



TO: ALL DEPARTMENTS
ALL PUBLIC ENTITIES

PROVINCIAL TREASURY CIRCULAR 1 OF 2023/24

1. PURPOSE

- 1.1. The purpose of this circular is to prescribe cost containment measures to be implemented by all provincial accounting officers and chief executive officers whilst ensuring alignment to the National Treasury Instruction notes.
- 1.2. The previous provincial cost cutting circulars are hereby repealed.

2. BACKGROUND

- 2.1. Section 38(1)(b) of the PFMA requires accounting officers of departments and constitutional institutions to be responsible for effective, efficient, economical and transparent use of their respective institution's resources.
- 2.2. Accounting officers and Chief Executive Officers are therefore required to implement control measures to ensure that all expenditure in their respective institutions is necessary, appropriate, cost-effective and recorded and reported as prescribed by the relevant legislative framework.
- 2.3. The aim of the cost-cutting measures is to reduce expenditure on the "nice-to-haves" and to redirect these funds to service delivery areas. "In giving effect to this requirement, accounting officers and accounting authorities are responsible for ensuring that all employees are mindful of the current economic realities and the need to intensify efforts to improve efficiency in expenditure" (NTIN 3).

3. SCOPE OF APPLICATION

- 3.1. The Treasury Circular applies to:
 - 3.1.1. KZN Provincial Departments and
 - 3.1.2. KZN Provincial Public entities and business enterprises
- 3.2. This Circular must be read together with the National Treasury cost-cutting Instruction Notes, as well as the National Travel Policy Framework.

4. COMPENSATION OF EMPLOYEES

- 4.1. Departments and public entities are permitted to fill critical funded vacant posts, as long as they remain within their COE baselines and receive permission to fill these posts from the Premier and the MEC for Finance.
- 4.2. Departments to ensure that only UNFUNDED vacant posts are removed from PERSAL.
- 4.3. Where posts become vacant through natural attrition, or where departments and public entities elect to fill critical posts from within their baselines, these may not be filled without receiving approval from the Premier and MEC for Finance.



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- 4.4. Posts being filled on contract (including extensions thereof) must follow the same process stipulated in 4.1 and 4.2 above. Furthermore, Departments must ensure that they adhere to the Labour Relations Act when appointing individual on contract positions.
- 4.5. Any revisions to departmental organograms must be approved by the Premier and the MEC for Finance prior to submission to the DPSA for concurrent approval.
- 4.6. No leave conversion payments to be paid (leave to be taken) – this does not apply to leave pay-outs when staff exit the public service.
- 4.7. Accounting Officers must exercise strict control over overtime.

5. PROCUREMENT

- 5.1. Furniture and equipment purchases to be approved by the Accounting Officer/ CEO and the CFO. All furniture and equipment to be purchased should be standardized according to staff designations in terms of the departments' and public entities' Asset Management Policies.
- 5.2. When printing Annual Performance Plans, Strategic Plans, Annual Reports, speeches etc., the use of colour pages must be minimised and lighter weight of pages and covers to be used. Feasibility of using electronic distribution to be looked at to reduce costs. Gold and silver embossed letterheads may not be used.

6. TRAVELLING

- 6.1. Only essential trips to be undertaken, the consideration of utilization of Teams or other online meeting platforms should be used as viable options.
- 6.2. The Department/Public Entity should have an S&T policy where rates are aligned to those of the public service, as provided for in the DPSA guidelines.
- 6.3. Monthly mileage restrictions to be adhered to and officials to use one hired car for meetings outside KZN (synergy between departments and public entities attending same meetings). Kilometre controls to be implemented on travelling (limited/not to exceed **3500** kilometres per month per official unless there are exceptional circumstances (which must be detailed motivation in the submission) which should be approved by the Accounting Officer or his/her delegated official as contained in the delegations of authority for the department).
- 6.4. Each department must develop and monitor adherence to its fleet management policy to ensure trips undertaken in government vehicles are for official purposes only.
- 6.5. An assessment to be done to compare safety and cost of road travel to end destination vs cost to airport. Planning of meetings must be undertaken to rationalize the number of meetings held and to reduce the wastage of time and money. The Accounting Officer or his/her delegated official should approve the use of more than one vehicle where exceptions arise.
- 6.6. Overseas trips to be rationalized with the number of delegates being kept to a minimum. All trips must be submitted timeously to the Accounting Officer), and annual trips to be planned in advance in order to take advantage of travel discounts through early bookings. All costs for these trips to be appropriately authorized per the department's delegations and value for money achieved. These trips must agree to the Cabinet Memo (names of delegates and dates), where such trips had to receive Cabinet approval. Where the trip can be approved by the respective MEC, the names of the travelers should tie back to the delegates approved by the respective MEC.



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6.7. Accommodation should be booked as close as possible to the conference/meeting venue.

7. EVENTS

- 7.1. Given the provinces current fiscal constraints and the measures to contain costs, events should be limited to service delivery events, cabinet events or campaigns aligned to the mandate of the department/entity.
- 7.2. The Accounting Officer/ Accounting Authority should ensure that events are properly planned, budgeted for and undertaken at market related costs per event. The event should be cost-effective and motivation for service delivery event should be given to the Accounting Officer/ Accounting Authority for authorization 5 days prior to the event to ensure that due SCM processes are adhered to and cost effective pricing obtained whilst ensuring that service providers are enabled to deliver quality services with timely awards. Consideration should be given to the cost of an event to launch a project versus the investment made by the department in that specific project.
- 7.3. Musicians and other performing artists to be sourced from a database administered by the Department of Sport, Arts and Culture (DSAC). DSAC will ensure that the rate charged by the musicians and performing artists falls in line with the rates set out in Provincial Government's "Departmental Honoraria and Special Payment Policy". The Accounting Officer/ Accounting Authority will ensure that the amount to be paid to the artist/s falls in line with the policy.
- 7.4. All Department must provide a list of service delivery Ambassadors to the Office of the Premier and DSAC for monitoring and should be remunerated in line with DSAC's Honoraria and Special Payment Policy.
- 7.5. External meetings and workshops to be held in government facilities instead of private venues. Use of marquees to only be considered for large events that could not be held in government facilities. All other avenues must have been exhausted before a private venue can be approved by the Accounting Officer/ Accounting Authority.
- 7.6. No team-building exercises or year-end/Christmas functions to be held, unless paid for by the employees themselves.
- 7.7. Donations and sponsorships made by departments and public entities towards events must be submitted to the Accounting Officer/ Accounting Authority prior to making such donations or sponsorships. The submission must indicate what value for money will be achieved and what aspects of the proposed events are being sponsored. This should be aligned with the Treasury Regulations 21.1.1 on donations.

8. SPORTS DAY EVENTS

- 8.1. Departments/entities are permitted to procure sport kits for the teams for the various sporting codes within the department. This kit, however, belongs to the department/entity, and the items after being used, will have to be washed and returned to the responsible office who must keep a register of all the items in the kit.
- 8.2. The Accounting Officer can grant approval to hire a marquee with its accessories, however, the cost must be reasonable. Similarly, catering may be procured for the sport day, but such costs must be reasonable and must be approved by the Accounting Officer.
- 8.3. Approval is granted based on the fact that this is a sport event and is in line with the employee health and wellness programme.



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8.4. Inter-provincial sport outings that involve travelling, accommodation and catering costs are discouraged, unless departments are participating in nationally organised sport in which case the Accounting Officer/ Accounting Authority must review the costs involved and approval of participation and the costs to be incurred this rests with the Accounting Officer/ Accounting Authority.

9. REPORTING OF COST CONTAINMENT INFORMATION

9.1. Accounting Officers and CEOs must report quarterly to COHOD and Accounting Authorities respectively on total expenses incurred on all conferences and events, including expenditure on international travel and sport days.

9.2. Quarterly Reports will be submitted to the Provincial Executive Council

9.3. Accounting Officers and Accounting Authorities must, in the annual report of their respective institutions, report the total expenses incurred by the department, constitutional institution or public entity on all conferences and events, including expenditure on international travel and sport days.

MS C.L. COETZEE
HEAD OF DEPARTMENT
DATE: 13 July 2023