development of municipal infrastructure.

The table below shows some of the internal and external environment constraints that negatively impact on the Municipal Finance Unit's ability to deliver on its mandate, together with measures planned to overcome them:



Table1: Measures planned to overcome constraints

No	Risk Name	Risk Description	Root Cause	Consequences	Controls	Action Plan
1.	Institutional Knowledge	Attraction and retention of critical skills	<ul style="list-style-type: none"> ❖ Resignation ❖ Market Demand ❖ Natural Attrition 	<ul style="list-style-type: none"> ❖ Work Overload ❖ Compromise on quality of output 	<ul style="list-style-type: none"> ❖ Financial incentives according to the retention policy ❖ Succession planning ❖ Cultivate a culture of knowledge dissemination/sharing. ❖ Appoint trainee budget analyst/coordinator 	<ul style="list-style-type: none"> ❖ Documentation of business processes ❖ Provide financial incentives on the attraction and retention of skills. ❖ Provide training and mentorship programmes
2.	Non Compliance by municipalities with the MFMA(Budget Regulations and Reporting)	Lack of compliance with regulations and prescripts by municipalities resulting in the unit failing to deliver on its planned deliverable.	<ul style="list-style-type: none"> ❖ Inherent risks that municipalities might not be capacitated to comply with the MFMA(Budget Regulations and Reporting) 	<ul style="list-style-type: none"> ❖ Inability by the unit to deliver on its mandate 	<ul style="list-style-type: none"> ❖ Visibility at municipality by the unit ❖ Technical Support provided to municipalities 	<ul style="list-style-type: none"> ❖ MEC of Finance to inform and update Mayors of reporting deadlines and ❖ On ongoing reporting of non compliance with key reporting deadlines with MFMA and MBRR
3.	Inadequate security measures over electronic and physical documentation	Poor controls over the electronic and physical documents.	<ul style="list-style-type: none"> ❖ Absence of procedural manual for the implementation of information management. ❖ Poor implementation of IT governance processes and policies by the IT unit 	<ul style="list-style-type: none"> ❖ Loss of critical data ❖ Service disruptions 	<ul style="list-style-type: none"> ❖ Periodic and sporadic audits of the H drive and hard copy documents 	<ul style="list-style-type: none"> ❖ Continuous engagement with IT unit on ECM implementation ❖ Develop a comprehensive procedure manual
4.	MSP	Non-deliverance of services by the service providers in line with the expectations and requirements of the Unit	<ul style="list-style-type: none"> ❖ Failure to build capacity by the service provider resulting in substandard outputs 	<ul style="list-style-type: none"> ❖ Compromise service delivery ❖ Fruitless and wasteful expenditure 	<ul style="list-style-type: none"> ❖ To monitor the implementation of the services in line with the SLA 	<ul style="list-style-type: none"> ❖ Check progress reports against TOR prior to payment processing

Description of planned quality improvement measures

The main focus of the Municipal Finance Unit is on improving the technical support it provides to delegated municipalities in the province on the preparation of multi-year budgets, the monthly outcomes of those budgets, in-year monitoring including statutory returns, the preparation of monthly, quarterly and annual consolidated reports on the state of delegated municipalities' financial performance in terms of the MFMA and improving the capacity of municipal staff through the facilitation of Financial Management capacity building training programmes.

There was notable improvement for KwaZulu-Natal municipalities in 2012/13 in terms of the submission of statutory MFMA Returns. This remains a priority and the Municipal Finance Unit will focus on improving compliance with the monthly reporting requirements. Furthermore, the Unit will continue to capacitate the officials within the unit, through workshops on the IYM Process.

The 2014/15 financial year will be the fifth year that all municipalities will be required to prepare their annual budget in accordance with the Municipal Budget and Reporting Regulations. This still remains a challenge for the municipalities as some of them do not complete all the required budget tables. The Municipal Finance Unit has provided technical support to the municipalities in the preparation of their 2013/14 budgets with the aim of achieving significant improvement in the completeness and quality of the budget submissions. During the 2013/14 budget process the Municipal Finance Unit performed assessments of both the first draft and the final budgets. This approach will also be adopted for the 2014/15 budget submissions.

It is the intention of Provincial Treasury to continue to submit a list of those municipalities that are persistently not complying with the MFMA reporting requirements to the Legislature for their consideration.

As the Unit becomes fully capacitated, it will augment the knowledge and skills levels within the Unit and lead to analysts increasing the number of contact visits to municipalities. Provincial Treasury is committed to supporting and assisting municipalities in KZN and in improving their level of financial management, augmenting the skills available to them through capacity building and in the process, enabling the sustainability of their operations.

Strategic objective annual targets: 2014/15

Sub-programme: 2.4		Municipal Finance						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To ensure efficient budget and expenditure management and accurate financial reporting for the local govt.	Monitor and evaluate local govt. budget performance ¹	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports	12 Section 71(6) reports
		4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports	4 Section 71(7) Quarterly budget performance reports
To assist and provide technical support to delegated municipalities in financial distress	To support delegated municipalities in financial distress through MSP ²	16 municipalities to be supported through MSP and 8 GRAP conversion	10 municipalities to be supported through the MSP	12 municipalities supported through the MSP	14 municipalities to be supported through the MSP	8 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP

1. Target is dependent on the cut-off date and closure of the NT Igdatabase.
2. Targets are not cumulative

Programme performance indicators and annual targets: 2014/15

Sub-programme: 2.4		Municipal Finance					
Performance indicators	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Section 71(6) report (Monthly municipal IYM report) within the prescribed time frame ¹	12 Section 71(6) reports, 22 working days after end of each month	12 Section 71(6) reports, 22 working days after end of each month	12 reports	12 Section 71(6) reports, 22 working days after end of each month	12 Section 71(6) reports, 22 working days after end of each month	12 Section 71(6) reports, 22 working days after end of each month	12 Section 71(6) reports, 22 working days after end of each month
Section 71(7) Quarterly budget performance reports ¹	4 Section 71(7) Quarterly budget performance reports, 45 days after end of quarter	4 Section 71(7) Quarterly budget performance reports, 45 days after end of quarter	4 reports	4 Section 71(7) Quarterly budget performance reports, 45 days after end of quarter	4 Section 71(7) Quarterly budget performance reports, 45 days after end of quarter	4 Section 71(7) Quarterly budget performance reports, 45 days after end of quarter	4 Section 71(7) Quarterly budget performance reports, 45 days after end of quarter
No. of municipalities supported by the MSP ²	16 municipalities to be supported through MSP and 8 GRAP conversion	10 municipalities to be supported through the MSP	12 municipalities	14 municipalities to be supported through the MSP	8 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP	10 municipalities to be supported through the MSP

1. Target is dependent on the cut-off date and closure of the NT Igdatabase.
2. Targets are not cumulative

Quarterly targets: 2014/15

Sub-programme: 2.4		Municipal Finance				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Section 71(6) report (Monthly municipal IYM report) within the prescribed time frame ¹	Monthly	12 Section 71(6) reports, 22 working days after end of each month	3 reports	3 reports	3 reports	3 reports
Section 71(7) quarterly budget performance reports ¹	Quarterly	4 Section 71(7) Quarterly budget performance reports, 45 days after end of quarter	1 report	1 report	1 report	1 report
No. of municipalities supported by the Municipal Support Programme (MSP) ²	Quarterly	8 municipalities to be supported through the MSP	2 municipalities	2 municipalities	2 municipalities	2 municipalities

1. Target is dependent on the cut-off date and closure of the NT Igdatabase
2. Targets are not cumulative

2.5 Reconciliation of budget with plan

Summary of payments and estimates - Programme 2: Fiscal Resource Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16
1. Programme Support	928	548	751	2 905	2 927	2 393	3 059	3 200	3 370
2. Economic Analysis	5 345	4 166	19 499	27 511	35 111	36 073	34 527	25 013	25 915
3. Public Finance	7 794	9 435	9 739	12 733	12 721	11 254	13 564	14 188	14 940
4. Municipal Finance	39 094	18 131	46 881	56 358	51 582	50 069	58 973	61 141	64 381
Total	53 161	32 280	76 870	99 507	102 341	99 789	110 123	103 542	108 606

Summary of payments and estimates by economic classification - Programme 2: Fiscal Resource Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16
Current payments	52 947	31 778	76 716	99 107	101 707	99 129	109 857	103 266	108 320
Compensation of employees	17 371	21 191	30 283	43 007	41 104	38 526	44 755	48 311	52 070
Goods and services	35 576	10 587	46 433	56 100	60 603	60 603	65 102	54 955	56 250
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	-	-	23	-	32	58	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	23	-	32	58	-	-	-
Payments for capital assets	208	374	131	400	602	602	266	276	286
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	188	374	131	400	602	602	266	276	286
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	20	-	-	-	-	-	-	-	-
Payments for financial assets	6	128	-	-	-	-	-	-	-
Total	53 161	32 280	76 870	99 507	102 341	99 789	110 123	103 542	108 606



3. Programme 3: Financial Management

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

3.1 Sub-programme: Financial Asset and Liability Management

Specified policies and priorities:

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

The priority of the Tax section is to provide efficient support and guidance to the 16 KZN Provincial departments and to increase the knowledge and skills of officials at the departments. The EMP 10 guide issued by SARS is used as a base to perform Risk Analysis in terms of tax compliance and processes. In addition a practical Tax manual has been compiled which focuses on the Persal and BAS Tax functions and the technical aspects of the PAYE tax functions to assist tax officials at all departments.

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

The key activities of the unit are:

- To keep departments abreast of amendments in tax legislation in respect of payroll tax.
- To provide quality training and an advisory service in respect of tax functions to departments and perform risk analysis in terms of tax compliance.
- To provide an effective Banking and support service to all client departments
- To improve the efficiency of cash management and to minimize the adverse liquidity through effective liabilities management.
- To facilitate, monitor support and training interventions with regards to Asset management prescripts and asset registers in the province.

The strategic objectives are:

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



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

Progress Analysis

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

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

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

Analysis of constraints and measures planned to overcome them

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

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

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

Description of planned quality improvement measures

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

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

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



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

Strategic objective annual targets: 2014/15

Sub-programme: 3.1		Financial Asset and Liability Management						
Strategic objective	Performance Indicator	Audited/Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To promote sound cash management practices and improve liquidity in the province and assist depts and municipalities in the attainment of a clean audit outcome for the province	Provide guidance and support iro Tax payroll functions to KZN depts	16 departments per quarter	16 departments per quarter	16 departments per quarter	15 departments per quarter	15 departments per quarter	15 departments per quarter	15 departments per quarter
	Conduct tax Information Seminar annually	5 sessions	2 sessions	2 sessions	2 sessions	2 sessions	2 sessions	2 sessions
	Risk Analysis per dept. to ensure compliance to tax legislation	64 assessment reports	Compliance assessment for 16 depts	64 reports	60 reports	60 reports	60 reports	60 reports
	Provide quarterly assessment reports to depts.. on status of bank related suspense accounts	64 reports	64 assessment reports	64 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports
	Review monthly bank reconciliations per department	192 reports	192 reconciled bank reconciliation	192 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation
	Produce quarterly report on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts
To promote sound Asset Management practices in Provincial Departments	No. of Asset workshops and training sessions conducted	6 Hardcat trainings and 2 workshops	1 Asset Management Workshop and 7 Hardcat training	5 Hardcat training and 4 reports	4	4	4	4

Programme performance indicators and annual targets: 2014/15

Sub-programme: 3.1		Financial Asset and Liability Management						
Performance indicators	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets			
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17	
Provide guidance and support iro payroll functions to KZN departments	16 depts. Per quarter	16 depts. Per quarter	16 depts. Per quarter	15 depts. Per quarter	15 depts. Per quarter	15 depts. Per quarter	15 depts. Per quarter	
Conduct Tax Information Seminar annually	5 sessions	2 sessions	2 sessions	2 sessions	2 sessions	2 sessions	2 sessions	
Risk Analysis per dept. to ensure compliance to tax legislation	64 assessment reports	Compliance assessment for 16 depts	64 reports	60 reports	60 reports	60 reports	60 reports	
Provide quarterly assessment reports to depts.. on status of bank related suspense accounts	64 reports	64 assessment reports	64 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports	60 assessment reports	
Review monthly bank reconciliations per department	192 reports	192 reconciled bank reconciliation	192 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	180 reconciled bank reconciliation	
Produce quarterly report on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	4 reports on withdrawals from municipal bank accounts	
No. of Asset workshops and training sessions conducted	6 Hardcat trainings and 2 workshops	1 Asset Management Workshop and 7 Hardcat training	5 Hardcat training and 4 reports	4	4	4	4	



Quarterly targets: 2014/15

Sub-programme: 3.1		Financial Asset and Liability Management				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Provide guidance and support iro payroll functions to KZN departments	Quarterly	15 depts	15 depts	15 depts	15 depts	15 depts
Conduct Tax Information Seminar annually	Annually	2 sessions	NIL	2 sessions	NIL	NIL
Risk Analysis per dept. to ensure compliance to tax legislation	Quarterly	60 reports	15 reports	15 reports	15 reports	15 reports
Provide quarterly assessment reports to depts.. on status of bank related suspense accounts	Quarterly	60 assessment reports	15 compliance assessment reports	15 compliance assessment reports	15 compliance assessment reports	15 compliance assessment reports
Review monthly bank reconciliations per department	Monthly	180 reconciled bank reconciliation	15 reconciled bank reconciliations	15 reconciled bank reconciliations	15 reconciled bank reconciliations	15 reconciled bank reconciliations
Produce quarterly report on withdrawals from municipal bank accounts	Quarterly	4 reports on withdrawals	1 quarterly report on withdrawals from municipal bank accounts	1 quarterly report on withdrawals from municipal bank accounts	1 quarterly report on withdrawals from municipal bank accounts	1 quarterly report on withdrawals from municipal bank accounts
No. of Asset workshops and training sessions conducted	Quarterly	4 seminars/training workshops	1 per quarter	1 per quarter	1 per quarter	1 per quarter

3.2 Sub-programme: Public Private Partnerships (PPPs)

Specified policies and priorities

The overall purpose of the sub programme is to **oversee and provide support** at a provincial and municipal level in line with the PPP Project Cycle.

The strategic objective is:

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

Progress analysis

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

The Provincial Government had a Government Precinct project which was aimed at reducing the shortage of office in Pietermaritzburg. The project was suspended in 2010 due the financial difficulties faced by the province which made it unaffordable. In June 2012, the Province took a decision to resuscitate the project and mandated both Department of Public Works and Provincial Treasury to update the feasibility study. The unit is also managing the update of the feasibility study for the KZN Government Precinct (office park).

The unit also plays an increasing role to the Department of Health in the roll-out of PPPs for the revitalisation of the King Edward VIII Hospital as a tertiary hospital and associated medical facilities.

The unit is working with the Department of Education in eradicating school infrastructure backlogs and establishing a framework for a PPP in financing, designing, construction and operating suitable school facilities, including office accommodation for the delivery of education services to the population of KZN.

The Inkosi Albert Luthuli Central Hospital is in it's 12th year of its concession contract which will be ending in December 2016. The KZN Provincial Treasury's PPP Unit is assisting the department of

Health and Inkosi Albert Luthuli Central Hospital with an exit strategy which will outline the handover procedures to be followed; assessment of whether the issues agreed in concession have been fulfilled and whether there has been skills transfer as per PPP requirements. The exit strategy will also assist the department in exploring of various option available to manage the hospital post the expiry date.

In January 1999, the Borough of Dolphin Coast (now Ilembe District Municipality) and Siza Water Company entered into a concession agreement whereby Siza Water Company would oversee, manage and implement the provision of water and sanitation services within the municipal boundary on a concession basis. This is a closed project with a concession period of 30 years and a contract reviewable on a 5-yearly basis.

The Ilembe District Municipality has initiated a 3rd review of the contract and PPP unit is providing hands on assistance in this regard.

Analysis of constraints and measures planned to overcome them

A major constraint is the lack of staff with appropriate technical, legal and financial management skills and experience, the unit has been unable to fill two of its senior management vacant post due to this constraint. The recent appointment of a Project Manager shall further contribute to the enhancement of skills and capacity building within the unit.

Description of planned quality improvement measures

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

Strategic objective annual targets: 2014/15

Sub-programme: 3.2		Public Private Partnerships						
Strategic objective	Strategic plan target	Audited/Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To provide substantial technical, financial and legal advice in support of all provincial PPP projects in line with PPP Project Cycle as regulated by National Treasury guidelines	Number of seminars/workshops conducted for Provincial departments, Public entities, Municipalities, Municipal entities and the Private sector.	Nil	Nil	5	4	4	4	4
	No. of reports for Prov. Treasury management and NT PPP unit	New	12	12	12	12	12	12
	Contract management reports on closed deals	9	11	12	12	12	12	12



Programme performance indicators and annual targets: 2014/15

Sub-programme: 3.2		Public Private Partnerships					
Performance indicator	Audited/Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Number of seminars/workshops conducted for Provincial departments, Public entities, Municipalities, Municipal entities and the Private sector.	Nil	Nil	5	4	4	4	4
No. of reports for Prov. Treasury management and NT PPP unit	New	12	12	12	12	12	12
Contract management reports on closed deals	9	11	12	12	12	12	12

Quarterly targets: 2014/15

Sub-programme: 3.2		Public Private Partnerships				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Number of seminars/workshops conducted for Provincial departments, Public entities, Municipalities, Municipal entities and the Private sector.	Quarterly	4	1	1	1	1
No. of reports for Prov. Treasury management and NT PPP unit	Annually	12	3	3	3	3
Contract management reports on closed deals	Annually	12	3	3	3	3

3.3 Sub-programme: Provincial Supply Chain Management

Specified policies and priorities

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

The strategic objectives are:

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

Progress has been achieved in the following areas:

- The unit regularly conducts assessments on the implementation of SCM in the province. Informed by these assessments, the unit has provided advisory procurement support to provincial departments and municipalities enhancing internal controls therein, thus assisting in the management of risks encountered in achieving strategic objectives.
- The unit provided specific SCM related workshops and forums in order to broaden the skills base in departments and municipalities. It is expected that as the skills base is enhanced the incidences of irregular expenditure and fraud will decrease in the province.



- The process of reviewing the KZN SCM Policy Framework is in its final stages, and this has taken into account not only the views of the provincial stakeholders, but also bringing it in line with current National Treasury Instruction notes.
- The unit is in advanced stages of developing a price list for goods and services frequently procured by government departments. This development will ultimately ensure that when procuring there is available a tool that can be used to assess value for money in specific transactions entered into by various government departments. Implementation of the price list will coincide with the implementation of a provincial e-procurement tool, to ensure effective monitoring of transactions by departments.
- The success achieved in the contract management pilot project has resulted in decision to extend the project to other departments. This will ensure that the benefits of the projects are permeated through all departments thus not only reducing the incidence of irregular expenditure but also enhancing internal control.
- The process of establishing a structure for a Municipal Bid Complaints Tribunal is in its final stages and is expected to be completed and commence its operations within the 2013/2014 financial year. This tribunal will ensure that there is an appeal avenue for municipal bids as required by Regulations 49 and 50 of the MFMA for all municipalities in the province.
- The Unit is in the process of awarding the bid for the implementation of an e-procurement tool that will assist in minimizing opportunities for fraud and corruption.
- The Unit has further finalized the appointment of a panel of service providers who will play a role in the BBBEE verification process with respect to suppliers currently registered on the Suppliers Database.
- The Unit has successfully implemented a Section 18 intervention at both the Department of Social Development and the Department of Sports and Recreation.
- A process administration tool has been developed and implemented for the management of department bid appeals for provincial departments. The tool aims to reduce turn-around times and keep all stakeholders updated on the status of appeals.

Analysis of constraints and measures planned to overcome them

The Unit has identified the following constraints:

- Factors external, for example the combination of high staff turnover rate and vacancy rate, to the unit continue to undermine its capacity building efforts. This puts excessive demands on the training efforts of the unit. The manner in which the training effort is made will be adjusted to take into account the increasing demands.
- Lack of capacity within the SCM unit. This will be addressed by sending staff for training in SCM related matters to accredited training institutions.
- Increased instance of Provincial and Municipal intervention places a strain on the resources within the Unit, however the Unit is in the process of appointing Panel of SCM experts, who will be utilized in the intervention process.



Description of planned quality improvement measures

- Increased emphasis on capacity building in order to improve SCM related decision making at a transaction level. This implies dealing not only with the existing irregular expenditure but also minimizing the incurring of irregular expenditure in the future.
- The training of SCM staff will be a priority so that a technically improved service can be provided to clients. This will insure that the unit is better placed to embrace internal changes and to achieve stated objectives.
- Consolidation, standardization and enhancement of processes within the unit will be undertaken in order to improve the quality of support provided. This includes upgrading of internal processes, increased emphasis on enforcement and provision of technical support.
- The search function of the Provincial Supplier's database has been enhanced so that users of the system will be notified when owners of companies are employees of government.

Strategic objective annual targets: 2014/15

Sub-programme: 3.3		Provincial Supply Chain Management						
Strategic objectives	Performance Indicator	Audited/Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Support and monitor adherence of state institutions to SCM prescripts	No. of SCM training sessions and information sessions conducted	20 Information sessions	75 SCM training sessions /workshops	26	Conduct 10 SCM training, information sessions and workshops for state institutions	Conduct SCM training, information sessions and workshops for state institutions	Conduct SCM training, information sessions and workshops for state institutions	Conduct SCM training, information sessions and workshops for state institutions
		New	New	3	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities
	No. of assessments	44 Routine assessments completed at municipalities and 8 routine assessments completed at departments and 18 adhoc investigations	47 Routine assessments completed at municipalities and 20 routine assessments completed at departments and 24 adhoc investigations completed	103	Conduct 76 SCM assessments in depts, munic. and public entities Conduct compliance assessments & investigate complaints	Conduct SCM assessments in depts, munic. and public entities Conduct compliance assessments & investigate complaints	Conduct SCM assessments in depts, munic. and public entities Conduct compliance assessments & investigate complaints	Conduct SCM assessments in depts, munic. and public entities Conduct compliance assessments & investigate complaints
	No. of reviews of the supplier registration form	New	New	New	New	Review and update supplier registration form	Review and update supplier registration form	Review and update supplier registration form
	No. of policies and practice notes reviewed and issued	1 practice note developed and 7 policies reviewed	14 reviewed policies	9	Review and update 4 policies practise notes	Review and update policies practise notes	Review and update policies practise notes	Review and update policies practise notes

Programme performance indicators and annual targets: 2014/15

Sub-programme: 3.3		Provincial Supply Chain Management						
Performance indicators	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets			
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17	
No. of SCM training sessions and information sessions conducted	20 Information sessions	75 SCM training sessions /workshops	26	Conduct 10 SCM training, information sessions and workshops for state institutions	4 training sessions/ workshops	4 training sessions/ workshops	4 training sessions/ workshops	
	New	New	3	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities	4 SCM forums for departments & municipalities	
No. of assessments	44 Routine assessments completed at municipalities and 8 routine	47 Routine assessments completed at municipalities and 20 routine	103	Conduct 76 SCM assessments in depts, munic. and public entities Conduct compliance	Conduct SCM assessments in depts, munic. and public entities Conduct compliance	Conduct SCM assessments in depts, munic. and public entities Conduct compliance	Conduct SCM assessments in depts, munic. and public entities Conduct	

	assessments completed at departments and 18 adhoc investigations	assessments completed at departments and 24 adhoc investigations completed		compliance assessments & investigate complaints	assessments & investigate complaints	assessments & investigate complaints	compliance assessments & investigate complaints
No. of reviews of the supplier registration form	New	New	New	New	Review and update supplier registration form	Review and update supplier registration form	Review and update supplier registration form
No. of policies and practice notes reviewed and issued	1 practice note developed and 7 policies reviewed	14 reviewed policies	9	Review and update 4 policies practise notes	Review and update policies practise notes	Review and update policies practise notes	Review and update policies practise notes

Quarterly targets: 2014/15

Sub-programme: 3.3		Provincial Supply Chain Management				
Programme performance Indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of SCM training sessions and information sessions conducted	Quarterly	4	1	1	1	1
	Quarterly	4	1	1	1	1
No. of assessments	Quarterly	60	15	15	15	15
No. of reviews of the supplier registration form	Biannually	2	1	N/A	1	N/A
No. of policies and practice notes reviewed and issued	Quarterly	4	1	1	1	1

3.4 Sub-programme: Financial Reporting

Specified policies and priorities

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

The strategic objectives are:

To assist departments, public entities and municipalities in the attainment of positive audit outcomes for the Province, with respect to financial management. The following goals define the strategic initiatives to achieve the vision for future success:

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

Progress analysis: *Provincial departmental and public entity support*

Four Provincial Departments received audit qualifications for the 2012/13 financial year, being Department of Education, Department of Social Development, Department of Health, and Department of Arts and Culture.

The Financial Reporting Unit is assisting the Provincial Department of Health in addressing the ongoing audit qualification regarding asset management, in which a team, based on the enormity of the problem, has been deployed on a three year basis to develop and maintain a complete, accurate and reliable asset register throughout the Province. A task team has further been deployed to KZN Department of Education, whom is currently assisting the Department in addressing the capped leave audit qualification, which we anticipate to receive positive audit results for the 2013/14 financial year.

The Financial Reporting Unit continues to further support the KZN Department of Social Development in terms of capacitating and development of existing officials, with respect to asset management. A dedicated full-time resource has been deployed to provide support to the existing asset management unit within the Department. Department of Public Works has further been supported during the 2012/13 financial year, in terms of the immovable asset register, which has resulted in the Department sustaining the unqualified audit opinion. Financial management support to the Department of Royal Household is further ongoing by the Financial Reporting Unit, with the aim of ensuring that the unqualified audit opinion is sustained for the 2013/14 financial year.

Interim Financial Statement reviews, suspense account analysis and revenue fund monitoring are further being conducted on a quarterly basis in all Departments, and the results of these reviews are being communicated to the Departments for addressing.

The Financial Reporting Unit has further deployed resources to investigate and address irregular expenditure in the Province.

The provincial consolidated annual financial statements for the Revenue Fund and Provincial Departments for the 2012/13 Financial Year has been audited and tabled in the Provincial Legislature. The Revenue Fund has received a clean audit opinion for the past five financial years. The consolidated annual financial statements for Public Entities are currently under audit by the Office of the Auditor General.

One listed public entity, being KZN Nature Conservation, was qualified for the 2012/13 financial year. Support is currently being rendered to the entity in addressing the qualification matters.

Successful implementation of Caseware within eight public entities has resulted in the 2012/13 financial statements being prepared utilizing the software. The remaining four entities are still in the process of implementation, with the aim of utilising the software to prepare the annual financial statements for the 2013/14 financial year. The implementation of Caseware has contributed positively to improving the financial reporting and accounting processes in preparation of the annual financial statements.

Progress analysis: *Municipal support*

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

The Financial Reporting unit has implemented an internally resourced "Back to Basics" Program in 15 municipalities in the Province, which focuses on the quality of routine accounting processes and financial management reconciliations taking place within municipalities, on a monthly basis. This Program has achieved great success as majority of the municipalities have prepared the annual financial statements internally, with the assistance from the Financial Reporting officials. Technical reviews by GRAP specialists have further been performed on the annual financial statements for these municipalities, to ensure that GRAP compliance has been achieved, prior to submission to the Auditor General for audit purposes. The assistance provided to these municipalities has contributed positively to maintaining or improving the audit opinions for the 2013/14 financial year:



- Ntambanana Municipality and Umuziwabantu Municipality achieved clean audit opinions for the first time;
- Greater Kokstad Municipality and Sisonke District Municipality, now known as Harry Gwala District Municipality improved from a qualified audit opinion to an unqualified audit opinion;
- Umhlabuyalinga Municipality improved from a disclaimer audit opinion to an unqualified audit opinion;
- Umkhayakude District Municipality improved from a disclaimer audit opinion to a qualified audit opinion.

The remaining municipalities supported in the program maintained their unqualified audit opinions.

Specific financial management support in terms of asset register compilation and annual financial statements have been provided to Endumeni Municipality and Umgeni Municipality, at the request of these municipalities, which resulted in these municipalities maintaining their unqualified audit opinions.

A three day Accounting Standards Update workshop was further held during July 2013 for the 61 municipalities in the Province, which provided updates on the recent changes in accounting standards, challenges in asset management with specific reference to infrastructure, as well as guidance on the new Treasury AFS template, disclosure checklist and disclosure requirements for Unauthorised, Fruitless and Wasteful, and Irregular Expenditure.

The impact of inadequate asset management on the audit report has still proved to be a significant challenge for municipalities in the Province, and in order to develop a strategy to address, asset management assessments were conducted in 5 municipal districts within the Province. The results of these assessments have contributed to the development of an asset management strategy, which focuses on institutionalizing asset management within municipalities to perform daily functions.

Analysis of constraints and measures planned to overcome them

The major constraint within the financial reporting unit is the lack of staff with appropriate experience in order to provide the “on-the-ground” support that municipalities, departments and public entities require. Internal officials allocated to municipal support have undergone a detailed two week training program on the Accounting Standards as well as AFS preparation, which included practical implementation of concepts as well as assessment driven. A similar training program is scheduled for officials whom support Departments and Public Entities during February/March 2014.

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

Description of planned quality improvement measures

- Regular hands-on engagement and support to provincial departments, public entities and municipalities to strengthen the financial management and accounting processes.
- Collaboration with the relevant units within Provincial Treasury to obviate functional and operational duplicities to provide support to departments and municipalities in real-time.
- Continued staff development and training programmes to develop and retain the requisite financial management skills and expertise.



Strategic objective annual targets: 2014/15

Sub-programme: 3.4		Financial reporting						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To present fairly the consolidated financial position of the province	Consolidated AFS for Provincial Departments and the Provincial Revenue Fund	Consolidated AFS for FY 09/10	Consolidated AFS for FY 10/11 tabled in legislature	Compiled AFS for FY 11/12	Consolidated AFS for FY 12/13 tabled in legislature by 30 November 2013	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	Consolidated AFS for FY 14/15 tabled in legislature by 30 November 2015	Consolidated AFS for FY 15/16 tabled in legislature by 30 November 2016
	Consolidated AFS for Public Entities tabled in Legislature	Consolidated AFS for FY 09/10	Consolidated AFS for FY 10/11 tabled in legislature	Compiled AFS for FY 11/12	Consolidated AFS for FY 12/13 tabled in legislature by 28 February 2014	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	Consolidated AFS for FY 14/15 tabled in legislature by 30 November 2015	Consolidated AFS for FY 15/16 tabled in legislature by 30 November 2016
To fairly present the revenue fund of the province	Annual Financial Statements for the Revenue Fund tabled in Legislature	Revenue Fund AFS tabled in Legislature for FY 09/10	Revenue Fund AFS tabled in Legislature for FY 10/11	Revenue Fund AFS tabled in Legislature for FY 11/12	Revenue Fund AFS tabled in Legislature for FY 12/13 by 30 November 2013	Revenue Fund AFS tabled in Legislature for FY 13/14 by 30 November 2014	Revenue Fund AFS tabled in Legislature for FY 14/15 by 30 November 2015	Revenue Fund AFS tabled in Legislature for FY 15/16 by 30 November 2016
To provide financial management support to departments, public entities and municipalities	Provincial Audit Outcome Analysis for Municipalities, Departments and Public Entities	Summary of Audit Outcome Analysis on AG's audit Report	Summary of Audit Outcome Analysis on AG's audit Report	Summary of Audit Outcome Analysis on AG's audit Report	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2013	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2014	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2015	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2016
	AFS Support and Training to Provincial Departments	1 AFS training workshop	1 AFS training workshop	0	1 AFS training workshop by 31 May 2013	1 AFS training workshop by 31 March 2014	1 AFS training workshop by 31 March 2015	1 AFS training workshop by 31 March 2016
		Pre-audit review in 16 Departments	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments by 31 May 2013	Pre-audit review in 16 Departments by 31 May 2014	Pre-audit review in 16 Departments by 31 May 2015	Pre-audit review in 16 Departments by 31 May 2016
	Financial Management Monitoring Support to Public Entities	new	new	Pre-audit readiness assessment in 12 public entities	Pre-audit readiness assessment in 12 public entities	Pre-audit review in 12 public entities by 31 May 2014	Pre-audit review in 12 public entities by 31 May 2015	Pre-audit review in 12 public entities by 31 May 2016
		new	new	new	New	1 AFS training workshop for 12 public entities by 31 March 2014	1 AFS training workshop for 12 public entities by 31 March 2015	1 AFS training workshop for 12 public entities by 31 March 2016
	Financial Management Monitoring Support to Municipalities	new	new	new	New	1 AFS training workshop for 58 municipalities by 30 June 2014	1 AFS training workshop for 58 municipalities by 30 June 2015	1 AFS training workshop for 58 municipalities by 30 June 2016
		new	new	new	Pre-audit assessment report in 15 municipalities by 30 August 2013	Pre-audit assessment report in 10 municipalities by 30 August 2014	Pre-audit assessment report in 15 municipalities by 30 August 2015	Pre-audit assessment report in 20 municipalities by 30 August 2016
		new	new	new	Progress reports on intensive on-site financial management support to 15 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 10 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 15 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 20 municipalities within 10 days of every quarter end

Programme performance indicators and annual targets: 2014/15

Sub-programme: 3.4	Financial Reporting						
	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Consolidated AFS for Provincial Departments and the Provincial Revenue Fund	Consolidated AFS for FY 09/10	Consolidated AFS for FY 10/11 tabled in legislature	Compiled AFS for FY 11/12	Consolidated AFS for FY 12/13 tabled in legislature by 30 November 2013	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	Consolidated AFS for FY 14/15 tabled in legislature by 30 November 2015	Consolidated AFS for FY 15/16 tabled in legislature by 30 November 2016
Consolidated AFS for Public Entities tabled in Legislature	Consolidated AFS for FY 09/10	Consolidated AFS for FY 10/11 tabled in legislature	Compiled AFS for FY 11/12	Consolidated AFS for FY 12/13 tabled in legislature by 28 February 2014	Consolidated AFS for FY 13/14 tabled in legislature by 30 November 2014	Consolidated AFS for FY 14/15 tabled in legislature by 30 November 2015	Consolidated AFS for FY 15/16 tabled in legislature by 30 November 2016
Annual Financial Statements for the Revenue Fund tabled in Legislature	Revenue Fund AFS tabled in Legislature for FY 09/10	Revenue Fund AFS tabled in Legislature for FY 10/11	Revenue Fund AFS tabled in Legislature for FY 11/12	Revenue Fund AFS tabled in Legislature for FY 12/13 by 30 November 2013	Revenue Fund AFS tabled in Legislature for FY 13/14 by 30 November 2014	Revenue Fund AFS tabled in Legislature for FY 14/15 by 30 November 2015	Revenue Fund AFS tabled in Legislature for FY 15/16 by 30 November 2016
Provincial Audit Outcome Analysis for Municipalities, Departments and Public Entities	Summary of Audit Outcome Analysis on AG's audit Report	Summary of Audit Outcome Analysis on AG's audit Report	Summary of Audit Outcome Analysis on AG's audit Report	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2013 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2014	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2014 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2015	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2015 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2016	Summary of Audit Outcome Analysis on AG's audit Report for Provincial departments and public entities by 31 August 2016 Summary of Audit Outcome Analysis on AG's audit Report for municipalities by 31 January 2017
AFS Support and Training to Provincial Departments	1 AFS training workshop	1 AFS training workshop	0	1 AFS training workshop by 31 May 2013	1 AFS training workshop by 31 March 2014	1 AFS training workshop by 31 March 2015	1 AFS training workshop by 31 March 2016
	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments	Pre-audit review in 16 Departments by 31 May 2013	Pre-audit review in 16 Departments by 31 May 2014	Pre-audit review in 16 Departments by 31 May 2015	Pre-audit review in 16 Departments by 31 May 2016
Financial Management Monitoring Support to Public Entities	new	new	Pre-audit readiness assessment in 12 public entities	Pre-audit readiness assessment in 12 public entities	Pre-audit review in 12 public entities by 31 May 2014	Pre-audit review in 12 public entities by 31 May 2015	Pre-audit review in 12 public entities by 31 May 2016
	new	new	new	New	1 AFS training workshop for 12 public entities by 31 March 2014	1 AFS training workshop for 12 public entities by 31 March 2015	1 AFS training workshop for 12 public entities by 31 March 2016
Financial Management Monitoring Support to Municipalities	new	new	new	New	1 AFS training workshop for 58 municipalities by 30 June 2014	1 AFS training workshop for 58 municipalities by 30 June 2015	1 AFS training workshop for 58 municipalities by 30 June 2016
	new	new	new	Pre-audit assessment report in 15 municipalities by 30 August 2013	Pre-audit assessment report in 10 municipalities by 30 August 2014	Pre-audit assessment report in 15 municipalities by 30 August 2015	Pre-audit assessment report in 20 municipalities by 30 August 2016
	new	new	new	Progress reports on on-site financial management support to 15 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 10 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 15 municipalities within 10 days of every quarter end	Progress reports on intensive on-site financial management support to 20 municipalities within 10 days of every quarter end

Quarterly targets: 2014/15

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

3.5 Sub-programme: Norms and Standards

Specified policies and priorities

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

The strategic objective is:

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

Progress analysis

Gaps in the regulatory environment for KwaZulu-Natal municipalities, as they relate to the financial management sphere, are identified largely via surveys conducted in municipalities. The remedial measures undertaken to address these deficiencies resulted in the successful provision of policy

assistance and development in five municipalities, namely Umvoti, Nquthu, Umuziwabantu, Mfolozi and Ndwedwe. To facilitate a meaningful and fruitful development/review of policies, relevant personnel within the municipalities were extensively consulted and participated in the customization of policies to better meet the operational requirements. In addition, *ad hoc* assistance was provided to numerous municipalities and entities upon request that are made during the period.

In pursuance of Presidential Outcome 12, the unit developed an MFMA System of Delegations template, in conjunction with National Treasury, to ensure that municipalities have a complete and adequate delegations framework in place for financial management. The template was successfully rolled-out to all delegated municipalities in the Province. Ongoing assistance is being provided to municipalities in the customisation and finalisation of the adoption of the template by municipalities and its subsequent approval by the individual councils. In terms of the best management practice, financial delegations must be reviewed annually or each time there is a change in the municipal structure that will result in either the centralisation or decentralisation of functions. Norms and standards assisted 16 municipalities during the review and assessment of their financial delegations as part of annual review exercise.

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

A compliance monitoring and evaluation exercise was undertaken to assess financial management compliance within provincial departments, who were required to complete quarterly questionnaires and provide reasons for any non-compliance for assessment purposes. The completed questionnaires were analysed in terms of financial consequences and implications and compliance assessment reports issued detailing all outcomes and providing recommendations to address identified weaknesses or non-compliance. Departments were required to indicate deadlines by which remedial measures would be instituted and follow-ups were conducted to address any outstanding compliance matters.

The unit was requested by National Treasury to assist in the review of the upgraded diagnostic compliance tool, Financial Management Capability Maturity Model (FMCMM). The questions per module relating to Governance, Financial Management, Reporting, Performance Management and Supply Chain Management were analysed and input provided where applicable, and additional questions proposed for inclusion in the various modules. The unit was furthermore requested to assist in developing foundation level questions relating to the compliance tool in respect of delegations, bid committees, anti-corruption, ethics and financial misconduct.

The unit facilitated the implementation of the new compliance model and identified two departments as part of the pilot project prior to the nationwide roll-out of the financial model. Suggestions and recommendations were put forward to National Treasury to address the various challenges experienced during the pilot phase to ensure the seamless implementation of the model and to ensure the achievement of the desired outcomes of financial management reform.

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

Analysis of constraints and measures planned to overcome them

Ad hoc work and projects particularly from an MFMA perspective are frequent and threatens to impact on the unit's ability to execute tasks in a timely and satisfactory manner. The unit will utilise the services of a panel of service providers to augment its capacity requirements on an as and when required basis. An evaluation of the functions and confirmation of its alignment to the unit's organizational structure may be necessary in the future.



Description of planned quality improvement measures

In order to improve on services rendered, a more customer-focused approach will be put into action. Customer feedback, for instance, will be of primary concern and will be obtained via feedback questionnaires. This will enable a better assessment of the impact being made as a result of the unit's activities, whether customer requirements are being met and where improvements may be implemented.

Strategic objective annual targets: 2014/15

Sub-programmes: 3.5		Norms and Standards						
Strategic objective	Performance Indicator	Audited/Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Develop, review and facilitate the implementation of financial norms and standards in departments, municipalities and the respective entities	No. of policies and instruction notes developed and reviewed for departments, municipalities and their respective entities	10 practice notes reviewed	22 practice notes reviewed for provincial departments, 10 policies reviewed and 7 developed for municipalities.	14 practice notes reviewed for provincial departments, 22 finance-related policies for municipalities and 4 policies and 6 procedures for 2 entities.	40 instruction notes and policies developed and/or reviewed based on needs analysis	40 instruction notes and policies developed and/or reviewed based on needs analysis	40 instruction notes and policies developed and/or reviewed based on needs analysis	40 instruction notes and policies developed and/or reviewed based on needs analysis
Compliance, monitoring and evaluation of financial norms and standards	No. of departments assessed and monitored	New	New	New	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored

Programme performance indicators and annual targets: 2014/15

Sub-programme: 3.5		Norms and standards					
Performance indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
No. of instruction notes/policies developed and reviewed for departments, municipalities and their respective entities.	10 practice notes reviewed.	22 practice notes reviewed for provincial departments, 10 policies reviewed and 7 developed for municipalities.	14 practice notes reviewed for provincial departments and 22 finance-related policies for municipalities and 4 policies and 6 procedures for 2 entities.	40 instruction notes and policies developed and/or reviewed based on needs analysis	40 instruction notes and policies developed and/or reviewed based on needs analysis	40 instruction notes and policies developed and/or reviewed based on needs analysis	40 instruction notes and policies developed and/or reviewed based on needs analysis
No. of departments assessed and monitored	New	New	New	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored

Quarterly targets: 2014/15

Sub-programme: 3.5		Norms and Standards				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of instruction notes/policies developed and reviewed for departments, municipalities and their respective entities.	Quarterly	40 instruction notes and policies developed and reviewed	6 instruction notes and 4 policies reviewed	6 instruction notes and 4 policies reviewed	6 instruction notes and 4 policies reviewed	6 instruction notes and 4 policies reviewed
No. of departments assessed and monitored	Quarterly	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored	All departments assessed and monitored

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

Specified policies and priorities

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

The strategic objective is:

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

Progress analysis

The Treasury IT environment has been stable and secure with minimal disruption to business operations due to IT related challenges. The Biometric Access Control System continues to provide an advanced level of security for BAS and Persal. No systems related fraud has been reported since the deployment of this system.

Treasury continues to improve its document and records management practices in line with legislative requirements through the implementation of the Enterprise Content Management (ECM) system. The leave application process has been automated with final testing in progress.

The Auditor General’s Report on the IT general controls identified just two findings. This is indicative of the strong controls that exist in the IT environment at Provincial Treasury.

Analysis of constraints and measures planned to overcome them

There is insufficient human resource capacity to support the Biometric Access Control system. A proposal has been submitted for the creation of a dedicated unit to support transversal systems including the Biometric system in the 2013-2014 financial year.

The procurement of IT goods and services through SITA continues to be a challenge with lengthy delays in the tender process. This impact on the ability of the department to meet its business requirements and performance targets. Treasury has been and continues to engage senior executives of SITA to resolve these delays.

Description of planned quality improvement measures

A proposal for the creation of a dedicated unit to support the Biometric system has been submitted for approval.

To ensure that IT goods and services are procured within acceptable time frames, Treasury follows its own internal procurement process for critical IT services, in line with the relevant legislation and regulations.

Strategic objective annual targets: 2014/15

Sub-programme: 3.6		Supporting and Interlinked Financial Systems						
Strategic objective	Strategic plan target	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Develop, review, implement and monitor dept. supporting information technology enabler policies & procedures	No. of policy reviews completed	8	5	6	4	4	4	4
	No. of compliance reports completed	7	14	11	12	12	12	12
	No. of information sessions conducted	8	12	6	8	8	8	8
To ensure business continuity through the management of the IT network infrastructure, desktop and LAN support and network security	Mean Time to Resolve - Treasury	1 hr 23min	1hr 4min	55 min per quarter	8 hr MTTR	8 hr MTTR	8 hr MTTR	8 hr MTTR
	Percentage network Uptime	99%	99%	99% per quarter	99%	99%	99%	99%
Provide technical support for transversal systems	Mean Time to Resolve – Transversal Systems	1 hr 23min	6hrs3min	1hr53min	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR



Programme performance indicators and annual targets: 2014/15

Sub-programme: 3.6	Supporting and Interlinked Financial Systems						
Performance indicators	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
No. of policy reviews completed	8	5	6	4	4	4	4
No. of compliance reports completed	7	14	11	12	12	12	12
No. of information sessions conducted	8	12	6	8	8	8	8
Mean time to resolve (MTTR) -Treasury	1 hr 23min	1hr 4min	55 min per quarter	8 hr MTTR	8 hr MTTR	8 hr MTTR	8 hr MTTR
Percentage network uptime	99%	99%	99% per quarter	99%	99%	99%	99%
Mean time to resolve (transversal systems)	1 hr 23min	6hrs3min	1hr53min	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR

Quarterly targets: 2014/15

Sub-programme: 3.6	Supporting and Interlinked Financial Systems					
Programme performance Indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of policy reviews completed	Quarterly	4	1	1	1	1
No. of compliance reports completed	Quarterly	12	3	3	3	3
No. of information sessions conducted	Quarterly	8	2	2	2	2
Mean time to resolve (MTTR)-Treasury	Quarterly	8 hours MTTR	8 hours MTTR	8 hours MTTR	8 hours MTTR	8 hours MTTR
Percentage network uptime	Quarterly	99%	99%	99%	99%	99%
Mean time to resolve (transversal systems)	Quarterly	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR	8-24 hr MTTR



4. Programme 4: Internal Audit

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

4.1 Sub-programme: Assurance Services

Specified policies and priorities

The Internal Audit Unit provides a legislated shared internal audit function which covers an independent objective assurance and consulting services on issues of internal controls, risk management and governance as provided in the PFMA and aligns its services to the Standards for the Professional Practice of Internal Auditing (ISPPIA) and the principles in the King Report on Governance. Its scope is comprehensively defined in Chapter 3 of Treasury Regulations. These services are further legislated through the Provincial Internal Audit Act, No. 2 of 2001, the Provincial Internal Audit Charter and the Provincial Audit & Risk Committee Charter.

The strategic objectives are:

To provide departments and public entities with the following:

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

Progress analysis

The Assurance Services sub-programme continued to make great strides to improve its effectiveness and efficiencies by providing an effective shared internal audit function to the 15 provincial departments and 8 public entities it supports. The component prepared Annual Operational Plans and 3 year Strategic risk based internal audit plans in close consultation with Accounting Officers to ensure that services were value adding. These plans were discussed with the Auditor General and approved for implementation by the Provincial Audit & Risk Committee (PARC).

The sub-programmes achievements against these operational plans were monitored on a quarterly basis by the PARC and any deviations thereto were agreed with Accounting Officers and approved by the Audit & Risk Committee. Great efforts were made to efficiently utilize the limited resources in the Unit to ensure that the mandate of the unit was met.

With the continued focus on “*Clean Audits*” the Assurance Services component continued to work closely with the Audit & Risk Committees and the Office of the AG together with client management. Follow up reviews on the implementation of actions to address findings of the AG and the Audit & Risk Committee monitored the Audit Improvement Strategies of departments were conducted. Reviews of the Annual Financial Statements were conducted on behalf of the Provincial Audit & Risk Committee and Departments formally presented their Annual Financial Statements to the Committee for evaluation prior to submission to the AG.

The Provincial Audit & Risk Committee together with the 3 cluster sub-committees provided an effective oversight function and provided guidance to Departments as part of good governance processes. The committees worked with the Auditor General, and reported significant issues to the relevant executing authorities in a timely manner and followed up on outstanding issues with Accounting Officers on a regular basis to ensure that key risk exposures were addressed promptly.



The unit also continued to roll out performance audits that focus on value for money and other service deliver issues and identified critical projects and programmes within the province that cut across various stakeholders. The performance audits have been well received by accounting officers as they have focused on core service delivery functions.

The component invested in certain training initiatives, specifically focusing on specialised areas as part of its development plan for staff. Both formal external training as well as internal workshops were attended to ensure staff are continuously developed in the internal audit profession.

Analysis of constraints and measures planned to overcome them

The Assurance Services component continues to deal with limited resources in the unit. The shortage was due to the demand for the specialised skills of internal auditors that contributed to a high staff turnover in the unit. The required skills level of current staff also required continuous training and mentoring to ensure quality delivery of audits. This had an impact on the optimal and efficient achievement of the sub-programme's objectives.

The slow response by certain clients to internal audits efforts also adversely affects the achievements of the unit's service delivery targets. The non-availability of client management and non-provision of all requested information to execute audits as planned impedes the effectiveness and efficiency of the Internal Audit Unit. The delay in providing management actions and client managements' inability to take meaningful actions on issues raised by the unit results in continued risk exposures to departments, as well as in them not benefiting from the value services of Internal Audit. The prompt implementation of agreed action plans by client departments will assist them in addressing control deficiencies, and thereby significantly improving the audit results of the Auditor-General.

The following measures have been planned to address these constraints:

- The use of co-sourced services assists the Unit in obtaining additional resources were staff constraints are encountered. The Internal Audit Technicians (IAT) programme was also aimed at sustaining staff as it is designed to contractually retain staff for a period of time.
- The current components focusing on financial reporting and key financial controls will continue to be expanded and capacitated to assist departments mitigate risks within these areas.
- The unit continues to engage with client management to enhance relationships. The introduction of the Cluster Audit and Risk Committees as sub-committees of the Provincial Audit and Risk Committee has improved on its effectiveness and focuses on cluster specific issues. These committees engage with departmental management on a periodic basis, which has facilitated in improved relationships with clients and enhanced accountability.
- The Assurance services component together with the Cluster Audit & Risk Committees will continue to perform regular follow ups with Accounting Officers on the implementation of action plans both on Internal Audit and AG findings.
- The unit as well as members of the Provincial Audit and Risk Committee continues to attend Audit Steering Committee meetings with client departments and the Auditor-General.
- The Unit attends strategic planning sessions, MTEC hearings and MANCO meetings of departments.

Description of planned quality improvement measures

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



A. Effectiveness of the Internal Audit Function

- Peer reviews of internal audit project.
- Independent External Quality Assurance Reviews.
- An assessment of the effectiveness of the Provincial Audit and Risk Committee.
- An assessment of the effectiveness of the functioning of the Internal Audit Unit.
- Compliance with all prescripts governing the functioning of the unit with special emphasis on the International Standards for the Professional Practice of Internal Auditing.

B. Professional Skills Development

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

- IAT programme.
- Training programmes for specialised audit services.
- Skills transfer programmes by consultants.
- Completion of Quality Performance Improvement Plans.
- Monthly Internal Technical Workshops.

C. Re-alignment of Internal Audit Function

The internal audit function and the Audit & Risk Committee has been aligned to the government clusters, which is aimed at enhancing the effectiveness of reporting and improve on the quality of decision making relevant to each cluster.

D. Maintain a Solid Client Focus And Increase the Units Visibility

The unit is visible in the provincial departments and will continue to identify and implement strategies that will increase its visibility throughout the provincial government, including other agencies supporting provincial departments and local government. This will be achieved mainly at management levels and at the Audit and Risk Committee level, where such visibility has not been satisfactory, as well as through municipal support programmes.

The component will also continue to invest time in meeting with the clients to gain an understanding of progress made in implementing the recommendations and resolutions of the unit and the Audit and Risk Committee, as well as gaining an understanding of the needs of the clients that the unit.

Strategic objective annual targets: 2014/15

Sub-programme: 4.1		Assurance Services						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
An efficient, effective and economical assurance service	Internal Audit operational plan and a rolling three-year strategic plan	0	20	16	21	23	23	23
	Annual Audit & Risk Committee report on clients' areas of risk management, governance and internal control submitted to MEC: Finance	New	New	1	1	1	1	1
	Internal Audit risk based and follow up audits conducted, including financial, IT, performance and governance audits	177	179	135	210	160	160	160
	Audits on predetermined objectives	19	21	20	21	23	23	23
Build & maintain client relationships	Cluster Audit & Risk Committee meetings with clients	50	63	60	60	64	64	64

Enhance capacity within and outside the unit	Training and development programme	14	11	13	16	16	16	16
	Internal and/ independent external QAR report	2	1	4	2	2	2	2

Programme performance indicators and annual targets: 2014/15

Sub-programme: 4.1		Assurance Services						
Performance indicators	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets			
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17	
No. of IA Annual operational plans and a rolling three year strategic plan developed and approved	0	20	16	21	23	23	23	
Annual Audit & Risk Committee report on clients' areas of risk management, governance and internal control submitted to MEC: Finance	New	New	1	1	1	1	1	
No. of risk based audit reports including follow up audit reports and reports on financial, IT, performance and governance audits.	177	179	135	210	160	160	160	
No. of audit reports on predetermined objectives.	19	21	20	21	23	23	23	
No. of meetings held between clients and the Cluster Audit & Risk Committee	50	63	60	60	64	64	64	
No. of training and development programmes attended	14	11	13	16	16	16	16	
No. of internal and/ independent external quality assurance reviews conducted	2	1	4	2	2	2	2	

Quarterly targets: 2014/15

Sub-programme: 4.1		Assurance Services				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
No. of IA Annual operational plans and a rolling three year strategic plan developed and approved	Annually	23	23	-	-	-
Annual Audit & Risk Committee report on clients' areas of risk management, governance and internal control submitted to MEC: Finance	Annually	1		1	-	-
No. of risk based audit reports including follow up audit reports and reports on financial, IT, performance and governance audits.	Quarterly	160	40	40	40	40
No. of audit reports on predetermined objectives.	Annual	23	-	4	13	6
No. of meetings held between clients and the Cluster Audit & Risk Committee	Quarterly	64	16	16	16	16
No. of training and development programmes attended	Quarterly	16	4	4	4	4
No. of internal and/ independent external quality assurance reviews conducted	Half-yearly	2	1	-	1	-

4.2.1 Sub-programme: Risk Management

Specified policies and priorities

The PFMA and the MFMA requires provincial government departments, public entities and municipalities to establish a system of risk management and internal control, and to ensure that risk assessments are conducted regularly to identify emerging risks of these institutions. Although it is clear that the management of risks within the above-mentioned institutions is the responsibilities of their top management, it is also acknowledged that the concept of risk management is still new.

In light of the above, and as a result of the obligations placed on us by the PFMA and the MFMA, the Internal Audit Unit of the Provincial Treasury has established a dedicated sub-programme, called Risk

Management and Advisory Services, to assist the above-mentioned institutions to comply with the required risk management sections of the PFMA and the MFMA and also to assist with building capacity within these institutions.

The strategic objective is:

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

Progress analysis

To date we have achieved the following with regard to risk management:

- We have assisted all 15 provincial departments plus Legislature with the consolidation and streamlining of various risk assessments into one risk register per each department, and thus creating one reference point for risks for each department.
- We have rolled out the KZN Municipal Risk Management Framework to all delegated municipalities.
- With limited resources at our disposal, the Unit also assisted the selected few public entities, and all delegated municipalities in the province with facilitation of risk assessment workshops.
- Lastly, the unit has also started handing-over risk management responsibilities to provincial departments. In terms of this arrangement, provincial departments are expected to employ their own risk management officials to run with the risk management process on their own, whilst the Unit will be focusing on monitoring the effectiveness of the risk process, benchmarking and co-ordination of relevant training and best practices in risk management.

Analysis of constraints and measures planned to overcome them

We have been supporting the various institutions over the past 6 years. As part of the initiatives undertaken in order to assist these institutions in various aspects of risk management, we still find ourselves with the following constraints viz:

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

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

- Begun with the process of handing-over of risk registers/profiles to the provincial departments. Most of the provincial departments have already appointed risk managers who will assist their respective departments with future maintenance of these risk registers/profiles.
- Conducted a Risk Maturity Gap Analysis to identify critical areas of supported needed by provincial departments. These aspects are being addressed via training, guidance on preparation of risk policies, risk management committee terms of reference, and setting up of risk management structures g. risk committees.
- Conducted the ERM Framework compliance review for all municipalities to ensure compliance to the Framework.



- Monitored and continues to monitor the implementation of risk mitigation action plans identified during the risk assessment workshops. This assists us in determining management's attitude/seriousness to embedding the risk management culture.

Description of planned quality improvement measures

Our Plans are as outlined in the table below:

NR	INSTITUTION	PLANNED INITIATIVES
1.	Provincial Departments	<ul style="list-style-type: none"> - Finalize the hand-over of risk registers to all provincial departments. - Regularly provide risk management training to risk managers and members of the Departmental Risk Management Committees. - Roll-out Cura Risk Management Information System to all provincial departments. - Develop the capacity building program. - Conduct research and benchmarking exercises on risk management, and provide customised advice to provincial departments.
2.	Municipalities	<ul style="list-style-type: none"> - Continue to assist municipalities with risk assessments. - Assist each municipality with streamlining and consolidation of various risk assessments into one risk register. - Monitoring the implementation of the agreed risk mitigation plans. - Continue to conduct the ERM Framework compliance review. - Finalise the roll-out and the customisation of the Municipal Risk Management Framework to all municipalities.
3.	Public Entities	<ul style="list-style-type: none"> - Continue to support/assist some of the public entities with risk assessments. - Conduct Risk Maturity Gap Analysis in all provincial public entities.

Strategic objective annual targets: 2014/15

Sub-programme: 4.2.1		Risk Management						
Strategic objective	Performance Indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
An efficient, effective and economical assurance service	Consolidated Risk Assessments facilitated for municipalities	68	53	44	30	30	30	30
	Updated risk assessments for departments and public entities	New	28	20	22	22	22	22
	Follow-up on implementation of risk mitigation and risk maturity improvement plans for each municipality (twice a year) and each department (quarterly)	New	28	60	30	120	120	130
	Consolidated Provincial Risk profile developed	1	1	1	1	1	1	1
	Conduct risk maturity gap analysis and develop action plans for provincial departments and public entities. This will include assisting public entities with the review of internal audit functions, audit committees, OHS practices, business continuity, IT Governance Frameworks and Fraud Prevention Strategies for provincial departments and public entities.	New	16	30	15	25	25	25
Conduct ERM compliance and risk maturity reviews and assisting municipalities with addressing identified weaknesses. The above will include review of internal audit functions, audit committees, OHS practices, business continuity, IT Governance Frameworks and fraud prevention strategies for municipalities.	New	New	34	30	30	35	35	

Audit Committee quarterly reports on the clients' areas of risk management/ risk governance	4	6	60	4	60	60	60
Training/raising awareness on governance and risk management	10	21	29	10	10	10	10

Programme performance indicators and annual targets: 2014/15

Sub-programme: 4.2.1		Risk Management					
Performance indicators	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets		
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
Consolidated Risk Assessments facilitated for municipalities	68	53	44	30	30	30	30
Updated risk assessments for departments and public entities	New	28	20	22	22	22	22
Follow-up on implementation of risk mitigation and risk maturity improvement plans for each municipality (twice a year) and each department (quarterly)	New	28	60	30	120	120	130
Consolidated Provincial Risk profile developed	1	1	1	1	1	1	1
Conduct risk maturity gap analysis and develop action plans for provincial departments and public entities. This will include assisting public entities with the review of internal audit functions, audit committees, OHS practices, business continuity, IT Governance Frameworks and Fraud Prevention Strategies for provincial departments and public entities.	New	16	30	15	25	25	25
Conduct ERM compliance and risk maturity reviews and assisting municipalities with addressing identified weaknesses. The above will include review of internal audit functions, audit committees, OHS practices, business continuity, IT Governance Frameworks and fraud prevention strategies for municipalities.	New	New	34	30	30	35	35
Audit Committee quarterly reports on the clients' areas of risk management/ risk governance	4	6	60	4	60	60	60
Training/raising awareness on governance and risk management	10	21	29	10	10	10	10

Quarterly targets: 2014/15

Sub-programme: 4.2.1		Risk Management				
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
Consolidated Risk Assessments facilitated for municipalities	Quarterly	30	5	7	8	10
Updated risk assessments for departments and public entities	Quarterly	22	0	10	10	2
Follow-up on implementation of risk mitigation and risk maturity improvement plans for each municipality (twice a year) and each department (quarterly)	Quarterly	120	45	15	45	15
Consolidated Provincial Risk profile developed	Quarterly	1	0	0	1	0
Conduct risk maturity gap analysis and develop action plans for provincial departments and public entities. This will include assisting public entities with the review of internal audit functions, audit committees, OHS practices, business	Quarterly	25	0	10	10	5



continuity, IT Governance Frameworks and Fraud Prevention Strategies for provincial departments and public entities.						
Conduct ERM compliance and risk maturity reviews and assisting municipalities with addressing identified weaknesses. The above will include review of internal audit functions, audit committees, OHS practices, business continuity, IT Governance Frameworks and fraud prevention strategies for municipalities.	Quarterly	30	5	10	10	5
Audit Committee quarterly reports on the clients' areas of risk management/ risk governance	Quarterly	60	15	15	15	15
Training/raising awareness on governance and risk management	Quarterly	10	5	3	2	0

4.2.2 Sub-programme: Forensic Services

Specified policies and priorities

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

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

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

The strategic objective is:

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

Analysis of constraints and measures planned to overcome them

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

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

Description of planned quality improvement measures

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

- The Forensic Investigation Division is currently being restructured to accommodate for the hire of a General Manager and further two Managers to be placed in the division. It is envisaged that the Forensic Investigation Division will be a standalone division. There is a three-year plan to hire further resources within the division so that the division becomes a fully-fledged, efficient and functional.



- Meetings are held, and will continue to be held with law enforcement agencies and relationships have been forged and will be maintained to ensure co-operation.

Strategic objective annual targets: 2014/15

Sub-programme: 4.2.2		Forensic Audit						
Strategic objective	Performance Indicator	Audited / Actual Performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To promote a culture of zero tolerance for fraud and corruption	Number of reviews on the status of fraud management in the departments, public entities and municipalities.	13	11	27	16	20	20	20
	No. of Forensic Audits performed and investigations as per clients requests and referrals from the Assurance team	38	20	23	25	25	30	30
	Updated register of forensic investigations – MEC Report	New	New	2	4	4	4	4
	Number of follow ups on completed investigations	29	22	34	16	30	30	30

Programme performance indicators and annual targets: 2014/15

Sub-programme: 4.2.2		Forensic Audit						
Performance indicator	Audited / Actual performance			Estimated performance 2013/14	Medium-term targets			
	2010/11	2011/12	2012/13		2014/15	2015/16	2016/17	
Number of reviews on the status of fraudmanagement in the departments, public entities and municipalities.	13	11	27	16	20	20	20	
No. of Forensic Audits performed and investigations as per clients requests and referrals from the Assurance team	38	20	23	25	25	30	30	
Updated register of forensic investigations – MEC Report	New	New	2	4	4	4	4	
Number of follow ups on completed investigations	28	22	34	16	30	30	30	

Quarterly targets: 2014/15

Sub-programme: 4.2.2		Forensic Audit					
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets				
			Quarter 1	Quarter 2	Quarter 3	Quarter 4	
Number of reviews on the status of fraud management in the departments, public entities and municipalities.	Quarterly	20	0	8	8	4	
No. of Forensic Audits performed and investigations as per clients requests and referrals from the Assurance team	Quarterly	25	3	8	8	6	
Updated register of forensic investigations – MEC Report	Quarterly	4	1	1	1	1	
Number of follow ups on completed investigations	Quarterly	30	5	10	10	5	

4.3 Reconciliation of budget with plan

Summary of payments and estimates - Programme 4: Internal Audit

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16
1. Assurance Services	38 917	40 738	54 050	57 633	57 548	53 360	69 885	69 989	65 275
2. Risk Management	42 108	34 431	39 104	48 446	52 008	50 451	59 864	61 569	56 408
Total	81 025	75 169	93 154	106 079	109 556	103 811	129 749	131 558	121 683

Summary of payments and estimates by economic classification - Programme 4: Internal Audit

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16
Current payments	80 474	74 671	92 760	105 229	108 729	102 984	128 939	130 678	120 733
Compensation of employees	33 354	35 167	46 283	60 898	56 898	51 153	63 037	67 813	72 902
Goods and services	47 120	39 504	46 477	44 331	51 831	51 831	65 902	62 865	47 831
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	225	-	29	-	97	97	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	225	-	29	-	97	97	-	-	-
Payments for capital assets	323	485	352	850	730	730	810	880	950
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	323	485	352	850	730	730	810	880	950
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	3	13	13	-	-	-	-	-	-
Total	81 025	75 169	93 154	106 079	109 556	103 811	129 749	131 558	121 683



5. Programme 5: Growth and Development

5.1 Other Developmental Initiatives

The strategic objective is:

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

Strategic objective annual targets: 2014/15

Sub-programme: 5.1		Other Developmental Initiatives						
Strategic objective	Performance Indicator	Audited / Actual Performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
To provide for specific departmental approved events and initiatives not catered for in any other programme that will provide development for the province.	No. of events coordinated successfully	8	21	9	5	5	5	5

Programme performance indicators and annual targets: 2014/15

Sub-programme: 5.1		Other Developmental Initiatives						
Performance indicators		Audited / Actual Performance			Estimated performance 2013/14	Medium-term targets		
		2010/11	2011/12	2012/13		2014/15	2015/16	2016/17
No. of events coordinated successfully		8	21	9	5	5	5	5

Quarterly targets: 2014/15

Sub-programme: 5.1		Other Developmental Initiatives					
Programme performance indicators	Reporting period	Annual target 2014/15	Quarterly targets				
			Quarter 1	Quarter 2	Quarter 3	Quarter 4	
No. of events co-ordinated successfully	Quarterly	5	1	0	1	3	

5.2 Reconciliation of budget with plan

Summary of payments and estimates - Programme 5: Growth and Development

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2010/11	2011/12	2012/13				2013/14	2014/15	2015/16
1. Budget Communication	3 190	6 457	6 032	7 464	7 464	7 464	7 810	8 097	8 526
2. Special Infrastructure Projects	5 436	31 264	30 285	20 677	39 754	39 754	13 500	10 062	-
3. Strategic Cabinet Initiatives	-	-	-	40 000	-	-	150 000	100 000	100 000
4. Air Shows/ Special Projects	16 010	-	2 000	65 000	12 627	12 627	15 000	8 000	6 000
Total	24 636	37 721	38 317	133 141	59 845	59 845	186 310	126 159	114 526