



# KWAZULU-NATAL PROVINCIAL TREASURY



## ANNUAL PERFORMANCE PLAN FOR 2024/2025



**KWAZULU-NATAL PROVINCE**

TREASURY  
REPUBLIC OF SOUTH AFRICA

**Title of Publications:**

2024/25 Annual Performance Plan KwaZulu-Natal Provincial Treasury

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## Executive Authority Statement (MEC)

As KwaZulu-Natal Provincial Treasury, our focus for the 2024/2025 financial is to continue to find innovative measures to keep our Provincial Administration financially afloat, cash positive, transformative, both economically and socially, and deepen good financial governance in all departments, municipalities as well as public entities.

We need to do this by building on the positive progress we have made as a Province. However, we plan during complex and difficult times, both globally and right here in South Africa. The international community is facing serious risks and multiple crises which include rising inequality and poverty, the rising cost of living, economic instability and trade wars. These have adverse effects on what we plan to do as KZN Government due to the impact these developments have on our operating environment.

Without a doubt, we have entered a period where we need to run through our fiscus with a fine comb and make hard decisions. We are forced to do this so that our mandate, as government, which is to foster and deepen socio-economic transformation, continues unabated.

A huge part of this is to continue to improve our efficiencies overall and make every rand go an extra mile. Equally important is the need to strengthen our efforts to curb irregular expenditure, fight fraud and corruption and make our Provincial Administration an envy and a mirror of the whole country on matters of financial governance. All of this must translate into uninterrupted, improved and community-tailored service delivery.

Granted, for the past consecutive 15 years, KZN Treasury has demonstrated its commitment and resilience to ensuring good financial governance. The fifteenth consecutive clean audit outcome is testimony to that fact. However, as we have always been saying, our performance in relation to financial governance must rub off others, not accidentally, but we will be doubling our efforts, through a strategic focus, to ensure that the number of positive audit outcomes for departments, municipalities and public entities, increases every year.

Our transformation agenda as the Provincial Government has curved out specific Provincial Priorities to which KZN Treasury needs to make a telling contribution. These priorities include building a capable, ethical & developmental state, ensuring economic transformation and job creation, building a caring and incorruptible government, job creation, and growing the economy.

These priorities help us to identify our specific areas of focus if we are to realise them. Part of our focus in 2024/2025 financial year is improved attention that we must give to the empowerment of vulnerable groups which include disabled people, women, youth and military veterans of KwaZulu-Natal. Through our Supply Chain, we will continue to engage and empower these vulnerable groups so that they can have the necessary capacity to compete for government tenders and contracts.

The National Minister of Finance, Mr Enoch Godongwana, explained in his Medium-Term Budget Policy Statement (MTPBS) which he tabled on the 1st of November 2023, that various steps are being taken to ensure the support of economic growth, to stabilise public finances and to protect the social wage.

In terms of supporting the economy, as I mentioned in my Provincial Adjustment Budget Speech on 30 November 2023, we have accelerated the intensive work to stabilise electricity generation and supply, more focus has been placed



to ensure improvement in the logistics sector, while other focal areas are constantly supporting infrastructure investment and strengthening efficient and effective procurement by the state.

Under the able leadership of our National Government, led by His Excellency, President Cyril Ramaphosa, we have an unenviable task of building on the good progress made in service delivery, even within the context of a shrinking fiscus and uneven economic growth in the end, this means that we need to continue to make tough decisions. These will entail maintaining our stance on cost-cutting measures, finding new revenue sources and strict monitoring of compliance to Public Finance Management Act and Municipal Finance Management Act. This will be supplemented by oversight provided by the Provincial Audit Committee.

Even though the economic picture looks bleak, we remain optimistic that this province will weather the storm and remain financially viable going forward. We will maintain our cash management practices to ensure that we remain cash-positive at all times. We will also strengthen our support to sister departments, municipalities and public entities to ensure overall improvement in financial governance.

A handwritten signature in black ink, appearing to read 'N. Nkonyeni'.

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**Ms. Neliswa P. Nkonyeni**

**MEC for Finance (KwaZulu-Natal)**



## Accounting Officer's Statement

Our strategic focus for the 2024/2025 financial is to build on the progress we have made as a Province and to continuously improve our efficiencies in an attempt, not only to strategically allocate budget, but to tirelessly work towards making every rand count and change the lives of communities we serve as government.

Amid the widely reported economic downturn due to a multiplicity of factors globally and nationally, resulting in the shrinking of the fiscal envelop, we choose not to be demotivated, but to continuously look for innovative ways to improve financial governance and allow that to translate into sustained service delivery.

Government's priorities have carved out a specific role for KZN Treasury in respect of certain areas of development. Thus, KZN Treasury has a legislated responsibility of mobilising, allocating and monitoring financial resources that are aimed at implementing both National and Provincial priorities. This transversal role is performed through leadership and supportive roles. Provincial Treasury directly responds towards the achievement of the following priorities:

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

As we have done in the previous financial year, we will continue to look for resources to be channelled appropriately in order to ensure realisation of the priorities that KZN Treasury needs to respond to. It is through this approach, among others, that we can ensure that KZN Treasury operates within the legislated mandate of the South African Government.

With the current fiscal cliff, we will need to work harder and collectively with KwaZulu-Natal provincial Administration to find creative ways, within our baselines, to achieve our goals. This will necessitate stronger coordination and monitoring of our performance. By the same token, an evaluation of our programmes as departments is a must.

Equally, we will also find ways of enhancing own revenue as a way of growing and sustaining our Provincial fiscus and look at partnerships with other institutions such as FASSET, tertiary institutions and the private sector in achieving more with less.

The fifteen consecutive clean audit outcomes awarded to KZN Treasury is proof that we have the capacity to build and sustain prudent financial governance. We have always said that our good performance must translate into improving audit outcomes in all provincial departments, public entities and municipalities.

Testimony to this commitment, the past financial year has seen seven Departments receiving clean audits, compared to 8 clean audits in the previous year. Six Departments received unqualified audit opinions and 1



Department received qualified audit opinions compared to 2 qualified in the previous year. Eleven Public Entities achieved clean audits while 5 achieved unqualified audit opinions and 1 received a qualified audit opinion. Eleven Public Entities sustained their clean audit, while one entity regressed from a clean audit to an unqualified audit and the audit outcome of one entity regressed from an unqualified audit to a qualified audit.

In 2024/2025, we strive to achieve further improvements in the audit outcomes in line with the MTSF targets set. This will only be made possible if we continue to work more collaboratively within the entire Provincial Administration to implement the combined assurance framework which will provide a solid foundation for KwaZulu-Natal to become a symbol of good financial governance for the country.

Our focus for the next financial year therefore will entail the following strategic aspects, among others:

- a) Strengthening our partnership with Departments, Municipalities and Public Entities with a view to jointly improving financial governance in the province.
- b) Enhanced budget management with emphasis on internal reprioritisation in order not to compromise delivery of critical services to communities.
- c) Improving compliance with all government regulatory requirements in an attempt to drastically reduce irregular expenditure and avoid surrendering unspent conditional grants.
- d) Improving our efforts to create an enabling environment for the participation of previously disadvantaged persons in the mainstream economy.
- e) Working harder to ensure that KZN Treasury fully realises its commitment to the National Employment Equity targets of 50 percent women at SMS level, 2 percent people with disabilities, 5 percent youth and 75 percent Blacks. As explained in detail in this document below, we will improve our existing statistics of 47 percent women at SMS level, 1.6 percent of people with disabilities, whilst having achieved the last target by employing 82 percent of workforce being black.

The province has faced various challenges in recent years and these have had a lasting impact on the fiscal resources and the ability to manage the finances whilst respond to the increased demands for service delivery. It is therefore important that our financial planning identifies and mitigated strategic and operational risks in order to ensure that the administration is able to respond swiftly to the ever-changing environment.

The state of the economy and our financial position dictate that we tighten our belts more so than ever before whilst ensuring that we achieve value for money for every cent we spend.

**Ms. Carol Coetzee**

**Head of Department: KZN Treasury**



## OFFICIAL SIGN-OFF

It is hereby certified that this Revised Annual Performance Plan:

- Was developed by the management of the KZNPT under the guidance of MEC Ms. N.P. Nkonyeni;
- Takes into account all the relevant policies, legislation and other mandates for which Provincial Treasury is responsible for, and
- Accurately reflects the Outcomes and Outputs which the KZNPT will endeavour to achieve over the period 2024/2025.

**Ms. N. Shezi**

*Programme Manager: Sustainable Resource Management (P2)*

Signature: 

**Mr S. Moodley**

*Programme Manager: Financial Governance (P3)*

Signature: 

**Ms. M. Bhaw**

*Acting Programme Manager: Internal Audit (P4)*

Signature: 

**Mr. F. Cassimjee**

*Programme Manager: Municipal Finance Management (P5)*

Signature: 

**Mr. T. Ndlovu**

*Chief Financial Officer*

Signature: 

**Ms. I.N.N. Zwane-Dlomo**

*Head official responsible for Planning*

Signature: 

**Ms. C. Coetzee**

*Head of Department/Accounting Officer*

Signature: 

**Approved by:**

**Ms. N.P. Nkonyeni**

*Executive Authority*

Signature: 





# PART A

# OUR MANDATE





## PART A: OUR MANDATE

### 1. Updates on the relevant legislative and policy mandates

There was one update in the legislative and policy environment, namely the PPPFA Regulations in January 2023. The aim of the PPPFA Regulations is to prescribe preferential point system as well as the specific goals to which the points would be allocated.

The following legislative and policy mandates are still applicable to guide the operations of the department.

#### 1.1 Constitutional mandate

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

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

#### 1.2 Legislative and Policy mandates

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

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



23.	Public Private Partnership Regulations
24.	Framework for Infrastructure Delivery and Procurement Management
25.	Division of Revenue act 50 of 2002
26.	Treasury Regulations

## 2. Updates on Institutional Policies and Strategies

**The following policies are still applicable:**

### ***National and Provincial Priorities***

KZN Provincial Treasury remains responsible for the mobilisation, allocation and monitoring financial resources that are aimed at implementing the following National and Provincial priorities. This transversal role is performed at two levels, i.e. leading role, as well as the supportive role.

Provincial Treasury directly responds towards the achievement of the following priorities:

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

### ***Provincial Growth and Development Strategy***

It is crucial that the department makes every effort to align our strategic plans and APP to the government priorities in order to effectively contribute to the overall goals of the current administration, as set out in the NDP through the MTSF's and PGDS.

By understanding and focusing on these specific interventions, the department can ensure that all our actions are in line with the strategic direction set forth by higher authorities.

The department made effort and allocated resources towards implementation of these priorities through embedding them in the plans to ensure delivery of the set Interventions. This will ensure that the department makes a meaningful impact on enhancing governance, accountability, and economic growth within the province of KwaZulu-Natal.

The department has allocated resources towards implementation of these priorities through embedding them in the plans to ensure delivery of the set Interventions. This will ensure that the department makes a meaningful impact on enhancing governance, accountability, and economic growth within the province of KwaZulu-Natal.

The following specific interventions are assigned to KZN Provincial Treasury, in driving the implementation: -

- Strengthening Municipal Financial Systems;
- Reduction of Audit findings on Asset Management in the Public Sector;



- Reduction of Qualified Audits in the Public Sector;
- Improve financial management capabilities in the public sector;
- Measures taken to eliminate fruitless & wasteful and irregular expenditure in the public sector;
- Ensure state capacity on Disaster Management is enhanced to plan for and manage future pandemics;  
and
- Expand government spending on women, youth and PWDs through preferential procurement.

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

The department's contribution in the GSID and ESIED Clusters remains unchanged. The department is reporting as leading in the implementation of the following Interventions;

- Rationalisation of Public Entities.
- Strengthen Municipal Financial Systems.
- Reduction of Audit Findings on Asset Management in the Public Sector.
- At least 75% reduction of qualified audits in the public sector by 2024; baseline 6 Departments qualified as at 2019, of these 1 per year improved from qualified, 0 new qualifications.
- Monitor implementation of "Operation pay-on Time". (payment of suppliers within 30 days)
- 60% Improvement on Implementation of Audit Improvement Plans.
- 60% reduction of fruitless and wasteful expenditure in KZN.
- 60% reduction of irregular expenditure in KZN.
- Providing training in the area of Contract Management Systems in provincial Departments and Municipalities.
- Increase revenue collection (including debt) and revenue-generating capabilities in the province.
- Strengthen departmental Internal Controls and Risk Management.
- 60% of Public Institutions with updated Risk and Business Continuity Plans.

### **Alignment to the SONA, SOPA, SONA and Lekgotla Resolutions**

KZNP was allocated with 9 SONA Resolutions, and these are on track and are being monitored and progress is reported on a quarterly basis. Moreover, the department was also allocated 6 SOPA Resolutions, and all have been achieved to date. Further to that, the department had a total of 6 Treasury-specific Cabinet Lekgotla Resolutions for execution in the 2023/24 financial year. The department has made significant progress on reduction of audit findings on asset management, achieving a least 75% reduction in qualified audits, monitoring the implementation of operation pay on time, providing training on contract management, ensuring the development of audit improvement plans by departments and quarterly monitoring the implementation thereof as well as assisting public sector institutions with updated risk profiles that include disaster related risks and business continuity plans. Below is a reflection on the resolutions that the department has recorded slow progress on due to challenges experienced., where remedial actions have been proposed to ensure achievement at the end of the MTSF period: -

- *Departments to focus on finalising investigations and clearing of **irregular expenditure** in terms of the framework.*



The provincial status in respect of Irregular Expenditure: -

Cumulative balance of Irregular Expenditure of Departments as at 31 March 2023 is R60.8 billion (31 March 2022: R53.9 billion) and that of Public entities at 31 March 2022 is R527,9 million.

As of 31 December 2023, PT received requests for condonation as follows:

- ✓ Provincial Departments: R 18.7 billion
- ✓ Public Entities: R300.8 million

In respect to departments, KZNPT recommended R7.7 billion for condonation, R124 million has been recommended for reclassification. The balance was not condoned owing to the following reasons: -:

- ✓ Inadequate consequence management;
- ✓ Value for money could not be confirmed;
- ✓ Transactions under forensic investigation; and
- ✓ Matters referred back to Accounting Officers for removal

With regards to Public Entities, R114.5 million has been recommended for condonation, R813 thousand recommended for reclassification and R61.5 million has been referred back to Accounting Authorities for removal.

The cumulative balance of irregular expenditure is high due to many factors such as;

- Departments failing to investigate and take remedial action for prior year irregular expenditure;
- Lack of internal control units to identify irregular expenditure; and
- Supporting documents not accompanying condonation submissions made to Provincial Treasury.

Although the cumulative balance of irregular expenditure has increased to over R61 billion compared to the baseline figure of R41.8 billion, the incidence of irregular expenditure, i.e. the rate at which the irregular expenditure is incurred, has decreased by 26.5% over the reporting period (2019-2023). Cumulative condonation as at 31 December 2023 is R7.8 billion.

Departments and Public Entities are required to make regular submissions for condonation, ensure all supporting documents accompany submissions, quicker turnaround times where supporting documents are requested, and the remove of irregular expenditure where the Accounting Officer or Accounting Authority is the relevant authority.

#### *Increase revenue collection*

This intervention is not moving as fast as anticipated as it involves other external stakeholders. One of the initiatives Treasury is undertaking is the research on unlicensed motor vehicles and the potential income from this source. Engagements with DOT in this regard have already commenced.

- Include others not stated above wherein slow progress is noted.



The department is still operating within the 2019/2024 MTSF and as such all of these resolutions are incorporated into the 2024/25 Annual Performance Plan and reflected in detail in the document.

### ***Climate Change and Disaster Management in the province***

KZNPT has established a Provincial Risk Management Committee (PRMC) as part of the Revised Provincial Risk Management Framework, which was approved by KZN cabinet on June 9, 2021. The committee is responsible for developing the provincial risk profile, which includes identifying risks and mitigation strategies related to Climate change and Disaster-related risks.

Furthermore, as one of the strategies one of the targets from programme 4 (Internal Audit) is to assess all departments' compliance with minimum risk management standards. This assessment also includes whether disaster-related risks are covered in each departments' risk registers.

### ***KZNPT Role with regards to Centralised Procurement System in the province***

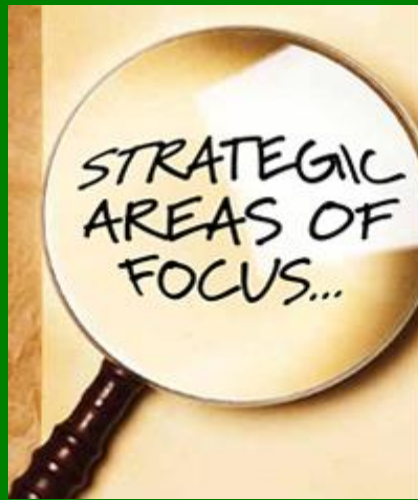
In the absence of the National system i.e. IFMS which was going to also include the procurement modules that would assist in the procurement processes of government, Provincial Treasury will still explore possible solutions through engagement with National Treasury given the delay on IFMS.

## **3. Relevant Court Rulings**

### **3.1 Relevant court rulings**

The department has no court rulings that have a significant, ongoing impact on its operations or service delivery obligations. The gaming and betting tax proposed bill that could have affected current legal cases was withdrawn and is being revised.

# PART - B



## PART B: OUR STRATEGIC FOCUS

KZNPT aligns its vision, mission, and values statements with the principles of transformation, inclusivity, equality, and the priorities as outlined in the WYPD (Women, Youth & Persons with disability) framework. By integrating



these principles, KZNPT strives to create a more responsive and equitable government for the people of KwaZulu-Natal.

### Vision

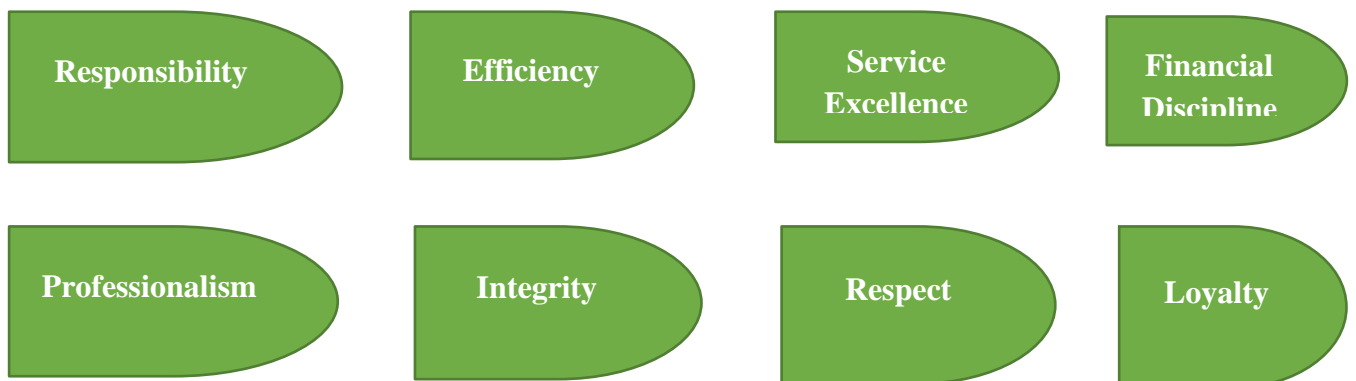
- Be the center of excellence in Financial and Fiscal Management in the country.

### Mission

- KZNPT seeks to **enhance** the KwaZulu-Natal Provincial Government **service delivery** by responding to the expectations of all our stakeholders in the value chain as a key driver through:
  - **Optimum and transparent allocation** of financial resources whilst enhancing revenue generation,
  - **Financial management practices** in **compliance** with applicable legislation and corporate governance principles;
  - Our **competent and dedicated employees** who are at the center of ensuring best value to our stakeholders.

### Values

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



### Impact Statement

The Impact statement for the department remains unchanged, as “Credible, Accountable, and Ethical Fiscal and Financial Management Practices in the Province of KwaZulu-Natal.”

The department has assessed the internal and external environment that could have an impact on its performance environment. A combination of both SWOT and PESTEL planning methodologies were used. The outcome of analysis is reflected.

## 4. Updated Situational Analysis

The APP for the 2024/25 financial year was developed through an iterative and interactive process that started in September 2023. The focus was not on trying to shift the strategy from what Treasury is currently doing, but rather refocus on what was required to refine actionable items within the timeframes of the current and the next





Medium-Term Expenditure Framework. The focus was therefore firmly on enhancing strategy execution given the external and internal dynamics facing the department to ensure that the key outcomes were achieved.

A strategic planning process was followed on 11-12 September 2023, which afforded PT management team an opportunity to reflect on 2022/23 operational performance achieved as well as the readiness, both individually and collectively to achieve the MTSF targets and five-year strategic outcomes. The Head of Department confirmed the proposed priorities for the upcoming financial year based on the engagements. PT reconfirmed its departmental strategic priorities underpinned by its strategic levers, with Monitoring & Evaluation Unit remaining a clear mechanism to plan, monitor and report on the implementation of the executive and departmental priorities.

The plans were developed while anticipating the upcoming General Elections, estimated to take place in May 2024, including identifying and deliberating on risks and challenges with the aim of providing solutions to mitigate or eliminate the risks effecting the achievement of the strategy. The management team convened during this session and agreed on the critical vacant posts that should be filled in the current financial year, in light of the fiscal consolidation.

In order to achieve the targets that PT set for itself, it required a number of different planning tools including Political, Economic, Social, Technological, Legal and Environmental (PESTLE) factors, and Strengths Weaknesses Opportunity and Threats (SWOT), where we identified a number of strengths, weaknesses, opportunities and threats, the outcome of which forms the underlying girdle of this strategy planning document, highlighting the critical role that PT plays in ensuring a stable and sustainable fiscus.

#### **4.1 External Environment Analysis**

This planning year draws near the conclusion of the 6<sup>th</sup> Administration planning cycle. Even though a lot has been done to address the triple challenges of poverty, inequality and unemployment, various challenges remain in the external environment as highlighted below:

##### **Provincial Fiscal Framework**

There were a number of external factors that had an impact on the national and provincial fiscus. These included the geo-political impact of the Russia-Ukraine conflict which together with various other factors, resulted in a weakened economic outlook for the country. Higher inflation and interest rates, together with inadequate electricity supply and load-shedding remained a significant constraint to production, investment and employment creation. As a result, there was lower tax revenue collected by SARS, mainly due to lower corporate income tax, which impacted on the availability of public sector resources. There was thus a far higher risk of over-spending, with this position aggravated by the above-budget 2023 wage agreement. Whilst the main 2023/24 budget was tabled with the understanding that National Treasury will fund the 2023 wage agreement, during the course of the financial year National Treasury indicated that they did not have the full resources to fund this bill due to the above-mentioned financial constraints.

As mentioned, the medium-term economic outlook has deteriorated, and several factors have contributed to the country and the province being faced with severe budget pressures, necessitating cutting back on spending



programmes, even impacting on core service delivery programmes. The difficult fiscal position is compounded by disruptions to, and under-investment in municipal infrastructure such as water, road and rail networks, which deter investors due to lack of investor confidence in the state and erodes the competitiveness of businesses.

Other challenges facing the province include rising inflation which impacts directly on household spending through increased cost of living; while the high rate of unemployment and poverty requires continued commitment to a macroeconomic framework that encourages investment and accelerated progress on reforms to improve state capability in order to address the socio-economic challenges, including poverty and unemployment.

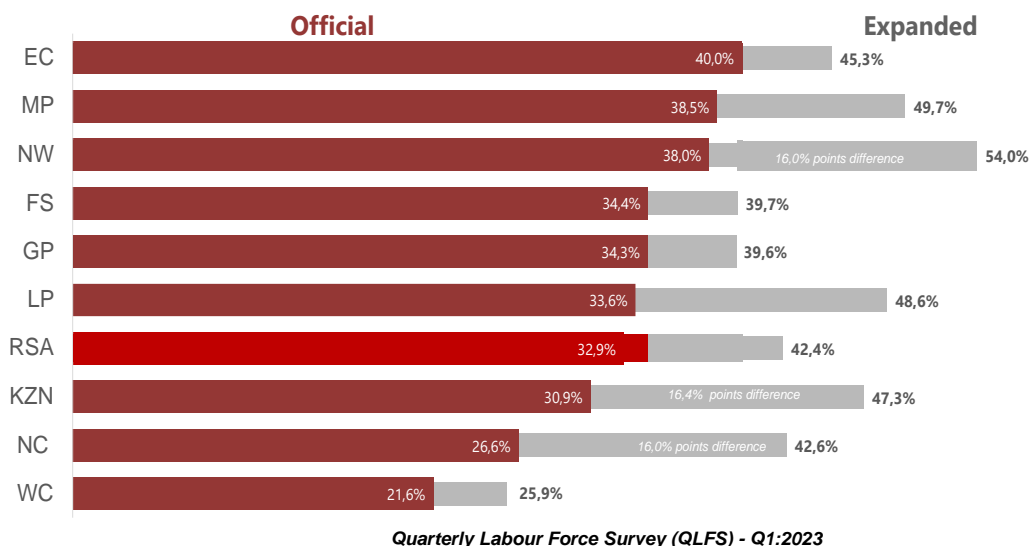
The Provincial Equitable Share continues to show a downward trend in this province due to the population updates showing that less people reside in KZN, as well as that there are less scholars attending our schools. The update of the Health component in the PES also saw KZN's portion being reduced proportionately over the MTEF.

The APP and budget are prepared in a highly politicised environment, where there is often misalignment between the political agenda and the budget to roll out supporting strategies. There has been increasing hostility toward Provincial Treasury for their attempts to balance the budget and implement the PFMA and other legal prescripts through austerity measures ahead of an election year.

Globally, the impact of climate change is notable, and the province is experiencing increasingly disasters, which impacts on the budget and constrains fiscal resources even further as reprioritisation has to take place to address the disaster.

### Unemployment rate Statistics

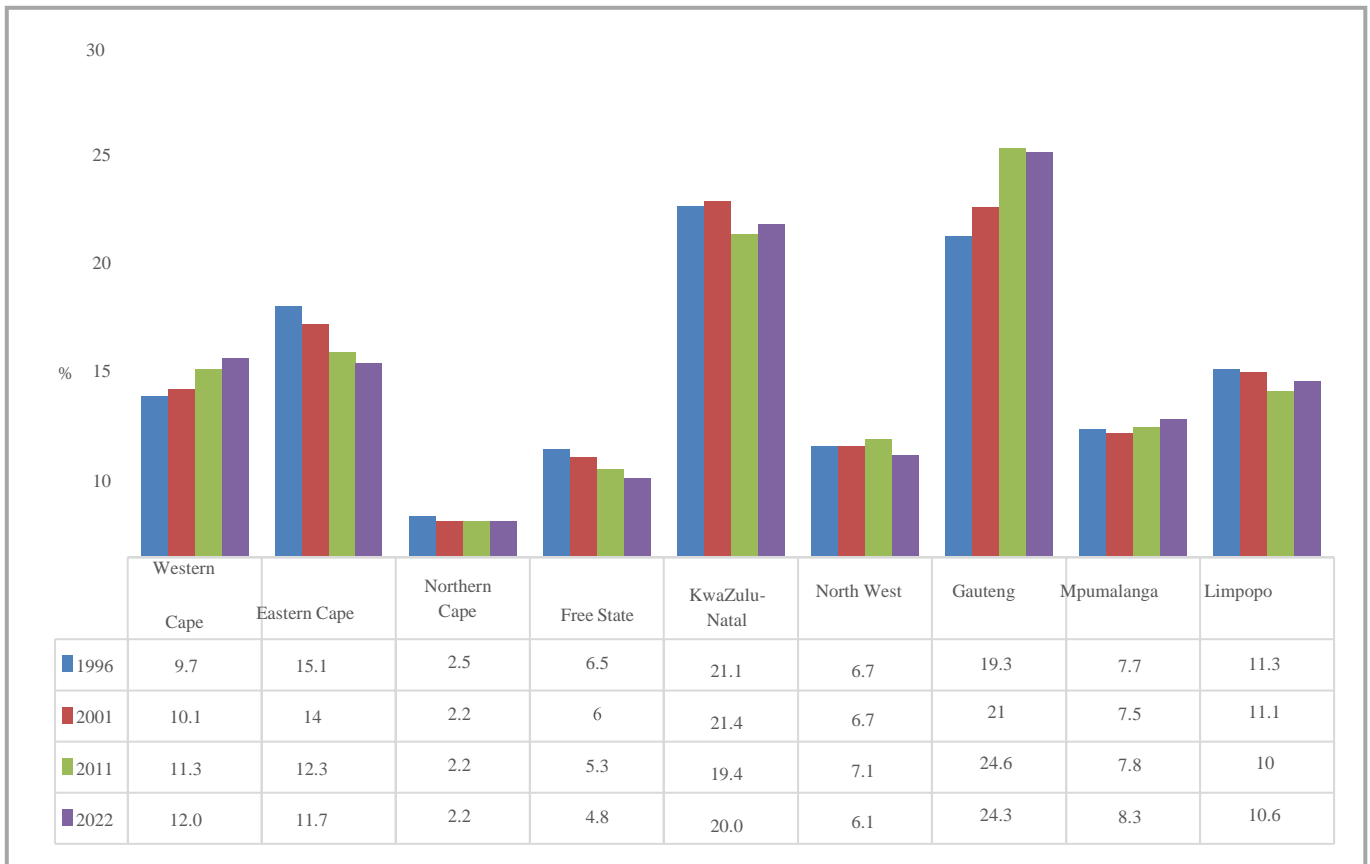
Provincial unemployment rate: Official vs Expanded Q1:2023



**NW** (54,0%) recorded the **highest expanded unemployment rate** in Q1:2023, followed by **MP** (49,7%), with **NW, KZN and NC** recorded more than 15 percentage points difference between expanded and official unemployment rates.



Unemployment rate in the country increased by 0,2 of a percentage point to 32,9%. The Absorption rate increased by 0,5 of a percentage point to 39,9% and the labor force participation rate increased by 0,9 of a percentage point to 59,4%. The number of unemployed increased by 179 000 in Q1:2023 compared to Q4:2022.



This factor also exacerbates fiscal challenges due to few people that contribute towards tax, resulting in lower tax revenue. The province is also faced with the high rising inflation constrains in the household spending and raised the cost of living, while the high rate of unemployment and poverty requires continued commitment to a macroeconomic framework that encourages investment and accelerated progress on reforms to improve state capability and address the socio-economic challenges, including poverty and unemployment.

### Population Distribution

#### CENSUS 2022 STATISTICAL REPORT

The graph above provides the percentage distribution of the population by province, 1996–2022. The results indicate that Gauteng (24,3%), has recorded the highest percentage distributions of the population in comparison to KwaZulu-Natal (20%). The above confirms that a downward trend in the Provincial Equitable Share will persist due to less people reside in KZN against Gauteng. There are less scholars attending our schools. The update of the Health component in the PES also saw KZN losing some funds.

The APP and budget are prepared in a highly political environment, where there is often misalignment between the political agenda and the budget to roll out supporting strategies. There has been increasing hostility toward Provincial Treasury for their attempts to balance the budget and implement the PFMA and other legal prescripts.



Globally, the impact of climate change is notable, and the province is increasingly experiencing disasters, which impacts on the budget and constrains fiscal resources even further.

The **Infrastructure Management and Support** was severely affected by the natural disasters that befell the Province in the previous year. The severe negative impact on provincial infrastructure be it schools, health facilities, transport infrastructure, human settlements and other social infrastructure placed more pressure on the already constrained infrastructure budgets. PT Infrastructure Support Unit was required to assist departments with the assessments and quantification of the damages to infrastructure in order to apply for funding from national as well as to guide the reprioritization of provincial budgets. There are extensive engagements with departments regarding the reprioritization of budgets and projects in order to urgently respond to the disasters. In this regard accurate reporting on the Infrastructure In-Year Reporting Tool (IRM) as well as adherence to the Infrastructure Delivery Management System (IDMS) prescripts remains a challenge for most departments.

### **Changes in legislation**

Preferential Procurement Regulations were promulgated in January 2023. As a result, the PT SCM unit undertook sessions throughout the province wherein service providers and officials had to be taken through the new regulations. The promulgation of the regulations also necessitated that each organ of state must revise their Supply Chain Management Policies in order to align with the new preferential regulations. PT then had to provide support and guidance to all institutions as they undertook their policy reviews, resulting in the target of policy reviews being exceeded

Public Procurement Bill – PT SCM unit held a workshop on the Bill for COHOD and the subsequent task team appointed by accounting officers. PT was tasked with collating comments from Provincial Departments on the bill and submitting them through to Parliament. The Bill is currently at Parliament and the unit will hold workshops for provincial institutions as well as service providers and also provide support on the review and updating of policies to ensure alignment with the act once promulgated.

### **2024 General Elections.**

History has shown that elections often lead to uncertainty, protests and potential changes in the priorities of the newly elected leadership. Coalition Parties in local government have impacted negatively on critical decisions, such as the timeous approval of municipal budgets and compliance to the legislative requirements which in turn contributes to poor audit outcomes and the deteriorating financial health of municipalities.

The state of local government report confirmed that the number of municipalities in financial distress has increased nationally. This can be attributed to poor governance and the absence of adequate consequence management for delinquent officials and councillors. Provincial Treasury reports persistent non-compliance to National Treasury who in turn invokes Section 38 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA) by withholding the equitable share from the non-compliant municipalities as a measure of consequence management. This however is not a sustainable measure.

The current austerity measures implemented nationally, may further impede on the magnitude of support provided by Provincial Treasury to municipalities as the fiscal position is projected to worsen over the MTEF.

### **External Threats**



- 2024 General Elections that may result in instability due to changes in provincial leadership and changes in priorities.
- Lack of Governance and oversight at Municipalities resulting in poor financial management and service delivery.
- Deteriorating economy adversely affecting the municipal customers' ability to pay for services, ultimately impacting on the municipalities' overall financial sustainability.
- Municipalities approving Unfunded budgets.
- Municipalities with poor audit or regressed audit opinions.
- Cost Containment measures restricts travelling by staff, thereby resulting in limited visibility at municipalities.
- Cost Containment measures resulting in freezing of vacancies.
- Landscape of KZN Province resulting in challenges by municipalities to attract suitable skilled resources and service providers in rural areas.
- Lack of willingness by municipalities to implement recommendations from KZNPT during the implementation of support initiatives, impacting negatively on the sustainability of the support initiative.
- Political instability and protest action restricting availability of key municipal officials and information.
- Lack of internal capacity at municipalities to continue with the implementation of the recommendations emanating from KZN PT support.
- Load shedding resulting in restricted access to electronic systems.
- Large number of KZN Delegated Municipalities (51) resulting in prioritization of municipalities to receive support.
- Inadequate responses to advertised vacancies resulting in a delay in filling vacancies. This in turn results in the re-allocation of work to existing staff which increases their workload.
- Revision of the MFMA could result in additional roles and responsibilities.

#### **4.1.4 - Other Factors impacting on Performance**

##### **(a) Medium and long term policy environment.**

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

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

- Ensuring fiscal sustainability and fiscal discipline by maintaining a balanced budget and ensuring the efficient, effective and economical use of public funds.
- Promoting macroeconomic stability by ensuring prudent fiscal management and ensuring that the Provincial Government has sufficient resources to meet its financial commitments.
- Promoting a competitive and dynamic economy by encouraging the efficient use of resources and developing and supporting an environment conducive to investment and economic growth.



- Promoting social and economic development by ensuring that sound fiscal policies are in place to support the Provincial Government's socio-economic development objectives.
- Promoting financial management transparency and accountability by ensuring that proper financial management practices and procedures are in place to ensure that financial statements are accurate and reliable.
- Ensuring effective implementation of the Provincial Government's financial policies by monitoring and evaluating the compliance performance of the Provincial Government's departments and entities.
- Enhancing public service delivery by ensuring that public funds are allocated efficiently and effectively.

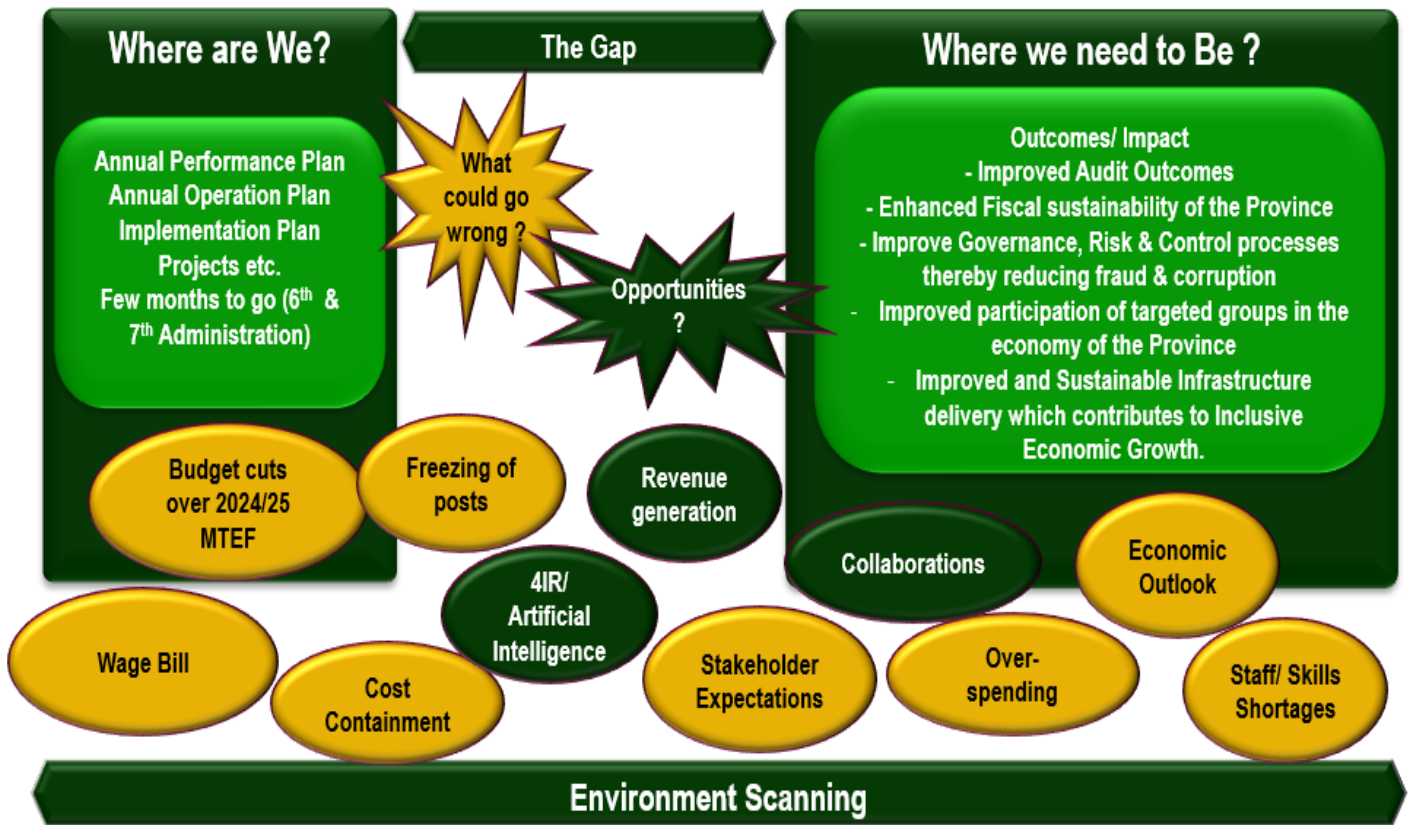
#### 4.2 Internal Environment Analysis

The table below outlines the SWOT analysis that was conducted during the strategic planning session that took place on the 11<sup>th</sup> & 12<sup>th</sup> September 2023.

### SWOT ANALYSIS

INTERNAL FACTORS (SWOT ANALYSIS)	EXTERNAL FACTORS (PESTEL ANALYSIS)
Financial resources	Political environment
Human Capital ( Adequacy, Skills set)	Economic Environment
Technology	Social Environment
Governance and Accountability frameworks	Technological environment
Litigations and Claims	Environment (Climate/Weather)
Changes in Management, Capacity, succession planning)	Legal environment

### SWOT ANALYSIS



<u>STRENGTHS</u>	<u>WEAKNESSES</u>
• Skilled Human Resources	• Underspending of budget
• Clean Audit opinion	• Office accommodation
• Policies	• Disjointed assistance and support to municipalities by PT and COGTA
• Oversight Committee support	• Lack of coordinated approach within PT
<u>OPPORTUNITIES</u>	<u>THREATS</u>
• Provincial Infrastructure	• Budget cuts from 2024 – 2026
• PPP's	• Rising inflation
• ICT Transformation	• Highly politicised environment
• Maximize own revenue collection.	• Climate change
	• Increasing priorities with no funding
	• Load shedding

**PESTEL ANALYSIS**



The table below summarizes some of the issues that emerged from the PESTEL analysis conducted by the Department at its strategic planning sessions:

<u>POLITICAL</u>	<u>ECONOMIC</u>
<ul style="list-style-type: none"> <li>• Leadership stability at political and administrative levels</li> </ul>	<ul style="list-style-type: none"> <li>• Declining income and increased cost of living due to high fuel prices, inflation (food inflation), interest rates-upward cycle, high levels of unemployment</li> </ul>
<ul style="list-style-type: none"> <li>• Political instability as demonstrated by July 2021 riots</li> </ul>	<ul style="list-style-type: none"> <li>• Influence macroeconomic policy direction,</li> <li>• Promote inclusive economic growth, guide budget prioritization.</li> </ul>
<ul style="list-style-type: none"> <li>• Unstable political environment after the elections in 2024</li> </ul>	<ul style="list-style-type: none"> <li>• Decline on social spending due to the budget cuts</li> </ul>
	<ul style="list-style-type: none"> <li>• Budgetary pressures for filling critical vacancies resulted in insufficient capacity to support the mandate of the department</li> </ul>
<u>SOCIAL</u>	<u>TECHNOLOGICAL</u>
<ul style="list-style-type: none"> <li>• Declining levels of trust between the government and the Citizens</li> </ul>	<ul style="list-style-type: none"> <li>• Inability to cope with emerging technologies and changes in business models in the ICT space</li> </ul>
<ul style="list-style-type: none"> <li>• Social protest actions</li> </ul>	<ul style="list-style-type: none"> <li>• Cyber security threats</li> </ul>
<ul style="list-style-type: none"> <li>• Poverty and inequality</li> </ul>	
<ul style="list-style-type: none"> <li>• High violence and crime levels particularly against women and children threaten social stability and the rule of law.</li> </ul>	
<u>ENVIRONMENTAL</u>	<u>LEGAL</u>
<ul style="list-style-type: none"> <li>• Climate Change (The development of new technologies to deal with climate change (use of solar energy in our buildings)</li> </ul>	<ul style="list-style-type: none"> <li>• Policy uncertainty</li> <li>• Changes of local and international legislation</li> </ul>

**(a) Institution’s capacity to deliver on its mandate**

The approved structure consists of five functional main programmes. Four of these programmes are service delivery programmes. These are;

- Programme 1: Administration;
- Programme 2: Sustainable Resource Management;
- Programme 3: Financial Governance;
- Programme 4: Internal Audit, as well as
- Programme 5: Municipal Finance Management.

A recent structural review has been concurred by the DPSA and the department is in the process of seeking the Executive Authority’s approval of the revised structure prior to creating these posts on Persal in order to commence with the recruitment processes. The review was necessary as it will assist the department to lower the dependence on Consultants and creating additional adequate permanent capacity in line with National Treasury’s directive regarding the exorbitant spending around Consultancy services specifically in the Provincial Internal Audit unit.





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

Age Distribution	2021/2022		2022/2023		2023/2024	
	Female	Male	Female	Male	Female	Male
20-24	10	5	7	7	16	9
25-29	30	20	27	27	40	29
30-34	59	31	52	33	52	38
35-39	66	57	62	47	78	49
40-44	36	37	49	41	49	44
45-49	29	23	45	22	21	23
50-54	18	9	22	12	25	16
55-59	7	3	7	4	6	4
60-65	1	10	1	7	4	6
<b>TOTAL</b>	<b>256</b>	<b>195</b>	<b>251</b>	<b>200</b>	<b>291</b>	<b>218</b>

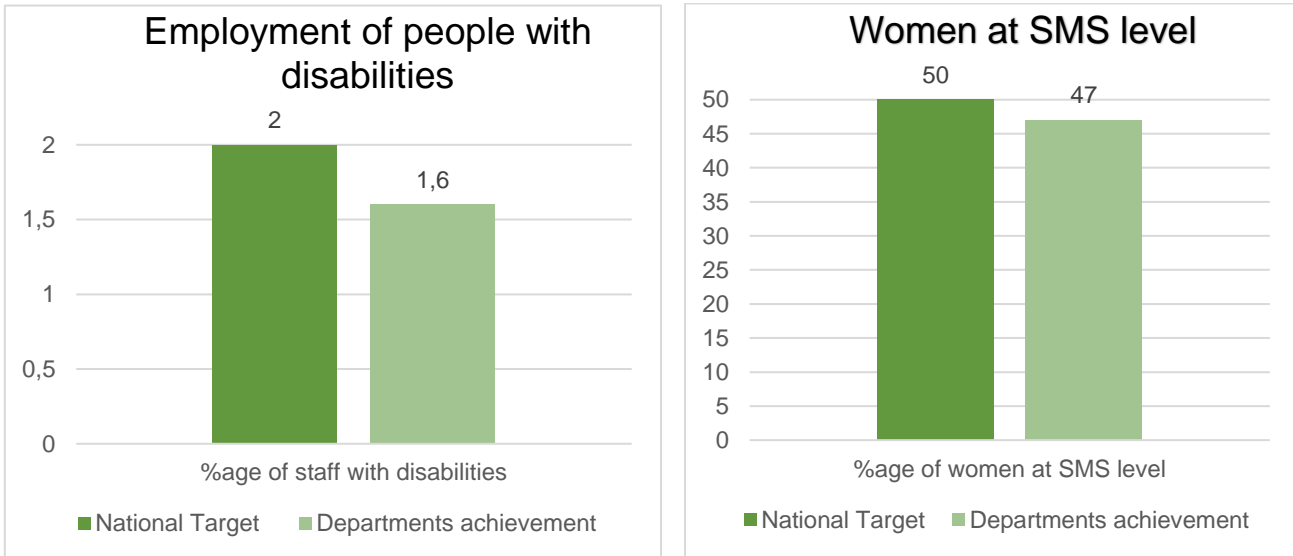
The Department is committed to meeting the National Employment Equity targets of 50% women at SMS, 2% people with disabilities, 5% youth and 75% Black. The Department has expressed its commitment by ensuring that only females and people with disabilities form part of the target group for all SMS posts and that an annual disability audit is conducted throughout the Department. The Head of Department has incorporated the 8-principle plan of action towards ensuring women empowerment and the institutionalization of the same into her performance agreement, and is assessed against this program’s deliverables on an annual basis. The Department as at 30 September 2023 employed 47% women at SMS; 1.6% people with disabilities and 82% Blacks, as per the Persal system report.

Approximately 40% of the total staff compliment constitutes the youth age group. The Department contributes to the empowerment of the designated groups through targeted procurement and targeted recruitment in line with EE targets. An increased effort to forge new partnerships with disability Organizations and Higher Education Institutions has been embarked upon, to ensure that there is an increase in applications for vacant posts from people with disabilities. All development programs are monitored and improved upon ensuring that Provincial Treasury becomes an Employer of choice so that the turnover of employees in particular the vulnerable groups, is reduced. It is imperative that all employees are empowered around issues relating to Gender Based Violence, thus quarterly GBV initiatives are planned to achieve this.

The current vacancy rate within the Department is 13%, which related to 62 posts. However, with the recent budget cuts across Departments where PT had to reduce its budget by approximately R28 million, 33 posts have been placed on hold, resulting in an actual vacancy rate of 6% which relates to 29 funded vacant posts which will be filed during the year.



In addition to this, a further 75 newly created posts emanating from a recently reviewed Departmental structure is to be filled in the 24/25 financial year in a phased in approach where posts will only be created on PERSAL after the completion of the recruitment process and immediately prior to appointing the successful candidate.



The Department contributes to the empowerment of the designated groups through targeted procurement and targeted recruitment in line with EE targets. The target for 2024/25 financial year is 80% procurement awarded to targeted groups, being previously disadvantaged persons.

Resource consideration to deliberately finance WYPD interventions and programmes, has been made as follows;

- Youth Development sponsorship through Thuthuka Education Upliftment Fund (TEUF) amounts to R1,2m;
- Trainee Accountant Program in partnership with SAICA (3 per annum @ R1,2m);
- Internship program (30 per annum @ R2,3m) and Work Integrated Learning for TVET students (8 per annum @ R585 000,00).
- Internal Audit Technicians (IAT) programme with the current existing intake of 34 graduates over the next three years at the cost of R6,6m.

**(b) Intervention against GBVF, Sexual harassment and other related issues that perpetuate exclusion and discrimination disaggregated by gender, age and Disabilities in line with our mandate.**

- Quarterly GBV initiatives are planned to empower employees on Gender based violence. These initiatives include distribution of articles, empowerment sessions with subject specialists and information sessions to share knowledge.
- Quarterly review of all policies within the Department will continue to ensure the elimination of any barriers that perpetuated exclusion and discrimination.
- Bi-annual prioritization of Gender mainstreaming training targeting all SMS and MMS members to ensure issues of exclusion are eradicated within the Department.
- Sexual harassment and GBV matters are to form part of the standard package of information workshopped and distributed during quarterly onboarding sessions (Induction & orientation) for all



newly appointed staff highlighting the existence of a dedicated email address to confidentially report matters of harassment within the Department.

- The Employee Health and Wellness Unit provides ongoing support and counselling to all GBV victims and those affected by GBV issues.
- Quarterly reporting of all development programs within the Department ensuring the inclusion of candidates beyond the age of 35; PWDs and females.
- 100% compliance in ensuring that all reporting includes disaggregated information in terms of gender, age and disabilities.

In terms of community outreach there are annual events planned within the Office of the MEC to address the scourge of GBV, where specific business units within the Department are included to render economic empowerment sessions to victims and vulnerable groups to foster financial independence.

**(c) Digital System Transformation**

The department intends to upgrade its WAN links due to the demand for improved connectivity and the increase in the number of online application systems being used by the department. The project to move all users to mail online commenced in 2023/24. The benefits of this move will be realized in 2024/2025 as Users will continue to receive and send emails even when departmental data lines are not operational. Also, demand for additional server storage space on the premises will decrease thereby enabling the department to look at reducing our server carbon footprint in the future.

The development of the eLearning portal will continue. The aim is to bring onboard other business units and grow the learning content. In this way we can use the tool to raise awareness around key issues such HR related matters and Business Continuity.

The pilot of the MS Teams Calling that took place last year will be expanded to include more staff and functionality. It is hoped that this project will lead to savings in telephonic costs and improved communications with other departments.

**(d) Financial resources**

**Summary of payments and estimates by programme: Provincial Treasury**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23				2023/24	2024/25	2025/26
1. Administration	164 057	183 428	192 675	214 137	227 673	226 094	220 309	229 441	239 840
2. Sustainable Resource Management	43 250	42 403	45 636	61 875	52 922	52 456	51 022	53 270	55 603
3. Financial Governance	178 645	206 265	201 373	221 695	211 857	209 804	229 706	240 428	251 174
4. Internal Audit	91 486	86 216	99 979	108 355	101 470	101 316	108 551	112 715	117 860
5. Municipal Finance Management	54 431	58 583	73 139	72 848	69 988	69 643	71 313	74 336	77 594
<b>Total</b>	<b>531 869</b>	<b>576 895</b>	<b>612 802</b>	<b>678 910</b>	<b>663 910</b>	<b>659 313</b>	<b>680 901</b>	<b>710 190</b>	<b>742 071</b>

**Programme 1** shows an increase in the 2021/22 due to reprioritisation undertaken from Programme 2 to cater for property payments, computer services and operating leases, which were not adequately budgeted for. The increase in 2022/23 was due to additional funding of R3.423 million, received that were suspended from the department’s budget in 2021/22 for setting-up costs in respect of the new office space. The significant increase in 2023/24 Main Appropriation is due to additional funding of R3 million received, that were suspended from the



department's budget in 2022/23. These funds were allocated against Goods and services in respect of property payments for security services and access systems. The allocation over the 2024/25 MTEF provides for the provision of support services to the department.

**Programme 2** shows a decrease in 2022/23 mainly due to delays in filling of vacant posts and reduced operational costs such as stationery and printing, travel and subsistence, as well as training and development. The significant increase in the 2023/24 Main Appropriation is due to additional funding of R10 million received, that was suspended from the department's budget in 2022/23. These funds were allocated against Goods and services in respect of agency and support services for job massification. The allocation over the 2024/25 MTEF includes costs relating to the preparation of the EPRE and the AEPRE and providing infrastructure support to government institutions.

**Programme 3** shows a significant increase in 2021/22 which was mainly due to reprioritisation undertaken from Programmes 1, 2, 4 and 5 to cater for budget shortfall against transversal computer services and administration fees in respect of transversal bank charges. The decrease in the 2022/23 was mainly due to delays in filling of vacant posts and reduced travel and subsistence travel costs, as well as delays in delivery of orders issued for office equipment. The significant increase in 2023/24 Main Appropriation is due to reprioritisation of R1,500 million undertaken from Programme 2, with carry through to make provision for the newly created Director post within SCM for specialised support. The 2024/25 MTEF allocations provide mainly for transversal systems, administrative fees, MBAT, support to departments in respect of financial management to achieve improved audit outcomes, preparation of the AFS for the Provincial Revenue Fund, training of and support to departments and municipalities.

**Programme 4** shows a significant decrease in 2021/22 which was mainly due to reduced operational costs such as subsistence and travel as well as delays in filling of vacant posts. The increase in 2022/23 was due to additional funding of R3.501 million being a portion of the funds that were suspended from the department's budget in 2021/22. These funds were allocated against Goods and services in respect of agency and support services significant increase in 2023/24 Main Appropriation is due to additional funding of R1,600 million received, that were suspended from the department's budget in 2022/23. These funds were allocated against Goods and services in respect of agency and support services. The 2024/25 MTEF allocations makes provision for assessments, workshops and training on risk/governance management and internal audit capacity building within departments and municipalities, Certified Internal Auditor (CIA) qualification, ongoing audits such as IT, financial and governance audits, provision for the Cluster Audit and Risk Committee (CARC), the audit of predetermined objectives of departments and some municipalities.

**Programme 5** shows a significant increase in 2021/22 mainly due to reprioritisation undertaken to cater for cost-of-living adjustment. The increase in 2022/23 was due to additional funding of R9.007 million being a portion of the funds that were suspended from the department's budget in 2021/22. These funds were allocated against Goods and services in respect of agency and support services. The decrease in 2023/24 Main Appropriation is due to budget cuts implemented in respect of PES data update and Own Revenue reductions to fund for Provincial fiscal pressures. The allocation over the 2024/25 MTEF provides for the provision of municipalities support services including revenue and debt management.



**(e) Risk and Integrity Management Strategies.**

The Organisational Risk and Integrity Management Services unit provides effective and efficient risk and integrity management in the department. The department commits to a management culture that embeds enterprise risk management, making risk management decision making, transparent, inclusive, systematic, structured, timely and value adding. This is guided by the various risk management governance documents which includes but not limited to the Risk Management Policy, Risk Management Strategy and the Risk Management Implementation Plan. Quarterly risk register reviews are conducted leading to the consolidated risk profile for the department that incorporates risk from all categories of risks, which are reported and monitored by the various oversight structures in place.

The Fraud Prevention Plan and related documents drive the commitment of the department towards zero fraud and corruption as well as to reinforce existing systems, policies, procedures, rules and regulations aimed at preventing, deterring, detecting, reacting to, and reducing the impact of fraud and corruption. In strengthening the fraud prevention and control environment, the Department identifies and monitors ethics, fraud, and corruption risks as part of the regular risk assessments that are conducted to identify emerging risks.

In addition, the Department ensures the monitoring of ethics and fraud related matters by having Ethics Officers report such matters to the departmental Fraud and Ethics Committee, which is chaired by the Head of Department. The Fraud and Ethics Committee sits on a quarterly basis and provides strategic direction and performs oversight role on ethics, anti-fraud, and anti-corruption strategies and mechanisms in the Department, which also covers the financial disclosures for the SMS and designated groups and Lifestyle audits.

In accordance with the Guide to implement Lifestyle Audits in the Public Service “The Guide”, the Department conducted lifestyle reviews on all the all SMS officials, Level 11 and 12 MMS, Level 11 and 12 OSD, SCM and Finance staff below Level 9 that were the designated categories in the 2022/23 Financial Disclosure year. The lifestyle reviews are embodied as the initial stage to the Lifestyle audit process. The Department has designated Ethics Officer that perform the lifestyle review process through the verification of the financial disclosure on the DPSA eDisclosure System on a risk-based approach with the objective of scrutinising any unexplained wealth.

From a detailed verification of the 100% of all electronic disclosures on eDisclosure system, all concerns and discrepancies noted by the Ethics officers were subjected to further verification. Plausible reasons and relevant documentation to support the reasons thereof were verified for onward submission to the HOD. Resultantly, no employees were further subjected to Life Style Investigation process as the issues and concerns were noted and addressed

**(f) Audit performance of the Department**

KZN Provincial Treasury obtained its 15<sup>th</sup> consecutive “*unqualified audit*” opinion, in the 2022/2023 financial year. The Department, as the oversight body of the provinces’ fiscus, prides itself in setting an example that is aligned to its vision of being *the center of excellence in financial and fiscal management in the country*.

The AG’s report for the 2022/23 financial year does not have material findings, however there were matters reported on Annexure B and C of the audit report, which are addressed through an Audit Improvement Strategy which is reported on a quarterly basis at the Provincial Audit Committee meetings, as well as to the Executive Authority. Based on this approach, there are no repeat audit findings as the controls have been improved. The



finding on performance information resulted in a review of both the Strategic as well as the Annual Performance Plan as well as the review processes during validation.

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

The 2022 Census results demonstrate that females dominate the South African population. Their representation is 51,5% compared to 48,5% for their male counterparts. The socio-economic emancipation of women remains a focal area in the 2019-2024 MTSF. The Department affirms its commitment to gender responsiveness which includes having a gender diverse workforce; achieving the target of 50 per cent women in management; training and development of staff and youth through its external bursary programme and Chartered Accountants Academy (CAA). The intention is to bring all these initiatives in line with the leadership and the cultural transformational journey.

A narrative below indicates how the department has complied with GRPBMEA with its associated measures for targeted groups:

**Preferential procurement**

- With regards to the Preferential procurement, the department has set a target of 80% of the goods and services to be procured from targeted groups namely Women, Youth, Persons with disabilities, Military Veterans and Black people as follows:
  - 80% of the procurement awards to Black people
  - 30% of the procurement awards to women,
  - 10% of the procurement awards to Youth,
  - 3% of the procurement awards to PwD, and
  - 1% of the procurement awards to military veterans

**Employment Equity**

- In line with the national target's appointment, the department has also set its target to those of national of 50% women at SMS, 2% people with disabilities, 75% blacks and ensuring that 5% of the establishment comprises of youth employed on various Youth Development Programs.
- In the 2022/23 financial year, the department managed to achieve and exceeded these targets, with the exception for the 2% on PWD, that was at 1.6% at year-end.

**Compliance audits on the implementation GRPBMEA framework**

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

**Gender Responsive Budgeting**

- Currently, there is still no clear directive provided to allow provinces to prepare the budget with this level of information, however, the department will continue to participate in the National Treasury forums, as the Gender Responsive Budgeting requires National Treasury to drive the process. Whilst the tool does not currently exist the department has allocated funding specifically to gender-based programmes.

**Skills Development and Job Readiness**

- The Department has further identified the following Youth development programmes /interventions in contributing towards the targeted groups as well as creating a skilled pool of financial management expertise for the public sector: -



- Thuthuka Education Upliftment Fund sponsorship programme.
- SAICA Trainee programme.
- Management Development Programme for newly qualified African CA.
- Internal Audit Technician Learnership
- External bursaries sponsoring
- Internship Program
- Computer Skills development programme

**Capacity building**

An adequate training budget is catered for within each Directorate within the Department. Quarterly monitoring is carried out by HR ensuring that there is alignment between the spend on the training budget of each business Unit to the priorities and strategies indicated in the HRD Strategy as well as the Work Study Plan of the Department. All training databases and information are maintained in a manner that allows for disaggregated reporting by gender, age, Disability and level of employee.

**YOUTH DEVELOPMENT PROGRAMMES TO BE IMPLEMENTED 2024/2025 FINANCIAL YEAR**

Programme	Coverage (Total Number that require the service)	Location for Programme or Project (District, Local Municipality, and wards) Spatial Reference	Target/Deliverable 2024-25	Budget 2024-25
SAICA accredited Trainee Accountant Program articles program towards becoming a Chartered Accountant	3 annual intakes (aligned to the department's quota with SAICA)	All Districts	3	R 4,600,000.00
Internal Audit Technician Learnership (3yr program)	The intake is every three years, however, due to budget cuts the 23/24 Intake was the final intake until the current budget situation improves = 20	All Districts	32	R7,373,288
Management Development Programme for newly qualified Chartered Accountants	Number of Qualified Chartered Accountants stemming from Trainee Accountant Program placed on Mngt Development program (MDP)	Local - Msunduzi	3	R 8,115,600.00
Internship and WIL Programs	Number of youth placed on Internship and WIL programmes. Intake is every 24 months on the Internship, and for WIL learners every 18 months.	All Districts	38	R 4 165 040.00 (For existing Interns and Wil Learners)
External Bursaries	Number of students supported towards achieving Financial related tertiary qualification	All Districts	4	R1,100,000.00
Career Exhibitions for In-School and Out of school Youth	Number of career exhibitions attended to show case Treasury occupations	All Districts	4	Operational budget
Thuthuka Education Upliftment Fund Sponsorship	Annual sponsorship targeting approximately 4 students	All Districts	4	R1,268,000.00
Community Development - Computer Skills development program	Number of youth serviced - a minimum of 15 per session.	Local - Msunduzi	100	R100,000.00



Financial Mngt Capabilities Workshops to Youth Empowerment Fund beneficiaries	10/session - workshops held	All Districts	1	Operational budget
Empowerment of Youth Owned Suppliers on SCM matters through roadshows	10/session – roadshows	All Districts	4	Operational budget
Take a Girl Child to Work Program	Number of world of work programs arranged	All Districts	1	R10,000.00
Men in the Making Program	Number of world of work programs arranged	All Districts	1	R10,000.00

**(h) Status of KZNPT regarding compliance with the BBBEE Act**

The KwaZulu-Natal Provincial Treasury (KZNPT) acknowledges the historical disparities of the previously disadvantaged communities and commit to promote the rights of all people of South Africa and affirm the democratic values of human dignity, equality and freedom. It is therefore, a strategic focus of the KZNPT to implement the government transformation agenda with the aim to redress the socio-economic imbalances of the past, through the maximization of participation by the HDP in the economic opportunities that are available in the KZNPT. The Department has a B-BBEE status level 6. The Department endeavors to strengthen its efforts to improve its Enterprise and Supplier Developments initiatives as a trajectory to effect meaningful economic transformation.

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

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

**(i) Monitoring and Evaluations Strategies**

The department does have an approved Evaluation plan in place that is in line with the Evaluation Framework. The plan covers a period of 3 years. 3 Studies were commissioned for 2023/24, which includes the assessment of support provided to the delegated municipalities around the province.





Monitoring of the departmental performance is done at mid-year and the annual review was done during the departmental strategic planning sessions that was held on the 11-12<sup>th</sup> September 2023.

Programme Outcomes are evaluated through the evaluation processes and Provincial Treasury has adopted an Evaluation plan over the MTSF period.

The department intends to undertake evaluations on the following Programmes for the fiscal year 2024/2025: -

Programme	Evaluation Study
Programme 4: Internal Audit  (sub-programme: Risk Management)	<ul style="list-style-type: none"> <li>Assessment of the effectiveness of PIAS support to Local Government</li> </ul> (To be implemented in 2nd quarter of 2024/2025)

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

Even though the previous expenditure appears to be in line with the achievement of targets, this is not a true reflection of budget performance as there were provincial unfunded commitments that had to be resourced. The department is piloting zero-based budgeting to determine costing for each activity in order to align programs and funding. The budget cuts imposed in the province have had a negative impact on the programmes, however, the department will monitor the spending and ensure that the planned targets are achieved within the allocated funds, hence no revisions were made in the 2023/24 APP. If further cuts are introduced, this would need to be considered in terms of the impact on the planned 2024/25 targets.

The department is in the process of implementing the recently approved Organisational structure which will address the issue of inadequate staff capacity and reliance on consultants. The department is fast-tracking the filling of all critical posts with cognizant to cost containment.

The spending of the allocated budget and achievement of planned targets is closely monitored to avoid future under-spending with savings being redirected to where the greatest spending pressures occur.

***(k) Impact of the Implemented budget cuts from 2024 – 2026***

***Operating Activities of the department:***

- Department has revised the APP targets to align with the current baselines.
- Traveling to clients will be reduced, hybrid approach will be implemented (50% traveling to clients and 50% virtual meeting).
- Freezing of posts in some units may impact on turnaround time for support services for both internal and external clients due to limited capacity.
- Limited participation in community outreach and other research activities (i.e., Infrastructure development and Provincial Equitable Share (PES)).
- Donations to communities will be reduced.
- External and internal bursaries intake will be reduced.



- Capabilities of personnel will be negatively affected due to reduction in training and development programmes.
- The IT unit will have to drastically reduce any development work/projects with focus on support.

**2023 wage agreement carry-through and implementation of the new structure:**

- Department will be able to absorb 2023 wage agreement carry-through costs through:
- Phased in approach will be implemented for the new organizational structure (e.g., Prog4)
- Revised list of posts to be filled – posts placed on hold.

**Other Matters:**

- A refund of R7.7 million from Standard Bank in relation to transversal service fees and bank charges for the virtual travel card facility which was not functional has been received. A request has been made to Provincial Treasury for these funds to be re-allocated to Vote 6 to assist with the impact of the budget cuts as these costs were not budgeted for.
- Department will not be able to fully absorb the costs of the new building (e.g. set up costs, rentals - if higher than the current lease agreement) PPP precinct costs etc.

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

There department has identified the following emerging priorities and opportunities that will be acted on over the MTSF;

- Given the significant fiscal consolidation efforts of NT, the team will be required to monitor the budget and recommend interventions to ensure that the province does not overspend.
- **Strengthening financial management:** The department aims to improve its financial management by implementing better budgeting and expenditure control processes, improving revenue collection, and strengthening internal controls.
- **Enhancing service delivery:** The department plans to enhance service delivery by improving financial management in the province and enhancing stakeholder engagement.
- **Strengthening capacity:** The department aims to improve its capacity by recruiting and retaining skilled personnel, providing training and development opportunities, by implementing the recent approved organisational structure.

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

KZNPT derives its mandate from the Constitution, PFMA and MFMA and is required to deliver services to its stakeholders throughout the province. Demographics play a critical role mainly in city planning, where detailed economic, social, demographic, and environmental data are essential for making informed planning decisions. Understanding where people live and work becomes crucial. Demographic analysis assists in accurate spatial planning and land use planning, however, it must be noted that the department does not provide services to that level.



- **Spatial Integration**

### Spatial Integration and the Role of Provincial Treasury

Spatial integration refers to the coordinated planning, development, and management of physical spaces within a region. It involves aligning various aspects such as land use, infrastructure, transportation, and services to create cohesive and sustainable urban and rural environments. Effective spatial integration aims to promote economic growth, social equity, and environmental sustainability.

### The Role of Provincial Treasury in Spatial Integration

The Provincial Treasury plays a crucial role in spatial integration within a province. Here are some key aspects of their involvement:

1. Budgetary Planning and Coordination:

- The Provincial Treasury collaborates with other government departments, municipalities, and local authorities to ensure sound budgetary planning.
- We provide advice and input into financial matters related to spatial development, including infrastructure projects, housing, and public services.
- By coordinating fiscal relations between different levels of government (national, provincial, and local), we contribute to effective resource allocation for spatial development.

2. Intergovernmental Fiscal Framework (IGFF):

- The Provincial Treasury participates in the development and implementation of the IGFF.
- The IGFF establishes guidelines for financial relations between different spheres of government, ensuring financial sustainability and equitable resource distribution.
- Through the IGFF, the Provincial Treasury promotes spatial alignment by considering regional needs and priorities.

3. Monitoring and Reporting:

- The Provincial Treasury monitors financial performance at provincial and local levels.
- We assess the impact of budget allocations on spatial development projects.
- Regular reporting ensures transparency and accountability in resource utilization.

4. Strengthening Financial Sector Regulation:

- The Provincial Treasury contributes to policies and legislation related to financial sector regulation.
- By ensuring financial stability, we create an enabling environment for spatial development investments.



5. Partnerships and Collaboration:

- The Provincial Treasury collaborates with other government entities, private sector stakeholders, and civil society organizations.
- Partnerships facilitate integrated planning, resource sharing, and knowledge exchange for effective spatial development.
- The mandate of KZNPT does not require spatial referencing as the support is provided through advisory support and not physical infrastructure implementation.

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

- The first engagement was the OTP which took place on the 12<sup>th</sup> of August 2023 where guidelines that informed the planning process for the 2024/2025 plans were discussed with management team.
- A strategic review and planning session with the Accounting Officer and management team was held on the 11<sup>th</sup> and 12<sup>th</sup> of September 2023.
- The first draft APP was submitted to the office of the Premier and DPME on the 13<sup>th</sup> of October 2023.
- External stakeholders being the departments, public entities and municipalities have been engaged in terms of the services they require going forward and these have informed the support for 2024/25.
- Political engagement of MEC and portfolio committee will take place on the second draft.

**(o) Stakeholders which contribute to the institution’s achievement of the planned outcomes.**

STAKEHOLDER NAME	FUNCTION OF THE STAKEHOLDER
<b>EXTERNAL STAKEHOLDERS</b>	
National Departments	Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.
DPISA	Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.
DPME	Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.
National Treasury	Assist our department with financial and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.
SITA	To provide strategic direction, leadership and management of the operations of the province by overseeing the rendering of ICT services.
GCIS	Provides professional services; sets and influences adherence to standards for an effective government communication system; drives coherent government messaging; and proactively communicates with the public about government policies, plans etc.
Finance Portfolio Committee	The FPC is responsible for overseeing the financial management of the government. The committee is responsible for considering bills, dealing with departmental budget votes, overseeing the work of the department they are



	responsible for, and enquiring and making recommendations about any aspect of the department, including its structure, functioning and policy
Provincial Cabinet and Legislature	The legislature oversees the administration of the provincial government, and the Premier and the members of the Executive Council are required to report to the legislature on the performance of their responsibilities.
Provincial Audit and Risk Committee	The Audit Committee assist our department by providing oversight of the institution's control, governance, and risk management. Furthermore, the Committee should provide the Accounting Officer / Authority with independent counsel, advice and direction in respect of risk management.
Cluster Audit and Risk Committee	The Audit Committee assist our department by providing oversight of the institution's control, governance, and risk management. Furthermore, the Committee should provide the Accounting Officer / Authority with independent counsel, advice and direction in respect of risk management.
Provincial Departments	To assist departments to achieve their function by mobilisation, allocate, provide wide cash management, and also provide financial management through Budget monitoring and reporting such as Internal audit, financial accounting and system maintenance. Partnering in achieving the clean audit.
Public Entities	The department plays an oversight role to the administration and financial management of the Public Entities.
Municipalities	The department provide oversight, technical support and guidance to delegated municipalities.
Auditor General of South Africa	Strengthen the country's democracy by enabling oversight, accountability, and governance in the public sector through auditing, thereby building public confidence
Public Service Commission	Promote the values and principles governing public administration
Ministers' Committee	Ministers' Committee on the Budget (MinComBud) and the Provincial Executive Council are briefed on decisions required in terms of the Adjustments Budget proposals, as well as the Main Budget proposals.
Provincial Executive Council	The Provincial Executive Council is also briefed frequently throughout the year on the budget performance of the province and where there are fiscal and budget risks, these are highlighted so that appropriate action can be taken to stay within budget
Provincial Planning Commission	The PPC is responsible for guiding strategic planning and making recommendations that lead to the refinement and periodic review of provincial plans
Provincial research Units/ Institutions	To share ideas and to gather the necessary information and economic data.
SAPS	Provide the department with protection and security service to the department during MEC's public engagements
General Public	Partnering with our KZN general public in providing service delivery of goods and services through our procurement services.
PT Suppliers	Provincial Treasury Suppliers are responsible for providing the necessary goods and services to the provincial treasury in order to facilitate the achievement of the plans, targets and objectives of the provincial treasury.
General Public	Partnering with our KZN general public in providing service delivery of goods and services through our procurement services.



INTERNAL STAKEHOLDERS	
KZNPT MEC	Provides strategic leadership to the department
EXCO and MANCO Members	These members are responsible for setting the strategic direction of the provincial treasury and ensuring that the plans, targets and objectives of the provincial treasury are met.
KZNPT Staff	PT staff are responsible for implementing the plans, targets and objectives of the provincial treasury.

**(p) Promotion of access and reasonable accommodation for persons with disabilities**

Access and reasonable accommodation for people with disabilities in all facilities of the department is compliant including the provision of adequate lifts services. All adverts for vacant posts within the Department target PWD’s. The Department has fostered relations with disability organizations as well as disability desks within Higher Education Institutions to attract candidates with disabilities to apply for positions and development programs within the Department.

There is a dedicated wellness budget for the procurement of assistive devices to ensure that staff with disabilities are adequately assisted to effectively perform their functions. A disability forum has been appointed by the Head of Department comprising of all employees with disabilities in the Department who provide valuable input into all Departmental policies and processes and assist in the identification and elimination of any barriers that affect PWDs.

**(q) The departmental Strategic focus areas for the financial year**

Given that this a last leg of the 6<sup>th</sup> administration planning cycle, the department will implement the following strategic focus areas for execution in the 2024/25 financial year.

- **Closing the gaps on the MTSF and Five-year plan with regards to:**
  - Operational clean audit updated with revised audit improvement plan with the key focal areas:
    - Capacity building (Financial mgt, SCM, Risk, Internal control, condonation)
    - Key Account Analysis (Irregular, Payment of Suppliers, Asset management, IN note reporting to MECs)
    - Financial Governance; Controls; Assurance and Accountability (combined assurance and internal control units)
    - Internal audit to focus on assessing and clearing of audit findings (as per AG and internal audit logs) with specific focus on MEC monthly reporting.
    - Special projects – specific to needs of departments.
  - Budget management
  - Municipal support – Strengthen Municipal Financial Systems
  - Preferential procurement – Mainstreaming of vulnerable groups and compliance to the GRPBMEA Framework.
  - Infrastructure management support – Improving the quality and rate of Infrastructure investment through the KZN Infrastructure Master Plan Implementation and Monitoring.



- **Fiscal consolidation at a provincial level**

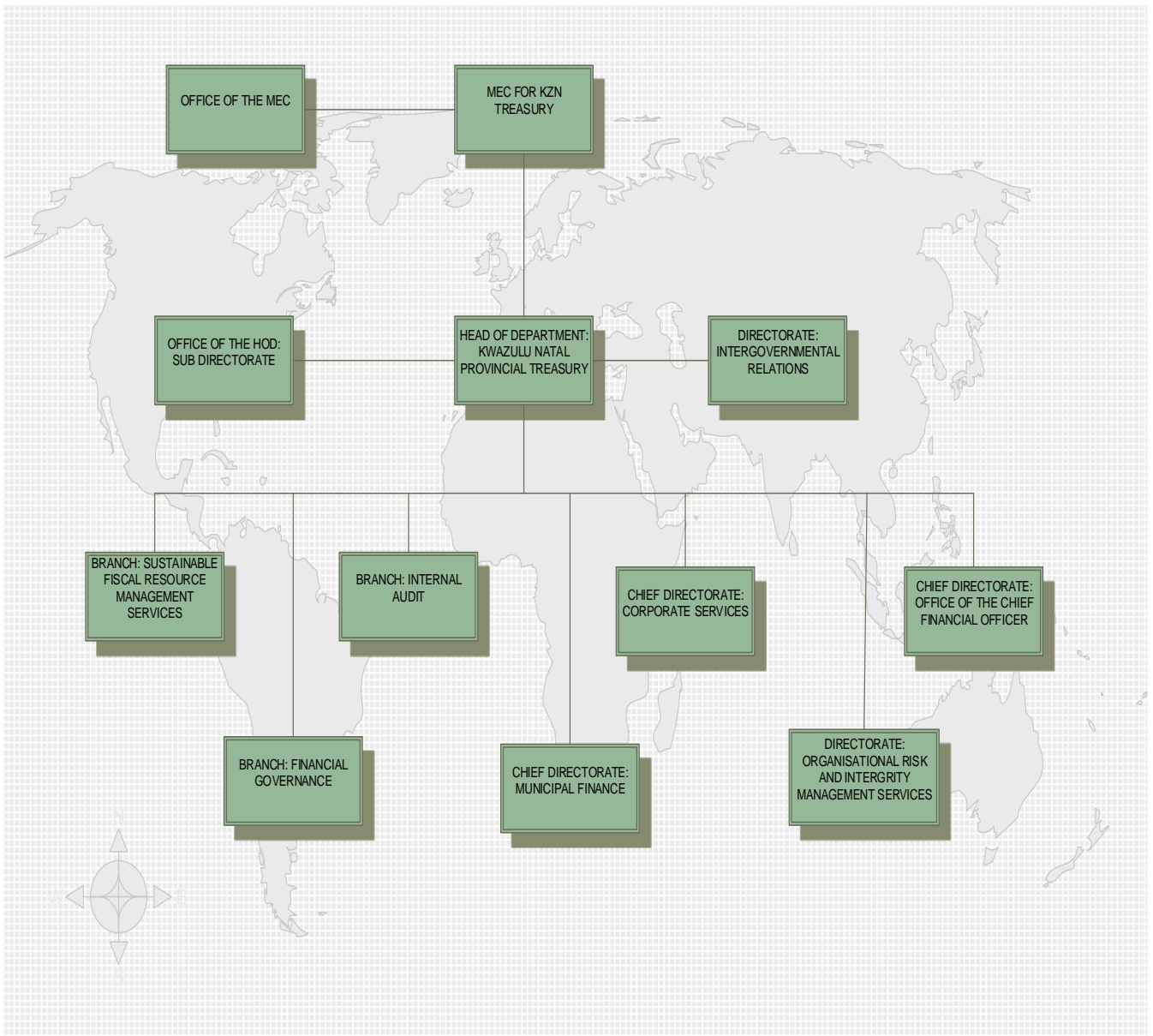
- Revenue enhancement through review of existing sources of revenue while exploring new sources of revenue.
- Support programmes to enhance the Efficiency of spending.
- SCM: further support to realise value for money whilst supporting preferential procurement.
- Support in identifying Cost cutting mechanisms by individual AOs through extensive budget reviews by adopting zero based budgeting.

Exploring alternative funding mechanisms e.g., private funding, PPPs, national grants

- Given the significant impact of the PES formula – support data accuracy from KZN departments.
  - To become the Advisor of choice through strengthened engagements with SCM, CFOs, HODs, MECs and workshopping dashboard reporting as early warning mechanism
  - Support the social sector in developing turnaround strategies to align operations to available budgets.
- **Implementation of the Combined Assurance model- cross cutting**
  - **Optimising Operational Efficiencies at a departmental level**
    - Zero based budgeting – detailed review of budget phase two following the pilot in 2023/24.
    - Review of the Operating model and alignment to office space linked to new appointments.
    - Implementation of Technology solutions (IT automation, offsite support, management of SITAs services more effectively)
      - Talent Management of Team Treasury to ensure business continuity.



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







# PART C

# MEASURING OUR PERFORMANCE



**PART C: MEASURING OUR PERFORMANCE**

**5. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION**

**5.1 PROGRAMME 1: Administration**

Programme description

The purpose of this programme is to provide:

- Strategic leadership and administration support to the department.

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

This programme is made up of 4 main sub-programmes as indicated above, however, programme 1 is planned to carry out its work according to the following measurable sub-programmes in the APP with the remaining activities being in the AOP being operational in nature:

- Financial Management
- Human Resources Management

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

**5.3 Output indicators: annual and quarterly targets - see table**



**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme – Financial Management (CFO)						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Improve Governance of Assurance & Internal Control in departments.	Auditor-General opinion report with no material audit findings on financial matters of the department.	Unqualified Audit Opinion received.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion received.	Unqualified Audit Opinion received.	Unqualified Audit Opinion received.
	Invoices paid within 30 days in compliance with Legislation.	Percentage of supplier's valid invoices paid within 30 days.	99%	99.5%	99.5%	99%	100%	100%	100%
Improved participation of targeted groups in the economy of the Province.	Procurement awarded to targeted groups.	Percentage of procurement awarded to targeted groups.	New	New	New	New	80%	80%	80%



**Output indicators: Annual and Quarterly Targets**

<b>Output Indicators</b>	<b>Annual Target</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
1. Unqualified Audit Opinion received.	Unqualified Audit Opinion.	N/A	Unqualified Audit Opinion.	N/A	N/A
2. Percentage of supplier's valid invoices paid within 30 days.	100%	100%	100%	100%	100%
3. Percentage of procurement awarded to targeted groups.	80%	80%	80%	80%	80%



**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme - Human Resource Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Improve Governance of Assurance & Internal Control in departments.	Gender Base Violence Femicide initiatives implemented.	Number of Gender Based Violence and Femicide empowerment initiatives implemented.	New	New	4	4	8	8	8
Improved participation of targeted groups in the economy of the Province.	Targeted groups appointed within the department.	Percentage of SMS posts filled by females.	New	New	New	50%	50%	50%	50%
		Percentage of employees with disabilities employed.	New	New	New	2%	2%	2%	2%
		Percentage of youth enrolled in youth development programs.	New	New	New	5%	5%	5%	5%

**Output indicators: Annual and Quarterly Targets**

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Gender Based Violence and Femicide empowerment initiatives implemented.	8	2	2	2	2
2. Percentage of SMS posts filled by females.	50%	N/A	N/A	N/A	50%
3. Percentage of employees with disabilities employed.	2%	N/A	N/A	N/A	2%
4. Percentage of youth enrolled in youth development programs.	5%	N/A	N/A	N/A	5%



## Explanation of planned performance over the medium-term period

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

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

The department has developed MTEF HR Plan for the Department which will be monitored on a quarterly basis ensuring that all planned strategies and compliance reporting has been delivered upon. Performance gaps will be identified and mitigating actions implemented. The important milestones is to achieve the representation of women and persons with disability, i.e. 50 % of women at SMS level, and 2% of persons with disability.

The challenges of gender-based violence is persisting and as such, programmes have been identified to empower employees in this regard. The targets for the planned Gender based violence initiative has since been increased taking into account all calendar based events for the year. The Administration programme as a whole will continue to provide strategic support in the areas of Financial Management and Corporate Services to the department to ultimately ensure that the positive audit outcomes are maintained by the department throughout the MTSF. The department has sustained clean audit outcomes for 15 consecutive years.

## Programme resource considerations

### Summary of payments and estimates by sub-programme: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23				2023/24	2024/25	2025/26
1. Office of the MEC	24 370	22 362	29 208	31 302	34 402	35 392	30 710	32 000	33 432
2. Management Services (HOD)	17 123	8 633	9 973	11 757	12 960	12 703	14 082	14 709	15 347
3. Financial Management (CFO)	28 153	27 562	30 582	32 540	32 540	32 181	33 891	35 287	36 872
4. Corporate Services	94 411	124 871	122 912	138 538	147 771	145 818	141 626	147 445	154 189
<b>Total</b>	<b>164 057</b>	<b>183 428</b>	<b>192 675</b>	<b>214 137</b>	<b>227 673</b>	<b>226 094</b>	<b>220 309</b>	<b>229 441</b>	<b>239 840</b>

### Summary of payments and estimates by economic classification: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23				2023/24	2024/25	2025/26
<b>Current payments</b>	<b>153 913</b>	<b>175 017</b>	<b>179 462</b>	<b>201 379</b>	<b>212 360</b>	<b>211 305</b>	<b>211 751</b>	<b>221 044</b>	<b>231 057</b>
Compensation of employees	83 967	88 614	91 438	107 806	110 704	105 925	115 481	122 027	127 640
Goods and services	69 855	86 391	88 012	93 573	101 656	105 380	96 270	99 017	103 417
Interest and rent on land	91	12	12	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>5 352</b>	<b>2 057</b>	<b>6 049</b>	<b>3 364</b>	<b>4 617</b>	<b>4 708</b>	<b>2 386</b>	<b>2 526</b>	<b>2 642</b>
Provinces and municipalities	41	37	29	29	24	24	30	31	32
Departmental agencies and accounts	3	-	-	3	3	3	3	4	4
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	343	-	19	2	-	-	-
Non-profit institutions	527	1 111	1 361	1 599	1 599	1 599	1 308	1 369	1 432
Households	4 781	909	4 316	1 733	2 972	3 080	1 045	1 122	1 174
<b>Payments for capital assets</b>	<b>4 789</b>	<b>6 289</b>	<b>7 102</b>	<b>9 394</b>	<b>10 639</b>	<b>10 024</b>	<b>6 172</b>	<b>5 871</b>	<b>6 141</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	4 789	6 289	7 102	9 394	10 598	9 942	6 172	5 871	6 141
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	41	82	-	-	-
<b>Payments for financial assets</b>	<b>3</b>	<b>65</b>	<b>62</b>	<b>-</b>	<b>57</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>164 057</b>	<b>183 428</b>	<b>192 675</b>	<b>214 137</b>	<b>227 673</b>	<b>226 094</b>	<b>220 309</b>	<b>229 441</b>	<b>239 840</b>



The sub-programme: Office of the MEC, which includes parliamentary liaison, fluctuates over the first three years and shows an increasing trend over the 2024/25 MTEF. The significant increase from the 2023/24 Main to Adjusted Appropriation was to cater for the spending pressures in respect of advertising, contractors, and venues and facilities costs in relation to the MEC's community outreach programme and OSS projects. The decrease in 2024/25 is due to the high base in 2023/24, to an extent. Further contributing to the decrease is the 2024/25 MTEF budget cut of R1.268 million, with carry-through, implemented against this sub-programme, as well as the reprioritisation of R1.420 million from this sub-programme. The growth over the MTEF is inflationary and provides for the operational costs for the running of the Office of the MEC, legal services in relation to gaming and betting legal matters which were previously provided for under the former MEC, as well as the community outreach engagements such as post-budget roadshows and 16 Days of Activism, among others. The MTEF allocations are affected by the fiscal consolidation budget cuts of R1.268 million in 2024/25, R1.251 million in 2025/26 and R1.339 million in 2026/27.

The sub-programme: Management Services (HOD) provides for the operational costs of running the HOD's office. The risk function for the department is also included under this sub-programme. The sub-programme fluctuates over the first three years and shows an increasing trend on the last four years. The significant decrease in 2021/22 was due to the budget cuts effected against this sub-programme, as well as the reprioritisation undertaken from this sub-programme to the Corporate Services sub-programme within this programme to align the budget with the approved organisational structure. The growth over the MTEF is inflationary and provides for the operational costs for the running of the Office of the HOD. The MTEF allocations are affected by the fiscal consolidation budget cuts of R581 000 in 2024/25, R575 000 in 2025/26 and R616 000 in 2026/27.

The sub-programme: Financial Management (CFO) is responsible for various functions such as budget control, internal SCM, asset management, loss control, etc., and fluctuates over the first three years and shows an increasing trend over the 2024/25 MTEF. The growth over the MTEF is inflationary and provides for the operational costs for the running of the Office of the CFO, including external audit fees. The MTEF allocations are affected by the fiscal consolidation budget cuts of R1.379 million in 2024/25, R1.360 million in 2025/26 and R1.456 million in 2026/27.

The sub-programme: Corporate Services fluctuates over the first three years and an increasing trend over the 2024/25 MTEF. The significant increase in 2021/22 was due to the reprioritisation from the Management Services (HOD) sub-programme to align the budget with the approved organisational structure, as mentioned. The growth over the MTEF is inflationary and provides for HR, legal services, strategic management and auxiliary services. This includes provision for centralised costs such as operating leases for office accommodation, fleet services, fuel price escalations, bursaries for employees and non-employees, as well as legal fees. The MTEF allocations are affected by the fiscal consolidation budget cuts of R5.211 million in 2024/25, R5.239 million in 2025/26 and R5.435 million in 2026/27.



**Key risks and mitigations**

Outcome	Key Risk	Risk Mitigation
<p>Improve Governance of Assurance &amp; Internal Control in the Department.</p>	<p>Reduction of baseline due to under- spending of the budget for Vote 6.</p>	<ul style="list-style-type: none"> <li>• Re -assessment of MTEF budget baselines of each sub-programme. (Zero based budgeted)</li> <li>• Perform In-Year Monitoring of the budget projections by business units.</li> <li>• Virements to be affected timeously.</li> <li>• Inclusion of a standard KPA on Financial Management on the performance agreement of all SMS members.</li> </ul>
	<p>Inability to meet service delivery turn-around times due to capacity constraints and reliance on interns and in-service trainees (Increased risk of error)</p>	<ul style="list-style-type: none"> <li>• Long hours and overtime.</li> <li>• Distribution and sharing work responsibilities amongst employees.</li> <li>• Reprioritise and fill the critical vacant positions with CFO's Office.</li> </ul>
<p>Improved participation of targeted groups in the economy of the Province.</p>	<p>Lack of increased participation of targeted groups in the economy of the province due to not being represented in sub databases.</p>	<ul style="list-style-type: none"> <li>• Engaging sub databases (CSD, SITA, National Treasury panels to improve accessibility to databases by targeted groups.)</li> <li>• Training and workshops to targeted groups.</li> <li>• Procure directly from targeted groups.</li> <li>• Collaboration with the OTP on registered suppliers from vulnerable groups.</li> </ul>
	<p>Inability to meet equity targets due to lack of applications within the vulnerable groups. (People with disabilities)</p>	<ul style="list-style-type: none"> <li>• Continuously implementing the employment equity plan.</li> <li>• Target advertising and target recruitment in line with the equity plan.</li> <li>• Collaboration with disability organisations.</li> <li>• Disability database for headhunting.</li> </ul>





## 5.2 PROGRAMME 2: Sustainable Resource Management

The purpose of this programme is to:

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

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

Sub-programme No.	Sub-programme name	Sub-programme Purpose
2.1	<b>Infrastructure Management and Economic Services</b>	<ul style="list-style-type: none"> <li>- Determine and evaluate economic parameters and socio-economic imperative that informs provincial and local resource allocation, and</li> <li>- Provide infrastructure support through the Infrastructure Delivery Management System.</li> </ul>
2.2	<b>Public Finance</b>	<ul style="list-style-type: none"> <li>- Promote effective and optimal financial resource allocation for provincial government (including public entities), and</li> <li>- Ensure the province remains financially viable through effective budget management, monitoring and reporting.</li> </ul>
2.3	<b>Public Private Partnerships</b>	<ul style="list-style-type: none"> <li>- To provide substantial technical, financial and legal advice in support of all provincial PPP projects in line with the PPP projects cycles as regulated by National Treasury guidelines.</li> </ul>

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

### 5.4 Output indicators: annual and quarterly targets - see table



**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme – Economic Analysis						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Enhanced fiscal sustainability of the province.	Socio-economic report.	Number of Socio-economic reports produced (SERO).	12	10	9	1	1	1	1
	Value for money assessment reports	Number of Value for money assessment reports produced.	7	6	1	1	1	1	1
	Research reports produced.	Number of Research reports produced.	NEW	NEW	1	1	1	1	1
Improved and sustainable infrastructure delivery which contributes to inclusive economic growth.	Estimates of Capital Expenditure (ECE) Plan.	Number of ECE Plan produced.	NEW	NEW	1	1	1	1	1
	ECE monitoring reports of Departments	Number of quarterly monitoring reports produced on capital expenditure.	NEW	NEW	4	4	4	4	4
		Number of monitoring reports produced on departments using IDMS.	NEW	NEW	2	4	4	4	4

**Output indicators: Annual and Quarterly Targets**

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



**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme – Public Finance						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Enhanced fiscal sustainability of the province.	Optimal Provincial budgets allocation.	Final provincial budget allocations produced.	New	New	New	1	1	1	1
		Adjustments provincial budget allocations produced.	New	New	New	1	1	1	1
	Early warning system reports.	Number of early warning system reports produced.	18	18	18	18	20	20	20

**Output indicators: Annual and Quarterly Targets**

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Final provincial budget allocations produced.	1	N/A	N/A	N/A	1
2. Adjustments provincial budget allocations produced.	1	N/A	N/A	1	N/A
3. Number of early warning system reports produced.	20	7	5	5	3



**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme –Public Private Partnership						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Improved and sustainable Infrastructure delivery which contributes to inclusive economic growth.	PPP support to Public sector institution.	Number of public sector Institutions supported on PPPs.	2	2	2	5	5	5	5
Improved participation of targeted groups in the Economy of the Province.	Assessment on the implementation of PPFA in PPP projects,	Number of assessment reports produced.	4	4	4	2	2	2	2

**Output indicators: Annual and Quarterly Targets**

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of public sector Institutions supported on PPPs.	5	5	5	5	5
2. Number of assessment reports produced.	2	N/A	1	N/A	1



## Explanation of planned performance over the medium-term period

The Sustainable Resource Management Programme aims to contribute to the achievement of the following priorities:

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

This will be achieved through the following:

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

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

### Infrastructure Management and Economic Services (IMES) Support to the Province

**Economic Analysis** will continue to produce socio-economic reports for the province. The socio-economic reports provide insight into prevailing economic trends, particularly risks that have the potential to negatively impact the provincial fiscal framework. The Unit will also continue to undertake research and value for money assessment. Among the research planned for the financial year is the Socio-Economic Analysis of the feasibility study for the proposed Tertiary Hospital in Northern KZN. The value-for-money assessment will be conducted on the state of schools for learners with special needs in KZN.

The Technical Advisory Support Unit will enhance infrastructure service delivery with the implementation of the Infrastructure Delivery Management System (IDMS). The IDMS was adopted as the Government's system for



infrastructure delivery in South Africa. The IDMS focus is on delivering a portfolio of infrastructure assets rather than just infrastructure projects. Through the IDMS, the Government is able to plan, budget, deliver, and maintain its infrastructure assets efficiently. Within the infrastructure delivery chain, the IDMS clarifies roles, responsibilities, and functions. The focus support will continue, on DOT, DSAC COGTA and Entities.

The "Infrastructure Support Team" (crack team) of built environment professionals and experts will continue to assist departments, provincial government entities and municipalities with unblocking infrastructure projects that require intervention and support, as well as providing technical assistance. In Infrastructure Support Team 2024/25 to develop a disaster management protocol that will enable a more efficient response.

Moreover, the unit will be conducting Economic Analysis of the feasibility study for the construction of the New Tertiary hospital in the North of KZN. Lekotla Resolution 13.2: Strengthen access to health care services through the creation of new regional hospitals in rural districts and a tertiary hospital in the north of the Province. Furthermore, conducting an analysis of the provision of quality education to the learners with special needs in KZN. Lekgotla Resolution 14.5: Prioritize children with special needs and train educators on inclusion.

### **Management and Enhancement of the Provincial Fiscus through Public Finance**

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

The unit will achieve integrated planning, budgeting, and implementation for the sustainable management of provincial fiscal resources through the annual tabling of the Provincial Budget. The oversight model of monitoring spending and revenue collection of departments and public entities against the budget will continue and is aimed at keeping provincial spending within the provincial budget.

The implementation of the budget process will allow improvement and significant contribution to the improvement of the living standards of the citizens of the province, in particular, those that are identified as vulnerable groups, which include women, youth, people with disabilities, and military veterans. In preparing the 2024/25 budget, departments were requested to focus on aligning and integrating their plans to the national outcomes, as contained in the MTSF implementation plan, national sector plans and the PGDS.

In terms of the early warning system reports produced, the target has been increased from 18 to 20 reports. This is mainly due to the separation of report for Public Entities from that of the Department's performance going forward.

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

### **Public Private Partnerships Support & Advisory services**

The department will continue to oversee and provide support at a provincial and municipal level in line with the PPP project cycle. This will be achieved by ensuring that transaction support is provided to departments, public entities, municipalities and their municipal entities to ensure compliance with the PPP legislative processes. The government



precinct will be supported by Provincial Treasury through the appointment of a technical advisor. The team will give further support to the financial close of Inkosi Albert Luthuli Hospital PPP and further input into various alternative energy proposals.

The unit has since moved the provision of training of public sector institutions to the operational plan, hence there is no target planned over the MTSF period. Moreover, the PPP Service Delivery Solutions proposal will also no longer be produced. While the indicator was introduced as an attempt to proactively provide proposed solutions to municipalities in our province, the reception to the proposals produced has shown little appetite to implement these. We will, however, provide on-going support to assist client institutions to identify potential PPP Project in our day-to-day work.

The number of reports produced on the compliance with the PPPFA compliance in PPP contracts has been reduced from 4 to 2, i.e. bi-annual and annual report due to the financial and spend information generally being shared with Provincial Treasury on a bi-annual basis.

**Programme resource consideration**

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23	2023/24			2024/25	2025/26	2026/27
1. Programme Support	3 669	3 683	3 138	3 607	3 307	3 284	3 501	3 743	3 876
2. Economic Analysis	15 372	14 598	19 654	33 323	27 984	27 985	21 565	22 231	23 215
3. Public Finance	17 604	18 343	18 030	18 612	17 311	16 902	20 948	22 129	23 108
4. Public Private Partnerships	6 605	5 779	4 814	6 333	4 320	4 285	5 008	5 167	5 404
<b>Total</b>	<b>43 250</b>	<b>42 403</b>	<b>45 636</b>	<b>61 875</b>	<b>52 922</b>	<b>52 456</b>	<b>51 022</b>	<b>53 270</b>	<b>55 603</b>

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23	2023/24			2024/25	2025/26	2026/27
<b>Current payments</b>	<b>42 335</b>	<b>41 560</b>	<b>44 860</b>	<b>61 367</b>	<b>52 259</b>	<b>51 857</b>	<b>50 155</b>	<b>52 627</b>	<b>54 929</b>
Compensation of employees	40 204	39 988	37 065	45 897	33 301	37 726	45 985	49 058	51 237
Goods and services	2 131	1 572	7 795	15 470	18 958	14 131	4 170	3 569	3 692
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>561</b>	<b>135</b>	<b>94</b>	<b>-</b>	<b>28</b>	<b>27</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	561	135	94	-	28	27	-	-	-
<b>Payments for capital assets</b>	<b>354</b>	<b>708</b>	<b>682</b>	<b>508</b>	<b>635</b>	<b>572</b>	<b>867</b>	<b>643</b>	<b>674</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	354	708	682	508	635	572	867	643	674
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>43 250</b>	<b>42 403</b>	<b>45 636</b>	<b>61 875</b>	<b>52 922</b>	<b>52 456</b>	<b>51 022</b>	<b>53 270</b>	<b>55 603</b>



The sub-programme: Programme Support reflects a fluctuating trend over the seven years. The growth over the 2024/25 MTEF is steady and provides for the operational costs for the office of the DDG: Sustainable Resource Management, as well as the office support team who provide administration and financial support to the programme as a whole. The MTEF is affected by the fiscal consolidation budget cuts of R423 000 in 2024/25, R435 000 in 2025/26 and R508 000 in 2026/27 and these are effected against Compensation of employees, resulting in the Administrative Officer post being frozen.

The sub-programme: Economic Analysis includes funding for the Infrastructure Crack Team to assist departments, public entities and municipalities in the delivery of infrastructure projects, as well as additional funding for the TAs, which is mainly allocated against Compensation of employees. The MTEF also provides for infrastructure site visits, the publication of the ECE, research to be undertaken by the Economic Analysis unit, and the production of the SERO. In addition, the allocations over the MTEF cater for the filling of vacant posts, such as Economic and Infrastructure specialists, among others. The increase in the 2023/24 Main Appropriation is mainly attributable to the provision of R10 million for job massification (which is an EPWP initiative to involve graduates on undertaking condition assessments of various infrastructure projects), being a portion of the funds suspended from 2022/23. The decrease in the 2023/24 Adjusted Appropriation was due to unexpected delays in the finalisation of the job massification programme strategy by the infrastructure unit. The significant decrease in 2024/25 is partly explained by the allocation in respect of the job massification programme not provided for beyond 2023/24. Further contributing to the decrease are the 2024/25 MTEF fiscal consolidation budget cuts of R1.155 million, with carry-through, effected against this sub-programme, as well as the reprioritisation of R1.872 million undertaken to Programme 3 in respect of the SAICA programme. The MTEF baseline is affected by fiscal consolidation budget cuts of R2.308 million in 2025/26 and R1.348 million in 2026/27, hence the low growth. The impact of these cuts will be the reduction of travel and subsistence costs by holding more virtual engagements, and the reduction in the number of posts to be filled over the MTEF with posts such as Assistant Director: Infrastructure and Secretary being frozen.

The sub-programme: Public Finance fluctuates over the first four years and shows steady growth over the 2024/25 MTEF. The MTEF provides for costs relating to the preparation and printing of the EPRE and the AEPRE, as well as oversight over the provincial budget and provincial spending. The allocations over the MTEF also cater for the filling of critical vacant posts, such as the Director: Provincial Budget and Provincial Budget Analyst. The MTEF allocations are affected by fiscal consolidation budget cuts of R727 000 in 2024/25, R545 000 in 2025/26 and R595 000 in 2026/27 and these were effected entirely against Compensation of employees. The impact of these budget cuts will be the reduction in the number of posts that will be filled over the MTEF with posts such as the Director: Public Finance being frozen.

The sub-programme: Public, Private Partnerships shows a fluctuating trend over the seven-year period. The MTEF provides for ongoing support to departments, municipalities and public entities in terms of conducting feasibility studies and technical support for PPP contracts. The allocations over the MTEF also cater for the filling of critical vacant posts such as Specialist: Project Technical Advisory Services and Project Co-ordinator. This sub-programme was not affected by the fiscal consolidation budget cuts and reprioritisation over the MTEF.





## Key risks and mitigations

Outcome	Key Risk	Risk Mitigation
Enhanced fiscal sustainability of the Province.	Inability to take informed decisions or produce credible Early Warning reports. due to data constraints. (Unavailable, unattainable , inaccessible information from the institutions)	<ul style="list-style-type: none"> <li>• Monthly monitoring of expenditure and revenue of departments and public entities</li> <li>• Training/ workshops (databases/ SCOA/ templates).</li> <li>• Conduct formal awareness and training to Departments and Entities to assist on credibility of financial data (including projections)</li> <li>• Conduct training for specific departments or entities based on need analysis.</li> <li>• Working with OTP (Office of the Premier) and Treasury Infrastructure Unit to improve the quality of budgeting, planning and reporting of provincial finances.</li> <li>• Issue Provincial Treasury guidelines</li> <li>• Appointed an independent service provider, S&amp;P Global (formally known as HIS Markit) to provide secondary economic data.</li> <li>• Constant engagements with institutions on the importance of data and information for value for money assessments and research projects (analytical studies) conducted.</li> <li>• Constant reminders before the due date for the requested data/information.</li> <li>• In case the requested data is not received on the agreed upon date, escalation of the matter is made to the Accounting Officers.</li> <li>• Working with Moses Kotane Institute to collect some data.</li> </ul>
Enhanced fiscal sustainability of the Province.	Reduced Provincial equitable share, impacting service delivery and unfunded mandates	<ul style="list-style-type: none"> <li>• Continuous engagements with departments to improve efficiencies and direct budgets to service delivery.</li> <li>• Engagements with National Treasury to ensure fair allocation of resources to KZN.</li> <li>• Assisting Education and Health to comply with infrastructure grant requirements so that the two departments are allocated additional funding through the incentive portion of the grant.</li> <li>• Robust engagements with revenue generating departments and public entities to improve own revenue collection.</li> <li>• Allocation of resources to budget pressures.</li> <li>• Escalation of budget pressures to National Treasury.</li> <li>• Continuous briefing sessions with the Provincial Executive Council and Finance Portfolio Committee on the budget performance to enhance oversight by these structures on Departments.</li> <li>• Verification of education and health data (number learners and patient data) to inform the provincial equitable share formula.</li> </ul>
Enhanced fiscal sustainability of the Province.	Late receipt of funding from the National Disaster Management Centre (NDMC) and National Treasury impacting ability to respond immediately and to spend.	<ul style="list-style-type: none"> <li>• Departments reprioritise own budget to address immediate needs.</li> <li>• Request for donor funds</li> <li>• Partner with non- governmental organisations</li> <li>• Utilise the contingency reserves</li> <li>• Monitoring usage of disaster funds allocated to Institutions.</li> <li>• Additional funding has been allocated over the Medium-Term Expenditure Framework (MTEF) from National Treasury.</li> </ul>



<p>Enhanced fiscal sustainability of the Province.</p>	<p>Credibility/ accuracy of financial data submitted by departments and public entities.</p>	<ul style="list-style-type: none"> <li>• Monthly monitoring of expenditure and revenue of departments and public entities.</li> <li>• Conducting formal awareness and training to Departments and entities to assist on credibility of financial data (including projections)</li> <li>• PAG – to continuously engage departments to manage IDAs and Accruals</li> </ul>
<p>Improved and sustainable infrastructure delivery which contributes to inclusive economic growth</p>	<p>Inefficient and ineffective application of IDMS principles and guidelines resulting in slow delivery of infrastructure and lack of value for money.</p>	<ul style="list-style-type: none"> <li>• Conduct infrastructure interventions with institutions (stakeholder engagements) on the importance of value for money.</li> <li>• Escalate/Report matters of persistent non-compliance to Accounting Officers</li> <li>• Issue infrastructure planning and budgeting circular/calendar that specifies dates for departments planning document submissions, in year infrastructure reporting and IRM reporting .</li> <li>• Continuous support to departments that access conditional grants to ensure access to incentive portion of the grants</li> <li>• Quarterly assessment of Provincial departments application and progress of the FIDPM requirements.</li> <li>• Use approved Infrastructure plans and IRM reports to monitor Department's monthly infrastructure budget Programme expenditure: actual versus projections.</li> <li>• Quarterly Departmental (randomly) selected projects site visit to check progress against reported progress and expenditure.</li> <li>• Infrastructure Progression Model (IPM) Tool - that will identify department's IDMS capability measuring performance results and tracking progress using a maturity scale.</li> <li>• IDMS, FIDPM and CIDB training sessions and workshops</li> <li>• Tailored support plans for specific departments and entities as and when required.</li> </ul>
<p>Improved and sustainable infrastructure delivery which contributes to inclusive economic growth</p>	<p>Non-compliance with PPP legislative prescripts</p>	<ul style="list-style-type: none"> <li>• Conduct training on PPP processes to state institutions</li> <li>• Offer advisory and technical support to state institutions</li> <li>• Timely reports on PPP compliance for existing PPP projects</li> <li>• Foster collegial relationships to support PPP agreement</li> <li>• Escalation of non- compliance to CABINET</li> </ul>



### 5.3 PROGRAMME 3: Financial Governance

The purpose of this programme is to provide

- Audit readiness support to provincial departments and public entities with the objective of achieving improved audit outcomes in the province;
- Economic and effective management of Assets and Liabilities, Supply Chain Management processes, reliable Financial Management Information Systems and ensure compliance with applicable Norms and Standards in the public sector.

Sub-programme No.	Sub-programme name	Sub-programme Purpose
3.1	<b>Assets and Liabilities Management</b>	- To develop, facilitate implementation, and monitor compliance with financial norms and standards in public sector institutions.
3.2	<b>Supply Chain Management</b>	- To support and monitor adherence of departments, public entities and municipalities to SCM prescripts and to ensure Radical Economic Transformation (RET) initiatives are implemented in the Province.
3.3	<b>Accounting Practices</b>	- To provide financial and asset management audit readiness support to departments and public entities in the attainment of improved audit outcomes in the Province.
3.4	<b>Financial Information Management Systems (FIMS)</b>	- To provide reliable, efficient and effective financial systems in the province.
3.5	<b>Norms and Standards</b>	- To develop, facilitate implementation, and monitor compliance with financial norms and standards in provincial departments and entities.

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

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

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

#### 5.5 Output indicators: annual and quarterly targets - see tables



**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme - Supply Chain Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Improved Audit Outcomes for the Province.	SCM Policies reviewed.	Number of SCM policies reviewed.	New	12	16	16	16	16	16
Improved participation of targeted groups in the Economy of the Province.	Report on provincial procurement spend on targeted groups.	Number of reports produced on provincial procurement spend on targeted groups.	4	4	4	4	4	4	4

**Output indicators: Annual and Quarterly Targets**

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of SCM policies reviewed.	16	4	4	4	4
2. Number of reports produced on provincial procurement spend on targeted groups.	4	1	1	1	1



**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme - Accounting Practices (Financial Reporting)						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Improved Audit Outcomes for the Province.	Report on Financial management support provided to provincial departments	Number of reports produced on financial management support provided to provincial departments.	New	New	6	8	8	8	8
	Report on Financial management support provided to Public Entities	Number of reports produced on Financial Management Support provided to Public Entities.	New	New	5	5	8	8	8
	Report on Asset management support provided to Public Sector Institutions	Number of reports produced on Asset management support rendered to public sector institutions	New	New	New	New	13	13	13

**Output indicators: Annual and Quarterly Targets**

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of reports produced on financial management support provided to provincial departments.	8	3	3	1	1
2. Number of reports produced on Financial Management Support provided to Public Entities.	8	3	2	2	1
3. Number of reports produced on Asset management support rendered to public sector institutions.	13	4	3	3	3



**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme – Financial Information Management System (FIMS)						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Improved Governance of Assurance & Internal Control in Departments.	Financial Transversal Systems available.	Percentage availability of Financial transversal systems.	97%	97%	97%	97%	97%	97%	98%
		Mean time to resolve calls for transversal systems.	New	New	8 Hours	8 Hours	8 Hours	8 Hours	8 Hours

**Output indicators: Annual and Quarterly Targets**

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



## Explanation of planned performance over the medium-term period

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

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

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

- The audit improvement strategy is updated each year to remain relevant to the current issues facing departments and Provincial Treasury will implement specific interventions to contribute to Improved audit outcomes.
- The maintenance of existing provincial transversal financial management systems to ensure reliability, efficiency and effectiveness thereof;
- Improve efficiency of cash management and to minimize the adverse liquidity through effective liabilities management; and maximize revenue through diligent investment decisions;
- Promote Financial Management Policy and Compliance with the PFMA through the development of supporting guides and frameworks, instructions and regulations issued by National Treasury;
- Provide financial reporting support to provincial departments and public entities in the implementation of financial reporting frameworks in compliance with the PFMA and current accounting standards;
- Provide asset management support to PFMA public sector institutions in compliance with the PFMA and relevant accounting standards.
- Provide technical and related financial management support for institutional capacity development to achieve improved audit outcomes of all Provincial Departments and Public Entities.
- Continued focus on hands-on engagement and support to departments and public entities in response to key financial management weaknesses identified, including asset management. The unit has increased the targets set as progress has been met in the filling of vacant posts. In addition, the unit has set separate targets for asset management as all vacancies have been filled and additional capacity is now available.
- Monitor compliance with Instruction Note No. 34 whereby a consolidated exception report on the status of payments not made within 30 days by Provincial Departments is submitted to the National Treasury by the 15th day of each month with information of the preceding month. The unit has since moved the monitoring of compliance with Instruction Note 34 to the operational plan, hence there is no target planned in the Annual Performance Plan.
- Operation Pay-on-time provides critical support to suppliers who have not been paid by the organs of state in order to resolve disputes and facilitate payment (these activities are reflected in the Operational Plan).
- Condonation of irregular expenditure will contribute towards reducing current irregular balances in the province following a due process in accordance with legislation (these activities are reflected in the operational plan). A dedicated focus will be placed on this matter in order to clear the long outstanding matters. This is featured in the operational plan.



In relation to SCM support the department through the Provincial SCM unit for the 2024/25 financial year will continue to;

- Provide support, guidance and monitor adherence of departments, public entities and municipalities to SCM prescripts.
- Provide contract management support to Public Sector Institutions given the direct link to underlying causes for irregular expenditure.
- Conduct training on contract management, in order to improve level of compliance with the contract management framework thereby contributing to improved audit outcomes and reduced irregular expenditure.
- Continue to provide support on the CSD to Public Sector Institutions and suppliers. Helpdesks are provided at community engagements to assist service providers in registering on CSD. The unit assists institutions to upload employee data onto the CSD and to facilitate the reporting of the employees of the state that are registered on the CSD to avoid non-compliance.
- Review of SCM policies to ensure alignment with new Procurement Bill, preferential regulations and new practice notes.
- Support the improvement of participation by targeted groups in the economy of the province through reporting on provincial procurement spend on these groups at COHOD level.
- Effective appeals mechanisms for departments and municipalities.
- The unit has since moved the training support of public sector institutions to the operational plan, hence there is no target has been included in the Annual Performance Plan.

### Programme resource considerations

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23	2023/24			2024/25	2025/26	2026/27
1. Programme Support	4 688	5 180	5 416	5 684	5 773	5 773	6 082	6 325	6 616
2. Asset and Liabilities Management	14 351	18 671	18 532	20 517	22 826	22 826	19 838	21 664	22 623
3. Support and Interlinked Financial Systems	98 447	113 764	117 101	118 000	114 359	114 359	121 017	126 276	131 929
4. Supply Chain Management	34 426	44 083	39 873	43 270	42 370	40 317	44 569	46 453	48 551
5. Accounting Services	19 737	18 455	15 238	27 125	19 430	19 430	31 158	32 364	33 809
6. Norms and Standards	6 996	6 112	5 213	7 099	7 099	7 099	7 042	7 346	7 646
<b>Total</b>	<b>178 645</b>	<b>206 265</b>	<b>201 373</b>	<b>221 695</b>	<b>211 857</b>	<b>209 804</b>	<b>229 706</b>	<b>240 428</b>	<b>251 174</b>





**Summary of payments and estimates by economic classification: Financial Governance**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23	2023/24			2024/25	2025/26	2026/27
<b>Current payments</b>	177 354	197 495	198 160	219 866	208 729	206 778	227 447	238 456	249 110
Compensation of employees	70 137	72 158	70 033	92 286	81 784	81 374	99 059	104 036	108 700
Goods and services	107 217	125 337	128 127	127 453	126 818	125 404	128 255	134 286	140 270
Interest and rent on land	-	-	-	127	127	-	133	134	140
<b>Transfers and subsidies to:</b>	<b>294</b>	<b>6 978</b>	<b>1 085</b>	<b>241</b>	<b>318</b>	<b>277</b>	<b>273</b>	<b>285</b>	<b>298</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	27	-	-	-
Households	294	6 978	1 085	241	318	250	273	285	298
<b>Payments for capital assets</b>	<b>924</b>	<b>1 749</b>	<b>2 124</b>	<b>1 588</b>	<b>2 770</b>	<b>2 709</b>	<b>1 986</b>	<b>1 687</b>	<b>1 766</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	924	1 749	2 124	1 588	2 770	2 709	1 986	1 687	1 766
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>73</b>	<b>43</b>	<b>4</b>	<b>-</b>	<b>40</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>178 645</b>	<b>206 265</b>	<b>201 373</b>	<b>221 695</b>	<b>211 857</b>	<b>209 804</b>	<b>229 706</b>	<b>240 428</b>	<b>251 174</b>

The **sub-programme: Programme Support** is responsible for providing strategic leadership support to the Financial Governance programme. The growth over the MTEF is largely inflationary and the MTEF allocations provide for the operational costs for the office of the Accountant-General, as well as the office support team who provide administration and financial support to the programme as a whole. This sub-programme is not affected by the fiscal consolidation budget cuts.

The **sub-programme: Asset and Liabilities Management** shows a largely increasing trend over the seven-year period, except for the decrease in 2024/25. The decrease in 2024/25 is largely due to the 2024/25 MTEF fiscal consolidation budget cuts effected against this sub-programme, as well as reprioritisation undertaken to the Accounting Services sub-programme in respect of the SAICA programme. The 2024/25 MTEF caters for various operational costs of the unit, including bank charges for the IGCC account, provision for interest should the IGCC account go into overdraft, provision for conducting an annual tax information seminar with all departments and entities, as well as ensuring compliance to tax legislation, among others. The MTEF allocations are affected by the fiscal consolidation budget cuts of R1.516 million in 2024/25, R682 000 in 2025/26 and R2.034 million in 2026/27 effected entirely against *Compensation of employees*.

The **sub-programme: Support and Interlinked Financial Systems** includes costs relating to all transversal systems, such as BAS, PERSAL and HardCat for the entire province. The allocations over the MTEF include provision for personnel costs. The growth over the 2024/25 MTEF is low due to the fiscal consolidation budget cuts of R4.894 million in 2024/25, R5.176 million in 2025/26 and R6.005 million in 2026/27 effected against this sub-programme, as well as reprioritisation to the Accounting Services sub-programme to assist with budget pressures in respect of the SAICA programme. The budget cuts were effected against *Compensation of employees*, *Goods and services* and *Machinery and equipment*. The impact of these cuts will be reduced capacity as the unit will reduce the number of posts that will be filled over the MTEF and operational costs, such as consultant’s services, thus affecting the meantime for resolving transversal systems calls. The MTEF allocations include the budget for the costs of upgrading the BACS to strengthen its security and ransomware features.

The **sub-programme: Supply Chain Management** shows growth over the 2024/25 MTEF and caters for the operational costs of the SCM unit, as well as MBAT and SCM support and interventions in departments and municipalities. These



interventions are provided to all departments and municipalities on a needs basis and include pre-order assessments, as well as contract management. The MTEF allocations further cater for the filling of various critical vacant posts such as Director: SCM Transformation, Deputy Director: SCM Bid Appeals Tribunal and Assistant Director: SCM Policy and Capacity Development, among others. The MTEF allocations are affected by the fiscal consolidation budget cuts of R1.945 million in 2024/25, R1.847 million in 2025/26 and R2.179 million in 2026/27 effected against *Compensation of employees* and *Goods and services*. The impact of these cuts will be reduced capacity as the unit will reduce the number of posts that will be filled over the MTEF and operational costs, such as agency and support/ outsourced services, thus affecting the turnaround time with respect to client support.

The **sub-programme: Accounting Practices** budget over the 2024/25 MTEF allocations cater for various projects including the financial and asset management support to departments and public entities to achieve improved audit outcomes, preparation of the AFS for the Provincial Revenue Fund and consolidated AFS of Provincial Departments and Public Entities, providing required training to departments and public entities, among others. The MTEF allocation further caters for the filling of various vacant posts. The decrease in 2023/24 of R1.517 million was due to the compulsory budget cuts and the contribution towards the new office space required. The increase in 2024/25 and 2025/26 is due to inflationary adjustments.

The **sub-programme: Norms and Standards** shows an erratic trend over the MTEF, with a decreasing trend for the first three years, an increase in 2023/24, a slight decrease in 2024/25 and an increase in the last two years of the MTEF. The increase over the MTEF mainly provides for personnel costs, various operational costs of the unit, as well as the review of instruction notes and standard operating procedures for departments and public entities, among others. The MTEF allocations further cater for the filling of various vacant posts. The MTEF allocations are affected by the fiscal consolidation budget cuts of R568 000 in 2024/25 and 2025/26, respectively and R667 000 in 2026/27 effected entirely against *Compensation of employees*, resulting in the freezing of one post over the MTEF.

**Key risks and mitigations**

Outcome	Key Risk	Risk Mitigation
Improved Audit outcomes for the Province.	Lack of full implementation of accepted best practices improved operational efficiencies and legislative source amendments in departments	<ul style="list-style-type: none"> <li>• Distribution lists to CFO, senior management and operational personnel within departments and regular follow-ups conducted to assess implementation progress.</li> </ul>
Improved Audit outcomes for the Province.	Inadequate implementation of policies and procedures including recommendations of the unit by departments/ public entities to address compliance deviations	<ul style="list-style-type: none"> <li>• Action plans and recommendations submitted to departments with remedial measures and deadlines and follow-ups conducted on outstanding matters.</li> <li>• Regular monitoring by Unit to ensure remedial measures are implemented within deadlines or reasonable timeframes.</li> <li>• Intervention at higher level when deemed necessary (CFO's and CEO's).</li> <li>• Noncompliance letters are issued to the Departments and Entities.</li> </ul>
Improved Audit outcomes for the Province.	Lack of effective oversight by Accounting Officers on key accounts affecting the credibility of	<ul style="list-style-type: none"> <li>• Monthly reporting to the GSID, cabinet, COHOD on submission on key accounts through the MEC's reporting templates.</li> <li>• Monthly reporting by departments to their respective MEC's on key accounts. Quarterly analysis of information and submission of findings to CFO's of the departments via the PAG.</li> <li>• Identify financial /asset management support interventions based on the analysis performed and develop a project plan identifying key deliverables within specified timeframe</li> </ul>



<p>Improved Audit outcomes for the Province.</p>	<p>Noncompliance to SCM prescripts by organs of state (Departments, Municipalities and Public Entities)</p>	<ul style="list-style-type: none"> <li>• Training &amp; workshops on SCM Prescripts and contract management.</li> <li>• Quarterly monitoring of the submission of procurement plans</li> <li>• Routine SCM support to organs of state</li> <li>• Training &amp; Awareness on central suppliers database (CSD)</li> <li>• Post -implementation support on contract management to organs of state</li> <li>• Monitoring the implementation of the audit improvement plans and Municipal support plans.</li> <li>• SCM Forums to discuss and share best practices and new developments.</li> <li>• On-going training and workshops on SCM, contract management, CSD and changes in legislations</li> </ul>
<p>Improved Governance of Assurance &amp; Internal Control in Departments.</p>	<p>Suspension/ delays in processing BAS &amp; PERSAL transactions due to outdated Biometrics Access Control System (BACS) servers unable to perform recovery and restoration.</p>	<ul style="list-style-type: none"> <li>• Planned maintenance on the data consolidation during weekends.</li> <li>• Procurement process no longer residing with SITA (transferred to department through letter received from SITA in line with legislation)</li> <li>• escalation to the HOD and Prioritized for procurement</li> <li>• approval of all processes by the HOD</li> <li>• Approval by the Bid specification committee and advertisement committee, evaluation committee</li> <li>• Constant maintenance of the legacy systems.</li> </ul>
<p>Improved Governance of Assurance &amp; Internal Control in Departments</p>	<p>Underutilization of all functions available on Hardcat</p>	<ul style="list-style-type: none"> <li>• Training plans in place on basic concepts of subject matters by the users.</li> <li>• More emphases on specific training plans to equip staff with skills of the latest technologies.</li> </ul>

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

The purpose of this programme is to:

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

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

Sub-programme No.	Sub-programme name	Sub-programme Purpose
4.1	Assurance Services	- Promote good governance through the provision of internal audit services and recommend internal control system improvement to departments.
4.2	Risk Management	- Promote and enhance a culture of good governance through effective Risk Management.

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

5.6 Output indicators: annual and quarterly targets – see tables



**Outcomes, Outputs, Performance indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme - Assurance Services						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Improved Governance of Assurance & Internal Control in Departments.	Internal Audit review reports.	Number of Internal Audit Reviews conducted.	80	104	110	95	90	90	90
		Number of follow-up Audit reviews conducted.	32	52	29	48	28	28	28
	Oversight reports issued.	Number of oversight reports issued to MEC's of provincial departments.	44	58	56	56	56	56	56

**Output indicators: Annual and Quarterly Targets**

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Internal Audit Reviews conducted.	90	27	15	31	17
2. Number of follow-up Audit reviews conducted.	28	10	2	6	20
3. Number of oversight reports issued to MEC's of provincial departments.	56	14	14	14	14



**Outcomes, Outputs, Performance indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme – Risk Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Improved Governance of Assurance & Internal Control in Departments.	Strengthened Risk management in the Public sector institutions.	Number of risk assessments conducted in municipalities.	New	20	15	16	18	20	20
		Number of Internal Audit Function Reviews Conducted at Municipalities.	New	New	5	6	6	8	8
		Number of departments monitored on compliance with the minimum risk management standards.	New	New	New	13	13	13	13

**Output indicators: Annual and Quarterly Targets**

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of risk assessments conducted in municipalities.	18	5	5	5	3
2. Number of reviews conducted on internal audit functions at selected municipalities.	6	0	2	2	2
3. Number of departments monitored on compliance with the minimum risk management standards.	13	0	6	7	0



## Explanation of planned performance over the medium-term period

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

The Unit conducts independent audit reviews on various processes within Provincial Departments the aim of which is to assess the adequacy, effectiveness and efficiencies within these processes implemented by departments. Projects are identified based on high-risk areas, as well on strategic interventions within the Province. In order to improve on the governance, risk and control processes across the Departments, PIAS provides recommendations in each audit report issued to Departments on weaknesses identified. This thereby adds value to Departments operations and assists in sustaining strategic value; if implemented effectively by Departments.

In December 2019 the Executive resolved that the Departments of Education, Health and Transport must establish their internal audit functions. The Department of Health took over the function from the 2023/24 financial year. The Department of Transport is expected to take over the function on a phased in approach from the 2024/25 financial year. The unit is expecting to still support the Department of Education over the MTSF reporting period. This resolution has therefore resulted in decrease in the number of full scope and follow up audits planned.

However, the effectiveness of these audit reviews are dependents on departmental management implementing agreed action plans to address and weaknesses identified by PIAS. To further provide assurance to Accounting Officers, follow up audits are conducted to examine if these action plans, as well as action plans to address AG(SA) findings, have indeed been implemented. In addition, the unit tracks the status of implementation thereof on a quarterly basis.

Progress reports highlighting audit findings are presented to the Audit & Risk Committee to enable them to provide oversight on departmental governance, risk and control processes and facilitate accountability. The Committee also issues quarterly reports on its resolutions to the MEC's office for distribution to Executive Authorities (EA)'s to enhance their oversight. PARC engagements with the Executive Authorities, will be strengthened to improve engagements and responsiveness by Accounting Officers.

Over the medium term, recommendations provided to Executive Authorities, Accounting Officers and the management of departments on how to improve the adequacy, effectiveness of internal controls and efficiencies of the relevant processes will contribute to the broader objective to improve provincial audit outcomes.

The Risk and Advisory Services operate in terms of section 18 of the PFMA to provide risk management oversight and support to provincial departments and municipalities. The unit will continue to assist selected municipalities with risk assessments; evaluation of risk management policies; and evaluation of internal audit functions and audit committees. As part of this intervention, supported municipalities will be offered with guidelines and training to enhance their risk management and internal audit practices.

At a provincial level, the Unit has, during the 2023/24 financial year, facilitated the establishment of the provincial risk management committee. The Unit will work with this committee to develop and maintain the provincial risk profile to ensure the resolution of transversal risks as identified by government institutions. The Unit will continue



to monitor and guide all provincial departments with the implementation of the provincial risk management and combined assurance frameworks, which were approved by the provincial executive council on 09 June 2021.

The development of the internal control framework is envisaged to be finalised during the 2023/24 financial year, with the roll-out of the framework (through provision of training to departments) planned to take place during the 2024/25 financial year – hence the target of development of the internal control framework is removed from the 2024/25 APP and ensuing years and moved to the AOP.

**Programme resource considerations**

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23				2023/24	2024/25	2025/26
1. Programme Support	4 346	2 539	2 373	4 815	4 087	4 020	8 021	8 498	8 889
2. Assurance Services	66 500	64 738	77 757	76 680	73 139	73 052	76 082	78 299	81 862
3. Risk Management	20 640	18 939	19 849	26 860	24 244	24 244	24 448	25 918	27 109
<b>Total</b>	<b>91 486</b>	<b>86 216</b>	<b>99 979</b>	<b>108 355</b>	<b>101 470</b>	<b>101 316</b>	<b>108 551</b>	<b>112 715</b>	<b>117 860</b>

**Summary of payments and estimates by economic classification: Internal Audit**

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23				2023/24	2024/25	2025/26
<b>Current payments</b>	<b>90 901</b>	<b>85 177</b>	<b>98 745</b>	<b>107 877</b>	<b>99 411</b>	<b>98 997</b>	<b>107 587</b>	<b>112 134</b>	<b>117 253</b>
Compensation of employees	78 247	76 771	71 740	86 339	75 709	75 877	98 284	103 861	108 601
Goods and services	12 654	8 406	27 005	21 538	23 702	23 120	9 303	8 273	8 652
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>276</b>	<b>170</b>	<b>128</b>	<b>68</b>	<b>91</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	276	170	128	68	91	11	-	-	-
<b>Payments for capital assets</b>	<b>309</b>	<b>856</b>	<b>1 016</b>	<b>410</b>	<b>1 940</b>	<b>2 280</b>	<b>964</b>	<b>581</b>	<b>607</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	309	856	1 016	410	1 940	2 280	964	581	607
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>13</b>	<b>90</b>	<b>-</b>	<b>28</b>	<b>28</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>91 486</b>	<b>86 216</b>	<b>99 979</b>	<b>108 355</b>	<b>101 470</b>	<b>101 316</b>	<b>108 551</b>	<b>112 715</b>	<b>117 860</b>

The sub-programme: Programme Support is responsible for providing strategic leadership support to the Internal Audit unit. The steady increase over the 2024/25 MTEF provides for the running costs of the office of the DDG: Internal Audit, Secretary and the Office Manager. The MTEF includes provision for the filling of the Director: Internal Audit Technical Support, Deputy Director, Quality Assurance and Internal Audit Support and Assistant Director: Audit Committee Support posts, among others.

The sub-programme: Assurance Services shows a fluctuating trend over the seven-year period. The spending in 2022/23 includes an amount of R3.501 million suspended from 2021/22, as mentioned. These funds related to carry-over Assurance Services projects and were allocated against *Goods and services*. The MTEF provides for various operational costs of the unit, provision for learners towards the CIA qualification fees, ongoing audits such as IT, financial and governance audits, provision for CARC members, as well as the audit of predetermined objectives of departments and municipalities. The allocations over the MTEF also cater for the filling of several





Internal Audit vacancies under the recently approved organisational structure, such as Director: Financial Audits, Deputy Director: Performance Auditing and Deputy Director: IT Audits, among others. The MTEF was affected by the 2024/25 MTEF budget cuts of R4.481 million in 2024/25, R4.424 million in 2025/26 and R5.624 million in 2026/27 which were effected entirely against *Compensation of employees* in this sub-programme.

The sub-programme: Risk Management shows a fluctuating trend over the seven-year period. The growth over the MTEF is steady and makes provision for assessments, workshops and training on risk/governance management and internal audit capacity building within departments and municipalities. The allocations over the MTEF also cater for the filling of seven Risk Management Practitioner posts and two Secretary posts under the newly approved structure.

**Key risks and mitigations**

Outcome	Key Risk	Risk Mitigation
Improved Governance of Assurance & Internal Control in Departments.	Clients not promptly implementing PIAS agreed recommendations.	<ul style="list-style-type: none"> <li>- Audit committee's engagement with the Departments on quarterly basis – monitoring the implementation of action plans and escalated where required.</li> <li>- Quarterly engagement with the relevant Executive Authority and the Premier through MEC of Finance regarding the status of Departments' implementation on the agreed action plans.</li> <li>- Tracking implementation of Consequence management is a standing agenda item for Audit Committee.</li> <li>- Provincial Frameworks (Risk Management, Internal Audit, Combined Assurance).</li> </ul>
Improved Governance of Assurance & Internal Control in Departments.	Inability to complete audits and implementation of AOP due to unavailability of clients and information from Institutions resulting in delayed audits.	<ul style="list-style-type: none"> <li>- PIAS escalates delays to HODs; or Executive Authority is required, in writing on outstanding information and unavailable key personnel for the audits and projects.</li> <li>- Awareness sessions on the roles and responsibilities of IA and the IA Charter.</li> <li>- Reporting at oversight structures (Audit Committees, MECs etc.) and finalizing projects in line with the IIA standards, IA methodology (Limitation of scope)</li> <li>- Letter of support agreement between KZNPT and Municipalities</li> </ul>
Improved Governance of Assurance & Internal Control in Departments.	The value of internal audit declines in the Provincial Government Administration due to Departments misunderstanding and/or undermining the role of PIAS)	<ul style="list-style-type: none"> <li>- CAE reports functionally to the AC, and administratively to the HOD</li> <li>- Mandate, Roles and responsibilities of the IA function and the AC are detailed in the approved IA and AC Charters.</li> <li>- Appointment of all independent AC members from outside the public sector.</li> </ul>
	Inability to meet the demands of internal audit in the Province due to capacity constraints leading to a reduced scope of work.	<ul style="list-style-type: none"> <li>- Filling of the created posts.</li> <li>- Prioritization of projects based on IA assessment of risks and available resources,</li> <li>- Use of service providers to supplement internal capacity.</li> </ul>



## 5.5 PROGRAMME 5: Municipal Finance Management

The purpose of this programme is to:

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

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

Sub-programme No.	Sub-programme name	Sub-programme Purpose
5.1	<b>Municipal Budget</b>	- Promote optimal and sustainable municipal budgets as well as promote optimal implementation of budgets by municipalities and reporting on related compliance.
5.2	<b>Municipal Accounting and Reporting</b>	- Assist, support and monitor municipalities with financial management and compliance with the Generally Recognised Accounting Practice (GRAP) and relevant legislation.
5.3	<b>Municipal Support Programme</b>	- Assist and provide technical support to delegated municipalities to promote sound financial management and sustainability.
5.4	<b>Municipal Revenue and Debt Management</b>	- Assist and provide technical support to delegated municipalities on revenue and debt management.

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

5.5.6 **Output indicators: annual and quarterly targets - see tables**



Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Municipal Budget						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Enhanced Fiscal Sustainability of the Province.	Municipal Budgets evaluated.	Number of Tabled Budgets evaluated.	51	51	51	51	51	51	51
		Number of Approved Budgets evaluated.	51	51	51	51	51	51	51
	Report on Municipal Budget Performance.	Number of Section 71(7) Quarterly Budget Performance Reports produced.	NEW	NEW	4	4	4	4	4

Output indicators: Annual and Quarterly Targets

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



Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Municipal Accounting & Reporting						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Improved Audit Outcomes for the Province.	Financial Statements reviewed at targeted municipalities.	Number of Financial Statements reviewed at targeted municipalities.	12	7	7	7	7	7	7
	Financial management support projects implemented at targeted municipalities.	Number of Financial Management Support projects implemented.	3	6	6	6	5	5	5

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

Output indicators: Annual and Quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Financial Statements reviewed at targeted municipalities.	7	N/A	N/A	N/A	7
2. Number of financial management support projects implemented.	5	N/A	N/A	N/A	5



**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-Programme - Municipal Support Programme						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Enhanced Fiscal Sustainability of the Province	Specialized projects implemented at targeted municipalities	Number of specialised projects implemented.	13	10	10	10	8	8	8

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

**Output indicators: Annual and Quarterly targets**

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of specialised projects implemented.	8	N/A	N/A	N/A	8

**Outcomes, Outputs, Output indicators and Targets**

Outcome	Outputs	Output Indicators	Sub-programme – Municipal Revenue and Debt Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027
Enhanced Fiscal Sustainability of the Province.	Revenue and Debt Management projects implemented at targeted municipalities.	Number of Revenue and Debt Management projects implemented at targeted municipalities.	New	1	1	2	1	1	1

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

**Output indicators: Annual and Quarterly Targets**

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



## Explanation of planned performance over the medium-term period

Skills transfer is a key element of all the support initiatives provided by the Programme which is aimed at improving the financial management capability of the municipalities supported so as to contribute to the MTSF Priority of Building a Capable, Ethical & Developmental State and to contribute to the PGDP intervention of improving the financial management capability in the public sector.

In response to the MTSF priority and PGDP intervention, Municipal Budget focuses on enhancing the technical support to capacitate delegated municipalities on the preparation of multi-year budgets with the objective of improving the funding position of delegated municipalities' budgets. The ongoing engagements with the senior management at the municipalities and formalised feedback on the budget assessments provided to municipalities are also aimed at promoting realistic and funded municipal budgets. With the current ongoing implementation of mSCOA, more focus is placed on capacitating delegated municipalities to improve the quality of the data strings (financial information from the municipalities' financial system). Budget support is provided to all 51 delegated municipalities across the MTEF and the quarterly MFMA Section 71(7) reports are produced on an ongoing basis, which includes an early warning system to identify municipalities that experience financial problems.

The Financial Management Support projects assist the targeted municipalities to implement the key principles of financial management, so as to implement processes, procedures and controls required to prepare GRAP and MFMA compliant Annual Financial Statements and supporting documentation. The Review of Annual Financial Statements, including audit support assists targeted municipalities with technical guidance on the preparation of the Annual Financial Statements and supporting documents which are in compliance with GRAP and MFMA requirements. The reviews are aimed at improving the quality of the Annual Financial Statements prior to submission to the AGSA. Municipalities will also be provided with technical guidance and support during the audit cycle by the AGSA. The capacity of the Municipal Accounting and Reporting unit is currently being developed. The unit was previously capacitated by fixed term contract staff, with Permanent positions being filled from the latter part of the 2022/23 financial year. The unit provides support to municipalities that can effectively be implemented within the unit's available human and financial resources. Six vacant Assistant Director posts have been frozen due to the budget constraints. Further, one of three Deputy Director posts have not yet been filled. Consequently, the Financial Management Support target for 2024/25 has been reduced due to budget cuts that will be implemented over the 2024/25 MTEF.

The Municipal Support Programme provides technical support to delegated municipalities to promote sound financial management and sustainability. The type of support is customised on an annual basis to assist municipalities with specific financial management support to address prevailing challenges at the time. The focus for the 2024/25 financial year will be on conducting assessments to determine the extent to which selected municipalities have implemented KZNPT recommendations emanating from the support provided in the prior years. The unit will also be providing support to the Municipal Revenue and Debt Management sub-programme to test the revised methodology for the Cash Management initiative. The target for 2024/25 has been reduced due to the budget cuts that will be implemented over the 2024/25 MTEF. The internal capacity is currently focused on implementing the operational plan.

The Municipal Revenue and Debt Management projects improve financial management capability through the assessment of the targeted municipalities' revenue and debt management policies, processes, procedures and



controls with suitable recommendations to address weaknesses identified. The unit further assists municipalities with the implementation of Revenue Management tools such as the cost reflective tariff setting tool and the valuation roll to billing system reconciliation tool and Grant Management as well as providing assistance with the implementation of the National Treasury Debt Relief Programme. The target for 2024/25 has been reduced due to budget cuts that will be implemented over the 2024/25 MTEF. The vacancies of the newly established unit have been filled and capacity is being built as the unit develops which will establish the foundation for technical municipal revenue and debt support - Internal capacity is currently dedicated to implement the operational plan. It was intended to provide support to municipalities through the appointment of specialized external resources, which can no longer be achieved due to the budget cuts.

The number of projects had to be reduced for the 2024/25 MTEF as a result of the budget cuts that will be implemented from 2024/25 for the MTEF period. The number of projects that can be implemented is dependent on each sub-programmes' available human and financial resources and therefore the targets had to be reduced.

The following relates to the Municipal Accounting & Reporting, Municipal Support Programme and Municipal Revenue & Debt Management sub-programmes:

- Adoption of a Multi-Year Approach in Supporting Municipalities

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

- Integrated Municipal Support within the Province

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

The combined Provincial Treasury Municipal Support Plan is communicated to KZN COGTA to incorporate into the Provincial Combined Audit Outcomes Turnaround Plan. The Combined Provincial plan includes municipal support provided by KZN COGTA, Provincial Treasury and SALGA. The implementation of the plan is monitored by OPCA which is attended by the two departments, SALGA as well as the AGSA.

- Timing of Support Delivery

In order to make a positive impact, procurement processes are finalised in the previous financial year (31 March) to ensure that projects commence in the first month of the department's financial year. This is however dependent on the finalization of the MFMA audit by the AGSA which informs the selection of municipalities as well as securing suitably skilled resources to implement the support initiatives.

- Acceptance and Commitment from Municipal Managers



The successful implementation of support initiatives requires commitment from all stakeholders. The intention of Municipal Finance Management’s support initiatives is outlined in letters addressed to the Municipal Managers of the municipalities selected to confirm the scope of the support initiatives. The municipal leadership is required to sign a declaration confirming their acceptance of the support as well as an acknowledgement of understanding once the introduction meeting has taken place to confirm the municipality’s full commitment to the support provided and to confirm their understanding of the agreed scope and reporting requirements of the support initiatives.

- Internal Capacity

The revised organisational structure has been approved and the recruitment process has almost been completed to fill all vacancies. Whilst the use of consultants cannot be extinguished completely, reliance thereon will be reduced as the vacant positions are filled and the newly appointed staff have been adequately capacitated. However, even once all vacancies have been filled, the internal capacity will still not be sufficient to provide municipal accounting and reporting, specialized support and municipal revenue and debt management support to all 51 delegated municipalities and therefore a hybrid approach is undertaken based on the availability of resources.

### Programme resource considerations

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23				2023/24	2024/25	2025/26
1. Programme Support	2 298	2 932	4 472	5 543	5 783	5 783	6 167	6 365	6 657
2. Municipal Budget	24 656	26 376	25 037	27 686	27 931	27 942	30 436	31 591	33 004
3. Municipal Accounting and Reporting	15 516	11 652	10 736	16 125	11 095	10 981	13 974	14 749	15 388
4. Municipal Support Programme	11 961	13 986	25 756	15 389	16 635	16 496	13 131	13 612	14 197
5. Municipal Revenue and Debt Management	-	3 637	7 138	8 105	8 544	8 441	7 605	8 019	8 348
<b>Total</b>	<b>54 431</b>	<b>58 583</b>	<b>73 139</b>	<b>72 848</b>	<b>69 988</b>	<b>69 643</b>	<b>71 313</b>	<b>74 336</b>	<b>77 594</b>

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2020/21	2021/22	2022/23				2023/24	2024/25	2025/26
<b>Current payments</b>	<b>54 066</b>	<b>56 538</b>	<b>73 019</b>	<b>72 533</b>	<b>69 379</b>	<b>69 031</b>	<b>70 111</b>	<b>73 522</b>	<b>76 745</b>
Compensation of employees	40 389	40 041	42 087	55 250	51 271	51 251	58 003	61 187	64 003
Goods and services	13 677	16 497	30 932	17 283	18 108	17 780	12 108	12 335	12 742
Interest and rent on land	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>80</b>	<b>720</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	80	720	-	-	30	30	-	-	-
<b>Payments for capital assets</b>	<b>281</b>	<b>1 325</b>	<b>120</b>	<b>315</b>	<b>579</b>	<b>582</b>	<b>1 202</b>	<b>814</b>	<b>849</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	281	1 325	120	315	579	582	1 202	814	849
Heritage assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>54 431</b>	<b>58 583</b>	<b>73 139</b>	<b>72 848</b>	<b>69 988</b>	<b>69 643</b>	<b>71 313</b>	<b>74 336</b>	<b>77 594</b>





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

The sub-programme: Municipal Budget reflects a fluctuating trend over the seven-year period, with steady growth over the MTEF. The allocations over the 2024/25 MTEF cater for providing technical support to delegated municipalities. The allocation of this sub-programme is affected by the 2024/25 MTEF budget cuts of R100 000 in 2024/25, 2025/26 and 2026/27 respectively.

The sub-programme: Municipal Accounting and Reporting shows inflationary growth over the MTEF and makes provision for assisting, supporting and monitoring municipalities with financial management and compliance with the annual reporting framework (Generally Recognised Accounting Practice – GRAP). This is achieved by promoting an understanding of accounting standards, monitoring compliance with reporting requirements, providing accounting services and support, implementing systems and processes to improve sound financial management, reviewing the quality of AFS, as well as monitoring, evaluating and reporting on municipal asset management. The decrease in the 2023/24 Adjusted Appropriation relates to savings against *Compensation of employees* due to delays in filling posts and these savings were moved to *Goods and services* to cater for budget pressures under Programme 1. The allocation of this sub-programme is affected by the 2024/25 MTEF budget cuts of R1.228 million in 2024/25, R2.503 million in 2025/26 and R3.526 million in 2026/27 effected entirely against *Compensation of employees*. The impact of these cuts will be the reduction in the number of posts that will be filled over the MTEF, thus reducing capacity for the unit.

The sub-programme: Municipal Support Programme's in 2022/23 includes additional funding of R8.344 million against *Goods and services* in respect of consultants' costs, which was suspended in 2021/22. These funds were used for the continuation of existing projects. Over the MTEF, this sub-programme will continue to assist and provide technical support to delegated municipalities. This sub-programme is affected by the 2024/25 MTEF budget cuts of R526 000 in 2024/25, R554 000 in 2025/26 and R576 000 in 2026/27 effected entirely against *Goods and services*. The impact of these cuts will be the reduction in agency and support/ outsourced services through reduced reliance on consultants.

The sub-programme: Municipal Revenue and Debt Management was implemented from 2021/22, through the use of short-term contract employees and supplemented through the use of consultants. The process to fill the newly created Director, Deputy Director and Assistant Director posts commenced in 2021/22 and all nine posts were filled by the end of the third quarter of 2023/24. The budget caters for establishing and formulating support strategies to address weaknesses within the revenue and debt management processes of delegated municipalities. The allocation in 2022/23 includes additional funding of R663 000 against *Goods and services* in respect of consultants' costs, which was suspended from 2021/22, as mentioned. The decrease in 2024/25 of R365 000, with carry-through, is due to the 2024/25 MTEF budget cuts being implemented against this sub-programme. In addition, there was reprioritisation of funds from this sub-programme to Programme 1 to cater for budget pressures in respect of the 2023 wage agreement. The allocation of this sub-programme is affected by the 2024/25 MTEF budget cuts of R365 000 in 2024/25, 2025/26 and 2026/27 respectively effected entirely against *Goods and services*. The impact of these cuts will be the reduction in the number of projects undertaken and engagements with municipalities.



**Key risks and mitigations**

Outcome	Key Risk	Risk Mitigation
<p>Enhanced fiscal sustainability of the Province.</p>	<p>Recommendations to assist delegated municipalities to approve optimal and sustainable budgets not fully effected, due to municipalities' non-cooperation and non-compliance with legislative prescripts.</p>	<ul style="list-style-type: none"> <li>- Actively support municipalities to approve funded budgets.</li> <li>- Key stakeholders including COGTA and OTP to assist in resolving and/or enhancing governance and leadership at problematic institutions thus ensuring political stability</li> <li>- Non-compliance reporting at the relevant Municipal Council, Executive Council levels and the AGSA.</li> <li>- Reporting non-compliance to National Treasury who can implement Section 38 of the MFMA to stop the transfer of funds.</li> </ul>
<p>Improved Audit outcomes for the Province.</p>	<p>Support Initiatives not fully implemented due to lack of co-operation by municipal staff.</p>	<ul style="list-style-type: none"> <li>- Actively strengthen stakeholder engagements to illustrate value add of assistance provided.</li> <li>- Key stakeholders including COGTA and OTP to assist in resolving and/or enhancing governance and leadership at problematic institutions thus ensuring political stability where support is provided.</li> <li>- Non-compliance reporting at the relevant Municipal Council and Executive Council levels</li> </ul>



The below table reflects on the linkages on how the planned Outputs contribute to the achievement of the Outcomes as illustrated in the strategic plan document.

STRATEGIC OUTCOMES	STRATEGIC OUTPUTS	Impact on how 'outputs' contribute towards the achievement of the outcomes in the SP.
Enhanced fiscal sustainability of the Province.	<p>Optimal Provincial budget allocations.</p> <p>Report on the Early Systems warning.</p> <p>Enhance revenue generation, collection and management in the province.</p>	<ul style="list-style-type: none"> <li>• Realistic Budget development and enhancing reliability of IYM reporting.</li> <li>• Zero based budgeting to be further rolled out based on the PT pilot.</li> <li>• Early warning reports to Cabinet and strengthen MEC's oversight on IYM.</li> <li>• Revenue enhancement through improved billing, collections, and review of competitiveness of rates identification of new sources of revenue.</li> </ul>
Enhanced fiscal sustainability of the Province. (Municipal support)	<p>Annual budgets of delegated municipalities evaluated with recommendations provided.</p> <p>Financial management support project implemented at targeted municipalities.</p> <p>Revenue enhanced and debt management support in local government</p>	<ul style="list-style-type: none"> <li>• Credible funded and managed budgets.</li> <li>• Financial management support (FMS) (<i>address audit findings and capacity constraints</i>)</li> <li>• Annual financial statements (AFS) reviews and audit support.</li> <li>• Targeted mSCOA support. (<i>enhanced quality reporting</i>).</li> <li>• Revenue enhancement and Debt management practices.</li> <li>• Review of audit committee and internal audit effectiveness of municipalities, including provision of training to capacitate municipalities on risk audit matters.</li> </ul>
Improved Audit Outcomes in the Province.	<p>SCM Initiatives implemented at public sector institutions to improve compliance with SCM prescripts.</p> <p>Financial management support initiatives provided to improve audit outcomes.</p> <p>Oversight reports to strengthen accountability by public sector institutions.</p>	<ul style="list-style-type: none"> <li>• Implement 6 work-streams of the approved provincial Audit Improvement Strategy.</li> <li>• Focus on - internal controls, SCM (contract management and policy reviews); condonation of irregular expenditure training, monitoring and reporting on submission of monthly MEC reports, section 40 and N34 reports, Asset and financial management support to targeted departments on specific focus</li> </ul>
Improved Governance of Assurance & Internal Control in departments and municipalities	<p>Internal Audit reviews conducted.</p> <p>Strengthen Risk Management in the public sector institutions.</p>	<p>3 Year audit based on risk profiles and priority areas of departments.</p> <ul style="list-style-type: none"> <li>• Infrastructure performance value for money audits (high value projects).</li> <li>• Consequence management audits.</li> </ul>



		<ul style="list-style-type: none"> <li>Review and tracking of audit improvement plans.</li> <li>Scope of audits to include mainstreaming of vulnerable groups.</li> <li>Rollout of provincial risk management framework and combined assurance framework, including provision of training, establishment of provincial risk committee and development of provincial risk profile.</li> <li>Regular reporting to Provincial Audit and Risk Committee to MECs. Development of the internal control framework to ensure among other things, formalization and standardization of internal control units of all departments.</li> </ul>
Improved participation of targeted groups in the economy of the province.	<p>Procurement spend on targeted groups.</p> <p>Compliance report on the implementation of PPPFA in PPP projects, including target for the targeted groups.</p> <p>Report on the distribution of procurement on targeted groups.</p>	<ul style="list-style-type: none"> <li>Review SCM policies to PPPFR including extensive capacity building at all organs of state.</li> <li>Advocacy for change through Procurement Bill (<i>preference point system to be reviewed</i>).</li> <li>Monitor and report on procurement spend on Designated groups.</li> <li>Provide Contract management support to organs of state.</li> <li>Capacity building on supply chain management to enhance planning, efficiency in timeframes and effectiveness.</li> <li>Effectiveness of the Bid Appeals Tribunal.</li> </ul>
Improved and Sustainable Infrastructure delivery which contributes to inclusive economic growth.	<p>Departments capacitated on the Infrastructure Delivery Management System (IDMS)</p>	<ul style="list-style-type: none"> <li>Effective Institutionalisation of the IDMS through capacity building focusing on Transport, Sports, Arts and Culture and COGTA.</li> <li>Technical advice on government Precinct (PPP or debt financing).</li> <li>Alternative funding mechanisms to support the funding gap in infrastructure</li> </ul>

## 6. Public Entities

The department does not have any public entities.

## 7. Infrastructure Projects

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



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

## 8. Public Private Partnerships (PPP's)

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

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

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

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

NAME OF THE PROJECT	PROJECT STATUS
<b>1. REGISTERED MUNICIPALITY PROJECT</b>	
1.1. City of uMhlathuze Local Municipality: Wastewater and Associated By-Products Re-use	Project Preparation Period: Procurement Phase
1.2. iLembe District Municipality – Enterprise iLembe Broadband	Project Preparation Period: Inception Phase
1.3. City of uMhlathuze Local Municipality – Airport Relocation	Project Preparation Period: Feasibility Study
1.4. Umvoti Local Municipality: Forestry	Project Preparation Period: Feasibility
1.5. Ray Nkonyeni Local Municipality Office Park Precinct	Inception



<b>2. REGISTERED DEPARTMENTAL PROJECT</b>	
2.1. Department of Public Works: The New KZN Government Office Park	Project Preparation Period: Procurement Phase
2.2 KZN Provincial Legislature: Office Accommodation	Project Preparation Period: Feasibility Study Phase
2.3 KZN Department of Economic Development, Tourism and Environmental Affairs: King Shaka International Airport Public Transport Link	Project Preparation Period: Inception Phase (the department is the process of appointing the transaction advisor).
2.4 Department of Health: Inkosi Albert Luthuli Central Hospital	Project Preparation Period: Procurement Phase
<b>3. REGISTERED PUBLIC ENTITY PROJECTS</b>	
3.1. Ezemvelo KZN Wildlife (Royal Natal National Park)	Project Preparation Period: Feasibility Study Phase

<b>CLOSED MUNICIPAL PROJECTS</b>	
<b>NAME OF THE PROJECT</b>	<b>PROJECT STATUS</b>
iLembe District Municipality: Water and Sanitation	Project Term: Contract Management Phase
KwaDukuza Local Municipality	Project Term: Contract Management Stage

<b>CLOSED DEPARTMENTAL PROJECTS</b>	
<b>NAME OF THE PROJECT</b>	<b>PROJECT STATUS</b>
Department of Health: Inkosi Albert Luthuli Central Hospital	Project Term: Exit/Delivery

<b>POTENTIAL PPP PROJECTS</b>	
<b>NAME OF THE PROJECT</b>	<b>PROJECT STATUS</b>
Ezemvelo KZN Wildlife	No projects have been registered
Department of Agriculture and Rural Development	The project has not been registered as a PPP.



# PART D

# TECHNICAL INDICATOR DESCRIPTIONS



**PART D: TECHNICAL INDICATOR DESCRIPTION (TID's)**

**PROGRAMME ONE: ADMINISTRATION**

**1.1 Sub-Programme: Financial Management (CFO)**

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

<b>(2). Indicator Title</b>	Percentage of supplier's valid invoices paid within 30 days.
<b>Definition</b>	The indicator measures the time taken to pay valid invoices within the prescribed period of 30 days as per TR 8.2.3
<b>Source of data</b>	BAS reports, Invoice Register and Instruction Note 34 Reports.
<b>Method of calculation / Assessment</b>	Number of valid invoices paid within 30 days of receipt by the institution divided by the total number of valid invoices received by the institution *100.
<b>Means of verification</b>	Report which shows the total number of valid invoices paid in that period under review.
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>All relevant stakeholders will submit the invoices and supporting documentation on time.</li> <li>All queries raised by the Office of the CFO are resolved within 30 days by the relevant stakeholders.</li> </ul>
<b>Disaggregation of beneficiaries</b>	Not Applicable.
<b>Spatial Transformation</b>	Not Applicable.
<b>Calculation type</b>	Non-cumulative.
<b>Reporting Cycle</b>	Quarterly
<b>Desired performance</b>	Payment of all valid invoices within 30 days of receipt. To report to National Treasury monthly, facilitate expenditure monitoring.
<b>Indicator responsibility</b>	Director: Financial & Management Accounting





<b>(3). Indicator Title</b>	Percentage of procurement awarded to targeted groups.
<b>Definition</b>	Report on procurement award of goods and services procured from business entities that are owned by women, youth, persons with disabilities and Black people including RDP goals.
<b>Source of data</b>	SCM comparative schedule with a list of offers received from service providers which indicates the preference points system used for price and specific goals. SCM policy indicating the targeted groups.
<b>Method of calculation / Assessment</b>	The purchase order amount issued per targeted group divided by the procurement awarded for the quarter *100.
<b>Means of verification</b>	Procurement award report on orders issues indicating the total procurement value and percentage per targeted group, within the period under review.
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Business entities that are owned by women, youth, persons with disabilities, black people and RDP goals are available to provide goods or services that are procured by the Department.</li> <li>The procurement from business entities that are owned by women, youth, persons with disabilities, black people and RDP goals is done in compliant to applicable public sector SCM prescripts.</li> </ul>
<b>Disaggregation of beneficiaries</b>	Women, Youth, Persons with disabilities, Black people and RDP goals. 80% of the procurement awards will go to Black people 30% of the procurement awards will go to women 10% of the procurement awards will go to Youth 3% of the procurement awards will go to PwD 1% of the procurement awards will go to military veterans
<b>Spatial Transformation</b>	KZN Province.
<b>Calculation Type</b>	Non-cumulative.
<b>Reporting Cycle</b>	Quarterly
<b>Desired performance</b>	Procurement of Goods and Services in line with B-BBEE objectives.
<b>Indicator responsibility</b>	Director: SCM, Asset Management and Loss Control

## 1.2 Sub-Programme: Human Resource Management

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



<b>(2). Indicator Title</b>	Percentage of SMS posts filled by females.
<b>Definition</b>	Number of females employed in posts from levels 13 to 16, against the total number of employees employed within the department at (levels 13 to 16) *100.
<b>Source of data</b>	PERSAL report for appointments or transfers into the Department, for a specific quarter, indicating the number of females appointed in posts at levels 13 to 16.
<b>Method of calculation</b>	Number of females appointed against posts at level 13 to 16, divided by total approved SMS posts *100.
<b>Means of Verification</b>	PERSAL report on females appointments against posts at level 13 to 16 into the Department.
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Funds will be available to advertise and fill posts.</li> <li>Females will respond to advertisements for SMS vacancies.</li> <li>Females will meet the inherent requirements of the SMS vacancy and be shortlisted.</li> </ul>
<b>Disaggregation of beneficiaries</b>	Target of 50% females at SMS level.
<b>Spatial Transformation</b>	KZN Province.
<b>Calculation type</b>	Non-cumulative.
<b>Reporting Cycle</b>	Annual
<b>Desired performance</b>	50% of women appointed at SMS level within the Department.
<b>Indicator responsibility</b>	Director: Human Resource Management

<b>(3). Indicator Title</b>	Percentage of employees with disabilities employed.
<b>Definition</b>	Number of persons with disabilities employed within the Department, against the total of employees employed by the department.
<b>Source of data</b>	PERSAL report for appointments or transfers into the Department.
<b>Method of calculation</b>	Percentage of persons with disabilities appointed into the Department. (Number of people with disabilities employed at within the Department, divided by the total of employees employed by the department *100).
<b>Means of Verification</b>	PERSAL report on appointments into the Department.
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Funds will be available to advertise and fill posts.</li> <li>PWDs will respond to advertisements for vacant posts.</li> <li>PWDs will meet the inherent requirements of the vacancy and be shortlisted.</li> </ul>
<b>Disaggregation of beneficiaries</b>	Target 2% people with disabilities.
<b>Spatial Transformation</b>	KZN Province
<b>Calculation type</b>	Non-cumulative.
<b>Reporting Cycle</b>	Annual
<b>Desired performance</b>	2% of people with disabilities appointed within the Department.
<b>Indicator responsibility</b>	Director: Human Resource Management

<b>(4). Indicator Title</b>	Percentage of youth enrolled in youth development programs.
<b>Definition</b>	Youth enrolled in the department into youth development programs in terms of the Skills Development Act. (Youth graduates is an individual who is 35 years and younger) As per the National Cabinet decision of 2002, Departments are to enroll as a minimum, a number of youths in youth development programs i.e. equivalent to at least 5% of its total approved establishment.
<b>Source of data</b>	PERSAL report for the youth appointments or transfers into the Department. Skills development Act.



<b>Method of calculation</b>	Number of youths enrolled in the youth development programmes divided by the approved establishment of the department *100. (These can be Interns, In service Trainees, Learners within PIAS or Trainee Accountants on the TAP Program etc.)
<b>Means of Verification</b>	PERSAL report with appointments in the Department.
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>The Department will have funds available to implement youth development programs within the Dept.</li> <li>Youth will respond to advertisements and meet the inherent requirements and be considered.</li> </ul>
<b>Disaggregation of beneficiaries</b>	Target of 5% youth (These can be Interns, In service Trainees, Learners within PIAS or Trainee Accountants on the TAP Program etc.)
<b>Spatial Transformation</b>	KZN Province
<b>Calculation type</b>	Non-cumulative.
<b>Reporting Cycle</b>	Annual
<b>Desired performance</b>	Target 5% youth or more (individuals 35 years or younger) to be enrolled against youth development programs (YDP) within the Department.
<b>Indicator responsibility</b>	Director: Human Resource Management

## PROGRAMME TWO: SUSTAINABLE RESOURCE MANAGEMENT

### 2.1 Sub-Programme: Infrastructure Management and Economic Analysis

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



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

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

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



<b>Reporting cycle</b>	Annual
<b>Desired performance</b>	Approved ECE plan.
<b>Indicator responsibility</b>	Director: Infrastructure Management

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

<b>(6). Indicator title</b>	Number of Monitoring reports produced on departments using IDMS.
<b>Definition</b>	Reports on the Institutionalisation of the IDMS by provincial departments.
<b>Source of data</b>	Departments infrastructure Asset Management plan (IAMP) Departments infrastructure Programme Management Plan (IPMP) Departments infrastructure Procurement Strategy (IPS) Infrastructure project lists (table B5) from provincial department
<b>Method of calculation/ Assessment</b>	Number of monitoring reports produced.
<b>Method of verification</b>	Monitoring reports produced.
<b>Assumptions</b>	Departments will submit plans and reports.
<b>Disaggregation of Beneficiaries</b>	N/A
<b>Spatial Transformation</b>	N/A
<b>Calculation type</b>	Accumulative
<b>Reporting cycle</b>	Quarterly
<b>Desired performance</b>	The departments improve on compliance of IDMS
<b>Indicator responsibility</b>	IDMS Specialist

## 2.2 Sub-Programme: Public Finance

<b>(1). Indicator title</b>	Final provincial budget produced.
<b>Definition</b>	Preparation and submission of provincial budget Estimates of Provincial Revenue and Expenditure (EPRE) in line with Medium Term Expenditure Framework (MTEF) guidelines issued by National and Provincial Treasury.
<b>Source of data</b>	Inputs from 14 chapters of the provincial departments of the MTEC report.



<b>Method of calculation/ Assessment</b>	MTEC Report with 14 chapters.
<b>Method of verification</b>	Number of chapters for provincial departments.
<b>Assumptions</b>	Accuracy and quality of numbers and analysis.
<b>Disaggregation of Beneficiaries</b>	Not Applicable.
<b>Spatial Transformation</b>	KZN Province
<b>Calculation type</b>	Non-cumulative
<b>Reporting cycle</b>	Annually.
<b>Desired performance</b>	Submission of accurate and credible budgets in order to comply with legislative requirements of the Public Finance Management Act (PFMA) for the on-time tabling of the EPRE.
<b>Indicator responsibility</b>	Chief Director: Public Finance

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

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



### 2.3 Sub-Programme: Public Private Partnerships (PPP)

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

<b>(2). Indicator Title</b>	Number of PPPFA compliance reports produced.
<b>Definition</b>	Compliance reports produced on the PPPFA Regulation in PPP Projects on specific goals. (RDP Goals)
<b>Source of data</b>	Advertised bids from Public Sector Institutions with PPP projects (Provincial Departments, Municipalities and Public Entities). Reports from Public Sector Institutions for spend on PPPFA targeted groups for closed projects.
<b>Method of calculation / Assessment</b>	Number of compliance reports produced.
<b>Means of verification</b>	Dated and signed compliance reports.
<b>Assumptions</b>	Bids will be in compliance with PPPFA Regulations The Institution has specific RDP Goals on SCM procurement and are included in the policy.
<b>Disaggregation of beneficiaries</b>	Women, Youth and Persons with Disabilities and Black people.
<b>Spatial Transformation</b>	KZN Province
<b>Calculation type</b>	Accumulative
<b>Reporting Cycle</b>	Bi-Annual
<b>Desired performance</b>	PPP bids advertised by institutions are as per the PPPFA regulations.
<b>Indicator responsibility</b>	Director: Public Private Partnership



## PROGRAMME THREE: FINANCIAL GOVERNANCE

### 3.1 Sub-Programme: Supply Chain Management

<b>(1). Indicator title</b>	Number of SCM policies reviewed in line with SCM legislation.
<b>Definition</b>	SCM policies reviewed in accordance with National and Provincial legislation for public sector institutions.
<b>Source of data</b>	Policies received from municipalities, departments and public entities for review. Legislative framework.
<b>Method of calculation / Assessment</b>	Number of Policies reviewed.
<b>Means of verification</b>	Signed Cover letter and the actual Reviewed policy.
<b>Assumptions</b>	Availability of key stakeholders. Policies are submitted to PT for review.
<b>Disaggregation of beneficiaries</b>	Not Applicable.
<b>Spatial Transformation</b>	KZN Province
<b>Calculation type</b>	Accumulative.
<b>Reporting cycle</b>	Quarterly.
<b>Desired performance</b>	To monitor the accuracy and relevance of the policies in line with provincial and National Treasury legislation and Instruction notes.
<b>Indicator responsibility</b>	Deputy Director: Transversal Policy Development

<b>(2). Indicator Title</b>	Number of reports produced on provincial procurement spend on the targeted groups.
<b>Definition</b>	The reports on the procurement spend with the targeted groups on a quarterly basis by provincial departments.
<b>Source of data</b>	National Treasury Reporting Dashboard Tool extracted from BAS. (Basic Accounting System)
<b>Means of verification</b>	Report on provincial procurement spend on the targeted groups. (The report is 1 quarter behind)
<b>Method of calculation / Assessment</b>	Number of reports produced on procurement spend on the targeted groups.
<b>Assumptions</b>	Availability of National Treasury Reporting Tool Availability of BAS data that is uploaded after the 18 <sup>th</sup> of each month.
<b>Disaggregation of beneficiaries</b>	Women, Youth and Persons with Disabilities and Black people.
<b>Spatial Transformation</b>	KZN Province
<b>Calculation type</b>	Accumulative
<b>Reporting Cycle</b>	Quarterly
<b>Desired performance</b>	The indicator is to provide the report on distribution of procurement spend in order to monitor the participation of targeted groups in the economy of the province.
<b>Indicator responsibility</b>	Director: Information Management





### 3.3 Sub-Programme: Accounting Practices

<b>(1). Indicator Title</b>	Number of reports produced on financial management support provided to provincial departments
<b>Definition</b>	<p>Number of reports on the work performed on financial management support rendered to provincial departments. Financial Management support can include any of the following:</p> <ul style="list-style-type: none"> <li>- Assistance with monthly reconciliations, interim and /or financial statements preparation process including on the job training and/or skills transfer.</li> <li>- Provide technical guidance on financial reporting related matters.</li> <li>- Provide support during the audit process in addressing audit queries (including attendance at audit steering committee meetings)</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>• Audit and Management reports issued by the Auditor General</li> <li>• Monthly/Quarterly departmental reports</li> <li>• Request for support from department</li> <li>• Terms of reference received from department</li> <li>• Internal Audit reports</li> </ul>
<b>Method of calculation / Assessment</b>	Simple Count of the number of reports on the work performed on the financial management support rendered to provincial departments.
<b>Means of verification</b>	Signed report by the Director and Responsibility Manager, on the work performed on financial management support provided to the applicable provincial departments on a quarterly basis.
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• The full co-operation of departmental officials in the implementation of audit improvement strategies.</li> <li>• That department will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.</li> </ul>
<b>Disaggregation of beneficiaries</b>	Not Applicable.
<b>Spatial Transformation</b>	KZN Province
<b>Calculation type</b>	Accumulative Year-End
<b>Reporting Cycle</b>	Quarterly
<b>Desired performance</b>	The achievement of improved audit outcomes by Provincial Departments through the reduction/prevention of financial management related audit findings.
<b>Indicator responsibility</b>	Chief Director: Accounting Practices

<b>(2). Indicator Title</b>	Number of reports produced on financial management support provided to Public Entities
<b>Definition</b>	<p>The number of reports on work performed on Financial Management Support rendered to Public Entities. Financial Management support can include any of the following:</p> <ul style="list-style-type: none"> <li>- assistance with monthly reconciliations and/or Financial Statement preparation process including on the job training and/or skills transfer;</li> <li>- providing technical guidance,</li> <li>- review of Financial Statements,</li> <li>- support provided during the audit process in addressing audit queries (including attendance at audit steering committee meetings)</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>• Audit and Management reports issued by the Auditor General.</li> <li>• Request for support from the public entity,</li> <li>• Internal audit reports.</li> </ul>



<b>Method of calculation / Assessment</b>	Simple Count of the number of reports on the work performed on the financial management support rendered to the applicable Public Entities .
<b>Means of verification</b>	Signed report, by the Director and Responsibility Manager, on financial management support provided to each Public Entities on a quarterly basis.
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• The full co-operation of public entities officials in the implementation of audit improvement strategies.</li> <li>• That public entities will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.</li> </ul>
<b>Disaggregation of beneficiaries</b>	Not Applicable.
<b>Spatial Transformation</b>	KZN Province
<b>Calculation type</b>	Cumulative year-end
<b>Reporting Cycle</b>	Quarterly
<b>Desired performance</b>	The achievement of improved audit outcomes by public entities through the reduction/prevention of financial management related audit findings.
<b>Indicator responsibility</b>	Chief Director: Accounting Practices

<b>(3). Indicator Title</b>	Number of reports produced on asset management support rendered to public sector institutions
<b>Definition</b>	<p>Number of reports on the work performed on the asset management support rendered to public sector institutions. Asset Management support can include any or all the following:</p> <ul style="list-style-type: none"> <li>- Assistance with the interim and /or annual fixed asset register preparation process including on the job training and/or skills transfer.</li> <li>- Provide technical guidance on asset related matters.</li> <li>- Support provided during the audit process in addressing audit queries (including attendance at audit steering committee meetings)</li> </ul>
<b>Source of data</b>	<ul style="list-style-type: none"> <li>• Audit and Management reports issued by the Auditor General.</li> <li>• Monthly/Quarterly departmental reports</li> <li>• Request for support from Public Sector Institution</li> <li>• Terms of reference received from Public Sector Institution</li> <li>• Internal Audit reports</li> </ul>
<b>Method of calculation / Assessment</b>	Simple Count on the number of reports on the work performed on the asset management support rendered to public sector institutions.
<b>Means of verification</b>	Signed report, by the Director and Responsibility Manager, on asset management support provided to the applicable public sector institutions on a quarterly basis.
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>• The full co-operation of public sector institution officials in the implementation of audit improvement strategies.</li> <li>• That public sector institution will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.</li> </ul>
<b>Disaggregation of beneficiaries</b>	Not Applicable.
<b>Spatial Transformation</b>	KZN Province
<b>Calculation type</b>	Cumulative year-end
<b>Reporting Cycle</b>	Quarterly
<b>Desired performance</b>	The achievement of improved audit outcomes by PFMA public sector institutions through the reduction/prevention of asset related audit findings.
<b>Indicator responsibility</b>	Chief Director: Accounting Practices



### 3.4 Sub-Programme: Financial Information Management Systems

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

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



## PROGRAMME FOUR: INTERNAL AUDIT

### 4.1 Sub-Programme: Assurance Services

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

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



<b>Desired performance</b>	Improvement in the implementation of action plans to audit findings by Departments.
<b>Indicator responsibility</b>	Chief Director: Assurance Services

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

#### 4.2 Sub-Programme: Risk Management

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



<b>Desired performance</b>	Improve risk management culture and compliance with the MFMA by municipalities. Enhance the control environment.
<b>Indicator responsibility</b>	Chief Director: Risk and Advisory Services

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

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



## PROGRAMME FIVE: MUNICIPAL FINANCE MANAGEMENT

### 5.1 Sub-Programme: Municipal Budget

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

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



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

## 5.2 Sub-Programme: Municipal Accounting and Reporting

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

<b>(2). Indicator Title</b>	Number of Financial Management Support projects implemented.
<b>Definition</b>	Total number of financial management support projects implemented at targeted municipalities. (FMS covers any financial management key focus area identified at the municipality. Each project is customised to the needs of the municipality as the key focus areas may differ for each municipality)
<b>Source of data</b>	Key focus areas of support as communicated with the municipality. (emails/letters/ report/minutes of meetings).





<b>Method of calculation / Assessment</b>	Number of financial management projects implemented. (Support provided to each municipality is considered a separate project).
<b>Means of verification</b>	FMS projects, any of the following are produced as evidence. <ul style="list-style-type: none"> <li>Close-out reports (signed and dated by Municipal Manager or CFO).</li> </ul>
<b>Assumptions</b>	<ul style="list-style-type: none"> <li>Required information is timeously provided by the municipality which is accurate and complete.</li> <li>Commitment from the municipality to implement recommendations.</li> <li>Human and financial resources are available to implement the reviews.</li> </ul>
<b>Disaggregation of beneficiaries</b>	Not applicable.
<b>Spatial Transformation</b>	Not applicable.
<b>Calculation Type</b>	Non-cumulative.
<b>Reporting Cycle</b>	Annual
<b>Desired performance</b>	Improved financial management at municipalities.
<b>Indicator responsibility</b>	Director: Municipal Finance Management

### 5.3 Sub-Programme: Municipal Support Program

<b>(1). Indicator Title</b>	Number of Specialised projects implemented.
<b>Definition</b>	Total number of projects implemented at target municipalities to strengthen and improve financial management in local government. For 2024/25 the projects include post implementation assessments at selected municipalities of AFS Reviews conducted in the prior year as well as to pilot the new cash management methodology at selected municipalities.
<b>Source of data</b>	Key focus areas of support as communicated with the municipality -(emails/letters/ report/minutes of meetings).
<b>Method of calculation / Assessment</b>	Number of Projects implemented. (Support provided to each municipality is considered a separate project)
<b>Means of verification</b>	MSP projects, any of the following are produced as evidence. <ul style="list-style-type: none"> <li>Close-out reports (signed and dated by Municipal Manager or CFO).</li> </ul>
<b>Assumptions</b>	<p>Required information is timeously provided by the municipality which is accurate and complete.</p> <p>Commitment from the municipality to implement recommendations.</p> <p>Human and financial resources are available to implement the reviews.</p>
<b>Disaggregation of beneficiaries</b>	Not applicable
<b>Spatial Transformation</b>	Not applicable
<b>Calculation Type</b>	Non-cumulative
<b>Reporting Cycle</b>	Annual
<b>Desired performance</b>	Improved financial management at municipalities.
<b>Indicator responsibility</b>	Director: Municipal Finance Management

### 5.4 Sub-Programme: Municipal Revenue and Debt Management

<b>(1). Indicator Title</b>	Number of (Revenue and Debt Management) projects implemented at targeted municipalities.
<b>Definition</b>	Total number of projects that are implemented at targeted municipalities, with recommendations.
<b>Source of data</b>	Key focus areas of support as communicated with the municipality -(emails/letters/ report/minutes of meetings).
<b>Method of calculation / Assessment</b>	Number of Projects implemented.



<b>Means of verification</b>	Municipal Revenue and Debt Management projects, any of the following are produced as evidence. <ul style="list-style-type: none"><li>• Close-out reports. (signed and dated by MM or CFO)</li></ul>
<b>Assumptions</b>	Required information is timeously provided by the municipality which is accurate and complete. Commitment from the municipality to implement recommendations. Human and financial resources are available to implement the reviews.
<b>Disaggregation of beneficiaries</b>	Not applicable.
<b>Spatial Transformation</b>	Not applicable.
<b>Calculation Type</b>	Non-cumulative.
<b>Reporting Cycle</b>	Annual
<b>Desired performance</b>	Improved financial management at municipalities.
<b>Indicator responsibility</b>	Director: Municipal Finance Management



# PART E

# ANNEXURES

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## PART E: ANNEXURES

### Annexure A: Amendments to the Strategic Plan

The department did not make any changes on the strategic plan of the department.

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



### Annexure B: Conditional Grants

The department does not receive any conditional grants.

### Annexure C: Consolidated Indicators

The department does not have any consolidated indicators.

### Annexure D: District Development Model

Area of Intervention	Medium Term (3 years - MTEF)					
	Project Description	Budget allocation *	District Municipality **	Location: GPS coordinates **	Project leader	Social partners
Strengthening financial oversight in Local Government.	Budget assessment reports, expenditure reviews, monthly IYM reports.	R30 436 000 (2024/25) Support implemented by internal PT staff. The total 2024/25 budget allocation of the sub-programme is allocated to this project	All (Including 10 District Municipalities and 41 Local Municipalities)	All	Municipal Budget Director	NT, Municipalities
Review of Annual Financial Statements	R13 974 000 (2024/25) Support implemented by both external resources as well as internal PT staff. The total 2024/25 budget allocation of the sub-programme is allocated to these 2 projects	7 Municipalities			Municipal Accounting and Reporting Director	NT, Municipalities
		1. uMshwathi	29.4330°S, 30.5743°E			
		2. Richmond	29.8993°S. 30.2974°E			
		3. eDumbe	27.4559°S. 30.8039°E			
		4. Big 5 Hlabisa	28.017°S. 32.267°E			
		5. KwaDukuza	29.3382°S .21.2892°E			
		6. Maphumulo	29.1255°S. 31.0335°E			
		7. uMzimkhulu	30.2595°S. 29.6035°E			
Financial Management Support		5 Municipalities			Municipal Accounting and Reporting Director	NT, Municipalities
		1. Mpofana	27.1888°S. 30.1127°E			
		2. eMadlangeni	27.5895°S. 30.2513°E			
		3. Ulundi	28.3002°S. 31.4428°E			
		4. Jozini	27.1370°S. 32.0837°E			
		5. Harry Gwala DM	30.0303°S. 29.6035°E			



	Specialised Support	R13 131 000 (2024/25)  Support implemented by both external resources as well as internal PT staff. The total 2024/25 budget allocation of the sub-programme is allocated to this project.	8 Municipalities		Municipal Support Programme Director	NT, Municipalities
	1. uMngeni Local Municipality	29.4416°S, 30.1127°E				
	2. uBuhlebezwe	30.1670°S. 30.0665°E				
	3. uMshwathi	29.4330°S, 30.5743°E				
	4. eDumbe	27.4559°S. 30.8039°E				
	5. Dr Nkosazana Dlamini Zuma	30.0296°S. 29.8358°E				
	6. iMpendle	29.5997°S. 29.8671°E				
	7. eMadlangeni	27.5895°S. 30.2513°E				
	8. Nkandla	28.6452°S. 30.9417°E				
	Municipal Revenue and Debt Management	R7 605 000 (2024/25)  Support implemented by both external resources as well as internal PT staff. The total 2024/25 budget allocation of the sub-programme is allocated to this project.	1 Municipality		Municipal Revenue and Debt Management Director	NT, Municipalities
	1. Ulundi Local Municipality	28.3002°S. 31.4428°E				
	Internal audit reviews.	R8 000 000.00 (2023/24 - 2025/26)  Support implemented by internal PT staff. Cost is therefore indirect cost, e.g. CoE, S&T, etc.	8 municipalities		Director – Risk and Advisory Services – Municipal Support	NT, Municipalities
	1. uBuhlebezwe	30.1670°S. 30.0665°E				
	2. Dannhauser	28.0269°S. 30.0203°E				
	3. uMkhanyakude	27.2719°S. 32.537°E				
	4. eDumbe	27.4559°S. 30.8039°E				
	5. Mtubatuba	28.3187°S. 32.2881°E				
	6. Greater Kokstad	30.550°S. 29.147°E				
	7. eMadlangeni	27.5895°S. 30.2513°E				
	8. uPhongolo	27.4434°S. 31.5370°E				
	Establishment of disciplinary boards.	R8 000 000.00 (2023/24 - 2025/26)  Support implemented by internal PT staff. Cost is therefore	All 10 district and 41 municipalities		Director – Risk and Advisory Services – Municipal Support	NT, Municipalities
	1. All local municipalities					



		indirect cost, e.g. CoE, S&T, etc.	(districts are excluded)			
Strengthening governance in Local Government.	Risk assessment reviews.	R8 000 000.00 (2023/24 - 2025/26) Support implemented by internal PT staff. Cost is therefore indirect cost, e.g. CoE, S&T, etc.	16 municipalities		Director – Risk and Advisory Services – Municipal Support	NT, Municipalities
			1. Dannhauser	28.0269°S. 30.0203°E		
			2. eMadlangeni	27.4434°S. 31.5370°E		
			3. Greater Kokstad	30.550°S. 29.147°E		
			4. eDumbe	27.4559°S. 30.8039°E		
			5. Mkhambathini	29.9964°S. 30.5740°E		
			6. Mpofana	27.1888°S. 30.1127°E		
			7. uMuziwabanti	30.6622°S. 29.9278°E		
			8. Nkandla	28.6452°S. 30.9417°E		
			9. AbaQulusi	27.7490°S. 30.9876°E		
			10. eDumbe	27.4559°S. 30.8039°E		
			11. uPhongolo	27.4434°S. 31.5370°E		
			12. uThukela	28.6783°S. 29.6035°E		
			13. INkosi Langalibalele	28.5544°S. 29.5320°E		
			14. uMkhanyakude	27.2719°S. 32.537°E		
			15. Big Hlabisa	28.017°S. 32.267°E		
			16. Mtubatuba	28.3187°S. 32.2881°E		

- Catalytic Projects**

The department does not have any Catalytic projects currently, and none planned for over the MTEF period.



**Annexure E: REVISED MTSF/PGDS Implementation Progress (2019-2024)**

MTSF/PGDS Priority: PRIORITY 1: BUILDING A CAPABLE, ETHICAL AND DEVELOPMENTAL STATE							
Outcome and Outcome Indicator: Functional, Efficient and Integrated Government							
Programme/Intervention: Improve financial management capability in the public sector							
MTSF/PGDS INDICATOR	MTSF TARGET	MEDIUM TERM STRATEGIC FRAMEWORK					
		PROGRESS ON ACHIEVED INTERVENTIONS				2023/2024 Progress report as at end of 31 December 2023	MTEF Target 2024/25
		2019/20	2020/21 Progress	2021/22 Progress	2022/23 Progress		
1. Improvement in municipal capacity and audit outcomes, including improved Back to Basics Programme.	20% improvement in municipal audit outcomes - Improve municipal capacity and audit outcomes.	In the 2019/20 financial year, the Status Report on audit outcomes reflected that a 20% improvement in Municipal Audit Outcomes was not achieved, however, 8 municipalities improved in their audit outcomes, and 8 municipalities regressed leading to stagnation in the	8 municipalities improved in their audit outcomes. However, 8 municipalities regressed leading to stagnation in the overall audit outcomes. Clean audits increased from one to two municipalities namely, Okhahlamba and Umhlathuze Local Municipalities.	38 Municipalities (70%) had Unqualified audit opinions for 2020/21 (2020/21 AGSA Audit Outcome) Unqualified with no findings increased from 2 in 2019/20 to 3 in 2020/21 Unqualified with findings increased from 32 in 2019/20 to 35 in 2020/21 Qualified audit opinions decreased from 15 in 2019/20 to 13 in	Movement in Municipal Audit Opinions from the Baseline (2018/19 Municipal Audit Opinions) to the 2021/22 Municipal Audit Opinions, shows an overall that there has been a 35% improvement in Audit Opinions from 2018/19 to 2021/22. The target of 10% improvement in audit opinions was therefore exceeded.	Four (4) municipalities obtained Unqualified with no Findings audit opinions which is the same number as 2021/22. The number of municipalities that received Unqualified with Findings audit opinions increased from 37 in 2021/22 to 39 in 2022/23. The number of municipalities that	20% improvement in municipal audit outcomes – Improve municipal capacity and audit outcomes





		<p>overall audit outcomes.</p> <p>Clean audits increased from one to two municipalities namely, UKhahlamba and UMhlatuze Local Municipalities.</p>		<p>2020/21</p> <p>There were no adverse audit opinions in 2020/21, compared to 1 adverse audit opinion in 2019/20</p> <p>Disclaimer audit opinions decreased from 4 in 2019/20 to 3 in 2020/21.</p> <p>Overall, 8 municipalities had improved audit opinions in 2020/21 (14%) with only 2 regressions compared to 8 regressions in 2019/20. Audit opinions for 44 municipalities remained unchanged from 2019/20 to 2020/21.</p>		<p>received Qualified audit opinions decreased from 11 in 2021/22 to 10 in 2022/23.</p> <p>One (1) municipality received an adverse audit opinion in both 2021/22 and 2022/23.</p> <p>No municipalities received a disclaimer audit opinion in 2022/23 compared to one (1) disclaimer in 2021/22.</p>	
2. Elimination of Audit findings on asset management in the public sector	50% reduction in numbers of Departments with audit findings on asset management (less than 15% of Departments	100% achievement of target of the reduction to at least 50% of asset related findings. An improvement was noted in 2020 whereby only 1 department (Health) received a	100% achievement compared to the base-line year of 2019: 100% achievement of target of the reduction to at least 50% of asset related findings. 2 departments qualified on asset	100% achievement of target of the reduction to at least 50% of asset related findings. Only 1 department (Health) received a qualification on assets. PT implemented the	There was a 100% improvement from the base year. No asset related findings were reported at any department. The following 4 Departments were provided asset management support in	There was a 100% improvement from the base year. No asset related findings were reported at any department. The province has managed to eliminate	Elimination of Audit findings on asset management in the public sector by 2024, to at least 50%.



	<p>and Entities with audit findings on asset management in the previous year)</p>	<p>qualification on assets. • Extensive engagements were held with National Treasury (NT) on the recording of Roads by the Department of Transport. This resulted in NT issuing a Frequently Asked Question to provide guidance to the Department of Transport on the recording of roads This assisted with clearing the immovable asset audit qualification matter at the department, in the 2020 financial year.</p>	<p>related matters.</p> <ul style="list-style-type: none"> <li>• PT provided targeted interventions at departments that address specific issues and focus on targeted audit risk areas.</li> <li>• Provision of specialist asset management support was provided to Departments to enhance financial management skills and capabilities and ensure audit readiness.</li> <li>• Extensive engagements were held with National Treasury (NT) on the Valuation methodology applied by the Department of Health.</li> </ul> <p>Audit findings on asset management were reported at 2</p>	<p>following interventions:</p> <ul style="list-style-type: none"> <li>- Provided support to the department of Health in the updating of the asset register for 2 districts.</li> <li>Provided asset management support to the department of Arts and Culture including technical guidance on the recording of transactions to address the prior year qualification.</li> </ul>	<p>the 2022/23 financial year.</p> <ul style="list-style-type: none"> <li>- Office of the Premier</li> <li>- Human Settlements</li> <li>- Sport, Arts and Culture</li> <li>- Health</li> </ul> <p>Extensive engagements were held with National Treasury (NT) on the Valuation methodology applied by the Department of Health. The support provided resulted in positive audit outcomes whereby the audit qualification matter at Health has been cleared resulting in the Department receiving an Unqualified Audit Opinion. No asset qualification matters are reported at any department. Asset qualification matter report at 1 Public Entity.</p>	<p>audit qualification with respect to Asset Management for Departments. However, there was a new Asset qualification matter report at 1 Public Entity.</p> <p>To date, the department has provided support and guidance on the issues of Asset Management to the following Institutions:</p> <p>Office of the Premier, Health and Sports, Art and Culture.</p> <p>Office of the Premier, Health and Sports, Art and Culture.</p>	
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			departments (Health and Arts and Culture).				
3. Monitor the implementation of the Audit Improvement Plans by all 13 provincial departments	60 % improvement on implementation of audit plans.	All departments had implemented Audit Improvement plans. PIAS reviewed these plans for completeness and adequacy. Three departments plans were incomplete as not all AG findings were included. Seven Departments had AIPs with action plans not included in detail to address the findings.  Overall across all departments, 79% of action plans on the AG audit logs were reflected as resolved.	All departments had implemented Audit Improvement plans. PIAS reviewed these plans for completeness and adequacy. Two departments plans were incomplete as not all AG findings were included. Six Departments had AIPs with action plans not included in detail to address the findings.  Overall across all departments 78% of action plans on the AG audit logs were reflected as resolved.	All departments had implemented Audit Improvement plans. PIAS reviewed these plans for completeness and adequacy. One departments plans were incomplete as not all AG findings were included. Six Departments had AIPs with action plans not included in detail to address the findings.  Overall across all departments 78% of action plans on the AG audit logs were reflected as resolved.	All departments had implemented Audit Improvement plans. PIAS reviewed these plans for completeness and adequacy. One departments plans were incomplete as not all AG findings were included. Four Departments had AIPs with action plans not included in detail to address the findings.  Overall across all departments 78% of action plans on the AG audit logs were reflected as resolved.	The reviews on Audit Improvement Plans (AIP) were conducted at seven (7) Departments (i.e., 7 reports were issued).  Follow-up audits were implemented at eleven (11) Departments to validate resolved action plans from the Audit Logs (Both AG & IA Logs and 11 reports were issued).  The implementation of audit action plans is continually monitored through quarterly CARC meetings with the third quarter meeting scheduled for end January/early February 2024.  The review of the implementation of AG audit improvement	60 % improvement on implementation of audit plans.



						<p>plan is performed through the planned follow-up audits contained in the PIAS annual audit plan.</p> <p>Oversight reports for the 13 Departments were produced and issued to Executive Authorities (i.e., 13 reports). A consolidated PARC Report was also issued to MEC for Finance detailing transversal and specific critical issues identified through audits for all the Departments.</p>	
4. Percentage reduction of wasteful and fruitless expenditure in public sector institutions	60% reduction of fruitless and wasteful expenditure in KZN (from 2019 Baseline)	There has been a 50% reduction in fruitless and wasteful (F&W) expenditure incurred by Departments in 2020. F&W incurred in 2019/20 amounts to	In 2021 there is a 17.3% decrease in the amount incurred. (R11.990 million compared to R14, 5 million incurred in 2019/20) The Cumulative balance of Fruitless	100% achievement of target. R4.4 million incurred in 2022 compared to R29 million incurred in 2018/19, equates to 85% reduction in the amount incurred. There has been a 63%	The provincial status in respect of Fruitless and Wasteful Expenditure: - Amount incurred by Departments amounts to R10.2 million compared to R2.4 million incurred in 2022 (326% increase). The DOE contributed to	Accounting Officers are required to submit to MECs, on a monthly basis, details of fruitless and wasteful expenditure incurred and the status of investigation of all fruitless and wasteful	60% reduction of fruitless and wasteful expenditure in KZN (from 2019 Baseline)



		<p>R14,5 million compared to R29 million incurred in 2018/19.</p>	<p>and Wasteful Expenditure of Departments at 31 March 2021 is R217,8 million compared to a balance of R209,4 million in the prior year.</p> <p>The Cumulative balance of Fruitless and Wasteful Expenditure of Departments at 31 March 2021 is R217,8 million compared to a balance of R209,4 million in the prior year.</p> <p>The AFS indicates that 6 of the 14 departments that reported F&amp;W expenditure performed investigations resulting in the removal of R3.2 million from the register.</p>	<p>reduction in fruitless and wasteful (F&amp;W) expenditure incurred by Departments in 2022 compared to 2021. The cumulative balance of Fruitless and wasteful expenditure has increased by 2% /from the 2018/19 financial year (R214 million) to the 2021/22 financial year (R218 million).</p> <p>In the current year, Departments are required to submit to PT a quarterly report on the investigations conducted.</p>	<p>75% (R7.6 million) of the fruitless and wasteful expenditure incurred in the current year. Amount incurred by Entities amounts to R286k compared to R2.2 million incurred in 2022 (87% decrease). The Sharks Board contributed to 78% (R224k) of the fruitless and wasteful expenditure incurred in the current year.</p> <p>Cumulative Fruitless and wasteful expenditure balance incurred by Departments at 31 March 2023 amounts to R223,3 million compared to R218,7 million at 31 March 2022. The cumulative amount of entities at 31 March 2023 could not be determined as certain entities did not report the cumulative amounts in the Annual Report at 31 March 2023.</p>	<p>expenditure including remedial measures to avoid a recurrence thereof.</p> <p>For the period 1 April 2023 to 30 November 2023, departments have reported that fruitless and wasteful expenditure has been addressed as follows relating to the 2022/23 financial year and current year:</p> <p>amount under investigation is R8,422,680,</p> <p>amount written off is R152,405,</p> <p>R970,952 is under recovery and</p> <p>R162,593 is being subject to</p>	
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					<p>A request will be sent out to those entities to obtain the required information by 31 October 2023.</p> <p>75% (R7.7 million) of the amount incurred in the current year by Departments relates to Interest on overdue accounts, while 78% (R224k) of the amount incurred by Entities relates to payments made to fraudulent bank accounts.</p> <p>Fruitless and wasteful expenditure addressed by Accounting Officers of Departments in the 2023 FY amounts to R2 million compared to R1.6 million in the prior year.</p> <p>Fruitless and wasteful expenditure addressed by Public Entities in the 2023 FY amounts to R5.6 million compared to R1.7 million in the prior year.</p>	consequence management.	
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<p>5. Reduction of irregular expenditure in public sector institutions</p>	<p>60% Reduction of irregular expenditure in public sector institutions</p>	<p>Irregular expenditure incurred per annum has decreased by 13 %. Irregular expenditure incurred in 2019/20 amounts to R10 billion compared to R11.5 billion incurred in 2018/19. (This amount includes public entities. PT condoned irregular expenditure totaling R1.9 billion in the 2020 financial year. Departments: The cumulative balance of Irregular Expenditure at 31 March 2020 amounts to R44,3 billion. Public Entities: The cumulative balance of Irregular Expenditure at 31 March 2020 amounts to R395.5 million.</p>	<p>Irregular expenditure incurred per annum has decreased by 33 %. Irregular expenditure incurred in 2020/21 amounts to R6.7 billion compared to R10 billion incurred in 2019/20. (This amount includes public entities.) PT recommended removal of R4.9billion not meeting the definition of irregular expenditure and approved condonation in the 2020/21 financial year as follows:  <ul style="list-style-type: none"> <li>• Provincial Departments: R 89,9 million</li> <li>• Provincial Entities: R 34,2 million</li> </ul>           Departments: The cumulative balance of Irregular Expenditure at 31 March 2021</p>	<p>Irregular expenditure incurred per annum has decreased by 23 %. Irregular expenditure incurred in 2021/22 amounts to R8.8 billion compared to R11.5 billion incurred in 2019. (This amount includes public entities.) Departments: There has been a reduction of 24% in the irregular expenditure incurred per annum from R11.4 billion incurred in 2019 to R8.7 billion incurred in 2022. Public Entities: There has been an increase in the irregular expenditure incurred per annum by Public Entities from R66.5 million incurred in 2019 to R104,2 million incurred in 2022. Departments: The cumulative balance of Irregular Expenditure at 31 March 2022 amounts</p>	<p>Irregular expenditure incurred per annum has decreased by 36 % when compared to the amount incurred in 2019. Irregular expenditure incurred by Departments in 2022/23 amounts to R7.3 billion compared to R11.4 billion incurred in 2019. Public Entities: There has been a decrease in the irregular expenditure incurred per annum by Public Entities from R66.5 million incurred in 2019 to R24 million incurred in 2023. Cumulative balance of Irregular Expenditure of Departments at 31 March 2023 is R60.8 billion (2022: R53.9 billion). The cumulative balance of Public Entities irregular expenditure at 31 March 2022 is R527.9 million. The cumulative amount of entities at 31 March 2023 could not be determined</p>	<p>The provincial status in respect of Irregular Expenditure: incurred by Departments amounts to R7.3 billion compared to R8.7 billion incurred in 2022 (16% reduction). Irregular Expenditure incurred by Public Entities amounts to R24 million compared to R131 million incurred in 2022 (81% reduction). Cumulative balance of Irregular Expenditure of Departments at 31 March 2023 is R60.8 billion (2022: R53.9 billion ). The cumulative balance of Public Entities irregular expenditure at 31 March 2022 is R527.9 million. The Cumulative balance of Irregular Expenditure of Public Entities at 31</p>	<p>60% Reduction of irregular expenditure in public sector institutions</p>
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			<p>amounts to R48.2 billion compared to R44.3 billion reported in 2020.</p> <p>Public Entities: The cumulative balance of Irregular Expenditure at 31 March 2021 amounts to R404 million compared to R395.5 million reported in 2020.</p>	<p>to R53.9 billion compared to R48.2 billion reported in 2021.</p> <p>Public Entities: The cumulative balance of Irregular Expenditure at 31 March 2022 amounts to R527.9 million compared to R404 million reported in 2021.</p>	<p>as certain entities did not report the cumulative amounts in the Annual Report at 31 March 2023.</p>	<p>March 2023 could not be determined as certain entities did not report the cumulative amounts in the 2023 Annual Report. A request will be sent out for public entities to report the cumulative irregular expenditure by 31 January 2024.</p> <p>At 31 December 2023, PT received requests for condonation as follows:</p> <p>Provincial Departments: R18.3 billion</p> <p>Public Entities: R300.8 million</p> <p>The cumulative amount approved for condonation at 31 December 2023, is as follows:</p>	
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						<p>Provincial Departments: R7.7 billion</p> <p>Public Entities: R118.1 million</p> <p>Outstanding condonation requests from Departments are estimated at R59.7 billion i.e. Departments are still to write to PT for condonation or it needs to be addressed by the Accounting Officer depending on who is the relevant authority.</p> <p>6 SCM trainings were conducted including CSD (ad-hoc). The training covered:</p> <ul style="list-style-type: none"><li>- CSD at Edumbe Municipality</li></ul> <p>3 Bid Committee</p> <p>2 SCM Compliance.</p>	
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						<p>9 SCM policy reviews were conducted - 7 Municipalities</p> <ul style="list-style-type: none"><li>- 1 Provincial department</li><li>- 1 Public Entity.</li></ul> <p>The following 35 institutions were supported, monitored and guidance provided to ensure adherence to SCM prescripts:</p> <ul style="list-style-type: none"><li>- 29 Municipalities</li><li>- 4 Departments</li><li>- 2 Public Entities</li></ul> <p><b>PT concluded on condonation submissions during the current financial year and made recommendations as follows:</b></p> <p><b>Quarter 1:</b> Concluded on 9 Submissions.</p> <p><b>Conclusion on departments:</b> R124.5</p>	
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						<p>million has been recommended for condonation and R15.3 million not recommended for condonation due to supporting documentation not provided.</p> <p><b>Conclusion for Public Entities:</b> R30.8 million has been recommended for condonation, R23.9 million recommended for reclassification, R36.4 million not condoned and R3.8 million referred to the Accounting Authority for removal.</p> <p><b>Quarter 2:</b> Concluded on 3 Submissions.</p> <p><b>Conclusion for departments:</b> R494.2 million has been recommended for condonation and</p>	
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						<p>R228.7 million not recommended for condonation due to supporting documentation not provided to confirm value for money.</p> <p><b>Conclusion for Public Entity:</b> R8,4 million has been recommended for condonation and R521k recommended for reclassification.</p> <p><b>Quarter 3:</b> Concluded on 13 Submissions.</p> <p><b>Conclusions for departments:</b> R62.8 million has been recommended for condonation, R10 million has been recommended for reclassification, R18.1 million was not condoned owing to the following reasons; inadequate</p>	
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						<p>consequence management, value for money could not be confirmed, and one transaction is under forensic investigation. R13.6 million was referred back to the Accounting Officer for removal.</p> <p><b>Conclusion for Public Entities:</b> R2.2 million has been recommended for condonation and R2.5 million was referred back to the Accounting Authority for removal</p>	
6. Reduction of qualified audits in the public sector	At least 75% reduction of qualified audits in the public sector by 2024; baseline 6 Departments qualified as at 2019, of these 1 per year improved from	The overall achievement for 2019/20 was as follows;  Departments= 87% Entities = 100% ;  The audit results for the 2019/20 financial year reflected the	The overall achievement for 2020/21 was as follows;  Departments= 80% Entities = 100%  The audit results for the 2020/21 financial year reflected the following	Departments= 87% Entities = 100%;  100% achievement in achieving the target of reduction of qualified audits by 75%.  There is an improvement in the number of clean audits and a decrease in the number of qualified	Departments= 93% Entities = 96%  The overall audit results for the 2023 FY is as follows; 7 departments and 11 public entities achieved clean audits, 6 departments and 5 entities received unqualified audit reports,	In addition to the review of the IFS of Dube Trade Port performed a review of Ezemvelo IFS and provided technical guidance to ADA  The following trainings were concluded in Q3:	75% reduction of qualified audits in the public sector by 2024



	qualified, 0 new qualifications.	following achievements; Improvement in audit outcomes of provincial departments and public entities. Departments (11 Unqualified, 2 Clean and 2 qualified) – 4 improvements from qualified departments. Public entities – (11 clean audits, 8 unqualified – Improvement of clean audits from 6 to 11) 100% achievement in achieving the target of reduction of qualified audits by 75%	achievements: 5 departments and 13 public entities achieved clean audits, 7 departments and 5 entities received unqualified audit reports, while 3 departments received qualified audit reports.  The overall is 100% achievement in achieving the target of reduction of qualified audits by 75%	departments from 6 to 2.  The overall achievement for the 2021/22 financial year reflected the following achievements: 8 departments and 12 public entities achieved clean audits, 5 departments and 5 entities received unqualified audit reports, 2 departments received qualified audit reports. The departments of Transport and Health remain qualified while Arts and Culture improved and received an unqualified audit opinion.	1 department received a qualified audit opinion.	AFS Template Preparation Training (3-day) x 2: 27 – 29 November 2023 and 4 – 6 December 2023  ERF & SCOA Training (2-day) x 1: DOH request 11 -12 December 2023  NT MCS Awareness Session (1/2 day) x 1: 30 November 2023	
7. Percentage Public Institutions with updated Risk and Business	60% Departments	This intervention was introduced in 2021/22	This intervention was introduced in 2021/22	Total of 62% of departments have BCPs in place.  Departments with no approved BCPs are: Community Safety and	The total of 62% of departments have BCPs in place.  Departments with no approved BCPs are: Community Safety and	Risk registers and business continuity plans of all 13 departments were reviewed during quarter 1 and 3 of 2023/24 financial year.	Percentage Public Institutions with updated Risk Registers and Business Continuity Plans



<p>Continuity Plans</p>				<p>Liaison; Health, the recently merged DSAC, DSD, while DOT has not yet provided copies of their BCP to Provincial Treasury.</p>	<p>Liaison; Health, the recently merged DSAC, DSD, while DOT has not yet provided copies of their BCP to Provincial Treasury.</p> <p>PT conducted risk mgt training to 7 depts, wherein Risk registers were discussed and updated at Depts risk comm meetings which are attended by PIAS.</p>	<p>All departments still don't have adequate disaster-related risks that are compliant with the Disaster Management Act requirements.</p> <p>KZN GOGTA is currently working with all departments to develop disaster-related risk registers and disaster management plans, and all departments were required to submit disaster management plans to KZN COGTA by 30 October 2024. COGTA should provide feedback on the status of submissions by departments.</p> <p>Business continuity plan templates have been developed and all departments were trained on these</p>	
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						<p>templates during a workshop held in September 2023, with all departments also issued with these templates during November 2023 for customisation and adoption.</p> <p>Risk registers of municipalities reviewed by Provincial Treasury also do not contain disaster risks. COGTA should also assist municipalities in the development of disaster management plans that are compliant with the Disaster Management Act.</p>	
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## LIST OF ABBREVIATIONS

<b>ABBREVIATION</b>	<b>FULL DESCRIPTION</b>
AEPRE	Adjustments Estimate of Provincial Revenue and Expenditure
AFS	Annual Financial Statements
AG	Auditor - General
AO	Accounting Officer
AWG	Action Work Group
BBBEE	Broad-based Black Economic Empowerment
CARC	Cluster Audit and Risk Committees
CD	Chief Director
CFO	Chief Financial Officer
CAI	Certified Internal Auditor
COGTA	Co-operative Governance and Traditional Affairs
CSD	Central Supplier Database
DDG	Deputy Director General
DDM	District Development Model
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DWYPD	Department of Women, Youth, and Persons with Disabilities
ECE	Estimates of Capital Expenditure
EH&W	Employee Health and Wellness
EPRE	Estimate of Provincial Revenue and Expenditure
EPWP	Expanded Public Works Programme
FLP	Financial Literacy Programme
FMCM	Financial Management Capability Maturity Model
GDP	Gross Domestic Product



GBVF	Gender Based Violence and Femicide
GRAP	Generally Recognised Accounting Practice
GRB	Gender Responsive Budgeting
GRPBMEA	Gender-Responsive Planning, Budgeting, Monitoring, Evaluation & Auditing
HOD	Head of Department
HRP	Human Resource Plan
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plans
IGCC	Inter-Governmental Cash Co-ordination
IMF	International Monetary Fund
IPMP	Infrastructure Programme Management Plan
IRM	Infrastructure Reporting Model
IYM	In-year Monitoring
KZNPG	KwaZulu-Natal Provincial Government
LED	Local Economic Development
MBAT	Municipal Bid Appeals Tribunals
MBRR	Municipal Budget and Reporting Regulations
MEC	Member of the Executive Committee
MFMA	Municipal Finance Management Act
MPAT	Monitoring Performance Assessment Tool
MSP	Municipal Support Programme
mSCOA	Municipal Standard Chart of Accounts
MTEF	Medium Term Expenditure Framework
MTREF	Medium Term Revenue and Expenditure Framework
MTSF	Medium Term Strategic Framework
NSG	National School of Governance
OES	Organisational Efficiency Services



OSD	Occupation Specific Dispensation
OSS	Operation Sukuma Sakhe
PARC	Provincial Audit Risk Committee
PERO	Provincial Economic Review and Outlook
PESTEL	Political, Economic, Social, Technological, Environmental and Legal
PERP	Provincial Economic Recovery Plan
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PIAS	Provincial Internal Audit Services
PPP	Public Private Partnerships
SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SERO	Social-Economic Review and Outlook
SONA	State of Nations Address
SOPA	State of Provincial Address
SLA	Service Level Agreement
SWOT	Strengths, Weaknesses, Opportunities and Threats
WSP	Workplace Skills Plan