



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

ANNUAL PERFORMANCE PLAN

2023/24

Growing KwaZulu-Natal Together



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

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KwaZulu-Natal Provincial Treasury Annual Performance Plan 2023/24

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**KWAZULU-NATAL
PROVINCIAL TREASURY**



**ANNUAL PERFORMANCE PLAN FOR
2023/2024**

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Executive Authority Statement (MEC)

The 2019 Administration will go down in history as one whose work was heavily impacted by unforeseen circumstances which included but not limited to Covid-19, financial meltdown and the outbreak of civil unrest. All these conditions prevailed barely eighteen months after we had assumed public office. Prior to these events we were on a tremendous trajectory to achieve a government underpinned by astute financial management and judicious resources management aimed at ensuring economic transformation and recovery in KZN. Public Sector efficiency has become the buzz word and it is synonymous with how we handle our financial performance in a prudent and efficient manner year in and year out in order to infuse greater confidence in the management of public affairs. It is no small wonder that despite all these odds stacked against this administration, we have been able to achieve clean and unqualified audits in a number of departments and public entities during this turbulent time. This, was achieved by taking decisive action that despite the pressing need to redirect significant financial resources towards our fight against the pandemic, we had to remain steadfast in our efficiency, and continued service delivery in all other areas and sectors within various government departments.

For the upcoming financial year, we commit ourselves to ensuring that we accelerate efforts to channel financial resources towards our people's well-being through critical sectors such as Education and Health. Stringent monitoring and evaluation plans are underway to ensure that we get maximum value and benefit from these two sectors.

There needs to be support for social distress within our communities, economic transformation and recovery for local economic development. I am pleased that our continued in-year monitoring exercise is assisting us as Provincial Treasury to identify and measure the efficiencies within government department. This exercise helps us identify gaps, over-expenditure, under expenditure and wasteful expenditure. With it we measure and focus our efforts to regulate and manage audit outcomes. This is what is expected of us by the citizens of this province. While they fight daily battles of the triple challenges, they can be rest assured that their contribution to taxes will contribute to delivering quality education, a healthy society and safe communities in the most cost efficient manner.

Internally, we are hard at work in ensuring that all five programmes streamline their work to form synergies and better alignment of approach in their tasks. Critically, our progress is dependent on the co-ordination and integration of the work of all programmes in order to make an impact. This will assist in quickening our response in dealing with socio-economic challenges faced by ordinary people of this province. We remain mindful of their daily toils for it is the marginalised and the downtrodden who must benefit from the opportunities presented by our democracy. This cascades down to all spheres of government as is evident in our pursuit to fully implement the Municipal Finance Management Act ethos within our municipalities. We are committed to ensure that both the new and previous office bearers understand the MFMA to help deliver quality services and improved management of financial resources. For municipalities to deliver services they have to maintain financial stability.

In order to deliver on our mandate and service our stakeholders effectively, all levels of staff must have the capacity, the right attitude and required ethical standards to serve the people of this province as public servants.

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



Ms. Neliswa P. Nkonyeni
MEC for Finance (KwaZulu-Natal)

Head of Department Statement

With the Provincial Treasury's mandate being to mobilise and disburse funds to Provincial Government Departments, the respective Departments must ensure that public funds are used responsibly and effectively to improve the lives in KwaZulu-Natal. The task at hand is to align the Department's strategy with the Provincial Government's vision for the benefit of an estimated 11.5 million people living in KZN.

Government is intensifying efforts at improving the socio-economic conditions of the majority of our people through providing services that delivers on our people's needs. It is in this vein that KZN Provincial Treasury (KZNPT) continues to support and give effect to the Provincial Government's vision in the provincial allocation to deliver basic services; create employment opportunities; growing the provincial economy; growing the Small Micro and Macro Enterprises and Co-operatives; improving education and skills development; establishing human settlement and sustainable livelihood; building a peaceful province; and building a caring and incorruptible government.

It is therefore the Provincial Treasury's legislated duty to provide necessary support to other Provincial Departments, Municipalities and Public Entities to deliver on the priorities mentioned above. Accountability, efficiency, service excellence, financial discipline, professionalism and support will always be the underlying features in the department's endeavours as these values have always defined the Department's support.

The Department will strengthen co-ordination, monitoring, support and evaluation of Provincial Government programmes, providing leadership as well as co-ordination and facilitation of transversal programmes. We will continue to build on the very crucial values which include clean and good governance in order to strengthen government's quest of sustaining a caring and incorruptible government.

The thirteen consecutive clean audit outcomes awarded to the department demonstrates the capability of the department which must translate to improving audit outcomes in other departments, through various strategic interventions.

The Constitution of the Republic, Public Finance Management Act, Cost-Containment Measures, Treasury Regulations, Practice Notes and other relevant legislation will always guide our efforts towards ensuring improved corporate governance and enhanced service delivery, particularly now given the fiscal position of the province.

The Department has built strong effective internal control systems and entrenched the culture of accountability to ensure that public funds are safeguarded. We plan to continue along this path and always seek ways of improving our performance and ensuring value for money in us spend.

It is important that this department forms strong partnerships with other stakeholders, internal and external to extend the reach and influence of government for the benefit of the people in this province. Through this effort, we shall learn from each other in order to serve our communities better.

Our strategic focus for the 2023/24 financial year aims to strengthen the existing programmes in order to achieve the desired impact and outcomes contained in the strategic plan. Those include:

- a. Financial management improvement resulting in increased clean audit outcomes both provincial and local government level.
- b. Enhanced budget management through fiscal consolidation, resource allocation and optimisation.
- c. Effective infrastructure management capacity at provincial departments to enhance service delivery, improve spending and eliminate surrendering of unspent conditional grants.
- d. Strengthen assurance to Accounting Officers and Executive Authorities through focused internal audit services providing proactive mechanism to mitigate risks associated with service delivery and the effectiveness of the internal controls.

e. Contributing to an enabling environment for greater participation of previously disadvantaged persons.

The Province has faced a lot of challenges in the past 2-3 years which has required agility/flexibility and responsiveness. Simultaneously the financial position and allocations are declining in monetary terms and thus requires fastening of our belts, effective SCM to enhance value for money and innovation in introducing more efficient means of delivering more with less. KZNPT will continue to provide a professional support service to provincial government.



Ms. Carol Coetsee
Head of Department: KZN Treasury

OFFICIAL SIGN-OFF

It is hereby certified that this Revised Annual Performance Plan:

- Was developed by the management of the KZNPT under the guidance of MEC Ms. N.P. Nkonyeni;
- Takes into account all the relevant policies, legislation and other mandates for which Provincial Treasury is responsible for, and
- Accurately reflects the Outcomes and Outputs which the KZNPT will endeavour to achieve over the period 2023/2024.

Ms. N. Shezi

Programme Manager: Sustainable Resource Management (P2)

Signature:  _____

Mr S. Moodley

Programme Manager: Financial Governance (P3)

Signature:  _____

Ms. M. Bhaw

Acting Programme Manager: Internal Audit (P4)

Signature:  _____

Mr. F. Cassimjee

Programme Manager: Municipal Finance Management (P5)

Signature:  _____

Mr. T. Ndlovu

Chief Financial Officer

Signature:  _____

Ms. I.N.N. Zwane-Dlomo

Head Planning

Signature:  _____

Ms. C. Coetzee

Head of Department/Accounting Officer

Signature:  _____

Approved by:

Ms. N.P. Nkonyeni

Executive Authority

Signature:  _____



PART A: OUR MANDATE



PART A: OUR MANDATE

1. Updates on the relevant legislative and policy mandates

There was only one new update in terms of relevant legislation and that relates to the promulgation of the preferential procurement regulations which required the department to review the Supply Chain Management Policy to ensure that the preferential goals are incorporated into the department's policy.

1.1 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.

1.2 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. Update on Institutional Policies and Strategies

Alignment to the National and Provincial Priorities

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).

Alignment to the Provincial Growth and Development Strategy

The 2020/25 Provincial Growth and Development Strategy was approved in February 2022 and is implemented through the Provincial Growth and Development Plan. The main purpose of the PGDP is to translate the PGDS into an implementation plan which will provide a sound platform for departmental, sectoral and stakeholder annual performance planning and furthermore to guide resource allocation. 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 and will be elaborated on in this plan. However, 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 on the new preferential procurement regulations, there could be a possible decline and pre-requisites for bids were considered unconstitutional in a court ruling.

KZNPT Role in the Action Working Group and Clusters as a role player.

The department is contributing in AWG A (GSID Cluster) and leading in the following Interventions;

- 20% reduction of fruitless and wasteful expenditure in KZN.
- 20% reduction of irregular expenditure in KZN.
- At least 75% reduction of qualified audits in the public sector by 2024; baseline 6 Departments qualified as at 2019, of these 1 per year improved from qualified, 0 new qualifications.
- 20% improvement in municipal audit outcomes. Improve municipal capacity and audit outcomes, including improved Back to Basics Programme.

- Audit Improvement Plans implemented annually and monitored quarterly
- Strengthen departmental Internal Controls and Risk Management.
- Develop a proactive approach to fight fraud and corruption working with internal control and risk management units.
- Monitor implementation of “Operation pay-on Time”. (payment of suppliers within 30 days)
- Providing training in the area of Contract Management Systems in provincial Departments and Municipalities.
- Increase revenue collection (including debt) and revenue generating capabilities in the province.

Alignment to the SOPA, SONA and Lekgotla Resolutions

The department had a total of 10 resolutions that were allocated by the Cabinet for execution in the 2022/2023 financial year. A total of four resolutions were fully achieved, one was partially achieved and five were not achieved. Below is a narrative of those that were not achieved where challenges have been noted and remedial actions proposed to ensure achievement over the MTSF: -

- Payment of Suppliers within 30 days

Even though a general improvement in the payment of suppliers within 30 days is noted, the Province has only been able to attain 94% against a target of 100%. There is one department that is lagging behind and it will be closely monitored. The key challenge is the impact of the budget cuts, resulting in increasing accruals and year end which impact on the cash available to pay creditors timeously. Provincial Treasury provides support to companies who have long outstanding debt and will continue to provide this critical service which impact on the sustainability of SMMEs in the province through the “pay-on-time” campaign.

This will further be augmented through assisting Departments to provide checklists to suppliers in terms of the details required to effect payment through complete, valid and legal documentation. Furthermore, Departments will be encouraged to conduct workshop/engagement/consultation with suppliers on SCM processes to enhance their understanding and improve their compliance with bidding requirements.

- Improvement in the implementation of audit improvement plans

An achievement of 48% against 60% target was recorded in the 3rd quarter of 2022/23. Accounting Officers should individually provide reasons and challenges affecting the implementation of audit improvement plans to the executive Authorities to ensure that such findings do not reoccur in the new audit. Provincial Treasury will continue to track the implementation of action plans on a quarterly basis and report to the Provincial Audit & Risk Committee and respective Executive Authorities.

- Increase revenue collection

One of the mechanism against which the Province generates its revenue is through the investment of surplus funds. Given the current cashflow and spending pressures, less cash has been available to invest and therefore less interest earned. The department is currently undertaking research on other means of enhancing revenue collection in the province. Research was undertaken on the revenue earned by schools for the renting of space for cellphone towers and the findings indicate that there is space for further revenue enhancement. The issue of raising and collecting debt from employees will be a focal point as staff debts appear to on the rise.

Challenges in the achievement of a further two resolutions have already been shared above under the alignment of departmental plans to the PGDS. These relate to reduction of irregular, wasteful and fruitless expenditure.

A total of 8 resolutions for 2023 has been assigned to the department for implementation which have been incorporated into the 2023/24 Annual Performance Plan and reflected in detail in the document.

KZNPT status regarding Provincial Asset Management

In response to the audit outcomes of the province, Provincial Treasury has implemented the Provincial Audit Improvement Plan strategy, with asset management being one of the key focus areas given the substantive findings in both the internal and external audit reports

The KZN Department of Health has been prioritized in this regard to assist with the audit qualification matter relating to assets. Considering the identified potential audit risk arising from the merger of two departments, the Department of Sport, Arts and Culture has also been identified as a department to be supported. The focus at the remaining departments is on updating of the asset register and reconciliation thereof to the assets on hand and the accounting system, including compliance of reporting in accordance with the accounting framework.

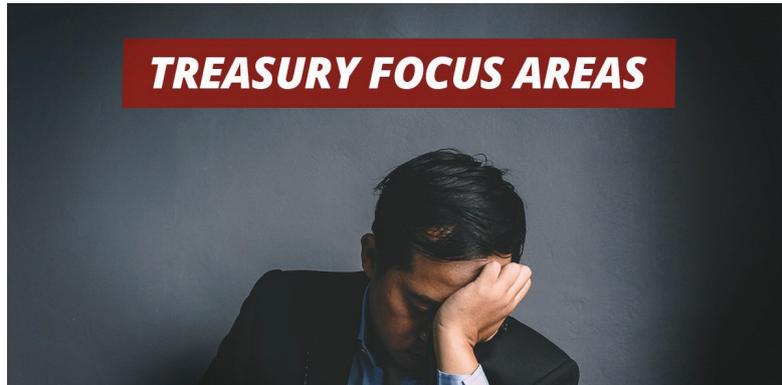
KZNPT Role with regards to Centralised Procurement System in the province

National Treasury is in the process of finalising the development of the IFMS which will also entail procurement modules. Our role once NT have started the roll-out of the system will be to provide support and training to government departments, public entities and local government. In the interim, Provincial Treasury will explore possible solutions through engagement with National Treasury given the current hold on new systems

3. Relevant Court Rulings

3.1 Relevant court rulings

No court rulings



PART B: STRATEGIC FOCUS AREAS



PART B: OUR STRATEGIC FOCUS

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

Vision

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

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.

Values

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



Impact Statement

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

4. Updated Situational Analysis

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. Constant review of the abovementioned external and internal factors and its impact on the delivery of services will assist in crafting adequate responses.

Whilst there has been notable progress in the delivery of services in the previous financial year, there is a need for a more focused approach to ensure that interventions allocated to KZNPT are executed as well as the attainment of 2020- 2025 strategic outcomes.

4.1 External Environment Analysis

4.1 Population dynamics (Social)

(a) Analysis

Global population dynamics have been changing significantly over the years. These changes include the continued growth in population size, age structures, an ageing population, and an increase in spatial redistribution related to migration and urbanisation. In addition, the transmission of COVID-19 and related fatalities also affected global population dynamics. According to the Population Reference Bureau (2022), the global population reached an estimated 7.9 billion in 2022. Less-developed countries constitute about 83.8 per cent of the world population. African population constitutes about 17.5 per cent of the world's population and is projected to almost double by 2050.

The South African population is well known for its diversity, with each province having a population with different races, cultural identities, religions and eleven official languages. The size of the South African population continued to grow and reached an estimated 60.6 million in 2022. KwaZulu-Natal's (KZN) total population has been increasing over the past decade, from 10.6 million in 2011 to 11.5 million in 2022. However, KZN's share of the total national population has been declining gradually during the same period, from 20.3 per cent in 2011 to 19 per cent in 2022. Interprovincial migration patterns influence the continuously diminishing KZN's share of the national population as many people migrate to provinces like Gauteng (GP), Western Cape (WC) and Mpumalanga (MP) to search for employment opportunities. Consequently, GP's population has increased significantly, from 10.5 million in 2006 to 16.1 million in 2022.

Females dominate KZN's population at 52.1 per cent (6 million) compared to males at 47.9 per cent (5.5 million). However, this domination starts from 25 years and above, as males gradually decline. Therefore, the growing excess in the number of females in each subsequent age group compared to males could be attributed to higher mortality among males, especially at ages above 30. This is caused mainly by their risky behavior, which includes excessive drinking of alcohol and other substance abuse, negligent use of guns, and their dominance in hazardous occupations.

Regarding population age structure, KZN's population is predominantly youthful as children (00 to 14 years) and youth (15 to 34 years) constitute about 66.1 per cent of the total provincial population. About 4.2 million of the provincial population are children and older people classified as dependent, whilst approximately 7.3 million are in working age, and some participate actively in economic activities. This estimate implies a high dependency ratio of 57.6 per cent. A high dependency ratio indicates that the economically active population and the overall economy face a greater burden to support and provide the social services needed by children and older persons who are often economically dependent. In addition, such a high ratio exerts pressure on government finances.

(b) Implications & Challenges

A rapid population increase is good for an economically prosperous country as it stimulates markets for the supply and consumption of goods and services. However, it can cause challenges in achieving inclusive and sustainable development in future. The commitment to achieve Sustainable Development Goals (SDGs), particularly those related to health, education and gender equality, can contribute to slowing population growth. For instance, in countries with relatively high fertility levels, investments in education and health can significantly increase the positive economic impact in the long term. However, as the fertility rate declines, the country is likely to experience an ageing population.

KZN's population is predominantly youthful, which is also referred to as the “*demographic dividend*”.¹ However, the Province could risk losing tremendous economic growth and development opportunities if it does not capitalise on this young and economically productive population. Globally, countries undergoing population transition have the opportunity to capitalise on the demographic dividend if the right social, economic, and human capital policies are in place, particularly in developed nations. For instance, similar to other provinces across the country, KZN faces high youth unemployment. Moreover, KZN is among the provinces with a high teenage pregnancy rate, disadvantaged environments, particularly for girls and young females, and rural youth with minimum access to digital means.

Another challenge is inter-provincial migration, which leads to many young professionals migrating from KZN to other provinces, especially GP, for better economic opportunities. These people are at their productive stages and can add value to the economy of KZN if retained. Inter-provincial migration is also cited as one of the main factors contributing to the steady decline in the KZN's percentage share of the national population. As a result, KZN's equitable share allocation has been declining over the years. In addition, some of these individuals return to KZN when they retire, leading to a higher demand for healthcare services in the province, which is overstretched, especially considering that only a limited number of people have access to medical aid.

(c) Recommended interventions

It is critical to link interventions in the population area to economic and human development issues. These issues relate to reducing poverty and inequalities and the roll-out of education services from early childhood development to tertiary levels while ensuring equity in allocating resources. Therefore, efforts to slow down population growth, reduce poverty, achieve economic progress, improve environmental protection, and reduce unsustainable consumption and production patterns are mutually reinforcing. Slower population growth gives more time for countries to adjust to future population increases and plan accordingly to ensure that resources are used optimally to meet the demand. This reinforces the country's ability to reduce poverty, protect and repair the environment, build the base for future sustainable development and control the spread of diseases by having adequate facilities and quality public services for the growing population.

In addition, the Province should continue eliminating gender gaps from a young age and the social pre-concepts associated with traditional roles for males and females to ensure more gender equality. Furthermore, the Government should continue to systematically partner with civil society organisations in implementing targeted programmes of gender equality aimed at women empowerment in the country, particularly in KZN. Therefore, concerted and coordinated efforts of relevant stakeholders, such as provincial departments, public entities and NGOs, around shared goals to advance the needs of young people and women in particular, for them to meaningfully participate in the mainstream economic activities in KZN.

Given KZN's population dynamics and development conditions, more than 78 per cent of the Provincial Budget is allocated to social services such as Health, Education and Social Development. In this regard, it is critical for the Provincial Treasury to compile a comprehensive socio-economic profile that informs decision-makers of where the gaps are and where resources can be focused.

Provincial Treasury's strategic focus for the 2023/24 financial year is to strengthen the existing programmes in order to achieve the desired impact and outcomes contained in the departmental strategic plan. This strategic objective will be achieved by enhancing budget management through fiscal consolidation, resource allocation and optimisation. Therefore, a comprehensive understanding of the population dynamics and the development indicators is paramount, particularly as the Provincial Equitable Share (PES) formula is population driven.

4.1.2 Economic performance

(a) Analysis

The geopolitical tension between Russia and Ukraine abruptly disrupted the global economic recovery path in 2022. The invasion of Ukraine by the Russian Federation weighed on global growth through its effects on commodity markets, supply chains, inflation, and financial conditions. As a result, global economic growth decelerated to an estimated 3.4 per cent in 2022, following a robust uptick of 6.2 per cent in 2021. The world economic activity is expected to drop to 2.9 per cent in 2023, before increasing slightly to 3.1 per cent in 2024 due to the expected gradual recovery from the effects of the Russia-Ukraine war and falling inflation.

¹ A demographic dividend is defined as the increase in economic growth that tends to follow increases in the ratio of the working-age population, essentially the labour force.

Economic activity in SA decelerated to 2.5 per cent in 2022, following a robust recovery of 4.9 per cent in 2021. The national economy was negatively affected by slow global growth, especially among SA's major trading partners, higher inflation, global supply bottlenecks, flooding in KZN and Eastern Cape earlier in 2022 and extensive electricity load shedding, among others. Inflation rate increased significantly to an average of 6.9 per cent in 2022, the highest rate since 2016, mainly driven by food and transport prices. In response to these developments and a rise in consumer inflation, the South African Reserve Bank raised interest rates by a cumulative 300 basis points between November 2021 and January this year. Notably, higher inflation erodes household purchasing power and implies a rising cost of living, whilst higher interest rates constrain consumer spending. Load-shedding intensified to an average of 200 calendar days per month in 2022. The real output is expected to deteriorate further to 0.9 per cent in 2023 as the energy crisis persists and external conditions remain uncertain before increasing slightly to 1.5 per cent in 2024.

The KZN's economy has also been affected by unfavorable global developments combined with internal structural constraints including disastrous flooding early in 2022 and electricity load shedding. The Province endured unprecedented disastrous flooding, which left considerable damage to social and economic infrastructure as well as loss of lives. The catastrophic flooding caused extensive damage to public infrastructure, including schools, health facilities, police stations and magistrates' courts. Moreover, economic activity was affected by the destruction of economic infrastructure, such as major roads in the eThekweni Metro, water infrastructure, and the port of Durban. Thus, the provincial economy is estimated to have moderated significantly to 2.2 per cent in 2022 and is projected to decline to 0.6 per cent in 2023, before increasing somewhat to 1.6 per cent in 2024.

(b) Implications & Challenges

The Russia-Ukraine war has had various negative worldwide spill-overs through commodity markets, trade, and financial channels. The significant impact of the conflict was visible in the high volatility of international Brent crude oil prices. The Brent crude oil prices spiked to around US\$130 per barrel in early March 2022 and are expected to remain elevated over the short to medium-term. The notable increase in international oil prices reflects the supply-demand imbalances caused by supply bottlenecks amid sanctions imposed by other regions on Russia, which is among the largest oil net exporter globally. This has contributed to a significant rise in inflation and interest rates in many countries.

As the oil net importer, SA has not been spared from the negative implications of a significant rise in international oil prices and depreciation of the rand against major currencies, including the US Dollar. In addition, the country has experienced a historic increase in fuel prices since the on-going war started, which contributes to accelerating petrol costs, illuminating paraffin and diesel, among others. On the other hand, the unreliable electricity supply, including severe periods of power outages, also weighs heavily on the national economic outlook. As a result, the government has declared electricity as a state of disaster, appointed a Minister of Electricity and provided a series of interventions to deal with the crippling and unprecedented energy crisis.

(c) Recommended interventions

In response to the economic crisis, KZN continued to implement structural reforms in relation to the economic recovery plan to ignite economic growth. Efforts have been intensified to implement Provincial Economic Reconstruction and Recovery Plan to ensure inclusive economic growth supported by the radical economic transformation (RET). The plan focuses on agriculture, telecommunications and digital economy, renewable energy, tourism, oceans, and township economy.

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

The Provincial Treasury must continue monitoring economic indicators such as GDP, unemployment, inflation, interest rates, and international trade. A comprehensive analysis of these variables is essential in advising departments and public entities about the cost pressures, the rationale for cost-cutting measures, monitoring expenditure and revenue and allocate the constrained financial resources where the greatest impact will be achieved.

4.1.3 Poverty, unemployment and inequality

(a) Analysis

In order to track the country's poverty levels, Stats SA uses three measures, these being the food poverty line (FPL)², the lower-bound poverty line (LBPL), and the upper-bound poverty line (UBPL) for statistical reporting. As defined by Stats SA (2022), FPL shows the level of consumption below which individuals cannot purchase sufficient food to provide them with an adequate diet. As a result, those living below this line consume insufficient calories for nourishment.

In KZN, the share of the population living below FPL was 40.9%, below the national average of 32.5% in 2022. Lower-bound poverty line (LBPL) is R945 (in April 2022 prices) per person per month. LBPL refers to the food poverty line plus the average amount derived from non-food items of households whose total expenditure is equal to the food poverty line. Over the same year, the share of the population living below the LBPL in KZN was 55.7% compared to the national average of 46.7%. The Province had KZN had an estimated Human Development Index (HDI) of 0.60 in 2021 compared to the national average of 0.64.

In SA, 33.7 per cent of Africans were categorised as lower-income earners compared to their white counterparts at 1.9 per cent in 2021. This level of inequality is expected, given the prevalence of poverty among the African population. In contrast, the majority of White, Colored and Asian households fell within the emerging middle class at 26.6 per cent, 43.7 per cent and 45 per cent, respectively. It is evident that significant income disparities still exist among the four population groups in the country, and the African segment remains least favored by the current conditions.

In KZN, 33.7 per cent of Africans were categorized as lower-income earners compared to their white counterparts at 1.9 per cent in 2021 (Table 3.1). These undesirable levels of income inequality were among several socio-economic conditions that propelled the government to implement various policies (work, school, etc.) since the advent of democracy in 1994. The primary objectives of these policies were to prioritize the previously disadvantaged groups, particularly Africans, allowing them to participate in the mainstream economy. On the other hand, 25.3 per cent, 31.3 per cent, 5.5 per cent, 3.1 per cent and 1.2 per cent of Africans were categorized as low emerging, emerging middle class, realized middle class, upper-middle-class, and affluent income earners, respectively.

Regarding labour markets, the number of people employed in SA increased by 10.4 per cent in the third quarter of 2022 compared to the same period in 2021. However, the country continues to grapple with a high unemployment rate. The official unemployment rate was 32.9 per cent in the third quarter of 2022, implying that approximately 7.72 million people were out of employment.

Similarly, KZN's employment level increased by 10.5 per cent in the third quarter of 2022 compared to the same period in 2021. The provincial employment was driven mainly by the agricultural industry, with about 28 000 employment gains, followed by community and social services (20 000) as well as construction (18 000) industries. KZN's official unemployment rate was 30.6 per cent in the third quarter of 2022, which is about 1.12 million unemployed people. Except for the eThekweni Metro, all Districts had unemployment rates above the provincial average in 2021. The Zululand District recorded the highest unemployment rate at 38.4 per cent, followed by uMkhanyakude, King Cetshwayo and uMzinyathi at 45.9 per cent, 45.7 per cent and 45.5 per cent, respectively.

Evidence shows that young people face a higher unemployment rate when compared to the adult working-age population. However, Stats SA (2022) shows that the percentage of unemployed youth between the ages of 15-34 declined by 2 percentage points, from 46 per cent in the third quarter of 2021 to 44 per cent in the same quarter of 2022. Although commendable, this drop in unemployment is still high and does not significantly impact poverty reduction. Furthermore, in respect of education, many young people leave school without completing the secondary level, thereby reducing their chances of being employed. This also contributes to the country's skills deficit, especially among young people, making them unemployable in almost all sectors of the economy.

(b) Implications & Challenges

The on-going war between Ukraine and Russia has added to the human suffering amid a shifting geopolitical order and the strained multilateral system. Furthermore, climate and ecological disasters are also posing a threat to human development in many countries. SA is no exception, especially following the destructive riots in July 2021 and the devastating floods that caused havoc in KZN in April and May 2022, which damaged many people's homes and

² Food poverty line of R624 (in April 2021 prices) per person per month. It refers to the amount of money an individual need to afford the minimum required daily energy intake. This index is also called the "extreme" poverty line.

social and economic infrastructure, distorting the region's development. Moreover, KZN recorded a relatively higher percentage of people living below the food poverty line. As a result, a substantial proportion of the people in the Province rely on social grants. This high percentage is concerning as it shows that more people depend on the government to meet basic needs.

(c) Recommended interventions

The government must continue providing social grants in the form of SRD, Old-age grant, Disability grant, Grant-in-aid, Care dependency, Foster Care, and Child support grant to reduce poverty. In addition, the provincial government continues to ensure that young people are at the center of all economic activities and utilise all the available opportunities. In doing so, skills development is at the forefront, whereby new entrants firstly are provided bursaries to study and, secondly, are allowed to gain entry-level experience through internships, mentorships and learnerships.

The government further strives to promote Small, Medium and Micro Enterprises (SMMEs) owned by the youth. This follows the KZN Youth Fund (KZNYF) programme officially launched in 2019, assisting youth-owned businesses with the necessary financial support and other capital or equipment required for their businesses' proper operational structures. This initiative emanated from a realisation that SMMEs can generate much-needed employment and contribute to the Province's GDP growth. An additional R100m has been allocated in the 2023/24 financial year.

The 2019 – 2024 MTSF targets reducing unemployment to between 20 and 24 per cent and creating over 2 million jobs, especially for youth. As part of its strategic focus for the 2023/24 financial year, Provincial Treasury will continue contributing to an enabling environment for greater participation of previously disadvantaged persons. The participation of the previously marginalised groups is supported using localisation and industrialisation through government procurement and the implementation of preferential goals in each specification of goods and services procured by each organ of State.

Therefore, it is imperative for the Provincial Treasury to monitor the percentage of government spend on designated groups. In this regard, the Provincial Treasury will continue tracking changes in socio-economic indicators such as poverty, inequality, and unemployment. This information will assist in providing the Provincial Government with updated, reliable and credible socio-economic data that can be used to influence Lekgotla resolutions and to measure the impact of government policy interventions

4.1.4 Other Factors impacting on Performance

(a) Medium and long term policy environment.

The current fiscal policy requires a consolidation of resources and prudent financial management as financial resources continue to decline over the MTEF whilst significant spending pressures prevail given the historic budget cuts in the province.

KZNPT is responsible for the implementation of the Provincial Government's fiscal policy. KZNPT's fiscal policy is based on the following principles:

- Ensuring fiscal sustainability and fiscal discipline by maintaining a balanced budget and ensuring the efficient, effective and economical use of public funds.
- Promoting macroeconomic stability by ensuring prudent fiscal management and ensuring that the Provincial Government has sufficient resources to meet its financial commitments.
- Promoting a competitive and dynamic economy by encouraging the efficient use of resources, and developing and supporting an environment conducive to investment and economic growth.
- Promoting social and economic development by ensuring that sound fiscal policies are in place to support the Provincial Government's socio-economic development objectives.
- Promoting financial management transparency and accountability by ensuring that proper financial management practices and procedures are in place to ensure that financial statements are accurate and reliable.
- Ensuring effective implementation of the Provincial Government's financial policies by monitoring and evaluating the compliance performance of the Provincial Government's departments and entities.
- Enhancing public service delivery by ensuring that public funds are allocated efficiently and effectively.

(b) KZNPT Role with regards to KZN Flood response

Provincial Treasury's role was to give assurance to the public and the Provincial Executive Committee, that funds utilized towards the disaster response were spent for the intended purpose, that due procurement processes were followed and value for money obtained for infrastructure work. This required a response team to be assembled from PAG, Internal Audit and Infrastructure in a short period of time and with reprioritization of projects and resources for the year.

Provincial Treasury was mandated to undertake pre-award assessments of flood relief procurements with a value in excess of R1m as means to mitigate the occurrence of irregular expenditure in Supply Chain management processes. Provincial SCM has to date undertaken ninety (90) pre-award assessments to the value of R 1, 185b.

In terms of the budgeting process for the April flood disaster response was to give guidance to departments on the internal reprioritisation required to be undertaken in order to provide funding for the flood response. In addition, Provincial Treasury liaised with National Treasury with respect to the additional funds that were allocated to the province, mainly via additions to various conditional grants with respect to the disaster response.

The Infrastructure Management Unit (IMU) assisted PIAS by accompanying the team on site visits to flood-damaged infrastructure to assess the April 2022 flood damage repair services scope of work and bill of quantity quotation in order to determine value for money. The IMU provided expertise in infrastructure planning to ensure that the PIAS team had the necessary information to accurately assess value for money. Furthermore, the IMU provided guidance on areas of improvement for future flood preparedness and response activities.

Finally, 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. These funds were specifically and exclusively allocated to various Votes. All amendments to the budget were formalised when the 2022/23 Adjustments estimate was tabled.

National Treasury will also have allocated funds to various Votes in 2023/24, specifically to the conditional grant budget and Provincial Treasury has ensured that these funds were correctly appropriated when the 2023/24 MTEF budget was tabled in the Provincial Legislature on 10 March 2023.

4.2 Internal Environment Analysis**(a) Institution's capacity to deliver on its mandate**

The approved structure consists of five functional programmes, with 4 being service delivery programmes. These are Programme 1: Administration; Programme 2: Sustainable Resource Management; Programme 3: Financial Governance; Programme 4: Internal Audit, as well as Programme 5: Municipal Finance Management.

The Departments newly revised organizational structure increased from 397 posts to 461 posts, where a total of 73 vacant posts are at various stages of recruitment, and a further 29 have been identified as critical for filling and is in the process of obtaining the Premier's approval to fill the same. The vacancy rate is currently at 26% but rigorous efforts are in place to reduce the same by June 2023.

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

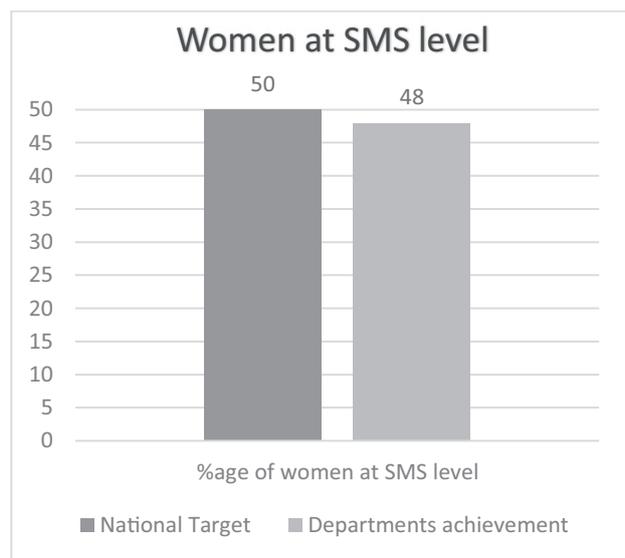
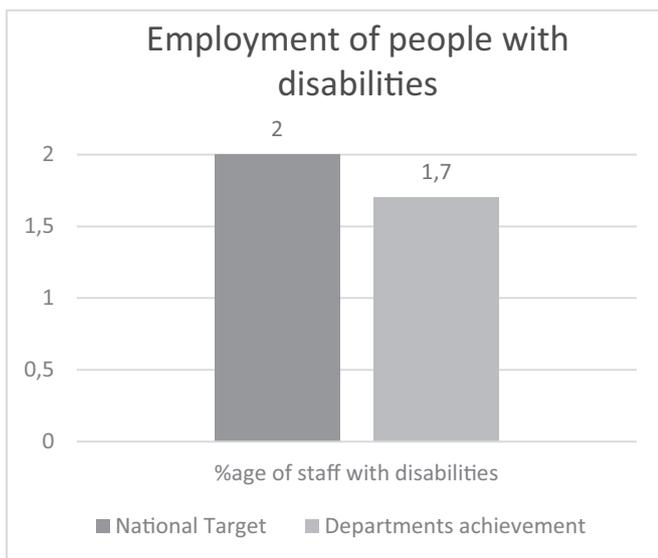
The Information Technology Management Unit is adequately resourced in terms of human resources, technological infrastructure, software support services and disaster recovery capabilities. This in turn provides Provincial Treasury with continuous access to critical data to enable the Organization to make informed decisions and deliver effectively on its mandate. Automation and cloud technology has been introduced and will lead to further efficiencies in a largely manual driven environment.

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

Age Distribution	2020/2021		2021/2022		2022/2023	
	Female	Male	Female	Male	Female	Male
20-24	8	9	10	5	7	7
25-29	47	30	30	20	27	27
30-34	67	39	59	31	52	33
35-39	70	54	66	57	62	47
40-44	34	35	36	37	49	41
45-49	30	29	29	23	45	22
50-54	13	9	18	9	22	12
55-59	8	10	7	3	7	4
60-65	3	6	1	10	1	7
TOTAL	280	221	256	195	251	200

The Department is committed to meeting the National Employment Equity targets of 50% women at SMS, 2% people with disabilities, 5% youth and 75% Black. The Department has expressed its commitment by ensuring that only females and people with disabilities form part of the target group for all SMS posts and that an annual disability audit is conducted throughout the Department. The Head of Department has incorporated the 8-principle plan of action towards ensuring women empowerment and the institutionalization of the same into her performance agreement, and is assessed against this program’s deliverables on an annual basis. The Department as at 23 February 2022 employed 43% women at SMS; 1.8% people with disabilities and 80% Blacks.

Approximately 47% of the total staff compliment constitutes the youth age group. The Department contributes to the empowerment of the designated groups through targeted procurement and targeted recruitment in line with EE targets. An increased effort to forge new partnerships with disability Organizations and Higher Education Institutions has been embarked upon, to ensure that there is an increase in applications for vacant posts from people with disabilities. All development programs are monitored and improved upon ensuring that Provincial Treasury becomes an Employer of choice so that the turnover of employees, in particular, vulnerable groups, is reduced. It is imperative that all employees are empowered around issues relating to Gender Based Violence, thus quarterly GBV initiatives are planned to achieve this.



The Department contributes to the empowerment of the designated groups through targeted procurement and targeted recruitment in line with EE targets. The target for 2023/24 financial year is 80% spend on targeted groups which includes all previously disadvantaged persons. An increased effort to forge new partnerships with disability Organizations and Higher Education Institutions has been embarked upon, to ensure that there is an increase in applications for vacant posts from people with disabilities. All development programs are monitored to ensure maximum exposure of

candidates through actual work exposure, mentoring and coaching and formal training initiatives thereby ensuring that Provincial Treasury becomes an Employer of choice. It is imperative that all employees are empowered around issues relating to Gender Based Violence, thus quarterly GBV initiatives are planned to achieve this. The department has committed to improve the current BEE level through focusing on Enterprise and Supplier development initiatives.

(b) Digital System Transformation

With the 4th Industrial Revolution (4IR) IT innovation expectations, the Department will require significant IT solutions to ensure Business effectiveness and efficiency. The Departments Internet breakthrough bandwidth and wan links have been recently upgraded, which has significantly improved the quality of communication and collaboration through all communication platforms. This has ensured efficient service delivery and communication during remote working.

The department has identified a number of processes to be automated in order to improve operations, and to date including a bulk SMS communication tool was implemented to allow management to communication with all staff; A system of automating the process of document tracking, routing and digital signing has been implemented, as well as the self-service help desk. The department will be focusing on implementing the following projects in the 2023/24 financial year: -

- eLeave System
- eSubmissions
- MS Teams Calling
- eLearning Portal

(c) Financial resources

Table 2.1 : Summary of payments and estimates by programme: Provincial Treasury

R thousand	Outcome			Main appropriation	Adjusted appropriation 2022/23	Revised estimate	Medium-term estimates		
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26
1. Administration	204 269	164 057	183 428	225 548	221 623	210 961	214 137	225 016	234 030
2. Sustainable Resource Management	47 051	43 250	42 403	53 346	49 960	48 716	61 875	55 484	57 707
3. Financial Governance	199 693	178 645	206 265	203 670	215 586	209 507	221 695	234 443	244 507
4. Internal Audit	131 214	91 486	86 216	116 419	107 173	106 744	108 355	113 514	118 055
5. Municipal Finance Management	58 418	54 431	58 583	85 126	75 167	75 996	72 848	77 764	80 880
Total payments and estimates	640 645	531 869	576 895	684 109	669 509	651 924	678 910	706 221	735 179

Programme 1 shows a decrease in 2020/21 was mainly due to the budget cuts in respect of the provincial response to the Covid-19 pandemic and cost-of-living adjustment. The increase in the 2021/22 was due to reprioritisation undertaken from Programme 2 to cater for property payments, computer services and operating leases, which were not adequately budgeted for. The significant increase in 2022/23 Main Appropriation is due to reprioritisation of R4.531 million from Programmes 2, 3, 4 and 5, with carry-through, to cater for budget shortfalls against property payments and operating leases, as well as to make adequate provision for the TEUF and external bursaries, which were under-budgeted for. The increase is further attributable to additional funding of R3.423 million, received in 2022/23 only, being a portion of the funds that were suspended from the department's budget in 2021/22. These funds were allocated against Goods and services in respect of property payments. The allocation over the 2023/24 MTEF provides for the filling of 27 vacant posts within the programme and additional rental costs for the new building.

Programme 2 shows a decrease in 2020/21 which was mainly due to the budget cuts in respect of the provincial response to the Covid-19 pandemic, the cost-of-living adjustment, as well as lower than budgeted payments in respect of performance bonuses. The decrease in the 2021/22 was mainly due to reduced operational costs such as stationery and printing, travel and subsistence, as well as training and development. Further contributing to the decrease is the reprioritised of funds from the programme's budget after extensive budget reviews were undertaken. These funds were identified against Compensation of employees. This explains the increase in 2022/23

Main Appropriation which is after reprioritisation of R1.962 million, with carry-through, was undertaken from Goods and services in respect of travel and subsistence and allocated to Programme 1 against Goods and services, as mentioned. The MTEF makes provision for salaries of the Technical Advisors (TAs) in relation to the Infrastructure Crack Team responsible for infrastructure support delivery in the province, the filling of 16 vacant posts, as well as costs relating to the preparation of the EPRE and the AEPRE.

Programme 3 shows a significant decrease in 2020/21 which was mainly due to the budget cuts in respect of the provincial response to the Covid-19 pandemic and the cost-of-living adjustment. The increase in the 2021/22 was mainly due to once-off spending pressures against administration fees in respect of bank charges resulting from the implementation of the new banking laws, as well as computer services costs in respect of transversal systems, including the BAS and PERSAL mainframes, that were under-budgeted for. The 2023/24 MTEF allocations provide mainly for transversal systems, administrative fees, MBAT, support to departments in respect of financial management to achieve improved audit outcomes, preparation of the AFS for the Provincial Revenue Fund, training of and support to departments and municipalities, as well as the filling of 20 vacant posts.

Programme 4 shows a significant decrease in 2020/21 which was mainly due to the budget cuts in respect of the provincial response to the Covid-19 pandemic, as well as the cost-of-living adjustment, as mentioned. The department undertook reprioritisation of R1.300 million in 2022/23, with carry-through, from Goods and services in respect of consultants' costs. These funds were allocated to Programme 1. The increase in 2022/23 Main Appropriation was due to additional funding of R3.501 million being a portion of the funds that were suspended from the department's budget in 2021/22. These funds were allocated against Goods and services in respect of consultants' costs. The 2023/24 MTEF makes provision for assessments, workshops and training on risk/governance management and internal audit capacity building within departments and municipalities, Certified Internal Auditor (CIA) qualification, ongoing audits such as IT, financial and governance audits, provision for the Cluster Audit and Risk Committee (CARC), the audit of predetermined objectives of departments and some municipalities, as well as filling 13 vacant posts.

Programme 5 shows a significant decrease in 2020/21 mainly due to the budget cuts in respect of the provincial response to the Covid-19 pandemic and the cost-of-living adjustment, as mentioned. The increase in 2021/22 is due to the receipt of additional funding from National Treasury to cater for the non-pensionable cash allowance. The programme receives additional funding of R9.007 million in 2022/23 only, being a portion of the funds that were suspended from the department's budget in 2021/22. These funds were allocated against Goods and services in respect of consultants' costs, as mentioned.

(d) Risk Management Strategy

The Organisational Risk and Integrity unit provides effective and efficient Departmental risk and integrity management. The unit has been embarking on the review of various risk management governance documents which includes but not limited to the Risk Management Policy, Risk Management Strategy and the Risk Management Implementation Plan. The Fraud Prevention Plan and related documents are in place to set the stance of the Department towards fraud and corruption as well as to reinforce existing systems, policies, procedures, rules and regulations aimed at preventing, deterring, detecting, reacting to, and reducing the impact of fraud and corruption. Quarterly risk assessments are undertaken with the necessary oversight structures in place. Given the ever-changing environment, Provincial Treasury operates in, emerging risks are identified and mitigation strategies implemented to minimize risks.

(e) Audit performance of the Department

KZN Provincial Treasury obtained its 13th consecutive "unqualified audit" opinion, in the 2021/2022 financial year. The Department, as the oversight body of the provinces' fiscus, prides itself in setting an example that is aligned to its vision of being *the center of excellence in financial and fiscal management in the country*.

A further strength is the departments skilled, highly qualified, professional, and ethical human capital with a strong control environment that drives issues of good governance within the organization.

The AG's report for the 2021/22 financial year does not have material findings, however there were matters reported on Annexure B and C of the audit report, these are addressed through an Audit Improvement Strategy which is reported on a quarterly basis at the Provincial Audit Committee meetings, as well as to the Executive Authority. Based on this approach, there are no repeat audit findings as the controls have been improved. The finding on performance information resulted in a review of both the Strategic as well as the Annual Performance Plan.

(f) Analysis of priorities relating to women, youth, people with disabilities, and black people.

The Department remains committed to gender responsiveness which includes its commitment to having a gender diverse workforce; achieving the target of 50 per cent women in management; training and development of staff and youth through its external bursary programme and Chartered Accountants Academy (CAA). The intention is to bring all these initiatives in line with the leadership and the cultural transformational journey. The Department, in line with the GRPBMEA has complied in the following areas in contributing towards targeted groups:

Preferential procurement

- With regards to the Preferential procurement, the department has set a target of 20% of the goods and services budget towards the targeted groups (Women, Youth, Persons with disabilities, Military Veterans and Black people).

Employment Equity

- In line with the national targets appointment, the department has also set its target to those of national of 50% women at SMS, 2% people with disabilities, 75% blacks and ensuring that 5% of the establishment comprises of youth employed on various Youth Development Programs.

Auditing Compliance of Provincial Departments on Gender Responsive Planning, Monitoring, Evaluation and Auditing Framework

- The department is performing independent mainstreaming audit reviews, thereby monitoring and reporting on the progress of compliance made by departments in compliance to the GRPBMEA Framework.

Budgeting

- Gender Responsive Budgeting requires National Treasury to drive the process as they issue the templates and the guidelines that provinces must follow. Currently, there has been no clear directive provided to allow provinces to prepare the budget with this level of information, however, the department will continue to participate in the National Treasury forums.

Skills Development and Job Readiness

- The Department has further identified the following Youth development programmes /interventions in contributing towards the targeted groups as well as creating a skilled pool of financial management expertise for the public sector: -
 - Thuthuka Education Upliftment Fund sponsorship programme.
 - SAICA Trainee programme.
 - Management Development Programme for newly qualified African CA.
 - Internal Audit Technician Learnership
 - External bursaries sponsoring
 - Internship Program
 - Computer Skills development programme

Status of KZNPT regarding compliance with the BBEE Act

The KwaZulu-Natal Provincial Treasury (KZNPT) acknowledges the historical disparities of the previously disadvantaged communities and commit to promote the rights of all people of South Africa and affirm the democratic values of human dignity, equality and freedom. It is therefore, a strategic focus of the KZNPT to implement the government transformation agenda with the aim to redress the socio-economic imbalances of the past, through the maximization of participation by the HDP in the economic opportunities that are available in the KZNPT. The Department has a B-BBEE status level 7. The Department endeavors to strengthen its efforts to improve its Enterprise and Supplier Developments initiatives as a trajectory to effect meaningful economic transformation.

The KZNPT has in place a B-BBEE Preferential Procurement Policy that is aimed at accelerating the attainment of the socio-economic goals outlined in the National Development Plan to reducing unemployment, poverty and inequality by 2030. The under listed are the measurable objectives stipulated in the Policy;

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

Skills development has been identified as an area of improvement which the department will focus on in the 2023/24 financial year to ensure compliance to the scorecard rating. A task team that reports to the Management Committees has been established for monitoring purposes.

(g) Stakeholders which contribute to the institution's achievement of the planned outcomes.

- i. KwaZulu-Natal Provincial Treasury MEC – Provides strategic leadership to the department.
- ii. EXCO and MANCO Member - These members are responsible for setting the strategic direction of the provincial treasury and ensuring that the plans, targets and objectives of the provincial treasury are met.
- iii. Provincial Treasury Staff: The Provincial Treasury staff are responsible for implementing the plans, targets and objectives of the provincial treasury.
- iv. National Departments - Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.
- v. Provincial Departments - To assist departments to achieve their function by mobilisation, allocate, provide wide cash management and also provide financial management through Budget monitoring and reporting such as Internal audit, Financial accounting and system maintenance. Partnering to achieve the clean audit.
- vi. Public Entities - To assist departments to achieve their function by mobilisation, allocate, provide wide cash management and also provide financial management through Budget monitoring and reporting such as Internal audit, Financial accounting and system maintenance.
- vii. Local Government Institutions - To assist departments to achieve their function by mobilisation, allocate, provide wide cash management and also provide financial management through Budget monitoring and reporting such as Internal audit, Financial accounting and system maintenance.
- viii. Provincial Cabinet and Legislature - The legislature oversees the administration of the provincial government, and the Premier and the members of the Executive Council are required to report to the legislature on the performance of their responsibilities.

- ix. Public Service Commission and Auditor General of South Africa in particular - Assisting our province in ensuring that everyone in KZN is equal before the law and has the right to equal protection and benefit of the law.
- x. Professional Associations - To assist with professional development and establish strength and unity in working toward common goals in virtually every profession.
- xi. Provincial Audit and Risk Committee - The Audit Committee assist our department by providing oversight of the institution's control, governance and risk management. Furthermore, the Committee should provide the Accounting Officer / Authority with independent counsel, advice and direction in respect of risk management.
- xii. General Public - Partnering with our KZN general public in providing service delivery of goods and services through our procurement services.
- xiii. Provincial Treasury Suppliers - The Provincial Treasury Suppliers are responsible for providing the necessary goods and services to the provincial treasury in order to facilitate the achievement of the plans, targets and objectives of the provincial treasury.

(h) Monitoring and Evaluations Strategies

The Monitoring & Evaluation Unit of the department tracks and assesses performance through analysis and comparison of indicators over time by comparing planned outputs against the achieved outputs. Programme Outcomes are evaluated through the evaluation processes and Provincial Treasury has adopted an Evaluation plan over the MTSF period. The department intends to undertake evaluations on the following Programmes for the fiscal year 2023/2024: -

Programme	Evaluation Study
Programme 1 : Administration	Evaluation of the Departmental Performance Management and Development System
Programme 3: Financial Governance	Assessment of the support provided in the implementation of Preferential Procurement Regulations(PPR) in enhancing economic participation of previously disadvantaged individuals
Programme 5: Municipal Finance Management	Evaluation of the review of Municipal Annual Financial Statements (AFS) support programme

(i) Challenges that the department has experienced in the performance environment and how it will address these over the medium-term period.

The department has experienced a history of underspending for the few past financial year, mainly linked to underspending on compensation of employees. Inadequate staff capacity, due to high staff turnover has impacted on the planned projects and as a result the department could only achieve 81% in quarter 4 of 2021/22. To date the department has achieved a total number of 105 output indicators against a total of 170 planned for the 2022/23 financial year.

The department is fast-tracking the filling of all critical posts and to date has completed 76 recruitment processes and currently have 66 posts in various stages of recruitment. The key challenge is that despite these efforts the vacancy rate has not changed due to the leaking bucket syndrome where many positions are filled internally and high turnover of personnel.t. The department is closely monitoring the spending and projected forecasts to avoid future under-spending and has suspended funds in the next financial year.

(j) Emerging priorities and opportunities which will be acted on during the medium-term period.

Provincial Treasury has completed the study focusing on revenue generation through mast network towers installed in public schools. It was discovered that the monthly revenue received by schools vary greatly, within the range of R1000 to more than R13 000 per school. It is recommended that the revenue should accrue to the schools in line with Section 20 (2) of SASA, however, DoE must capacitate schools to negotiate reasonable rates with the tower owners so that they can raise reasonable own revenue. Moses Kotane Institute (MKI) is going to undertake a comprehensive

study focusing on revenue generation on rental by telecommunication companies that install network towers, fiber cables and WIFI on the state properties.

(k) Provision of services in line with the Institutions Mandate, Spatial Planning and Demographics.

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

- KZNPT derives its mandate from the Constitution, PFMA and MFMA
- We are a **SUPPORT to government institutions (Departments, public entities and Municipalities)** to **enhance** service delivery
 - Technical and policy advisory.
 - Shared service: Assurance services.
 - Financial, budget and cash management systems/services.
 - Infrastructure Specialised Advisory Unit (initially IDMS NT programme).
- KZNPT provides **oversight and monitoring support**
 - Budget compilation, spending and revenue.
 - Financial reporting and SCM spend reporting.
 - Compliance e.g. Pay-on-Time.
- **Limited direct service delivery** programmes
 - Supporting service providers through workshops (CSD, Pay-on-Time).
 - OSS/DDM interactions.
 - Enterprise and Supplier Development programmes.
- Our **internal programmes** focus on vulnerable groups
 - Information sharing to empower service providers on CSD, new regulations/policies/tender documents, Pay-on-time.
 - Creating a pool of financial management expertise through SAICA training institution, IIA, learnerships and internships.
 - Advising and support on SCM with new Preferential regulations.
 - Monitoring and reporting through Internal audit compliance by departments and SCM provincial spend.
 - Improving KZNPT BEE score card.

(I) The departmental Strategic focus areas for the financial year.

Based on the analysis and factors impacting on our service delivery, the following strategic focus areas will be executed in the 2023/2024 financial year:

PLANNED STRATEGIES	PRIORITY PROJECTS 2023/24	LINK TO INSTITUTIONAL POLICIES AND PLANS
1. Ensure fiscal sustainability of the Province.	<ul style="list-style-type: none"> • Realistic Budget development and enhancing reliability of IYM reporting (zero based budgeting to be explored and piloted in PT). • Recommendations on Public Works rates budget • Early warning reports to Cabinet and strengthen MECs oversight on IYM • Support in the enhancing of data collection on equitable share components (e.g. learners, patients) • Revenue Enhancement through :improved billing; collections and review of competitiveness of rates, identification of new sources of revenue • Oversight of rationalization in terms of Bill certification, analysis and recommendations on business cases • Finalisation of guarantee on Ithala Soc • Donations practice note 	<p>MTSF Priority 1: Capable, Ethical & Developmental State; Outcome: Functional, efficient and integrated government; PGDP Intervention: Improve financial management capability in the public sector SOPA 2022– Growing the Economy, Building a Caring and Incorruptible Government SOPA 2023- R10m per department and entity for fighting crime; closing of non-viable schools ; rationalisation of public entities , review baseline PW – consider upfront payments</p> <p>2023 Lekgotla resolutions - ensure prudent financial management and avoid fiscal dumping ; zero-based budgeting approach ; further analysis of public entities financial position (underspending) ; correction of public works baseline for property rates; rationalisation of public entities; tracking conditional grants to avoid return of funds; clear guidance on receipt of donations; Ithala SOC license ;</p> <p>SONA: Prevention of fraud and corruption on disaster mgt work of energy crisis- <i>monitoring expenditure</i> ;Implementation of investment plan - <i>process funding, participate and advise in technical team including PPP options.</i></p>

STRATEGIC OUTCOMES	PRIORITY PROJECTS 2023/24	LINK TO INSTITUTIONAL POLICIES AND PLANS
2. Enhanced Fiscal Sustainability of the Province (Municipal support)	<ul style="list-style-type: none"> • Credible funded and managed budgets <i>(reasonable rates, assumptions eg collections, cash backed, monthly monitoring against financial indicators eg liquidity)</i> • Financial Management Support (FMS) <i>(address audit findings and capacity constraints)</i> • Annual Financial Statements (AFS) Reviews and audit support • Targeted mSCOA Support <i>(enhanced quality reporting)</i> • Revenue Enhancement and Debt management practices • Review of audit committee and internal audit effectiveness of municipalities, including provision of training to capacitate municipalities on risk and audit matters. • MOU with COGTA <i>Enhance effectiveness of support through coordinated planning, implementation and monitoring</i> 	<p>MTSF Priority 1: Capable, Ethical & Developmental State. Outcome: Functional, Efficient and Integrated government. PGDP Intervention: Improve financial management capability in the public sector. March 2022 SOPA – Building a Caring and Incorruptible Government. 2023 Lekgotla Resolution 2023: SOPA- provide more hands on support to prevent regression of audit outcomes</p>

STRATEGIC OUTCOMES	PRIORITY PROJECTS 2023/24	LINK TO NATIONAL AND PROVINCIAL PRIORITIES AND PLANS
3. Improved Audit Outcomes in the Province.	<ul style="list-style-type: none"> Implement 6 Workstreams of the Audit Improvement Strategy following Cabinet approval 2023 focus – Internal controls, SCM (contract management & policy reviews), Condonation of Irregular expenditure Training, Monitoring and reporting on submission of monthly MEC reports, Section 40 and IN34 reports, Asset and Financial Management support to targeted departments on specific focus areas <i>Linked to audit findings of 21/22</i> Financial training for new Executive Authorities and key executive managers. 	<p>MTSF Priority 1: Capable, Ethical & Developmental State</p> <p>Outcome: Functional, Efficient and Integrated government.</p> <p>PGDP Intervention: Improve financial management capability in the public sector; and Measures taken to eliminate wasteful, fruitless and irregular expenditure in the public service.</p> <p>2022 SOPA – Building a Caring and Incorruptible Government</p> <p>2023 SOPA: performance M&E, lifestyle audits, vetting SCM, compulsory capacity building, no regression on audit outcomes, operation pay-on-time.</p>

STRATEGIC OUTCOMES	PRIORITY PROJECTS 2023/24	LINK TO INSTITUTIONAL POLICIES AND PLANS
4. Improved Governance of Assurance & Internal Control in Departments and Municipalities.	<p>3 Year Rolling audit based on risk profiles and priority areas of departments.</p> <ul style="list-style-type: none"> Infrastructure performance value for money audits (high value projects)- March 2024 Performance audit on consultants (DPW, DOT, DARD, COGTA)- March 2024 Consequence management audits Review and tracking of audit improvement plans Scope of audits to include mainstreaming of Vulnerable Groups Roll-out of the provincial risk management framework and combined assurance framework, including provision of training, establishment of the provincial risk committee and development of provincial risk profile. <p>Regular reporting by Provincial Audit and Risk Committee to MECs</p> <p>Development of the internal control framework to ensure among other things, formalization and standardization of internal control units of all departments.</p>	<p>MTSF Priority 1: Capable, Ethical & Developmental State.</p> <p>Outcome: A Capable and Ethical government.</p> <p>PGDP Intervention: Programmes to prevent and fight corruption in government. Ensure State capacity on Disaster management is enhanced to plan and manage future pandemics.</p> <p>2022 SOPA – Building a Caring and Incorruptible Government</p> <p>2023 SOPA: performance M&E, lifestyle audits, vetting SCM, compulsory capacity building, no regression on audit outcomes, operation pay-on-time</p>

STRATEGIC OUTCOMES	PRIORITY PROJECTS 2023/24	LINK TO INSTITUTIONAL POLICIES AND PLANS
5. Improved participation of targeted groups in the economy of the province.	<ul style="list-style-type: none"> Review of SCM policies to PPPFR including extensive capacity building at all organs of state Advocacy for change through Procurement Bill (<i>preference point system to be reviewed</i>) Monitor and report on procurement spend on Designated groups Provide Contract management support to organs of state Capacity building on supply chain management to enhancing planning, efficiency in timeframes and effectiveness in pricing Effectiveness of the Bid Appeals Tribunal. 	<p>MTSF Priority 1: Capable, Ethical & Developmental State;</p> <p>PGDP Intervention: Improve financial management capability in the public sector. Implement measures to support procurement reforms, improve value for money and the fiscal sustainability.</p> <p>MTSF Priority 2: Economic Transformation & Job Creation;</p> <p>PGDP Intervention: Expand government spend on women, youth and PWDs through preferential procurement.</p> <p>2022 SOPA – Growing SMMEs and Cooperatives, Growing the Economy, Job Creation, Building a Caring and Incorruptible Government</p> <p>SOPA 2023- Ending Gender Based Violence</p> <p>2023 Lekgotla resolutions: Integrated programme for Vulnerable groups , procurement targets</p>

STRATEGIC OUTCOMES	PRIORITY PROJECTS 2023/24	LINK TO INSTITUTIONAL POLICIES AND PLANS
6. Improved and Sustainable Infrastructure delivery which contributes to Inclusive Economic Growth.	<ul style="list-style-type: none"> Effective institutionalization of the IDMS through capacity building focussing on Transport, Sports, Arts and Culture and COGTA Technical advise on Precinct (PPP or debt financing) <i>DOT to receive full support Feb-March 2023 to commit 22/23 budget given slow spend</i> Job massification - construction graduates- building condition assessments in partnership with Public Works Economic Council finance Workstream – to promote the funding options available to SMMEs and engage DFIs and banks to support SMME 	<p>MTSF Priority 2: Economic Transformation & Job Creation;</p> <p>Outcome: Quality & quantum of Infrastructure investment to support Growth and Job creation improved.</p> <p>PGDP Intervention: Improve the quality & rate of infrastructure investment through the KZN infrastructure master plan implementation and monitoring.</p> <p>Lekgotla: Treasury to assess and provide assistance to DOT due to underspend and SCM challenges; Provincial Precinct</p> <p>SOPA 2022 – Growing SMMEs and Cooperatives, Growing the Economy, Job Creation, Building a Caring and Incorruptible Government</p> <p>SONA: Addressing technical & project mgt skills for infrastructure development; Support to SMMEs through NT Bounce-Back scheme</p>

(m) Amendments made to the Strategic Plan

An extensive review of all Outcomes in the Strategic plan document, Outputs for all the 5 programmes as well as the Output indicators on the Annual Performance Plan was undertaken and the amendments are reflected in Annexure A.

(n) Consultative process and engagements with the key personnel and relevant stakeholders

The first engagement took place on the 12th August 2022 where guidelines that informed the planning process for the 2023/2024 plans were discussed with management team. A strategic review and planning session with the MEC and management team was held on the 6th and 7th of October 2022. The first draft APP was submitted to the office of the Premier and DPME on the 15th of October 2022. The final draft was later presented to **MEC for Finance** for comments and inputs.

Stakeholder engagement with the Finance Portfolio Committee on the draft APP took place on the 03rd of November 2022 and on the 16th of March 2023. Inputs provided on issues were taken into consideration in the final plan. The following issues were raised by the committee:

- Filling of vacant post
- Chronic underspending
- Strengthen support to municipalities
- Introduction of Zero Based Budgeting

Further stakeholder engagement was conducted with the community of Nquthu Municipality on the 09th of December and their comments were noted. The draft APP has also taken into consideration the role of KZN COGTA on the municipal interventions for the 2023/2024 financial year. The Office of the Auditor General provided insight into draft APP as well as the key audit focus areas that should be considered by Provincial Treasury.

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





PART C: MEASURING OUR PERFORMANCE



PART C: MEASURING OUR PERFORMANCE

5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

5.1 PROGRAMME 1: Administration

Programme description

The purpose of this programme is to provide:

- Strategic leadership and administration support to the department.

Sub-programme No.	Sub-programme name	Sub-programme Purpose
1.1	Office of the Member of the Executive Council (MEC)	<ul style="list-style-type: none"> • Political oversight and policy direction, • Render advisory, secretarial and administrative support, and public relations, communication and parliamentary support.
1.2	Management Services (HOD)	Policy formulation, overall leadership, management and administration support of the Department and the respective districts and institutions within the Department.
1.3	Financial Management (CFO)	To provide effective management of departmental finances in line with statutory requirements.
1.4	Corporate Services	To provide optimal Human Resource, IT, Communications, Legal services, Strategic Planning support as well as Monitoring and Evaluations function to the department.

This programme is made up of 4 main sub-programmes as indicated above, however, programme 1 is planned to carry out its work according to the following measurable sub-programmes:

- Financial Management
- Human Resources Management

5.2 Outcomes, Outputs, Performance indicators and Targets - see tables

5.3 Output indicators: annual and quarterly targets - see table

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme – Financial Management (CFO)						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/2026
Improve Governance of Assurance & Internal Control in departments.	Auditor-General opinion report with no material audit findings on financial matters of the department.	No material audit findings.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.
	Payment of invoices within 30 days in compliance with Legislation.	Percentage of supplier's valid invoices paid within 30 days.	100%	100%	100%	100%	100%	100%	100%
Improved participation of targeted groups in the economy of the Province.	Procurement spend on targeted groups.	Percentage of procurement awarded to targeted groups.	New	New	New	New	80%	80%	80%

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. No material audit findings.	Unqualified Audit Opinion.	N/A	Unqualified Audit Opinion.	N/A	N/A
2. Percentage of supplier's valid invoices paid within 30 days.	100%	100%	100%	100%	100%
3. Percentage of procurement awarded to targeted groups.	80%	80%	80%	80%	80%

Outcomes, Output indicators and Quarterly Targets

Outcome	Outputs	Output Indicators	Sub-programme - Human Resource Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improve Governance of Assurance & Internal Control in departments.	Gender Base Violence Femicide initiatives implemented.	Number of Gender Based Violence and Femicide empowerment initiatives implemented.	New	New	4	4	4	4	4
Improved participation of targeted groups in the economy of the Province.	Appointment of targeted groups in the department.	Percentage of SMS posts filled by females.	New	New	New	50%	50%	50%	50%
		Percentage of employees with disabilities.	New	New	New	2%	2%	2%	2%
		Percentage of youth enrolled in youth development programs.	New	New	New	5%	5%	5%	5%

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Gender Based Violence and Femicide empowerment initiatives implemented.	4	1	1	1	1
2. Percentage of SMS posts filled by females.	50%	N/A	N/A	N/A	50%
3. Percentage of employees with disabilities.	2%	N/A	N/A	N/A	2%
4. Percentage of youth enrolled in youth development programs.	5%	N/A	N/A	N/A	5%

Explanation of planned performance over the medium-term period

In line with Priority 1 – Capable and Ethical and development state, the indicators that are planned under Financial Management will contribute to the mainstreaming of the targeted group, by ensuring that 80% of the department's budget is directly spent on targeted groups. This will be measured on a quarterly basis as a non-accumulative target. The department will continue to ensure that the valid suppliers invoices are paid within 30 days in compliance with the National Treasury Instruction Note 34.

The department has planned youth development programmes that aim to respond to the GRBFMEA. The department has further developed policies to ensure the implementation of this framework.

The department, in ensuring compliance with the relevant statutory requirements, as well as no material Human Resource (HR) audit findings, the HRM unit has developed a MTEF HR Plan for the Department which will be

monitored on a quarterly basis ensuring that all planned strategies and compliance reporting has been delivered upon, and where there are gaps, to identify and monitor reasons and mitigating actions. This will be monitored quarterly to check the achievement of the training and skills programs indicated on the annually developed Workplace Skills Plan (WSP) of the Department to ensure that dedicated training budgets are in fact spent on the correctly aligned and approved training programs.

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

Programme resource considerations

Table 3.1 : Summary of payments and estimates by sub-programme: Programme 1: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2022/23	Revised estimate	Medium-term estimates		
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26
1. Office Of The Mec	32 410	24 370	22 362	32 598	32 598	29 446	31 302	33 398	34 741
2. Management Services(Hod)	40 549	17 123	8 633	18 650	12 625	10 443	11 757	12 801	13 314
3. Financial Management(Cfo)	32 998	28 153	27 562	32 699	32 699	31 722	32 540	34 918	36 295
4. Corporate Services	98 312	94 411	124 871	141 601	143 701	139 350	138 538	143 899	149 680
Total payments and estimates	204 269	164 057	183 428	225 548	221 623	210 961	214 137	225 016	234 030

Table 3.2 : Summary of payments and estimates by economic classification: Programme 1: Administration

R thousand	Outcome			Main appropriation	Adjusted appropriation 2022/23	Revised estimate	Medium-term estimates		
	2019/20	2020/21	2021/22				2023/24	2024/25	2025/26
Current payments	195 917	153 913	175 017	211 419	207 783	197 029	201 379	212 643	221 704
Compensation of employees	88 338	83 967	88 614	108 644	102 157	96 575	107 806	115 651	120 746
Goods and services	107 579	69 855	86 391	102 775	105 626	100 442	93 573	96 992	100 958
Interest and rent on land	-	91	12	-	-	12	-	-	-
Transfers and subsidies to:	4 974	5 352	2 057	3 435	3 793	4 256	3 364	3 197	3 339
Provinces and municipalities	39	41	37	29	32	27	29	30	31
Departmental agencies and account	2	3	-	3	3	3	3	3	3
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and internatio	-	-	-	-	-	-	-	-	-
Public corporations and private ente	-	-	-	-	364	339	-	-	-
Non-profit institutions	350	-	-	308	109	17	99	86	90
Households	4 583	5 308	2 020	3 095	3 285	3 870	3 233	3 078	3 215
Payments for capital assets	3 378	4 789	6 289	10 694	10 047	9 676	9 394	9 176	8 987
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	3 378	4 789	6 289	10 393	10 047	9 676	9 394	9 176	8 987
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible asset	-	-	-	301	-	-	-	-	-
Payments for financial assets	-	3	65	-	-	-	-	-	-
Total economic classification	204 269	164 057	183 428	225 548	221 623	210 961	214 137	225 016	234 030

The sub-programme: Office of the MEC, which includes parliamentary liaison, fluctuates throughout the seven-year period. The MTEF allocations cater for legal services, as well as community outreach engagements such as post budget roadshows and 16 Days of activism, among others. The significant decrease in 2023/24 and 2024/25 is due to transferring of budget R1.3 million and R877 000 respectively to assist Programme 3 with expenditure pressures and adherence to the compulsory budget cuts.

The sub-programme: Management Services (HOD) MTEF allocations provide for the operational costs of running the HOD's office. The Risk function for department is also included under this sub-programme. The significant decrease in 2023/24 and 2024/25 is due to transferring of budget R9.7 million and R9.5 million respectively for special projects to assist Programme 3 with expenditure pressures and adherence to the compulsory budget cuts. These funds were moved to Programme 1 under sub-programme: Financial Management (R1.2 million in 2023/24 and R1 million in 2024/25) to cater for shortfall against external audit fees and Programme 3 to cater for budget short fall against transversal computer services under sub-programme: Support and Interlinked Financial System (R8 million in 2023/24 and R8 million in 2024/25). In addition, R56 000 and R76 000 in respective years were moved to the sub-programme: Corporate Services to cater for new office space.

The sub-programme: Financial Management (CFO) is responsible for various functions such as budget control, internal SCM, asset management, loss control, etc., and fluctuates over the seven-year period. The decrease in 2023/24 is due to budget cut of R244 000 and the increase of R252 000 in 2024/25 mainly due to internal reprioritisation to cater for budget shortfalls against external audit fees.

The sub-programme: Corporate Services reflects a decrease in 2023/24 is due to reprioritization of R49 000 in 2023/24 and R26 000 in 2024/25 to adhere with the compulsory budget cuts.

The major costs carried by programme 1 include office accommodation security, IT, fleet management, communications to support the Department.

Key risks and mitigations

Outcome	Key Risk	Risk Mitigation
Improve Governance of Assurance & Internal Control in Departments.	1. Inadequate monitoring of contracts entered into between the department and outside parties.	<ul style="list-style-type: none"> Development and issue Contract Management Policy Conduct workshop for Contract Management Policy Maintain a complete and accurate contract register
	2. Under- spending of the budget for Vote 6	<ul style="list-style-type: none"> Re -assessment of MTEF budget baselines of each sub-programme. Perform In-Year Monitoring of the budget projections by business units.
Improved participation of targeted groups in the economy of the Province.	1. Inability to meet marginalized equity targets due to lack of relevant skills within the marginalised groups.	<ul style="list-style-type: none"> Continuously implementing the employment equity plan. Target advertising and target recruitment in line with the equity plan. Collaboration with disability organisations. Disability database for headhunting.

5.2 PROGRAMME 2: Sustainable Resource Management

The purpose of this programme is to:

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

Programme 2 is planned to carry out its work according to the following measurable sub-programmes:

Sub-programme No.	Sub-programme name	Sub-programme Purpose
2.1	Economic Analysis	<ul style="list-style-type: none"> 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.
2.2	Public Finance	<ul style="list-style-type: none"> Promote effective and optimal financial resource allocation for provincial government (including public entities), and Ensure the province remains financially viable through effective budget management, monitoring and reporting.

Sub-programme No.	Sub-programme name	Sub-programme Purpose
2.3	Public Private Partnerships	<ul style="list-style-type: none"> 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.

5.3 Outcomes, Outputs, Performance indicators and Targets - see table

5.4 Output indicators: annual and quarterly targets - see table

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme –Economic Analysis						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Enhanced fiscal sustainability of the province.	Socio-economic report produced.	Number of Socio-economic report produced (SERO).	10	12	10	9	1	1	1
	Value for money assessment reports produced.	Number of Value for money assessment report produced.	1	7	6	1	1	1	1
	Research reports produced.	Number of Research report produced.	NEW	NEW	NEW	1	1	1	1
Improved and sustainable infrastructure delivery which contributes to inclusive economic growth	Estimates of Capital Expenditure (ECE) Plan produced.	Number of ECE Plan produced.	NEW	NEW	NEW	1	1	1	1
	ECE monitoring reports of Departments	Number of quarterly monitoring reports produced on capital expenditure.	NEW	NEW	NEW	4	4	4	4

Outcome	Outputs	Output Indicators	Sub-programme –Economic Analysis						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Departments Capacitated on the Infrastructure Delivery Management System. (IDMS)	Number of departments trained on IDMS.	NEW	NEW	NEW	4	1	1	1
		Number of monitoring reports produced on departments using IDMS.	NEW	NEW	NEW	2	4	4	4

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Socio-economic report produced (SERO).	1	N/A	N/A	1	N/A
2. Number of Value for money assessment report produced.	1	N/A	N/A	N/A	1
3. Number of Research report produced.	1	N/A	N/A	N/A	1
4. Number of ECE Plan produced.	1	N/A	N/A	N/A	1
5. Number of quarterly monitoring reports produced on capital expenditure.	4	1	1	1	1
6. Number of departments trained on IDMS.	1	N/A	N/A	N/A	1
7. Number of monitoring reports produced on departments using IDMS.	4	1	1	1	1

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Public Finance						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Enhanced fiscal sustainability of the province.	Optimal Provincial budgets allocation.	Final provincial budget produced.	New	New	New	New	1	1	1
		Adjustments provincial budget produced.	New	New	New	New	1	1	1
	Early warning system reports produced.	Number of early warning system reports produced.	16	18	18	18	18	18	18

Outcome	Outputs	Output Indicators	Sub-programme - Public Finance						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
	Enhance revenue generation, collection and management in the province.	Research project conducted on provincial own revenue sources.	New	New	New	New	1	1	1
		Research project conducted on provincial allocation.	New	New	New	New	1	1	1

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Final provincial budget produced.	1	N/A	N/A	N/A	1
2. Adjustments provincial budget produced.	1	N/A	N/A	1	N/A
3. Number of early warning system reports produced.	18	5	5	5	3
4. Research project conducted on provincial own revenue sources.	1	N/A	N/A	N/A	1
5. Research project conducted on provincial allocation.	1	N/A	N/A	N/A	1

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Public Private Partnerships (PPP)						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved and sustainable Infrastructure delivery which contributes to inclusive economic growth.	Public sector Institutions supported on PPPs.	Number of public sector Institutions supported on PPPs.	New	2	2	2	5	5	5
	Training of Municipalities on PPP Processes.	Number of Training sessions conducted.	New	New	New	2	2	2	2
	PPP Service Delivery Solutions.	PPP Service Delivery Solutions proposal produced.	New	New	New	1	1	1	1

Outcome	Outputs	Output Indicators	Sub-programme - Public Private Partnerships (PPP)						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
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 groups.	Number of compliance reports produced.	New	4	4	4	2	2	2

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of public sector Institutions supported on PPPs.	5	5	5	5	5
2. Number of training sessions conducted.	2	1	N/A	1	N/A
3. PPP Service Delivery Solutions Proposal produced.	1	N/A	N/A	N/A	1
4. Number of compliance reports produced.	2	N/A	1	N/A	1

Explanation of planned performance over the medium-term period

The Sustainable Resource Management Programme aims to contribute to the achievement of two outcomes:

- Priority 1: Focuses on building a capable, ethical and developmental state.
- Priority 2: Focuses on building an inclusive economy that supports economic transformation and job creation.

This will be achieved through the following:

- Promote and enforce transparency and effective management in respect of revenue, and expenditure, of provincial departments and public entities;
- Improving fiscal sustainability in the province by;
 - optimal utilisation of resources
 - conducting economic research
 - proper budget planning and implementation and
 - maximisation of revenue collection to sustain the fiscal policy for the province
- Enhance planning, implementation, and management of Infrastructure by provincial departments, including the facilitation and monitoring of infrastructure delivery in the province contributing towards inclusive economic growth;
- Monitoring of both the spending and revenue collection of departments and public entities against budget; and
- Provide technical, financial, and legal advice in support of all provincial PPP projects in line with the PPP projects cycles as regulated by National Treasury guidelines;

The unit plays a critical role in the oversight of public entities and a thorough review of accumulated surpluses will be undertaken to determine whether any surplus funds can be surrendered to the fiscus.

Infrastructure & Economic Management Support to the Province

The Department of Education (DOE) requested additional funding of over R1.8 billion for scholar transport and given the strategic importance of providing the service and the need to ensure fiscal management, the research unit will conduct, among others, a need analysis or value for money assessment on the request for additional funding by DOE, as well as evaluation of Public Works Property rates given the projected overspending due to an inadequate baseline.

The Infrastructure Specialised Advisory Unit will enhance infrastructure service delivery with the implementation of the Infrastructure Delivery Management System (IDMS). The IDMS was adopted as the Government's system for infrastructure delivery in South Africa. The IDMS focus is on delivering a portfolio of infrastructure assets rather than just infrastructure projects. Through the IDMS, the Government is able to plan, budget, deliver, and maintain its infrastructure assets efficiently. Within the infrastructure delivery chain, the IDMS clarifies roles, responsibilities, and functions. The focus will be on DOT, DSAC and COGTA.

The "Infrastructure Support Team" (crack team) of built environment professionals and experts will continue to assist departments, provincial government entities and municipalities with unblocking infrastructure projects that require intervention and support, as well as providing technical assistance. A once-off job massification initiative will be undertaken giving 70 construction graduates work place experience for 12 months.

Management and Enhancement of the Provincial Fiscus through Public Finance

A new area of focus will be the research to be undertaken with the aim to improve the provincial equitable share and conditional grant allocations to the province, while research will also be done to determine whether there are any possible new sources of provincial own revenue or whether current sources can be collected more optimally with emphasis on the identification of revenue enhancement projects.

The unit will achieve integrated planning, budgeting, and implementation for the sustainable management of provincial fiscal resources through the annual tabling of the Provincial Budget. Zero based budgeting will be piloted in 3 departments in the new year. The oversight model of monitoring spending and revenue collection of departments and public entities against the budget will continue and is aimed at keeping provincial spending within the provincial budget. Particular attention will be given to enhancing the Executive Authorities understanding and oversight in budgetary matters.

The implementation of the budget process will allow improvement and significant contribution to the improvement of the living standards of the citizens of the province, in particular, those that are identified as vulnerable groups, which include women, youth, people with disabilities, and military veterans. In preparing the 2023/24 budget, departments were requested to focus on aligning and integrating their plans to the national outcomes, as contained in the MTSF implementation plan, national sector plans and the PGDS.

Provincial Treasury will contribute to the finalisation of the rationalisation of public entities through certification of Bills, review of Business cases and providing advisory services to the departments and entities affected.

Alternative funding mechanisms continue to play a critical role and this programme will advise the various government institutions on their respective proposals.

Public Private Partnerships Support & Advisory services

The department will continue to oversee and provide support at a provincial and municipal level in line with the PPP project cycle. This will be achieved by ensuring that transaction support is provided to departments, public entities, municipalities and their municipal entities to ensure compliance with the PPP legislative processes. The government precinct will be supported by Provincial Treasury through the appointment of a technical advisor. The team will give further support to the financial close of Inkosi Albert Luthuli Hospital PPP and further input into various alternative energy proposals.

Programme resource consideration

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2019/20	2020/21	2021/22	2022/23			2023/24	2024/25	2025/26
1. Programme Support	3 741	3 669	3 683	3 612	3 207	3 171	3 607	3 770	3 940
2. Economic Analysis	19 534	15 372	14 598	22 985	23 131	22 007	33 323	24 592	25 695
3. Public Finance	17 705	17 604	18 343	18 171	18 079	18 114	18 612	19 201	20 061
4. Public, Private Partnerships	6 071	6 605	5 779	8 578	5 543	5 424	6 333	7 921	8 011
Total	47 051	43 250	42 403	53 346	49 960	48 716	61 875	55 484	57 707

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2019/20	2020/21	2021/22	2022/23			2023/24	2024/25	2025/26
Current payments	46 515	42 335	41 560	52 941	49 335	47 946	61 367	54 953	57 152
Compensation of employees	40 924	40 204	39 988	45 894	39 838	38 601	45 897	49 255	51 199
Goods and services	5 591	2 131	1 572	7 047	9 497	9 345	15 470	5 698	5 953
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	110	561	135	34	88	88	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	110	561	135	34	88	88	-	-	-
Payments for capital assets	425	354	708	371	537	682	508	531	555
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	425	354	708	371	537	682	508	531	555
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	1	-	-	-	-	-	-	-	-
Total	47 051	43 250	42 403	53 346	49 960	48 716	61 875	55 484	57 707

The sub-programme: Programme Support reflects a fluctuating trend over the seven years. The MTEF provides for the operational costs for the office of the DDG: Sustainable Resource Management, as well as the office support team who provide administration and financial support to the programme as a whole.

The sub-programme: Economic Analysis includes funding for the Infrastructure Specialised Advisory Unit to assist departments, public entities and municipalities in the delivery of infrastructure projects, as well as additional funding for the Infrastructure Support Team which is mainly allocated against *Compensation of employees*. The budget over the 2023/24 MTEF provides for the specifically and exclusively allocated funding from National Treasury in support of ongoing efforts to increase technical capacity within the Provincial Treasury infrastructure unit, as well as to assist in making infrastructure delivery more effective in the province. The MTEF also provides for infrastructure site visits, as well as the publication of the *ECE*, among others. The MTEF also provides for research to be undertaken by the Economic Analysis unit, and the production of the *SERO*, that is a *Provincial Socio-economic Review and Outlook document which assist in resource allocation and better planning for the Province*. The allocations over the MTEF also cater for the filling of 04 vacant posts. The increase in 2023/24 MTEF is due to the provision of R10 million for job massification (EPWP initiatives) which offset the contribution for the new office space required which was moved to Programme 1 under sub-programme: Corporate Services to cater for the budget for property payments and operating leases.

The sub-programme: Public Finance shows steady growth over the seven-year period. The growth over the MTEF is lower than inflation due to the carry-through of budget cuts implemented in the 2021/22 MTEF and provides for costs relating to the preparation and printing of the *EPRE* and the *AEPRE*, as well as oversight over the provincial budget and provincial spending. The allocations over the MTEF also cater for the filling of 04 vacant posts.

The sub-programme: Public, Private Partnerships reflects a fluctuation trend over the seven-year period. The MTEF provides for ongoing support to departments, municipalities and public entities in terms of conducting feasibility studies and technical support for PPP contracts. The allocations over the MTEF also cater for the filling of the key

vacant posts within this unit. The significant decrease in 2023/24 and 2024/25 is due to compulsory budget cuts to assist Programme 3 with expenditure pressure in relation to transversal computer services and bank charges (administrative fees). Suspended funds will support the appointment of the transaction advisors for the government precinct.

Key risks and mitigations

Outcome	Key Risk	Risk Mitigation
Enhanced fiscal sustainability of the Province.	1. Current and future contingent liabilities become realisable.	<ul style="list-style-type: none"> Health task team established to monitor claims and develop strategies. Requests of task team reports from Health on the progress of medical and legal claims. COGTA supported to engage national on the funding of Izinduna Back pay.
	2. Reduced Provincial equitable share, anticipated future budget cuts and unfunded mandates	<ul style="list-style-type: none"> Research to be undertaken with the aim of improving PES and CG, while focus will also be on undertaking research into provincial own revenue sources (both new and current) with the aim to increase revenue. Continuously ensuring the Departments capture correct data to inform the provincial equitable share formula. Continuously briefing the Provincial Executive Council and Finance Portfolio Committee on the budget performance so as to enhance oversight by these structures on Departments.
	3. Credibility/ accuracy of financial data submitted by departments and public entities.	<ul style="list-style-type: none"> Monthly monitoring of expenditure and revenue of departments and public entities. Conducting formal awareness and training to Departments and entities to assist on credibility of financial data (including projections) PAG – to continuously engage departments to manage IDAs and Accruals Mitigations for the new key risk in APP
	4. Slow response and inadequate funding by the National Disaster Management Centre (NDMC) and National Treasury.	<ul style="list-style-type: none"> Departments Reprioritise own budget Request for donor funds Partner with non- governmental organisation Utilise the contingent reserves Monitoring usage of disaster funds allocated to Institutions. Engage National Treasury on budget shortfalls for disasters. Utilise the Infrastructure Team to assist with assessments of damaged infrastructure so as to improve quality of the data submitted to national so support funding requests Mitigations for the new key risk in APP

Outcome	Key Risk	Risk Mitigation
	5. Reliable and credible Research data constraints.	<ul style="list-style-type: none"> IHS Markit has been contracted to supply secondary data for the 2023/24 at national, provincial and local level to mitigate risk. Continuous interaction with IHS Markit to customise data. Official letter signed by the HOD/DDG requesting data/information. Arrange a meeting with the relevant stakeholder to explain the importance of obtaining the requested data on time. Send reminders before the due date for the requested data/information In case the requested data is not received on the agreed upon date, then another letter is sent advising that should response not be received within five working days of the communicate, the matter will be escalated to next level for intervention. Final letter of request by the political principal.
Improved and sustainable Infrastructure delivery which contributes to inclusive economic growth.	1. Inefficient and ineffective application of Infrastructure Delivery Model System principles, legislative requirements and guidelines.	<ul style="list-style-type: none"> Actively strengthen stakeholder engagements to illustrate value of compliance. Non-compliance reporting at Executive Council and CoHOD levels.

5.3 PROGRAMME 3: Financial Governance

The purpose of this programme is to provide

- Audit readiness support to provincial departments and public entities with the objective of achieving improved audit outcomes in the province;
- 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.

Sub-programme No.	Sub-programme name	Sub-programme Purpose
3.1	Assets and Liabilities Management	<ul style="list-style-type: none"> To develop, facilitate implementation, and monitor compliance with financial norms and standards in public sector institutions.
3.2	Supply Chain Management	<ul style="list-style-type: none"> 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.
3.3	Accounting Practices	<ul style="list-style-type: none"> To provide financial management audit readiness support to departments and public entities in the attainment of improved audit outcomes in the Province.
3.4	Financial Information Management Systems (FIMS)	<ul style="list-style-type: none"> To provide reliable, efficient and effective financial systems in the province.
3.5	Norms and Standards	<ul style="list-style-type: none"> To develop, facilitate implementation, and monitor compliance with financial norms and standards in provincial departments, municipalities and entities.

This programme is made up of 5 main sub-programmes as indicated above, however, programme 3 is planned to carry its work according to the following measurable sub-programmes:

- Supply Chain Management
- Accounting Practices
- Financial Information Management Systems (FIMS)

5.4 Outcomes, Outputs, Performance indicators and Targets - see tables

5.5 Output indicators: annual and quarterly targets - see tables

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Supply Chain Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved Audit Outcomes for the Province.	SCM initiatives implemented at public sector institutions to improve compliance with SCM prescripts.	Number of SCM training sessions conducted.	New	New	New	3	4	4	4
		Number of SCM policies reviewed in line with SCM legislation.	New	New	12	16	16	16	16
	Training on Contract Management.	Number of contract management training sessions conducted.	New	New	New	New	4	4	4
Improved participation of targeted groups in the Economy of the Province.	Report on distribution of procurement spend on the targeted groups.	Number of reports produced on provincial procurement spend on the targeted groups.-	New	4	4	4	4	4	4

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of SCM training sessions conducted.	4	1	1	1	1
2. Number of SCM policies reviewed in line with SCM legislation.	16	4	4	4	4
3. Number of contract management training sessions conducted.	4	1	1	1	1
4. Number of reports produced on provincial procurement spend on the targeted groups.	4	1	1	1	1

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Accounting Practices (Financial Reporting)						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved Audit Outcomes for the Province.	Financial management support initiatives provided to improve audit outcomes.	Number of financial Management support initiatives provided to departments.	New	New	New	6	8	7	8
		Number of financial Management support initiatives provided to Public Entities.	New	New	New	5	5	6	6
	Reports on institutions level of compliance on payment of suppliers within 30 days.	Number of consolidated Instruction Note 34 reports produced.	12	12	12	12	12	12	12
	Training sessions facilitated on Financial Management (PFMA) at Public Sector Institutions.	Number of Training sessions facilitated.	New	New	New	5	6	7	8

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of financial Management support initiatives provided to departments.	8	3	2	1	2
2. Number of financial Management support initiatives provided to Public Entities.	5	2	1	1	1
3. Number of consolidated Instruction Note 34 reports produced.	12	3	3	3	3
4. Number of Training sessions facilitated.	6	1	2	2	1

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme – Financial Information Management System (FIMS)						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved Governance of Assurance & Internal Control in Departments.	Financial Transversal Systems available.	Percentage availability of Financial transversal systems.	New	97%	97%	97%	97%	97%	97%
		Mean time to resolve calls for transversal systems.	New	New	New	8 Hours	8 Hours	8 Hours	8 Hours

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Percentage availability of Financial transversal systems.	97% of availability.	97%	97%	97%	97%
2. Mean time to resolve calls for transversal systems.	8 Hours	8 Hours	8 Hours	8 Hours	8 Hours

Explanation of planned performance over the medium-term period

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

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

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

- The audit improvement strategy is updated each year to remain relevant to the current issues facing departments and Provincial Treasury will implement specific interventions to contribute to Operation Clean Audit.

- The maintenance of existing provincial transversal financial management systems to ensure reliability, efficiency and effectiveness thereof;
- Improve efficiency of cash management and to minimize the adverse liquidity through effective liabilities management; and maximize revenue through diligent investment decisions; promote Financial Management Policy and Compliance with the PFMA through the development of supporting guides and frameworks, instructions and regulations issued by National Treasury;
- Provide financial reporting support to provincial departments and public entities in the implementation of financial reporting frameworks in compliance with the PFMA and current accounting standards;
- Provide technical and related financial management support for institutional capacity development to achieve improved audit outcomes and unqualified audits of all Provincial Departments and Public Entities. Continued focus on hands-on engagement and support to departments and public entities in response to key financial management weaknesses identified, including asset management;
- Enhance oversight through training of both Accounting Officers and Executive Authorities and improving reporting and monitoring compliance thereof.
- Operation Pay-on-time provides critical support to suppliers who have not been paid by the organs of state in order to resolve disputes and facilitate payment (these activities are reflected in the Operational Plan).
- Condonement of irregular expenditure will contribute towards reducing current balances in the province following a due process by the committee.

In relation to SCM support the department through the Provincial SCM unit will

- Provide support, guidance and monitor adherence of departments, public entities and municipalities to SCM prescripts.
- Provide contract management support to Public Sector Institutions given the direct link to underlying causes for irregular expenditure.
- Conduct training on contract management, procurement regulations, Bid Committees, SCM compliance and the Central Suppliers Database (CSD) in order to improve level of compliance with SCM prescripts thereby contributing to improved audit outcomes, and reduced irregular and fruitless expenditure.
- Continue to provide support on the CSD to Public Sector Institutions and suppliers. Helpdesks are provided at community engagements to assist service providers in registering on CSD. The unit assists institutions to upload employee data onto the CSD and to facilitate the reporting of the employees of the state that are registered on the CSD to avoid non-compliance.
- Review of SCM policies to ensure alignment with new preferential regulations and new practice notes.
- Support the improvement of participation by targeted groups in the economy of the province through reporting on provincial procurement spend on these groups at COHOD level.
- Effective appeals mechanisms for departments and municipalities.
- Policy advocacy in respect of the Draft Procurement Bill.

Programme resource considerations

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2019/20	2020/21	2021/22				2022/23	2023/24	2024/25
1. Programme Support	3 907	4 688	5 180	5 912	5 912	5 780	5 684	6 082	6 325
2. Asset and Liabilities Management	10 800	14 351	18 671	14 377	21 254	20 940	20 517	21 538	22 498
3. Support and Interlinked Financial Systems	103 269	98 447	113 764	101 808	119 344	119 145	118 000	123 877	129 420
4. Supply Chain Management	35 701	34 426	44 083	45 624	42 724	40 342	43 270	46 405	48 262
5. Accounting Services	39 127	19 737	18 455	28 560	19 813	17 749	27 125	28 938	30 095
6. Norms and Standards	6 889	6 996	6 112	7 389	6 539	5 551	7 099	7 603	7 907
Total	199 693	178 645	206 265	203 670	215 586	209 507	221 695	234 443	244 507

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2019/20	2020/21	2021/22				2022/23	2023/24	2024/25
Current payments	198 474	177 354	197 495	201 809	213 702	206 592	219 866	232 835	242 673
Compensation of employees	65 265	70 137	72 158	90 608	79 632	72 418	92 286	97 912	101 206
Goods and services	133 209	107 217	125 337	111 031	133 900	134 174	127 453	134 790	141 333
Interest and rent on land	-	-	-	170	170	-	127	133	134
Transfers and subsidies to:	248	294	6 978	241	241	192	241	253	265
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	12	-	-	-	-	-	-	-	-
Households	236	294	6 978	241	241	192	241	253	265
Payments for capital assets	938	924	1 749	1 620	1 643	2 723	1 588	1 355	1 569
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	938	924	1 749	1 620	1 643	2 723	1 588	1 355	1 569
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	33	73	43	-	-	-	-	-	-
Total	199 693	178 645	206 265	203 670	215 586	209 507	221 695	234 443	244 507

The sub-programme: Programme Support is responsible for providing strategic leadership support to the Financial Governance programme. The MTEF allocations provide for the operational costs for the office of the Accountant-General, as well as the office support team who provide administration and financial support to the programme as a whole. The decrease in 2023/24 of R269 000 and R139 000 in 2024/25 is due to the adherence to compulsory budget cuts and the contribution towards the new office space required, these funds were moved to Programme 1 under sub-programme: Corporate Services to cater for budget shortfall against property payments and operating leases.

The sub-programme: Asset and Liabilities Management shows a fluctuating trend over the seven-year period. The allocation in 2023/24 includes reprioritisation of R223 000, with carry-through, against *Compensation of employees*. The 2023/24 MTEF caters for various operational costs of the unit, including bank charges for the IGCC account, provision for interest should the IGCC account go into overdraft, provision for conducting an annual tax information seminar with all departments and entities, as well as ensuring compliance to tax legislation, among others. The significant increase of R6.5 million in 2023/24 and R6.890 million in 2024/25 is due to reprioritisation by the department to address the short fall of budget against transversal bank charges.

The sub-programme: Support and Interlinked Financial Systems includes costs relating to all transversal systems, such as BAS, PERSAL and HardCat for the entire province. The allocations over the MTEF cater for personnel costs. The increase in 2023/24 and 2024/25 relates to the transferring of R15.898 million and R16.772 million respectively, to cater for budget shortfalls against transversal computer services under sub-programme: Support and Interlinked

Financial System. This increase offsets the reduction of allocation over the MTEF towards the contribution for the new office space required, allocated to Programme 1 under sub-programme: Corporate Services.

The sub-programme: Supply Chain Management shows a growth over the 2022/23 MTEF and caters for the operational costs of the SCM unit, MBAT and BAT, as well as SCM support and interventions in departments and municipalities. These interventions are provided to all departments and municipalities on a needs basis and include the pre-award assessment, as well as contract management. The MTEF allocation further caters for the filling of various vacant posts. The decrease in 2023/24 of R1.990 million and R1 million in 2024/25 relates to the compulsory budget cuts and the contribution towards the new office space required, allocated to Programme 1 under sub-programme: Corporate Services.

The sub-programme: Accounting Services MTEF allocations cater for various projects including the financial management support to departments and public entities to achieve improved audit outcomes, preparation of the AFS for the Provincial Revenue Fund, providing required training to departments and public entities, among others. The MTEF allocation further caters for the filling of various vacant posts. The decrease in 2023/24 of R1.517 million and R990 000 in 2024/25 relates to the compulsory budget cuts and the contribution towards the new office space required, allocated to Programme 1 under sub-programme: Corporate Services.

The sub-programme: Norms and Standards shows a generally steady increase over the seven-year period. The increase over the MTEF mainly provides for personnel costs, various operational costs of the unit, as well as preparation of instruction notes and standard operating procedures for departments and public entities, among others. The MTEF allocation further caters for the filling of various vacant posts. The decrease in 2023/24 of R311 000 and R140 000 in 2024/25 relates to the compulsory budget cuts.

Key risks and mitigations

Outcome	Key Risk	Risk Mitigation
Improved Audit outcomes for the Province.	1. Recommendations not implemented by the departments/ entities to address compliance deviations during compliance assessments.	<ul style="list-style-type: none"> • Regular monitoring by unit to ensure remedial measures are implemented within deadlines or reasonable timeframes. • Noncompliance reporting at CoHOD and Executive Council levels.
Improved participation of targeted groups in the Economy of the Province.	2. Changes in legislation: Inability to achieve RET targets due to misalignment of targets to existing legislation	<ul style="list-style-type: none"> • Review of preferential procurement policies • Training & Awareness PPPFA Regulations 2022

5.4 PROGRAMME 4: Internal Audit (Provincial Internal Audit Services)

The purpose of this programme is to:

- Promote good governance by providing Internal Audit services to Provincial Departments and Risk Advisory services to Provincial Departments and Municipalities.

Programme 4 is planned to carry out its work according to the following measurable sub-programmes:

Sub-programme No.	Sub-programme name	Sub-programme Purpose
4.1	Assurance Services	<ul style="list-style-type: none"> Promote good governance through the provision of internal audit services and recommend internal control system improvement to departments.
4.2	Risk Management	<ul style="list-style-type: none"> Promote and enhance a culture of good governance through effective Risk Management.

5.5 Outcomes, Outputs, Performance indicators and Targets - see tables

5.6 Output indicators: annual and quarterly targets – see tables

Outcomes, Outputs, Performance indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Assurance Services						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved Governance of Assurance & Internal Control in Departments.	Internal Audit reviews conducted.	Number of Internal Audit Reviews conducted.	154	80	104	110	95	95	95
		Number of follow-up Audit reviews conducted.	56	32	52	29	48	48	48
	Oversight reports to strength accountability by Public Sectors Institutions.	Number of oversight reports issued to MEC's of provincial departments.	New	44	58	56	56	56	56

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Internal Audit Reviews conducted.	95	30	20	15	30
2. Number of follow-up Audit reviews conducted.	48	15	12	7	14
3. Number of oversight reports issued to MEC's of provincial departments.	56	14	14	14	14

Outcomes, Outputs, Performance indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Risk Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved Governance of Assurance & Internal Control in Departments.	Strengthened Risk management in the Public sector institutions.	Number of risk assessments conducted in municipalities.	New	New	20	15	16	18	20
		Number of reviews conducted on internal audit functions at selected municipalities.	New	New	New	5	6	6	8
		Number of departments monitored on compliance with the minimum risk management standards.	New	New	New	New	13	13	13
	Strengthened internal control in the Province.	Provincial internal control framework developed.	New	New	New	New	1	N/A	N/A

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of risk assessments conducted in municipalities.	16	4	4	4	4
2. Number of reviews conducted on internal audit functions at selected municipalities.	6	N/A	2	2	2
3. Number of departments monitored on compliance with the minimum risk management standards.	13	N/A	13	N/A	13
4. Provincial internal control framework developed.	1	N/A	N/A	N/A	1

Explanation of planned performance over the medium-term period

The Provincial Internal Audit Services (PIAS) provides a legislated shared internal audit function to all provincial Departments. This function which covers independent, objective assurance and consulting services on issues of internal controls, risk management and governance as provided in the PFMA and aligns its services to the Standards for the Professional Practice of Internal Auditing (ISPPA) and the principles in the King Report on Governance.

The Unit conducts independent audit reviews on various processes within Provincial Departments to assess the adequacy, effectiveness and efficiencies thereof. Projects identified are based on high risk areas, as well on strategic interventions within the Province; for example, audits on the mainstreaming of vulnerable groups will be incorporated in the audit scope. Two other key focus areas will be performance audits on the use of consultants and the implementation of the consequence management framework by departments. In order to improve on the governance, risk and control processes across the Departments, PIAS provides recommendations in each audit report issued to Departments on weaknesses identified. This thereby adds value to Departments operations and assists in sustaining strategic value; if implemented effectively by Departments. In addition, assurance is provided to Accounting Officers and oversight structures, by Internal Audit as the unit continuously monitors the implementation of these agreed upon action plans by conducting follow up reviews.

Reports are issued quarterly to the Provincial Audit & Risk Committee and other oversight structures on the status of governance, risk and internal controls within Departments to ensure accountability. Quarterly reports will be submitted to the MEC's office for distribution to Executive Authorities (EA)'s to enhance their oversight. PARC engagements with the Executive Authorities, will be strengthened to improve engagements and responsiveness by Accounting Officers

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

The objective of Risk and Advisory Services is to promote good corporate governance by all provincial departments and municipalities through the provision of risk management and internal control support to these institutions.

The Unit has rolled-out the provincial risk management framework to departments through, among other things, training and awareness as well as guidance on risk management governing documents via the provision of risk management templates. Given that all departments have been provided with risk management templates and have received training on the framework, the unit will now focus on monitoring progress through the assessment of departments' compliance with the minimum risk management standards.

The Unit will continue to assist selected municipalities with conducting risk assessment workshops and providing support to municipalities through performing reviews of internal audit functions of selected municipalities in order to capacitate appropriately and to provide necessary assurance.

In an attempt to further enhance the internal control environments and bring some uniformity with standards in departments and municipalities; the Unit will develop the provincial internal control framework that will assist with setting norms and standards for internal control units for public sector institutions. Internal controls are a critical pillar of the Combined Assurance model.

Programme resource considerations

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2019/20	2020/21	2021/22				2022/23	2023/24	2024/25
1. Programme Support	4 667	4 346	2 539	4 800	2 400	2 398	4 815	5 031	5 256
2. Assurance Services	105 158	66 500	64 738	83 251	82 122	83 884	76 680	79 903	83 076
3. Risk Management	21 389	20 640	18 939	28 368	22 651	20 462	26 860	28 580	29 723
Total	131 214	91 486	86 216	116 419	107 173	106 744	108 355	113 514	118 055

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2019/20	2020/21	2021/22				2022/23	2023/24	2024/25
Current payments	129 091	90 901	85 177	115 725	106 073	105 532	107 877	112 887	117 400
Compensation of employees	77 579	78 247	76 771	88 155	78 844	78 852	86 339	93 094	96 804
Goods and services	51 512	12 654	8 406	27 570	27 229	26 680	21 538	19 793	20 596
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	363	276	170	68	144	196	68	71	74
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	363	276	170	68	144	196	68	71	74
Payments for capital assets	1 749	309	856	626	956	1 016	410	556	581
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 749	309	856	626	956	1 016	410	556	581
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	11	-	13	-	-	-	-	-	-
Total	131 214	91 486	86 216	116 419	107 173	106 744	108 355	113 514	118 055

The sub-programme: Programme Support is responsible for providing strategic leadership support to the Internal Audit unit. The steady increase over the 2022/23 MTEF provides for the running costs of the office of the DDG: Internal Audit, Secretary and the Office Manager. The allocations over the MTEF cater for the filling of the DDG: Internal Audit post.

The sub-programme: Assurance Services shows a fluctuating trend over the seven-year period. The allocation in 2022/23 includes an amount of R3.501 million which was part of the suspension request submitted by the department in 2021/22. These funds will be utilised for carry-over assurance projects and were allocated against *Goods and services*. The MTEF provides for various operational costs of the unit, provision for learners towards the CIA qualification, ongoing audits such as IT, financial and governance audits, provision for PARC members, as well as the audit of predetermined objectives of departments and municipalities. The allocations over the MTEF also cater for the filling of Internal Audit Specialist vacancies and the implementation of the new structure which will see a shift from goods and services to compensation of employees. The decrease in 2023/24 and 2024/25 relates towards the contribution of R3.302 million and R3.671 million respectively, to cater for budget shortfalls against property payments and operating leases and compulsory budget cuts. This reduction offset the allocation of R1.6 million which was part of the suspension request submitted by the department in 2022/23.

The sub-programme: Risk Management shows a fluctuating trend over the seven-year period. The MTEF makes provision for assessments, workshops and training on risk/governance management and internal audit capacity building within departments and municipalities. The allocations over the MTEF also cater for the filling of Risk Management Specialist vacancies and the implementation of the new structure. The decrease of R1.590 million in 2023/24 and R1.148 million in 2024/25 is due to the compulsory budget cuts and the contribution towards the office space required.

Key risks and mitigations

Outcome	Key Risk	Risk Mitigation
Improved Governance of Assurance & Internal Control in Departments.	1. Inadequate resources within PIAS (Financial and Human) to meet the demands of internal audit in the Province.	<ul style="list-style-type: none"> Use of service providers to supplement internal capacity. Prioritization of projects, reduction of scope and coverage due to address resource constraints.
	2. New Risk Poor governance, risk, and control processes in province; Clients not promptly implementing PIAS agreed recommendations.	<ul style="list-style-type: none"> Escalation to Executive Authority (Mayor, MEC, Premier) regarding non - implementation of agreed action plans.
	3. Unavailability of clients and information from Institutions.	<ul style="list-style-type: none"> Escalation to Executive Authority (Mayor, MEC, Premier). Finalisation of Audits indicating the limitation of scope.

5.5 PROGRAMME 5: Municipal Finance Management

The purpose of this programme is to:

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

Programme 5 is planned to carry out its work according to the following measurable sub-programmes:

Sub-programme No.	Sub-programme name	Sub-programme Purpose
5.1	Municipal Budget	<ul style="list-style-type: none"> Promote optimal and sustainable municipal budgets as well as promote optimal implementation of budgets by municipalities and reporting on related compliance.
5.2	Municipal Accounting and Reporting	<ul style="list-style-type: none"> Assist, support and monitor municipalities with financial management and compliance with the Generally Recognised Accounting Practice (GRAP) and relevant legislation.
5.3	Municipal Support Programme	<ul style="list-style-type: none"> Assist and provide technical support to delegated municipalities to promote sound financial management and sustainability.
5.4	Municipal Revenue and Debt Management	<ul style="list-style-type: none"> Assist and provide technical support to delegated municipalities on revenue and debt management.

5.5.5 Outcomes, Outputs, Performance indicators and Targets - see tables

5.5.6 Output indicators: annual and quarterly targets - see tables

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Municipal Budget						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Enhanced Fiscal Sustainability of the Province.	Annual Budgets of Delegated Municipalities evaluated.	Number of Tabled Budgets evaluated.	51	51	51	51	51	51	51
	Annual Budgets of Delegated Municipalities evaluated and feedback provided.	Number of Approved Budgets evaluated.	51	51	51	51	51	51	51
	Early warning reports on Municipal Budget Performance.	Number of Section 71(7) Quarterly Budget Performance Reports produced.	NEW	NEW	NEW	4	4	4	4

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Tabled Budgets evaluated.	51	51	N/A	N/A	N/A
2. Number of Approved Budgets evaluated.	51	N/A	51	N/A	N/A
3. Number of Section 71(7) Quarterly Budget Performance Reports produced.	4	1	1	1	1

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Municipal Accounting & Reporting						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Improved Audit Outcomes for the Province.	Financial Statements reviews conducted at targeted municipalities.	Number of Municipal financial statements reviews conducted.	4	12.	7	7	7	7	7
	Financial management support projects implemented at targeted municipalities.	Number of financial management support projects implemented.	6	3	6	6	6	6	6

* Financial Statement Reviews and Financial Management Support are initiatives undertaken by the Municipal Accounting and Reporting sub-programme. Support provided to each municipality under each initiative is considered a separate project with different focus areas, dependent on the municipality and the year to which the project relates. The approved APP measures the number of projects and not the number of initiatives. Further, targets are indicated as projects and not municipalities, as more than one support initiative could be implemented at the same municipality.

Output indicators: Annual and Quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Municipal financial statements reviews conducted.	7	N/A	N/A	N/A	7
2. Number of financial management support projects implemented.	6	N/A	N/A	N/A	6

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-Programme - Municipal Support Programme						
			Audited Performance			Estimated Performance	MTEF Targets		
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Enhanced Fiscal Sustainability of the Province	Specialized projects implemented at targeted municipalities	Number of specialised projects implemented.	10	13	10	10	10	10	10

*Projects may include different initiatives e.g. Pre-Audit Assessments, Deployment of Finance Experts, etc. Support provided to each municipality under each initiative is considered a separate project with different focus areas, dependent on the municipality and the year to which the project relates. The approved APP measures the number of projects and not the number of initiatives. Further, targets are indicated as projects and not municipalities, as more than one support initiative could be implemented at the same municipality.

Output indicators: Annual and Quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of specialised projects implemented.	10	N/A	N/A	N/A	10

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme – Municipal Revenue & Debt Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Enhanced Fiscal Sustainability of the Province	Enhance Revenue and Debt management in the Province	Number of Revenue and Debt management projects implemented.	New	New	1	1	2	2	2

* Projects may include different initiatives. Support provided to each municipality under each initiative is considered a separate project with different focus areas, dependent on the municipality and the year to which the project relates. The approved APP measures the number of projects and not the number of initiatives. Further, targets are indicated as projects and not municipalities, as more than one support initiative could be implemented at the same municipality.

Output indicators: Annual and Quarterly Targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Revenue and Debt management projects implemented.	2	N/A	N/A	N/A	2

Explanation of planned performance over the medium-term period

The support provided by the Programme aims to contribute to the MTSF Priority of Building a Capable, Ethical & Developmental State and to contribute to the PGDP intervention of improving the financial management capability in the public sector as well as the AWG A (GSCID) intervention of 20% improvement in municipal audit outcomes. Skills transfer is a key element of all support initiatives aimed at improving the financial management capability of the municipalities supported.

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

The Financial Management Support projects assist the targeted municipalities to implement the key principles of financial management, so as to improve the processes, procedures and controls required to prepare GRAP and MFMA compliant Annual Financial Statements and supporting documentation. The Review of Annual Financial Statements, including audit support assists targeted municipalities with technical guidance on the preparation of the Annual Financial Statements and supporting documents which are in compliance with GRAP and MFMA requirements. The reviews and audit support is aimed at improving the quality of the Annual Financial Statements prior to submission to the AGSA. These projects therefore not only aim to assist with the improvement of the municipalities' financial management capability, but also aim to assist towards the improvement of audit opinions.

The Municipal Revenue and Debt Management projects improve financial management capability through the assessment of the targeted municipalities' revenue and debt management policies, processes, procedures and controls with suitable recommendations for improvement. The unit further assists municipalities with the implementation of Revenue Management tools such as the cost reflective tariff setting tool and the valuation roll to billing system reconciliation tool as well as assistance with Cash Management and Grant Management.

Adoption of a Multi-Year Approach in Supporting Municipalities

In the short term, Municipal Finance Management will focus on municipalities with minor issues and assist to address the same to promote stability. In the medium term, Municipal Finance Management provides multi-year support initiatives at municipalities with major issues, thereby initially building a foundation for improvement and thereafter promoting overall financial sustainability.

Integrated Support within Provincial Treasury

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

Acceptance and Commitment from Municipal Managers

The successful implementation of support initiatives requires commitment from all stakeholders. The intention of Municipal Finance Management's support initiatives is outlined in letters addressed to the Municipal Managers of the municipalities selected to confirm the scope of the support initiatives. The municipal leadership is consulted on the proposed interventions and if in agreement is required to sign an acknowledgement of understanding to confirm the municipality's full commitment and reporting requirements of the support initiatives.

Internal Capacity

The revised organisational structure has been approved and the recruitment process is currently in progress to fill all vacancies. Whilst the use of consultants cannot be extinguished completely, reliance thereon will be reduced as the vacant positions are filled and the newly appointed staff have been adequately capacitated. However, it is envisaged that once all vacancies have been filled, the internal capacity will not be sufficient to meet the increasing needs of all 51 delegated municipalities and therefore a hybrid approach is undertaken in KZN.

To supplement the support provided, COGTA is consulted on the key focus areas and the proposed interventions to enhance both co-ordination and impact at the municipality. In this regard, the MOU will be finalised in 2023/24 which will clearly document the roles and responsibilities in terms of the legislated mandate.

Programme resource considerations

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2019/20	2020/21	2021/22	2022/23			2023/24	2024/25	2025/26
1. Programme Support	2 377	2 298	2 932	3 591	4 333	4 516	5 543	5 838	6 096
2. Municipal Budget	26 242	24 656	26 376	27 262	24 994	26 083	27 686	28 614	29 897
3. Municipal Accounting & Reporting	14 357	15 516	11 652	23 761	11 283	11 043	16 125	17 308	18 082
4. Municipal Support Programme	15 442	11 961	13 986	21 529	26 691	26 454	15 389	16 749	17 135
5. Municipal Revenue & Debt Management	-	-	3 637	8 983	7 866	7 900	8 105	9 255	9 670
Total	58 418	54 431	58 583	85 126	75 167	75 996	72 848	77 764	80 880

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2019/20	2020/21	2021/22	2022/23			2023/24	2024/25	2025/26
Current payments	57 858	54 066	56 538	84 232	74 657	75 487	72 533	77 452	80 554
Compensation of employees	40 224	40 389	40 041	54 013	41 674	43 212	55 250	57 629	60 207
Goods and services	17 634	13 677	16 497	30 219	32 983	32 275	17 283	19 823	20 347
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	35	80	720	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	35	80	720	-	-	-	-	-	-
Payments for capital assets	525	281	1 325	894	510	509	315	312	326
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	525	281	1 325	894	510	509	315	312	326
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	4	-	-	-	-	-	-	-
Total	58 418	54 431	58 583	85 126	75 167	75 996	72 848	77 764	80 880

The sub-programme: Programme Support is responsible for providing strategic leadership and administrative support to the Municipal Finance Management unit. The Programme Manager and the Strategic Executive Support services are provided for under this sub-programme, as well as their running costs.

There is a significant shift of funding from goods and services to compensation of employees due to the filling of posts which will be concluded in 2023/24 and reduced reliance on consultants.

The sub-programme: Municipal Budget reflects a fluctuating trend over the seven-year period. The allocation over the 2022/23 MTEF caters for providing technical support to delegated municipalities, as well as filling vacant posts.

The sub-programme: Municipal Accounting and Reporting was functional from 2019/20. The growth over the 2022/23 MTEF is inflationary and makes provision for assisting, supporting and monitoring municipalities with financial management and compliance with the annual reporting framework. This will be achieved by promoting an understanding of accounting standards, monitoring compliance with reporting requirements, providing accounting services and support, implementing systems and processes to improve sound financial management and audit outcomes, reviewing the quality of AFS, as well as monitoring, evaluating and reporting on compliance with the municipal asset management regulations. It is noted that the sub-programme has been implemented through the use of short term contract employees. The process to fill the newly created Director, Deputy Director and Assistant Director posts commenced in 2021/22 and the recruitment process is planned to be finalised in 2023/24. The decrease of R330 000 in 2023/24 is due to the compulsory budget cut implemented and the contribution for the new office space required.

The sub-programme: Municipal Support Programme's allocation in 2022/23 includes additional funding of R8.344 million against *Goods and services* in respect of consultants' costs, which was suspended in 2021/22. These funds will be used for the continuation of existing projects. Over the MTEF, this sub- programme will continue to assist and provide technical support to delegated municipalities. The decrease of R2.653 million in 2023/24 and R2.204 million in 2024/25 is due to compulsory budget cuts implemented and the contribution for the new office space required.

The sub-programme: Municipal Revenue and Debt Management is a new sub-programme from the 2021/22 MTEF. The budget caters for establishing and formulating support strategies to address weaknesses within the revenue and debt management processes of delegated municipalities. The allocation in 2022/23 includes additional funding of R663 000 against *Goods and services* in respect of consultants' costs, which was suspended from 2021/22, as mentioned. The department will use consultants in the interim to deliver support to municipalities until the sub-programme is capacitated. The decrease in 2023/24 of R576 000 is due to the compulsory budget cut implemented and the contribution for the new office space required.

Key risks and mitigations

Outcome	Key Risk	Risk Mitigation
Enhanced fiscal sustainability of the Province.	1. Recommendations to assist delegated municipalities to approve optimal and sustainable budgets not fully effected, due to municipalities' non-cooperation and non-compliance with legislative prescripts.	<ul style="list-style-type: none"> Actively support municipalities to approve funded budgets. Key stakeholders including COGTA and OTP to assist in resolving and/or enhancing governance and leadership at problematic institutions thus ensuring political stability. Non-compliance reporting at the relevant Municipal Council, Executive Council levels and the AGSA.
Improved Audit outcomes for the Province.	2. Support Initiatives not fully implemented due to lack of co-operation by municipal staff.	<ul style="list-style-type: none"> Actively strengthen stakeholder engagements to illustrate value add of assistance provided. Key stakeholders including COGTA and OTP to assist in resolving and/or enhancing governance and leadership at problematic institutions thus ensuring political stability where support is provided. Non-compliance reporting at the relevant Municipal Council and Executive Council levels.

6. Public Entities

The department does not have any public entities.

7. Infrastructure Projects

KZNPT does not have a long term capital infrastructure as a department, however, it does assist other departments in the following areas;

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

8. Public Private Partnerships (PPP's)

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

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

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

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

1. Registered Municipal Projects

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

2. Registered Departmental Projects

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

3. Registered Public Entity Projects

- Ezemvelo KZN Wildlife (Royal Natal National Park)

4. Closed Municipal Project

- iLembe District Municipality: Water and Sanitation

5. Closed Departmental Projects

- Department of Health: Inkosi Albert Luthuli Central Hospital

6. Potential Projects

- Ezemvelo KZN Wildlife - Commercialisation Strategy Project
- Department of Agriculture and Rural Development - Agi-Hubs Project

PART D: TECHNICAL INDICATOR DESCRIPTIONS

PART D: TECHNICAL INDICATOR DESCRIPTION (TID's)**PROGRAMME ONE: ADMINISTRATION****1.1 Sub-Programme: Financial Management (CFO)**

(1). Indicator Title	No material audit findings.
Definition	No material audit findings in the areas of financial management of the department. (Material findings are those that have a negative impact on the audit opinion issued by the Auditor- General)
Source of data	Signed audit report issued by the Auditor-General.
Method of calculation / Assessment	Number of material audit findings.
Means of verification	Signed audit report issued by the Auditor- General for the year audited.
Assumptions	<ul style="list-style-type: none"> The Chief Financial Officer was provided with an opportunity throughout the audit process to view the draft findings and provide Management comments for the same timeously. Auditors are well versed with the Relevant Legislation and Instruction notes including the Financial systems and processes.
Disaggregation of beneficiaries.	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	Unqualified audit opinion with no findings.
Indicator responsibility	Chief Financial Officer

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

(3). Indicator Title	Percentage of procurement awarded to targeted groups.
Definition	Report on procurement award of goods and services procured from business entities that are owned by women, youth, persons with disabilities and Black people including RDP goals.
Source of data	SCM comparative schedule with a list of offers received from service providers which indicates the preference points system used for price and specific goals. SCM policy indicating the targeted groups.
Method of calculation / Assessment	The purchase order amount issued per targeted group divided by the procurement budget for the quarter *100. (the procurement total budget will be divided into 4 quarters to determine the amount planned to be spend in a particular quarter)
Means of verification	Procurement award report on orders issues indicating the total procurement value and percentage per targeted group, within the period under review.
Assumptions	<ul style="list-style-type: none"> Business entities that are owned by women, youth, persons with disabilities, black people and RDP goals are available to provide goods or services that are procured by the Department. The procurement from business entities that are owned by women, youth, persons with disabilities, black people and RDP goals is done in compliant to applicable public sector SCM prescripts.
Disaggregation of beneficiaries	Women, Youth, Persons with disabilities, Black people and RDP goals.
Spatial Transformation	Not applicable.
Calculation Type	Non-cumulative.
Reporting Cycle	Quarterly
Desired performance	Procurement of Goods and Services in line with B-BBEE objectives.
Indicator responsibility	Director: SCM, Asset Management and Loss Control

1.2 Sub-Programme: Human Resource Management

(1). Indicator Title	Number of Gender Based Violence and Femicide empowerment initiatives implemented.
Definition	Empowerment initiatives aimed at raising awareness around gender based violence and the rights of females issues. (this includes workshops, seminars, information sessions, articles or talks provided by subject specialists)
Source of data	National and Provincial GBV Statistics and pronouncements. Parliamentary resolutions around Vulnerable groups.
Method of calculation / Assessment	Number of actual empowerment initiatives implemented.
Means of Verification	Articles, attendance registers, agendas, proof of distribution in a particular quarter (emails).
Assumptions	<ul style="list-style-type: none"> Staff will attend empowerment initiatives. COVID-19 restrictions will not prohibit the gathering of staff to attend empowerment sessions.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Cumulative.
Reporting Cycle	Quarterly
Desired performance	Employees empowered on GBV issues throughout the Department at any given point in time.
Indicator responsibility	Director: Human Resource Management

(2). Indicator Title	Percentage of SMS posts filled by females.
Definition	Number of females employed in posts from levels 13 to 16, against the total number of employees employed within the department at (levels 13 to 16) *100.
Source of data	PERSAL report for appointments or transfers into the Department, for a specific quarter, indicating the number of females appointed in posts at levels 13 to 16.
Method of calculation	Number of females appointed against posts at level 13 to 16, divided by total approved SMS posts *100.
Means of Verification	PERSAL report on females appointments against posts at level 13 to 16 into the Department.
Assumptions	<ul style="list-style-type: none"> Funds will be available to advertise and fill posts. Females will respond to advertisements for SMS vacancies. Females will meet the inherent requirements of the SMS vacancy and be shortlisted.
Disaggregation of beneficiaries	Target of 50% females at SMS level.
Spatial Transformation	Not applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	50% of women appointed at SMS level within the Department.
Indicator responsibility	Director: Human Resource Management

(3). Indicator Title	Percentage of employees with disabilities.
Definition	Number of persons with disabilities employed within the Department, against the total of employees employed by the department.
Source of data	PERSAL report for appointments or transfers into the Department.
Method of calculation	Percentage of persons with disabilities appointed into the Department. (Number of people with disabilities employed at within the Department, divided by the total of employees employed by the department *100).
Means of Verification	PERSAL report on appointments into the Department.
Assumptions	<ul style="list-style-type: none"> Funds will be available to advertise and fill posts. PWDs will respond to advertisements for vacant posts. PWDs will meet the inherent requirements of the vacancy and be shortlisted.
Disaggregation of beneficiaries	Target 2% people with disabilities.
Spatial Transformation	Not applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	2% of people with disabilities appointed within the Department.
Indicator responsibility	Director: Human Resource Management

(4). Indicator Title	Percentage of youth enrolled in youth development programs.
Definition	Youth enrolled in the department into youth development programs in terms of the Skills development Act. (youth graduates is an individual who is 35 years and younger) As per the National Cabinet decision of 2002, Departments are to enroll as a minimum, a number of youth in youth development programs i.e. equivalent to at least 5% of its total approved establishment.
Source of data	PERSAL report for the youth appointments or transfers into the Department. Skills development Act.
Method of calculation	Number of youth enrolled in the youth development programmes divided by the approved establishment of the department *100. (These can be Interns, In service Trainees, Learners within PIAS or Trainee Accountants on the TAP Program etc.)
Means of Verification	PERSAL report with appointments in the Department.
Assumptions	<ul style="list-style-type: none"> The Department will have funds available to implement youth development programs within the Dept. Youth will respond to advertisements and meet the inherent requirements and be considered.
Disaggregation of beneficiaries	Target of 5% youth (These can be Interns, In service Trainees, Learners within PIAS or Trainee Accountants on the TAP Program etc.)
Spatial Transformation	Not applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	Target 5% youth or more (individuals 35 years or younger) to be enrolled against youth development programs (YDP) within the Department.
Indicator responsibility	Director: Human Resource Management

PROGRAMME TWO: SUSTAINABLE RESOURCE MANAGEMENT

2.1 Sub-Programme: Economic Analysis

(1). Indicator Title	Number of Socio-economic report produced. (SERO)
Definition	Preparation and submission of the Provincial Socio-economic review and outlook report produced that assists budget allocation process for the province.
Source of data	Statistics South Africa (Stats SA), IHS Markit, World Travel and Tourism (WTT), South African Travel & Tourism (SAT), IMF, World Bank, SARB, OECD, BER etc.
Method of calculation / Assessment	Number of report produced.
Method of verification	SERO report
Assumptions	<ul style="list-style-type: none"> Data used to compile socio-economic reports is reliable and credible. Timeous Data availability.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annually.
Desired performance	<ul style="list-style-type: none"> Informed decision making, resource allocation and better planning. Allocation addresses the socio economic indicators challenges of the province. Determine and evaluate economic parameters and socio-economic imperatives.
Indicator responsibility	Director: Economic Analysis

(2). Indicator Title	Number of Value for money assessment report produced.
Definition	Assess the efficiency and effectiveness of the departmental resource allocations to projects based on identified needs.
Source of data	Data from national and provincial departments, Stats SA, IHS Markit, WTT, SAT, IMF, World Bank, SARB, OECD, BER etc.
Method of calculation / Assessment	Number of Value for money assessment report produced.
Method of verification	Assessment report/Research Study.
Assumptions	Departments will provide the required information.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annually
Desired performance	Efficient and effectiveness of resource allocation to service delivery.
Indicator responsibility	Director: Economic Analysis

(3). Indicator Title	Number of Research report produced.
Definition	Research study to evaluate and assessment of the KZN Provincial Government expenditure related to the Property rates.
Source of data	Data from national and provincial departments, Stats SA, IHS Markit, WTT, SAT, IMF, World Bank, SARB, OECD, BER etc.
Method of calculation / Assessment	Count of Research report produced and signed off.
Method of verification	Signed-off Research/Study report.
Assumptions	Departments will provide the required information.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annually
Desired performance	Efficient and effectiveness of resource allocation to service delivery.
Indicator responsibility	Director: Economic Analysis

(4). Indicator title	Number of ECE Plan produced.
Definition	Report on the Estimates of Capital Expenditure (ECE) for Infrastructure delivery plans for the MTEF period for departments to manage capital expenditure in the province.
Source of data	<ul style="list-style-type: none"> • Infrastructure project lists from provincial departments. • Infrastructure Programme Management Plan. (IPMP) • Infrastructure Asset Management plan.
Method of calculation/ Assessment	Number of plan produced.
Method of verification	Approved ECE Plan.
Assumptions	<ul style="list-style-type: none"> • The departments will submit the infrastructure delivery plans. • The information submitted is reliable, accurate and credible.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting cycle	Annual
Desired performance	Approved ECE plan.
Indicator responsibility	Director: Infrastructure Management

(5). Indicator title	Number of quarterly monitoring reports produced on capital expenditure.
Definition	Monitoring reports on the implementation of the ECE plan by provincial departments to monitor capital expenditure in the province.
Source of data	<p>ECE Plan.</p> <p>Infrastructure Reporting Model (IRM).</p> <p>Departmental Expenditure reports (IYM).</p>
Method of calculation/ Assessment	Number of reports produced.
Method of verification	Signed quarterly monitoring reports.
Assumptions	The departments would submit the IRM and IYM reports on time.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative.
Reporting cycle	Quarterly
Desired performance	The departments are spending according to the ECE plan.
Indicator responsibility	Director: Infrastructure Management

(6). Indicator title	Number of departments trained on IDMS.
Definition	Reports on the departments that are trained on the IDMS (Infrastructure Delivery Management System) in the province to improve infrastructure delivery.
Source of data	<ul style="list-style-type: none"> • Training manuals. • IDMS Modules. • CIDB Standard for Uniformity.
Method of calculation/ Assessment	Count the number of departments trained.
Method of verification	Dated and signed attendance register, online register and Training material.
Assumptions	Departments will be available to attend the planned capacity building sessions.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting cycle	Annual
Desired performance	The departments improve on the planning and delivery of the infrastructure.
Indicator responsibility	IDMS Specialist

(7). Indicator title	Number of Monitoring reports produced on departments using IDMS.
Definition	Reports on the Institutionalisation of the IDMS by provincial departments.
Source of data	Departments infrastructure Asset Management plan (IAMP) Departments infrastructure Programme Management Plan (IPMP) Departments infrastructure Procurement Strategy (IPS) Infrastructure project lists (table B5) from provincial department
Method of calculation/ Assessment	Number of monitoring reports produced.
Method of verification	Monitoring reports produced.
Assumptions	Departments will submit plans and reports.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Accumulative
Reporting cycle	Quarterly
Desired performance	The departments improve on compliance of IDMS
Indicator responsibility	IDMS Specialist

2.2 Sub-Programme: Public Finance

(1).Indicator title	Final provincial budget produced.
Definition	Preparation and submission of provincial budget (EPRE) in line with MTEF guidelines issued by National and Provincial Treasury.
Source of data	Inputs from 14 chapters of the provincial departments of the MTEC report.
Method of calculation/ Assessment	MTEC Report with 14 chapters.
Method of verification	Number of chapters for provincial departments.
Assumptions	Accuracy and quality of numbers and analysis.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative
Reporting cycle	Annually.
Desired performance	Submission of accurate and credible budgets in order to comply with legislative requirements of the PFMA for the on-time tabling of the EPRE.
Indicator responsibility	Chief Director: Public Finance

(2).Indicator title	Adjustments provincial budget produced.
Definition	Preparation and submission of provincial adjustment (AEPRE) budget in line with MTEF guidelines issued by National and Provincial Treasury.
Source of data	Inputs from 14 chapters of the provincial departments.
Method of calculation/ Assessment	Adjustments Estimate report with 14 chapters.
Method of verification	Number of chapters for provincial departments.
Assumptions	Accuracy and quality of numbers and analysis.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-accumulative
Reporting cycle	Annual
Desired performance	Submission of accurate and credible budgets in order to comply with legislative requirements of the PFMA for the on-time tabling of the AEPRE.
Indicator responsibility	Chief Director: Public Finance

(3).Indicator title	Number of early warning system reports produced.
Definition	The number of Section 32 monthly reports, and quarterly budget performance reports to address variances during the reporting period. (departments and public entities)
Source of data	Section 32 reports submitted by Provincial departments and public entities monthly and quarterly respectively.
Method of calculation / Assessment	Number of Section 32 reports submitted by Provincial departments
Method of verification	<ul style="list-style-type: none"> • Number of Provincial reports submitted. • Compilation and submission of quarterly reports to the Provincial Legislature.
Assumptions	1 Section 32 report, 22 days after end of each quarter and budget performance reports
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative
Reporting cycle	Quarterly
Desired performance	To provide early warning system reports to address variances requiring remedial action.
Indicator responsibility	Chief Director: Public Finance

(4). Indicator Title	Research project conducted on provincial own revenue sources.
Definition	Research study report produced to enhance and influence the revenue collection in the province.
Source of data	Data from national and provincial departments.
Method of calculation / Assessment	Signed-off Research report produced.
Method of verification	Signed-off Research report.
Assumptions	Departments will provide the required information.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annually
Desired performance	Efficient and effectiveness of revenue collection in the province to contribute to effective service delivery.
Indicator responsibility	Chief Director: Public Finance

(5). Indicator Title	Research project conducted on provincial allocation.
Definition	Research study report produced to influence or to inform provincial equitable share (PES) and conditional grant (CG) allocations in the province.
Source of data	Data from national and provincial departments Stats SA
Method of calculation / Assessment	Signed-off Research report produced.
Method of verification	Signed-off Research report.
Assumptions	Departments will provide the required information.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annually
Desired performance	Efficient and effectiveness of resource allocation to service delivery.
Indicator responsibility	Chief Director: Public Finance

2.3 Sub-Programme: Public Private Partnerships (PPP)

(1). Indicator Title	Number of Public Sector Institutions supported on PPPs.
Definition	Number of public sector institutions supported on Capacitation of Public Private Partnerships projects. (Departments, Municipalities and Public Entities)
Source of data	Legislations and PPP guideline requirements.
Method of calculation / Assessment	Number of institutions supported on PPP projects during the quarter.
Means of verification	Reports on the support provided to public sector institutions (both regulatory and advisory support services on financial, legal and technical aspects of PPP Projects) (Report on the type of support that the Institution was supported on)
Assumptions	<ul style="list-style-type: none"> • Public sector institution is willing to accept the support offered and • There are enough PPP projects which support can be provided.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Capacitate public sector institution on PPP projects.
Indicator responsibility	Director: Public Private Partnerships

(2). Indicator title	Number of Training sessions conducted.
Definition	PPP trainings on prescripts and legislation conducted to all public sector institutions.
Source of data	Legislative frameworks. New procurement regulations, Training material.
Method of calculation / Assessment	Simple count of Number of training sessions conducted.
Means of verification	Dated and signed attendance registers, on-line register (Teams/Zoom etc.), and training material etc.
Assumptions	Availability of key stakeholders.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative.
Reporting cycle	Bi-Annual
Desired performance	To provide training on PPP's prescripts and legislation in order to equip officials on PPP processes.
Indicator responsibility	Director: Public Private Partnerships

(3). Indicator Title	PPP Service Delivery Solutions Proposal produced.
Definition	Proposal produced for government entities on a PPP Service Delivery Solutions.
Source of data	<ul style="list-style-type: none"> • IDP's / Budgets • Consultation with relevant public and private sector institutions. • Research reports.
Method of calculation / Assessment	Number of Proposals produced.
Means of verification	<ul style="list-style-type: none"> • 1 Proposal document per annum signed and dated. • Proof of delivery to the institution - (Email of the submission/delivery note/ correspondence register)
Assumptions	<ul style="list-style-type: none"> • That private sector institutions will be co-operative. • Public sector institutions will be accepting of the assistance and receptive to solutions offered.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annual.
Desired performance	Improvement of service delivery in public sector institutions through the use of PPP.
Indicator responsibility	Director: Public Private Partnership

(4). Indicator Title	Number of compliance reports produced.
Definition	Compliance reports produced on the PPPFA Regulation in PPP Projects on specific goals. (RDP Goals)
Source of data	Advertised bids from Public Sector Institutions with PPP projects (Provincial Departments, Municipalities and Public Entities). Reports from Public Sector Institutions for spend on PPPFA targeted groups for closed projects.
Method of calculation / Assessment	Number of compliance reports produced.
Means of verification	Dated and signed compliance reports.
Assumptions	Bids will be in compliance with PPPFA Regulations The Institution has specific RDP Goals on SCM procurement and are included in the policy.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative
Reporting Cycle	Bi-Annual
Desired performance	PPP bids advertised by institutions are as per the PPPFA regulations.
Indicator responsibility	Director: Public Private Partnership

PROGRAMME THREE: FINANCIAL GOVERNANCE

3.1 Sub-Programme: Supply Chain Management

(1). Indicator title	Number of SCM training sessions conducted.
Definition	SCM trainings provided on the current and new SCM prescripts and best practises.
Source of data	Legislative framework New procurement regulations Instruction Notes
Method of calculation / Assessment	Number of training sessions conducted.
Means of verification	Dated and signed attendance register or on line register and training material. 1 training session per quarter for public sector institutions. (Municipalities, Public entities, and provincial departments).
Assumptions	Availability of key stakeholders.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative.
Reporting cycle	Quarterly
Desired performance	To provide training on SCM prescripts and best practices in order to equip officials and reduce irregular expenditure.
Indicator responsibility	Deputy Director: Transversal Policy Development

(2). Indicator title	Number of SCM policies reviewed in line with SCM legislation.
Definition	SCM policies reviewed in accordance with National and Provincial legislation for public sector institutions.
Source of data	Policies received from municipalities, departments and public entities for review. Legislative framework.
Method of calculation / Assessment	Number of Policies reviewed.
Means of verification	Signed Cover letter and the actual Reviewed policy.
Assumptions	Availability of key stakeholders. Policies are submitted to PT for review.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative.
Reporting cycle	Quarterly.
Desired performance	To monitor the accuracy and relevance of the policies in line with provincial and National Treasury legislation and Instruction notes.
Indicator responsibility	Deputy Director: Transversal Policy Development

(3). Indicator Title	Number of contract management training sessions conducted.
Definition	Training sessions on contract management for Provincial Departments and Public Entities.
Source of data	National Contract Management Framework (CMF), Provincial Contract Management Framework and Procedure Manual. Legislative frameworks
Means of verification	Signed and dated attendance registers or on-line registers and training material
Method of calculation / Assessment	Number of training sessions conducted.
Assumptions	Availability of key stakeholders
Disaggregation of beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Accumulative
Reporting Cycle	Quarterly
Desired performance	To provide training on CMF in order to equip officials and reduce irregular expenditure.
Indicator responsibility	Director: Transversal Contract Management and Strategic Procurement

(4). Indicator Title	Number of reports produced on provincial procurement spend on the targeted groups.
Definition	The reports on the procurement spend with the targeted groups on a quarterly basis by provincial departments.
Source of data	National Treasury Reporting Dashboard Tool extracted from BAS. (Basic Accounting System)
Means of verification	Report on provincial procurement spend on the targeted groups. (the report is 1 quarter behind)
Method of calculation / Assessment	Number of reports produced on procurement spend on the targeted groups.
Assumptions	Availability of National Treasury Reporting Tool Availability of BAS data that is uploaded after the 18 th of each month.
Disaggregation of beneficiaries	Women, Youth and Persons with Disabilities and Black people.
Spatial Transformation	Not applicable
Calculation type	Accumulative
Reporting Cycle	Quarterly
Desired performance	The indicator is to provide the report on distribution of procurement spend in order to monitor the participation of targeted groups in the economy of the province.
Indicator responsibility	Director: Information Management

3.3 Sub-Programme: Accounting Practices

(1). Indicator Title	Number of Financial Management support initiatives provided to departments.
Definition	The number of initiatives on financial management support provided to provincial departments on agreed specific focus areas and timeframe. (FMS includes assistance with the Interim and Annual Financial Statement preparation process, provide technical guidance, provide support during the audit process in addressing audit queries including attendance at audit steering committee meetings etc.)
Source of data	<ul style="list-style-type: none"> • Audit and Management reports issued by the Auditor General. • Request for support from department/Terms of reference • Internal Audit reports
Method of calculation / Assessment	Simple count of FM support initiatives projects provided.
Means of verification	Signed report on completed financial management support initiative provided to provincial departments on agreed specific focus areas and timeframe
Assumptions	<ul style="list-style-type: none"> • The full co-operation of departmental officials in the implementation of audit improvement strategies. • That department will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative.
Reporting Cycle	Quarterly
Desired performance	The achievement of improved audit outcomes by Provincial Departments through the reduction/prevention of audit findings.
Indicator responsibility	Chief Director: Accounting Practices

(2). Indicator Title	Number of financial Management support initiatives provided to Public entities.
Definition	The number of FMS initiative provided to public entities on specific focus areas and timeframe. (FMS includes assistance with the Interim and Annual Financial Statement preparation process, provide technical guidance, review of Interim and Annual Financial Statements, provide support during the audit process in addressing audit queries including attendance at audit steering committee meetings etc.)
Source of data	<ul style="list-style-type: none"> • Audit and Management reports issued by the Auditor General. • Request for support from the public entity. • Internal audit reports.
Method of calculation / Assessment	Simple Count of number of support initiatives provided.
Means of verification	Signed report on financial management support provided to provincial public entities on completed projects on agreed specific focus areas and timeframe.
Assumptions	<ul style="list-style-type: none"> • The full co-operation of public entities officials in the implementation of audit improvement strategies. • That public entities will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative
Reporting Cycle	Quarterly
Desired performance	The achievement of improved audit outcomes by Public entities through the reduction/prevention of audit findings.
Indicator responsibility	Chief Director: Accounting Practices

(3). Indicator Title	Number of consolidated Instruction Note 34 reports produced.
Definition	Monthly reports of payments to suppliers paid within 30 days in compliance with Instruction Note. 34.
Source of data	Departmental Instruction Note 34 Monthly Returns.
Method of calculation / Assessment	Simple Count of instruction Note 34 reports produced.
Means of verification	Signed Consolidated Instruction Note 34 Monthly Return to National Treasury.
Assumptions	<ul style="list-style-type: none"> • The condition precedent to the submission of Monthly Instruction Note 34 Returns to National Treasury is dependent on Provincial Departments submitting Instruction Note 34 returns within 7days after month end in the prescribed format for consolidation and onward submission to NT within 15 days after the end of each month
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative
Reporting Cycle	Quarterly
Desired performance	Suppliers are paid on time, and institutions to comply with the Instruction note 34.
Indicator responsibility	Chief Director: Accounting Practices

(4) Indicator Title	Number of training sessions facilitated.
Definition	The training sessions facilitated for selected departments or public entities to improve the financial management process across the Province.
Source of data	Signed attendance registers from public sector institutions. Online registers, Invites etc.
Method of calculation / Assessment	Simple Count number of training session facilitated.
Means of verification	<ul style="list-style-type: none"> Signed and dated attendance registers from public sector institutions, or Online registers and Invites. Report on evaluation of training or Training material.
Assumptions	Number of training initiatives is dependent on response from public sector institutions and corresponding attendance.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative.
Reporting Cycle	Quarterly
Desired performance	Training sessions facilitated aimed at improving the financial management knowledge base of attendees.
Indicator responsibility	Chief Director: Accounting Practices

3.4 Sub-Programme: Financial Information Management Systems

(1) Indicator Title	Percentage availability of Financial transversal systems.
Definition	Financial transversal systems supported by Provincial Treasury; i.e., Biometrics Access Control System(BACS) and HardCat are constant available during desired timeframes of the working hours.
Source of data	Financial transversal systems generated audit logs circulated together with monthly Service Level Agreements(SLA) reports.
Method of calculation / Assessment	<p>Formula: $\text{Availability} = \frac{\text{Uptime}}{\text{Uptime} + \text{Downtime}} * 100$</p> <p>Explanation of formula factors:</p> <p>Uptime: Systems in operation during working hours excluding after working hours and weekends.</p> <p>Downtime: Transversal systems not in operation as a result of unscheduled situation during working hours excluding after hours and weekends.</p> <p>How to calculate: Availability of both BACS and HardCat are averaged daily, monthly and quarterly to achieve a target percentage.</p>
Means of verification	Service Level Agreements reports indicating the systems generated logs are circulated monthly.
Assumptions	Constant availability of SITA's hosting centre.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Quarterly
Desired performance	Maintain a 97% availability of transversal systems during working hours.
Indicator responsibility	Directorate: Financial Information Management Systems

(2) Indicator Title	Mean Time to resolve calls for transversal systems.
Definition	To ensure that requested assistance for financial transversal systems is attended and resolved within the desired timeframe. (=8 hrs).
Source of data	Helpdesk systems generated report.
Method of calculation / Assessment	<p>Formula: Mean Time to Resolve(MTTR)=Call Resolution Time – Call Logged Time</p> <p>Explanation of formula factors:</p> <p><i>Call Logged Time: means a time when a call was logged during working hours excluding after hours and holidays</i></p> <p><i>Call Resolution Time: means a time when a call was reported resolved excluding after hours and holidays.</i></p> <p>How to calculate: All logged calls MTTRs are added and averaged daily, monthly and quarterly to achieve a target time.</p>
Means of verification	Helpdesk systems generated report.
Assumptions	Constant availability of network by SITA and telephone connectivity.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Quarterly
Desired performance	Calls for transversal systems are resolved within 8 Hours.
Indicator responsibility	Directorate: Financial Information Management Systems

PROGRAMME FOUR: INTERNAL AUDIT

4.1 Sub-Programme: Assurance Services

(1). Indicator Title	Number of Internal Audit Reviews conducted.
Definition	The total number of internal audit assignments conducted by Internal audit that are tabled for reporting to the Cluster Audit & Risk Committees (CARC).
Source of data	<ul style="list-style-type: none"> Approved Internal Audit Annual and Three Year rolling Operational Plans Engagement letters issued to Accounting Officers detailing the audit objectives, scope and timing. Audit findings discussed with department management and Accounting Officers, together with management comments and action plans to address weaknesses identified by the audit work conducted.
Method of calculation / Assessment	The total number of internal audit reviews conducted.
Means of verification	Dated and signed Internal audit review reports. (signed and dated by the Specialist, Director, CD or DDG internal Audit with the exception of the outsourced reports)
Assumptions	<ul style="list-style-type: none"> Departments have provided the requested supporting documents to enable the execution of the audits. Auditees are ready for the audit and are in a position to provide requested information and management responses to audit findings.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative.
Reporting Cycle	Quarterly
Desired performance	Assist in the preparation of audit readiness in departments. Increase in the number of internal audit assignments conducted.
Indicator responsibility	Chief Director: Assurance Services

(2). Indicator Title	Number of follow-up audit reviews conducted.
Definition	The total number of audit follow up reviews conducted by Internal audit that are tabled for reporting to the Cluster Audit & Risk Committees (CARC).
Source of data	Audit reports issued at departments during the initial audit reviews.
Method of calculation / Assessment	The total number of follow up reviews conducted.
Means of verification	Dated and signed Follow-up review reports on the implementation of recommendations on resolved audit findings. (signed and dated by the Specialist, Director, CD or DDG internal Audit with the exception of the out sourced reports)
Assumptions	<ul style="list-style-type: none"> Auditees are ready for the follow up audit and are in a position to provide requested information and management responses to audit findings. The departments have implemented the recommendations.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative
Reporting Cycle	Quarterly
Desired performance	Improvement in the implementation of action plans to audit findings by Departments.
Indicator responsibility	Chief Director: Assurance Services

(3). Indicator Title	Number of oversight reports issued to MEC's of Provincial departments.
Definition	The total number of oversight reports submitted to MEC's of Provincial departments. (to strengthen oversight and enforce accountability by public sector Institutions)-
Source of data	<ul style="list-style-type: none"> Information is collected from CARC meeting deliberation. Internal Audit reports issued to CARC.
Method of calculation / Assessment	The number of oversight reports issued to MEC's.
Means of verification	Signed and dated Audit Committee & Internal Audit reports issued to MECs.
Assumptions	<ul style="list-style-type: none"> CARC meetings have met the required quorum Departments are available for CARC sittings and meetings occur as scheduled quarterly. MEC for Finance is available to review and issue reports to respective MECs and Cabinet.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative.
Reporting Cycle	Quarterly
Desired performance	Measure department's performance and increase accountability.
Indicator responsibility	Chief Director: Assurance Services

4.2 Sub-Programme: Risk Management

(1). Indicator Title	Number of risk assessments conducted in municipalities.
Definition	The total number of risk assessments conducted for municipalities to enable them to comply with the minimum requirements of the Municipal Finance Management Act (MFMA).
Source of data	<p>Interviews with key staff of municipalities to solicit inputs.</p> <p>Holding of risk assessment workshops to gather relevant risks and controls.</p> <p>Review/update existing risk registers through benchmarking with other municipalities, etc.</p> <p>(proactive to identifying risks, and related control measures (risk mitigations/action plans, which allow for the enhancement of the control environment).</p>
Method of calculation / Assessment	Number of risk assessments conducted in municipalities.
Means of verification	<p>Signed and dated Risk assessment report.</p> <p>(signed by the Chief Director and DDG).</p>
Assumptions	<p>Availability of municipal officials to attend risk assessment workshops</p> <p>Provision of relevant risks, as well as the existing risk registers, if any.</p>
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation type	Accumulative.
Reporting Cycle	Quarterly
Desired performance	<p>Improve risk management culture and compliance with the MFMA by municipalities.</p> <p>Enhance the control environment.</p>
Indicator responsibility	Chief Director: Risk and Advisory Services

(2). Indicator Title	Number of reviews conducted on internal audit functions at selected municipalities.
Definition	Internal Audit Reviews at selected municipalities to assess the functionality, i.e. effectiveness of the internal audit function at a municipality.
Source of data	<ul style="list-style-type: none"> • Interviews with key officials from municipalities. • Internal audit charters • Internal audit reports provided by the municipalities.
Method of calculation / Assessment	Total number of reviews conducted in a quarter.
Means of verification	Review report on Internal Audit functions of municipalities. (signed by the Chief Director and DDG).
Assumptions	Co-operation by municipalities' officials.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation type	Accumulative.
Reporting Cycle	Quarterly
Desired performance	Functional and Effective Internal Audit Functions at selected Municipalities.
Indicator responsibility	Chief Director: Risk and Advisory Services.

(3). Indicator Title	Number of departments monitored on compliance with the minimum risk management standards.
Definition	Total number of departments monitored on compliance with the minimum risk management standards (as contained in the approved (revised) provincial risk management framework).
Source of data	<p>Self-assessments compliance conducted by provincial departments on their state of compliance with minimum risk management standards.</p> <p>Risk management policies of departments</p> <p>Processes and interviews conducted with departments' risk managers.</p>
Method of calculation / Assessment	Number of compliance assessments conducted at a provincial department. (reviews will be conducted twice in a year for each department)
Means of verification	Compliance Assessment reports (dated and signed by the Chief Director and DDG).
Assumptions	Timely provision of compliance self-assessments and evidence by provincial departments.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Bi-Annual
Desired performance	Improved risk management culture and maturity of all provincial departments.
Indicator responsibility	Chief Director: Risk and Advisory Services

(4). Indicator Title	Provincial Internal Control Framework developed.
Definition	Development and approval of the provincial internal control framework that will include minimum internal control standards for provincial departments.
Source of data	Research and benchmark of internal control Framework and Best practices.
Method of calculation / Assessment	Number of approved internal control frameworks.
Means of verification	Approved framework as signed by the HOD of Provincial Treasury.
Assumptions	Availability of dedicated staff and project to complete the framework
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation type	Accumulative.
Reporting Cycle	Annual
Desired performance	Improved internal control culture and maturity of all provincial departments.
Indicator responsibility	Chief Director: Risk and Advisory Services

PROGRAMME FIVE: MUNICIPAL FINANCE MANAGEMENT

5.1 Sub-Programme: Municipal Budget

(1). Indicator Title	Number of Tabled Budgets evaluated.
Definition	The total number of tabled budgets evaluated and feedback provided to delegated municipalities, with recommendations.
Source of data	Tabled budgets submitted by delegated municipalities in terms of the MFMA and MBRR.
Method of calculation / Assessment	Number of tabled budgets evaluated and feedback provided.
Means of verification	Tabled budget assessment letters signed and dated.
Assumptions	Tabled budgets submitted timeously by delegated municipalities with the complete and accurate supporting information that is required to perform the evaluation.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation Type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	Municipalities to implement the recommendations emanating from the evaluation.
Indicator responsibility	Director: Municipal Finance Management

(2). Indicator Title	Number of Approved Budgets evaluated.
Definition	Total number of approved budgets evaluated and feedback provided to delegated municipalities with recommendations.
Source of data	Approved budgets submitted by delegated municipalities in terms of the MFMA and MBRR.
Method of calculation / Assessment	Number of approved budgets evaluated and feedback provided.
Means of verification	Approved budget high level assessment letters signed and dated.
Assumptions	Approved budgets submitted timeously by delegated municipalities with the complete and accurate supporting information that is required to perform the evaluation.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation Type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	Municipalities to implement the recommendations emanating from the evaluation.
Indicator responsibility	Director: Municipal Finance Management

(3). Indicator Title	Number of Section 71(7) Quarterly Budget Performance Reports produced.
Definition	Total number of Section 71(7) quarterly reports indicating municipal budget performance.
Source of data	Section 71 data strings submitted by the municipalities to the National Treasury Local Government (NT LG) Upload portal and downloaded by Provincial Treasury from the NT LG Database.
Method of calculation / Assessment	Simple count of 1 report per quarter
Means of verification	Quarterly Budget Performance Reports produced as per Section 71(7) and published on the KZN PT website.
Assumptions	Credible, accurate and reliable Section 71 data strings submitted timeously by delegated municipalities.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation Type	Accumulative.
Reporting Cycle	Quarterly
Desired performance	As an early warning system, to identify variances and gaps in spending and revenue generation.
Indicator responsibility	Director: Municipal Finance Management

5.2 Sub-Programme: Municipal Accounting and Reporting

(1). Indicator Title	Number of Municipal financial statements reviews conducted.
Definition	Total number of financial statements reviewed at targeted municipalities by Provincial Treasury.
Source of data	Municipal draft Annual Financial Statements(AFS) / Interim Financial Statements (IFS).
Method of calculation / Assessment	Total number of financial statements reviews conducted.
Means of verification	AFS Review projects, any of the following are produced as evidence <ul style="list-style-type: none"> • Close-out reports (signed and dated by MM or CFO).
Assumptions	Required information is timeously provided by the municipality which is accurate and complete. Commitment from the municipality to implement recommendations. Human and financial resources are available to implement the reviews.
Disaggregation of beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Non-cumulative
Reporting Cycle	Annual
Desired performance	Improved audit outcomes at municipalities.
Indicator responsibility	Director: Municipal Finance Management

(2). Indicator Title	Number of financial management support projects implemented.
Definition	Total number of financial management support projects implemented at targeted municipalities.
Source of data	Key focus areas of support as communicated with the municipality. (emails/letters/report/minutes of meetings).
Method of calculation / Assessment	Number of financial management projects implemented. (Support provided to each municipality is considered a separate project).
Means of verification	FMS projects, any of the following are produced as evidence <ul style="list-style-type: none"> • Close-out reports (signed and dated by Municipal Manager or CFO).
Assumptions	<ul style="list-style-type: none"> • Required information is timeously provided by the municipality which is accurate and complete. • Commitment from the municipality to implement recommendations. • Human and financial resources are available to implement the reviews.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation Type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	Improved audit outcomes at municipalities.
Indicator responsibility	Director: Municipal Finance Management

5.3 Sub-Programme: Municipal Support Program

(1). Indicator Title	Number of Specialised projects implemented.
Definition	Total number of projects implemented at target municipalities to strengthen and improve financial management in local government.
Source of data	Key focus areas of support as communicated with the municipality -(emails/ letters/ report/minutes of meetings).
Method of calculation / Assessment	Number of Projects implemented. (support provided to each municipality is considered a separate project)
Means of verification	MSP projects, any of the following are produced as evidence <ul style="list-style-type: none"> • Close-out reports (signed and dated by Municipal Manager or CFO).
Assumptions	Required information is timeously provided by the municipality which is accurate and complete. Commitment from the municipality to implement recommendations. Human and financial resources are available to implement the reviews.
Disaggregation of beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Non-cumulative
Reporting Cycle	Annual
Desired performance	Improved financial management at municipalities.
Indicator responsibility	Director: Municipal Finance Management

5.4 Sub-Programme: Municipal Revenue and Debt Management

(1). Indicator Title	Number of Revenue and Debt Management projects implemented.
Definition	Total number of projects that are implemented at targeted municipalities, with recommendations.
Source of data	Key focus areas of support as communicated with the municipality -(emails/ letters/ report/minutes of meetings).
Method of calculation / Assessment	Number of Projects implemented.
Means of verification	Municipal Revenue and Debt Management projects, any of the following are produced as evidence. <ul style="list-style-type: none"> • Close-out reports. (signed and dated by MM or CFO)
Assumptions	Required information is timeously provided by the municipality which is accurate and complete. Commitment from the municipality to implement recommendations. Human and financial resources are available to implement the reviews.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation Type	Non-cumulative.
Reporting Cycle	Annual-
Desired performance	Improved financial management at municipalities.
Indicator responsibility	Director: Municipal Finance Management

PART E: ANNEXURES

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Annexure A: Amendments to the Strategic Plan

The department has made the following amendments to the approved Strategic Plan;

OLD	NEW/CHANGES
AMENDMENTS TO THE STRATEGIC OUTCOMES IN THE STRATEGIC PLAN DOCUMENT	
<ul style="list-style-type: none"> Improved Audit Outcomes. 	<ul style="list-style-type: none"> Improved Audit Outcomes for the Province.
<ul style="list-style-type: none"> Improve Governance, Risk & Control processes thereby reducing fraud & corruption. 	<ul style="list-style-type: none"> Improved Governance of Assurance & Internal Control in Departments.
AMENDMENTS TO THE PROGRAMME PURPOSES (PROG 3)	
<ul style="list-style-type: none"> To provide audit readiness support to provincial departments and public entities with the objective of achieving favorable audit outcomes in the province. 	<ul style="list-style-type: none"> To provide audit readiness support to provincial departments and public entities with the objective of achieving improved audit outcomes in the province.
AMENDMENTS TO THE PURPOSE OF THE SUB-PROGRAMMES	
PUBLIC FINANCE (Prog 2)	
Addition on the NEW purpose of the sub-programme	<ul style="list-style-type: none"> Ensure the province remains financially viable through effective budget management, monitoring and reporting.
AMENDMENTS TO THE SUB-PROGRAM NAMES	
ACCOUNTING PRACTICES (Prog 3)	
Sub-programme name amended from Accounting Practices (Financial Reporting)	<ul style="list-style-type: none"> Accounting Practices to align to the budget structure.
INFRASTRUCTURE MANAGEMENT AND ECONOMIC ANALYSIS (Prog 2)	
Sub-programme name amended from Infrastructure Management and Economic Analysis	<ul style="list-style-type: none"> Economic Analysis to align to the budget structure.

Annexure B: Conditional Grants

The department does not receive any conditional grants.

Annexure C: Consolidated Indicators

The department does not have any consolidated indicators.

Annexure D: District Development Model

Area of Intervention	Medium Term (3 years - MTEF)					
	Project Description	Budget allocation	District Municipality	Location: GPS coordinates	Project leader	Social partners
Strengthening financial oversight in Local Government.	Budget assessment reports, expenditure reviews, monthly IYM reports.	R27 686 000 (2023/24 - 2025/26) Support implemented by internal PT staff. Cost is therefore indirect cost, e.g. CoE, S&T, etc.	All (Including 10 District Municipalities and 41 Local Municipalities)	All	Municipal Budget Director	NT, Municipalities

***The breakdown of the list of Municipalities and their longitude and latitude will be detailed on the Operational Plan.*

LIST OF ABBREVIATIONS

ABBREVIATION FULL DESCRIPTION

AEPRE	Adjustments Estimate of Provincial Revenue and Expenditure
AFS	Annual Financial Statements
AG	Auditor - General
AO	Accounting Officer
AWG	Action Work Group
BBBEE	Broad-based Black Economic Empowerment
CARC	Cluster Audit and Risk Committees
CD	Chief Director
CFO	Chief Financial Officer
COGTA	Co-operative Governance and Traditional Affairs
CSD	Central Supplier Database
DDG	Deputy Director General
DDM	District Development Model
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DWYPD	Department of Women, Youth, and Persons with Disabilities
ECE	Estimates of Capital Expenditure
EH&W	Employee Health and Wellness
EPRE	Estimate of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
FLP	Financial Literacy Programme
FMCMM	Financial Management Capability Maturity Model
GDP	Gross Domestic Product
GBVF	Gender Based Violence and Femicide
GRAP	Generally Recognised Accounting Practice
GRB	Gender Responsive Budgeting
GRPBMEA	Gender-Responsive Planning, Budgeting, Monitoring, Evaluation & Auditing
HOD	Head of Department
HRP	Human Resource Plan
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plans
IGCC	Inter-Governmental Cash Co-ordination
IMF	International Monetary Fund
IPMP	Infrastructure Programme Management Plan
IRM	Infrastructure Reporting Model
IYM	In-year Monitoring
KZNPG	KwaZulu-Natal Provincial Government

LED	Local Economic Development
MBAT	Municipal Bid Appeals Tribunals
MBRR	Municipal Budget and Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Finance Management Act
MPAT	Monitoring Performance Assessment Tool
MSP	Municipal Support Programme
mSCOA	Municipal Standard Chart of Accounts
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
MTSF	Medium Term Strategic Framework
NSG	National School of Governance
OES	Organisational Efficiency Services
OSD	Occupation Specific Dispensation
OSS	Operation Sukuma Sakhe
PARC	Provincial Audit Risk Committee
PERO	Provincial Economic Review and Outlook
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PERP	Provincial Economic Recovery Plan
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PIAS	Provincial Internal Audit Services
PPP	Public Private Partnerships
SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SERO	Social-Economic Review and Outlook
SONA	State of Nations Address
SOPA	State of Provincial Address
SLA	Service Level Agreement
SWOT	Strengths, Weaknesses, Opportunities and Threats
WSP	Workplace Skills Plan

