



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

KWAZULU-NATAL PROVINCIAL TREASURY



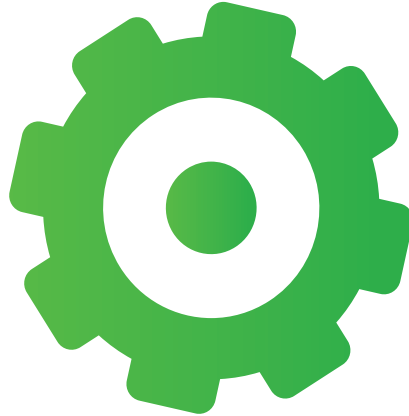
ANNUAL PERFORMANCE PLAN FOR 2025-2026





KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA



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2025/2026

Annual Performance Plan KwaZulu-Natal Provincial Treasury

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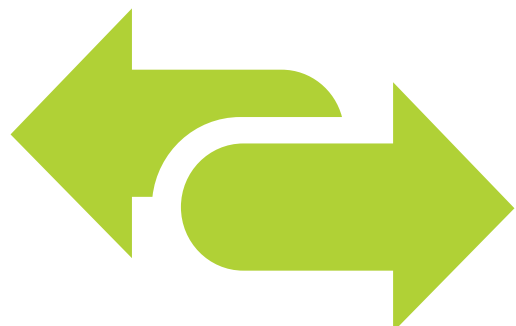


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EXECUTIVE AUTHORITY STATEMENT

Government is continuing to experience fiscal constraints. The Province receives 97% of the financial resources that it utilises to meet the service delivery commitments to the citizens of KZN from the national fiscus in the form of the provincial equitable share and various conditional grants and own revenue. Over the past couple of years, we have experienced reductions in the budget allocation from National Treasury due to the updates of the provincial equitable share (PES) formula as well as due to the fiscal consolidation budget cuts. The decrease in the share of the PES is due to the population numbers not working in favour of KZN – we have shown a decline in the number of people residing in KZN and we have also shown a decrease in the number of learners enrolled in our schools.

On the fiscal consolidation cuts – the country's economy has not been performing as expected, resulting in the reduction in tax revenues collected by the South African Revenue Service (SARS). Coupled with the reduction in tax revenue is the increase in the country's debt servicing costs which is crowding out expenditure on goods and services.

Whilst there have been significant cuts in the budget, there has not been a commensurate cut in government service delivery programmes. This has resulted in severe pressure in the provincial finances. Social sector departments, in particular Education and Health have found it extremely difficult to continue rendering services within their reduced budget baselines. There is an increase in accruals and payables as well as an increase in the number of service providers that are not paid within the 30 days as stipulated by the PFMA. The other pressure comes from inadequate budgeting and inadequate funding of the 2024 wage agreement by national government where the settled agreement exceeds the planned budgeted increase.

The province therefore had to find the budget to cover the wage agreement from within its reduced baseline further impacting on the fiscal envelop. It remains our focus to prioritise frontline services such as the health care, education and social development sectors, given the level of inequality in our society.

In the 2025/26 financial year, the province is projecting to overspend its budget as well as to carry significant accruals into the new financial year. KZNPT has had numerous engagements with the departments that are showing significant budget pressures to assist them to prepare turnaround plans to ensure that they remain within budget. Over and above these engagements, KZNPT has put together a Provincial Financial Recovery Plan. The plan seeks to put the province on a financial recovery path in the short to medium term.

The objectives of the Financial Recovery Plan are to restore financial stability by enhancing revenue collection, eliminating wasteful expenditure, and improving budgeting and planning. It focuses on debt management, strengthening governance, and protecting essential services. The plan will be implemented through six workstreams, including departmental specific interventions, fiscal governance, IT for operational efficiencies, revenue optimization, expenditure reduction, and clear communication on the progress and impact of the plan.

The Financial Recovery Plan is led by KZNPT but will require buy-in from all the provincial departments in order to be effective and sustainable. In this regard, various departments have been engaged to ensure their full understanding AND commitment of the Financial Recovery Plan. KZNPT will report periodically to the governance structures on the progress on the implementation of the Financial Recovery Plan, and the impact thereof. KZNPT

will continue to provide its mandatory services and will strive to become the advisor of choice for public sector institutions.



Mr. F.A. Rodgers, MPL

KwaZulu-Natal MEC for Finance

KZNPT presents a new vision and mission statements for the Department. Through this revision, the department aims to respond effectively to the realities on the ground and impact positively on departments performance.

The focus over the MTEF is to instil financial management discipline in the province. The widely reported economic downturn due to a multiplicity of factors globally and nationally has resulted in the shrinking of the fiscal envelop. The province has experienced budget cuts for several years both due to fiscal consolidation as well as revision to the equitable share formulae. Even though National Treasury has assured that there will be no fiscal consolidation during the MTEF, reduction in fiscal envelop with no reciprocal reduction in spending necessitate targeted responses.

We will work tirelessly towards making every rand count and change the lives of the communities we serve. Furthermore, ongoing efforts will be made for innovative ways to generate new sources of revenue and enhance efficient collection of all existing government revenue sources.

Government's priorities have carved out a specific role for KZNPT in respect of certain areas of development. 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. The departmental role directly responds towards the achievement of the following priorities:

- **Drive** Inclusive growth and job creation
- **Build** a capable, ethical, and developmental state.

The state of the economy and our financial position dictate that we do not only need to tighten our belts, but that we also need to interrogate our planning in relation to our spending in order for us to achieve alignment and value for money for every cent we spend. The Provincial Cost-Cutting Instruction Note approved by Cabinet will also play a significant role in guiding and controlling expenditure. The Provincial Financial Recovery Plan calls for stronger collaboration by all Departments, Public Entities and Municipalities alike and timely consequent management will be taken to enhance accountability and performance.

Ultimately, it is hoped that our aspirations will translate into sustained service delivery in line with the department's impact statement of "***Improved Fiscal and Financial Management in the Public Sector by 2030 through KZNPT's support to enhance service delivery to the KZN citizens***".

The treasury team is standing ready to deliver on this plan. I look forward to their continued dedication, professionalism and commitment in driving the required financial management reforms resulting in a sustainable positive financial position.



Ms. Carol Coetzee
Accounting Officer: KZNPT



It is hereby certified that this Annual Performance Plan:

- Was developed by the management of the KZNPT under the guidance of the Honorable MEC Mr. F. A. Rogers and Head of Department Ms. Carol Coetzee;
- Considers all the relevant policies, legislation, and other mandates for which KZNPT is responsible for, and

Accurately reflects the Strategic Impacts and Outcomes which the KZNPT will endeavour to achieve over the period 2025/2026.

Ms. N. Shezi

Signature: _____

Programme Manager: Sustainable Resource Management (P2)

Mr. S. Moodley

Signature: _____

Programme Manager: Financial Governance (P3)

Ms. M. Bhaw

Signature: _____

Programme Manager: Internal Audit (P4)

Mr. F. Cassimjee

Signature: _____

Programme Manager: Municipal Finance Management (P5)

Mr. T. Ndlovu

Signature: _____

Chief Financial Officer

Ms. I.N.N. Zwane-Dlomo

Signature: _____

Head of Strategic Planning

Ms. C. Coetzee

Signature: _____

Head of Department/Accounting Officer

Approved by:

Mr. F.A. Rodgers

Signature: _____

Executive Authority



PART A: OUR MANDATE

PART A: OUR MANDATE

1. Updates on the relevant legislative and policy mandates

There was no update made in the legislative and policy environment, 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 KZNPT 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

2. Updates on Institutional Policies and Strategies

The following policies are still applicable:

National and Provincial Priorities

During the opening of the 7th Administration Parliament Address, the President indicated that the 2024-2029 priorities are continuous endeavours towards addressing the triple challenges of poverty, inequality, and unemployment. As such the National Development Plan Vision 2030 remains the defining blueprint for South Africa's growth and development.

The KZNPT's mandate is aligned to chapter 13 and chapter 14 of the NDP. The department's interventions will be, in the main directed at building the capacity of the state as well as creating a professional and financial management capability. These interventions will include the provision of technical and policy advisory support to government institutions i.e. departments, public entities, and delegated municipalities to enhance fiscal and financial management in the public sector.

The Medium-Term Development Plan (2024-2029)

The GNU's manifesto has been translated into an implementable 5-year programme of national government, known as the Medium-Term Development Plan (MTDP). As such, the 7th Administration's priorities are encapsulated in the Medium-Term Development Plan. MTDP 2024-2029 is South African Government's 5-year roadmap towards the implementation of the NDP.

1) MTDP Strategic Priority 1: Drive Inclusive growth and job creation

- Strategic Priority 1 seeks to drive inclusive growth and job creation. To achieve this, it targets achieving a GDP growth rate of more than 3.0% by 2029, which is projected to reduce unemployment to below 28.0% by the end-term. This strategic priority will be achieved through nine strategic outcomes in key areas of the economy over the next five years.
- Rapid, inclusive, and sustainable economic growth, the promotion of fixed capital investment and industrialisation, job creation, transformation, livelihood support, land reform, infrastructure development, structural reforms and transformational change, fiscal sustainability, and the sustainable use of our national resources and endowments.
- The macro-economic management must support national development goals in a sustainable manner."

2) MTDP Strategic Priority 2: Reduce poverty and tackle the high cost of living

- Reduce poverty and tackle the high cost of living Reduce poverty and tackle the high cost of living.
- Creating a more just society by tackling poverty, spatial inequalities, food security and the high cost of living, providing a social safety net, improving access to and the quality of, basic services, and protecting workers' rights.
- Investing in people through education, skills development and affordable quality health care.

3) MTDP Strategic Priority 3: Build a capable, ethical, and developmental state

- Strategic Priority 3 seeks to build a capable, ethical and developmental state. The 7th Administration has set outcomes to work towards achievement of this priority.
- Improve the delivery of basic services and bring stability to local government.
- “Stabilising local government, effective cooperative governance, the assignment of appropriate responsibilities to different spheres of government and review of the role of traditional leadership in the governance framework.”
- Rebuild the capability of the state and create a professional public service.
- “Building state capacity and creating a professional, merit-based, corruption-free, and developmental public service. Restructuring and improving state-owned entities to meet national development goals.”
- Strengthen law enforcement agencies to address crime and corruption.
- Strengthening law enforcement agencies to address crime, corruption, and gender-based violence, as well as strengthening national security capabilities.”
- development in Africa and globally

KZNPT contributes towards the achievement of the following National Priorities which have been adopted in the province:

- **Priority 1: Drive Inclusive growth and job creation.**
- **Priority 3: Build a capable, ethical, and developmental state.**

The KZN Provincial Growth and Development Plan (PGDP)

The National Priorities were endorsed at the Provincial Executive Council Lekgotla on 23 and 24 July and the department has aligned itself accordingly. Strategic Provincial Priorities were confirmed through the Premier’s State of Province wherein KZNPT’s mandate and focus areas were clearly articulated.

In line with the draft PGDP, KZNPT will be contributing to the achievement of the following national impact areas.

Impact: Achieve more rapid, inclusive, and sustainable economic growth and job creation

GDP: Target 3,5% to 4.4 % Growth
and Gini-co-efficient of 0.6 or less



Impact: A capable, ethical, and developmental state enabling the delivery of services to all citizens



At a provincial level, KZNPT contributes towards the achievement of the following Provincial priorities: -

- **Inclusive growth and job creation**
- **Capable, ethical and developmental state**

A detailed account on how the department will respond to these government priorities and strategies will be provided in the situational analysis contained in Part B of the plan.

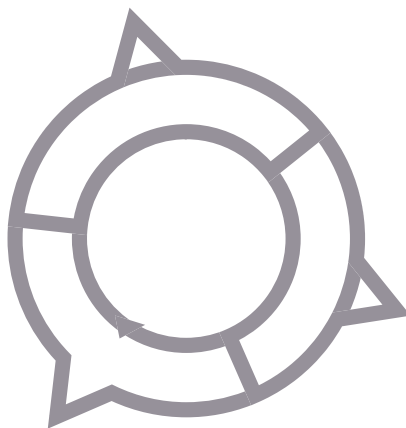
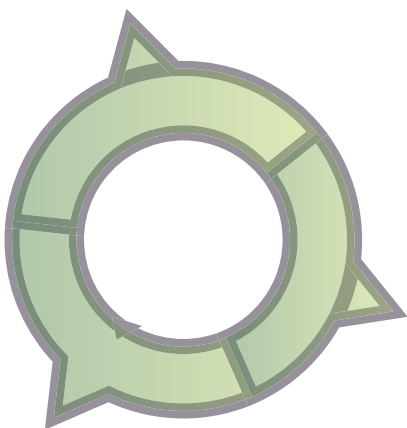
The department's key constitutional mandate, as stated above, entails the provision of strategic and technical leadership in the efficient and sustainable allocation, management, and utilisation of financial resources in provincial departments, municipalities, and public entities in compliance with relevant legislation and policies to improve the citizens quality of life in the province.

The 2025/2026 APP is the 1st year of the implementation plan of the departmental 5-year strategy which is based on two key elements, which is a sustained fiscus through oversight and sound financial management. The Department will continue to exercise oversight through regular monitoring activities and comprehensive feedback to the administrative and political leadership of departments, public entities and municipalities.

At a broader national and provincial level, this Annual Performance Plan has been aligned to the National Development Plan (NDP), the 2024/2029 MTDP and PGDS.

4. Relevant court rulings

There are no court rulings that have a significant, ongoing impact on operations or service delivery obligations. Where judgments are relevant to the Department's operations, legal advice is obtained, perused, and implemented where necessary.



PART B

OUR STRATEGIC FOCUS



PART B: OUR STRATEGIC FOCUS

1. Vision

Be the leader in fiscal and ethical financial management in the country.

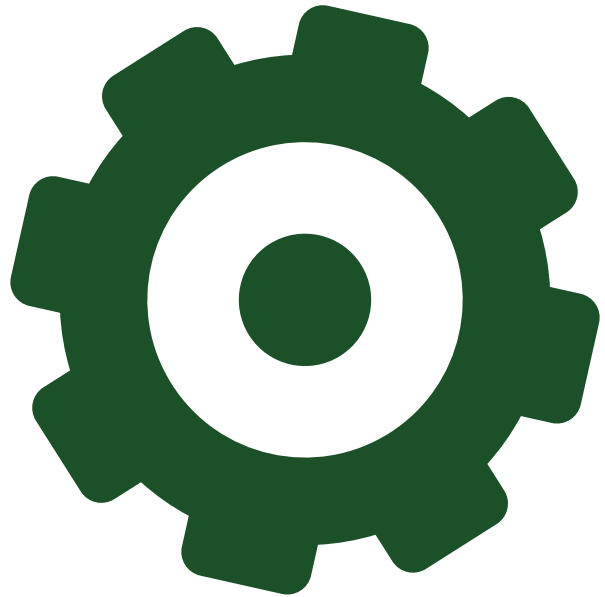
2. Mission

To build a capable, ethical public service through embedding prudent financial management and fiscal discipline.

3. Values

We strive for EXCELLENCE through:

- Integrity
- Transparency
- Accountability
- Efficiency
- Professionalism



4. Situational Analysis

Strategic Focus

The departmental focus over the MTEF will be on fiscal stability and sustainability to ensure that departments, public entities, and municipalities can provide critical public services to the citizens of the province. The province is operating in a severely constrained fiscal environment which threatens service delivery. The provision of support to departments, public entities, and delegated municipalities to achieve sound financial management remains our priority. Furthermore, technical support will be provided departments to deal with negative impact of climate change on public infrastructure.

Provincial Financial Recovery Plan

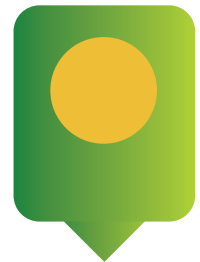
The Provincial Financial Recovery Plan is designed to restore financial stability given that the province is facing serious financial challenges. The key objectives include:

- restoring fiscal discipline: that is ensuring that government spending is aligned with available resources to avoid further financial deterioration, overcommitments and unfunded mandates,
- eliminating wasteful expenditure by identifying and cutting unnecessary or inefficient spending
- enhancing revenue collection through improving tax collection and other provincial revenue streams as well as identifying new revenue streams
- debt management and reduction: developing strategies to manage and reduce existing debt while preventing further accumulation of unsustainable liabilities

- strengthening governance and financial oversight: improving financial controls transparency and accountability to prevent mismanagement
- protecting essential services ensuring that critical services such as health education and social welfare remain adequately funded
- improving budgeting and planning: implementing more effective budgeting forecasting and financial planning processes
- capacity building and institutional reform: strengthening financial management skills and improving provincial institutions to ensure long term financial sustainability and positive audit outcomes

The Provincial Financial Recovery Plan will be implemented through six workstreams as listed below, and shall be coordinated by senior executive officials of Treasury:

- **Workstream 1 - Departmental and Municipality Rescue and Recovery**
- **Workstream 2 - Fiscal and Financial Governance**
- **Workstream 3 - Information Technology for Financial Stability**
- **Workstream 4 - Revenue Optimisation**
- **Workstream 5 - Expenditure Reduction and Optimisation**
- **Workstream 6 - Communication, Messaging and Change**



The activities are included in the respective departments annual and operational performance plans.



Improving Infrastructure Delivery Capacity

Improving Infrastructure Delivery Capacity

Infrastructure delivery is crucial in stimulating economic growth, and the province has considered the huge infrastructure backlogs that the province carries which continues to hamper development across various sectors.

Despite such challenges, infrastructure development continues to be one of the key priorities of the provincial government and moving forward the province aims to strike an optimal balance between social and economic infrastructure provision. To achieve this greater integration across spheres of government, especially between provincial departments, public entities and municipalities will be crucial.

The focus will be to enhance infrastructure service delivery with the implementation of the Infrastructure Delivery Management System (IDMS). The IDMS objectives 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 support will be on KwaZulu-Natal departments entities and municipalities with specific focussed support on DARD, DoH, DHS, DPWI, EDTEA, EKZNW and DTPC

Furthermore, the technical infrastructure support will be provided to assist departments, provincial public entities and municipalities with unblocking infrastructure projects to ensure efficient service delivery.

Public Private Partnerships

With the fiscal position of the province having moved into less favorable conditions, the sourcing of alternative mechanisms to deliver sustainable and employment creating infrastructure projects have become ever more pressing. This means that the use of PPPs in achieving these objectives will require more focus. 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 Department will continue to support its client institutions on the closed PPP Project, in adhering to the contractual obligations and ensuring proper contract management. In line with seeking to ensure greater utilisation of PPP in achieving the overall government objectives of economic stimulation. The Department will continue in its endeavors of capacitation through training of all institutions.

SCM Support to the Province

Supply Chain Management support and guidance was provided to provincial institutions through the review of SCM policies and SCM compliance assessments. Capacity building initiatives aimed at strengthening controls and improving compliance with SCM prescripts have contributed to improved audit outcomes in the province. The need continues to exist to strengthen SCM in institutions as it is the engine that drives the government machinery. It ensures that goods and services are procured cost effectively and timeously to support of delivery of services to the public.

Compliance with SCM prescripts is essential in order to avoid irregular expenditure which has decreased from R10 billion incurred in 2020 to R5 billion incurred in 2024 (i.e. 49% reduction). Greater efforts have been made to reduce these numbers through extensive training and guidance including a particular focus on contract management as this appears to be the core underlying reason for irregular expenditure.

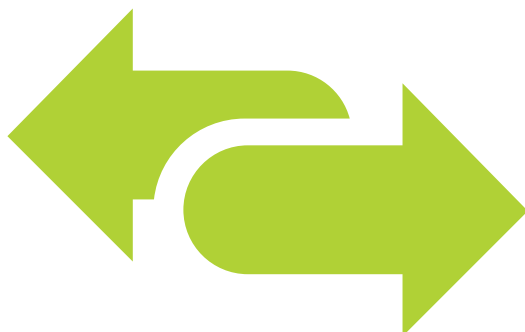
KZNPT Role with regards to Centralised Procurement System in the province

In the absence of a national procurement system KZNPT has reviewed several Procurement systems used by other Government Departments and requested authority from National Treasury to implement this critical system. The department anticipates to implement the system in at least four departments in 2025/26 and the remainder in the following year. The benefits of the system are amongst others: increased efficiencies, value for money, reduction in corruption through removing human interference in processes.

Provincial Governance and Accountability (*improve audit outcomes in the province*)

AG Audit Outcomes

The role of KZNPT is supporting and monitoring provincial departments, public entities, and municipalities to ensure improved financial management and good governance in the province. The support provided by KZNPT resulted in the audit outcomes for the province reflected in the table below. There is still a need for continuous monitoring and support to ensure that these trends are improved and sustained.



SUMMARY OF AUDIT OPINIONS – KZN PROVINCIAL DEPARTMENTS

Audit Opinion	2023/24	2022/23	2021/22	2020/21	2019/20
Unqualified with no findings	5	7	8	5	2
Unqualified with findings	8	6	5	7	11
Qualified	1	1	2	3	2
Total	14	14	15	15	15

Holistically the province has seen a positive shift in the audit outcomes. 35% of Departments achieved clean audit outcomes, with 57% receiving unqualified audit. The province remains with 1 department receiving a qualified audit.

- AG Audit Outcomes for *Public Entities***

The table that follows presents an overview of the audit outcomes from the 2019/20 to 2023/24 financial years for Public Entities:

SUMMARY OF AUDIT OPINIONS – KZN PROVINCIAL ENTITIES

Audit Opinion	2023/24	2022/23	2021/22	2020/21	2019/20
Unqualified with no findings	12	11	12	13	11
Unqualified with findings	3	5	5	5	8
Qualified	2	1	0	0	0
Total	17	17	17	18	19

71% of Entities achieved clean audit outcomes with a further 18% receiving unqualified audit opinion. There was however, a regression in the number of Entities that received a qualified audit opinion, with two entities receiving a qualified audit opinion in 2023/24.

- AG Audit Outcomes for *Municipalities***

KZNPT provides various support initiatives at targeted delegated municipalities based on audit outcomes and various financial indicators. The programme is reviewed each year based to ensure that the interventions remain relevant.

The table below indicates the movement in municipal audit opinions from the Baseline (2018/19) to the 2023/24 Municipal Audit Opinions. Overall, there has been a 35% improvement in Audit Opinions from 2018/19 to 2023/24.

Audit Opinion	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19
Unqualified with no findings	7	4	4	3	2	1
Unqualified with findings	36	39	37	35	32	32
Qualified	8	10	11	13	15	18
Adverse	2	1	1	0	1	1
Disclaimer	1	0	1	3	4	2
Total	54	54	54	54	54	54

Payment of valid Invoices within 30 days Compliance

The department is required to report on the level of compliance by provincial departments in paying invoices within 30 days. The reports have shown a significant deterioration by key departments such as Health and Education impacting negatively on service providers who have not received payment for several months. The Pay-on-time team assist frustrated service providers in resolving any disputes they may have with their client departments. The new challenge however is that the invoices are no longer in dispute, but rather that departments have overcommitted and have no cash to pay.

The average percentage of invoices paid in the province within the prescribed 30 days of receipts for the 2024/25 year is 68% compared to 88% attained in 2023. Creditors repayment plans have been compiled and will be monitored by KZNPT.

Internal Audit Processes

Audit Committee

The province has a shared Provincial Audit & Risk Committee (PARC) that has been appointed by the MEC: Finance in consultation with the Executive Council. The PARC comprises of three Cluster Audit & Risk Committees. The committees have been established to assist the KwaZulu-Natal Provincial Government (KZNPG) in fulfilling its responsibilities of oversight in relation to strengthening the integrity of the Government's financial and organisation's performance, strengthening in the effectiveness of the system of internal controls, monitoring compliance with laws and regulations, systems of fraud prevention, risk management processes and any other good governance processes.

The Committee comprises of nine independent members with financial, IT, governance and management skills and operates in line with the Audit Committee Charter and the principles of the King IV report on corporate governance.

The PARC is a critical mechanism which provides assurance that the financial machinery is operating effectively in a regulatory environment.

Other Factors impacting on Performance

Medium- and long-term policy environment.

budget cuts in the province. Whilst there has been a positive shift in the equitable share formula, the historical baseline cuts continue to impact on the extent of services rendered.

KZNPT is responsible for the implementation of the **Provincial Government's fiscal policy** which 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.

Alignment to the 2025 SONA, SOPA and Lekgotla Resolutions

In his address during the opening of the Parliament, President Ramaphosa made firm commitments towards prudent management of public finances with a particular focus on stabilising debt. KZNPT has been hard at ensuring that the province maintains a positive bank balance through the implementation of the cash blocking facility. This has helped ensure departments do not overspend and incur unauthorised expenditure, with the exception of salaries wherein payments cannot be withheld.

During the State of the Province Address, the Hon. Premier, Mr Ntuli further impressed upon clean governance. The department has made substantial progress on improving audit outcomes. The target of at least 75% reduction of qualified audits in the public sector by 2029 has already been exceeded. The department will however, continue with its targeted approach to maintain this achievement.

The department will be implementing the following Lekgotla Interventions in the annual performance plan as stated below:

- Budget management support, planning and implementation
- Revenue Enhancement- maximise existing revenue streams and drive new revenue streams (G&B tax Bill)
- Implementation of a procurement system



- Integrated Municipal support programme in relations to Provincial Operation Clean Audit
- Capacity building of SCM officials in departments on strategic sourcing, contract management and condonation of irregular expenditure
- Policy and systems reviews to enhance compliance and reduce irregular expenditure
- Provincial Financial recovery Plan, and
- Integrated Audit Improvement Strategy for departments and Entities (Operation Clean Audit)

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



Contribution to Women, Youth and People with disability

During the opening of the 7th Administration Parliament, President Ramaphosa made an appeal to the nation to support the empowerment of black South Africans, women, and those who in the past, had been unable to participate in the economy. The departmental long-term and short-term plans are responsive to the GRPBMEAF (Gender mainstreaming). There are indicators with distinct targets that will assist in the implementation and achievement of the Framework objectives.

The Department will continue to strive towards meeting employment equity targets in relation to women, youth and people with disabilities. The Department contributes to the empowerment of the designated groups through government procurement spend, female representation at senior management level, as well as youth development programmes in the staff composition in general. The department has made excellent progress on procurement spent on designated groups. Targets on women in senior management has also been achieved. Ensuring representation for persons with disability still remains a challenge, however, KZNPT endeavors to attain and sustain a staff composition that reflects the demographics of the designated groups in the society.

Climate Change and Disaster Management in the province

In the five years from 2019 to 2023, the Provincial Disaster Management Centre (PDMC) documented a concerning number of 17,692 disaster incidents within the Province of KwaZulu-Natal. This surge coincides with the devastating floods that ravaged the Province during April and May 2022, causing fatalities, widespread destruction, and displacement.

The yearly average of disaster incidents in the past five years has been a staggering 3,538. This is a cause for immense concern, especially considering the province's vulnerabilities. With aging infrastructure, limited resources for disaster preparedness, and potentially dense populations in high-risk zones, these frequent disasters could have a devastating impact. The strain on emergency response services, the displacement of residents, and the potential for loss of life and property are all serious threats.

KZNPT, while not a frontline department at the coalface of service delivery, does nonetheless extend its support to institutions in times of disaster and will continue to do so. This support is mainly on guiding and advising institutions on best SCM practices when applying resources to relief efforts following disasters.

Owing to the rigours of ensuring compliance with legal prescripts, most institutions have been known to be

remedial solutions and ascertaining the applicability of remedial works. The support has been extended further to assist institutions in deploying legally compliant procurement processes and performance audits, thereby ensuring value for money on public funds spent.

Spatial Integration and the Role of KZNPT

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, whilst KZNPT is not a service delivery, the department plays a crucial role in spatial integration within a province which include:

1. Budgetary Planning and Coordination – KZNPT collaborates with other government departments, municipalities, and local authorities to ensure sound budgetary planning.
2. Intergovernmental Fiscal Framework (IGFF) – KZNPT participates in the development and implementation of the IGFF, as well as promote spatial alignment by considering regional needs and priorities. A review of budgeting and planning process will include the need by departments to demonstrate the responsiveness of the budget allocations to the needs on the ground (to begin to ensure implementation of the DDM Model)
3. Monitoring and Reporting – KZNPT monitors financial performance at provincial and local levels. In addition, the link between service delivery achievements against financial spend will be enhanced in partnership with the OTP.
4. Strengthening Financial Sector Regulation – KZNPT contributes to policies and legislation related to financial sector regulations. By ensuring financial stability, an enabling environment for spatial development investments is created.
5. Partnerships and Collaboration – KZNPT collaborates with other government entities, private sector stakeholders, and civil society organizations to form partnerships that will facilitate integrated planning, resource sharing, and knowledge exchange for effective spatial development.

4.1

External Environment Analysis

Provincial Population Dynamics

Demographic analysis gives valuable information that can be used to make informed decisions in business, government, and non-profit organisations (NPOs), amongst others. It helps these institutions at various levels to understand the characteristics of a population and how it might change in the future for different purposes, including policy development, planning, and budgeting. Given the critical role of demographic changes in planning for the delivery of services by the government and used by businesses for various objectives.

The changes in population dynamics can be used for market analysis. In this regard, these changes must be harnessed for the success and sustainability of development strategies by designing and implementing effective population policies that are rights-based, evidence-informed, and gender-responsive. Effective population policies should consider scientific research, which is constantly shifting and organized according

The South African population has continued to grow consistently, rising by 15.5% from 44.820 in 2001 to 51.771 million in 2011, and increased further by 21.7% between 2011 and 2024 to 63.016 million (Table 1.1). Similarly, KwaZulu-Natal's (KZN's) population has continued to increase over the years. It grew by 7.1% from 9.584 million in 2001 to 10.267 million in 2011 and increased further by 19.9% to 12.313 million in 2024. The KZN's share of the national population rose extensively by 2.3 percentage points, from 19.1% in 1996 to 21.4% in 2001. The gains realised in 2001 were reduced by 1.6 percentage points to 19.8% in 2011 and further declined by 0.3 percentage points to 19.5% in 2024.

Nevertheless, KZN remains the second largest populous Province, following Gauteng (GP), which has approximately 15.931 million, constituting 25.3% of the national population in 2024. The solid and continuous uninterrupted increase in the GP's share of the total national population in the past three decades from 17.5% in 1996 to 21% in 2001, 23.7% in 2011, 24.3% in 2022, and 25.3% in 2024 is primarily due to many interprovincial migrants for better economic opportunities. Only Eastern Cape (EC), Free State (FS), KZN, Limpopo Province (LP), and North West (NW) provinces showed a decline in the percentage share of the national population between 2011 and 2024. The remaining four provinces showed an increase in the proportion except for the Northern Cape (NC), which maintained 2.2% (Stats SA, 2024).

Table 1.1: South African population by province, 1996, 2001, 2011, and 2024

	1996		2001		2011		2024	
	Population	% Share of national population	Population	% Share of national population	Population	% Share of national population	Population	% Share of national population
South Africa	40 583 573	100	44 819 777	100	51 770 561	100	63 015 904	100
Eastern Cape	6 147 244	13.7	6 278 651	14.0	6 562 053	12.7	7 176 230	11.4
Free State	2 633 504	5.9	2 706 775	6.0	2 745 590	5.3	3 044 050	4.8
Gauteng	7 834 620	17.5	9 390 528	21.0	12 272 263	23.7	15 931 824	25.3
KwaZulu Natal	8 572 302	19.1	9 584 129	21.4	10 267 300	19.8	12 312 712	19.5
Limpopo	4 576 133	10.2	4 995 462	11.1	5 404 868	10.4	6 402 594	10.2
Mpumalanga	3 124 203	7.0	3 365 957	7.5	4 039 939	7.8	5 057 662	8.0
Northern Cape	1 011 864	2.3	991 876	2.2	1 145 861	2.2	1 372 943	2.2
North West	2 726 828	6.1	2 982 064	6.7	3 509 953	6.8	4 155 303	6.6
Western Cape	3 956 875	8.8	4 524 335	10.1	5 822 734	11.2	7 562 588	12.0

Source: Stats SA, 2024

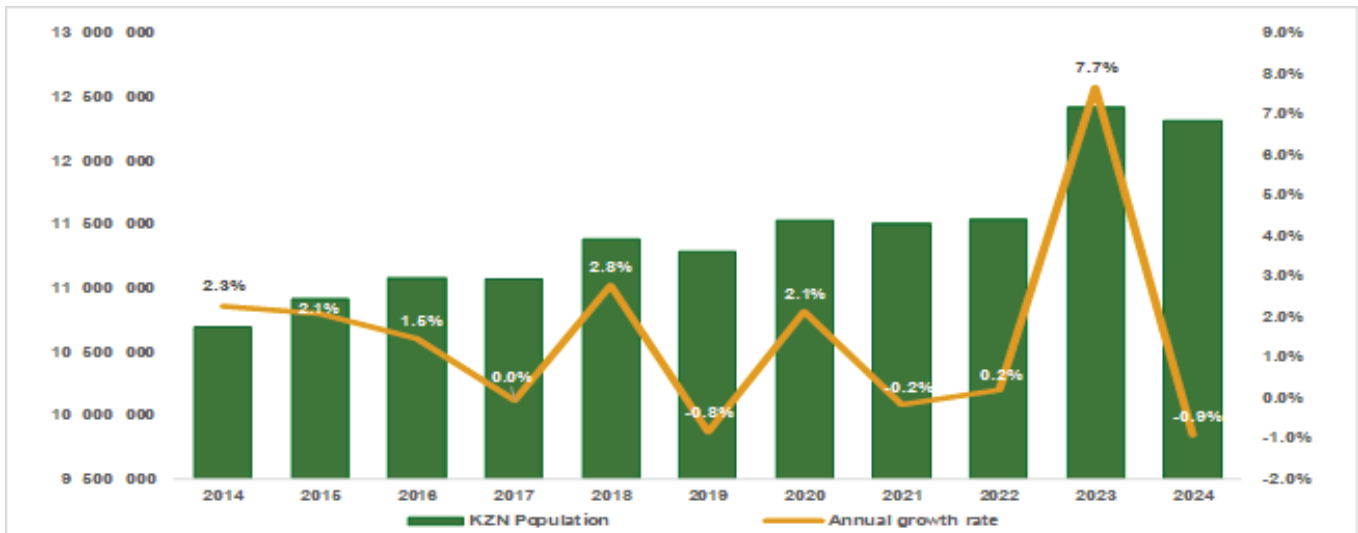
The year-on-year increase was negative in these years, implying the share of the provincial population size was declining, albeit marginally. This has partly contributed to a continuous decline in the KZN's weighted average share of the Provincial Equitable Share (PES)¹ allocation with a positive shift in 2025 MTEF. Conversely, the KZN population growth rate peaked in 2018, 2020 and 2023. The significant spike and ensuing drop in the growth rate in 2023 may result from a deviation in the population count in the 2022 Census from mid-year population estimates



¹ The PES is an unconditional allocation of national revenue to provinces based on the size of the population in the province, the relative reliance of the population on the provincial government for services, and the capacity of the province to provide services to the public through own revenue generation (National Treasury, 1998).

of other years. The Province's population grew at an average annual rate of 1.5% between 2014 and 2024. The year-on-year growth troughed in 2017, 2019, 2021 and 2024 (Figure 1.1).

Figure 1.1: KZN population growth rate, 2014 to 2024



Source: Stats SA, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023 and 2024

Global economic prospects

The global economic landscape has been relatively stable from the second half of 2023 to 2024. The persistent geopolitical conflicts, particularly in the Middle East and the war in Ukraine, did not cause major challenges that could weigh down economic activity. Also, global inflation continued to recede in 2024 amid easing energy and food prices, firm global supply chains, and the lagged effects of tight monetary policy stances. Inflation across many economies is expected to decelerate further in 2025 and reach its lowest level since the peak in 2022. Therefore, the easing of monetary policy has now become widespread.

The protracted period of deteriorating economic activity is gradually subsiding, as evidenced by the projected stable and yet modest global growth. The global economy is projected to rise marginally from an estimated 3.2% in 2024 and stabilise at 3.3% in 2025 and 2026. The projected global growth is expected to be supported by an improvement in real income growth as inflation continues to moderate, aided by lower commodity prices, as well as by the easing of policy rates globally.

Notably, the predicted stable global growth could be interrupted by downside risks, such as heightened policy uncertainty and adverse trade policy shifts. For instance, an increase in the United States of America (US) tariffs would adversely affect global and Emerging Market and Developing Economies (EMDE) growth, amplified by retaliatory action from the US's trading partners. Also, the global outlook remains susceptible to the uncertainty surrounding the Chinese real estate market, especially if property prices drop further and weigh down consumption and investment.

Economic performance in Sub-Saharan Africa (SSA) picked up to an estimated 3.8% in 2024, slightly lower than anticipated due to a violent conflict in Sudan as well as various country-specific challenges that weighed down the region's economic recovery. Notably, economic growth in SSA was supported by a moderate uptick in the output of the region's two largest economies, Nigeria and South Africa (SA), owing to improved electricity supply in SA and higher oil production in Nigeria.

Economic growth in SSA is projected to strengthen to 4.2 % in 2025 and 2026, driven primarily by improvements in the outlook for industrial-commodity-exporting countries, including the region's largest economies. However, high government debt and elevated interest rates have narrowed fiscal space, prompting fiscal consolidation efforts in many countries while financing needs remain high.

South African economic prospects

After posting a stronger growth of 4.7% in 2021, the South African economy has slowed significantly over the past two years. Real economic growth is estimated to have expanded modestly by 0.7 % in 2023, a sharp decline compared with the 1.9% annual outturn for 2022. While the first half of 2023 saw modest upside surprises, growth in the second half was weighed down by logistical challenges and electricity supply constraints.

On a positive note, the energy reforms continue to bear fruit, as electricity has been suspended for over ten months since March 2024. As the power utility engaged in extensive maintenance of power stations early in 2024, Eskom's energy availability factor has consistently improved, thereby reaching about 70%. The logistical constraints are expected to improve as the Logistics Crisis Committee (LCC) continues to implement reforms.

Despite an improved energy supply, economic activity in South Africa (SA) continued to trend relatively low. Real gross domestic product (GDP) reverted to a positive growth of 0.6% increase in the fourth quarter of 2024, following a revised 0.1% contraction in the third quarter. The modest expansion in the fourth quarter was driven by improved activity in industries such as agriculture, forestry, and fishing; finance, real estate, and business services; and trade, catering, and accommodation.

According to the South African Reserve Bank (SARB), improved economic activity in the fourth quarter was supported by the household sector, boosted by lower inflation and withdrawals from the Two-Pot pension system. Nevertheless, average economic growth for 2024 was significantly low at 0.6 %, even below 0.7% realised in 2023.

The SARB expects economic growth to pick up marginally to 1.7% in 2025 and rise further to 1.8% in 2026. The forecast growth is expected to be supported by improving energy availability and further reforms in the transport sector. Also, household consumption is expected to benefit from lower inflation and interest rates, whilst rising business confidence could stimulate growth in private investment.

The domestic inflationary pressures have gradually eased as both headline consumer and producer price inflation moderate. The annual headline consumer price inflation (CPI) remained at 3.2% in January and February 2025. At this rate, the headline CPI has edged closer to the lower band of the inflation target range. The headline consumer price inflation averaged 4.4% in 2024 but is expected to drop further to 3.6% in 2025 before increasing marginally to 4.5% in 2026. As the inflation rate remains within the inflation target range, particularly closer to the lower band, and is expected to remain favorably low in the near term, the SARB maintained its less restrictive policy stance and kept interest rates unchanged in March 2025.

KwaZulu-Natal economic prospects

The economy of KwaZulu-Natal (KZN) has slowed considerably over the past two years after a robust growth of 4.9% in 2021. The real regional gross domestic product (GDP-R) moderated marginally to 1.1% in 2023 from 1.2% in 2022. At this growth rate, KZN recorded the highest GDP-R growth compared to other provinces.



Similar to the rest of SA, KZN's real GDP-R has been relatively disappointing for most parts of 2024, as it contracted by 0.9% in the third quarter. The slight contraction in KZN's GDP-R in the third quarter of 2024 stemmed from the decline in economic activity across three sectors: agricultural, transport, and trade.

Real output in the agricultural, forestry and fisheries sector decreased by 28.9% in the third quarter of 2024 due to lower production of field crops, as well as horticultural and animal products. Real GVA-R by the transport, storage and telecommunication industry decreased by 1.9% in the third quarter of 2024, reflecting a decline in economic activity for land and water transport, air transport and transport support services. Real output by the trade, catering and accommodation industry slightly decreased by 0.3% in the third quarter due to lower production volumes in the wholesale and commission trade, sales and repairs of motor vehicles and sale of fuel, and food and beverages.

Given the constrained economic performance during the year, KZN's real GDP-R is estimated to have averaged 0.5% in 2024. However, the provincial economy is expected to gain momentum and expand by 1.7% in 2025 and 2026, supported by a stable energy supply and improved business.

PESTEL ANALYSIS

The following issues emerged from the external environment analysis which the department has incorporated into this plan:

POLITICAL	ENVIRONMENTAL	SOCIAL
Unfunded mandates	Geographic spread of public sector institutions	High unemployment rate
Poor political oversight	Natural disaster – response required	High Crime rate
Political interference	Poor services by Municipalities affecting water and electricity supply	Infrastructure damage
Political instability	Climate tagging/change	Inequality
GNU – Different approach	Green footprint	Dependence on social grants
Revision of MFMA	Power outages	Civil unrest / Protest actions
Lack of governance	Location of clients	Construction Mafia
TECHNOLOGICAL	ECONOMICAL	LEGAL
Financial management Systems (integration, lack of systems – manual)	Poor revenue base (all spheres of government)	Different interpretation of legislations
Poor Connectivity	Fruitless, Wasteful, and Irregular spending	Powers/functions of KZNPT i.t.o. PFMA & MFMA
Cyber-attacks /Security	Unemployment - (results in non-payment of municipal services)	Changes in the legislations (e.g., Notes, etc., impact on capacitation & skills, MFMA, Public Procurement Act
High SITA costs	Stagnant economic growth and impact on budget	Professionalisation of public service (added requirements by DPSA)
Moratorium on IT systems (National Treasury)	Corruption	Noncompliance with legislation

Slow implementation on Agile system	Value for money	Occupational Health and Safety
Dependency on Sita for system connectivity	Recession	DORA
Slow in moving into AI and innovation	Decrease in equitable share	Ambiguous legislation (Litigations)
Capacity constraints	Fiscal consolidation/Budget cuts	Weak enforcement of legislation
Outdated systems	Fraud and corruption	Numerous instruction notes
	Decline in Fiscus	Over regulation
	Inflation	Lack of consequence management
	Inability to pay suppliers	Procurement lead times
	Migration to other provinces / impact on PES	

SWOT Analysis

A SWOT analysis remains a valuable strategic planning tool which has enabled the department to obtain a clear overview of areas influencing its operations as listed below:

STRENGTH	WEAKNESSES
Skilled Human Resources	Underspending of budget
Clean Audit opinion	Office accommodation
Policies	Disjointed assistance and support to municipalities by PT and COGTA
	Lack of coordinated approach within PT
OPPORTUNITIES	THREATS
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



As an organisation, KZNPT has total control over its structures, internal processes, and functions. However, in the support to clients (departments, public entities, and municipalities) and engagements with stakeholders, the department can exercise influence but has limited or little control. Within this context, KZNPT believes that in delivering services it should be a service delivery partner with support and influence being its main posture.

In setting the strategic priorities, the department has ensured that the employees and stakeholders work toward a common goal and outcomes as outlined in the KZNPT's 2025 – 2030 Strategic Plan.

The achievement of the department's strategy requires, amongst others, a competent and professional workforce. The development of employees through various training programmes in partnership with institutions such as National School of Government (NSG) and other non-governmental institutions is therefore crucial.

Youth development initiatives are a priority for the Department as it allows the Department to grow its own professionals. The Department received SAICA accreditation as a Training Office during December 2015, and the Department has received its 10th allocation of three Trainee Accountants as at January 2025 making it a total of twenty eight (28) trainees who have been through the program. There are currently nine (9) graduates undergoing training towards becoming chartered accountants and seventeen (17) who have qualified as Chartered Accountants.

The Department further embarked on the Internal Audit Technician (IAT) Learnership in 2007, in partnership with the Institute of Internal Auditors (IIA), which is a three-year program which comprises of practical hands-on work experience as well as the completion of technical modules administered by the IIA. At the end of the three-year program candidates are certified Internal Audit Technicians who can then competently compete in the open labor market to enhance the Internal Auditing skills of the Province at large. Since 2007, 250 graduates have successfully completed the IAT Learnership.

Management development programmes prioritise women at middle and senior management levels to enhance leadership skills and competence to ensure women's full participation in decision making structures.

This has ensured that the department has been able to promote and employ females in SMS level with the current achievement of 50,72%. To ensure that the department achieves the various targets in the department's employment equity strategy, recruitment is targeted and deliberate in its approach. People with disabilities must constitute 2% of the total staff establishment as per DPSA requirements, and currently the department has achieved 1.34%.

There is ongoing collaboration with various disability institutions and stakeholders to assist in increasing the pool of applicants by casting the net wider and making a concerted effort to increase the pool of applicants. The current increase in number of interns from persons with disabilities is aimed at ensuring that the department has a pipeline to recruit from. There are dedicated youth programs aimed at mainstreaming youth



Employee Performance

It is vital that individual employees' performance is enhanced for the attainment of departmental outcomes and improvement of organisational performance. The Performance Management Development System (PMDS) ensures that employees understand the link between the individual performance measures and the successful accomplishment of department's strategic outcomes.

Understanding the individual's role in the achievement of the department's strategy, enhances the level of dedication and commitment. The KZNPT team is the greatest asset and all efforts will be directed to create an enabling environment in order for employees to strive for excellence.

Maintenance of the Batho Pele principles

Customer care forms the basis of the department's strategy to ensure that services delivered to clients are in accordance with Batho Pele principles. Maintenance of good customer services in accordance with the set service standards remains the department's key strategic focus.

In order for the department to pursue its strategic intent, it needs to continue to provide an internal enabling environment and support service with regard to physical and information security, occupational health and safety, refurbishments, maintenance, environmental and space management. KZNPT will be piloting a hybrid working model which is envisaged to not only be cost effective but encourage improved productivity and loyalty of employees.

Business Continuity Plan

The Business Continuity Programme, which focuses on protecting and recovering critical activities of the department (that include ICT applications, infrastructure, and hardware) in case of a disaster, is in place. The Business Continuity Plan enables the department to enhance its ability to detect, prevent, and deal with the impact of disruptive events whilst ensuring a quick recovery of operations. The department has also adopted a hybrid working approach given the lack of sufficient office space, constant water and electricity outages and ensures that services continue during these disruptions. This will also result in savings for the department and enhanced staff morale, commitment and productivity.

ICT continues to provide an internal enabling environment and support service regarding information and technology management in order that the department is able to pursue its strategic objectives. Implementation of the Corporate Governance of Information and Communication Technology Framework that enables the department to extract value from its ICT investments and further ensure that ICT projects are in line with the department's strategy, is ongoing. The five-year ICT Strategy is aligned to the departmental strategy and includes enhanced data management and analysis critical for decision making. The strategy further builds on the existing business processes automation to improve service delivery and lower operational costs. The introduction of the e-Submission system has significantly reduced turnaround times to process requests and has improved document management and timeous payment of suppliers.

The approved organisational structure to support the implementation of this plan

The Department is structured with the Executive Authority serving as the political leader, supported by the Head of Department, who oversees administrative functions. KZNPT is organized into five key functional programmes, each designed to address specific areas of financial management and governance.

These programmes work

collaboratively to ensure effective fiscal oversight, budget management, and effective financial management. The organisational structure facilitates a clear division of responsibilities, enabling the department to operate efficiently and supports the department's mission to build a capable and ethical public service through embedding prudent financial management practices and fiscal discipline. A review of the structure is anticipated due to the increase in responsibilities in administration, internal audit, information systems and data analytics.

Programme 1 - Administration

Programme 1 is responsible for providing support services to the core programmes within the department. The main sub-programmes under this programme are the office of the MEC, Management Services, Financial Management (CFO) and Corporate Services (HRM, IT, Auxiliary, Legal, Security, Comms and M&E).

Programme 2 – Sustainable Resource Management

This programme undertakes the allocation, monitoring and reporting of budgets for the province as a whole, as required by the PFMA. Analysis of the economy of the province through research projects, as well as focused infrastructure management are performed within this programme. The sub-programme includes Infrastructure Management & Economic Analysis services, technical PPP Advisory and Public Finance.

Programme 3 - Financial Governance (Office of the Accountant General)

This programme is responsible for providing financial management support to all client institutions. The sub-programme includes asset and liabilities management, supporting and interlinked financial systems, supply chain management and accounting practices.

Programme 4 - Internal Audit

This programme is responsible for providing shared internal audit services to provincial departments, and risk management support to provincial departments, and municipalities. The sub-programmes include assurance services and risk and advisory services.

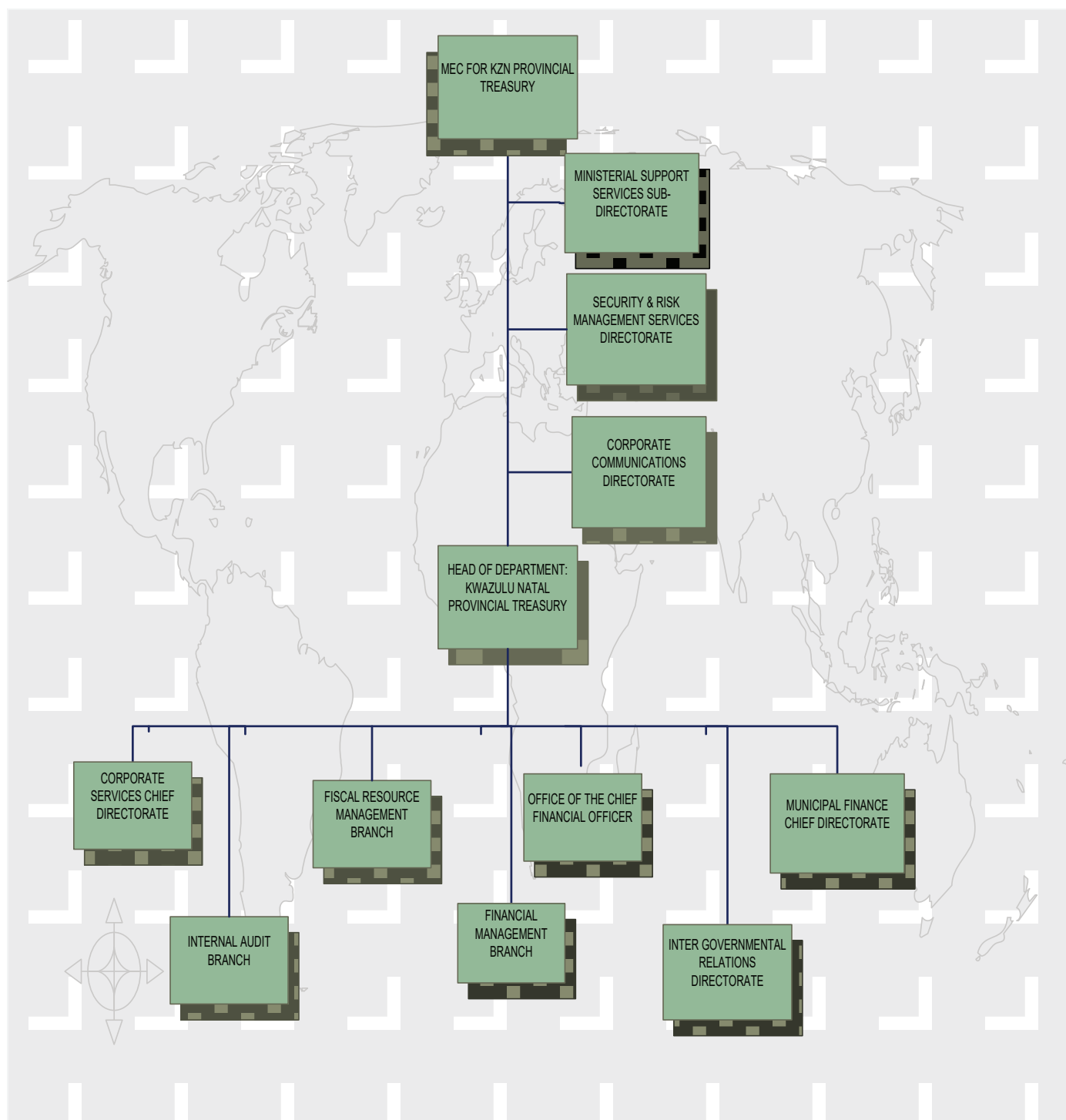
Programme 5 – Municipal Finance Management

This programme monitors and provides technical support and guidance to delegated municipalities on budgeting, accounting, and reporting, revenue, and debt management as well as specialised support through its four sub-programmes namely Municipal Budget, Municipal Accounting and Reporting, Municipal Support Programme as well as Municipal Revenue and Debt Management.

The approved departmental Structure for KZNPT

The diagram below depicts the high-level structure of the KZNPT and reflects the currently aligned to the budget structure of the department and in line with the core Mandate of Treasury.





The Departments enabling resources

(a) Human Resources

The Department has an approved organizational structure of 524 posts, last reviewed in 2023.

The Department has 114 vacant posts, of which 31 have been frozen due to the cumulative budget cuts which have rendered the posts unaffordable. In terms of funded vacancies, the Department has a current vacancy rate of 15.84%, which is above the targeted vacancy rate of 10%. All 83 posts have commenced with the recruitment processes to ensure that the Department is adequately resourced to successfully deliver the mandate of KZNPT.

Treasury is known to be a training institution and as a result there is a fairly high turnover of staff due to both internal promotions and staff exits into other public institutions. This then hampers the reduction of vacancy rate and results in the leaking bucket effect. Despite this challenge, the Department has a professional and highly qualified workforce who take on additional responsibilities ensuring that Programs meet their respective targets. Contract staff are also brought on board to assist with critical areas of functioning until positions are filled permanently and where the services required are project based.

(b) Financial Resources

The table below, indicates the budget allocation to Vote 6 (Provincial Treasury) at a programme level that has been allocated for the implementation of the departmental mandate and goals:

Summary of payments and estimates by programme: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
1. Administration	183 428	192 675	221 167	220 309	223 335	217 797	228 693	239 077	249 836
2. Sustainable Resource Management	42 403	45 636	50 399	51 022	46 714	46 128	53 270	55 603	58 105
3. Financial Governance	206 265	201 373	213 075	229 706	235 063	235 255	241 176	251 937	260 599
4. Internal Audit	86 216	99 979	99 759	108 551	104 476	100 824	112 715	117 860	123 164
5. Municipal Finance Management	58 583	73 139	68 590	71 313	71 313	70 670	74 336	77 594	81 085
Total	576 895	612 802	652 990	680 901	680 901	670 674	710 190	742 071	772 789

Summary of payments and estimates by economic classification: Provincial Treasury

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
Current payments	555 787	594 245	634 145	667 051	662 739	653 380	698 469	729 746	759 907
Compensation of employees	317 572	312 363	345 398	416 812	385 256	373 953	439 855	464 854	485 770
Goods and services	238 203	281 871	288 748	250 106	277 480	279 424	258 480	264 752	273 991
Interest and rent on land	12	12	-	133	3	3	134	140	146
Transfers and subsidies to:	10 060	7 356	4 513	2 659	4 113	4 221	1 905	1 937	2 024
Provinces and municipalities	37	29	31	30	40	41	31	32	33
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	40	-	45	45	-	-	-
Non-profit institutions	1 111	1 361	1 506	1 308	1 291	1 300	625	597	624
Households	8 912	5 623	2 933	1 318	2 734	2 832	1 246	1 304	1 363
Payments for capital assets	10 927	11 044	14 161	11 191	12 044	11 068	9 816	10 388	10 858
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	10 927	11 044	14 079	11 191	12 044	11 068	9 816	10 388	10 858
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	82	-	-	-	-	-	-
Payments for financial assets	121	156	170	-	2 005	2 005	-	-	-
Total	576 895	612 802	652 990	680 901	680 901	670 674	710 190	742 071	772 789

The department receives a provincial equitable share of R710.190 million in 2025/26, R742.071 million in 2026/27, and R772.789 million in 2027/28. During 2023/24 MTEF preparation, the department's baseline was cut by R25.320 million in 2024/25, R24.989 million in 2025/26 and R26.926 million in 2026/27 which remains within the numbers reflected in the tables.

The department undertook a process of reprioritisation between sub-programmes as well as at the economic classification level to ensure that it balances back to the allocated baseline. During this exercise, the department highlighted the need for additional funding for transversal costs such as banking fees and managing the IT systems utilised by departments. The allocation for the 2025/26 MTEF period is not sufficient and the department will have to monitor the impact of these shortfalls throughout the MTEF period to prevent unauthorized expenditure and ensure that any savings or underspending identified during the year, is allocated to fund the shortfall. The 2027/28 baseline was increased by 4.6% as per the Database.

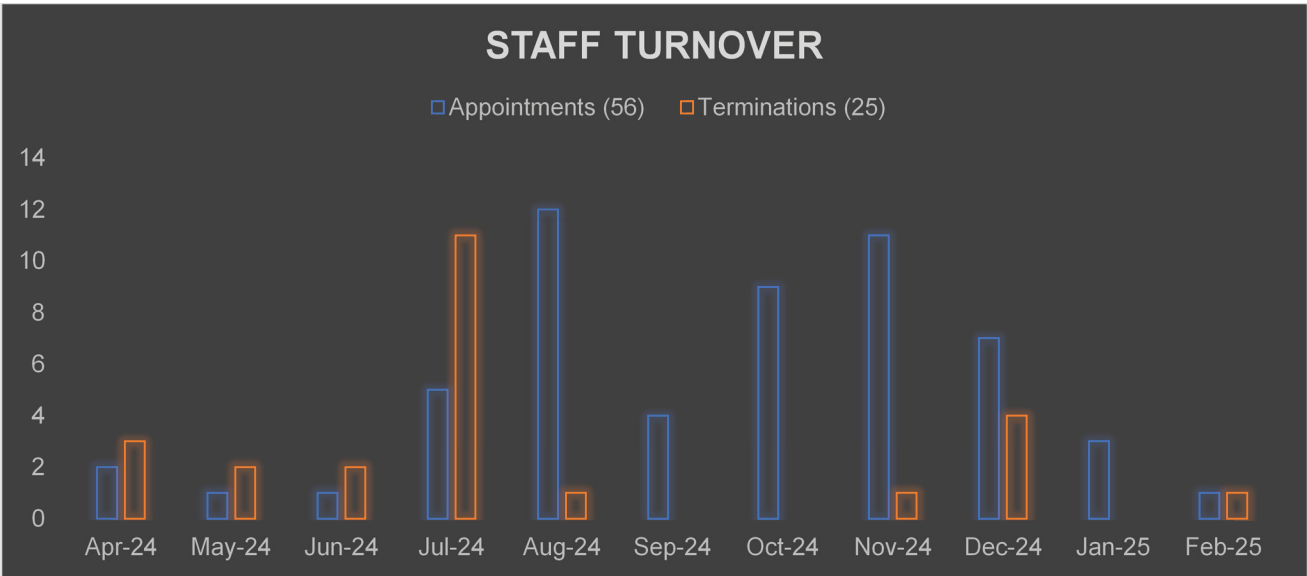


Internal Institutional factors that negatively impacts the Department

- High turnover of staff**

Despite there being an improvement regarding turnover of staff, there is still a significant number of employees exiting the Department which impacts the effectiveness of the recruitment processes in place to reduce the vacancy rate. This is clearly highlighted by the fact that from 1 April 2024, the Department employed 56 employees, with 25 employees exiting the Department. The exit interviews that are undertaken with all staff members do not reveal issues within the department but rather that employees are seeking new opportunities. There are several strategies in place to intrinsically motivate staff to remain within the Department thereby reducing the exiting of staff even further, however, one is cognisant of the fact that the Department has a youthful staff compliment who are eagerly seeking promotion prospects. Notwithstanding this, constant rigorous recruitment efforts has assisted the department to move closer to the desired vacancy rate of 10%

The graph below reflects the appointments and terminations for the period 01 April 2024 to end of February 2025:



- Budget cuts**

KZNPT has faced significant budget cuts over the past few years, leading to various operational constraints. This included the freezing of 31 vacant funded posts in the approved structure of the department which meant that existing staff members double their efforts.

This forced the department to introduce and implement cost cutting measures to ensure that the department remains within budget,

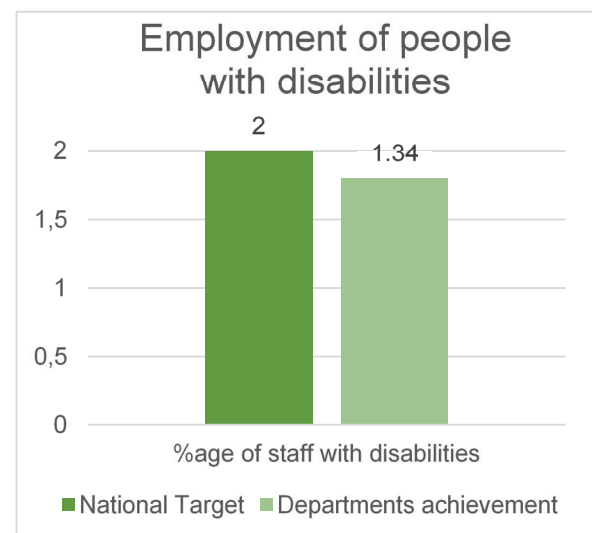
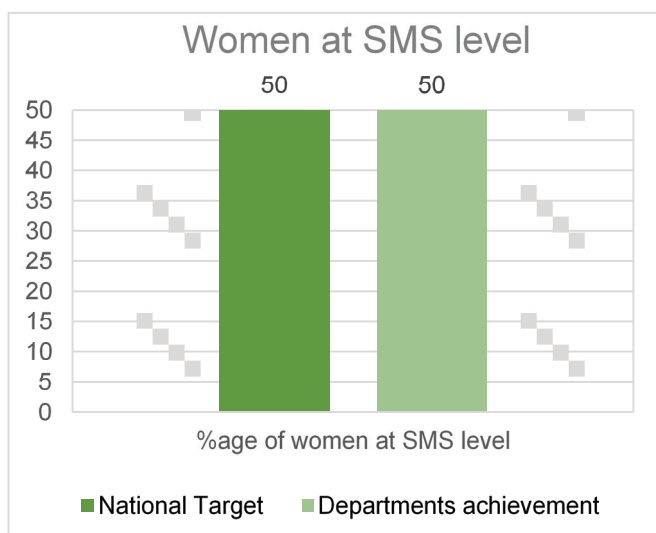
- Office accommodation**

The department has reviewed its organizational structure from 395 to 524 funded posts due to an increased demand for services. This has resulted in limited office space. A hybrid work arrangement has been introduced in order to mitigate office space constraints. Currently, there are 2 programmes that are already implementing this approach, and the rest of the department will adopt the same in the 2025/26 financial year.

(c) Transformation profile of the Department

The Department is committed to meeting the National Employment Equity targets of 50% women at SMS, 2% people with disabilities 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-principles 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 of 28 February 2025 employed 50.72% (35) women at SMS; 1.34% (7) people with disabilities and 75.38% (395) Blacks of approved structure. However, of the total staff employed as at end of February 2025, 95% are black. Approximately 60% of the total staff compliment constitutes the youth age group (18 to 34).



(d) Audit performance of the Department

KZNPT obtained its 16th consecutive “unqualified audit” opinion, in the 2023/2024 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 2023/24 financial year did 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 and Risk Committee meetings, as well as to the Executive Authority. Based on this approach, there were no repeat audit findings as the issues are resolved timeously and internal controls and business processes are improved upon.

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

The department is currently reflecting under expenditure mainly on compensation of employees due to high staff turnover as elaborated on above. The department will continue to closely monitor the spending of the allocated budget and the achievement of planned targets. Any savings will be redirected to areas with the greatest spending pressures. Historically the department has performed well in achieving an average of 85% of its targets. It is important to note that some targets are exceeded as additional requests for support are made in-year which must be accommodated.

Whilst there are no indications of further budget cuts, historic cuts on the programme's baselines negatively impact their operations. There is a total of 31 positions that are frozen which places additional pressure on existing human resources to deliver the same with less. The implementation of HR strategies such as of non-incentive policy will be strengthened to keep staff invigorated and committed.

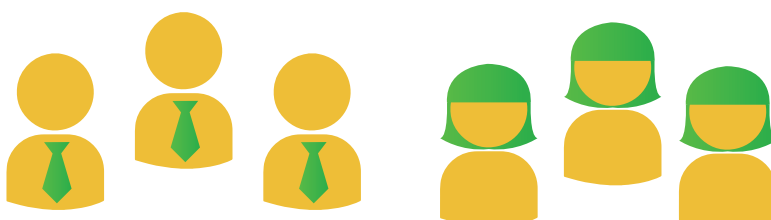
Even though the department has made progressed well in implementing a newly approved organizational structure to address the issues of inadequate staff capacity and over-reliance on consultants, there are still considerable number of positions to be filled. Efforts are being made to expedite the filling of all critical positions while being mindful of cost containment measures.

Despite the above challenges the department as indicated above has had a good track record in the achievement of its annual performance targets. This is a reflection of the level of commitment by the Treasury team but raises the risk of potential burnout which must be addressed.

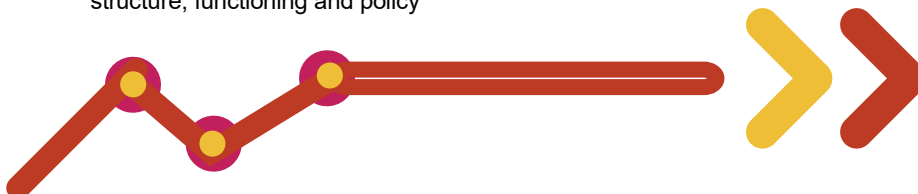


(f) Stakeholder Analysis

In fulfilling the legal mandate and achieving its strategic outcomes, KZNPT relies heavily on the support of the stakeholders. These include the National Treasury, Political Leadership and Accounting Officers/Authorities and Chief Financial Officers of provincial departments, public entities and municipalities, Department of Cooperative Governance and Traditional Affairs (COGTA), the South African Local Government Association (SALGA), the Auditor General of South Africa (AGSA), the Portfolio Committee on Public Accounts and Finance of the KZN Legislature and the Provincial Budget Committee. The Department relies on the political and administrative leadership of provincial departments, public entities and municipalities to implement prudent financial management and ensure compliance with legislative requirements to enhance accountability and the quality of financial reporting.



Name of stakeholder	Stakeholder's role	Name of stakeholder	Stakeholder's role
National Departments	Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.	Provincial research Units/ Institutions	To share ideas and to gather the necessary information and economic data.
DPSA	Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.	SAPS	Provide the department with protection and security service to the department during MEC's public engagements
DPME	Assist our department with administrative and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.	General Public	Partnering with our KZN general public in providing service delivery of goods and services through our procurement services. Furthermore, assisting public with registration on the CSD.
National Treasury	Assist our department with financial and strategic leadership to fulfil all statutory requirements pertaining to the functioning of the departments.	PT Suppliers	Responsible for providing the necessary goods and services in order to facilitate the achievement of the plans.
SITA	To provide strategic direction, leadership and management of the operations of the province by overseeing the rendering of ICT services.	KZNPT MEC	Provides strategic leadership to the department
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.	EXCO and MANCO Members	These members are responsible for setting the strategic direction of the KZNPT and ensuring that the plans, targets and objectives of the provincial treasury are met.
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	KZNPT Staff	PT staff are responsible for implementing the plans, targets and objectives of the KZNPT.

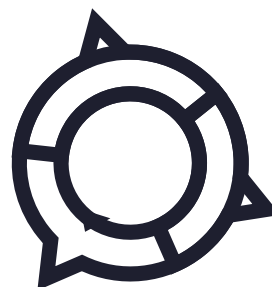
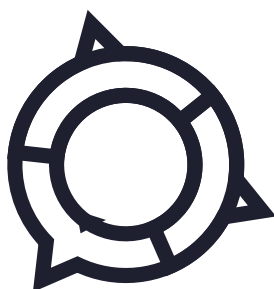


Provincial Cabinet and Legislature	The legislature oversees the administration of the provincial government, and the Premier and the members of the Executive Council are required to report to the legislature on the performance of their responsibilities.	Public Service Commission	Promote the values and principles governing public administration
Provincial and Cluster Audit and Risk Committee	The Audit Committee provides oversight of the institution's internal controls, governance, and risk management.	Ministers' Committee on Budget	Ministers' Committee on the Budget (MinComBud) and the Provincial Executive Council is briefed on decisions required in terms of the Adjustments Budget proposals, as well as the Main Budget proposals.
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.	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.
Public Entities	The department plays an oversight role in the administration and financial management of the Public Entities.	Auditor General of South Africa	Independent oversight and opinion on Treasury's finances, controls and systems of delivery but also a critical source of data informing the support Treasury provides to public institutions
Municipalities	The department provide oversight, technical support and guidance to delegated municipalities. Strengthen the country's democracy by enabling oversight, accountability, and governance in the public sector through auditing, thereby building public confidence	Provincial Executive Council	Strategic direction through provincial priorities Approvals and oversight of statutory reports



The table below outlines the consultative process and engagement with key program officials and stakeholders who participated in the strategic planning:

DATE	STRATEGIC FOCUS AREA
15-16 August 2024 Departmental Strategic Planning Session (EXCO/MANCO)	Identifying the national and provincial priorities that talk to the mandate Agreeing on the key priorities and focus areas Review of Part A & B: Our Strategic Focus
4 th September 2024 Special MANCO	Deliberations on the MTDP Priorities relevant to PT, Defining the Problem Statement and review of key strategic direction
17 September 2024 Mini Departmental Strategic Planning Session (EXCO/MANCO)	Review of the inputs by MANCO to establish strategic framework
18 – 27 September 2024	Part C: Measuring Our Performance Institutional Performance Information Strategic Risks for the Identified Outcomes Part D: Technical Indicator Descriptions (TID)
December EXCO retreat	Diagnosis of the financial crisis and the actions required to conceptualize the Provincial Financial Recovery Plan.
16 January 2025	Presentation of the draft Plans to the Finance Portfolio Committee through Stakeholder Engagement Session
11 February 2025	Presentation of the 2025/26 draft Plans to the Finance Portfolio Committee (Draft APP and Budget for Vote 6: Treasury)
24 February 2025 MANCO & EXCO planning session.	Presentation, adoption and alignment of the Provincial Recovery Plan to the department's strategy Financial recovery plan Alignment matrix





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)	Political oversight and policy direction, Render advisory, secretarial and administrative support, and public relations, communication and parliamentary support.
1.2	Management Services (HOD)	Policy formulation, overall leadership, management and administration support of the Department and the respective districts and institutions within the Department.
1.3	Financial Management (CFO)	To provide effective management of departmental finances in line with statutory requirements.
1.4	Corporate Services	To provide optimal Human Resource, IT, Auxiliary Services, Communications, Legal Services, Security Services, Strategic Management and Institutional Performance, which also provide 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
- Corporate Services: Human Resources Management

Outcomes, Outputs, Output indicators and Targets - see tables

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		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Improved Sound Financial Management in the Province	Auditor-General opinion report with no material audit findings.	Unqualified Audit Opinion received.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.	Unqualified Audit Opinion.
	Invoices paid within 30 days in compliance with Legislation.	Percentage of supplier's valid invoices paid within 30 days.	99.5%	99.5%	99.9%	100%	100%	100%	100%
Improved participation of targeted groups in the economy of the Province.	Procurement awards to targeted groups.	Percentage of procurement awarded to targeted groups.	New	New	93%	80%	80%	80%	80%

Output indicators: annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
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%

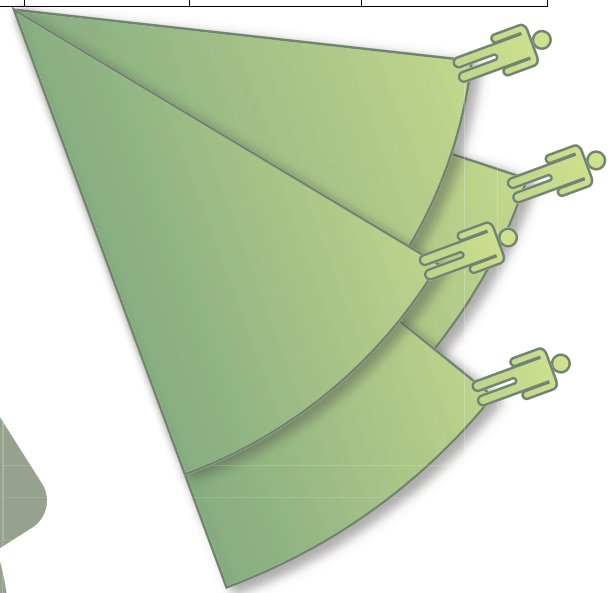
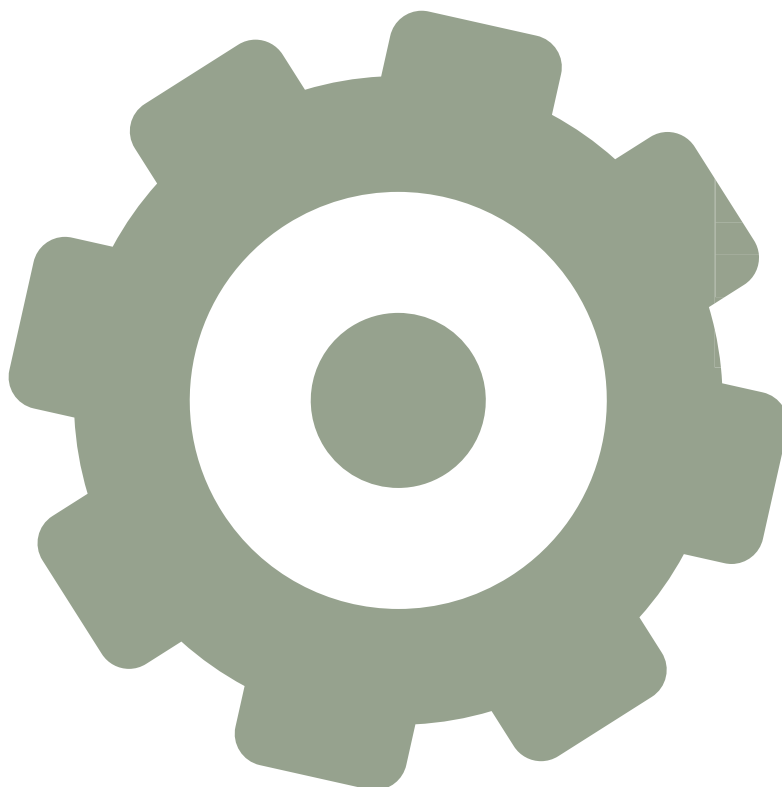


Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Human Resource Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Improved participation of targeted groups in the economy of the Province.	Targeted groups appointed within the department.	Percentage of SMS posts filled by females.	43%	50%	48%	50%	50%	50%	50%
		Percentage of employees with disabilities employed.	1.8%	1.4%	1%	2%	2%	2%	2%
		Percentage of youth enrolled in youth development programs.	11%	14%	17%	5%	5%	5%	5%

Output indicators: annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Percentage of SMS posts filled by females.	50%	N/A	N/A	N/A	50%
2. Percentage of employees with disabilities employed.	2%	N/A	N/A	N/A	2%
3. 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

The Financial management Unit (CFO) will continue providing financial management support services to both internal and external customers. The services rendered by the unit range from accounting services including the preparation of Financial Statements, as well as financial management services such as revenue collection, budgetary control, supply chain management, asset management, advisory services on internal control systems and governance issues. All of these services have an impact on the audit outcomes of the Department. The sub-programme also supports the MTDP Priority to drive inclusive growth, and job creation. One of the planned indicators also seeks to contribute to the mainstreaming of the targeted group, by ensuring that 80% of the department's awards are made to targeted groups. This will be measured on a quarterly basis as a non-cumulative 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 a HR Plan in place which is monitored on a quarterly basis to ensure that all planned strategies and compliance reporting has been delivered upon. Performance gaps will be identified and mitigating actions implemented. The important milestones are the representation of women and persons with disability in the workforce, i.e. 50 % of women at SMS level, and 2% of persons with disabilities. 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 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 MTEF cycle. The department has sustained clean audit outcomes for 16 consecutive years.

Programme resource considerations

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
1. Office of the MEC	22 362	29 208	35 876	30 710	30 854	29 097	31 041	32 486	33 948
2. Management Services (HOD)	8 633	9 973	12 371	14 082	14 365	14 194	14 709	15 347	16 038
3. Financial Management (CFO)	27 562	30 582	32 837	33 891	33 891	33 723	35 498	37 055	38 722
4. Corporate Services	124 871	122 912	140 083	141 626	144 225	140 783	147 445	154 189	161 128
Total	183 428	192 675	221 167	220 309	223 335	217 797	228 693	239 077	249 836

Summary of payments and estimates by economic classification: Administration

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
Current payments	175 017	179 462	208 077	211 751	212 803	207 724	221 245	231 186	241 588
Compensation of employees	88 614	91 438	102 347	115 481	106 023	103 686	120 698	127 455	133 190
Goods and services	86 391	88 012	105 730	96 270	106 777	104 035	100 547	103 731	108 398
Interest and rent on land	12	12	-	-	3	3	-	-	-
Transfers and subsidies to:	2 057	6 049	3 911	2 386	3 113	3 155	1 749	1 774	1 854
Provinces and municipalities	37	29	31	30	40	41	31	32	33
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	40	-	45	45	-	-	-
Non-profit institutions	1 111	1 361	1 479	1 308	1 291	1 300	625	597	624
Households	909	4 316	2 358	1 045	1 734	1 766	1 090	1 141	1 193
Payments for capital assets	6 289	7 102	9 106	6 172	6 236	5 735	5 699	6 117	6 394
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	6 289	7 102	9 024	6 172	6 236	5 735	5 699	6 117	6 394
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	82	-	-	-	-	-	-
Payments for financial assets	65	62	73	-	1 183	1 183	-	-	-
Total	183 428	192 675	221 167	220 309	223 335	217 797	228 693	239 077	249 836

Over the 2021/22 MTEF, Programme 1 was subjected to the fiscal consolidation cuts against *Compensation of employees* across all sub-programmes. This programme was also affected by the 2023/24 MTEF budget cuts of R3.417 million in 2023/24, R1.385 million in 2024/25 and R2.438 million in 2025/26 across all sub-programmes, as detailed in the 2023/24 *EPRE*. In the 2024/25 Adjustments Estimate, Programme 1 was increased by R3.026 million against *Goods and services* to cater for items relating to the MEC's Community Outreach Programmes, such as contactors' costs, catering: departmental activities, inventory: material and supplies, transport provided: departmental activities, travel and subsistence costs and fleet services costs which were inadequately budgeted for. These funds were moved from Programme 2 against *Compensation of employees*, as mentioned. Furthermore, this programme was affected by the 2024/25 MTEF budget cuts of R8.439 million in 2024/25, R8.425 million in 2025/26 and R6.279 million in 2026/27 across all sub-programmes, and these cuts remain in the baseline of the programme. These budget cuts will result in a reduction in the number of posts to be filled over the MTEF, as well as on operational costs such as communication, agency and support services, property payments, catering and travel and subsistence. The 2025/26 MTEF allocations are affected by the carry-through impact of these historical budget cuts.

The sub-programme: Office of the MEC, shows an increasing trend over the first three years and over the 2025/26 MTEF. The decrease in 2024/25 Main Appropriation was due to the budget cuts effected by National Treasury in the 2024/25 MTEF, as well as the reprioritisation of R1.420 million from this sub-programme. The decrease from the 2024/25 Adjusted Appropriation to the Revised Estimate is due to projected year-end under-spending due to the reduction of staff in ministry support. The growth over the MTEF is largely inflationary and provides for the operational costs for the running of the Office of the MEC, as well as the MEC's Community Outreach Programme such as post-budget roadshows and 16 Days of Activism campaigns, among others. The 2025/26 MTEF allocations are affected by the carry-through impact of the 2024/25 MTEF fiscal consolidation budget cuts.

The sub-programme: Management Services (HOD) provides for the operational costs of running the HOD's office. The risk function and for the IGR department is also included under this sub-programme. The sub-programme shows a largely increasing trend over seven-year period, with only a decrease in the 2024/25 Revised Estimate due to the projected under-spending in respect of delays in filling vacant posts. The below inflation growth of 3.6 per cent in 2025/26 is due to the carry-through impact of the 2024/25 MTEF budget cuts which were higher in 2025/26. The

increase over the two outer years of the 2025/26 MTEF is largely inflationary and has provided for a once off amount in 25/26 for the Provincial Financial Recovery Plan.

The sub-programme: Financial Management (CFO) is responsible for various functions such as budget control, internal SCM, asset management, loss control, etc., and reflects an overall increasing trend over the seven-year period, with a minor decrease in the 2024/25 Revised Estimate due to the projected year-end under-spending. The growth over the 2025/26 MTEF is inflationary and provides for the operational costs for the running of the Office of the CFO, including external audit fees. The 2025/26 MTEF allocations are affected by the carry-through impact of the 2024/25 MTEF budget cuts.

The sub-programme: Corporate Services fluctuates from 2021/22 to 2023/24 and reflects an overall increasing trend over the 2025/26 MTEF. The growth over the 2025/26 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 carry-through effects of the 2024/25 MTEF fiscal consolidation budget cuts of R5.211 million in 2024/25, R5.239 million in 2025/26 and R5.435 million in 2026/27 and carry-through to the 2027/28.

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



The purpose of this programme is to:

- Manage, maintain and monitor the fiscal sustainability of the province, and support improved and sustainable infrastructure delivery.

Programme 2 is plans to carry out its work through the following measurable sub-programmes:

Sub-programme No.	Sub-programme name	Sub-programme Purpose
2.1	Infrastructure Management and Economic Services	Determine and evaluate economic parameters and socio-economic imperative that inform provincial and local resource allocation, and Provide infrastructure support through the Infrastructure Delivery Management System.
2.2	Public Finance	Promote effective and optimal financial resource allocation for provincial government (including public entities), and Ensure the province remains financially viable through effective budget management, monitoring and reporting.
2.3	Public Private Partnerships	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.

Outcomes, Outputs, Output indicators and Targets - see table

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		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Improved Sound Financial Management in the Province.	Socio-economic report produced.	Number of Socio-economic reports produced (SERO).	10	9	1	1	1	1	1
	Value for money assessment reports produced	Number of Value for money assessment report produced.	4	1	1	1	2	2	2
	Research report produced.	Number of Research reports produced.	NEW	1	1	1	1	1	1
	Estimates of Capital Expenditure (ECE) Plan produced.	Number of ECE Plans produced.	NEW	1	1	1	1	1	1
	ECE expenditure monitoring reports of Departments produced	Number of mid-term monitoring reports on capital expenditure produced.	NEW	NEW	NEW	NEW	1	1	1
		Number of close-out reports of previous financial year capital expenditure produced.	NEW	NEW	NEW	NEW	1	1	1
		Number of expenditure reports produced.	NEW	NEW	NEW	NEW	4	4	4
		Number of monitoring reports on departments' IDMS compliance produced.	NEW	NEW	NEW	NEW	4	4	4
	Infrastructure capacity building interventions provided to support KZN public institutions	Number of infrastructure capacity building interventions provided to support KZN public institutions	NEW	NEW	NEW	NEW	8	10	12

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 reports produced.	2	N/A	N/A	N/A	2
3. Number of Research reports produced.	1	N/A	N/A	N/A	1
4. Number of ECE Plans produced.	1	N/A	N/A	N/A	1
5. Number of mid-term monitoring reports on capital expenditure produced.	1	0	0	1	0
6. Number of close-out reports of previous financial year on capital expenditure produced.	1	1	0	0	0
7. Number of expenditure reports produced.	4	1	1	1	1
8. Number of monitoring reports on departments IDMS compliance produced.	4	1	1	1	1
9. Number of infrastructure capacity building interventions provided to support KZN public institutions	8	2	2	2	2

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme – Public Finance						
			Audited Performance			Estimated Performance	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Enhanced fiscal sustainability of the province.	Optimal Provincial budgets allocation.	Final provincial budget allocations produced.	New	New	1	1	1 EPRE	1 EPRE	1 EPRE
		Adjustments provincial budget allocations produced.	New	New	1	1	1 AEPRE	1 AEPRE	1 AEPRE
	Early warning system reports.	Number of early warning system reports produced.	18	18	18	20	20	20	20

Output indicators: annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Final provincial budget allocations produced.	1 EPRE	N/A	N/A	N/A	1 EPRE
2. Adjustments provincial budget allocations produced.	1 AEPRE	N/A	N/A	1 AEPRE	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		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Improved Sound Financial Management in the Province	Report on PPP support provided to Public Sector Institutions	Number of reports on public sector Institutions supported on PPPs.	2	2	5	5	2	2	2
	Monitor the compliance to the PPPFA requirements in PPP projects,	Number of monitoring reports produced.	4	4	2	2	4	4	4

Output indicators: annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of reports on public sector Institutions supported on PPPs.	2	0	1	0	1
2. Number of monitoring reports produced.	4	1	1	1	1

Explanation of planned performance over the medium-term period

The Programme will continue to promote fiscal sustainability through allocative efficacy in budget preparations, infrastructure budgeting, expenditure monitoring, and economic analysis to all provincial departments and public entities. The main purpose of the programme is to effectively manage and monitor the provincial fiscal resources. The objectives and services are as follows To ensure targeted financial resource allocation and utilisation that contributes to improved service delivery.

- To ensure efficient budget and expenditure management and accurate financial reporting by provincial departments and public entities.
- To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.
- To provide a platform to enhance regional economic growth and development through quality research.
- To ensure efficient planning and management of infrastructure in the province and implementation
- of PPP project cycles as regulated by National Treasury guidelines.

The above APP indicators align with the MTDP Priority of “Capable, Ethical and developmental state”, and “Building an inclusive economy that supports economic transformation and job creation”.

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. The primary focus of the research will be on the economic impact of Government spending on selected projects. The value-for-money assessment will be focusing on projects such as the provision of Early Child Development (ECD), Learner and Teacher Support Material (LTSM) and funding for medical supplies. The studies will provide a comprehensive analysis of the funding for these policies using the National Treasury’s Guide on conducting provincial spending reviews (PER). Economic impact assessments will also be undertaken on selected infrastructure projects within the provincial government.

The findings and recommendations from these reports are communicated to the decision-makers to consider when formulating policies and budget allocations for the benefit of the people of KZN.

The Technical Advisory Support Unit will enhance infrastructure service delivery with the implementation of the Infrastructure Delivery Management System (IDMS). 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 support will be on KwaZulu-Natal departments, public entities, and municipalities. Focused support on DARD, DoH, DHS, DPWI, EDTEA, EKZNW and DTPC

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.

Management and Enhancement of the Provincial Fiscus through Public Finance

Despite the constrained fiscal environment that continues to persist, the department will continue to institute measures that promote fiscal discipline in the province. This entails maintaining fiscal sustainability regard to enforcing budget expenditure ceilings, ensuring sustainable resource allocation which accelerates service delivery. This will be achieved through 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. All the above outputs have been developed to ensure that there is effective allocation and utilisation of available fiscal resources further leading to the achievement of the outcome relating to the financial viability and sustainability of the province. As part of the Provincial Financial Recovery Plan, there will be an increased focus on the provincial budget, the amounts budgeted for *Compensation of employees*, the amounts budgeted for fixed costs and the amounts available for service delivery spending. This study will help to reorganise the provincial budget, where possible.

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, and municipalities to ensure compliance with the PPP legislative processes.

The KZNPT will continue supporting the government precinct project and the Richards Bay Airport relocation project. The team will give further support in the monitoring of closed projects i.e. of Inkosi Albert Luthuli Hospital PPP, KwaDukuza Waste management project and iLembe District Water and Sanitation PPP project.

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		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
1. Programme Support	3 683	3 138	3 271	3 501	3 539	3 514	3 769	4 015	4 196
2. Economic Analysis	14 598	19 654	26 323	21 565	21 305	21 294	22 413	23 210	24 254
3. Public Finance	18 343	18 030	16 652	20 948	17 645	17 181	22 129	23 108	24 148
4. Public Private Partnerships	5 779	4 814	4 153	5 008	4 225	4 139	4 959	5 270	5 507
Total	42 403	45 636	50 399	51 022	46 714	46 128	53 270	55 603	58 105

Summary of payments and estimates by economic classification: Programme 2: Sustainable Resource Management

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25	2024/25	2024/25	2025/26	2026/27	2027/28
Current payments	41 560	44 860	49 846	50 155	45 939	45 362	52 690	55 041	57 517
Compensation of employees	39 988	37 065	36 756	45 985	40 681	40 179	47 874	50 800	53 086
Goods and services	1 572	7 795	13 090	4 170	5 258	5 183	4 816	4 241	4 431
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	135	94	27	-	41	45	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	135	94	27	-	41	45	-	-	-
Payments for capital assets	708	682	526	867	734	721	580	562	588
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	708	682	526	867	734	721	580	562	588
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	42 403	45 636	50 399	51 022	46 714	46 128	53 270	55 603	58 105

In the 2023/24 and 2024/25 MTEF, this programme was affected by budget cuts, with carry-through, effected across most sub-programmes against *Compensation of employees*, *Goods and services* and *Transfers and subsidies to: Households* in respect of social benefits.

The sub-programme: Programme Support reflects a fluctuating trend from 2021/22 to 2023/24. The growth over the 2025/26 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 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 funding for the TAs, which is mainly allocated against *Compensation of employees*. The 2025/26 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 Assistant Director: Infrastructure and Spatial Planning, among others.

The sub-programme: Public Finance shows a decrease from the 2024/25 Main to Adjusted Appropriation mainly due to savings realised from delays in filling vacant posts, and these funds were reprioritised to assist with spending pressures in Programmes 1 and 3, as mentioned. The increase in 2025/26 is due to the low base in 2024/25, as the unit is projecting to under-spend mainly against *Compensation of employees* due to delays in filling vacant funded posts. The 2025/26 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 three Provincial Budget Analysts and the Provincial Budget Coordinator. The sub-programme: Public, Private Partnerships shows a fluctuating trend over the seven-year period, with steady increase over the 2025/26 MTEF. 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 Director: PPP.

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"> • Monthly monitoring of expenditure and revenue of departments and public entities • Training/ workshops (databases/ SCOA/ templates). • Conduct formal awareness and training to Departments and Entities to assist on credibility of financial data (including projections). • Conduct training for specific departments or entities based on need analysis. • Working with OTP (Office of the Premier) and Treasury Infrastructure Unit to improve the quality of budgeting, planning and reporting of provincial finances. • Issue Provincial Treasury guidelines. • Appointed an independent service provider, Quantec to provide secondary economic data. • Constant engagements with institutions on the importance of data and information for value for money assessments and research projects (analytical studies) conducted. • Constant reminders before the due date for the requested data/information. • In case the requested data is not received on the agreed upon date, escalation of the matter is made to the Accounting Officers. • Working with Moses Kotane Institute to collect some data.
Enhanced fiscal sustainability of the Province.	Historically reduced Provincial equitable share, impacting service delivery and unfunded mandates	<ul style="list-style-type: none"> • Continuous engagements with departments to improve efficiencies and direct budgets to service delivery. • Engagements with National Treasury to ensure fair allocation of resources to KZN. • 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. • Robust engagements with revenue generating departments and public entities to improve own revenue collection.

		<ul style="list-style-type: none"> • Allocation of resources to budget pressures. • Escalation of budget pressures to National Treasury. • Continuous briefing sessions with the Provincial Executive Council and Finance Portfolio Committee on the budget performance to enhance oversight by these structures on Departments. • Verification of education and health data (number learners and patient data) to inform the provincial equitable share formula.
Improved Sound Financial Management in the Province	Credibility/ accuracy of financial data submitted by departments and public entities.	<ul style="list-style-type: none"> • Monthly monitoring of expenditure and revenue of departments and public entities. • Conducting formal awareness and training to Departments and entities to assist on credibility of financial data (including projections) • PAG – to continuously engage departments to manage IDAs and Accruals
Improved Sound Financial Management in the Province	Inefficient and ineffective application of IDMS principles and guidelines resulting in slow delivery of infrastructure and lack of value for money.	<ul style="list-style-type: none"> • Conduct infrastructure interventions with institutions (stakeholder engagements) on the importance of value for money. • Escalate/Report matters of persistent non-compliance to Accounting Officers • Issue infrastructure planning and budgeting circular/calendar that specifies dates for departments planning document submissions, in year infrastructure reporting and IRM reporting . • Continuous support to departments that access conditional grants to ensure access to incentive portion of the grants • Quarterly assessment of Provincial departments application and progress of the FIDPM requirements. • Use approved Infrastructure plans and IRM reports to monitor Department's monthly infrastructure budget Programme expenditure: actual versus projections. • Quarterly Departmental (randomly) selected projects site visit to check progress against reported progress and expenditure. • Infrastructure Progression Model (IPM) Tool - that will identify department's IDMS capability measuring performance results and tracking progress using a maturity scale. • IDMS, FIDPM and CIDB training sessions and workshops • Tailored support plans for specific departments and entities as and when required.

		Tailored support plans for specific departments and entities as and when required.
Improved Sound Financial Management in the Province	Non-compliance with PPP legislative prescripts	<ul style="list-style-type: none"> • Conduct training on PPP processes to state institutions • Offer advisory and technical support to state institutions • Timeous reports on PPP compliance for existing PPP projects • Foster collegial relationships to support PPP agreement • Escalation of non-compliance to CABINET



5.3 PROGRAMME 3: Financial Governance

The purpose of this programme is to provide

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

Sub-programme No.	Sub-programme name	Sub-programme Purpose
3.1	Assets and Liabilities Management	To develop, facilitate implementation, and monitor compliance with financial norms and standards in public sector institutions.
3.2	Supply Chain Management	To support and monitor adherence of departments, public entities and municipalities to SCM prescripts.
3.3	Accounting Practices	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	Financial Information Management Systems (FIMS)	To provide reliable, efficient and effective financial systems in the province.
3.5	Norms and Standards	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's strategic activities are implemented according to the following measurable sub-programmes with the remaining support being reflected in the AOP:

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

Outcomes, Outputs, Outcome indicators and Targets - see tables

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		
			2021/22	2022/23	2023/24		2025/26	2026/27	2027/2028
Improved Sound Financial Management in the Province.	SCM Policies reviewed	Number of SCM policies reviewed.	13	49	33	16	16	16	16
Improved Sound Financial Management in the Province	Contract registers reviewed	Number of contract registers reviewed	New	New	New	New	24	24	24

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 contract registers reviewed	24	6	6	6	6



Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Accounting Practices (Financial Reporting)						
			Audited Performance			Estimated Performance	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Improved Sound Financial Management in the Province	Report on Financial management support provided to provincial departments	Number of reports produced on financial management support provided to provincial departments.	17	15	19	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	12	16	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	13	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		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Improved Sound Financial Management in the Province	Financial Transversal Systems available.	Percentage availability of Financial transversal systems.	99.77%	99.5%	99%	97%	97%	97%	98%
		Mean time to resolve calls for transversal systems.	New	04:01:21 Hours	05:10:33 Hours	8 Hours	6 Hours	6 Hours	6 Hours

Output indicators: annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Percentage availability of Financial transversal systems.	97%	97%	97%	97%	97%
2. Mean time to resolve calls for transversal systems.	6 Hours	6 Hours	6 Hours	6 Hours	6 Hours



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

- Priority 1: Drive inclusive growth and job creation.
- Priority 3: Build a Capable, Ethical & Developmental State.

This programme will continue to promote 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 KZNPT 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.
- Over and above-mentioned support interventions this Programme also 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 by resolving disputes and facilitating payment.
- Condonation of irregular expenditure will contribute towards reducing cumulative 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.

- Provide support, guidance and monitor adherence of departments, public entities and municipalities on SCM prescripts.
- Provide contract management support to Public Sector Institutions given the direct link of poor contract management as the underlying causes of 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.
- 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 SCM policies to ensure alignment with SCM prescripts.
- 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.
- Provide an effective appeals mechanism for departments.

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		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
1. Programme Support	5 180	5 416	5 624	6 082	6 188	6 187	6 881	7 001	7 316
2. Asset and Liabilities Management	18 671	18 532	22 523	19 838	22 939	23 468	21 664	22 623	23 641
3. Support and Interlinked Financial Systems	113 764	117 101	118 862	121 017	123 583	123 587	126 276	131 929	135 191
4. Supply Chain Management	44 083	39 873	40 412	44 569	44 569	44 120	46 453	48 551	50 736
6. Accounting Services	18 455	15 238	18 939	31 158	30 554	30 668	32 364	33 809	35 330
7. Norms and Standards	6 112	5 213	6 715	7 042	7 230	7 225	7 538	8 024	8 385
Total	206 265	201 373	213 075	229 706	235 063	235 255	241 176	251 937	260 599

Summary of payments and estimates by economic classification: Financial Governance

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
Current payments	197 495	198 160	210 372	227 447	231 493	231 556	239 567	250 450	259 045
Compensation of employees	72 158	70 033	79 693	99 059	96 792	96 558	104 922	110 748	115 732
Goods and services	125 337	128 127	130 679	128 255	134 701	134 998	134 511	139 562	143 167
Interest and rent on land	-	-	-	133	-	-	134	140	146
Transfers and subsidies to:	6 978	1 085	487	273	950	1 012	156	163	170
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	6 978	1 085	460	273	950	1 012	156	163	170
Payments for capital assets	1 749	2 124	2 155	1 986	1 798	1 865	1 453	1 324	1 384
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 749	2 124	2 155	1 986	1 798	1 865	1 453	1 324	1 384
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	43	4	61	-	822	822	-	-	-
Total	206 265	201 373	213 075	229 706	235 063	235 255	241 176	251 937	260 599

In 2021/22 MTEF, this programme's budget was reduced as a result of the wage freeze and fiscal consolidation budget cuts. These cuts were effected proportionately across all sub-programmes against *Compensation of employees* and *Goods and services*. This programme was affected by further budget cuts over the 2023/24 MTEF budget cuts under the Programme Support, Supply Chain Management, Accounting Services, as well as the Norms and Standards sub-programmes against *Compensation of employees* and *Goods and services*. Furthermore, this programme was also affected by the 2024/25 MTEF fiscal consolidation budget cuts of R10.436 million in 2024/25, R9.042 million in 2025/26 and R10.402 million in 2026/27, with carry-through in 2027/28, effected against *Compensation of employees*, *Goods and services* and *Machinery and equipment* across all sub-programmes. These budget cuts resulted in the department reducing the number of posts to be filled over the 2025/26 MTEF, and a reduction in operational costs such as consultants and professional services, advertising, agency and support services, consumable supplies and travel and subsistence.

The sub-programme: Programme Support is responsible for providing strategic leadership support to the Financial Governance programme. The growth over the 2025/26 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.

The sub-programme: Asset and Liabilities Management shows a largely increasing trend over the seven-year period, except for the decrease in the 2024/25 Main Appropriation and in 2025/26. The decrease in the 2024/25 Main Appropriation 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 increase in the 2024/25 Adjusted Appropriation was to cater for administrative fees in respect of higher than anticipated bank charges for the IGCC account. The 2025/26 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 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 sub-programme reflects an increasing trend over the seven-year period. The 2025/26 MTEF allocations are affected by the 2024/25 MTEF fiscal consolidation budget cuts. The MTEF allocations include the budget for the costs of upgrading the BACS to strengthen its security and ransomware features. Over the 2025/26 MTEF this sub-programme is showing inflationary growth. The low growth in 2027/28 is due to the fact that the allocation of R2.560 million for upgrading the BACS is allocated until 2026/27, with no carry-through to the outer year.

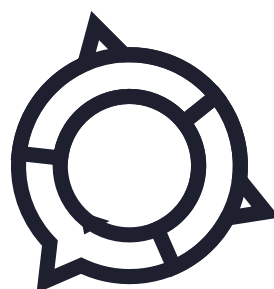
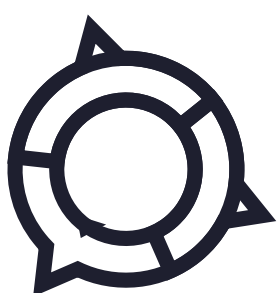
The sub-programme: Supply Chain Management shows steady growth in line with inflation over the 2025/26 MTEF and caters for the operational costs of the SCM unit, as well as MBAT and SCM support and interventions in departments and municipalities. These interventions are provided to all departments and 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.

With regards to the sub-programme: Accounting Services, the MTEF allocations cater for various projects including the financial management support to departments and public entities to achieve improved audit outcomes, preparation of the AFS for the Provincial Revenue Fund and consolidated financial statements for the province and public entities, providing the required training to departments and public entities, among others. The significant increase in the 2024/25 Main Appropriation is attributable to the SAICA programme moving from Programme 1 to Programme 3 and the reprioritisation undertaken to address the budget pressures in relation to the SAICA programme. The growth over the 2025/26 MTEF is largely inflationary.

The sub-programme: Norms and Standards shows a steady increase over the 2025/26 MTEF, largely in line with inflation. The allocation over the MTEF 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.

Outcome	Key Risk	Risk Mitigation
Improved Sound Financial Management in 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"> • Distribution lists to CFO, senior management and operational personnel within departments and regular follow-ups conducted to assess implementation progress.
Improved Sound Financial Management in 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"> • Action plans and recommendations submitted to departments with remedial measures and deadlines and follow-ups conducted on outstanding matters. • Regular monitoring by Unit to ensure remedial measures are implemented within deadlines or reasonable timeframes. • Intervention at higher level when deemed necessary (CFO's and CEO's). • Noncompliance letters are issued to the Departments and Entities.
Improved Sound Financial Management in the Province	Lack of effective oversight by Accounting Officers on key accounts affecting the credibility of	<ul style="list-style-type: none"> • Quarterly reporting to the GSID, cabinet, COHOD on submission on monthly key accounts through the MEC's reporting templates. • 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. • Identify financial /asset management support interventions based on the analysis performed of audit outcomes and develop a project plan identifying key deliverables within specified timeframe

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



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

The purpose of this programme is to:

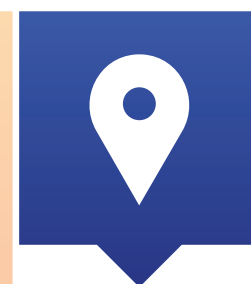
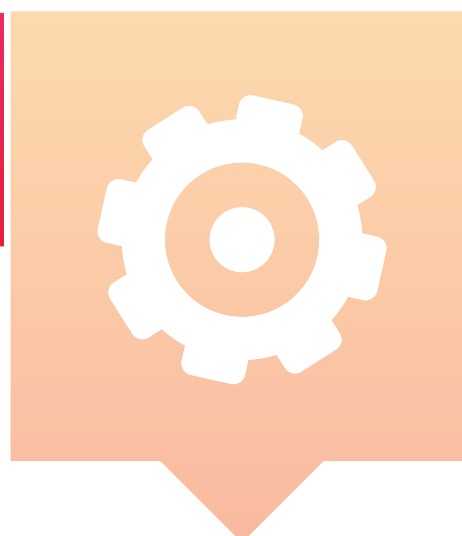
- Promote good governance by providing Internal Audit services to Provincial Departments and Risk Advisory Services to Provincial Departments and Municipalities.

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 and Advisory Services	Promote and enhance a culture of good governance through the provision of effective risk management and internal control support to department and municipalities.

Outcomes, Outputs, Outcome indicators and Targets - see tables

Output indicators: annual and quarterly targets – see tables

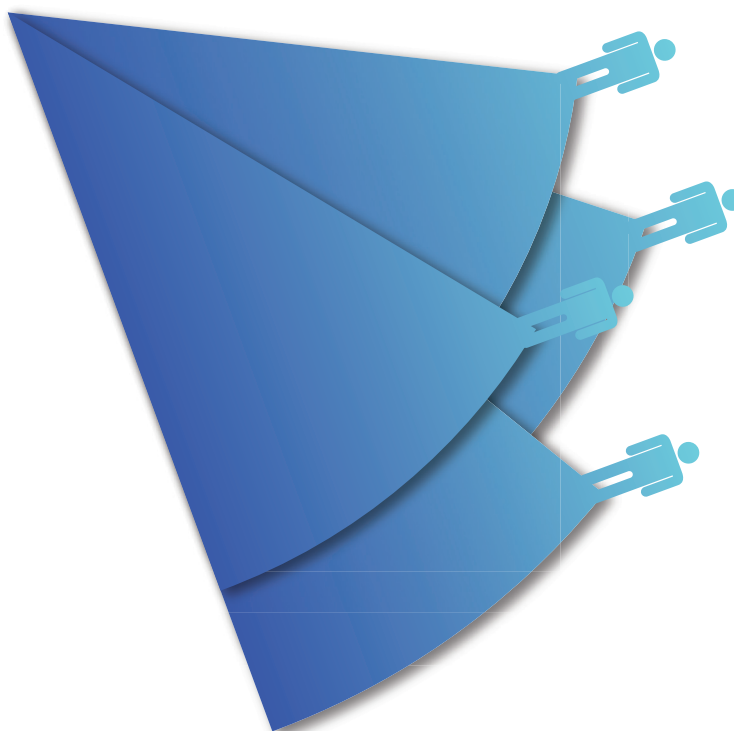


Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Assurance Services						
			Audited Performance			Estimated Performance	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Improved Sound Financial Management in the Province	Internal Audit reviews conducted.	Number of Internal Audit Reviews conducted.	121	120	108	90	118	118	118
	Oversight reports issued.	Number of oversight reports issued to MEC's of provincial departments.	42	56	56	56	56	56	56

Output indicators: annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
Number of Internal Audit Reviews conducted.	118	24	40	38	16
Number of oversight reports issued to MEC's of provincial departments.	56	14	14	14	14

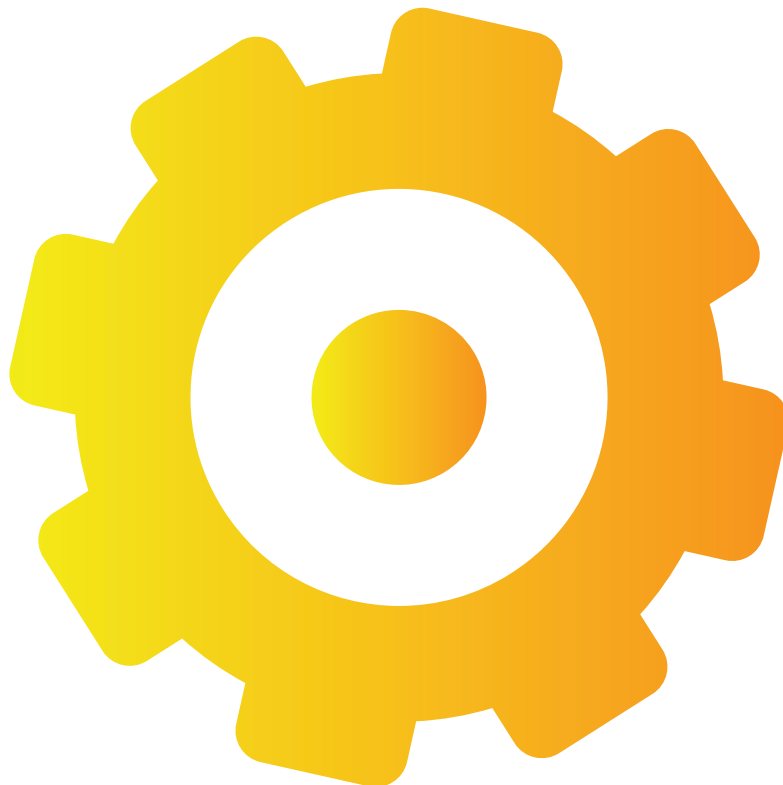


Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme – Risk Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/2028
Improved Sound Financial Management in the Province	Risk assessments conducted	Number of risk assessments conducted in municipalities.	26	22	22	18	20	20	20
	Internal audit function reviews conducted	Number of internal audit function reviews conducted at municipalities.	New	New	6	6	8	8	8
	Risk register analysis conducted.	Number of risk register analysis conducted for provincial departments.	New	New	New	New	26	26	26

Output indicators: annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of risk assessments conducted in municipalities.	20	5	5	5	5
2. Number of internal audit function reviews conducted at municipalities	8	2	2	2	2
3. Number of risk register analysis conducted for provincial departments.	26	5	8	0	13



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 (ISPPIA) 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 identified are based on high-risk areas, as well as on strategic interventions within the Province. To improve 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.

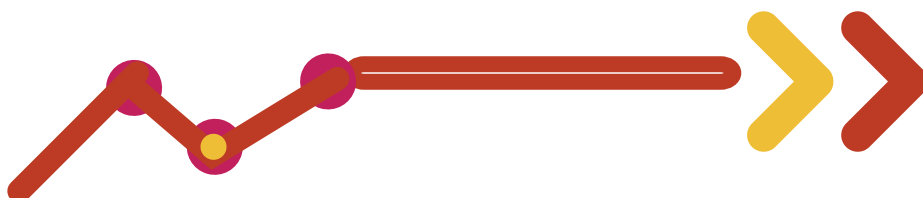
In December 2019 the Executive resolved that the Departments of Education, Health and Transport must establish their internal audit functions. The Department of Health took over the function from the 2023/24 financial year. The Department of Transport (DOT) and the Department of Education (DOE) are still being supported, with the DOT covering the cost of the audits through an IDA arrangement and the DOE still fully reliant on PIAS due to the department's fiscal challenges.

However, the effectiveness of these audit reviews is dependent on departmental management implementing agreed action plans to address weaknesses identified by PIAS. To further assure 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 and the desired results achieved. The status of implementation is tracked on a quarterly basis to alert department timeously.

Progress reports highlighting audit findings are presented to the Cluster Audit & Risk Committees (CARCs) to enable them to provide oversight on departmental governance, risk and control processes and enhance accountability. The CARC issue quarterly reports on its resolutions to the MEC's office for distribution to Executive Authorities (EA)'s to enhance their oversight. Provincial Audit & Risk Committee (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, and 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



Unit will continue to monitor and guide all provincial departments with the implementation of the provincial risk management and combined assurance framework. The assessment of compliance with the minimum risk management standards as contained in the provincial risk management framework, through a risk maturity assessment tool and risk register analysis of departments' risk registers, will assist in determining the extent of the implementation by provincial departments of the risk framework and enhance the credibility of departments' risk registers. The Unit will further assist all provincial departments in implementing the combined assurance framework through guideline templates and training. The development of the internal control framework is targeted to be completed in the first quarter of 2025/26 financial year and the roll-out of the framework (through the provision of training to departments) is planned to take place thereafter.

Programme resource considerations

Table 6.1 : Summary of payments and estimates by sub-programme: Programme 4: Internal Audit

	Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
1. Programme Support	2 539	2 373	3 886	8 021	8 021	7 485	8 498	8 889	9 289
2. Assurance Services	64 738	77 757	71 359	76 082	76 082	75 068	78 299	81 862	85 546
3. Risk Management	18 939	19 849	24 514	24 448	24 448	24 114	25 918	27 109	28 329
Total payments and estimates	86 216	99 979	99 759	108 551	108 551	106 667	112 715	117 860	123 164

Table 6.2 : Summary of payments and estimates by sub-programme: Programme 4: Internal Audit

	Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
R thousand	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
Current payments	85 177	98 745	97 826	107 587	107 587	105 670	112 134	117 253	122 531
Compensation of employees	76 771	71 740	75 333	98 284	98 284	91 027	103 810	109 810	114 751
Goods and services	8 406	27 005	22 493	9 303	9 303	14 643	8 324	7 443	7 780
Interest and rent on land	–	–	–	–	–	–	–	–	–
Transfers and subsidies to:	170	128	58	–	–	–	–	–	–
Provinces and municipalities	–	–	–	–	–	–	–	–	–
Departmental agencies and accounts	–	–	–	–	–	–	–	–	–
Higher education institutions	–	–	–	–	–	–	–	–	–
Foreign governments and international organisations	–	–	–	–	–	–	–	–	–
Public corporations and private enterprises	–	–	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–	–	–
Households	170	128	58	–	–	–	–	–	–
Payments for capital assets	856	1 016	1 839	964	964	997	581	607	633
Buildings and other fixed structures	–	–	–	–	–	–	–	–	–
Machinery and equipment	856	1 016	1 839	964	964	997	581	607	633
Heritage Assets	–	–	–	–	–	–	–	–	–
Specialised military assets	–	–	–	–	–	–	–	–	–
Biological assets	–	–	–	–	–	–	–	–	–
Land and sub-soil assets	–	–	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–	–	–
Payments for financial assets	13	90	36	–	–	–	–	–	–
Total economic classification	86 216	99 979	99 759	108 551	108 551	106 667	112 715	117 860	123 164

Over the 2021/22 MTEF, the programme was affected by the wage freeze and fiscal consolidation budget cuts, which were effected proportionately against *Compensation of employees* and *Goods and services* against all sub-programmes. This programme was affected by the 2023/24 MTEF budget cuts under the Assurance Services and Risk Management sub-programmes against *Compensation of employees* and *Goods and services*. Furthermore, this programme 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 against *Compensation of employees* under the Assurance Services sub-programme.

The sub-programme: Programme Support is responsible for providing strategic leadership support to the Internal Audit unit. The steady increase over the 2025/26 MTEF provides for the support staff and running costs of the office of the DDG: Internal Audit. The MTEF includes provision for the filling of a Secretary post.

The sub-programme: Assurance Services shows a fluctuating trend over the seven-year period. 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 Specialist vacancies under the recently approved organisational structure, such as four Assistant Directors: Performance Auditing, six Assistant Directors: Financial Audit, and six Assistant Directors: Cluster Audit, among others. The MTEF allocations were affected by the carry-through impact of historic budget cuts.

The sub-programme: Risk Management shows a fluctuating trend over the seven-year period. The growth over the 2025/26 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 two Risk Management Specialists posts under the newly approved structure.

Key risks and mitigations

Outcome	Key Risk	Risk Mitigation
Improved Sound Financial Management in the Province	Clients not promptly implementing PIAS agreed-on recommendations.	<ul style="list-style-type: none"> Audit committee's engagement with the Departments quarterly – monitoring the implementation of action plans and escalating where required. Quarterly engagement with the relevant Executive Authority and the Premier through MEC of Finance regarding the status of departments' implementation of the agreed action plans. Tracking implementation of Consequence management is a standing agenda item for the Audit Committee. Provincial Frameworks (Risk Management, Internal Audit, Combined Assurance).
Improved Sound Financial Management in the Province	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"> PIAS escalates delays to HODs; or Executive Authority is required, in writing on outstanding information and unavailable key personnel for the audits and projects. Awareness sessions on the roles and responsibilities of IA and the IA Charter. Reporting at oversight structures (Audit Committees, MECs etc.) and finalizing projects in line with the IIA standards, IA methodology (Limitation of scope) Letter of support agreement between KZNPT and Municipalities

Improved Sound Financial Management in the Province	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"> PIAS escalates delays to HODs; or Executive Authority is required, in writing on outstanding information and unavailable key personnel for the audits and projects. Awareness sessions on the roles and responsibilities of IA and the IA Charter. Reporting at oversight structures (Audit Committees, MECs etc.) and finalizing projects in line with the IIA standards, IA methodology (Limitation of scope) Letter of support agreement between KZNPT and Municipalities
Improved Sound Financial Management in the Province	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"> CAE reports functionally to the AC, and administratively to the HOD Mandate, Roles and responsibilities of the IA function and the AC are detailed in the approved IA and AC Charters. Appointment of all independent AC members from outside the public sector.
	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"> Filling of the created posts. Prioritization of projects based on IA assessment of risks and available resources, Use of service providers to supplement internal capacity.



5.5 PROGRAMME 5: Municipal Finance Management

The purpose of this programme is to:

Provide oversight, technical support and guidance to delegated municipalities.

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

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

Outcomes, Outputs, Outcome indicators and Targets - see tables

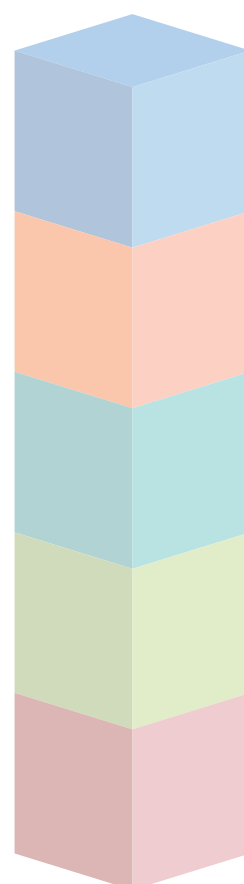
Output indicators: annual and quarterly targets - see tables

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Municipal Budget						
			Audited Performance			Estimated Performance	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Enhanced Fiscal Sustainability of the Province.	Municipal Tabled Budgets evaluated.	Number of Tabled Budgets evaluated.	51	51	51	51	51	51	51
	Municipal Approved Budgets evaluated	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.	4	4	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



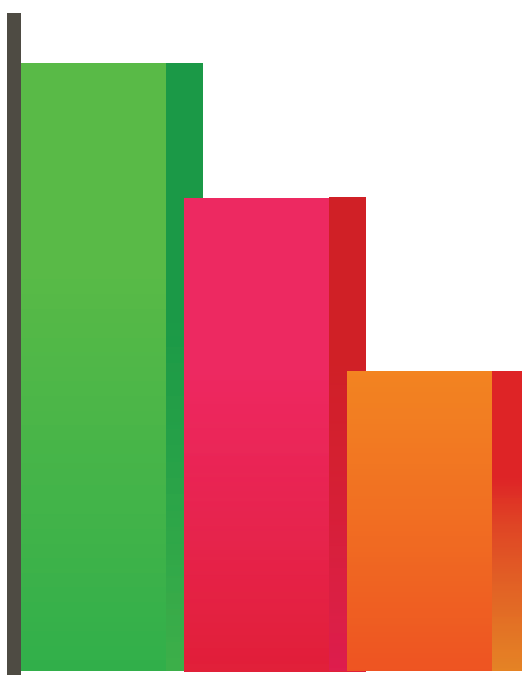
Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme - Municipal Accounting & Reporting						
			Audited Performance			Estimated Performance	MTEF Targets		
			2021/22	2022/23	2023/24		2025/26	2026/27	2027/28
Improved Sound Financial Management in the Province	Financial Statements reviewed	Number of Financial Statements reviewed	16	13	9	7	7	7	7
	Financial management support projects implemented	Number of Financial Management Support projects implemented.	6	9	7	5	6	6	6

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

Output indicators: annual and quarterly targets

Output Indicators	Annual Target	Q1	Q2	Q3	Q4
1. Number of Financial Statements reviewed	7	N/A	N/A	N/A	7
2. Number of financial management support projects implemented.	6	N/A	N/A	N/A	6



Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-Programme - Municipal Support Programme						
			Audited Performance			Estimated Performance	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Improved Sound Financial Management in the Province	Specialized projects implemented	Number of specialised projects implemented.	20	13	17	8	7	7	7

cts may include different initiatives e.g. Cash Management. Support provided to each municipality under each initiative is considered a separate project with different focus areas, dependent on the municipality and ar 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 re 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.	7	N/A	N/A	N/A	7

Outcomes, Outputs, Output indicators and Targets

Outcome	Outputs	Output Indicators	Sub-programme – Municipal Revenue and Debt Management						
			Audited Performance			Estimated Performance	MTEF Targets		
			2021/22	2022/23	2023/24	2024/25	2025/26	2026/2027	2027/2028
Improved Sound Financial Management in the Province.	Revenue and Debt Management projects implemented	Number of Revenue and Debt Management projects implemented.	2	2	4	1	2	2	2

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

Output indicators: annual and quarterly targets

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

Explanation of planned performance over the medium-term period

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 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 and the MFMA Section 71(7) reports are produced on a quarterly basis over the MTEF, 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, 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. Six vacant Assistant Director posts have been frozen due to the budget constraints. Funding has been moved from the Municipal Support Programme to fund an additional Financial Management Support project thereby increasing the target to 6 for 2025/26.

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 2025/26 financial year will be the implementation of the cash management support initiative at 7 targeted municipalities with the specific focus on cost containment and debt management. The target for the Municipal support Programme has been reduced to 7 projects to fund an additional Financial Management Support project that will be implemented by the Municipal Accounting and Reporting sub-programme.

The Municipal Revenue and Debt Management projects improve financial management capability through the assessment of the targeted municipalities' revenue and debt management policies, processes, accounting records 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 as well as Grant Management. Furthermore, assistance is provided to municipalities with the implementation of the National Treasury Debt Relief Programme and related reporting. The target for 2024/25 was reduced due to budget cuts. The vacancies of the newly established unit have been filled and internal capacity is being strengthened as the unit develops. The target has therefore been increased to 2 projects for 2025/26 based on the available capacity of the unit. The Municipal Revenue and Debt Management sub-programme will also support the Municipal Support Programme with the debt management aspect of the cash management support initiative.

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 KZNPT 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 KZNPT. 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 KZNPT Municipal Support Plan is communicated to KZN COGTA to incorporate into the Provincial Municipal Rescue Plan. The Combined Provincial plan includes municipal support provided by KZN COGTA, KZNPT 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 for the appointment of external resources 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 although the recruitment process was finalised to fill all critical vacancies, subsequent resignations result in continuous vacancies. The use of consultants can therefore not be extinguished completely, reliance thereon may 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. External resources are also used on a seasonal basis due to the demand during peak times, for example during the AFS preparation period. Outsourcing during these peak periods is more cost effective than the appointment of permanent officials.

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		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
1. Programme Support	2 932	4 472	5 727	6 167	6 167	6 163	6 408	6 809	7 115
2. Municipal Budget	26 376	25 037	27 885	30 436	30 436	30 230	31 723	33 670	35 185
3. Municipal Accounting & Reporting	11 652	10 736	10 681	13 974	13 974	13 885	15 749	16 364	17 100
4. Municipal Support Programme	13 986	25 756	15 922	13 131	13 131	12 922	12 762	12 613	13 181
5. Municipal Revenue & Debt Management	3 637	7 138	8 375	7 605	7 605	7 470	7 694	8 138	8 504
Total	58 583	73 139	68 590	71 313	71 313	70 670	74 336	77 594	81 085

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

R thousand	Audited Outcome			Main Appropriation	Adjusted Appropriation	Revised Estimate	Medium-term Estimates		
	2021/22	2022/23	2023/24	2024/25			2025/26	2026/27	2027/28
Current payments	56 538	73 019	68 025	70 111	70 102	70 026	73 419	76 280	79 712
Compensation of employees	40 041	42 087	51 269	58 003	58 003	56 753	62 869	66 187	69 164
Goods and services	16 497	30 932	16 756	12 108	12 099	13 273	10 550	10 093	10 548
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies to:	720	-	30	-	9	9	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	720	-	30	-	9	9	-	-	-
Payments for capital assets	1 325	120	535	1 202	1 202	635	917	1 314	1 373
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 325	120	535	1 202	1 202	635	917	1 314	1 373
Heritage Assets	-	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	58 583	73 139	68 590	71 313	71 313	70 670	74 336	77 594	81 085

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 growth over the 2025/26 MTEF is largely inflationary.

The sub-programme: Municipal Budget reflects a fluctuating trend over the seven-year period, with steady growth over the MTEF. The allocations over the 2025/26 MTEF cater for providing technical support to delegated municipalities. The allocation of this sub-programme is affected by historical budget cuts. The growth over the 2025/26 MTEF is largely inflationary.

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. 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 allocation of this sub-programme is affected by the carry-through impact of historic budget cuts.

The sub-programme: Municipal Support Programme's shows negative growth in 2025/26 and 2026/27 as a result of the carry-through effects of historic budget cuts. The outer year of the MTEF grows in line with inflation.

The sub-programme: Municipal Revenue and Debt Management was implemented from 2021/22, initially relying on short-term contract employees and supplemented by consultants. Permanent positions were then gradually filled through a phased-in approach. The budget caters for establishing and formulating support strategies to address weaknesses within the revenue and debt management processes of delegated municipalities. The allocation of this sub-programme was affected by the carry-through impact of historical budget cuts effected entirely against *Goods and services*, hence the low growth in 2025/26. The impact of these cuts will be the reduction in the number of projects undertaken and engagements with municipalities. The two outer years of the MTEF grow largely in line with inflation.

Key risks and mitigations

Outcome	Key Risk	Risk Mitigation
Enhanced fiscal sustainability of the Province.	Recommendations to assist delegated municipalities to approve optimal and sustainable budgets not fully effected, due to municipalities' non-cooperation and non-compliance with legislative prescripts.	<ul style="list-style-type: none"> Actively support municipalities to approve funded budgets. Key stakeholders including COGTA and OTP to assist in resolving and/or enhancing governance and leadership at problematic institutions thus ensuring political stability Non-compliance reporting at the relevant Municipal Council, Executive Council levels and the AGSA. Reporting non-compliance to National Treasury who can implement Section 38 of the MFMA to stop the transfer of funds.

Improved Sound Financial Management in the Province	Support Initiatives not fully implemented due to lack of co-operation by municipal staff.	<ul style="list-style-type: none"> • Actively strengthen stakeholder engagements to illustrate value add of assistance provided. • Key stakeholders including COGTA and OTP to assist in resolving and/or enhancing governance and leadership at problematic institutions thus ensuring political stability where support is provided. • Non-compliance reporting at the relevant Municipal Council and Executive Council levels
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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. The department mainly assist with PPP transversal function of support and monitoring to the Municipalities, Departments and Public Entities.

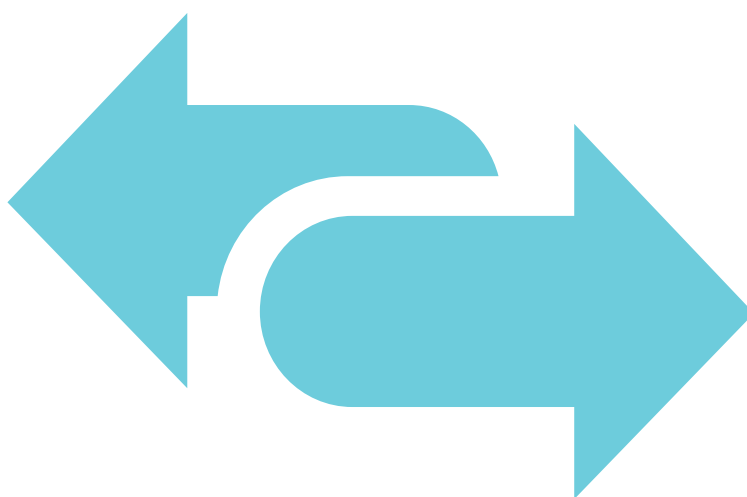
In relation to the advisory function, the department provides support in the form of legal, technical and financial, to public sector institutions from the conceptualization of potential PPP projects through to complete closeout (i.e. from inception through to contract management phases), in line with Treasury functions.

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.

The table below reflects on how the department is linked to the national and provincial priorities and how these are linked to the departmental strategic plan and the annual performance plans.

MTDP PRIORITIES : 3.5 Rebuild the capability of the state and create a professional public service						
PGDS PRIORITIES : Capable Ethical and Developmental State						
OUTCOME	OUTCOME INDICATOR	FIVE YEAR TARGET	OUTPUT	OUTPUT INDICATOR	25/26 TARGETS	FIVE YEAR TARGETS
IMPROVED SOUND FINANCIAL MANAGEMENT IN THE PROVINCE	Increased number of public institutions with unqualified audit opinions (Depts and PE)	Depts. = 14 Public Entities = 17	Report on Financial management support provided to provincial departments	Number of reports produced on financial management support provided to provincial departments.	8	40
			Report on Financial management support provided to Public Entities	Number of reports produced on Financial Management Support provided to Public Entities.	8	40
			Report on Asset management support provided to Public Sector Institutions	Number of reports produced on Asset management support rendered to public sector institutions	13	65
			Internal Audit review reports.	Number of Internal Audit Reviews conducted.	118	472
			Oversight reports issued.	Number of oversight reports issued to MEC's of provincial departments.	56	56
			Risk register analysis reports issued to departments' accounting officers.	Number of risk register analysis conducted for provincial departments.	26	130
			Financial Transversal Systems available.	Percentage availability of Financial transversal systems.	97% of availability.	97% of availability.
				Mean time to resolve calls for transversal systems.	6 Hours	6 Hours
			Report on PPP support provided to Public sector institution.	Number of reports on public sector Institutions supported on PPPs.	2	10 reports

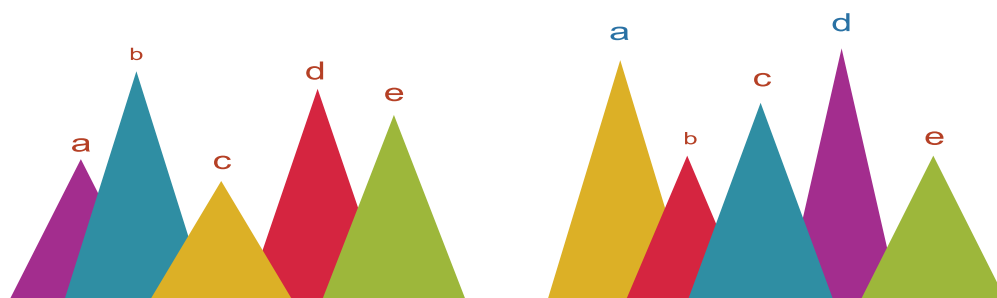
			Assessment on the implementation of PPFA in PPP projects,	Number of assessment reports produced.	4	20 reports
	Increased number of delegated Municipalities with unqualified audit opinions	46 delegated municipalities	Financial Statements reviewed at targeted municipalities.	Number of Financial Statements reviewed at targeted municipalities.	7	35
			Specialized projects implemented at targeted municipalities	Number of specialised projects implemented.	7	35
			Financial management support projects implemented at targeted municipalities.	Number of Financial Management Support projects implemented.	6	30
			Revenue and Debt Management projects implemented at targeted municipalities.	Number of Revenue and Debt Management projects implemented at targeted municipalities.	2	10
			Risk assessment reports, indicating key risks and required risk mitigation plans, issued to accounting officers of municipalities.	Number of risk assessments conducted in municipalities.	18	90
			Internal audit function review reports, indicating improvement areas, issued to accounting officers of municipalities.	Number of internal audit functions reviews conducted at municipalities.	6	30
			SCM Policies reviewed	Number of SCM policies reviewed.	16	80
			Contract registers reviewed	Number of contract registers reviewed	24	120



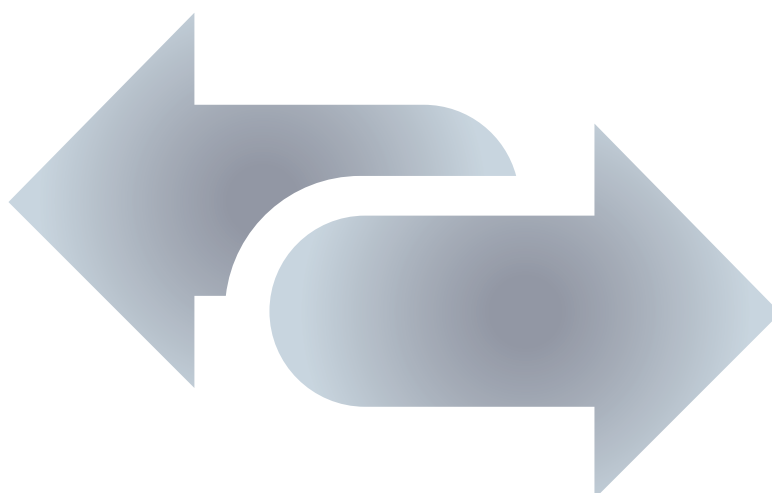
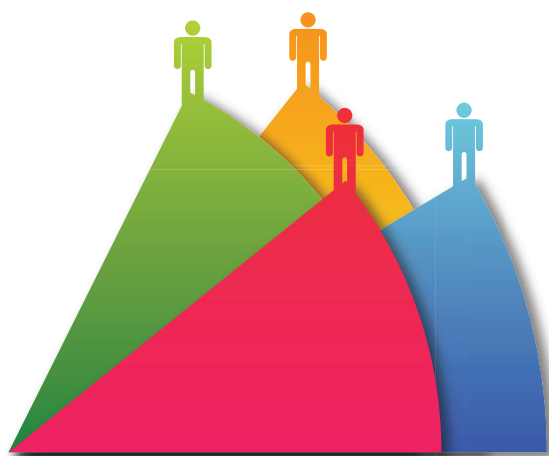
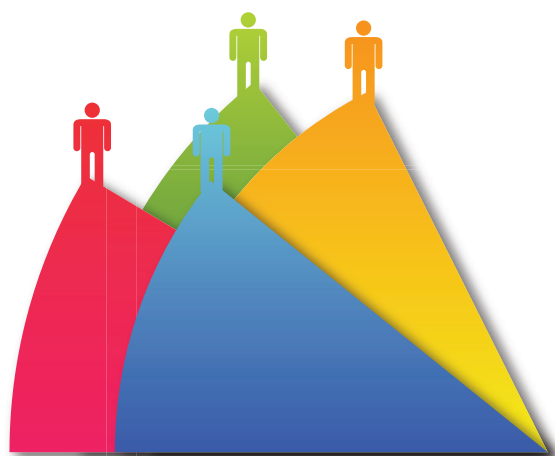
MTDP PRIORITIES : 3.5 Rebuild the capability of the state and create a professional public service
PGDS PRIORITIES : Capable Ethical and Developmental State

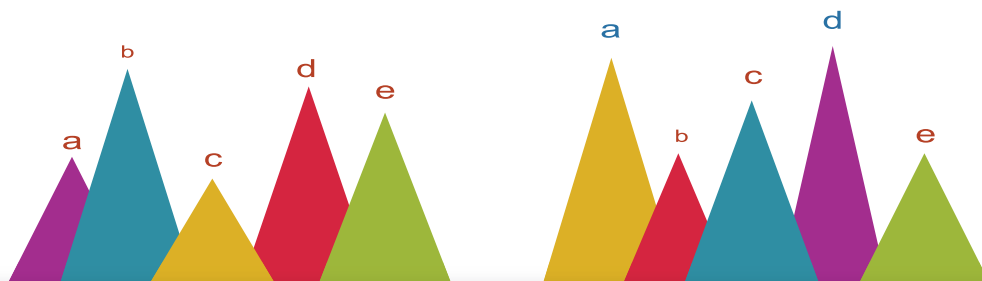
OUTCOME	OUTCOME INDICATOR	FIVE YEAR TARGET	OUTPUT	OUTPUT INDICATOR	25/26 TARGETS	FIVE YEAR TARGETS
ENHANCED FISCAL SUSTAINABILITY OF THE PROVINCE.	Percentage of budgeted funds (PES and CG) spent against tabled budget within the fiscal year for the province.	At least 99% of budgeted PES 95% of CG funds 5% CG committed	Optimal Provincial budgets allocation.	Final provincial budget allocations produced. EPRE	1 EPRE	99% PES spent 95% CG spent
				Adjustments provincial budget allocations produced. AEPRE	1 AEPRE	
			Socio-economic report produced.	Number of Socio-economic reports produced (SERO).	1	5
			Value for money assessment reports produced	Number of Value for money assessment report produced.	2	10
			Research reports produced.	Number of Research report produced.	1	5
			Estimates of Capital Expenditure (ECE) Plan produced.	Number of ECE Plan produced.	1	5
				Number of mid-term monitoring reports produced on capital expenditure.	1	5
				Number of close-out report of previous financial year capital	1	5

				Number of close-out report of previous financial year capital expenditure produced.	1	5
			ECE expenditure monitoring reports of Departments produced	Number of expenditure reports	4	20
				Number of monitoring reports produced on departments' IDMS compliance.	4	20
			Infrastructure capacity building interventions provided to support KZN public institutions	Number of infrastructure capacity building interventions provided to support KZN public institutions	8	40
	Percentage of provincial revenue collected against the budgeted revenue.	100% of budgeted revenue collected	Early warning system reports.	Number of early warning system reports produced.	20 Reports	100 reports
	Increased number of delegated Municipalities with funded budgets	47 delegated municipalities	Municipal Tabled Budgets evaluated.	Number of Tabled Budgets evaluated.	51	51
			Municipal Approved Budgets evaluated	Number of Approved Budgets evaluated.	51	51



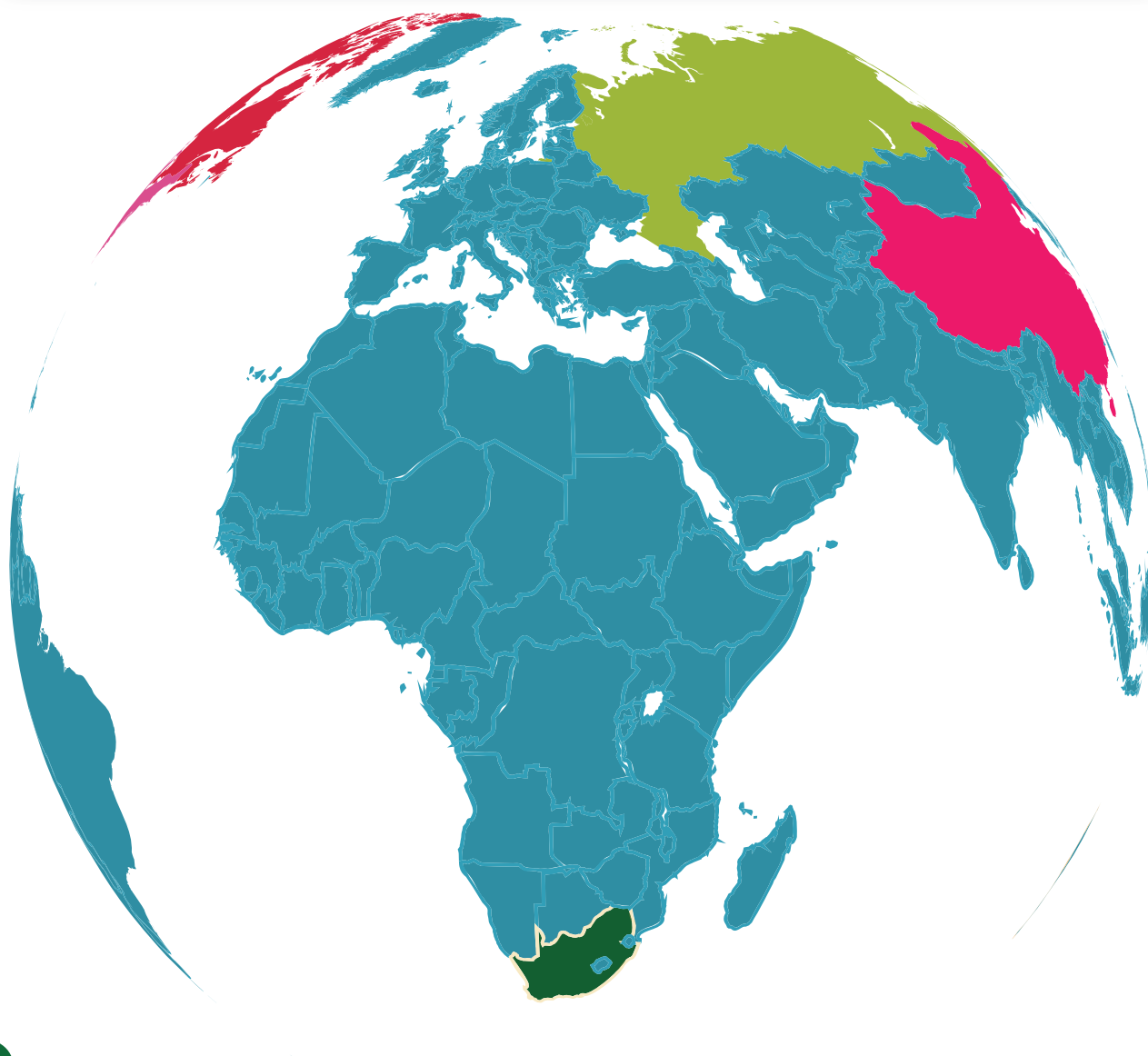
MTDP PRIORITIES : 3.5 Rebuild the capability of the state and create a professional public service						
PGDS PRIORITIES : Capable Ethical and Developmental State						
OUTCOME	OUTCOME INDICATOR	FIVE YEAR TARGET	OUTPUT	OUTPUT INDICATOR	25/26 TARGETS	FIVE YEAR TARGETS
Improved participation of targeted groups in the economy of the province.	Percentage of procurement spend awards to targeted groups.	80%	Procurement awards to targeted groups.	Percentage of procurement awards to targeted groups.	80% (incl.)	80% (incl.)
	Percentage of female representation at the SMS level	Women = 50%	Targeted groups appointed within the department.	Percentage of Women employed in SMS positions.	50%	Women = 50%
				Percentage of youth enrolled in youth development programs.	5%	Youth = 5%
	Percentage of PWD employed in the dept.	PWD = 3%		Percentage of PWD employed in the department.	2%	PWD = 2%





PART D

TECHNICAL INDICATOR DESCRIPTIONS



PART D: TECHNICAL INDICATOR DESCRIPTION (TID's)

PROGRAMME ONE: ADMINISTRATION

1.1 Sub-Programme: Financial Management (CFO)

(1). Indicator Title	Unqualified audit opinion received.
Definition	No material findings in the Auditor General report of the department (Material findings are those that have a negative impact on the audit opinion issued by the Auditor- General)
Source of data	Signed audit report with audit results issued by the Auditor-General.
Method of calculation / Assessment	Number of material audit findings.
Means of verification	Signed audit report issued by the Auditor- General for the year audited.
Assumptions	The Head of Department was provided with an opportunity throughout the audit process to view the draft findings and provide Management comments for the same timeously. Auditors are well versed with the Relevant Legislation and Instruction notes including the financial systems and processes.
Disaggregation of beneficiaries.	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	Unqualified audit opinion with no findings.
Indicator responsibility	Head of Department

(2). Indicator Title	Percentage of supplier's valid invoices paid within 30 days.
Definition	The indicator measures the time taken to pay valid invoices within the prescribed period of 30 days as per TR 8.2.3
Source of data	BAS reports, Invoice Register and Instruction Note 34 Reports.
Method of calculation / Assessment	Number of valid invoices paid within 30 days of receipt by the institution divided by the total number of valid invoices received by the institution *100.
Means of verification	Report which shows the total number of valid invoices paid in that period under review.
Assumptions	All relevant stakeholders will submit the invoices and supporting documentation on time. All queries raised by the Office of the CFO are resolved within 30 days by the relevant stakeholders.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Quarterly
Desired performance	Payment of all valid invoices within 30 days of receipt. To report to National Treasury monthly, facilitate expenditure monitoring.
Indicator responsibility	Director: Financial & Management Accounting

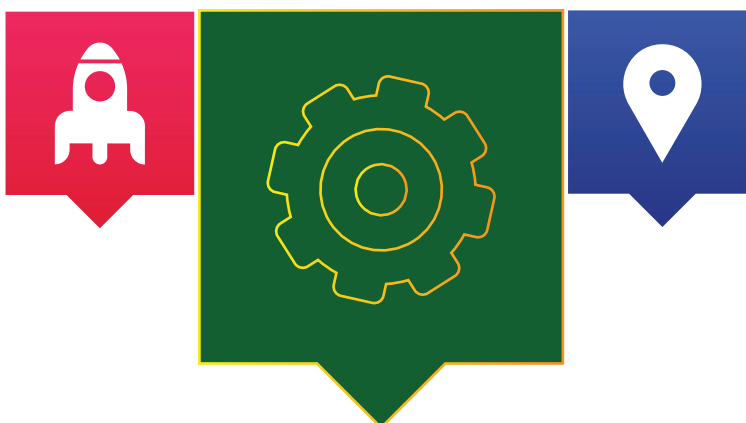
(3). Indicator Title	Percentage of procurement awarded to targeted groups.
Definition	Report on procurement award of goods and services procured from business entities that are owned by women, youth, persons with disabilities and Black people including RDP goals.
Source of data	SCM comparative schedule with a list of offers received and orders issued from service providers which indicates the preference points system used for price and specific goals. SCM policy indicating the targeted groups.
Method of calculation / Assessment	The purchase order amount issued per targeted group, divided by the total value of procurement awards for the quarter *100.
Means of verification	Procurement award report on orders issues indicating the total procurement value and percentage of ownership per targeted group, within the period under review.
Assumptions	Business entities that are owned by women, youth, persons with disabilities, black people and RDP goals are available to provide goods or services that are procured by the Department. The procurement from business entities that are owned by women, youth, persons with disabilities, black people and RDP goals is done in compliant to applicable public sector SCM prescripts.
Disaggregation of beneficiaries	Women, Youth, Persons with disabilities, Black people and RDP goals. An overall procurement awards of percentage of 80% will go to the Targeted group. (vulnerable). This will include the following category; 37% 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
Spatial Transformation	KZN Province.
Calculation Type	Non-cumulative.
Reporting Cycle	Quarterly
Desired performance	Procurement of Goods and Services in line with B-BBEE objectives.
Indicator responsibility	Director: SCM, Asset Management and Loss Control

1.2 Sub-Programme: Human Resource Management

(1). Indicator Title	Percentage of SMS posts filled by females.
Definition	Number of females employed in posts from levels 13 to 16, against the total number of employees employed within the department at levels 13 to 16
Source of data	PERSAL report for appointments or transfers into the Department, indicating the number of females appointed in posts at levels 13 to 16.
Method of calculation	Number of females appointed against posts at level 13 to 16, divided by total approved SMS posts *100.
Means of Verification	PERSAL report on females appointments against posts at level 13 to 16 into the Department.
Assumptions	Funds will be available to advertise and fill posts. Females will respond to advertisements for SMS vacancies. Females will meet the inherent requirements of the SMS vacancy and be shortlisted.
Disaggregation of beneficiaries	Target of 50% females at SMS level.
Spatial Transformation	KZN Province.
Calculation type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	50% of women appointed at SMS level within the Department.
Indicator responsibility	Director: Human Resource Management

(2). Indicator Title	Percentage of employees with disabilities employed.
Definition	Number of persons with disabilities employed within the Department, against the total of employees employed by the department.
Source of data	PERSAL report for appointments or transfers into the Department.
Method of calculation	Percentage of persons with disabilities appointed into the Department. (Number of people with disabilities employed at within the Department, divided by the total of employees employed by the department *100).
Means of Verification	PERSAL report on appointments into the Department.
Assumptions	Funds will be available to advertise and fill posts. PWDs will respond to advertisements for vacant posts. PWDs will meet the inherent requirements of the vacancy and be shortlisted.
Disaggregation of beneficiaries	Target 2% people with disabilities.
Spatial Transformation	KZN Province
Calculation type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	2% of people with disabilities appointed within the Department.
Indicator responsibility	Director: Human Resource Management

(3). Indicator Title	Percentage of youth enrolled in youth development programs.
Definition	The number of the Youth enrolled 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.
Source of data	PERSAL report for the youth appointments or transfers into the Department. Skills development Act.
Method of calculation	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.)
Means of Verification	PERSAL report with appointments in the Department.
Assumptions	The Department will have funds available to implement youth development programs within the Dept. Youth will respond to advertisements and meet the inherent requirements and be considered.
Disaggregation of beneficiaries	Target of 5% youth (These can be Interns, In service Trainees, Learners within PIAS or Trainee Accountants on the TAP Program etc.)
Spatial Transformation	KZN Province
Calculation type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	Target 5% youth or more (individuals 35 years or younger) to be enrolled against youth development programs (YDP) within the Department.
Indicator responsibility	Director: Human Resource Management



PROGRAMME TWO: SUSTAINABLE RESOURCE MANAGEMENT

2.1 Sub-Programme: Infrastructure Management and Economic Analysis

(1). Indicator Title	Number of Socio-economic reports produced. (SERO)
Definition	Preparation and submission of the Provincial Socio-economic review and outlook report produced that assists budget allocation process for the province.
Source of data	Statistics South Africa (Stats SA), IHS Markit, World Travel and Tourism (WTT), South African Travel & Tourism (SAT), IMF, World Bank, SARB, OECD, BER etc.
Method of calculation / Assessment	Count of the Number of reports produced and signed off.
Method of verification	SERO report
Assumptions	Data used to compile socio-economic reports is reliable and credible. Timeous Data availability.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Annually.
Desired performance	Informed decision making, resource allocation and better planning. Allocation addresses the socio-economic indicators challenges of the province. Determine and evaluate economic parameters and socio-economic imperatives.
Indicator responsibility	Director: Economic Analysis

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

(3). Indicator Title	Number of Research reports produced.
Definition	A research study on the economic impact of government spending on selected programmes. These programmes could be any of the following programmes; Provision of Early Child Development (ECD), Learner and Teacher Support Material (LTSM) and Funding for medical supplies

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

(4). Indicator title	Number of ECE Plans produced.
Definition	Preparation and submission of the Estimates of Capital Expenditure (ECE) for Infrastructure delivery plans for the MTEF period for departments to manage capital expenditure in the province.
Source of data	Infrastructure project lists from provincial departments. Infrastructure Programme Management Plan. (IPMP) Infrastructure Asset Management plan.
Method of calculation/ Assessment	Count of the Number of plan produced and signed off.
Method of verification	Approved ECE Plan.
Assumptions	The departments will submit the infrastructure delivery plans. The information submitted is reliable, accurate and credible.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting cycle	Annual
Desired performance	Approved ECE plan.
Indicator responsibility	Director: Infrastructure Management

(5). Indicator title	Number of mid-term monitoring reports on capital expenditure produced.
Definition	Number of report at the mid-term on implementation of the ECE plan by provincial departments to monitor capital expenditure in the province.
Source of data	ECE Plan. Infrastructure Reporting Model (IRM). Departmental Expenditure reports (IYM).
Method of calculation/ Assessment	Count of the number of reports produced and signed off.
Method of verification	Signed mid-term monitoring report.
Assumptions	The departments would submit the IRM and IYM reports on time.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable .
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	The departments are spending according to the ECE plan.
Indicator responsibility	Director: Infrastructure Management

(6). Indicator title	Number of close-out reports on previous financial year's capital expenditure produced.
Definition	Number of reports on previous financial year on implementation of the ECE plan by provincial departments to monitor capital expenditure in the province.
Source of data	ECE Plan. Infrastructure Reporting Model (IRM). Departmental Expenditure reports (IYM).
Method of calculation/ Assessment	Count of Number of reports produced and signed off
Method of verification	Signed close-out monitoring report.
Assumptions	The departments would submit the IRM and IYM reports on time.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative
Reporting cycle	Annually
Desired performance	The departments are spending according to the ECE plan.
Indicator responsibility	Director: Infrastructure Management

(7). Indicator title	Number of expenditure reports produced
Definition	Number of quarterly expenditure performance reports on implementation of the ECE plan by provincial departments.
Source of data	ECE Plan. Infrastructure Reporting Model (IRM). Departmental Expenditure reports (IYM).
Method of calculation/ Assessment	Count the Number of reports produced and signed off.
Method of verification	Signed close-out monitoring report.
Assumptions	The departments would submit the IRM and IYM reports on time.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Accumulative
Reporting cycle	Annually
Desired performance	The departments are spending according to the ECE plan.
Indicator responsibility	Director: Infrastructure Management

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

(9). Indicator title	Number of infrastructure capacity building interventions provided to support KZN public institutions.
Definition	Total number infrastructure capacity building interventions provided to support targeted KZN public institutions. (Each project intervention is customised to the needs of the public institution.)
Source of data	Key focus areas of support as communicated with the public institution. (emails/letters/report/minutes of meetings).
Method of calculation/ Assessment	Count of Number of capacity building interventions implemented per Institution
Method of verification	Close-out reports produced.
Assumptions	Required information is timeously provided by the KZN public institutions. Commitment from the KZN public institutions to implement recommendations. Human and financial resources are available to implement the agreed intervention.
Disaggregation of Beneficiaries	N/A
Spatial Transformation	N/A
Calculation type	Non-cumulative
Reporting cycle	Quarterly
Desired performance	Improved financial management performance at KZN public institutions.
Indicator responsibility	TASU Technical Specialist

2.2 Sub-Programme: Public Finance

(1). Indicator title	Final provincial budget allocations produced.
Definition	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.
Source of data	Inputs from 14 chapters of the provincial departments of the MTEC report.
Method of calculation/ Assessment	MTEC Report with 14 chapters.
Method of verification	Count of Number of EPRE reports produced and signed off
Assumptions	Accuracy and quality of numbers and analysis.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	KZN Province
Calculation type	Non-cumulative
Reporting cycle	Annually.
Desired performance	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.
Indicator responsibility	Chief Director: Public Finance

(2). Indicator title	Adjustments provincial budget allocations produced.
Definition	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.
Source of data	Inputs from 14 chapters of the provincial departments.
Method of calculation/ Assessment	Count of the number of Adjustments Estimate report with 14 chapters produced and signed off.
Method of verification	Number of chapters for provincial departments.
Assumptions	Accuracy and quality of numbers and analysis.
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	KZN Province
Calculation type	Non-cumulative
Reporting cycle	Annual

Desired performance	Submission of accurate and credible budgets in order to comply with legislative requirements of the PFMA for the on-time tabling of the AEPRE.
Indicator responsibility	Chief Director: Public Finance

(3). Indicator title	Number of early warning system reports produced.
Definition	The number of Section 32 (In-Year-Monitoring) monthly reports that are consolidated for the provincial departments that are submitted to the National Treasury. (Reports to address variances during the reporting period for provincial Departments) The number of quarterly budget performance reports for the province include, Preliminary (Departments). Unaudited (Departments and Public Entities), First Quarter (Departments) and Mid-Year (Departments and Public Entities)
Source of data	Section 32 reports submitted by Provincial departments and public entities monthly and quarterly respectively.
Method of calculation / Assessment	Count of the number of reports produced and signed off
Method of verification	Total Number of Consolidated Sec 32 reports submitted to the National Treasury. (Signed and dated). The Section 32 report for the last month in the applicable quarter is submitted in the ensuing month for all quarters. Quarterly budget performance reports for departments and public entities. (Reports are not signed)
Assumptions	1 Section 32 report, 22 days after end of each quarter and budget performance reports
Disaggregation of Beneficiaries	Not Applicable.
Spatial Transformation	KZN Province
Calculation type	Accumulative
Reporting cycle	Quarterly
Desired performance	To provide early warning system reports to address variances requiring remedial action.
Indicator responsibility	Chief Director: Public Finance

2.3 Sub-Programme: Public Private Partnerships (PPP)

(1). Indicator Title	Number of reports on public sector Institutions supported on PPPs.
Definition	Report on the type of support provided to the public sector institutions. this is the support on the Public Private Partnerships projects and processes. (Departments, Municipalities and Public Entities)
Source of data	Legislations and PPP guideline requirements. Treasury Reg 16 Municipal PPP Regulations Municipal Systems Act
Method of calculation / Assessment	Count of the Number of reports produced on the institutions supported on PPP projects during the quarters produced and signed off.
Means of verification	Report 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. This type of support will include Training/Meetings/workshops/forums/written advice/memo: will be signed-off by the Chief Director of the unit, as well as the HOD) The report will be signed-off by the coordinator and the Chief Director.
Assumptions	Public sector institution is willing to accept the support offered and There are enough PPP projects where support can be provided.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	KZN Province
Calculation type	cumulative

Reporting Cycle	Bi-annual
Desired performance	Support public sector institution on PPP projects.
Indicator responsibility	Chief Director: Economic Analysis & Infrastructure

(2). Indicator Title	Number of monitoring reports produced.
Definition	Monitoring reports produced on the compliance i.r.o. spending of the PPP projects if they are in line with the Contractual obligation. (i.e. the agreed percentage of expenditure is going towards the targeted groups)
Source of data	The projects agreements BEE Quarterly report
Method of calculation / Assessment	Count of the Number of monitoring reports produced and signed off .
Means of verification	Signed and dated monitoring report (the report will be signed by the coordinator as the Chief Director.
Assumptions	The quarterly reports will be provided to KZNPT to review the level of compliance, and that they will be compliant.
Disaggregation of beneficiaries	Not Applicable
Spatial Transformation	KZN Province
Calculation type	Cumulative
Reporting Cycle	Quarterly
Desired performance	That companies comply to the contractual obligation i.t.o. spending.
Indicator responsibility	Chief Director: Economic Analysis & Infrastructure

PROGRAMME THREE: FINANCIAL GOVERNANCE

3.1 Sub-Programme: Supply Chain Management

(1). Indicator title	Number of SCM policies reviewed.
Definition	SCM policies reviewed in accordance with National and Provincial legislation for public sector institutions.
Source of data	Policies received from municipalities, departments, and public entities for review. Legislative framework.
Method of calculation / Assessment	Count of the Number of reviewed.
Means of verification	Signed Cover letter and the actual Reviewed policy.
Assumptions	Availability of key stakeholders. Policies are submitted to PT for review.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	KZN Province
Calculation type	Cumulative.
Reporting cycle	Quarterly.

Desired performance	To monitor the accuracy and relevance of the policies in line with provincial and National Treasury legislation and Instruction notes.
Indicator responsibility	Deputy Director: Transversal Policy Development

(2). Indicator Title	Number of contract registers reviewed.
Definition	Number of contract registers reviewed to ensure effective management of contract registers and improved audit outcomes for the province.
Source of data	Contract registers and expenditure reports received from Departments, Municipalities and Public Entities. Legislative framework.
Means of verification	Assessment reports
Method of calculation / Assessment	Count of the Number of contract registers reviewed
Assumptions	Submission of contract registers and expenditure reports for review, Availability of key stakeholders
Disaggregation of beneficiaries	Not applicable
Spatial Transformation	KZN Province
Calculation type	Cumulative
Reporting Cycle	Quarterly
Desired performance	To monitor accurate capturing and updating of information on contract registers. Monitor the validity of contracts to avoid the use of expired contracts.
Indicator responsibility	Director: Transversal Contract Management and Strategic Procurement.

3.2 Sub-Programme: Accounting Practices

(1). Indicator Title	Number of reports produced on financial management support provided to provincial departments
Definition	Number of reports on the work performed on financial management support rendered to provincial departments. Financial Management support can include any of the following: Assistance with monthly reconciliations, interim and /or financial statements preparation process including on the job training and/or skills transfer. Provide technical guidance on financial reporting related matters. Provide support during the audit process in addressing audit queries (including attendance at audit steering committee meetings)
Source of data	Audit and Management reports issued by the Auditor General Monthly/Quarterly departmental reports Request for support from department Terms of reference received from department Internal Audit reports
Method of calculation / Assessment	Count of the number of reports produced on the financial management support rendered to provincial departments.
Means of verification	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.
Assumptions	The full co-operation of departmental officials in the implementation of audit improvement strategies. That department will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	KZN Province

Calculation type	Cumulative year-end
Reporting Cycle	Quarterly
Desired performance	The achievement of improved audit outcomes by Provincial Departments through the reduction/prevention of financial management related audit findings.
Indicator responsibility	Chief Director: Accounting Practices

(2). Indicator Title	Number of reports produced on financial management support provided to Public Entities
Definition	<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"> - assistance with monthly reconciliations and/or Financial Statement preparation process including on the job training and/or skills transfer; - providing technical guidance, - review of Financial Statements, - support provided during the audit process in addressing audit queries (including attendance at audit steering committee meetings)
Source of data	<p>Audit and Management reports issued by the Auditor General.</p> <p>Request for support from the public entity,</p> <p>Internal audit reports.</p>
Method of calculation / Assessment	Count of the number of reports on the work performed on the financial management support rendered to the selected Public Entities .
Means of verification	Signed report, by the Director and Responsibility Manager, on financial management support provided to each Public Entities on a quarterly basis.
Assumptions	<p>The full co-operation of public entities officials in the implementation of audit improvement strategies.</p> <p>That public entities will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.</p>
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	KZN Province
Calculation type	Cumulative year-end
Reporting Cycle	Quarterly
Desired performance	The achievement of improved audit outcomes by public entities through the reduction/prevention of financial management related audit findings.
Indicator responsibility	Chief Director: Accounting Practices

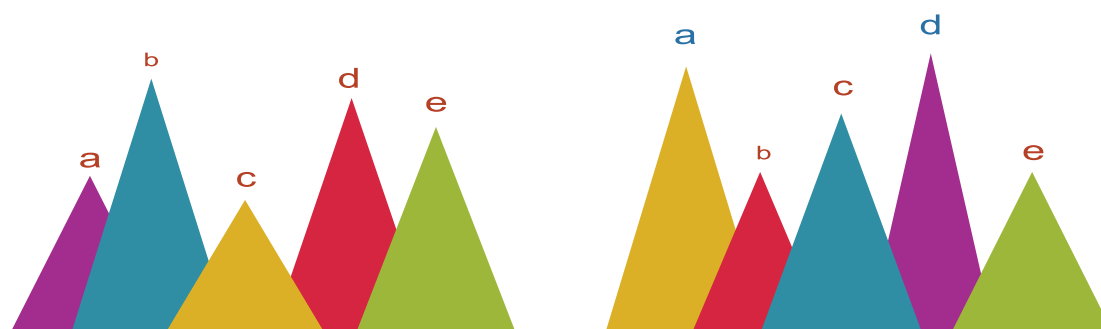
(3). Indicator Title	Number of reports produced on asset management support rendered to public sector institutions
Definition	<p>Number of reports on the work performed on the asset management support rendered to public sector institutions. Asset Management support can include any or all the following:</p> <p>Assistance with the interim and /or annual fixed asset register preparation process including on the job training and/or skills transfer.</p> <p>Provide technical guidance on asset related matters.</p> <p>Support provided during the audit process in addressing audit queries (including attendance at audit steering committee meetings)</p>
Source of data	<p>Audit and Management reports issued by the Auditor General.</p> <p>Monthly/Quarterly departmental reports</p> <p>Request for support from Public Sector Institution</p> <p>Terms of reference received from Public Sector Institution</p> <p>Internal Audit reports</p>
Method of calculation / Assessment	Count of the Number of reports on the work performed on the asset management support rendered to public sector institutions.
Means of verification	Signed report, by the Director and Responsibility Manager, on asset management support provided to the applicable public sector institutions on a quarterly basis.

Assumptions	The full co-operation of public sector institution officials in the implementation of audit improvement strategies. That public sector institution will respond positively/timeously towards the audit readiness support initiatives provided by KZN Provincial Treasury.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	KZN Province
Calculation type	Cumulative year-end
Reporting Cycle	Quarterly
Desired performance	The achievement of improved audit outcomes by PFMA public sector institutions through the reduction/prevention of asset related audit findings.
Indicator responsibility	Chief Director: Accounting Practices

3.3 Sub-Programme: Financial Information Management Systems

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

(2) Indicator Title	Mean Time to resolve calls for transversal systems.
Definition	To ensure that requested assistance for financial transversal systems is attended and resolved within the desired timeframe. (=6 hrs).
Source of data	Helpdesk systems generated report.



Method of calculation / Assessment	Formula: Mean Time to Resolve (MTTR)=Call Resolution Time – Call Logged Time 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 resolved excluding after hours and holidays.</i> How to calculate: All logged calls MTTRs are added and averaged daily, monthly and quarterly to achieve a target time.
Means of verification	Helpdesk systems generated report.
Assumptions	Constant availability of network by SITA and telephone connectivity.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Quarterly
Desired performance	Calls for transversal systems are resolved within 6 Hours.
Indicator responsibility	Directorate: Financial Information Management Systems

PROGRAMME FOUR: INTERNAL AUDIT

4.1 Sub-Programme: Assurance Services

(1). Indicator Title	Number of Internal Audit Reviews conducted.
Definition	The total number of internal audit assignments conducted by Internal audit that are tabled for reporting to the Cluster Audit & Risk Committees (CARC).
Source of data	Approved Internal Audit Annual and Three Year rolling Operational Plans Engagement letters issued to Accounting Officers detailing the audit objectives, scope and timing. Audit findings discussed with department management and Accounting Officers, together with management comments and action plans to address weaknesses identified by the audit work conducted.
Method of calculation / Assessment	Count of the Number of reports on internal audit reviews conducted and signed off.
Means of verification	Dated and signed Internal audit review reports. (signed and dated by the Specialist, Director, CD or DDG internal Audit with the exception of the outsourced reports)
Assumptions	Departments have provided the requested supporting documents to enable the execution of the audits. Auditees are ready for the audit and are in a position to provide requested information and management responses to audit findings.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Cumulative.
Reporting Cycle	Quarterly
Desired performance	Assist in the preparation of audit readiness in departments. Increase in the number of internal audit assignments conducted.
Indicator responsibility	Chief Director: Assurance Services



(3). Indicator Title	Number of oversight reports issued to MEC's of Provincial departments.
Definition	The total number of oversight reports submitted to MEC's of Provincial departments. (to strengthen oversight and enforce accountability by public sector Institutions)
Source of data	Information is collected from CARC meeting deliberation. Internal Audit reports issued to CARC.
Method of calculation / Assessment	Count of the Number of oversight reports issued to MEC's.
Means of verification	Signed and dated Audit Committee & Internal Audit reports issued to MECs.
Assumptions	CARC meetings have met the required quorum Departments are available for CARC sittings and meetings occur as scheduled quarterly. MEC for Finance is available to review and issue reports to respective MECs and Cabinet.
Disaggregation of beneficiaries	Not Applicable.
Spatial Transformation	Not Applicable.
Calculation type	Cumulative.
Reporting Cycle	Quarterly
Desired performance	Measure department's performance and increase accountability.
Indicator responsibility	Chief Director: Assurance Services

4.2 Sub-Programme: Risk Management

(1). Indicator Title	Number of risk assessments conducted in municipalities.
Definition	The total number of risk assessments conducted for municipalities to enable them to comply with the minimum requirements of the Municipal Finance Management Act (MFMA).
Source of data	Holding risk assessment workshops to gather relevant risks and controls. 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).
Method of calculation / Assessment	Count of the Number of risk assessments conducted in municipalities as reflected in completed and signed off reports.
Means of verification	Signed and dated risk assessment report. (Signed by the Chief Director and DDG).
Assumptions	Availability of municipal officials to attend risk assessment workshops. Provision of relevant risks, as well as the existing risk registers, if any.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation type	Cumulative.
Reporting Cycle	Quarterly
Desired performance	Improve risk management culture and compliance with the MFMA by municipalities. Enhance the control environment.
Indicator responsibility	Chief Director: Risk and Advisory Services

(2). Indicator Title	Number of internal audit function reviews conducted at municipalities.
Definition	Internal Audit Reviews at selected municipalities to assess their functionality, i.e. effectiveness of the internal audit function at a municipality.
Source of data	Interviews with key officials from municipalities. Internal audit charters Internal audit reports provided by the municipalities.
Method of calculation / Assessment	Count of the Number of reviews conducted in a quarter as reflected in completed and signed off reports.

Means of verification	Review report on Internal Audit functions of municipalities. (Signed by the Chief Director and DDG).
Assumptions	Co-operation by municipalities' officials.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation type	Cumulative.
Reporting Cycle	Quarterly
Desired performance	Functional and Effective Internal Audit Functions at selected Municipalities.
Indicator responsibility	Chief Director: Risk and Advisory Services.

(3). Indicator Title	Number of risk register analysis conducted for provincial departments.
Definition	Total number of risk register analysis conducted per provincial department to enhance the credibility of departments' organizational risk registers.
Source of data	Departments' organizational risk registers, discussions and resolutions emanating from departments' risk management committees and cluster audit and risk committee meetings.
Method of Calculation / Assessment	Count of the Number of risk register analysis conducted per provincial department as reflected in completed and signed off reports.
Means of verification	Risk register analysis reports. (dated and signed by the Chief Director and DDG).
Assumptions	Timely provision of updated risk registers by provincial departments.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation type	Non-cumulative.
Reporting Cycle	Bi-Annual
Desired performance	Improved risk management culture and maturity of all provincial departments.
Indicator responsibility	Chief Director: Risk and Advisory Services

PROGRAMME FIVE: MUNICIPAL FINANCE MANAGEMENT

5.1 Sub-Programme: Municipal Budget

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

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

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

5.2 Sub-Programme: Municipal Accounting and Reporting

(1). Indicator Title	Number of Financial Statements reviewed.
Definition	Total number of financial statements reviewed at targeted municipalities by Provincial Treasury.
Source of data	Municipal draft Annual Financial Statements (AFS) / Interim Financial Statements (IFS).
Method of calculation / Assessment	Number of close-out reports indicating financial statements reviews conducted.
Means of verification	AFS Review projects, any of the following are produced as evidence Close-out reports (signed and dated by MM or CFO).
Assumptions	Required information is timeously provided by the municipality which is accurate and complete. Commitment from the municipality to implement recommendations. Human and financial resources are available to implement the reviews.

Assumptions	Required information is timeously provided by the municipality which is accurate and complete. Commitment from the municipality to implement recommendations. Human and financial resources are available to implement the reviews.
Disaggregation of beneficiaries	Not applicable
Spatial Transformation	Not applicable
Calculation Type	Non-cumulative
Reporting Cycle	Annual
Desired performance	Improved quality of AFS.
Indicator responsibility	Director: Municipal Finance Management

(2). Indicator Title	Number of Financial Management Support projects implemented.
Definition	Total number of financial management support projects implemented at targeted municipalities. (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)
Source of data	Key focus areas of support as communicated with the municipality. (emails/letters/ report/minutes of meetings).
Method of calculation / Assessment	Count of the Number of close-out reports indicating financial management projects implemented. (Support provided to each municipality is considered a separate project).
Means of verification	FMS projects, any of the following are produced as evidence. Close-out reports (signed and dated by Municipal Manager or CFO).
Assumptions	Required information is timeously provided by the municipality which is accurate and complete. Commitment from the municipality to implement recommendations. Human and financial resources are available to implement the reviews.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation Type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	Improved financial management at municipalities.
Indicator responsibility	Director: Municipal Finance Management

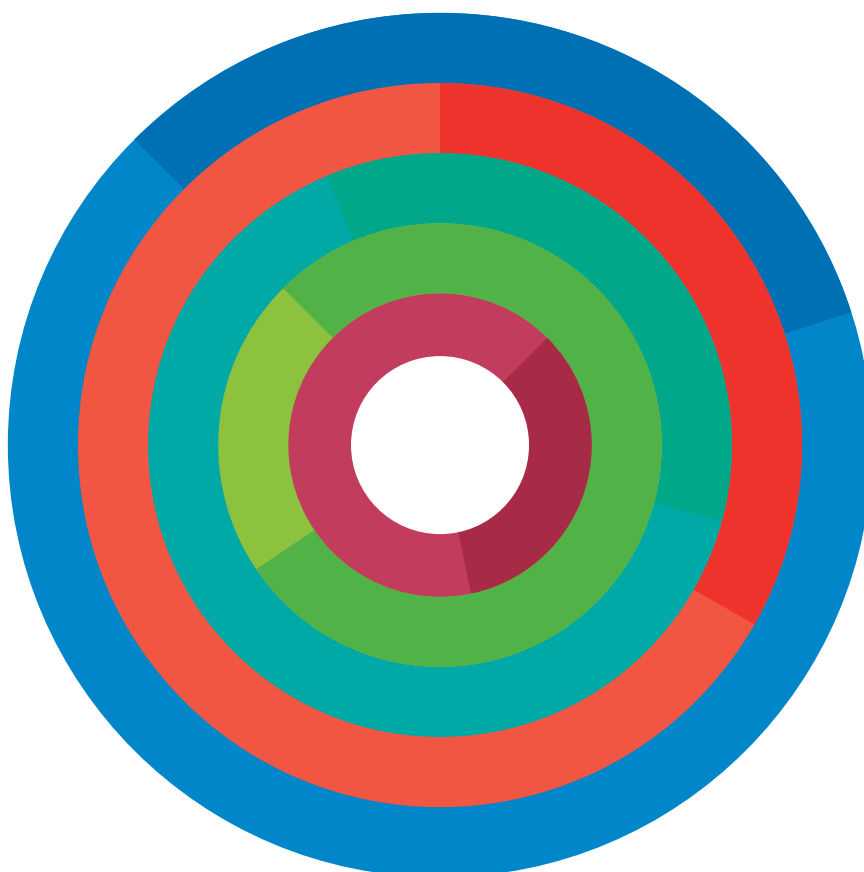
5.3 Sub-Programme: Municipal Support Programme

(1). Indicator Title	Number of Specialised projects implemented.
Definition	Total number of projects implemented at target municipalities to strengthen and improve financial management in local government. For 2025/26 the projects include the implementation of the cash management support initiative at selected municipalities.
Source of data	Key focus areas of support as communicated with the municipality -(emails/letters/ report/minutes of meetings).
Method of calculation / Assessment	Count of the Number of close-out reports indicating Projects implemented. (Support provided to each municipality is considered a separate project)
Means of verification	MSP projects, any of the following are produced as evidence. Close-out reports (signed and dated by Municipal Manager or CFO).
Assumptions	Required information is timeously provided by the municipality which is accurate and complete. Commitment from the municipality to implement recommendations. Human and financial resources are available to implement the reviews.
Disaggregation of beneficiaries	Not applicable

Calculation Type	Non-cumulative
Reporting Cycle	Annual
Desired performance	Improved financial management at municipalities.
Indicator responsibility	Director: Municipal Finance Management

5.4 Sub-Programme: Municipal Revenue and Debt Management

(1). Indicator Title	Number of Revenue and Debt Management projects implemented.
Definition	Total number of projects that are implemented at targeted municipalities, with recommendations.
Source of data	Key focus areas of support as communicated with the municipality - (emails/letters/ report/minutes of meetings).
Method of calculation / Assessment	Count of the number of close-out reports indicating Projects implemented.
Means of verification	Number of Municipal Revenue and Debt Management projects, any of the following are produced as evidence. Close-out reports. (signed and dated by MM or CFO)
Assumptions	Required information is timeously provided by the municipality which is accurate and complete. Commitment from the municipality to implement recommendations. Human and financial resources are available to implement the reviews.
Disaggregation of beneficiaries	Not applicable.
Spatial Transformation	Not applicable.
Calculation Type	Non-cumulative.
Reporting Cycle	Annual
Desired performance	Improved financial management at municipalities.
Indicator responsibility	Director: Municipal Finance Management



PART E

ANNEXURES



PART E: ANNEXURES

Annexure A: Amendments to the Strategic Plan

N/A

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



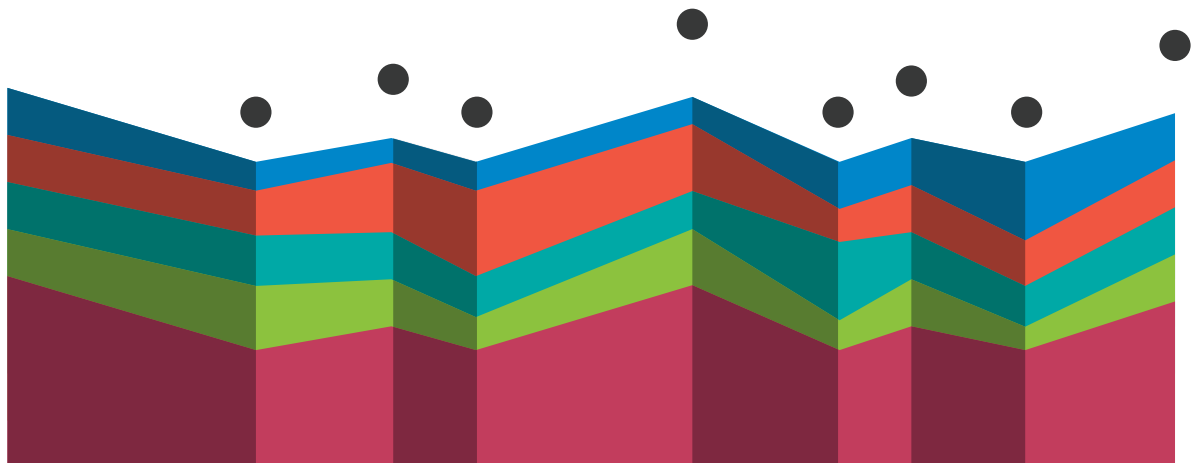
Area of Intervention	Medium Term (3 years - MTEF)					
	Project Description	Budget allocation *	District Municipality **	Location: GPS coordinates **	Project leader	Social partners
Strengthening financial oversight in Local Government.	Budget assessment reports, expenditure reviews, monthly IYM reports.	R31 723 000 (2025/26) Support implemented by internal PT staff. The total 2025/26 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
Strengthening financial oversight in Local Government.	Review of Annual Financial Statements	R15 749 000 (2025/26) Support implemented by both external resources as well as internal PT staff. The total 2025/26 budget allocation of the sub-programme is allocated to these 2 projects	7 Municipalities		Municipal Accounting and Reporting Director	NT, Municipalities

Strengthening financial oversight in Local Government.	Financial Management Support		6 Municipalities		Municipal Accounting and Reporting Director	NT, Municipalities
			Mpofana	27.1888°S 30.1127°E		
			Jozini	27.1370°S 32.0837°E		
			eMadlangeni	27.4434°S 31.5370°E		
			Dannhauser	28.0269°S 30.0203°E		
			uPhongolo	27.4434°S 31.5370°E		
			AbaQulusi	27.7490°S 30.9876°E		
Strengthening financial oversight in Local Government.	Specialised Support	R12 762 000 (2025/26) Support implemented by both external resources as well as internal PT staff. The total 2025/26 budget allocation of the sub-programme is allocated to this project.	7 Municipalities		Municipal Support Programme Director	NT, Municipalities
			Nkandla	28.6452°S 30.9417°E		
			uMngeni	29.4416°S 30.1127°E		
			Ugu DM	30.6218°S 30.2513°E		
			iMpendle	29.5959°S 29.8687°E		
			Richmond	29.8993°S 30.2974°E		
			uMfolozi	29.8993°S 30.2974°E		
			Ulundi	28.5953°S 32.2476°E		
Strengthening financial oversight in Local Government.	Municipal Revenue and Debt Management	R7 694 000 (2025/26) Support implemented by both external resources as well as internal PT staff. The total 2025/26 budget allocation of the sub-programme is allocated to this project.	2 Municipalities		Municipal Revenue and Debt Management Director	NT, Municipalities
			eMadlangeni	27.5895°S 30.2513°E		
			Ulundi	28.1626°S 31.3542°E		
Strengthening financial oversight in Local Government.	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		

			7. eMadlangeni	27.5895°S 30.2513°E		
			8. uPhongolo	27.4434°S 31.5370°E		
Strengthening financial oversight in Local Government.	Establishment of disciplinary boards.	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.	All 10 district and 41 municipalities 1. All local municipalities (districts are excluded)		Director – Risk and Advisory Services – Municipal Support	NT, Municipalities
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

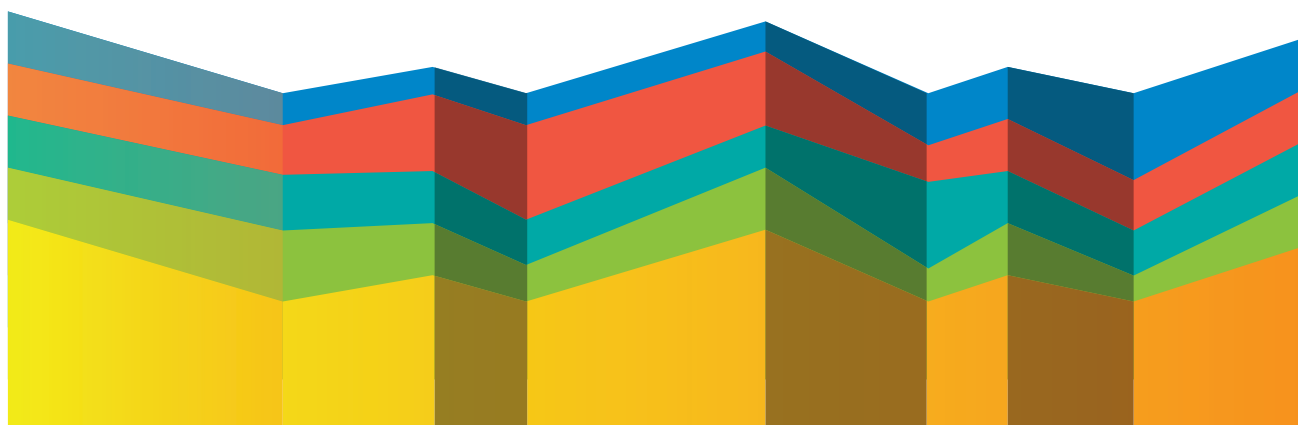
The department does not have any Catalytic projects currently, and none planned for over the MTEF period.



ACRONYMS

Abbreviation	Full description	Abbreviation	Full description
AEPRE	Adjustments Estimate of Provincial Revenue and Expenditure	GRAP	Generally, Recognised Accounting Practice
AFS	Annual Financial Statements	GRB	Gender Responsive Budgeting
AGSA	Auditor – General of South Africa	GRPBMEA	Gender-Responsive Planning, Budgeting, Monitoring, Evaluation & Auditing
AO	Accounting Officer	HOD	Head of Department
AWG	Action Work Group	HRP	Human Resource Plan
BBBEE	Broad-based Black Economic Empowerment	IDMS	Infrastructure Delivery Management System
CARC	Cluster Audit and Risk Committees	IDP	Integrated Development Plans
CAI	Certified Internal Auditor	IGCC	Inter-Governmental Cash Co-ordination
CD	Chief Director	IGR	Inter-governmental Relations
CFO	Chief Financial Officer	IMF	International Monetary Fund
CG	Conditional Grants	IPMP	Infrastructure Programme Management Plan
COGTA	Co- Co-operative Governance and Traditional Affairs	IRM	Infrastructure Reporting Model
CSD	Central Supplier Database	IYM	In-year Monitoring
DDG	Deputy Director General	KZNPG	KwaZulu-Natal Provincial Government
DDM	District Development Model	KZNPT	KwaZulu-Natal Provincial Treasury
DORA	Division of Revenue Act	LED	Local Economic Development
DPSA	Department of Public Service and Administration	MTDP	Medium Term Development Plan
DWYPD	Department of Women, Youth, and Persons with Disabilities	MBAT	Municipal Bid Appeals Tribunals
ECE	Estimates of Capital Expenditure	MBRR	Municipal Budget and Reporting Regulations
EH&W	Employment Health and Wellness	MEC	Member of the Executive Committee
EPRE	Estimate of Provincial Revenue and Expenditure	MFMA	Municipal Finance Management Act
EPWP	Expanded Public Works Programme	MPAT	Monitoring Performance Assessment Tool

NSG	National School of Governance	PSC	Public Service Commission
OES	Organisational Efficiency Services	SAICA	South African Institute of Chartered Accountants
OSD	Occupation Specific Dispensation	SCM	Supply Chain Management
OSS	Operation Sukuma Sakhe	SCOPA	Standing Committee on Public Accounts
PARC	Provincial Audit Risk Committee	SERO	Social-Economic Review and Outlook
PES	Provincial Equitable Share	SMART	Specific, Measurable, Attainable, Relevant and Time bound
PERO	Provincial Economic Review and Outlook	SONA	State of Nations Address
PESTEL	Political, Economic, Social, Technological, Environmental and Legal	SOPA	State of Provincial Address
PERP	Provincial Economic Recovery Plan	SLA	Service Level Agreement
PFMA	Public Finance Management Act	SWOT	Strengths, Weaknesses, Opportunities and Threats
PGDP	Provincial Growth and Development Plan	WSP	Workplace Skills Plan
PIAS	Provincial Internal Audit Services	UIFW	Unauthorised, Irregular, Fruitless and Wasteful
PPP	Public Private Partnerships	PWD	Persons with Disabilities



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