

**KWAZULU-NATAL  
PROVINCIAL TREASURY**

**ANNUAL PERFORMANCE PLAN FOR  
2022/2023**



## **Executive Authority Statement (MEC)**

The 6th Administration that we ushered in 2019 will go down in history as one whose work was heavily impacted by unforeseen circumstances which included but not limited to Covid-19, financial meltdown and the outbreak of civil unrest. All these conditions prevailed barely eighteen months after we had assumed public office. Before then we were on a tremendous trajectory to achieve a government underpinned by astute financial management and judicious resources management aimed at ensuring economic transformation and recovery in KZN. Public Sector efficiency has become the buzz word and it is synonymous with how we handle our financial performance in a prudent and efficient manner year in and year out in order to infuse greater confidence in the management of public affairs. It is no small wonder that despite all these odds stacked against this administration, we have been able to achieve clean and unqualified audits in a number of departments and public entities. This, we achieved by taking decisive action that despite the pressing need to channel huge financial resources into our fight against the pandemic, we had to remain steadfast in our efficiency, and continued service delivery in all other areas and sectors within various government departments for the upcoming financial year we commit ourselves to ensuring that we accelerate efforts to channel financial resources into our people's well-being and into sectors like education and health. That does not mean we have to drop the ball off.

There needs to be support for social distress within our communities, economic transformation and recovery for local economic development. Stringent monitoring and evaluation plans are underway to ensure that we get maximum value and benefit from these two sectors. I am pleased that our continued in-year monitoring exercise is assisting us as Provincial Treasury to identify and measure the efficiencies within government department. This exercise helps us identify gaps, over-expenditure, under expenditure and wasteful expenditure. With it we measure and shore up our efforts to regulate and manage audit outcomes. This is what is expected of us by our people. While they fight daily battles of the triple challenges, they can rest assured that their hard-earned tax money and their rand is going the extra mile in delivering quality education, healthy society and safe communities. Internally, we are hard at work in ensuring that all five programmes streamline their work to form synergies and better alignment of approach in their tasks. Critically, our progress is dependent on the co-ordination and integration of the work of all programmes in order to make an impact. This will assist in quickening our response in dealing with socio-economic challenges faced by ordinary people of this province. We remain mindful of their daily toils for it is the marginalised and the downtrodden who must taste the fruits of our democracy. This cascades down to all spheres of government as is evident in our pursuit to fully implement the Municipal Finance Management Act ethos within our municipalities. By the time the 2022/2023 financial year begins on 1 April 2022, local government would have been three months in office. We have a task in our hands to ensure that new office bearers and the returning ones understands the MFMA to help deliver quality services and management of finances better. For municipalities to deliver services they have to have a healthy financial situation. Effectively, on our side, this means that all categories of staff must play an active role in deepening democracy from top management to the lower level. We implore our employees to have the capacity, the right attitude and required ethical standards to serve the people of this province.

On a policy level, I will ensure that our priorities speak to the needs of heightened service delivery that our Premier Sihle Zikalala has charged us with through policy documents like the SONA, SOPA, budget speech and our own key performance agreements. We dare not fail. As the Leader of Government Business, I will lead the department in building strong relationships with the Premier, the Legislature, all MECs, their departments and leadership across all municipalities. The Legislature remains a cluster of the People's Assembly where government led by the Premier will ensure timeous response to communities and all legislative imperatives deliver the expected outcomes. Our work continues and we believe we have weathered some of the toughest storms and are gallantly charging ahead in our quest to GROW KWAZULU-NATAL. Ms. Nomusa Dube-Ncube KwaZulu-Natal MEC for Finance.



**Ms. Nomusa Dube-Ncube**

**MEC for Finance (KwaZulu-Natal)**

## **Head of Department Statement**

According to various pundits on organisational performance, performance planning helps in aligning the individual goals with the organisational goals, and the concept behind this is mutuality for survival and growth. Performance planning helps in resplendent utilisation of resources, which has become a key feature in financial governance in the public sector due to continuously shrinking resources. It is for this reason therefore that the annual performance planning becomes a critical cog in the operation of KZN Treasury, as it should for other departments and organisation alike.

The KwaZulu-Natal Provincial Administration, like other administrations in the country and in the globe, has been affected by the slow economic growth, budget cuts and more recently, the covid-19 expenditure which has seen departments spend from their already limited budgets to fight the spread of this pandemic. These changes affect the resources hence the need for continuous reprioritisation and performance planning.

There is, however, one thing that remains unchanged and that is the KZN Treasury's mandate. As informed by Chapter 3, section 216 of the Constitution of the Republic of South Africa of 1996, read with Chapter 2 of the Public Finance Management Act of 1999, our job is to ensure sound financial and fiscal management for the Provincial Government.

In line with this, KZN Treasury has no option but to remain steadfast and continue to promote a stricter spending culture by ourselves and other government departments.

We need to ensure that sound financial management is not just a text book concept, but a principle that we need to continuously espouse and ensure that its expression is found in our governance practices, both in KZN Treasury, departments, public entities and municipalities alike.

The general monitoring of the spending culture of departments, public entities and municipalities will remain a huge part of our operational focus. The cost-cutting measures that were first implemented in 2009/10, and which have been bearing fruits over the years, will continue to characterise our financial management in the public sector. In the same vein, enforcing compliance and ensuring best practice in Supply Chain Management processes at different levels of government in KwaZulu-Natal remains a priority.

Some of Provincial Treasury's focus in the 2020/2021 financial year included, inter-alia, embedding internal controls and processes as well as addressing audit matters within Departments, Municipalities and Public Entities while ensuring long term sustainability of audit improvements and successes.

We also planned on focusing on the enhancement of Broad-Based Black Economic Empowerment (B-BBEE) through effective Supply Chain Management policies; ensuring on-budget spending (in all Departments and Public Entities) through effective in-year monitoring of expenditure and sound cash management and maintaining the present favorable provincial cash position.

Alongside all of these was also to enhance support to Municipalities and Public Entities to encourage prudence in financial management; and provide further assistance to Departments, Public Entities and Municipalities to unlock stagnant infrastructure projects.

In 2022/2023 financial year, we want to build on the above good work that we have done and heighten our focus on managing resources while ensuring that the commitment to continuously provide services to communities remains unblemished.

Under the leadership of our MEC, Nomusa Dube-Ncube, we want to live up to our mantra: "We innovate through smart planning". We can only achieve this if we work together and realise that we can do a lot with less.

A handwritten signature in black ink, appearing to read 'Shezi', written in a cursive style.

**Ms. Nelisiwe Shezi**

**Acting Head of Department: KZN Treasury**

## Official Sign-Off

It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the KwaZulu-Natal Provincial Treasury under the guidance of MEC Ms. Nomusa Dube-Ncube;
- Was prepared in line with the current Strategic Plan of KwaZulu-Natal Provincial Treasury and takes into account all the relevant policies, legislation and other mandates for which Provincial Treasury is responsible for, and
- Accurately reflects the outcomes and outputs which the Provincial Treasury will endeavour to achieve over the three-year period 01 April 2022 to 31 March 2025.

**Ms. N. Shezi**

*Programme Manager: Sustainable Resource Management (P2)*

Signature: \_\_\_\_\_



**Mr S. Moodley**

*Programme Manager: Financial Governance (P3)*

Signature: \_\_\_\_\_



**Ms. M. Bhaw**

*Acting Programme Manager: Internal Audit (P4)*

Signature: \_\_\_\_\_



**Mr. F. Cassimjee**

*Programme Manager: Municipal Finance Management (P5)*

Signature: \_\_\_\_\_



**Mr. T. Ndlovu**

*Chief Financial Officer*

Signature: \_\_\_\_\_



**Ms. I.N.N. Zwane-Dlomo**

*Head official responsible for Planning*

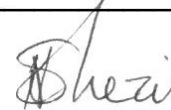
Signature: \_\_\_\_\_



**Ms. N. Shezi**

*Acting Head of Department/Accounting Officer*

Signature: \_\_\_\_\_



**Approved by:**

**Ms. N. Dube-Ncube**

Executive Authority

Signature: \_\_\_\_\_



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## **PART A: OUR MANDATE**

The mandate of the department is to “Be the centre of excellence in financial and fiscal management in the country”.

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

- Optimum and transparent allocation of financial resources whilst enhancing revenue generation and
- Financial management practices in compliance with applicable legislation and corporate governance principles;

The department is holding itself to deliver on its Impact Statement for the achievement of the strategic objectives that are set for the MTSF period, i.e.

- *“Credible, Accountable, and Ethical Fiscal and Financial Management Practises in the Province of KwaZulu-Natal.”*

### **1. Updates to the legislative and policy mandates**

The department is governed by relevant legislation and policy mandates. These are listed in detail in the Strategic Planning document which corresponds with the 5 year planning cycle.

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

- Constitution of the Republic of South Africa of 1996
- Public Finance Management Act (Act No. 1 of 1999, as amended) and its regulations
- Municipal Finance Management Act (Act No. 56 of 2003)
- Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
- Revised Framework for Strategic Plans and Annual Performance Plans
- Promotion of Access to Information Act (Act No. 2 of 2000)
- Annual Division of Revenue Act
- Annual Provincial Appropriation Act
- Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Public Audit Act (Act No 25 of 2004)

- Intergovernmental Relations Framework Act (Act No. 13 of 2005)
- Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)
- Government Immovable Asset Management Act (Act No. 19 of 2007)
- Construction Industry Development Board Act (Act No. 38 of 2000)
- Provincial Tax Regulation Process Act (Act No. 53 of 2001)
- KwaZulu-Natal Direct Charges Act (No. 4 of 2002)

### **1.1 Constitutional mandates**

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

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

### **1.2 Policy mandates**

The following policies outline the key responsibilities for the department.

- PPP policy; this policy provides guidelines for administration and managing Public Private Partnership's transactions in the public sector environment.
- SCM and PPPFA policy; this policy provides guidelines for the administration of a Supply Chain Management in line with broad government objectives. It also aims at promoting emerging enterprises with particular emphasis on black economic empowerment.
- Budgeting process policies; they provide framework within which budgeting process must be managed in the public sector in line with the relevant Acts.
- The District Development Model aims to improve the coherence and impact of government service delivery with focus on 44 Districts and 8 Metros around the country as development spaces that can be used as centres of service delivery and economic development, including job creation. Under the District Development Model all three spheres of government coordinate and integrate development plans and budgets and mobilise the capacity and resources of government and civil society, including business, labour and community, in pursuit of inclusive

growth and job creation. The Model consists of a process by which joint and collaborative planning is undertaken at local, district and metropolitan by all three spheres of governance resulting in a single strategically focussed One Plan One Budget for each of the 44 districts and 8 metropolitan geographic spaces in the country.

- Treasury Regulations; provide procedural guidelines of implementation of the Public Finance Management Act (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

## **2. Updates to Institutional Policies and Strategies over the three-year planning period**

### **2.1 Institutional Policies and strategies over the five-year period (2020-2025)**

For the 2022/23-year period, the Department will align its strategies to the priorities of the Institutional policies and plans contained hereunder: -

- ***The National Development Plan (NDP)***

In terms of the 20-year vision NDP plan, KZN Provincial Treasury (KZNPT) will continue to aspire to provide support and assistance to all provincial departments, public entities and municipalities to build a capable state so as to enhance socio-economic opportunities to eliminate poverty and reduce inequality. KZNPT will enhance the development of efficient systems and effective processes to reduce inefficiencies and enhance adherence to ethics and compliance with legislation, and build a government that is accountable to its people.

- ***The Medium Term Strategic Framework (MTSF) 2020-2024***

In response to the National Priority Outcomes, KZNPT aims to contribute to:

- Priority 1: A Capable, Ethical & Developmental State
- Priority 2: Economic Growth and Job Creation

To this end, KZNPT must assist and support provincial departments, public entities and municipalities to improve their financial management practices and financial operating systems.

- ***The Provincial Growth and Development Plan (PGDP) 2020-2024***

The provincial strategy is implemented through the PGDP (adjusted to KZN Implementation Plan as the POA) – i.e. the Plan, coordinated through the Action Workgroups (AWG's) through Programmed Interventions and Catalytic Projects.

The main purpose of the PGDP is to translate the Provincial Growth & Development Strategies (PGDS) into an implementation plan which will provide a sound platform for departmental, sectorial and stakeholder annual performance planning and therefore to guide resource allocation.

- **Provincial Priorities 2019 – 2024**

There are seven (07) National Priorities on the 2019-2024 MTSF framework which are government policy imperatives towards which each and every government departmental must contribute. These priorities are as follows: -

- A Capable, Ethical and Developmental State
- Economic Growth and Job Creation
- Education, Skills and Health
- Consolidating the Social Wage through Reliable and Quality Basic Services
- Spatial Integration, Human Settlements and Local Government
- Social Cohesion and Safer Communities
- Better Africa and World

### **3. Updates to Relevant Court Rulings**

#### **3.1 Relevant court rulings**

There are no court rulings in the 2021/22 year.

## **PART B: OUR STRATEGIC FOCUS**

### **1. Updated Situational Analysis**

#### **Priority 1: A Capable, Ethical and Developmental State**

Priority 1 focuses on building a capable, ethical and development state which underpins the achievement of the other priorities of the MTSF 2019-2024. The following are the key outcomes that will seek to achieve through this APP;

- A capable and ethical government
- Improved leadership, governance and accountability
- Functional, efficient and integrated government
- Professional, meritocratic and ethical public administration and
- Mainstreaming of gender, youth and persons with disabilities

#### **Priority 2: Economic Transformation and Job Creation**

Priority 2 focuses on building an inclusive economy that supports job creation. Faster and inclusive growth is key to improving prosperity, reducing inequality and unemployment. The following are the key outcomes that will seek to achieve through this APP;

- More decent jobs sustained and created
- Investing in accelerated inclusive growth
- Industrialisation, localisation and exports
- Innovation and research
- Improved quality and quantum of infrastructure investment

The department is delivering directly on the following key interventions in terms of the Revised Medium Term Strategic Framework (MTSF) 2019-2024 below: -

- Improved financial management capability in the public sector.
  - Strengthen Municipal Financial System.
  - Implement the Integrated Financial Management Systems (IFMS) in the public sector.
  - Audit findings on asset management in the public sector.
  - Increase revenue collection (including debt) and revenue generating capabilities in all departments.
  - Implementing austerity measures
  - Monitor implementation of "Operation pay-on Time.
  - Strengthen internal audit functions and risk management in all provincial Departments and municipalities.
  - Monitor implementation of the Gender Based Budgeting framework. (Auditing)
- Measures taken to eliminate wasteful, fruitless and irregular expenditure in the public sector.
  - Percentage reduction of wasteful and fruitless expenditure in the public sector institutions.
  - Reduction of irregular expenditure in public sector institution.
  - Reduction of qualified audits in the public sector.

- Ensure state capacity on Disaster Management to plan and manage future pandemics.
  - Percentage public institutions with updated Risk and Business Continuity Plans.
- Implementation of mainstreaming programs on empowerment and development of women, youth and persons with disabilities.

During the 2022/23 draft APP Review Session process, Provincial Treasury conducted a situational analysis using an Integrated and Interactive Planning process consisting of the following steps:

- Problem Identification: internal and external variable analysis
- Systems Description and SWOT/PESTEL analysis
- The problem and solution trees method

In the development of the draft Annual Performance Plan, Provincial Treasury ensured that there is alignment with all the key planning processes that had to be followed.

The strategic design phase of the plan is depicted schematically below:

**MANDATE**

The mandate derives from and is informed by the PFMA

**VISION,  
MISSION,  
VALUES**

The vision, mission and values have been crafted in the context of the KZN Provincial Treasury Mandate

**OUTCOMES**

Outcomes were determined in line with The Theory of Change and the Log frame model

**OUTPUTS**

Outputs relating to the department's deliverables were identified for the 2022/23 financial year

**OUTPUT  
INDICATORS**

Measurable output indicators based on SMART principles have been identified for each outcome and are aligned to the MTSF and PGDP targets



The table below outlines the consultative process and engagement with key program officials and relevant stakeholders who participated in the APP review session:

| DATE            | STRATEGIC FOCUS AREA   | OUTCOMES   |
|-----------------|--|--|
| 19 January 2022 | <p><b>Part A: Our Mandate</b></p> <ul style="list-style-type: none"> <li>▪ Constitutional Mandate</li> <li>▪ Legislative &amp; Policy mandates</li> <li>▪ Institutional Policies &amp; Strategies over the next year planning period.</li> </ul> <p><b>Part B: Our Strategic Focus</b></p> <ul style="list-style-type: none"> <li>▪ Vision</li> <li>▪ Mission</li> <li>▪ Values</li> </ul> | <p>MEC for Finance and EXCO and MANCO members - Thorough review of the mandate to identify the strategic focus over the next year.</p> <p>The Impact Statement for KZNPT and all Outcomes as well as Outcome Indicators and Targets were adopted.</p> <p>The vision, mission and values of the Department were adopted.</p>  |
| 19 January 2022 | <p><b>Part B: Our Strategic Focus</b></p> <ul style="list-style-type: none"> <li>▪ Situational Analysis</li> </ul> <p>External Environmental Analysis</p> <p>Internal Environment Analysis</p>   | <p>A full analysis of the current situation (successes &amp; challenges) was undertaken informing the strategic focus for the next APP years.</p> <p>Planning section analyzed Program SWOT to compile Departmental external and internal environment analysis.</p>  |
| 20 January 2022 | <p><b>Part C: Measuring Our Performance</b></p> <ul style="list-style-type: none"> <li>▪ Institutional Performance Information</li> </ul>  | <p>Strategic plan review session sessions were held with all Programs to align Departmental mandates to key Government priorities.</p> <ul style="list-style-type: none"> <li>▪ Theory of Change, and Log frame <ul style="list-style-type: none"> <li>• Were used as tools for planning, implementation, monitoring and evaluation of programs, a Log frame provides a structure of the impact, outcomes, outputs, activities and inputs as the full results chain and highlights the logical linkages between them.</li> </ul> </li> </ul> |



|                 |   |  |
|-----------------|---|--|
| 20 January 2022 | <b>MANCO Strategic Planning Session</b> | <p>MEC for Finance and Head of Department concurred with the next 1 year planned strategy for the Department and agreed that the same was well aligned to key Government priorities and that KZNPT were in a position to contribute to the achievement of Government priorities over the 2022/23 – 2024/25 planning period.</p> <p>Departments planned deliverables ensuring synergy between programs and effective control and monitoring of outcomes were developed and streamlined in line with SOPA and KZN Cabinet Resolutions.</p> |
|-----------------|---|--|

## 1.1. **External Environment Analysis**

### 1.1.1 ***Population dynamics (Social)***

#### **(a) *Analysis***

The COVID-19 pandemic has caught most of the countries in the world unprepared. Since the pandemic outbreak early in 2020, there have been uncertainties about the virus. Globally, there are more than 396.558 confirmed cases of COVID-19, including 5.745 million deaths as of the first week of February 2022. The pandemic will indeed have severe implications to the global population in the long term, especially as the World Health Organisation (WHO) expect more variants in the future.

In South Africa (SA) population rose from 47.4 million in 2006 to 50.6 million in 2011. As a result, the country's population was estimated at 60.1 million in 2021. KwaZulu-Natal's (KZN) share of the total national population has gradually declined over the past decade. It dropped from 21.4 per cent in 2011 to 19.1 per cent in 2021. However, the estimated population size in the Province increased from 10.8 million in 2011 to 11.5 million in 2021. Despite the slight decline in the total national population share, KZN is still the country's second-largest populous Province after Gauteng (GP), with approximately 15.8 million or 26.3 per cent of the national percentage in 2021.

In KZN, children and young people collectively account for approximately two-thirds of the provincial population. Hence the dependency ratio of 59.3 per cent is highly skewed towards children compared to the national average of 51.1. Together, children and youth account for an estimated 66.4 per cent of the total provincial population.

Between 2016 and 2021, the fertility rate in KZN is estimated to have averaged 2.61 children. This estimate is above the national average of 2.51 children. Meanwhile, life expectancy for males in KZN is 57.4 compared to 63.6 for females their female counterparts. However, the national average of males is 59.7 per

cent compared to 65.4 per cent for females. Regarding migration, KZN is estimated to have had a net outflow of 84 387 people between 2016 and 2021.

**(b) Implications & Challenges**

As outlined in the demographic literature, the size of the population is critical for planning and economic development. Therefore, the changes in the population size have a direct bearing on a region's population density. Furthermore, as population density increases, individuals from various households tend to compete for inadequate resources such as food, habitat, water and the earth's carrying capacity. Therefore, a perpetual increase in population growth leads to fewer resources to sustain the population.

Furthermore, changes in population size have an overwhelming significance on economic development and growth. Therefore, one of the critical factors about a high dependency ratio is its detrimental effect on economic growth and development. Inherently, a high dependency ratio puts pressure on government finances, resulting in higher tax rates on a declining working-age population, and reducing disposable income. As a result, policymakers are confronted with several interrelated issues, including a decline in the working-age population, increased health care costs, unsustainable pension commitments, and changing demand drivers within the economy.

A conclusive understanding of population issues is also vital in providing quality health care services. Finally, migration is cited as one of the main factors contributing to the decline in KZN's share of the national population and its share of the equitable share grant.

**(c) Recommended interventions**

Despite policies aimed at addressing population dynamics, COVID-19 disturbances exerted pressure on most economies across the globe. A response to the economic impact of COVID-19 calls for interventions that also address the structural problems that beset the South African economy prior to the effects of the pandemic. This means crafting interventions that bring about an outcome that decisively deals with the impact of the pandemic on the South African economy.

Therefore, it is critical to link interventions in the area of the population to the issues of economic and human development. These issues relate to reducing poverty and inequalities, rolling out education services from preschool to tertiary levels, and ensuring equity in resource allocation. In addition, it is vital to intensify efforts to slow down population growth and implement policies to reduce poverty, achieve economic progress, and improve environmental protection.

The long-term result of quality education is an increase in productive citizens, which are anticipated to improve the average income per capita in a country. However, the opposite is that more pressure could be exerted on government fiscus if children receive a poor education, which is unequally distributed.

Notably, the government must understand population dynamics for service delivery planning purposes. Evidence indicates that migration significantly impacts both the people and places involved. When supported by appropriate policies, migration can benefit the destination venue. While the international community has long recognised the vital relationship between international migration and development, integrating migrants and migration into the 2030 Agenda for Sustainable Development represents a significant step forward.

### **1.1.2 Economic performance**

#### **(a) Analysis**

The world continues to grapple with the uncertainties associated with the Coronavirus Diseases 2019 (COVID-19) as it comes back in different waves driven by new variants. The social and economic implications of the global pandemic vary greatly with regions. Many countries commenced with vaccinations rollout campaigns early in 2021, following a breakthrough on vaccines with high efficacy later in 2020.

In addition, there have been challenges with unequal access and distribution of vaccines, which caused fault lines on the economic recovery path across regions. Nevertheless, despite a highly uneven recovery with considerable uncertainty, global growth is estimated to have rebounded significantly by 5.9 per cent in 2021.

Similar to the global economy SA bottomed up from the depths of COVID-19, induced contraction estimated at 6.4 per cent in 2020. However, the national real gross domestic product (GDP) continued to accelerate to an estimated 4.6 per cent in 2021. On the other hand, real economic output is expected to slow down to 1.9 per cent and 1.4 per cent in 2022 and 2023, respectively.

The provincial economy withstands the second wave of COVID-19 infections driven by a highly infectious 501Y.V2 variant toward the end of 2020 and early 2021. Encouragingly, the regional gross domestic product (GDP-R) was stronger than-anticipated at 2.1 per cent in the first quarter of 2021, down from 11.6 per cent in the final quarter of 2020. As a result, KZN's economy is estimated to have expanded by 4.2 per cent in 2021. Furthermore, the Province's GDP-R is projected at 1.7 per cent and 1.8 per cent in 2022 and 2023, respectively.

However, in the second week of July 2021, at the height of a third wave, civil unrest erupted in the Province and spread to some parts of Gauteng (GP). The unprecedented social unrest, riots, and looting disrupted economic activity in SA. This culminated in violence and destruction of property where shopping centers and warehouses were looted and vandalised, trucks set alight, roads blocked, and communication towers damaged. Nevertheless, the provincial economy continues to rebound from the contraction of 6.4 per cent induced COVID-19 in 2020. An excess of 60 per cent of the KZN's real GDP-R in 2020 was generated by the eThekweni Metro, the key economic hub of the Province. The significant contribution by eThekweni could

be attributed to various economic activities, and the Metro is home to the most prominent and busiest harbour port.

Another concern about SA's economic performance is the RMB/BER Business Confidence Index (BCI) which was 43 indices in the third quarter of 2021, following a significant jump to 50 indices in the second quarter. This index is below the minimum standard of 50 points. The low BCI is also compounded by the high inflation rate, which is currently at 5.9 per cent. The most significant contributor to higher transport costs was *private transport operation* at 32.4 per cent, primarily driven by the fuel prices at 40.5 per cent. This was followed by the cost of public transport, which grew by 9.9 per cent.

Other factors contributing to the forecast of high inflation risk include a sharp upsurge in international oil prices coupled with numerous internal risks such as higher electricity prices and other administered prices that continue to present short- and medium-term risks. This is further exacerbated by a weaker currency, higher domestic import tariffs, and escalating wage demands.

High inflation prompted the Monetary Policy Committee (MPC) of the South African Reserve Bank (SARB) to hike the repurchase rate (repo rate)<sup>1</sup> by 25 basis points to 3.75 per cent per annum with effect from November 2021. The MPC further increased the repo rate by another 25 basis points to 4 per cent in January 2022. The decision to raise policy rates emanated from higher inflation risk while the level of policy accommodation remains high.

Generally, there is a positive correlation between growth in tourism and employment creation. According to the World Travel and Tourism Council (WTTC, 2021), the industry employed a cumulative 334 million jobs globally, either directly, indirectly, or induced in 2019. However, this number dropped by a substantial 62 million in 2020 (due to the onset of COVID-19).

The WTTC shows that *travel and tourism's* total contribution to SA's GDP was R182.5 billion or 3.7 per cent of the total national economy in 2020, down from R363.2 billion recorded in 2019. The sector employed 987 000 people in 2020, accounting for 6.5 per cent of the total employment. The total number of jobs created as 1.460 million in 2019. However, due to COVID-19, the country lost an estimated 32.4 per cent of jobs in 2020.

Regarding international visitor spend, foreign tourists expended R45.7 billion or 3.1 per cent of total exports<sup>2</sup> compared to R134.6 billion, equating to 8.5 per cent of total exports in the preceding year. Over the same period, leisure spending accounted for 62 per cent, whilst business spending totaled 38 per cent, compared to leisure spending of 65 per cent and business spending of 35 per cent in 2019. Finally, domestic spending amounted to 67 per cent in 2020, whilst international expenditure was 33 per cent in the same

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<sup>1</sup> Repo is the rate at which the central bank of a country (SARB) lends money to commercial banks. Repo rate is used by monetary authorities to control inflation.

<sup>2</sup> Tourist exports refer to the monetary amount spent by visitors to a country.

year. In 2020, the number of people directly employed in the Travel and tourism sector in KZN equated to approximately 79 393. The industry's total contribution to employment within the Province was estimated at 155 591. During the same year, tourism's direct contribution to provincial GDP was R11.9 billion. The total contribution (inclusive of direct, indirect, and induced spending) to GDP was approximated at R13.7 billion (South African Tourism (SAT), 2021).

**(b) Implications & Challenges**

As the COVID-19 surged further and reached the third wave's peak, the country was moved to marginally stricter "adjusted alert level 4" restrictions at the beginning of July 2021. The sectors that were affected significantly by the restrictions include the food, drink and hospitality (including tourism and transport) as travel for leisure, sit-in at restaurants and alcohol sales were restricted.

The unrest was severe in most parts of KZN, whilst Gauteng (GP) suffered damage only in certain areas. Over 200 shopping malls were targeted, and 1 787 retail stores were impacted and damaged. The ripple effect has been enormous, with infrastructure destroyed, supply chains disrupted, food security threatened, racial tensions inflamed, and the country's reputation and investment taking a knock. In addition, the level of violence and unrest in KZN immediately halted people from other provinces or countries wanting to visit KZN.

The unrest also put a dent in investor confidence as it tarnished the reputation of KZN as an investment destination, which could ultimately block foreign direct investments (FDI) inflows. The preliminary reports released during the aftermath of the unrest by the South African Property Owners Association (SAPOA) revealed that the cost of the unrest was estimated to exceed R20 billion in KZN. At the same time, the overall impact on the national GDP would amount to R50 billion.

According to the Bureau of Economic Research (BER)<sup>3</sup>, a million tourism jobs have been lost between the periods 2018 through 2021. From approximately 1.6 million jobs supported in 2018, the number has fallen by around 60 per cent, many in the informal sector. The BER's research further shows a decline in domestic tourism and inbound visitor numbers from 10.2 million in 2019 to 3.2 million and that there was a decrease in tourist spend of R164 billion from 2018 to 2020 (BER, 2021).

In 2019 the United Kingdom (UK) contributed more than 430 000 visitors annually to the South African tourism mix. This number has been subject to a significant contraction following travel restrictions implemented to manage the effects and spread of the Covid-19 virus. However, by way of a questionable rationale, SA remained on the UK's 'Red list'. This prohibited travel between the two countries unless the returning visitor agreed to submit to strict and costly quarantine procedures. Based on 2019 UK visitor

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<sup>3</sup> BER (2021): The COVID-19 pandemic and South Africa's tourism sector. Available online. <https://www.ber.ac.za/BER/20/Documents/BER-press-release/?doctypeid=1068&year=2021/#14991>. [Accessed 30 September 2021]

numbers and the resultant spend, the cost of deterring visitors from the UK equated to over R790 million each month, or R26 million per day. The country remained on the 'Red list' until 11 October 2021.

**(c) Recommended interventions**

Vaccines have been hailed for improving the management of the virus by reducing severe illness and hospitalisation related to COVID-19. As a result, many countries commenced with vaccinations rollout campaigns early in 2021, following a breakthrough on vaccines with high efficacy later in 2020. As of 31 January 2022, the country has administered more than 29 million vaccines, with about 27.3 per cent share of people fully vaccinated and 5.1 per cent share of people partly vaccinated against COVID-19. Over the same period, KZN has vaccinated more than 4.3 million citizens.

In response to the economic crisis, continued to implement structural reforms in relation to the economic recovery plan to ignite economic growth. Efforts had been intensified to implement the plan to ensure inclusive economic growth supported by the radical economic transformation (RET). As outlined in the plan, the focus is on agriculture, telecommunications and digital economy renewable energy, tourism, oceans economy and township economy. The full implementation of RET and Operation Vula (OV)<sup>4</sup> and its six commodities.

As outlined in the Provincial Economic Reconstruction and Recovery Plan, the structural reforms will lower faster, inclusive growth barriers by improving access to reliable electricity, water and sanitation services and enabling cost-effective digital services. The plan further aims to promote the green economy, supporting industries with high employment potentials, such as tourism and agriculture, supporting industrial growth, clothing, textiles, footwear and leather, and the automotive sector.

On 1 October 2021, the South African government introduced two new tourism government funding initiatives, namely the Tourism Transformation Fund (TTF) and the Green Tourism Incentive Programme (GTIP). Both the TTF and GTIP initiatives are aligned to the objectives of the National Tourism Sector Strategy that elevates inclusive growth and transformation as fundamental drivers of the tourism sector. The primary rationale underlying the establishment of the TTF is to afford assistance to small and micro-owned operations involved in tourism.

In response to the COVID-19, the government adopted a tourism recovery plan which focuses on rejuvenating the sector. The Tourism Sector Recovery Plan highlights three dimensions of the pandemic determining how the *tourism* industry can recover. These are the shape of recovery, geographic variation, and new equilibrium conditions

Further to the Tourism Relief Fund, the government introduced the Tourism Equity Fund (TEF) to support small-scale stakeholders in the travel industry. TEF is a collaborative initiative between the Department of

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<sup>4</sup> The six OV's commodities are bakery, clothing and textile, furniture, paper & pulp (detergents), fertilisers (seeds and animal feed) and construction.

Tourism and the Small Enterprise Finance Agency (SEFA). As part of SA's Economic Reconstruction and Recovery Plan, this fund aims to drive transformation by advancing equitable opportunities in the sector.

As part of the provincial intervention, KZN Government launched a R20 million Tourism Relief Fund to assist tourist operations adversely affected by the COVID-19 pandemic. Successful applicants received up to R50 000 for tourist businesses, while tour operators received R4 500. However, due to many applications failing to meet the required criteria during the first tranche, the KZN Tourism Relief Fund only afforded assistance to 29 operations totaling R858 000. Accordingly, with the remaining available budget, KZN Government decided on 27 September 2021 to allow for a second uptake of applications.

In addition, KZN COVID-19 Economic Recalibration and Recovery Plan includes measures to assist the tourism sector. The plan covers several initiatives to mitigate the effects of the virus; these include repurposing of conference centres and stadiums converted to field hospitals. It further provides support to SMME's, enhance industry communication, re-skilling, promotion and marketing, among others.

### **1.1.3 Poverty, unemployment and inequality**

#### **(a) Analysis**

National data also shows that while child poverty rates were consistently higher than those for the adult population, between 2006 and 2011, the child income poverty rate declined, from 77.5 per cent in 2006 to 63.7 per cent in 2011. However, between 2011 and 2015, income poverty for children increased to almost 67 per cent.

In SA, there are three measures of poverty, these being the food poverty line (FPL), the lower-bound poverty line (LBPL), and the upper-bound poverty line (UBPL) for statistical reporting. The lines contain both food and non-food components of household consumption expenditure (Stats SA, 2021)<sup>5</sup>. As defined by Stats SA (2021), the food poverty line<sup>6</sup> shows the level of consumption below which individuals cannot purchase sufficient food to provide them with an adequate diet. Those living below this line are consuming insufficient calories for their nourishment.

The LBPL<sup>7</sup> denotes food and non-food items required by households. However, those living below this line must sacrifice some food to get these non-food items such as transport and airtime. Finally, individuals living below the UBPL<sup>8</sup> are those who can consume food and non-food items but cannot meet other necessities such as shelter, education, security and healthcare.

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<sup>5</sup> Stats SA (2021): National Poverty Lines, *Statistical release P0310.1*, September 2021. Available online. <http://www.statssa.gov.za/publications/P03101/P031012021.pdf>. [Accessed 22 November 2021]

<sup>6</sup> Food poverty line – R624 (in April 2021 prices) per person per month. This refers to the amount of money that an individual need to afford the minimum required daily energy intake. This is also commonly referred to as the "extreme" poverty line.

<sup>7</sup> Lower-bound poverty line – R890 (in April 2021 prices) per person per month. This refers to the food poverty line plus the average amount derived from non-food items of households whose total expenditure is equal to the food poverty line.

<sup>8</sup> Upper-bound poverty line – R1 335 (in April 2021 prices) per person per month. This refers to the food poverty line plus the average amount derived from non-food items of households whose food expenditure is equal to the food poverty line.

In 2020, the bulk (35.2 per cent) of KZN households were categorised as lower-income earners (between R0 and 54 000 per annum). Approximately 21 per cent were categorised as low emerging middle-income earners (between R96 000 and R360 000 per annum). An estimated 28.8 per cent were emerging middle-class (earning between R96 000 and R360 000 per annum).

The Human Development Index (HDI) is an aggregated indicator designed by the United Nations Development Programme (UNDP, 2020)<sup>9</sup>. It is used to track development progress among countries and provide valuable and accurate information to policymakers to make sound and informed decisions. The HDI is calculated on three key measures: health, education, and income. The Human Development Report (2016) categorises an HDI of 0.8 and above as high development status, 0.5 to 0.8 as medium.

According to the QILFS by Stats SA unemployment rate rose to 34.9 per cent in the third quarter of 2021. As a result, the unemployment level in the third quarter of 2021 was higher, about 1.111 million persons, compared to the corresponding period in 2020.

The provincial employment level also suffered a severe blow amid the emergency of COVID-19, which induced a substantial contraction in 2020. It caused job losses as many businesses experienced enormous losses owing to the great national lockdown. Consequently, the number of people employed dropped markedly by about 4.85 per cent from 2.71 million in 2019 to 2.60 million in 2020. This was the most considerable rate of job losses recorded by the Province over ten years.

The negative impact of the pandemic continues to manifest itself in the labour market indicators, especially as the unemployment level climbed beyond 1 million in the first two quarters of 2021, translating to about 32.5 per cent in the second quarter. Unemployment in KZN stood at 28.7 per cent in the third quarter of 2021.

The largest share of the working-age population in KZN is not economically active, and this trend has continued over the last ten-year period. This reflects the difficulty to search for employment which pushes people to give up looking for jobs and thus increases the expanded unemployment rate. As a result, the expanded unemployment rate was 39.9 per cent in 2020, almost doubling the official unemployment rate. Furthermore, Not-economically active group continues to increase and has since surpassed the 4 million mark in the third quarter of 2021, pushing the expanded unemployment rate further to 48.6 per cent. Therefore, working-age people are discouraged as this group was estimated at 968 000 in the third quarter, marginally greater than those unemployed.

The youth unemployment rate is significantly higher when measured using the expanded definition, which incorporates discouraged-work seekers. Approximately 72.4 per cent of young people aged between 15 and 24 years were unemployed in 2020. The expanded youth unemployment rate in KZN is also notably

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<sup>9</sup> UNDP (2020): Human Development Report 2020, the next frontier, Human development and Anthropocene, available online: <http://hdr.undp.org/en/2020-report>. [Accessed on 18 February 2021]



higher among other age groups, with approximately 31.3 per cent of people aged between 35 and 44 years reported to be unemployed in 2020.

In addition, several businesses struggled to continue operations amid the great national lockdown ultimately liquidated while others were placed under business rescue. Consequently, about 2 035 liquidations were reported in 2020. Notwithstanding that company liquidations do not translate to the number of job losses; however, it indicates the extent of jobs at risk. Moreover, as the number of liquidations rises, more people reportedly remain out of employment.

Discouraged work-seekers continued to increase in 2021, with the third having shown an enormous rise of 16.4 per cent from 3.317 million in the second quarter to 3.862 million in the third quarter. It is against this background of a high number of discouraged work-seekers that SA's unemployment rate is pronounced when measured using the expanded definition. The expanded unemployment level increased from 11.923 million in the second quarter to 12.484 million unemployed in the third quarter of 2021. Thus, the expanded unemployment rate took a significant jump in the third quarter and reached 46.6 per cent, up from 44.4 per cent in the second quarter.

The number of people without employment in KZN climbed by a cumulative average annual rate of 4.6 per cent from 629 000 in 2010 to 940 000 in 2020. Consequently, unemployment rate accelerated by a cumulative average annual rate of 5.6 per cent from 21.0 per cent to 26.5 per cent over the same period. The persistent rise in unemployment is attributable to numerous structural factors such as subdued economic performance, skills mismatch, low educational attainment, and rigid labour market regulations.

### **(b) Implications & Challenges**

The World Bank (2021) estimated that the COVID-19 pandemic would result in between 119 and 124 million people moving into extreme poverty. Data from Statistics South Africa (Stats SA, 2021)<sup>10</sup> shows that SA is an upper-middle-income country. Yet, regardless of this perceived wealth, most of the country's households live in absolute poverty or continued vulnerability to poverty. Although significant progress was made prior to the economic crisis of 2009 in addressing poverty, many South African households have fallen back or remained in the trap of poverty through inadequate access to clean water, proper health care facilities and household infrastructure.

At 21.6 per cent, the Western Cape (WC) had the lowest share of people living below the FPL, followed by Gauteng (GP) with 23.9 per cent, NC (26.6 per cent), and FS (30.9 per cent). Approximately 40.3 per cent of the KZN population was still living below the FPL in 2020. This estimation was the third-highest in the country after EC at 41.5 per cent and LP at 40.5 per cent

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<sup>10</sup> Stats SA (2021): National poverty lines, September 2021, *Statistical releases P0301.1*. Available online. <http://www.statssa.gov.za/publications/P03101/P031012021.pdf>. [Accessed 21 February 2021]

One of the National Development Plans (NDP's) targets is to reduce income inequality, measured using the Gini coefficient<sup>11</sup> from 0.70 to 0.60 by 2030. This is further supported by Goal 10 of the SDGs, aiming to reduce inequalities between countries. Income inequality has increased in nearly all world regions in recent decades but at different speeds.

In 2020, SA recorded a medium human development index (HDI) of 0.66, substantially up from 0.56 in 1997. Meanwhile, KZN had an estimated HDI of 0.62 in 2020, which the UNDP (2020)<sup>12</sup> considers as medium human development. Although there was a significant improvement from the 2010 HDI of 0.52, the Province's HDI was below the national average of 0.58.

The protracted period of sluggish provincial economic performance post-global financial crisis has significantly impacted the employment level in KZN. Employment level expanded by a cumulative average annual rate of 1.1 per cent in KZN over the last decade, increasing from about 2.37 million in 2010 to 2.60 million persons employed.

### **(c) Recommended interventions**

The government needs to emphasise child poverty, in line with SDG 1. To this end, the government needs to continue to invest in social infrastructure in the rural areas where health and school facilities require significant upgrading and focus on the continuation of financing of the social services sector. Furthermore, it was found that a key driving factor for multidimensional poverty among all age groups is the poor state of social infrastructure. This includes poor school facilities, long distances to the nearest health centres and inadequate waste disposal services at a community level.

Currently, the government provides several social grants (Old-age grant, Disability grant, Grant-in-aid, Care dependency, Foster Care, and Child support grant) to reduce poverty. In addition, the provincial government works tirelessly to ensure that young people are at the center of all economic activities and utilise all the available opportunities. In doing so, skills development is at the forefront, whereby new entrants are allowed to gain entry-level experience through internships, mentorships and learnerships.

The government further strives to promote Small, Medium and Micro Enterprises (SMMEs) owned by the youth. This follows the KZN Youth Fund (KZNYF) programme officially launched in 2019, aiming to assist youth-owned businesses with the necessary financial support and other capital or equipment required for their businesses' proper operational structures. This initiative emanated from a realisation that SMMEs can generate much-needed employment and contribute to the Province's GDP growth.

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<sup>11</sup> The Gini Coefficient is a measure of income inequality, where 0 represents a perfectly equal distribution of income, and a coefficient of 1 represents perfectly unequal distribution (Todaro, 2011)

<sup>12</sup> UNDP (2020): Human Development Report 2020, the next frontier, Human development and Anthropocene, available online: <http://hdr.undp.org/en/2020-report>. [Accessed on 18 February 2021]

It has also been noted that most small businesses collapse at an early stage of operation due to a lack of financial support, entrepreneurial and business management skills, information regarding entering the export market, and high competition within industries in which they operate, among others. Therefore, the KZNYF aims to address these challenges, assist young people with the necessary financial support, and create a conducive environment for SMMEs to thrive.

Businesses retrenchments continued despite government efforts to mitigate the pandemic's enduring after-effects, particularly on employment, whereby R40 billion was allocated for wage support via Temporary Employer/Employee Relief Scheme (TERS). In contrast, R100 billion was allocated for job creation. This was part of the R500 billion emergency rescue package, amounting to around 10 per cent of GDP, announced by President Cyril Ramaphosa on 21 April 2020.

Therefore, drastic measures must be put in place to narrow the stubbornly high unemployment rate. This could be achieved by intensifying the implementation of programmes and policies to promote inclusive economic growth. This argument is also acknowledged in the Provincial Growth and Development Plan (PGDP) (2020), which stipulates that creating jobs through an inclusive economy is a critical enabling factor for the Province.

The PGDP further highlights the importance of focusing on creating employment through realising agricultural potential, enhancing industrial development through investment into the key productive sectors of manufacturing, tourism, transport and logistics, the maritime sector, the green economy and services sectors. Other government initiatives through which the scourge of unemployment can be narrowed include a Provincial Business Retention and Expansion (BR&E) programme and a full range of industrial policy support programmes and measures.

#### ***1.1.4 Provision of Services in line with Mandate, Spatial Planning and Demographics.***

The department is mandated to deliver the following services to its stakeholders:-

- The promotion of sound financial management practices and fiscal management to achieve good governance.
- Ensuring targeted financial resource allocation coupled with the promotion of smart utilization thereof that contributes to improved service delivery.
- The promotion of sound processes, controls and improved capabilities in Departments, Municipalities and Public Entities in order to reduce unauthorized, irregular, fruitless and wasteful expenditure thereby improving audit outcomes.
- The facilitation and monitoring of infrastructure delivery in the province thereby contributing towards inclusive economic growth.

In enhancing spatial planning, the department conducts periodical provincial socio-economic reviews. Data collected is further analysed to guide resource mobilization and allocation. The revised 2019-2024 MTSF

intensifies provincial infrastructure investments to deal with spatial inequalities. This department is at the helm of monitoring infrastructure delivery in the province to benefit KZN citizenry.

As indicated, above, KZN remains the country's second-largest populous Province after Gauteng (GP), with approximately 15.8 million or 26.3 per cent of the national percentage in 2021. The province has a youthful population with children and young people collectively account for approximately two-thirds of the provincial population. The implications of these demographics is that as population density increases, individuals from various households tend to compete for inadequate resources such as food, habitat, water and the earth's carrying capacity. Therefore, a perpetual increase in population growth leads to fewer resources to sustain the population.

The ever shrinking government purse compounds this challenge hence, it has become necessary to adopt innovative approaches in order to make a rand go further. The department has planned research on possible streamlines of provincial own revenue to augment this situation.

#### **1.1.5 PT Role with regards to Provincial Asset Management**

The department provide asset management support to departments by addressing audit findings in terms of the Revised MTSF. In response to the audit outcomes of the province, Provincial Treasury has implemented the Provincial Audit Improvement Plan strategy, with asset management being one of the key focus areas. In the 2018/19 financial year, there were audit findings on asset management at 3 departments. The Provincial Audit Outcomes for the 2019/20 FY yielded an overall satisfactory performance relating to asset management, whereby only 1 department had audit findings on asset management. In the 2019/20 FY there was a regression with audit findings on asset management reported at 2 departments.

#### **1.1.6 PT Role with regards to Centralised Procurement System in the province**

Currently there is a moratorium from National Treasury not to procure any procurement system as NT is currently in the process of piloting the Integrated Financial Management System (IFMS).

#### **1.1.7 Gender responsive planning, budgeting, monitoring, evaluation and auditing Framework (GRPBMEA).**

This framework acknowledges that various policies on women and other vulnerable groups have not resulted in desired outcomes of reducing the gender gap for inclusive economic growth and development. Gender-responsive budgeting is a pillar of GRPBMEA which is aimed at bringing gender mainstreaming to public finances. The mandate of this department is to allocate and monitor financial resources for the province. The 2019-2024 MTSF, SOPA pronouncement, provincial plan of action, cabinet resolutions and SOPA pronouncement have identified various interventions that are aimed at implementing this framework. These includes mainstreaming of gender, youth and people with disability and disaggregation of data according to gender, age, disability, geographically through planning, budgeting, monitoring, evaluation and auditing.

This department has responded to these through the development of specific targets aimed at achieving these imperatives as follows;

- Allocation of 5% of the goods and services budget of the department towards the empowerment of vulnerable groups,
- In relations to the appointment of staff, the department has put policies in place to set a target to ensure alignment to all nationally amended directives and legislation. In achieving the targets relating to vulnerable groups which relate to the appointment of 50% women at SMS, 2% people with disabilities, 75% blacks and ensuring that 5% of the establishment comprises of Youth employed on various Youth Development Programs
- Furthermore, the department conducts independent mainstreaming audit reviews on the vulnerable groups across all Provincial Departments for compliance to the GRPBMEA Framework.

The department will continue in the 2022/23 to strengthen its responses in addressing needs of these vulnerable groups.

#### **1.1.8 Role of Provincial Treasury in the AWG as a role player.**

The department is contributing in AWG 17 and leading in the following Intervention;

- 20% reduction of fruitless and wasteful expenditure in KZN.
- 20% reduction of irregular expenditure in KZN.
- At least 75% reduction of qualified audits in the public sector by 2024; baseline 6 Departments qualified as at 2019, of these 1 per year improved from qualified, 0 new qualifications.
- 20% improvement in municipal audit outcomes. Improve municipal capacity and audit outcomes, including improved Back to Basics Programme.
- Audit Improvement Plans implemented annually and monitored quarterly
- Strengthen internal controls and risk management units by 31 March 2021.
- Provincial Treasury to develop a proactive approach to fight fraud and corruption working with internal control and risk management units.
- Reduce government debt owed to municipalities and suppliers.
- Monitor implementation of "Operation pay-on Time".
- Pay suppliers within 30 days
- Consequence management
- Review of long-term contracts and Contract Management Systems in provincial Departments and Municipalities
- Increase revenue collection (including debt) and revenue generating capabilities in all Departments by 31 March 2021.

### **1.1.9 Departmental stakeholders**

- National Departments,
- Provincial Departments;
- Public Entities;
- Local Government Institutions;
- Provincial Cabinet and Legislature;
- Chapter 9 Institutions i.e Public Service Commission and Auditor General of South Africa in particular;
- Professional Associations;
- Audit Committee; and
- General Public.

## **1.2 Internal Environment Analysis**

### **1.2.1 *Organisational environment***

#### **(a) *The approved organizational structure of the Department***

The revised structure of the Department was approved on 20 August 2020, and has been tailored to create additional capacity in CORE Business priority areas enabling the Department to effectively deliver on its mandates and more importantly to adequately realize governments priority indicators of reduced unauthorized, irregular, fruitless and wasteful expenditure which will ultimately result in improved audit outcomes within the Province as well as improving the participation of vulnerable groups in the economy of the country through transversal SCM monitoring strategies. The approved structure consists of five functional programmes, with 4 being service delivery programmes. These are discussed below as follows:-

#### **Programme 1 - Administration**

Programme 1 is mainly for the provision of support services to the core programmes within the department. This programme consists of three sub-programmes namely (i) Office of the MEC, (ii) Management Services (HOD), and (iii) Financial Management (OCFO). Within this programme is a Chief Directorate named Corporate Services (which includes Human Resources, Information Technology, Legal Services, Corporate Communications, Auxiliary Services, Security Services, as well as Strategic Planning & Institutional Performance Management Services).

#### **Programme 2 - Sustainable Resource Management**

This programme is responsible for providing budgeting and reporting functions related to provincial departments and public entities in terms of the PFMA. Analysis of the economy of the province, as well as infrastructure management and PPP projects relating to Infrastructure are performed within this programme. The measurable sub-programmes under this programme are Infrastructure Management and Economic Analysis, Public Finance and Public Private Partnerships (PPP).

### **Programme 3 - Financial Governance**

This programme is responsible for providing Financial Management Support, Financial Systems support and Supply Chain Management Support to provincial departments, municipalities and public entities.

The measurable sub-programmes under this programme are Asset and Liabilities Management, Supply Chain Management, Accounting Practices, Financial Information Management Systems (FIMS) and Norms & Standards.

### **Programme 4 - Internal Audit**

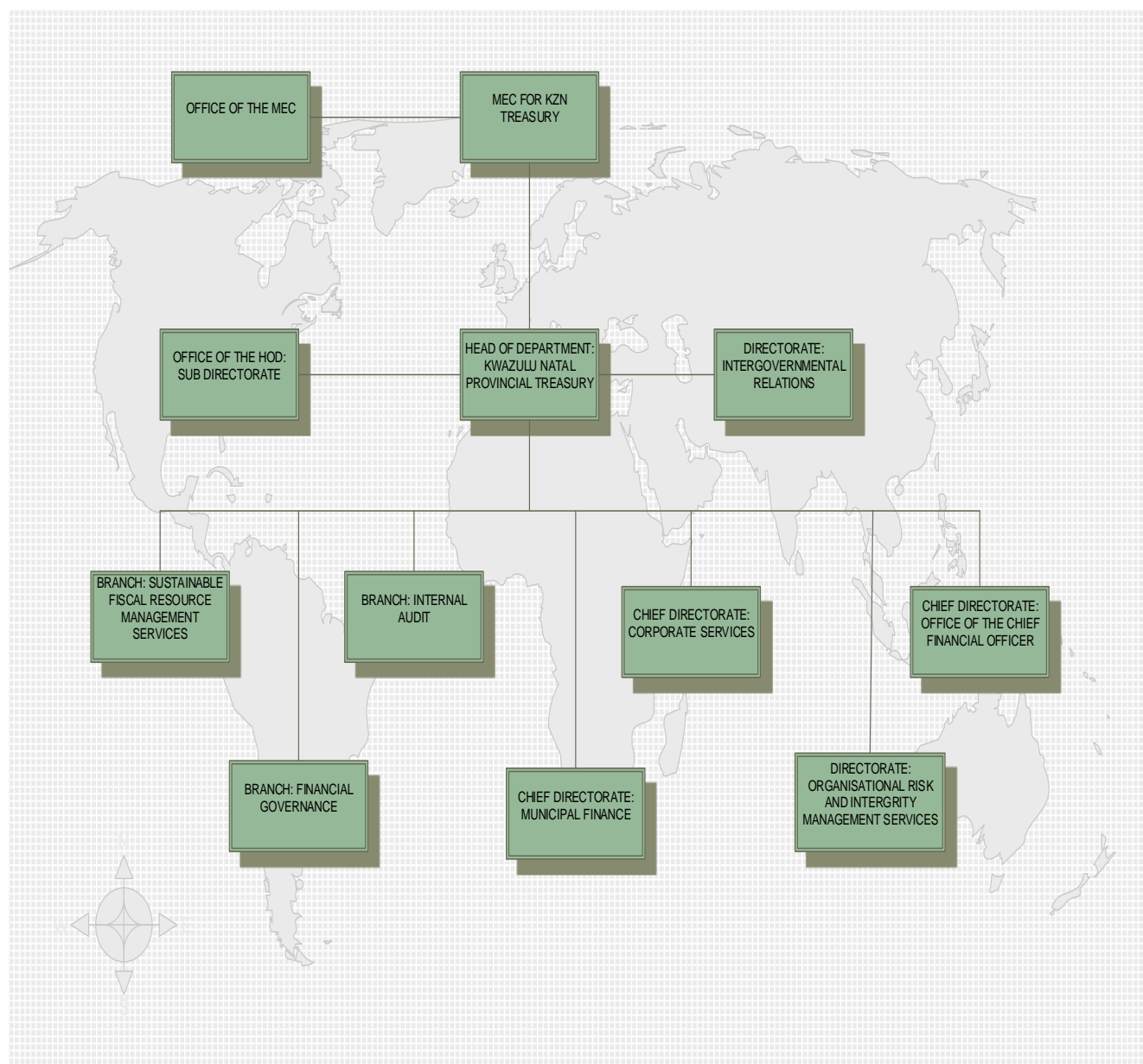
This programme is responsible for providing shared Internal Audit Services and Risk Management to provincial departments, municipalities and some of the public entities. The measurable sub-programmes under this programme are Assurance Services and Risk Management.

### **Programme 5 - Municipal Finance Management**

This programme is responsible to oversee municipalities budgets, providing municipal support programmes, as well as management of revenue and reporting. The measurable sub-programmes under this programme are Municipal Budget, Municipal Accounting and Reporting, Municipal Support Programme, and Municipal Revenue & Debt Management.

These five departmental programmes enable the department to deliver on its mandate.

The diagram below depicts the high-level structure of the Provincial Treasury and reflects the structural components that report directly to the Head of Department.



**(b) The Departments enabling resources**

The Departments newly revised organizational structure increased from 397 posts to 473 posts, where a total of 76 new posts and approximately 25 existing vacant posts are at various recruitment processes to ensure that the Department is fully capacitated by the 2<sup>nd</sup> quarter of the 22/23 financial year. Approximately 75 contract employees are actively delivering critical services whilst permanent capacity is being sourced to ensure effective delivery of the Departments mandate. As always, with the implementation of a revised structure, the vacancy rate is extremely high until newly created posts are filled.

The strategy to contain the vacancy rate, however, is to create the new posts only at the stage when candidates need to be appointed, thereby mitigating the reflection of an extremely high vacancy rate. The



current vacancy rate of 17.4 % is above the preferred vacancy rate of 10%, however, once current recruitment processes are finalized this will have reduced drastically.

A further structural review is underway to capacitate Program 4, Internal Audit Services, since the issues around decentralization of the function in the Province has been finalized. The review aims at reducing the dependence on Consultants and creating additional adequate permanent capacity in line with National Treasury’s directive regarding the exorbitant spending around Consultancy services.

The Information Technology Management Unit is adequately resourced in terms of human resources, technological infrastructure, software support services and disaster recovery capabilities. This in turn provides Provincial Treasury with continuous access to critical data to enable the Organization to make informed decisions and deliver effectively on its mandate. With the 4<sup>th</sup> Industrial Revolution (4IR) IT innovation expectations, the Department will require significant IT solutions to ensure Business effectiveness and efficiency. The Departments Internet breakthrough bandwidth and wan links have been recently upgraded, which has significantly improved the quality of communication and collaboration through all communication platforms. This has ensured efficient service delivery and communication during remote working.

**(c) Transformation profile and empowerment initiatives of the Department**

The Department is largely a youthful organization which is dominated by women at most levels within the Department. The Department strives to improve existing statistics i.r.o of women and youth across all levels within the Department as is indicative in the table below, where numbers in relation to women across all age groups and in particular the youth age groups have been higher than males over a three-year period.

| Age Distribution | 2019/2020  |            | 2020/2021  |            | 2021/2022  |            |
|------------------|------------|------------|------------|------------|------------|------------|
|                  | Female     | Male       | Female     | Male       | Female     | Male       |
| 20-24            | 15         | 14         | 8          | 9          | 10         | 5          |
| 25-29            | 49         | 41         | 47         | 30         | 30         | 20         |
| 30-34            | 79         | 43         | 67         | 39         | 59         | 31         |
| 35-39            | 65         | 51         | 70         | 54         | 66         | 57         |
| 40-44            | 35         | 31         | 34         | 35         | 36         | 37         |
| 45-49            | 33         | 29         | 30         | 29         | 29         | 23         |
| 50-54            | 11         | 5          | 13         | 9          | 18         | 9          |
| 55-59            | 7          | 10         | 8          | 10         | 7          | 3          |
| 60-65            | 4          | 6          | 3          | 6          | 1          | 10         |
| <b>TOTAL</b>     | <b>298</b> | <b>230</b> | <b>280</b> | <b>221</b> | <b>256</b> | <b>195</b> |

The Department is committed to meeting the National Employment Equity targets of 50% women at SMS, 2% people with disabilities, 5% youth and 75% Black.

The Department has expressed its commitment by ensuring that only females and people with disabilities form part of the target group for all SMS posts and that an annual disability audit is conducted throughout

the Department. The Head of Department has incorporated the 8-principle plan of action towards ensuring women empowerment and the institutionalization of the same into her performance agreement, and is assessed against this program’s deliverables on an annual basis. The Department as at 23 February 2022 employed 43% women at SMS; 1.8% people with disabilities and 80% Blacks. Approximately 47% of the total staff compliment constitutes the youth age group. The Department contributes to the empowerment of the designated groups through targeted procurement and targeted recruitment in line with EE targets. An increased effort to forge new partnerships with disability Organizations and Higher Education Institutions has been embarked upon, to ensure that there is an increase in applications for vacant posts from people with disabilities. All development programs are monitored and improved upon ensuring that Treasury becomes an Employer of choice so that the turnover of employees, in particular, vulnerable groups, are reduced. It is imperative that all employees are empowered around issues relating to Gender Based Violence, thus quarterly GBV initiatives are planned to achieve this.

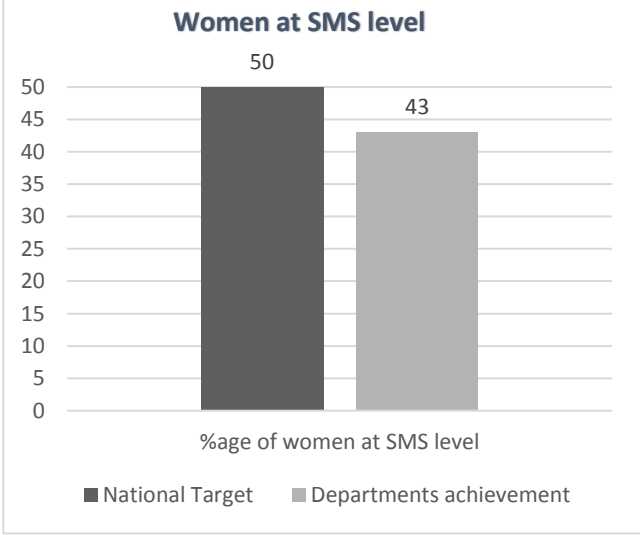
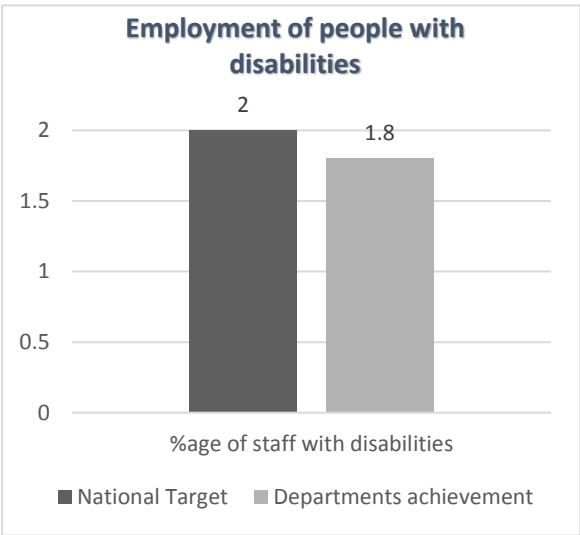


Table below, indicates the budget allocation to Vote 6 (Provincial Treasury) per program level.

**Table 6.6 : Summary of payments and estimates by programme: Provincial Treasury**

| R thousand                         | Audited Outcome |                |                | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |                |                |
|------------------------------------|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                                    | 2018/19         | 2019/20        | 2020/21        | 2021/22            |                        |                  | 2022/23               | 2023/24        | 2024/25        |
| 1. Administration                  | 234,049         | 204,269        | 164,057        | 210,078            | 213,123                | 199,954          | 225,548               | 225,551        | 235,010        |
| 2. Sustainable Resource Management | 44,144          | 47,051         | 43,250         | 55,396             | 49,446                 | 48,579           | 53,346                | 54,230         | 56,668         |
| 3. Financial Governance            | 188,427         | 199,693        | 178,645        | 200,057            | 206,787                | 203,733          | 203,670               | 203,384        | 213,123        |
| 4. Internal Audit                  | 99,004          | 131,214        | 91,486         | 107,237            | 97,350                 | 97,224           | 116,419               | 113,247        | 118,333        |
| 5. Municipal Finance Management    | 59,439          | 58,418         | 54,431         | 81,077             | 70,187                 | 64,393           | 85,126                | 76,407         | 79,968         |
| <b>Total</b>                       | <b>625,063</b>  | <b>640,645</b> | <b>531,869</b> | <b>653,845</b>     | <b>636,893</b>         | <b>613,883</b>   | <b>684,109</b>        | <b>672,819</b> | <b>703,102</b> |

Note: Programme 1 includes MEC remuneration salary

**(d) Status of the Department in terms of BBBEE Compliance**

The KwaZulu-Natal Provincial Treasury acknowledges the historical disparities of the previously disadvantaged communities and commit to promote the rights of all people of South Africa and affirm the democratic values of human dignity, equality and freedom.

The Department has put in place an enabling B-BBEE Preferential Procurement Policy with the following measurable objectives:

- Guide the implementation of the preferential procurement initiatives in the Department within the parameters outlined in the B-BBEE legislation.
- Increase B-BBEE access to economic opportunities offered by Black people.
- Identify and align opportunities with the development and support programme for B-BBEE suppliers.
- Outline measurable procurement targets in line with the B-BBEE Specialised Scorecard to advance the participation of Black people in the procurement system of the Department.
- Advancement of income generation by businesses owned by Black people through the enterprise and supplier development programme.
- Effect strategic sourcing methods that promote participation by Black people in the procurement opportunities of the Department

**(e) Audit performance of the Department**

KZN Provincial Treasury obtained its 13<sup>th</sup> consecutive “*unqualified audit*” opinion, in the 2021/2022 financial year. The Department, as the oversight body of the provinces’ fiscus, prides itself in setting an example that is aligned to its vision of being *the center of excellence in financial and fiscal management in the country*. A further strength is the departments skilled, highly qualified, professional, and ethical human capital with a strong control environment that drives issues of good governance within the organization.

## **PART C: MEASURING OUR PERFORMANCE**

### **1. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION**

#### **1.1 PROGRAMME 1: Administration**

1.1.1 The purpose of this programme is to:

- Provide strategic leadership support to the department in the area of Financial Management and Corporate Services (inclusive of Human Resources Management, Auxiliary Services, Information Technology Management, Security Services, Corporate Communications, Strategic Planning & Institutional Performance Management Services and Legal Services). This programme consists of the following measurable sub-programmes:

#### **1.2 Sub-programme: Financial Management (CFO)**

1.2.1 The purpose of this sub-programme is:

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

#### **1.3 Sub-programme: Human Resources Management**

1.3.1 The purpose of this sub-programme is:

- To provide optimal Human Resource services to the department.

#### **1.4 Information Technology Management**

1.4.1 The purpose of this sub-programme is:

- To provide IT technical and IT functional support to the department.

### **2. Outcomes, Outputs, Performance indicators and Targets - see tables**

### **3. Output indicators: annual and quarterly targets - see tables**

**Outcomes, Outputs, Output indicators and Targets**

| Outcome   | Outputs  | Output Indicators  | Sub-programme – Financial Management (CFO) |                            |                            |   |  |  |  |
|---|--|--|--|----------------------------|----------------------------|---|--|--|--|
|   |  |  | Audited Performance                        |                            |                            | Estimated Performance                                     | MTEF Targets   |  |  |
|   |  |  | 2018/19                                    | 2019/20                    | 2020/21                    | 2021/22   | 2022/23  | 2023/24  | 2024/25  |
| Improve Governance, Risk and control processes thereby reducing fraud & corruption. | Auditor-General report with opinion on financial matters of the department.                                  | No material audit findings in the areas of financial management matters of the department.                     | Unqualified Audit Opinion.                 | Unqualified Audit Opinion. | Unqualified Audit Opinion. | Unqualified Audit Opinion.                                | Unqualified Audit Opinion.                                       | Unqualified Audit Opinion.                                       | Unqualified Audit Opinion.                                       |
|   | Submission of Main and Adjustment budget.  | Timeous submission of the main and adjusted Budget of the department.  | New  | New                        | New                        | Produce Main budget submissions for the department.       | Main budget submitted by Jan 2023.                               | Main budget submitted by Jan 2024.                               | Main budget submitted by Jan 2025.                               |
|   |  |  | New  | New                        | New                        | Produce Adjustment budget submissions for the department. | Adjustment budget submitted by November 2022.                    | Adjustment budget submitted by November 2023.                    | Adjustment budget submitted by November 2024.                    |
| Payment of invoices within 30 days in compliance with Legislation.                  | Percentage of supplier's valid invoices paid within 30 days.   | 98%  | 100%                                       | 100%                       | 100%                       | 100%  | 100%   | 100%   |  |
| Improved participation of targeted groups in the economy of the Country.            | Report on Government spend on Women, Youth, Disabled and Military Veterans in line with BBBEE Act and PPPFA. | Number of reports on Government procurement spending in Women, Youth, Disabled and Military Veterans produced. | New  | New                        | New                        | 4 Quarterly Procurement spending reports.                 | 4 Quarterly reports on the procurement from the targeted groups. | 4 Quarterly reports on the procurement from the targeted groups. | 4 Quarterly reports on the procurement from the targeted groups. |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators   | Annual Target                      | Q1  | Q2  | Q3  | Q4  |
|---|------------------------------------|-----|---|-----|---|
| 1. No material audit findings in the areas of financial management matters of the department. | Unqualified Audit Opinion.         | N/A | No material audit findings in the areas of financial management matters of the departments. | N/A | N/A   |
| 2. Timeous submission of the Main budget of the department.                                   | Main budget submitted by Jan 2023. | N/A | N/A   | N/A | Submit Main budget to Public Finance by Jan 2023. |

|   |  |          |          |   |          |
|---|--|----------|----------|---|----------|
| 3. Timeous submission of the Adjustment budget of the department.   | Adjustment budget submitted by November 2022.                    | N/A      | N/A      | Submit Adjustment Budget to Public Finance by Nov 2022. | N/A      |
| 4. Percentage of supplier's valid invoices paid within 30 days.   | 100%   | 100%     | 100%     | 100%  | 100%     |
| 5. Number of reports on Government procurement spending in Women, Youth, Disabled and Military Veterans produced. | 4 Quarterly reports on the procurement from the targeted groups. | 1 Report | 1 Report | 1 Report  | 1 Report |

#### Outcomes, Outputs, Output indicators and Targets

| Outcome   | Outputs   | Output Indicators  | Sub-programme - Human Resource Management                             |   |   |   |                            |                            |                            |
|---|---|--|---|---|---|---|----------------------------|----------------------------|----------------------------|
|   |   |  | Audited Performance   |   |   | Estimated Performance   | MTEF Targets               |                            |                            |
|   |   |  | 2018/19   | 2019/20   | 2020/21   | 2021/22   | 2022/23                    | 2023/24                    | 2024/25                    |
| Improve Governance, Risk and control processes thereby reducing fraud & corruption. | Auditor General report with opinion on HR matters of the department.      | No material audit findings in the areas of Human Resources management matters of the department. | No material Human Resource Management and Development audit findings. | No material Human Resource Management and Development audit findings. | No material Human Resource Management and Development audit findings. | No material Human Resource Management and Development audit findings. | Unqualified Audit Opinion. | Unqualified Audit Opinion. | Unqualified Audit Opinion. |
|   | Gender Base Violence Femicide initiatives implemented                     | Number of empowerment initiatives relating to Gender Based violence femicide issues implemented. | New   | New   | New   | 4   | 4                          | 4                          | 4                          |
|   | Number of HR Initiatives implemented to achieve Institutional Excellence. | Number of Human Resources Plan (HRP) developed.  | New   | New   | New   | Develop 1 annual HRP.   | Develop 1 annual HRP.      | Develop 1 annual HRP.      | Develop 1 annual HRP.      |
| Number of Annual Work Place Skills Plan (WPSP) developed.                           |   | New  | New   | New   | Develop 1 annual WPSP.  | Develop 1 annual WPSP.  | Develop 1 annual WPSP.     | Develop 1 annual WPSP.     |                            |
| Improved participation of targeted groups in the economy                            | Appointment of previously marginalised groups in order to ensure          | % of SMS posts filled with females.  | New   | New   | New   | Appoint 50% women at SMS.   | Appoint 50% women at SMS.  | Appoint 50% women at SMS.  | Appoint 50% women at SMS.  |
|   |   | % of employees with disabilities,  | New   | New   | New   | Appoint 2% employee   | Appoint 2% employee        | Appoint 2% employee        | Appoint 2% employee        |

|                 |                           |  |     |     |     |   |   |   |   |
|-----------------|---------------------------|--|-----|-----|-----|---|---|---|---|
| of the Country. | equity in the department. | employed in the Department.  |     |     |     | with a disability.                                  | with a disability.                                  | with a disability.                                  | with a disability.                                  |
|                 |                           | % of unemployed youth employed against youth development programs in the Department. | New | New | New | Appoint 5% graduates on youth development programs. | Appoint 5% graduates on youth development programs. | Appoint 5% graduates on youth development programs. | Appoint 5% graduates on youth development programs. |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target   | Q1                     | Q2   | Q3  | Q4  |
|--|---|------------------------|--|-----|---|
| 1.No material audit findings in the areas of Human Resources management matters of the department. | Unqualified Audit Opinion.  | N/A                    | No material audit findings in the areas of Human Resources management matters of the department. | N/A | N/A   |
| 2.Number of empowerment initiatives relating to Gender Based violence femicide issues implemented. | 4 empowerment initiatives relating to Gender Based Violence Femicide. | 1                      | 1  | 1   | 1   |
| 3.Number of Human Resources Plan (HRP) developed.  | Develop 1 annual plan.  | Develop 1 annual plan. | N/A  | N/A | N/A   |
| 4.Number of Annual Work Place Skills Plan (WPSP) developed.  | Develop 1 annual plan.  | Develop 1 annual plan. | N/A  | N/A | N/A   |
| 5.% of SMS posts filled with females.  | Appoint 50% of women at SMS.  | N/A                    | N/A  | N/A | Appoint 50% of women at SMS.                        |
| 6.% of employees with disabilities, employed in the Department.                                    | Appoint 2% employee with a disability.                                | N/A                    | N/A  | N/A | Appoint 2% employee with a disability.              |
| 7.% of unemployed youth employed against youth development programs in the Department.             | Appoint 5% graduates on youth development programs.                   | N/A                    | N/A  | N/A | Appoint 5% graduates on youth development programs. |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome   | Outputs  | Output Indicators   | Sub-programme – Information Technology Management |                                |                                |                               |                            |                            |                            |
|---|--|---|---|--------------------------------|--------------------------------|-------------------------------|----------------------------|----------------------------|----------------------------|
|   |  |   | Audited Performance                               |                                |                                | Estimated Performance         | MTEF Targets               |                            |                            |
|   |  |   | 2018/19   | 2019/20                        | 2020/21                        | 2021/22                       | 2022/23                    | 2023/24                    | 2024/25                    |
| Improve Governance, Risk and control processes thereby reducing fraud & corruption. | AG report with audit opinion on ICT matters of the department. | No material audit finding in the areas of Information Technology within the department. | No material IT audit findings.                    | No material IT audit findings. | No material IT audit findings. | AG Report with Audit Results. | Unqualified Audit Opinion. | Unqualified Audit Opinion. | Unqualified Audit Opinion. |
|   | Business processes automated.                                  | Number of business processes automated.   | New   | New                            | New                            | 4                             | 5                          | 5                          | 5                          |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target              | Q1  | Q2  | Q3  | Q4  |
|--|----------------------------|-----|---|-----|-----|
| 1. No material audit finding in the areas of Information Technology matters within the department. | Unqualified Audit Opinion. | N/A | No material audit finding in the areas of Information Technology matters within the department. | N/A | N/A |
| 2. Number of business processes automated.   | 5                          | N/A | N/A   | N/A | 5   |



#### **4. Explanation of planned performance over the medium-term period**

The Financial Management unit will continue providing financial management support services to both internal and external customers. The services rendered by the unit range from accounting services including the preparation of Financial Statements, as well as financial management services such as revenue collection, budgetary control, supply chain management, asset management, advisory services on internal control systems and governance issues. All of these services have an impact on the audit outcomes of the Department. The continuous implementation of effective internal controls will ensure that suppliers with valid invoices are paid within 30 days in compliance with the statutory requirements. Continuous efforts will be undertaken to improve the participation of targeted groups in the procurement processes of the department in line with BBBEE Act and PPPFA.

The purpose of the Human Resource Management Unit is to provide strategic human resources management support services to the Department to ensure compliance with the relevant statutory requirements. In order to ensure that there are no material Human Resource (HR) audit findings, the MTEF HR Plan for the Department must be developed and monitored on a quarterly basis ensuring that all planned strategies and compliance reporting have been delivered upon, and where there are gaps to identify and monitor reasons for the same. Furthermore, there must be quarterly monitoring of the achievement of the training and skills programs indicated on the annually developed Workplace Skills Plan (WSP) of the Department to ensure that dedicated training budgets are in fact spent and that it is spent on the correctly aligned and approved training programs. Compliance to HR legislation is vital in ensuring no material HR audit findings.

To this end, quarterly HR policy related to empowerment seminars are carried out within the Department, and all HR related policies are reviewed on a quarterly basis to ensure alignment to all nationally amended directives and legislation. In achieving the targets relating to vulnerable groups which relate to the appointment of 50% women at SMS, 2% people with disabilities, 75% blacks and ensuring that 5% of the establishment comprises of Youth employed on various Youth Development Programs, the Unit will continue implementing existing strategies as contained in the MTEF HR Plan of the Department. An increased effort to forge new partnerships with disability Organizations and Higher Education Institutions will be embarked upon, to ensure that there is an increase in applications for vacant posts from people with disabilities. All development programs will be monitored and improved upon ensuring that Treasury becomes an Employer of choice so that the turnover of employees, in particular, vulnerable groups, are reduced. It is imperative that all employees are empowered around issues relating to Gender Based Violence, thus quarterly articles, and related seminars will be held to achieve this.

The purpose of the Information Technology (IT) management Unit is to render technical and functional support on departmental wide IT systems, IT architecture and IT services. To ensure that there are no material IT related audit findings, the unit will need to follow an approved MTEF Plan (3-year

implementation plan) for IT Management. The plan will consist of those projects earmarked for implementation in the MTEF from the IT 5-year strategic plan. The same plan will be used to develop an operational plan for 2021/2022. Policy development and implementation will be done on a quarterly basis to address identified gaps in the IT governance landscape. Also on a quarterly basis, compliance assessments will be undertaken to ensure policies are adhered. Where necessary IT awareness sessions will be conducted to ensure staff remain informed of IT controls and technologies in place.

The Administration programme as a whole will continue to provide strategic support in the areas of Financial Management and Corporate Services to the department to ultimately ensure that the positive audit outcomes are maintained by the department through-out the Medium Term period.

## 5. Programme resource considerations

**Table 6.11 : Summary of payments and estimates by sub-programme: Administration**

| R thousand                    | Audited Outcome |                |                | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |                |                |
|-------------------------------|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                               | 2018/19         | 2019/20        | 2020/21        | 2021/22            |                        |                  | 2022/23               | 2023/24        | 2024/25        |
| 1. Office of the MEC          | 32,521          | 32,410         | 24,370         | 32,170             | 30,781                 | 28,589           | 32,598                | 32,672         | 34,275         |
| 2. Management Services (HOD)  | 58,267          | 40,549         | 17,123         | 20,622             | 15,116                 | 12,634           | 18,650                | 21,528         | 22,144         |
| 3. Financial Management (CFO) | 31,390          | 32,998         | 28,153         | 31,823             | 31,823                 | 31,145           | 32,699                | 32,764         | 34,666         |
| 4. Corporate Services         | 111,871         | 98,312         | 94,411         | 125,463            | 135,403                | 127,586          | 141,601               | 138,587        | 143,925        |
| <b>Total</b>                  | <b>234,049</b>  | <b>204,269</b> | <b>164,057</b> | <b>210,078</b>     | <b>213,123</b>         | <b>199,954</b>   | <b>225,548</b>        | <b>225,551</b> | <b>235,010</b> |

**Table 6.12 : Summary of payments and estimates by economic classification: Administration**

| R thousand  | Audited Outcome |                |                | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |                |                |
|---|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2018/19         | 2019/20        | 2020/21        | 2021/22            |                        |                  | 2022/23               | 2023/24        | 2024/25        |
| <b>Current payments</b>                             | <b>217,157</b>  | <b>195,917</b> | <b>153,913</b> | <b>198,316</b>     | <b>202,479</b>         | <b>189,883</b>   | <b>211,419</b>        | <b>211,286</b> | <b>220,589</b> |
| Compensation of employees                           | 85,853          | 88,338         | 83,967         | 109,668            | 102,685                | 93,987           | 108,644               | 110,141        | 115,536        |
| Goods and services                                  | 131,290         | 107,579        | 69,855         | 88,648             | 99,794                 | 95,884           | 102,775               | 101,145        | 105,053        |
| Interest and rent on land                           | 14              | -              | 91             | -                  | -                      | 12               | -                     | -              | -              |
| <b>Transfers and subsidies to:</b>                  | <b>5,125</b>    | <b>4,974</b>   | <b>5,352</b>   | <b>1,370</b>       | <b>2,134</b>           | <b>2,130</b>     | <b>3,435</b>          | <b>3,574</b>   | <b>3,434</b>   |
| Provinces and municipalities                        | 54              | 39             | 41             | 28                 | 9                      | 32               | 29                    | 29             | 30             |
| Departmental agencies and accounts                  | 2               | 2              | 3              | 3                  | 1                      | 2                | 3                     | 3              | 3              |
| Higher education institutions                       | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Foreign governments and international organisations | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Public corporations and private enterprises         | 5               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Non-profit institutions                             | 205             | 350            | -              | 294                | 294                    | 271              | 308                   | 309            | 323            |
| Households  | 4,859           | 4,583          | 5,308          | 1,045              | 1,830                  | 1,825            | 3,095                 | 3,233          | 3,078          |
| <b>Payments for capital assets</b>                  | <b>11,767</b>   | <b>3,378</b>   | <b>4,789</b>   | <b>10,392</b>      | <b>8,510</b>           | <b>7,941</b>     | <b>10,694</b>         | <b>10,691</b>  | <b>10,987</b>  |
| Buildings and other fixed structures                | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Machinery and equipment                             | 11,767          | 3,378          | 4,789          | 10,105             | 8,510                  | 7,941            | 10,393                | 10,391         | 10,674         |
| Heritage assets                                     | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Specialised military assets                         | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Biological assets                                   | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Land and sub-soil assets                            | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Software and other intangible assets                | -               | -              | -              | 287                | -                      | -                | 301                   | 300            | 313            |
| <b>Payments for financial assets</b>                | <b>-</b>        | <b>-</b>       | <b>3</b>       | <b>-</b>           | <b>-</b>               | <b>-</b>         | <b>-</b>              | <b>-</b>       | <b>-</b>       |
| <b>Total</b>  | <b>234,049</b>  | <b>204,269</b> | <b>164,057</b> | <b>210,078</b>     | <b>213,123</b>         | <b>199,954</b>   | <b>225,548</b>        | <b>225,551</b> | <b>235,010</b> |

## 6. Key risks and mitigations

| Outcome   | Key Risk  | Risk Mitigation   |
|---|---|---|
| <p>Improve Governance, Risk &amp; Control processes thereby reducing fraud &amp; corruption</p> | <p>1. Reluctance and non-cooperation to implement proposed actions to mitigate audit and risk findings.</p> | <ul style="list-style-type: none"> <li>- Actively strengthen stakeholder engagements to illustrate value of compliance.</li> <li>- Non-compliance reporting at Executive Council and Committee of Heads of Departments (CoHOD) levels.</li> </ul> |
|   | <p>2. Lack of consequence management within Institutions to deal with issues of noncompliance.</p>          | <ul style="list-style-type: none"> <li>- Non-compliance reporting at Executive Council and CoHOD levels.</li> <li>- Foster strong collaboration with OTP Integrity Management Unit to strengthen Provincial compliance.</li> </ul>                |
|   | <p>3. Invoices not being paid within 30 days.</p>   | <ul style="list-style-type: none"> <li>- Timeous follow ups by all stakeholders on the outstanding invoices as per the status on the invoice tracking tool.</li> </ul>  |

## **1.2 PROGRAMME 2: Sustainable Resource Management**

The purpose of this programme is to:

- Manage, maintain and monitor the fiscal sustainability of the province, and
- Support improved and sustainable infrastructure delivery.

This programme consist of the following measurable sub-programmes:

### **1.2.1 Sub-programme: Infrastructure Management and Economic Analysis**

The purpose of this sub-programme is to:

- Determine and evaluate economic parameters and socio-economic imperative that informs provincial and local resource allocation, and
- Provide infrastructure support through the Infrastructure Delivery Management System.

### **1.2.2 Sub-programme: Public Finance**

The purpose of this sub-programme is to:

- Promote effective and optimal financial resource allocation for provincial government (including public entities)

### **1.2.3 Sub-programme: Public Private Partnerships**

The purpose of this sub-programme is:

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

## **2. Outcomes, Outputs, Performance indicators and Targets - see table**

## **3. Output indicators: annual and quarterly targets - see table**

**Outcomes, Outputs, Output indicators and Targets**

| Outcome  | Outputs  | Output Indicators   | Sub-programme – Infrastructure Management and Economic Analysis |             |             |                       |              |            |            |
|--|--|---|---|-------------|-------------|-----------------------|--------------|------------|------------|
|  |  |   | Audited Performance   |             |             | Estimated Performance | MTEF Targets |            |            |
|  |  |   | 2018/19   | 2019/20     | 2020/21     | 2021/22               | 2022/23      | 2023/24    | 2024/25    |
| Enhanced fiscal sustainability of the province.  | Socio-economic review & outlook report.  | Number of Socio-economic review & outlook reports produced.   | 10 Reports.   | 10 Reports. | 12 Reports. | 10 Reports.           | 9 Reports.   | 9 Reports. | 9 Reports. |
|  | Research reports to inform provincial resource allocations.                    | Number of Value for money assessment reports produced for efficient resources allocation.                         | 4 Reports.  | 1 Reports.  | 7 Reports.  | 6 Reports.            | 2 Reports.   | 4 Reports. | 4 Reports. |
| Improved and sustainable infrastructure delivery which contributes to inclusive economic growth. | Capacity building reports on departments Infrastructure Planning and delivery. | Number of Capacity building reports produced to departments in the areas of Infrastructure Planning and delivery. | 4 Reports.  | 4 Reports.  | 6 Reports.  | 4 Reports.            | 4 Reports.   | 4 Reports. | 4 Reports. |
|  | Oversight Monitoring and Performance Assessment at the Provincial Departments. | Number of Oversight Monitoring and Performance Assessment conducted at the Provincial Departments.                | 4 Reports.  | 4 Reports.  | 4 Reports.  | 4 Reports.            | 4 Reports.   | 4 Reports. | 4 Reports. |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target | Q1        | Q2        | Q3        | Q4         |
|--|---------------|-----------|-----------|-----------|------------|
| 1. Number of Socio-economic review & outlook reports produced.   | 9 Reports.    | 1 Report. | 2 Reports | 1 Report. | 5 Reports. |
| 2. Number of Value for money assessment reports produced for efficient resources allocation.                         | 2 Reports.    | N/A       | N/A       | N/A       | 2 Reports. |
| 3. Number of Capacity building reports produced to departments in the areas of Infrastructure Planning and delivery. | 4 Reports.    | 1 Report. | 1 Report. | 1 Report. | 1 Report.  |
| 4. Number of Oversight Monitoring and Performance Assessment conducted at the Provincial Departments.                | 4 Reports.    | 1 Report. | 1 Report. | 1 Report. | 1 Report.  |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome   | Outputs                                     | Output Indicators  | Sub-programme - Public Finance |         |         |                       |              |         |         |
|---|---|--|--------------------------------|---------|---------|-----------------------|--------------|---------|---------|
|   |   |  | Audited Performance            |         |         | Estimated Performance | MTEF Targets |         |         |
|   |   |  | 2018/19                        | 2019/20 | 2020/21 | 2021/22               | 2022/23      | 2023/24 | 2024/25 |
| Enhanced fiscal sustainability of the province. | Reports on Provincial resources allocation. | Number of MTEC reports produced on budget and expenditure management for realistic and credible budgets. | 15                             | 15      | 15      | 15                    | 15           | 15      | 15      |
|   |   | Number of early warning system reports produced to address variances requiring remedial action.          | 16                             | 16      | 18      | 18                    | 18           | 18      | 18      |
|   | Inputs into DORA on provincial allocations. | Number of inputs submitted on DoRA.  | 3                              | 3       | 1       | 1                     | 1            | 1       | 1       |
|   | Enhance Provincial own revenue.             | Amount of own revenue collected from the department of education.  | New                            | New     | New     | R30 million increase. | N/A          | N/A     | N/A     |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators   | Annual Target | Q1  | Q2  | Q3  | Q4  |
|---|---------------|-----|-----|-----|-----|
| 1. Number of MTEC reports produced on budget and expenditure management for realistic and credible budgets. | 15            | N/A | 15  | N/A | N/A |
| 2. Number of early warning system reports produced to address variances requiring remedial action.          | 18            | 5   | 5   | 5   | 3   |
| 3. Number of inputs submitted on DoRA.  | 1             | N/A | N/A | 1   | N/A |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome  | Outputs   | Output Indicators   | Sub-programme - Public Private Partnerships (PPP) |         |         |                       |              |            |            |
|--|---|---|---|---------|---------|-----------------------|--------------|------------|------------|
|  |   |   | Audited Performance                               |         |         | Estimated Performance | MTEF Targets |            |            |
|  |   |   | 2018/19   | 2019/20 | 2020/21 | 2021/22               | 2022/23      | 2023/24    | 2024/25    |
| Improved and sustainable Infrastructure delivery which contributes to inclusive economic growth. | Reports on departments, municipality and Public Entities capacitated on PPP.                          | Number of reports produced on departments, municipalities and public entities capacitated on PPP.     | New   | New     | 2       | 2 Reports             | 2 Reports    | 2 Reports  | 2 Reports  |
|  | PPP Service Delivery Solutions.   | Number of Proposals produced to Government entities on a PPP Service Delivery Solutions.              | New   | New     | New     | New                   | 1 Proposal   | 1 Proposal | 1 Proposal |
| Improved participation of targeted groups in the Economy of the Province.                        | Compliance report on the implementation of PPPFA in PPP projects, including target for targeted gaps. | Number of Compliance reports produced on the implementation of the PPPFA Regulations in PPP Projects. | New   | New     | 4       | 4 Reports             | 4 Reports    | 4 Reports  | 4 Reports  |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target | Q1        | Q2        | Q3        | Q4          |
|--|---------------|-----------|-----------|-----------|-------------|
| 1. Number of reports produced on departments, municipalities and public entities capacitated on PPP.     | 2 Reports.    | N/A       | 1 Report. | N/A       | 1 Report.   |
| 2. Number of Proposals produced to Government entities on a PPP Service Delivery Solutions.              | 1 Proposal.   | N/A       | N/A       | N/A       | 1 Proposal. |
| 3. Number of Compliance reports produced on the implementation of the PPPFA Regulations in PPP Projects. | 4 Reports.    | 1 Report. | 1 Report. | 1 Report. | 1 Report.   |

#### 4. Explanation of planned performance over the medium-term period

Programme 2 Sustainable Resource Management contributes the achievement of two outcomes, namely (a) Enhanced fiscal sustainability of the Province; and (b) Improved and sustainable infrastructure delivery which contributes to inclusive economic growth. This will be achieved mainly by two units within Programme 2 i.e. Public Finance, Infrastructure and Economic Analysis.

To achieve fiscal sustainability of the province the Economic Analysis unit will conduct economic research to inform budget allocations as well as ensuring that the provincial equitable share is correctly capturing the socio-economic and population dynamics of KZN. The Public Finance unit will ensure that the provincial budget is fully funded and that the Provincial Executive Council is fully briefed on all budget matters. The Public Finance unit will also (a) engage departments on budget planning, reporting and monitoring; (b) Prepare in-year expenditure and budget performance reports and present these to the Provincial Executive Council and the Finance Portfolio Committee to ensure there is sufficient oversight by these structures; (c) monitor and ensure adherence to the PFMA, Treasury Regulations, Division of Revenue Act and Treasury circulars pertaining to budget and expenditure management.

In terms of improved and sustainable infrastructure delivery which contributes to inclusive economic growth, the Infrastructure unit will assist departments to plan, budget and implement infrastructure projects following the infrastructure delivery management system. The departments will be assisted to produce three-year infrastructure plans (infrastructure programme management plans - IPMPs) and the unit will monitor the implementation of infrastructure budgets utilising the in-year reporting model (IRM). The Infrastructure Crack Team will continue to assist in unblocking infrastructure projects that require intervention and support, as well as assisting departments, provincial government entities and municipalities that require technical support. Finally, the unit will monitor the budget outputs to ensure that there is value for money in all the infrastructure projects delivered.

#### 5. Programme resource considerations

**Table 6.13 : Summary of payments and estimates by sub-programme: Sustainable Resource Management**

| R thousand                      | Audited Outcome |               |               | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |               |               |
|---------------------------------|-----------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|                                 | 2018/19         | 2019/20       | 2020/21       | 2021/22            |                        |                  | 2022/23               | 2023/24       | 2024/25       |
| 1. Programme Support            | 3,749           | 3,741         | 3,669         | 4,130              | 3,733                  | 3,681            | 3,612                 | 3,607         | 3,770         |
| 2. Economic Analysis            | 17,730          | 19,534        | 15,372        | 24,490             | 20,986                 | 20,451           | 22,985                | 23,761        | 24,828        |
| 3. Public Finance               | 16,865          | 17,705        | 17,604        | 18,161             | 18,059                 | 18,024           | 18,171                | 18,259        | 19,079        |
| 4. Public, Private Partnerships | 5,800           | 6,071         | 6,605         | 8,615              | 6,668                  | 6,423            | 8,578                 | 8,603         | 8,991         |
| <b>Total</b>                    | <b>44,144</b>   | <b>47,051</b> | <b>43,250</b> | <b>55,396</b>      | <b>49,446</b>          | <b>48,579</b>    | <b>53,346</b>         | <b>54,230</b> | <b>56,668</b> |



**Table 6.14 : Summary of payments and estimates by economic classification: Sustainable Resource Management**

| R thousand  | Audited Outcome |               |               | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |               |               |
|---|-----------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|   | 2018/19         | 2019/20       | 2020/21       | 2021/22            |                        |                  | 2022/23               | 2023/24       | 2024/25       |
| <b>Current payments</b>                             | <b>43,703</b>   | <b>46,515</b> | <b>42,335</b> | <b>55,044</b>      | <b>48,701</b>          | <b>47,889</b>    | <b>52,941</b>         | <b>53,687</b> | <b>56,100</b> |
| Compensation of employees                           | 39,744          | 40,924        | 40,204        | 46,016             | 41,414                 | 40,657           | 45,894                | 46,701        | 48,800        |
| Goods and services                                  | 3,959           | 5,591         | 2,131         | 9,028              | 7,287                  | 7,232            | 7,047                 | 6,986         | 7,300         |
| Interest and rent on land                           | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| <b>Transfers and subsidies to:</b>                  | <b>31</b>       | <b>110</b>    | <b>561</b>    | <b>32</b>          | <b>84</b>              | <b>135</b>       | <b>34</b>             | <b>35</b>     | <b>37</b>     |
| Provinces and municipalities                        | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Departmental agencies and accounts                  | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Higher education institutions                       | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Foreign governments and international organisations | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Public corporations and private enterprises         | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Non-profit institutions                             | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Households  | 31              | 110           | 561           | 32                 | 84                     | 135              | 34                    | 35            | 37            |
| <b>Payments for capital assets</b>                  | <b>410</b>      | <b>425</b>    | <b>354</b>    | <b>320</b>         | <b>661</b>             | <b>555</b>       | <b>371</b>            | <b>508</b>    | <b>531</b>    |
| Buildings and other fixed structures                | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Machinery and equipment                             | 410             | 425           | 354           | 320                | 661                    | 555              | 371                   | 508           | 531           |
| Heritage assets                                     | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Specialised military assets                         | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Biological assets                                   | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Land and sub-soil assets                            | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Software and other intangible assets                | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| <b>Payments for financial assets</b>                | <b>-</b>        | <b>1</b>      | <b>-</b>      | <b>-</b>           | <b>-</b>               | <b>-</b>         | <b>-</b>              | <b>-</b>      | <b>-</b>      |
| <b>Total</b>  | <b>44,144</b>   | <b>47,051</b> | <b>43,250</b> | <b>55,396</b>      | <b>49,446</b>          | <b>48,579</b>    | <b>53,346</b>         | <b>54,230</b> | <b>56,668</b> |

**6. Key risks and mitigations**

| Outcome  | Key Risk   | Risk Mitigation   |
|--|--|---|
| Credible research for informed efficient provincial resource allocation. | 1. Reliance on data and information requested from the respective Departments/Public entities and other stake holders to conduct research or value for money analysis. | <ul style="list-style-type: none"> <li>- Appointed a service provider (IHS Markit) to provide secondary data.</li> <li>- Continuous interaction with IHS Markit to customise data.</li> <li>- Actively strengthen stakeholder engagements to illustrate the importance of sharing data to conduct credible, reliable &amp; evidence-based research and the assessment of value for money.</li> <li>- Non-compliance reporting at Executive Council and CoHOD levels.</li> </ul> |

| Outcome   | Key Risk  | Risk Mitigation   |
|---|---|---|
| Enhanced fiscal sustainability of the Province. | 2. Contingent liabilities; and unfunded mandates.                         | <ul style="list-style-type: none"> <li>- Budgeting for a contingency reserve.</li> <li>- Targeted revenue enhancement strategies to increase Provincial Own Revenue.</li> <li>- Non-compliance reporting at Executive Council and Committee of Heads of Departments (CoHOD) levels.</li> </ul>            |
|   | 3. Reduced Provincial equitable share and anticipated future budget cuts. | <ul style="list-style-type: none"> <li>- Enhance compliance monitoring of cost containment measures Foster strong collaboration with OTP Integrity Management Unit to strengthen Provincial compliance.</li> <li>- Targeted revenue enhancement strategies to increase Provincial Own Revenue.</li> </ul> |

|  |   |   |
|--|---|---|
|  | 4. Reluctance to cooperate and comply; and lack of consequence management within Institutions to deal with issues of noncompliance. | <ul style="list-style-type: none"> <li>- Non-compliance reporting at Executive Council and CoHOD levels.</li> <li>- Actively strengthen stakeholder engagements to illustrate value of compliance.</li> <li>- Foster strong collaboration with Department of Cooperative Governance to ensure compliance at Municipal level.</li> </ul> |
| Improved and sustainable Infrastructure delivery which contributes to inclusive economic growth. | 1. Reluctance and non-cooperation to adhere to IDMS principles and guidelines.  | <ul style="list-style-type: none"> <li>- Actively strengthen stakeholder engagements to illustrate value of compliance.</li> <li>- Non-compliance reporting at Executive Council and CoHOD levels.</li> </ul>   |
|  | 2. Lack of consequence management within Institutions to deal with issues of noncompliance.   | <ul style="list-style-type: none"> <li>- Non-compliance reporting at Executive Council and CoHOD levels.</li> <li>- Foster strong collaboration with DPW to strengthen Provincial compliance.</li> </ul>  |

### **1.3 PROGRAMME 3: Financial Governance**

The purpose of this programme is:

- To provide audit readiness support to provincial departments and public entities with the objective of achieving favorable audit outcomes in the province;
- To promote economic and effective management of Assets and Liabilities, Supply Chain Management processes, reliable Financial Management Information Systems and ensure compliance with applicable norms and standards in the public sector.

This programme consists of the following measurable sub-programmes:

#### **1.3.1 Sub-programme: Asset and Liabilities Management**

The purpose of this sub-programme is:

- To improve the efficiency of cash management and to minimize adverse liquidity through effective liabilities management.

#### **1.3.2 Sub-programme: Supply Chain Management**

The purpose of this sub-programme is:

- To support and monitor adherence of departments, public entities and municipalities to SCM prescripts and to ensure Radical Economic Transformation (RET) initiatives are implemented in the Province.

#### **1.3.3 Sub-programme: Accounting Practices**

The purpose of this sub-programme is:

- To provide financial management audit readiness support to departments and public entities in the attainment of improved audit outcomes in the Province.

#### **1.3.4 Sub-programme: Financial Information Management Systems (FIMS)**

The purpose of this sub-programme is:

- To provide reliable, efficient and effective financial systems.

#### **1.3.5 Sub-programme: Norms and Standards**

The purpose of this sub-programme is:

- To develop, facilitate implementation, and monitor compliance with financial norms and standards in provincial departments, municipalities and entities.

### **2 Outcomes, Outputs, Performance indicators and Targets - see tables**

### **3 Output indicators: annual and quarterly targets - see tables**

**Outcomes, Outputs, Output indicators and Targets**

| Outcome                                   | Outputs  | Output Indicators   | Sub-programme - Asset and Liabilities Management |                                   |                                   |                                   |                                   |                                   |                                   |
|---|--|---|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
|   |  |   | Audited Performance                              |                                   |                                   | Estimated Performance             | MTEF Targets                      |                                   |                                   |
|   |  |   | 2018/19  | 2019/20                           | 2020/21                           | 2021/22                           | 2022/23                           | 2023/24                           | 2024/25                           |
| Improved audit outcomes for the province. | Reports on compliance to tax and banking legislations. | Number of risk analysis reports compiled per department to minimise non-compliance with payroll tax legislation.          | 56 Risk analysis reports.                        | 56 Risk analysis reports.         | 56 Risk analysis reports.         | 56 Risk analysis reports.         | 56 Risk analysis reports.         | 56 Risk analysis reports.         | 56 Risk analysis reports.         |
|   |  | Number of assessment reports on status of bank related suspense accounts issued to departments to minimise audit queries. | 56 Compliance Assessment reports.                | 56 Compliance Assessment reports. | 56 Compliance Assessment reports. | 56 Compliance Assessment reports. | 56 Compliance Assessment reports. | 56 Compliance Assessment reports. | 56 Compliance Assessment reports. |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target                     | Q1                                | Q2                                | Q3                                | Q4                                |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| 1. Number of risk analysis reports compiled per department to minimise non-compliance with payroll tax legislation.          | 56 Risk Analysis reports.         | 14 Risk Analysis reports.         | 14 Risk Analysis reports.         | 14 Risk Analysis reports.         | 14 Risk Analysis reports.         |
| 2. Number of assessment reports on status of bank related suspense accounts issued to departments to minimise audit queries. | 56 Compliance Assessment reports. | 14 Compliance Assessment reports. | 14 Compliance Assessment Reports. | 14 Compliance Assessment Reports. | 14 Compliance Assessment reports. |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome                                   | Outputs   | Output Indicators   | Sub-programme - Supply Chain Management   |         |                  |  |  |   |   |   |
|---|---|---|---|---------|------------------|--|--|---|---|---|
|   |   |   | Audited Performance   |         |                  | Estimated Performance  | MTEF Targets   |   |   |   |
|   |   |   | 2018/19   | 2019/20 | 2020/21          | 2021/22  | 2022/23  | 2023/24   | 2024/25   |   |
| Improved Audit Outcomes for the Province. | SCM initiatives implemented at departments, municipalities and public entities to improve compliance with SCM prescripts. | Number of SCM compliance assessments conducted to improve audit outcomes.                                       | New   | New     | Reduction of 30% | Conduct 144 SCM Compliance assessments.  | N/A  | N/A   | N/A   |   |
|   |   | Number of SCM training conducted on the new procurement regulations.  | New   | New     | New              | New  | Conduct 3 training sessions on the new procurement regulations.  | Conduct 3 training sessions on the new procurement regulations.                           | Conduct 3 training sessions on the new procurement regulations.                           |   |
|   |   | Number of reports produced on the implementation of the Annual Procurement Plans by public sector institutions. | New   | New     | New              | 10 Reports on submission of quarterly reports on implementation of Procurement Plans.                                  | 10 Reports on submission of quarterly reports on the implementation of Procurement Plans.                              | 10 Reports on submission of quarterly reports on the implementation of Procurement Plans. | 10 Reports on submission of quarterly reports on the implementation of Procurement Plans. |   |
|   |   | Number of SCM prescripts/policies Reviewed in line with the PPPFA 2(1)d.  | New   | New     | New              | Review 12 SCM Prescripts.  | Review 16 procurement policies for new regulations in line with PPPFA 2(1)d.   | Review 16 procurement policies for new regulations in line with PPPFA 2(1)d.              | Review 16 procurement policies for new regulations in line with PPPFA 2(1)d.              |   |
|   |   | Number of reports produced on Pre-order/ assessments of COVID-19 procurement.                                   | New   | New     | New              | 4 Reports.   | N/A  | N/A   | N/A   |   |
|   | Reports on Bid Appeals Tribunal.  | Number of reports produced on the status of Bid Appeals Tribunal and Municipal Bid Appeals Tribunal.            | New   | New     | New              | 4 Reports  | 4 Quarterly reports on the status of current bid appeals.  | 4 Quarterly reports on the status of current bid appeals.                                 | 4 Quarterly reports on the status of current bid appeals.                                 |   |
|   | Training on Contract Management Framework in Departments, Municipalities and Public Entities.                             | Number of Contract Management training sessions conducted at Departments, Municipalities and Public Entities.   | New   | New     | New              | 83 Contract management reviews   | 3 Training Session on contract management framework.   | 3 Training Session on contract management framework.                                      | 3 Training Session on contract management framework.                                      |   |
|   | Report on the implementation of open tender system.   | Number of report produced on the status of the implementation of the Open tender system.                        | New   | New     | New              | 2 reports.   | N/A  | N/A   | N/A   |   |
|   | Improved participation of targeted groups in the Economy of the Province.   | Report on distribution of procurement spend on commodities to the targeted groups.                              | Number of reports produced on the distribution of procurement spend to targeted groups. | New     | New              | 4 reports on the distribution of spend and commodities to the targeted group and bids advertised inclusive of targets. | 4 reports on the distribution of spend and commodities to the targeted group and bids advertised inclusive of targets. | 4 reports on the distribution of spend and commodities to the targeted group.             | 4 reports on the distribution and commodities to the targeted group.                      | 4 reports on the distribution and commodities to the targeted groups. |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target   | Q1                      | Q2   | Q3  | Q4   |
|--|---|-------------------------|--|---|--|
| 1. Number of SCM training conducted on the new procurement regulations.  | Conduct 3 training sessions on the new procurement regulations.                           | NA                      | 1 training session for the Municipalities. | 1 training session for Public entities.       | 1 training session for Provincial Departments. |
| 2. Number of reports produced on the Implementation of the Annual Procurement Plans by public sector institutions. | 10 Reports on submission of quarterly reports on the implementation of Procurement Plans. | 3 Reports               | 3 Reports                                  | 2 Reports                                     | 2 Reports                                      |
| 3. Number of SCM prescripts/policies Reviewed in line with the PPPFA 2(1)d.  | Review 16 procurement policies for new regulations in line with PPPFA 2(1)d.              | 4 procurement policies. | 4 procurement policies.                    | 4 procurement policies.                       | 4 procurement policies.                        |
| 4. Number of reports produced on the status of Bid Appeals Tribunal and Municipal Bid Appeals Tribunal.            | 4 reports on the status of current bid appeals.   | 1 Report                | 1 Report.                                  | 1 Report.                                     | 1 Report.                                      |
| 5. Number of Contract Management training sessions conducted at Departments, Municipalities and Public Entities.   | 3 Training Session on contract management framework.                                      | N/A                     | 1 Training session for Municipalities.     | 1 Training session for Provincial Departments | 1 Training session for Public Entities         |
| 6. Number of reports produced on the distribution of procurement spend to targeted groups.                         | 4 reports on the distribution of spend and commodities to the targeted group.             | 1 Report                | 1 Report                                   | 1 Report                                      | 1 Report                                       |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome                                   | Outputs  | Output Indicators   | Sub-programme - Accounting Practices |         |         |                       |              |         |         |
|---|--|---|--------------------------------------|---------|---------|-----------------------|--------------|---------|---------|
|   |  |   | Audited Performance                  |         |         | Estimated Performance | MTEF Targets |         |         |
|   |  |   | 2018/19                              | 2019/20 | 2020/21 | 2021/22               | 2022/23      | 2023/24 | 2024/25 |
| Improved Audit Outcomes for the Province. | Public Sector Institutions supported in financial management in order to improve audit outcomes. | Number of departments supported in financial management on agreed specific focus areas.   | New                                  | New     | 11      | 5                     | 2            | 3       | 3       |
|   |  | Number of public entities supported in financial management on agreed specific focus areas.   | New                                  | New     | New     | New                   | 1            | 1       | 2       |
|   |  | Number of public sector institutions (departments and public entities) supported in asset management on agreed specific focus areas.              | New                                  | New     | New     | New                   | 2            | 2       | 3       |
|   | Reports on institutions level of compliance on payment of suppliers within 30 days.              | Number of consolidated Instruction Note 34 reports to National Treasury (NT) on compliance to Payment of valid suppliers invoices within 30 days. | 12                                   | 12      | 12      | 12                    | 12           | 12      | 12      |

|  |   |  |     |     |     |     |      |      |      |
|--|---|--|-----|-----|-----|-----|------|------|------|
|  | Condonation of Irregular Expenditure in the Province.   | Percentage of Irregular expenditure condonation requests assessed in compliance with the Irregular Expenditure Framework, within 3 months of receipt of the request. | New | New | New | 18  | 100% | 100% | 100% |
|  | Training sessions facilitated on Financial Management (PFMA) at Public Sector Institutions in the province. | Number of Training sessions facilitated.   | New | New | New | New | 5    | 5    | 5    |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target | Q1   | Q2   | Q3   | Q4   |
|--|---------------|------|------|------|------|
| 1. Number of departments supported in financial management on agreed specific focus areas.   | 2             | 2    | 2    | 2    | 2    |
| 2. Number of public entities supported in financial management on agreed specific focus areas.   | 1             | 1    | 1    | 1    | 1    |
| 3. Number of public sector institutions (departments and public entities) supported in asset management on agreed specific focus areas.                                | 2             | 2    | 2    | 2    | 2    |
| 4. Number of consolidated Instruction Note 34 reports to National Treasury (NT) on compliance to Payment of valid suppliers invoices within 30 days.                   | 12            | 3    | 3    | 3    | 3    |
| 5. Percentage of Irregular expenditure condonation requests assessed in compliance with the Irregular Expenditure Framework. within 3 months of receipt of the request | 100%          | 100% | 100% | 100% | 100% |
| 6. Number of Training sessions facilitated.  | 5             | 1    | 1    | 1    | 2    |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome   | Outputs  | Output Indicators   | Sub-programme - Financial Information Management Systems (FIMS) |         |                                   |   |  |  |  |
|---|--|---|---|---------|-----------------------------------|---|--|--|--|
|   |  |   | Audited Performance   |         |                                   | Estimated Performance                   | MTEF Targets   |  |  |
|   |  |   | 2018/19   | 2019/20 | 2020/21                           | 2021/22                                 | 2022/23  | 2023/24  | 2024/25  |
| Improve Governance, Risk & Control processes thereby reducing Fraud & Corruption. | Financial Transversal Systems uptime   | % of Financial transversal systems uptime.                        | New   | New     | 97%                               | 97%                                     | Manage and maintain existing financial systems (97% of uptime) | Manage and maintain existing financial systems (97% of uptime) | Manage and maintain existing financial systems (97% of uptime) |
|   | Electronic tools implemented in departments to improve financial management systems. | Number of departments with implemented invoice management system. | New   | New     | System piloting to 2 departments. | System implementation at 3 departments. | Review System's Implementation Governance.                     | System implementation on at 3 departments.                     | System implementation at 6 departments.                        |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target  | Q1                                       | Q2                                    | Q3                                     | Q4                                     |
|--|--|--|---------------------------------------|--|--|
| 1. % of financial transversal systems uptime.                        | Manage and maintain existing financial systems (97% of uptime) | 97%                                      | 97%                                   | 97%                                    | 97%                                    |
| 2. Number of departments with implemented invoice management system. | Review System's Implementation Governance                      | Identify and appoint governance members. | Review and approve the Business Case. | Implement Business Case recommendation | Implement Business Case recommendation |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome                                   | Outputs  | Output Indicators   | Sub-programme - Norms and Standards |         |         |                       |              |         |         |
|---|--|---|-------------------------------------|---------|---------|-----------------------|--------------|---------|---------|
|   |  |   | Audited Performance                 |         |         | Estimated Performance | MTEF Targets |         |         |
|   |  |   | 2018/19                             | 2019/20 | 2020/21 | 2021/22               | 2022/23      | 2023/24 | 2024/25 |
| Improved Audit Outcomes for the Province. | Assessments conducted in departments and Public Entities to improve compliance with legislation. | Number of departments assessed to minimise non-compliance with legislation.     | 14                                  | 14      | 14      | 14                    | 14           | 14      | 14      |
|   |  | Number of public entities assessed to minimise non-compliance with legislation. | 8                                   | 8       | 8       | 8                     | 8            | 8       | 8       |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target | Q1                 | Q2                 | Q3                 | Q4                 |
|--|---------------|--------------------|--------------------|--------------------|--------------------|
| 1. Number of departments assessed to minimise non-compliance with legislation.     | 14            | 14 Departments.    | 14 Departments.    | 14 Departments.    | 14 Departments.    |
| 2. Number of public entities assessed to minimise non-compliance with legislation. | 8             | 8 Public Entities. | 8 Public Entities. | 8 Public Entities. | 8 Public Entities. |



#### 4. Explanation of planned performance over the medium-term period

In response to the National Priority Outcomes, the Programme aims to contribute to:

- Priority 1 of Building a Capable, Ethical & Developmental State
- Priority 2: Economic Growth and Job Creation

To this end, the programme promotes financial governance and compliance with legislation, accountability and oversight by promoting transparent, economic, efficient and effective financial management of revenue, expenditure, assets, liabilities and supply chain processes in the public sector through:

- The maintenance of existing financial management systems to ensure reliability, efficiency and effectiveness thereof;
- Improve efficiency of cash management and to minimize the adverse liquidity through effective liabilities management; Promote Financial Management Policy and Compliance with the PFMA through the development of supporting guides and frameworks, instructions and regulations issued by National Treasury;
- Provide financial reporting support to provincial departments and public entities in the implementation of financial reporting frameworks in compliance with the PFMA and current accounting standards;
- Provide technical and related financial management support for institutional capacity development to achieve improved audit outcomes and unqualified audits of all Provincial Departments and Public Entities. Continued focus on hands-on engagement and support to departments and public entities in response to key financial management weaknesses identified, including asset management, and
- Support and monitor adherence of departments, public entities and municipalities on SCM prescripts.

#### 5. Programme resource considerations

**Table 6.16 : Summary of payments and estimates by sub-programme: Financial Governance**

| R thousand                                   | Audited Outcome |                |                | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |                |                |
|--|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|  | 2018/19         | 2019/20        | 2020/21        | 2021/22            |                        |                  | 2022/23               | 2023/24        | 2024/25        |
| 1. Programme Support                         | 4,459           | 3,907          | 4,688          | 5,361              | 5,661                  | 5,286            | 5,912                 | 5,953          | 6,221          |
| 2. Asset and Liabilities Management          | 14,975          | 10,800         | 14,351         | 14,821             | 19,921                 | 19,239           | 14,377                | 14,017         | 14,648         |
| 3. Support and Interlinked Financial Systems | 98,119          | 103,269        | 98,447         | 98,679             | 108,189                | 108,971          | 101,808               | 102,102        | 107,105        |
| 4. Supply Chain Management                   | 38,552          | 35,701         | 34,426         | 44,897             | 44,397                 | 44,353           | 45,624                | 45,260         | 47,478         |
| 5. Accounting Services                       | 26,101          | 39,127         | 19,737         | 28,968             | 21,788                 | 19,354           | 28,560                | 28,642         | 29,928         |
| 6. Norms and Standards                       | 6,221           | 6,889          | 6,996          | 7,331              | 6,831                  | 6,530            | 7,389                 | 7,410          | 7,743          |
| <b>Total</b>                                 | <b>188,427</b>  | <b>199,693</b> | <b>178,645</b> | <b>200,057</b>     | <b>206,787</b>         | <b>203,733</b>   | <b>203,670</b>        | <b>203,384</b> | <b>213,123</b> |

**Table 6.17 : Summary of payments and estimates by economic classification: Financial Governance**

| R thousand  | Audited Outcome |                |                | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |                |                |
|---|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2018/19         | 2019/20        | 2020/21        | 2021/22            |                        |                  | 2022/23               | 2023/24        | 2024/25        |
| <b>Current payments</b>                             | <b>181,560</b>  | <b>198,474</b> | <b>177,354</b> | <b>198,609</b>     | <b>204,020</b>         | <b>200,780</b>   | <b>201,809</b>        | <b>201,793</b> | <b>211,455</b> |
| Compensation of employees                           | 61,099          | 65,265         | 70,137         | 83,982             | 78,727                 | 75,352           | 90,608                | 92,242         | 96,579         |
| Goods and services                                  | 120,461         | 133,209        | 107,217        | 114,380            | 125,046                | 125,181          | 111,031               | 109,424        | 114,743        |
| Interest and rent on land                           | -               | -              | -              | 247                | 247                    | 247              | 170                   | 127            | 133            |
| <b>Transfers and subsidies to:</b>                  | <b>1,077</b>    | <b>248</b>     | <b>294</b>     | <b>230</b>         | <b>605</b>             | <b>836</b>       | <b>241</b>            | <b>241</b>     | <b>253</b>     |
| Provinces and municipalities                        | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Departmental agencies and accounts                  | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Higher education institutions                       | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Foreign governments and international organisations | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Public corporations and private enterprises         | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Non-profit institutions                             | -               | 12             | -              | -                  | -                      | -                | -                     | -              | -              |
| Households  | 1,077           | 236            | 294            | 230                | 605                    | 836              | 241                   | 241            | 253            |
| <b>Payments for capital assets</b>                  | <b>5,790</b>    | <b>938</b>     | <b>924</b>     | <b>1,218</b>       | <b>2,162</b>           | <b>2,117</b>     | <b>1,620</b>          | <b>1,350</b>   | <b>1,415</b>   |
| Buildings and other fixed structures                | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Machinery and equipment                             | 5,790           | 938            | 924            | 1,218              | 2,162                  | 2,117            | 1,620                 | 1,350          | 1,415          |
| Heritage assets                                     | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Specialised military assets                         | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Biological assets                                   | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Land and sub-soil assets                            | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| Software and other intangible assets                | -               | -              | -              | -                  | -                      | -                | -                     | -              | -              |
| <b>Payments for financial assets</b>                | <b>-</b>        | <b>33</b>      | <b>73</b>      | <b>-</b>           | <b>-</b>               | <b>-</b>         | <b>-</b>              | <b>-</b>       | <b>-</b>       |
| <b>Total</b>  | <b>188,427</b>  | <b>199,693</b> | <b>178,645</b> | <b>200,057</b>     | <b>206,787</b>         | <b>203,733</b>   | <b>203,670</b>        | <b>203,384</b> | <b>213,123</b> |

**6. Key risks and mitigations**

| Outcome   | Key Risk  | Risk Mitigation  |
|---|---|--|
| Improved Audit outcomes.  | 1. Reluctance and non-co-operation to implement support and improvement strategies by Institutions.   | <ul style="list-style-type: none"> <li>- Actively strengthen stakeholder engagements to illustrate value add of assistance provided.</li> <li>- Non-compliance reporting at CoHOD and Executive Council levels.</li> </ul>         |
|   | 2. Threats and intimidation of staff as well as protest action at Municipal level that impacts the delivery of planned support interventions. | <ul style="list-style-type: none"> <li>- Non-compliance reporting at CoHOD and Executive Council levels.</li> </ul>  |
|   | 3. Duplication of support programs to Municipalities by sister Department due to lack of understanding of National MOU.                       | <ul style="list-style-type: none"> <li>- Fast track the appointment of a joint steering committee as per National MOU for Provincial Treasury and COGTA.</li> </ul>  |
|   | 4. Lack of consequence management within Institutions to deal with issues of noncompliance.   | <ul style="list-style-type: none"> <li>- Non-compliance reporting at CoHOD and Executive Council levels.</li> </ul>  |
| Improve Governance, Risk & Control processes thereby reducing fraud & corruption. | 1. Reluctance and non-cooperation to implement proposed actions to mitigate audit and risk findings.  | <ul style="list-style-type: none"> <li>- Actively strengthen stakeholder engagements to illustrate value of compliance.</li> <li>- Non-compliance reporting at Executive Council and CoHOD levels.</li> </ul>                      |
|   | 2. Lack of consequence management within Institutions to deal with issues of noncompliance.   | <ul style="list-style-type: none"> <li>- Non-compliance reporting at Executive Council and CoHOD levels.</li> <li>- Foster strong collaboration with OTP Integrity Management Unit to strengthen Provincial compliance.</li> </ul> |

#### **1.4 PROGRAMME 4: Internal Audit (Provincial Internal Audit Services)**

The purpose of this programme is to:

- Promote good governance by performing Internal Audit to Provincial Departments and Risk Advisory services at Public Sector Institutions.

The programme consists of the following measurable sub-programmes:

##### **1.4.1 Sub-programme: Assurance Services**

The purpose of this sub-programme is to:

- Promote good governance through the provision of internal audit services and recommend internal control system improvement to departments.

##### **1.4.2 Sub-programme: Risk Management**

The purpose of the sub-programme is to:

- Promote and enhance a culture of good governance through effective Risk Management.

#### **2. Outcomes, Outputs, Performance indicators and Targets - see tables**

#### **3. Output indicators: annual and quarterly targets – see tables**

**Outcomes, Outputs, Performance indicators and Targets**

| Outcome   | Outputs  | Output Indicators   | Sub-programme - Assurance Services |         |         |                       |              |         |         |
|---|--|---|------------------------------------|---------|---------|-----------------------|--------------|---------|---------|
|   |  |   | Audited Performance                |         |         | Estimated Performance | MTEF Targets |         |         |
|   |  |   | 2018/19                            | 2019/20 | 2020/21 | 2021/22               | 2022/23      | 2023/24 | 2024/25 |
| Improve Governance, Risk and Control Processes thereby reducing Fraud and Corruption. | Internal Audit reviews conducted.  | Number of Internal Audit Reviews conducted.   | 136                                | 154     | 80      | 104                   | 115          | 101     | 101     |
|   |  | Number of follow-up reviews conducted on the implementation of recommendations on resolved audit findings.                    | 51                                 | 56      | 32      | 52                    | 45           | 45      | 45      |
|   |  | Number of Audits conducted on COVID-19 expenditure.   | New                                | New     | 7       | N/A                   | N/A          | N/A     | N/A     |
|   |  | Number of audits conducted on the mainstreaming of vulnerable groups conducted.   | New                                | New     | 1       | 10                    | 4            | 5       | 4       |
|   | Oversight reports to strength accountability by Public Sectors Institutions. | Number of MEC and Cabinet reports submitted to strengthen oversight and enforce accountability by public sector Institutions. | New                                | New     | 44      | 58                    | 56           | 56      | 56      |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target | Q1  | Q2  | Q3 | Q4 |
|--|---------------|-----|-----|----|----|
| 1. Number of Internal Audit Reviews conducted.   | 115           | 35  | 25  | 20 | 35 |
| 2. Number of follow-up reviews conducted on the implementation of recommendations on resolved audit findings.                    | 45            | 7   | 12  | 12 | 14 |
| 3. Number of audits conducted on the mainstreaming of vulnerable groups.   | 4             | N/A | N/A | 2  | 2  |
| 4. Number of MEC and Cabinet reports submitted to strengthen oversight and enforce accountability by public sector Institutions. | 56            | 14  | 14  | 14 | 14 |

**Outcomes, Outputs, Performance indicators and Targets**

| Outcome   | Outputs  | Output Indicators   | Sub-programme - Risk Management |         |         |                       |   |  |  |
|---|--|---|---------------------------------|---------|---------|-----------------------|---|--|--|
|   |  |   | Audited Performance             |         |         | Estimated Performance | MTEF Targets  |  |  |
|   |  |   | 2018/19                         | 2019/20 | 2020/21 | 2021/22               | 2022/23   | 2023/24  | 2024/25  |
| Improve Governance, Risk and Control Processes thereby reducing Fraud and Corruption. | Risk management reviews conducted in departments and municipalities                    | Number of reports on Risk Management reviews conducted for departments.                                       | 78                              | 78      | 76      | 42                    | N/A   | N/A  | N/A  |
|   | Risk assessment reviews for municipalities.  | Number of risk assessment reviews conducted for municipalities.   | New                             | New     | New     | 20                    | 15  | 15   | 15   |
|   | Ethics, fraud & corruption and risk assessment reviews for public sector institutions. | Number of ethics, fraud and corruption risk assessment reviews conducted for departments and municipalities.  | New                             | New     | New     | 14                    | 13 departments<br>10 municipalities                   | 13 departments<br>10 municipalities                    | 13 departments<br>10 municipalities                    |
|   | Strengthened internal control and Risk management in the Province                      | Number of Internal Control (IC) assessment reports produced.  | New                             | New     | 1       | 14                    | N/A   | N/A  | N/A  |
|   |  | Percentage implementation of the provincial risk management and combined assurance frameworks                 | New                             | New     | New     | New                   | 60%   | 30%  | 10%  |
|   |  | Number of audit committee and internal audit technical support provided to municipalities.                    | New                             | New     | New     | 8                     | 8 audit committee support<br>5 internal audit support | 10 audit committee support<br>5 internal audit support | 10 audit committee support<br>5 internal audit support |
|   |  | Number of Risk management and internal control training provided to clients (departments and municipalities). | New                             | New     | 35      | 35                    | N/A   | N/A  | N/A  |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators   | Annual Target   | Q1  | Q2  | Q3  | Q4  |
|---|---|---|---|---|---|
| 1. Number of risk assessment reviews conducted for municipalities.  | 15  | 3   | 2   | 5   | 5   |
| 2. Number of ethics, fraud and corruption risk assessment reviews conducted for departments and municipalities. | 13 departments<br>10 municipalities   | 0 departments<br>2 municipalities                     | 6 departments<br>2 municipalities                     | 7 departments<br>3 municipalities                     | 0 departments<br>3 municipalities                     |
| 3. Percentage implementation of the provincial risk management and combined assurance frameworks                | 60% of activities as outlined in the implementation plan of risk and combined assurance frameworks. | 30%   | 15%   | 10%   | 5%  |
| 4. Number of audit committee and internal audit technical support provided to municipalities.                   | 8 audit committee technical support<br>5 internal audit technical support                           | 2 audit committee support<br>1 internal audit support | 2 audit committee support<br>1 internal audit support | 2 audit committee support<br>2 internal audit support | 2 audit committee support<br>1 internal audit support |

#### **4. Explanation of planned performance over the medium-term period**

The Provincial Internal Audit Services (PIAS) provides a legislated shared internal audit function to all provincial Departments. This function which covers 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 (ISPPA) and the principles in the King Report on Governance.

The Unit conducts independent audit reviews on various processes within Provincial Departments to assess the adequacy, effectiveness and efficiencies thereof. Projects identified are based on high risk areas, as well on strategic interventions within the Province; for example, audits on the mainstreaming of vulnerable groups. In order to improve on the governance, risk and control processes across the Departments, PIAS provides recommendations in each audit report issued to Departments on weaknesses identified. This thereby adds value to Departments operations and assists in sustaining strategic value; if implemented effectively by Departments. In addition, assurance is provided to Accounting Officers and oversight structures, by Internal Audit as the unit continuously monitors the implementation of these agreed upon action plans by conducting follow up reviews. Reports are issued quarterly to the Provincial Audit & Risk Committee and other oversight structures on the status of governance, risk and internal controls within Departments to ensure accountability.

Over the medium term, recommendations provided to Executive Authorities, Accounting Officers and the management of departments on how to improve the adequacy, effectiveness of internal controls and efficiencies of the relevant processes will contribute to the broader objective to improve provincial audit outcomes. The Provincial Internal Audit Framework will be rolled out as well to enhance accountability by all provincial departments and collaboration with the other key primary assurance providers in order to achieve objectives set for the audit improvement strategy.

The objective of Risk and Advisory Services is to promote good corporate governance by all departments and municipalities through the provision of risk management and internal control support to these institutions. The Unit's plans over the medium-term period are to roll-out 1) the approved revised risk management framework to all departments; 2) the provincial combined assurance to all departments; and 3) the approved revised municipal risk management framework to selected municipalities. The Unit will continue to assist all departments with the development and updating ethics, corruption and fraud risk registers and will also continue to provide risk management and technical internal audit committee support to selected municipalities. Similarly, the Provincial Audit and Risk Committee will continue to provide oversight on the implementation of recommended improvements to enhance risk management and internal control in provincial departments.

## 5. Programme resource considerations

**Table 6.19 : Summary of payments and estimates by sub-programme: Internal Audit**

| R thousand            | Audited Outcome |                |               | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |                |                |
|-----------------------|-----------------|----------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|                       | 2018/19         | 2019/20        | 2020/21       | 2021/22            |                        |                  | 2022/23               | 2023/24        | 2024/25        |
| 1. Programme Support  | 3,964           | 4,667          | 4,346         | 5,229              | 3,129                  | 2,819            | 4,800                 | 4,815          | 5,031          |
| 2. Assurance Services | 74,289          | 105,158        | 66,500        | 76,271             | 72,809                 | 71,351           | 83,251                | 79,982         | 83,574         |
| 3. Risk Management    | 20,751          | 21,389         | 20,640        | 25,737             | 21,412                 | 23,054           | 28,368                | 28,450         | 29,728         |
| <b>Total</b>          | <b>99,004</b>   | <b>131,214</b> | <b>91,486</b> | <b>107,237</b>     | <b>97,350</b>          | <b>97,224</b>    | <b>116,419</b>        | <b>113,247</b> | <b>118,333</b> |

**Table 6.20 : Summary of payments and estimates by economic classification: Internal Audit**

| R thousand  | Audited Outcome |                |               | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |                |                |
|---|-----------------|----------------|---------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
|   | 2018/19         | 2019/20        | 2020/21       | 2021/22            |                        |                  | 2022/23               | 2023/24        | 2024/25        |
| <b>Current payments</b>                             | <b>98,550</b>   | <b>129,091</b> | <b>90,901</b> | <b>106,575</b>     | <b>96,869</b>          | <b>96,170</b>    | <b>115,725</b>        | <b>112,550</b> | <b>117,604</b> |
| Compensation of employees                           | 61,984          | 77,579         | 78,247        | 81,455             | 80,799                 | 78,753           | 88,155                | 93,341         | 97,532         |
| Goods and services                                  | 36,566          | 51,512         | 12,654        | 25,120             | 16,070                 | 17,417           | 27,570                | 19,209         | 20,072         |
| Interest and rent on land                           | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| <b>Transfers and subsidies to:</b>                  | <b>195</b>      | <b>363</b>     | <b>276</b>    | <b>65</b>          | <b>117</b>             | <b>118</b>       | <b>68</b>             | <b>68</b>      | <b>71</b>      |
| Provinces and municipalities                        | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Departmental agencies and accounts                  | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Higher education institutions                       | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Foreign governments and international organisations | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Public corporations and private enterprises         | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Non-profit institutions                             | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Households  | 195             | 363            | 276           | 65                 | 117                    | 118              | 68                    | 68             | 71             |
| <b>Payments for capital assets</b>                  | <b>259</b>      | <b>1,749</b>   | <b>309</b>    | <b>597</b>         | <b>364</b>             | <b>936</b>       | <b>626</b>            | <b>629</b>     | <b>658</b>     |
| Buildings and other fixed structures                | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Machinery and equipment                             | 259             | 1,749          | 309           | 597                | 364                    | 936              | 626                   | 629            | 658            |
| Heritage assets                                     | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Specialised military assets                         | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Biological assets                                   | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Land and sub-soil assets                            | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Software and other intangible assets                | -               | -              | -             | -                  | -                      | -                | -                     | -              | -              |
| Payments for financial assets                       | -               | 11             | -             | -                  | -                      | -                | -                     | -              | -              |
| <b>Total</b>  | <b>99,004</b>   | <b>131,214</b> | <b>91,486</b> | <b>107,237</b>     | <b>97,350</b>          | <b>97,224</b>    | <b>116,419</b>        | <b>113,247</b> | <b>118,333</b> |

## 6. Key risks and mitigations

| Outcome   | Key Risk  | Risk Mitigation  |
|---|---|--|
| Improve Governance, Risk & Control processes thereby reducing fraud & corruption. | 1. Unavailability of key staff due to illnesses, COVID-19, and resignations.                  | - Review, update, approve and implement the business continuity plan.  |
|   | 2. Clients not implementing proposed governance, risk, and control processes recommendations. | - Strengthen stakeholder engagements and collaboration with the various risk management related structures (i.e. fora) |

## **1.5 PROGRAMME 5: Municipal Finance Management**

**The purpose of this programme is to:**

- Provide oversight, technical support and guidance to delegated municipalities.

This programme consists of the following measurable sub-programmes:

### **1.5.1 Sub-programme: Municipal Budget**

The purpose of this sub-programme is to:

- Promote optimal and sustainable municipal budgets as well as promote optimal implementation of budgets by municipalities and reporting on related compliance.

### **1.5.2 Sub-programme: Municipal Accounting and Reporting**

The purpose of this sub-programme is to:

- Assist, support and monitor municipalities with financial management and compliance with the Generally Recognised Accounting Practice (GRAP) and relevant legislation.

### **1.5.3 Sub-programme: Municipal Support Programme**

The purpose of this sub-programme is to:

- Assist and provide technical support to delegated municipalities to promote sound financial management and sustainability.

### **1.5.4 Sub-programme: Municipal Revenue and Debt Management**

The purpose of this sub-programme is to:

- Assist and provide technical support to delegated municipalities on revenue and debt management.

## **2. Outcomes, Outputs, Performance indicators and Targets - see tables**

## **3. Output indicators: annual and quarterly targets - see tables**



**Outcomes, Outputs, Output indicators and Targets**

| Outcome   | Outputs  | Output Indicators  | Sub-programme - Municipal Budget |         |         |                       |              |         |         |
|---|--|--|----------------------------------|---------|---------|-----------------------|--------------|---------|---------|
|   |  |  | Audited Performance              |         |         | Estimated Performance | MTEF Targets |         |         |
|   |  |  | 2018/19                          | 2019/20 | 2020/21 | 2021/22               | 2022/23      | 2023/24 | 2024/25 |
| Enhanced Fiscal Sustainability of the Province. | Evaluation reports on tabled and approved budgets of delegated municipalities. | Number of evaluation reports produced on tabled budgets of Delegated Municipalities.           | 51                               | 51      | 51      | 51                    | 51           | 51      | 51      |
|   |  | Number of evaluation reports produced on approved budgets of Delegated Municipalities.         | 51                               | 51      | 51      | 51                    | 51           | 51      | 51      |
|   | Early warning reports on Municipal Budget Performance.                         | Number of Section 71(7) Quarterly Budget Performance Reports produced as early warning system. | NEW                              | NEW     | NEW     | NEW                   | 4            | 4       | 4       |

**Output indicators: Annual and Quarterly Targets**

| Output Indicators   | Annual Target | Q1  | Q2  | Q3  | Q4  |
|---|---------------|-----|-----|-----|-----|
| 1. Number of evaluation reports produced on tabled budgets of Delegated Municipalities.           | 51            | 51  | N/A | N/A | N/A |
| 2. Number of evaluation reports produced on approved budgets of Delegated Municipalities.         | 51            | N/A | 51  | N/A | N/A |
| 3. Number of Section 71(7) Quarterly Budget Performance Reports produced as early warning system. | 4             | 1   | 1   | 1   | 1   |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome                                   | Outputs   | Output Indicators   | Sub-programme - Municipal Accounting & Reporting  |   |                                  |                                 |                                 |                                 |                                 |
|---|---|---|---|---|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|   |   |   | Audited Performance   |   |                                  | Estimated Performance           | MTEF Targets                    |                                 |                                 |
|   |   |   | 2018/19   | 2019/20   | 2020/21                          | 2021/22                         | 2022/23                         | 2023/24                         | 2024/25                         |
| Improved Audit Outcomes for the Province. | Financial Statements reviews conducted at targeted municipalities.            | Number of financial statements reviews conducted at targeted municipalities.            | 4   | 4   | 12 Financial Statements Reviews. | 7 Financial Statements Reviews. | 7 Financial Statements Reviews. | 7 Financial Statements Reviews. | 7 Financial Statements Reviews. |
|   | Financial management support projects implemented at targeted municipalities. | Number of financial management support projects implemented at targeted municipalities. | Progress reports on intensive on-site financial management support to 6 municipalities. | Progress reports on intensive on-site financial management support to 6 municipalities. | 3 Projects.                      | 6 Projects to be implemented.   | 6 Projects to be implemented.   | 6 Projects to be implemented.   | 6 Projects to be implemented.   |

**Output indicators: Annual and Quarterly targets**

| Output Indicators  | Annual Target                   | Q1  | Q2                              | Q3          | Q4  |
|--|---------------------------------|-----|---------------------------------|-------------|-----|
| 1. Number of financial statements reviews conducted at targeted municipalities.            | 7 Financial Statements Reviews. | N/A | 7 Financial Statements Reviews. | N/A         | N/A |
| 2. Number of financial management support projects implemented at targeted municipalities. | 6 Projects to be implemented.   | N/A | 3 Projects.                     | 3 Projects. | N/A |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome                                   | Outputs  | Output Indicators  | Sub-Programme - Municipal Support Programme                |  |   |   |                                |                                |                                |
|---|--|--|--|--|---|---|--------------------------------|--------------------------------|--------------------------------|
|   |  |  | Audited Performance  |  |   | Estimated Performance                     | MTEF Targets                   |                                |                                |
|   |  |  | 2018/19  | 2019/20  | 2020/21                                   | 2021/22                                   | 2022/23                        | 2023/24                        | 2024/25                        |
| Improved Audit Outcomes for the Province. | MSP projects implemented at targeted municipalities to strengthen financial management capability in local government. | Number of MSP projects implemented at targeted municipalities to assist with the improvement of financial management capability in local government. | 10 projects  | 10 projects  | 13 projects                               | 10 projects to be implemented.            | 10 projects to be implemented. | 10 projects to be implemented. | 10 projects to be implemented. |
|   | Reports on MSCOA implementation.   | Number of reports on the implementation of MSCOA by municipalities.  | 4 progress reports on the progress made by municipalities. | 4 progress reports on the progress made by municipalities. | 4 reports on the implementation progress. | 4 reports on the implementation progress. | N/A                            | N/A                            | N/A                            |

\* Monitoring of the MSCOA implementation has been moved to the Annual Operational Plan

**Output indicators: Annual and Quarterly targets**

| Output Indicators   | Annual Target                 | Q1  | Q2          | Q3          | Q4          |
|---|-------------------------------|-----|-------------|-------------|-------------|
| 1. Number of MSP projects implemented at targeted municipalities to assist with the improvement of financial management capability in local government. | 10 projects to be implemented | N/A | 3 Projects. | 3 Projects. | 4 Projects. |

**Outcomes, Outputs, Output indicators and Targets**

| Outcome                                   | Outputs   | Output Indicators   | Sub-programme – Municipal Revenue & Debt Management |         |                  |                              |                              |                               |                               |
|---|---|---|---|---------|------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
|   |   |   | Audited Performance                                 |         |                  | Estimated Performance        | MTEF Targets                 |                               |                               |
|   |   |   | 2018/19   | 2019/20 | 2020/21          | 2021/22                      | 2022/23                      | 2023/24                       | 2024/25                       |
| Improved Audit Outcomes for the Province. | Revenue and debt projects implemented at targeted municipalities. | Number of Revenue and Debt projects implemented at targeted municipalities. | New   | New     | Nil <sup>1</sup> | 1 project to be implemented. | 1 project to be implemented. | 2 Projects to be implemented. | 2 Projects to be implemented. |

<sup>1</sup> The implementation of this sub-programme was deferred to 2021/22

**Output indicators: Annual and Quarterly Targets**

| Output Indicators  | Annual Target                | Q1  | Q2  | Q3        | Q4  |
|--|------------------------------|-----|-----|-----------|-----|
| 1. Number of Revenue and Debt projects implemented at targeted municipalities. | 1 project to be implemented. | N/A | N/A | 1 Project | N/A |

**4. Explanation of planned performance over the medium-term period**

*Municipal Budget* will continue to focus on enhancing the technical support to capacitate delegated municipalities on the preparation of multi-year budgets with the objective of improving the funding position of delegated municipalities' budget. The ongoing engagements with the senior management at the municipalities and formalised feedback on the budget assessments provided to municipalities are also aimed at promoting realistic and funded municipal budgets. With the current ongoing implementation of mSCOA, more focus will be placed on capacitating delegated municipalities to improve the quality of the data strings (financial information from the municipalities' financial system).

The following relates to the Municipal Accounting & Reporting, Municipal Support Programme and Municipal Revenue & Debt Management sub-programmes.

*Adoption of a Multi-Year Approach in Supporting Municipalities*

In the short term, Municipal Finance Management will focus on municipalities with minor issues and assist to address the same to promote stability. In the medium term, Municipal Finance Management will commence a three-year support initiative at municipalities with major issues, thereby building a foundation in years one and two for improvement by year three and promoting overall financial sustainability.

*Integrated Support within Provincial Treasury*

A Municipal Support Steering Committee is already in operation. This committee was established to liaise with other sub-programmes within Provincial Treasury that offer support to municipalities (i.e. Supply Chain Management, Internal Audit, Infrastructure and MFIP Advisors appointed by National Treasury) in an attempt to provide holistic integrated support from Provincial Treasury. The committee also monitors progress on support initiatives implemented and provides direction where there may be challenges hampering the effective delivery of support.

*Revision of the Timing of Support Delivery*

In order to make a positive impact, the longer initiatives and certain short projects (e.g. pre-audit assessments) will be conducted earlier to ensure that corrective action can be implemented timeously, if required. In order to achieve this, procurement processes will be finalised in the previous financial year (31 March) to ensure that projects commence in the first month of the department's financial year.

*Acceptance and Commitment from Municipal Managers*

The successful implementation of support initiatives requires commitment from all stakeholders. The intention of Municipal Finance Management's support initiatives is outlined in letters addressed to the Municipal Managers of the municipalities selected. Before any deployment of resources to the municipality,

the Municipal Manager is required to provide written acceptance to the Offer of support and confirm that the municipality will render its full support to the teams deployed to facilitate successful outcomes.

The revised organisational structure has been approved and currently being implementation. Whilst the use of consultants cannot be extinguished completely, reliance thereon has been reduced. In the medium term, we expect to fill all vacant funded posts which will result in minimal reliance on consultants.

#### Assumptions:

Whilst National and Provincial Treasuries must monitor and assist municipalities, Section 62 of the MFMA states that “the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality” and prescribes specific responsibilities. Further, Section 135 of the MFMA specifically states that, “The primary responsibility to avoid, identify and resolve financial problems in a municipality rests with the municipality itself.” It goes on to state that, “If a municipality encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately seek solutions for the problem ....”

- The number of municipalities with a funded budget can only be achieved if the municipalities implement the recommendations of Municipal Budgets which result from the detailed budget evaluation and feedback provided.
- The budget evaluation can only be adequately performed if municipalities submit the required budget information that is accurate and complete.
- Funded budgets are dependent on the following criteria, which is not under direct control of Municipal Budgets as it is the responsibility of the municipality:
  - To approve a Funded Budget that will ensure sustainable service delivery – Requires a fine tuned balance of:
    - Realistic revenue projections to achieve operational surpluses
    - Completeness of revenue
    - Optimizing the municipalities’ revenue generation potential across all sources
    - Collect all monies due
    - Priority spending – adequate provision for operational expenditure, R&M, non-cash items
    - Allocation of secondary costs so that tariffs are cost reflective
    - Eliminate operational inefficiencies – contain distribution losses
    - Implementation of cost containment measures.
- The annual performance targets can only be achieved if none of the municipalities currently within the baseline regress to unfunded budgets.
- The number of institutions with unqualified audit opinions is dependent on municipalities implementing the recommendations from the Municipal Accounting and Reporting sub-programme.
- The achievement of the annual performance targets can only be achieved if none of the municipalities currently within the baseline regress to qualified, adverse or disclaimer audit opinions.
- The limited resource availability of the sub-programme restrict the unit’s ability to support all 51 delegated municipalities. Municipalities are therefore prioritized based on resource availability. The achievement of the annual performance targets is therefore dependent on the resource availability of the sub-programme.

## Unintended Consequences

In order to achieve the targets, the programme may need to support municipalities with unqualified opinions annually in order to maintain the status quo as opposed to focusing only on supporting those municipalities that are not currently in the baseline (unqualified audit opinions). Consequently, municipalities that are in dire need of support may not be initially prioritized due to resource constraints within the programme.

## 5. Programme resource considerations

**Table 6.22 : Summary of payments and estimates by sub-programme: Municipal Finance Management**

| R thousand                               | Audited Outcome |               |               | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |               |               |
|--|-----------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|  | 2018/19         | 2019/20       | 2020/21       | 2021/22            |                        |                  | 2022/23               | 2023/24       | 2024/25       |
| 1. Programme Support                     | 2,292           | 2,377         | 2,298         | 3,738              | 3,150                  | 3,146            | 3,591                 | 3,658         | 3,823         |
| 2. Municipal Budget                      | 24,661          | 26,242        | 24,656        | 28,861             | 26,546                 | 26,391           | 27,262                | 27,451        | 28,682        |
| 3. Municipal Accounting and Reporting    | -               | 14,357        | 15,516        | 27,639             | 17,149                 | 15,240           | 23,761                | 22,944        | 24,067        |
| 4. Municipal Support Programme           | 32,486          | 15,442        | 11,961        | 13,215             | 17,320                 | 15,149           | 21,529                | 13,534        | 14,141        |
| 5. Municipal Revenue and Debt Management | -               | -             | -             | 7,624              | 6,022                  | 4,467            | 8,983                 | 8,820         | 9,255         |
| <b>Total</b>                             | <b>59,439</b>   | <b>58,418</b> | <b>54,431</b> | <b>81,077</b>      | <b>70,187</b>          | <b>64,393</b>    | <b>85,126</b>         | <b>76,407</b> | <b>79,968</b> |

**Table 6.23 : Summary of payments and estimates by economic classification: Municipal Finance Management**

| R thousand  | Audited Outcome |               |               | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates |               |               |
|---|-----------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
|   | 2018/19         | 2019/20       | 2020/21       | 2021/22            |                        |                  | 2022/23               | 2023/24       | 2024/25       |
| <b>Current payments</b>                             | <b>59,081</b>   | <b>57,858</b> | <b>54,066</b> | <b>79,696</b>      | <b>68,597</b>          | <b>62,792</b>    | <b>84,232</b>         | <b>75,968</b> | <b>79,507</b> |
| Compensation of employees                           | 34,231          | 40,224        | 40,389        | 58,318             | 45,904                 | 42,579           | 54,013                | 53,379        | 55,842        |
| Goods and services                                  | 24,850          | 17,634        | 13,677        | 21,378             | 22,693                 | 20,213           | 30,219                | 22,589        | 23,665        |
| Interest and rent on land                           | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| <b>Transfers and subsidies to:</b>                  | <b>5</b>        | <b>35</b>     | <b>80</b>     | <b>-</b>           | <b>35</b>              | <b>35</b>        | <b>-</b>              | <b>-</b>      | <b>-</b>      |
| Provinces and municipalities                        | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Departmental agencies and accounts                  | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Higher education institutions                       | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Foreign governments and international organisations | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Public corporations and private enterprises         | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Non-profit institutions                             | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Households  | 5               | 35            | 80            | -                  | 35                     | 35               | -                     | -             | -             |
| <b>Payments for capital assets</b>                  | <b>353</b>      | <b>525</b>    | <b>281</b>    | <b>1,381</b>       | <b>1,555</b>           | <b>1,566</b>     | <b>894</b>            | <b>439</b>    | <b>461</b>    |
| Buildings and other fixed structures                | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Machinery and equipment                             | 353             | 525           | 281           | 1,381              | 1,555                  | 1,566            | 894                   | 439           | 461           |
| Heritage assets                                     | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Specialised military assets                         | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Biological assets                                   | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Land and sub-soil assets                            | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| Software and other intangible assets                | -               | -             | -             | -                  | -                      | -                | -                     | -             | -             |
| <b>Payments for financial assets</b>                | <b>-</b>        | <b>-</b>      | <b>4</b>      | <b>-</b>           | <b>-</b>               | <b>-</b>         | <b>-</b>              | <b>-</b>      | <b>-</b>      |
| <b>Total</b>  | <b>59,439</b>   | <b>58,418</b> | <b>54,431</b> | <b>81,077</b>      | <b>70,187</b>          | <b>64,393</b>    | <b>85,126</b>         | <b>76,407</b> | <b>79,968</b> |

## 6. Key risks and mitigations

| Outcome   | Key Risk  | Risk Mitigation  |
|---|---|--|
| Enhanced fiscal sustainability of the Province. | 1. Contingent liabilities; and unfunded mandates.                         | <ul style="list-style-type: none"> <li>- Budgeting for a contingency reserve.</li> <li>- Targeted revenue enhancement strategies to increase Provincial Own Revenue.</li> <li>- Non-compliance reporting at Executive Council and CoHOD levels.</li> </ul>   |
|   | 2. Reduced Provincial equitable share and anticipated future budget cuts. | <ul style="list-style-type: none"> <li>- Enhance compliance monitoring of cost containment measures. Foster strong collaboration with OTP Integrity Management Unit to strengthen Provincial compliance.</li> <li>- Targeted revenue enhancement strategies to increase Provincial Own Revenue.</li> </ul> |

|                          |   |  |
|--------------------------|---|--|
| Improved Audit outcomes. | 3. Reluctance and non-co-operation to implement support and improvement strategies by Institutions.   | <ul style="list-style-type: none"> <li>- Actively strengthen stakeholder engagements to illustrate value add of assistance provided.</li> <li>- Non-compliance reporting at CoHOD and Executive Council levels.</li> </ul> |
|                          | 4. Threats and intimidation of staff as well as protest action at Municipal level that impacts the delivery of planned support interventions. | <ul style="list-style-type: none"> <li>- Non-compliance reporting at CoHOD and Executive Council levels.</li> </ul>  |
|                          | 5. Lack of consequence management within Institutions to deal with issues of noncompliance.   | <ul style="list-style-type: none"> <li>- Non-compliance reporting at CoHOD and Executive Council levels.</li> </ul>  |

## 7. Public Entities

The department does not have any public entities.

## 8. Infrastructure Projects

KwaZulu-Natal Provincial Treasury does not have a long term capital infrastructure as a department, however, it does assist other departments in the following areas;

- providing support in the infrastructure planning, monitoring and evaluation of the programmes that contributes to effective economic and social infrastructure for KZN
- to facilitate implementation and Institutionalisation of the IDMS in all KZN provincial departments and municipalities to assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan.

## 9. Public Private Partnerships (PPP's)

The department does not have any PPP projects, however KZN Provincial Treasury's PPP Unit is responsible for the transversal function of support and monitoring for Municipalities, Departments and Public Entities. KZNPT provide substantial technical, financial and legal advice in support of all provincial PPP projects in line with the PPP projects cycles as regulated by National Treasury guidelines.

The role of the PPP straddles both the advisory and regulatory function. In relation to the advisory function, the department provide support in the form of legal, technical and financial, to public sector institutions from the conceptualization of potential PPP projects through to complete closeout (i.e. from inception through to contract management phases). This extends to membership of the steering committee and project meetings through the process to close-out of the project.

In relation to the regulatory function, the legislative framework requires the approval of the KZN Provincial Treasury at pre-determined stages within the PPP lifecycle, which approvals are necessary for the continuation of the project. These range from the registration of the project, to the approval of the feasibility study, the procurement documentation and plan, the approval of the procurement process before appointment of a private party and the approval of the contract to be entered into between the parties.

There are a number of current and potential projects for both Municipalities and Departments which the department is currently assisting in. These are:

**1. Registered Municipal Projects**

- City of uMhlathuze Local Municipality: Waste Water and Associated By-Products Re-use
- iLembe District Municipality – Enterprise iLembe Broadband
- City of uMhlathuze Local Municipality – Airport Relocation
- Umvoti Local Municipality: Forestry
- Ray Nkonyeni Local Municipality Office Park Precinct

**2. Registered Departmental Projects**

- Department of Public Works: The New KZN Government Office Park
- KZN Provincial Legislature: Office Accommodation
- KZN Department of Economic Development, Tourism and Environmental Affairs: King Shaka International Airport Public Transport Link
- Department of Health: Inkosi Albert Luthuli Central Hospital

**3. Registered Public Entity Projects**

- Ezemvelo KZN Wildlife (Royal Natal National Park)

**4. Closed Municipal Project**

- iLembe District Municipality: Water and Sanitation

**5. Closed Departmental Projects**

- Department of Health: Inkosi Albert Luthuli Central Hospital

**6. Potential Projects**

- Ezemvelo KZN Wildlife: Commercialisation
- Department Of Agriculture And Rural Development

## PART D: TECHNICAL INDICATOR DESCRIPTION (TID's)

### PROGRAMME ONE: ADMINISTRATION

#### 1.1 Sub-Programme: Financial Management (CFO)

|   |   |
|---|---|
| <b>(1). Indicator Title</b>                               | No material audit finding in the areas of financial management matters of the department.   |
| <b>Definition</b>   | No material audit findings in the area under financial management i.e. Preparation of the Annual Financial Statements, Revenue collection, Budgetary control, supply chain management, Expenditure management and asset management. (Material findings are those that have a negative impact on the audit opinion issued by the Auditor- General) |
| <b>Source of data</b>                                     | Signed audit report issued by the Auditor-General   |
| <b>Method of calculation / Assessment</b>                 | Simple count of the number of material findings that relate to Financial management   |
| <b>Means of verification</b>                              | Signed audit report issued by the Auditor- General for the year audited   |
| <b>Assumptions</b>  | The Chief Financial Officer was provided with an opportunity throughout the audit process to view the draft findings and provide Management comments for the same timeously. Auditors are well versed with the Relevant Legislation and Instruction notes including the Financial systems and processes.  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable  |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable  |
| <b>Calculation type</b>                                   | Non-accumulative  |
| <b>Reporting Cycle</b>                                    | Annually  |
| <b>Desired performance</b>                                | Unqualified audit opinion with no findings  |
| <b>Indicator responsibility</b>                           | Chief Financial Officer (CFO)   |



|   |  |
|---|--|
| <b>(2). Indicator Title</b>                               | Timeous submission of the Main Budget of the Department.   |
| <b>Definition</b>   | Preparation of departmental budgets in line with MTEF guidelines issued by Provincial Treasury for both Main budget and Adjustment Budget Processes. |
| <b>Source of data</b>                                     | Estimates of Provincial Revenue and Expenditure, Adjustment Estimates and BAS.   |
| <b>Method of calculation / Assessment</b>                 | Number of Submissions.   |
| <b>Means of verification</b>                              | Produce budget submissions.  |
| <b>Assumptions</b>  | The relevant units will provide inputs supported by plans in order to develop credible budgets.  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable   |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable   |
| <b>Calculation type</b>                                   | Non-accumulative   |
| <b>Reporting Cycle</b>                                    | Annually   |
| <b>Desired performance</b>                                | Develop accurate and credible budgets  |
| <b>Indicator responsibility</b>                           | Director: Financial & Management Accounting  |

|   |  |
|---|--|
| <b>(3). Indicator Title</b>                               | Timeous submission of the Adjustment Budget of the Department.   |
| <b>Definition</b>   | Preparation of departmental budgets in line with MTEF guidelines issued by Provincial Treasury for both Main budget and Adjustment Budget Processes. |
| <b>Source of data</b>                                     | Estimates of Provincial Revenue and Expenditure, Adjustment Estimates and BAS.   |
| <b>Method of calculation / Assessment</b>                 | Number of Submissions.   |
| <b>Means of verification</b>                              | Produce budget submissions.  |
| <b>Assumptions</b>  | The relevant units will provide inputs supported by plans in order to develop credible budgets.  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable   |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable   |
| <b>Calculation type</b>                                   | Non-accumulative   |
| <b>Reporting Cycle</b>                                    | Annually   |
| <b>Desired performance</b>                                | Develop accurate and credible budgets  |
| <b>Indicator responsibility</b>                           | Director: Financial & Management Accounting  |

|   |   |
|---|---|
| <b>(4). Indicator Title</b>                               | Percentage of supplier's valid invoices paid within 30 days.  |
| <b>Definition</b>   | The number of valid invoices paid within 30 days of receipt by the institution against the total number of invoices received by the institution.  |
| <b>Source of data</b>                                     | BAS, Invoice Register and Instruction Note 34 Reports   |
| <b>Method of calculation / Assessment</b>                 | Number of valid invoices paid within 30 days of receipt by the institution over the total number of valid invoices received by the institution *100   |
| <b>Means of verification</b>                              | Report which shows the total number of invoices paid in that period under review, total number of invoices paid after 30 days and percentage of invoices paid within 30 days.   |
| <b>Assumptions</b>  | <ol style="list-style-type: none"> <li>1. All relevant stakeholders will submit the invoices and supporting documentation on time.</li> <li>2. All queries raised by the Office of the CFO are resolved within 30 days by the relevant stakeholders.</li> </ol> |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable  |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable  |
| <b>Calculation type</b>                                   | Non-accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | Payment of all valid invoices within 30 days of receipt. To report to National Treasury monthly, facilitate expenditure monitoring.   |
| <b>Indicator responsibility</b>                           | Director: Financial & Management Accounting   |

|   |   |
|---|---|
| <b>(5). Indicator Title</b>                               | Number of report on Government procurement spending in Women, Youth, Disabled and Military Veterans produced.   |
| <b>Definition</b>   | Goods and services procured from business entities that are owned by women, youth, disabled or Military Veterans.   |
| <b>Source of data</b>                                     | Purchase order issued   |
| <b>Method of calculation / Assessment</b>                 | Percentage of purchase order issued to business entities that are owned by women, youth or people with disabilities against the total procurement spend.  |
| <b>Means of verification</b>                              | Report on the amount on the Purchase Order issued.  |
| <b>Assumptions</b>  | <p>1.Business entities that are owned by women, youth, disabled or military veterans are available to provide goods or services that are procured by the Department.</p> <p>2.The procurement from business entities that are owned by women, youth or disabled or military veterans is done in compliant to the applicable public sector SCM prescripts.</p> |
| <b>Disaggregation of beneficiaries (where applicable)</b> | <p>Women</p> <p>Youth</p> <p>Disabled People</p> <p>Military Veterans</p>   |
| <b>Spatial Transformation (where applicable)</b>          | Not applicable  |
| <b>Calculation Type</b>                                   | Accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | Procurement of Goods and Services in line with B-BBEE objectives.   |
| <b>Indicator responsibility</b>                           | Director: SCM, Asset Management and Loss Control  |

## 1.2 Sub-Programme: Human Resource Management

|   |  |
|---|--|
| <b>(1). Indicator Title</b>                               | No material audit findings in the areas of Human Resource Management matters of the Department.  |
| <b>Definition</b>   | NIL HR related findings that would have a material or significant impact on the Department in terms of risk or functionality. This type of finding will have a long term impact on the Department.                                   |
| <b>Source of data</b>                                     | Auditor-General's released audit report on the Department.   |
| <b>Method of calculation / Assessment</b>                 | Simple count of the number of material findings that relate to Human Resource Management.  |
| <b>Means of Verification</b>                              | Auditor-General's released audit report on the Department for the year audited.  |
| <b>Assumptions</b>  | Head of HR would have been provided with an opportunity throughout the audit process to view draft findings and provide Management comments for the same. Auditors are well versed with HR legislation and HR systems and processes. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable   |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable   |
| <b>Calculation type</b>                                   | Non-Cumulative   |
| <b>Reporting Cycle</b>                                    | Annual   |
| <b>Desired performance</b>                                | Clean audit outcome (NIL findings that are HR related)   |
| <b>Indicator responsibility</b>                           | Director: Human Resource Management  |

|   |  |
|---|--|
| <b>(2). Indicator Title</b>                               | Number of empowerment initiatives relating to Gender Based violence issues implemented.  |
| <b>Definition</b>   | Empowerment initiatives could be workshops, seminars, information sessions, articles or talks provided by subject specialists aimed at raising awareness around gender based violence and the rights of females. |
| <b>Source of data</b>                                     | Actual articles and proof of distribution; agendas and attendance registers i.r.o information sessions or seminars.  |
| <b>Method of calculation / Assessment</b>                 | Simple count of actual empowerment initiatives within a quarter.   |
| <b>Means of Verification</b>                              | Articles, attendance registers, agendas etc. in a particular quarter.  |
| <b>Assumptions</b>  | Staff will attend empowerment initiatives. COVID-19 restrictions will not prohibit the gathering of staff to attend empowerment sessions.  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Simple count of the number of empowerment initiatives facilitated in a quarter.  |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | Employees empowered on GBV issues throughout the Department at any given point in time.  |
| <b>Indicator responsibility</b>                           | Director: Human Resource Management  |

|   |   |
|---|---|
| <b>(3). Indicator Title</b>                               | Number of Human Resources Plans (HRP) developed.  |
| <b>Definition</b>   | Development of a MTEF HR Plan or reviewed annual HR Plan that is aligned to the strategic objectives of the Department, with quarterly strategies in place to mitigate identified challenges in the Department. Ensures that gaps identified in the Department in terms of HR issues are well analyzed and implications and risks thereof on the Organization is mitigated. This is a strategic document that ensures HRs contribution to Institutional excellence.                             |
| <b>Source of data</b>                                     | The HRP is an MTEF (5 yr. plan) and is only adjusted annually, if there are substantial changes to the mandate of the Department. (Quarter 1)<br>A strategic document signed by MEC once every 5 years/if an annual adjustment took place.<br>Copy of approved annual adjusted HR Plan/ signed minutes of Top Management meeting where consensus was reached that there was no need for an annual adjusted HR Plan, with reasons substantiating the same, and approved annual HRPIR (Quarter 1) |
| <b>Method of calculation / Assessment</b>                 | An approved 5 year MTEF HR plan signed by the MEC for Finance. Or if applicable an annual adjusted HR Plan signed by the MEC for Finance.   |
| <b>Means of Verification</b>                              | A strategic document signed by MEC once every 5 years or annually if an annual adjustment took place.   |
| <b>Assumptions</b>  | All stakeholders will provide input, Head of HR would have been informed of strategic challenges, and MEC will timeously sign and approve HR plan.  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable  |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable  |
| <b>Calculation type</b>                                   | Non-Cumulative  |
| <b>Reporting Cycle</b>                                    | Annually  |
| <b>Desired performance</b>                                | Departments MTEF HR Plan is always current and has achievable strategies to eliminate identified HR challenges within the Dept. resulting in Improvement in Operations and Performance of the department towards achieving its strategic objectives.  |
| <b>Indicator responsibility</b>                           | Director: Human Resource Management   |

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|---|--|
| <b>(4). Indicator Title</b>                               | Number of Annual Work Place Skills Plan (WSP) developed.   |
| <b>Definition</b>   | Development of an annual WSP that identifies priority skills development areas for the upcoming year which enables the Dept. to deliver on its core deliverables. Ensures that the Dept. is spending on its Training Budget, and has the correct skills set enabling employees to deliver successfully on its deliverables which ultimately contributes to Institutional excellence. |
| <b>Source of data</b>                                     | Electronic submission (PSETA document) and Proof of submission and receipt of Work Place Skills by PSETA   |
| <b>Method of calculation / Assessment</b>                 | An approved WSP that has been submitted to the PSETA using the correct electronic submission website.  |
| <b>Means of Verification</b>                              | Electronic submission (PSETA document) and Proof of submission and receipt of Work Place Skills by PSETA   |
| <b>Assumptions</b>  | All PDPs submitted by employees have been completed with the intention of attending training and developing skill gaps and not merely for the purposes of compliance. Line Managers would have played a role in identifying strategic level empowerment/skills set to assist with Institutional performance.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable   |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable   |
| <b>Calculation type</b>                                   | Non-Cumulative   |
| <b>Reporting Cycle</b>                                    | Annually   |
| <b>Desired performance</b>                                | A WSP that is 100% indicative of the real time skill gaps of employees not only for existing posts but also for upward mobility, inclusive of strategic level training & empowerment interventions derived at by Senior Management involvement.  |
| <b>Indicator responsibility</b>                           | Director: Human Resource Management  |



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|---|--|
| <b>(5). Indicator Title</b>                               | % of SMS posts filled with females.  |
| <b>Definition</b>   | Number of females employed in posts from levels 13 to 16. The National employment equity statistics requires that 50% of SMS positions must be occupied by females of any race.  |
| <b>Source of data</b>                                     | PERSAL report for appointments or transfers into the Dept., for a specific quarter, indicating the number of females appointed in posts at levels 13 to 16.  |
| <b>Method of calculation / Assessment</b>                 | Simple count of the number of females appointed against posts at level 13 to 16  |
| <b>Means of Verification</b>                              | PERSAL report on appointments into the Department per quarter  |
| <b>Assumptions</b>  | Funds will be available to advertise and fill posts<br>SMS posts will be widely advertised.<br>Females will respond to advertisements for SMS vacancies<br>Females will meet the inherent requirements of the SMS vacancy and be shortlisted |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Target 50% females at SMS level.   |
| <b>Spatial Transformation (where applicable)</b>          | n/a  |
| <b>Calculation type</b>                                   | Simple count of number of females  |
| <b>Reporting Cycle</b>                                    | quarterly  |
| <b>Desired performance</b>                                | 50% women at SMS level appointed within the Department.  |
| <b>Indicator responsibility</b>                           | Director: Human Resource Management  |

|   |  |
|---|--|
| <b>(6). Indicator Title</b>                               | % of employees with disabilities, employed in the Department.  |
| <b>Definition</b>   | Number of people with disabilities employed at any level within the Department. The National employment equity statistics requires that 2% of a Departments approved establishment comprise of people with disabilities of any race. |
| <b>Source of data</b>                                     | PERSAL report for appointments or transfers into the Dept., for a specific quarter, indicating all staff appointed for the quarter and whether they possess a disability or not.   |
| <b>Method of calculation / Assessment</b>                 | Simple count of the number of people with disabilities appointed in a specific quarter.  |
| <b>Means of Verification</b>                              | PERSAL report on appointments into the Department per quarter  |
| <b>Assumptions</b>  | Funds will be available to advertise and fill posts.<br>PWDs will respond to advertisements for vacant posts<br>PWDs will meet the inherent requirements of the vacancy and be shortlisted   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Target 2% people with disabilities   |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Simple count of number of people with disabilities appointed in a specific quarter   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | 2% people with disabilities appointed within the Department.   |
| <b>Indicator responsibility</b>                           | Director: Human Resource Management  |

|   |  |
|---|--|
| <b>(7). Indicator Title</b>                               | % of unemployed youth employed against youth development programs in the Department.   |
| <b>Definition</b>   | Number of graduates who are 35 years and younger, appointed into youth development programs within the Department. These can be Interns, In service Trainees, Learners within PIAS or Trainee Accountants on the TAP Program. The National Skills Development Act requires that 5% of a Departments approved establishment must comprise of youth appointed into Youth development programs. |
| <b>Source of data</b>                                     | PERSAL report for appointments or transfers into the Dept., for a specific quarter, indicating the number of youth appointed into Youth development programs. The nature of appointment and salary level on the report will easily identify appointees against youth development programs.   |
| <b>Method of calculation / Assessment</b>                 | Simple count of the number of youth appointed against Youth development programs   |
| <b>Means of Verification</b>                              | PERSAL report on appointments into the Department per quarter  |
| <b>Assumptions</b>  | The Department will always have funds available to implement youth development programs within the Dept.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Target 5% youth ( individuals 35 years or younger) to be appointed against youth development programs (YDP) within the Dept.   |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Simple count of number of youth employed against YDP.  |
| <b>Reporting Cycle</b>                                    | quarterly  |
| <b>Desired performance</b>                                | Target 5% youth or more ( individuals 35 years or younger) to be appointed against youth development programs (YDP) within the Dept.   |
| <b>Indicator responsibility</b>                           | Director: Human Resource Management  |

### 1.3 Sub-Programme: Information Technology Management

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|---|--|
| <b>(1). Indicator Title</b>                               | No material audit findings in the areas of Information Technology within the department.   |
| <b>Definition</b>   | NIL IT related findings that would have a material or significant impact on the Department in terms of risk or functionality. This type of finding will have a long term impact on the Department.                                   |
| <b>Source of data</b>                                     | Auditor-General's released audit report on the Department.   |
| <b>Method of calculation / Assessment</b>                 | Simple count of the number of material findings that relate to IT Management.  |
| <b>Means of Verification</b>                              | Auditor-General's released audit report on the Department for the year audited.  |
| <b>Assumptions</b>  | Head of IT would have been provided with an opportunity throughout the audit process to view draft findings and provide Management comments for the same. Auditors are well versed with IT legislation and IT systems and processes. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable   |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable   |
| <b>Calculation type</b>                                   | Non-Cumulative   |
| <b>Reporting Cycle</b>                                    | Annual   |
| <b>Desired performance</b>                                | Clean audit outcome (NIL findings that are IT related)   |
| <b>Indicator responsibility</b>                           | Director: Information Technology Management  |

|   |  |
|---|--|
| <b>(2). Indicator Title</b>                               | Number of business processes automated.  |
| <b>Definition</b>   | Automation of business processes in order to enhance operational efficiencies.   |
| <b>Source of data</b>                                     | Administrative records   |
| <b>Method of calculation / Assessment</b>                 | Number of planned processes for automation.  |
| <b>Means of Verification</b>                              | Report on completed IT projects on IT Plan.  |
| <b>Assumptions</b>  | Head of IT would have been provided with an opportunity throughout the audit process to view draft findings and provide management comments for the same. Auditors are well versed with IT legislation and IT systems and processes. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable   |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable   |
| <b>Calculation type</b>                                   | Non-Cumulative   |
| <b>Reporting Cycle</b>                                    | Year-end/ Annual   |
| <b>Desired performance</b>                                | Improvement in Operations  |
| <b>Indicator responsibility</b>                           | Director: Information Technology Management  |

**PROGRAMME TWO: SUSTAINABLE RESOURCE MANAGEMENT**

**2.1 Sub-Programme: Infrastructure Management and Economic Analysis**

|   |   |
|---|---|
| <b>(1). Indicator Title</b>                               | Number of Socio-economic review & outlook reports produced.   |
| <b>Definition</b>   | Number of provincial department economic reports produced   |
| <b>Source of data</b>                                     | Statistics South Africa (Stats SA), IHS Markit, World Travel and Tourism (WTT), South African Travel & Tourism (SAT), IMF, World Bank, SARB, OECD, BER etc. |
| <b>Method of calculation / Assessment</b>                 | Number of reports produced.   |
| <b>Method of verification</b>                             | Produce 9 Socio-economic reports.   |
| <b>Assumptions</b>  | Data used to compile socio-economic reports is reliable and credible  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable  |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable  |
| <b>Calculation type</b>                                   | Accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | Allocation addresses the socio economic indicators challenges of the province   |
| <b>Indicator responsibility</b>                           | Director: Economic Analysis   |

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|---|--|
| <b>(2). Indicator Title</b>                               | Number of Value for money assessment reports produced for efficient resources allocation.  |
| <b>Definition</b>   | Value for money assessment of departments for efficient resource allocation<br>Evaluate and monitor departmental impact performance and policy formulation |
| <b>Source of data</b>                                     | Data from national and provincial departments, Stats SA, IHS Markit, WTT, SAT, IMF, World Bank, SARB, OECD, BER etc.                                       |
| <b>Method of calculation / Assessment</b>                 | Produce assessment reports   |
| <b>Method of verification</b>                             | Produce assessment reports / research study/TORs.  |
| <b>Assumptions</b>  | Departments will provide the required information  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable   |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable   |
| <b>Calculation type</b>                                   | Accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | Impact of budget allocation to service delivery  |
| <b>Indicator responsibility</b>                           | Director: Economic Analysis  |

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|--|---|
| <b>(3). Indicator title</b>                  | Number of capacity building reports produced to departments in the areas of Infrastructure planning and delivery.                         |
| <b>Definition</b>                            | Monitoring and capacitation of departments to improve the quality of infrastructure asset management plans, implementation and reporting. |
| <b>Source of data</b>                        | Legislation and IDMS guidelines requirements.<br>Provincial IDMS Framework/ Protocol Documents  |
| <b>Method of calculation/<br/>Assessment</b> | Number of reports produced.   |
| <b>Method of verification</b>                | Produce an Infrastructure Progression Model (IPM) Reports   |
| <b>Assumptions</b>                           | The IDMS Framework/ Protocol Document is adopted by the provincial EXCO.  |
| <b>Disaggregation of<br/>Beneficiaries</b>   | N/A   |
| <b>Spatial Transformation</b>                | N/A   |
| <b>Calculation type</b>                      | Accumulative  |
| <b>Reporting cycle</b>                       | Quarterly   |
| <b>Desired performance</b>                   | IDMS Provincial Framework Document.   |
| <b>Indicator responsibility</b>              | Director: Infrastructure Management   |



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|--|---|
| <b>(4). Indicator title</b>                  | Number of Oversight Monitoring and Performance Assessments conducted at the Provincial Departments.                                       |
| <b>Definition</b>                            | Monitoring and capacitation of departments to improve the quality of infrastructure asset management plans, implementation and reporting. |
| <b>Source of data</b>                        | Legislation and IDMS guidelines requirements.<br>Provincial IDMS Framework/ Protocol Documents  |
| <b>Method of calculation/<br/>Assessment</b> | Number of reports produced.   |
| <b>Method of verification</b>                | Produce an Infrastructure Progression Model (IPM) Reports   |
| <b>Assumptions</b>                           | The IDMS Framework/ Protocol Document is adopted by the provincial EXCO.  |
| <b>Disaggregation of Beneficiaries</b>       | N/A   |
| <b>Spatial Transformation</b>                | N/A   |
| <b>Calculation type</b>                      | Accumulative  |
| <b>Reporting cycle</b>                       | Quarterly   |
| <b>Desired performance</b>                   | IDMS Provincial Framework Document.   |
| <b>Indicator responsibility</b>              | Director: Infrastructure Management   |

## 2.2 Sub-Programme: Public Finance

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|--|---|
| <b>(1).Indicator title</b>                   | Number of MTEC reports produced on budget and expenditure management for realistic and credible budgets.            |
| <b>Definition</b>                            | The number of chapters in MTEC reports to be completed  |
| <b>Source of data</b>                        | Treasury Guideline document including the Budget process timetable and 15 chapters of the MTEC report.              |
| <b>Method of calculation/<br/>Assessment</b> | 15 chapters of the MTEC report for provincial departments   |
| <b>Method of verification</b>                | Produced MTEC report for provincial departments   |
| <b>Assumptions</b>                           | Accuracy and quality of numbers and analysis.   |
| <b>Disaggregation of<br/>Beneficiaries</b>   | N/A   |
| <b>Spatial Transformation</b>                | N/A   |
| <b>Calculation type</b>                      | Non-accumulative  |
| <b>Reporting cycle</b>                       | Annually  |
| <b>Desired performance</b>                   | Higher performance in order to comply with legislative requirements of the PFMA for the on-time tabling of the EPRE |
| <b>Indicator responsibility</b>              | Director: Public Finance  |

|   |   |
|---|---|
| <b>(2).Indicator title</b>                | Number of early warning system reports produced to address variances requiring remedial action.                 |
| <b>Definition</b>                         | The number of Section 32 monthly reports, and quarterly budget performance reports during the reporting period. |
| <b>Source of data</b>                     | Monthly compilation and submission of the provincial Section 32 reports to National Treasury.                   |
| <b>Method of calculation / Assessment</b> | Compilation and submission of quarterly reports to the Provincial Legislature.                                  |
| <b>Method of verification</b>             | Compilation and submission of quarterly reports to the Provincial Legislature.                                  |
| <b>Assumptions</b>                        | 1 Section 32 report, 22 days after end of each quarter.   |
| <b>Disaggregation of Beneficiaries</b>    | Not Applicable  |
| <b>Spatial Transformation</b>             | Not Applicable  |
| <b>Calculation type</b>                   | Accumulative  |
| <b>Reporting cycle</b>                    | Quarterly   |
| <b>Desired performance</b>                | To provide early warning system reports to address variances requiring remedial action.                         |
| <b>Indicator responsibility</b>           | Director: Public Finance  |

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|--|---|
| <b>(3).Indicator title</b>               | Number of inputs submitted on DORA.   |
| <b>Definition</b>                        | Input into the Annual Division of Revenue Bill and Division of Revenue Amendment Bill   |
| <b>Source of data</b>                    | Annual policy brief on the budget from the Fiscal and Financial Commission, Annual MTBPS, annual budget review, Appropriation Bills, Technical Committee on Finance and Budget Council resolutions. Inputs from stakeholders on the proposed division of revenue. |
| <b>Method of calculation/ Assessment</b> | One letter or report by due date  |
| <b>Method of verification</b>            | A dated and signed letter or report from NT, signed by the due date.  |
| <b>Assumptions</b>                       | Provincial stakeholders' input are detailed and substantiated sufficiently to inform decisions made by National Treasury.   |
| <b>Disaggregation of Beneficiaries</b>   | N/A   |
| <b>Spatial Transformation</b>            | N/A   |
| <b>Calculation type</b>                  | Non-accumulative  |
| <b>Reporting cycle</b>                   | Annually  |
| <b>Desired performance</b>               | To consolidate responses inclusive of all provincial stakeholders' input, detailed and substantiated sufficiently to influence allocations.   |
| <b>Indicator responsibility</b>          | Director: Public Finance  |

### 2.3 Sub-Programme: Public Private Partnerships (PPP)

|   |   |
|---|---|
| <b>(1). Indicator Title</b>                               | Number of reports produced on Departments, municipalities and public entities capacitated on PPP.   |
| <b>Definition</b>   | Monitoring and capacitation of departments to improve the quality of infrastructure asset management plans, implementation and reporting. |
| <b>Source of data</b>                                     | Legislation and IDMS guidelines requirements.   |
| <b>Method of calculation / Assessment</b>                 | Quantitative<br><br>Provincial IDMS Framework/ Protocol Document.   |
| <b>Means of verification</b>                              | Dated and signed attendance register or online register, and programme documents  |
| <b>Assumptions</b>  | The IDMS Framework/ Protocol Document is adopted by the provincial EXCO.  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | One IDMS Provincial Framework Document.   |
| <b>Indicator responsibility</b>                           | Chief Director: Public Private Partnerships   |

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|---|--|
| <b>(2). Indicator Title</b>                               | Number of Proposals produced to government entities on a PPP Service Delivery Solutions.   |
| <b>Definition</b>   | Provide assistance to Municipalities and Departments in the Province on effectively addressing service delivery shortcomings through the use of Public Private Partnerships to improve service delivery. This will be done by developing proposals on solutions that might exist which can be utilized in the PPP sphere of operation. |
| <b>Source of data</b>                                     | IDP's / Consultation with relevant public sector institutions.   |
| <b>Method of calculation / Assessment</b>                 | Qualitative.   |
| <b>Means of verification</b>                              | 1 proposal per annum signed and dated and delivered to the institution.  |
| <b>Assumptions</b>  | That public sector institutions will be co-operative and that institutions will be accepting of the assistance and receptive to solutions offered.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Non-accumulative.  |
| <b>Reporting Cycle</b>                                    | Annual.  |
| <b>Desired performance</b>                                | Improvement of service delivery in public sector institutions through the use of PPP.  |
| <b>Indicator responsibility</b>                           | Chief Director: Public Private Partnership   |

|   |   |
|---|---|
| <b>(3). Indicator Title</b>                               | Number of Compliance reports produced on the implementation of the PPPFA Regulation in PPP Projects.  |
| <b>Definition</b>   | Departments develop Procurement Plans on an annual basis which translate into advertised bids resulting in a contract. These bids will be monitored to ensure that they are advertised as per the PPPFA regulations inclusive of targets as per the targeted groups. If the bid specification includes target per targeted group, this will ensure that contracts are in fact awarded to the stipulated target group in the advert. |
| <b>Source of data</b>                                     | Advertised bids from Provincial Departments and Public Entities.  |
| <b>Method of calculation / Assessment</b>                 | Quantitative<br>Calculated on the percentage of bids advertised in terms of the PPPFA Regulations inclusive of targets for targeted groups.   |
| <b>Means of verification</b>                              | Dated and signed Compliance reports on the implementation of the PPPFA.   |
| <b>Assumptions</b>  | Availability of key stakeholders  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | <ul style="list-style-type: none"> <li>• EME/ QSE</li> <li>• Subcontracting to the designated groups</li> </ul>   |
| <b>Spatial Transformation (where applicable)</b>          | Improved participation of targeted groups in the economy.   |
| <b>Calculation type</b>                                   | Accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | 40% of bids selected from approved procurement plans for vetting to ensure that they are advertised as per the PPPFA regulations inclusive of targets as per the targeted groups.   |
| <b>Indicator responsibility</b>                           | Chief Director: Public Private Partnership  |

## PROGRAMME THREE: FINANCIAL GOVERNANCE

### 3.1 Sub-Programme: Asset and Liabilities Management

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| <b>(1) Indicator Title</b>                                | Number of risk analysis reports compiled per department to minimise non-compliance with payroll tax legislation.   |
| <b>Definition</b>   | Detailed document identifying risks at departments in terms of tax processes and non-compliance.   |
| <b>Source of data</b>                                     | Quarterly report per department detailing identified risks with attached documentation from Persal, BAS and SARS data as supporting documents.   |
| <b>Method of calculation / Assessment</b>                 | Counting of actual risk analysis reports.  |
| <b>Method of verification</b>                             | Quarterly risk analysis summary reports per department (14 per quarter)<br>The reports are one quarter behind the quarter under review.  |
| <b>Assumptions</b>  | The Persal tax reports requested on Persal as well as BAS tax accounts and SARS Statement of Accounts reflect accurate and up to date information.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | 14 Risk analysis reports per quarter which identify all risks relating to payroll tax / inefficient processes which could negatively impact the departments / result in SARS imposing penalties and interest on KZN departments. |
| <b>Indicator responsibility</b>                           | Director: Assets and Liability Management.   |



|   |  |
|---|--|
| <b>(2) Indicator Title</b>                                | Number of assessment reports on status of bank related suspense accounts issued to departments to minimise audit queries.                                |
| <b>Definition</b>   | Document indicating current status of banking suspense accounts  |
| <b>Source of data</b>                                     | Quarterly report per department from various BAS Reports   |
| <b>Method of calculation / Assessment</b>                 | Count of actual status reports per department  |
| <b>Means of verification</b>                              | The unit completes 14 signed and dated quarterly assessments reports for Departments and provides a sample of one department. (Validation form attached) |
| <b>Assumptions</b>  | The BAS Banking Reports requested on the Financial system are accurate and up to date.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | Identify outstanding transactions and inform departments so that they can clear the suspense accounts.   |
| <b>Indicator responsibility</b>                           | Director: Assets and Liabilities Management.   |

### 3.2 Sub-Programme: Supply Chain Management

|   |   |
|---|---|
| <b>(1). Indicator title</b>                               | Number of SCM training conducted on the new procurement regulations.  |
| <b>Definition</b>   | SCM training on new procurement regulations.  |
| <b>Source of data</b>                                     | New regulations.  |
| <b>Method of calculation / Assessment</b>                 | Quantitative<br>Number of training sessions conducted.  |
| <b>Means of verification</b>                              | Attendance and dated register.<br>1 training session departments, 1 training session Public entities, and 1 training session on provincial departments. |
| <b>Assumptions</b>  | Availability of key stakeholders.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Accumulative per annum.   |
| <b>Reporting cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | The indicator is to provide training on New procurement regulations in order to equip officials and reduce irregular expenditure.                       |
| <b>Indicator responsibility</b>                           | Deputy Director: Policy (SCM)   |

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|---|--|
| <b>(2). Indicator Title</b>                               | Number of reports produced on the Implementation of the Annual Procurement Plans by public sector institutions.  |
| <b>Definition</b>   | Reports on the implementation of Annual Procurement plans by public sector institutions.   |
| <b>Source of data</b>                                     | Annual procurement plans and quarterly reports on implementation of procurement plans.<br>Routine assessments on identified institutions.  |
| <b>Means of verification</b>                              | Signed and dated quarterly reports.  |
| <b>Method of calculation/Assessment</b>                   | Quantitative.<br>Each report is counted to measure the achievement of the SCM target against quarterly objectives.<br>Report on submission of quarterly reports on implementation of Procurement Plans for Department, Municipalities and Public Entities. |
| <b>Assumptions</b>  | Submission of timeous reports by institutions.<br>The accuracy of the report is dependent on the reliability of the input provided at the stage of collection of data.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | The indicator is to monitor public institutions on the implementation of Procurement Plans.  |
| <b>Indicator responsibility</b>                           | Director: Supply Chain Management.   |

|   |   |
|---|---|
| <b>(3). Indicator title</b>                               | Number of SCM prescripts/policies reviewed.   |
| <b>Definition</b>   | To ensure the revision of SCM prescripts in accordance with National and Provincial legislation and prescripts.   |
| <b>Source of data</b>                                     | The revision of SCM prescripts takes into account the views of provincial stakeholders in line with National Treasury Instruction notes. Prescripts received from municipalities, departments and public entities for review. |
| <b>Method of calculation / Assessment</b>                 | Quantitative.<br>Each prescript is counted to measure the achievement of the SCM targets against quarterly objectives.  |
| <b>Means of verification</b>                              | Copies of actual policies reviewed and a copy of a policy with amendments / a copy of review findings.  |
| <b>Assumptions</b>  | Availability of key stakeholders.<br>The accuracy of the prescripts is dependent on the reliability of the input provided at the stage of implementation.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Accumulative per annum  |
| <b>Reporting cycle</b>                                    | Quarterly.  |
| <b>Desired performance</b>                                | The indicator is to monitor the accuracy and relevance of the prescripts in line with provincial stakeholders and National Treasury Instruction notes.  |
| <b>Indicator responsibility</b>                           | Director: Supply Chain Management   |

|   |   |
|---|---|
| <b>(4). Indicator Title</b>                               | Number of reports produced on the status of Bid Appeals Tribunal and Municipal Bid Appeals Tribunal.  |
| <b>Definition</b>   | Reports indicating the status on the number of bid appeals received.  |
| <b>Source of data</b>                                     | Appeals received from Appellants and responses from institutions  |
| <b>Means of verification</b>                              | Signed quarterly report on status of appeals received   |
| <b>Method of calculation/Assessment</b>                   | Quantitative<br>Each report is counted to measure the achievement of the SCM targets against quarterly objectives.  |
| <b>Assumptions</b>  | The unit will facilitate tribunal meetings once or twice a month depending on the number of bid appeals received.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Accumulative per annum  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | The indicator is to ensure fairness and transparency in appointing service providers by Departments and Municipalities and also to address any unfair process that occurred during the award of tender. |
| <b>Indicator responsibility</b>                           | Director: Supply Chain Management   |

|   |   |
|---|---|
| <b>(5). Indicator Title</b>                               | Number of Contract Management training sessions conducted at Departments, Municipalities and Public Entities.                       |
| <b>Definition</b>   | Training registers indication number of sessions conducted on contract management.  |
| <b>Source of data</b>                                     | National/Provincial Instruction Notes/Policies/SOPs.  |
| <b>Method of calculation / Assessment</b>                 | Number of training sessions.  |
| <b>Means of verification</b>                              | Signed and Dated attendance registers.  |
| <b>Assumptions</b>  | Availability of key stakeholders.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Reporting Cycle</b>                                    | Quarterly.  |
| <b>Calculation type</b>                                   | Cumulative per annum.   |
| <b>Desired performance</b>                                | The indicator is to provide training on contract management framework in order to equip officials and reduce irregular expenditure. |
| <b>Indicator responsibility</b>                           | Director: Contract Management (SCM)   |

|   |  |
|---|--|
| <b>(6). Indicator Title</b>                               | Number of reports produced on the distribution of procurement spend in terms of Regulation 4&9.  |
| <b>Definition</b>   | Departments develop Procurement Plans on an annual basis which translate into advertised bids resulting in a contract. These bids will be monitored to ensure that they are advertised as per the PPPFA regulations in relation to targeted groups. If the bid specification includes target per targeted group, this will ensure that contracts are in fact awarded to the stipulated target group in the advert. |
| <b>Source of data</b>                                     | Advertised bids from Provincial Departments and Public Entities.   |
| <b>Means of verification</b>                              | Report on PPPFA Compliance.  |
| <b>Method of calculation / Assessment</b>                 | Quantitative.<br>Calculated on the percentage of bids advertised in terms of the PPPFA Regulations in relation to targeted groups and spend per targeted commodities.  |
| <b>Assumptions</b>  | Availability of key stakeholders.<br>Improved participation of targeted groups in the economy<br>Availability of BAS and CSD data.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | <ul style="list-style-type: none"> <li>• EME/ QSE</li> <li>• BEE Level status of contributor</li> <li>• Subcontracting to the designated groups</li> </ul>   |
| <b>Spatial Transformation (where applicable)</b>          | Not applicable.  |
| <b>Calculation type</b>                                   | Accumulative.  |
| <b>Reporting Cycle</b>                                    | Quarterly.   |
| <b>Desired performance</b>                                | 40% of bids selected from approved procurement plans for vetting to ensure that they are advertised as per the PPPFA regulations in relation to targeted groups.   |
| <b>Indicator responsibility</b>                           | Director: SCM - Special Support  |

### 3.3 Sub-Programme: Accounting Practices

|   |  |
|---|--|
| <b>(1). Indicator Title</b>                               | Number of departments supported in financial management on agreed specific focus areas.  |
| <b>Definition</b>   | The indicator refers to financial management support to be provided by Financial Reporting to selected departments towards achieving improved audit outcomes by addressing key audit risk areas.   |
| <b>Source of data</b>                                     | <ul style="list-style-type: none"> <li>• Audit and Management reports issued by the Auditor General</li> <li>• Monthly/Quarterly Reports</li> </ul>  |
| <b>Method of calculation / Assessment</b>                 | Simple Count   |
| <b>Means of verification</b>                              | Signed progress reports on financial management support provided to provincial departments.  |
| <b>Assumptions</b>  | <ul style="list-style-type: none"> <li>• The full co-operation of departmental officials in the implementation of audit improvement strategies.</li> <li>• That department will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.</li> </ul> |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Non-accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | The achievement of unqualified audit opinions by Provincial Departments.   |
| <b>Indicator responsibility</b>                           | Chief Director: Accounting Practices   |



|   |  |
|---|--|
| <b>(2). Indicator Title</b>                               | Number of public entities supported in financial management on agreed specific focus areas.  |
| <b>Definition</b>   | The indicator refers to financial management support to be provided by Financial Reporting to selected public entities towards achieving improved audit outcomes by addressing key audit risk areas.   |
| <b>Source of data</b>                                     | <ul style="list-style-type: none"> <li>• Audit and Management reports issued by the Auditor General</li> <li>• Monthly/Quarterly Reports</li> </ul>  |
| <b>Method of calculation / Assessment</b>                 | Simple Count   |
| <b>Means of verification</b>                              | Signed progress reports on financial management support provided to provincial public entities.  |
| <b>Assumptions</b>  | <ul style="list-style-type: none"> <li>• The full co-operation of public entities officials in the implementation of audit improvement strategies.</li> <li>• That public entities will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.</li> </ul> |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Non-accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | The achievement of unqualified audit opinions by Public entities.  |
| <b>Indicator responsibility</b>                           | Chief Director: Accounting Practices   |

|   |   |
|---|---|
| <b>(3). Indicator Title</b>                               | Number of public sector institutions (departments and public entities) supported in asset management on agreed specific focus areas.  |
| <b>Definition</b>   | The indicator refers to asset management support to be provided by Financial Reporting to selected departments or public entities towards achieving improved audit outcomes by addressing key audit risk areas.   |
| <b>Source of data</b>                                     | <ul style="list-style-type: none"> <li>• Audit and Management reports issued by the Auditor General</li> <li>• Monthly/Quarterly Reports.</li> </ul>  |
| <b>Method of calculation / Assessment</b>                 | Simple Count  |
| <b>Means of verification</b>                              | Signed progress reports on asset management support provided to provincial departments or public entities.  |
| <b>Assumptions</b>  | <ul style="list-style-type: none"> <li>• The full co-operation of departmental / public entity officials in the implementation of audit improvement strategies.</li> <li>• That departments/public entities will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.</li> </ul> |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Non-accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | The achievement of unqualified audit opinions relating to assets by Provincial Departments and Public Entities.   |
| <b>Indicator responsibility</b>                           | Chief Director: Accounting Practices  |

|   |   |
|---|---|
| <b>(4). Indicator Title</b>                               | Number of consolidated Instruction Note 34 reports to National Treasury (NT) on compliance to Payment of valid suppliers invoices within 30 days.   |
| <b>Definition</b>   | This indicator refers to the monthly monitoring and reporting of payment to suppliers within 30 days in compliance with Instruction Note No. 34.  |
| <b>Source of data</b>                                     | Departmental Instruction Note 34 Monthly Returns  |
| <b>Method of calculation / Assessment</b>                 | Simple Count  |
| <b>Means of verification</b>                              | Signed Consolidated Instruction Note 34 Monthly Return to National Treasury   |
| <b>Assumptions</b>  | The condition precedent to the submission of Monthly Instruction Returns to National Treasury is dependent on Provincial Departments submitting Departmental Inst. Note 34 returns by the 7th day of the preceding month in the prescribed format for onward submission to NT within 15 days after the end of each month. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | None  |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | N/A   |
| <b>Indicator responsibility</b>                           | Chief Director: Accounting Practices  |

|   |   |
|---|---|
| <b>(5) Indicator Title</b>                                | Percentage of irregular expenditure condonation requests assessed in compliance with the irregular expenditure framework within 3 months of receipt of the request.   |
| <b>Definition</b>   | The indicator refers to the evaluation of submission of condonation requests in full compliance with the Irregular Expenditure Framework issued with NT Instruction Note No 2 of 2019/20  |
| <b>Source of data</b>                                     | Signed condonation submissions made by public sector institutions.  |
| <b>Method of calculation / Assessment</b>                 | Simple Count  |
| <b>Means of verification</b>                              | Signed reports on evaluation of condonation submissions provided to public sector institutions  |
| <b>Assumptions</b>  | Number of condonation requests that are evaluated is dependent on submissions made by Provincial Departments and Public Entities in accordance with the Irregular Expenditure Framework, issued with NT Instruction Note No 2 of 2019/20. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Non-accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | 100% of irregular expenditure condonation requests evaluated in compliance with the Irregular Expenditure Framework, within 3 months of receipt of submission.  |
| <b>Indicator responsibility</b>                           | Chief Director: Accounting Practices  |

|   |   |
|---|---|
| <b>(6) Indicator Title</b>                                | Number of training sessions facilitated.  |
| <b>Definition</b>   | The indicator refers to training facilitated for selected departments or public entities to improve the financial management process across the Province. |
| <b>Source of data</b>                                     | Signed attendance registers from public sector institutions.  |
| <b>Method of calculation / Assessment</b>                 | Simple Count  |
| <b>Means of verification</b>                              | Report on evaluation of training and/or training material distributed.  |
| <b>Assumptions</b>  | Number of training initiatives is dependent on response from public sector institutions and corresponding attendance.                                     |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | 5 Training sessions facilitated aimed at improving the financial management knowledge base of attendees.  |
| <b>Indicator responsibility</b>                           | Chief Director: Accounting Practices  |

### 3.4 Sub-Programme: Financial Information Management Systems

|   |   |
|---|---|
| <b>(1) Indicator Title</b>                                | % of Financial transversal systems uptime.  |
| <b>Definition</b>   | Ensure that all transversal systems are available to government users during working hours. Maintenance of current transversal systems in conjunction with National Treasury and also Province's specific systems in line with the SLA. |
| <b>Source of data</b>                                     | Call centre logs, transversal systems audit logs some form SITA.  |
| <b>Method of calculation / Assessment</b>                 | Mean Time To Resolve = Average Response Time/Number of Calls Logged   |
| <b>Means of verification</b>                              | Call centre logs, transversal systems audit logs some form SITA   |
| <b>Assumptions</b>  | Constant availability of SITA's network.  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Non-accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | Maintain 98% availability of transversal systems during working hours or in line with SLA with service providers  |
| <b>Indicator responsibility</b>                           | Director: Financial Information Management Systems  |

|   |   |
|---|---|
| <b>(2) Indicator Title</b>                                | Number of departments with implemented Invoice Management System.                                     |
| <b>Definition</b>   | To facilitate full implementation of Invoice Management Systems and its implementation plan approved. |
| <b>Source of data</b>                                     | Approved implementation plan and its monitoring reports.  |
| <b>Method of calculation / Assessment</b>                 | Simple count – implementation plan phases reported.   |
| <b>Means of verification</b>                              | Approved implementation plan and its monitoring reports.  |
| <b>Assumptions</b>  | Software licenses are allocated sufficiently by all departments.                                      |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Non-accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | System piloted to at least two departments.<br>Functional Invoice Management System developed.        |
| <b>Indicator responsibility</b>                           | Director: Financial Information Management Systems  |

### 3.6 Sub-Programme: Norms and Standards

|   |   |
|---|---|
| <b>(1). Indicator Title</b>                               | Number of departments assessed to minimise non-compliance with legislation.   |
| <b>Definition</b>   | Improved compliance with financial management prescripts by departments.  |
| <b>Source of data</b>                                     | National and Provincial Instruction notes/policies/standard operating procedures.<br>Sourcing input for assessment from departments.                                    |
| <b>Method of calculation / Assessment</b>                 | Number of departments assessed for compliance with the designated instruction notes/policies/standard operating procedures.   |
| <b>Means of verification</b>                              | Assessment report on the departments assessed to minimise non-compliance with legislation   |
| <b>Assumptions</b>  | Continuous legislative changes that influence the current norms and standards and the need for departments to incorporate the changes in their operational environment. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable.   |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable.   |
| <b>Calculation type</b>                                   | Non-accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | Improved financial management and control by ensuring implementation of instruction notes/policies/standard operating procedures.                                       |
| <b>Indicator responsibility</b>                           | Director: Norms and Standards   |



|   |  |
|---|--|
| <b>(2). Indicator Title</b>                               | Number of public entities assessed to minimise non-compliance with legislation.  |
| <b>Definition</b>   | Improved compliance with financial management prescripts by entities.  |
| <b>Source of data</b>                                     | National and Provincial Instruction notes/policies/standard operating procedures.<br>Sourcing input for assessment from entities.                                    |
| <b>Method of calculation / Assessment</b>                 | Number of entities assessed for compliance with the designated instruction notes/policies/standard operating procedures.   |
| <b>Means of verification</b>                              | Assessment report on the public entities assessed to minimise non-compliance with legislation.   |
| <b>Assumptions</b>  | Continuous legislative changes that influence the current norms and standards and the need for entities to incorporate the changes in their operational environment. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not Applicable.  |
| <b>Spatial Transformation (where applicable)</b>          | Not Applicable.  |
| <b>Calculation type</b>                                   | Non-accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | Improved financial management and control by ensuring implementation of instruction notes/policies/standard operating procedures.                                    |
| <b>Indicator responsibility</b>                           | Director: Norms and Standards  |

## PROGRAMME FOUR: INTERNAL AUDIT

### 4.1 Sub-Programme: Assurance Services

|   |   |
|---|---|
| <b>(1). Indicator Title</b>                               | Number of Internal Audit Reviews conducted.   |
| <b>Definition</b>   | The total number internal audit assignments conducted by Internal audit that are tabled for reporting to the Cluster Audit & Risk Committees (CARC).<br>The Cluster Audit & Risk Committees being the oversight body over internal audit and Departments relating to Governance, Risk & Control issues. |
| <b>Source of data</b>                                     | Information is collected from individual CARC reports tabled at the CARC meetings on a quarterly basis.   |
| <b>Method of calculation / Assessment</b>                 | The performance is calculated quantitatively from the audits being tabled at CARC, and assessed based on the achievement of targets.  |
| <b>Means of verification</b>                              | Dated and signed Internal audit review reports conducted<br>(signed and dated by the specialist, director, CD and DDG internal Audit with the exception of the outsourced reports)  |
| <b>Assumptions</b>  | CARC meetings have met the required quorum, Departments are available for CARC sittings and meetings occur as scheduled quarterly.  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | Increase in the number of internal audit assignments conducted.   |
| <b>Indicator responsibility</b>                           | Director: Assurance Services  |

|   |   |
|---|---|
| <b>(2). Indicator Title</b>                               | Number of follow-up reviews conducted on the implementation of recommendations on resolved audit findings.  |
| <b>Definition</b>   | The total number of follow up reviews conducted by Internal audit that are tabled for reporting to the Cluster Audit & Risk Committees (CARC).<br>The Cluster Audit & Risk Committees being the oversight body over internal audit and Departments relating to Governance, Risk & Control issues. |
| <b>Source of data</b>                                     | Information is collected from individual CARC reports tabled at the CARC meetings on a quarterly basis.   |
| <b>Method of calculation / Assessment</b>                 | The performance is calculated quantitatively from the audits being tabled at CARC, and assessed based on the achievement of targets.  |
| <b>Means of verification</b>                              | Dated and signed Follow-up reviews report on the implementation of recommendations on resolved audit findings.<br>(signed and dated by the specialist, director, CD and DDG internal Audit with the exception of the out sourced reports)   |
| <b>Assumptions</b>  | CARC meetings have met the required quorum, Departments are available for CARC sittings and meetings occur as scheduled quarterly.  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation type</b>                                   | Accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | Improvement in the implementation of action plans to audit findings by Departmental management.   |
| <b>Indicator responsibility</b>                           | Director: Assurance Services  |

|   |  |
|---|--|
| <b>(3). Indicator Title</b>                               | Number of audits conducted on the mainstreaming of vulnerable groups.  |
| <b>Definition</b>   | The total number internal audit assignments conducted by Assurance Services on the review of the mainstreaming of Vulnerable groups in various Provincial Departments.       |
| <b>Source of data</b>                                     | Audit reports prepared based on execution of audit steps at various Provincial Departments.  |
| <b>Method of calculation / Assessment</b>                 | The performance is calculated quantitatively from the audit reports prepared, and assessed based on the achievement of targets.  |
| <b>Means of verification</b>                              | Dated and signed departmental audit report on the review of the mainstreaming of Vulnerable Groups.  |
| <b>Assumptions</b>  | Departments have provided the requested supporting documents to enable the execution of the audits. Senior Management at Departments are available to address audit queries. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | Compliance by departments.   |
| <b>Indicator responsibility</b>                           | Director: Assurance Services   |

|   |  |
|---|--|
| <b>(4). Indicator Title</b>                               | Number of MEC and Cabinet reports submitted to strengthen oversight and enforce accountability by public sector Institutions.  |
| <b>Definition</b>   | The total number of reports issued by Internal Audit on behalf of the Social CARCs to Accounting Officers; and to MEC's of Departments of Social Development, Education, Arts & Culture, Sports & Recreation and Human Settlements; as well as a Cabinet report issued to the MEC: Finance.          |
| <b>Source of data</b>                                     | Information is collected from CARC meeting deliberation and from Internal Audit reports issued to CARC.  |
| <b>Method of calculation / Assessment</b>                 | The output is calculated quantitatively based on the number of reports issued for the Social Cluster (excluding the Department of Health) to Accounting Officers and to MECs as well a Cabinet report issued to the MEC: Finance.  |
| <b>Means of verification</b>                              | Signed and dated Audit Committee & Internal Audit reports issued to MECs   |
| <b>Assumptions</b>  | <ul style="list-style-type: none"> <li>• CARC meetings have met the required quorum</li> <li>• Departments are available for CARC sittings and meetings occur as scheduled quarterly.</li> <li>• MEC for Finance is available to review and issue reports to respective MECs and Cabinet.</li> </ul> |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation type</b>                                   | Accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | Measure department's performance and increase accountability.  |
| <b>Indicator responsibility</b>                           | Director: Assurance Services   |

#### 4.2 Sub-Programme: Risk Management

|   |  |
|---|--|
| <b>(1). Indicator Title</b>                               | Number of risk assessment reviews conducted for municipalities.                |
| <b>Definition</b>   | The total number of risk management reports that are issued to municipalities. |
| <b>Source of data</b>                                     | Risk assessment workshops conducted with municipalities.                       |
| <b>Method of calculation / Assessment</b>                 | Quantitative being number of reports compiled and issued to municipalities.    |
| <b>Means of verification</b>                              | Signed and dated Reports on risk management reviews conducted.                 |
| <b>Assumptions</b>  | Availability of officials for the risk workshops.                              |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not applicable   |
| <b>Spatial Transformation (where applicable)</b>          | Not applicable   |
| <b>Calculation type</b>                                   | Accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | Signed risk assessment reviews for municipalities.                             |
| <b>Indicator responsibility</b>                           | Chief Director: Risk and Advisory Services                                     |

|   |   |
|---|---|
| <b>(2). Indicator Title</b>                               | Number of Ethics, Fraud and Corruption Risk Assessment reviews conducted for departments and municipalities.                  |
| <b>Definition</b>   | The total number of reports issued to departments and municipalities on ethics and corruption risk management reviews.        |
| <b>Source of data</b>                                     | Risk assessment workshops/meetings/reviews conducted with departments and municipalities.                                     |
| <b>Method of calculation / Assessment</b>                 | Quantitative being number of reports compiled and issued to departments and municipalities.                                   |
| <b>Means of verification</b>                              | Signed and dated reports on ethics, fraud and corruption reviews for departments and municipalities.                          |
| <b>Assumptions</b>  | Departments' and municipal's officials providing required information and being available for risk workshops and engagements. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not applicable  |
| <b>Spatial Transformation (where applicable)</b>          | Not applicable  |
| <b>Calculation type</b>                                   | Accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | Timely completion of reviews as planned.  |
| <b>Indicator responsibility</b>                           | Chief Director: Risk and Advisory Services  |

|   |   |
|---|---|
| <b>(3). Indicator Title</b>                               | Percentage implementation of the provincial risk management and combined assurance frameworks.  |
| <b>Definition</b>   | Two governance frameworks have been approved by the Provincial Executive Council on 09 June 2021. The frameworks are envisaged to improve risk management and internal control monitoring in all provincial departments. The frameworks will be duly implemented over the next three years. |
| <b>Source of data</b>                                     | Implementation plans of the approved provincial risk management and combined assurance frameworks   |
| <b>Method of calculation / Assessment</b>                 | Quantitative as measured through the implementation plans of these two frameworks.  |
| <b>Means of verification</b>                              | Implementation progress report as presented to the cluster and/or provincial audit committees.  |
| <b>Assumptions</b>  | Availability and dedication of employees within the Risk and Advisory Unit  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not applicable  |
| <b>Spatial Transformation (where applicable)</b>          | Not applicable  |
| <b>Calculation type</b>                                   | Non-accumulative  |
| <b>Reporting Cycle</b>                                    | Quarterly   |
| <b>Desired performance</b>                                | Achieving quarterly milestones.   |
| <b>Indicator responsibility</b>                           | Chief Director: Risk and Advisory Services  |



|   |  |
|---|--|
| <b>(4). Indicator Title</b>                               | Number of audit committee and internal audit technical support provided to municipalities.   |
| <b>Definition</b>   | Technical support provided to audit committees and internal audit functions of municipalities through reviewing existence and effectiveness of audit committees and internal audit function of municipalities. |
| <b>Source of data</b>                                     | Self- assessment surveys provided to municipalities, interviews with key officials from municipalities and review of relevant documentation provided by municipalities.  |
| <b>Method of calculation / Assessment</b>                 | Quantitative number of reports.  |
| <b>Means of verification</b>                              | Dated and signed audit committee and internal audit reports.   |
| <b>Assumptions</b>  | Co-operation by municipalities' officials and audit committee members.   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Not applicable   |
| <b>Spatial Transformation (where applicable)</b>          | Not applicable   |
| <b>Calculation type</b>                                   | Non-accumulative   |
| <b>Reporting Cycle</b>                                    | Quarterly  |
| <b>Desired performance</b>                                | Achieving quarterly milestones.  |
| <b>Indicator responsibility</b>                           | Chief Director: Risk and Advisory Services.  |

## PROGRAMME FIVE: MUNICIPAL FINANCE MANAGEMENT

### 5.1 Sub-Programme: Municipal Budget

|   |  |
|---|--|
| <b>(1). Indicator Title</b>                               | Number of evaluation reports on Tabled Budgets of Delegated Municipalities.  |
| <b>Definition</b>   | The number of tabled budgets evaluated and feedback provided to delegated municipalities within the prescribed time frame indicating whether the budgets are funded or unfunded and whether they are in compliance with the requirements of the MFMA and MBRR. |
| <b>Source of data</b>                                     | Tabled budgets submitted by delegated municipalities in terms of the MFMA and MBRR.  |
| <b>Method of calculation / Assessment</b>                 | Quantitative: Number of tabled budgets evaluated and feedback provided.  |
| <b>Means of verification</b>                              | Tabled budget assessment letters signed and dated.   |
| <b>Assumptions</b>  | Tabled budgets submitted timeously by delegated municipalities with the complete and accurate supporting information that is required to perform the evaluation.<br><br>Municipalities to implement the recommendations emanating from the evaluation.         |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Non-accumulative.  |
| <b>Reporting Cycle</b>                                    | Annually   |
| <b>Desired performance</b>                                | Higher target than the planned /targeted performance.  |
| <b>Indicator responsibility</b>                           | Director: Municipal Finance Management   |

|   |   |
|---|---|
| <b>(2). Indicator Title</b>                               | Number of evaluation reports on Approved Budgets of Delegated Municipalities.   |
| <b>Definition</b>   | Number of approved budgets evaluated and feedback provided to delegated municipalities within the prescribed time frame indicating whether the budgets are funded and in compliance with the requirements of the MFMA and MBRR.   |
| <b>Source of data</b>                                     | Approved budgets submitted by delegated municipalities in terms of the MFMA and MBRR.   |
| <b>Method of calculation / Assessment</b>                 | Quantitative: Number of approved budgets evaluated and feedback provided.   |
| <b>Means of verification</b>                              | Approved budget high level assessment letters signed and dated.   |
| <b>Assumptions</b>  | Approved budgets submitted timeously by delegated municipalities with the complete and accurate supporting information that is required to perform the evaluation.<br><br>Municipalities to implement the recommendations emanating from the evaluation of the Tabled Budget. |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A   |
| <b>Spatial Transformation (where applicable)</b>          | N/A   |
| <b>Calculation Type</b>                                   | Non-accumulative.   |
| <b>Reporting Cycle</b>                                    | Annually  |
| <b>Desired performance</b>                                | Higher target than the planned /targeted performance.   |
| <b>Indicator responsibility</b>                           | Director: Municipal Finance Management  |

|   |  |
|---|--|
| <b>(3). Indicator Title</b>                               | Number of Section 71(7) Quarterly Budget Performance Reports as early warning system.  |
| <b>Definition</b>   | Section 71(7) quarterly reports indicating municipal budget performance during the reporting period  |
| <b>Source of data</b>                                     | Section 71 data strings submitted by the municipalities to the National Treasury Local Government (NT LG) Upload portal and downloaded by Provincial Treasury from the NT LG Database. |
| <b>Method of calculation / Assessment</b>                 | Quantitative: Number of Section 71(7) reports prepared   |
| <b>Means of verification</b>                              | Simple count = 1 report per quarter  |
| <b>Assumptions</b>  | Credibility, accuracy and reliability of the data strings  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | Output   |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Quarterly  |
| <b>Reporting Cycle</b>                                    | No   |
| <b>Desired performance</b>                                | As an early warning system, to identify variances and gaps in spending and revenue generation.   |
| <b>Indicator responsibility</b>                           | Director: Municipal Finance Management   |

## 5.2 Sub-Programme: Municipal Accounting and Reporting

|   |  |
|---|--|
| <b>(1). Indicator Title</b>                               | Number of financial statements reviews conducted at targeted municipalities.   |
| <b>Definition</b>   | Projects implemented at targeted municipalities to assist and provide technical support on annual financial statements prepared by the targeted municipality, including audit support to ensure compliance with the generally recognized accounting practice and relevant sections of the MFMA.  |
| <b>Source of data</b>                                     | Progress/Close-out reports and/or correspondence with key stakeholders.  |
| <b>Method of calculation / Assessment</b>                 | Quantitative: Number of Projects implemented   |
| <b>Means of verification</b>                              | <p>AFS Review projects, any of the following are produced as evidence depending on the stage of the project.</p> <ol style="list-style-type: none"> <li>1. Agenda/Attendance Register/Minutes of meetings between PT and the Service Provider.</li> <li>2. Agenda/Attendance Register/Minutes of meetings between PT and the Municipality.</li> <li>3. Progress reports on the ongoing project (reports are not signed).</li> <li>4. Email correspondence to/from service provider and/or municipality e.g. to address review queries.</li> <li>5. Draft close-out reports (reports are not signed).</li> <li>6. Close-out reports (signed and dated by MM or CFO).</li> <li>7. Training presentations/Attendance registers/Training Sign-Off</li> <li>8. Certificates relating to training provided to municipalities.</li> </ol> |
| <b>Assumptions</b>  | <p>Required information is timeously provided by the municipality which is accurate and complete.</p> <p>Commitment from the municipality to implement recommendations.</p> <p>Human and financial resources are available to implement the reviews.</p>   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Non-accumulative   |
| <b>Reporting Cycle</b>                                    | Annually.  |
| <b>Desired performance</b>                                | Actual performance is desired to be higher than the targeted performance   |
| <b>Indicator responsibility</b>                           | Director: Municipal Finance Management   |

|   |  |
|---|--|
| <b>(2). Indicator Title</b>                               | Number of financial management support projects implemented at targeted municipalities.  |
| <b>Definition</b>   | Intensive on-site financial management projects implemented at targeted municipalities to assist and provide technical support on complex financial accounting challenges including improvements to processes, procedures and controls to ensure compliance with generally recognised accounting practices and relevant legislation.   |
| <b>Source of data</b>                                     | Progress/Close-out reports and/or correspondence with key stakeholders.  |
| <b>Method of calculation / Assessment</b>                 | Quantitative: Number of Projects implemented   |
| <b>Means of verification</b>                              | <p>FMS projects, any of the following are produced as evidence depending on the stage of the project.</p> <ol style="list-style-type: none"> <li>1. Agenda/Attendance Register/Minutes of meetings between PT and the Service Provider.</li> <li>2. Agenda/Attendance Register/Minutes of meetings between PT and the Municipality.</li> <li>3. Progress reports on the ongoing project (reports are not signed).</li> <li>4. Email correspondence to/from service provider and/or municipality e.g. to address review queries.</li> <li>5. Draft close-out reports (reports are not signed).</li> <li>6. Close-out reports (signed and dated by MM or CFO).</li> <li>7. Training presentations/Attendance registers/Training Sign-Off</li> <li>8. Certificates relating to training provided to municipalities</li> </ol> |
| <b>Assumptions</b>  | <p>Required information is timeously provided by the municipality which is accurate and complete.</p> <p>Commitment from the municipality to implement recommendations.</p> <p>Human and financial resources are available to implement the reviews.</p>   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Non-accumulative   |
| <b>Reporting Cycle</b>                                    | Annually   |
| <b>Desired performance</b>                                | Actual performance is desired to be higher than the targeted performance   |
| <b>Indicator responsibility</b>                           | Director: Municipal Finance Management   |

### 5.3 Sub-Programme: Municipal Support Program

|   |  |
|---|--|
| <b>(1). Indicator Title</b>                               | Number of MSP projects implemented at targeted municipalities to assist with the improvement of financial management capability in local government.   |
| <b>Definition</b>   | Projects implemented by the MSP at target municipalities to implement support strategies that would assist delegated municipalities to strengthen and improve financial management in local government.  |
| <b>Source of data</b>                                     | Progress/Close-out reports and/or correspondence with key stakeholders.  |
| <b>Method of calculation / Assessment</b>                 | Quantitative: Number of Projects implemented   |
| <b>Means of verification</b>                              | <p>MSP projects, any of the following are produced as evidence depending on the stage of the project.</p> <ol style="list-style-type: none"> <li>1. Agenda/Attendance Register/Minutes of meetings between PT and the Service Provider. *</li> <li>2. Agenda/Attendance Register/Minutes of meetings between PT and the Municipality. *</li> <li>3. Progress reports on the ongoing project (reports are not signed).</li> <li>4. Email correspondence to/from service provider and/or municipality e.g. to address review queries.</li> <li>5. Draft close-out reports (reports are not signed).</li> <li>6. Close-out reports (signed and dated by MM or CFO).</li> <li>7. Training presentations/Attendance registers/Training Sign-Off Certificates relating to training provided to municipalities</li> </ol> |
| <b>Assumptions</b>  | <p>Required information is timeously provided by the municipality which is accurate and complete.</p> <p>Commitment from the municipality to implement recommendations.</p> <p>Human and financial resources are available to implement the projects.</p>  |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Accumulative   |
| <b>Reporting Cycle</b>                                    | Bi-annually  |
| <b>Desired performance</b>                                | Actual performance is desired to be higher than the targeted performance   |
| <b>Indicator responsibility</b>                           | Director: Municipal Finance Management   |

#### 5.4 Sub-Programme: Municipal Revenue and Debt Management

|   |  |
|---|--|
| <b>(1). Indicator Title</b>                               | Number of Revenue and Debt projects implemented at targeted municipalities   |
| <b>Definition</b>   | Projects that are implemented at targeted municipalities to assist and provide technical support on revenue and debt management  |
| <b>Source of data</b>                                     | Progress/Close-out reports and/or correspondence with key stakeholders.  |
| <b>Method of calculation / Assessment</b>                 | Quantitative: Number of Projects implemented   |
| <b>Means of verification</b>                              | <p>Municipal Revenue and Debt Management projects, any of the following are produced as evidence depending on the stage of the project.</p> <ol style="list-style-type: none"> <li>1. Agenda/Attendance Register/Minutes of meetings between PT and the Service Provider.</li> <li>2. Agenda/Attendance Register/Minutes of meetings between PT and the Municipality.</li> <li>3. Progress reports on the ongoing project (reports are not signed).</li> <li>4. Email correspondence to/from service provider and/or municipality e.g. to address review queries.</li> <li>5. Draft close-out reports (reports are not signed).</li> <li>6. Close-out reports (signed and dated by MM or CFO).</li> <li>7. Training presentations/Attendance registers/Training Sign-Off</li> <li>8. Certificates relating to training provided to municipalities</li> </ol> |
| <b>Assumptions</b>  | <p>Required information is timeously provided by the municipality which is accurate and complete.</p> <p>Commitment from the municipality to implement recommendations.</p> <p>Human and financial resources are available to implement the reviews.</p>   |
| <b>Disaggregation of beneficiaries (where applicable)</b> | N/A  |
| <b>Spatial Transformation (where applicable)</b>          | N/A  |
| <b>Calculation Type</b>                                   | Non-accumulative   |
| <b>Reporting Cycle</b>                                    | Annual   |
| <b>Desired performance</b>                                | Actual performance is desired to be higher than the targeted performance   |
| <b>Indicator responsibility</b>                           | Director: Municipal Finance Management   |



## LIST OF ABBREVIATIONS

| ABBREVIATION | FULL DESCRIPTION   |
|--------------|--|
| AEPRE        | Adjustments Estimate of Provincial Revenue and Expenditure               |
| AFS          | Annual Financial Statements  |
| AG           | Auditor - General  |
| AO           | Accounting Officer   |
| AWG          | Action Work Group  |
| BBBEE        | Broadbased Black Economic Empowerment                                    |
| CARC         | Cluster Audit and Risk Committees  |
| CD           | Chief Director   |
| CFO          | Chief Financial Officer  |
| COGTA        | Co-operative Governance and Traditional Affairs                          |
| CSD          | Central Supplier Database  |
| DDG          | Deputy Director General  |
| DDM          | District Development Model   |
| DORA         | Division of Revenue Act  |
| DPSA         | Department of Public Service and Administration                          |
| DWYPD        | Department of Women, Youth, and Persons with Disabilities                |
| EH&W         | Employee Health and Wellness   |
| EPRE         | Estimate of Provincial Revenue and Expenditure                           |
| EPWP         | Expanded Public Works Programme  |
| FLP          | Financial Literacy Programme   |
| FMCMM        | Financial Management Capability Maturity Model                           |
| GDP          | Gross Domestic Product   |
| GBVF         | Gender Based Violence and Femicide                                       |
| GRAP         | Generally Recognised Accounting Practice                                 |
| GRB          | Gender Responsive Budgeting  |
| GRPBMEA      | Gender-Responsive Planning, Budgeting, Monitoring, Evaluation & Auditing |
| HOD          | Head of Department   |
| HRP          | Human Resource Plan  |
| IDMS         | Infrastructure Delivery Management System                                |
| IDP          | Integrated Development Plans   |
| IGCC         | Inter-Governmental Cash Co-ordination                                    |
| IMF          | International Monetary Fund  |
| IPMP         | Infrastructure Programme Management Plan                                 |
| IRM          | Infrastructure Reporting Model   |
| IYM          | In-year Monitoring   |
| KZNPG        | KwaZulu-Natal Provincial Government                                      |
| LED          | Local Economic Development   |
| MBAT         | Municipal Bid Appeals Tribunals  |
| MBRR         | Municipal Budget and Reporting Regulations                               |
| MEC          | Member of the Executive Committee  |
| MFMA         | Municipal Finance Management Act   |
| MPAT         | Monitoring Performance Assessment Tool                                   |
| MSP          | Municipal Support Programme  |
| mSCOA        | Municipal Standard Chart of Accounts                                     |
| MTEF         | Medium Term Expenditure Framework  |
| MTREF        | Medium Term Revenue and Expenditure Framework                            |
| MTSF         | Medium Term Strategic Framework  |
| NSG          | National School of Governance  |
| OES          | Organisational Efficiency Services                                       |
| OSD          | Occupation Specific Dispensation   |
| OSS          | Operation Sukuma Sakhe   |

|        |   |
|--------|---|
| PARC   | Provincial Audit Risk Committee                                     |
| PERO   | Provincial Economic Review and Outlook                              |
| PESTEL | Political, Economic, Social, Technological, Environmental and Legal |
| PERP   | Provincial Economic Recovery Plan                                   |
| PFMA   | Public Finance Management Act                                       |
| PGDP   | Provincial Growth and Development Plan                              |
| PIAS   | Provincial Internal Audit Services                                  |
| PPP    | Public Private Partnerships   |
| SAICA  | South African Institute of Chartered Accountants                    |
| SCM    | Supply Chain Management   |
| SCOPA  | Standing Committee on Public Accounts                               |
| SERO   | Social-Economic Review and Outlook                                  |
| SONA   | State of Nations Address  |
| SOPA   | State of Provincial Address   |
| SLA    | Service Level Agreement   |
| SWOT   | Strengths, Weaknesses, Opportunities and Threats                    |
| WSP    | Workplace Skills Plan   |

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