

**KWAZULU-NATAL
PROVINCIAL TREASURY**



ANNUAL PERFORMANCE PLAN 2019/20

Introduction by the MEC for Finance

In 25 years of democracy, South Africa (SA) has made remarkable progress in building a new nation in which all citizens have equal rights and broadening opportunities. As outlined by the President, Honourable Cyril Ramaphosa in his state of the nation address in June 2019, the National Development Plan (NDP) remains the Government's long-term plan to reduce poverty, unemployment and inequality by 2030.

Through the elections held in May 2019, the people of SA provided the Government with a clear mandate for growth and renewal. Therefore in pursuance of the NDP, the 2019 manifesto of the 6th Government Administration has focused on seven overarching priorities forming critical pillars towards the attainment of a non-racial, non-sexist, democratic and prosperous society. The seven overarching priorities are economic transformation and job creation; education, skills and health; consolidating the social wage through reliable and quality basic services; spatial integration, human settlements and local Government; social cohesion and safe communities; a capable, ethical and developmental state and a better Africa and World. The President was clear that all Government's programmes and policies across all departments and agencies would be directed in pursuit of these overarching tasks.

In line with the NDP, the KwaZulu-Natal (KZN) Provincial Growth and Development Plan (PGDP) revised in 2018 visualises KZN 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 by 2035*.

KwaZulu-Natal Provincial Treasury (PT) plays a pivotal role as the guardian of the public purse. The Department is thus tasked with the responsibility of ensuring that both the NDP and PGDP visions are put into practice through the effective and credible distribution of available funds between departments. PT fulfils this responsibility by taking cognisance of the demands for social services and the need to stimulate inclusive economic growth.

While delivering the Monetary Policy Committee press statement, late in May 2019, the Governor of the South African Reserve Bank (SARB), Lesetja Kganyago, indicated that the global economic growth has rebounded. However, the economic outlook for SA remains sluggish and subdued. The assertion by the Governor was evident in the first quarter of 2019, when the economy of the country contracted by 3.2%.

In KZN the economic performance was even lower at a negative growth of 3.5% over the same period. Clearly this sluggish economic performance has detrimental effects on tax revenue collection by government. One of the reasons for the uninspiring economic performance has been load shedding early this year, and continued uncertainty in the supply of electricity by Eskom, the state-owned power supply utility.

These growth rates reduce the confidence of both Government and business to create the much needed employment opportunities, particularly for the youth. As indicated by Statistics South Africa (Stats SA), unemployment rate reached 27.6% in the first quarter of 2019. The expanded unemployment rate, which includes discouraged work seekers, is even higher at 38%. In KZN Official unemployment rate is 25.1%, and the expanded unemployment rate staggering at 42.4%.

Another challenge facing the country is the widening budget deficit leading to a higher debt-to-GDP (gross domestic product) ratio, which needs to be managed efficiently. Despite the subdued economic challenges facing the country, as PT, we will continue to ensure that we spend the money wisely for the benefit of all the



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

Annual Performance Plan 2019/2020

people of KZN. The 2019/20 Annual Performance Plan (APP), therefore provides PT with the opportunity to continue to prepare the Medium Term Expenditure Framework (MTEF) budget for citizens of KZN, as well as revenue and expenditure monitoring of provincial departments and public entities while providing oversight in terms of various aspects of the provincial cost-cutting measures. In this regard, PT will continue to ensure financial governance and conduct a quarterly risk analysis in respect of the banking and tax functions, per Department.

The PT's cash blocking system will be intensified to ensure adequate 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 Department will continue to provide hands-on support and undertake comprehensive compliance assessments of departments, municipalities and public entities to help reduce irregular, fruitless and wasteful expenditure, improve supply chain management related processes, build administrative capacity and financial management, all towards the objective of uninterrupted service delivery.

The Honourable Premier, Sihle Zikalala, has been very firm and consistent that our consequence management system will be strengthened and that underperforming or corrupt officials who hinder service delivery will have to make way for others. He further emphasised that all procurement must deliver value for money. As directed by the Premier, PT will review financial delegations to limit the amounts of money that officials can approve. PT will also work closely with KZN Cooperative Governance and Traditional Affairs (COGTA) to conduct skills audits in all municipalities in the Province.

Among challenges that cripple SMMEs and hampers the success of the economic transformation programme is the failure of the Government to pay on time. The Government of KZN is consolidating the approach to stop the bad and sometimes corrupt practice. As part of this approach, PT is also implementing an Electronic Invoice Tracking Tools in Provincial Departments to monitor and fast-track payment of suppliers.

Infrastructure is also a critical area of investment that supports structural transformation, growth and job creation. As announced in the February 2019 SONA, the Government has set aside R100 billion to seed the Infrastructure Fund. As PT, we will further continue assisting and providing technical support to delegated municipalities, including creating awareness towards the implementation of the Infrastructure Delivery Management System (IDMS), with the primary aim of ensuring compliance with the MFMA and other relevant legislation. We are also making progress regarding the provision of support and assistance to the provincial departments in their planning and implementation of infrastructure programmes. This function will continue to be performed through the application of the principles and guidelines of the Infrastructure Delivery Management System (IDMS).



Mr R.R. Pillay
MEC for Finance

Introduction by the Head of Department

“KZN GOVERNMENT BOASTS A SOUND FISCAL MANAGEMENT SINCE 2010”

Sound Provincial Fiscus

Despite the economic turbulences of the past year, the KwaZulu-Natal Treasury continued to maintain a sustainable fiscal framework.

The Province of KwaZulu-Natal currently manages the largest provincial budget in the entire country, followed by Gauteng and then the Eastern Cape. The province receives the highest allocation at 21.1% of the provincial equitable share, despite numerous budget cuts experienced over the past 6 financial years.

Despite the significant budget cuts, the province has remained focused on implementing its cost-cutting measures and to ensure that as much funding as possible goes towards rendering services to our people. The cost-cutting measures have been expanded to include controlling the public sector wage bill, which was threatening to crowd out service delivery spending, as well as controlling the cost of international trips, among others.

A significant achievement is that KwaZulu-Natal has had a less than 1% deviation from budget for the past 7 years. This means when we have under- or over-spent, it has been by less than 1% when compared to the budget, which is a remarkable achievement and bears testimony to the fiscal discipline that exists in this province. This means that the disciplined fiscal environment is producing the required results.

Despite the budget cuts, KwaZulu-Natal has been able to add substantial amounts of funds to a variety of provincial priorities, and this is only possible because of the excellent way that the provincial budget is being managed and because of the continued implementation of cost-cutting measures which helps us focus our expenditure on service delivery spending. Areas that have received additional funding include, but are not limited to, drought relief, rhino anti-poaching, sanitation in schools, electrification projects and flood relief.

The Select Committee on Finance complimented the province on 16 August 2016 on its ability to continue budgeting for a Contingency Reserve, which is seen as good budget practise as it allows the province to provide funding where emergencies arise. The Committee went on to say that the other provinces have not managed to do the same and were therefore very complimentary of KwaZulu-Natal.

Receipt of Additional Conditional Grant

Because of the exemplary way in which the provincial budget is managed, KwaZulu-Natal has been the recipient of conditional grant funds which other provinces were unable to spend. These allocations were made quite late in the year and required the passing of Second Adjustments, and on one occasion, even a Third Adjustments. Significant funds were received for service delivery projects *via* the Human Settlements Development grant where R308 million was received in 2015/16, R200 million in 2017/18 and a further amount of R340 million was received *via* the Education Infrastructure grant.



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

Annual Performance Plan 2019/2020

Maintaining Cash Positive Trend

KwaZulu-Natal has remained cash positive, despite severe fiscal constraints. This cash positive trend began in May 2010, and we have not gone into overdraft since then.

With this year being the culmination of an economically challenging five year term of office for the current administration, we are proud of the fact that we will cross over, administratively, to a new term of office with a more than impressive record in the management of public finances in this province.

We, however, as government officials and as departments need to continue to cooperate in order to ensure that this momentum is replicated year after year.



Mr. L.S. Magagula

Head of Department

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 former MEC Mrs B.F. Scott and finalized under the guidance of the current MEC Mr RR Pillay
- 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 2019/20 financial year.

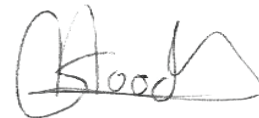
Mr. I.T. Ndlovu
Chief Financial Officer

Signature:



Mr. S. Moodley
Accounting Officer

Signature:



Mr. L.S. Magagula
Head of Department

Signature:



Approved by

Mr RR Pillay
MEC for Finance

Signature:



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

Annual Performance Plan 2019/2020

TABLE OF CONTENTS

Part A: Strategic overview for the department	1
1. Updated situational analysis	1
1.1 Performance delivery environment	
1.2 Organisational environment	
2. Revisions to legislative and other mandates	9
3. Overview of 2019/20 budget and MTEF estimates	10
3.1 Expenditure estimates	10
3.2 Reconciling expenditure trends to strategic goals	10
3.3 Departmental budgeted receipts	11
Part B: Programme and sub-programme plans	12
<ul style="list-style-type: none">• Strategic objective annual targets:2019/20• Programme Performance indicators and annual targets:2019/20• Quarterly targets:2019/20	
1. Programme 1: Administration	12
1.1 Sub-programme 1.1: Financial Management (Office of the CFO)	12
1.2 Sub-programme 1.2: Human Resource Management	13
1.3 Sub-programme 1.3: Information Technology Management	14
1.4 Reconciliation of budget with plan	
2. Programme 2: Sustainable Resource Management	16
2.1 Sub-programme 2.1: Programme Support	16
2.2.1 Sub-programme 2.2.1: Economic Analysis	16
2.2.2 Sub-programme 2.2.2: Infrastructure Management	17
2.3 Sub-programme 2.3: Public Finance	19
2.4 Reconciliation of budget with plan	
3. Programme 3: Financial Governance	23
3.1 Sub-programme 3.1: Programme Support	23
3.2 Sub-programme 3.2: Asset and Liabilities Management	23
3.3 Sub-programme 3.3: Supporting and Interlinked Financial Systems	24
3.4 Sub-programme 3.4: Provincial Supply Chain Management	25
3.5 Sub-programme 3.5: Public Private Partnerships (PPPs)	26
3.6 Sub-programme 3.6: Accounting Services (Financial Reporting)	27
3.7 Sub-programme 3.7: Norms and Standards	29
3.8 Reconciliation of budget with plan	
4. Programme 4: Internal Audit	32
4.1 Sub-programme 4.1: Programme Support	32
4.2 Sub-programme 4.2: Assurance Services	32
4.3 Sub-programme 4.3: Risk Management	33
4.4 Sub-programme 4.4: Forensic Services	35
4.5 Reconciliation of budget with plan	
5. Programme 5: Municipal Finance Management	37
5.1 Sub-programme 5.1: Programme Support	37
5.2 Sub-programme 5.2: Municipal Budget	37

5.3	Sub-programme 5.3: Municipal Accounting & Reporting	39
5.4	Sub-programme 5.4: Municipal Support Programme	40
5.5	Sub-programme 5.5: Municipal Revenue & Debt Management	n/a
5.6	Reconciliation of budget with plan	42
Part C: Links to other plans		43
Annexure D: Changes 2015-2020 Strategic Plan		44



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

Annual Performance Plan 2019/2020

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 at a slow pace, the sluggish 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 MTBPS in October 2018. This fiscal consolidation programme has to be maintained for the time being to place the country on a sustainable path. For the 2019/20 MTEF, the economic outlook will remain subdued.

It is common knowledge that the South African economy recorded an estimated growth rate of 0.8% in 2018, compared to the estimated 1.4% in 2017. The country's economic performance is expected to remain subdued, but maintain a steady recovery, after the technical recession suffered in the second quarter of 2018. The real gross domestic product (GDP) growth in 2019 is projected to rise to 1.4% and to strengthen moderately to 1.7% in 2020. Similar to most developing economies, South Africa's economic outlook is vulnerable to both internal and external risks and, with world growth expected to slow down, the domestic growth forecast will continue to be constrained. A decline in economic activity results in a reduction in tax revenue, thus restricting the fiscal capacity of the state to increase public spending – negatively affecting service delivery.

Also, over the past seven years, the province has 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 R32 billion (cumulative). Further cuts are expected over the 2019/20 MTEF, partly due to the annual updates of the Provincial Equitable Share formula, but also because the President announced that there would be minimal or no annual salary increases in 2018/19 for public office bearers. In the case of provincial executives, Premiers, MECs and Speakers did not receive salary increases, while Members of Provincial Legislatures (MPLs) received a 2.5% increase. The savings realised from this announcement are to be cut from provinces in line with fiscal consolidation. KZN's share of the total Equitable Share allocation will decline from 21% in 2019 to 20.8% in 2021/22. In monetary terms, this means an overall reduction of R1.9 billion over the three years.

As mentioned, the Provincial Equitable Share cuts effected against the province since the 2013/14 MTEF amount to a cumulative amount of some R32 billion. Adding to the pressure that such budget cuts exert on the provincial fiscus, is the fact that the province has to reprioritise its budget to provide for various unfunded mandates that impact on the provincial fiscus. These include, but are not limited to, the payment of *Izinduna*, annual wage increments that exceed the amount budgeted, among others.

Current fiscal framework vis a vis the NDP

The tight fiscal framework for the province has severe implications for the NDP 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 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 remains 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 enhance 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 the provincial fiscus, 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 of biometrics scanners throughout 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, the Provincial Treasury will continue to focus on achieving a clean audit report and improvements in the audit outcomes for the province.

Finally, Provincial Treasury continuously strives 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.



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

1.1 Performance delivery environment

Programme 2: Sustainable Resource Management

Economic Analysis: The unit will continue to be 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 accomplished through district profiling, analysis of departmental spending, contributing to the annual report of Provincial Treasury, and conducting various research projects that will contribute in analysing the economy of the province.

The unit has also identified 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. The unit further provides municipalities and other stakeholders with economic expertise and data, and also conduct presentations to various municipalities and entities as and when requested. Economic Analysis also continues to be involved in provincial projects as per request by the Head of Department and the office of the MEC.

Infrastructure Management: 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 Votes 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 the 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.
- Provide oversight in terms of the application of the PFMA especially in terms of virements, budgets, reporting requirements, among others.
- Provide 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. The review of SCM policies; training to departments, municipalities and public entities and support on the e-Tender portal will be provided. Comprehensive compliance assessments will be undertaken to ensure that incidents of irregular expenditure relating to SCM processes are reduced. The Unit will also provide support and conduct compliance assessments to departments and municipalities and monitor the implementation of the contract management system. The administration



of the Central Supplier Database (CSD) to suppliers and support to all institutions will increase as a result of enhancements and amendments on the CSD, including an increase in reporting requirements. The unit will continue with the Provincial Bids Appeal Tribunal matters including the provision of active support in the hearing and facilitation of MBAT matters. The Unit continues to ensure good governance and transparency in the procurement process by overseeing the approval of deviations and monitoring the use of Regulation 32 requests.

Capacity building interventions will be conducted in SCM components of Institutions which are found to have unfavourable audit outcomes. As per a Cabinet Resolution, an SCM intervention at the Department of Health which commenced in the 2017/18 financial year, may continue into and the 2019/2020 financial year, depending on budget availability. The Unit is currently providing support to the Department of Agriculture and Rural Development; and Abaqulusi Municipality in terms of the Municipal Support Programmes. Additional interventions will be identified in terms of the Audit outcomes, for Departments, Municipalities and Public Entities.

The unit will continue with the implementation of the transversal contracts. Provincial Treasury is, pending the availability of funding, planning to roll-out the implementation of contract management to Public Entities.

Programme 4: Internal audit

Assurance Services: Assurance Services provides a shared, independent Internal Audit function to the 14 Provincial Departments. The unit provides assurance and consulting services by assisting the 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, where attention will be also be given to conducting consulting activities in addition to pure assurance services. This is aimed at addressing recurring audit findings in specific departments

The Unit reports 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 continues to provide risk management and governance advisory services mainly to provincial departments, and on a limited scale to municipalities. Due to budget and HR capacity constraints, public entities will only be supported on requests. During the 2017/18 financial year, the component reviewed and updated the Provincial Risk Management Framework. The revised framework is envisaged to be approved and rolled-out during the 18/19 financial year. The component will also be developing and rolling-out customized risk management and internal audit frameworks for public entities and municipalities. The component will also continue to provide internal control support to the Department of Health and extending the internal control project to other selected provincial departments during the 18/19 financial year.

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 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

Programme Support: The Programme Support sub-programme is responsible for providing strategic leadership support to the municipal finance management division.

Municipal Budget: The Municipal Budget sub-programme will continue to focus on enhancing the technical support it provides to the delegated municipalities in the province on the preparation of their multi-year budgets, monitoring the monthly outcomes of those budgets, in-year monitoring including statutory returns, the preparation of monthly, quarterly, mid-yearly and the annual consolidated reports on the state of municipalities financial performance in terms of the Municipal Finance Management Act, Act 56 of 2003 (MFMA).

Municipal Accounting & Reporting: As the Municipal Accounting and Reporting sub-programme is phased in 2019/20 and it will focus on assisting, supporting and monitoring municipalities with financial management and compliance with the annual reporting framework. This will be achieved by promoting an understanding of accounting standards (GRAP), monitoring compliance with reporting requirements, providing accounting services and support, implementing systems and processes to improve sound financial management and audit outcomes, reviewing the quality of annual financial statements as well as monitoring, evaluating and reporting on compliance with the Municipal Asset Management Regulations.

Municipal Support Programme: The Municipal Support Programme (MSP) sub-programme was established to assist and provide technical support to delegated municipalities in financial distress. The



MSP will continue to support municipalities and provide innovative solutions to municipal finance challenges.

Municipal Revenue & Debt Management: The Municipal Revenue & Debt Management sub-programme is a new sub-programme which will be phased in over the MTEF period from 2021/22 onwards. The overall purpose of this sub-programme is to establish and formulate support strategies to address weaknesses within the revenue and debt management processes of delegated municipalities.

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. Since then the approved structure is under review to align to the Generic Functional Structures developed by the DPSA for Treasuries. Furthermore, the approved budget structure is now aligned to 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 2019/2020 Annual Performance Plan since the current service delivery model allows for outsourcing as well as the appointment of contract staff until the structure is finally approved. The current structure of the Organization enables the Department to implement the 2019/2020 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, Management 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 of 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

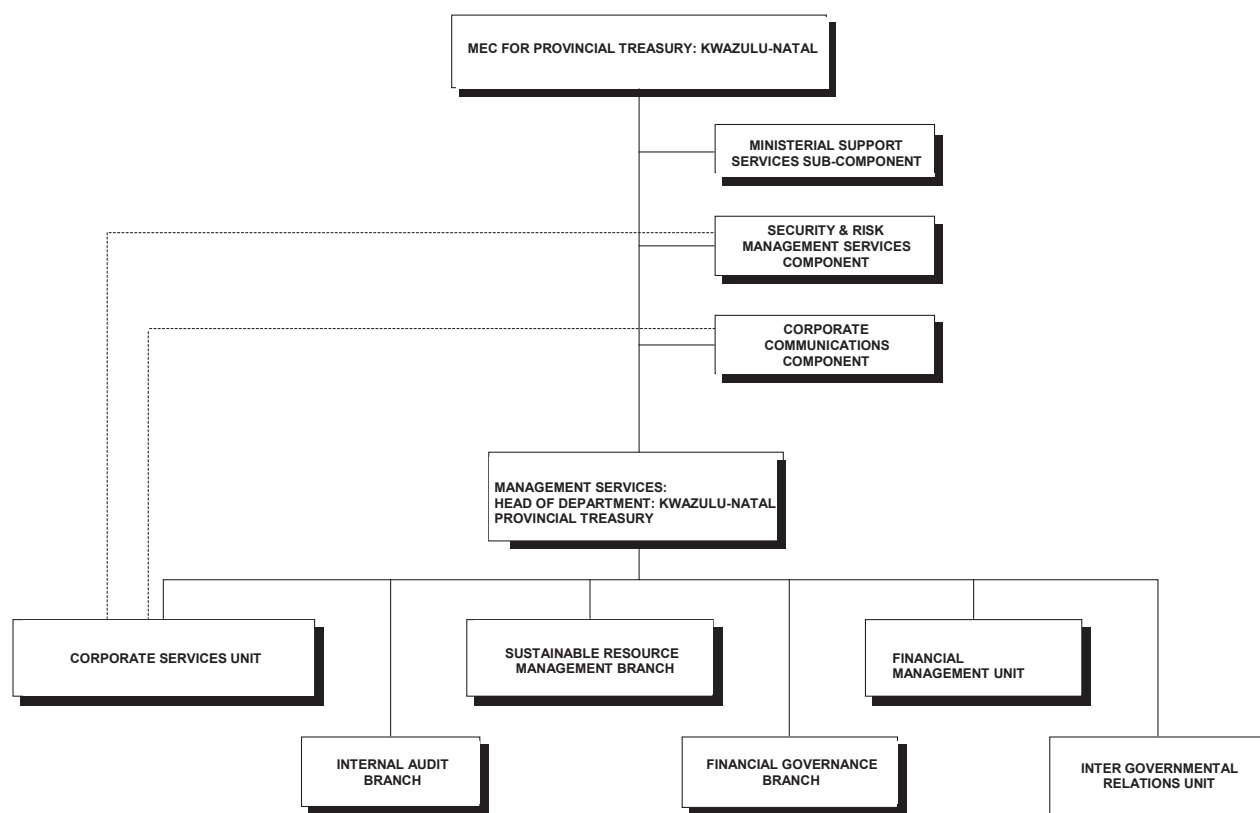
This programme is responsible for providing shared internal audit services to provincial departments, and some of the public entities. The Unit also provides risk advisory services, including forensic investigation services, to provincial departments, public entities and municipalities.

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

Programme 5 (five) – Municipal Finance Management

This programme was established in the 2018/19 financial year due to structural alignment to that of other Provincial Treasuries, this programme will be responsible for municipalities' budget, accounting and reporting, revenue and debt management as well as the municipal support programme. The municipal revenue and debt management sub-programme will be phased in during the 2020/21 financial year.

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 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)
- KwaZulu-Natal Direct Charges Act (No. 4 of 2002)

2.1 Constitutional mandates

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

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

2.2 Policy mandates

The following policies outline the key responsibilities for the department.

- PPP policy; this policy provide guidelines for administration and managing Public Private Partnership's transactions in the public sector environment.



- SCM and PPPFA policy; this policy provide 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; provide 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 2019/20 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		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
1. Administration	145 589	159 101	162 962	192 377	230 669	227 528	220 209	206 593	217 715
2. Sustainable Resource Management	38 257	43 866	39 099	40 657	41 157	39 338	47 641	49 984	52 732
3. Financial Governance	240 163	207 210	199 954	209 602	196 102	187 588	223 541	227 687	240 208
4. Internal Audit	134 604	132 745	133 643	144 555	150 263	142 146	166 345	164 732	173 792
5. Municipal Finance Management	46 037	53 193	53 218	63 709	63 709	63 067	63 893	76 730	80 946
Total	604 650	596 115	588 876	650 900	681 900	659 667	721 629	725 726	765 393

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		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Current payments	569 228	583 277	571 510	628 832	655 812	631 052	700 363	703 559	742 015
Compensation of employees	227 845	252 383	270 780	308 148	314 333	300 056	360 012	396 594	411 815
Goods and services	341 383	330 300	300 730	317 184	341 473	330 982	338 851	305 365	328 512
Interest and rent on land	-	594	-	3 500	6	14	1 500	1 600	1 688
Transfers and subsidies to:	21 041	8 077	5 419	3 095	6 077	5 959	2 201	2 140	2 256
Provinces and municipalities	10 301	24	26	23	23	31	26	27	28
Departmental agencies and accounts	2	-	1 025	3	3	3	3	3	3
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	4	7	-	-	-	-	-	-	-
Non-profit institutions	4 340	3 857	3 264	896	694	705	213	279	294
Households	6 394	4 189	1 104	2 173	5 357	5 220	1 959	1 831	1 931
Payments for capital assets	14 037	4 740	11 941	18 973	20 011	22 656	19 065	20 027	21 122
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	14 037	4 740	11 941	18 823	19 861	22 656	18 807	19 755	20 835
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	150	150	-	258	272	287
Payments for financial assets	344	21	6	-	-	-	-	-	-
Total	604 650	596 115	588 876	650 900	681 900	659 667	721 629	725 726	765 393

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.



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

- 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 and financing

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2015/16	2016/17	2017/18				2018/19	2019/20	2020/21
Equitable share	611,038	586,154	606,344	635,400	635,400	635,400	681,629	725,726	765,393
Conditional grants	-	-	-	-	-	-	-	-	-
Total receipts	611,038	586,154	606,344	635,400	635,400	635,400	681,629	725,726	765,393

Table 3.3.2 : Summary of departmental receipts collection

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2015/16	2016/17	2017/18				2018/19	2019/20	2020/21
Tax receipts	-	-	-	-	-	-	-	-	-
Casino taxes	-	-	-	-	-	-	-	-	-
Horse racing taxes	-	-	-	-	-	-	-	-	-
Liquor licences	-	-	-	-	-	-	-	-	-
Motor vehicle licences	-	-	-	-	-	-	-	-	-
Sale of goods and services other than capital assets	345	352	446	227	227	277	228	235	247
Transfers received	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	1	-	-	-	-	-	-	-
Interest, dividends and rent on land	391 253	284 822	338 296	295 219	295 219	444 491	365 000	387 995	413 345
Sale of capital assets	790	119	356	203	203	-	204	210	222
Transactions in financial assets and liabilities	4 027	3 594	715	407	407	698	410	422	445
Total	396 415	288 888	339 813	296 056	296 056	445 466	365 842	388 862	414 259



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 the 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, as well as financial management services such as revenue collection, budgetary control, performance information, monitoring & evaluation, supply chain management, financial management, asset management, advisory services on internal control systems and governance issues.

Strategic objective annual targets: 2019/20

Strategic objective	Financial Management (Office of the CFO)							5 –Year Target
	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO: 1.1 Effective management of departmental finances in line with statutory requirements.	Clean Audit Outcome	Clean Audit Outcome	Clean Audit Outcome	No material audit finding on Financial Management	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion

Programme performance indicators and annual targets: 2019/20

Programme Performance Indicator	Financial Management (Office of the CFO)						
	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of budget submission and planning documents compiled (EPRE; APPX4; AR; PP; AEPRE & ACF)	10	10	9	9	9	9	9
2. Number of legislative financial reports produced (IYMX12; QPRX4 and AFS).	20	20	17	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. Percentage of supplier's valid invoices paid within 30 days.	New	New	New	100%	100%	100%	100%



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

Quarterly targets: 2019/20

Sub-programme: 1.1		Financial Management (Office of the CFO)				
Performance indicators	Reporting period	Annual target 2019/20	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. 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: 2019/20

Sub-programme: 1.2		Human Resource Management						
Strategic objectives	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			5 –Year Target
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:1.2 To provide optimal Human Resource services to the department	1. Overall rating of 3.86 obtained 2. Audit Finding	1. Overall rating of 4 obtained 2. 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	No material Human Resource Management and Development audit finding	No material Human Resource Management and Development audit finding	No material Human Resource Management and Development audit finding	Optimal Human Resource services to the department

Programme performance indicators and annual targets: 2019/20

Sub-programme: 1.2		Human Resource Management					
Programme Performance Indicators	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of HR seminars to be conducted	10 sessions	8 sessions	11 seminars	8 seminars	8 seminars	8 seminars	8 seminars
2. Number of HR policies to be reviewed	10 policies	22 policies	12 policies	8policies	8policies	8policies	8policies
3. Number of Human Resources Plan developed (HRP)	MTEF HR Plan & Annual HRPIR	Annual HR Plan (MTEF)	1X Annual HR Plan & Annual HRPIR	1X Annual HR Plan & Annual HRPIR	1X Annual HR Plan & Annual HRPIR	1X Annual HR Plan & Annual HRPIR	1X Annual HR Plan & Annual HRPIR
4. Number of monitoring reports produced to ensure implementation of HRP	4 x quarterly monitoring reports	4 quarterly HRP implementation monitoring reports	4 monitoring reports for the implementation of the HRL	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	1 x annual WSP	Annual WSP	1X Annual WSP	1X Annual WSP	1X Annual WSP	1X Annual WSP	1X Annual WSP
6. Number of monitoring reports to ensure	4 X quarterly implementation	4 quarterly WSP implementation	4 quarterly WSP implementation	4 quarterly WSP implementation	4 quarterly WSP implementation	4 quarterly WSP implementation	4 quarterly WSP implementation



implementation of Work Skills Plan (WSP)	reports	monitoring reports	monitoring reports	monitoring reports	monitoring reports	implementation monitoring reports	monitoring reports
--	---------	--------------------	--------------------	--------------------	--------------------	-----------------------------------	--------------------

Quarterly targets: 2019/20

Sub-programme: 1.2		Human Resource Management				
Performance indicators	Reporting period	Annual target 2019/20	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	1X Annual HR Plan & Annual HRPIR	1X 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	1X quarterly HRP implementation monitoring reports	1X quarterly HRP implementation monitoring reports	1X quarterly HRP implementation monitoring reports	1X quarterly HRP implementation monitoring reports
5. Number of Annual Work Place Skills Plan developed.	Annually	1X Annual WSP	1X 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	1X quarterly WSP implementation monitoring reports	1X quarterly WSP implementation monitoring reports	1X quarterly WSP implementation monitoring reports	1X quarterly WSP implementation monitoring reports

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: 2019/20

Sub-programme: 1.3		Information Technology Management						5 –Year Target
Strategic objective	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:1.7 To provide IT technical and IT functional support to the department	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	Effective and efficient IT technical and IT functional support to the Department

Programme performance indicators and annual targets: 2019/20

Sub-programme: 1.3		Information Technology Management					
Programme Performance indicators	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of initiatives implemented	2	2	2	2	1	1	1
2. Number of policy reviews completed	5	4	4	4	4	4	4
3. Number of compliance reports completed	12	12	16	8	8	8	8
4. Number of information sessions conducted	5	4	4	4	2	2	2
5. Percentage IT calls resolved	NEW	NEW	NEW	NEW	95%	95%	95%
6. Percentage network uptime	99%	99%	98%	99%	99%	99%	99%



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

Quarterly targets: 2019/20

Sub-programme: 1.3	Information Technology Management					
Performance Indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of initiatives implemented	Annually	1	N/A	N/A	N/A	1
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	Bi-Annually	2	N/A	1	N/A	1
5. Percentage IT calls resolved	Quarterly	95%	95%	95%	95%	95%
6. Percentage network uptime	Quarterly	99%	99%	99%	99%	99%

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		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
1. Office of the MEC	26 491	29 124	32 823	28 506	33 506	34 487	30 951	32 651	34 475
2. Management Services (HOD)	39 105	27 580	10 542	46 263	62 355	62 355	51 963	28 980	30 309
3. Financial Management (CFO)	19 117	21 830	32 832	30 894	30 894	28 567	34 337	36 226	38 217
4. Corporate Services	60 876	80 567	86 765	86 714	103 914	102 119	102 958	108 736	114 714
Total	145 589	159 101	162 962	192 377	230 669	227 528	220 209	206 593	217 715

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		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Current payments	124 094	148 999	150 022	178 049	213 935	208 685	202 456	187 673	197 717
Compensation of employees	59 586	67 170	74 943	87 152	89 152	86 033	96 062	101 454	107 022
Goods and services	64 508	81 829	75 079	90 897	124 777	122 638	106 394	86 219	90 695
Interest and rent on land	-	-	-	-	6	14	-	-	-
Transfers and subsidies to:	19 304	7 484	3 940	2 050	4 066	3 907	1 891	1 774	1 870
Provinces and municipalities	10 301	24	26	23	23	31	26	27	28
Departmental agencies and accounts	2	-	-	3	3	3	3	3	3
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	7	-	-	-	-	-	-	-
Non-profit institutions	4 340	3 857	3 264	896	677	674	213	279	294
Households	4 661	3 596	650	1 128	3 363	3 199	1 649	1 465	1 545
Payments for capital assets	2 113	2 598	8 997	12 278	12 668	14 936	15 862	17 146	18 128
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2 113	2 598	8 997	12 128	12 518	14 936	15 604	16 874	17 841
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	150	150	-	258	272	287
Payments for financial assets	78	20	3	-	-	-	-	-	-
Total economic classification	145 589	159 101	162 962	192 377	230 669	227 528	220 209	206 593	217 715



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. The performance indicators for this sub-programme are operational and are therefore not included in the Annual Performance Plan.

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

Strategic objectives and annual targets: 2019/20

Sub-programme: 2.2.1	Economic Analysis							5 -Year Target
	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:2.1 Determine and evaluate economic parameters and socio-economic imperatives that inform provincial and local resource allocation	Produced 15 provincial economic reports	Produced 15 provincial economic reports	Produced 16 provincial economic reports	Produce 14 provincial economic reports	Produce 11 provincial economic reports local resource allocation	Produce economic reports that inform provincial and local resource allocation	Produce economic reports that inform provincial and local resource allocation	Evaluated economic parameters and socio-economic imperatives that inform provincial and local resource allocation
SO:2.2 Provide platform to enhance regional economic growth and development	Produced 7 economic research	Produced 5 economic research	Produced 6 economic research	Produce 5 economic policy research	Produce 5 economic policy research	Enhance regional economic	Enhance regional economic	Enhanced regional economic growth and development



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

through quality research	projects	projects	projects	documents	documents	growth and development through quality research	growth and development through quality research	through quality research
--------------------------	----------	----------	----------	-----------	-----------	---	---	--------------------------

Programme performance indicators and annual targets: 2019/20

Sub-programme: 2.2.1		Economic Analysis					
Programme Performance Indicators	Audited / Actual Performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of Provincial Department Economic Reports produced	Produced 4 provincial department economic reports	Produced 4 provincial department economic reports	Produced 5 provincial department economic reports	4	1	1	1
2. Socioeconomic Review and Outlook Report (SERO) produced	Produced 1 Socio-Economic Review and Outlook report (SERO)	Produced 1 SERO	Produced 1 SERO	1	1	1	1
3. Number of District Socioeconomic Reports produced	Produced 9 district Socio-economic Reports	Produced 9 districts socio-economic reports	Produced 9 districts socio-economic reports	9	9	9	9
4. Timeous Economic Analysis input to Estimate of Provincial Revenue and Expenditure (EPRE)	Input to EPRE submitted on time for tabling	EPRE submitted on time for tabling	Input to EPRE submitted on time for tabling	February 2019 (1)	February 2020 (1)	February 2021 (1)	February 2022 (1)
5. Number of quality research for regional policy analysis	Produced 7 economic research projects	Produced 5 economic research projects	Produced 6 economic research projects	4	4	4	4

Quarterly targets: 2019/20

Sub-programme: 2.2.1		Economic Analysis				
Performance Indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of Provincial Department Economic Reports produced	Annually	1	N/A	N/A	1	N/A
2. Socioeconomic Review and Outlook Report (SERO) produced	Annually	1	N/A	N/A	N/A	1
3. Number of District Socioeconomic Reports produced	Quarterly	9	3	3	3	3
4. Timeous Economic Analysis input to Estimate of Provincial Revenue and Expenditure (EPRE)	Annually	February 2020 (1)	N/A	N/A	N/A	February 2020 (1)
5. Number of quality research for regional policy analysis	Quarterly	4	1	1	1	1

2.2.2 Sub-programme: Infrastructure Management

The strategic objectives are:

- 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

Specified policies and priorities

The KZN Provincial Treasury Infrastructure Unit 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 for Infrastructure Delivery and Procurement Management (FIDPM), including 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) coordinated by KZN

Department of Public Works in the development and management of the KZN Provincial Infrastructure Master Plan.

Strategic objective annual targets: 2019/20

Sub-programme: 2.2.2	Infrastructure Management							
Strategic objective	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			5 –Year Target
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:2.4 To support efficient infrastructure planning and management in KZN that contributes to effective economic and social infrastructure delivery for KZN	Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs)	Compiled a consolidated assessment report on U-AMPs	Compiled a consolidated assessment report on U-AMPs	Compile a consolidated assessment report on U-AMPs	12 votes	12 votes	12 votes	Efficient infrastructure planning and management in KZN that contributes to effective economic and social infrastructure delivery for KZN
SO:2.5 To facilitate implementation and institutionalisation of the IDMS in all KZN provincial departments	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	12 votes	12 votes	12 votes	Institutionalised IDMS in all KZN provincial departments

Programme performance indicators and annual targets: 2019/20

Sub-programme: 2.2.2	Infrastructure Management						
Programme Performance Indicator	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Consolidated assessment Report on the User Asset Management Plans (U-AMPs) submitted by provincial departments	Compiled a consolidated assessment report on the User Asset Management Plans(U-AMPs)	Compiled a consolidated assessment report on U-AMPs	Compiled a consolidated assessment report on U-AMPs	Compile a consolidated assessment report on U-AMPs	1	1	1
2. Consolidated assessment report on the Infrastructure Programme Management Plan (IPMP) submitted by provincial departments	New	New	Compiled an assessment report on Infrastructure Programme Management Plans	Compile an assessment report on Infrastructure Programme Management Plans	1	1	1
3. Number of reports on support and progress on the implementation and institutionalisation of IDMS in KZN	Produced 4 reports on the implementation of IDMS 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	4	4	4
4. Number of progress reports on infrastructure budgets and delivery plans using IRM data submitted by provincial departments	Submitted 4 reports on the infrastructure expenditure in the province	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	4	4	4
5. Number of reports on the infrastructure site visits conducted	Submitted 4 reports on the infrastructure site visits conducted	Submitted 4 reports on the infrastructure site visits conducted	Submitted 4 reports on the site visits conducted.	Submit 4 reports on the site visits conducted	4	4	4
6. Estimate for Capital Expenditure (ECE) developed for publishing annually	New	New	ECE produced on time for tabling with the main budget	Develop and publish the ECE on time for tabling with the annual provincial budget	1	1	1
7. Number of reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework produced	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	4	4	4



Quarterly targets: 2019/20

Sub-programme: 2.2.2		Infrastructure Management				
Performance Indicator	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Consolidated assessment Report on the User Asset Management Plans (U-AMPs) submitted by provincial departments	Annually	1	N/A	1	N/A	N/A
2. Consolidated assessment report on the Infrastructure Programme Management Plan (IPMP) submitted by provincial departments	Annually	1	N/A	N/A	1	N/A
3. Number of reports on support and progress on the implementation and institutionalisation of IDMS in KZN	Quarterly	4	1	1	1	1
4. Number of progress reports on infrastructure budgets and delivery plans using IRM data submitted by provincial departments	Quarterly	4	1	1	1	1
5. Number of reports on the infrastructure site visits conducted	Quarterly	4	1	1	1	1
6. Estimate for Capital Expenditure (ECE) developed for publishing annually	Annually	1	N/A	N/A	N/A	1
7. 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 to:

- 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.
- Promote effective and optimal financial resource allocation for provincial government (including 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 to the Finance Portfolio Committee to enable these structures to perform their oversight roles.

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 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 and formulations for incorporation into the annual Division of Revenue Bills. This unit is also responsible for monitoring the performance of provincial public entities.



Strategic objective annual targets: 2019/20

Sub-programme: 2.3.1	Public Finance: Provincial Budget Management							
Strategic objective	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			5 –Year Target
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:2.7 Promote effective and optimal financial resource allocation for provincial government (including public entities).	15 chapters	15 departments	15 departments	15 Votes	15 Votes	15 Votes	15 Votes	Effective and optimal financial resource allocation for provincial government
SO:2.8 Ensure efficient budget and expenditure management and accurate financial reporting for provincial departments (including public entities).	16 reports	15 reports	15 reports	15 reports	15 reports	15 reports	15 reports	Efficient budget and expenditure management and accurate financial reporting for provincial departments and including public entities

Programme performance indicators and annual targets: 2019/20

Sub-programme: 2.3.1	Public Finance: Provincial Budget Management						
Programme Performance Indicator	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of chapters in MTEC report to be completed	15	15 chapters completed 1 working day before MTEC as per budget process timetable	15	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	EPRE on time for tabling	March 2018 (1)	March 2019 (1)	March 2020(1)	March 2021 (1)	March 2022 (1)
3. Timeous tabling of Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)	1	AEPRE on time for tabling	November 2017 (1)	November 2018 (1)	November 2019 (1)	November 2020 (1)	November 2021 (1)
4. Number of section 32 report (Monthly provincial IYM report) submitted	12	12 IYM reports p/a (submitted to NT by 22 nd monthly)	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)
5. Number of quarterly performance reports for provincial departments produced	4	3 quarterly performance reports	3	4 quarterly performance reports	4 quarterly performance reports	4 quarterly performance reports	4 quarterly performance reports

Quarterly targets: 2019/20

Sub-programme: 2.3.1	Public Finance: Provincial Budget Management					
Performance Indicators	Reporting period	Annual target 2019/20	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 2020 (1)	N/A	N/A	N/A	March 2020 (1)
3. Timeous tabling of Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE)	Annually	November 2019 (1)	N/A	N/A	November 2019 (1)	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 produced	Quarterly	4	2	1	1	N/A

Strategic objective annual targets: 2019/20

Sub-programme: 2.3.2	Public Finance: Public Finance: Provincial Own Revenue							
Strategic objective	Audited / Actual performance			Estimated performance	Medium-term targets			5 –Year
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	


treasury

 Department:
 Treasury
PROVINCE OF KWAZULU-NATAL

				2018/19				Target
SO:2.9 Promote optimal and sustainable revenue generation and collection by provincial departments and public entities	8	5	5	4	4	4	4	Optimal and sustainable revenue generation and collection by provincial departments and public entities

Programme performance indicators and annual targets: 2019/20

Sub-programme: 2.3.2		Public Finance: Provincial Own Revenue					
Programme Performance Indicator	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of revenue quarterly performance reports produced	3 Revenue Quarterly Performance Reports	3 Revenue Quarterly Performance Reports	3	4 Revenue performance reports per annum	4 Revenue performance reports per annum	4 Revenue performance reports per annum	4 Revenue performance reports per annum
2. 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	March 2018 (1)	March 2019(1)	March 2020(1)	March 2021(1)	March 2022(1)

Quarterly targets: 2019/20

Sub-programme: 2.3.2		Public Finance: Provincial Own Revenue				
Performance Indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of revenue quarterly performance reports produced	Quarterly	4	2	1	1	N/A
2. Timeous Revenue input into Overview of Provincial Revenue and Expenditure (OPRE) and Estimates of Provincial Revenue and Expenditure (EPRE)	Annually	March 2020 (1)	N/A	N/A	N/A	March 2020 (1)

Strategic objective annual targets: 2019/20

Sub-programme: 2.3.3		Public Finance: Specialised Advisory Support Services						
Strategic objective	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			5 –Year Target
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:2.10 Promote effective and optimal financial resource allocation for provincial government (including public entities)	30	32	47	3	3	3	3	Effective and optimal financial resource allocation for provincial government (including public entities)

Programme performance indicators and annual targets: 2019/20

Sub-programme: 2.3.3		Public Finance: Specialised Advisory Support Services					
Programme Performance indicators	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Timeous input into the revision of Division Of Revenue Act (DORA)	PT input into 2016 DoRA was submitted to NT by due date	Input was submitted by due date as set by NT	August 2017 (1)	November 2018 (1)	November 2019 (1)	November 2020 (1)	November 2021 (1)
2. Number of reports on institutionalising framework for the monitoring of provincial public entities	Reported for all listed public entities	Reported bi-annually for all listed public entities	47	2	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	New	1 report 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: 2019/20

Sub-programme: 2.3.3		Public Finance: Specialised Advisory Support Services				
Performance Indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Timeous input into the revision of Division Of Revenue Act (DORA)	Annually	November 2019 (1)	N/A	N/A	November 2019 (1)	N/A
2. Number of reports on institutionalising framework for the monitoring of provincial public entities	Bi-annually	2	1	N/A	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		
	2015/16	2016/17	2017/18				2018/19	2019/20	2020/21
1. Programme Support	2 721	7 824	4 361	3 650	3 850	3 748	3 413	3 598	3 795
2. Economic Analysis	21 848	22 244	20 214	20 760	20 760	18 817	26 685	27 878	29 412
3. Public Finance	13 688	13 798	14 524	16 247	16 547	16 773	17 543	18 508	19 525
Total	38 257	43 866	39 099	40 657	41 157	39 338	47 641	49 984	52 732

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		
	2015/16	2016/17	2017/18				2018/19	2019/20	2020/21
Current payments	37 997	43 567	38 794	40 499	40 938	38 997	47 325	49 784	52 522
Compensation of employees	27 951	34 957	32 667	34 259	34 759	34 814	41 022	43 440	45 829
Goods and services	10 046	8 016	6 127	6 240	6 179	4 183	6 303	6 344	6 693
Interest and rent on land	-	594	-	-	-	-	-	-	-
Transfers and subsidies to:	50	-	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	-	-	-	-	-	-
Payments for capital assets	208	299	238	158	219	341	316	200	210
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	208	299	238	158	219	341	316	200	210
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	2	-	-	-	-	-	-	-	-
Total	38 257	43 866	39 099	40 657	41 157	39 338	47 641	49 984	52 732



3. PROGRAMME 3: FINANCIAL GOVERNANCE

The strategic objectives of Programme 3 are to:

- To assist departments in improving cash management.
- To 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.
- To support and monitor adherence of departments, public entities and municipalities on SCM.
- To 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 Guide for Employers 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: 2019/20

Sub-programme: 3.2		Asset and Liabilities Management						
Strategic objective	Audited/Actual performance			Estimated performance 2018/19	Medium-term targets			5 –Year Target
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:3.13 To assist departments in improving cash management	15	14	14	14	Assist departments in improving cash management	Assist departments in improving cash management	Assist departments in improving cash management	Improved cash management to Provincial Departments

Programme performance indicators and annual targets 2019/20

Sub-programme: 3.2		Asset and Liabilities Management					
Programme Performance indicators	Audited/Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of Tax Information Seminar conducted annually	2 sessions	1 sessions	1 sessions	1 session	1 session	1 session	1 session
2. Number of risk analysis reports per dept. compiled to ensure compliance to tax legislation	60 reports	56 reports	56 Risk Analysis reports	56 reports	56 reports	56 reports	56 reports
3. Number of quarterly assessment reports to depts. on status of bank related suspense accounts compiled	60 Compliance Assessment reports	56 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 to be reconciled	180 Reconciled bank reconciliation	168 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	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	4 reports on withdrawals from municipal bank accounts

Quarterly targets: 2019/20

Sub-programme: 3.2		Asset and Liabilities Management				
Performance indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of Tax Information Seminar conducted annually	Annually	1 session	N/A	N/A	N/A	1 session
2. Number of risk analysis reports per dept. compiled 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 reconciliation	42 bank reconciliation	42 bank reconciliation	42 bank reconciliation
5. Number of quarterly reports on withdrawals from municipal bank accounts	Quarterly	4 reports on withdrawals from municipal bank accounts	1 report on withdrawals from municipal bank accounts	1 report on withdrawals from municipal bank accounts	1 report on withdrawals from municipal bank accounts	1 report on withdrawals from municipal bank accounts



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

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: 2019/20

Sub-programme: 3.3	Supporting and Interlinked Financial Systems							
Strategic objective	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			5 –Year Target
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO: 3.18 To provide technical and functional support to supporting and interlinked financial systems.	2hr18 min	2hr 05 min	03:55:22	8- 16 hr MTTR	Provide technical and functional support to supporting and interlinked financial systems.	Provide technical and functional support to supporting and interlinked financial systems	Provide technical and functional support to supporting and interlinked financial systems	Effective and efficient technical and functional support to supporting and interlinked financial systems

Programme performance indicators and annual targets: 2019/20

Sub-programme: 3.3	Supporting and Interlinked Financial Systems						
Programme Performance Indicator	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Mean (Average) time to resolve IT calls on transversal systems	2hr 18 min	2hr 05 min	03:55:22	8- 16hr MTTR	4-8hr MTTR	4-8hr MTTR	4-8hr MTTR

Quarterly targets: 2019/20

Sub-programme: 3.3	Supporting and Interlinked Financial Systems					
Performance Indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Mean (Average) time to resolve IT calls on transversal systems	Quarterly	4-8hr MTTR	4-8hr MTTR	4-8hr MTTR	4-8hr MTTR	4-8hr MTTR

3.4 Sub-programme: Provincial Supply Chain Management

The strategic objective is:

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

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 which may include the development of required policies and practice notes, that allow for best practice implementation.

Strategic objective annual targets: 2019/20

Sub-programme: 3.4		Provincial Supply Chain Management						
Strategic objectives	Audited/Actual performance			Estimated performance 2018/19	Medium-term targets			5 –Year Target
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:3.15 To support and monitor adherence of departments, public entities and municipalities on SCM.	143	162	269	230	Support and monitor adherence of departments, public entities and municipalities on SCM.	Support and monitor adherence of departments, public entities and municipalities on SCM.	Support and monitor adherence of departments, public entities and municipalities on SCM.	All Provincial Departments, Public entities and Municipalities supported and monitored on the adherence of SCM

Programme performance indicators and annual targets: 2019/20

Sub-programme: 3.4		Provincial Supply Chain Management					
Performance indicators	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of SCM training sessions conducted	42	42	30	Conduct 12 SCM training sessions, workshops and forums for state institutions	24	24	24
2. Number of SCM compliance assessments conducted	95	95	105	Conduct 84 SCM assessments in depts, munic. and public entities & investigate complaints	Conduct 144 SCM assessments in state institutions & investigate complaints	Conduct 144 SCM assessments in state institutions & investigate complaints	Conduct 144 SCM assessments in state institutions & investigate complaints
3. Number of SCM prescripts reviewed	6	6	4 policies Reviewed and updated	Review and update 4 policies	12	12	12
4. Number of Contract management reviews	New	Conducted 19 contract management reviews for state institutions	130 contract management reviews for state institutions Conducted	Conduct 130 contract management reviews for state institutions	Conduct 121 contract management reviews for state institutions	Conduct 121 contract management reviews for state institutions	Conduct 121 contract management reviews for state institutions

Quarterly targets: 2019/20

Sub-programme: 3.4		Provincial Supply Chain Management				
Programme performance Indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of SCM training sessions conducted	Quarterly	24	6	6	6	6
2. Number of SCM compliance assessments conducted	Quarterly	144	36	36	36	36
3. Number of SCM prescripts reviewed	Quarterly	12	3	3	3	3
4. Number of Contract management reviews	Quarterly	121	30	30	31	30

3.5 Sub-programme: Public Private Partnerships (PPPs)

The strategic objective is:

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



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

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: 2019/20

Sub-programme: 3.5		Public Private Partnerships						5 -Year Target
Strategic objective	Audited/Actual performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
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	26	26	26	26	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	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	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	Enhanced provincial PPPs in line with PPP Project Cycle as regulated by National Treasury guidelines

Programme performance indicators and annual targets: 2019/20

Sub-programme: 3.5		Public Private Partnerships					
Programme Performance Indicator	Audited/Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of PPP Seminars/Workshops conducted annually	2	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 compiled	12	12	12	12	12	12	12

Quarterly targets: 2019/20

Sub-programme: 3.5		Public Private Partnerships					
Performance Indicators	Reporting period	Annual target 2019/20	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 compiled	Quarterly	12	3	3	3	3	

3.6 Sub-programme: Accounting Services (Financial Reporting)

The strategic objective is:

- To assist departments and municipalities in the attainment of a clean audit outcome for the Province.

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: 2019/20

Strategic objective	Accounting Services (Financial Reporting)							5-Year Target
	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2020/21	
SO: 3.16 To assist departments and municipalities in the attainment of a clean audit outcome for the Province.	36	21	54	26	Assist departments, and public entities in the attainment of positive audit outcomes for the Province	Assist departments, and public entities in the attainment of positive audit outcomes for the Province	Assist departments, and public entities in the attainment of positive audit outcomes for the Province	Departments and public entities assisted in the attainment of positive audit outcomes for the Province

Programme performance indicators and annual targets: 2019/20

Programme Performance Indicators	Accounting Services (Financial Reporting)						
	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Timeous submission of unaudited Consolidated AFS for Provincial Departments to the Auditor General (AG) for audit	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 18 December 2017	Submission of Unaudited Consolidated AFS for FY2018/19 by 15 October 2018	Submission of Unaudited Consolidated AFS to the AG for FY2018/19 by 30 September 2019	Submission of Unaudited Consolidated AFS to the AG for FY2019/20 by 30 September 2020	Submission of Unaudited Consolidated AFS to the AG for FY2020/21 by 30 September 2021
2. Timeous submission of unaudited consolidated AFS for Public Entities to the Auditor General for audit	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 15 December 2017	Submission of Unaudited Consolidated AFS for FY2018/19 by 15 October 2018	Submission of Unaudited Consolidated AFS to the AG for FY2018/19 by 30 September 2019	Submission of Unaudited Consolidated AFS to the AG for FY2019/20 by 30 September 2020	Submission of Unaudited Consolidated AFS to the AG for FY2020/21 by 30 September 2021
3. Timeous submission of unaudited AFS for Revenue Fund to the Auditor General for audit	Revenue Fund AFS 2014/15 submitted	Audited Revenue Fund for FY 2015/16 by 31 December 2016	Audited Revenue Fund AFS for FY 2016/17 by 19 December 2017	Submission of Unaudited Revenue Fund AFS for FY2018/19 by 15 October 2018	Submission of Unaudited Revenue Fund AFS to the AG for FY2018/19 by 30 September 2019	Submission of Unaudited Revenue Fund AFS to the AG for FY2019/20 by 30 September 2020	Submission of Unaudited Revenue Fund AFS to the AG for FY2020/21 by 30 September 2021
4. Number of financial management workshops conducted for officials for Provincial Departments and Public entities	2 AFS Training Workshop conducted for Departments and 1 training workshop conducted for municipalities	Not Achieved	13 Training workshops conducted	1 training workshop by 30 April 2018	1 training workshop by 31 March 2020	1 training workshop by 31 March 2021	1 training workshop by 31 March 2022
5. Number of progress reports on financial management support initiatives conducted in Provincial Departments and Public Entities	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 8 Departments within 10 days of every quarter end	12 Progress reports on Financial management support based on identified needs/audit findings for Departments	12 Progress reports on Financial management support based on identified needs/audit findings for Departments	12 Progress reports on Financial management support based on identified needs/audit findings for Departments	12 Progress reports on Financial management support based on identified needs/audit findings for Departments
6. Annual pre-audit AFS review conducted on all Provincial Departments	New	Function performed by Internal Audit	Function performed by Internal Audit	Pre-audit review of AFS at all Departments preparing AFS on the MCS basis	Pre-audit reviews of AFS in all 14 Provincial Departments preparing AFS on the MCS	Pre-audit reviews of AFS in all 14 Provincial Departments preparing AFS on the MCS basis	Pre-audit reviews of AFS in all 14 Provincial Departments preparing AFS on the MCS basis
7. Annual Pre-audit AFS review conducted on Public Entities	New	Function performed by Internal Audit	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



Quarterly targets: 2019/20

Sub-programme: 3.6		Accounting Services (Financial Reporting)				
Programme Performance Indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Timeous submission of unaudited Consolidated AFS for Provincial Departments to the Auditor General (AG) for audit	Annually	Submission of Unaudited Consolidated AFS to the AG for FY2018/19 by 30 September 2019	N/A	Submission of Unaudited Consolidated AFS for FY2018/19 by 30 September 2019	N/A	N/A
2. Timeous submission of unaudited consolidated AFS for Public Entities to the Auditor General for audit	Annually	Submission of Unaudited Consolidated AFS to the AG for FY2018/19 by 30 September 2019	N/A	Submission of Unaudited Consolidated AFS for FY2018/19 by 30 September 2019	N/A	N/A
3. Timeous submission of unaudited AFS for Revenue Fund to the Auditor General for audit	Annually	Submission of Unaudited Revenue Fund AFS to the AG for FY2018/19 by 30 September 2019	N/A	Submission of Unaudited AFS for FY2018/19 by 30 September 2019	N/A	N/A
4. Number of financial management workshops conducted for officials for Provincial Departments and Public entities	Annually	1 training workshop by 31 March 2020	N/A	N/A	N/A	1 training workshop by 31 March 2020
5. Number of progress reports on financial management support initiatives conducted in Provincial Departments and Public Entities	Quarterly	12 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 AFS review conducted on all Provincial Departments	Annually	Pre-audit reviews of AFS in all 14 Provincial Departments preparing AFS on the MCS basis	Pre-audit reviews of AFS in all 14 Provincial Departments preparing AFS on the MCS basis	N/A	N/A	N/A
7. Annual Pre-audit AFS 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

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.

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: 2019/20

Sub-programme: 3.7		Norms and Standards						5 –Year Target
Strategic objective	Audited/Actual performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:3.17 To develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities.	136	137	155	58	Develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities to enhance financial management	Develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities to enhance financial management	Develop, facilitate implementation and monitor compliance with financial norms and standards in provincial departments, municipalities and public entities to enhance financial management	Enhanced financial management in provincial departments, municipalities and public entities

Programme performance indicators and annual targets: 2019/20

Sub-programme: 3.7		Norms and Standards					
Performance indicator	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of policies reviewed for Institutions	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	134 instruction notes, standard operating procedures and policies developed and/or reviewed	8 financial norms & standards reviewed for departments	8 financial norms & standards reviewed for departments	8 financial norms & standards reviewed for departments	8 financial norms & standards reviewed for departments
				8 standard operating procedures reviewed for departments	8 standard operating procedures reviewed for departments	8 standard operating procedures reviewed for departments	8 standard operating procedures reviewed for departments
				20 policies reviewed for 4 entities	20 policies reviewed / developed for 4 entities as required in terms of an assessment	20 policies reviewed / developed for 4 entities as required in terms of an assessment	20 policies reviewed / developed for 4 entities as required in terms of an assessment
2. Number of institutions assessed for compliance with financial norms and standards.	All departments assessed and monitored	All departments assessed and monitored	14 departments assessed and monitored. 7 public entities assessed and monitored.	14 departments assessed	14 departments assessed	14 departments assessed	14 departments assessed
				8 entities assessed	8 entities assessed.	8 entities assessed	8 entities assessed

Quarterly targets: 2019/20

Sub-programme: 3.7		Norms and Standards					
Programme performance indicators	Reporting period	Annual target 2019/20	Quarterly targets				
			Quarter 1	Quarter 2	Quarter 3	Quarter 4	
1. Number of policies reviewed for Institutions	Quarterly	8 financial norms & standards reviewed	2 financial norms & standards reviewed for a department	2 financial norms & standards reviewed for a department	2 financial norms & standards reviewed for a department	2 financial norms & standards reviewed for a department	
		8 standard operating procedures reviewed.	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.	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.	Development and Issue of Compliance Questionnaire and Compliance Checklist to 14 departments	Compliance Assessment Report issued per department	Compliance Follow-Up Report issued per department	Consolidated Monitoring Compliance & Evaluation Report compiled for 2019/20	
		8 entities assessed.	Development and Issue of Compliance Questionnaire and Compliance Checklist to 8 entities	Compliance Assessment Report issued per entity	Compliance Follow-Up Report issued per entity	Monitoring Compliance & Evaluation Report compiled for 2019/20 on the 8 entities	



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		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
1. Programme Support	-	-	-	3 892	3 892	5 607	4 235	4 468	4 712
2. Asset and Liabilities Management	13 931	14 101	16 325	19 219	16 219	15 632	14 969	15 809	16 678
3. Support and Interlinked Financial Systems	122 056	107 833	97 313	94 182	94 182	90 314	100 198	105 875	111 698
4. Supply Chain Management	52 062	39 769	39 930	44 731	37 231	34 864	45 735	48 360	51 019
5. Public, Private Partnerships	4 916	5 493	6 336	8 288	8 288	6 599	8 785	9 268	9 779
6. Accounting Services	42 626	35 087	34 441	32 668	29 668	28 253	42 497	36 382	38 384
7. Norms and Standards	4 572	4 927	5 609	6 622	6 622	6 319	7 122	7 525	7 938
Total	240 163	207 210	199 954	209 602	196 102	187 588	223 541	227 687	240 208

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		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Current payments	227 890	206 011	198 008	203 156	189 441	180 644	222 493	226 737	239 206
Compensation of employees	55 409	56 955	60 455	74 456	74 425	65 934	84 792	88 413	93 276
Goods and services	172 481	149 056	137 553	125 200	115 016	114 710	136 201	136 724	144 242
Interest and rent on land	-	-	-	3 500	-	-	1 500	1 600	1 688
Transfers and subsidies to:	975	492	1 204	939	974	1 008	198	248	262
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	1 025	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	14	-	-	-
Households	975	492	179	939	974	994	198	248	262
Payments for capital assets	11 237	707	742	5 507	5 687	5 936	850	702	740
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	11 237	707	742	5 507	5 687	5 936	850	702	740
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	61	-	-	-	-	-	-	-	-
Total	240 163	207 210	199 954	209 602	196 102	187 588	223 541	227 687	240 208

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 effective risk management
- 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:

- Promote 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 International 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: 2019/20

Sub-programme: 4.2	Assurance Services							
Strategic objective	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			5-Year Target
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:4.19 Promote an efficient, effective and economical assurance service	224	224	165	168	Promote an efficient, effective and economical assurance service	Promote an efficient, effective and economical assurance service	Promote an efficient, effective and economical assurance service	Efficient, effective and economical assurance service promoted



SO:4.20 Build & maintain solid client relationships through provision of value adding services	93	60	57	56	Build & maintain solid client relationships through provision of value adding services	Build & maintain solid client relationships through provision of value adding services	Build & maintain solid client relationships through provision of value adding services	Solid client relationships built through provision of value adding services
SO:4.21 Enhance capacity within and outside the unit	13	13	8	8	Provide capacity building within and outside the unit	Provide capacity building within and outside the unit	Provide capacity building within and outside the unit	Enhanced capacity within and outside the unit

Programme performance indicators and annual targets: 2019/20

Sub-programme: 4.2		Assurance Services					
Programme Performance indicators	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/2022
1. Number of approved IA Annual operational plans and a rolling three year strategic plan	22	22	7	14	14	14	14
2. Number of annual MEC Audit & Risk Committee report on clients' areas of risk management, governance and internal control compiled	1	1	1	1	1	1	1
3. Number of risk based audit conducted	189	179	150	148	155	160	165
4. Number of meetings held between clients and the Cluster Audit & Risk Committee	48	60	57	56	56	56	56
5. Number of Audit Committee reports issued to Accounting Officer	New	New	8	28	28	28	28
6. Number of training and development programmes attended	16	12	8	8	8	8	8

Quarterly targets: 2019/20

Sub-programme: 4.2		Assurance Services				
Performance Indicators	Reporting period	Annual target 2019/20	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 compiled	Annually	1	N/A	N/A	1	N/A
3. Number of risk based audit conducted	Quarterly	155	20	50	35	50
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 Officer	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 effective risk management

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: 2019/20

Sub-programme: 4.3				Risk Management				
Strategic objective	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			5 - Year Target
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO: 4.22 To promote good governance through effective risk management	233	421	189	214	Promote good governance through assisting provincial departments, public entities and municipalities with risk assessments, risk management and internal audit capacity building exercises.	Promote good governance through assisting provincial departments, public entities and municipalities with risk assessments, risk management and internal audit capacity building exercises.	Promote good governance through assisting provincial departments, public entities and municipalities with risk assessments, risk management and internal audit capacity building exercises.	Enhanced good governance through assisting provincial departments, public entities and municipalities with risk assessments, risk management and internal audit capacity building exercises

Programme performance indicators and annual targets: 2019/20

Sub-programme: 4.3				Risk Management			
Programme Performance Indicators	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of risk assessments conducted for departments (clients)	61	100	11 public entities 9 municipalities 27 departments	50	50	50	50
2. Number of risk maturity review reports issued to departments (clients).	27	39	28	30	28	28	28
3. Number of Occupational Health and Safety Review reports issued to departments (clients).	15	40	19 Departments 12 Municipalities 1 public entity	30	30	30	30
4. Number of Business Continuity Review reports issued to departments (clients).	36	40	19	30	28	28	28
5. Number of risk forums held for departments, municipalities and public entities	4	5	7	10	4 for departments 4 for municipalities 2 for public entities	4 for departments 5 municipalities 2 public entities	4 for departments 5 municipalities 2 public entities
6. Number of fraud prevention plans review reports issued to departments (clients).	36	70	4 Municipalities 8 public entities 18 Departments	30	28	28	28
7. Number of risk/governance –related training/awareness provided to departments (clients).	31	64	23 Departments & 1 Entity	20	25 departments 10 municipalities 5 public entities	20 departments 10 municipalities 5 public entities	20 departments 10 municipalities 5 public entities
8. Number of risk assessments conducted for municipalities.	New	New	New	20	30	30	30

Quarterly targets: 2019/20

Sub-programme: 4.3			Risk Management			
Performance Indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of risk assessments conducted for departments (clients).	Quarterly	50	10	15	15	10



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

2.	Number of risk maturity review reports issued to departments (clients).	Quarterly	28	4	10	10	4
3.	Number of Occupational Health and Safety Review reports issued to departments (clients).	Quarterly	30	5	10	10	5
4.	Number of Business Continuity Review reports issued to departments (clients).	Quarterly	28	N/A	14	N/A	15
5.	Number of risk forums held for departments, municipalities and public entities	Quarterly	10	3	2	2	3
6.	Number of fraud prevention plans review reports issued to departments (clients).	Quarterly	28	N/A	14	14	N/A
7.	Number of risk/governance –related training/awareness provided to departments (clients).	Quarterly	40	10	10	10	10
8.	Number of risk assessments conducted for municipalities.	Quarterly	30	10	10	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: 2019/20

Strategic objective	Forensic Services							5 –Year Target
	Audited / Actual Performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO:4.24 Promote a culture of zero tolerance for fraud and corruption in the province	254	228	94	92	Promote a culture of zero tolerance for fraud and corruption in the province	Promote a culture of zero tolerance for fraud and corruption in the province	Promote a culture of zero tolerance for fraud and corruption in the province	Zero tolerance culture for fraud and corruption in the province

Programme performance indicators and annual targets: 2019/20

Performance indicator	Forensic Services						
	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of Forensic Audits reports issued	35	54	33	32	3	30	30
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	69	127	57	56	56	56	56



Quarterly targets: 2019/20

Sub-programme: 4.4	Forensic Services					
Programme performance indicator	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of Forensic Audits reports issued	Quarterly	30	7	8	8	7
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	56	14	14	14	14

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		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
1. Programme Support	-	-	-	3 575	3 575	2 576	3 729	3 934	4 150
2. Assurance Services	78 647	78 037	72 920	78 993	85 841	86 878	94 583	89 217	94 123
3. Risk Management	55 957	24 441	27 486	25 055	25 555	22 473	28 555	29 933	31 580
4. Forensic Services	-	30 267	33 237	36 932	35 292	30 219	39 478	41 648	43 939
Total	134 604	132 745	133 643	144 555	150 263	142 146	166 345	164 732	173 792

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		
	2015/16	2016/17	2017/18	2018/19			2019/20	2020/21	2021/22
Current payments	133 455	131 683	131 826	143 564	148 319	140 212	164 915	163 229	172 207
Compensation of employees	59 441	67 544	73 099	79 104	81 004	78 744	93 841	100 398	105 920
Goods and services	74 014	64 139	58 727	64 460	67 315	61 468	71 074	62 831	66 287
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	684	101	180	106	1 037	1 044	112	118	124
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	4	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	17	17	-	-	-
Households	680	101	180	106	1 020	1 027	112	118	124
Payments for capital assets	262	960	1 637	885	907	890	1 318	1 385	1 461
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	262	960	1 637	885	907	890	1 318	1 385	1 461
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	203	1	-	-	-	-	-	-	-
Total	134 604	132 745	133 643	144 555	150 263	142 146	166 345	164 732	173 792



5. PROGRAMME 5: MUNICIPAL FINANCE MANAGEMENT

Programme 5 was established in the 2018/19 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 under Programme 2: Sustainable Resource Management. Functions previously performed under sub-programme 3.6 of Programme 3: Financial Governance relating to municipalities have been 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 partially achieved through the movement of existing resources, previously responsible for these 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
- 5.5 Sub-programme: Municipal Revenue & Debt Management

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 the 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 the 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 promote optimal and sustainable municipal budgets; and
- To promote 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: 2019/20

Strategic objective	Municipal Budget							5 –Year Target
	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO: 5.1 To promote optimal and sustainable municipal budgets ^{1& 2}	New	New	New	Support and monitor the preparation of Municipal budgets by municipalities	To support and monitor the preparation of Municipal budgets by municipalities	To support and monitor the preparation of Municipal budgets by municipalities	To support and monitor the preparation of Municipal budgets by municipalities	Promoted optimal and sustainable municipal budgets 1& 2
SO: 5.2 To promote optimal implementation of budgets by municipalities and reporting on related compliance ^{1& 2}	New	New	New	Support and monitor the preparation of Municipal budgets by municipalities	To support and monitor the preparation of Municipal budgets by municipalities	To support and monitor the preparation of Municipal budgets by municipalities	To support and monitor the preparation of Municipal budgets by municipalities	Promoted optimal and sustainable municipal budgets ^{1& 2}

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

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

³Target is not cumulative

⁴Target is subject to the level of non-compliance with the MFMA by delegated municipalities, which dictates the number of non-compliance reports issued

Programme performance indicators and annual targets: 2019/20

Programme Performance indicators	Municipal Budget						
	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of municipal tabled budgets to be evaluated ^{1& 2}	New	New	New	51 municipal tabled budgets evaluated	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	51 municipal approved budgets evaluated	51 municipal approved budgets evaluated	51 municipal approved budgets evaluated	51 municipal approved budgets evaluated
3. Number of budget workshops conducted	New	New	New	1 budget related workshop	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, 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
5. Number of Section 71(7) Quarterly budget performance reports ^{1& 2} completed	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
6. Number of Section 72 municipal reports evaluated ^{1& 2}	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
7. Number of reports on the compliance with the applicable MFMA reporting requirements	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
8. Number of Municipal Finance Circulars issued	New	New	New	5 Municipal Finance circulars	5 Municipal Finance circulars	5 Municipal Finance circulars	5 Municipal Finance circulars

Quarterly targets: 2019/20

Performance Indicators	Municipal Budget					
	Reporting period	Annual target 2019/20	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	N/A	51 municipal approved	N/A	N/A



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

		evaluated		budgets evaluated		
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 ³	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	N/A	2 circulars	1 circular	2 circulars

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

³Target is subject to the level of non-compliance with the MFMA by delegated municipalities, which dictates the number of non-compliance reports issued

5.3 Sub-programme: Municipal Accounting & Reporting

The strategic objective is:

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

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.

Strategic objective annual targets: 2019/20

Sub-programme: 5.3	Municipal Accounting & Reporting							5 –Year Target
	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			
Strategic objective	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO: 5.3 To assist, support and monitor municipalities with financial	new	new	new	To assist Municipalities with financial	Assist Municipalities with financial	Assist Municipalities with financial	Assist Municipalities with financial	Supported and monitored municipalities



management and compliance with the annual reporting framework.				management and facilitate the implementation of MSCOA	management and facilitate the implementation of MSCOA	management and facilitate the implementation of MSCOA	management and facilitate the implementation of MSCOA	with financial management and compliance with the annual reporting framework.
--	--	--	--	---	---	---	---	---

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

Programme performance indicators and annual targets: 2019/20

Sub-programme: 5.3	Municipal Accounting and Reporting						
	Audited / Actual performance ¹			Estimated performance ¹ 2018/19	Medium-term targets		
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22
1. Number of Annual Financial Statement Reviews performed.	Pre-audit assessment report in 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	Pre-audit assessment report in 4 municipalities by 31 August 2019	Pre-audit assessment report in 4 municipalities by 31 August 2020	Pre-audit assessment report in 4 municipalities by 31 August 2021
2. Number of Financial Management Support projects implemented	Progress reports on intensive on-site financial management support to 19 municipalities	Progress reports on intensive on-site financial management support to 11 municipalities	Progress reports on intensive on-site financial management support to 4 municipalities	Progress reports on intensive on-site financial management support to 6 municipalities	Progress reports on intensive on-site financial management support to 6 municipalities	Progress reports on intensive on-site financial management support to 6 municipalities	Progress reports on intensive on-site financial management support to 6 municipalities
3. Number of Reports on the monitoring of implementation of mSCOA	New	New	Monitor implementation of MSCOA by Municipalities and provide progress reports	Monitor implementation of MSCOA by Municipalities and provide progress reports	4 Reports on the monitoring of the implementation of MSCOA by Municipalities provide progress reports	4 Reports on the monitoring of the implementation of MSCOA by Municipalities provide progress reports	N/A

¹ Previously reported under sub-programme 3.6 for the 2015/16 to 2018/19 financial years.

² Target is dependent on the cut-off date and closure of the NTI database and/or timeous submission by municipalities

Quarterly targets: 2019/20

Sub-programme: 5.3	Municipal Accounting and Reporting					
	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of Annual Financial Statement Reviews performed.	Annually	Pre-audit assessment report in 4 municipalities by 31 August 2019	N/A	Pre-audit assessment report in 4 municipalities by 31 August 2019	N/A	N/A
2. Number of Financial Management Support projects implemented	Quarterly	Progress reports on intensive on-site financial management support to 6 municipalities	Progress reports on intensive on-site financial management support to 6 municipalities	Progress reports on intensive on-site financial management support to 6 municipalities	Progress reports on intensive on-site financial management support to 6 municipalities	N/A
3. Number of Reports on the monitoring of implementation of mSCOA	Quarterly	4 reports on the municipalities supported with implementation of mSCOA	1 report on the municipalities supported with implementation of mSCOA	1 report on the municipalities supported with implementation of mSCOA	1 report on the municipalities supported with implementation of mSCOA	1 report on the municipalities supported with implementation of mSCOA

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.



treasury

Department:
Treasury
PROVINCE OF KWAZULU-NATAL

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: 2019/20

Sub-programme: 5.4		Municipal Support Program						5 –Year Target
Strategic objective	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
SO: 5.4 To assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability	40 municipalities supported through the MSP	30 municipalities supported through the MSP	19 municipalities supported through the MSP	Assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability	Assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability	Assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability	Assist and provide technical support to delegated municipalities to ensure sound financial management and sustainability	Assisted and provided technical support to delegated municipalities to ensure sound financial management and sustainability

¹Target is not cumulative

Programme performance indicators and annual targets: 2019/20

Sub-programme: 5.4		Municipal Support Program						
Programme Performance indicators	Audited / Actual performance			Estimated performance 2018/19	Medium-term targets			
	2015/16	2016/17	2017/18		2019/20	2020/21	2021/22	
1. Number of MSP projects implemented at targeted municipalities ¹	40 municipalities supported through the MSP	30 municipalities supported through the MSP	19 municipalities supported through the MSP	10 projects to be implemented	10 projects to be implemented	10 projects to be implemented	10 projects to be implemented	
2. Number of municipal support steering committee meetings conducted	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 quarterly meetings to monitor progress on municipal support	
3. Number of CFO Forums conducted	New	New	New	4 quarterly CFO Forums	4 quarterly CFO Forums	4 quarterly CFO Forums	4 quarterly CFO Forums	
4. Number of circulars on the grant roll over process	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	1 circular by 31 August 2021 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: 2019/20

Sub-programme: 5.4		Municipal Support Program				
Performance Indicators	Reporting period	Annual target 2019/20	Quarterly targets			
			Quarter 1	Quarter 2	Quarter 3	Quarter 4
1. Number of MSP projects implemented at targeted 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 2019 on the grant roll over process	N/A	1 circular	N/A	N/A

¹Target is not cumulative



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		
	2015/16	2016/17	2017/18				2018/19	2019/20	2020/21
1. Programme Support	-	-	-	3 351	2 400	2 356	3 287	3 411	3 603
2. Municipal Budget	46 037	53 193	53 218	27 813	26 900	25 331	27 714	29 185	30 480
3. Municipal Accounting and Reporting	-	-	-	-	-	-	14 919	19 051	18 373
4. Municipal Support Programme	-	-	-	32 545	34 409	35 380	17 973	14 896	14 284
5. Municipal Revenue and Debt Management	-	-	-	-	-	-	-	10 187	14 206
Total	46 037	53 193	53 218	63 709	63 709	63 067	63 893	76 730	80 946

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		
	2015/16	2016/17	2017/18				2018/19	2019/20	2020/21
Current payments	45 792	53 017	52 860	63 564	63 179	62 514	63 174	76 136	80 363
Compensation of employees	25 458	25 757	29 616	33 177	34 993	34 531	44 295	62 889	59 768
Goods and services	20 334	27 260	23 244	30 387	28 186	27 983	18 879	13 247	20 595
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	28	-	28	-	-	-	-	-	-
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	-	28	-	-	-	-	-	-
Payments for capital assets	217	176	327	145	530	553	719	594	583
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	217	176	327	145	530	553	719	594	583
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	3	-	-	-	-	-	-
Total	46 037	53 193	53 218	63 709	63 709	63 067	63 893	76 730	80 946



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 7.1 : Details of donor funding and agency receipts

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2015/16	2016/17	2017/18	2018/19			2020/21	2019/20	2021/22
Donor funding	7 073	57 227	116 185	86 222	344 821	344 821	-	-	-
Development of KwaZulu-Natal Science Parks	7 073	34 527	78 633	-	-	-	-	-	-
Fight Against HIV/Aids, TB & Malaria	-	22 700	37 552	86 222	344 821	344 821	-	-	-
Agency receipt	-	480	240	-	-	-	-	-	-
PSETA	-	480	240	-	-	-	-	-	-
Total	7 073	57 707	116 425	86 222	344 821	344 821	-	-	-

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 2019/20 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)		
<ul style="list-style-type: none"> Programme 5 has been established during the 2017/18 financial year in line with the new generic 		



<p>structure which was approved by the Budget Council Lekgotla on 8 November 2014.</p> <ul style="list-style-type: none"> • 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:- <ul style="list-style-type: none"> 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 	
<p>Strategic Objectives Measurements. All Strategic Objective tables have been revised to correct the misalignment of five-year targets measurement for strategic objectives in the Strategic Plan.</p>	

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
FMCMM	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



PR177/2019

ISBN: 978-0-621-47451-0

Title of Publications: KwaZulu-Natal Provincial Treasury Annual Performance Plan 2019/2020

To obtain further copies of this document, please contact:

Provincial Treasury

Ground Floor – Library

Treasury House (NBS) Building

145 Chief Albert Luthuli Road, 3201

PO Box 3616

Pietermaritzburg

3200

Tel: +27 (0)33 897 4582

Fax: +27 (0)33 897 4316



