



**KWAZULU-NATAL PROVINCE**

**TREASURY**  
REPUBLIC OF SOUTH AFRICA

# ANNUAL REPORT

**2022/2023 FINANCIAL YEAR**

**Making the Rand go an Extra Mile**

**GROWING KWAZULU-NATAL TOGETHER**



**Title of Publications:**

Kwazulu-Natal Provincial Treasury Annual Report 2022/2023

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**PR162/2023**

**ISBN: 978-0-621-51256-4**

# **KWAZULU-NATAL PROVINCIAL TREASURY**



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## PROGRAMME 1: Administration



Chief Financial Officer  
Mr IT Ndlovu



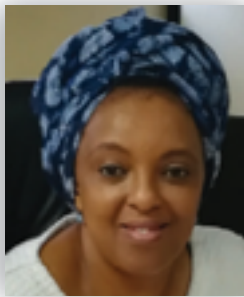
Chief Director  
Corporate Services  
Ms INN Zwane - Dlomo



Head of Ministry  
Mr. I Luthuli



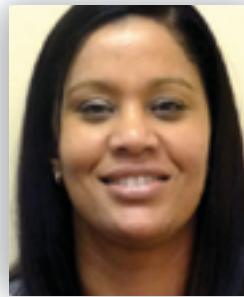
Director  
Financial Management  
Ms R Gwala



Director  
SCM, Asset Management  
& Loss Control  
Ms A Zondo



Director  
Information Technology  
Dr C Rajah



Director  
Inter-Governmental  
Relations  
Ms R Smith Peterson



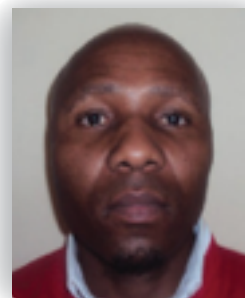
Director  
Human Resources  
Management  
Ms K Chetty



Director  
Security Services  
Ms N Zulu



Director  
Auxiliary Services  
Mr EVN Xulu



Director  
Corporate Communications  
Mr M Cebisa

## PROGRAMME 2: Fiscal Resources Management



Deputy Director General  
Fiscal Resources  
Management  
Ms N Shezi



Chief Director  
Public Finance  
Ms T Stielau



Chief Director  
Economic Analysis and  
Infrastructure Management  
Mr G Kanyika



Director  
Economic Services  
Mr. J Twala



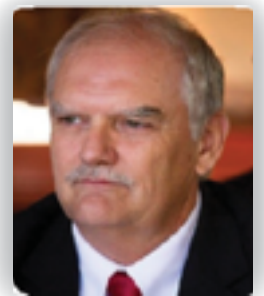
Director  
Provincial Budget  
Management  
Ms N Mjuza



Director  
Special Advisory Support  
Services  
Ms L Curtis



Director  
Infrastructure Management  
Ms F Mkhize



IDMS Technical Advisors  
Mr T Madgwick



IDMS Technical Advisors  
Mr R Kempen



Director  
PPP Specialist Advisor  
Mr KV Bezuidenhout

## PROGRAMME 3: Financial Governance



Provincial Accountant  
General  
Mr S Moodley



Chief Director  
Accounting Practices  
Ms A Singh



Chief Director  
SCM  
Ms T Mlawu



Director  
SCM (Economic Cluster)  
Ms L Naidoo



Director  
Financial Information  
Management System  
Mr K Mqadi



Director  
Cash Management and  
Liabilities  
Mr F Pretorius



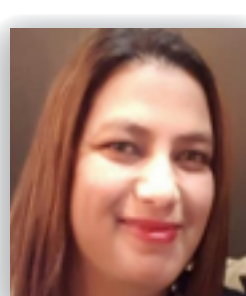
Director  
Norms and Standards  
Mr N Price



Director  
Supply Chain Management  
Ms R Madhan



Director  
Public Entities Financial  
Reporting  
Mr N Makhanyela



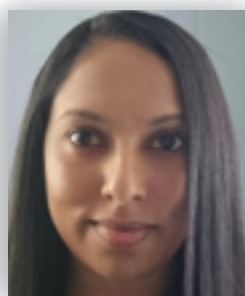
Director  
SCM (Social Cluster)  
Ms. N Jacobs



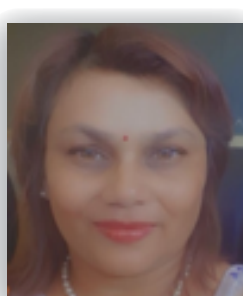
Director  
SCM (Governance and  
Admin Cluster)  
Mr S Sphengane



Director  
SCM Policy Development  
and Contract Management  
Ms N Kubheka



Director  
Training and Capacity Building  
Ms. D Samuels



Director  
Financial Reporting  
Ms. A Singh



Director  
Provincial Movable Assets  
Mr. N Hlengwa

## PROGRAMME 4: Internal Audit



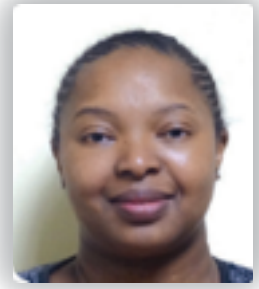
Deputy Director General  
Internal Audit Services  
Ms M Bhaw  
CA(SA), IIA(SA)



Chief Director  
Risk Management  
Mr V Ndandza



Director  
Financial Management and  
Reporting  
Mr J Ramharak



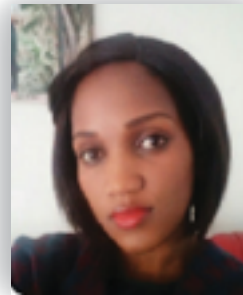
Director  
Assurance Services  
(Cluster Audits)  
Ms L Japi



Director  
Performance audit  
Mr K Lamula



Director  
Risk Management  
Mr T Madlala



Director  
Assurance Services  
(Cluster Audits)  
Ms L Xaba



Director  
Information Technology  
Mr K Malapane



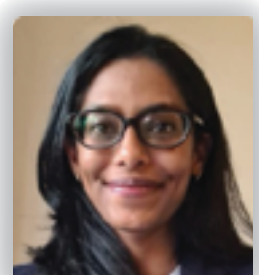
Director  
Municipal Support  
Mr P Moloi



Director  
Assurance Services  
(Cluster Audits)  
Ms B Molefe



Director  
IT Audits  
Mr N Khuzwayo



Director  
Assurance Services  
(Financial Audits)  
Ms L Pillay

## PROGRAMME 5: Municipal Finance



Chief Director  
Municipal Finance  
Mr F Cassimjee



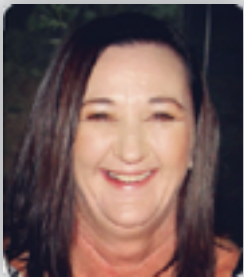
Director  
Municipal Budget  
Mr A Soopal



Director  
Municipal Budget  
Mr M Ndumo



Director  
Municipal Support  
Ms S Balgobind



Director  
Municipal Support  
Ms K Mare



Director  
Municipal Budget  
Mr W Donelly



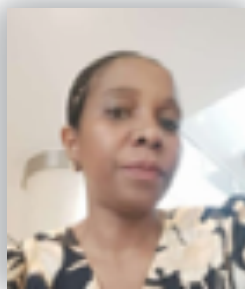
Director  
Municipal Budget  
Mr N Radebe



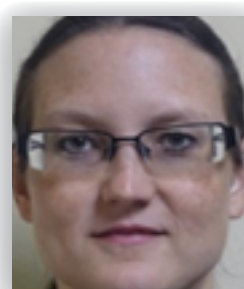
Director  
Municipal Budget  
Ms R Bhagwande



Director  
Municipal Support  
Ms K Pillay



Director  
Municipal Accounting  
Ms S Gumede



Director  
Municipal Revenue  
Ms A Patton

# **KWAZULU-NATAL PROVINCIAL TREASURY**



## **ANNUAL REPORT 2022/23**

# **PART A:**

# **GENERAL INFORMATION**



### 2.3.1 DEPARTMENT GENERAL INFORMATION

**PHYSICAL ADDRESS:** 145 Chief Albert Luthuli Street

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**TELEPHONE NUMBER/S:** 033 897 4200 / 071 687 8777

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**WEBSITE ADDRESS:** [www.kzntreasury.gov.za](http://www.kzntreasury.gov.za)

### 2.3.2 LIST OF ABBREVIATIONS/ACRONYMS

AEPRE	Adjustments Estimate of Provincial Revenue and Expenditure
AFS	Annual Financial Statements
AGSA	Auditor General of South Africa
AG	Auditor – General
AWG	Action Work Group
AO	Accounting Officer
BBBEE	Broad Based Black Economic Empowerment
CARC	Cluster Audit and Risk Committees
CD	Chief Director
CFO	Chief Financial Officer
CSD	Central Supplier Database
DDG	Deputy Director General
DDM	District Development Model
DoRA	Division of Revenue Act
DPSA	Department of Public Services and Administration
DWYPD	Department of Women, Youth, and Persons with Disability
ECE	Estimates of Capital Expenditure
EH&W	Employee Health and Wellness
EPRE	Estimate of Provincial Revenue and Expenditure
EU	European Union
FLP	Financial Literacy Programme
FMCM	Financial Management Capability Maturity Model
GDP	Gross Domestic Product
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
KZNFLA	KwaZulu-Natal Financial Literacy Association



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
MSCOA	Municipal Standard Chart of Accounts
MSP	Municipal Support Programme
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure 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
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PMG	Pay Master-General
PPP	Public Private Partnerships
PIAS	Provincial Internal Audit Services
SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SERO	Social-Economic Review and Outlook
SMME	Small Medium and Micro Enterprises
SLA	Service Level Agreement
SITA	State Information Technology Agency
SONA	State of Nation Address
U-AMPs	User Asset Management Plans
WSP	Workplace Skills Plan

### 2.3.3 Foreword by the MEC of Finance



**Mrs Neliswa P Nkonyeni, MPL  
KwaZulu-Natal MEC for Finance**

The commitment to ensure improved and impactful service delivery was one of our main resolves in the 2022/2023 financial year despite the ever-changing socio-economic landscape that posed various challenges for the Sixth Administration in our Province, country and the globe.

One of the salient developments during the financial year under review for our beautiful Province of KwaZulu-Natal and South Africa as a whole was the crowning of the AmaZulu King, His Majesty King Misuzulu kaZwelithini. The significance of the institution of traditional leadership in this country is at the heart of our democratic governance and its stability can

only ensure continued positive collaboration with democratic institutions of government in rural communities.

Our current state of the economy as a country and as a province is something we are constantly working on jointly as government and we have no reason not to believe that the socio-economic landscape will not adjust favorably. It is our responsibility as a government to initiate processes and forge strategic partnerships that will ensure that the lives of our communities improve.

When we tabled the 2021/22 MTEF Budget in March 2021, we committed ourselves to the creation of a new cadre of civil servants that would ensure that we serve the people of KwaZulu-Natal with integrity, honesty, and humility.

It is this new cadre that must ensure that billions of rands are placed in the hands of the marginalised, the unemployed, the elderly, the vulnerable children, and people living with disabilities. This is the only way of making a direct impact for the benefit of the poor people of our province.

I am therefore encouraged that this commitment started to bear fruits at the end of the financial year under review with the Province demonstrating an improvement in the attainment of Clean Audits.

The Department continued to play a significant role in the audit readiness support project to enhance financial management of Departments and Public Entities. The continued implementation of the Province-wide operation clean audit plan resulted in an overall improvement in the provincial PFMA audit outcomes with an increase in the number of Departments achieving clean audits and a reduction in the number of qualified audit opinions. Eight Departments received clean audits, compared to 5 clean audits in the previous year. Five Departments received unqualified audit opinions and 2 Departments received qualified audit opinions compared to 3 qualified in the previous year.

Twelve Public Entities achieved clean audits while 5 achieved unqualified audit opinions. Eleven Public Entities sustained their clean audit, while one entity regressed from a clean audit to an unqualified audit and the audit outcome of one entity improved from an unqualified audit to a clean audit with the overall result remaining the same for Public Entities.

Financial management support was provided to Departments and Public Entities to enhance their financial accounting and asset management reporting.

Despite the political turmoil between Russia and Ukraine which still has a serious impact on the import and export of goods which pushed trading expenses beyond the human reach coupled with incessant budget cuts, our ultimate resolve is that we need to continue to contribute to the achievement of two of the Provincial Priorities which are “Economic Transformation and Job Creation” as well as “Building a capable, ethical and developmental state”. Our mandate to deliver quality services in KwaZulu-Natal remains sacrosanct. Equally important is our determination to protect the solid foundation we have built since this country attained democracy.

One of the anomalies that we continue to observe, even during the year under review, is indigenous people in townships and rural areas are only consumers of goods and services. They do not participate, on equal footing, in the economy of this province as owners and creators of wealth. This province could have millions more businesses if women and young people in previously disadvantaged communities were entrepreneurs in their own right. Structural exclusion that limits their full participation in the economy was institutionalised by the oppressive government for many decades, but this democratic government has started to break down these economic walls in order to level the playing ground for participation by all the vulnerable groups in building our economy.

While there is much work that is being done, one of the most challenging tasks facing Provincial Treasury and the entire Provincial Government is the financial situation at municipal level. Poor financial management, lack of accountability which translate itself to poor service delivery continue to paint a gloomy picture for our province. Of great concern as well are the latest shocking revelations that shows that a huge chunk of our public representatives at local level cannot read or write.

This is despite our efforts where in the previous financial year culminating in the year under review, we have embarked on the joint Municipal Finance Roadshows (MFRS) by National Treasury and the Department of Co-operative Governance and Traditional Affairs which was aimed at reviewing the KwaZulu-Natal situation culminating into several oversight visits to various municipalities.

Several municipalities are in financial distress due to both financial and governance related shortcomings. The failure to adopt budgets or adopting unfunded budgeted, severely impacts on the ability of the

municipality to provide services to their communities. Extensive support initiatives have been provided in various municipalities to strengthen the financial management capacity and reporting thereby impacting positively on the audit outcomes. The interventions are informed by the specific challenges being experienced by each delegated municipality and in collaboration with COGTA who also play a critical role in the municipal space.

We must note that despite the vigorous drive to encourage our people to be counted during the Stats SA Census 2022, we strongly believe that a significant number of people in our province were not counted and that poses a threat to our provincial equitable share going forward which impacts directly on service delivery.

As Provincial Treasury, we seek to enhance the KwaZulu-Natal Provincial Government service delivery mandate by optimally allocating financial resources and enhancing revenue generation, while ensuring that all financial transactions adhere to applicable legislation and corporate governance principles.

However, competing increasing priorities with limited fiscus, high demand associated to cost of living and excessive fuel and food prices means that the future will continue to be challenging, and this therefore, requires that we devise alternative service delivery mechanisms and funding models which will be able to respond to people's daily challenges.

With that being said and done, we however, remain optimistic that the province of KwaZulu-Natal will be able to recover and bounce back to its former glory and continue to stay cash positive.



---

**Mrs Neliswa P. Nkonyeni, MPL**  
**KwaZulu-Natal MEC for Finance**

#### 2.3.4 INTRODUCTION BY THE HEAD OF DEPARTMENT

Fifteenth consecutive clean audit reports obtained by KwaZulu-Natal Provincial Treasury is a feat that the department prides itself for achieving. It's a promising precursor for the fifteen clean audit outcome.

The recorded achievement sets the bar even higher for the department to continue improving its performance, and yielding better audit outcomes in the next financial year. It is without a doubt that public funds are in good hands.

The positive yields demonstrate that the department has inculcated a culture of good governance, commitment and compliance to constitutional and legislative mandates throughout our teams.

This has enabled the Provincial Treasury to be resilient and flexible to change to ongoing changes in the operations and the nature of support required. This, in turn, yielded clean governance and effective service delivery, in line with the department's impact statement of Credible, Accountable, and Ethical Fiscal and Financial Management Practices in KZN.

The department played a leading role in providing guidance on the management of public funds allocated and reprioritised already limited resources to fund the recovery post the 2021 April floods. The province was able to access both national and private sector funding and spending patterns have demonstrated the provinces commitment to repairing the damaged infrastructure and ensuring communities receive basic services once again.

Provincial Treasury had to deploy resources to undertake both pre-award assessments in an attempt to limit irregular expenditure as well as guide departments in emergency procurement processes. The team were also required to undertake value for money audits on the repaired infrastructure to confirm that the province received cost effective repairs that would allow long term use of the various government facilities as well as confirmation that households received quality housing.

During the last financial year, the Provincial Treasury set various targets in line with the performance indicators and strategic outcomes of both the five-year strategic plan and the annual performance plan. The annual report provides details on the achievements made during this particularly difficult year, where amendments were made to the APP based on the refocusing of support relating the disasters as mentioned above.

A departmental evaluation committee has been appointed and a three-year evaluation plan has been developed and approved. This is a step forward for monitoring and evaluation to ascertain whether the support provided to departments, municipalities and public entities is relevant and achieving the desired impact. This will lead to enhancements in methodology and effectiveness in our approach.



**Ms Carol Coetzee**  
**Head of Department for Finance**

The implementation of the IT strategy has resulted in the automation of four business processes in the department during this financial year under review. Further business processes will also be reviewed for automation as contained in the IT strategy which is aligned to the provincial IT strategy to improve efficiency and capabilities.

It is encouraging to note that 81 out of 107 vacant positions have been concluded in the last year but with the higher than expected resignations, internal promotions, contract employees moving to permanent, the overall impact on the departments vacancy rate was nominal. Continued efforts will be made to fill all vacancies, thereby creating employment opportunities within the province.

The department will continue to retain interns and South African Institute of Chartered Accountants (SAICA) students in entry level positions as these play a critical role in providing a pool of talented financial management skills for the Provincial and local public service.

Further, an amount of R10 million has been made available to employ 70 interns (on 3 months' contract) in the construction discipline to undertake condition assessments of government facilities in partnership with the Department of Public Works.

Provincial Treasury has mobilised more funds from national government to alleviate spending pressures in the provincial departments of education and health. This demonstrates the departments commitment to represent the province at national engagements and ensure fair and equitable access to funding. The sourcing of the funds for the back pay of Izinduna is another significant achievement by this department in collaboration with COGTA.

The Provincial Supply Chain Unit has played a huge role guiding provincial departments, municipalities and government entities to review their preferential procurement policies in line with the new regulations promulgated in January 2023 through the provision of a provincial framework. The Provincial SCM undertook extensive workshops in all districts in the Province to explain the changes and ensure compliance through understanding the implications and its application. Over 65 government institutions' SCM policies were reviewed to date. The annual report will narrate the milestones that the Provincial Treasury has achieved in 2022/2023 which will assist to improve service delivery and contribute towards the outcomes of the provincial priorities.

With the calibre of public servants who are driven by values of professionalism, efficiency, service excellence, financial discipline, and integrity, it is clear that the department will leave no one behind as it continues to contribute to the growth of the KwaZulu-Natal economy through inclusive and sustainable programmes.



**Ms C. Coetzee**  
**Head: Provincial Treasury**

### 2.3.5 Report of the Accounting Officer

**The report of the Accounting Officer will cover both the overview of the operations as well as the financial performance for the 2022/23 financial year.**

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

Provincial Treasury (PT) received an allocation of R684,109 million in the 2022/23 financial year. During the 2022/23 First and Second Adjustments this allocation was decreased by a net amount of R61,600 million. The downward adjustments were due to the suspension of funds by various programmes and the provincial reprioritization exercise to fund other departments that were experiencing budget pressures towards the end of the financial year. The suspended funds of R14,600 million will be allocated back to the Vote during the 2023/24 financial year.

Programme 2: Sustainable Resource Management Programme monitored the spending and revenue collection of provincial departments and public entities against the budget on a monthly and quarterly basis. Reports on the provincial budget performance were prepared and presented to the Provincial Executive Council and the Finance Portfolio Committee at frequent intervals, with the aim of keeping provincial spending within budget. The province ended the year with an overall preliminary year-end spend of approximately 99.4% of the provincial budget. The 2022/23 Adjustments Estimate of Provincial Revenue and Expenditure (AEPRE) and the 2023/24 Estimates of Provincial Revenue and Expenditure (EPRE) were prepared, as is the norm every year. Subsequent to the tabling of the 2022/23 AEPRE, departments were requested to indicate whether they were able to surrender any funds towards budget pressures experienced by some departments in the province through a provincial reprioritisation exercise to reduce the provincial fiscal risk. This exercise resulted in the tabling of the Second 2022/23 AEPRE at the Provincial Legislature.

An initial study into the revenue earned by Departments and also by schools through placing cellphone mast towers on Government properties was undertaken. With respect to mast towers on school properties, this revenue is collected by the respective schools and assists them with their operating costs. However, it would appear that the Department of Public Works could assist the Department of Education to determine a fair income per school by basing the amount collected on the property valuations, as currently there are varying methods of determining the amount to be collected from each mast tower and revenue may not currently be maximized. The research undertaken concluded that deeper research is required, though the initial findings are that some work could be undertaken by the Department of Public Works to develop a marketing strategy with respect to government properties that are suitable for erecting such towers and to approach the cellphone companies in this regard. The rate charged is currently based on property valuations and this was deemed an acceptable method of determining a fair price, with the only method to increase the revenue being collected by the Province then being to increase the reach through the proposed marketing initiative in terms of Provincial Own Revenue collection, there was a net over-collection

for the province of R215.814 million, collection 5.7% more than budgeted for. The departments showing the highest over-collection were the Department of Transport, Provincial Treasury and the Department of Economic Development, Tourism and Environmental Affairs. Departments' and public entities' adherence to the cost-cutting measures continued to be monitored.

Support was provided on infrastructure reporting using the Infrastructure Reporting Model (IRM), the Infrastructure Delivery Management System (IDMS) and the KZN Infrastructure Master Plan for all provincial infrastructure projects. Reports were produced on IDMS oversight monitoring and performance assessment in respect of provincial departments. The deployment of the Infrastructure Crack Team continued to be a priority. Projects such as the physical condition assessment and compilation of the Generally Recognised Accounting Practice (GRAP) compliant Immovable Asset Registers at eight municipalities were awarded but were cancelled due to the change in Instruction Note No. 3 of 2021/22 from National Treasury. The Accounting Officers are accountable for variation orders beyond 20 per cent for capital projects, whereas previously these had to come to Provincial Treasury for recommendation.

Reports to evaluate and monitor economic trends and to support policy formulation were produced. Two research projects were undertaken, namely on the review of the PES formula and the Norms and Standards funding for the Department of Education. Representation of the department on several steering committees continued, with ongoing technical support provided to the offices of the MEC, HOD and the DDG: Sustainable Resource Management. Informative analysis of the provincial Socio-economic Review and Outlook (SERO) was provided. Technical and legal advice in support of all provincial PPPs continued to be provided as regulated by the National Treasury guidelines.

Asset and Liabilities Management within Programme 3 continued to support departments in respect of payroll tax and provincial banking function. Risk analyses were conducted to identify any non-compliance with tax and banking legislation. All departmental bank balances were monitored on a daily basis to ensure effective cash flow management. Excess funds were invested with the South African Reserve Bank (SARB) to ensure maximum interest earned.

The Provincial Supply Chain Management Unit continued to provide support to departments, municipalities and public entities to ensure compliance with all relevant SCM prescripts and to enhance the level of compliance, governance and accountability in the province. Support interventions were identified and training was provided where necessary. The department continued to receive complaints and conducted investigations where required, serving as a vigilant watchdog for perceived irregularities. Capacity building interventions were conducted in the SCM components of public sector institutions which had unfavorable audit outcomes. In line with relevant legislative prescripts and National Treasury requirements, policy reviews were conducted and practice notes and circulars were updated. The focus of the unit shifted in April when the Provincial Executive Council resolved that pre-award assessments should be undertaken

for all procurement relating to disaster expenditure over R1 million in value. This resulted in assessments being undertaken in order to reduce the risk of irregular expenditure. Furthermore, departments were required to report on their expenditure which was in turn reported bi-weekly to the Provincial Executive Council. In December, the revised Preferential Procurement Regulations were issued and workshops were held in each district with the aim of guiding organs of state with regard to the amendments required to their individual SCM policies before 16 January 2023. A guideline was developed to further advise institutions in this regard. Continued support was provided to departments, municipalities and public entities to ensure effective use of the Central Supplier Database (CSD). The Provincial Bid Appeals Tribunal facilitated 472 cases relating to the appeals against bids that were awarded by departments in the province, while the Municipal Bid Appeals Tribunal (MBAT) received 88 cases and continued to provide active support in the hearing and facilitation of MBAT matters in municipalities.

Financial management support was provided to departments and public entities to enhance their financial accounting and asset management reporting to improve audit outcomes. Financial management support included the review of interim and annual financial statements for public entities, the deployment of officials to assist departments with asset management, the provision of assistance with updating the supporting working papers of disclosure notes to the annual financial statements, as well as technical guidance. The department continued to play a significant role in the audit readiness support project to enhance the financial management of departments and public entities. Five (5) departments received unqualified audit opinions and two (2) departments received qualified audit opinions compared to three (3) qualified in the previous year. Twelve (12) public entities achieved clean audits while five (5) achieved unqualified audit opinions. Eleven public entities sustained their clean audit, while one entity regressed from a clean audit to an unqualified audit, and the audit outcome of one entity improved from unqualified to clean.

Support to suppliers to resolve payment disputes continued 106 payment queries for departments, public entities, and municipalities were resolved amounting to R45,2 million. The Condonation of Irregular Expenditure Project continued. Irregular Expenditure condoned to date amounts to R6.9 billion for Provincial Departments and R85 million for Public Entities.

The department is an accredited South African Institute of Chartered Accountants (SAICA) training office that currently runs a three-year training programme, accepting graduates that were recipients of the Thuthuka Education Upliftment Fund (TEUF), who upon completion will be eligible for registration as Chartered Accountants (CAs). The programme was initiated in an attempt to address the scarcity of black CAs in the province, with the intention of improving the financial management constituency. After successful completion of the training contract, participants are then allowed entry into the Management Development Programme, which runs for a further five years. Through this initiative, the department has since produced 12 registered CAs. Moreover, there are currently ten trainees completing their SAICA training contracts,

with four in their third year of training, three in the second year and three who are currently at first year level.

Financial management standard operating procedures were developed as guidelines for implementation within departments, and support relating to policy development and review was provided to eight public entities, namely Ezemvelo KZN Wildlife, KZN Tourism Authority, Dube Tradeport, Richards Bay Industrial Development Zone, KZN Amafa and Research Institute, Agri- business Development Agency, KZN Film Commission and Trade and Investment KZN. Also, 13 provincial departments and eight public entities were assessed for compliance with financial norms and standards.

Support continued to be provided for financial systems, such as BAS and HardCat in the province. System technical support was provided on PERSAL, while the OTP handled the functionality and policy implementation. The shortcomings of the interface between BAS and HardCat resulted in two departments implementing LOGIS in the province. The two departments, namely, KZNCOGTA and KZN Health are at the advance stage with LOGIS implementation having been trained on its basic literacy. The KZN Provincial Treasury is in the process of recruiting suitable employees to assist with LOGIS implementation and its post-implementation support.

Internal audits were conducted across all departments by the Assurance Services unit under Programme 4. A total of 157 audits were completed which included full scope audits as well as follow up reviews. Transversal focus areas were covered, such as supply chain management, as well as other processes within core services of departments. Continued attention was given to reviewing key financial processes with audits being conducted on key account reconciliations, adequacy and completeness of audit improvement strategies, and conducting A-G follow-up assessments. The Provincial Internal Audit Framework was presented to and approved by the Provincial Executive Council in 2021/22, and is currently being implemented in 2022/23. The Department of Health was one of three departments approved by Cabinet, to have their internal audit function; and the department took over this function from Provincial Treasury during the financial year. The unit focused on auditing disaster management processes during this financial year, including donations received by the Province. The unit performed an essential role in value for money assessments of infrastructure repairs undertaken as a result of the April 2022 floods. This required a review of the audit plan as resources had to be re-directed in this regard. The Infrastructure Crack Team under Programme 2: Sustainable Resource Management assisted in the technical aspects of the work.

The Risk and Advisory Services, a component of the Internal Audit Unit, continued with providing risk management and advisory support to provincial departments and municipalities, which included assisting all provincial departments and selected municipalities with ethics and fraud risk assessments. The Unit also made significant progress on the roll-out of the provincial risk management and combined assurance frameworks through, among other things, the establishment of the provincial risk management committee

and providing risk management templates, guidelines and training to enable departments to comply with the revised provincial risk management framework. The provincial risk management committee, which will be chaired by the Director- General, with HODs as members, is envisaged to play a key role on ensuring the identification, assessment and resolution of transversal risks affecting the provincial government

The Municipal Finance programme continued to provide technical support to delegated municipalities and the preparation of both the tabled and approved budgets was monitored, as was the performance of municipal budgets, which included evaluating mid-year budget and performance assessment reports. The 2021/22 Close-out Report was prepared in respect of all 51 delegated municipalities in terms of Section 71(7) of the MFMA and shared with National Treasury, the A-G, and Members of the Provincial Legislature.

Technical reviews of the 2021/22 AFS and supporting documents were conducted at eight municipalities, to determine whether the AFS and supporting documents were in compliance with GRAP and MFMA requirements and to provide the necessary assistance with the same.

Financial Management Support projects were conducted at six municipalities. This initiative is aimed at assisting targeted municipalities with the implementation of key principles of financial management which includes assistance with the improvement of key processes, procedures and controls.

Municipal Support Programme projects were conducted in ten municipalities. Pre-audit Assessments were conducted at five municipalities. This is a short-term initiative that is conducted to determine the municipality's audit readiness. This includes reviewing the AFS preparation plan, the audit action plan, prioritized reconciliations, processes and internal controls, as well as addressing current audit risks identified. In addition, finance experts were deployed to five municipalities at the request of the MEC for Finance during the latter part of the 2021/22 provincial financial year. Resources were deployed for a period of twelve months and the support continued into the 2022/23 provincial financial year.

The Revenue and Debt Management pilot projects were implemented at two municipalities. The pilot projects were aimed at assisting the municipalities with the accuracy and completeness of billing for municipal services. Recommendations were provided for weaknesses identified in the municipality's revenue and debt management environment.

## OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

The table below shows the revenue budget and collected for Provincial Treasury for the year-ending 2022/23.

Departmental receipts	2022/23			2021/22		
	Estimate	Actual Amount Collected	Over/(Under) Collection	Estimate	Actual Amount Collected	Over/(Under) Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Sale of goods other than capital assets	287	915	628	259	340	81
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	295 000	342 568	47 568	413 345	227 830	(185 515)
Sale of Capital Assets	133	1727	1594	22	5	(217)
Financial transactions in assets and liabilities	466	2 728	2 262	445	1 402	957
<b>Total</b>	<b>295 886</b>	<b>347 938</b>	<b>52 052</b>	<b>414 271</b>	<b>229 577</b>	<b>(184 694)</b>

The actual revenue collected in the 2022/23 financial year was R347,938 million against a budget of R295,886 million, resulting in an over-collection at year end of R52,052million. The over collection is explained per economic classification as follows:

- **Sale of goods and services other than capital assets** - The collection against this category is mainly from parking fees, commission on insurance and garnishees, sale of game/hunting licenses, sale of minor assets as well as sale of tender documents. The over collection of R628 thousand was mainly from the sale biometric scanners sold to KZN Department of Agriculture and KZN Department of Health.
- **Fines, penalties and Forfeits** – There were no fines or penalties collected under these categories.
- **Interest, dividends and rent on land** – Revenue collected against this category is from interest earned on the Inter-Governmental Cash Co-ordination (IGCC) which amounted to R194,100 million and the Pay Master-General (PMG) accounts amounting to R148,407 million. The quantum of the interest earned by these accounts is related to the amount of cash on hand and interest rate volatility, the under collection on this category in the previous year was mainly caused by the impact of the substantial budget cuts throughout the province which resulted in less cash being available to generate interest. The balance of R61 thousand relates to interest received on the staff debtors accounts.

- **Sale of capital assets** - The over collection in this category is mainly from an auctioning of 13 old departmental motor vehicles.
- **Transactions in financial assets and liabilities** – Revenue generated against this category is mainly attributed to recovery of debts from previous financial years. The over collection on this category was due to interdepartmental claims (IDA's) raised /invoiced.

### Programme Expenditure

ProgrammeName	2022/23			2021/22		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/ Under Expenditure R'000
Administration	196 172	192 676	3 496	213 123	183 428	29 695
Sustainable Resource Management	47 560	45 636	1 924	49 446	42 403	7 043
Financial Governance	204 711	201 373	3 338	206 787	206 265	522
Internal Audit	100 199	99 979	220	97 350	86 216	11 134
Municipal Finance Management	73 867	73 138	729	70 187	58 583	11 604
<b>Total</b>	<b>622 509</b>	<b>612 802</b>	<b>9 707</b>	<b>636 893</b>	<b>576 895</b>	<b>59 998</b>

The Main Appropriation for Provincial Treasury was R684,109 million in 2022/23. During the financial year there were two Budget Adjustment processes that occurred, this resulted in the department's budget being decreased by a net amount of R61,600 million. The Final Appropriation for the department for the 2022/23 financial year was R622,509 million.

The main adjustments that led to the net decrease in the budget are summarised below:

#### Other adjustments:

- Savings of R3 million realised under Programme 1 were suspended and will be utilised during the 2023/24 financial year to fund the acquisition of a departmental security access system.
- Savings of R10 million realised under Programme 2 were suspended and will be utilised for the EPWP Job Massification Project during the 2023/24 financial year.
- Savings of R1,600 million were realised from Programme 4 and was suspended for utilisation to complete the Performance Audit at COGTA and Sanitary Audit which relate to the sanitary dignity programme at the Department of Education.

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

- Programme 1 - This programme spent 98,2% of the allocated budget. The under-spending of (2,8%) was mainly attributed to: -

- Delays in the delivery of orders issued for office equipment, a rollover request will be submitted for these outstanding orders.
- Programme 2 - This programme spent 96% of the allocated budget. The under-spending of (4%) was mainly attributed to: -
  - Compensation of employees which is due to resignations and vacancies during the year which requires about 4 to 6 months to fill and Goods and Services mainly on items such as operating payments, training and development, consumables, stationery and S&T due to less travel to clients and National Treasury meetings e.g. PAG forum and TCF were held virtually.
- Programme 3 - This programme spent 98,4% of the allocated budget. The slight under-spending of (1,6%) was mainly attributed to: -
  - Compensation of employees which due to resignations during the year and vacancies which requires about 4 to 6 months to fill and from Goods and Services mainly on items such as Administrative fees (Bank charges on transversal bank accounts); Agency and support/outsourced services, S&T and Payments for capital assets due to delays in delivery of orders issued for office equipment.
- Programme 4 - This programme spent 99,8% of the allocated budget. The under-spending of (0,2%) was mainly attributed to: -
  - Goods and services on items such as operating payments, administrative fees and consumables supplies and from Payments for capital assets relates to delays in delivery of orders issued for office equipment.
- Programme 5 - This programme spent 99% of the allocated budget. The under-spending of (1%) was mainly attributed to: -
  - Goods and services on items such as agency and support/outsourced services and from Payments for capital assets relates to delays in the delivery of orders issued for tools of trade.

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

- Compensation of Employees was under-spent by R1,164 million i.e. (0,6%) mainly due to:
  - Resignations during the year and vacancies which requires about 4 to 6 months to fill.
- Goods and Services was under-spent by R3,745 million i.e. (1,3%), attributed to the following items:
  - Administrative fees (transversal bank charges) and Agency and Support /outsourced services and operating payments due to the billing time lag. These costs have been included in the accruals and payables not recognized.

- Savings from Catering and Consumables: Stationery and Office Supplies.
- Transfers and Subsidies was under-spent by R289 thousand (3,8%) mainly on the items for donations to Non-Profit Institutions.
- Payments for Capital Assets was under-spent by R4,362 million (28%) underspending of R289 thousand at year-end by R2,653 million i.e. (20%) mainly due to the delays in the deliveries of issued orders for office equipment.
- Payment for Financial Assets, the spending was in line with the final budget.

### Post-Adjustment Virements between Programmes:

Programme	Adjusted Appropriation R'000	POST ADJUSTMENTS APPROPRIATION				Total Adjustments Appropriation R'000	Post Adjusted Appropriation R'000
		Unforeseeable /Unavoidable R'000	Virements R'000	Shifts R'000	Other Adjustments R'000		
1. Administration	196 523	-	(351)	-	-	(351)	196 172
2. Sustainable Resources Management	47 560	-	-	-	-	-	47 560
3. Financial Governance	206 586	-	(1 875)	-	-	(1 875)	204 711
4. Internal Audit	97 973	-	2 226	-	-	2 226	100 199
5. Municipal Finance Management	73 867	-	-	-	-	-	73 867
<b>Total</b>	<b>622 509</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>622 509</b>

Amount to be voted

The explanation below relates to the virements made between programmes:

- The net savings of R351 thousand realised from Programme 1: Administration was moved to Programme 4: Internal Audit for defrayment of expenditure in relation to agency and support services that were inadequately budgeted for due to increased requests from departments.
- The net savings of R1,875 million realised from Programme 3: Financial Governance were moved to Programme 4: Internal Audit for defrayment of expenditure in relation to agency and support services that were inadequately budgeted for due to increased requests from departments.

## Summary by Economic Classification

Economic Classification	Adjusted Appropriation R'000	POST ADJUSTMENTS APPROPRIATION				Total Adjustments Appropriation	Post Adjusted Appropriation R'000
		Unforeseeable /Unavoidable R'000	Virements R'000	Shifts R'000	Other Adjustments R'000		
<b>Current payments</b>	<b>604 550</b>	-	(5 246)		-	(5 246)	<b>599 304</b>
Compensation of employees	318 445	-	(4 929)		-	(4 929)	313 517
Goods and services	285 935	-	(317)		-	(317)	285 617
Interest and rent on land	170	-	-		-	-	170
<b>Transfers and subsidies to:</b>	<b>4 266</b>	-	<b>3 380</b>		-	<b>3 380</b>	<b>7 646</b>
Provinces and municipalities	31	-	-		-	-	31
Departmental agencies and accounts	3	-	-		-	-	3
Public corporations and private enterprises	365	-	-		-	-	365
Non-profit institutions	109	-	-		-	-	109
Households	3 758	-	3 380		-	3 380	7 138
<b>Payments for capital assets</b>	<b>13 693</b>	-	<b>1 710</b>		-	<b>1 710</b>	<b>15 403</b>
Machinery and equipment	13 693	-	1 710		-	1 710	15 403
<b>Payments for financial assets</b>	<b>-</b>	-	<b>156</b>		-	<b>156</b>	<b>156</b>
<b>Total</b>	<b>622 509</b>	-	-		-	-	<b>622 509</b>

Amount to be voted

The following virements were undertaken across the economic classifications within Programmes at departmental level:

- Savings of R4.922 million realised from Compensation of employees was moved between economic classification as follows:
- R3.380 million to Transfers and Subsidies under Households for defrayment of the excess expenditure on households that was unanticipated such as staff exit costs and
- R1.386 million to Payments for capital assets under Other machinery and equipment for defrayment of the excess expenditure in relation to previous year's orders delivered and paid in the current financial year for tools of trade inadequately budgeted for.
- R156 000 to Payment for financial assets to cover unanticipated costs in relation to irrecoverable debts written off.
- Savings of R239 000 realised from Goods and services was moved to Payments for capital assets under Other machinery and equipment for defrayment of the excess expenditure in relation to previous year's orders delivered and paid in the current financial year for tools of trade that was inadequately budgeted for.

The virements were approved by the Accounting Officer of the department and Provincial Treasury in terms of Section 43(1) and (3) of the Public Finance Management Act.

### 2022/23 Rollovers

The department has submitted a total rollover request of R4,374 million consisting of the outstanding orders for capital assets that were acquired but not delivered at year-end (R3,174 million) and for Agency support/ Outsourced services (relating to the continuation for the support of Internal Control learnership project at Department of Health as part of Health Intervention by the Risk Management Unit R1,2 million).

### Unauthorised, Fruitless Wasteful or Irregular Expenditure

There was no unauthorised expenditure incurred by the department in the current year.

### Irregular Expenditure

Description	Amount ( R)
Service Provider appointed on an urgent basis without a pre-approved deviation in respect of legal matters – <b>Condoned during the year</b>	179 000
Proper SCM Processes were not followed in the appointment of Service Providers in respect of legal matters – <b>Condoned during the year</b>	345 000
<b>TOTAL</b>	<b>524 000</b>

### Fruitless, & Wasteful Expenditure

Description	Amount ( R)
SARS Interest & penalties Charges – <b>Written off during the year</b>	12 000
Court Order – HRM related matters – <b>Written off during the year</b>	204 000
Cancelled Event - <b>Written Off during the year</b>	156 000
<b>TOTAL</b>	<b>372 000</b>

### Future plans of the department

The department will continue to implement its strategic plan targets as contained in the tabled 2023/24 Revised Annual Performance Plan.

### Public Private Partnerships

The PPP unit is assisting other entities with the following PPP projects:-

- City of uMhlathuze Local Municipality-Waste water and associated by-products re-use project.The project is still at procurement phase.
- iLembe District Municipality - Enterprise iLembe Broadband project. The project is at inception stage.
- City of UMhlathuze Local Municipality – Airport Relocation project. The project is at the feasibility study phase.

- Umvoti Local Municipality – Forestry Project. The project is at the feasibility study phase.
- Ray Nkonyeni Local Municipality – Office Park Precinct Project. The project is inception stage.
- Department of Public Works – The new KZN Government Office Park. The project is at procurement phase.
- KZN Provincial Legislature - Office Accommodation. The project is at the feasibility studyphase
- KZN Department of Economic Development, Tourism and Environmental Affairs: King Shaka International Airport Public Transport Link. The project is still at inception phase.
- Department of Health – Inkosi Albert Luthuli Central Hospital. The project is at procurement phase.
- Ezemvelo KZN Wildlife - Royal Natal National Park. The project is at the feasibility study phase

#### Discontinued activities / activities to be discontinued

There are no planned activities to be discontinued.

#### New or proposed activities

None.

#### Supply Chain Management

#### Bids Status Report

The table below depicts the various procurement stages for bids as outlined in the Procurement Plan: 2022/23 to 2023/24 Financial Years.

BID STATUS REPORT		
BID NUMBER	PROJECT DESCRIPTION	STATUS
1228/2020-F	<b>Events Management:</b> Appointment of service providers for the establishment of panel of events management service providers	Cancelled Bid
1238/2022-F	<b>Internal Audit:</b> To assist in conducting Internal Audits services as per internal operational plans at various Departments, Public Entities	Evaluation Stage
1239/2022-F	<b>HardCat Maintenance Support:</b> To provide HardCat maintenance support for Provincial Departments within the KZN Province for a period for 3 years.	Canceled Bid and service to be procured through SITA
1240/2022-F	<b>PABX Maintenance:</b> To support for a period of three (3) years for the KwaZulu-Natal Department of Treasury	Adjudication Stage
1242/2022-F	<b>Legal Panel Services:</b> To render specialized legal services for a period of three (3) years for KwaZulu- Natal Department of Treasury.	Appeals Stage
1243/2022-F	<b>Infrastructure Panel:</b> to assist Provincial Departments, Public Entities, and Municipalities in the planning, budgeting, implementation, monitoring and reporting of new and existing infrastructure assets within the Province of KwaZulu-Natal on an as and when basis	Evaluation Stage
1244/2023-F	<b>Cleaning Services:</b> Rendering of Standard Cleaning and Hygiene Services for KwaZulu-Natal Provincial Treasury for a period of thirty-six (36) Months <sup>25</sup>	Specification Stage



## Active Period Contracts

The table 2 below depicts the various contracts existing in the Department that were put in place through a competitive bidding system as outlined in the Contract Register.

**Table 2: List of Active Contracts**

ACTIVE CONTRACTS REPORT		
NUMBER	PROJECT DESCRIPTION	DURATION
1217/2017-F	<b>Internal Audit:</b> To assist in conducting Internal Audits services as per internal operational plans at various departments, public entities.	Contract for 3 years (will expire on 31 October 2023)
1219/2018-F	<b>Infrastructure Management Panel:</b> Appointment of a panel of service providers to assist Provincial Departments, Public Entities, and Municipalities in the delivery of Infrastructure Assets within the KZN Province.	Contract for 3 years (will expire 30 September 2023)
1223/2019-F	<b>Electronic Security Services:</b> To provide electronic security services for the Department of KZN Provincial Treasury for a period for 3 years.	Contract for 3 years (will expire 31 August 2023)
1222/2019-F	<b>Cleaning Services:</b> To provide cleaning services for the Department of KZN Provincial Treasury for a period for 3 years.	Contract for 3 years (will expire 31 October 2023)
1231/2021-F	<b>Contract Management Expert:</b> To assist the Kwa-Zulu Natal Provincial Treasury to provide support to departments, public entities, municipalities, and municipal entities to ensure improved service delivery and quicker turnaround times in Contract Management.	Contract for 3 years (will expire 30 November 2025)
1232/2021-F	<b>Municipal Finance:</b> Appointment of a panel of service providers to assist the KwaZulu-Natal Provincial Treasury to provide support to Municipalities and Municipal Entities to ensure improved service delivery and quicker turnaround times in the Municipal Finance Management programme.	Contract for 3 years (will expire 31 March 2025)
1233/2021-F	<b>Security Services:</b> To provide security guarding services for the Department of KZN Provincial Treasury for a period for 3 years.	Contract for 3 years (will expire 27 August 2024)
1235/2021-F	<b>Financial Governance:</b> To assist provincial departments with financial management.	Contract for 3 years (will expire 31 March 2026)
1236/2021-F	<b>Banking Services:</b> Appointment of service provider to provide banking services for the period of 3 years.	Contract for 3 years (will expire 30 September 2025)
1237/2021-F	<b>SCM Expert:</b> To assist the KwaZulu-Natal Provincial Treasury to provide support to departments, public entities, municipalities, and municipal entities to ensure improved service delivery and quicker turnaround times in the supply chain management.	Contract for 3 years (will expire 30 November 2025)

## Irregular expenditure Prevention Measures

The Department has put in place Supply Chain Management policies that enables the Department to prevent, detect and investigate Irregular Expenditure. In cases where Irregular Expenditure had been incurred, thorough determination tests are conducted and such cases are reported to the Condonation Committee for consideration. Consequences management is effected as required. The Department shall continue to put in place improvement strategies that would ensure efficacy in its internal control processes thus ensuring prevention of Irregular Expenditure.

## SCM Challenges

The importance of public sector SCM system gives effect to the government's policies and strategies and support socio-economic transformation and business development. It further translates budgets and strategic plans into deliverables that supports service delivery impact by the Department. The main challenge is the lack of capacity due to high staff turn-over, and this situation is caused by the low levels in the existing business unit's organogram.

## Gifts and Donations from non-related parties

The department did not receive any gifts and donations during the 2022/23 financial year.

### Donations made in Kind

Receiver of Donation	Description of Donation	Amount (R)
Nkulisa Bantu Primary School	School uniforms	34 435
Ohlange High School	School uniforms	29 925
New River Combined School	School uniforms	66 735
Solomuzi Secondary School	School uniforms	94 320
Peter Gate Secondary School	School uniforms	57 255
Obanjeni Secondary School	School uniforms	94 500
Bangani Primary School	School uniforms	71 604
Ward 83868	Wheelchair	4 600
Ward 1 - 15 Phongola Municipality	Soccer kits	46 749
Ward 17 Ethekewini Municipality	Soccer kits	42 673
Ward 20 Alfred Duma Municipality	Soccer kits	45 474
Siyamphambili Cooperatives	Bakery Equipment and items	75 000
Ezamakoti Cooperatives	Sewing machines	76 309
Qhakazile	Modifier Container	98 000
Ramakrishna Mzamo Elderly Home	Blankets	76 000
Ramakrishna Mzamo Elderly Home	Paints, brushes and cleaning facilities	22 000
Macabuzela School	School uniforms	72 600
Ubusingatha Primary School	School uniforms	56 390
Sozabe Community Hall, Ray Nkonyeni LocalMunicipality	Plastic Chairs	90 100
Blue Fortune Trading	Garden & Landscaping equipment	99 428
Percullairs CO-OP	Kitchen appliances and plastic chairs	97 497
Enkanyisweni	Mattresses, blankets, kids tables, kidschairs and kitchen appliances	56 491
Igalelolethu Primary Co-operative	Sewing machines, ironing board, fabriccutter and work station	63 300
Umthavuma Co-op	Kitchen appliances and plastic chairs	38 030
Sizanani Cooperative	Modified container	85 996
New River Combined School	Food and refreshments	48 500
Walkaway Foundation ILembe District	Christmas hamper	99 935
Ugu District	Christmas hamper	99 800
Ray Nkonyeni Municipality, Ward 21	Oven and electric kettle	5 020
Chesterville Secondary School	10 Stoves	86 990
Amahobe	School uniforms	8 100
<b>Total: Goods &amp; Services Donations</b>		<b>1 943 756</b>



### **Donor Funding**

The department had no Donor funding during the 2022/23 financial year.

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

There were no exemptions received by the department during the 2022/23 financial year.

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

None

### **Other Matters**

None

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

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

### **Conclusion**

This report presents the annual financial statements and performance information report for the financial year 2022/23.

**Ms. C. Coetzee**

**Accounting Officer**

**31 May 2023**

### 2.3.6 Statement of Responsibility and Confirmation of Accuracy for the Annual Report

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

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

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

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

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2023.

**Yours faithfully**



**Ms C. Coetzee**

**Accounting Officer**

**29 August 2023**

## 2.3.7 Strategic Overview

### 2.3.7.1 Vision

Provincial Treasury's Vision, Mission and professed Values are as follows:

- Be the center of excellence in Financial and Fiscal Management in the country.

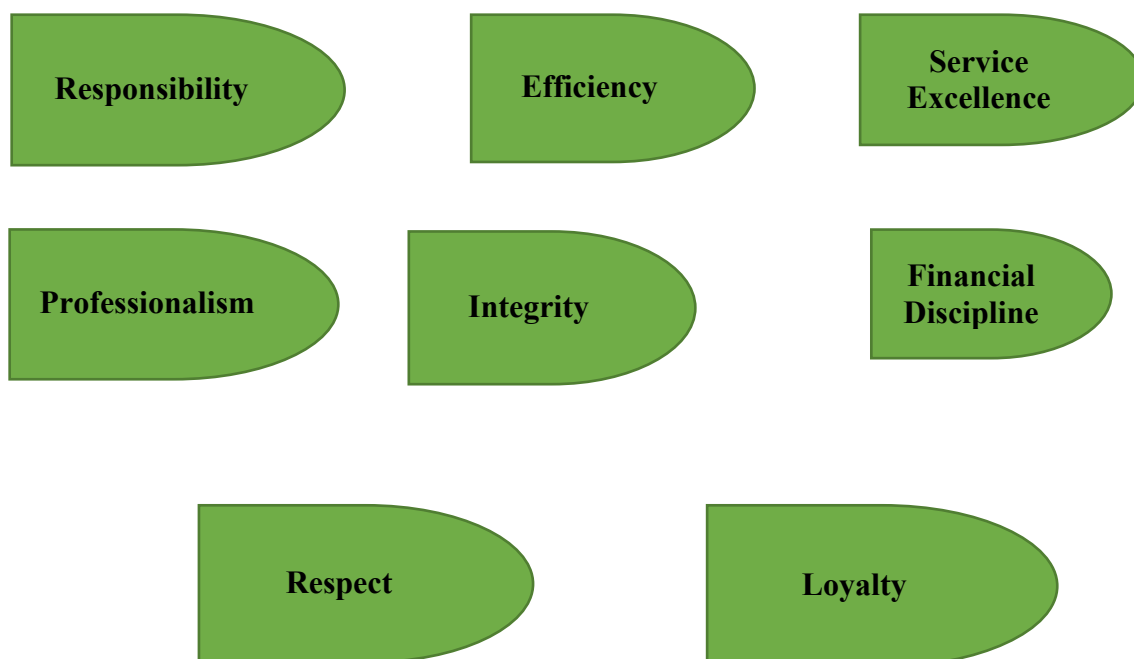
### 2.3.7.2 Mission

KZNPT 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,
- Financial management practices in compliance with applicable legislation and corporate governance principles;
- Our competent **and dedicated employees** who are at the center of ensuring best value to our stakeholders.

### 2.3.7.3 Values

The core values of KZNPT to which the department subscribes, are as follows;



## 2.3.8 Legislative and Other Mandates

The Department is governed by the following pieces of legislation and policy directives:

## Constitutional mandate

### Constitution of the Republic of South Africa (Act 208 of 1996)

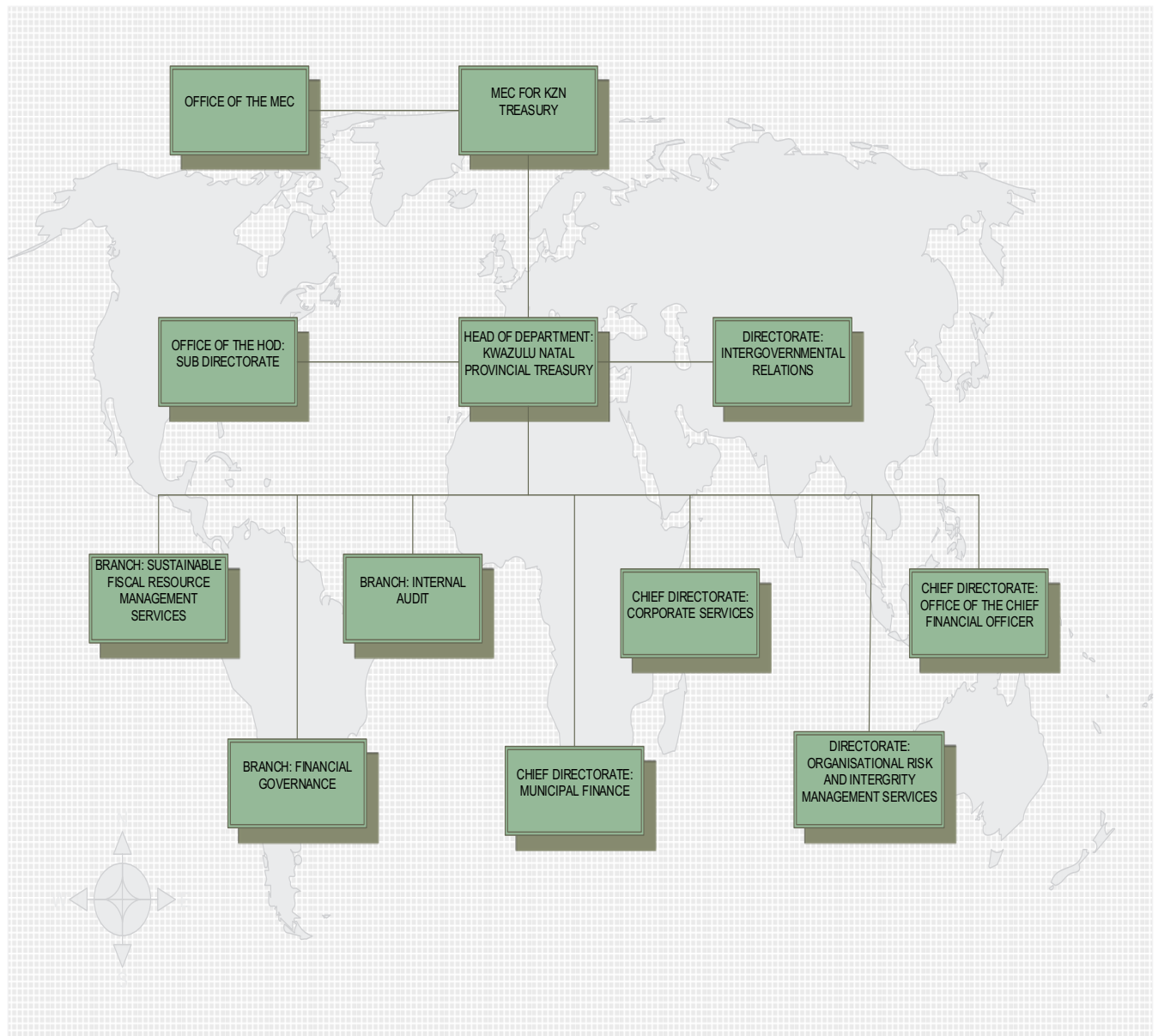
Chapter 13, and Sections 213, 215, 216, 217, 218, 219, 226 and 228 of the Constitution of the Republic of South Africa deal with general financial matters for the national and provincial spheres of government. This department draws its constitutional authority from the abovementioned sections of the Constitution.

## Legislative and Policy mandates

The **legislative mandate** within which Provincial Treasury operates, consists primarily of the following national and provincial legislation;

1.	Public Finance Management Act (Act No. 1 of 1999, as amended) and its regulations
2.	Municipal Finance Management Act (Act No. 56 of 2003)
3.	Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
4.	Revised Framework for Strategic Plans and Annual Performance Plans
5.	Promotion of Access to Information Act (Act No. 2 of 2000)
6.	Annual Division of Revenue Act
7.	Annual Provincial Appropriation Act
8.	Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)
9.	Preferential Procurement Policy Framework Act (Act No. 5 of 2000) and Regulations
10.	Public Audit Act (Act No 25 of 2004)
11.	Intergovernmental Relations Framework Act (Act No. 13 of 2005)
12.	Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)
13.	Government Immovable Asset Management Act (Act No. 19 of 2007)
14.	Construction Industry Development Board Act (Act No. 38 of 2000)
15.	Provincial Tax Regulation Process Act (Act No. 53 of 2001)
16.	KwaZulu-Natal Direct Charges Act (No. 4 of 2002)
17.	National Treasury Irregular Expenditure Framework
18.	National Evaluation Policy Framework (2011)
19.	Policy Framework for the Government-Wide Monitoring and Evaluation System (2005)
20.	Revised Framework for Strategic Plans and Annual Performance Plans (2019)
21.	Public Private Partnership Regulations

### 2.3.9 Organisational Structure



#### 2.3.10 ENTITIES REPORTING TO THE MEC

The department does not have any public entities.

# **PART B:**

# **PERFORMANCE INFORMATION**

## **2.4.1 AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES**

Refer to page 159 of the Report of the Auditor General, published as Part F: Financial Information.

## **2.4.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE**

### **2.4.2.1 Service Delivery Environment**

#### **Office of the MEC (Community Outreach and Social Responsibility)**

The Office of the Member of the Executive Authority holds public outreach events to engage with the public and various stakeholders on matters of interest and those of service delivery. These stakeholders include ordinary members of the public, co-operatives, youth-in-business, SMMEs, organised businesses, etc.

Outreach campaigns were held to engage people and business about the Budget process and outcome as well as responding to the needs of our stakeholders for an example on issues such as new preferential regulations, pay-on-time, registration on CSD at assisting rural-based SMME's and small businesses with the challenges they faced when attempting to funding in order to sustain their businesses.

These programmes were held in different districts within the province, such as on the 09<sup>th</sup> of July 2022 in Jozini Local Municipality and the other one was held in August 2022 under the Ray Nkonyeni Local Municipality.

The MEC led a Youth in Business Outreach programme in Okhahlamba Municipality, which had aimed to unlock economic opportunities for young people who are in business. The MEC extended support to various organisations or individuals in the form of donations such as school uniforms to needy children from various schools, equipment to various cooperatives such as sewing machines and bakery equipment, soccer kits and food hampers.

The MEC also hosts provincial events in her district, iLembe such as the Multi-Planting Season in Ndwedwe Local Municipality which included donation of a number Agricultural tools such as seeds and planting equipment.

The district of ILembe is among the districts in the province that have reported high cases of Gender Based Violence, and it also has high prevalence in HIV/Aids infection. In trying to educate the locals, on the 10<sup>th</sup> of December 2022 the MEC led the district launch of the 16 Day of Activism against gender based violence, which was also followed by the commemoration of the World Aids Day on the 13<sup>th</sup> of December 2022.

As the MEC was gearing up for her presentation of the 2023 Provincial Budget which was due in March 2023. She led pre and post budget activities. The main aim of the Pre-Budget Imbizos was to solicit ideas, suggestions or concerns from members of the public, while on the Post-Budget Imbizo was to share the

Provincial Budget in order to create an awareness of the various allocations. Two Pre-Budget Imbizos were held at Maphumulo Local Municipality, and at KwaNdwalane under Ray Nkonyeni Local Municipality. Post-Budget Imbizos were held at eThekweni, and uMgungundlovu District under uMshwathi Local Municipality, and uMdoni Local Municipality.

### **Management Services (Office of the HOD)**

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

### **Achievements of the Office of the Head of Department are:**

The Office of the Head of Department continues to ensure that the department fulfils its mandate in terms of the PFMA & MFMA. This includes facilitating the tabling of the MTEF and Budget Adjustment budgets whilst providing in-year monitoring to various oversight structures. Given the impact of the devastating floods, departments were required to reprioritised and funders provided donations, including additional emergency funding from national, which then required a second adjustment estimate to be tabled in March 2023 in an attempt to reduce the spending pressures facing the province.

The OHOD continues, without exception to emphasise the need to utilise fiscal resources efficiency with the continuation of the cost cutting measures together with effective budget and cash management systems.

The HOD office must co-ordinate the support provided to provincial departments, entities and municipalities across the various business units to ensure maximum impact on the intended outcomes such as Operational Clean Audit with a visible improvement in departmental audit outcomes as a result of the various interventions.

In terms of Operation Sukuma Sakhe, the Head of Department was champion for eThekweni metro until September 2022, and thereafter allocated to uMgungundlovu District Municipality. Operation Sukuma Sakhe aims to address these challenges through its multi-pronged approach. It is coordinated and implemented at various levels including, ward, local municipal, district, and provincial levels. Using the OSS model, KZN is able to institutionalise the coordination and integration of service delivery.

During August 2022 the Ethekeeni Metro hosted a DDM Week where catalytic projects within the One Plan were showcased followed by an interactive workshop to unlock bottlenecks that hinder progress.

The HOD Champion participated in numerous OSS Cabinet Day events during the period under review. Commitments through a donation to Chesterville and Eastwood Secondary Schools were made to ensure that learning development continues.

These commitments include the provision of equipment for the consumer studies classroom at Chesterville Secondary, as a result the following items were donated:

- 10x Electric/Gas Stoves
- 20 Oven baking trays
- 20 Oven Cup Cakes trays
- 10 Chopping Boards
- 10 x Sharp Kitchen Knives
- 10x sets of 4 Pots

Eastwood Secondary was damaged during the 2021 floods where most of the top structure of the school was destroyed. The HOD committed to assist the school by replacing the old blackboards, as a result 15 x whiteboards were provided to replace those that were damaged during the floods in the first quarter of the new year.

During the year the province hosted a number of events wherein the Department was required to be in attendance and implement interventions where required. This included SMS deployment to ensure adequate support to the political heads in the various wards.

The Department's executive team were invited to participate in the leadership programme funded by National Treasury which contributes to professionalising the public sector.

### **Organisational Risk & Integrity Management Services**

Organisational Risk and Integrity Management Services is established to provide risk and integrity management services in the department. The mandate of the sub- programme is in five main areas namely to:

- Manage and facilitate the development of organisational risk management policies, strategies and frameworks;
- Develop and monitor organisational risk management implementation plan
- Monitor the implementation of risk assessment response strategies
- Facilitate capacity building of departmental staff on organisational risk management policies, processes and procedures
- Develop and implement Fraud Prevention and Anti-Corruption strategies and programmes; and manage the promotion of financial disclosure and monitor compliance with regard to gift register.

The department continued to be proactive in the management of the risks through the functioning of a departmental risk management committee which acts as an oversight body. The committee assists the Accounting Officer in discharging her accountability through reviewing the effectiveness of the department's risk management system, practices and procedures and providing recommendations for improvement.

The lack of ethical values and a robust increase in fraud, and corruption cases have become a thorn in the public service; which if left unmanaged, they pose a great threat to the achievement of democratic values, service delivery, and the optimal use of scarce resources. To combat fraud and corrupt activities, the KZN Provincial Treasury has adopted a policy of "Zero tolerance towards fraud and corruption".

As a proactive measure to eliminate fraud and corruption and improve ethical culture in the department, KZN Provincial Treasury has reviewed and updated its fraud prevention plan and accompanying guideline documents. The documents are reviewed every two years and/or as the circumstances dictate.

To promote an ethical and corruption-free environment, the Department strengthened the monitoring of ethics, fraud, and corruption risks through the resuscitation of the departmental Fraud and Ethics Committee, which is chaired by the Accounting Officer. The Fraud and Ethics Committee which sits on a quarterly basis provides strategic direction and performs oversight on ethics, anti-fraud, and anti-corruption strategies and mechanisms in the Department.

The Organizational Risk and Integrity Management Services Unit continued to vigorously promote an ethical culture and implement anti-corruption strategies in the Department. In 2022/23, fraud prevention and ethics awareness sessions were conducted for both the members of the senior management and other officials in the department. In addition to fraud prevention and ethics awareness sessions, a survey on ethics, fraud, and corruption was conducted to assess the degree of ethical culture within the department as practiced, experienced, and perceived by all employees, including management and executive management. The survey was administered electronically to all employees, with the results being a source for the development of the ethics and fraud risk register, which the Department will continue to monitor into the 2023/2024 financial year.

The anti-corruption initiatives and programs achieved in the 2022/2023 financial year were part of the efforts to achieve the vision of the National Development Plan 2030 of a corruption-free South Africa (NACS, 2020). The former President of the Republic of South Africa, Dr. Nelson Mandela, said, "After climbing a great hill, one only finds that there are many more hills to climb." The fight against fraud and corruption has to be relentless; and the Department will continue promoting an ethical and corruption-free environment. In the 2023/2024 financial year, the Organizational Risk and Integrity Management Services unit will focus on capacity building of departmental staff on organizational risk and integrity management policies, processes, and procedures to assist the department in being more vigilant on risk and integrity management.

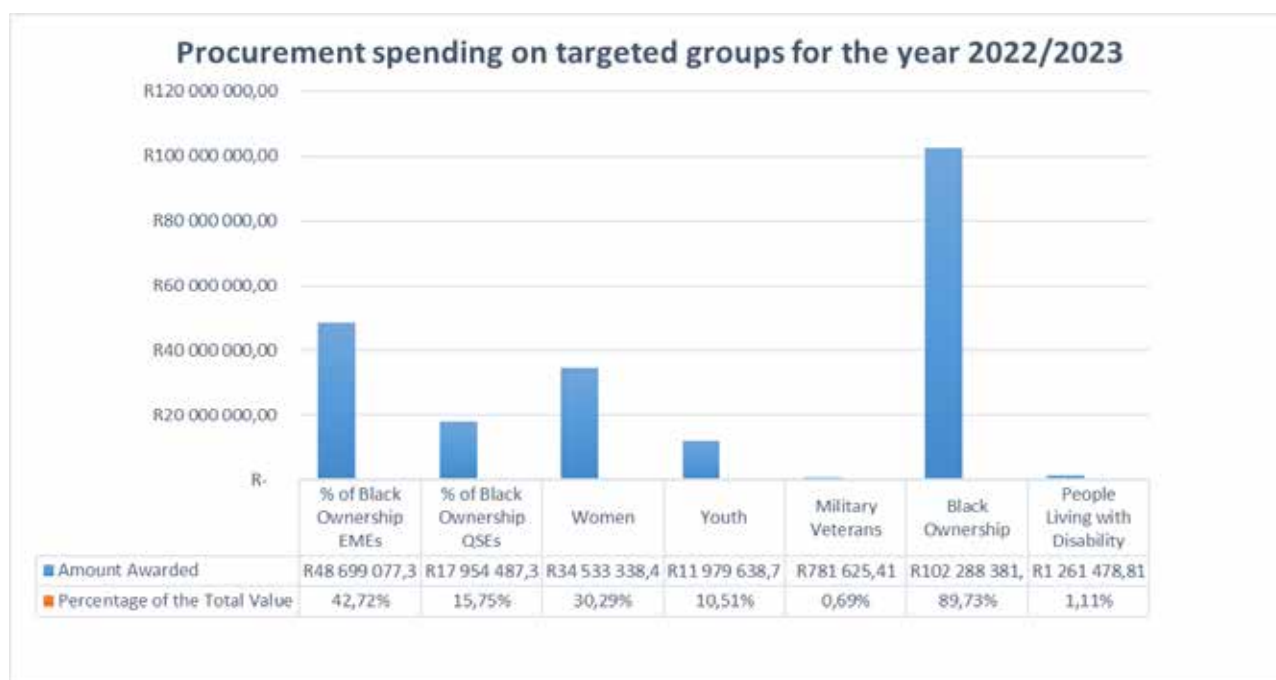
### **Financial Management (Office of the CFO)**

The objectives of this unit are to render financial and supply chain management functions to Provincial Treasury, with the following achievements during the year;

- Fully compliant asset management system with no audit findings.

- Effective internal control unit which has been able to prevent, detect and correct any internal control deficiencies and ensured 99% of all invoices received being settled within the prescribed 30 days' period.
- Facilitation of the departmental audit, receiving the 15th consecutive clean audit for the 2022/23 financial year with the target to maintain the status quo through continuous improvement. All audit issues raised during the previous audit were resolved timeously.
- The budget of the department was managed successfully and there was no overspending.
- The department spending on designated groups as the department's commitment to empowering previously disadvantaged individuals was as follows for the financial year 2022/2023;
  - R 102 288 381,57 was awarded to companies owned by Black people, which is 89,73% of the total awarded value of R 114 000 089,16;
  - R48 699 077,31 was awarded to Black-owned EMEs, which is 42,72% of the total awarded value of R 114 000 089,16;
  - R34 533 338,42 was awarded to women, which is 30,29% of the total awarded value of R 114 000 089,16;
  - R17 954 487,36 was awarded to Black Owned QSEs, which is 15,75% of the total awarded value of R 114 000 089,16;
  - R11 979 638,76 was awarded to companies owned by Youth, which is 10,51% of the total awarded value of R 114 000 089,16;
  - R781 625,41 was awarded to companies owned by Military Veterans, which is 0,69% of the total awarded value of R 114 000 089,16; and
  - R1 261 478,81 was awarded to companies owned by people living with disability, which is 1,11% of the total awarded value of R 114 000 089,16.

The below table reflects on the procurement spending on targeted groups for the year 2022/23.



## Human Resource Management

During 2022/2023, the Human Resource Management Directorate fulfilled all of its legislative mandates and delivered an efficient and professional Human Resources function to the Department, with no material audit findings. The unit has successfully implemented all planned Human Resource Planning and Work Skills Plan (WSP) priority strategies for the year, thereby ensuring a well capacitated and healthy workforce that is appropriately skilled and empowered.

The unit has exceeded its requirements in terms of empowering the organisation as a whole on all Human Resource related knowledge and information in terms of the number of policies that were developed and work-shopped during the year. Greater emphasis on empowering the Department on issues surrounding GBV and harassment has been embarked upon. The organisation as a whole is 100 percent compliant with all requirements of the performance management and development system.

Rigorous recruitment processes were facilitated during the 2022/23 financial year resulting in 61 posts being filled, in an attempt to reduce the vacancy rate and implement the newly approved organizational structure of the Department. There has also been a reduction in the number of grievances and misconduct cases within the Department which is largely attributed to the monthly articles that stem from the Labour Desk of the Directorate, which has empowered employees to a large extent.

The Unit continues with strategies to implement the Head of Department's commitment to improving EE targets in respect of women in management and people with disabilities. The Department has met the 50% target for the employment of women in senior management positions. The purchase of assistive devices and the appointment of a disability forum were also undertaken to ensure that staff with disabilities

are adequately assisted to deliver an effective service. Integrated efforts of the sections within HRM during the year has ensured a strong drive for policy compliance, eradication of fraud and corruption, responsible sick leave management, well aligned Departmental structures, adequately skilled employees and a healthy and well informed workforce.

Youth development initiatives are a priority for the Unit. Provincial Treasury's partnership with SAICA on the Thuthuka Education Upliftment Fund (TEUF), where Treasury is sponsoring previously disadvantaged students studying towards becoming Chartered Accountants is in its 8th year. The Department has committed to sponsoring 4 students a year. The partnership has further resulted in the Department receiving SAICA accreditation as a Training Office during December 2015, and the Department has received its 8<sup>th</sup> allocation of three Trainee Accountants as at January 2023 taking it to a total of 22 trainees who have been through the program. There are currently 10 graduates undergoing training towards becoming chartered accountants and 12 who have qualified as Chartered Accountants. Six of these are currently within the Department on a 5-year management development programme. This bodes well for the establishment of a pipeline of ethical capable leaders in the financial management teams in the province.

### **Information Technology Management**

The department was involved in two IT general control review audits and there were no material findings. Also, existing policies were updated, and compliance reviews were undertaken. This means from an ICT governance perspective; IT was able to provide value to the department.

The department has implemented a cloud-based workflow system for the routing and approval of documents. This process has drastically reduced the printing of documents and has decreased the turnaround time for approval of documents.

Together with SITA (State Information Technology Agency), the department is busy developing an eLearning portal. The tool will be used to educate and train users on various subject matters. The tool is being developed with the Risk Management Unit as a pilot. In the future, other units are expected to make use of the tool.

Additional server storage was procured and provisioned in the department. This increase in storage space will ensure that the department is able to meet current and future storage demands and minimize downtime.

## Programme 2: Sustainable Resource Management

### Economic Analysis and Infrastructure Management

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

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

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

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

- **Economic Services**

The Economic Analysis Unit continued evaluating and monitoring economic trends to support policy formulation. The Unit published the annual KwaZulu-Natal (KZN) Socio-Economic Review and Outlook (SERO) document and economic news bulletins. It further produced three preliminary studies on the *Revenue enhancement through mast network towers in schools in KZN*, *Funding for Youth and Children Centres* and the *Review of the National Norms and Standards for School Funding (Education)*.

Economic Analysis also supported other Business Units within the Department in terms of Socio-Economic trends for publications such as Municipal Finance's Close-Out Report, Public Finance's

Overview of Provincial Revenue and Expenditure (OPRE), provided inputs on the technical report produced by Financial and Fiscal Commission and others.

- **Infrastructure Management**

The Government's strategy to enhance socio-economic growth and development through infrastructure delivery is given effect through the implementation of the Infrastructure Delivery Management System (IDMS). Having one standard system to unify infrastructure delivery management in all spheres of government continues to be the vision of the Government.

The IDMS is a Government System for infrastructure planning, budgeting, procurement, delivery, maintenance, operation, monitoring and evaluation of infrastructure. It comprises a set of interrelating or interacting elements that establish processes which transform inputs into outputs. National Treasury issued the Instruction No. 3 of 2019/2020 Framework for Infrastructure Delivery and Procurement Management (FIDPM) which stipulates minimum IDMS planning and implementation requirements.

Infrastructure Management provides a monitoring and oversight support role for effective and efficient management of investment for all infrastructure related programmes and projects within the province in respect of:

- Infrastructure that supports service delivery;
- Planning and Budget assessments and expenditure;
- Implementation assessments and reporting
- Application of the IDMS Methodology;
- Effectiveness and efficiency of methods utilised; and;
- Optimal output performance and outcome results;

In order to augment the state capacity, an infrastructure panel of built environment professional companies has been established.

The 2023/24 Estimates for Capital Expenditure (ECE) which was published together with the Provincial Budget is one of the key achievements of this financial year. This annual publication provides detailed infrastructure expenditure plans for provincial departments and is aiming at improving infrastructure planning. The ECE also ensures transparency and contributes to ensuring effective and efficient delivery of infrastructure projects. The ECE includes each provincial department's infrastructure development programme and project lists planned to be delivered during the 2023/24 MTEF period.

The unit has also introduced the infrastructure quarterly reviews using the Infrastructure Reporting Model report (IRM) as the source of information for reporting. This report form part of National Treasury's

publication on quarterly basis. As part of the unit's monitoring function on quarterly basis the site visits are conducted wherein physical progress is verified against the IRM report and the recommendations are provided for improvement purposes.

Through improved planning and reporting processes, the departments of Health and Education continue to receive additional funding through national incentives for infrastructure development for Health Facilities Revitalisation Grant and Education Infrastructure Grant respectively.

## **Public Finance**

This sub-programme continued to perform its mandate as prescribed by the PFMA and Treasury Regulations with monitoring the spending and revenue collection of departments and public entities against the budget in 2022/23, with the aim of keeping provincial spending within budget. The Provincial Executive Council was kept informed of the province's budget performance. The *2022/23 Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)* and *2023/24 EPRE* were prepared, as is the norm every year. The unit tabled the Second Adjustments Appropriation Bill, 2023 in March 2023 as a result of spending pressures in some departments. The funds were reallocated from National Treasury and reprioritised from various departments to offset the pressures. Departments' and public entities' adherence to the cost-cutting measures continued to be monitored. Two Provincial Budget Analyst posts were filled in 2022/23, and the sourcing of additional capacity from the Provincial Treasury SAICA Training Programme also continued to ensure deliverables were met. Furthermore, the unit was trained by the Government Technical Advisory Center (GTAC) in respect of the spending reviews methodology.

## **Public Private Partnerships (PPPs)**

- During 2022/23, the Public Private Partnership fulfilled all of its legislative mandates as prescribed by the PFMA, MFMA and Treasury Regulations and has successfully implemented most of its planned strategies for the year.
- The PPP Unit continued to provide technical support and advisory services to all Provincial Departments, Public Entities and Municipalities embarking on PPP's as an alternative Procurement Vehicle.
- Despite the substantial altering of the Preferential Procurement Policy Framework, the PPP Unit has continued to ensure that any new bid addresses the transformation agenda of the Province, and shall continue to do this by ensuring that new bids make provision for the advancement of the targeted groups. On PPP contracts that are in operation, the Unit has provided direct support to facilitate reporting and compliance with the Preferential Procurement Policy Framework Regulations and an analysis of the spending on targeted groups.
- The PPP Unit has assisted the KZN Department of Health in evaluating the Bid for the appointment of a new private partner to take over at the expiration of the current contract. The Unit assisted the Department is receiving TA II A approval from the National Treasury, with TA II B approval now being sought after the finalisation of the procurement processes. There still, however, remain challenges in

the pace of the processes. We do, however, continue to provide the Department with support in finalisation of this project through to financial close.

- The PPP Unit has assisted the KZN Department of Public Work in resurrecting the Precinct project, with technical committee meeting being established and work now beginning on the project in the 2022/2023 financial year. We are hopeful that a Transaction Advisor will be appointed in the coming financial year with the project moving relatively soon thereafter into procurement.
- The PPP Unit continues to provide capacity building/training initiatives to both Public and Private sector role-players.

### **Programme 3: Financial Governance**

#### **Asset and Liabilities Management**

The Cash Blocking system has ensured more effective cash management by the departments during the 2022/2023 financial year, as departments were not able to disburse payments to suppliers unless they had the funds available in their budget. The banking section provided a support service to KZN departments in all areas of the banking function. Liaison with departments on a monthly basis has continued to improve the zero balances on the banking-related suspense accounts and Chief Financial Officers of departments were made aware of any risks identified in respect of outstanding transactions. Municipalities were informed of the reporting requirements relating to bank accounts in terms of the Municipal Finance Management Act and the submission of reports by municipalities continued to improve in the 2022/2023 financial year.

The tax section provided on-going support to the KZN provincial departments in respect of payroll tax functions during 2022/2023. There has been a noticeable improvement in the knowledge and skills of the tax supervisors at departments in the Province.

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

The PAYE Tax Manual was modernised with the emphasis on making it more user-friendly and updated with legislation amendments and is used by KZN departments in conjunction with the SARS Employer Guide. During the 2022/2023 year the training and support continued to be specifically focused at supervisory level to address the issue whereby the tax supervisors lacked the necessary PAYE knowledge and skills to assist and train their staff on all areas of the payroll tax function.

A quarterly risk analysis on the status of the PAYE functions at each department ensured that risks were identified and where deemed necessary, the Chief Financial Officer was informed and advised that further intervention and action was required by the relevant department.

## Provincial Supply Chain Management (SCM)

- The Unit conducted routine SCM compliance assessments, operational support and investigations in Departments, Municipalities and Public Entities to ensure compliance with relevant SCM prescripts.
- SCM capacity building interventions conducted included the hosting of SCM forums for municipalities, Provincial departments and entities; SCM Workshops for bid committees and SCM Practitioners and partnering with Departments and Municipalities on various empowerment programmes to capacitate service providers on SCM related matters.
- District Rollout sessions of the new Preferential Procurement Regulations 2022 were undertaken at all 11 districts. Service providers and government officials attended these sessions. The disability sector was also workshopped on the new regulations with workshops being undertaken with the chambers at all districts.
- Due to the promulgation of new Preferential Procurement Regulations in November 2022, organs of state had to revise their Preferential Procurement policies. SCM Transversal Policy unit provided support through the review of policies in order to ensure alignment with the revised regulations.
- The Contract Management Unit continued to provide support to Municipalities, Departments and Public Entities through training and on-site support. All Institutions were trained on the Contract Management Framework and a plan to provide training which is specific to each Institution was developed. Some of the training was conducted in collaboration with the Infrastructure and Economic Analysis Unit in order to address infrastructure related contracts. National Treasury was also invited to present on the new Contract Management functionality added on the e Tenders Portal. This function will assist institutions in recording and keeping accurate contract registers.
- The Instruction Note which was going to enforce the implementation of the Contract Management Framework is still outstanding from National Treasury but since the framework was already approved, implementation thereof is being monitored.
- The unit continued to provide support to Departments, Municipalities and Entities to enforce compliance with the Central Suppliers Database (CSD) and to facilitate reporting requirements. CSD training was further provided to institutions in order to provide SCM practitioners with knowledge on the functionality and enhancements of the CSD. The unit played an active role in assisting municipalities on the upload of employee data to ensure that the employees of the state within municipalities are reflected accurately on the CSD. The unit subsequently reported to Departments, Municipalities and Public entities on the statistics of employees of the state that are employed within the respective Departments, Municipalities and Public entities. The unit continues to assist suppliers on the CSD registration process via walk-ins, email and telephonically. The unit also provided support at various supplier development outreach programmes and Imbizos in order to enforce compliance

with suppliers doing business with the state and to provide assistance to suppliers on the CSD registration process, resolving queries and updating of supplier's profiles.

- In accordance with Provincial Treasury SCM Circular No. 01 Of 2022/2023: Pre-Award Assessment – Flood Disaster Relief Procurement and Budget Reprioritisation, Provincial SCM undertook 92 Pre-award assessments of goods, services and infrastructure procurements relating to flood disaster relief in order to mitigate against the incurrence of irregular expenditure.

The Provincial Bid Appeals Tribunal has facilitated a number of cases relating to the appeals against bids that were awarded by the Departments in the Province. The table below reflects a summary of appeals handled by the Bid Appeals Tribunal for Departments, during the period of 2022/2023 financial year

The table below reflects the appeals received for the 22/23 financial year. It must be noted that the National School Nutrition Programme (NSNP) bid closed during the 22/23 financial and the final day for lodging of appeals was the 17<sup>th</sup> March 2023. More than 350 appeals were received, hence one would note the 336 pending matters. These relate largely to the NSNP bid and the close proximity of the closing of the financial year to the closing of the appeal period for NSNP appeals.

SCHEDULE OF APPEALS – DEPARTMENTS					
DEPARTMENTS	APPEALS RECEIVED	STATUS			
		PENDING	WITHDRAWN	FINALISED	LATE APPEALS
Agriculture	0	-	-	-	-
Arts & Culture	1	-	-	-	1
Education	379	335	5	9	30
Health	19	1	7	8	3
Transport	7	-	3	3	1
Treasury	11	-	3	6	2
Works	-	-	-	-	-
Department of Co-Operative Governance and Traditional Affairs	7	-	3	3	1
Department of Economic Development And Tourism	6	-	3	2	1
Department of Sports And Recreation	-	-	-	-	-
Premier	2	-	2	-	-
Human Settlement	5	-	1	1	3
Social Development	6	-	4	2	-
Community Safety and Liaison	-	-	-	-	-
<b>TOTAL</b>	<b>443</b>	<b>336</b>	<b>32</b>	<b>34</b>	<b>41</b>

- The table below reflects The Municipal Bid Appeals Tribunals (MBAT) have provided active support for the hearing of MBAT matters. The table below reflects a summary of appeals handled by the Municipal Bid Appeals Tribunal for Municipalities, during the period of 2022/2023 financial year.

MUNICIPALITY	APPEALS RECEIVED	WITHDRAWN	FINALISED	LATE APPEALS
Amajuba Municipality	5	1	4	
Harry Gwala District Municipality	7	4	3	
Ugu District Municipality	7	5	1	1



Umdoni Municipality	1		1	
Danhauser Municipality	5	2	3	
Edumbe Municipality	1		1	
Greater Kokstad Municipality	5	2	2	1
Umzumbe Municipality	1		1	
UMgungundlovu District Municipality	2	1	1	
Msunduzi Municipality	6		6	
Inkosi Langalibalele Municipality	1	1		
KwaDukuza Municipality	3		3	
UMkhanyakude District Municipality	14	10	4	
UMzinyathi Municipality	2		2	
Mkhambathini Municipality	1		1	
Nkandla Municipality	2	1	1	
Nquthu District Municipality	1		1	
Abaqulusi Municipality	1		1	
Ray Nkonyeni Municipality	2		2	
Alfred Duma Municipality	3	3		
Ilembe Municipality	1		1	
Richmond Municipality				
Jozini Municipality	3	2	1	
King Cetshwayo District Municipality				
City of uMhlathuze Municipality	2		2	
Mlalazi Municipality	2		2	
uMvoti Municipality	1		1	
Msinga Municipality				
Okhahlamba Municipality				
Umzimkhulu Municipality	1			1
uThukela Municipality	1	1		
Big 5 Hlabisa Municipality				
Ubuhlebezwe Municipality				
UGU Municipality	7	5	1	1
<b>TOTAL</b>	<b>88</b>	<b>38</b>	<b>46</b>	<b>4</b>

## Accounting Services (Financial Reporting)

The strategic focus of the sub-programme is to provide sustained financial management and audit readiness support to the Province towards the primary objective of addressing audit risks and weaknesses in financial management processes in order to achieve improved audit outcomes for Departments and Public Entities.

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

- Financial and Asset Management support provided to Provincial Departments as follows:

Departments	Financial Management on specific focus areas excluding Technical Guidance	Asset Management on specific focus areas excluding Technical Guidance	Technical Guidance: (Accounting, Assets and PFMA related matters)
Office of the Premier	X	X	X
Agriculture and Rural Development	-	-	X
Economic Development, Tourism and Environment	X	-	X
Education	-	-	X
Health	X	X	X
Human Settlement	-	X	X



Community Safety and Liaison	X	-	X
Sports, Art and Culture	X	X	X
Co-operative Governance and Traditional Affairs	-	-	X
Transport	-	-	X
Department of Social Development	X	-	-
Department of Public Works	-	-	X

- Financial Management support provided to Provincial Public Entities as follows:

Public Entity	Interim Financial Statement Review: 2023 Financial Year (FY)	Annual Financial Statement Review: 2022 FY	Technical Guidance: (Accounting, Assets and PFMA related matters)
Dube TradePort Corporation	X	-	X
Traditional Levies and Trust Account	-	-	X
KZN Sharks Board	-	-	X
Ithala Development Finance Corporation	-	-	X
KZN Liquor Authority	-	-	X
KZN Film Commission	X	-	X
Ezemvelo KZN Wildlife	-	X	X
KZN Amafa and Research Institute	-	X	-
Agri-Business Development Agency	-	-	X

- Engaged with National Treasury and Office of the Auditor General on contentious matters relating to interpretation of accounting standards and any National Treasury reforms to limit audit findings;
- Monitored the submission by Provincial Departments and Public Entities mandatory financial information to Provincial Treasury and Auditor General;
- Hosted GRAP update training for Public Entities;
- Developed and facilitated the 2022/23 Modified Cash Standards (MCS) and related documents update for Provincial Departments;
- Developed and facilitated Economic Reporting Format and Standard Chart of Account (SCOA) training for budget and non-finance officials for Provincial Departments;
- Hosted accredited SCOA for Practitioners Training for Provincial Departments;
- Developed and facilitated Infrastructure Economic Classification and Reporting training for Provincial Departments;
- Hosted the PFMA Compliance Reporting Framework Information Session with National Treasury and Provincial Departments and Public Entities;
- Monitoring of interdepartmental accounts due by Provincial Departments to Public Works;
- Support suppliers to resolve payment disputes with departments.

In addition to the above the unit performed the following:

- Tabled the consolidated annual financial statements for the Provincial Departments and Public Entities with clean audit report;
- Tabled the annual financial statements for the KZN Provincial Revenue Fund with a clean audit report;
- Reviewed and finalised 65 condonation of irregular expenditure submissions made by departments and public entities;

- Facilitated a 4-module foundational financial management training programme targeting youth in business, where an average of 23 attendees attended each of the sessions.

### **Financial Information Management Systems**

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

The electronic distribution of pay slips and IRP5 has increased from 84% in FY 2021/22 to 89% in 2022/23. Departments that makeup the balance of the outstanding 11%, are those where contract employees do not have emails such as KZN COGTA.

The directorate remains committed to provide optimal protection to both BAS and Persal transversal systems thus mitigating any financial loss to the province. The use of the Biometric Access Control System (BACS) is still a proven mechanism to strengthen the non-repudiation on both BAS and Persal transactions. The tests on the addition of other features such as facial recognition are still being conducted.

The HardCat system has been upgraded to enable asset verification to be conducted using smartphones. The latest feature will improve the updating of asset registers without delays in terms of capturing. The IT departments shall be advised about the process of implementation before 31 December 2023.

The two departments namely: KZN Health and KZN COGTA are still in the process of LOGIS implementation, as they are still using HardCat to manage their asset register.

### **Norms and Standards**

#### **Policy Assistance to Departments**

The unit reviewed and updated four (4) standard operating procedure guidelines (SOPs), to ensure compliance with legislative prescripts and to ensure uniformity and consistency in the application of financial norms and standards which includes Payroll Control, Recording of Payment of Creditors, Receipt of State Money and Irregular Expenditure.

#### **Policy Assistance to Public Entities**

The unit provided policy support to public entities that were identified during the compliance assessment conducted for the 2022/2023 financial year.

The finance-related policies that were identified to be inadequate in addressing compliance discrepancies were reviewed in consultation with respective entities as indicated under the audit improvement strategy below. The policies reviewed related to, amongst others, banking, payment, and petty cash.

### **Monitoring Compliance and Evaluation**

A compliance monitoring and evaluation exercise was conducted to assess financial management compliance within all provincial departments and included a compliance checklist, where documentary evidence was requested to support certain responses indicated in the questionnaire. A comprehensive review was undertaken of the Management and Auditor-General Reports for 2020/2021, with audit findings,

deviations and internal control deficiencies noted, and a questionnaire developed based on the above analysis which assessed expenditure delegations and management of debtors. Departments were required to provide reasons for non-compliance when completing the questionnaire and formulate action plans with stipulated deadlines to address deviations.

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

A compliance follow-up report was issued per department to ensure that recommended remedial or control measures were implemented to address compliance deviations or non-conformance with regulatory prescripts and financial norms and standards. Most departments were compliant with regulatory prescripts and largely proactive in identifying deviations or implementing control measures. There were however three departments that were non-compliant, with appropriate measures being determined to address this in the following financial year.

Compliance monitoring was conducted within eight (8) entities using a customised questionnaire for each entity based on the 2020/2021 Auditor General's findings on norms and standards-related discrepancies. Aforementioned questionnaires were accompanied by checklists for the required documentary evidence to assess and evaluate the entities' responses. The process commenced with scrutinising and the analysis of audit reports for the 8 entities to identify relevant findings that necessitated further investigation. The subsequent development and issuing of a customised assessment questionnaire were submitted to the entities for completion. The completed questionnaires were analysed and thereafter compliance assessment reports, issued per entity, which detailed compliance achievements and provided recommendations to address identified weaknesses and/or non-compliance. The most common issues that were identified during the assessment related to a lack of proper expenditure management and payment measures within entities. As a measure to address the issues, the unit engaged the Film Commission, KZN Amafa and Agri-Business Development Agency to review the expenditure and payment policies in consultation with senior management.

### **Implementation of the Financial Delegation Framework**

The review of the departments' PFMA System of Delegations, in line with the Operation Clean Audit Improvement Strategy for the Province, is undertaken to ensure compliance with regulatory prescripts and National Treasury Delegation Frameworks, and assess whether the implementation of the System of Delegations ensures accountability, functionality and the achievement of expected standards regarding results and performance. Follow-ups were conducted on 13 departments for previously assessed financial

delegation frameworks to establish whether the recommendations provided were incorporated in the departmental System of Delegations. Reviews were conducted to assess revised financial delegation frameworks for eight (8) departments, and recommendations provided to ensure compliance with regulatory prescripts regarding the implementation and management of delegated financial management powers and duties.

The unit extended its assessment to public entities, commencing in the second quarter of the financial year. The following entities' financial delegations' frameworks were assessed: KZN Amafa, KZN Film Commission, Agri-Business and Development Agency, Richards Bay Industrial Development Zone, KZN Wildlife Ezemvelo, KZN Tourism, KZN Trade and Investment, KZN Tourism and Ithala Development Corporation.

### **Audit Improvement Plan 2022-2023**

The unit conducted a Policy and Procedure review assessment in line with the *Operation Clean Audit Improvement Strategy* for the Province:

- Reviewed the adequacy of financial management policies and standard operating procedures (excluding SCM-related matters), to ensure policies and standard operating procedures were compliant with regulatory prescripts and financial norms and standards.

The review was based on the findings contained within the Management Report and Auditor-General Report for 2020/2021, taking into account the mitigation strategy per department to address such findings, which related to creditor management, debt management, inter-departments accounts, unauthorised, irregular and fruitless and wasteful expenditure. Support is provided on an ongoing basis in reviewing identified policies per department, based on the audit findings and identified control deficiencies, with a report issued per department on the outcome of the reviews and recommendations provided for inclusion in the policies, for customisation and adoption by the departments.

- A similar review of the adequacy of financial management policies and procedures is also undertaken to 8 selected public entities, as informed by the findings on the Auditor General's report for 2020/2021.

## **PROGRAMME 4: Internal Audit**

### **Assurance Services**

The Assurance Services component provided the shared internal audit function for the 13 provincial departments. The unit functioned in compliance with the Standards for the International Professional Practices of Internal Auditing (SPPIA) issued by the Institute of Internal Auditors (IIA).

During the 2022/23 financial year, Assurance Services had to re-prioritise its planned audit activities to incorporate the audit of flood relief related procurement and disaster management, after the April 2022 Flood Disaster in the Province. On the 18<sup>th</sup> April 2022, Honorable President Cyril Ramaphosa declared a National State of Disaster in order to ensure an effective response to the disaster across all spheres of

government. In response to the disaster in the Province, KZN Provincial Treasury issued Circular 01 of the 2022/2023 which instructed PIAS, as per paragraph 5, to pro-actively conduct internal audits on the Department's flood relief related procurement.

A total of 157 audit reviews were conducted during the financial year which included reviews of processes that were adopted by the Departments to respond to the KZN Floods Disaster including procurement related to the floods disaster, as well other full scope audits and follow up reviews to determine if previous weaknesses were addressed by respective departments. These reviews were conducted in terms of the approved revised annual internal audit operational plans which were based on the risk profiles of each Department as well as the extent of the damage as a result of the floods Disaster that affected the Province's budget and spending priorities as priority had to be given to those affected by the floods disaster. The component also contributed towards the Provincial Treasury's assistance to departments in the improvement of audit outcomes by reviewing annual financial statements, reviewing the completeness and adequacy of audit improvements plans developed by departments to address Auditor General (AG) findings; and conducting AG follow up audits to provide accounting officers with assurance on the effective implementation of these audit improvement plans.

The internal audit unit is highly dependent on the cooperation of departmental management in the execution of its activities. Departments are required to be available to meet with internal audit during various phases of audits; as well as provide internal audit with the required information and audit evidence. The robust nature in which these are facilitated impacts the effectiveness of the unit. The unit has therefore implemented protocols with departments; which includes the prompt escalation of critical matters.

The province has in place a shared Audit & Risk Committee that provides oversight to the Internal Audit Unit. During the financial year, the members of the Provincial Audit and Risk Committee provided assurance to work conducted by PIAS in the quarterly Cluster Risk and Audit Committee meetings.

### **Risk Management Services**

Risk and Advisory Services, which is a component of the Provincial Internal Audit Services, continued to provide risk management support to provincial departments and municipalities. All departments were assisted with the review and updating of ethics and corruption risk registers; while 22 risk assessments were conducted to assist selected municipalities with the development and updating of risk registers.

The roll-out of the revised provincial risk management and combined assurance frameworks, which were approved in 2021, was commenced during this financial, with all departments provided with relevant risk management guidelines and training, while the roll-out of the combined assurance was started at four departments. The roll-out of these frameworks, including the assessment of compliance by departments, will be continued during the forthcoming financial year.

The unit also played a key role on the establishment of the provincial risk management committee. The committee, which is constituted by HODs and chaired by the Director-General, was established on 27 March 2023 to identify and ensure the resolution of provincial transversal risks.

## **Programme 5: Municipal Finance Management**

### **Municipal Budget Management**

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

During the 2022/23 financial year, the primary focus of the Municipal Budget Management sub-program was on the promotion of credible and funded municipal budgets and sound fiscal management and these were achieved through the following:

- Guiding all 51 delegated municipalities on their budgets by issuing Provincial Treasury (PT) circulars to assist municipalities in the preparation submission and publication of their medium-term revenue and expenditure framework (**MTREF**) budget as well as in informing municipalities of the requirements of Section 21 of the MFMA for the time schedule outlining key deadlines.
- Provision of technical support to all delegated municipalities in the preparation of their 2022/23 MTREF Budgets;
- Assessment of the 2022/23 MTREF budgets to establish whether the budgets were credible, sustainable (funding position) and complied with the provisions of the MFMA, the MBRR and other applicable legislations. It is critical that the funding position (i.e. funded or unfunded) of the municipal budgets are evaluated to determine the sustainability of municipalities in the province as this impact on the municipality's ability to deliver services; and
- Monitoring the implementation of municipal budgets and the preparation of monthly and quarterly reports in terms of Sections 71(6) and 71(7) of the MFMA, as well as assessing the 2022/23 Mid-Year Budget and Performance Assessment (MFMA Section 72) Reports on the budget performance of all delegated municipalities.

The Municipal Budget Management sub-programme assessed all 51 of the delegated municipalities' Tabled Budgets (including the TABB data string for the uMkhanyakude District Municipality) for the 2022/23 financial year and provided written feedback to those municipalities. The Approved Budgets of all 51 delegated municipalities were also assessed and municipalities were provided with reports containing feedback on the key findings of the assessments. On-going engagements with the senior management at the municipalities and formalised feedback on the budget assessments provided to the delegated municipalities assisted in promoting realistic and funded municipal budgets. The findings of

the 2022/23 Budget Assessment were shared with all municipalities through Circular PT/MF 7 of 2022/23 dated 22 December 2022 which included areas of weaknesses and common mistakes identified by both the Provincial and National Treasuries.

Provincial Treasury conducted the 2022/23 budget assessment in two phases. The objective of the first phase was to assess the Tabled Budgets of the municipalities and provide comments for consideration by municipalities as per the requirement of Section 23(1) of the MFMA. The assessment process also included compliance checks on all Tabled Budgets received to establish the level of compliance with the requirements of the MFMA and MBRR in general and to verify amongst others, whether the Tabled Budgets submitted were in the correct version of the prescribed format.

Copies of the 2022/23 Tabled Budgets were received from 50 delegated municipalities in the prescribed format, with the exception of the uMkhanyakude District Municipality. This was mainly due to the fact that the municipality did not table their 2022/23 Annual Budget and that the required supporting documents as per Schedule A of MBRR were not submitted to Provincial Treasury by the legislated deadline due to political instability within the municipality's Council. Comprehensive assessments were conducted and written feedback was provided to all 50 municipalities that submitted their 2022/23 Tabled Budgets to Provincial Treasury. For the uMkhanyakude District Municipality, Provincial Treasury undertook a high level assessment on the data string of the Draft Budget (TABB) uploaded to the National Treasury portal and feedback was provided accordingly. The municipality subsequently submitted their 2022/23 Tabled Budget and the detailed assessment was conducted by Provincial Treasury. Feedback was provided to the municipality on 21 October 2022.

Provincial Treasury assessed the funding positions of the 2022/23 Tabled Budgets of all the 51 delegated municipalities using the National Treasury Budget Funding Assessment Framework (Tool). Provincial Treasury held bilateral meetings with the 51 delegated municipalities to discuss the comments and recommendations on the findings relating to their 2022/23 Tabled Budgets. The aim of the engagements was amongst others, to provide technical support to the municipalities in the preparation of their budgets and to influence the funding position of the 2022/23 Approved Budget.

The second phase entailed the high-level assessment of the budgets approved by the municipal Councils. Copies of the 2022/23 Approved Budgets were received from all 51 delegated municipalities in the prescribed format. High level assessments were conducted and feedback was provided to all 51 delegated municipalities. The main purpose of the assessment of the Approved Budgets was to establish whether the Approved Budgets were funded and took into consideration the comments and recommendations made by Provincial Treasury provided on the Tabled Budgets.

This process also included a compliance check to establish the level of compliance of the Approved Budgets with the requirements of the MFMA and MBRR.

List of delegated municipalities with Unfunded 2022/23 Approved Budgets			
No.	Name of Municipality	No.	Name of Municipality
1	Mpofana	5	Newcastle
2	uThukela DM	6	AbaQulusi
3	eNdumeni	7	Ulundi
4	uMzinyathi DM	8	uMkhanyakude DM

Source: KZN Provincial Treasury

Subsequent to the approval of their Final Budgets, National Treasury required that a Council resolution showing commitment to address the unfunded position must be submitted by all municipalities with unfunded budgets to National and Provincial Treasury by 01 October 2022.

Provincial Treasury issued Circular PT/MF 04 of 2022/23 dated 31 August 2022 (Process of addressing the 2021/22 unfunded budget through the preparation of credible budget funding plan) in order to inform municipalities whose 2022/23 Approved Budgets were assessed as being unfunded by Provincial Treasury of the process to be followed to address the unfunded budget position through the preparation and/or correction of their Budget funding plans.

Provincial Treasury supported the 8 municipalities (as reflected in the table above) that approved unfunded budgets for the 2022/23 financial year in a bid to ensure that these municipalities table and approve credible Budget funding plans. The municipalities that did not submit Budget funding plans were supported to develop Budget funding plans while those municipalities that had submitted Budget funding plans were supported to review their Budget funding plans and correct all issues raised by Provincial Treasury with a view of improving the level of credibility of the Budget funding plans. The support included hands on support as well as bilateral engagements with the municipalities wherein Provincial Treasury provided detailed guidance on the preparation and review of the plan.

A credible Budget funding plan was one of the criteria for the release of the December 2022 Equitable Share tranche by National Treasury. Budget Funding Plans for 5 of the 8 municipalities were assessed to be credible. Engagements were held with the balance of the 3 municipalities to assist them in making the necessary corrections to improve the credibility of their Budget funding plans. Provincial Treasury also provided guidance and followed up on the approval of these updated Budget funding plans in Council as well as obtaining a commitment from the Councillors for the implementation of the approved Budget funding plans. The end result being that only Newcastle Local Municipality had their December tranche of the Equitable Share withheld. The Provincial Treasury worked closely with the municipality to rework the Budget funding plan so as to improve its credibility.

The Council approved the reworked 2022/23 Budget funding plan, which was subsequently assessed by Provincial Treasury to be credible and the Equitable Share tranche was released by National Treasury on 20 January 2023.

Provincial Treasury also monitored the submission of the 2022/23 Mid-Year Budget and Performance Assessment (MFMA Section 72) Reports which were due to both the Provincial and National Treasuries

by 25 January 2023 in line with the provisions of the MFMA. Provincial Treasury conducted an assessment on the Mid-Year Budget and Performance Assessment Reports submitted by the delegated municipalities with a view of providing recommendations which would influence their 2022/23 Adjustments Budgets.

Provincial Treasury discouraged municipalities in PT/MF Circular 06 of 2022/23 dated 15 December 2021 from tabling their 2022/23 Mid-Year Budget and Performance Assessment Reports together with their 2022/23 Adjustments Budgets. This was in order for the Provincial Treasury to effectively assess the 2022/23 Mid-Year Budget and Performance Assessment Reports and provide meaningful contribution thereon in the preparation of the municipalities' 2022/23 Adjustments Budgets.

Provincial Treasury evaluated the 2022/23 Mid-Year Budget and Performance Assessment Reports of all 51 delegated municipalities and provided detailed written feedback on the findings thereof to the municipalities. Bilateral engagements were successfully held with all 51 delegated municipalities during the month of February 2023 with the Supply Chain Management (SCM) and Internal Audit Units of the Provincial Treasury also being invited to participate at the engagements.

Provincial Treasury assessed the 2022/23 Adjustments Budgets of all 51 delegated municipalities and provided high level written feedback on the findings thereon to the municipalities.

The Municipal Budget sub-programme prepared 12 monthly Consolidated Budget Performance reports on all delegated municipalities including the 3 non-delegated municipalities and submitted these reports to National Treasury in terms of Section 71(6) of the MFMA.

Four quarterly reports on the Consolidated Budget Performance for all delegated municipalities including the 3 non-delegated municipalities were prepared in line with the requirements of Section 71(7) of the MFMA.

Provincial Treasury consistently monitors the payments of Section 41 Bulk resources, i.e. electricity and water accounts by all municipalities to Eskom and the Water Boards respectively. Provincial Treasury assisted in ensuring that defaulting municipalities enter into payment arrangements with Eskom with a view of settling their outstanding Eskom debt.

### **Municipal Accounting and Reporting**

In terms of Provincial Treasury's mandate to support municipalities in strengthening their financial management capacity, Provincial Treasury continued to provide financial management support to identified municipalities within the KZN Province during the 2022/2023 financial year.

The fundamental objective of the support initiative is to assist delegated municipalities to improve financial management, accounting and reporting processes and controls as well as assisting them in addressing their audit findings.

Technical reviews of the annual financial statements were conducted at selected municipalities. A high level review of the accounting records, key registers, reconciliations, schedules and working papers was also performed to ensure compliance with the GRAP standards and accurate disclosure within the annual financial statements. In addition, skills transfer to the internal audit component and/or relevant municipal

officials was also provided on the process of reviewing the financial statements and working papers as well as managing the audit queries.

Financial Management Support (FMS) was provided to selected municipalities to assist with technical and complex financial accounting and reporting matters whilst providing skills transfer to municipal officials. Eleven projects that commenced in the prior year were carried forward and concluded in the 2022/23 financial year due to post audit support that was provided at the municipalities.

List of Municipalities supported by Municipal Accounting and Reporting during 2022/23					
No.	Municipality	Support Initiative	No.	Municipality	Support Initiative
1	uMdoni	AFS Review (prior year)	14	uMgungundlovu DM	FMS (prior year)
2	Ulundi	AFS Review (prior year)	15	uMvoti	FMS (prior year)
3	uMzimbhulu	AFS Review (prior year)	16	uMngeni	FMS (prior year)
4	Zululand DM	AFS Review (prior year)	17	Mtubatuba	FMS (prior year)
5	Mandeni	AFS Review (prior year)	18	Big Five Hlabisa	FMS
6	uMuziwabantu	AFS Review (prior year)	19	Dannhauser	FMS
7	Mthonjaneni	AFS Review (prior year)	20	uBuhlebezwe	FMS
8	Zululand DM	AFS Review	21	uMngeni	FMS
9	iLembe DM	AFS Review	22	Mtubatuba	FMS
10	iMpindle	AFS Review			
11	Ndwedwe	AFS Review			
12	eDumbe	AFS Review			
13	uMshwathi	AFS Review			

### Municipal Support Program (MSP)

The Municipal Support Program (MSP) within Municipal Finance Management was established to assist and provide technical support to delegated municipalities to promote sound financial management and sustainability. The MSP is committed to support its clients and identifying ways to improve financial management at municipalities. The program also places emphasis on capacity building to ensure improvements effected are sustainable. The MSP conducted Pre-Audit Assessments at selected municipalities. The support initiative was aimed to assess the selected municipalities' readiness for the 2021/2022 MFMA audit by the Auditor-General of South Africa (AGSA). Suitable recommendations and guidance was also provided for weaknesses identified. Eight of the prior years' Pre-Audit Assessments were concluded in the 2022/23 financial year, due to post audit support that was provided to the municipalities.

The MSP further deployed Municipal Finance Experts to 5 municipalities that had been identified as being in financial distress. The Finance Experts provide financial management support and capacity building to the municipalities with the aim of strengthening the areas of budgeting, cash flow management, financial accounting and reporting as well as providing support to the municipalities' interim finance committee. The Finance Expert projects continued during the 2022/23 financial year as they are multi-year in nature and are to be completed during the 2023/24 financial year.

List of Municipalities supported by Municipal Support Programme during 2022/23					
No.	Municipality	Support Initiative	No.	Municipality	Support Initiative
1	iMpendle	Pre-audit Assessment (prior year)	14	uMkhanyakude DM	Finance Expert
2	eDumbe	Pre-audit Assessment (prior year)	15	eMadlangeni	Finance Expert
3	KwaDukuza	Pre-audit Assessment (prior year)	16	uThukela DM	Finance Expert
4	uMdoni	Pre-audit Assessment (prior year)	17	Mpofana	Finance Expert
5	Nkandla	Pre-audit Assessment (prior year)	18	uMzinyathi DM	Finance Expert
6	uMzimkhulu	Pre-audit Assessment (prior year)			
7	AbaQulusi	Pre-audit Assessment (prior year)			
8	Ndwedwe	Pre-audit Assessment (prior year)			
9	Ulundi	Pre-audit Assessment			
10	uMshwathi	Pre-audit Assessment			
11	iLembe DM	Pre-audit Assessment			
12	uMdoni	Pre-audit Assessment			
13	eDumbe	Pre-audit Assessment			

The support provided by the Municipal Accounting and Reporting as well as the Municipal Support Programme assisted 4 municipalities to improve their 2021/22 audit opinion to Unqualified with findings whilst 9 municipalities maintained their Unqualified with findings audit opinion.

The Municipal Support Programme further facilitated quarterly CFO Forums and/or training sessions during the 2022/23 financial year. The forums and training sessions provide support to all municipalities in collaboration with other stakeholders on prevailing issues that are relevant to the municipalities at the time. Topics discussed at the forums included, new GRAP updates, legislation, changes in mSCOA, Municipal Budgets, guidance on the preparation of the annual financial statements and reconciliations, UIFW and SCM.

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

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

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

Provincial Treasury continued to monitor the implementation of mSCOA in the Province during 2022/2023. Skilled consultants were appointed to assist Provincial Treasury in monitoring, supporting and capacitating municipalities on the implementation of mSCOA.

The activities conducted by Provincial Treasury together with the consultants included the following:

- Comparison of the 2021/2022 Pre-audited AFS and Audited AFS for targeted municipalities including restated comparative figures to the data strings uploaded to the National Treasury Local Government Database to determine the accuracy of the information submitted.

- Participation in the mid-year engagements including review of the implementation plans (road maps) submitted.
- Reviewed the adopted and adjustment budget for the 2022/2023 financial year together with In-year Monitoring (IYM) to ensure correct use of the mSCOA segments and assisted municipalities and entities in clearing identified errors.
- Reviewed the detailed monthly transactional data of municipalities and municipal entities to ensure correct alignment to the mSCOA chart requirements, as well as completeness and accuracy of transaction information which included the verification of opening balances in month one.
- Communicated errors and variances identified to municipalities to further investigate, provide explanations and correct accordingly. Provided guidance and support on technical matters relating to transacting and reporting in line with mSCOA and clearing of validation errors in readiness for interim and annual financial statements via telephone, email and online engagements.
- Supported municipalities by attending project steering committee meetings and other stakeholder and role-player engagements, as and when required.
- Engaged with National Treasury on mSCOA priorities, technical matters, frequently asked questions and training.
- Presentations at the CFO Forums facilitated by MSP to provide guidance on mSCOA compliance as well as to facilitate group discussions on concerns and challenges experienced by municipalities:
  - 14 June 2022: mSCOA Circular 13 on Conditional Grants and mSCOA Circular 14 on Disaster Events.
  - 14 December 2022: Guidance on the mSCOA Funding Matrix.
  - 16 March 2023: mSCOA Implementation, Steering Committees and oversight.

Provincial Treasury will continue to support municipalities to promote accurate and credible transactional data to support budgets, monthly reports, and annual financial statements.

### **Municipal Revenue and Debt Management (MRD)**

The new sub-programme was phased in from 2021/2022 and the Municipal Revenue and Debt support initiative was piloted at 2 municipalities during the latter part of the 2021/22 financial year. These projects continued during the 2022/23 financial year and support commenced at 2 additional municipalities but were not completed at year-end. The support included the review of the municipalities' accuracy and completeness of billing for revenue from property rates (if applicable) and/or from service charges. The deployed resources further assessed the municipalities' revenue and debt management practice to identify weaknesses in the revenue value chain policies, processes and procedures. Suitable recommendations were also provided to address the gaps identified. Support was further provided to assist the municipalities with the implementation of the National Treasury Revenue Management tools.

List of Municipalities supported by Municipal Revenue and Debt Management during 2022/23			
No.	Municipality	No.	Municipality
1	uMkhanyakude DM (prior year)	3	uThukela DM (in progress)
2	eMadlangeni (prior year)	4	Mtubatuba (in progress)

#### 2.4.2.2 Service Delivery Improvement Plan (SDIP)

The department's last approved Service Delivery Improvement Plan is for the period 2018 – 2021. The Department of Public Service and Administration had subsequently issued a directive to departments, as per DPSA Circular number 1 of 2020/2021 and DPSA Circular number 14 of 2022, which indicates that the next cycle approved Service Delivery Improvement Plan shall be for the period 2023 – 2025. During the gap period DPSA reviewed the 2008 SDIP directive and template and consulted on these documents.

During the 2022/2023 financial year, the department-initiated processes to identify key services for improvement which was forwarded to the MEC for Finance for approval. The two key services that will be focused on for improvement in the 2023 – 2025 plan will be Assurance Services and Risk Management within the Provincial Internal Audit Services branch. During the financial year the Complaints and Compliments Policy, and the Service Delivery Model of the Department were approved which are critical building blocks of the new SDIP development process.

#### 2.4.2.3 Organisational Environment

In 2022, the department was called to respond to yet another devastating natural disaster, the KZN April floods that claimed a number of lives and left many households homeless. A response team comprised of financial governance, internal Audit and Infrastructure was assembled. Provincial Treasury ensured that there were pre-award assessments conducted of flood relief procurements. Guidance was given to all the provincial departments in terms of the budgeting process for the April flood disaster, as well as reprioritization that was required in order to provide funding for the flood response. Further to that, the Provincial Treasury also ensured that the funds donated by various individuals and organisation towards the flood response were appropriated to the Vote, either in terms of the conditions set by the donor or, where this was not specified, then in line with decisions taken by the Provincial Executive Council.

The department demonstrated great responsibility in providing support to departments, public entities and municipalities which has resulted in the achievement of most MTSF interventions as indicated in the performance report above. The decision to shift from over reliance on consultants to building our own internal capacity is now bearing fruit.

A change in political leadership with the appointment of MEC, N.P. Nkonyeni on the 11 September 2022 was smooth and the department welcomed yet another seasoned leader as MEC for Finance.

#### 2.4.2.4 Key policy developments and legislative changes

Due to the changes in the Preferential Regulations which was amended on 16<sup>th</sup> January 2023, there was a need to review and amend the departmental SCM policy in line with the new requirements of the Regulations which was undertaken timeously by the department`.

#### 2.4.3 Progress towards Achievement of Institutional Impacts and Outcomes

##### • IMPACT AND OUTCOMES AS PER THE STRATEGIC PLAN

The department is guided by the 2019-2014 Medium Terms Strategic Framework and its 2020-2025 strategic plan. Service delivery pressures are increasing against a shrinking government purse demanding that government do more for less. KZNPT is central in ensuring that the engine of government is well-oiled to deliver services amid a volatile economic and fiscal environment through the attainment of 2020- 2025 strategic outcomes below;

1. Promote good governance by performing Audit and Risk Advisory services at Provincial Departments and Municipalities.
2. Provide support to Municipalities through financial management support programs.
3. Providing audit readiness support to provincial departments, public entities and municipalities with the objective of improving audit outcomes in the Province.
4. Conduct Supply chain management compliance assessments, Policy and Contract Management support services to provincial departments, municipalities and public entities. Implement SCM Procurement Framework for Operation Vula.
5. Provide infrastructure support to the sector departments through Infrastructure Delivery Management System. (IDMS)
6. Ensure financial viability of the Province.

##### • PROGRESS MADE TOWARDS ACHEIVEMENT OF THE 5YR TARGET IN RELATION TO OUTCOME INDICATORS

OUTCOME 1: IMPROVED AUDIT OUTCOMES			
Outcome Indicator	Baseline	Five-year target	Actual
Number of Institutions with unqualified audit outcomes.	Depts = 09 Pub. Ent. = 18 Munic = 30	Depts = 15 Pub. Ent. = 18 Munic = 49	Depts = 13 Pub. Ent= 17 Munic = 38
OUTCOME 2: ENHANCED FISCAL SUSTAINABILITY OF THE PROVINCE			
Outcome Indicator	Baseline	Five-year target	Actual
Number of Municipalities with a funded budget	35	49	46
% of Provincial Budget Spent	98.7%	99.2%	90.6%

OUTCOME 3: IMPROVE GOVERNANCE, RISK & CONTROL PROCESSES THEREBY REDUCING FRAUD & CORRUPTION			
Outcome	Baseline	Five-year target	Actual
Number of findings relating to control processes.	3458	1250 (64% improvement or reduction)	3537
OUTCOME 4: IMPROVED PARTICIPATION OF TARGETED GROUPS IN THE ECONOMY OF THE PROVINCE			
Outcome	Baseline	Five-year target	Actual
Percentage of bids advertised in terms of PPPFA Regulations	NIL (new indicator)	80% of all bids advertised in terms of PPPFA Regulations	NIL
OUTCOME 5: IMPROVED AND SUSTAINABLE INFRASTRUCTURE DELIVERY WHICH CONTRIBUTES TO INCLUSIVE ECONOMIC GROWTH			
Outcome	Baseline	Five-year target	Actual
Number of Provincial Departments institutionalizing IDMS	2	6	Departments: • DoH • DoE • DoT • DoPW

### • ACHIEVEMENT IN RELATION TO MTSF AND PGDS OUTCOMES

KZN Provincial Treasury is responsible for the mobilisation, allocation and monitoring financial resources that are aimed at implementing these priorities. This transversal role is performed at two levels, i.e. leading role and supportive role. Provincial Treasury directly responds towards achievement of the following priorities:

- Capable, Ethical & Developmental State (National MTSF).
- Economic transformation and Job creation (National MTSF).
- Building a caring and incorruptible government (PGDS).
- Job creation (PGDS) and
- Growing the economy (PGDS).

There are specific interventions assigned to KZN Provincial Treasury. These are as follows: -

- Improve financial management capability in the public sector;
- Measures taken to eliminate wasteful, fruitless and irregular expenditure in the public sector;
- Ensure state capacity on Disaster Management is enhanced to plan for and manage future pandemics; and
- Expand government spend on women, youth and PWDs through preferential procurement.

There has been good progress in the implementation of the intervention on the improvement of financial management capacity in the public sector as reflected in the audit outcomes; as well as the interventions relating to state capacity on disaster management in so far as risk management and business continuity plans review is concerned. Further support was provided following the April floods. The intervention on measures taken to eliminate wasteful, fruitless and irregular expenditure is lagging behind due to limited control over the implementation of these interventions. It is the responsibility of each Accounting Officer to investigate irregular, fruitless and wasteful expenditure. This department has however, ensured that the MEC's reporting template includes reporting by the Accounting Officer on the status of investigation

of irregular, fruitless and wasteful expenditure. Furthermore, lack of compliance to the framework on condonation of irregular expenditure which has been augmented through training interventions for all provincial departments and entities. Government spend on priority groups is monitored quarterly and with the introduction of the new preferential procurement regulations, there could be a possible decline as pre-requisites for bids were considered unconstitutional in a court ruling.

### Improve financial management capability in the public sector

KZN reflects a 35% improvement in audit opinions of Municipalities. The department has implemented a number of projects in the delegated municipalities. These included the following:

- Evaluation of delegated municipalities' tabled and approved budgets and feedback provided to assist municipalities towards approving Funded Budgets.
- Prepared early warning quarterly reports on the delegated municipalities' Budget Performance as required by Section 71(7) of the MFMA.
- Conducted reviews of the Annual Financial Statements prepared by municipalities to assist with GRAP compliance and the improvement of the quality of the AFS submitted to the AGSA. In the 2019/20 provincial financial year 8 reviews were conducted (2019/20 Annual Validated was 8 municipalities (Dr NDZ, HGDM, KwaDukuza, uBuhlebezwe, Ulundi, uMhlabuyalingana, uMzimkhulu, uPhongolo), 12 in 2020/21, and 16 in 2021/22.
- Assisted the Municipalities with the implementation of mSCOA during the provincial financial years of 2019/20, 2020/21, 2021/22 and 2022/23.
- During the 2019/20 provincial financial year, the department implemented 11 MSP projects (2019/20 was 11 projects, 9 in 2020/21, and a further 20 in 2021/22 financial year.
- 10 specialized projects were implemented for the 2022/23.
- The Municipal Revenue and Debt Management projects completed at 2 municipalities during the 2022/23 provincial financial year.

The table below indicates the movement in Municipal Audit Opinions from the Baseline (2018/19 Municipal Audit Opinions) to the 2021/22 Municipal Audit Opinions. Overall, there has been a 35% improvement in Audit Opinions from 2018/19 to 2021/22. The target of 10% improvement in audit opinions was therefore exceeded.

Movement in Audit Opinions	Number of Municipalities	Percentage
Improved from 2018/19 to 2021/22	19	35%
No Change from 2018/19 to 2021/22	29	54%
Regressed from 2018/19 to 2021/22	6	11%
	54	

## Improve financial management capability in the public sector

The department played a significant role in audit readiness support plan to enhance financial management of departments and public entities. There is an improvement in the audit outcomes from 2018/19, where 6 of 15 departments were qualified in the 2018/19 financial year.

### The audit results for the 2019/20 financial year reflected the following achievement:

- 11 Departments received unqualified audit opinion.
- 2 departments received a clean audit, and 2 departments were qualified.
- (4 improvements from qualified departments).
- Public entities – (11 achieved clean audit opinion, and 8 were unqualified. **(Improvement of clean audits from 6 to 11)**)

### The audit results for the 2020/21 financial year reflected the following achievement:

- 5 departments and 12 public entities achieved clean audits,
- 7 departments and 5 entities received unqualified audit reports,
- 3 departments received qualified audit reports.

### The audit results for the 2021/22 financial year reflected the following achievement:

- 8 departments and 12 public entities achieved clean audits,
- 5 departments and 5 entities received unqualified audit reports,
- 2 departments received qualified audit reports. The departments of Transport and Health remain qualified while Arts and Culture improved and received an unqualified audit opinion.

**(improvement in the number of clean audits and decrease in the number of qualified departments from 6 to 2= 75%).**

## Measures taken to eliminate wasteful, fruitless and irregular expenditure in the public sector

### Provincial Totals (Departments and Public Entities):

- The cumulative balance of Fruitless and Wasteful Expenditure **for the Province** at 31 March 2022 increased to R227 million compared to a balance of R218 million at 31 March 2019, as reflected in the table below:

	2021/22	2020/21	2019/20	2018/19
	R'000	R'000	R'000	R'000
Cumulative balance: Fruitless and Wasteful expenditure for the Province	227 378	227 910	220 744	218 763
Percentage Increase (decrease)	-0,23%	3,25%	0,91%	

- Fruitless and Wasteful expenditure **incurred per annum** over the four-year period from 2018/19 to 2021/22 **for the Province** is as follows:

	2021/22	2020/21	2019/20	2018/19
	R'000	R'000	R'000	R'000
Total fruitless and wasteful expenditure incurred per annum: Province	6 620	12 144	16 754	29 889
Percentage Increase (decrease)	-45,49%	-27,52%	-43,95%	

There has been a reduction in the fruitless and wasteful expenditure *incurred per annum* from R29,8 million incurred in 2019 to R6,6million incurred in 2022 (**78% reduction**).

- The cumulative balance of Irregular Expenditure increased to R53.9 billion as at 31 March 2022 for departments, compared to the cumulative balance of R41.8 billion as at 31 March 2019.
- The cumulative balance of Irregular Expenditure increased to R527.9 million as at 31 March 2022 for public entities, compared to the cumulative balance of R318.7 million as at 31 March 2019:

#### Irregular expenditure incurred per annum

- Irregular Expenditure incurred per annum over the four-year period from 2018/19 to 2021/22 is as follows for Departments:

	2021/22	2020/21	2019/20	2018/19
	R'000	R'000	R'000	R'000
Total irregular Expenditure incurred per annum for Departments	8 741 092	6 646 583	9 988 469	11 438 504
KZN Percentage Increase/Decrease	32%	-33%	-13%	

- There has been a reduction in the irregular expenditure incurred per annum from R11.4 billion incurred in 2019 to R8.7 billion incurred in 2022 (24% reduction).
- Irregular Expenditure incurred per annum over the four-year period from 2018/19 to 2021/22 is as follows for Public Entities:

	2021/22	2020/21	2019/20	2018/19
	R'000	R'000	R'000	R'000
Total irregular Expenditure incurred per annum for Public Entities	104 277	81 343	65 451	66 507
KZN Percentage Increase/Decrease	28%	24%	-2%	

There has been an increase in the irregular expenditure *incurred per annum* by Public Entities from R66.5 million incurred in 2019 to R104,2 million incurred in 2022.

Irregular Expenditure incurred per annum over the four-year period from 2018/19 to 2021/22 is as follows for the Province (**Departments and Public Entities**):

	2021/22	2020/21	2019/20	2018/19
	R'000	R'000	R'000	R'000
Total irregular Expenditure incurred per annum for Departments	8 845 369	6 727 926	10 053 920	11 505 011
KZN Percentage Increase/Decrease	31%	-33%	-13%	

There has been a decrease in the irregular expenditure *incurred per annum by the Province from R11.5 billion incurred in 2019 to R8,8 billion incurred in 2022 (23% reduction)*.

The Cumulative balance of Irregular Expenditure per annum over the four-year period from 2018/19 to 2021/22 for the Province (**Departments and Public Entities**) is as follows:

	2021/22	2020/21	2019/20	2018/19
	R'000	R'000	R'000	R'000
Cumulative Balance for Irregular Expenditure for the Province	54 494 428	49 246 143	41 828 273	40 377 477
KZN Percentage Increase/Decrease	11%	18%	4%	

## CONDONATION

- At 31 March 2023, PT received requests for condonation as follows:
  - Provincial Departments: R18.15 billion
  - Public Entities: R273.8 million
- Outstanding condonation requests amounts to R37.4 billion from Departments and R328.4 million from Public Entities
- The cumulative amount approved for condonation at 31 March 2023, is as follows:
  - Provincial Departments: R6.98 billion
  - Public Entities: R85 million
- Provincial Treasury condoned irregular expenditure in the following financial years:
  - 2020/21: R2.03 billion of which R1.9 billion related to Departments and R36.4 million related to Public Entities.
  - 2021/22: R138.4 million of which R115.7 million related to Departments and R22.7 million related to Public Entities
- 2022/23: R4.9 billion of which R4.8 billion related to Departments and R25.9 million related to Public Entities.
- 65 Irregular **expenditure condonation requests were assessed in the 2022/23 financial year.**

## COMMENTS TOWARDS AMENDMENTS ON THE STRATEGIC PLAN

OLD	NEW/CHANGES
AMENDMENTS TO THE STRATEGIC OUTCOMES IN THE STRATEGIC PLAN DOCUMENT	
<ul style="list-style-type: none"> <li>Improved Audit Outcomes.</li> </ul>	<ul style="list-style-type: none"> <li>Improved Audit Outcomes for the Province.</li> </ul>
<ul style="list-style-type: none"> <li>Improve Governance, Risk &amp; Control processes thereby reducing fraud &amp; corruption.</li> </ul>	<ul style="list-style-type: none"> <li>Improved Governance of Assurance &amp; Internal Control in Departments.</li> </ul>
AMENDMENTS TO THE PROGRAMME PURPOSES (PROG 3)	



<ul style="list-style-type: none"> <li>To provide audit readiness support to provincial departments and public entities with the objective of achieving favorable audit outcomes in the province.</li> </ul>	<ul style="list-style-type: none"> <li>To provide audit readiness support to provincial departments and public entities with the objective of achieving improved audit outcomes in the province.</li> </ul>
<b>AMENDMENTS TO THE PURPOSE OF THE SUB-PROGRAMMES</b>	
<b>PUBLIC FINANCE (Prog 2)</b>	
<ul style="list-style-type: none"> <li>Addition on the NEW purpose of the sub-programme</li> </ul>	<ul style="list-style-type: none"> <li>Ensure the province remains financially viable through effective budget management, monitoring and reporting.</li> </ul>
<b>AMENDMENTS TO THE SUB-PROGRAM NAMES</b>	
<b>ACCOUNTING PRACTICES (Prog 3)</b>	
<ul style="list-style-type: none"> <li>Sub-programme name amended from Accounting Practices (Financial Reporting)</li> </ul>	<ul style="list-style-type: none"> <li>Accounting Practices to align to the budget structure.</li> </ul>
<b>INFRASTRUCTURE MANAGEMENT AND ECONOMIC ANALYSIS (Prog 2)</b>	
<ul style="list-style-type: none"> <li>Sub-programme name amended from Infrastructure Management and Economic Analysis</li> </ul>	<ul style="list-style-type: none"> <li>Economic Analysis to align to the budget structure.</li> </ul>

## **2.4.4. Institutional Programme Performance Information**

### **1. PROGRAMME 1: Administration**

#### **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 and Legal Services).
- This programme consists of the following measurable sub-programmes (HOD and Ministry do not have APP targets):

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

The purpose of this sub-programme is:

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

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

The purpose of this sub-programme is:

- To provide optimal Human Resource services to the department.

##### **1.1.3 Information Technology Management**

The purpose of this sub-programme is:

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

## Programme/Sub-programme: 1.1.1 Financial Management (CFO)

Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
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 Q	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	0	N/A
	Submission of Main and Adjustment budget.	Timeous submission of the Main budget of the department.	New	Budget submission documents produced.	Main budget submitted by Jan 2023.	Main budget submitted by Jan 2023.	0	N/A
		Timeous submission of the Adjusted Budget of the department.	New	Budget submission documents produced.	Adjustment budget submitted by November 2022	Adjustment budget submitted by November 2022	0	N/A
	Payment of invoices within 30 days in compliance with Legislation.	Percentage of supplier's valid invoices paid within 30 days.	99%	99,5%	100%	99,5%	-0,5%	Delayed submission of two invoices for payment processing by two units due to misplacement and delay due to Responsibility manager being on leave and not delegating responsibility.
Improved participation of targeted groups in the economy of the Country.	Report on Government spend on Women, Youth, Persons with disabilities and Military Veterans in line with BBBEE Act and PPPFA.	Number of reports on Government procurement spending in Women, Youth, Persons with disabilities and Military Veterans produced.	New	4	4	4	0	N/A



Programme/Sub-programme: 1.1.2 Human Resource Management

Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Improve Governance, Risk and control processes thereby reducing fraud & corruption.	Auditor General report with opinion on HR matters of the department.	No material audit finding in the areas of Human Resource Management matters of the department.	No material Human Resource Management and Development audit findings.	No material Human Resource Management and Development audit findings.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	0	N/A
	Gender Base Violence Femicide initiatives implemented.	Number of Gender Based Femicide Violence empowerment initiatives implemented	New	8	4	6	+2	The department exceeded the planned target of 4 initiatives due to additional GBV activities that were undertaken in line with the 16 days of activism against women and children.
	Number of HR Initiatives implemented to achieve Institutional Excellence.	Number of Human Resources Plan (HRP) developed.	New	1	1	1	0	N/A
Improved participation of targeted groups in the economy of the Country.		Number of Annual Work Place Skills Plan (WPSP) developed.	New	1	1	1	0	N/A
	Appointment of previously marginalised groups in order to ensure equity in the department	% of SMS posts filled with females.	New	43%	50%	50%	0	N/A
		% of employees with disabilities, employed in the Department.	New	1.8%	2%	1.4%	-0.6%	One person with a disability resigned at the end of February 2023, reducing the % of employees with disabilities.
		% of unemployed youth employed against youth development programs in the Department.	New	11%	5%	14 %	+9%	In addition to employing interns and in-service trainees on youth development programmes, KZNPT has implemented two additional youth development

Programme/Sub-programme: 1.1.3 Information Technology Management									
Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation	programmes namely TAP and IAT learnerships.
Improve Governance, Risk and control processes thereby reducing fraud & corruption.	AG report with audit opinion on ICT matters of the department.	No material audit findings in the areas of Information Technology within the department.	No material IT audit findings.	No material IT audit findings.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	0	N/A	
	Business processes automated	Number of business processes automated	New	4	5	5	0	N/A	

## LINKING PERFORMANCE WITH BUDGET

Programme Name: Administration	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office Of The MEC	29 376	29 208	168	30 584	22 362	8 222
Management Services (HOD)	10 123	9 973	150	15 077	8 633	6 444
Financial Management (CFO)	30 817	30 582	235	31 823	27 562	4 261
Corporate Services	125 856	122 912	2 944	135 639	124 871	10 768
<b>Total for sub programmes</b>	<b>196 172</b>	<b>192 675</b>	<b>3 497</b>	<b>213 123</b>	<b>183 428</b>	<b>29 695</b>

### Programme 1 - Administration

This programme has spent R192,675 million of its adjusted budget of R196,172 million. The spending is equivalent to **98%** of the programme's adjusted budget and therefore the programme has an underspending of R3.497 million at year-end. The underspending is attributed mainly to payments for capital assets which relates to delays in delivery of orders issued for office equipment.

In terms of the overall performance on planned targets for this programme, the programme had 14 indicators and achieved 12 indicators, which results in an overall performance achievement of **86%**. Only 2 indicators were not fully achieved.

It must be noted that the actual expenditure is inclusive of other business units that are not reported at the APP level wherein various activities are undertaken. Furthermore the budget was revised during March 2023 resulting in a surrender of funds to provincial departments projecting to overspend.

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

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

- Manage, maintain and monitor the Fiscal sustainability of the province, and Support Improved & Sustainable infrastructure delivery.

This programme consist of the following measurable sub-programmes:

#### **2.1.1 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.

#### **2.1.2 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)

#### **2.1.3 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.



**Sub-programme: 2.1.1(a) Infrastructure Management and Economic Analysis (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)**

Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23 (until date of re-tabling)	Deviation from planned target to Actual achievement 2022/23	Reason for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved and sustainable infrastructure delivery which contributes to inclusive economic growth.	Capacity building to departments in the areas of Infrastructure Planning and delivery.	Number of Capacity building reports produced to departments in the areas of Infrastructure Planning and delivery.	New	New	4	2	-2	The originally tabled APP had an annual target of 4, and the achievement reported is for Q1 & 2. The indicator was since revised and the remainder of the planned targets were achieved in the Revised APP on the below table.	This indicator was amended to change the measurement and means of verification as it was measuring the reports rather than the number of departments. The indicator continued to be reported as revised in the RAPP below and the target for the year was achieved.

**Programme/Sub-programme: 2.1.1 (b) Infrastructure Management and Economic Analysis (REVISED ANNUAL PERFORMANCE PLAN)**

Outcome3	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Enhanced fiscal sustainability of the province.	Produce Socio-economic review & outlook report.	Number of Provincial Socio-economic reports produced.	12	10	9	9	0	N/A
	Produce Research reports to inform	Number of Value for money assessment reports produced.	7	4	1	1	0	N/A

	provincial resource allocations.	Number of Research Report produced	New	New	1	1	0	N/A
Improved and sustainable infrastructure delivery which contributes to inclusive economic growth	Produce Estimates of Capital Expenditure Plan.	Number of Estimates of Capital Expenditure (ECE) plan produced.	New	New	1	1	0	N/A
		Number of Monitoring reports produced on the implementation of the ECE plan by departments.	New	New	4	4	0	N/A
	Capacitate departments to institutionalise the Infrastructure Delivery Management System. (IDMS)	Number of departments capacitated on Infrastructure Delivery Model System (IDMS).	New	New	4	4	0	The actual target achievement reflected is a combination of the originally tabled APP, and the RAPP.

Sub-programme: 2.1.2 (a) Public Finance (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)								
Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23 (until date of re-tabling)	Deviation from planned target to Actual achievement 2022/23	Reason for deviation
Enhanced fiscal sustainability of the province.	Reports on Provincial Resources allocation	Number of MTEC reports produced on budget and expenditure management	15	15	15	14	-1	The target on the originally tabled APP was revised from 15 to 14 in quarter 2, due to the amalgamation of two departments.
								There was a revision in the planned annual targets due to the decrease in the number of departments as a result of the amalgamation of two departments.



Programme/Sub-programme: 2.1.2 (b) Public Finance (REVISED ANNUAL PERFORMANCE PLAN)

Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for Deviation
Enhanced fiscal sustainability of the province.	Reports on Provincial Resources Allocation	Number of MTEC reports produced on budget and expenditure management	15	15	14	14	0	N/A
		Number of early warning system reports produced.	16	18	18	18	0	N/A
	Inputs into DORA on provincial allocations.	Number of inputs submitted on DoRA.	2	3	1	1	0	N/A

Programme/Sub-programme: 2.1.3 Public Private Partnerships

Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
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 public sector institutions capacitated on PPP projects	2	2	2	2	0	N/A



	PPP Service Delivery Solutions.	Number of Proposals produced to government entities on a PPP Service Delivery Solutions.	New	New		1	0	-1	Draft report was only completed in the first quarter of 2023/24 due to capacity constraints.
Improved participation of targeted groups in the Economy of the Province.	Compliance report on the implementation of PPFA in PPP projects, including target for targeted gaps.	Number of Compliance reports produced on the implementation of the PPFA Regulations in PPP Projects	4	4	4	4	4	0	N/A

## LINKING PERFORMANCE WITH BUDGE

Programme name: Sustainable Resources Manager	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/ UnderExpenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Programme Support	R'000 3 207	R'000 3 138	R'000 69	R'000 3 730	R'000 3 683	R'000 47
Economic Analysis	20 731	19 654	1 077	20 663	14 598	6 065
Public Finance	18 079	18 030	49	18 373	18 343	30
Public Private Partnerships	5 543	4 814	729	6 680	5 779	901
<b>Total</b>	<b>47 560</b>	<b>45 636</b>	<b>1 924</b>	<b>49 446</b>	<b>42 403</b>	<b>7 043</b>

### Programme 2 – Sustainable Resources Management

The programme has spent R45,636 million of its adjusted budget of R47,560 million. The spending is equivalent to **96%** of the programme's adjusted budget and therefore

The programme has an underspending of R1,924 million at year end. The underspending is attributed to Compensation of employees which is due to resignations during the year which requires about 4 to 6 months to fill and Goods and services mainly on items such as Operating payments, Training and development, Consumables, Stationery and Travel and Subsistence due to less travel to clients, National Treasury meetings like PAG forum, TCF etc. as most meetings were held virtually.

In terms of the overall performance on planned targets for this programme, the programme had 12 indicators and only 11 indicators were fully achieved, which results in an overall performance achievement of **92%**. Only 1 indicator was not fully achieved.

### 3 PROGRAMME 3: Financial Governance

#### 3.1 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:

##### 3.1.1 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.

##### 3.1.2 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.

##### 3.1.3 Sub-programme: Accounting Practices (Financial Reporting)

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.

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

The purpose of this sub-programme is:

- To provide reliable, efficient and effective financial systems in the province.

##### 3.1.5 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.

Programme/Sub-programme: 3.1.1 (a) Asset and Liabilities Management (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)							
Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23 (until date of re-tabling)	Deviation from planned target to Actual achievement 2022/23
Improved audit outcomes for the province.	Reports on compliance to tax and banking legislations	Number of risk analysis reports compiled per provincial department.	56	56	56	27	-29
		Number of compliance assessment reports is departments on the st suspense accounts.	56	56	56	27	-29
			Reason for deviation				
			Reasons for revisions to the Outputs / Output indicators / Annual Targets				

### Programme/Sub-programme: 3.1.1 (b) Asset and Liabilities Management (REVISED ANNUAL PERFORMANCE PLAN)

Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Improved audit outcomes for the province.	Reports on compliance to tax and banking legislations	Number of risk analysis reports compiled per provincial department.	56	56	52	53	+1	The department reported on the originally tabled APP during quarter 1, where the number of departments were still 14, before the amalgamation of Department of Sports and Arts and Culture.
		Number of compliance assessment reports issued departments on the status suspense accounts.	56	56	52	53	+1	

### Sub-programme: 3.1.2 (a) Supply Chain Management (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)

Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23 (until date of re-tabling)	Deviation from planned target to Actual achievement 2022/23	Reason for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Audit Outcomes for the Province.	SCM initiatives implemented at departments, municipalities and public entities to improve compliance with SCM prescripts.	Number of reports produced on the Implementation of the Annual Procurement Plans by public sector institutions.	New	10	10	6	-4	This indicator was only implemented in Q1&2 of the originally tabled APP. The actual achievement reflected relates to Q1 &2. The indicator was then moved to the AOP.	This indicator was moved to the AOP as it was considered operational.



Programme/Sub-programme: 3.1.2 (b) Supply Chain Management (REVISED ANNUAL PERFORMANCE PLAN)								
Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Improved Audit Outcomes for the Province.	SCM initiatives implemented at departments, municipalities and public entities to improve compliance with SCM prescripts.	Number of SCM training sessions conducted on SCM prescripts and best practice.	New	New	3	7	+4	The promulgation of Preferential Procurement Regulation 2022 necessitated the Provincial SCM unit to train and capacitate institutions in order to review their SCM policies prior to 16 January 2023- this had not been planned for and therefore the target was exceeded.
		Number of SCM prescripts reviewed in line with SCM legislative developments.	New	13	16	49	+33	The change in Preferential regulations necessitated amendments to all organs of state's procurement policies which were reviewed by the unit. This was not planned for and therefore the target was exceeded.
	Reports on Bid Appeals Tribunal.	Number of reports produced on the status of Bid Appeals Tribunal and Municipal Bid Appeals Tribunal.	New	4	4	4	0	N/A

	Training on Contract Management Framework in Departments, Municipalities and Public Entities.	Number of Contract Management training sessions conducted at public sector institutions	New	New	3	3	0	N/A
Improved participation of targeted groups in the economy of the Province.	Report on distribution of procurement spend to the targeted groups	Number of reports produced on the distribution of procurement spend to the targeted groups.	3	3	4	4	0	N/A

Programme/Sub-programme: 3.1.3 (a) Accounting Practices (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)								
Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23 (until date of re-tabling)	Deviation from planned target to Actual achievement 2022/23	Reason for deviation
Improved Audit Outcomes for the Province.	Public Sector Institutions supported in financial management in order to improve audit outcomes.	% of Irregular Expenditure Condonation requests assessed in compliance with the Irregular Expenditure Framework within 3 months of receipt of the request.	New	New	100%	96.5%	-3.5%	Capacity constraints arose due to the resignation of the key official that was managing the irregular expenditure condonation process. (The 96.5% constitutes of a total number of 41 assessments that were condoned until date of re-tabling).
								This indicator was amended to change the method of measurement from percentage assessed to the number of requests for condonation received. The indicator continued to be reported as such in the RAPP in the last two quarters (refer below).



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.	11	5	2	15	+13	There were additional requests received from Departments for audit and technical support.	To amend the indicator and the method of calculation to address and avoid audit query. Initially, we were reporting on the number of departments supported rather than the number of support provided on each visit.
		Number of public entities supported in financial management on agreed specific focus areas.	New	New	1	10	+9	There were additional requests received from Public Entities for AFS review and audit and technical support	To amend the indicator and the method of calculation to address and avoid audit query. Initially, we were reporting on the number of public entities supported rather than the number of support provided on each visit.
		Number of public sector institutions (departments and public entities) supported in asset management on agreed specific focus areas.	New	New	2	6	+4	There were additional requests for asset management support from departments.	Amend indicator in line with the evidence that is produced for the support provided by Treasury to other provincial departments.

**Programme/Sub-programme: 3.1.3 (b) Accounting Practices (REVISED ANNUAL PERFORMANCE PLAN)**

Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Improved Audit Outcomes for the Province.	Public Sector Institutions supported in financial management in	Number of reports produced on financial management support provided to departments.	New	17	6	15	+9	There were additional requests received from Departments for audit and technical support. Ad hoc requests are difficult to plan



order to improve audit outcomes.	Number of reports produced on financial management support provided to public entities.	New	New	5	12	+7	There were additional requests received from Public Entities for AFS review and audit and technical support. Ad hoc requests are difficult to plan for and hence the over achievement.
	Number of reports produced on asset management support provided to public sector institutions.	New	New	4	11	+7	There were additional requests for asset management support from departments. Ad hoc requests are difficult to plan for and hence the over achievement.
	Reports on institutions level of compliance on payment of suppliers within 30 days.	12	12	12	12	0	N/A
	Condonation of Irregular Expenditure in the Province.	New	65	30	65	+35	The department had planned to assess 30 requests for condonation for the fly, but due to Entities and departments submitting more condonation requests than planned, it resulted in the total number of 65 condonation request being assessed which lead to an over-achievement. Ad hoc requests are difficult to plan for.

	Training sessions facilitated on Financial Management (PFMA) at Public Sector Institutions in the province	Number of Training sessions facilitated.	New	New	5	15	+10	The responses to the various training programmes was higher than anticipated and additional sessions had to be held resulting in overachievement (training covered ERF & SCOA, the release of Instruction Note 4 of 2022/23: PFMA Compliance and Reporting Framework and Modified Cash Standards Update).
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Programme/Sub-programme: 3.1.4 (a) Financial Information Management Systems (FIMS) (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)									
Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 022/23 (until date of re-tabling)	Deviation from planned target to Actual achievement 2022/23	Reason for deviation	Reasons for revisions to the Outputs/Output indicators/Annual Targets
Improve Governance, Risk & Control processes thereby reducing Fraud & Corruption.	Financial Transversal Systems available.	Number of departments with implemented invoice management system in the province.	System piloted at 1 department.	0	Review systems implementation governance.	0	0	KZN Provincial Treasury was awaiting National Treasury to finalize the amendment of contract RT15 that will include the invoice tracking solution module.	The indicator was discontinued in the revised APP, as no progress was made by National Treasury.
		Percentage availability of Financial transversal systems.	100%	99.77%	97%	100%	0	N/A	This indicator was amended in the RAPP and split into two indicators for better reporting, as it was measuring two variables. (refer to the table below)

# Programme/Sub-programme: 3.1.4 (b) Financial Information Management Systems (FIMS) (REVISED ANNUAL PERFORMANCE PLAN)

Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/2023	Actual achievement 2022/2023	Deviation from planned target to actual achievement 2022/2023	Reason for deviation
Improve Governance, Risk & Control processes thereby reducing Fraud & Corruption.	Financial Transversal Systems available.	Percentage availability of Financial transversal systems.	100%	99.77%	97%	99.5%	+0.5%	There is a constant system monitoring in place for backup power and systems. This ensures that we have reliable performance at all times.
		Mean time to resolve calls for transversal systems.	New	New	8 hours	04:01:21	+03:58:39	

## Programme/Sub-programme: 3.1.5 (a) Norms and Standards (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)

Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23 (until date of re-tabling)	Deviation from planned target to actual achievement 2022/23	Reason for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improved Audit Outcomes for the Province.	Assessments conducted in departments and Public Entities to improve compliance with legislation.	Number of departments assessed on compliance with financial management legislation.	14	14	14	13	-1	The target on the originally tabled APP was revised from 14 to 13 in quarter 2, due to the amalgamation of two departments  This achievement is for quarter 1 & 2 only, and there is a variance of an under-achievement of 1 in Q2. The department planned for 14 departments, and the actual achievement was 13 in Q2 due to amalgamation of two departments.	There was a revision in the planned targets due to the decrease in the number of departments as a result of the amalgamation of two departments.

Programme/Sub-programme: 3.1.5 (b) Norms and Standards (REVISED ANNUAL PERFORMANCE PLAN)								
Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Improved Audit Outcomes for the Province.	Assessments conducted in departments and Public Entities to improve compliance with legislation.	Number of departments assessed on compliance with financial management legislation.	14	14	13	13	0	N/A
		Number of public entities assessed on compliance with financial management legislation.	8	8	8	8	0	N/A

## LINK PERFORMANCE WITH THE BUDGET

ProgrammeName: Financial Governance	2022/2023			2021/2022		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
<b>Sub-programmes</b>						
Programme Support	5 712	5 416	296	5 180	5 180	-
Asset & Liabilities Management	19 730	18 532	1 198	18 685	18 671	14
Support and Interlinked Financial System	117 708	117 101	607	113 824	113 764	60
Supply Chain Management	40 209	39 873	336	44 337	44 083	254
Accounting Services	15 813	15 238	575	18 567	18 455	112
Norms and Standards	5 539	5 213	326	6 194	6 112	82
<b>Total</b>	<b>204 711</b>	<b>201 373</b>	<b>3 338</b>	<b>206 787</b>	<b>206 265</b>	<b>522</b>

### Programme 3 – Financial Governance

The programme has spent R201,373 million of its Adjusted budget of R204,711 million. The spending is equivalent to **98%** of the programme's Adjusted budget and therefore the programme has an underspending of R3,338 million. The underspending attributed to Compensation of employees which is due to resignations during the year which requires about 4 to 6 months to fill and from Goods and services mainly on items such as Administrative fees (Bank charges on transversal bank accounts); Agency and support/outsourced services and travel and subsistence and from Payments for capital assets relates to delays in delivery of orders issued for office equipment.

In terms of the overall performance on planned targets for this programme, the programme had 18 indicators and all 18 indicators were fully achieved, which results in an overall performance achievement of **100%**.

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

**4.1** 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:

##### **4.1.1 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.

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

The purpose of the sub-programme is to:

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



Programme/Sub-programme: 4.1.1 (a) Assurance Services (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23 (until date of re-tabling)	Deviation from planned target to Actual achievement 2022/23	Reason for deviation	Reasons for revisions to the Outputs / Output Indicators / Annual Targets
Improve Governance, Risk and Control Processes thereby reducing Fraud and Corruption.	Internal Audit reviews conducted.	Number of Internal Audit Reviews conducted.	73	121	115	57	-58	The planned target relates to the originally tabled APP's yearly target, meanwhile the reported achievement relates only to Q1&2. The rest of targets was achieved in the revised APP in the latter quarters.	Annual target was revised from 115 to 110.  The annual target was reduced due to the number of smaller audits that were cancelled and replaced by the Disaster Management procurement audits.
		Number of follow-up reviews on the implementation of recommendations on resolved audit findings.	31	61	45	18	-27	The planned target relates to the originally tabled APP's yearly target, meanwhile the reported achievement relates only to Q1&2. The rest of targets was achieved in the revised APP in the latter quarters.	Annual target was revised from 45 to 29.  The annual target was reduced due to the number of smaller audits being cancelled and replaced by the Disaster Management procurement audits.

Programme/Sub-programme: 4.1.1 (b) Assurance Services (REVISED ANNUAL PERFORMANCE PLAN)								
Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Improve Governance, Risk and Control Processes thereby reducing Fraud and Corruption.	Internal Audit reviews conducted.	Number of Internal Audit Reviews conducted.	73	121	110	120	+10	Cabinet requested audits to be undertaken in respect of the Floods and these were not planned for and resulted in additional audits being undertaken.
		Number of follow-up reviews on the implementation of recommendations on resolved audit findings.	31	61	29	34	+5	Carry over follow-up audits from the previous financial year that were finalised during the year.
	Oversight reports to strength accountability by Public Sectors Institutions	Number of audits conducted on the mainstreaming of vulnerable groups.	17	7	4	3	-1	The audit work was completed, however the report was not finalised by 31 March 2023.
		Number of oversight reports issued to MEC's of provincial departments.	43	42	56	56	0	N/A



Programme/Sub-programme: 4.1.2 (a) Risk Management (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)									
Outcome	Output	Output indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23 (until date of re-tabling)	Deviation from planned target to Actual achievement 2022/23	Reason for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
Improve governance Risk and control Processes thereby Reducing fraud and Corruption	Strengthened Internal Control & Risk Management in the province.	Number of Audit Committee and Internal Audit Technical support provided to municipalities.	New	8	8 Audit Committee Technical Support 5 Internal Audit Technical Support	4 audit committee Technical support 2 Internal Audit Technical Support	-4 -3	The planned target relates to the originally tabled APP's yearly target, meanwhile the reported achievement relates only to Q1&2.  Quarter 1 & 2 targets were fully achieved. The rest of targets were achieved in the revised APP in Q3 and 4.	This indicator was split in the revised APP for better reporting as it was measuring two variables.

Programme/Sub-programme: 4.1.2 (b) Risk Management (REVISED ANNUAL PERFORMANCE PLAN)								
Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Improve governance Risk and control Processes thereby Reducing fraud and Corruption	Risk assessment reviews for municipalities	Number of risk assessment reviews conducted for municipalities.	New	26	15	22	+7	There were additional requests made by the Municipalities above what had been planned for.
	Ethics, fraud & corruption and risk assessment reviews for public sector institutions.	Number of Ethics, Fraud and Corruption risk assessment reviews conducted for Public sector institution.	New	11	22	22	0	N/A
	Strengthened Internal Control & Risk Management the province.	Percentage roll-out of the provincial Risk Management and Combined Assurance Frameworks.	New	New	60%	60%	0	N/A
		Number of Audit Committee functionality reviews conducted for municipalities.	New	8	8	8	0	N/A
		Number of internal audit functionality technical reviews conducted for municipalities.	New	New	5	5	0	N/A

## LINKING PERFORMANCE TO THE BUDGET

Programme Name: Internal Audit	2022/2023			2021/2022		
	Final Appropriation R'000	Actual Expenditure R'000	Over/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
<b>Sub-programmes</b>						
Programme Support	2 485	2 373	112	3 129	2 539	590
Assurance Services	77 767	77 757	10	72 809	64 738	8 071
Risk Management	19 947	19 849	98	21 412	18 939	2 473
<b>Total</b>	<b>100 199</b>	<b>99 979</b>	<b>220</b>	<b>97 350</b>	<b>86 216</b>	<b>11 134</b>

### **Programme 4 – Internal Audit**

The programme has spent R99,979 million of its adjusted budget of R100,199 million. The spending is equivalent to **99,8%** of the programme's Adjusted budget and therefore the programme has an underspending of R220 thousand. The underspending attributed mainly to Goods and services on items such as operating payments, administrative fees and consumables supplies and from Payments for capital assets relates to delays in delivery of orders issued for office equipment.

In terms of the overall performance on planned targets for this programme, the programme had 9 indicators and only 8 indicators were fully achieved, which results in an overall performance achievement of **89%**. Only one indicator was not fully achieved.

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

### **5.1 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:

#### **5.1.1 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.

#### **5.1.2 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.

#### **5.1.3 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.

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

The purpose of this sub-programme is to:

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



Programme/Sub-programme: 5.1.1 Municipal Budget								
Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
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.	47	51	51	51	0	N/A
		Number of evaluation reports produced on approved budgets of Delegated Municipalities.	51	51	51	51	0	N/A
	Early warning reports on Municipal Budget Performance	Number of Section 71(7) Quarterly Budget Performance Reports produced.	New	New	4	4	0	N/A

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Programme/Sub-programme: 5.1.2 (b) Municipal Accounting and Reporting (REVISED APP)								
Outcome	Output	Outputs indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual Achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Improved Audit Outcomes for the Province.	Financial Statements reviews conducted at targeted municipalities.	Number of financial statements reviews conducted at targeted municipalities.	12	16	7	13	+6	7 AFS reviews were planned for the year, however only 6 close out reports were received by 31 March 2023. The project has been completed on time however, the report was only signed off by the Municipal CFO in May 2023. An additional 7 projects were carried over from the previous year and were concluded in 2022/23 resulting in an overachievement.
	Financial management support projects implemented at targeted municipalities.	Number of financial management support projects implemented at targeted municipalities.	3	6	6	9	+3	6 FMS projects were planned for the year, only 5 projects had a signed-off close out reports at year end. The project has been completed on time however, the report was signed off by the Municipal CFO in April 2023.  The 4 projects relate to carry overs from the previous financial year completed in 22/23

Programme/Sub-programme: 5.1.3 (a) Municipal Support Programme (ORIGINALLY TABLED APP TO DATE OF RE-TABLING)									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	Actual achievement 2022/23 (until date of re-tabling)	Deviation from planned target to Actual achievement 2022/23	Reason for deviation	Reasons for revisions to the Outputs / Output indicators / Annual Targets
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.	13	20	10	19	+9	Out of the 19 targets achieved 15 is progress reports, and 4 is closed projects. (these 4 close out projects relate to the previous financial years)	The method of calculation was amended from the progress reports on the implementation of the projects to close-out reports.
								Out of the 15 progress reports, 7 relates to the current financial year and 8 relates to previous financial years.	



Programme/Sub-programme: 5.1.3 (b) Municipal Support Programme (REVISED ANNUAL PERFORMANCE PLAN)

Outcome	Output	Outputs Indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for Deviation
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.	13	20	10	13	+3	10 MSP projects were planned for the year, however only five 2022/23 projects were completed by 31 March 2023. Five of these projects are multiyear in nature and will be concluded in 2023/24. The balance of 8 projects relates to the prior years' projects that were only concluded in the current year.

Programme/Sub-programme: 5.1.4 Municipal Revenue and Debt Management

Outcome	Output	Outputs Indicator	Audited Actual performance 2020/21	Audited Actual performance 2021/22	Planned Annual Target 2022/23	Actual achievement 2022/23	Deviation from planned target to actual achievement 2022/23	Reason for deviation
Improved Audit Outcomes for the Province.	Revenue and debt projects implemented at targeted municipalities to strengthen financial management capability in local government.	Number of Revenue and Debt projects implemented at targeted municipalities.	Nil	2	1	2	+1	1 project was planned for the year but not completed due to political instability, unavailability of staff and information. The 2 projects reflected as achieved related to the prior years' projects that were only concluded in the current year. "

## LINK PERFORMANCE TO THE BUDGET

Programme Name: Municipal Finance Management	2022/2023			2021/2022		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
<b>Programme Support</b>	4 482	4 472	10	3 150	2 932	218
Municipal Budget	25 432	25 037	395	26 544	26 376	168
Municipal Accounting and Reporting	10 834	10 736	98	17 149	11 652	5 497
Municipal Support Programme	25 756	25 756	-	17 322	13 986	3 336
Municipal Revenue and Debts Management Support	7 363	7 138	225	6 022	3 637	2 385
<b>Total</b>	<b>73 867</b>	<b>73 139</b>	<b>728</b>	<b>70 187</b>	<b>58 583</b>	<b>11 604</b>

### Programme 5 - Municipal Finance Management

The programme has spent R73,139 million of its adjusted budget of R73,867 million. The spending is equivalent to **99%** of the programme's Adjusted budget and therefore the programme has an underspending of R728 thousand. The underspending attributed mainly to Goods and services on items such as agency and support/outsourced services and from Payments for capital assets relates to delays in delivery of orders issued for tools of trade.

In terms of the overall performance on planned targets for this programme, the programme had 7 indicators and all the 7 indicators were fully achieved, which results in an overall performance achievement of **100%**.

## **2.4.5 Transfer Payments**

### **2.4.5.1 Transfer payments to Public Entities**

The department had no transfer payments made to public entities during the 2022/2023 financial year.

### **2.4.5.2 Transfer payments to all organisations other than public entities.**

The department had no transfer payments made to other organisations during the 2022/2023 financial year.

## **2.4.6 Conditional Grants**

### **2.4.6.1 Conditional grants and earmarked funds paid**

The department had no conditional grant funding during the 2022/2023 financial year.

## **2.4.7 Donor Funds Received**

### **2.4.7.1 Donor Fund**

The department had no Donor funding received during the 2022/2023 financial year.

### **2.4.7.2 Global Funding**

The department had no Global funding received during the 2022/2023 financial year.

## **2.4.8 Capital Investment**

### **2.4.8.1 Capital Investment, Maintenance and Asset Management plan**

The department had no capital investment during the 2022/2023 financial year.

# **PART C:**

# **GOVERNANCE**

## **2.5 PART C: GOVERNANCE**

### **2.5.1 Introduction**

In line with the Constitution of the Republic of South Africa (1996) that states that one of the basic values and principles governing public administration requires that a high standard of professional ethics must be promoted and maintained. The KZN Provincial Treasury is responsible for promoting economic development, good governance, social progress and improving living standards through accountability, efficiency and sustainability of the public finances and secure sound and sustainable management of the financial affairs of municipalities inclusive of municipal entities. The department has emphasized the need to ensure improved and impact-based performance in respect of its legislative role in the province. Clean and good governance remains the backbone of their quest to obtain clean audit outcomes at all government levels in this province.

KZNPT continued to maintain the highest level of good governance through reporting and feedback that promotes honesty and accountability, as contained in our value statement.

### **2.5.2 Risk Management**

The 2022/2023 risk operating environment was unique in that a number of several risks were materialising simultaneously. Such a risk environment is characterised as a poly-crisis environment according to the World Economic Forum; Global Risks Report of 2023. It is an environment where many shocks are occurring at the same time.

The magnitude at which the environment changed left many with fear and doubt, due to it being volatile and being full of uncertainties. The risk management vision in the Department is to encourage a culture of informed risk-taking, which enables the Department to pursue its mandate, vision and mission without fearing risks, but being aware of risks leading to informed decision making which was adopted from the KwaZulu-Natal (KZN) Provincial Risk Management Framework which was approved by the Provincial Executive Council on 09 June 2021.

In light of the poly-crisis environment, it was imperative that the Department becomes agile in identifying, evaluating, and responding to risks in an appropriate and efficient manner, not only to minimize the threats in terms of probability and severity of the risks but also to soar on the opportunities that the department could exploit through implementation of appropriate risk strategies and a positive risk management culture in place.

During the 2022/23 financial year, the Department reviewed and approved a risk management policy, a risk management strategy, and a risk appetite and tolerance statement that articulates the department's risk management stance and direction. The above policies were aligned to the KZN Risk Management Framework and Departmental strategy to ensure a cohesive approach to the enterprise wide risk management. The same policies are reviewed every two years to ensure that the overall risk management

approach is consistent with applicable legislation and best practices and latest developments within the risk management fraternity.

The department has formally established a risk management unit / function (Organisational Risk and Integrity Management Services Directorate) in addition to the well-established and functional Risk Management Committee. The Risk Management Committee continues to focus on supporting the Accounting Officer in discharging her accountability for risk management by reviewing the effectiveness of the Department's risk management system, practices and procedures, and providing recommendations for improvement.

Extensive work was undertaken to review, update and develop a comprehensive risk profile which is a consolidated risk register for the Department. The Department's risk landscape was mainly dominated by the need to stringently monitor the effectiveness of controls for risks that were materialising which included (but was not limited to); extensive hours of load shedding (insufficient energy supply), water shortages, fiscal constraints (reduced provincial equitable share, budget cuts), human resource capacity constraints due to a high vacancy rate, network connectivity issues (network downtime), threats to cyber security, and a public service worker's strike that threatened the safety of employees and service delivery.

The implementation of risk mitigating strategies protected the department against vulnerabilities, ensured that service delivery proceeds uninterrupted, and safeguarded the purse of the province.

The risks and the associated risk mitigation plans/ strategies were monitored on a quarterly basis where feedback on the progress on the implementation of risk mitigation plans was interrogated by the Risk Management Committee and the Cluster Audit and Risk Committee. During the period under review, the Department maintained a consolidated risk register that encompassed strategic, operational, information technology, business continuity management, occupational health and safety, ethics and fraud risks. The monitoring process entailed an in-depth analysis of the actions implemented to mitigate in response to a risk and the impact of the responses to risks.

The implementation of risk mitigating strategies protected the department against vulnerabilities, ensured that service delivery proceeded efficiently and effectively, and safeguarded the purse of the province. The Provincial Audit and Risk Committee continued providing an independent oversight over the system of risk management, monitoring its effectiveness and ensuring that the department was compliant with laws and regulations.

### **2.5.3 Fraud and Corruption**

The Department adopted a "zero-tolerance" attitude towards fraud and corruption, and as result the Department has developed and rolled-out a fraud prevention plan which consists of a suite of policies and practices as follows:

- 1) Fraud Prevention Policy;

- 2) Policy on other remunerative work;
- 3) Policy for managing gifts;
- 4) Conflict of interest Policy;
- 5) Whistleblowing Policy;

During the period under review, fraud prevention and ethics awareness sessions were held, for both the members of the senior management and other officials in the department. Ethics, fraud and corruption survey was administered to employees, with the results forming part of the source documents to the development of the ethics and fraud risk register. The fraud and ethics committee, was resuscitated and met on a quarterly basis to, amongst other, monitor the implementation of risk mitigation plans emanating from the ethics, corruption and fraud risk register and monitoring that all employees uphold the ethical standards and act with integrity in their respective roles at all times.

Employees are encouraged to report all incidents of fraud to their immediate supervisors. The Department utilises the National anti-corruption hotline for the reporting of suspected fraud and corruption incidents. Fraud cases are referred for investigation to the forensic division in the Office of the Premier and followed up by the application of all remedies available as well as application of appropriate prevention and detection controls. There were no new fraud cases reported during the year.

#### **2.5.4 Minimising Conflict of Interest**

In preventing conflict of interest, during 2022/2023, all members of the senior management (SMS) and designated employees disclosed their financial interests. The financial disclosures included certification that the assets, financial activities and financial interests of the officials do not pose a conflict of interest with their official duties. Due to the nature of their duties all employees in the Financial Management (CFO) unit were further expected to sign a code of conduct. All officials are expected to avoid all personal and financial interests which could conflict with their responsibilities to the department.

During 2022/2023 the department was 100% compliant with the annual submission of financial disclosures which were verified by the Ethics Officer of the Department and the Accounting Officer to identify potential / actual conflicts of interest and submitted to the Public Service Commission (PSC).

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

### **2.5.5 Code of Conduct**

Every employee appointed in the Department must adhere to the Code of Conduct for Public Service, Chapter 2 of Public Service Regulations, 2016. The Department ensured that the code of conduct was workshopped to all new employees at their induction and was attached as a standard practice to every employment offer made in the reporting period.

The Department continues to conduct workshops to ensure that employees understand and adhere to the expectations of the public service code of conduct. The code of conduct was distributed to all employees in the Department via email and made available on the intranet.

Employees are discouraged from receiving gifts or payments which are or may be construed as being a bribe. Any contravention of the code of conduct is dealt with in terms of the Disciplinary Code and Procedures for the public service. No matters were reported during the year.

### **2.5.6 Health, Safety and Environmental Issues**

In compliance with the Occupational Health and Safety Act 85 of 1993, the department has provided and maintained a reasonable and practicable working environment that is safe and without risk. The following OHS appointments were made:

- HOD
- Corporate service: Chief Director
- OHS representatives added (4) Nomalanga and (2) Natalia Building

OHS Committee meetings were held quarterly where issues were deliberated on. Control measures were put in place in response to recommendations made.

OHS inspections were also conducted on a quarterly basis by an OHS representative and OHS specialist. A consolidated report was presented to the OHS Committee.

#### **DPSA Inspection Compliance Tool**

The department was 100% compliant with submission of quarterly reports on OHS to DPSA. The abovementioned report assesses department's compliance on OHS risks mitigation, compliance on regulations, emergency preparedness and wellness activities. The report is compiled by OHS Specialist and the stakeholders are OHS Committee, Employee wellness and Human Resource. These compliance tools were signed by the HOD.

Emergency evacuation drill was conducted to assess the department's readiness in cases of emergencies. An evaluation report was prepared and shared with staff members. Amongst issues raised in the evaluation report was the level of cooperation from staff members during the simulation exercise which resulted in the

drill taking longer than required. There was a general lack of urgency. Staff members were cautioned on their behaviour.

OHS Training, OHS representatives have a dual responsibility as fire fighters and were nominated and trained accordingly on how to assist the department in terms of a fire hazard. OHS awareness was conducted during induction of new employees.

First Aid boxes are well placed and regularly maintained in all floors of the departmental buildings with relevant signage. There were no incidents that were reported in the 2022/23 financial year.

### 2.5.7 Portfolio Committees

The department had the following meetings with the Portfolio Committee.

Date of Meetings	Matters for discussion
12 May 2023	Presentation of the 2022/23 Fourth Quarter Financial and Non-Financial Performance Report for Vote 6: Treasury
26 May 2022	Presentation of the 2021/22 Fourth Quarter (Annual) Financial and Non-Financial Performance Report for Vote 6: Treasury
13 September 2022	Presentation of the First Quarter 2022/23 Financial and Non-Financial Performance for Vote 6: Treasury
3 November 2022	2022/23 Second Quarter Financial and Non-Financial Performance report for Vote 6: Treasury Amendment to the 2022/23 Annual Performance Plan for Vote 6: Treasury 2023/24 Draft APP and draft Budget for Vote 6: Treasury Presentation of the 2022/23 Fraud and Risk Management Plan for Vote 6: Treasury
7 February 2023	Presentation of the 2022/23 Third Quarter Financial and Non-Financial Performance Report for Vote 6: Treasury

Matters of discussion included the filling of vacant posts and historic underspending of the budget. The department responded to all matters raised at the meetings in the form of written and oral representations. No major concerns were raised by the portfolio committee and good working relations were maintained.



### **2.5.8 SCOPA Resolutions**

During the year under review, the department appeared before the Standing Committee on Public Accounts to report on the progress of resolutions.

The following matters of discussion were raised.

Resolution No	Subject	Details	Response by the department	Resolved (Yes/No)
Resolution 153/2022	Provincial Treasury: Irregular Expenditure of R1 530 million in 2021/22 (Balance of prior years' irregular expenditure not yet condoned: R26.3 million)	<p>The department incurred irregular expenditure of R1 530 million in 2021/22. The irregular expenditure was mainly attributable to awards without obtaining the required price quotations.</p> <p>Of the 2020/21 irregular expenditure an amount of 5.6 million has been condoned.</p> <p>Prior years' irregular expenditure of R26.3 million has not yet been condoned.</p> <p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by 31 January 2023 on the:</p> <p>a) Progress made in the determination testing relating to the 2021/22 and prior years' irregular expenditure, as well as time frames for submitting the irregular expenditure for condonation.</p>	<p>The following condonation submissions were approved subsequent to the audit:</p> <ul style="list-style-type: none"> <li>-R2 558 421 was approved for condonation in May 2022</li> <li>-R585 619 was approved for condonation in December 2022</li> <li>-R490 781 was approved for condonation in March 2023</li> <li>-R25 706 763 was approved for removal in March 2023</li> </ul> <p>All Irregular Expenditure transactions for the prior and current years have been condoned with zero balance remaining.</p> <p>Irregular Expenditure in relation to the E Procurement (R25,7 million) has been removed during the 2023 financial year following prescribed processes.</p> <p>Consequence management relating to the new legal matters was not considered as the incumbent had resigned from the Department and therefore could not be disciplined. In respect of E Procurement all consequence management actions were concluded by PT</p> <p>Measures have been implemented to address the matters giving rise to irregular expenditure and to avoid a recurrence i.e. appointment of a legal panel.</p>	Yes
Resolution 154/2022	Resolution 154/2022: Provincial Treasury: Performance Management. in 2021/22 (underspending of R59.99 million).	<p>(a) The department underspend R59.99 million as stated in the annual report page 165 to 167, as disclosed in the appropriation statement to the financial statements and in notes 4.1 and 4.2 thereto.</p> <p>(b) Most of the underspending related mainly to delays in filling of vacant funded posts, delays in the appointment of service providers for agency and support services for various municipal projects as well as savings on subsistence and travel.</p> <p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by 31 January 2023 on:</p> <p>(1) Progress made in ensuring the spending of the savings.</p>	<p>The rollover request of R11,75 million pertaining to the 2021/22 financial year was not approved, therefore the entire R59.99 million was returned back to the Revenue Fund. The Department was able to use the 2022/23 budget (savings) to fund the expenses that were part of the rollover request.</p> <p>In terms of the 2022/23 financial year the department spent 98.47% of its allocated budget.</p>	Yes

Resolution 155/2022	Provincial Treasury: Building of the Accountability Ecosystem, Leadership and Management	<p>(2) Measures implemented to address the matters giving rise to underspending and to avoid a recurrence.</p> <p>Provincial Treasury continues to lead by example by obtaining a clean audit for the year and thus keeps setting a bar higher for better administration, accountability, and governance to positively impact the lives of all citizens.</p> <p>The Committee resolves: That the Accounting Officer report to the Committee by 31 January 2023 on:</p> <p>[1] Measures put in place to pay attention, largely from a coordinating of ministries and oversight standpoint and in assisting in the improvement of the audit outcomes, in the provincial and local government spheres.</p> <p>[2] Playing a championing role in ensuring that sister departments, municipalities, and entities which are struggling to obtain clean audits, are assisted.</p>	<p>i. A Province-Wide, Multi-level, Collaborative, and proactive PFMA Audit Readiness Financial Management Improvement Plan has been prepared in collaboration with the Office of the Premier and approved by Cabinet on 4 December 2019. The plan comprises of various work streams dealing with key focal areas.</p> <p>ii. The following have been identified as the critical success factors underpinning the Financial Management Improvement Plan: "Towards Improved Audit Outcomes":</p> <ul style="list-style-type: none"> <li>• All audit risk and qualification areas need to be addressed by departments when identified by our provincial-wide internal processes prior to the final auditor general report.</li> <li>• Greater emphasis to be placed on reporting non-compliance on financial management matters and material internal audit findings to the executive.</li> <li>• A review of all internal control functions, and implementation of the Provincial Combined Assurance within all departments.</li> <li>• Follow-up on implementation of recommendations relating to findings from critical assessments conducted by the Provincial Treasury.</li> <li>• Strengthen Audit and Risk Committee oversight.</li> <li>• All audit improvement plans to include measures to address internal and external audit findings.</li> </ul> <p>iii. The following key focus areas have been identified and are incorporated in the audit improvement initiatives/work-streams:</p> <ul style="list-style-type: none"> <li>• Internal Audit</li> <li>• Internal control and Combined assurance</li> <li>• Supply Chain Management</li> <li>• Key Account Analysis</li> <li>• Training and Capacity Building</li> <li>• Consequence Management</li> </ul>	Work in progress
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Resolution 156/2022	Provincial Treasury Condonation of Irregular Expenditure	<p>(a) In terms of the new Irregular Expenditure Framework, with effect from 17 May 2019, all requests for condonation of irregular expenditure from provincial departments and public entities must be submitted to the relevant Provincial Treasury.</p> <p>(b) The cumulative value of irregular expenditure reflected in the annual financial statements of KwaZulu-Natal provincial departments as of 31 March 2022.</p> <p>(c) Departments that contributed mostly are Transport, Health, Public Works, and Education.</p> <p>(d) Provincial Treasury has established a Condonation Work Committee and will priorities condonation of the irregular expenditure incurred in the 2020/2021 and 2021/22 financial year.</p> <p>The Committee resolves:</p> <p>That the Accounting Officer submit a report to the Committee by <u>31 January 2023</u> on the progress made in the condonation of all provincial irregular expenditure, challenges experienced and where requests for condonation were refused, the reasons.</p>	<p>iv. A template for reporting for CFO's and Accounting officers to MEC's was issued in December 2019 and modified in October 2022 to further enhance the oversight of the MEC. Departments are required to submit the relevant reports to the MEC according to the timelines provided</p> <p>v. Monitoring of the submission of Financial Reporting information is performed by Provincial Treasury.</p> <p>Detailed audit implementation plans are prepared annually by Provincial Treasury to support Departments and Entities.</p> <p>i. A detailed progress report, on the status of condonation at 31 December 2022, was submitted and presented to SCOPA on 10 February 2023.</p> <p>ii. The cumulative balance of irregular expenditure for all Provincial Departments and Public Entities recorded in the annual financial statements as at <b>31 March 2022</b> is as follows:</p> <ul style="list-style-type: none"> <li>Departments: <b>R 53 966 472 000</b></li> <li>Public Entities: <b>R527 956 000</b></li> </ul> <p>iii. <b>As at 31 March 2023</b>, fourteen (14) Departments and eleven (11) Public Entities submitted condonation requests as follows:</p> <ul style="list-style-type: none"> <li>Departments: <b>R 18 150 457 000</b></li> <li>Public Entities: <b>R 273 778 000</b></li> </ul> <p>iv. Outstanding condonation requests from Departments amounts to <b>R39.4 billion</b> relating to Irregular Expenditure reported at 31 March 2022 i.e. Departments are still to write to PT for condonation or needs to be addressed by the Accounting Officer depending on who is the relevant authority.</p> <p>v. The cumulative amount approved for condonation on 31 March 2023, is as follows:</p> <ul style="list-style-type: none"> <li>Departments: <b>R6.9 billion</b></li> <li>Public Entities: <b>R85 million</b></li> </ul> <p>vi. Common findings by the review team resulting in submissions not being approved:</p> <ul style="list-style-type: none"> <li>Evidence of remedial/corrective action taken not provided.</li> </ul>	Yes
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			<ul style="list-style-type: none"><li>• Evidence of consequence management taken or in the process of being taken against the responsible employees not provided.</li><li>• Submissions do not provide details to confirm that no losses were incurred and that value for money was achieved.</li><li>• Submissions do not include details of the legislation that has been contravened, the root causes, and the breakdown of internal controls.</li><li>• The request for condonation is not approved by the Accounting Officer or Accounting Authority.</li><li>• No supporting documentation was provided.</li></ul> <p>For the condonation process to be successful, Departments and Entities need to complete the determination tests and where necessary, the required investigations and submit the information, as required by the PFMA Compliance and Reporting Framework issued effective 3 January 2023.</p>	
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## 2.5.9 Prior Modifications to Audit Reports

There were no prior modifications to the AG's report. KZN Treasury continued to maintain a clean audit opinion in the 2022/23 financial year.

## 2.5.10 Internal Control Unit

The Internal Control Unit functions under the office of the CFO and is responsible for good governance and rendering assurance. This is an ongoing process to ensure that KZN Provincial Treasury maintains its clean audit outcome.

During the 2022/23 financial year, Internal Control activities included amongst others the following:

- Performed a 100% pre and post-checking of all payment vouchers paid by the department to avoid non-compliance with laws and regulations and ensure validity and accuracy;
- Checking of all SCM compliance; appointments and related documentation to ensure compliance with SCM prescripts.
- Identification of internal control weaknesses in the system and provision of recommendations;
- Facilitation of audit requests, communication of findings and monitoring of the implementation of internal & external audit action plans ensuring that they have been adequately addressed;
- Follow up and implementation of risk register action plans.
- Review of monthly management accounts;
- Assistance in the compilation of AFS working papers.
- Assessment of Irregular Expenditure and Fruitless and Wasteful expenditure cases
- Assessment of adherence to policies and procedure manuals.

## 2.5.11 Internal Audit and Audit Committees

The following members served as Provincial Audit & Risk Committee members during the period under review. The Committee members' attendance of meetings during the 2022/2023 financial year was as depicted in the following table:

Name	Qualifications	Internal or External member	If Internal, position in the Department	Date Appointed	Date Resigned	No. of PARC meetings attended	No. of CARC meetings attended
Mr Zwile Zulu	MBA	External	N/A	18 MAY 22	18 MAY 22 – 31 <sup>st</sup> MAY 25	5 of 5	4 of 4
Mr Mike Tarr	MSc Agricultural Economics	External	N/A	10 May 21	10 May 21 – 31 <sup>st</sup> MAY 24	5 of 5	4 of 4
Mr Sibusiso Mthethwa	BCompt (Hon)	External	N/A	18 MAY 22	18 MAY 22 – 31 <sup>st</sup> MAY 25	5 of 5	4 of 4
Ms Sijabulile Makhathini	CA(SA)	External	N/A	18 MAY 22	18 MAY 22 – 31 <sup>st</sup> MAY 25	4 of 5	N/A*
Ms Runganagee Ramphal	CA(SA)	External	N/A	18 MAY 22	18 MAY 22 – 31 <sup>st</sup> MAY 25	5 of 5	N/A*

Name	Qualifications	Internal or External member	If Internal, position in the Department	Date Appointed	Date Resigned	No. of PARC meetings attended	No. of CARC meetings attended
Mr Suren Maharaj	CA(SA)	External	N/A	18 MAY 22	18 MAY 22 – 31 <sup>st</sup> MAY 25	5 of 5	N/A*

## 2.5.12. Audit Committee Report

### REPORT OF THE AUDIT & RISK COMMITTEE ON VOTE 6 – TREASURY

The Audit Committee herewith presents its report for the financial year ended 31 March 2023, as required by Treasury Regulation 3.1.13 read with section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

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

The Audit Committee reports that it has adopted formal terms of reference contained in its Audit and Risk Committee Charter. The Committee complied with its responsibilities arising from the Public Finance Management Act and Treasury Regulations; except that the Committee was not fully constituted for the full financial year.

## 1. Audit Committee Members and Attendance

The PARC and ESID CARC consisted of the members listed hereunder who have met as reflected below.

#	Name of Member	PARC Meetings Attended	ESID CARC Meetings Attended
1.	Mr Z Zulu – PARC Chairperson	5 of 5	4 of 4
2.	Mr M Tarr – ESID CARC Chairperson	5 of 5	4 of 4
3.	Ms S Makhathini	5 of 5	4 of 4
4.	Mr S Mthethwa	4 of 5	N/A*
5.	Ms R Ramphal	5 of 5	N/A*
6.	Mr S Maharaj	5 of 5	N/A*

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

## 2. The Effectiveness of Internal Control

The reports of the Provincial Internal Audit Service (PIAS), as well as the Auditor General South Africa (AGSA), were reviewed by the Committee during the period under review, and they noted the Departments' positive AGSA outcomes and continued management commitment to good internal control practices however some weaknesses in controls on the following areas were noted:

- Performance Information

- Human Resources Management

The Committee considered the appropriateness of management's interventions to ensure the control environment maintains its effectiveness and advised management to implement effective measures to address the identified weaknesses.

### Effectiveness of Internal Audit

PIAS activities were reviewed by the Committee during the PARC and CARC monitoring processes. The Committee evaluated PIAS' reports detailing the assessment of the adequacy and effectiveness of controls designed to mitigate the risks associated with the operational and strategic activities of the department.

PIAS had a total of nine (9) audit assignments planned to be conducted during the financial year under review. Out of the nine (9) audit assignments, seven (7) were completed. There were two (2) audit assignments which were carried over to 2023/24 financial year with the approval of the Audit Committee.

The Committee is satisfied that PIAS performed effectively during the period under review. During the 2022/23 financial year, the Committee will continue to monitor the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the Department.

### Risk Management

The responsibilities of the Committee with respect to risk management are formally defined in its Charter. For the period under review, the Committee's responsibilities have been focused, amongst other things, on the quarterly review of the Department's risk register and monitoring progress against risk management operational plan.

At the end of the 2022/23 financial year, the Department's risk register status was as follows:

Department's Risk Register	Critical	Major	Moderate	Minor	Insignificant	Total
Number of risks identified	2	10	27	43	11	93
Number of agreed actions	2	20	55	11	1	89
Number of completed action plans.	1	7	28	6	0	42
% of completed actions	50%	35%	51%	55%	0%	47%

The Committee noted the overall progress (53%) made on the implementation of risk mitigation plans. The Department is advised to timeously implement the remaining risk mitigation plans and to re-rate risks whose actions have been completed and validated.

The Committee is pleased with significant progress made by the Department on implementing the revised provincial risk management framework. The Department is urged to comply with all minimum risk

management standards contained within the revised framework, including the identification and escalation of transversal risks to the provincial risk management committee for noting and assistance with resolution.

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

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

### 4. Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the Annual Financial Statements, including the audit report, with the Accounting Officer, Auditor General and PIAS;
- Reviewed the Auditor General's Management Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions,
- Reviewed the conclusion on the usefulness and reliability of performance information resulting from the external audit of the Department.

Based on the reports of the PIAS and the Auditor General, the Committee commended the Department for submitting the Annual Financial Statements that were free from material misstatements.

### 5. Auditor-General's Report

The Committee has met with the Auditor General of South Africa to discuss and evaluate the issues that emanated from the current regulatory audit.

The Committee concurs with and accepts the conclusion of the Auditor General's opinion on the Annual Financial Statements of an unqualified audit opinion with no findings, and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General.

### 6. Appreciation

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



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**Mr. Z. Zulu**

**Chairperson: Provincial Audit and Risk Committee**

**08 August 2023**

## 2.5.13 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	No	The Department does not issue any authorisations in respect of economic activity.
Developing and implementing a preferential procurement policy?	Yes	Department has revised the SCM Policy in line with the new Preferential Regulations and Professional Service Providers Rotation Policy that are in line with the objectives of the PPPFA.
Determining qualification criteria for the sale of state-owned enterprises?	No	This is not applicable to the Department.
Developing criteria for entering into partnerships with the private sector?	Yes	Bids are invited with prequalification criteria prior to 16 <sup>th</sup> January 2023 where the preferential regulations were amended, and preferential points are now allocated to priority groups.
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?	Yes	Preferential point system is considered in the awarding of bids and quotations.

**PART D:**

**HUMAN RESOURCES  
MANAGEMENT**

## **2.6.1 INTRODUCTION**

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

### **2.6.1.1. OVERVIEW OF HUMAN RESOURCES**

#### **A. Status of Human Resources in the Department**

The Filling of vacant posts and the overall turnaround time to fill vacancies improved significantly in the reporting period, with the Department finalizing over 84 recruitment processes and appointing 61 employees into permanent positions. Despite the rigorous recruitment processes and the increased number of positions filled, the vacancy rate, however, has not decreased substantially due to the high number of internal employees securing higher level promotion posts as well as the lack of sourcing suitable candidates in some of the newly created components like Municipal Accounting and Reporting, and Provincial Moveable Assets etc. where quite a number of posts had to be re-advertised to widen the scope of advertising in an attempt to attract more skilled applicants. The vacancy rate (26%) has also increased due to the creation of new posts from the newly approved structure onto the PERSAL system. The Department still faces challenges in terms of attracting and employing people with disabilities and females at SMS level into the permanent structure, where people with disabilities decreased to 1.4%, however, with the increase in SMS positions from the newly created structure the Department has successfully managed to meet the target of 50% women at SMS.

#### **B. Human Resource priorities for the year under review**

The HR Directorate prioritized the following strategies during the 2022/2023 financial year to ensure that the Department is adequately capacitated with a correctly skilled, knowledgeable and productive workforce

- Enhanced and improved employee engagement – through effective climate surveys; leadership impact analysis; effective exit interview analysis.
- Skill and Talent attraction – prioritizing the recruitment of critical core posts and ensuring the correct alignment of competence profile and qualification requirements to the needs of the Department.
- Talent Retention – reduction in turnover rate; improvement of management capability through leadership impact analysis; greater focus on career management strategies
- Integrated Human Resource Information sessions and Business Unit engagements – improve levels of compliance; increase HR knowledge base of all employees; reduction in number of grievances received.

### **C. Workforce Planning and key strategies to attract and recruit a skilled and capable workforce**

The Department's approved MTEF HR Plan ended in the current reporting period and a new MTEF HR Plan for the period 2023 to 2026 has recently been endorsed by the Executing Authority of the Department. All vacancies in the Department were advertised to encourage fair and transparent competition. In respect of scarce skilled posts partnerships were developed with Professional Associations like SAICA and Institute of Internal Auditors to place advertisements within professional magazines to attract correctly skilled applicants. Succession Planning is in place for all key critical posts of the Department ensuring a pool of competent empowered staff who will compete for these positions when they are vacated. The HR Development Committee scrutinizes Bursary applications ensuring qualifications that are funded are in line with the critical needs of the Department and support upward mobility of staff.

### **D. Employee Performance Management**

The Department obtained 100% compliance during the reporting period in respect of the signing of Performance Agreements. The timely submission of performance assessments in the larger business units where employees are working outside the office for long durations of time are problematic. Non-compliant staff were excluded from the receipt of any pay progressions and stringent monitoring mechanisms, including the disciplining of supervisors and Line Managers for non-compliant staff have been put in place to ensure 100% compliance at all levels going forward. The 2021/22 assessments were finalized and pay progressions were duly implemented in the current reporting period.

### **E. Employee Health and Wellness Program**

The Employee Health and Wellness Section within HRM continues to make a visible impact on the lives of employees by increasing the number of Wellness Clinics per month within the Department, with noticeable improvements in the number of voluntary on-site testing. Monthly articles instilling responsible life style disease management as well as encouraging physical fitness and awareness are distributed throughout the Organization and have been extremely well received. The Work and Play policy activities that were affected by Covid-19 restrictions, has normalized in the current reporting period, with the Department partaking in a number of provincial sporting activities.

### **F. Achievements and Challenges faced by the Department**

- During 2022/2023, the Human Resource Management Directorate fulfilled all of its legislative mandates and delivered an efficient and professional Human Resources function to the Department, with limited audit findings.
- The unit has successfully implemented all planned Human Resource Planning and WSP priority strategies for the year, thereby ensuring a well capacitated and healthy workforce that is appropriately skilled and empowered.
- The unit has exceeded its requirements in terms of empowering the organisation as a whole on all Human Resource related knowledge and information in terms of the number of policies that were

developed and work-shopped. The organisation as a whole is 100 per cent compliant with all requirements of the performance management and development system. There has been a significant reduction in the number of grievances and misconduct cases within the Department which is largely attributed to the monthly articles that stem from the Labour Desk of the Directorate. Leadership impact surveys have also contributed positively in this area.

- The Unit continues with strategies to implement the Head of Department's commitment to improving EE targets of women in management and people with disabilities, and the purchase of assistive devices and Office configuration for people with disabilities were also undertaken. Integrated efforts of the sections within HRM during the year has ensured a strong drive for policy compliance, eradication of fraud and corruption, responsible sick leave management, well aligned Departmental structures, adequately skilled employees and a healthy and well-informed workforce.
- Youth development initiatives are a priority for the Unit. Provincial Treasury's partnership with SAICA on the Thuthuka Education Upliftment Fund (TEUF), where Treasury is sponsoring previously disadvantaged students studying towards becoming Chartered Accountants is in its 8th year since inception. The Department has committed to sponsoring 4 students a year. The partnership has further resulted in the Department receiving SAICA accreditation as a Training Office during December 2015, and the Department has received its 8<sup>th</sup> allocation of three Trainee Accountants as at January 2023 making it a total of nineteen (22) trainees who have been through the program. There are currently ten (10) graduates undergoing training towards becoming chartered accountants and eleven (13) who have qualified as Chartered Accountants. Six (6) of these are currently within the Department on a 5-year management development programme.

## G. Future Human Resource Plans/Goals

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

## 2.6.2 HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 01 April 2022 to 31 March 2023

Programme	Total Expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure %	Average personnel cost per employee (R'000)
ADMINISTRATION	192 675	91 438	0,00	0,00	47	168
SUSTAINABLE RESOURCE	45 636	37 065	0,00	0,00	81	131



MANAGEMENT						
FINANCIAL GOVERNANCE	201 373	70 033	0,00	0,00	35	107
INTERNAL AUDIT	99 979	71 740	0,00	0,00	72	49
MUNICIPAL FINANCE MANAGEMENT	73 139	42 087	0,00	0,00	58	39
Total as on Financial Systems (BAS)	<b>612 802</b>	<b>312 363</b>	<b>0.00</b>	<b>0.00</b>	<b>51</b>	<b>494</b>

Table 3.1.2 Personnel costs by Salary Band for the period 01 April 2022 to 31 March 2023

Salary band	Personnel expenditure (R'000)	% of total Personnel cost	No. of employees	Average personnel cost per Employee (R'000)
02 Skilled (Levels 3-5)	12 709,00	3,90	39	325 872,00
03 Highly skilled production (Levels 6-8)	38 281,00	11,80	84	455 726,00
04 Highly skilled supervision (Levels 9-12)	127 052,00	39,20	166	765 373,00
05 Senior management (Levels >= 13)	71 646,00	22,10	59	1 214 339,00
11 Contract (Levels 3-5)	2 678,00	0,80	56	47 821,00
12 Contract (Levels 6-8)	10 359,00	3,20	18	575 500,00
13 Contract (Levels 9-12)	27 189,00	8,40	34	799 676,00
14 Contract (Levels >= 13)	13 735,00	4,20	4	3 433 750,00
18 Contract Other	9 216,00	2,80	0	0,00
19 Periodical Remuneration	7 854,00	2,40	34	231 000,00
<b>TOTAL</b>	<b>320 718,00</b>	<b>98,90</b>	<b>494</b>	<b>649 227,00</b>

\*\*This total is inclusive of payments made in respect of Transfers and Subsidies.

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme for the period 01 April 2022 to 31 March 2022

Programme	Salaries		Overtime		Home Owners Allowance	Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	Amount (R'000)	Medical aid as a % of personnel costs
ADMINISTRATION	75 548,00	82,30	2 104,00	2,30	2 119,00	3 676,00	4,00
FINANCIAL GOVERNANCE	60 220,00	79,80	71,00	0,10	1 442,00	2 428,00	3,20
INTERNAL AUDIT	63 839,00	83,10	0,00	0,00	1 125,00	1 201,00	1,60
MUNICIPAL FINANCE MANAGEMENT	37 986,00	89,00	0,00	0,00	408,00	443,00	1,00
SUSTAINABLE RESOURCE MANAGEMENT	33 030,00	88,10	0,00	0,00	674,00	674,00	1,80
<b>TOTAL</b>	<b>270 624,00</b>	<b>83,50</b>	<b>2 175,00</b>	<b>0,70</b>	<b>5 769,00</b>	<b>8 422,00</b>	<b>2,60</b>

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band for the period 01 April 2022 to 31 March 2023



Salary band	Salaries		Overtime		Home Owners Allowance	Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of costs	Amount (R'000)	Amount (R'000)	Medical aid as a % of personnel costs
02 Skilled (Levels 3-5)	9 142,00	71,90	243,00	1,90	692,00	1 329,00	10,50
03 Highly skilled production (Levels 6-8)	29 369,00	76,60	1 053,00	2,70	1 354,00	2 826,00	7,40
04 Highly skilled supervision (Levels 9-12)	108 817,00	85,00	680,00	0,50	2 255,00	2 969,00	2,30
05 Senior management (Levels >= 13)	63 506,00	86,90	0,00	0,00	1 190,00	622,00	0,90
11 Contract (Levels 3-5)	2 200,00	82,00	0,00	0,00	42,00	190,00	7,10
12 Contract (Levels 6-8)	9 097,00	87,40	123,00	1,20	172,00	381,00	3,70
13 Contract (Levels 9-12)	26 066,00	94,30	1,00	0,00	40,00	105,00	0,40
14 Contract (Levels >= 13)	13 287,00	95,20	0,00	0,00	23,00	0,00	0,00
18 Contract Other	9 140,00	98,60	75,00	0,80	0,00	0,00	0,00
<b>TOTAL</b>	<b>270 624,00</b>	<b>83,50</b>	<b>2 175,00</b>	<b>0,70</b>	<b>5 769,00</b>	<b>8 422,00</b>	<b>2,60</b>

### 3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2023

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATION, Permanent	156	123	21,2	45
FINANCIAL GOVERNANCE, Permanent	130	88	32,3	16
INTERNAL AUDIT, Permanent	68	57	16,2	43
MUNICIPAL FINANCE MANAGEMENT, Permanent	68	47	30,9	2
SUSTAINABLE RESOURCE MANAGEMENT, Permanent	51	33	35,3	6
<b>TOTAL</b>	<b>473</b>	<b>348</b>	<b>26,4</b>	<b>112</b>

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2023

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate (includes frozen posts)	Number of employees additional to the establishment
02 Skilled (Levels 3-5), Permanent	74	39	47,3	0
03 Highly Skilled Production (Levels 6-8), Permanent	96	84	12,5	0
04 Highly Skilled Supervision (Levels 9-12), Permanent	235	166	29,4	0
05 Senior Management (Levels >= 13), Permanent	68	59	13,2	0
11 Contract (Levels 3-5), Permanent	0	0	0	56
12 Contract (Levels 6-8), Permanent	0	0	0	18
13 Contract (Levels 9-12), Permanent	0	0	0	34
14 Contract (Levels >= 13), Permanent	0	0	0	4
<b>TOTAL</b>	<b>473</b>	<b>348</b>	<b>26,4</b>	<b>112</b>

### Employment and vacancies by Critical Occupation as at 31 March 2022

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

### 3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Dept. SL16	1	1	100	0	0
Salary Level 15	3	2	66	1	34
Salary Level 14	10	9	90	1	10
Salary Level 13	54	47	87.03	7	12.96
<b>Total</b>	<b>68</b>	<b>59</b>	<b>86.76</b>	<b>9</b>	<b>13.23</b>

Table 3.3.2 SMS post information as on 30 September 2022

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Dept. SL16	1	1	100	0	0
Salary Level 15	3	2	66	1	34
Salary Level 14	10	9	90	1	10
Salary Level 13	54	41	75.92	13	24.07
<b>Total</b>	<b>68</b>	<b>53</b>	<b>77.94</b>	<b>15</b>	<b>22.05</b>

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2022 to 31 March 2023

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Dept. SL16	1	1	100	0	0
Salary Level 15	3	2	66	1	34
Salary Level 14	10	9	90	1	10
Salary Level 13	54	47	87.03	7	12.96
<b>Total</b>	<b>68</b>	<b>59</b>	<b>86.76</b>	<b>9</b>	<b>13.23</b>

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2022 and 31 March 2023

Reasons for vacancies not advertised within six months
There is a Provincial moratorium on the filling of all posts where authority to fill critical posts is approved by the Premier of the Province which can add a further 30 days to the entire recruitment process. Changes in the Executive Authority of the Department where PSR and PSA delegations have been revoked resulted in some processes having to be restarted to remain within the ambits of delegations. Filling of posts with an incumbent within 06 months is not a challenge, under

normal circumstances. However, with the challenges mentioned above delays have been experienced, which have been beyond the control of the HR Unit. These issues have now been resolved and going forward the department will comply.

#### Reasons for vacancies not filled within twelve months

COVID budget cuts did hamper the filling of posts including those at SMS level. Changes in the Executive Authority of the Department where PSR and PSA delegations have been revoked resulted in some processes having to be restarted to remain within the ambits of delegations. Filling of posts with an incumbent within 12 months is not a challenge, under normal circumstances. However, with the challenges mentioned above delays have been experienced, which have been beyond the control of the HR Unit. Additional capacity through HR working overtime and commitment by panel members has reduced the recruitment periods, however, excessive applications results in lengthy processes

**Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2022 to 31 March 2023**

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

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

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

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

### 3.4 Job Evaluation

**Table 3.4.1 Evaluation by Salary Band for the period 01 April 2022 to 31 March 2023**

- N/A

**Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 01 April 2022 to 31 March 2023**

- N/A

Employees with a Disability	0
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**TABLE 3.4.3 - Employees whose salary level exceed the grade determined by Job Evaluation for the period 01 April 2022 to 31 March 2023**

- N/A

**TABLE 3.4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation for the period 01 April 2021 to 31 March 2022**

- N/A

### 3.5 Employment Changes

Table 3.5.1 – Annual Turnover rates by Salary Band for the period 01 April 2022 to 31 March 2023

Salary band	Number of employees at beginning of period 1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
02 Skilled (Levels 3-5) Permanent	55	4	3	5,5
03 Highly Skilled Production (Levels 6-8) Permanent	68	7	7	10,3
04 Highly Skilled Supervision (Levels 9-12) Permanent	152	29	11	7,2
05 Senior Management Service Band A Permanent	38	5	1	2,6
06 Senior Management Service Band B Permanent	8	2	1	12,5
07 Senior Management Service Band C Permanent	2	0	0	0
08 Senior Management Service Band D Permanent	0	1	0	0
11 Contract (Levels 3-5) Permanent	32	4	5	15,6
12 Contract (Levels 6-8) Permanent	41	0	19	46,3
13 Contract (Levels 9-12) Permanent	36	8	20	55,6
14 Contract Band A Permanent	9	1	7	77,8
15 Contract Band B Permanent	3	0	1	33,3
17 Contract Band D Permanent	0	0	0	0
<b>TOTAL</b>	<b>444</b>	<b>61</b>	<b>75</b>	<b>16,9</b>

TABLE 3.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April 2022 to 31 March 2023

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

TABLE 3.5.3 – Reasons why staff are leaving the Department for the period 01 April 2022 to 31 March 2023

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	46	61,3
Expiry of contract	15	20
Dismissal – operational changes	0	0
Dismissal – misconduct	1	1,3
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	4	5,3
Transfer to other Public Service Departments	9	12
<b>Total</b>	<b>75</b>	<b>100</b>
Total number of employees who left as a % of total employment	16,3	

TABLE 3.5.4 - Promotions by Critical Occupation \* contracts not included for the period 01 April 2022 to 31 March 2023

• **No formal critical occupations were approved for KZN Provincial Treasury.**

TABLE 3.5.5 - Promotions by Salary Bands for the period 01 April 2022 to 31 March 2023

Salary band	Number of Employees at Beginning of period	Promotions to another Salary Level	Salary Level Promoted as a % of Employees in Salary Band	Progressions to and Notch within a Salary Level	Notch Progressions as a % of Employees in Salary Band
02 Skilled (Levels 3-5), Permanent	55	0	0	38	69,1
03 Highly Skilled Production (Levels 6-8), Permanent	68	3	4,4	54	79,4
04 Highly Skilled Supervision (Levels 9-12), Permanent	152	7	4,6	106	69,7
05 Senior Management (Levels >= 13), Permanent	48	3	6,3	31	64,6
09 Other, Permanent	0	0	0	13	0
11 Contract (Levels 3-5), Permanent	32	0	0	7	21,9
12 Contract (Levels 6-8), Permanent	41	0	0	12	29,3
13 Contract (Levels 9-12), Permanent	36	0	0	17	47,2
14 Contract (Levels >= 13), Permanent	12	0	0	4	33,3
<b>TOTAL</b>	<b>444</b>	<b>13</b>	<b>2,9</b>	<b>282</b>	<b>63,5</b>

### 3.6 Employment Equity

TABLE 3.6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category as at 31 March 2023

Occupational category	Male				Female				Total
	African	Colored	Indian	White	African	Colored	Indian	White	
SENIOR OFFICIALS AND MANAGERS	18	3	5	3	16	2	11	5	63
PROFESSIONALS	62	0	9	1	50	0	7	5	134
TECHNICIANS AND ASSOCIATE PROFESSIONALS	62	0	4	0	82	2	7	11	168
CLERKS	19	1	0	0	39	0	3	0	62
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	3	0	0	0	0	0	0	0	3
LABOURERS AND RELATED WORKERS	13	0	0	0	16	1	0	0	30
<b>TOTAL</b>	<b>177</b>	<b>4</b>	<b>18</b>	<b>4</b>	<b>203</b>	<b>5</b>	<b>28</b>	<b>21</b>	<b>460</b>

TABLE 3.6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands as at 31 March 2023

Occupational Band	Male				Female				Total
	African	Colored	Indian	White	African	Colored	Indian	White	
Top Management, Permanent	0	0	1	0	1	0	0	1	3
Senior Management, Permanent	18	3	4	1	14	2	10	4	56
Professionally qualified and experienced specialists and mid-management, Permanent	51	0	8	1	42	0	6	4	112

Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	52	0	2	0	64	2	7	10	137
Semi-skilled and discretionary decision making, Permanent	12	1	0	0	24	0	2	0	39
Contract (Senior Management), Permanent	0	0	0	2	1	0	1	0	4
Contract (Professionally Qualified), Permanent	11	0	1	0	8	0	1	1	22
Contract (Skilled Technical), Permanent	10	0	2	0	18	0	0	1	31
Contract (Semi-Skilled), Permanent	23	0	0	0	31	1	1	0	56
<b>TOTAL</b>	<b>177</b>	<b>4</b>	<b>18</b>	<b>4</b>	<b>203</b>	<b>5</b>	<b>28</b>	<b>21</b>	<b>460</b>

TABLE 3.6.3 – Recruitment for the period 01 April 2022 to 31 March 2023

Occupational Band	Male				Female				Total
	African	Colored	Indian	White	African	Colored	Indian	White	
Senior Management, Permanent	2	0	0	0	2	1	1	2	8
Professionally qualified and experienced specialists and mid-management, Permanent	7	0	0	0	9	0	0	1	17
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	11	0	1	0	7	0	0	0	19
Semi-skilled and discretionary decision making, Permanent	3	0	0	0	1	0	0	0	4
Contract (Senior Management), Permanent	1	0	0	0	0	0	0	0	1
Contract (Professionally qualified), Permanent	5	0	0	0	2	0	1	0	8
Contract (Skilled technical), Permanent	2	0	0	0	2	0	0	0	4
<b>TOTAL</b>	<b>31</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>23</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>61</b>

TABLE 3.6.4 - Promotions for the period 01 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	1	0	0	0	2	0	0	0	3
Senior Management, Permanent	2	0	1	0	4	0	0	0	7
Professionally qualified and experienced specialists and mid-management, Permanent	0	0	0	0	3	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	0	0	0	0



Not Available, Permanent	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	0	0	0	0	0	0	0	0	0
Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	0	0
Contract (Semi-skilled), Permanent	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13</b>

TABLE 3.6.5 – Terminations for the period 01 April 2022 to 31 March 2023

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
03 Professionally qualified and experienced specialist mid-management, Permanent	1	0	0	0	1	0	0	0	2
04 Skilled technical and academically qualified workers in junior management, supervisors, foremen, Permanent	1	0	0	0	4	0	0	0	5
05 Semi-skilled and discretionary decision making Permanent	6	0	0	0	6	0	0	0	12
08 Contract (Top Management), Permanent	3	0	0	0	1	0	0	0	4
09 Contract (Senior Management), Permanent	3	0	0	0	1	0	1	3	8
10 Contract (Professionally qualified), Permanent	9	0	0	0	12	0	0	0	21
11 Contract (Skilled technical), Permanent	6	0	0	0	13	0	0	0	19
12 Contract (Semi-skilled), Permanent	1	0	0	0	3	0	0	0	4
<b>TOTAL</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>41</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>75</b>

TABLE 3.6.6 - Disciplinary Action for the period 01 April 2022 to 31 March 2023

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Cases not finalized at the end of reporting period (Assault & Excessive Absenteeism)	0	0	0	0	2	0	0	0	2
Dismissal – Irregular & Inflated S&T	0	0	0	0	1	0	0	0	1
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>

TABLE 3.6.7 - Skills Development for the period 01 April 2022 to 31 March 2023

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	10	2	1	2	9	0	12	2	38
Professionals	60	0	4	1	61	0	15	1	142
Technicians and Associate Professionals	22	0	1	0	55	0	1	5	84
Clerks	5	0	0	0	0	29	0	1	35
Service and Sales Workers	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0



Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	2	0	0	2
Employees with disabilities**	0	0	1	0	5	0	0	0	6
<b>TOTAL</b>	<b>97</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>130</b>	<b>31</b>	<b>28</b>	<b>9</b>	<b>301</b>

\*\*this could be the same person attending different training sessions

### 3.7 Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2022

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreement	Signed performance agreement % of total number of SMS members
Head of Department	1	1	1	100
Salary Level 15	3	2	2	100
Salary Level 14	11	9	9	100
Salary Level 13	43	39	39	100
<b>Total</b>	<b>58</b>	<b>51</b>	<b>51</b>	<b>100</b>

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2022

Reasons
N/A

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2022

Steps Taken
N/A

### 3.8 Performance Rewards

No performance rewards were paid in the 2022/2023 reporting period. This is in line with the National 2019 Incentive Policy Framework for employees in the Public Service which stipulates that no performance rewards shall be paid after the 2020/2021 performance cycle. Based on NIL payments made, none of the prescribed tables have been completed.

### 3.9 Foreign Workers

TABLE 3.9.1 - Foreign Workers by Salary Band for the period 01 April 2022 to 31 March 2022

Salary band	01 April 2022	31 March 2023	Change
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	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	0	0	0	0	0	0
Highly skilled supervision (Lev. 9-12)	1	100	0	0	-1	100
Senior Managers (levels 13 to 16)	0	0	1	100	1	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>

TABLE 3.9.2 - Foreign Workers by Major Occupation for the period 01 April 2022 to 31 March 2023

Major occupation	01 April 2022		31 March 2023		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and Middle Manag	1	100	0	0	-1	100
Senior Managers	0	0	1	100	1	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>

### 3.10. Leave Utilisation

TABLE 3.10.1 - Sick Leave for the period 1 January 2022 to December 2022

Salary Band	Total Days	% Days with medical Certification	Number of Emp using Sick Leave	% of Total emp using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Contract (Levels 13-16)	29	75,90	5	1,40	6	148,00
Contract (Levels 3-5)	35	74,30	5	1,40	7	32,00
Contract (Levels 6-8)	115	79,50	21	6,10	5	186,00
Contract (Levels 9-12)	105	77,10	19	5,50	6	274,00
Contract Other	139	61,20	34	9,90	4	105,00
Highly skilled production (Levels 6-8)	603	72,20	69	20,00	9	948,00
Highly skilled supervision (Levels 9-12)	1055	75,00	121	35,10	9	3 130,00
Senior management (Levels 13-16)	281	77,60	33	9,60	9	1 318,00
Skilled (Levels 3-5)	329	70,80	38	11,00	9	316,00
<b>TOTAL</b>	<b>2690</b>	<b>73,70</b>	<b>345</b>	<b>100,00</b>	<b>8</b>	<b>6 457,00</b>

TABLE 3.10.2 - Disability Leave (Temporary and Permanent) for the period January 2022 to December 2022

Salary Band	Total Days	% Days with medical Certification	Number of Employees using Disability Leave	% of Total employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)
Contract (Levels 9-12)	2	100,00	1	20,00	2	4,00
Highly skilled production (Levels 6-8)	10	100,00	1	20,00	10	18,00
Highly skilled supervision (Levels 9-12)	163	100,00	2	40,00	82	494,00
Senior Management (Levels 13-16)	1	100,00	1	20,00	1	4,00
<b>TOTAL</b>	<b>176</b>	<b>100,00</b>	<b>5</b>	<b>100,00</b>	<b>35</b>	<b>519,00</b>

TABLE 3.10.3 - Annual Leave for the period January 2022 to December 2022

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	133	12	11
Contract (Levels 3-5)	841	44	19
Contract (Levels 6-8)	295	39	7
Contract (Levels 9-12)	436	38	11
Highly skilled production (Levels 6-8)	2 181	68	32
Highly skilled supervision (Levels 9-12)	3 981	152	26
Senior management (Levels 13-16)	1 332	49	27
Skilled (Levels 3-5)	1 127	56	20
<b>TOTAL</b>	<b>10 326</b>	<b>458</b>	<b>22</b>

TABLE 3.10.4 - Capped Leave for the period January 2022 to December 2022

Salary band	Total days of capped leave taken	Average Number of Days Taken per Employees	Average Capped Leave per Employee as at End of Period	Number of Employees using Capped Leave	Total Number of Capped Leave Available at End of Period	Number of Employees as at End of Period
Highly skilled production (Levels 6-8)	1	1	20	1	243	12
Highly skilled supervision (Levels 9-12)	0	0	31	0	521	17
Senior management (Levels 13-16)	0	0	53	0	374	7
Skilled (Levels 3-5)	0	0	11	0	11	1
<b>TOTAL</b>	<b>1</b>	<b>1</b>	<b>31</b>	<b>1</b>	<b>1149</b>	<b>37</b>

TABLE 3.10.5 - Leave Pay-outs (Estimated) for the period 01 April 2022 to 31 March 2023

Reason	Total amount (R'000)	Number of employees	Average per employee (R)
Annual - discounting with resignation (work days)	550,00	10	55 000,00
Annual - discounting: contract expiry (work days)	56,00	1	56 000,00
Annual - gratuity: death/retirement/medical retirement (work)	167,00	4	41 750,00
Capped - gratuity: death/retirement/medical retirement (work)	323,00	4	80 750,00
<b>TOTAL</b>	<b>1096.00</b>		

### 3.11 HIV/AIDS & Health Promotions Programmes

TABLE 3.11.1 - Steps taken to reduce the risk of occupational exposure

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

TABLE 3.11.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Mrs. Kogie Chetty: Director: Human Resources



2. Does the department have a dedicated unit or have you designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available.	√	The Department has a dedicated EHWP Sub Directorate, that reports directly to the Director: HRM. The Unit comprises of two employees, a Deputy Director (SL11) and Practitioner (SL7). The annual EHWP budget is R234 000, for the implementation of Wellness programmes.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	√	Assessment of cases, & Professional Counselling services is rendered to cases and cases are externally referred for extensive intervention if necessary. Wellness Clinic services are offered to employees twice a month which is aimed at managing Chronic Diseases to ensure health and productivity. Healthy lifestyle promotions through articles with educational information and fitness sessions are also arranged.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√	The Department has an established Consultative Forum which serves as the committee to monitor, discuss and evaluate all HR processes including the Employee Health and Wellness Program. The Committee is chaired by the Director: HRM and has representatives from all business Units in the Department and also comprises of relevant stakeholders viz Organized labour representatives.
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√	All HR policies are reviewed annually to ensure that there are no elements of discrimination in the policies. The Department has an approved HIV/AIDS & TB Management Policy to address issues of Human Rights and Discrimination in the workplace. The Recruitment and Selection policy for the Department has been reviewed and all other relevant policies on an annual basis to ensure that there is no unfair discrimination against any employee during the processes of recruitment and selection which includes employees who are HIV positive.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√	The Department has policies that guides all processes and specifically addresses discrimination of any employee on the basis of their HIV status. The Employee Health & Wellness unit ensures confidentiality of all information disclosed in relation to any employees' HIV status. The unit also facilitates awareness campaigns on issues of stigma, HIV prevention and management as well as issues relating to adherence to treatment and the inclusion of a disciplinary clause on the HIV, AIDS & TB Management policy in case a discriminatory act is committed. Availability of an onsite Wellness clinic as well as quarterly GEMS HCT campaigns are strategies for prevention where employees are encouraged to know their status for early detection and better management of the disease and a way of dealing with stigma as all employees are encouraged to use the clinic, not just the HIV positive employees as a means to provide treatment, care and support for all employees including those that are infected and affected by HIV&AIDS.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	√	Employees have access to the Departmental Wellness Clinic on a monthly basis and GEMS also renders the HTC services to employees which is twice a year due to changes that were implemented. This has had a negative impact in the number of employees testing as it's not increasing as expected. There has been a slight decrease in employees that tested HIV positive hence the intensification of HCT to prevent new infections seems to be working.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	√	Annual HR client satisfaction surveys which includes EHWP are conducted, evaluation questionnaires at the end of every workshop are distributed for feedback as part of evaluation of the services rendered by EHW. According to the survey EHWP has been rated good.



### 3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2022 and 31 March 2023

Subject Matter	Date
None	n/a

TABLE 3.12.2 - Misconduct and Discipline Hearings Finalised for the period 01 April 2022 to 31 March 2023

Outcomes of disciplinary hearings	Number	% of total
Dismissal	1	100
<b>TOTAL</b>	<b>1</b>	<b>100</b>

TABLE 3.12.3 - Types of Misconduct Addressed and Disciplinary Hearings for the period 01 April 2022 to 31 March 2023

Type of misconduct	Number	% of total
Irregular and Inflated S&T Claims	1	33.33
Alleged Assault	1	33.33
Excessive Absenteeism	1	33.33
<b>TOTAL</b>	<b>3</b>	<b>100</b>

TABLE 3.12.4 - Grievances Lodged for the period 01 April 2022 to 31 March 2023

Grievances	Number	% of total
Number of grievances resolved	5	100
Number of grievances not resolved	0	0
<b>TOTAL</b>	<b>5</b>	<b>100</b>

TABLE 3.12.5 - Disputes Lodged Councils for the period 01 April 2022 to 31 March 2023

Type of dispute	Number	% of Total
Number of disputes upheld	1	50
Number of disputes dismissed	1	50
<b>TOTAL</b>	<b>2</b>	<b>100</b>

TABLE 3.12.6 - Strike Actions for the period 01 April 2022 to 31 March 2023

Total number of persons working days lost	Nil
Total costs working days lost	Nil
Amount recovered as a result of no work no pay (0'000)	Nil

TABLE 3.12.7 - Precautionary Suspensions for the period 01 April 2022 to 31 March 2023

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	**124
Cost of suspension (0'000)	67,00

\*\* Period of suspension was affected by employee undergoing surgery whilst on suspension.

### 3.13 Skills Development

TABLE 3.13.1 - Training Needs identified for the period 01 April 2022 to 31 March 2023

Occupational Category	Gender	Number of Employees at Beginning of Period	Training needs identified at the start of the period			
			Learnership	Skills Prog & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	32	0	8	0	8
Legislators, senior officials and managers	Male	28	0	8	0	8
Professionals	Female	90	0	122	4	126
Professionals	Male	98	0	106	2	108
Technicians and associate professionals	Female	70	10	126	3	129
Technicians and associate professionals	Male	35	8	34	2	36
Clerks	Female	46	0	35	0	35
Clerks	Male	14	0	27	0	27
Plant and machine operators and assemblers	Female	3	0	0	0	0
Plant and machine operators and assemblers	Male	5	0	0	0	0
Elementary occupations	Female	14	0	2	0	2
Elementary occupations	Male	9	0	4	0	4
Gender sub totals	Female	255	10	293	7	310
Gender sub totals	Male	189	8	179	4	191
<b>TOTAL</b>		<b>444</b>	<b>18</b>	<b>472</b>	<b>11</b>	<b>501</b>

TABLE 3.13.2 - Training Provided for the period 01 April 2022 to 31 March 2023

Occupational Category	Gender	Number of Employees at Beginning of period	Training provided within the reporting period			
			Learnership	Skills Programmes & other short courses	Other Forms of training	Total
Legislators, senior officials and managers	Female	32	0,00	21	2	23
Legislators, senior officials and managers	Male	28	0	15	0	15
Professionals	Female	90	0	72	5	77
Professionals	Male	98	0	63	2	66
Technicians and associate professionals	Female	70	10	60	1	61
Technicians and associate professionals	Male	35	8	23	0	23
Clerks	Female	46	0	30	0	30
Clerks	Male	14	0	5	0	5
Plant and machine operators and assemblers	Female	3	0	0	0	0
Plant and machine operators and assemblers	Male	5	0	0	0	0
Elementary occupations	Female	14	0	2	0	2
Elementary occupations	Male	9	0	0	0	0
Gender sub totals	Female	255	10	185	8	203
Gender sub totals	Male	189	8	103	2	113
<b>TOTAL</b>		<b>444</b>	<b>18</b>	<b>288</b>	<b>10</b>	<b>316</b>

### 3.14 Injury on Duty

TABLE 3.14.1 - Injury on Duty for the period 01 April 2022 to 31 March 2023

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>TOTAL</b>	<b>2</b>	<b>100</b>

### 3.15 Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the department.

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

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

*Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2022 and 31 March 2023*

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand	R 000
Appointment: Support For Technical Assistance To Undertake Assessments Of Flood Damages, Remedial Works And Ascertain Associated Costs	Firm Appointment	40 Hours	400 000	400
Appointment: Support For Technical Assistance To Undertake Assessments Of Flood Damages, Remedial Works And Ascertain Associated Costs	Firm Appointment	40 Hours	400 000	400
Appointment: Support For Technical Assistance To Undertake Assessments Of Flood Damages, Remedial Works And Ascertain Associated Costs	Firm Appointment	40 Hours	400 000	400
Appointment Of Management & Support In Implementation Of Infrastructure Projects For The Department Of Arts & Culture	Firm Appointment	6 Months	6 164 736	6 165



Appointment Of Municipal Financial Management Support Resources Municipal Finance Expert	One Consultant (Sarah Thomas)	1200 hours	1 421 400	1 421
Appointment Of Municipal Financial Management Support Resources Review Of Municipal Annual Financial Statements	One Consultant( Ameera Ismail)	240 hours	247 200	247
Appointment Of Municipal Financial Management Support Resources Review Of Municipal Annual Financial Statements	One Consultant (Shameema Ismail)	240 hours	247 200	247
Appointment of Municipal Revenue And Debt Management Senior Resource	One Consultant (Msekeli Nqabeni)	960 hours	1 137 120	1 137
Appointment Of Municipal Revenue and Debt Management Senior Resource	One Consultant (Bongani Bhekuyise Mdletshe)	960 hours	1 137 120	1 137
Appointment For Execution Of The Audit On Performance Information At The Office Of The Premier	Firm Appointment	Two (2) Months	494 477	495
Appointment For Execution Of The IT Software Licensing And Spending Audit At The KZN Department Of Public Works	Firm Appointment	Three (3) Months	368 926	369
Appointment For Execution Of The Audit On Supply Chain Management At The Department Of Human Settlement	Firm Appointment	Three (3) Months	119 600	120
Appointment For Execution Of The Performance Information Audit At The Department Of Cooperative Governance And Traditional Affairs	Firm Appointment	Three (3) Months	302 393	302
Appointment For Execution Of The Audit Of Supply Chain Management At The Department Of Transport	Firm Appointment	Three (3) Months	581 900	582
Appointment Of Audit On Transfer Payments- Independent Schools At The Department Of Education	Firm Appointment	Three (3) Months	729 905	730
Appointment: Audit on Human Resource Management At Department Of KZN Treasury	Firm Appointment	Two (2) Months	149 500	150
Appointment: Audit on Performance Information At The Department Of Education	Firm Appointment	Three (3) Months	565 455	566
Appointment: Execution Of Performance Information Audit At The Department Of Sport, Arts And Culture	Firm Appointment	Two (2) Months	328 900	329
Appointment: Execution Of The Audit On The Mainstreaming Of Vulnerable Groups At The Department Of Transport	Firm Appointment	Three (3) Months	497 492	498



Appointment: Execution Of On Post-Merger Due Diligence Process At The Department Of Sport, Arts And Culture	Firm Appointment	Two (2) Months	401 005	401
<b>Variation</b> Appointment Of Municipal Revenue and Debt Management Senior Resource	One Consultant (Phendukani Memela)	128 hours	151 616	152
Audit on Transfer Payment at Department of Sport, Art And Culture	Firm Appointment	Two (2) Months	328 900	329
Appointment: Execution Of The Audit On The Performance Information At The Department Of Transport	Firm Appointment	Four (4) Months	485 254	485
Appointment: Follow Up On Resolved Audit Findings AT The Department Of Education	Firm Appointment	Two (2) Months	565 455	566
Appointment: Execution Of The Performance Audit On Consultants Services AT The Department Of COGTA	Firm Appointment	Six (6) Months	1 485 968	1 486
Appointment: Provide Audit And Technical Support Regarding Performance Audit On Consultants Services At The DOT .	Firm Appointment	Five (5) Months	1 435 139	1 435
Appointment: Undertake Technical Studies For The Development Of A Business Case For Tertiary Hospital In The North Of KZN For The KwaZulu Natal Department Of Health (KZN DoH)	Firm Appointment	Two (2) Months	1 500 000	1 500
Appointment: Execution of the Audit On Supply Chain Management At The Department Of Corporative Governance And Traditional Affairs	Firm Appointment	Three (3) Months	119 680	120
Appointment: Execution Of The Performance Information At The Department Of Social Dev	Firm Appointment	Three (3) Months	328 900	329
Appointment: Secondment of resources to the Department of Health for Supervising and Mentoring of Internal Control Learners	Two Consultant (Simphiwe Bhengu and Luthando Vumba)	1220 Hours	2 020 320	2 020
Appointment: Execution Of The Audit On The Mainstreaming Of Vulnerable Groups At The Department Of Community Safety And Liaison	Firm Appointment	Three (3) Months	339 273	339
Appointment: Secondment of resources to the Department of Health for Supervising and Mentoring of Internal Control Learners	One Consultant (Simangele Dube)	1220 Hours	1 010 160	1 010
Appointment: Technical Support To Undertake Studies To Develop an Ideal Infrastructure Service Delivery Model In Support Of The Service Delivery Mandate Of KZN Department Of Social Development	Firm Appointment	Three (3) Months	350 000	350
Appointment: Secondment of resources to the Department of Health for Supervising and Mentoring of Internal Control Learners	Two Consultant (Petros Billy Mwale and Fradreck Shava Bvumbi)	1220 Hours	2 455 250	2 455



Appointment: Assistance With Review Of Business Continuity Management (BCM) Practices Of Five (5) KwaZulu-Natal Provincial Departments	Firm Appointment	Six (6) Months	652 280	652
Appointment: Assistance With Review Of Business Continuity Management (BCM) Practices Of Four (4) KwaZulu-Natal Provincial Departments	Firm Appointment	Six (6) Months	521 824	521
Appointment: Execution Of The Transfer Payments Audit At The Department Of Economic Development And Environmental Affairs	Firm Appointment	Three (3) Months	165 450	165
Appointment: Execution Of The IT Software Licensing And Spending Audit At The KZN Department Of Cooperative Governance And Traditional Affairs	Firm Appointment	Three (3) Months	368 926	369
Appointment: Execution Of The Audit On Infrastructure Development And Professional Services At The Department Of Public Works	Firm Appointment	Three (3) Months	526 240	526
Appointment: Audit On Implementation Of Sanitary Dignity Programme At The Department Of Education.	Firm Appointment	Three (3) Months	1 045 927	1 046
Appointment: Roll-Out And Customisation Of The Provincial Combined Assurance Framework In Four Provincial Departments	Firm Appointment	Six (6) Months	648 140	648
Appointment: Appointment Of Senior Resources To Provide MSCOA Support	One Consultant (Zaheer Khan)	1080 hours	1 279 260	1279
Appointment: Appointment Of Senior Resources To Provide MSCOA Support	One Consultant (Dawood Asmal)	1080 hours	1 279 260	1 279
Appointment: Development Of Business Continuity Management Templates, Guidelines and Provision Of Training	Firm Appointment	Six (6) Months	331 131	331
Appointment:MSCOA Advisor	One Consultant (Dennis Kruse)	1080 hours	1 279 260	1 279
Appointment:MSCOA Advisor	One Consultant (Rohaam Singh)	1080 hours	1 279 260	1 279
Appointment:MSCOA Project Manager	One Consultant (Bronwyn Govender)	1080 hours	2 111 400	2 111
<b>Total</b>			<b>40 158 602</b>	<b>40 159</b>

*Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2022 and 31 March 2023*

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Appointment: Support For Technical Assistance To Undertake Assessments Of Flood Damages, Remedial Works And Ascertain Associated Costs	91%	66,70%	3
Appointment: Support For Technical Assistance To Undertake Assessments Of Flood Damages, Remedial Works And Ascertain Associated Costs	100%	100%	12



Appointment: Support For Technical Assistance To Undertake Assessments Of Flood Damages, Remedial Works And Ascertain Associated Costs	100%	100%	6
Appointment Of Management & Support In Implementation Of Infrastructure Projects For The Department Of Arts & Culture	100%	100%	1
Appointment Of Municipal Financial Management Support Resources Municipal Finance Expert	100%	100%	1
Appointment Of Municipal Financial Management Support Resources Review Of Municipal Annual Financial Statements	100%	100%	1
Appointment Of Municipal Financial Management Support Resources Review Of Municipal Annual Financial Statements	100%	100%	1
Appointment of Municipal Revenue And Debt Management Senior Resource	100%	100%	1
Appointment Of Municipal Revenue and Debt Management Senior Resource	100%	100%	10
Appointment For Execution Of The Audit On Performance Information At The Office Of The Premier	100%	100%	6
Appointment For Execution Of The Audit On Contingent Liabilities AT The Department Of Health	100%	100%	6
Appointment For Execution Of The IT Software Licensing And Spending Audit At The KZN Department Of Public Works	100%	100%	10
Appointment For Execution Of The Supply Chain Management Audit At The Department Of Health	100%	85%	10
Appointment For Execution Of The Audit On Supply Chain Management At The Department Of Human Settlement	100%	100%	2
Appointment For Execution Of The Performance Information Audit At The Department Of Cooperative Governance And Traditional Affairs	100%	100%	4
Appointment For Execution Of The Audit Of Supply Chain Management At The Department Of Transport	100%	100%	15
Appointment Of Audit On Transfer Payments-Independent Schools At The Department Of Education	100%	100%	7
Appointment: Execution Of The Pharmaceutical Service Audit At The Department Of Health	30,50%	42,90%	44
Appointment: Audit on Human Resource Management At Department Of KZN Treasury	100%	100%	100
Appointment: Audit on Performance Information At The Department Of Education	100%	100%	100
Appointment: Execution Of Performance Information Audit At The Department Of Health	100%	100%	100
Appointment: Execution Of Performance Information Audit At The Department Of Sport, Arts And Culture	100%	100%	100



Appointment: Execution Of The Audit On The Mainstreaming Of Vulnerable Groups At The Department Of Transport	100%	100%	12
Appointment: Execution Of On Post-Merger Due Diligence Process At The Department Of Sport, Arts And Culture	96%	96%	90
Appointment Of Municipal Revenue and Debt Management Senior Resource	100%	100%	4
Audit on Transfer Payment at Department of Sport, Art And Culture	65%	90%	12
Appointment: Execution Of The Audit On The Performance Information At The Department Of Transport	96%	96%	90
Appointment: Execution Of The Follow-Up Audit On Resolved Audit Findings AT The Department Of Health	100%	100%	6
Appointment: Follow Up On Resolved Audit Findings AT The Department Of Education	100%	100%	10
Appointment: Execution Of The Performance Audit On Consultants Services AT The Department Of Cooperative Governance and Traditional Affairs	100%	85%	10
Appointment: Provide Audit And Technical Support Regarding Performance Audit On Consultants Services At The Department Of Transport.	100%	100%	9
Appointment: Undertake Technical Studies For The Development Of A Business Case For Tertiary Hospital In The North Of KZN For The KwaZulu Natal Department Of Health (KZN DOH)	100%	100%	100
Appointment: Execution of the Audit On Supply Chain Management At The Department Of Corporative Governance And Traditional Affairs	100%	100%	100
Appointment: Execution Of The Performance Information At The Department Of Social Develop	100%	100%	25
Appointment: Secondment of resources to the Department of Health for Supervising and Mentoring of Internal Control Learners	100%	100%	10
Appointment: Execution Of The Audit On The Mainstreaming Of Vulnerable Groups At The Department Of Community Safety And Liaison	100%	100%	20
Appointment: Secondment of resources to the Department of Health for Supervising and Mentoring of Internal Control Learners	100%	100%	10
Appointment: Technical Support To Undertake Studies To Develop an Ideal Infrastructure Service Delivery Model In Support Of The Service Delivery Mandate Of KZN Department Of Social Development	100%	100%	1
Appointment: Secondment of resources to the Department of Health for Supervising and Mentoring of Internal Control Learners	100%	100%	6



Appointment: Assistance With Review Of Business Continuity Management (BCM) Practices Of Five (5) KwaZulu-Natal Provincial Departments	100%	100%	3
Appointment: Assistance With Review Of Business Continuity Management (BCM) Practices Of Four (4) KwaZulu-Natal Provincial Departments	100%	100%	20
Appointment: Execution Of The Transfer Payments Audit At The Department Of Economic Development And Environmental Affairs	100%	100%	10
Appointment: Execution Of The IT Software Licensing And Spending Audit At The KZN Department Of Cooperative Governance And Traditional Affairs	100%	100%	10
Appointment: Execution Of The Audit On Infrastructure Development And Professional Services At The Department Of Public Works	30,50%	42,90%	44
Appointment: Audit On Implementation Of Sanitary Dignity Programme At The Department Of Education.	44,10%	44,10%	25
Appointment: Roll-Out And Customisation Of The Provincial Combined Assurance Framework In Four Provincial Departments	30,50%	42,90%	44
Appointment: Appointment Of Senior Resources To Provide MSCOA Support	100%	100%	6
Appointment: Appointment Of Senior Resources To Provide MSCOA Support	100%	100%	10
Appointment: Development Of Business Continuity Management Templates, Guidelines and Provision Of Training	25%	11,81%	100
Appointment: MSCOA Advisor	100%	100%	10
Appointment: MSCOA Advisor	100%	100%	10
Appointment: MSCOA Project Manager	100%	100%	10

### 3.16 Severance Packages

Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	6
Highly skilled production (Levels 6-8)	0	0	0	29
Highly skilled supervision (Levels 9-12)	0	0	0	34
Senior management (Levels 13-16)	0	0	0	55
Total	0	0	0	34

# **PART E:**

# **PFMA COMPLIANCE REPORT**



## 2.7 PFMA Compliance Report

### 2.7.1 Information on Irregular, Fruitless and Wasteful, Unauthorised Expenditure and Material Losses

#### Irregular Expenditure

##### a) Reconciliation of Irregular Expenditure

Description	2022/2023	2021/2022
	R'000	R'000
Opening Balance	26 292	27 321
Add: Irregular Expenditure Confirmed	524	1 530
Less: Irregular Expenditure Condoned	(1 110)	(2 559)
Less: Irregular Expenditure Removed (Not Condoned)	(25 706)	-
Less : Irregular Expenditure Recoverable	-	-
Less : Irregular Expenditure not recovered and written off	-	-
<b>Closing Balance</b>	<b>-</b>	<b>26 292</b>

The total of R1 530 000 in the prior year includes an amount of R701 000 for the Irregular expenditure that was incurred and confirmed in 2021/2022 FY, and R829 000 which was for cases incurred in the previous years. The prior year condoned amount of R2 559 000 includes an amount R1 615 000 relating to the irregular expenditure identified in the 2020/21 FY but the assessment and condonation was completed in the 2021/22 FY

##### Reconciling notes to the Annual Financial Statement Disclosure

Description	2022/2023	2021/2022
	R'000	R'000
Irregular expenditure that was under assessment in 2021/2022	-	-
Irregular expenditure that relates to 2021/22 and identified in 2022/23	-	-
Irregular Expenditure for the current year	524	701
<b>Total</b>	<b>524</b>	<b>701</b>

The amount of R524 000 represents the irregular expenditure incurred in the current year.

##### b) Details of current and Previous year Irregular Expenditure (Under Assessment, Determination, and Investigation)

Description	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure Under Assessment	-	586
Irregular Expenditure Under Determination	-	25 706
Irregular Expenditure under Investigation	-	-
<b>Total</b>	<b>-</b>	<b>26 292</b>



The prior year amount of R586 000 which was still under assessment as at the end of 2021/22 was condoned the current financial year. There were no pending cases as at close of the current financial year.

**c) Details of current and previous year irregular expenditure condoned**

	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure Condoned	1 110	2 559
<b>Total</b>	<b>1 110</b>	<b>2 559</b>

**d) Details of current and previous year irregular expenditure removed (not condoned)**

	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure not condoned and removed	25 706	-
<b>Total</b>	<b>25 706</b>	<b>-</b>

R25 706 000 represents the irregular expenditure from previous years and was removed by the AO in 2022/2023 FY.

**e) Details of current and previous year irregular expenditure recovered**

	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure recovered.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**f) Details of current and previous year irregular expenditure written off (Irrecoverable)**

	2022/2023	2021/2022
	R'000	R'000
Irregular Expenditure written off.	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## **Fruitless and wasteful expenditure**

**a) Reconciliation of Fruitless and Wasteful Expenditure**

	2022/2023	2021/2022
Description	R'000	R'000
Opening Balance		76
Add: Fruitless and Wasteful Expenditure Confirmed	372	12
Less: Fruitless and Wasteful Expenditure Written Off	(372)	(88)
Less: Fruitless and Wasteful Expenditure recoverable	-	-
Closing Balance	-	-

All fruitless and wasteful expenditure for the current and previous years were written off. No F& W expenditure was brought forward to the current year



## Reconciling Notes

Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and Wasteful Expenditure that was under assessment in 2022	-	12
Fruitless and wasteful expenditure that relates to 2021/22 and identified in 2022/23	-	-
Fruitless and wasteful expenditure for the current year	372	-
<b>Total</b>	<b>372</b>	<b>12</b>
All fruitless and wasteful expenditure for the current and previous years were written off.		

b) Details of current and Previous year Fruitless and wasteful expenditure (Under Assessment, Determination, and Investigation)		
Description	2022/2023	2021/2022
	R'000	R'000
Fruitless and Wasteful Expenditure Under Assessment	-	-
Fruitless and Wasteful Expenditure Under Determination	-	-
Fruitless and Wasteful Expenditure under Investigation	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

There was no fruitless and wasteful expenditure under assessment, determination, or investigation at year end

c) Details of current and previous year fruitless and wasteful expenditure recovered		
	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure recovered	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

d) Details of current and previous year fruitless and wasteful expenditure not recovered and written off		
	2022/2023	2021/2022
	R'000	R'000
Fruitless and wasteful expenditure written off	372	88
<b>Total</b>	<b>372</b>	<b>88</b>

All fruitless and wasteful expenditure in the current and previous years were written off.

e) Details of current and previous year disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure	
Disciplinary Steps taken	
N/A	

## 2.7.2 Information on late and /or non-payment of suppliers

Description	Number of Invoices	Consolidated Value R'000
Valid Invoices received	3 437	542 192
Invoices paid within 30 days or agreed period	3 433	539 963
Invoice paid after 30 days or agreed period	4	2 228



Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

## 2.7.3 Information on Supply Chain Management

Invoice was misplaced by one of the end-user business units, and the Invoice certification by the relevant Manager was delayed within the unit due to the manager being on leave. Internal controls have been strengthened to prevent the re-occurrence.

### Procurement by other means

#### **CONTRACT VARIATION AND EXPANSION – DEVIATION**

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Radio slot for MEC	SABC Ukhozi FM	Deviations	PT064250	1 000
HardCat software Support and Maintenance Licenses	The Asset Centre	Deviations	PT064343	4 048
Procurement of Xaba Attorneys for the PPP litigation against EDTEA and MEC of Finance	Xaba Attorneys Inc	Deviations	PT064346	300
To provide legal advice on Afrisun KZN (Pty) Ltd T/A Sibaya Casino and Entertainment Kingdom / KwaZulu-Natal Gaming and Betting Board & the MEC for Finance, KwaZulu-Natal Province (Case No. 3515/22)	PKX Attorneys	Deviations	PT064252	500
To provide legal services on Sisanda Medical Services (Pty) Ltd / MEC for Finance for Health; MEC for Finance KZN & Others	Jafta Incorporated	Deviations	PT064262	483
Procurement of Golf 8 2.0 TSI GTI DSG (180 W) backup vehicles for the Office of the MEC	VW South Africa	Deviations	FE00002211	788
Request to attend the 25th Anniversary Event: EAPA-SA EDU-WEEK (Conference)	Employee Assistance Professionals Association of South Africa	Deviations	PT064374	23
Procurement of table 10-seater standard for ABASA Annual dinner 28 July 2022	Nomondli Communication	Deviations	PT064384	17
Pre-publicity promos and paid interviews for UGU SMMEs Outreach Programme	SABC Ukhozi FM	Deviations	PT064397	170
Pre-publicity promos and paid interviews for UGU SMMEs Outreach Programme	Radio Sunny South	Deviations	PT064399	24
Request to attend the 8th Biennial South African Monitoring and Evaluation Association Conference 2022.	South African Monitoring and Evaluation Association	Deviations	PT064445	8
Request for Hearing Assessment and Hearing Aid for Ms Z Hyai	A Van Der Merwe Inc (Ear Institute)	Deviations	PT064554	50
Request to attend an Occupational Certificate in Internal Audit Training that will take place over a period of 12 months.	Leadership Academy for Guardians of Governance	Deviations	PT064534	1 585
Request to procure Online Internet Application subscriptions for newspaper for a period of 12 months.	Calandria 159 cc	Deviations	PT064539	27
Request to renew the annual support and maintenance contract for Cura Risk Management Software (Pty) Ltd for the period 1 January 2023 to 31 December 2023,	Cura Risk Management Software (Pty) Ltd	Deviations	PT064606	271
Extension of current Service Level Agreement Support of Biometrics Access Control Systems (BACS) for a period of twelve months (1 March 2023 to 29 February 2024) between KZN Provincial Treasury and Datacentrix (PTY) LTD.	Datacentrix (PTY) LTD	Deviations	PT064661	15 167
Extension of Biometrics Access Control Systems (BACS) Software Maintenance Renewal between KZN Provincial Treasury and Datacentrix (PTY) LTD for a period of twelve months (1 March 2023 to 29 February 2024).	Datacentrix (PTY) LTD	Deviations	PT064662	13 593



Professional training development program for Information Technology Infrastructure Library (ITIL) 4 Foundation Training Course.	Think 360 KZN	Deviations	PT064658	10
Spending Review Training provided by GTAC	Government Technical Advisory Centre (GTAC)	Deviations	PT064672	237
<b>Total</b>				<b>34 253</b>

#### CONTRACT VARIATION AND EXPANSION – VARIATION

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/sor variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
To provide immovable Asset Support to the KZN Department of Public Works	Sizayo Business Services (Pty) Ltd	Variations	PT063738	1 818	NIL	198
To provide immovable Asset Support to the KZN Department of Public Works	Nxasana Accounting and tax Services	Variations	PT063744	745	NIL	104
To provide immovable Asset Support to the KZN Department of Public Works	Invictus Consulting	Variations	PT063737	745	NIL	104
Printing of 2022/2023 Provincial Budget Speech	Nu-Print	Variations	PT064173	10	NIL	3
To provide assistance in SCM unit with the provisioning of goods and services	Workforce	Variations	PT063895	381	NIL	307
To provide Financial Management Support to the KZN Department of Transport	Rakoma and Associates	Variations	PT063801	1 325	NIL	199
To Provide Infrastructure Related Support At Department Of Education	Rakoma and Associates	Variations	PT063932	1 103	NIL	165
To provide Financial Management Support to the KZN Department of Transport	Invictus Consulting	Variations	PT 063834	1325	NIL	199
To provide mSCOA support at KZN Municipalities.	G&G Chartered Accountants Inc	Variations	PT063778	2 274	NIL	341
To provide legal advice on Afrisun KZN (Pty) Ltd T/A Sibaya Casino and Entertainment Kingdom / KwaZulu-Natal Gaming and Betting Board & the MEC for Finance, KwaZulu-Natal Province (Case No. 331522P)	PKX Attorneys	Variations	PT064252	500	NIL	300



Appointment of resources to assist Municipalities with Revenue and Debt Management	G & G Chartered Accountants	PT063908	Variations	1 137	NIL	152
Extension of the Existing Contract for Four Temporal Supply Chain Management Clerks procured through employment Agency.	Membry HR Solutions (Pty) Ltd	PT 064387	Variations	660	NIL	60
Expansion of the Scope of Audit Work and Engineering Technical Support to include special SCM and Expenditure verification at the Department of Transport.	Ukukhanya Advisory Services	PT 064541	Variations	1 435	NIL	214
Variation to appoint Municipal Finance Experts Mpofana Local Municipality	JLS Financial Management	PT064128	Variations	1 990	NIL	298
<b>Total</b>						<b>2 644</b>

# **PART F:**

# **FINANCIAL INFORMATION**

## **2.8.1 Report of the auditor-general to the KwaZulu-Natal Provincial Legislature on vote no.6: Provincial Treasury.**

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

#### **Opinion**

1. I have audited the financial statements of the KwaZulu-Natal Provincial Treasury (provincial treasury) set out on pages 168 to 210, which comprise the appropriation statement, statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the provincial treasury as at 31 March 2023, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa 1 of 1999 (PFMA).

#### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' International code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matter**

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

#### **An uncertainty relating to the future outcome of contingent liabilities**

7. As disclosed in note 18 to the financial statements, the department is the defendant in a lawsuit relating to the taxation of gross gaming revenue. The department is opposing the claim. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

**Other matter**

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

**National Treasury Instruction No. 4 of 2022/2023: PFMA Compliance and Reporting Framework**

9. On 23 December 2022 National Treasury issued Instruction Note No. 4: PFMA Compliance and Reporting Framework of 2022-23 in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA, which came into effect on 3 January 2023. The PFMA Compliance and Reporting Framework also addresses the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Among the effects of this framework is that irregular and fruitless and wasteful expenditure incurred in previous financial years and not addressed is no longer disclosed in the disclosure notes of the annual financial statements, only the current year and prior year figures are disclosed in note 23 to the financial statements. The movements in respect of irregular expenditure and fruitless and wasteful expenditure are no longer disclosed in the notes to the annual financial statements of the provincial treasury. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now required to be included as part of other information in the annual report of the auditees.

10. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

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

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

12. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

**Responsibilities of the auditor-general for the audit of the financial statements**

13. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an

audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

15. In accordance with the Public Audit Act of South Africa 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
16. I selected the following programmes presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page numbers	Purpose
<b>Financial governance</b>	85-95	The purpose of this programme is to provide: <ul style="list-style-type: none"><li>• audit readiness support to provincial departments and public entities with the objective of achieving improved audit outcomes in the province</li><li>• 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.</li></ul>
<b>Municipal finance management</b>	102-108	The purpose of this programme is to provide oversight, technical support and guidance to delegated municipalities.

17. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery on its mandate and objectives.

18. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

20. I did not identify any material findings on the reported performance information for the selected programmes.

#### **Other matters**

21. I draw attention to the matters below.

#### **Achievement of planned targets**

22. The annual performance report includes information on the reported achievements against planned targets and provides explanations for over and under-achievements.

#### **Adjustment of material misstatements**

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of the financial governance and municipal finance management programmes. Management subsequently corrected all the misstatements and I did not include any material findings in this report.

#### **Report on compliance with legislation**

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.

25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
27. I did not identify any material non-compliance with the selected legislative requirements.

#### **Other information in the annual report**

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

#### **Internal control deficiencies**

32. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

## Other reports

33. I draw attention to the following engagement conducted. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
34. The Office of the Premier's Forensic Unit is investigating allegations of improper conduct by an official of the department who used his position in the department to solicit tenders from other state institutions. The investigation commenced in May 2020 and covers the period 1 April 2020 to 31 March 2021. The investigation was still in progress at the date of this report.

*Auditor-General*

Pietermaritzburg  
31 July 2023



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure to the auditor's report**

The annexure includes the following:

- the auditor-general's responsibility for the audit
- the selected legislative requirements for compliance testing.

## **Auditor-general's responsibility for the audit**

### **Professional judgement and professional scepticism**

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

### **Financial statements**

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### Communication with those charged with governance

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

### Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act No.1 of 1999 (PFMA)	Sections 1; 38(1)(a)(iv); 38(1)(b); 38(1)(c); 38(1)(c)(iii); 38(1)(d); Sections 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); Sections 40(1)(c)(i); 43(4); 44; 44 (1) and (2) ; 45(b); 50(3); Sections 50(3)(a); 57(b)
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Regulations 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; Regulations 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 8.1.1; Regulations 8.2.1; 8.2.2; 8.2.3; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; Regulations 12.5.1; 15.10.1.2(c); 16A3.1; 16A 3.2; 16A 3.2(a); Regulations 16A 6.1; 16A6.2(a), (b) & (e); 16A 6.3(a); Regulations 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A6.3(d); Regulations 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; 16A7.1; Regulations 16A.7.3; 16A.7.6 16A.7.7; 16A8.2(1) and (2); Regulations 16A 8.3; 16A8.3 (d); 16A 8.4; 16A9; 16A9.1; Regulations 16A9.1(b)(ii); 16A9.1(c); 16A 9.1(d); 16A 9.1(e); Regulations 16A9.1(f); 116A9.2; 16A9.2(a)(ii) &(iii); 17.1.1; 18.2; Regulations 19.8.4
Public service regulation	Regulations 13(c );18; 18 (1) and (2); 25(1)(e)(i); 25(1)(e)(iii)
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Sections 29; 34(1)
Construction Industry Development Board Act No.38 of 2000 (CIDB)	Section 18(1)
Construction Industry Development Board Regulations	Regulations 17; 25(1); 25 (5) & 25(7A)
PPFA	Sections 1(i); 2.1(a); 2.1(b); 2.1(f)
PPR 2017	Paragraphs 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.5; Paragraphs 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; 8.2; 8.5; Paragraphs 9.1; 9.2; 10.1; 10.2; 11.1; 11.2; 12.1 and 12.2
PPR 2022	Paragraphs 3.1; 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
PPR 2011	Paragraphs 9.1; 9.5
SITA ACT	Sections 7(3); 7(6)(b); 20(1)(a)(i)
SITA regulations	Regulations 8.1.1 (b); 8.1.4; 8.1.7; 9.6; 9.4; 12.3; 13.1 (a); 14.1; Regulations 14.2
PFMA SCM Instruction no. 09 of 2022/2023	Paragraphs 3.1; 3.3 (b); 3.3 (c ); 3.3 (e ); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraphs 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraphs 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6; Paragraphs 5.4; 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 2019/20	Paragraphs 5.5.1(vi); 5.5.1(x);
NT SCM Instruction Note 11 2020/21	Paragraphs 3.1; 3.4 (a) and (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction note 2 of 2021/22	Paragraphs 3.2.1; 3.2.2; 3.2.4(a) and (b) ; 3.3.1; 3.2.2; 4.1
NT SCM Instruction Note 01 of 2021-22	Paragraph 4.1



Legislation	Sections or regulations
PFMA SCM Instruction 04 of 2022/23	Paragraphs 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM instruction 08 of 2022/23	Paragraph 3.2; 4.3.2 and 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT instruction note 4 of 2015/16	Paragraph 3.4
NT instruction 3 of 2019/20 - Annexure A	Section 5.5.1 (iv) and (x)
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9; 5.1; 5.3
Erratum NTI 5 of 2020/21	Paragraph 1; 2
NT Instruction 07 of 2017/18	Paragraph 4.3
Practice note 7 of 2009/10	Paragraph 4.1.2
Practice note 11 of 2008/9	Paragraph 3.1; 3.1 (b)
NT instruction note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30 (1)

**APPROPRIATION STATEMENT - for the year ended 31 March 2023**

		2022/23			2021/22	
		Final Budget	Actual Expenditure		Final Budget	Actual Expenditure
		R'000			R'000	R'000
<b>TOTAL (brought forward)</b>						
<b>Reconciliation with statement of financial performance</b>						
<b>ADD</b>						
Departmental receipts		153 833			131 657	
NRF Receipts						

## Kwazulu-Natal Provincial Treasury – VOTE 6

**APPROPRIATION STATEMENT - for the year ended 31 March 2023**[illegible]

# Kwazulu-Natal Provincial Treasury – VOTE 6

## APPROPRIATION STATEMENT - for the year ended 31 March 2023

Appropriation per economic classification									
2022/23								2021/22	
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>604 550</b>				<b>594 246</b>	<b>5 058</b>	<b>99,2%</b>	<b>613 050</b>	<b>555 787</b>
Compensation of employees	318 446		(5 246)	599 304	312 363	1 154	99,6%	342 401	317 572
Goods and services	285 934		(4 929)	313 517	281 871	3 746	98,7%	270 637	238 203
Interest and rent on land	170		(317)	285 617	12	158	7,1%	12	12
			-	170					
<b>Transfers and subsidies</b>	<b>4 266</b>				<b>7 356</b>	<b>290</b>	<b>96,2%</b>	<b>10 142</b>	<b>10 060</b>
Provinces and municipalities	31		3 380	7 646	29	2	93,5%	37	37
Departmental agencies and accounts	3		-	31	-	3		-	-
Public corporations and private enterprises	365		-	365	343	22	94,0%	-	-
Non-profit institutions	109		-	109	17	92	15,6%	20	-
Households	3 758		-	7 138	6 967	171	97,6%	10 085	10 023
			3 380						
<b>Payments for capital assets</b>	<b>13 693</b>				<b>11 044</b>	<b>4 359</b>	<b>71,7%</b>	<b>13 580</b>	<b>10 927</b>
Machinery and equipment	13 693		1 710	15 403	11 044	4 359	71,7%	13 580	10 927
			-	156					
<b>Payments for financial assets</b>	<b>-</b>				<b>156</b>	<b>-</b>	<b>100%</b>	<b>121</b>	<b>121</b>
<b>Total</b>	<b>622 509</b>		-	<b>622 509</b>	<b>612 802</b>	<b>9 707</b>	<b>98,4%</b>	<b>636 893</b>	<b>576 895</b>

# Kwazulu-Natal Provincial Treasury – VOTE 6

## APPROPRIATION STATEMENT - for the year ended 31 March 2023

Programme 1: ADMINISTRATION										2021/22	
2022/23											
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final Budget	Final Budget	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
<b>Sub programme</b>											
1. OFFICE OF THE MEC	29 498	-	(122)	29 376	29 208	168	99,4%	30 584	22 362		
2. MANAGEMENT SERVICES (HOD)	12 125	-	(2 002)	10 123	9 973	150	98,5%	15 077	8 633		
3. FINANCIAL MANAGEMENT (CFO)	30 699	-	118	30 817	30 582	235	99,2%	31 823	27 562		
4. CORPORATE SERVICES	124 201	-	1 655	125 856	122 912	2 944	97,7%	135 639	124 871		
<b>Total for sub programmes</b>	<b>196 523</b>	<b>-</b>	<b>(351)</b>	<b>196 172</b>	<b>192 675</b>	<b>3 497</b>	<b>98,2%</b>	<b>213 123</b>	<b>183 428</b>		
<b>Economic classification</b>											
<b>Current payments</b>	<b>182 683</b>	<b>-</b>	<b>(3 132)</b>	<b>179 551</b>	<b>179 462</b>	<b>89</b>	<b>100%</b>	<b>202 414</b>	<b>175 017</b>		
Compensation of employees	94 157	-	(2 719)	91 438	91 438	-	100%	102 685	88 614		
Goods and services	88 526	-	(425)	88 101	88 012	89	99,9%	99 717	86 391		
Interest and rent on land	-	-	12	12	12	-	100%	12	12		
<b>Transfers and subsidies</b>	<b>3 793</b>		<b>2 478</b>	<b>6 271</b>	<b>6 049</b>	<b>222</b>	<b>96,5%</b>	<b>2 134</b>	<b>2 057</b>		
Provinces and municipalities	31	-	-	31	29	2	93,5%	37	37		
Departmental agencies and accounts	3	-	-	3	-	3	-	-	-		
Public corporations and private enterprises	365	-	-	365	343	22	94,2%	-	-		
Non-profit institutions	109	-	-	109	17	92	15,6%	20	-		
Households	3 285	-	2 478	5 763	5 660	103	98,2%	2 077	2 020		
<b>Payments for capital assets</b>	<b>10 047</b>	<b>-</b>	<b>241</b>	<b>10 288</b>	<b>7 102</b>	<b>3 186</b>	<b>69,0%</b>	<b>8 510</b>	<b>6 289</b>		
Machinery and equipment	10 047		241	10 288	7 102	3 186	69,0%	8 510	6 289		
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>-</b>	<b>100%</b>	<b>65</b>	<b>65</b>		
<b>Total</b>	<b>196 523</b>	<b>-</b>	<b>(351)</b>	<b>196 172</b>	<b>192 675</b>	<b>3 497</b>	<b>98,2%</b>	<b>213 123</b>	<b>183 428</b>		

# Kwazulu-Natal Provincial Treasury – VOTE 6

## APPROPRIATION STATEMENT - for the year ended 31 March 2023

Programme 2: SUSTAINABLE RESOURCE MANAGEMENT									
2022/23									
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. PROGRAMME SUPPORT	3 207	-	-	3 207	3 138	69	97,8%	3 730	3 683
2. ECONOMIC ANALYSIS	20 731	-	-	20 731	19 654	1 077	94,8%	20 663	14 598
3. PUBLIC FINANCE	18 079	-	-	18 079	18 030	49	99,7%	18 373	18 343
4. PUBLIC PRIVATE PARTNERSHIP	5 543	-	-	5 543	4 814	729	86,8%	6 680	5 779
<b>Total for sub programmes</b>	<b>47 560</b>	<b>-</b>	<b>-</b>	<b>47 560</b>	<b>45 636</b>	<b>1 924</b>	<b>96,0%</b>	<b>49 446</b>	<b>42 403</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>46 935</b>	<b>-</b>	<b>(208)</b>	<b>46 727</b>	<b>44 860</b>	<b>1 867</b>	<b>96,0%</b>	<b>48 602</b>	<b>41 560</b>
Compensation of employees	37 838	-	(109)	37 729	37 065	664	98,2%	41 330	39 988
Goods and services	9 097	-	(99)	8 998	7 795	1 203	86,6%	7 272	1 572
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>88</b>	<b>-</b>	<b>6</b>	<b>94</b>	<b>94</b>	<b>-</b>	<b>100%</b>	<b>135</b>	<b>135</b>
Households	88	-	6	94	94	-	100%	135	135
<b>Payments for capital assets</b>	<b>537</b>	<b>-</b>	<b>202</b>	<b>739</b>	<b>682</b>	<b>57</b>	<b>92,3%</b>	<b>709</b>	<b>708</b>
Machinery and equipment	537	-	202	739	682	57	92,3%	709	708
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>47 560</b>	<b>-</b>	<b>-</b>	<b>47 560</b>	<b>45 636</b>	<b>1 924</b>	<b>96,0%</b>	<b>49 446</b>	<b>42 403</b>

# Kwazulu-Natal Provincial Treasury – VOTE 6

## APPROPRIATION STATEMENT - for the year ended 31 March 2023

Programme 3: FINANCIAL GOVERNANCE									
	2022/23						2021/22		
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Sub programme</b>									
1. PROGRAMME SUPPORT	5 712	-	-	5 712	5 416	296	94,8%	5 180	5 180
2. ASSETS&LIABILITIES MANAGEMENT	20 654	-	(924)	19 730	18 532	1 198	93,9%	18 685	18 671
3. SUPPORT AND INTERLINKED FINANCIAL SYSTEM	119 344	-	(1 636)	117 708	117 101	607	99,5%	113 824	113 764
4. SUPPLY CHAIN MANAGEMENT	39 524	-	685	40 209	39 873	336	99,2%	44 337	44 083
5. ACCOUNTING SERVICES	15 813	-	-	15 813	15 238	575	96,4%	18 567	18 455
6. NORMS & STANDARDS	5 539	-	-	5 539	5 213	326	94,1%	6 194	6 112
<b>Total for sub programmes</b>	<b>206 586</b>	<b>-</b>	<b>(1 875)</b>	<b>204 711</b>	<b>201 373</b>	<b>3 338</b>	<b>98,4%</b>	<b>206 787</b>	<b>206 265</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>204 702</b>	<b>-</b>	<b>(3 836)</b>	<b>200 866</b>	<b>198 160</b>	<b>2 706</b>	<b>98,7%</b>	<b>197 849</b>	<b>197 495</b>
Compensation of employees	73 033	-	(2 602)	70 431	70 033	398	99,4%	72 173	72 158
Goods and services	131 499	-	(1 222)	130 277	128 127	2 150	98,3%	125 676	125 337
Interest and rent on land	170	-	(12)	158	-	158	-	-	-
<b>Transfers and subsidies</b>	<b>241</b>	<b>-</b>	<b>844</b>	<b>1 085</b>	<b>1 085</b>	<b>-</b>	<b>100,0%</b>	<b>6 983</b>	<b>6 978</b>
Households	241	-	844	1 085	1 085	-	100,0%	6 983	6 978
<b>Payments for capital assets</b>	<b>1 643</b>	<b>-</b>	<b>1 113</b>	<b>2 756</b>	<b>2 124</b>	<b>632</b>	<b>77,1%</b>	<b>1 912</b>	<b>1 749</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 643	-	1 113	2 756	2 124	632	77,1%	1 912	1 749
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>100%</b>	<b>43</b>	<b>43</b>
<b>Total</b>	<b>206 586</b>	<b>-</b>	<b>(1 875)</b>	<b>204 711</b>	<b>201 373</b>	<b>3 338</b>	<b>98,4%</b>	<b>206 787</b>	<b>206 265</b>

# Kwazulu-Natal Provincial Treasury – VOTE 6

*APPROPRIATION STATEMENT - for the year ended 31 March 2023*

Programme 4: INTERNAL AUDIT										2021/22	
2022/23											
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		
<b>Sub programme</b>											
1. PROGRAMME SUPPORT	2 400	-	85	2 485	2 373	112	95,5%	3 129	2 539		
2. ASSURANCE SERVICES	76 122	-	1 645	77 767	77 757	10	100%	72 809	64 738		
3. RISK MANAGEMENT	19 451	-	496	19 947	19 849	98	99,5%	21 412	18 939		
<b>Total for sub programmes</b>	<b>97 973</b>	<b>-</b>	<b>2 226</b>	<b>100 199</b>	<b>99 979</b>	<b>220</b>	<b>99,8%</b>	<b>97 350</b>	<b>86 216</b>		
<b>Economic classification</b>											
<b>Current payments</b>	<b>96 873</b>	<b>-</b>	<b>1 939</b>	<b>98 812</b>	<b>98 745</b>	<b>67</b>	<b>99,9%</b>	<b>96 273</b>	<b>85 177</b>		
Compensation of employees	72 044	-	(296)	71 748	71 740	8	100%	80 799	76 771		
Goods and services	24 829	-	2 235	27 064	27 005	59	99,8%	15 474	8 406		
Interest and rent on land	-	-	-	-	-	-	-	-	-		
<b>Transfers and subsidies</b>	<b>144</b>	<b>-</b>	<b>52</b>	<b>196</b>	<b>128</b>	<b>68</b>	<b>65,3%</b>	<b>170</b>	<b>170</b>		
Households	144	-	52	196	128	68	65,3%	170	170		
<b>Payments for capital assets</b>	<b>956</b>	<b>-</b>	<b>145</b>	<b>1 101</b>	<b>1 016</b>	<b>85</b>	<b>92,3%</b>	<b>894</b>	<b>856</b>		
Machinery and equipment	956	-	145	1 101	1 016	85	92,3%	894	856		
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>90</b>	<b>90</b>	<b>-</b>	<b>100%</b>	<b>13</b>	<b>13</b>		
<b>Total</b>	<b>97 973</b>	<b>-</b>	<b>2 226</b>	<b>100 199</b>	<b>99 979</b>	<b>220</b>	<b>99,8%</b>	<b>97 350</b>	<b>86 216</b>		

# Kwazulu-Natal Provincial Treasury – VOTE 6

## APPROPRIATION STATEMENT - for the year ended 31 March 2023

Programme 5: MUNICIPAL FINANCE MANAGEMENT									
	2022/23							2021/22	
	Approved Budget R'000	Shifting of Funds R'000	Virement R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final budget %	Final Budget R'000	Actual expenditure R'000
<b>Sub programme</b>									
1. PROGRAMME SUPPORT	4 333	-	149	4 482	4 472	10	99,8%	3 150	2 932
2. MUNICIPAL BUDGET	24 994	-	438	25 432	25 037	395	98,4%	26 544	26 376
3. MUNICIPAL ACCOUNTING & REPORTING	10 983	-	(149)	10 834	10 736	98	99,1%	17 149	11 652
4. MUNICIPAL SUPPORT PROGRAMME	25 691	-	65	25 756	25 756	-	100,0%	17 322	13 986
5. MUNICIPAL REVENUE&DEBT MANAGEM	7 866	-	(503)	7 363	7 138	225	96,9%	6 022	3 637
<b>Total for sub programmes</b>	<b>73 867</b>	<b>-</b>	<b>-</b>	<b>73 867</b>	<b>73 139</b>	<b>728</b>	<b>99,0%</b>	<b>70 187</b>	<b>58 583</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>73 357</b>	<b>-</b>	<b>(9)</b>	<b>73 348</b>	<b>73 019</b>	<b>329</b>	<b>99,6%</b>	<b>67 912</b>	<b>56 538</b>
Compensation of employees	41 374	-	797	42 171	42 087	84	99,8%	45 414	40 041
Goods and services	31 983	-	(806)	31 177	30 932	245	99,2%	22 498	16 497
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>720</b>	<b>720</b>
Households	-	-	-	-	-	-	-	720	720
<b>Payments for capital assets</b>	<b>510</b>	<b>-</b>	<b>9</b>	<b>519</b>	<b>120</b>	<b>399</b>	<b>23,1%</b>	<b>1 555</b>	<b>1 325</b>
Buildings and other fixed structures									
Machinery and equipment	510	-	9	519	120	399	23,1%	1 555	1 325
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>73 867</b>	<b>-</b>	<b>-</b>	<b>73 867</b>	<b>73 139</b>	<b>728</b>	<b>99,0%</b>	<b>70 187</b>	<b>58 583</b>

**NOTES TO THE APPROPRIATION STATEMENT - for the year ended 31 March 2023**
**1. Detail of transfers and subsidies as per Appropriation Act (after Virement)**

Detail of these transactions can be viewed in the note on Transfers and Subsidies, and Annexure 1A-E of the Annual Financial Statements.

**2. Detail of specifically and exclusively appropriated amounts voted (after Virement)**

Detail of these transactions can be viewed in the note on Annual Appropriation to the Annual Financial Statements.

**3. Detail on payments for financial assets**

Detail of these transactions can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

**4. Explanations of material variances from Amounts Voted (after Virement):**
**4.1 Per programme**

Programme	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Budget %
ADMINISTRATION	196 172	192 675	3 497	2%

The programme has spent R192,675 million of its Adjusted budgets of R196,172 million. The spending is equivalent to 98% of the programme's Adjusted budget and therefore the programme has an underspending of R3,497 million at year-end. The underspending is attributed to payments for capital assets which relates to delays in delivery of orders issued for office equipment.

SUSTAINABLE RESOURCE MANAGEMENT	47 560	45 636	1 924	4%
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The programme has spent R45,636 million of its adjusted budgets of R47,560 million. The spending is equivalent to 96% of the programme's adjusted budget and therefore the programme has an underspending of R1,924 million at year end. The underspending attributed to Compensation of employees which is due to resignations during the year which requires about 4 to 6 months to fill and Goods and services mainly on items such as Operating payments, Training and development, consumables, stationery and travel and subsistence due to less travel to clients, National Treasury meetings like PAG forum, TCF etc. as most meetings were held virtually.

FINANCIAL GORVERNANCE	204 711	201 373	3 338	2%
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The programme has spent R201,373 million of its Adjusted budgets of R204,711 million. The spending is equivalent to 98% of the programme's Adjusted budget and therefore the programme has an underspending of R3,338 million. The underspending attributed to Compensation of employees which is due to resignations during the year which requires about 4 to 6 months to fill and from Goods and services mainly on items such Administrative fees (Bank charges on transversal bank accounts); Agency and support/outsourced services and travel and subsistence and from Payments for capital assets relates to delays in delivery of orders issued for office equipment.

INTERNAL AUDIT	100 199	99 979	220	0%
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The programme has spent R99,979 million of its adjusted budget of R100,199 million. The spending is equivalent to 99,8% of the programme's Adjusted budget and therefore the program has an underspending of R220 thousand. The underspending attributed mainly to Goods and services on items such as operating payments, administrative fees and consumables supplies and payments for capital assets which relates to delays in delivery of orders issued for office equipment.

MUNICIPAL FINANCE MANAGEMENT	73 867	73 139	728	1%
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**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2023

The programme has spent R73,139 million of its adjusted budget of R73,867 million. The spending is equivalent to 99% of the programme's Adjusted budget and therefore the programme has an underspending of R728 thousand. The underspending attributed mainly to Goods and services on items such as agency and support/outsourced services and from payments for capital assets relates to delays in delivery of orders issued for tool of trade.

#### 4.2 Per economic classification

Economic classification	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
<b>Current payments</b>	<b>599 304</b>	<b>594 246</b>	<b>5 058</b>	
Compensation of employees	313 517	312 363	1 154	0%
Goods and services	285 617	281 871	3 746	1%
Interest and rent on land	170	12	158	93%
<b>Transfers and subsidies</b>	<b>7 646</b>	<b>7 356</b>	<b>290</b>	
Provinces and municipalities	31	29	2	6%
Departmental agencies and accounts	3	-	3	100%
Higher education institutions	-	-	-	0%
Public corporations and private enterprises	365	343	22	6%
Non-profit institutions	109	17	92	84%
Households	7 138	6 967	171	2%
<b>Payments for capital assets</b>	<b>15 403</b>	<b>11 044</b>	<b>4 359</b>	
Machinery and equipment	15 403	11 044	4 359	28%
<b>Payments for financial assets</b>	<b>156</b>	<b>156</b>	<b>-</b>	

**Compensation of Employees** – The department has spent R312,363 million of the total Adjusted budget of R 313,517 million and realised an underspending of R1,154 million. This underspending is due to resignations during the year which requires about 4 to 6 months to fill.

**Goods and Services** – The department has spent R 281,871 million of the total adjusted budget of R 285, 617 million and realised an underspending of R3,746 million. This underspending relates mainly on items such as Administrative fees (Transversal bank charges), Agency and Support/outsourced services, catering, operating payments and Consumables: stationery and Office supplies.

**Interest and rent on land** - The department has spent R12 thousand (in relation to interest charged by SARS) of its adjusted budget of R170 thousand and realised underspending of R158 thousand. This underspending is due to favorable bank balance on Provincial PMG Account.

**Transfers and Subsidies** – The department has spent R 7,356 million of the total adjusted budget of R 7,646 million and realised underspending of R290 thousand. This underspending is mainly on item such as Non-profit institutions.

**Payment for Capital Assets** –The department has spent R 11,044 million of the total adjusted budget of R 15,403 million and realised underspending of R4,359 million. This underspending is due to delays in deliveries of issued orders for office equipment.

**Payments for financial assets** - The department has spent R156 thousand of its adjusted budget of R156 thousand.

**STATEMENT OF FINANCIAL PERFORMANCE - for the year ended 31 March 2023**

	Note	2022/23 R'000	2021/22 R'000
<b>REVENUE</b>			
Annual appropriation	1	622 509	636 893
Statutory appropriation		-	-
Departmental revenue	2	153 833	131 657
NRF Receipts		-	-
<b>TOTAL REVENUE</b>		<b>776 342</b>	<b>768 550</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	312 362	317 572
Goods and services	5	281 872	238 203
Interest and rent on land	6	12	12
Aid assistance	3	-	-
<b>Total current Expenditure</b>		<b>594 246</b>	<b>555 787</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	8	7 356	10 060
Aid assistance	3	-	-
<b>Total transfer and subsidies</b>		<b>7 356</b>	<b>10 060</b>
<b>Expenditure for capital assets</b>			
Tangible assets	9	11 044	10 927
Intangible assets	9	-	-
<b>Total expenditure for capital assets</b>		<b>11 044</b>	<b>10 927</b>
Unauthorised expenditure approved without funding			
<b>Payments for financial assets</b>	7	156	121
<b>TOTAL EXPENDITURE</b>		<b>612 802</b>	<b>576 895</b>
		<b>163 540</b>	<b>191 655</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>			
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		9 707	59 998
Annual appropriation		9 707	59 998
Departmental revenue and NRF receipts	13	153 833	131 657
Aid assistance	3	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>163 540</b>	<b>191 655</b>

**STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2023**

	Note	2022/23 R'000	2021/22 R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>13 389</b>	<b>69 474</b>
Cash and cash equivalents	10	553	57 070
Other financial assets		-	-
Prepayments and advances		-	-
Receivables	11	12 836	12 404
Loans		-	-
Aid assistance prepayments		-	-
Aid assistance receivable		-	-
<b>Non-current assets</b>		<b>3 762</b>	<b>3 561</b>
Investments		-	-
Prepayments and advances		-	-
Receivables	11	3 762	3 561
Loans		-	-
Other financial assets		-	-
<b>TOTAL ASSETS</b>		<b>17 151</b>	<b>73 035</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>15 294</b>	<b>71 175</b>
Voted funds to be surrendered to the Revenue Fund	12	9 707	59 998
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund		389	11 592
Bank overdraft		4 708	-
Payables		490	(415)
Aid assistance repayable		-	-
Aid assistance unutilised		-	-
<b>Non-current liabilities</b>			
Payables		-	-
<b>TOTAL LIABILITIES</b>		<b>15 294</b>	<b>71 175</b>
<b>NET ASSETS</b>		<b>1 857</b>	<b>1 860</b>
<b>Represented by:</b>			
Capitalisation reserve		-	-
Recoverable revenue		1 857	1 860
<b>TOTAL</b>		<b>1 857</b>	<b>1 860</b>

**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2023**

	Note	2022/23 R'000	2021/22 R'000
<b>Recoverable revenue</b>			
Opening balance		1 860	2 027
Transfers:		(3)	(167)
Irrecoverable amounts written off	7.1	156	121
Debts revised		-	-
Debts recovered (included in departmental revenue)		(1 453)	(385)
Debts raised		1 294	97
Closing balance		<u>1 857</u>	<u>1 860</u>
<b>TOTAL</b>		<u><u>1 857</u></u>	<u><u>1 860</u></u>

**CASH FLOW STATEMENT - for the year ended 31 March 2023**

	Note	2022/23 R'000	2021/22 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>774 619</b>	<b>768 545</b>
Annual Appropriated funds received	1.1	622 509	636 893
Statutory Appropriated funds received		-	-
Departmental revenue received	2	3 642	1 742
Interest received	2.2	148 468	129 910
NRF receipts		-	-
Aid assistance received	3	-	-
Net (increase)/decrease in net working capital		473	(12 423)
Surrendered to Revenue Fund		(225 034)	(148 962)
Surrendered to RDP Fund/Donor		-	(34 468)
Current payments		(594 234)	(555 775)
Interest paid	6	(12)	(12)
Payments for financial assets		(156)	(121)
Transfers and subsidies paid		(7 356)	(10 060)
<b>Net cash flow available from operating activities</b>	<b>16</b>	<b>(51 700)</b>	<b>6 724</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Distribution/dividend received			
Payments for capital assets	9	(11 044)	(10 927)
Proceeds from sale of capital assets	2.3	1 723	5
(Increase)/decrease in loans		-	-
(Increase)/decrease in investments		-	-
(Increase)/decrease in other financial assets		-	-
(Increase)/decrease in non-current receivables		(201)	(1 661)
<b>Net cash flow available from investing activities</b>		<b>(9 522)</b>	<b>(12 583)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		(3)	(167)
Increase/(decrease) in non-current payables		-	-
<b>Net cash flows from financing activities</b>		<b>(3)</b>	<b>(167)</b>
Net increase/(decrease) in cash and cash equivalents		(61 225)	(6 026)
Cash and cash equivalents at beginning of period		57 070	63 096
Unrealised gains and losses within cash and cash equivalents		-	-
<b>Cash and cash equivalents at end of period</b>	<b>(10 &amp; 14)</b>	<b>(4 155)</b>	<b>57 070</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

**PART A: ACCOUNTING POLICIES**

**Summary of significant accounting policies**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

<b>1.</b>	<b>Basis of preparation</b> The financial statements have been prepared in accordance with the Modified Cash Standard.
<b>2.</b>	<b>Going concern</b> The financial statements have been on a going concern basis.
<b>3.</b>	<b>Presentation currency</b> Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department
<b>4.</b>	<b>Rounding</b> Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).
<b>5.</b>	<b>Foreign currency translation</b> Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing date of payment / receipt.
<b>6.</b>	<b>Comparative information</b>
<b>6.1</b>	<b>Prior period comparative information</b> Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
<b>6.2</b>	<b>Current year comparison with budget</b> A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
<b>7.</b>	<b>Revenue</b>
<b>7.1</b>	<b>Appropriated funds</b> Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).  Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.  Appropriated funds are measured at the amounts receivable.  The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

<b>7.2</b>	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Departmental revenue is measured at the cash amount received.</p> <p>In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7.3</b>	<p><b>Accrued departmental revenue</b></p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> <li>it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and</li> <li>the amount of revenue can be measured reliably.</li> </ul> <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy.</p>
<b>8.</b>	<b>Expenditure</b>
<b>8.1</b>	<b>Compensation of employees</b>
<b>8.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>8.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>8.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p> <p>Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.</p>
<b>8.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.</p>
<b>8.4</b>	<b>Leases</b>
<b>8.4.1</b>	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>8.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

	<p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>9.</b>	<b>Aid assistance</b>
<b>9.1</b>	<p><b>Aid assistance received</b></p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
<b>9.2</b>	<p><b>Aid assistance paid</b></p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
<b>10.</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>11.</b>	<p><b>Prepayments and advances</b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
<b>12.</b>	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
<b>13.</b>	<p><b>Investments</b></p> <p>Investments are recognised in the statement of financial position at cost.</p>
<b>14.</b>	<b>Financial assets</b>
<b>14.1</b>	<p><b>Financial assets (not covered elsewhere)</b></p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
<b>14.2</b>	<b>Impairment of financial assets</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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	Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
<b>15.</b>	<b>Payables</b> Payables recognised in the statement of financial position are recognised at cost.
<b>16.</b>	<b>Capital assets</b>
<b>16.1</b>	<b>Immovable capital assets</b> Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
<b>16.2</b>	<b>Movable capital assets</b> Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
<b>16.3</b>	<b>Intangible capital assets</b> Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project. Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
<b>16.4</b>	<b>Project costs: Work-in-progress</b> Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
<b>17.</b>	<b>Provisions and contingents</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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<b>17.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
<b>17.2</b>	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
<b>17.3</b>	<p><b>Contingent assets</b></p> <p>Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.</p>
<b>17.4</b>	<p><b>Capital commitments</b></p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
<b>18.</b>	<p><b>Unauthorised expenditure</b></p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> <li>• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or</li> <li>• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or</li> <li>• transferred to receivables for recovery.</li> </ul> <p>Unauthorised expenditure is measured as the amount of the confirmed unauthorised expenditure, the current financial year includes:</p> <ul style="list-style-type: none"> <li>a) Amounts incurred and confirmed in that financial year; and or</li> <li>b) Payments made as it relates to multi-year contracts.</li> </ul> <p>The unauthorised expenditure for the previous financial year include:</p> <ul style="list-style-type: none"> <li>a) Amounts confirmed in that financial year;</li> <li>b) Amounts that were under assessment in that financial year and confirmed in the current financial year;</li> <li>c) Amounts that were not identified and are identified and confirmed in the current financial year.</li> </ul>
<b>19.</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written off as irrecoverable.</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when amounts are confirmed, and for the current financial year it includes:</p> <ul style="list-style-type: none"> <li>a) Amounts incurred and confirmed in that financial year; and or</li> <li>b) Payments made as it relates to multi-year contracts.</li> </ul> <p>Fruitless and wasteful expenditures for the previous financial year include:</p> <ul style="list-style-type: none"> <li>a) Amounts confirmed in that financial year;</li> <li>b) Amounts that were under assessment in that financial year and confirmed in the current financial year;</li> <li>c) Amounts that were not identified and are identified and confirmed in the current financial year.</li> </ul>
<b>20.</b>	<p><b>Irregular expenditure</b></p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

	<p>Losses emanating from irregular expenditure are recognised as receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written off as irrecoverable.</p> <p>Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of current and previous financial year.</p> <p>Irregular expenditure for the current financial year includes:</p> <ul style="list-style-type: none"> <li>a) Amounts incurred and confirmed in that financial year; and or</li> <li>b) Payments made as it relates to multi-year contracts.</li> </ul> <p>Irregular expenditures for the previous financial year include:</p> <ul style="list-style-type: none"> <li>a) Amounts confirmed in that financial year;</li> <li>b) Amounts that were under assessment in that financial year and confirmed in the current financial year;</li> <li>c) Amounts that were not identified and are identified and confirmed in the current financial year.</li> </ul>
<b>21.</b>	<p><b>Changes in accounting estimates and errors</b></p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
<b>22.</b>	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
<b>23.</b>	<p><b>Principal-Agent arrangements</b></p> <p>The department is not party to a principal-agent arrangement.</p>
<b>24.</b>	<p><b>Departures from the MCS requirements</b></p> <p>There were no departures from MCS requirements.</p>
<b>25.</b>	<p><b>Capitalisation reserve</b></p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
<b>26.</b>	<p><b>Recoverable revenue</b></p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
<b>27.</b>	<p><b>Related party transactions</b></p> <p>Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.</p>
<b>28.</b>	<p><b>Inventories</b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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	<p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
<b>29.</b>	<p><b>Public-Private Partnerships</b></p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
<b>30.</b>	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>
<b>31.</b>	<p><b>Transfer of functions</b></p> <p>Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.</p> <p>Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>
<b>32.</b>	<p><b>Mergers</b></p> <p>Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.</p> <p>Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

**1. Annual Appropriation****1.1. Annual Appropriation**

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

	2022/23			2021/22		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
Programmes	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration	196 172	196 172	-	213 123	213 123	-
2. Sustainable Resource Management	47 560	47 560	-	49 446	49 446	-
3. Financial Governance	204 711	204 711	-	206 787	206 787	-
4. Internal Audit	100 199	100 199	-	97 350	97 350	-
5. Municipal Finance Management	73 867	73 867	-	70 187	70 187	-
<b>Total</b>	<b>622 509</b>	<b>622 509</b>	<b>-</b>	<b>636 893</b>	<b>636 893</b>	<b>-</b>

**2. Departmental revenue**

	Note	2022/23 R'000	2021/22 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	914	340
Fines, penalties and forfeits		-	-
Interest, dividends and rent on land	2.2	148 468	129 910
Sales of capital assets	2.3	1 723	5
Transactions in financial assets and liabilities	2.4	2 728	1 402
Transfer received		-	-
<b>Total revenue collected</b>		<b>153 833</b>	<b>131 657</b>
Less: Own revenue included in appropriation		-	-
<b>Departmental revenue collected</b>		<b>153 833</b>	<b>131 657</b>

The increase on the interest earned relates to positive balances from the Paymaster General (PMG) accounts and the impact of the increased interest rates.

Furthermore, there were disposals of motor vehicles during the year. The increase in transactions in financial assets and liabilities is due to interdepartmental claims invoiced to the Department of Transport, Public Works and Zululand District Municipality for the SCM support related to prior years expenditure.

**2.1. Sales of goods and services other than capital assets**

	Note	2022/23 R'000	2021/22 R'000
Sales of goods and services produced by the department	2	914	340
Sales by market establishment		117	114
Administrative fees		66	123
Other sales		731	103
Sales of scrap, waste and other used current goods		-	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

Total	914	340
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*The increase on this item is due to the sale of biometrics scanners sold to other departments.*

**2.2. Interest, dividends and rent on land**

	Note	2022/23 R'000	2021/22 R'000
Interest	2	148 468	129 910
Rent on land		-	-
<b>Total</b>		<b>148 468</b>	<b>129 910</b>

**2.3. Sales of capital assets**

	Note	2022/23 R'000	2021/22 R'000
<b>Tangible capital assets</b>	2	<b>1 723</b>	<b>5</b>
Buildings and other fixed structures		-	-
Machinery and equipment		1 723	5
<b>Intangible capital assets</b>			
Software		-	-
<b>Total</b>		<b>1 723</b>	<b>5</b>

*There were 13 vehicles that were disposed during the financial year.*

**2.4. Transactions in financial assets and liabilities**

	Note	2022/23 R'000	2021/22 R'000
Loans and advances	2	-	-
Receivables		2 728	1 402
<b>Total</b>		<b>2 728</b>	<b>1 402</b>

*The increase on this item is due to recoveries of previous year expenditure (mainly IDA transactions with other departments).*

**3. Aid assistance**

	Note	2022/23 R'000	2021/22 R'000
Opening balance		-	34 468
Prior period error		-	-
As restated		-	34 468
Transferred from statement of financial performance		-	-
Transfers to or from retained funds		-	-
Paid during the year		-	(34 468)
<b>Closing balance</b>		<b>-</b>	<b>-</b>

**4. Compensation of employees**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**4.1. Analysis of balance**

	Note	2022/23 R'000	2021/22 R'000
Basic salary		216 303	218 792
Performance award		-	1 788
Service based		76	113
Compensative/circumstantial		3 756	3 589
Other non-pensionable allowances		59 328	61 070
<b>Total</b>		<b>279 463</b>	<b>285 352</b>

*The decrease in compensation of employees is due to vacant posts that occurred during the year.*

**4.2. Social contributions**

<b>Employer contributions</b>	Note	2022/23 R'000	2021/22 R'000
Pension		24 376	23 627
Medical		8 461	8 526
Bargaining council		46	49
Insurance		16	18
<b>Total</b>		<b>32 899</b>	<b>32 220</b>
<b>Total compensation of employees</b>		<b>312 362</b>	<b>317 572</b>
Average number of employees		<b>460</b>	<b>478</b>

*The average number of employees includes permanent staff and additional staff to the establishment.*

**5. Goods and services**

	Note	2022/23 R'000	2021/22 R'000
Administrative fees		12 735	11 992
Advertising		4 381	4 283
Minor assets	5.1	346	175
Bursaries (employees)		364	801
Catering		910	268
Communication		1 177	1 448
Computer services	5.2	128 141	124 803
Consultants: Business and advisory services		8 780	6 306
Legal services		2 019	3 621
Contractors		8 400	4 507
Agency and support / outsourced services		55 363	26 306
Audit cost - external	5.3	6 002	4 497
Fleet services		2 397	1 308
Inventories	5.4	1 944	1 998
Consumables	5.5	2 568	2 093
Operating leases		17 701	21 235

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

Property payments	5.6	16 743	15 469
Transport provided as part of the departmental activities		105	-
Travel and subsistence	5.7	7 737	3 773
Venues and facilities		17	37
Training and development		1 536	732
Other operating expenditure	5.8	2 506	2 551
<b>Total</b>		<b>281 872</b>	<b>238 203</b>

*The increase in the current year's expenditure is mainly due to the projects that were rolled over from the previous year within the agency and support/outourced services and increased travelling.*

**5.1. Minor assets**

	Note	2022/23 R'000	2021/22 R'000
<b>Tangible capital assets</b>	5	<b>346</b>	<b>175</b>
Buildings and other fixed structures		-	-
Machinery and equipment		346	175
<b>Intangible capital assets</b>			
Software		-	-
<b>Total</b>		<b>346</b>	<b>175</b>

**5.2. Computer services**

	Note	2022/23 R'000	2021/22 R'000
SITA computer services	5	85 744	85 714
External computer service providers		42 397	39 089
<b>Total</b>		<b>128 141</b>	<b>124 803</b>

**5.3. Audit cost - external**

	Note	2022/23 R'000	2021/22 R'000
Regularity audits	5	5 402	4 125
Computer audits		600	372
<b>Total</b>		<b>6 002</b>	<b>4 497</b>

*The increase in the audit fees was mainly due to the increase in the scope of work and annual increases.*

**5.4. Inventories**

	Note	2022/23 R'000	2021/22 R'000
Clothing material and accessories	5	586	254
Food and food supplies		248	5
Materials and supplies		-	123

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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Other supplies	5.4.1	1 110	1 616
<b>Total</b>		<b>1 944</b>	<b>1 998</b>

**5.4.1. Other supplies**

	Note	2022/23 R'000	2021/22 R'000
Ammunition and security supplies	5.4	-	-
Assets for distribution		-	-
Other		1 110	1 616
<b>Total</b>		<b>1 110</b>	<b>1 616</b>

**5.5. Consumables**

	Note	2022/23 R'000	2021/22 R'000
Consumable supplies	5	<b>795</b>	<b>836</b>
Uniform and clothing		29	46
Household supplies		453	334
Building material and supplies		119	114
Communication accessories		3	9
IT consumables		84	265
Other consumables		107	68
Stationery, printing and office supplies		1 773	1 257
<b>Total</b>		<b>2 568</b>	<b>2 093</b>

**5.6. Property payments**

	Note	2022/23 R'000	2021/22 R'000
Municipal services	5	6 085	5 824
Property management fees		-	-
Property maintenance and repairs		10 658	9 645
Other		-	-
<b>Total</b>		<b>16 743</b>	<b>15 469</b>

*The increase of R3 521 million in a comparative figure for property payments compared to the annual report is due to the misallocation of the security costs in the prior year, it was allocated to Contractors within G&S.*

**5.7. Travel and subsistence**

	Note	2022/23 R'000	2021/22 R'000
Local	5	7 498	3 773
Foreign		239	-
<b>Total</b>		<b>7 737</b>	<b>3 773</b>

*The increase on this item is due to impact of the relaxation of the Covid-19 Regulations and officials who attended a Continuous Professional Development Programme overseas.*

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**5.8. Other operating expenditure**

	Note	2022/23 R'000	2021/22 R'000
Professional bodies, membership and subscription fees	5	603	516
Resettlement costs		143	69
Other		1 760	1 966
<b>Total</b>		<b>2 506</b>	<b>2 551</b>

**6. Interest and rent on land**

	Note	2022/23 R'000	2021/22 R'000
Interest paid		12	12
Rent on land		-	-
<b>Total</b>		<b>12</b>	<b>12</b>

*Interest charged by SARS in relation to the corrections of tax returns.*

**7. Payments for financial assets**

	Note	2022/23 R'000	2021/22 R'000
Other material losses written off		-	-
Debts written off	7.1	156	121
<b>Total</b>		<b>156</b>	<b>121</b>

**7.1. Debts written off**

Nature of debts written off	Note	2022/23 R'000	2021/22 R'000
Recoverable revenue written off	7		
Tax debt		-	-
Library Debt		-	2
Salary Overpayment		5	23
Cell phone Debt		-	8
Leave without Pay		2	43
Bursary debt		86	18
Laptop Debt		2	27
Losses & Damages		61	-
<b>Total</b>		<b>156</b>	<b>121</b>
Other debt written off		-	-
<b>Total debt written off</b>		<b>156</b>	<b>121</b>

**8. Transfers and subsidies**

	Note	2022/23 R'000	2021/22 R'000
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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Provinces and municipalities			
Departmental agencies and accounts	Annex 1A	29	37
Higher education institutions		-	-
Foreign governments and international organisations		-	-
Public corporations and private enterprises	Annex 1B	343	-
Non-profit institutions	Annex 1C	17	-
Households	Annex 1D	6 967	10 023
<b>Total</b>		<b>7 356</b>	<b>10 060</b>

*The decrease in the transfers and subsidies is due to reduction in the claims against the department by households.*

**9. Expenditure for capital assets**

	Note	2022/23 R'000	2021/22 R'000
<b>Tangible capital assets</b>		<b>11 044</b>	<b>10 927</b>
Buildings and other fixed structures		-	-
Machinery and equipment	25	11 044	10 927
<b>Intangible capital assets</b>			
<b>Total</b>		<b>11 044</b>	<b>10 927</b>

**9.1. Analysis of funds utilised to acquire capital assets – 2022/23**

	2022/23		
Name of entity	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible capital assets</b>	<b>11 044</b>	<b>-</b>	<b>11 044</b>
Machinery and equipment	11 044	-	11 044
<b>Intangible capital assets</b>			
Software	-	-	-
<b>Total</b>	<b>11 044</b>	<b>-</b>	<b>11 044</b>

**9.2. Analysis of funds utilised to acquire capital assets – 2021/22**

	2021/22		
Name of entity	Voted funds R'000	Aid assistance R'000	Total R'000
<b>Tangible capital assets</b>	<b>10 927</b>		<b>10 927</b>
Machinery and equipment	10 927	-	10 927
<b>Intangible capital assets</b>			
Software	-	-	-
<b>Total</b>	<b>10 927</b>	<b>-</b>	<b>10 927</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**9.3. Finance lease expenditure included in Expenditure for capital assets**

	Note	2022/23 R'000	2021/22 R'000
<b>Tangible capital assets</b>			
Buildings and other fixed structures		-	-
Machinery and equipment		5 237	4 841
<b>Total</b>		<b>5 237</b>	<b>4 841</b>

**10. Cash and cash equivalents**

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General Account		-	56 516
Cash receipts		-	-
Disbursements		-	-
Cash on hand		4	4
Investments (Domestic)		549	550
Investments (Foreign)		-	-
<b>Total</b>		<b>553</b>	<b>57 070</b>

*On the last day of the financial year, the department's cash bank balance (PMG) was less than the total amount of payments disbursed, technically the bank account was temporarily on overdraft. However, this was resolved by the availability of cash at the beginning of the month. The shortfall was as a result of the impact of the IDA transactions which are included in the Receivable.*

**11. Receivables**

		2022/23			2021/22		
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	11.1	12 401	1 694	14 095	12 220	1 694	13 914
Trade receivables		-	-	-	-	-	-
Recoverable expenditure	11.2	5	-	5	14	-	14
Staff debt	11.3	386	830	1 216	27	665	692
Other receivables	11.4	44	1 238	1 282	143	1 202	1 345
<b>Total</b>		<b>12 836</b>	<b>3 762</b>	<b>16 598</b>	<b>12 404</b>	<b>3 561</b>	<b>15 965</b>

**11.1. Claims recoverable**

	Note	2022/23 R'000	2021/22 R'000
National departments	11	-	16
Provincial departments		12 046	11 645
Private enterprises		2 049	1 693
Local governments		-	560
<b>Total</b>		<b>14 095</b>	<b>13 914</b>

**11.2. Recoverable expenditure**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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	Note	2022/23 R'000	2021/22 R'000
<i>Group major categories, but list material items</i>	11		
<i>Disallowance damages and losses</i>			
Disallowance Damage and losses:CA		415	164
Disallowance Damages and losses: Recover CA		(415)	(164)
Sal: Tax Debt: CA		5	14
<b>Total</b>		<b>5</b>	<b>14</b>

**11.3. Staff debt**

	Note	2022/23 R'000	2021/22 R'000
<i>Group major categories, but list material items</i>	11		
Bursary		7	34
Other Debt		754	658
Learnership		455	-
<b>Total</b>		<b>1 216</b>	<b>692</b>

*The increase in the balance for the learnership debts relates to the new agreements that were signed for new learners..*

**11.4. Other receivables**

	Note	2022/23 R'000	2021/22 R'000
<i>Group major categories, but list material items</i>	11		
Bursary		1 062	1 191
Overpaid salary		45	47
Other receivables		175	107
<b>Total</b>		<b>1 282</b>	<b>1 345</b>

**12. Voted funds to be surrendered to the Revenue Fund**

	Note	2022/23 R'000	2021/22 R'000
Opening balance		59 998	17 927
Prior period error		-	-
As restated		59 998	17 927
Transferred from statement of financial performance (as restated)		9 707	59 998
Voted funds not requested/not received	1.1		
Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures)			
Paid during the year		(59 998)	(17 927)
<b>Closing balance</b>		<b>9 707</b>	<b>59 998</b>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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*The decrease in the Voted funds to be surrendered is due to the impact of the second budget adjustments where R47 million was surrendered to the Revenue Fund to assist with the provincial budget pressures.*

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

	Note	2022/23 R'000	2021/22 R'000
Opening balance		11 592	10 970
Prior period error		-	-
As restated		11 592	10 970
Transferred from statement of financial performance (as restated)		153 833	131 657
Own revenue included in appropriation		-	-
Transfer from aid assistance	3	-	-
Transferred to voted funds to defray excess expenditure (Parliament/Legislatures)		-	-
Paid during the year		(165 036)	(131 035)
<b>Closing balance</b>		<b>389</b>	<b>11 592</b>

*The revenue collection for March 2023 was paid over on the last day of the financial year as opposed to the previous year where it was paid in the following month.*

**14. Bank overdraft**

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General account		4 708	-
Overdraft with commercial banks (Local)		-	-
<b>Total</b>		<b>4 708</b>	<b>-</b>

*On the last day of the financial year the department's cash bank balance was less than the total amount of payments disbursed, technically the bank account was temporary on overdraft. However, this was resolved by the availability of cash at the beginning of the month. The shortfall was as result of the impact of the IDA transactions which are included in the Receivable.*

**15. Payables - current**

	Note	2022/23 R'000	2021/22 R'000
Amounts owing to other entities			
Advances received		-	-
Clearing accounts	15.1	(237)	(417)
Other payables	15.2	727	2
<b>Total</b>		<b>490</b>	<b>(415)</b>

**15.1. Clearing accounts**

Description	Note	2022/23 R'000	2021/22 R'000
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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<i>Identify major categories, but list material items</i>	15		
Sal: Income Tax		141	64
Online Travel Control Account		(524)	(481)
Sal pension fund		-	-
Sal: Housing CL		146	-
<b>Total</b>		<b>(237)</b>	<b>(417)</b>

*The amount of R524k relates to the replenishment of the online travel card.*

**15.2. Other payables**

Description	Note	2022/23 R'000	2021/22 R'000
<i>Identify major categories, but list material items</i>	15		
Payable adv:p/dept:KZN Adv. Acc:CL		727	2
<b>Total</b>		<b>727</b>	<b>2</b>

In lieu of assisting learners with debt recovery should they leave the IAT 2

**16. Net cash flow available from operating activities**

	Note	2022/23 R'000	2021/22 R'000
Net surplus/(deficit) as per Statement of Financial Performance		163 540	191 655
Add back non-cash/cash movements not deemed operating activities		(215 240)	(184 931)
(Increase)/decrease in receivables		(432)	9 807
(Increase)/decrease in prepayments and advances		-	-
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables - current		905	(22 230)
Proceeds from sale of capital assets		(1 723)	(5)
Proceeds from sale of investments		-	-
(Increase)/decrease in other financial assets		-	-
Expenditure on capital assets		11 044	10 927
Surrenders to Revenue Fund		(225 034)	(148 962)
Surrenders to RDP Fund/Donors		-	(34 468)
Voted funds not requested/not received		-	-
Own revenue included in appropriation		-	-
Other non-cash items		-	-
<b>Net cash flow generating activities</b>		<b>(51 700)</b>	<b>6 724</b>

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

	Note	2022/23 R'000	2021/22 R'000
Consolidated Paymaster General account		(4 708)	56 516
Fund requisition account		-	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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Cash receipts	-	-
Disbursements	-	-
Cash on hand	4	4
Cash with commercial banks (Local)	549	550
Cash with commercial banks (Foreign)	-	-
<b>Total</b>	<b>(4 155)</b>	<b>57 070</b>

**18. Contingent liabilities and contingent assets**

**18.1. Contingent liabilities**

Liable to	Nature	Note	2022/23 R'000	2021/22 R'000
Motor vehicle guarantees	Employees		-	-
Housing loan guarantees	Employees		-	-
Other guarantees			-	-
Claims against the department		Annex 2A	82 414	83 997
Intergovernmental payables		Annex 4-8	581	30
Environmental rehabilitation liability			-	-
Other			-	-
<b>Total</b>			<b>82 995</b>	<b>84 027</b>

Included in the R82 414m is a contingent liability of R80 514m which relates to the interpretation of gross gaming revenue and the applicable taxation thereof. The Department's legal section is defending the matter in court.

**18.2. Contingent assets**

Nature of contingent asset	Note	2022/23 R'000	2021/22 R'000
KZN Provincial Treasury & MEC for Finance v Desmond Golding & C. Mkhize-Case		26 887	-
<b>Total</b>		<b>26 887</b>	<b>-</b>

The contingent asset of R26 887m above relates to the North Sea Jazz Festival and recovering money paid to service providers by the previous HOD of KZN EDTEA.

**19. Capital commitments**

	Note	2022/23 R'000	2021/22 R'000
Heritage assets		-	-
Machinery and equipment		3 174	618
<b>Total</b>		<b>3 174</b>	<b>618</b>

Included in the above amount is a once off acquisition of computer server costing R1,7 million and office equipment.

**20. Accruals and payables not recognised**

**20.1. Accruals**

	2022/23	2021/22
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for the year ended 31 March 2023

Listed by economic classification	Note	30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		6 320	6 608	12 928	8 718
Interest and rent on land		-	-	-	12
Other		-	675	675	-
<b>Total</b>		<b>6 320</b>	<b>7 283</b>	<b>13 603</b>	<b>8 730</b>

Listed by programme level	Note	2022/23	2021/22
		R'000	R'000
Administration		6 346	2 918
Sustainable Resource Management		148	85
Financial Governance		5 190	4 545
Internal Audit		1 209	300
Municipal Finance Management		710	882
<b>Total</b>		<b>13 603</b>	<b>8 730</b>

**20.2. Payables not recognised**

Listed by economic classification	Note	2022/23			2021/22
		30 Days	30+ Days	Total	Total
		R'000	R'000	R'000	R'000
Goods and services		517	91	608	1 154
Interest and rent on land		-	-	-	-
<b>Total</b>		<b>517</b>	<b>91</b>	<b>608</b>	<b>1 154</b>

Listed by programme level	Note	2022/23	2021/22
		R'000	R'000
Administration		183	110
Sustainable Resource Management		247	-
Financial Governance		78	300
Internal Audit		97	743
Municipal Finance Management		3	1
<b>Total</b>		<b>608</b>	<b>1 154</b>

Included in the above totals are the following:	Note	2022/23	2021/22
		R'000	R'000
Confirmed balances with other departments	Annex 4	2 886	608
Confirmed balances with other government entities	Annex 4	2 882	-
<b>Total</b>		<b>5 768</b>	<b>608</b>

**21. Employee benefits**

	Note	2022/23	2021/22
		R'000	R'000
Leave entitlement		13 520	15 451
Service bonus		6 620	6 311
Performance awards		-	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

Capped leave	2 640	2 724
Other	1 075	1 074
<b>Total</b>	<b>23 855</b>	<b>25 560</b>

Other Employee Benefits include the total amount of R893k which relates to the outstanding Service Excellence Awards payment for the Financial Management Officials. The department is not in agreement with the payment of this benefit as it stated that it is not in line with the DPSA requirements. The officials have taken this matter to the Bargaining Council for unfair labour practice, an arbitration was held on 21 April 2023. This matter has since been finalised and the final approval for payment was obtained on the 29th of June 2023.

The amount of R13 520m includes a negative leave balance R375k which is due to Staff members being allocated a full leave credit of 22 days at the start of the leave cycle by the system. Despite the fact that staff accrue 1.83 days per month. Under normal circumstances, if the employee does not terminate services as the year progresses and the full leave is accumulated the negative amounts are cleared. The system does have a built-in mechanism to pick up once a termination is effected on PERSAL, any overused leave reflecting as a negative balance will get deducted in the open months' salary or as a debt that is set up.

## 22. Lease commitments

### 22.1. Operating leases

2022/23				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	20 287	-	20 287
Later than 1 year and not later than 5 years	-	14 951	-	14 951
Later than 5 years	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>35 238</b>	<b>-</b>	<b>35 238</b>

2021/22				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	23 574	-	23 574
Later than 1 year and not later than 5 years	-	927	-	927
Later than 5 years	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>24 501</b>	<b>-</b>	<b>24 501</b>

The increase in 2022/23 financial year was due to a new lease agreement signed during the year, therefore increasing lease terms to more than one year.

### 22.2. Finance leases

2022/23				
Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
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	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	3 921	3 921
Later than 1 year and not later than 5 years	-	-	-	699	699
Later than 5 years	-	-	-		
<b>Total lease commitments</b>	-	-	-	<b>4 620</b>	<b>4 620</b>

2021/22					
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	4 918	4 918
Later than 1 year and not later than 5 years	-	-	-	3 134	3 134
Later than 5 years	-	-	-		
<b>Total lease commitments</b>	-	-	-	<b>8 052</b>	<b>8 052</b>

The decrease in the current year's finance lease amounts is a result of a lease period decreasing from the time the lease started.

**23. Unauthorised, Irregular and Fruitless and wasteful expenditure**

	Note	2022/23 R'000	2021/22 R'000
Unauthorised expenditure - current year		-	-
Irregular expenditure - current year		524	701
Fruitless and wasteful expenditure - current year		372	12
<b>Total</b>		<b>896</b>	<b>713</b>

No disciplinary steps were taken since no official was found to have acted negligently for both Fruitless and irregular expenditure.

The amount of R701k in a comparative year relates to the irregular expenditure which was incurred in the 2021/2022 financial year. The difference of R829k from the R1 530k shown on the annual report was incurred in prior years but identified in 2021/2022.

**24. Key management personnel**

	No. of Individuals	2022/23 R'000	2021/22 R'000
Political office bearers (provide detail below)	1	2 135	2 000
Officials:			
Level 15 to 16	4	7 840	6 093
Level 14(incl. CFO if at a lower level)	12	16 838	16 774
<b>Total</b>		<b>26 813</b>	<b>24 867</b>

The increase in this item is mainly due to the appointment of the HOD and one Senior Manager.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

## 25. Movable Tangible Capital Assets

## MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	2022/23				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	87 571		6 042	4 693	88 920
Transport assets	16 988		1 325	3 858	14 455
Computer equipment	62 544		4 188	835	65 897
Furniture and office equipment	6 541		440	-	6 981
Other machinery and equipment	1 498		89	-	1 587
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	87 571	-	6 042	4 693	88 920

## Movable Tangible Capital Assets under investigation

Number

Value

Note

R'000

Included in the above total of the movable tangible capital assets per the asset register are under investigation:

Machinery and equipment

7

167

**Total****7****167**

## 25.1. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	80 071	(272)	8 455	(683)	87 571
Transport assets	15 724	1	1 582	(319)	16 988
Computer equipment	57 273	(77)	5 712	(364)	62 544
Furniture and office equipment	5 742	(197)	996	-	6 541
Other machinery and equipment	1 332	1	165	-	1 498
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	80 071	(272)	8 455	(683)	87 571

## 25.1.1. Prior period error

Nature of prior period error

Note

2021/22

R'000

Relating to 2021/22 [affecting the opening balance]

Computer Equipment

(77)

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

Furniture and Office Equipment	(197)
Other machinery and equipment; and Transport Asset	2
<b>Total prior period errors</b>	<b>(272)</b>

\*Included in the above Additions of R4 188 million under the category of Computer Equipment is a non-cash amount of R235k relating to section 42 transfer from KZNDOT and purchases of R3 953 million.

\*\*Seven assets were reported stolen and the investigation is underway through the implementation of loss control processes.

Included in the prior period error of R272k is the:

- 1) R66k that relates to the correction of misclassification in Computer software (intangible assets) that was erroneously classified as Computer Equipment.
- 2) An amount of R203k has been re-classified from Capital asset to Current asset: Office furniture & Equipment.
- 3) An amount of R8k has been re-classified from Capital to Current under Computer Equipment.
- 4) An amount of R5k has been re-classified from Current to Capital under Office Furniture & Equipment.

## 25.2. Minor assets

### MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

2022/23

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1 429		8 605	-	10 034
Value adjustments					-	-
Additions	-	-	-	354	-	354
Disposals	-	(1 139)	-	(634)	-	(1 773)
<b>Total Minor assets</b>	<b>-</b>	<b>290</b>	<b>-</b>	<b>8 325</b>	<b>-</b>	<b>8 615</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1 488	-	1 488
Number of minor assets at cost	-	9	-	4 043	-	4 052
<b>Total number of minor assets</b>	<b>-</b>	<b>9</b>	<b>-</b>	<b>5 531</b>	<b>-</b>	<b>5 540</b>

Minor capital assets under investigation	Number	Value
		R'000

Included in the above total of the minor capital assets per the asset register that are under investigation:

Machinery and equipment	3	6
-------------------------	---	---

- 1) Included in the above Additions under the category of Machinery and Equipment are non-cash items valued at R8k that relates to section 42 of the PFMA transferred from KZNDOT and purchases of R346k.
- 2) Included in the above total of R634k is the disposals of R13k & R621k which was transferred out.
- 3) Three assets at the value of R6k were reported stolen and the investigation is under way through the implementation of loss control processes

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

4) Included in the prior period error of R206k are the:

\* An amount of R203k has been re-classified from Capital asset to Current asset: Office furniture & Equipment.

\*\* An amount of R8k has been re-classified from Capital to Current under Computer Equipment.

\*\*\* An amount of R5k has been re-classified from Current to Capital under Office Furniture & Equipment.

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022**

2021/22						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	1 428	-	7 902	-	9 330
Prior period error	-	1	-	206	-	207
Additions	-	-	-	503	-	503
Disposals	-	-	-	(6)	-	(6)
<b>Total Minor assets</b>	<b>-</b>	<b>1 429</b>	<b>-</b>	<b>8 605</b>	<b>-</b>	<b>10 034</b>
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1 486	-	1 486
Number of minor assets at cost	-	21	-	5 315	-	5 336
<b>Total number of minor assets</b>	<b>-</b>	<b>21</b>	<b>-</b>	<b>6 801</b>	<b>-</b>	<b>6 822</b>

**25.2.1. Prior period error**

Nature of prior period error	Note	2021/22 R'000
Relating to 2021/22 [affecting the opening balance]		207
Machinery and Equipment		206
Intangible assets		1
<b>Total prior period errors</b>		<b>207</b>

1) Included in the above Additions under the category of Machinery and Equipment are non-cash items valued at R8k that relates to section 42 of the PFMA transferred from KZNDOT and purchases of R346k.

2) Included in the above total of R634k is the disposals of R13k & R621k which was transferred.

3) Three assets at the value of R6k were reported stolen and the investigation is under way through the implementation of loss control processes. The prior period errors of R206k include:

4a) An amount of R203k has been re-classified from Capital asset to Current asset: Office furniture & Equipment.

b) An amount of R8k has been re-classified from Capital to Current under Computer Equipment.

c) An amount of R5k has been re-classified from Current to Capital under Office Furniture & Equipment.

**25.3. Movable tangible capital assets written off**

**MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	-	-	-
<b>Total movable assets written off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2022

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	-	503	-	503
<b>Total movable assets written off</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>503</b>	<b>-</b>	<b>503</b>

## 26. Intangible Capital Assets

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	23 225	-	1 067	22 158
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>23 225</b>	<b>-</b>	<b>1 067</b>	<b>22 158</b>

## 26.1. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	2021/22				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	23 159	66	-	-	23 225
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>23 159</b>	<b>66</b>	<b>-</b>	<b>-</b>	<b>23 225</b>

## 26.1.1. Prior period error

		2022/23 R'000
Nature of prior period error	Note	

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

Relating to 2021/22 [affecting the opening balance]

Computer Software

66

**Total prior period errors**

**66**

Prior year error relates to the correction of misclassification in Computer software (intangible asset) that was erroneously classified as Computer Equipment.

**26.2. Intangible capital assets: Capital Work-in-progress**

**CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023**

		Opening balance 1 April 2022	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2023
	Note	R'000	R'000	R'000	R'000
Intangible assets	Annex 6	23 104	-	-	23 104
<b>Total</b>		<b>23 104</b>	<b>-</b>	<b>-</b>	<b>23 104</b>

The opening balance relates to E-Procurement project that was put on hold, currently the department is assessing the cost implications to finalise the project.

**CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2022**

		Opening balance 1 April 2021	Prior period error	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2022
	Note	R'000	R'000	R'000	R'000	R'000
Intangible assets		-	23 104	-	-	23 104
<b>Total</b>		<b>-</b>	<b>23 104</b>	<b>-</b>	<b>-</b>	<b>23 104</b>

This balance relates to E-Procurement project that was put on hold, currently the department is assessing the cost implications to finalise the project.

**27. Prior period error**

2021/2022

**Expenditure**

Property payments costs-Security Services

11 948 3 521 15 469

Contractors –Security Services

8 028 -3 521 4 507

**Net effect**

**19 976 - 19 976**

Correction of the misallocation of the Property payments costs -Security Services. This amount was incorrectly allocated to Contractors: Security Services under Goods and Services

**Other:**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

E-procurement Tool Project	-	23 104	23 104
Minor Assets	9 827	207	10 034
<b>Net effect</b>	<b>9 827</b>	<b>23 311</b>	<b>33 138</b>

*(The balance of R23 104m relates to the E-Procurement project that was put on hold in the 2017/2018 financial year pending the finalisation of the investigation. The investigation has now been finalised, currently, the department is assessing the cost implications to finalise the project). This transaction was omitted to be disclosed as a Work-in-progress previously.*

*An increase of R207k in the minor assets relates to the current assets that were previously misclassified as capital assets, these minor assets have now been identified and reclassified to the current asset.*

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

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

**28. Inventories**

**28.1. Inventories for the year ended 31 March 2023**

	2022/23				
	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/(Less): Adjustments to prior year bala	-	-	-	-	-
Add: Additions/Purchases – Cash	662	248	114	920	1 944
Add: Additions/Purchases - Non-cash	-	-	-	-	-
(Less): Disposals					
(Less): Issues	(662)	(248)	(114)	(920)	(1 944)
Add/(Less): Received current, not paid					
(Paid current year, received	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Inventories for the year ended 31 March 2022**

	2021/22				
	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/(Less): Adjustments to prior year bala	-	-	-	-	-
Add: Additions/Purchases – Cash	254	5	123	1 617	1 999
Add: Additions/Purchases - Non-cash	-	-	-	-	-
(Less): Disposals					
(Less): Issues	(254)	(5)	(123)	(1 617)	(1 999)
Add/(Less): Received current, not paid					
(Paid current year, received	-	-	-	-	-
Add/(Less): Adjustments	-	-	-	-	-
<b>Closing balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**29. COVID 19 Response expenditure**

	Note	2022/23 R'000	2021/22 R'000
Compensation of employees		-	-
Goods and services		247	527
Transfers and subsidies		-	-
Expenditure for capital assets		-	-
Other		-	-
<b>Total</b>	<i>Annex 7</i>	<b>247</b>	<b>527</b>

**KWAZULU - NATAL: PROVINCIAL TREASURY - VOTE 6**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
*for the year ended 31 March 2023*

**ANNEXURE 1A**  
**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS - UNAUDITED**

Departmental Agency or Account	2022/23					2021/22	
	TRANSFER ALLOCATION			TRANSFER		Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
PD: Vehicle licenses	29	-	2	31	29	94%	37
Com: License (TV)	3	-	-	3	-	0%	-
<b>TOTAL</b>	<b>32</b>	<b>-</b>	<b>2</b>	<b>34</b>	<b>29</b>		<b>37</b>

**ANNEXURE 1B**  
**STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES - UNAUDITED**

Name of public corporation / private enterprise	2022/23						2021/22	
	GRANT ALLOCATION			EXPENDITURE			Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of Available funds transferred		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Public Corporations</b>	-	-	-	-	-	-	-	-
<b>Private Enterprises</b>								
Agape Car Hire – Damages on hired car	-	-	20	20	20	100%	-	-
Agape Car Hire – Damages on hired car	-	-	24	24	24	100%	-	-
EuropCar – Damages on hired car	-	-	-	-	4	-	-	-
SMEC South Africa – Bill of cost ordered by court.	-	-	321	321	295	91,9%	-	-

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

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

Subtotal :Private Enterprises	-	-	365	365	343	94,0%	-	-	-
<b>TOTAL</b>	-	-	365	365	343	94%	-	-	-

**ANNEXURE 1C**  
**STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS - UNAUDITED**

	2022/23						2021/22	
	TRANSFER ALLOCATION			EXPENDITURE			Final Budget	Actual transfer
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred		
<b>Non-profit institutions</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
Transfers	-	-	-	-	-	-	20	-
NPI: Donations	308	-	(199)	109	17	16%	-	-
ABASA	308	-	(199)	109	17		20	-
<b>TOTAL</b>								

**ANNEXURE 1D**  
**STATEMENT OF TRANSFERS TO HOUSEHOLDS - UNAUDITED**

Household	2022/23					2021/22		
	TRANSFER ALLOCATION			EXPENDITURE		Final Budget	R'000	Actual transfer
	Adjusted Budget	Roll overs / Adjustments	Post Adjustments	Total Available	Actual transfer			
	R'000	R'000	R'000	R'000	R'000			R'000
<b>Transfers</b>								
Injury on Duty	-	-	11	11	11	-	-	-
Post-Retirement benefit	241	-	457	698	606	811	811	811
Severance Package	-	-	-	-	-	990	990	-
Leave Gratuity	154	194	748	1 096	1 096	-	-	990
Early retirement Pension Penalty	-	160	140	300	299	-	-	-
Bursaries (Non-employee)	2 971	-	(669)	2 302	2 262	1 716	1 716	1 716
Claims against the State	-	-	183	183	183	6 529	6 529	6 467
PMT/Refund & Rem-Act/grace	-	-	-	-	-	39	39	39
Early Retirement Payments	38	-	2 510	2 548	2 510	-	-	-
<b>TOTAL</b>	<b>3 404</b>	<b>354</b>	<b>3 380</b>	<b>7 138</b>	<b>6 967</b>	<b>10 085</b>	<b>10 085</b>	<b>10 023</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

**ANNEXURE 1E**

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE - UNAUDITED**

Nature of gift, donation or sponsorship (Group major categories but list material items including name of organisation)	2022/23	2021/22
	R'000	R'000
<b>Donations Made in kind</b>		
Nkulisa Bantu Primary School (School uniforms)	34	34
Ohlange High School (School Uniforms)	30	30
New River Combined School (School Uniforms)	67	67
Solomuzi Secondary School (school uniforms)	94	94
Peter Gate Secondary School ( School Uniforms)	57	57
Obanjeni Secondary School ( School Uniforms)	95	95
Bangani Primary School ( School Uniforms)	72	72
Ward 83868 (Wheel chair)	5	5
Ward 1-15 Phongola Municipality (Soccer Kits)	47	47
Ward 17 EThekweni Municipality (Soccer Kits)	43	43
Ward 20 Alfred Duma Municipality (Soccer Kits)	45	45
Siyaphambili Cooperative (Bakery Equipment and Items)	75	75
Ezamakoti Co-Op (Sewing machines)	76	76
Qhakazile (Modifier container)	98	98
Ramakrisha Mzamo Eldery Home (Blankets)	76	76
Ramakrisha Mzamo Eldery Home (paints, brushes and cleaning facilities)	22	22
Macabuzela School (school uniforms)	73	73
Ubusingatha Primary School (School Uniforms)	56	56
Sozabe Community Hall ,Ray Nkonyeni Local Municipality (Plastic chairs)	90	90
Blue fortunate Trading (Garden & Landscaping equipment)	99	99
Percullairs Co-op (Kitchen Appliances &Plastic chairs)	97	97
Erkanyisweni (Mattresses,blankets,kids tables, kids chairs and kitchen appliances)	56	56
Igalelolethu Primary Co-operative (Sewing machines, ironing board, fabric cutter and work station)	63	63
Unthavuna Co-Op (Kitchen appliances and plastic chairs)	38	38
Sizanani Cooperative (Modified container)	86	86
New River combined School (food & refreshments)	49	49

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

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

Walkaway Foundation Ilembe District		
UGu District (Christmas hamper)	100	
Ray Nkonyeni Municipality (oven & Electric kettle)	100	
Chesterville Secondary School (10 stove)	5	
Amahobe (School Uniforms)	87	
Ethekwini ward 32 and ward 45 coops (sewing machines)	8	151
Ixopo NGO (sewing machines)		86
Siyazama crèche (Stationery,mattresses,kitchen equipment)		37
Lethokuhle Cooperative (sewing machines)		79
Phezukonke Cooperative (sewing machines)		93
Masibuye Sibonge Ward 45 KwaMashu Cooperative (modified container)		94
Qalaphansi Cooperative (modified container)		94
Asimile Cooperative (modified container)		94
Sizanani Aids Home base care (catering equipment)		52
Siyakhula Cooperative (catering equipment)		29
Omama Bombova Cooperative (sewing machines)		78
Siyahlakula Intuthuko Cooperative (Blocks making machinery)		94
Wembezi School (School Uniforms)		32
Umbango School (School Uniforms)		54
Nsetheni High School (School Uniforms)		20
Thembelisha Orphanage (Linen)		18
GBV Victims-UThukela District ( Food Hampers)(13)		5
Diet Ailment Co-op, uMzinyathe District (coffee & veggie cutter machine, fridge, microwave, crockery		44
Qhakaza NPO,uMzinyathe District (Crockery, cutlery, detergent machine and raw materials)		28
St Emmanuel School, Zululand District (School Uniforms)		94
Hluhluwe School (School Uniforms)		78
Makhowe Primary School		82
EThekwini Elderly during the day of the elderly event		431
Tutoring Cooperative UMzinyathi District		99
Hlabane Secondary School		32
<b>TOTAL</b>	<b>1 944</b>	<b>1 998</b>

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

**ANNEXURE 2A**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2023 - UNAUDITED**

Nature of liability	Opening balance 1 April 2022	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable	Closing balance 31 March 2023
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Thembisile Cynthia Khumalo vs MEC for Finance (Case No. 11985/16)	300	-	-	-	300
Phumalanga Communications CC & Another vs DG Office of the Premier of Kwa-Zulu Natal and 2 other (case no. 1718/2018/P)	400	-	(400)	-	-
Unitrade 1047 CC t/a Isidingo Security Services v Ilembe District Municipal Bids Appeal tribunal	500	-	(500)	-	-
SMEC SA (Pty) Ltd v BAT, MEC for finance and 2 Other Case no:7275/22p	500	-	(295)	(205)	-
SMEC SA (Pty) Ltd v BAT, MEC for finance and 2 Other Case no:5228/20	-	300	-	-	300
ZM Cibane and Another v Premier of KZN and 5 Other case No. 7655/20	500	-	-	-	500
OS Holdings (Pty) Ltd v MEC for COGTA and 4 Other case No. 4736/20	500	-	-	-	500
Sizani MaZulu Transport and others/MEC for Transport and other case No. 3699/2020	300	-	-	-	300
Sisanda Medical Services (Pty)LTD VS MEC for Health, MEC for Finance & others	483	-	(483)	-	-
Afrisun KZN (Pty) Ltd T/A Sibaya Casino and Entertainment Kingdom vs KZN Gaming and Betting Board & KZN MEC for Finance: Case NO.3515/22(Provincial Revenue Fund)	80 514	-	-	-	80 514
<b>TOTAL</b>	<b>83 997</b>	<b>300</b>	<b>(1 678)</b>	<b>(205)</b>	<b>82 414</b>

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

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

**ANNEXURE 2A (continued)**

Nature of liabilities recoverable	Details of liability and recoverability	Opening balance 1	Movement	Closing balance
		April 2022	during the year	31 March 2023
		R'000	R'000	R'000
KZN Provincial Treasury & MEC for Finance v Desmond Golding & C. Mkhize- case No:15697/15		-	26 887	26 887
<b>TOTAL</b>		-	26 887	26 887

**ANNEXURE 3**  
**CLAIMS RECOVERABLE - UNAUDITED**

Government entity Department	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Vote 1 : KZN Office of the Premier	-	700	645	-	645	700	2023/04/05	(586)
Vote 5 : KZN Education	-	-	3 922	1 144	3 922	1 144	2023/04/05	(1 353)
Vote 7 : KZN Health	-	-	-	925	-	925	-	-
Vote 8 : KZN Human settlement	-	71	-	-	-	71	-	-
Vote 10: KZN Sport, Arts & culture	-	1 113	1 104	-	1 104	1 113	-	-
Vote 12 : KZN Transport	-	-	5 430	4 389	5 430	4 389	2023/04/14	(4 291)
Vote 13 :KZN Social Development	-	-	945	1 089	945	1 089	2023/04/12	(839)
Vote 14 :KZN Public Works	-	-	-	2 214	-	2 214	-	-
<b>Subtotal</b>	<b>1 884</b>		<b>12 046</b>	<b>9 761</b>	<b>12 046</b>	<b>11 645</b>		<b>(7 069)</b>
<b>Other Government Entities</b>								
KZN Gaming and Betting	-	-	355	-	355	-	-	-
Mpilonhle	-	-	822	822	822	822	-	-
Global Fund-(Broccoli & SARS)	-	-	(21)	(21)	(21)	(21)	-	-
Ithala VAT	-	-	893	893	893	893	-	-

**KWAZULU - NATAL: PROVINCIAL TREASURY - VOTE 6**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2023**

Department of Correctional Services					
Zululand District Municipality					
<b>Subtotal</b>	-	2 049	2 270	2 049	2 270
<b>TOTAL</b>	-	1 884	12 031	14 095	13 915

**ANNEXURE 4**  
**INTERGOVERNMENT PAYABLES - UNAUDITED**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2022/23	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022	31/03/2023	31/03/2022	Payment date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>DEPARTMENTS</b>								
<b>Current</b>								
Vote 13: KZN Social Development	1	-	-	-	1	-	24 May 2023	
Vote 7: KZN Health	35	33	-	-	35	33	08 May 2023	
Vote 12: KZN Transport	93	-	-	-	93	-	24 May 2023	
Vote 14: KZN Public Works	2 757	575	-	-	2 757	575	24 April 2023	
SAPS	-	-	-	30	-	30		
Vote 5: KZN Education	-	-	581	-	581	-		
<b>Total Departments</b>	<b>2 886</b>	<b>608</b>	<b>581</b>	<b>30</b>	<b>3 467</b>	<b>638</b>		
<b>OTHER GOVERNMENT ENTITIES</b>								
<b>Current</b>								
SITA	2 863	-	-	-	2 863	-	03 & 10 May 2023	
SIU	19	-	-	-	19	-	08 May 2023	
<b>Subtotal</b>	<b>2 882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 882</b>	<b>-</b>		
<b>TOTAL INTERGOVERNMENT PAYABLES</b>	<b>5 768</b>	<b>608</b>	<b>581</b>	<b>30</b>	<b>6 349</b>	<b>638</b>		

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

**ANNEXURE 5**  
**INVENTORIES - UNAUDITED**

	Inventory- clothing material and accessories	Inventory-Food and food supplies	Inventory-Materials and supplies	Other supplies-assets for distribution Machinery and Equipment	Total
	R'000	R'000	R'000	R'000	R'000
Inventories for the year ended 31 March 2023					
Opening balance	-	-	-	-	-
Add/(Less: Adjustments to prior year balances					
Add: Additions/Purchases - Cash	662	248	114	920	1 944
Add: Additions - Non-cash					
(Less): Disposals					
(Less): Issues	(662)	(248)	(114)	(920)	(1 944)
Add/(Less): Received current, not paid; (Paid current year, received prior year)					
Add/(Less): Adjustments					
Closing balance	-	-	-	-	-

	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Insert major category of inventory	Total
	R'000	R'000	R'000	R'000	R'000
Inventories for the year ended 31 March 2022					
Opening balance					
Add/(Less): Adjustments to prior year balances					
Add: Additions/Purchases - Cash					
Add: Additions - Non-cash					
(Less): Disposals					
(Less): Issues					
Add/(Less): Received current, not paid; (Paid current year, received prior year)					
Add/(Less): Adjustments					
Closing balance					

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2023

**ANNEXURE 6**  
**MOVEMENT IN CAPITAL WORK IN PROGRESS - UNAUDITED**

**Movement in capital work in progress for the year ended 31 March 2023**

	Opening balance	Current year Capital WIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	R'000	R'000	R'000
<b>SOFTWARE</b>		23 104		23 104
Computer Software		23 104		23 104
<b>TOTAL</b>		<b>23 104</b>		<b>23 104</b>

# Kwazulu-Natal Provincial Treasury – VOTE 6

## ANNEXURE 7

### COVID 19 RESPONSE EXPENDITURE - UNAUDITED

Per quarter and in total

Expenditure per economic classification	2022/23					2021/22
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Compensation of employees</b>	-	-	-	-	-	-
<b>Goods and services</b>	<b>80</b>	<b>-</b>	<b>72</b>	<b>95</b>	<b>247</b>	<b>527</b>
<i>List all applicable SCOA level 4 items</i>						
Communication – Data cost Officials working remotely	2		-	-	2	254
Cons supplies – Sanitisers	7		-	-	7	39
Property payments – Fumigation costs	61		-	-	61	234
Agency and Outsourced Services – Floods expenditure	-	-	72	95	167	-
Travel and Subsistence – Flood sites visit expenditure	10	-	-	-	10	-
<b>TOTAL COVID 19 RESPONSE EXPENDITURE</b>	<b>80</b>	<b>-</b>	<b>72</b>	<b>95</b>	<b>247</b>	<b>527</b>

## NOTES

[illegible]

