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Department:
Treasury

PROVINCE OF KWAZULU-NATAL

ANNUAL PERFORMANCE PLAN 2018/19

**SPENDING YOUR MONEY
WISELY**

**UKUSETSHENZISWA
KWEMALI YAKHO
NGOBUHLAKANI**

**KWAZULU-NATAL
PROVINCIAL TREASURY**



ANNUAL PERFORMANCE PLAN 2018/2019

Introduction by the MEC for Finance

The 2018/19 Annual Performance Plan is being presented at a time when South Africa is approaching the final phase of the current Government's 2014 to 2019 electoral five-year Medium Term Strategic Framework (MTSF). We are almost towards the end of the first MTSF to follow the adoption of the New Development Plan (NDP) in 2012. The introduction of a long-term plan brings greater coherence and continuity to the planning system. As a result, the MTSF has become a building block towards the achievement of the vision and goals of the country's vision 2030.

The tabling of this annual plan is, therefore, an opportunity to reflect on how far KwaZulu-Natal (KZN) Provincial Government has gone in meeting its projected five-year targets. It is for this reason that the Department's plans for the remaining term focus on addressing any areas of weakness identified, and working smarter in the final period by developing strategies that will address these challenges.

In his State of the Nation Address (SONA) in February 2018, the South African President, Honourable Cyril Ramaphosa, not only declared 2019 as the year of celebrating the centenary of Nelson Mandela, nor merely honouring the past, but also as the year of building the future. The President further declared 2019 as the year of job creation, particularly as the economy of both the country and that of KZN are steadily recovering from the slow growth rates suffered over the current MTSF.

Guided by the seven strategic goals as outlined in the updated Provincial Growth and Development Plan (PGDP), vision 2035 and the state of the province address (SOPA) by the Premier, Honorable Willies Mchunu, KZN Treasury will continue to enforce excellent financial governance that the people of the province deserve unequivocally. The Department will, therefore, continue intensively to utilise the Public Finance Management Act (PFMA) to prepare a prudent provincial budget. This will be implemented while exercising control over the maintenance of financial and fiscal stability, especially as the National Minister of Finance has announced budget cuts of R85 billion over the 2018/19 Medium Term Expenditure Framework (MTEF).

In line with the Premier's stance on fighting corruption, extra care will, therefore, be taken to ensure extensive monitoring of our transparent financial management. This will be undertaken by strengthening supply chain management and reducing the risk of corruption without interrupting service delivery. Therefore, through the Supply Chain Management (SCM) Unit, the Department will continue to provide hands-on support and undertake comprehensive compliance assessments of departments, municipalities and public entities to help reduce irregular expenditure on SCM-related processes.

Part of our plan is to continue rolling out technical and financial support to municipalities in distress through our Municipal Support Programme. This programme continues to be key in addressing inefficiencies in areas of financial management and has had, over the years, a positive impact in the management of public finances in municipalities.

Globally, studies confirm that infrastructure development is the foundation for poverty reduction and economic growth in developing countries. It is for this reason that the primary function of the Infrastructure Unit is to support and assist the provincial departments in their planning and implementation of infrastructure projects



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initiatives in order to obtain value for money. This function is performed through the application of the principles and guidelines of the Infrastructure Delivery Management System (IDMS).

Our proven fiscal discipline will help us deal with the budget cuts while remaining focused on our key priority programmes. We will remain resolute in our commitment to the people of KwaZulu-Natal in that we will protect government's key priority programmes that are aimed at bringing a better life to all. This is in line with the province's commitment to achieving the vision of KwaZulu-Natal as a "Prosperous province with a healthy, secure and skilled population, living in dignity and harmony, acting as a gateway to Africa and the world".

As we have always said, the growth and development of the province is a shared responsibility among government and key social partners, namely organised business, organised labour and the organised community sector. This becomes even more critical in view of the impact that the fiscal consolidation programme continues to have on our equitable share and conditional grant allocations.

Once again as stated by the President in his 2018 SONA, we are one people, committed to working together to find jobs for our youth; to build factories and roads, houses and clinics; to prepare our children for a world of change and progress; to build cities and towns where families may be safe, productive and content.

We are determined to build a society defined by decency and integrity that does not tolerate the plunder of public resources, nor the theft by corporate criminals of the hard-earned savings of ordinary people. This is the collective commitment that we want to demonstrate throughout the 2018/19 financial year and beyond. It is a commitment that we make on behalf of the KwaZulu-Natal government.



Ms. B.F. Scott

MEC for Finance

Introduction by the Head of Department

As you will notice in the following situational analysis, the economic climate still remains subdued. There are some signs of recovery however, going forward. The global economic outlook for 2018 has strengthened – it is estimated to have grown by 3.7% in 2017 and the forecast for 2018 and 2019 is 3.9%.

Domestic growth prospects appear to be showing some signs of improvement too, although off a low base. The encouraging moderate growth rates in the second and third quarters of 2017 were driven to a significant degree by the exceptionally strong recovery in the agricultural sector. The Reserve Bank has subsequently revised its forecast for SA growth rate up from 0.7% to 0.9% for 2017, while forecasts for 2018 and 2019 have been adjusted to 1.4% and 1.6% respectively, up from 1.2% and 1.5% previously. Goldman Sachs - one of the leading global investment banking institution, based in New York has identified South Africa as the “big emerging market story” of 2018, especially given the possibility of declining interest rates and a strengthening Rand. All these are positive signs. Since the provincial economy closely mimics the national economy, it is therefore possible that KZN will also show improvements in economic growth rate.

Unfortunately the legacy of fiscal consolidation and equitable share reductions will remain for at least the next years in KwaZulu-Natal. For the 2018/19 MTEF, the provincial budget is cut by R476 million; R542 million and 879 million. Therefore, our austerity measures need to remain in place so that the province can finance a portion of the reductions from savings, and Treasury will do its utmost best to monitor spending and identify areas of potential savings from the existing resources.

Even though the economic picture still remains lackluster, we remain optimistic that this province will weather the storm and remain financially viable going forward. We will maintain our cash management practices to ensure that we remain cash-positive at all times. We will also strengthen our support to sister departments, provincial public entities and municipalities to ensure improvements in audit outcomes.



Mr. L.S. Magagula

Head of Department



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PROVINCE OF KWAZULU-NATAL

Annual Performance Plan 2018/2019

Official Sign-off

It is hereby certified that this Annual Performance Plan:-

- Was developed by the management of KwaZulu-Natal Provincial Treasury under the guidance of MEC Ms. B.F. Scott.
- Was prepared in line with the current Strategic Plan of KwaZulu-Natal Provincial Treasury and takes into account all the relevant policies, legislation and other mandates for which the department is responsible.
- Accurately reflects the performance targets which KwaZulu-Natal Provincial Treasury will endeavor to achieve given the resources made available in the budget for 2018/19 financial year.

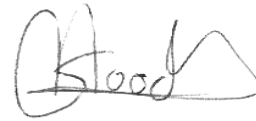
Mr. I.T. Ndlovu
Chief Financial Officer

Signature:



Mr. S. Moodley
Accounting Officer

Signature:



Mr. L.S. Magagula
Head of Department

Signature:



Approved by

Ms. B.F. Scott
MEC for Finance

Signature:



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PART A: STRATEGIC OVERVIEW FOR THE DEPARTMENT

1. Updated situational analysis

The country's economy as well as the provincial economy have been subdued and, while recovery is projected, the subdued growth has had an impact on the allocation of resources to all three spheres of government in particular over the 2018/19 MTEF. It was stated in the MTPBS that the fiscal consolidation programme would continue to be rolled out and that government spending would have to be reduced by R85 billion over the next three years and again this was reiterated when the Minister of Finance tabled the National Budget in February. This fiscal consolidation programme has to be maintained for the time being to place the country on a sustainable path.

Also, over the past 6 years the KZN Province have seen significant budget cuts. The most significant budget cut occurred in the 2013/14 MTEF when the (annual) census data was used to update the Provincial Equitable Share Formula. Since then the Provincial Equitable Share in KwaZulu-Natal has been cut by approximately, R1.469billion and R3.2billion over the 2016/17; and a further fiscal consolidation cuts of R335.7 million over the 2017/18 Medium Term Expenditure Framework. Once again, there are fiscal consolidation cuts being implemented against the KwaZulu Natal's equitable share over the 2018/19 MTEF.

The Equitable Share cuts from 2013/14 MTEF to the 2017/18 MTEF amount to approximately R11.7 billion for KwaZulu Natal, but these cuts must also be considered together with various unfunded mandates that impact on the provincial fiscus.

Besides the fiscal consolidation programme being intensified, the provincial fiscus is significantly affected by Provincial Own Revenue downward revisions, as well as a substantial reprioritisation exercise that was undertaken to deal with the matter of the remuneration and payment of benefits (e.g. medical aid) of Izinduna.

Current fiscal framework vis a vis the NDP

The tight fiscal framework for the province has serious implications for the NPD goals and targets especially for the health and education sectors. These are anchor service delivery sectors in the provincial sphere of government. Chapter 10 of the NDP is about strengthening the health system by providing quality health care; bringing in additional capacity and expertise and so on. These objectives cannot be fully met in the absence of sufficient funding as a result of the reduction of the provincial equitable share. In Chapter 9, the NDP aims to improve education, training and innovation as these are core elements of eliminating poverty and reducing inequality. Improving the education outcomes requires human capital, as well as adequate infrastructure. In a fiscally constraint internal environment, some of these outcomes will not be realised.

The Provincial Treasury remains the key towards promoting accountability and fighting fraud and corruption. This is in line with Chapter 14 of the NDP. The internal audit and forensic investigation units have an obligation to give effect to this objective. The forensic unit has strengthened cooperation with law enforcement agencies resulting in a number of successful prosecutions. Of course, the resource constraints referred to above will have an impact on the number of investigations this unit can undertake, going forward.



Despite these cuts Provincial Treasury will have to continue to tighten controls on expenditure management through strict adherence to the cost cutting measures, freezing all non-OSD posts that were vacant on the PERSAL system as at 31 January 2016 and the flexibility given to only critical vacant posts as long as the Province remain within the reduced baseline. This will be undertaken through the promotion of sound financial management practice and fiscal management, ensuring equitable allocation of financial resources aimed at improving service delivery. Provincial Treasury will also continue to maintain and improve the financial integrity of this province by; institution of the necessary processes to improve overall financial management practices across departments and public entities; production of timely in-year early warning reports and tightening of systems and processes to reduce the possibility of abuse and corruption, and thereby improving service delivery.

KZN Provincial Treasury as a custodian of provincial fiscal will continue working closely with departments, public entities and municipalities in order to eliminate non-compliance and to monitor the continuous implementation of cost containment measures throughout the province.

Our focus in this financial year will be to maintain good systems through the roll-out biometrics scanners to the province, as well as the CSD in the Supply Chain Management, Financial Reporting and Management to assist Departments to improve their audit outcomes, especially in the areas of unauthorised and irregular expenditure, assets management and the elimination of misstatements in the Annual Financial Statements as well as Contract Management in both Departments and Municipalities. Moreover Provincial Treasury will continue to focus on achieving clean audit report and improvements in the audit outcomes for the province.

Finally, Provincial Treasury continuously strive to build strong relationships with all municipalities in promoting good governance and acceptable service delivery. The co-ordination and enhancement of revenue collection will also receive maximum attention while at the same time promoting sound cash management and thereby improving financial liquidity in the province.

1.1 Performance delivery environment

Programme 2: Sustainable Resource Management

Economic Analysis: The unit is responsible for the analysis of the economy of the province, which in turn will address the allocation of the resources in the province. This is done through district profiling, analysis of departmental spending, contributing to the annual report of Provincial Treasury, and conducting various research activities that will contribute in analysing the economy of the province.

The unit has seen the need to assist in the allocation of resources by involving itself with the municipalities directly and indirectly, through attending municipalities' IDP forums pertaining to the review and assessment of the IDPs. On request, the unit provides municipalities and other stakeholders with economic expertise and data, and also conduct presentations to various municipalities and entities. It also continues to be involved in provincial projects as per request by the Head of Department.



Population dynamics: This covers the population of the province by age, gender and race. In the latter, the population analysis highlights that the province is dominated by young people which in turn addresses the allocation of resource giving the priority to the youth programs

Infrastructure Management: Infrastructure delivery is the combination of all planning, technical, administrative and managerial actions associated with the construction, supply, refurbishment, rehabilitation, alteration, maintenance, operation or disposal of infrastructure. The function of Infrastructure Unit is to support and assist the provincial departments in their planning and implementation of infrastructure programmes, projects initiatives in order to obtain value for money. This function will be performed through the application of the principles and guidelines of the Infrastructure Delivery Management System (IDMS). This also includes the instruction and requirements of the Standard for Infrastructure Procurement and Delivery Management (SIPDM).

In order to achieve these objectives it is imperative that the unit is capacitated to support the Departments. In order to fulfill its mandate, the unit will continue to:

Continue to facilitate, assess and engage on Infrastructure plans to improve planning and integrated planning. Improved planning will ensure infrastructure asset base value is developed, maintained and at the same time have in place mechanisms that assist in prioritisation on future demands. The budget cuts will continue to impact infrastructure delivery hence the outputs and outcomes will need to be monitored, optimally prioritised and managed.

Facilitate in year monitoring of Infrastructure expenditure and progress on infrastructure programmes.

Assist departments to adhere to the stipulations and requirements of the KZN Provincial IDMS Framework.

Assist the Premier's Office and Public Works with the KwaZulu-Natal Provincial Infrastructure Co-ordination Group (KZN-PICWG) and the development of the KZN Provincial Infrastructure Master Plan.

Investigating and facilitate infrastructure funding mechanisms and opportunities to support the provincial fiscal framework. The results from 2011 census impact to KZN which has resulted in budget cuts. The biggest impact will probably be felt in infrastructure delivery.

Public Finance: The functions of the Public Finance unit remain unchanged from year to year in terms of processes that need to be undertaken, such as the preparation of the annual MTEF budget for KwaZulu-Natal, preparation of the Adjustments Budget, as well as revenue and expenditure monitoring of provincial departments and public entities. The spending, revenue and service delivery of 15 departments are monitored and these inputs are used to:

- Keep the Provincial Executive Council updated on the budget performance of the province.
- Undertake detailed oversight of budget performance of departments by preparing first quarter, mid-year and close-out (preliminary and unaudited) budget performance reports for departments.

- Undertake detailed oversight of budget performance of public entities by preparing mid-year and unaudited close-out budget performance reports for public entities.
- Brief the Finance Portfolio Committee on the mid-year and close-out budget performance of KZN (for both departments and public entities).
- Brief the Finance Portfolio Committee on the Main Budget and the Adjustments Budget.
- Hold bilateral meetings with departments and public entities to engage on budget matters, as well as spending trends.
- Providing oversight in terms of the application of the PFMA especially in terms of virements, budgets, reporting requirements, among others.
- Providing oversight in terms of various aspects of the provincial cost-cutting measures.

Programme 3: Financial Governance

Asset Liabilities Management: A quarterly risk analysis will be conducted in respect of the Banking and Tax functions, per department, and where risks are identified the Chief Financial officer of the relevant department will be requested to intervene to ensure that the necessary corrective action is taken by the department concerned. Municipalities will be informed of the reporting requirements in terms of the Municipal Finance Management Act. The Cash Blocking system will ensure effective cash management by the departments as they are not able to disburse payments to suppliers unless they have the funds available in their cashbook. The tax section continues to provide a support service to the KZN provincial departments to ensure that legislative amendments which impact on the payroll tax functions are communicated to all departments, to ensure compliance with the relevant tax legislation and processes.

Supply Chain Management: The Provincial Supply Chain Management Unit will continue to enforce compliance with all Supply Chain Management prescripts in Provincial Departments, Municipalities and Public Entities and establish and maintain a strategic link between financial management reforms and procurement processes. To this end, the Unit has conceptualized and implemented important SCM reforms in the current financial year and will continue into the outer years of the MTEF period. The Unit will continue to provide operational support; administration of the Central Supplier Database (CSD); support on the e-Tender portal and undertake comprehensive compliance assessments to departments, municipalities and public entities to ensure that incidents of irregular expenditure relating to SCM processes are identified and reduced. The Unit will continue to provide specific support to Institutions which are found to be in distress in relation to their procurement systems. As per a Cabinet Resolution, an SCM intervention at the Department of Health is set to commence in the 2017/18 financial year. Three more interventions are planned for the 2018/2019 financial year based on audit outcomes, compliance assessments conducted and client requests, and include, Big 5 Hlabisa Municipality, eDumbe Municipality and Abaqulusi Municipality.

The events management transversal contract is now operational. Provincial SCM Unit is currently identifying transversal contracts for Department of Health and will engage in the process shortly.



Provincial Treasury is, pending the availability of funding, planning to roll-out the implementation of the contract management system to Public Entities. The Unit will also provide post implementation support and compliance assessments to departments and municipalities to ensure that the contract management system is fully implemented.

Programme 4: Internal audit

Assurance Services: The Internal Audit Unit continues to provide a legislated shared Internal Audit function to all the Provincial Government departments. The purpose of the Unit is to provide independent and objective assurance and consulting activities designed to add value and improve the KZNPG's operations. The unit assists KZNPG departments achieve their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. This included the review of the adequacy and effectiveness of systems of financial, operational and management controls; evaluating the governance processes; systematically analyzing and evaluating business processes and associated controls, assessing the effectiveness of risk management and internal control, and providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behavior and irregularities. The unit will continue to focus its activities on the risk based strategic and operational internal audit plans prepared for each department.

The Unit continues to report functionally to the Provincial and Cluster Audit & Risk Committees that have been appointed by the MEC: Finance in consultation with Cabinet. The Audit & Risk Committees have been established to assist the Provincial Government in fulfilling their oversight responsibilities for the integrity of the Government's financial reporting process, system of internal controls, audit processes, processes for monitoring compliance with laws and regulations and KZNPG's Code of Conduct, fraud prevention, the risk management process and any other good governance processes.

Assurance Services continues to face a challenge relating to the lack of funding to fully capacitate the component in order to meet the increased demand for internal audit services. The unit continues to receive additional requests for internal audit projects, as well as increases in the scope of work.

Risk Management: The component is demand-driven as most of its services are supposed to be done by the institutions it support (departments, public entities, and municipalities). During the 16/17 financial year, the component scaled down on its support to public entities and reduced its support to municipalities on certain service offerings due to capacity constraints. The operating environment of the component is also challenged by prevailing cost-cutting measures as the institutions it support are not building capacity in risk management units, and thus increasing their reliance on the component to assist with risk assessments and various advisory services.

Forensic Services: Following the establishment of Forensics as an independent component its focus is predominantly reactive in nature in that it undertakes investigations of allegations of fraud, theft corruption and contraventions of relevant legislation relating to the administration of public resources on behalf of the provincial departments, public and other entities and municipalities with a view to instituting departmental, criminal and civil proceedings. System weaknesses identified during the

investigation are reported on to the client department/entity/municipality and Risk Management to ensure that the risks identified are appropriately addressed. The component retains the responsibility to follow up with the client department on the outcome of the departmental proceedings and progress in the civil litigation. The component plays the leading role working with the criminal justice departments to facilitate the criminal proceedings. The outcome of the follow ups conducted is reported on in the various reports issued by the component.

Programme 5: Municipal Finance Management

Municipal Finance: The Municipal Finance Unit will continue to focus on improving the technical support it provides to delegated municipalities in the province on the preparation of multi-year budgets, the monthly outcomes of those budgets, in-year monitoring including statutory returns, the preparation of monthly, quarterly, mid-yearly and annual consolidated reports on the state financial performance in terms of the Municipal Finance Management Act (MFMA).

The Municipal Support Programme (MSP) within the Municipal Finance Unit was established to assist and provide technical support to delegated municipalities in financial distress and has had a positive impact on the financial management within municipalities. The MSP will continue to support municipalities and provide innovative solutions to municipal finance challenges.

1.2 Organisational Environment

The current structure of the Department was reviewed in 2013, and was duly concurred with, by the Minister of Public Service and Administration, ensuring that the Department was adequately resourced to deliver on its strategic objectives. Furthermore, the budget approved structure is now aligned to that of the generic structures developed for Treasuries. Although the review does imply the creation of additional capacity it is the opinion that this will not impact the implementation of the 2018/2019 Annual Performance Plan since the current service delivery mode allows for outsourcing as well as the appointment of contract staff until the structure is finally approved. Hence, the current structure of the Organization enables the Department to implement the 2018/2019 Annual Performance Plan of the Department.

Programme 1 (one) - Administration

Programme 1 is responsible for providing support services to the core programmes within the department.

The sub-programmes under this programme are Office of the MEC, Managements Services, Financial Management and Corporate Services.

Programme 2 (two) – Sustainable Resource Management

This programme is responsible for providing budgeting and reporting functions related to provincial departments and public entities, in terms of the Public Finance Management Act, analysis of the economy for the province; as well as infrastructure management.



The sub-programmes under this programme are Infrastructure Management & Economic Services (IMES) and Public Finance.

Programme 3 (three) – Financial Governance

This programme is responsible for providing financial management support to the provincial departments, Municipalities and Public Entities.

The sub-programmes under this programme are Asset and Liabilities Management, Supporting and Interlinked Financial Systems, Supply Chain Management, Public Private Partnerships, Accounting Services, Norms and Standards.

Programme 4 (four) – Internal Audit

This programme is responsible for providing shared internal audit services to provincial departments, and some of the public entities. The Unit also provides risk advisory services, including forensic investigation services, to provincial departments, public entities and municipalities.

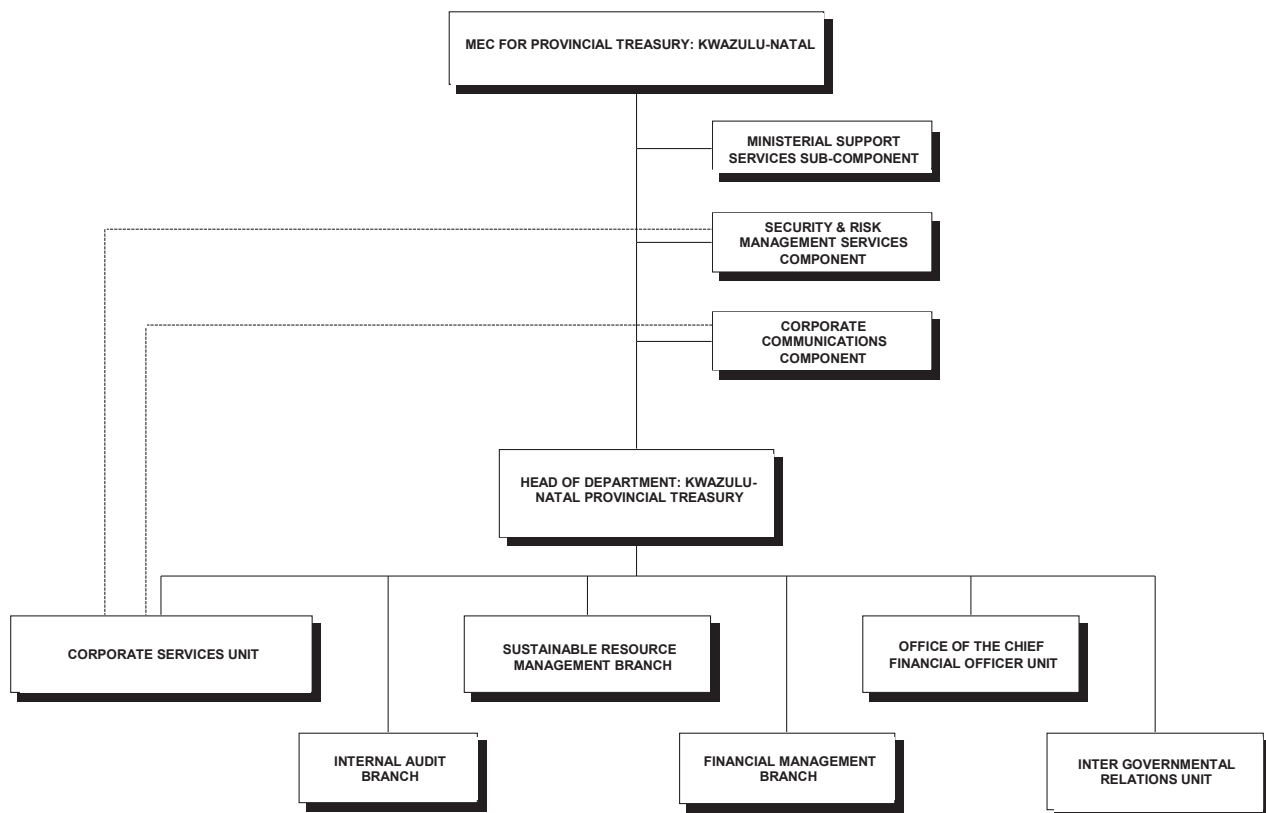
The sub-programmes under this programme are Assurance Services, Risk Management as well as Forensic Services.

Programme 5 (five) – Municipal Finance

This is a new programme introduced during the year under review due to structural alignment to that of other Provincial Treasuries, this programme will be responsible for municipalities' budget, accounting and reporting and municipal support programme.



The below diagram depicts the high level structure of the Provincial Treasury:



2. Revisions to legislative and other mandates

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

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

- Constitution of the Republic of South Africa (Act 208 of 1996)
- Public Finance Management Act (Act No. 1 of 1999, as amended) and its regulations
- Municipal Finance Management Act (Act No. 56 of 2003)
- Promotion of Access to Information Act (Act No. 2 of 2000)
- Annual Division of Revenue Act
- Annual Provincial Appropriation Act
- Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Intergovernmental Relations Framework Act (Act No. 13 of 2005)



- Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)
- Government Immovable Asset Management Act (Act No. 19 of 2007)
- Construction Industry Development Board Act (Act No. 38 of 2000)
- Public Audit Act (Act No. 25 of 2004)
- Provincial Tax Regulation Process Act (Act No. 53 of 2001)

2.1 Constitutional mandates

Sections 213, 215, 216, 217, 218, 219, 226 and 228 of the Constitution of the Republic of South Africa (Act 208 of 1996) deal with general financial matters for the national and provincial spheres of government. These sections require the national legislation to give effect to the following:

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

2.2 Policy mandates

The following policies outline the key responsibilities for the department.

- PPP policy, this policy provides guidelines for administration and managing Public Private Partnership's transactions in the public sector environment.
- SCM and PPPFA policy, this policy provides guidelines for the administration of a Supply Chain Management in line with broad government objectives. It also aims at promoting emerging enterprises with particular emphasis on black economic empowerment.
- Budgeting process policies, they provide framework within which budgeting process must be managed in the public sector in line with the relevant Acts.
- Treasury Regulations, provides procedural guidelines of implementation of the Public Finance Management Act (Act No. 1 of 1999, as amended by Act No. 29 of 1999).



3. Overview of 2018/19 budget and MTEF estimates

3.1 Expenditure estimates

Table 3.1.1 : Summary of payments and estimates by programme: Provincial Treasury

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|------------------------------------|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2017/18 | 2018/19 | 2019/20 |
| 1. Administration | 157 027 | 145 589 | 159 101 | 174 080 | 175 564 | 173 703 | 192 377 | 193 258 | 210 775 |
| 2. Sustainable Resource Management | 39 062 | 38 257 | 43 866 | 38 875 | 40 744 | 40 372 | 40 657 | 43 122 | 45 495 |
| 3. Financial Governance | 268 035 | 240 163 | 207 210 | 213 820 | 212 389 | 206 708 | 209 602 | 220 541 | 232 687 |
| 4. Internal Audit | 130 420 | 134 604 | 132 745 | 123 888 | 145 491 | 142 612 | 144 555 | 152 845 | 161 232 |
| 5. Municipal Finance Management | 36 405 | 46 037 | 53 193 | 57 181 | 57 181 | 55 792 | 63 709 | 67 506 | 71 219 |
| Total | 630 949 | 604 650 | 596 115 | 607 844 | 631 369 | 619 187 | 650 900 | 677 272 | 721 408 |

Note: Programme 1 includes MEC remuneration: Salary R1 977,795 million

Table 3.1.2 : Summary of payments and estimates by economic classification: Provincial Treasury

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|---|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2017/18 | 2018/19 | 2019/20 |
| Current payments | 575 075 | 569 228 | 583 277 | 590 094 | 613 379 | 601 433 | 628 832 | 655 662 | 698 678 |
| Compensation of employees | 208 675 | 227 845 | 252 383 | 287 664 | 284 003 | 276 178 | 308 148 | 327 307 | 345 764 |
| Goods and services | 366 400 | 341 383 | 330 300 | 300 696 | 328 642 | 324 521 | 317 184 | 326 855 | 351 314 |
| Interest and rent on land | - | - | 594 | 1 734 | 734 | 734 | 3 500 | 1 500 | 1 600 |
| Transfers and subsidies to: | 41 016 | 21 041 | 8 077 | 10 755 | 5 755 | 5 711 | 3 095 | 2 947 | 3 105 |
| Provinces and municipalities | 31 794 | 10 301 | 24 | 24 | 31 | 31 | 23 | 26 | 27 |
| Departmental agencies and accounts | 1 | 2 | - | - | 2 | 2 | 3 | 3 | 3 |
| Higher education institutions | - | - | - | - | - | - | - | - | - |
| Foreign governments and international organisations | - | - | - | - | - | - | - | - | - |
| Public corporations and private enterprises | - | 4 | 7 | - | - | - | - | - | - |
| Non-profit institutions | 1 365 | 4 340 | 3 857 | 9 105 | 4 105 | 4 053 | 896 | 984 | 1 033 |
| Households | 7 856 | 6 394 | 4 189 | 1 626 | 1 617 | 1 625 | 2 173 | 1 934 | 2 042 |
| Payments for capital assets | 14 854 | 14 037 | 4 740 | 6 995 | 12 235 | 12 043 | 18 973 | 18 663 | 19 625 |
| Buildings and other fixed structures | - | - | - | - | - | - | - | - | - |
| Machinery and equipment | 14 854 | 14 037 | 4 740 | 6 995 | 12 235 | 12 043 | 18 823 | 18 405 | 19 353 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Specialised military assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Land and sub-soil assets | - | - | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | - | - | - | 150 | 258 | 272 |
| Payments for financial assets | 4 | 344 | 21 | - | - | - | - | - | - |
| Total | 630 949 | 604 650 | 596 115 | 607 844 | 631 369 | 619 187 | 650 900 | 677 272 | 721 408 |

3.2 Reconciling expenditure trends to strategic goals

- The allocation made to Programmes 2 and 3 is mainly contributing toward attainment of sound financial, fiscal management and good governance.
- The promotion of sound cash management practices and to improve liquidity in the province is catered for under Programme 3, sub-programme: Asset and Liabilities Management
- The budget allocation in Programme 3 under sub-programme: Supply Chain Management is aimed at the attainment of fighting poverty and creating jobs in partnership with provincial departments through procurement targeting.
- The attainment of good governance and implementing a policy on zero tolerance on fraud and corruption is catered for under Programme 4, Internal Audit budget allocation.
- The budget allocation against this Programme 5: Municipal Finance is aimed towards assisting municipality in the areas of budget, accounting and reporting through the municipal support programme.



3.3 Departmental budgeted receipts

Table 3.3.1 : Summary of receipts

| R thousand | Outcome | | | Main appropriation | Adjusted appropriation 2017/18 | Revised estimate | Medium-term estimates | | |
|---|----------------|------------------|----------------|--------------------|-----------------------------------|------------------|-----------------------|----------------|------------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2018/19 | 2019/20 | 2020/21 |
| Treasury funding | | | | | | | | | |
| Equitable share | 514 768 | 611 038 | 586 154 | 607 844 | 606 344 | 606 344 | 635 400 | 677 272 | 721 408 |
| Conditional grants | - | - | - | - | - | - | - | - | - |
| Total receipts: Treasury funding | 514 768 | 611 038 | 586 154 | 607 844 | 606 344 | 606 344 | 635 400 | 677 272 | 721 408 |
| Departmental receipts | | | | | | | | | |
| Tax receipts | - | - | - | - | - | - | - | - | - |
| Casino taxes | - | - | - | - | - | - | - | - | - |
| Horse racing taxes | - | - | - | - | - | - | - | - | - |
| Liquor licences | - | - | - | - | - | - | - | - | - |
| Motor vehicle licences | - | - | - | - | - | - | - | - | - |
| Sales of goods and services other than | 322 | 345 | 352 | 226 | 226 | 415 | 227 | 228 | 235 |
| Transfers received | - | - | - | - | - | - | - | - | - |
| Fines, penalties and forfeits | - | - | 1 | - | - | - | - | - | - |
| Interest, dividends and rent on land | 309 569 | 391 253 | 284 822 | 216 842 | 216 842 | 310 732 | 295 219 | 299 501 | 314 793 |
| Sales of capital assets | 39 | 790 | 119 | 192 | 192 | 356 | 203 | 204 | 210 |
| Transactions in financial assets and liab | 2 513 | 4 027 | 3 594 | 385 | 385 | 711 | 407 | 410 | 422 |
| Total departmental receipts | 312 443 | 396 415 | 288 888 | 217 645 | 217 645 | 312 214 | 296 056 | 300 343 | 315 660 |
| Total receipts | 827 211 | 1 007 453 | 875 042 | 825 489 | 823 989 | 918 558 | 931 456 | 977 615 | 1 037 068 |

PART B: PROGRAMME AND SUB-PROGRAMME PLANS

1. PROGRAMME 1: ADMINISTRATION

The strategic objective of Programme 1 is to provide strategic leadership support in the area of Financial Management and Corporate Services (Human Resources, Auxiliary Services, Information Communication Technology and Legal Services) to the department. The sub programmes under this programme are Office of the MEC, Management Services (HOD), Financial Management (CFO) and Corporate Services. The programme consists of the following measurable sub-programmes:

- 1.1 Sub-programme: **Financial Management (Office of the CFO)**
- 1.2 Sub-programme: **Human Resource Management**
- 1.3 Sub-programme: **Information Technology Management**

1.1 Sub-programme: Financial Management (Office of the CFO)

The strategic objective is:

- Effective management of departmental finances in line with statutory requirements.

Specified policies and priorities

The Financial Management Unit provides financial management support services to internal and external customers. The services rendered by this Unit range from accounting services including the preparation of the AFS, revenue collection, budgetary control, performance information, monitoring & evaluation, supply chain management, financial management, asset management as well as advisory services on internal control systems and governance issues.

Strategic objective annual targets: 2018/19

| Strategic objective | Financial Management (Office of the CFO) | | | | | | | 5 –Year Target |
|--|--|---------------------|---------------------|-------------------------------|---|---|---|---|
| | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO: 1.1 Effective management of departmental finances in line with statutory requirements. | Clean Audit Outcome | Clean Audit Outcome | Clean Audit Outcome | Unqualified Audit Opinion | No material audit finding on Financial Management | No material audit finding on Financial Management | No material audit finding on Financial Management | No material audit finding on Financial Management |

Programme performance indicators and annual targets: 2018/19

| Programme Performance Indicator | Financial Management (Office of the CFO) | | | | | | |
|--|--|---------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of budget submission and planning documents compiled (EPRE; APPX4; AR; PP; AEPRE & ACF) | 11 | 10 | 10 | 9 | 9 | 9 | 9 |
| 2. Number of legislative financial reports produced. (IYMx12;QPRx4 and AFS) | 20 | 20 | 20 | 17 | 17 | 17 | 17 |
| 3. Number of supply chain management compliance reports produced | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 4. Number of Asset Counts performed | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 5. Annual MPAT rating on KPA4: Financial Management | New | New | Finalised moderated rating of 3 | Overall annual MPAT rating of 3 | Overall annual MPAT rating of 3 | Overall annual MPAT rating of 3 | Overall annual MPAT rating of 3 |
| 6. Percentage of supplier's valid invoices paid within 30 days. | New | New | New | New | 100% | 100% | 100% |



Quarterly targets: 2018/19

| Sub-programme: 1.1 | | Financial Management (Office of the CFO) | | | | |
|--|--|--|-------------------|-----------|-----------|---------------------------------|
| Performance indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of budget submission and planning documents compiled (EPRE; APPX4; AR; PP; AEPRE & ACF) | Annually, Bi-Annually, Quarterly & Monthly | 9 | 2 | 3 | 2 | 2 |
| 2. Number of legislative financial reports produced (IYMX12;QPRx4 and AFS) | Annually, Bi-Annually, Quarterly & Monthly | 17 | 5 | 4 | 4 | 4 |
| 3. Number of supply chain management compliance reports produced | Monthly | 12 | 3 | 3 | 3 | 3 |
| 4. Number of Asset Counts Performed | BI-Annually | 2 | 1 | N/A | 1 | N/A |
| 5. Annual MPAT rating on KPA4: Financial Management | Annually | Overall annual MPAT rating of 3 | N/A | N/A | N/A | Finalized moderated rating of 3 |
| 6. Percentage of supplier's valid invoices paid within 30 days. | Monthly | 100% | 100% | 100% | 100% | 100% |

1.2 Sub-programme: Human Resource Management

The strategic objective is:

- To provide optimal Human Resource services to the department.

Specified policies and priorities

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

Strategic objective annual targets: 2018/19

| Sub-programme: 1.2 | Human Resource Management | | | | | | | |
|---|------------------------------|--|---|--|--|--|--|---|
| Strategic objectives | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5 –Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:1.2 To provide optimal Human Resource services to the department | 1. New 2. 1 Audit Finding | 1. Overall rating of 3.86 obtained 2. 1 Audit Finding | 1. Overall rating of 4 obtained 1. 1 Audit Finding | 1. Overall annual MPAT rating of 3 2. No material Human Resource Management and Development audit finding | 3. Overall annual MPAT rating of 3 4. No material Human Resource Management and Development audit finding | 1. Overall annual MPAT rating of 3 2. No material Human Resource Management and Development audit finding | 1. Overall annual MPAT rating of 3 2. No material Human Resource Management and Development audit finding | 1. MPAT Rating of 3 2. No material Human Resource Management and Development audit finding |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 1.2 | Human Resource Management | | | | | | |
|---|------------------------------|-----------------------------|-----------------------|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Programme Performance Indicators | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of HR seminars to be conducted | 10 sessions | 10 sessions | 8 sessions | 8 sessions | 8 seminars | 8 seminars | 8 seminars |
| 2. Number of HR policies to be reviewed | 15 policies | 10 policies | 22 policies | 8 policies | 8 policies | 8 policies | 8 policies |
| 3. Number of Human Resources Plan developed (HRP) | New | MTEF HR Plan & Annual HRPIR | Annual HR Plan (MTEF) | 1xAnnual HR Plan & Annual HRPIR | 1 X Annual HR Plan & Annual HRPIR | 1 X Annual HR Plan & Annual HRPIR | 1 X Annual HR Plan & Annual HRPIR |



| | | | | | | | |
|--|-----|--------------------------------------|---|---|---|---|---|
| 4. Number of monitoring reports produced to ensure implementation of HRP | New | 4 x quarterly monitoring reports | 4 quarterly HRP implementation monitoring reports | 4 quarterly HRP implementation monitoring reports | 4 quarterly HRP implementation monitoring reports | 4 quarterly HRP implementation monitoring reports | 4 quarterly HRP implementation monitoring reports |
| 5. Number of Annual Work Place Skills Plan developed | New | 1 x annual WSP | Annual WSP | 1 x annual WSP | 1 X Annual WSP | 1 X Annual WSP | 1 X Annual WSP |
| 6. Number of monitoring reports to ensure implementation of Work Skills Plan (WSP) | New | 4 X quarterly implementation reports | 4 quarterly WSP implementation monitoring reports | 4 WSP quarterly implementation reports | 4 quarterly WSP implementation monitoring reports | 4 quarterly WSP implementation monitoring reports | 4 quarterly WSP implementation monitoring reports |

Quarterly targets: 2018/19

| Sub-programme: 1.2 | | Human Resource Management | | | | |
|--|------------------|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Performance indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of HR seminars to be conducted. | Quarterly | 8 seminars | 2 seminars | 2 seminars | 2 seminars | 2 seminars |
| 2. Number of HR policies to be reviewed. | Quarterly | 8 policies | 2 policies | 2 policies | 2 policies | 2 policies |
| 3. Number of Human Resources Plan developed (HRP) | Annually | 1 X Annual HR Plan & Annual HRPIR | 1 X Annual HR Plan & Annual HRPIR | N/A | N/A | N/A |
| 4. Number of monitoring reports produced to ensure implementation of HRP. | Quarterly | 4 quarterly HRP implementation monitoring reports | 1 x implementation monitoring report | 1 x implementation monitoring report | 1 x implementation monitoring report | 1 x implementation monitoring report |
| 5. Number of Annual Work Place Skills Plan developed. | Annually | 1 X Annual WSP | 1 X Annual WSP | N/A | N/A | N/A |
| 6. Number of monitoring reports to ensure implementation of Work Skills Plan (WSP) | Quarterly | 4 quarterly WSP implementation monitoring reports | 1 x implementation monitoring report | 1 x implementation monitoring report | 1 x implementation monitoring report | 1 x implementation monitoring report |

1.3 Sub-programme: Information Technology Management

The strategic objective is:

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

Specified policies and priorities

The purpose of the sub-programme is to render technical and functional support on departmental wide Information Technology systems, Information Technology architecture and Information Technology services.

Strategic objective annual targets: 2018/19

| Sub-programme: 1.3 | | Information Technology Management | | | | | | 5 –Year Target |
|--|------------------------------|-----------------------------------|--|--|--|--|--|--|
| Strategic objective | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:1.7 To provide IT technical and IT functional support to the department | New | 2 | No material Information Technology Management audit findings | No material Information Technology Management audit findings | No material Information Technology Management audit findings | No material Information Technology Management audit findings | No material Information Technology Management audit findings | No material Information Technology Management audit findings |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 1.3 | | Information Technology Management | | | | | |
|---------------------------------------|------------------------------|-----------------------------------|---------|-------------------------------|---------------------|---------|---------|
| Programme Performance indicators | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of initiatives implemented | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 2. Number of policy reviews completed | 4 | 5 | 4 | 4 | 4 | 4 | 4 |



| | | | | | | | |
|---|-----------|--------|--------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| 3. Number of compliance reports completed | 12 | 12 | 12 | 16 | 8 | 8 | 8 |
| 4. Number of information sessions conducted | 4 | 5 | 4 | 4 | 4 | 4 | 4 |
| 5. Mean (Average) time to resolve IT calls | 4 hr MTTR | 44 min | 48 min | 4 hr mean time to resolve IT calls | 4 hr mean time to resolve IT calls | 4 hr mean time to resolve IT calls | 4 hr mean time to resolve IT calls |
| 6. Percentage network uptime | 99% | 99% | 99% | 99% | 99% | 99% | 99% |

Quarterly targets: 2018/19

| Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
|---|------------------|-----------------------|--------------------------------------|-------------|-----------|-----------|
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| | | | 1. Number of initiatives implemented | Bi-Annually | 2 | N/A |
| 2. Number of policy reviews completed | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 3. Number of compliance reports completed | Quarterly | 8 | 2 | 2 | 2 | 2 |
| 4. Number of information sessions conducted | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 5. Mean (Average) time to resolve (MTTR)-Treasury | Quarterly | 4 hr MTTR | 4 hr MTTR | 4 hr MTTR | 4 hr MTTR | 4 hr MTTR |
| 6. Percentage network uptime | Quarterly | 99% | 99% | 99% | 99% | 99% |

1.4 Reconciliation of budget with plan

Table 1.4.1 : Summary of payments and estimates by sub-programme: Administration

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|-------------------------------|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2018/19 | 2019/20 | 2020/21 |
| | | | | | | | | | |
| 1. Office of the MEC | 29 687 | 26 491 | 29 124 | 33 371 | 31 871 | 33 385 | 28 506 | 31 594 | 33 333 |
| 2. Management Services (HOD) | 46 687 | 39 105 | 27 580 | 29 447 | 23 345 | 22 675 | 46 263 | 37 530 | 46 480 |
| 3. Financial Management (CFO) | 23 014 | 19 117 | 21 830 | 30 560 | 35 614 | 31 214 | 30 894 | 34 337 | 36 226 |
| 4. Corporate Services | 57 639 | 60 876 | 80 567 | 80 702 | 84 734 | 86 429 | 86 714 | 89 797 | 94 736 |
| Total | 157 027 | 145 589 | 159 101 | 174 080 | 175 564 | 173 703 | 192 377 | 193 258 | 210 775 |

Table 1.4.2 : Summary of payments and estimates by economic classification: Administration

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|---|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2018/19 | 2019/20 | 2020/21 |
| | | | | | | | | | |
| Current payments | 114 903 | 124 094 | 148 999 | 158 938 | 165 136 | 163 868 | 178 049 | 178 933 | 195 666 |
| Compensation of employees | 55 836 | 59 586 | 67 170 | 83 766 | 80 923 | 76 015 | 87 152 | 94 099 | 99 324 |
| Goods and services | 59 067 | 64 508 | 81 829 | 75 172 | 84 213 | 87 853 | 90 897 | 84 834 | 96 342 |
| Interest and rent on land | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies to: | 38 779 | 19 304 | 7 484 | 9 767 | 4 853 | 4 919 | 2 050 | 1 795 | 1 889 |
| Provinces and municipalities | 31 794 | 10 301 | 24 | 24 | 31 | 31 | 23 | 26 | 27 |
| Departmental agencies and accounts | 1 | 2 | - | - | 2 | 2 | 3 | 3 | 3 |
| Higher education institutions | - | - | - | - | - | - | - | - | - |
| Foreign governments and international organisations | - | - | - | - | - | - | - | - | - |
| Public corporations and private enterprises | - | - | 7 | - | - | - | - | - | - |
| Non-profit institutions | 138 | 4 340 | 3 857 | 9 105 | 4 105 | 4 053 | 896 | 984 | 1 033 |
| Households | 6 846 | 4 661 | 3 596 | 638 | 715 | 833 | 1 128 | 782 | 826 |
| Payments for capital assets | 3 345 | 2 113 | 2 598 | 5 375 | 5 575 | 4 916 | 12 278 | 12 530 | 13 220 |
| Buildings and other fixed structures | - | - | - | - | - | - | - | - | - |
| Machinery and equipment | 3 345 | 2 113 | 2 598 | 5 375 | 5 575 | 4 916 | 12 128 | 12 272 | 12 948 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Specialised military assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Land and sub-soil assets | - | - | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | - | - | - | 150 | 258 | 272 |
| Payments for financial assets | - | 78 | 20 | - | - | - | - | - | - |
| Total | 157 027 | 145 589 | 159 101 | 174 080 | 175 564 | 173 703 | 192 377 | 193 258 | 210 775 |

2. PROGRAMME 2: Sustainable Resource Management

The strategic objective of Programme 2 is to effectively manage and monitor the provincial government fiscal resources. The programme consist of the following sub-programmes:

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

2.1 Sub-programme: Programme Support

This sub-programme is responsible for providing strategic leadership support to sustainable resource management division. There are no measurable performance indicators, hence this office is not measured.

2.2.1 Sub-programme: Economic Analysis

The strategic objectives are to:

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

Specified policies and priorities

The mandate of the economic analysis unit within KZN Provincial Treasury is to determine and evaluate economic parameters and socio-economic imperatives within a local, provincial and national macro-economic context; and to provide sound macro-economic and statistical information to assist the management and executive with decision making on the MTEF and budget framework allocations.

The key functions of the economic analysis unit are to:

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

Strategic objectives and annual targets: 2018/19

| Sub-programme: 2.2.1 | Economic Analysis | | | | | | | 5 –Year Target |
|--|---|---|---|--|--|--|--|--|
| | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:2.1 To determine and evaluate economic parameters and socio-economic imperatives to inform provincial and local resource allocation | Produced 14 provincial economic reports | Produced 15 provincial economic reports | Produced 15 provincial economic reports | Produce 15 provincial economic reports | Produce 14 provincial economic reports | Produce 14 provincial economic reports | Produce 14 provincial economic reports | Produce 14 provincial economic reports |



| | | | | | | | | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| SO:2.2 Provide platform to enhance regional economic growth and development through quality research | Produced 5 economic research projects | Produced 7 economic research projects | Produced 5 economic research projects | Produce 6 economic research projects | Produce 5 economic research projects | Produce 5 economic research projects | Produce 5 economic research projects | Produce 5 economic research projects |
|--|---------------------------------------|---------------------------------------|---------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 2.2.1 | | Economic Analysis | | | | | |
|---|--|--|---|--|---------------------|---------------|---------------|
| Programme Performance Indicators | Audited / Actual Performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of Provincial Department Economic Reports produced | Produced 4 provincial department economic reports | Produced 4 provincial department economic reports | Produced 4 provincial department economic reports | Produce 5 provincial department economic reports | 4 | 4 | 4 |
| 2. Number of Socioeconomic Review and Outlook Reports (SERO) produced | Produced 1 Socio-Economic Review and Outlook report (SERO) | Produced 1 Socio-Economic Review and Outlook report (SERO) | Produced 1 SERO | Produce 1 SERO | 1 | 1 | 1 |
| 3. Number of District Socioeconomic Reports produced | Produced 9 district Socio-economic Reports | Produced 9 district Socio-economic Reports | Produced 9 districts socio-economic reports | Produce 9 districts socio-economic reports | 9 | 9 | 9 |
| 4. Timeous Economic Analysis input to Estimate of Provincial Revenue and Expenditure (EPRE) | Input to EPRE submitted on time for tabling | Input to EPRE submitted on time for tabling | EPRE submitted on time for tabling | February 2018 | February 2019 | February 2020 | February 2021 |
| 5. Number of quality research for regional policy analysis | Produced 5 economic research projects | Produced 7 economic research projects | Produced 5 economic research projects | Produce 6 economic research projects | 4 | 4 | 4 |

Quarterly targets: 2018/19

| Sub-programme: 2.2.1 | | Economic Analysis | | | | |
|---|------------------|-----------------------|-------------------|-----------|-----------|---------------|
| Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of Provincial Department Economic Reports produced | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 2. Number of Socioeconomic Review and Outlook Reports (SERO) produced | Annually | 1 | - | - | - | 1 |
| 3. Number of District Socioeconomic Reports produced | Quarterly | 9 | 3 | 3 | 3 | - |
| 4. Timeous Economic Analysis input to Estimate of Provincial Revenue and Expenditure (EPRE) | Annually | February 2019 | - | - | - | February 2019 |
| 5. Number of quality research for regional policy analysis | Quarterly | 4 | 1 | 1 | 1 | 1 |

2.2.2 Sub-programme: Infrastructure Management

The strategic objective:

- To Support efficient Infrastructure planning and management in KZN that contributes to effective economic and social infrastructure delivery for KZN;
- To facilitate implementation and institutionalisation of the Infrastructure Delivery Management System (IDMS) in all KZN provincial departments and municipalities;

Specified policies and priorities

The KZN Provincial Treasury Infrastructure Unit's will continue to (a) assist departments with infrastructure planning and budgeting; (b) monitor infrastructure delivery and reporting; and ensure that departments adhere to the stipulations and requirements of the IDMS Framework, Standard for Infrastructure Procurement and Delivery Management (SIPDM) as well as the Public Finance

Management Act (PFMA) and Division of Revenue Act (DORA) .. The unit will also facilitate infrastructure funding mechanisms and opportunities to support the provincial fiscal framework, including assisting departments with funding applications; assist and provide technical support to the KwaZulu-Natal Provincial Infrastructure Co-ordination Group (KZN-PICWG) in the development and management of the KZN Provincial Infrastructure Master Plan.

Strategic objective annual targets: 2018/19

| Sub-programme: 2.2.2 | Infrastructure Management | | | | | | | 5 –Year Target |
|---|--|--|---|--|---|---|--|---|
| | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:2.4 Efficient infrastructure planning and management in KZN that contributes to effective economic and social infrastructure for KZN | Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs) | Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs) | Compiled a consolidated assessment report on U-AMPs | 1 | Compiled a consolidated assessment report on U-AMPs | Compile a consolidated assessment report on annual infrastructure plans | Compile- a consolidated assessment report on annual infrastructure plans | Compile a consolidated assessment report on annual infrastructure plans |
| SO:2.5 To facilitate implementation and institutionalisation of the IDMS in all KZN provincial departments | Produced 13 reports on the implementation of IDMS in the province | Produced 13 reports on the implementation of IDMS in the province | Produced 13 reports on the implementation of IDMS in the province | Produce 13 reports on the implementation of IDMS in the province | Produce 4 reports on the implementation of IDMS in the province | Produce 4 reports on the implementation of IDMS in the province | Produce 4 reports on the implementation of IDMS in the province | Produce 20 reports on the implementation of IDMS in the province |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 2.2.2 | Infrastructure Management | | | | | | | |
|---|--|--|---|--|---|---|---|---------|
| | Programme Performance Indicator | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of Assessment Report on the User Asset Management Plans (U-AMPs) compiled | Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs) | Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs) | Compiled a consolidated assessment report on U-AMPs | Compile a consolidated assessment report on U-AMPs | 1 | 1 | 1 | |
| 2. Number of assessment reports on the Infrastructure Programme Management Plan (IPMP) compiled | New | New | New | New | 1 | 1 | 1 | |
| 3. Number of reports on the implementation of IDMS in KZN produced | Produced 4 reports on the implementation of IDIP in the province | Produced 4 reports on the implementation of IDMS in the province | Produced 4 reports on the implementation of IDMS in the province | Produce 4 reports on the implementation of IDMS in the province | Produce 4 reports on the implementation of IDMS in the province | Produce 4 reports on the implementation of IDMS in the province | Produce 4 reports on the implementation of IDMS in the province | |
| 4. Number of progress reports on infrastructure budgets and delivery plans using IRM data submitted | Submitted 11 reports on the infrastructure expenditure | Submitted 4 reports on the infrastructure expenditure in the province | Submitted 4 reports on the infrastructure expenditure in the province | Submit 4 reports on the infrastructure expenditure in the province | Submit 4 reports on the infrastructure expenditure in the province | Submit 4 reports on the infrastructure expenditure in the province | Submit 4 reports on the infrastructure expenditure in the province | |
| 5. Number of reports on the infrastructure site visits conducted | Submitted 4 reports on the site visits conducted | Submitted 4 reports on the infrastructure site visits conducted | Submitted 4 reports on the infrastructure site visits conducted | Submit 4 reports on the site visits conducted | Submit 4 reports on the site visits conducted | Submit 4 reports on the site visits conducted | Submit 4 reports on the site visits conducted | |
| 6. Timeliness of Infrastructure input for Estimates of Provincial Revenue and Expenditure (EPRE). | Input into OPRE submitted on time for tabling | Input into OPRE submitted on time for tabling | Input into OPRE on time for tabling | February 2018 | February 2019 | February 2020 | February 2021 | |
| 7. Number of Estimate for Capital Expenditure (ECE) developed for publishing annually | New | New | New | New | Develop and publish the ECE on time for tabling with the annual provincial budget | Develop and publish the ECE on time for tabling with the annual provincial budget | Develop and publish the ECE on time for tabling with the annual provincial budget | |



| Sub-programme: 2.2.2 | | Infrastructure Management | | | | | |
|---|------------------------------|---|---|---|--|--|--|
| Programme Performance Indicator | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 8. Number of reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework produced | New | Produced 4 reports on the infrastructure mechanisms in the province | Produced 4 reports on the infrastructure mechanisms in the province | Produced 4 reports on the infrastructure mechanisms in the province | Produce 4 reports on the infrastructure mechanisms in the province | Produce 4 reports on the infrastructure mechanisms in the province | Produce 4 reports on the infrastructure mechanisms in the province |

Quarterly targets: 2018/19

| Sub-programme: 2.2.2 | | Infrastructure Management | | | | | |
|---|------------------|---------------------------|-------------------|-----------|-----------|-----------|--|
| Performance Indicator | Reporting period | Annual target 2018/19 | Quarterly targets | | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | |
| 1. Number of Assessment Report on the User Asset Management Plans (U-AMPs) compiled | Annually | 1 | N/A | 1 | N/A | N/A | |
| 2. Number of assessment reports on the Infrastructure Programme Management Plan (IPMP) compiled | Annually | 1 | N/A | N/A | 1 | N/A | |
| 3. Number of reports on the implementation of IDMS in KZN produced | Quarterly | 4 | 1 | 1 | 1 | 1 | |
| 4. Number of progress reports on infrastructure budgets and delivery plans using IRM data submitted | Quarterly | 4 | 1 | 1 | 1 | 1 | |
| 5. Number of reports on the infrastructure site visits conducted | Quarterly | 4 | 1 | 1 | 1 | 1 | |
| 6. Timeous Infrastructure input for Estimates of Provincial Revenue and Expenditure (EPRE). | Annually | 1 | N/A | N/A | N/A | 1 | |
| 7. Number of Estimate for Capital Expenditure (ECE) developed for publishing annually | Annually | 1 | N/A | N/A | N/A | 1 | |
| 8. Number of reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework produced | Quarterly | 4 | 1 | 1 | 1 | 1 | |

2.3 Sub-programme: Public Finance

The strategic objectives are:

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

Specified policies and priorities

Most of the functions of the **Provincial Budget Management** unit are governed by the PFMA and the Treasury Regulations, and are process driven. These include the tabling of the Main and Adjusted Appropriations, within set regulated periods, as well as monthly, quarterly and annual reporting. The unit further reports periodically to the Provincial Executive Council on the budget performance as well as the provincial net financial position

Provincial Own Revenue is responsible for optimising revenue generated by the province, to augment transfers from National Treasury. Its mandate includes conducting continuous assessments of revenue generation and collection capacity of departments and public entities, as well as researching and proposing

ways that own revenue could be enhanced. The unit is also responsible for monitoring the revenue budgets of departments and public entities.

Specialised Advisory Support Services engages in the research and articulation of Treasury's policy stances on various fiscal matters related to public finance. This includes formulation of policy positions on the review of the equitable share formula, intergovernmental fiscal relations, formulations for incorporation into the annual Division of Revenue Bills, monitoring of the performance of provincial public entities, among others.

Strategic objective annual targets: 2018/19

| Sub-programme: 2.3 | Public Finance: Provincial Budget Management | | | | | | | |
|---|--|-------------|----------------|-------------------------------|---------------------|------------|------------|----------------|
| Strategic objective | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5 –Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:2.7 Promote effective and optimal financial resource allocation for provincial government | 16 chapters | 15 chapters | 15 departments | 15 departments | 15 Votes | 15 Votes | 15 Votes | 15 Votes |
| SO:2.8 Ensure efficient budget and expenditure management and accurate financial reporting for provincial departments and including public entities | 15 reports | 16 reports | 15 reports | 15 reports | 15 reports | 15 reports | 15 reports | 15 reports |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 2.3 | Public Finance: Provincial Budget Management | | | | | | |
|--|--|---------|---|---|---|---|---|
| Programme Performance Indicator | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of chapters in MTEC report to be completed | 16 | 15 | 15 chapters completed 1 working day before MTEC as per budget process timetable | 1 report with 15 chapters completed 1 working day before MTEC as per budget process timetable | 1 report with 15 chapters completed 1 working day before MTEC as per budget process timetable | 1 report with 15 chapters completed 1 working day before MTEC as per budget process timetable | 1 report with 15 chapters completed 1 working day before MTEC as per budget process timetable |
| 2. Timeous tabling Estimates of Provincial Revenue and Expenditure (EPRE) | 1 | 1 | EPRE on time for tabling | March 2018 | March 2019 | March 2020 | March 2021 |
| 3. Timeous tabling of Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE) | 1 | 1 | AEPRE on time for tabling | November 2017 | November 2018 | November 2019 | November 2020 |
| 4. Number of section 32 report (Monthly provincial IYM report) submitted | 12 | 12 | 12 IYM reports p/a (submitted to NT by 22 nd monthly) | 12 IYM reports p/a (submitted to NT by 22 nd monthly) | 12 IYM reports p/a (submitted to NT by 22 nd monthly) | 12 IYM reports p/a (submitted to NT by 22 nd monthly) | 12 IYM reports p/a (submitted to NT by 22 nd monthly) |
| 5. Number of quarterly performance reports for provincial departments | 3 | 4 | 3 quarterly performance reports | 3 quarterly performance reports | 4 quarterly performance reports | 4 quarterly performance reports | 4 quarterly performance reports |

Quarterly targets: 2018/19

| Sub-programme: 2.3 | Public Finance: Provincial Budget Management | | | | | |
|--|--|-----------------------|-------------------|-----------|-----------|-----------|
| Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of chapters in MTEC report to be completed | Annually | 15 | N/A | 15 | N/A | N/A |



| | | | | | | |
|--|-----------|---------------|-----|-----|---------------|------------|
| 2. Timeous tabling Estimates of Provincial Revenue and Expenditure (EPRE) | Annually | March 2019 | N/A | N/A | N/A | March 2019 |
| 3. Timeous tabling of Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE) | Annually | November 2018 | N/A | N/A | November 2018 | N/A |
| 4. Number of section 32 report (Monthly provincial IYM report) submitted | Monthly | 12 | 3 | 3 | 3 | 3 |
| 5. Number of quarterly performance reports for provincial departments | Quarterly | 4 | 1 | 2 | 1 | N/A |

Strategic objective annual targets: 2018/19

| Sub-programme: 2.3 | Public Finance: Provincial Own Revenue | | | | | | | |
|--|--|---------|---------|-------------------------------|---------------------|---------|---------|----------------|
| Strategic objective | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5 –Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:2.9 Promote optimal and sustainable revenue generation and collection by provincial departments and public entities | 9 | 8 | 5 | 5 | 4 | 4 | 4 | 4 |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 2.3 | Public Finance: Provincial Own Revenue | | | | | | |
|--|--|--|--|---|---|---|---|
| Programme Performance Indicator | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of Provincial Revenue Forums conducted | 4 Forums conducted per year | 4 Forums conducted per year | 1 Forum held | 1 Forum per year | 1 Forum per year | 1 Forum per year | 1 Forum per year |
| 2. Number of revenue quarterly performance reports produced | 4 Revenue Quarterly Performance Reports | 3 Revenue Quarterly Performance Reports | 3 Revenue Quarterly Performance Reports | 3 Revenue quarterly performance reports | 4 Revenue performance reports per annum | 4 Revenue performance reports per annum | 4 Revenue performance reports per annum |
| 3. Timeous Revenue input into Overview of Provincial Revenue and Expenditure (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE) | Revenue input into OPRE and EPRE submitted on time for tabling | Revenue input into OPRE and EPRE submitted on time for tabling | Revenue input into OPRE and EPRE submitted on time for tabling | March 2018 | March 2019 | March 2020 | March 2021 |

Quarterly targets: 2018/19

| Sub-programme: 2.3 | Public Finance: Provincial Own Revenue | | | | | |
|--|--|-----------------------|-------------------|-----------|-----------|------------|
| Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of Provincial Revenue Forums conducted | Annually | 1 | N/A | N/A | 1 | N/A |
| 2. Number of revenue quarterly performance reports produced | Quarterly | 4 | 1 | 2 | 1 | N/A |
| 3. Timeous Revenue input into Overview of Provincial Revenue and Expenditure (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE) | Annually | March 2019 | N/A | N/A | N/A | March 2019 |

Strategic objective annual targets: 2018/19

| Sub-programme: 2.3 | Public Finance: Specialised Advisory Support Services | | | | | | | |
|---|---|---------|---------|-------------------------------|---------------------|---------|---------|----------------|
| Strategic objective | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5 –Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:2.10 Promote effective and optimal financial resource allocation for provincial government (including public entities) | 31 | 30 | 32 | 48 | 3 | 3 | 3 | 3 |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 2.3 | | Public Finance: Specialised Advisory Support Services | | | | | |
|---|---|---|---|---|--------------------------------------|--------------------------------------|--------------------------------------|
| Programme Performance indicators | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Timeous input into the revision and maintenance of Division Of Revenue Act (DORA) | PT input into 2015 DORA was submitted to NT by due date | PT input into 2016 DoRA was submitted to NT by due date | Input was submitted by due date as set by NT | November 2017 | November 2018 | November 2019 | November 2020 |
| 2. Number of reports on institutionalising framework for the monitoring of provincial public entities | Prepared Unaudited Close-out reports for all entities, Prepared budget MTEC report, Mid-year report and EPRE tables for all listed entities | Reported for all listed public entities | Reported bi-annually for all listed public entities | 48 | 2 | 2 | 2 |
| 3. Number of MTEC reports completed | 1 report with 16 chapters completed 1 day before MTEC | 1 report with 16 chapters completed 1 day before MTEC | 1 report with 16 chapters completed 1 day before MTEC | 1 report with 16 chapters completed 1 day before MTEC | 1 report completed 1 day before MTEC | 1 report completed 1 day before MTEC | 1 report completed 1 day before MTEC |

Quarterly targets: 2018/19

| Sub-programme: 2.3 | | Public Finance: Specialised Advisory Support Services | | | | |
|---|------------------|---|-------------------|-----------|---------------|-----------|
| Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Timeous input into the revision and maintenance of Division Of Revenue Act (DORA) | Annually | November 2018 | N/A | N/A | November 2018 | N/A |
| 2. Number of reports on institutionalising framework for the monitoring of provincial public entities | Bi-annually | 2 | N/A | 1 | 1 | N/A |
| 3. Number of MTEC reports completed | Annually | 1 report completed 1 day before MTEC | N/A | N/A | 1 | N/A |

2.4 Reconciliation of budget with plan

Table 2.4.1 : Summary of payments and estimates by sub-programme: Sustainable Resource Management

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|----------------------|-----------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2017/18 | 2018/19 | 2019/20 |
| 1. Programme Support | 1 150 | 2 721 | 7 824 | 3 270 | 4 820 | 4 675 | 3 650 | 3 894 | 4 109 |
| 2. Economic Analysis | 26 301 | 21 848 | 22 244 | 21 415 | 21 415 | 21 129 | 20 760 | 21 685 | 22 878 |
| 3. Public Finance | 11 611 | 13 688 | 13 798 | 14 190 | 14 509 | 14 568 | 16 247 | 17 543 | 18 508 |
| Total | 39 062 | 38 257 | 43 866 | 38 875 | 40 744 | 40 372 | 40 657 | 43 122 | 45 495 |



Table 2.4.2 : Summary of payments and estimates by economic classification: Sustainable Resource Management

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|---|-----------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | | | 2018/19 | 2019/20 | 2020/21 |
| Current payments | 38 874 | 37 997 | 43 567 | 38 654 | 40 456 | 40 106 | 40 499 | 42 956 | 45 325 |
| Compensation of employees | 21 411 | 27 951 | 34 957 | 30 377 | 33 179 | 33 011 | 34 259 | 36 773 | 38 963 |
| Goods and services | 17 463 | 10 046 | 8 016 | 8 277 | 7 277 | 7 095 | 6 240 | 6 183 | 6 362 |
| Interest and rent on land | - | - | 594 | - | - | - | - | - | - |
| Transfers and subsidies to: | - | 50 | - | - | 67 | 67 | - | - | - |
| Provinces and municipalities | - | - | - | - | - | - | - | - | - |
| Departmental agencies and accounts | - | - | - | - | - | - | - | - | - |
| Higher education institutions | - | - | - | - | - | - | - | - | - |
| Foreign governments and international organisations | - | - | - | - | - | - | - | - | - |
| Public corporations and private enterprises | - | - | - | - | - | - | - | - | - |
| Non-profit institutions | - | - | - | - | - | - | - | - | - |
| Households | - | 50 | - | - | 67 | 67 | - | - | - |
| Payments for capital assets | 188 | 208 | 299 | 221 | 221 | 199 | 158 | 166 | 170 |
| Buildings and other fixed structures | - | - | - | - | - | - | - | - | - |
| Machinery and equipment | 188 | 208 | 299 | 221 | 221 | 199 | 158 | 166 | 170 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Specialised military assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Land and sub-soil assets | - | - | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | - | - | - | - | - | - |
| Payments for financial assets | - | 2 | - | - | - | - | - | - | - |
| Total | 39 062 | 38 257 | 43 866 | 38 875 | 40 744 | 40 372 | 40 657 | 43 122 | 45 495 |

3. PROGRAMME 3: FINANCIAL GOVERNANCE

The strategic objectives of Programme 3 are to:

- Assist departments in improving cash management.
- Provide substantial technical, financial and legal advice in support of all provincial PPPs in line with the PPP project cycle as regulated by National Treasury.
- Support and monitor adherence of departments, public entities and municipalities on SCM.
- Assist departments and municipalities in the attainment of a clean audit outcome for the Province.
- To develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities.
- To provide technical and functional support to supporting and interlinked financial systems.

The programme consists of the following measurable sub-programmes:

- 3.1 Sub-programme: **Programme Support**
- 3.2 Sub-programme: **Asset and Liabilities Management**
- 3.3 Sub-programme: **Supporting and Interlinked Financial Systems**
- 3.4 Sub-programme: **Supply Chain Management**
- 3.5 Sub-programme: **Public Private Partnerships (PPPs)**
- 3.6 Sub-programme: **Accounting Services (Financial Reporting)**
- 3.7 Sub-programme: **Norms and Standards**

3.1 Sub-programme: Programme Support

This sub-programme is responsible for providing strategic leadership support to financial governance division. There are no measurable performance indicators, hence this office is not measured.

3.2 Sub-programme: Asset and Liabilities Management

The strategic objective is:

- To assist departments in improving cash management

Specified policies and priorities:

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

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

The key activities of the unit are:

- To keep departments abreast of amendments in tax legislation in respect of payroll tax.



- To provide quality training and an advisory service in respect of tax functions to departments and perform risk analysis in terms of tax compliance.
- To provide an effective Banking and support service to all client departments
- To improve the efficiency of cash management and to minimize the adverse liquidity through effective liabilities management.

Strategic objective annual targets: 2018/19

| Sub-programme: 3.2 | Asset and Liabilities Management | | | | | | | |
|--|----------------------------------|---------|---------|-------------------------------|---------------------|---------|---------|----------------|
| Strategic objective | Audited/Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5 –Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:3.13 To assist departments in improving cash management | 15 | 15 | 14 | 14 | 14 | 14 | 14 | 14 |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 3.2 | Asset and Liabilities Management | | | | | | |
|---|---|------------------------------------|---|---|---|---|---|
| Programme Performance indicators | Audited/Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of Tax Information Seminar conducted annually | 2 sessions | 2 sessions | 1 sessions | 1 session | 1 session | 1 session | 1 session |
| 2. Number of risk analysis reports per dept. to ensure compliance to tax legislation | 63 reports | 60 reports | 56 reports | 56 reports | 56 reports | 56 reports | 56 reports |
| 3. Number of quarterly assessment reports to depts. on status of bank related suspense accounts | 60 assessment reports | 60 Compliance Assessment reports | 56 Compliance Assessment reports | 56 assessment reports | 56 assessment reports | 56 assessment reports | 56 assessment reports |
| 4. Number of monthly bank reconciliations per department | 180 reconciled bank reconciliation | 180 Reconciled bank reconciliation | 168 Reconciled bank reconciliation | 168 reconciled bank reconciliation | 168 reconciled bank reconciliation | 168 reconciled bank reconciliation | 168 reconciled bank reconciliation |
| 5. Number of quarterly reports on withdrawals from municipal bank accounts | 4 reports on withdrawals from municipal bank accounts | 4 reports on withdrawals | 4 reports on withdrawals from municipal bank accounts | 4 reports on withdrawals from municipal bank accounts | 4 reports on withdrawals from municipal bank accounts | 4 reports on withdrawals from municipal bank accounts | 4 reports on withdrawals from municipal bank accounts |

Quarterly targets: 2018/19

| Sub-programme: 3.2 | Asset and Liabilities Management | | | | | |
|--|----------------------------------|---|---|---|---|---|
| Performance indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of Tax Information Seminar conducted annually | Annually | 1 session | Nil | 1 session | Nil | Nil |
| 2. Number of risk analysis reports per dept. to ensure compliance to tax legislation | Quarterly | 56 Risk Analysis reports | 14 Risk Analysis reports | 14 Risk Analysis reports | 14 Risk Analysis reports | 14 Risk Analysis reports |
| 3. Number of quarterly assessment reports to depts. on status of bank related suspense accounts compiled | Quarterly | 56 assessment reports | 14 assessment reports | 14 assessment reports | 14 assessment reports | 14 assessment reports |
| 4. Number of monthly bank reconciliations per department to be reconciled | Monthly | 168 reconciled bank reconciliation | 42 bank reconciliations | 42 bank reconciliations | 42 bank reconciliations | 42 bank reconciliations |
| 5. Number of quarterly reports on withdrawals from municipal bank accounts | Quarterly | 4 reports on withdrawals from municipal bank accounts | 1 report on withdrawal from municipal bank accounts | 1 report on withdrawal from municipal bank accounts | 1 report on withdrawal from municipal bank accounts | 1 report on withdrawal from municipal bank accounts |



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

The strategic objective is:

- To provide technical and functional support to supporting and interlinked financial systems.

Specified policies and priorities

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

Strategic objective annual targets: 2018/19

| Sub-programme: 3.3 | Supporting and Interlinked Financial Systems | | | | | | | |
|---|--|-----------|--------------|-------------------------------|---------------------|--------------|--------------|---------------|
| Strategic objective | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5-Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO: 3.18 To provide technical and functional support to supporting and interlinked financial systems. | 2hrs 1 min | 2hr18 min | 8-16 hr MTTR | 8-16 hr MTTR | 8-16 hr MTTR | 8-16 hr MTTR | 8-16 hr MTTR | 8-16 hr MTTR |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 3.3 | Supporting and Interlinked Financial Systems | | | | | | |
|---|--|-----------|------------|-------------------------------|---------------------|--------------|--------------|
| Programme Performance Indicator | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Mean (Average) time to resolve IT calls on transversal systems | 2hrs 1 min | 2hr18 min | 2hr 05 min | 8-16 hr MTTR | 8-16 hr MTTR | 8-16 hr MTTR | 8-16 hr MTTR |

Quarterly targets: 2018/19

| Sub-programme: 3.3 | Supporting and Interlinked Financial Systems | | | | | |
|---|--|-----------------------|-------------------|--------------|--------------|--------------|
| Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Mean (Average) time to resolve IT calls on transversal systems | Quarterly | 8-16 hr MTTR | 8-16 hr MTTR | 8-16 hr MTTR | 8-16 hr MTTR | 8-16 hr MTTR |

3.4 Sub-programme: Provincial Supply Chain Management

The strategic objectives:

- To support and monitor adherence of departments, public entities and municipalities to SCM prescripts.

Specified policies and priorities

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



Strategic objective annual targets: 2018/19

| Sub-programme: 3.4 | | Provincial Supply Chain Management | | | | | | |
|--|----------------------------|------------------------------------|---------|-------------------------------|---------------------|---------|---------|----------------|
| Strategic objectives | Audited/Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5 –Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:3.15 To support and monitor adherence of departments, public entities and municipalities on SCM | 94 | 143 | 80 | 230 | 230 | 230 | 230 | 1000 |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 3.4 | | Provincial Supply Chain Management | | | | | |
|---|------------------------------|------------------------------------|--|--|--|--|--|
| Performance indicators | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of SCM training sessions conducted | 20 | 42 | Conducted 16 SCM training, information sessions, workshops and forums for state institutions | Conduct 12 SCM training, information sessions, workshops and forums for state institutions | Conduct 12 SCM training sessions, workshops and forums for state institutions | Conduct 12 SCM training sessions, workshops and forums for state institutions | Conduct 12 SCM training sessions, workshops and forums for state institutions |
| 2. Number of SCM compliance assessments conducted | 70 | 95 | Conducted 87 SCM assessments in depts, munic. and public entities & investigate complaints | Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints | Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints | Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints | Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints |
| 3. Number of policies reviewed | 4 | 6 | Reviewed and updated 4 policies | Review and update 4 policies | Review and update 4 policies | Review and update 4 policies | Review and update 4 policies |
| 4. Number of contract management analysis conducted | New | New | Conducted 19 contract management reviews for state institutions | Conduct 130 contract management reviews for state institutions | Conduct 130 contract management reviews for state institutions | Conduct 130 contract management reviews for state institutions | Conduct 130 contract management reviews for state institutions |

Quarterly targets: 2018/19

| Sub-programme: 3.4 | | Provincial Supply Chain Management | | | | |
|---|------------------|--|-------------------|-----------|-----------|-----------|
| Programme performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of SCM training sessions conducted | Quarterly | Conduct 12 SCM training, information sessions, workshops and forums for state institutions | 3 | 3 | 3 | 3 |
| 2. Number of SCM compliance assessments conducted | Quarterly | Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints | 21 | 21 | 21 | 21 |
| 3. Number of policies reviewed | Quarterly | Review and update 4 policies | 1 | 1 | 1 | 1 |
| 4. Number of contract management analysis conducted | Quarterly | Conduct 130 contract management reviews for state institutions | 40 | 30 | 30 | 30 |



3.5 Sub-programme: Public Private Partnerships (PPPs)

The strategic objectives:

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

Specified policies and priorities

The overall purpose of the sub-programme is to oversee and provide support at a provincial and municipal level in line with the PPP project cycle. This is achieved by ensuring that the PPP unit provides transaction support to government departments, public entities, municipalities and their municipal entities to ensure compliance with the PPP legislative processes where necessary, hold information workshops for capacity building in order to ensure that value for money is achieved.

Strategic objective annual targets: 2018/19

| Sub-programme: 3.5 | | Public Private Partnerships | | | | | | 5 –Year Target |
|--|----------------------------|-----------------------------|---------|-------------------------------|---------------------|---------|---------|----------------|
| Strategic objective | Audited/Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:3.14 To provide substantial technical, financial and legal advice in support of all provincial PPPs in line with PPP Project Cycle as regulated by National Treasury guidelines | | 37 | 26 | 26 | 26 | 26 | 26 | 130 |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 3.5 | | Public Private Partnerships | | | | | |
|--|----------------------------|-----------------------------|---------|-------------------------------|---------------------|---------|---------|
| Programme Performance Indicator | Audited/Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of PPP Seminars/Workshops conducted annually | 13 | 2 | 2 | 2 | 2 | 2 | 2 |
| 2. Number of reports for Prov. Treasury management and NT PPP unit submitted | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| 3. Number of contract management reports on closed deals | 12 | 12 | 12 | 12 | 12 | 12 | 12 |

Quarterly targets: 2018/19

| Sub-programme: 3.5 | | Public Private Partnerships | | | | | |
|--|------------------|-----------------------------|-------------------|-----------|-----------|-----------|--|
| Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | |
| 1. Number of PPP Seminars/Workshops conducted annually. | Bi-Annually | 2 | N/A | 1 | N/A | 1 | |
| 2. Number of reports for Prov. Treasury management and NT PPP unit submitted | Quarterly | 12 | 3 | 3 | 3 | 3 | |
| 3. Number of contract management reports on closed deals | Quarterly | 12 | 3 | 3 | 3 | 3 | |



3.6 Sub-programme: Accounting Services (Financial Reporting)

The strategic objectives are:

- To assist departments, public entities and municipalities in the attainment of positive audit outcomes for the Province, with respect to financial management.

Specified policies and priorities

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

Strategic objective annual targets: 2018/19

| Sub-programme: 3.6 | Accounting Services (Financial Reporting) | | | | | | | |
|---|---|---------|---------|-------------------------------|---------------------|---------|---------|---------------|
| Strategic objective | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5-Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO: 3.16 To assist departments, municipalities and public entities in the attainment of a clean audit outcome for the Province. | 24 | 36 | 21 | 16 | 26 | 24 | 28 | 115 |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 3.6 | Accounting Services (Financial Reporting) | | | | | | |
|---|---|--|---|---|---|---|---|
| Programme Performance Indicators | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Timeous tabling of Audited Consolidated AFS for Provincial Departments to Legislature | Compiled and tabled consolidated AFS for FY13/14 in Legislature | Consolidated Departments AFS for FY 14/15 tabled in legislature | Audited Consolidated AFS for FY 2015/16 by 30 December 2016 | Audited Consolidated AFS for FY 2016/17 by 30 November 2017 | Audited Consolidated AFS for FY 2017/18 tabled by 31 December 2018 to Legislature | Audited Consolidated AFS for FY 2018/19 tabled by 31 December 2019 | Audited Consolidated AFS AG for FY 2019/20 tabled by 31 December 2020 |
| 2. Timeous tabling of consolidated AFS for Public Entities to Legislature | Compiled and tabled consolidated AFS for FY13/14 in legislature | Consolidated Public Entities AFS for FY 14/15 tabled in legislature | Audited Consolidated AFS for FY 2015/16 by 31 December 2016 | Audited Consolidated AFS for FY 2016/17 by 30 November 2017 | Audited Consolidated AFS for FY 2017/18 tabled by to Legislature 31 December 2018 | Audited Consolidated AFS for FY 2018/19 tabled by 31 December 2019 | Audited Consolidated AFS AG for FY 2019/20 tabled by 31 December 2020 |
| 3. Timeous submission of consolidated AFS for Revenue Fund to Legislature | Compiled Revenue Fund Annual Financial Statements | Revenue Fund AFS 2014/15 submitted | Audited Revenue Fund for FY 2015/16 by 31 December 2016 | Audited Revenue Fund to AG for FY 2016/17 by 30 November 2017 | Audited AFS for FY 2017/18 by to Legislature 31 December 2018 | Audited AFS for FY 2018/19 by to Legislature 31 December 2019 | Audited AFS for FY 2019/20 by to legislature 31 December 2020 |
| 4. Number of trainings conducted to Provincial Departments and Public Entities to strengthen financial management | Not achieved | 2 AFS Training Workshop conducted for Departments and 1 training workshop conducted for municipalities | Not Achieved | 1 training workshop by 30 September 2017 | 1 training workshop by 30 April 2018 | 1 training workshop by 30 April 2019 | 1 training workshop by 30 April 2020 |
| 5. Number of progress reports on financial management support based on identified needs/audit findings | New | New | Progress reports on intensive on-site financial management support to 4 Departments | Progress reports on Financial management support based on specific requests received from Departments | 3 Progress reports on Financial management support based on identified needs/audit findings for Departments | 3 Progress reports on Financial management support based on identified needs/audit findings for Departments | 3 Progress reports on Financial management support based on identified needs/audit findings for Departments |
| 6. Annual Pre-audit review conducted on Departments preparing AFS on MCS basis | New | New | Function performed by Internal Audit | Pre-audit review of AFS at Departments preparing AFS on the MCS basis | Pre-audit review of AFS at all Departments preparing AFS on the MCS basis | Pre-audit review of AFS at all Departments preparing AFS on the MCS basis | Pre-audit review of AFS at all Departments preparing AFS on the MCS |



| | | | | | | | basis |
|--|--|---|---|--|--|--|--|
| 7. Annual Pre-audit review conducted on Public Entities | New | New | Function performed by Internal Audit | Pre-audit review of AFS at 7 Public Entities | Pre-audit review of AFS at 7 Public Entities | Pre-audit review of AFS at 7 Public Entities | Pre-audit review of AFS at 7 Public Entities |
| 8. Financial Management Monitoring Support to Municipalities | Pre-audit assessment report in 10 municipalities | Pre-audit assessment performed at 10 municipalities | Pre-audit assessment report in 14 municipalities by 30 August 2016 | Pre-audit assessment report in 4 municipalities by 31 August 2017 | Pre-audit assessment report in 4 municipalities by 31 August 2018 | N/A Function to be transferred to Municipal Finance | N/A Function to be transferred to Municipal Finance |
| | Progress reports on intensive on-site financial management support to 7 municipalities | Progress reports on intensive on-site financial management support to 19 municipalities | Progress reports on intensive on-site financial management support to 11 municipalities within 10 days of every quarter end | Progress reports on intensive on-site financial management support to 4 municipalities within 10 days of every quarter end | Progress reports on intensive on-site financial management support to 6 municipalities within 10 days of every quarter end | N/A Function to be transferred to Municipal Finance | N/A Function to be transferred to Municipal Finance |
| | New | New | New | Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end | Monitor implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end | N/A | N/A |

Quarterly targets: 2018/19

| Sub-programme: 3.6 | | Accounting Services (Financial Reporting) | | | | |
|--|------------------|--|--|--|--|---|
| Programme Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Timeous tabling of consolidated AFS for Provincial Departments to Legislature | Annually | Audited Consolidated AFS for FY 2017/18 by 31 December 2018 | N/A | N/A | Audited Consolidated AFS for FY 2017/18 by 31 December 2018 | N/A |
| 2. Timeous tabling of consolidated AFS for Public Entities to Legislature | Annually | Audited Consolidated AFS for FY 2017/18 by 31 December 2018 | N/A | N/A | Audited Consolidated AFS for FY 2017/18 by 31 December 2018 | N/A |
| 3. Timeous submission of Audited AFS for Revenue Fund to Legislature | Annually | Audited AFS for FY 2017/18 submitted by to Legislature 31 December 2018 | N/A | N/A | Audited AFS for FY 2017/18 submitted by o Legislature 31 December 2018 | N/A |
| 4. Number of trainings conducted to Provincial Departments and Public Entities | Annually | 1 training workshop by 30 April 2018 | 1 training workshop by 30 April 2018 | N/A | N/A | N/A |
| 5. Number of progress reports on financial management support based on identified needs/audit findings | Quarterly | 3 Progress reports on Financial management support based on identified needs/audit findings for Departments | 3 Progress reports on Financial management support based on identified needs/audit findings for Departments | 3 Progress reports on Financial management support based on identified needs/audit findings for Departments | 3 Progress reports on Financial management support based on identified needs/audit findings for Departments | 3 Progress reports on Financial management support based on identified needs/audit findings for Departments |
| 6. Annual Pre-audit review conducted on Departments preparing AFS on MCS basis | Annually | Pre-audit review of AFS at all Departments preparing AFS on the MCS basis | Pre-audit review of AFS at all Departments preparing AFS on the MCS basis | N/A | N/A | N/A |
| 7. Annual Pre-audit review conducted on Public Entities | Annually | Pre-audit review of AFS at 7 Public Entities | Pre-audit review of AFS at 7 Public Entities | N/A | N/A | N/A |
| 8. Financial Management Monitoring Support to Municipalities | Annually | Pre-audit assessment report in 4 municipalities by 31 August 2018 | N/A | Pre-audit assessment report in 4 municipalities by 31 August 2018 | N/A | N/A |
| | Quarterly | Progress reports on intensive on-site financial management support to 6 municipalities within 10 days of every quarter end | Progress reports on intensive on-site financial management support to 6 municipalities within 10 days of every quarter end | Progress reports on intensive on-site financial management support to 6 municipalities within 10 days of every quarter end | Progress reports on intensive on-site financial management support to 6 municipalities within 10 days of every quarter end | N/A |
| | Quarterly | Monitor implementation | Monitor implementation | Monitor | Monitor | N/A |



| | | | | | | |
|--|--|---|---|--|--|--|
| | | of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end | of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end | implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end | implementation of MSCOA by Municipalities and provide progress reports within 10 days of every quarter end | |
|--|--|---|---|--|--|--|

3.7 Sub-programme: Norms and Standards

The strategic objective is:

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

Specified policies and priorities

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

Strategic objective annual targets: 2018/19

| Sub-programme: 3.7 | Norms and Standards | | | | | | | |
|---|----------------------------|---------|---------|-------------------------------|---------------------|---------|---------|----------------|
| Strategic objective | Audited/Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5 –Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:3.17 To develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities | 130 | 136 | 137 | 64 | 52 | 52 | 52 | 272 |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 3.7 | Norms and Standards | | | | | | |
|---|--|--|---|---|---|---|---|
| Performance indicator | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of policies reviewed for institutions | 114 instruction notes reviewed and policies developed/ reviewed for departments and municipalities | 1 Municipal circular developed 31 instruction notes and 73 policies reviewed, 9 policy developed and 8 standard operating procedures developed. (121) | 123 instruction notes and policies developed and reviewed | 48 instruction notes, standard operating procedures and policies developed and/or reviewed based on needs analysis. | 8 instruction notes reviewed for departments 8 standard operating procedures reviewed for departments 20 policies reviewed for 4 entities | 8 instruction notes reviewed for departments 8 standard operating procedures reviewed for departments 20 policies reviewed for 4 entities | 8 instruction notes reviewed for departments 8 standard operating procedures reviewed for departments 20 policies reviewed for 4 entities |
| 2. Number of institutions assessed for compliance with financial norms and standards. | All departments assessed and monitored | All departments assessed and monitored | All departments assessed and monitored | 14 departments and 8 public entities assessed and monitored. | 14 departments assessed 2 public entities assessed | 14 departments assessed 2 public entities assessed | 14 departments assessed 2 public entities assessed |

Quarterly targets: 2018/19

| Sub-programme: 3.7 | Norms and Standards | | | | | |
|---|---------------------|--|---|---|---|---|
| Programme performance indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of policies reviewed for institutions | Quarterly | 8 instruction notes reviewed for departments | 2 instruction notes reviewed for departments. | 2 instruction notes reviewed for departments. | 2 instruction notes reviewed for departments. | 2 instruction notes reviewed for departments. |



| | | | | | | |
|---|-----------|--|--|--|--|--|
| | | 8 standard operating procedures reviewed for departments | 2 standard operating procedures reviewed for departments | 2 standard operating procedures reviewed for departments | 2 standard operating procedures reviewed for departments | 2 standard operating procedures reviewed for departments |
| | | 20 policies reviewed for 4 entities | 5 policies reviewed for an entity | 5 policies reviewed for an entity | 5 policies reviewed for an entity | 5 policies reviewed for an entity |
| 2. Number of institutions assessed for compliance with financial norms and standards. | Quarterly | 14 departments assessed | 14 departments assessed | 14 departments assessed | 14 departments assessed | 14 departments assessed |
| | | 8 public entities assessed | 2 public entities assessed | 2 public entities assessed | 2 public entities assessed | 2 public entities assessed |

3.8 Reconciliation of budget with plan

Table 3.8.1 : Summary of payments and estimates by sub-programme: Financial Governance

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|--|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2017/18 | 2018/19 | 2019/20 |
| 1. Programme Support | - | - | - | - | - | - | 3 892 | 4 235 | 4 468 |
| 2. Asset and Liabilities Management | 12 125 | 13 931 | 14 101 | 17 070 | 18 335 | 18 385 | 19 219 | 14 969 | 15 809 |
| 3. Support and Interlinked Financial Systems | 119 882 | 122 056 | 107 833 | 109 891 | 101 891 | 96 576 | 94 182 | 103 198 | 108 875 |
| 4. Supply Chain Management | 70 492 | 52 062 | 39 769 | 44 272 | 44 276 | 44 472 | 44 731 | 47 735 | 50 360 |
| 5. Public, Private Partnerships | 5 673 | 4 916 | 5 493 | 8 288 | 8 288 | 8 270 | 8 288 | 8 785 | 9 268 |
| 6. Accounting Services | 55 847 | 42 626 | 35 087 | 28 331 | 33 631 | 33 060 | 32 668 | 34 535 | 36 433 |
| 7. Norms and Standards | 4 016 | 4 572 | 4 927 | 5 968 | 5 968 | 5 945 | 6 622 | 7 084 | 7 474 |
| Total | 268 035 | 240 163 | 207 210 | 213 820 | 212 389 | 206 708 | 209 602 | 220 541 | 232 687 |

Table 3.8.2 : Summary of payments and estimates by economic classification: Financial Governance

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|---|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2017/18 | 2018/19 | 2019/20 |
| Current payments | 255 388 | 227 890 | 206 011 | 212 442 | 206 202 | 200 656 | 203 156 | 214 620 | 226 500 |
| Compensation of employees | 52 304 | 55 409 | 56 955 | 71 759 | 63 139 | 62 511 | 74 456 | 79 316 | 83 916 |
| Goods and services | 203 084 | 172 481 | 149 056 | 138 949 | 142 329 | 137 411 | 125 200 | 133 804 | 140 984 |
| Interest and rent on land | - | - | - | 1 734 | 734 | 734 | 3 500 | 1 500 | 1 600 |
| Transfers and subsidies to: | 2 067 | 975 | 492 | 885 | 654 | 552 | 939 | 1 040 | 1 098 |
| Provinces and municipalities | - | - | - | - | - | - | - | - | - |
| Departmental agencies and accounts | - | - | - | - | - | - | - | - | - |
| Higher education institutions | - | - | - | - | - | - | - | - | - |
| Foreign governments and international organisations | - | - | - | - | - | - | - | - | - |
| Public corporations and private enterprises | - | - | - | - | - | - | - | - | - |
| Non-profit institutions | 1 227 | - | - | - | - | - | - | - | - |
| Households | 840 | 975 | 492 | 885 | 654 | 552 | 939 | 1 040 | 1 098 |
| Payments for capital assets | 10 580 | 11 237 | 707 | 493 | 5 533 | 5 500 | 5 507 | 4 881 | 5 089 |
| Buildings and other fixed structures | - | - | - | - | - | - | - | - | - |
| Machinery and equipment | 10 580 | 11 237 | 707 | 493 | 5 533 | 5 500 | 5 507 | 4 881 | 5 089 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Specialised military assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Land and sub-soil assets | - | - | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | - | - | - | - | - | - |
| Payments for financial assets | - | 61 | - | - | - | - | - | - | - |
| Total | 268 035 | 240 163 | 207 210 | 213 820 | 212 389 | 206 708 | 209 602 | 220 541 | 232 687 |



4. PROGRAMME 4: INTERNAL AUDIT

The strategic objectives of Programme 4 are to provide departments and public entities with the following:

- An efficient, effective and economical assurance service.
- Build and maintain solid client relationships through providing value added services.
- To promote good governance through assisting provincial departments, public entities and municipalities with risk management and internal audit capacity building.
- Promote a culture of zero tolerance for fraud and corruption in the province.

The programme consists of the following measurable sub-programmes:

- 4.1 Sub-programme: Programme Support
- 4.2 Sub-programme: Assurance Services
- 4.3 Sub-programme: Risk Management
- 4.4 Sub-programme: Forensic Services

4.1 Sub-programme: Programme Support

This sub-programme is responsible for providing strategic leadership support to internal audit division. There are no measurable performance indicators, hence this office is not measured.

4.2 Sub-programme: Assurance Services

The strategic objectives are:

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

Specified policies and priorities

The Provincial Internal Audit Services (PIAS) provides a legislated shared internal audit function which covers an independent objective assurance and consulting services on issues of internal controls, risk management and governance as provided in the PFMA and aligns its services to the Standards for the Professional Practice of Internal Auditing (ISPPA) and the principles in the King Report on Governance. Its scope is comprehensively defined in Chapter 3 of Treasury Regulations. These services are further regulated through the Provincial Internal Audit Charter and the Provincial Audit & Risk Committee Charter.

Strategic objective annual targets: 2018/19

| Sub-programme: 4.2 | Assurance Services | | | | | | | 5 –Year Target |
|---------------------|------------------------------|---------|---------|-------------------------------|---------------------|---------|---------|----------------|
| | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | |
| Strategic objective | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| | | | | | | | | |

| | | | | | | | | |
|---|-----|-----|-----|-----|-----|-----|-----|-----|
| SO:4.19 To provide an efficient, effective and economical assurance service | 234 | 224 | 224 | 164 | 168 | 168 | 168 | 896 |
| SO:4.20 To build & maintain solid client relationships through provision of value adding services | 48 | 93 | 60 | 42 | 56 | 56 | 56 | 284 |
| SO:4.21 To enhance capacity within and outside the unit | 17 | 13 | 13 | 8 | 8 | 8 | 8 | 45 |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 4.2 | | Assurance Services | | | | | |
|---|------------------------------|--------------------|---------|-------------------------------|---------------------|---------|---------|
| Programme Performance indicators | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of approved IA Annual operational plans and a rolling three year strategic plan | 23 | 22 | 22 | 14 | 14 | 14 | 14 |
| 2. Number of annual MEC Audit & Risk Committee report on clients' areas of risk management, governance and internal control | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 3. Number of risk based audit conducted | 225 | 189 | 179 | 150 | 148 | 148 | 148 |
| 4. Number of meetings held between clients and the Cluster Audit & Risk Committee | 78 | 48 | 60 | 56 | 56 | 56 | 56 |
| 5. Number of Audit Committee reports issued to Accounting Offices | New | New | New | New | 28 | 28 | 28 |
| 6. Number of training and development programmes attended | 15 | 16 | 12 | 8 | 8 | 8 | 8 |

Quarterly targets: 2018/19

| Sub-programme: 4.2 | | Assurance Services | | | | |
|---|------------------|-----------------------|-------------------|-----------|-----------|-----------|
| Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of approved IA Annual operational plans and a rolling three year strategic plan | Annually | 14 | 14 | N/A | N/A | N/A |
| 2. Number of annual MEC Audit & Risk Committee report on clients' areas of risk management, governance and internal control | Annually | 1 | N/A | N/A | 1 | N/A |
| 3. Number of risk based audit conducted | Quarterly | 148 | 20 | 40 | 41 | 47 |
| 4. Number of meetings held between clients and the Cluster Audit & Risk Committee | Quarterly | 56 | 14 | 14 | 14 | 14 |
| 5. Number of Audit Committee reports issued to Accounting Offices | Bi-annually | 28 | N/A | 14 | N/A | 14 |
| 6. Number of training and development programmes attended | Quarterly | 8 | 2 | 2 | 2 | 2 |

4.3. Sub-programme: Risk Management

The strategic objective is:

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

Specified policies and priorities

The PFMA and the MFMA requires provincial government departments, public entities and municipalities to establish a system of risk management and internal control, and to ensure that risk assessments are conducted regularly to identify emerging risks of these institutions. It should be noted that these institutions have not taken full responsibility and ownership for ensuring establishment and



maintenance of an effective system of internal control and risk management. These institutions are still dependent on the Provincial Internal Audit Service (Risk and Advisory) in this regard.

In addition to the above, the unit has increased its focus on providing advisory services on areas relating to Business Continuity, Fraud Prevention, Occupational Health and Safety, and other Governance-related project to clients.

Strategic objective annual targets: 2018/19

| Strategic objective | Risk Management | | | | | | | 5 -Year Target |
|--|------------------------------|---------|---------|-------------------------------|---------------------|---------|---------|----------------|
| | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:4.22 Promote good governance through provision of effective risk management and advisory services | 40 | 233 | 421 | 225 | 214 | 224 | 224 | 1000 |

Programme performance indicators and annual targets: 2018/19

| Programme Performance Indicators | Risk Management | | | | | | |
|---|------------------------------|---------|---------|-------------------------------|---------------------|---------|---------|
| | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of risk assessments conducted for departments. . | 27 | 61 | 100 | 50 | 50 | 50 | 50 |
| 2. Number of risk maturity review reports issued to departments. . | New | 27 | 39 | 30 | 30 | 30 | 30 |
| 3. Number of Occupational Health and Safety Review reports issued to departments. | New | 15 | 40 | 30 | 30 | 30 | 30 |
| 4. Number of Business Continuity Review reports issued to departments. | New | 36 | 40 | 30 | 30 | 30 | 30 |
| 5. Number of risk forums held for departments | New | 4 | 5 | 4 | 4 | 4 | 4 |
| 6. Number of fraud prevention plans review reports issued to departments | New | 36 | 70 | 30 | 30 | 30 | 30 |
| 7. Number of risk/governance –related training/awareness provided to departments. | 13 | 31 | 64 | 20 | 20 | 20 | 20 |
| 8. Number of risk assessments conducted for municipalities. | New | New | New | New | 20 | 30 | 30 |

Quarterly targets: 2018/19

| Performance Indicators | Risk Management | | | | | |
|---|------------------|-----------------------|-------------------|-----------|-----------|-----------|
| | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of risk assessments conducted for clients | Quarterly | 50 | 10 | 10 | 20 | 10 |
| 2. Number of risk maturity review reports issued to clients. | Quarterly | 30 | 5 | 10 | 10 | 5 |
| 3. Number of Occupational Health and Safety Review reports issued to clients. | Quarterly | 30 | 5 | 10 | 10 | 5 |
| 4. Number of Business Continuity Review reports issued to clients. | Quarterly | 30 | 5 | 10 | 10 | 5 |
| 5. Number of risk forums held. | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 6. Number of fraud prevention plans review reports issued to clients. | Quarterly | 30 | 5 | 10 | 10 | 5 |
| 7. Number of risk/governance –related training/awareness provided to clients. | Quarterly | 20 | 5 | 5 | 5 | 5 |
| 8. Number of risk assessments conducted for municipalities. | Quarterly | 20 | 5 | 5 | 5 | 5 |

4.4 Sub-programme: Forensic Services

The strategic objective is:

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

Specified policies and priorities

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

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

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

Strategic objective annual targets: 2018/19

| Sub-programme: 4.4 | Forensic Services | | | | | | | |
|--|------------------------------|---------|---------|-------------------------------|---------------------|---------|---------|----------------|
| Strategic objective | Audited / Actual Performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5 –Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO:4.24 Promote a culture of zero tolerance for fraud and corruption | 83 | 254 | 228 | 125 | 127 | 126 | 126 | 126 |

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 4.4 | Forensic Services | | | | | | |
|---|------------------------------|---------|---------|-------------------------------|---------------------|---------|---------|
| Performance indicator | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of Forensic Audits reports issued | 25 | 35 | 54 | 30 | 32 | 32 | 32 |
| 2. Number of updated register of forensic investigations – MEC Report | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 3. Number of follow ups on completed investigations | 54 | 69 | 127 | 60 | 60 | 60 | 60 |

Quarterly targets: 2018/19

| Sub-programme: 4.4 | Forensic Services | | | | | |
|---|-------------------|-----------------------|-------------------|-----------|-----------|-----------|
| Programme performance indicator | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of Forensic Audits reports issued | Quarterly | 32 | 8 | 8 | 8 | 8 |
| 2. Number of updated register of forensic investigations – MEC Report | Quarterly | 4 | 1 | 1 | 1 | 1 |
| 3. Number of follow ups on completed investigations | Quarterly | 60 | 15 | 15 | 15 | 15 |



4.5 Reconciliation of budget with plan

Table 4.5.1 : Summary of payments and estimates by sub-programme: Internal Audit

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|-----------------------|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2017/18 | 2018/19 | 2019/20 |
| 1. Programme Support | - | - | - | - | - | - | 3 575 | 3 729 | 3 934 |
| 2. Assurance Services | 73 585 | 78 647 | 78 037 | 65 275 | 75 802 | 76 817 | 78 993 | 84 583 | 89 217 |
| 3. Risk Management | 56 835 | 55 957 | 24 441 | 19 055 | 30 055 | 29 531 | 25 055 | 25 055 | 26 433 |
| 4. Forensic Services | - | - | 30 267 | 39 558 | 39 634 | 36 264 | 36 932 | 39 478 | 41 648 |
| Total | 130 420 | 134 604 | 132 745 | 123 888 | 145 491 | 142 612 | 144 555 | 152 845 | 161 232 |

Table 4.5.2 : Summary of payments and estimates by economic classification: Internal Audit

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|---|-----------------|----------------|----------------|--------------------|------------------------|------------------|-----------------------|----------------|----------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2017/18 | 2018/19 | 2019/20 |
| Current payments | 129 803 | 133 455 | 131 683 | 123 024 | 144 549 | 141 195 | 143 564 | 151 800 | 160 129 |
| Compensation of employees | 54 987 | 59 441 | 67 544 | 70 976 | 75 976 | 74 543 | 79 104 | 81 746 | 86 243 |
| Goods and services | 74 816 | 74 014 | 64 139 | 52 048 | 68 573 | 66 652 | 64 460 | 70 054 | 73 886 |
| Interest and rent on land | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies to: | 170 | 684 | 101 | 103 | 181 | 144 | 106 | 112 | 118 |
| Provinces and municipalities | - | - | - | - | - | - | - | - | - |
| Departmental agencies and accounts | - | - | - | - | - | - | - | - | - |
| Higher education institutions | - | - | - | - | - | - | - | - | - |
| Foreign governments and international organisations | - | - | - | - | - | - | - | - | - |
| Public corporations and private enterprises | - | 4 | - | - | - | - | - | - | - |
| Non-profit institutions | - | - | - | - | - | - | - | - | - |
| Households | 170 | 680 | 101 | 103 | 181 | 144 | 106 | 112 | 118 |
| Payments for capital assets | 443 | 262 | 960 | 761 | 761 | 1 273 | 885 | 933 | 985 |
| Buildings and other fixed structures | - | - | - | - | - | - | - | - | - |
| Machinery and equipment | 443 | 262 | 960 | 761 | 761 | 1 273 | 885 | 933 | 985 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Specialised military assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Land and sub-soil assets | - | - | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | - | - | - | - | - | - |
| Payments for financial assets | 4 | 203 | 1 | - | - | - | - | - | - |
| Total | 130 420 | 134 604 | 132 745 | 123 888 | 145 491 | 142 612 | 144 555 | 152 845 | 161 232 |

5. PROGRAMME 5: MUNICIPAL FINANCE MANAGEMENT

Programme 5 has been established during the 2017/18 financial year in line with the new generic structure which was approved by the Budget Council Lekgotla on 8 November 2014.

Municipal Finance was previously managed as sub-programme 2.4 of Programme 2: Sustainable Resource Management. Functions previously performed under sub-programmes 3.1, 3.4 and 3.5 of Programme 3: Financial Management relating to municipalities still need to be incorporated under this Programme.

The achievement of all targets is dependent on the provision of additional financial and human resources to Programme 5. This can be achieved through the movement of existing resources, previously responsible for the functions to Programme 5.

The programme consists of the following sub-programmes:

- | | | |
|------------|-----------------------|---|
| 5.1 | Sub-programme: | Programme Support |
| 5.2 | Sub-programme: | Municipal Budget |
| 5.3 | Sub-programme: | Municipal Accounting & Reporting |
| 5.4 | Sub-programme: | Municipal Support Program |

Specified Policies and Priorities

Municipalities are the custodians of public funds and are tasked with using their resources to respond to the needs of communities for infrastructure, local services, community development and spatial development. National and Provincial Government has a constitutional mandate to monitor the state of local government finances and financial management to ensure sustainable service delivery by municipalities.

5.1 Sub-programme: Programme Support

This sub-programme is responsible for providing strategic leadership support to municipal finance management division. There are no measurable performance indicators, hence this office is not measured.

5.2 Sub-programme: Municipal Budget

The strategic objectives are:

- To ensure optimal and sustainable municipal budgets; and
- To ensure optimal implementation of budgets by municipalities and reporting on related compliance.

Specified policies and priorities

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

The key activities are:

- Monitor the implementation of the budgeting framework by municipalities.



- Provide guidance on budget planning and implementation.
- Monitor, evaluate and report on budget implementation (e.g. In-Year Monitoring).
- Monitor and report on related compliance by municipalities.

Strategic objective annual targets: 2018/19

| Sub-programme: 5.2 | Municipal Budget | | | | | | | |
|--|--|---|---|--|---|---|---|--|
| Strategic objective | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | 5 –Year Target |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 | |
| SO: 5.1 To ensure optimal and sustainable municipal budgets ^{1&2} | New | New | New | New | 51 municipal tabled budgets evaluated | 51 municipal tabled budgets evaluated | 51 municipal tabled budgets evaluated | 51 municipal tabled budgets evaluated ³ |
| | New | New | New | New | 51 municipal approved budgets evaluated | 51 municipal approved budgets evaluated | 51 municipal approved budgets evaluated | 51 municipal approved budgets evaluated ³ |
| | New | New | New | New | 1 budget related workshop | 1 budget related workshop | 1 budget related workshop | 1 budget related workshop ³ |
| SO: 5.2 To ensure optimal implementation of budgets by municipalities and reporting on related compliance ^{1&2} | 12 Section 71(6) reports | 12 Section 71 (6) reports, 22 working days after end of each month | 12 Section 71 (6) reports, 22 working days after end of each month | 12 Section 71(6) reports | 12 Section 71(6) reports | 12 Section 71(6) reports | 12 Section 71(6) reports | 12 Section 71(6) reports |
| | 4 Section 71(7) Quarterly budget performance reports | 4 Section 71 (7) Quarterly budget performance reports, 45 days after end of quarter | 4 Section 71 (7) Quarterly budget performance reports, 45 days after end of quarter | 4 Section 71(7) Quarterly budget performance reports | 4 Section 71(7) Quarterly budget performance reports | 4 Section 71(7) Quarterly budget performance reports | 4 Section 71(7) Quarterly budget performance reports | 4 Section 71(7) Quarterly budget performance reports |
| | New | New | New | New | 51 Section 72 municipal reports evaluated | 51 Section 72 municipal reports evaluated | 51 Section 72 municipal reports evaluated | 51 Section 72 municipal reports evaluated ³ |
| | New | New | New | New | 2 reports on the compliance with the applicable MFMA reporting requirements | 2 reports on the compliance with the applicable MFMA reporting requirements | 2 reports on the compliance with the applicable MFMA reporting requirements | 2 reports on the compliance with the applicable MFMA reporting requirements ³ |
| | New | New | New | New | 5 Municipal Finance Circulars | 5 Municipal Finance Circulars | 5 Municipal Finance Circulars | 5 Municipal Finance Circulars ³ |

¹Target is dependent on the cut-off date and closure of the NT Igdatabase and/or timeous submission by municipalities

² Targets include monitoring and reporting on compliance with MFMA and related legislations

³ Target is not cumulative

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 5.2 | Municipal Budget | | | | | | |
|---|------------------------------|--|--|-------------------------------|---|---|---|
| Programme Performance indicators | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of municipal tabled budgets to be evaluated ^{1&2} | New | New | New | New | 51 municipal tabled budgets evaluated | 51 municipal tabled budgets evaluated | 51 municipal tabled budgets evaluated |
| 2. Number of municipal approved budgets to be evaluated ^{1&2} | New | New | New | New | 51 municipal approved budgets evaluated | 51 municipal approved budgets evaluated | 51 municipal approved budgets evaluated |
| 3. Number of budget workshops conducted | New | New | New | New | 1 budget related workshop | 1 budget related workshop | 1 budget related workshop |
| 4. Number of Section 71(6) reports (Monthly municipal IYM report) submitted within the prescribed time frame ^{1&2} | 12 Section 71(6) reports | 12 Section 71 (6) reports, 22 working days after end of each month | 12 Section 71 (6) reports, 22 working days after end of each month | 12 Section 71(6) reports | 12 Section 71(6) reports | 12 Section 71(6) reports | 12 Section 71(6) reports |



Programme performance indicators and annual targets: 2018/19

| Programme Performance indicators | Municipal Budget | | | | | | |
|--|--|---|---|--|---|---|---|
| | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 5. Number of Section 71(7) Quarterly budget performance reports ^{1&2} completed | 4 Section 71(7) Quarterly budget performance reports | 4 Section 71 (7) Quarterly budget performance reports, 45 days after end of quarter | 4 Section 71 (7) Quarterly budget performance reports, 45 days after end of quarter | 4 Section 71(7) Quarterly budget performance reports | 4 Section 71(7) Quarterly budget performance reports | 4 Section 71(7) Quarterly budget performance reports | 4 Section 71(7) Quarterly budget performance reports |
| 6. Number of Section 72 municipal reports evaluated ^{1&2} | New | New | New | New | 51 Section 72 municipal reports evaluated | 51 Section 72 municipal reports evaluated | 51 Section 72 municipal reports evaluated |
| 7. Number of reports on the compliance with the applicable MFMA reporting requirements | New | New | New | New | 2 reports on the compliance with the applicable MFMA reporting requirements | 2 reports on the compliance with the applicable MFMA reporting requirements | 2 reports on the compliance with the applicable MFMA reporting requirements |
| 8. Number of Municipal Finance Circulars issued | New | New | New | New | 5 Municipal Finance circulars | 5 Municipal Finance circulars | 5 Municipal Finance circulars |

Quarterly targets: 2018/19

| Performance Indicators | Municipal Budget | | | | | |
|---|------------------|---|---------------------------------------|---|---------------------------|---|
| | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of municipal tabled budgets to be evaluated ^{1&2} | Annually | 51 municipal tabled budgets evaluated | 51 municipal tabled budgets evaluated | N/A | N/A | N/A |
| 2. Number of municipal approved budgets to be evaluated ^{1&2} | Annually | 51 municipal approved budgets evaluated | N/A | 51 municipal approved budgets evaluated | N/A | N/A |
| 3. Number of budget workshops conducted | Annually | 1 budget related workshop | N/A | N/A | 1 budget related workshop | N/A |
| 4. Number of Section 71(6) reports (Monthly municipal IYM report) submitted within the prescribed time frame ^{1&2} | Monthly | 12 Section 71(6) reports | 3 reports | 3 reports | 3 reports | 3 reports |
| 5. Number of Section 71(7) Quarterly budget performance reports ^{1&2} completed | Quarterly | 4 Section 71(7) Quarterly budget performance reports | 1 report | 1 report | 1 report | 1 report |
| 6. Number of Section 72 municipal reports evaluated ^{1&2} | Annually | 51 Section 72 municipal reports evaluated | N/A | N/A | N/A | 51 Section 72 municipal reports evaluated |
| 7. Number of reports on the compliance with the applicable MFMA reporting requirements | Bi-annually | 2 reports on the compliance with the applicable MFMA reporting requirements | N/A | 1 report | N/A | 1 report |
| 8. Number of Municipal Finance Circulars issued | Quarterly | 5 Municipal Finance circulars | 1 circular | 2 circulars | 1 circular | 1 circular |

¹Target is dependent on the cut-off date and closure of the NT Igdatabase and/or timeous submission by municipalities

²Targets include monitoring and reporting on compliance with MFMA and related legislations

5.3 Sub-programme: Municipal Accounting & Reporting

This is a new sub-programme which will be phased in over the MTEF 2019/20 period. Functions are currently performed by sub-programme 3.6.

The strategic objective is:

- To assist, support and monitor municipalities with financial management and compliance with the annual reporting framework;



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Specified policies and priorities

The overall purpose of this sub-programme is to establish and formulate support strategies to address weaknesses within the financial management accounting and reporting processes of delegated municipalities.

The sub-programme also aims to monitor and support municipalities with financial asset and liability management as well as provide specific support with regards to fixed asset management.

The key activities are:

- Promote the understanding and implementation of accounting standards (GRAP).
- Monitor compliance with reporting requirements.
- Provide accounting services and support.
- Develop and implement systems and processes to improve sound financial management and audit outcomes and report thereon.
- Review and report on the quality of annual financial statements.
- Monitor, evaluate and report on compliance with Municipal Asset Management Regulations and remedial actions, and report on the implementation thereof.

5.4 Sub-programme: Municipal Support Program

The strategic objective is:

- To assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability.

Specified policies and priorities

The Municipal Support Program (MSP) was established to assist and provide technical support to delegated municipalities. The MSP is committed to supporting its clients and identifying methods to improve service delivery by assisting and supporting municipalities, as well as ensuring compliance with the MFMA and other relevant legislation. The program also places emphasis on capacity building within the projects undertaken.

The key activities of the unit are:

- Institute financial improvement measures that would assist in resolving the financial management issues municipalities are encountering.
- Improving transparency, reducing risk and enhancing internal controls.
- Development and implementation of systems and processes to improve financial viability and sustainability.
- Provision of technical training and enhancing management capabilities.

Strategic objective annual targets: 2018/19

| Sub-programme: 5.4 | Municipal Support Program | | | | | | 5 -Year Target | |
|---|------------------------------|-----------------------------|-----------------------------|-------------------------------|--|---------|----------------|-------------------------|
| | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | | 2020/21 |
| SO: 5.4 To assist and provide technical support to delegated municipalities to ensure sound | 16 municipalities supported | 40 municipalities supported | 30 municipalities supported | 10 municipalities to be | Reported as number of projects from 2018/19 (as per below) | | | 10 municipalities to be |

| | | | | | | | | |
|---|---|-----------------|-----------------|---------------------------|---|---|--|---|
| financial management and sustainability | through the MSP | through the MSP | through the MSP | supported through the MSP | | | supported through the MSP ¹ | |
| | Previously reported as number of municipalities supported by MSP (as per above) | | | | 10 projects to be conducted by MSP | 10 projects to be conducted by MSP | 12 projects to be conducted by MSP | 12 projects to be conducted by MSP ¹ |
| | New | New | New | New | 4 quarterly meetings to monitor progress on municipal support | 4 quarterly meetings to monitor progress on municipal support | New | New |
| | New | New | New | New | 4 quarterly CFO Forums | 4 quarterly CFO Forums | New | New |
| | New | New | New | New | 1 circular by 31 August 2018 on the grant roll over process | 1 circular by 31 August 2019 on the grant roll over process | New | New |

¹Target is not cumulative

Programme performance indicators and annual targets: 2018/19

| Sub-programme: 5.4 | | Municipal Support Program | | | | | |
|---|---|---|---|---|---|---|---|
| Programme Performance indicators | Audited / Actual performance | | | Estimated performance 2017/18 | Medium-term targets | | |
| | 2014/15 | 2015/16 | 2016/17 | | 2018/19 | 2019/20 | 2020/21 |
| 1. Number of municipalities supported by the MSP ¹ | 16 municipalities supported through the MSP | 40 municipalities supported through the MSP | 30 municipalities supported through the MSP | 10 municipalities to be supported through the MSP | Reported as number of projects from 2018/19 (as per below) | | |
| 2. Number of MSP projects implemented at target municipalities ¹ | Previously reported as number of municipalities supported by MSP (as per above) | | | | 10 projects to be implemented | 10 projects to be implemented | 12 projects to be implemented |
| 3. Number of municipal support steering committee meetings conducted | New | New | New | New | 4 quarterly meetings to monitor progress on municipal support | 4 quarterly meetings to monitor progress on municipal support | 4 quarterly meetings to monitor progress on municipal support |
| 4. Number of CFO Forums conducted | New | New | New | New | 4 quarterly CFO Forums | 4 quarterly CFO Forums | 4 quarterly CFO Forums |
| 5. Number of circulars on the grant roll over process | New | New | New | New | 1 circular by 31 August 2018 on the grant roll over process | 1 circular by 31 August 2019 on the grant roll over process | 1 circular by 31 August 2020 on the grant roll over process |

¹Same performance indicator reported originally as number of municipalities up to 2017/18, thereafter as number of projects with effect from 2018/19

Quarterly targets: 2018/19

| Sub-programme: 5.4 | | Municipal Support Program | | | | |
|--|------------------|---|-------------------|---|------------|------------|
| Performance Indicators | Reporting period | Annual target 2018/19 | Quarterly targets | | | |
| | | | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 |
| 1. Number of MSP projects implemented at target municipalities | Quarterly | 10 projects to be implemented | 2 projects | 2 projects | 3 projects | 3 projects |
| 2. Number of municipal support steering committee meetings conducted | Quarterly | 4 quarterly meetings to monitor progress on municipal support | 1 meeting | 1 meeting | 1 meeting | 1 meeting |
| 3. Number of CFO Forums conducted | Quarterly | 4 quarterly CFO Forums | 1 forum | 1 forum | 1 forum | 1 forum |
| 4. Number of circulars on the grant roll over process | Annually | 1 circular by 31 August 2018 on the grant roll over process | N/A | 1 circular by 31 August 2018 on the grant roll over process | N/A | N/A |

¹Target is not cumulative



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5.5 Reconciliation of budget with plan

Table 5.5.1 : Summary of payments and estimates by sub-programme: Municipal Finance Management

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|---------------------------------------|-----------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2017/18 | 2018/19 | 2019/20 |
| 1. Programme Support | - | - | - | - | - | - | 3 351 | 3 641 | 3 841 |
| 2. Municipal Budget | 36 405 | 46 037 | 53 193 | 57 181 | 57 181 | 55 792 | 27 813 | 29 432 | 31 051 |
| 3. Municipal Accounting and Reporting | - | - | - | - | - | - | - | - | - |
| 4. Municipal Support Programme | - | - | - | - | - | - | 32 545 | 34 433 | 36 327 |
| Total | 36 405 | 46 037 | 53 193 | 57 181 | 57 181 | 55 792 | 63 709 | 67 506 | 71 219 |

Table 5.5.2 : Summary of payments and estimates by economic classification: Municipal Finance Management

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|---|-----------------|---------------|---------------|--------------------|------------------------|------------------|-----------------------|---------------|---------------|
| | 2014/15 | 2015/16 | 2016/17 | | | | 2017/18 | 2018/19 | 2019/20 |
| Current payments | 36 107 | 45 792 | 53 017 | 57 036 | 57 036 | 55 608 | 63 564 | 67 353 | 71 058 |
| Compensation of employees | 24 137 | 25 458 | 25 757 | 30 786 | 30 786 | 30 098 | 33 177 | 35 373 | 37 318 |
| Goods and services | 11 970 | 20 334 | 27 260 | 26 250 | 26 250 | 25 510 | 30 387 | 31 980 | 33 740 |
| Interest and rent on land | - | - | - | - | - | - | - | - | - |
| Transfers and subsidies to: | - | 28 | - | - | - | 29 | - | - | - |
| Provinces and municipalities | - | - | - | - | - | - | - | - | - |
| Departmental agencies and accounts | - | - | - | - | - | - | - | - | - |
| Higher education institutions | - | - | - | - | - | - | - | - | - |
| Foreign governments and international organisations | - | - | - | - | - | - | - | - | - |
| Public corporations and private enterprises | - | - | - | - | - | - | - | - | - |
| Non-profit institutions | - | - | - | - | - | - | - | - | - |
| Households | - | 28 | - | - | - | 29 | - | - | - |
| Payments for capital assets | 298 | 217 | 176 | 145 | 145 | 155 | 145 | 153 | 161 |
| Buildings and other fixed structures | - | - | - | - | - | - | - | - | - |
| Machinery and equipment | 298 | 217 | 176 | 145 | 145 | 155 | 145 | 153 | 161 |
| Heritage assets | - | - | - | - | - | - | - | - | - |
| Specialised military assets | - | - | - | - | - | - | - | - | - |
| Biological assets | - | - | - | - | - | - | - | - | - |
| Land and sub-soil assets | - | - | - | - | - | - | - | - | - |
| Software and other intangible assets | - | - | - | - | - | - | - | - | - |
| Payments for financial assets | - | - | - | - | - | - | - | - | - |
| Total | 36 405 | 46 037 | 53 193 | 57 181 | 57 181 | 55 792 | 63 709 | 67 506 | 71 219 |

C: LINKS TO OTHER PLANS

Links to the long-term infrastructure and other capital plans

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

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

7. Conditional Grants

The table below reflects all the conditional Grants that the department has received.

Table 6.3 : Details of donor and agency funding receipts

| R thousand | Audited Outcome | | | Main Appropriation | Adjusted Appropriation | Revised Estimate | Medium-term Estimates | | |
|--|-----------------|---------|---------|--------------------|------------------------|------------------|-----------------------|---------|---------|
| | 2014/15 | 2015/16 | 2016/17 | 2017/18 | | | 2018/19 | 2019/20 | 2020/21 |
| Donor funding | - | - | 22 700 | - | 76 719 | 76 719 | 320 581 | - | - |
| EU Global Fund: Fight against HIV/AIDS, TB & Malaria | - | - | 22 700 | - | 76 719 | 76 719 | 320 581 | - | - |
| Total | - | - | 22 700 | - | 76 719 | 76 719 | 320 581 | - | - |

7.1 Global Fund

Provincial Treasury is one of the eight recipients of the Global Fund programme for the period 1 April 2016 to 31 March 2019 (three years). The main objective of the grant is to address the social and structural drivers of HIV and TB prevention, care and impact, preventing new HIV, STI and TB infections, sustaining health and wellness, as well as ensuring protection of human rights and improving access to justice. The total allocation for this project is R420 million over the 3 years and due some of the current challenges the project might not be completed by 2018/19.



Adjustments to 2015-2020 Strategic Plan

Due to operational and tactical adjustment a combined strategic objectives for Programme 1: Administration and sub programme: Infrastructure Management was revised to cater all sub programmes within programme 1 to better articulate the desired outputs, Programme 5: Growth and Development was adjusted to ensure alignment with strategic plan.

| PROGRAMME ONE: Administration | | |
|---|---|---|
| Sub Programme: Chief Financial Office | | |
| Strategic objective in Strategic Plan 2015 – 2020 that have changed | Adjusted strategic objective in 2018/19 APP | Comments |
| To provide strategic leadership support in the area of financial management, human resources, auxiliary services, information communication and technology and legal services to the department | Effective management of departmental finances in line with statutory requirements. | To better articulate the desired output |
| Sub Programme: Human Resource Management | | |
| To provide strategic leadership support in the area of financial management, human resources, auxiliary services, information communication and technology and legal services to the department | To provide optimal Human Resource services to the department | To better articulate the desired output |
| Sub Programme: Information Technology Management | | |
| To provide strategic leadership support in the area of financial management, human resources, auxiliary services, information communication and technology and legal services to the department | To provide IT technical and IT functional support to the department | To better articulate the desired output |
| PROGRAMME TWO: Sustainable Resource Management | | |
| Sub Programme: Infrastructure Management | | |
| To assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan | To facilitate implementation and institutionalisation of the Infrastructure Delivery Management System (IDMS) in all KZN provincial departments and municipalities; | Align with strategic objective no 1 to better articulate the desired output |
| To assist and provide infrastructure funding support to all KZN provincial departments and municipalities. | To Support efficient Infrastructure planning and management in KZN that contributes to effective economic and social infrastructure delivery for KZN | Align with strategic objective no 2 to better articulate the desired output |
| PROGRAMME THREE: Financial Management | | |
| Sub Programme: Gaming and Betting | The function has been moved to Vote 1: Office of the Premier as per Premier's Minute 2 of 2016. | |
| PROGRAMME FIVE : Growth and Development (Old) | | |
| Sub Programme: Other Developmental Initiatives | The functions which were performed under this sub-programme were moved to other sub-programmes to maximize the desired outputs. | |



PROGRAMME FIVE : Municipal Finance Management (New)

- Programme 5 has been established during the 2017/18 financial year in line with the new generic structure which was approved by the Budget Council Lekgotla on 8 November 2014.
- Municipal Finance was previously managed as sub-programme 2.4 of Programme 2: Fiscal Resource Management. Functions previously performed under sub-programmes 3.1, 3.4 and 3.5 of Programme 3: Financial Management relating to municipalities still need to be incorporated under this Programme.
- The following strategic objectives from Programme 2 strategic plan have been moved to Programme 5 and incorporated into new strategic objectives for the newly implemented programme which is programme 5:-
 - 1) To ensure efficient budget and expenditure management and accurate financial reporting for the delegated municipalities in the province; and
 - 2) To assist and provide technical support to the delegated municipalities in financial distress in the province.

| New Strategic Objective in 2018/19 APP | Comments |
|--|--|
| Sub Programme: Municipal Budget | New Sub-Programme as per generic structure which was approved by the Budget Council Lekgotla on 8 November 2014. |
| <ul style="list-style-type: none"> • To ensure optimal and sustainable municipal budgets • To ensure optimal implementation of budgets by municipalities and reporting on related compliance | |
| Sub Programme: Municipal Accounting and Reporting | New Sub-Programme as per generic structure which was approved by the Budget Council Lekgotla on 8 November 2014. The financial management support will be moving to Municipal Finance under this sub-programme, however it has been agreed that there would be a transition as we build capacity. As we stand today, no capacity has been transferred. It is for this reason that this sub-programme have also not included any targets in APP as it is incomprehensible to include targets without the capacity. The APP targets will be included in 2019/20 MTEF year once the sub-programme is fully capacitated. |
| <ul style="list-style-type: none"> • To assist, support and monitor municipalities with financial management and compliance with the annual reporting framework | |
| Sub Programme: Municipal Support Programme | New Sub-Programme as per generic structure which was approved by the Budget Council Lekgotla on 8 November 2014. |
| <ul style="list-style-type: none"> • To assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability | |



LIST OF ABBREVIATIONS

| ABBREVIATION | FULL DESCRIPTION |
|--------------|--|
| AEPRE | Adjustments Estimate of Provincial Revenue and Expenditure |
| AFS | Annual Financial Statements |
| AG | Auditor - General |
| CARC | Cluster Audit and Risk Committees |
| CD | Chief Director |
| CFO | Chief Financial Officer |
| CSD | Central Supplier Database |
| DDG | Deputy Director General |
| EH&W | Employee Health and Wellness |
| EPRE | Estimate of Provincial Revenue and Expenditure |
| FLP | Financial Literacy Programme |
| FMCM | Financial Management Capability Maturity Model |
| GDP | Gross Domestic Product |
| GRAP | Generally Recognised Accounting Practice |
| 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 |
| KZNFLA | KwaZulu-Natal Financial Literacy Association |
| KZNPG | KwaZulu-Natal Provincial Government |
| LED | Local Economic Development |
| MBAT | Municipal Bid Appeals Tribunals |
| MBRR | Municipal Budget and Reporting Regulations |
| MEC | Member of the Executive Committee |
| MFMA | Municipal Finance Management Act |
| MPAT | Monitoring Performance Assessment Tool |
| MSP | Municipal Support Programme |
| MTEF | Medium Term Expenditure Framework |
| MTREF | Medium Term Revenue and Expenditure Framework |
| OES | Organisational Efficiency Services |
| OSD | Occupation Specific Dispensation |
| PARC | Provincial Audit Risk Committee |
| PERO | Provincial Economic Review and Outlook |
| PFMA | Public Finance Management Act |
| PGDP | Provincial Growth and Development Plan |
| PMG | Pay Master-General |
| PPP | Public Private Partnerships |
| SAICA | South African Institute of Chartered Accountants |
| SCM | Supply Chain Management |
| SCOPA | Standing Committee on Public Accounts |
| SERO | Social-Economic Review and Outlook |
| SLA | Service Level Agreement |
| U-AMPs | User Asset Management Plans |
| WSP | Workplace Skills Plan |



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