



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT

2023/24 FINANCIAL YEAR

Making the Rand go an Extra Mile

GROWING KWAZULU-NATAL TOGETHER



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

Title of Publications:

KwaZulu-Natal Provincial Treasury Annual Report 2023/2024

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Programme 1: Administration



Ms. Carol Coetzee
Head of Department
for Finance



Chief Financial Officer
Mr IT Ndlovu



Chief Director
Corporate Services
Ms INN Zwane - Dlomo



Head of Ministry
Mr. I Luthuli



Director
Financial Management
Ms R Gwala



Director
SCM, Asset Management
& Loss Control
Ms A Zondo



Director
Information Technology
Dr C Rajah



Director
Inter-Governmental
Relations
Ms R Smith Peterson



Director
Human Resources
Management
Ms K Chetty



Director
Security and Risk
Management
Ms. NA Zulu



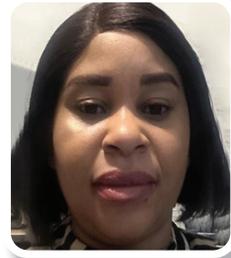
Director
Auxiliary Services
Mr. EVN Xulu



Director
Corporate Communications
Mr. M Cebisa



Director
Strategic Planning &
Institutional Performance
Management
Ms. N Mgujulwa



Director
Organizational Risk and
integrity Management
Ms. K Musasiwa

Programme 2: Fiscal Resources Management



Deputy Director General
Fiscal Resources
Management
Ms N Shezi



Chief Director
Public Finance
Ms T Stielau



Chief Director
Economic Analysis and
Infrastructure Management
Mr G Kanyika



Director
Economic Services
Mr. J Twala



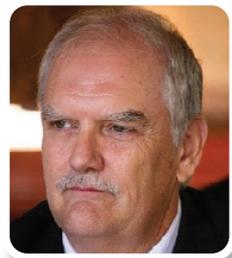
Director
Provincial Budget
Management
Ms N Mjuza



Director
Special Advisory Support
Services
Ms L Curtis



Director
Infrastructure Management
Ms F Mkhize



IDMS Technical Advisors
Mr T Madgwick



IDMS Technical Advisors
Mr R Kempen



Director
PPP Specialist Advisor
Mr KV Bezuidenhout



Programme 3: Financial Governance



Provincial Accountant
General
Mr S Moodley



Chief Director
Accounting Practices
Ms A Singh



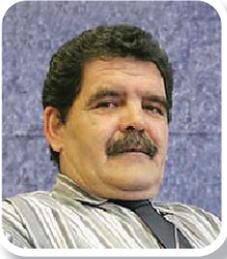
Chief Director
SCM
Ms T Mlawu



Director
SCM (Economic Cluster)
Ms L Naidoo



Director
Financial Information
Management System
Mr K Mqadi



Director
Cash Management and
Liabilities
Mr F Pretorius



Director
Norms and Standards
Mr N Price



Director
Supply Chain Management
Ms R Madhan



Director
Public Entities Financial
Reporting
Mr N Makhanyela



Director
Provincial Movable Assets
Mr. N Hlengwa



Director
SCM (Governance
and Admin Cluster)
Mr S Sphengane



Director
SCM Policy Development
and Contract Management
Ms N Kubheka



Director
SCM (Social Cluster)
Ms. N Jacobs



Director
Training and Capacity
Building
Ms. D Samuels



Director
Financial Reporting
Ms. A Singh



Programme 4: Internal Audit



Deputy Director General
Internal Audit Services
Ms M Bhaw
CA(SA), IIA(SA)



Chief Director
Risk Management
Mr V Ndandza



Director
Financial Management and
Reporting
Mr J Ramharak



Director
Assurance Services
(Cluster Audits)
Ms L Japi



Director
Performance audit
Mr K Lamula



Director
Risk Management
Mr T Madlala



Director
Assurance Services
(Cluster Audits)
Ms L Xaba



Director
Information Technology
Mr K Malapane



Director
Municipal Support
Mr P Moloji



Director
Assurance Services
(Cluster Audits)
Ms B Molefe



Director
IT Audits
Mr N Khuzwayo



Director
Assurance Services
(Financial Audits)
Ms L Pillay

Programme 5: Municipal Finance



Chief Director
Municipal Finance
Mr F Cassimjee



Director
Municipal Budget
Mr A Soopal



Director
Municipal Budget
Mr M Ndumo



Director
Municipal Support
Ms S Balgobind



Director
Municipal Support
Ms K Mare



Director
Municipal Budget
Mr W Donelly



Director
Municipal Budget
Mr N Radebe



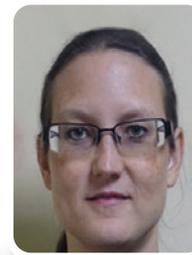
Director
Municipal Budget
Ms R Bhagwandeem



Director
Municipal Support
Ms K Pillay



Director
Municipal Accounting
Ms S Gumede



Director
Municipal Revenue
Ms A Patton



2.3 PART A: GENERAL INFORMATION



2.3.1 DEPARTMENT'S GENERAL INFORMATION

NAME OF DEPARTMENT: KwaZulu-Natal Provincial Treasury

PHYSICAL ADDRESS: 145 Chief Albert Luthuli Street
Pietermaritzburg
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WEBSITE ADDRESS: www.kzntreasury.gov.za



2.3.2 LIST OF ABBREVIATIONS/ACRONYMS

| | |
|---------|--|
| AEPRE | Adjustments Estimate of Provincial Revenue and Expenditure |
| AFS | Annual Financial Statements |
| AGSA | Auditor General of South Africa |
| AG | Auditor – General |
| AWG | Action Work Group |
| AO | Accounting Officer |
| BBBEE | Broad Based Black Economic Empowerment |
| CARC | Cluster Audit and Risk Committees |
| CD | Chief Director |
| CFO | Chief Financial Officer |
| CSD | Central Supplier Database |
| DDG | Deputy Director General |
| DDM | District Development Model |
| DoRA | Division of Revenue Act |
| DPSA | Department of Public Services and Administration |
| DWYPD | Department of Women, Youth, and Persons with Disability |
| ECE | Estimates of Capital Expenditure |
| EH&W | Employee Health and Wellness |
| EPRE | Estimate of Provincial Revenue and Expenditure |
| EU | European Union |
| FMCM | Financial Management Capability Maturity Model |
| GDP | Gross Domestic Product |
| GBVF | Gender Based Violence and Femicide |
| GRAP | Generally Recognised Accounting Practice |
| GRB | Gender Responsive Budgeting |
| GRPBMEA | Gender-Responsive Planning, Budgeting, Monitoring, Evaluation & Auditing |
| HOD | Head of Department |
| HRP | Human Resource Plan |
| IDMS | Infrastructure Delivery Management System |
| IDP | Integrated Development Plans |
| IGCC | Inter-Governmental Cash Co-ordination |
| IMF | International Monetary Fund |
| IPMP | Infrastructure Programme Management Plan |
| IRM | Infrastructure Reporting Model |
| IYM | In-year Monitoring |
| KZNPG | KwaZulu-Natal Provincial Government |
| LED | Local Economic Development |
| MBAT | Municipal Bid Appeals Tribunals |
| MBRR | Municipal Budget and Reporting Regulations |
| MEC | Member of the Executive Committee |



| | |
|--------|--|
| MFMA | Municipal Finance Management Act |
| MPAT | Monitoring Performance Assessment Tool |
| MSCOA | Municipal Standard Chart of Accounts |
| MSP | Municipal Support Programme |
| MTEF | Medium Term Expenditure Framework |
| MTREF | Medium Term Revenue and Expenditure Framework |
| MTSF | Medium Term Strategic Framework |
| NSG | National School of Governance |
| OES | Organisational Efficiency Services |
| OSD | Occupation Specific Dispensation |
| OSS | Operation Sukuma Sakhe |
| PARC | Provincial Audit Risk Committee |
| PERO | Provincial Economic Review and Outlook |
| PFMA | Public Finance Management Act |
| PGDP | Provincial Growth and Development Plan |
| PMG | Pay Master-General |
| PPP | Public Private Partnerships |
| PIAS | Provincial Internal Audit Services |
| SAICA | South African Institute of Chartered Accountants |
| SCM | Supply Chain Management |
| SCOPA | Standing Committee on Public Accounts |
| SDIP | Service Delivery Improvement Plan |
| SERO | Social-Economic Review and Outlook |
| SMME | Small Medium and Micro Enterprises |
| SLA | Service Level Agreement |
| SITA | State Information Technology Agency |
| SONA | State of Nation Address |
| U-AMPs | User Asset Management Plans |
| WSP | Workplace Skills Plan |

2.3.3 Foreword by the MEC of Finance



Hon. F.A. Rogers, MPL
KwaZulu-Natal MEC for Finance

The 2023/2024 financial, the last term of the Sixth Administration in our country and KwaZulu-Natal Province, was a year in which the commitment to accelerate the delivery of services to the people of KwaZulu-Natal was made.

A significant part of this commitment was to intensify the fight against the triple challenge of poverty, unemployment and inequality as well as to ensure that every rand from the public purse makes a difference to each and every person.

KZN Treasury, tasked with management of the fiscus and being the glue that holds the Provincial Administration together in financial management, has continuously proven to be a strong and disciplined player in the provincial government through attaining 16th clean audit reports consecutively- a feat unparalleled in the history of this government.

Bearing testimony to our commitment to live by our impact statement of ensuring a “credible, accountable, ethical, fiscal and financial management practices in the Province of KwaZulu-Natal”, the year under review has seen 13 out of 14 departments, 17 out of 18 public entities and 43 of 54 municipalities receiving unqualified audit opinions.

This was a significant improvement in the light of the fact that eight departments and twelve public entities in the PFMA provincial audit outcomes of the previous financial year. Our resolve is to improve these outcomes every year, albeit with a sharp focus on municipalities since they are a catalyst of service delivery to communities. This will require a renewed partnership with the Department of Cooperative Governance and Traditional Affairs in KwaZulu-Natal so that we collectively strike a serious blow on poverty in communities.

However, we were hamstrung by a restrained economic growth that has had an impact on service delivery.

The challenges with electricity and water supply characterised by intermittent cuts was a consistent reminder that as a country and a province, we need to work hard and forge strategic partnerships with the private sector in order to introduce turnaround strategies that will help our government to ensure quality life for our communities.

Moving from this, my resolve is to ensure enhanced transparency of our decision-making in resource allocation and utilization. Working with the Premier and Members of the Executive Council, we have to be prepared to make tough decisions if we are to demonstrate that we mean business when we say we will stabilize the finances in the province with prudent fiscal management, and as KZN Treasury, we must lead by example. In trying to avoid compromising service delivery, we have to stabilise spending, eliminate irregular expenditure in departments, attract foreign direct investment as well as ensure accountability and transparency.

Our ultimate resolve, however, is that we need to continue to contribute to the achievement of two of the Provincial Priorities which are “Economic Transformation and Job Creation” as well as “Building a capable, ethical and developmental state”. Our mandate to deliver quality services to the people of this province remains sacrosanct and should by no means be compromised.

I must also state that growing our own timber is one of the strategies that will assist our government



to ensure prudent financial management. The government-funded Chartered Accountant Trainee Programme has, to date, benefitted 24 trainees, of which 15 have now qualified as Chartered Accountants. The objective is to develop this pool of financially skilled personnel in order to deploy them to various departments, municipalities and public entities with a view to enhancing the capacity to manage public finances.

The priorities set out in the Medium-Term Strategic Framework adopted by the Sixth Administration have provided guidance up until the end of its term. As we begin the new term of the Seventh Administration, we certainly have to build on progress made by the previous administration.

Under the Honourable Premier, Thamsanqa Ntuli, the Seventh Administration has identified youth unemployment as a social ill and therefore the need to ensure development and financial backing for youth-owned businesses as some of the key priorities for the next five years.

To achieve economic growth for KwaZulu-Natal, we need to encourage SMME development in all sectors of the economy, maintenance and upgrading of our existing infrastructure, ensuring clean financial governance and zero tolerance to fraud and corruption as well as building and marshalling a public sector regiment that is dedicated to continuously making a difference in people's lives.

As KZN Treasury, we are committed to our journey towards a capable and ethical state that will translate to economic growth, job creation and a decent quality of life of the people of KwaZulu-Natal.

I wish to thank my former colleague, Peggy Nkonyeni for steering the ship and for the support provided by the Treasury team through an extremely tough year, your collective commitment and efforts are truly appreciated.

.....
Mr. F.A.Rogers, MPL
KwaZulu-Natal MEC for Finance

2.3.4 Introduction by Deputy Minister

- N/A



2.3.5 Report of the Accounting Officer

The report of the Accounting Officer will cover both the overview of the operations as well as the financial performance for the 2023/24 financial year.

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

Provincial Treasury (PT) received an allocation of R678,910 million in the 2023/24 financial year. During the 2023/24 Adjustments Estimate process this allocation was decreased by a net amount of R15 million. The downward adjustments were due to funds being surrendered to the Department of Community Safety and Liaison (DCSL) to cater for the provincial Crime Fighting Initiative (R10 million) as per the Provincial Executive Council resolution. An amount of R5 million was surrendered to Department of Public Works (DOPW) to pay for the transactional advisor costs for the Provincial Government Precinct project.

The Public Finance Unit within Programme 2 continued monitoring the spending and revenue collection of departments and public entities against the budget, with the aim of keeping provincial spending within budget. The Provincial Executive Council was continuously kept informed of the province's budget performance through memorandum, quarterly reports, and a budget Lekgotla. The 2023/24 Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE) and 2024/25 EPRE were prepared, as is the norm every year. Departments and public entities' adherence to the cost-cutting measures continued to be monitored. However, during the year, the Provincial Executive Council resolved that the oversight of the implementation of the cost-cutting measures be devolved to the Accounting Officers of the departments and public entities, with this responsibility no longer assigned to Provincial Treasury. The only exception is the filling of posts process which continues to be overseen jointly by the Office of the Premier and Provincial Treasury. The province ended the year with an overall preliminary year-end over-spending of R1.322 billion against the provincial budget of R150.096 billion but noting that departments are still in the process of undertaking year-end journals and certain departments captured invoices on BAS which were not released for payment due to cash blocking. The respective departments were requested to quantify this amount so that the real year-end position can be determined when preparing the Unaudited IYM for 2023/24. In terms of Provincial Own Revenue collection, there was a preliminary net over-collection for the province of R601.105 million.

Reports to evaluate and monitor economic trends and to support policy formulation were produced by Economic Analysis. Two (2) research projects were undertaken, namely a review of the learner transport programme in KZN and the value for money assessment on the property rates that the province pays to municipalities through the DOPW. The unit also compiled a Socio-economic Review and Outlook (SERO) to provide insight regarding economic trends that could bring about opportunities and/or risks to the provincial fiscus. Economic analysis also contributed technical support to the Department of Health (DOH) in the compilation of the pre-feasibility study for the construction of a tertiary hospital in the northern region of KZN. Economic Analysis provided a comprehensive report on the KZN Government's comments towards the Financial and Fiscal Commission's (FFC) recommendations on the 2024/25 annual submission for the Division of Revenue.

Infrastructure support was provided on infrastructure planning in accordance with the Infrastructure Delivery Management System (IDMS) and infrastructure reporting using the Infrastructure Reporting Model (IRM). The deployment of the Infrastructure Crack Team continued to be a priority. Projects such as the physical condition assessment and compilation of the Generally Recognized Accounting Practices (GRAP) compliant Immovable Asset Registers at eight (8) municipalities was awarded. Due to non-co-operation to engage proactively by key municipal officials, support to two (2) municipalities was cancelled. Also, as a result of the change in Instruction Note No. 3 of 2021/22 from National Treasury, envisaged support to departments in dealing with recurrent variation orders in construction contracts



was cancelled. The Accounting Officers are now accountable for the variation orders beyond 20 per cent, whereas previously these had to come to Provincial Treasury for assessment and recommendation.

Public Private Partnerships: Technical and legal advice in support of all provincial PPPs continued to be provided as regulated by the National Treasury guidelines with good progress being made in the finalization of the IALH.

The *Unit Asset and Liabilities Management* within Programme 3 continued to support all departments with regards to their employee tax and banking functions. A risk analysis was conducted on a quarterly basis and departments were advised of the necessary corrective action required to resolve any errors. Written reports presenting the summarised risks were provided to the CFOs of each department. All PERSAL and BAS expenditure was monitored per department in line with their bank balances and proposed funding schedules to ensure effective cash flow management. Excess funds were invested with the South African Reserve Bank (SARB) to earn maximum interest. The province faced severe cash shortages during the year as well as overcommitments resulting in a significant influx of requests for additional cash funding and complaints from service providers not being paid within 30 days from social sector departments in the main.

Provincial Supply Chain Management continued to conduct routine compliance assessments in departments, municipalities, and public entities to ensure compliance with all relevant SCM prescripts and to enhance the level of compliance, governance and accountability in the province. Support interventions were identified, and training was provided, where necessary. The department continued to receive complaints and conducted investigations where required, serving as a vigilant watchdog for perceived irregularities. Capacity building interventions were conducted in the SCM components of public sector institutions in order to capacitate them on the implementation of the 2022 Preferential Procurement Regulations. An error was detected in the definitions in the APP technical indicator table which incorrectly omitted the municipalities as a beneficiary of the training programme. However, the planned training included municipalities and was achieved accordingly. SCM policy reviews were conducted in order to assist with ensuring alignment with the new PPPFA regulations, as well as the latest instruction notes. The department continued with the weekly reporting of flood-related projects expenditure as required by National Treasury. In December 2023, the revised MFMA SCM Regulations were issued and were applicable from the date of publication. The unit issued a circular with the aim of guiding municipalities with regard to the amendments required in their individual SCM policies. Capacity building interventions were undertaken to capacitate institutions on the implementation of the Contract Management Framework. Contract registers for some institutions were reviewed and guidance provided to ensure compliance with the Contract Management Framework. Continued support was provided to departments, municipalities, and public entities to ensure effective use of the Central Supplier Database (CSD). The Provincial Bid Appeals Tribunal facilitated a number of cases relating to the appeals against bids that were awarded by departments in the province, while the Municipal Bid Appeals Tribunal (MBAT) continued to provide active support in the hearing and facilitation of MBAT matters in municipalities.

The Accounting Practices Unit provided financial management support to departments and public entities to enhance their financial accounting and asset management reporting to improve audit outcomes. Financial management support included the review of Interim and Annual Financial Statements (AFS) for public entities, the deployment of officials to assist departments and public entities with the interim and annual financial statement preparation process, including asset management support and technical guidance. Capacity building interventions included Economic Reporting Format and Standard Chart of Accounts Training, 2023/24 Modified Cash Standards and related Documents Updates, Finance Lease Workshops and a pilot Provincial Departmental AFS Preparation course. The department continued to play a significant role in the audit readiness support project to enhance financial management of departments and public entities as well as the provision of audit support during the audit process. Support



to suppliers to resolve payment disputes continued, as well as the Condonation of Irregular Expenditure Project. The unit also monitored the submission of mandatory information, monthly submission of key accounts and the monitoring of the payment of suppliers within 30 days. The provincial position has worsened with an increase in the number and rand value of suppliers not being paid within 30 days due to budget and cash constraints.

The department is an accredited South African Institute of Chartered Accountants (SAICA) training office that currently runs a three-year training programme, accepting graduates that were recipients of the Thuthuka Education Upliftment Fund (TEUF), who upon completion will be eligible for registration as Chartered Accountants (CAs). The programme was initiated in an attempt to address the scarcity of black CAs in the province, with the intention of improving the financial management constituency. The programme consists of a three (3) year SAICA training contract under the CA2025 Competency Framework that focuses on Professional Values and Attitudes and Enabling Acumens. Once discharged, the beneficiaries are eligible to enter a five-year Management Development Programme (MDP) to develop management skills and improve trainee employability.

Since its inception, the programme has benefited twenty-four (24) trainees from the Province of KwaZulu-Natal, with the department receiving its first intake of trainees in 2016 and managing the process annually. Through the programme, the department has produced thirteen (13) CAs, two (2) successfully discharged trainees waiting for confirmation of registration as CAs, and a further one (1) post-trainee currently undergoing the final board examination process, all of whom have trained within various directorates under the MDP. The programme currently supports eight (8) active trainees who are at various stages of the three-year training contract.

Support continued to be provided for financial systems, such as BAS, PERSAL, LOGIS and HardCat in the province, while the OTP handled the functionality and policy implementation on the side of PERSAL. The process of implementing the LOGIS system in all departments was initiated due to interface shortcomings of the HardCat system with BAS.

Reviews of the KZN Provincial Treasury Instruction Notes and Standard Operating Procedure guidelines for departments were conducted by the Norms & Standards unit, which included instruction notes on donor funds, gifts, donations, and sponsorships, as well as recording and payment of creditors. The unit prepared action plans for departments and public entities, based on audit findings for the 2021/22 and 2022/23 financial years relating to financial policies and procedures, and provided the required support and monitoring for implementation purposes. All provincial departments and eight (8) provincial public entities were assessed for compliance with financial norms and standards.

The Provincial Internal Audit services (PIAS) provided audit services to all departments, with the exception of DOH, which had set up its own internal audit function. Risk-based audits as approved by the Provincial Audit and Risk Committee (PARC) were conducted across all supported departments. Transversal focus areas were covered, such as Transfer Payments, SCM, Performance Information and mainstreaming of vulnerable groups. PIAS implemented IT Audit reviews in various departments. Special Audit on the implementation of the Provincial Consequence Management Framework was also performed. Greater focus was given to reviewing key financial processes with audits being conducted on key account reconciliations, audit improvement strategies, and conducting A-G follow up assessments. The non-availability of departmental officials led to the combination of follow up audits with other audits to ensure that all planned work was performed during the year. The result is a combined report from Internal Audit covering both the planned audit and the planned follow up audit. PIAS also performed value for money assessments on the area of consultants' services in four (4) departments and performed follow-up audits on previous performance audit reports. The unit also continued to track the implementation of action plans on previous internal audit and A-G findings through the consolidated



audit logs and progress reports were issued to the Audit Committee and relevant MECs. The new organisational structure of the unit was approved by the DPSA late in 2023/24 and will be implemented in the new year.

The revised Provincial Risk Management Framework and the Combined Assurance Framework, as approved by the Provincial Executive Council in 2021, were rolled-out in all 13 departments in 2023/24. The roll-out entailed providing departments with risk management guidelines and conducting assessments to measure how departments were implementing these guidelines, while the roll-out of the combined assurance was piloted at four (4) departments, namely Provincial Treasury, Office of the Premier, Department of Human Settlements, and Department of Economic Development, Tourism and Environmental Affairs (EDTEA). Risk management support to municipalities was intensified in 2023/24, with 22 risk assessments facilitated at selected municipalities and reviews of internal audit functions conducted at 6 municipalities.

The Municipal Finance programme continued to provide technical support to delegated municipalities. The Municipal Budget Management sub-programme assessed both the tabled and approved budgets and monitored the compliance with the relevant legislation and regulations. Quarterly MFMA Section 71(7) reports were produced and published on the departmental website. The reports included an early warning system to identify municipalities that experience financial problems.

Technical reviews of the 2022/23 AFS and supporting documents were conducted at nine municipalities, to assist the municipalities in complying with GRAP and MFMA requirements.

Financial Management Support projects were concluded at seven municipalities. This initiative is aimed at assisting targeted municipalities with the implementation of key principles, processes, procedures and controls of financial management required to prepare GRAP and MFMA compliant AFS and supporting documentation.

The Municipal Support Programme concluded projects at seventeen municipalities. Nine (9) targeted municipalities were assisted with mSCOA support which was intended to assist municipalities with the development of mSCOA implementation plans, analyse mSCOA data strings and provide recommendations based on findings of analyses performed, highlight system related issues identified, provide training and assist in setting up steering committees to monitor the implementation of mSCOA which should aid in the submission of credible data and ultimately contribute towards National Treasury's objective to achieve an acceptable level of uniformity and quality in the collection of Local Government data. A specialised support project was piloted at the Mthonjaneni Local Municipality with this project aimed at assisting the municipality with cash management through cost containment. Over and above the planned ten specialized projects, an additional specialized project was conducted in response to a request for technical guidance with the municipality's revised debt impairment methodology and computation to ensure GRAP compliance. Five of the multi-year Finance Expert projects which commenced in prior financial years were also concluded as well as one of the prior year Pre-audit assessment projects.

The Revenue and Debt Management project was implemented at two municipalities. The projects assessed the municipalities' revenue and debt management policies, processes, procedures, and controls with suitable recommendations to address weaknesses identified.

**GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS**

The table below shows the revenue budget and collected for Provincial Treasury for the year-ending 2023/24.

| Departmental receipts | 2023/24 | | | 2022/23 | | |
|---|-------------------|-------------------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------------------------|
| | Estimate R'000 | Actual Amount Collected R'000 | Over/(Under) Collection R'000 | Estimate R'000 | Actual Amount Collected R'000 | Over/(Under) Collection R'000 |
| Tax Receipts | - | - | - | - | - | - |
| Sale of goods and services other than capital assets | 300 | 291 | (9) | 287 | 914 | 627 |
| Transfers received | - | - | - | - | - | - |
| Fines, penalties and forfeits | - | - | - | - | - | - |
| Interest, dividends and rent on land | 302 000 | 542 617 | 240 617 | 295 000 | 342 568 | 47 568 |
| Sale of capital assets | 144 | 13 | (131) | 133 | 1 723 | 1 590 |
| Financial transactions in assets and liabilities | 488 | 1 012 | 524 | 466 | 2 728 | 2 262 |
| Total | 302 932 | 543 933 | 241 001 | 295 886 | 347 933 | 52 047 |

The actual revenue collected in the 2023/24 financial year was R543,933 million against a budget of R302,932 million, resulting in an over-collection at year end of R241,001million. The over collection is explained per economic classification as follows:

- **Sale of goods and services other than capital assets** - The collection against this category is mainly from parking fees, commission on insurance and garnishees, sale of game/hunting licenses, sale of minor assets as well as sale of tender documents. The under collection in this category was mainly from the sale of assets > R5000 which we had anticipated to take place before the end of the financial year but the approval of the cellphone policy was only effective from 01 April 2024 hence the sales will only then take place in the new financial year.
- **Fines, penalties and Forfeits** - There were no fines or penalties collected under this category.
- **Interest, dividends and rent on land** – Revenue collected against this category is from interest earned on the Inter-Governmental Cash Co-ordination (IGCC) which amounted to R405,049 million and the Pay Master-General (PMG) accounts amounting to R137,527 million. The quantum of the interest earned by these accounts is related to the amount of cash on hand and the applicable interest rate. The balance of R41 thousand relates to interest received on the staff debtors accounts.
- **Sale of capital assets** -The Department had anticipated to have an auction on one of the state vehicles before the end of the financial year 2023/24 but due to unforeseen delays in the processes the sale did not materialise in this financial year hence the under collection for this item.
- **Transactions in financial assets and liabilities** - Revenue generated against this category is mainly attributed to recovery of debts from previous financial years. The over collection in this category was mainly from IDA raised or invoiced to Department of Transport for the supply chain management support and payments made by the department's officials for previous year's telephone bills.

**Programme Expenditure**

| Programme Name | 2023/24 | | | 2022/23 | | |
|---------------------------------|---------------------------|--------------------------|---------------------------------|---------------------------|--------------------------|--------------------------------|
| | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/ Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| Administration | 225 211 | 221 167 | 4 044 | 196 172 | 192 675 | 3 497 |
| Sustainable Resource Management | 52 922 | 50 399 | 2 523 | 47 560 | 45 636 | 1 924 |
| Financial Governance | 214 319 | 213 075 | 1 244 | 204 711 | 201 373 | 3 338 |
| Internal Audit | 101 470 | 99 759 | 1 711 | 100 199 | 99 979 | 220 |
| Municipal Finance Management | 69 988 | 68 590 | 1 398 | 73 867 | 73 139 | 728 |
| Total | 663 910 | 652 990 | 10 920 | 622 509 | 612 802 | 9 707 |

The Main Appropriation for Provincial Treasury was R678,910 million at the beginning of the 2023/24 financial year. The budget was reduced by R15 million during the Adjustment processes resulting in the Final Appropriation of R652,990 million at year-end. The main adjustments that led to the net decrease in the budget are summarised below:

Other adjustments

- Savings of R10 million realised under Compensation of Employees from various Programmes was surrendered to DCSL to cater for the Crime Fighting Initiative as per the Provincial Executive Council resolutions.
- Savings of R5 million realised under Compensation of Employees from Programme 2 was surrendered to DOPW to pay for the transactional advisor costs for the Provincial Government Precinct project.

Spending in respect of **Programmes** can be summarised as follows:

- Programme 1 - This programme spent 98% of the allocated budget. The under-spending of (2%) was mainly attributed to: -
 - Savings in Compensation of employees as a result of fiscal consolidation budget cuts impacting on the freezing of posts. Resignations during the year and the impact of internal promotions within the department also resulted in savings in COE.
 - Payments for capital assets due to non-purchase of tools of trade and delays in the delivery of photocopying machines by the service providers.
- Programme 2 - This programme spent 95% of the allocated budget. The under-spending of (5%) was mainly attributed to: -
 - Savings in Compensation of employees due to frozen posts as a result of fiscal consolidation budget cuts and resignations during the year.
 - Savings in Goods and Services mainly from agency and support as actual costs for the Job Massification project were lower than the actual purchase order value as the estimated travel and subsistence costs were reduced.



- Programme 3 - This programme spent 99% of the allocated budget. The slight under-spending of (1%) was mainly attributed to: -
 - Savings on Goods and Services on items such as administrative fees (Bank charges on transversal bank accounts); Agency and support/outsourced services and S&T.
 - Payments for capital assets due to non-purchase of tools of trade.
- Programme 4 - This programme spent 98% of the allocated budget. The under-spending of (2%) was mainly attributed to: -
 - Savings in Compensation of employees resulted from resignations during the year where posts are in the process of being filled.
 - Savings in Goods and Services on item such as agency and support due to delay of projects to other departments, training and travel and subsistence.
- Programme 5 - This programme spent 98% of the allocated budget. The under-spending of (2%) was mainly attributed to: -
 - Savings in Goods and Services of R1,351 million on agency and support services, which materialised due to a change of resource and other unforeseen events for the municipal project, and travel and subsistence savings due to limited travel.

Spending in respect of **Economic Classification** can be summarised as follows:

- Compensation of Employees was under-spent by R3,232 million (1%) at year-end. The department had a vacancy level of 19,6% as at 31 March 2024, with 103 posts in the process of being filled. The impact of the 2024/25 budget cuts influenced the prioritisation of posts and several posts could no longer be afforded to be filled and were frozen resulting in the underspending. Furthermore, there were a number of resignations and internal promotions which increase underspending as the recruitment process takes 4-6 months to be finalised.
- Goods and Services was under-spent by R4,588 million (2%) at year-end. This underspending relates to items such as agency and support, mainly, due to change of resource and other unforeseen events for municipal project, reduced training costs, reduced travel and subsistence, limited use of venues and facilities, as a number of sessions and meetings were held virtually.
- Transfers and Subsidies was under-spent by R571 thousand (11%). This relates to item Non-Profit Institutions due to cash donations that did not materialise as at year-end and mainly from Households, as there was no new bursary intake in this financial year due to fiscal consolidation budget cuts.
- Payments for Capital Assets was under-spent by R2,402 million (15%) at year-end mainly due to non-purchase of the tools of trade due to vacant posts.
- Payment for Financial Assets, the spending was in line with the final budget.



Post-Adjustment Virements between Programmes:

| Programme | Adjusted Appropriation R'000 | POST ADJUSTMENTS APPROPRIATION | | | | Total Adjustments Appropriation R'000 | Post Adjusted Appropriation R'000 |
|-------------------------------------|------------------------------|----------------------------------|-----------------|--------------|-------------------------|---------------------------------------|-----------------------------------|
| | | Unforeseeable /Unavoidable R'000 | Virements R'000 | Shifts R'000 | Other Adjustments R'000 | | |
| 1. Administration | 227 673 | - | (2 462) | - | - | (2 462) | 225 211 |
| 2. Sustainable Resources Management | 59 922 | - | - | - | - | - | 52 922 |
| 3. Financial Governance | 211 857 | - | 2 462 | - | - | 2 462 | 214 319 |
| 4. Internal Audit | 101 470 | - | - | - | - | - | 101 470 |
| 5. Municipal Finance Management | 69 988 | - | - | - | - | - | 69 988 |
| Total | 670 910 | - | - | - | - | - | 663 910 |
| Amount to be voted | | | | | | | - |

Summary by economic classification

| Economic Classification | Adjusted Appropriation R'000 | POST ADJUSTMENTS APPROPRIATION | | | | Total Adjustments Appropriation R'000 | Post Adjusted Appropriation R'000 |
|---|------------------------------|----------------------------------|-----------------|--------------|-------------------------|---------------------------------------|-----------------------------------|
| | | Unforeseeable /Unavoidable R'000 | Virements R'000 | Shifts R'000 | Other Adjustments R'000 | | |
| Current payments | 642 138 | - | (45) | - | - | (45) | 642 093 |
| Compensation of employees | 352 769 | - | (9 139) | 5 000 | - | (4 139) | 348 630 |
| Goods and services | 289 242 | - | 9 094 | (5 000) | - | 4 094 | 293 336 |
| Interest and rent on land | 127 | - | - | - | - | - | 127 |
| Transfers and subsidies to: | 5 084 | - | - | - | - | - | 5 084 |
| Provinces and municipalities | 24 | - | 7 | - | - | 7 | 31 |
| Departmental agencies and accounts | 3 | - | - | - | - | - | 3 |
| Public corporations and private enterprises | 19 | - | 21 | - | - | 21 | 40 |
| Non-profit institutions | 1 599 | - | (21) | 27 | - | 6 | 1 605 |
| Households | 3 439 | - | (7) | (27) | - | (34) | 3 405 |
| Payments for capital assets | 16 563 | - | - | - | - | - | 16 563 |
| Machinery and equipment | 16 522 | - | (41) | - | - | (41) | 16 481 |
| Software and other intangible assets | 41 | - | 41 | - | - | 41 | 82 |
| Payments for financial assets | 125 | - | 45 | - | - | 45 | 170 |
| Total | 663 910 | - | - | - | - | - | 663 910 |
| Amount to be voted | | | | | | | - |



Virements between programmes: The following virements between programmes and economic classification categories were undertaken within the department:

- Net savings of R2.462 million were realised from the Management Services (HOD) (R440 000) and Corporate Services (R2.022 million) sub-programmes in Programme 1 against *Compensation of employees* (R1.286 million) due to delays in filling vacant funded posts, *Goods and services* (R998 000) due to reduced spending on advertising costs and/or promotional items (calendars and diaries) as well as cancelled security access system procurement as the funds were allocated on venues and facilities and *Transfers and subsidies to: Households* (R178 000) due to a reduced number of external bursary intakes from January 2024, as the department was being prudent in light of the 2024/25 fiscal consolidation budget cuts in order to avoid some of these bursaries becoming unfunded from 2024/25 onwards. These savings were all moved to Programme 3 as follows:
 - o R2.263 million to *Goods and services* under the sub-programme: Support and Interlinked Financial Systems for defrayment of the excess expenditure in relation to transversal computer services that were inadequately budgeted.
 - o R178 000 to *Transfers and subsidies to: Households* under the sub-programme: Support and Interlinked Financial Systems (R57 000) and the sub-programme: Supply Chain Management (R121 000) for the defrayment of expenditure pressure in respect of staff exit costs that were inadequately budgeted.
 - o R21 000 to *Payment for financial assets* in relation to irrecoverable debts written off under the sub-programme: Supply Chain Management that was not budgeted for.

In addition to the above virement between programmes, the department undertook various virements across sub-programmes and economic classification categories within programmes.

Shifts: During the 2023/24 Adjustments Estimate process, a virement from Compensation of employees was inadvertently over-stated and a virement from Goods and services was under-stated by an amount of R5 million within the Economic Analysis sub-programme under Programme 2: Sustainable Resource Management. Subsequently, a post Adjustments Estimate shift was undertaken from Goods and services to Compensation of employees in order to reverse this error, and the purpose of the funds remains the same.

Furthermore, a shift of R27 000 was undertaken from Transfers and subsidies to: Households to Transfers and subsidies to: Non-profit institutions within Programme 3: Financial Governance, as detailed under Programme 3.

The virements were approved by the Accounting Officer of the department and Provincial Treasury in terms of Section 43(1) and (3) of the Public Finance Management Act.

2023/24 Rollovers

The department will request for a roll-over of R4,900 million unspent from 2023/24 to cater for security access system, server, and Ilembe Organic Farming project which could not be paid at year end.

Unauthorised, Fruitless Wasteful or Irregular Expenditure

There was no unauthorised and irregular expenditure incurred by the department in the current year.

**Fruitless, & Wasteful Expenditure**

| Description | Amount R'000 |
|--|--------------|
| SARS Interest & penalties Charges - Written off during the year | 28 |
| Forfeited Accommodation booking– S&T related matters – Under Assessment | 1 |
| Non-attendance SITA training – Under Assessment | 11 |
| TOTAL | 40 |

Future plans of the department

The department will continue to implement its strategic plan targets as contained in the tabled 2024/25 Annual Performance Plan.

Public Private Partnerships

The PPP unit is assisting other entities with the following PPP projects:-

- *City of uMhlathuze Local Municipality-Waste water and associated by-products re-use project.* The Municipality was still in talks with Umhlathuze Water, being the largest off-takers in the project. However, Mhlathuze has undergone a lot of changes, including changes in leadership this has resulted in continued delays on them taking a decision on whether they will be part of the project.
- *iLembe District Municipality - Enterprise iLembe Broadband project.* The PPP unit has been made aware that the roll out of Broadband in the province will be facilitated by the Office of the Premier and this project supposedly falls under that ambit.
- *City of UMhlathuze Local Municipality - Airport Relocation project.* The Municipality has reported that the Feasibility Study has been completed for views and recommendations in accordance with the requirements of s120 (6) of the MFMA.
- *Department of Public Works - The new KZN Government Office Park.* The Department of Public Works, has through a deviation, reappointed the previous Transaction Advisor, to update the feasibility study. The TA are currently undertaking a prefeasibility that would determine what was done previously to align it with the new scope.
- *KZN Provincial Legislature - Office Accommodation.* This project is linked with the KZN Government Office Park project above therefore the update is the similar.
- *KZN Department of Economic Development, Tourism and Environmental Affairs - King Shaka International Airport Public Transport Link.* The matter is still in court. Awaiting a final court ruling
- *Department of Health - Inkosi Albert Luthuli Central Hospital.* The project is at the final stages of the procurement phase, commercial close has been reached, and currently working towards financial close.
- *Ezemvelo KZN Wildlife - Royal Natal National Park.* The institution is busy with the preparation of their commercialisation strategy.
- *iLembe District Municipality - Water and Sanitation Concession.* The project is at the contract management stage. The unit is currently providing on-going support to the municipality, which monitors that concessionaire's performance and its compliance with the concession agreement and applicable legislation.

**Discontinued activities / activities to be discontinued.**

There are no planned activities to be discontinued.

New or proposed activities

None.

Supply Chain Management**Unsolicited Bids**

There were unsolicited bid proposals concluded for the year under review.

Bids Status Report

The table below depicts the various procurement stages for bids as outlined in the Procurement Plan: 2023/24 to 2024/25 Financial Years.

| BID STATUS REPORT 2023/2024 FY | | | |
|---------------------------------------|------------------------------------|---|--|
| NO | BID NUMBER | PROJECT DESCRIPTION | STATUS |
| 1. | SITA | HardCat Support and Maintenance provide HardCAT maintenance support for Provincial Department, Public Entities | Procurement through SITA |
| 2. | Bid 1244/2023-F | Cleaning Services: To provide cleaning services for the Department of KZN Provincial Treasury for a period for 3 years. | Appeals Stage |
| 3. | Bid 1245/2023-F | Integrated Electronic Security System (Biometrics): Decommission, supply, install and commission an integrated electronic security system. | No acceptable bid was received, and the bid was cancelled. |
| 4. | Bid 1246/2023-F | Online Travel | Evaluation Stage |
| 5. | Bid 1250/2024-F | Events Management: Appointment of service providers for the establishment of panel of events management service providers. | Specification Stage |
| 6. | Bid 1251/2024-F | Security Services: To provide security guarding services for the Department of KZN Provincial Treasury for a period for 3 years. | Specification Stage |
| 7. | RFB 2003/2014 SITA Contract | Purchase of Server Equipment | Awarded |

Active Period Contracts

The table below depicts the various contracts existing in the Department that were put in place through a competitive bidding system as outlined in the Contract Register.

| ACTIVE CONTRACTS REPORT 2023/2024 FY | | | |
|---|------------------------|--|--|
| NO | BID NUMBER | PROJECT DESCRIPTION | STATUS |
| 1. | Bid 1222/2019-F | Cleaning Services: To provide cleaning services for the Department of KZN Provincial Treasury for a period for 3 years. | Contract for 3 years (Will expire on 31 July 2024) |
| 2. | Bid 1223/2019-F | Electronic Security Services: To provide electronic security services for the Department of KZN Provincial Treasury for a period for 3 years. | Contract for 3 years (Will expire on 28 February 2025) |



| ACTIVE CONTRACTS REPORT 2023/2024 FY | | | |
|--------------------------------------|------------------------|---|--|
| NO | BID NUMBER | PROJECT DESCRIPTION | STATUS |
| 3. | Bid 1231/2021-F | Contract Management Expert: To assist the Kwa-Zulu Natal Provincial Treasury to provide support to departments, public entities, municipalities, and municipal entities to ensure improved service delivery and quicker turnaround times in the Contract Management. | Contract for 3 years (Will expire on 30 November 2025) |
| 4. | Bid 1232/2021-F | Municipal Finance: Appointment of a panel of service providers to assist the KwaZulu-Natal Provincial Treasury to provide support to Municipalities and Municipal Entities to ensure improved service delivery and quicker turnaround times in the Municipal Finance Management Programme. | Contract for 3 years (Will expire on 31 March 2025) |
| 5. | Bid 1233/2021-F | Security Services: To provide security guarding services for the Department of KZN Provincial Treasury for a period for 3 years. | Contract for 3 years (Will expire on 27 August 2024) |
| 6. | Bid 1235/2021-F | Financial Governance: To assist provincial departments with financial management. | Contract for 3 years (Will expire on 31 March 2026) |
| 7. | Bid 1236/2021-F | Banking Services: Appointment of service provider to provide banking services for the period of 3 years. | Contract for 3 years (Will expire on 30 September 2025) |
| 8. | Bid 1237/2021-F | SCM Expert: To assist the KwaZulu-Natal Provincial Treasury to provide support to departments, public entities, municipalities, and municipal entities to ensure improved service delivery and quicker turnaround times in the supply chain management. | Contract for 3 years (Will expire on 30 November 2025) |
| 9. | Bid 1238/2022-F | Internal Audit: To assist in conducting Internal Audits services as per internal operational plans at various departments, public entities. | Contract for 3 years (Will expire on 31 December 2026) |
| 10. | Bid 1240/2022-F | PABX Maintenance: To support for a period of three (3) years for the Kwazulu-Natal Department of Treasury. | Contract for 3 years (Will Commence on 01 June 2024) |
| 11. | Bid 1242/2022-F | Legal Panel Services: To render specialized legal services for a period of three (3) years for Kwazulu-Natal Department of Treasury. | Contract for 3 years (Will expire on 30 November 2026) |
| 12. | Bid 1243/2022-F | Infrastructure Management Panel: Appointment of a panel of service providers to assist Provincial Departments, Public Entities and Municipalities in the delivery of Infrastructure Assets within the KZN Province. | Contract for 3 years (Will expire on 31 March 2026) |
| 13. | Bid 1248/2023 | Cloud Servers (Biometrics Access Control System) support and maintenance | Contract for 3 years (Will expire on 30 April 2027) |
| 14. | RT3 Contract | Office Automation Equipment | Contract for 3 years (Will expire on 31 January 2027) |

Irregular expenditure Prevention Measures

The Department has put in place Supply Chain Management policies that enables the Department to prevent, detect and investigate Irregular Expenditure. No irregular expenditure was incurred during the year under review.

SCM Challenges

The importance of public sector SCM system gives effect to government's policies and strategies and socio-economic transformation and business development. It further translates budgets and strategic plans into deliverables that supports service delivery imperatives in the Department. The lack of capacity



within the SCM unit due to limited funding to fill the required posts remains a challenge that inhibits the unit to perform its functions optimally, a review of the capacity required to support a growing department will be required to be undertaken in the new year.

Gifts and Donations from non-related parties

The department did not receive any gifts or donations during the 2023/24 financial year.

Donations made in Kind

| Receiver of Donation | Description of Donation | Amount R'000 |
|--|---|--------------|
| Cija Investments | T-Shirt Printing Equipment | 93 |
| Makhwapheni Trading Enterprise (PTY) LTD | Tyre Fitment Equipment | 75 |
| Eastwood Secondary School | Whiteboards | 75 |
| Ndwedwe Local Municipality Learners | Stationery (Calculators and Maths Instruments) | 75 |
| Nagina Clinic | Modified Container | 89 |
| Dannhauser Local Municipality (Ward 4) | Food Hampers | 99 |
| Enriched Minds Tutoring (Umzinyathi District) | Washer Dryer Machine | 51 |
| Deembalz7884 (PTY) LTD | ICE Machine | 100 |
| Nongoma Local Municipality (Ward 6 Odushwini Community Hall) | Plastic Chairs | 57 |
| Clysdale Creche (uMzimkhulu) | Tables and Chairs | 17 |
| Clysdale Creche (uMzimkhulu) | Sponge Mattresses | 24 |
| Ugu District Municipality | Grocery Hampers | 89 |
| Ethekwini Municipality | Grocery Hampers | 89 |
| KZN Department of Sports, Arts and Culture | Contribution to Ingoma Events (Inventory items) | 160 |
| Thuthuka Pre-School, Ithembalomntwana Pre-School, Khulakahle Pre-School & Little Ambassador Pre-School | Grocery Hampers | 21 |
| Total: Goods & Services Donations | | 1 114 |

Donor Funding

The department received no Donor funding during the 2023/24 financial year.

Exemptions and deviations received from the National Treasury

There were no exemptions received by the department during 2023/24 financial year.



Events after the reporting date

On the 24th of June 2024 the newly appointed MEC announced the cancellation of the lease agreement for the satellite MEC office that was in DBN, as part of the cost-cutting measures. The AFS were not adjusted as this announcement has been classified as a non-adjusting event after the reporting date.

Other Matters

None

Acknowledgement/s or Appreciation

I would like to express my gratitude to the former MEC for Finance for her support, Treasury Management and Staff for their hard work during the year.

Conclusion

This report presents the annual financial statements and performance information report for the financial year 2023/24.

.....
Mrs C. Coetzee
Accounting Officer
31 July 2024



2.3.6 Statement of Responsibility and Confirmation of Accuracy for the Annual Report

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed throughout the annual report are consistent.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury.

The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2024.

Yours faithfully

Ms C. Coetzee
Accounting Officer



2.3.7 Strategic Overview

2.3.7.1 Vision

Provincial Treasury's Vision, Mission and professed Values are as follows:

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

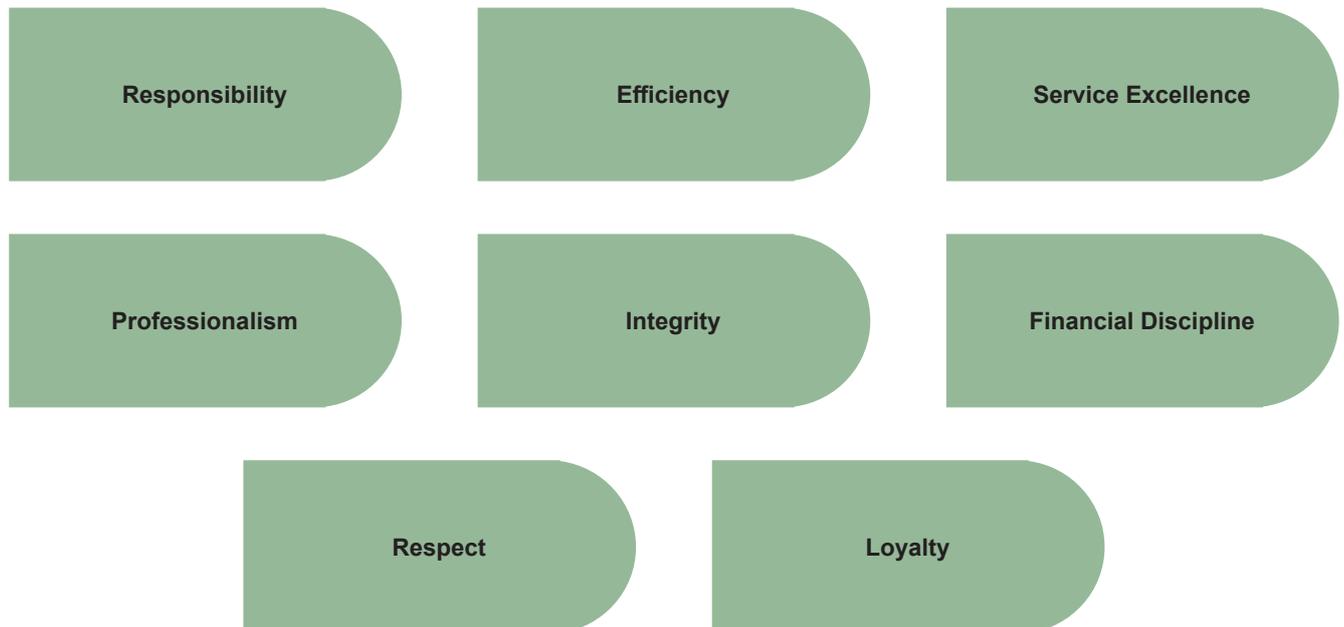
2.3.7.2 Mission

KZNPT seeks to **enhance** the KwaZulu-Natal Provincial Government **service delivery** by responding to the expectations of all our stakeholders in the value chain as a key driver through:

- Optimum and transparent allocation of financial resources whilst enhancing revenue generation,
- Financial management practices in compliance with applicable legislation and corporate governance principles;
- Our competent **and dedicated employees** who are at the center of ensuring best value to our stakeholders.

2.3.7.3 Values

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





2.3.8 Legislative and Other Mandates

The Department is governed by the following pieces of legislation and policy directives:

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.

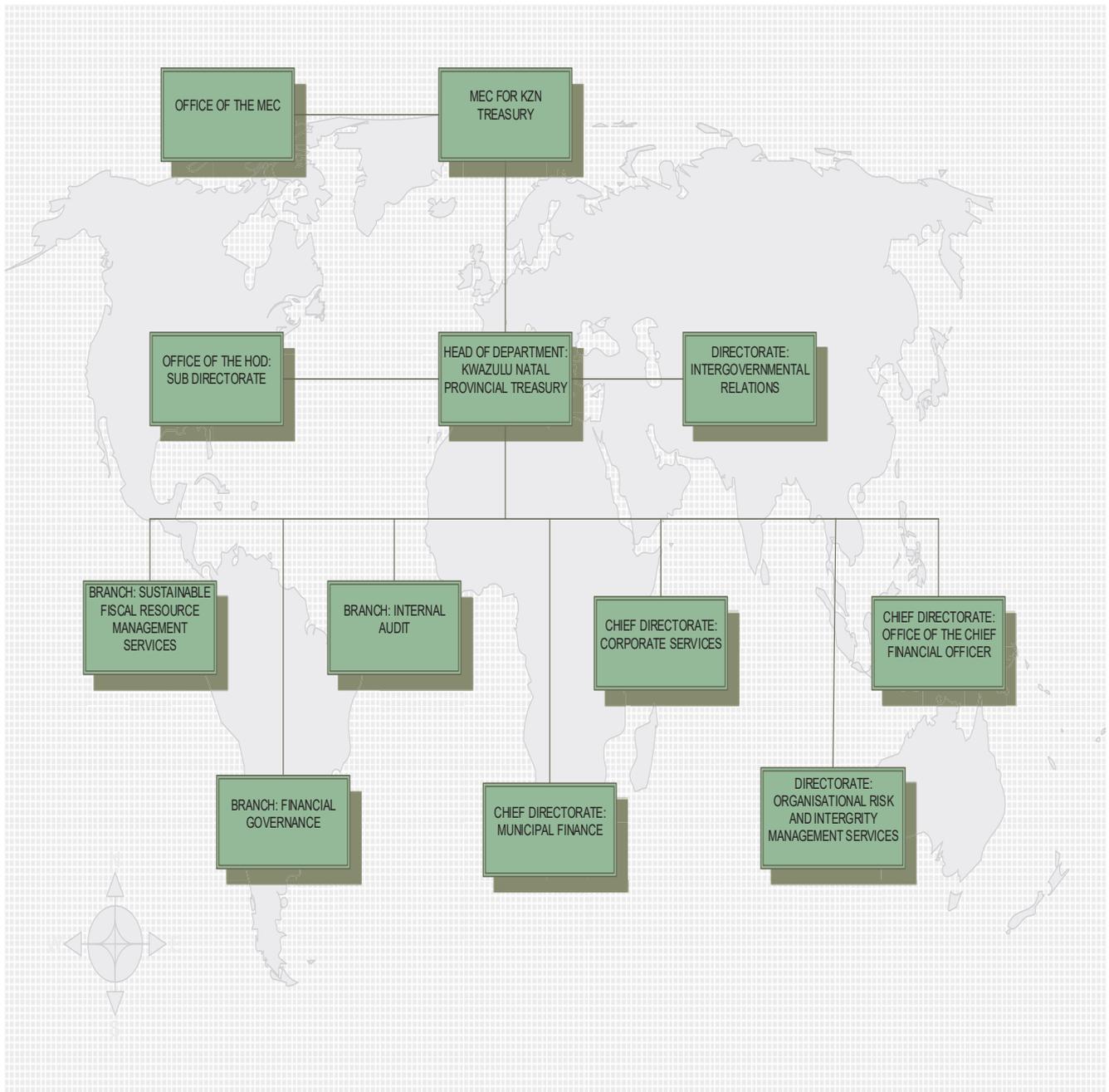
Legislative and Policy mandates

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

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



2.3.9 Organisational Structure



2.3.10 ENTITIES REPORTING TO THE MEC

The department does not have any public entities.



2.4 PART B: PERFORMANCE INFORMATION



2.4.1 AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to page 137 of the Report of the Auditor General, published as Part F: Financial Information.

2.4.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.4.2.1 Service Delivery Environment

Management Services (Office of the HOD)

This sub-programme provides strategic guidance, administrative support and oversight to the Department in ensuring the delivery of mandated services to provincial departments, municipalities and public entities.

Achievements of the Office of the Head of Department are:

The Office of the Head of Department continues to ensure that the department fulfils its mandate in terms of the PFMA & MFMA whilst adhering to good corporate governance in order to achieve a clean audit as we serve as an example to all other institutions. This includes provincial strategic tools such as the tabling of the MTEF and Budget Adjustment budgets whilst providing in-year monitoring to various oversight structures and the necessary guidance to avoid overspending.

The OHOD continues, without exception to emphasise the need to utilise fiscal resources efficiently through effective budget and cash management systems.

The OHOD co-ordinates the support provided to provincial departments, entities and municipalities across the various business units to ensure maximum impact on the intended outcomes such as Operational Clean Audit with a visible improvement in departmental audit outcomes as a result of the various interventions.

The OHOD as the OSSDDM champion undertakes a number of activities which aim:

- To swiftly respond to challenges faced by various institutions within KZN
- To nurture and consolidate the relationship of government and various stakeholders
- To solidify a capable state through accelerating service delivery
- To ensure that government continues to be closer to the people.
- To ensure that our rand goes an extra mile through supporting initiatives that promote value for money

As a result of the various community engagements, oversight visits and OSS Cabinet days, OHOD has identified and provided social support in the form of donations to various institutions as listed below:

| BENEFICIARY | DISTRICT | ITEMS DONATED |
|-----------------------------|------------------------|---|
| David Mkhize Primary School | uMgungundlovu District | 30 Used Laptops |
| Silokomane Primary School | Ethekwini District | Used Furniture (6 chairs and four tables) |
| Luncedo Primary School | Harry Gwala District | 30 assorted kids chair and tables (15) 60 mattresses |



| BENEFICIARY | DISTRICT | ITEMS DONATED |
|---------------------------|------------------------|----------------|
| Khulakahle Pre School | uMgungundlovu District | Groceries |
| Little Ambassadors Creche | uMgungundlovu District | Groceries |
| Amahobe Primary School | AmaJuba District | School Uniform |

Organisational Risk & Integrity Management Services

Organisational Risk and Integrity Management Services is established to provide risk and integrity management services in the department. The mandate of the sub- programme is in five main areas namely to:

- Manage and facilitate the development of organisational risk management policies, strategies and frameworks.
- Develop and monitor organisational risk management implementation plan.
- Monitor the implementation of risk assessment response strategies.
- Facilitate capacity building of departmental staff on organisational risk management policies, processes and procedures.
- Develop and implement Fraud Prevention and Anti-Corruption strategies and programmes; and manage the promotion of financial disclosure and monitor compliance with regard to gift register.

The department continued to be proactive in the management of strategic and operational risks through the effective functioning of a departmental risk management committee. It is chaired by the Accounting Officer and acts as an oversight body in ensuring the effectiveness of the department's risk management system, practices and procedures and providing recommendations for improvement.

The department commits to maintain the highest standards of risk management governance and risk management culture that embeds risk informed decision making, transparent, inclusive, systematic, structured, timely and risk management value adding. Furthermore, a culture of informed risk-taking is encouraged, which enables the Department to pursue its mandate/ vision without fearing risks but being risk smart and risk aware (Adopted from the Revised KZN Risk Management Framework).

Organisational Risk and Integrity Management Services persisted in exuberantly promoting an ethical culture and corruption-free environment through the implementation of the Fraud Prevention Plan, policies and related documents to intensify the fraud and ethics control environment. To assist employees in adhering to the basic values and principles governing public administration as enshrined in the Constitution of the Republic of South Africa, Public Service Regulations, Code of Conduct, Policy for managing gifts, the Department issued Circular 02 of 2023, which prohibits the acceptance of gifts by KZN Provincial Treasury employees from service providers.

The anti-corruption initiatives and programs achieved in the 2023/2024 financial year were part of the efforts to achieve the vision of the National Development Plan 2030 of a corruption-free South Africa (NACS, 2020). The former President of the Republic of South Africa, Dr. Nelson Mandela, said, "After climbing a great hill, one only finds that there are many more hills to climb." The fight against fraud and corruption has to be relentless; and the Department will continue promoting an ethical and corruption-free environment.

In the 2023/24 financial year, the Department also enhanced the human resource capacity within Organisational Risk and Integrity Management Services; two critical positions, i.e., Risk Management Specialist and Administrative Assistant, were filled. The enhancement of human resource capacity assisted the business unit to implement Fraud Prevention Strategies more effectively and efficiently.



Financial Management (Office of the CFO)

The objectives of this unit are to render financial and supply chain management functions to Provincial Treasury, with the following achievements during the year:

- Fully compliant asset management system with no audit findings.
- Effective internal control unit which has been able to prevent, detect and correct any internal control deficiencies and ensured 99% of all invoices received being settled within the prescribed 30 days' period.
- Facilitation of the departmental audit, receiving the 16th consecutive clean audit for the 2023/24 financial year with the target to maintain the status quo through continuous improvement. All audit issues raised during the previous audit were resolved timeously.
- The budget of the department was managed successfully and there was no overspending.
- The department spending on designated groups as the department's commitment to empowering previously disadvantaged individuals was as follows for the financial year 2023/2024;
 - R127 018 365 was awarded to companies owned by Black people, which is 92,92% of the total awarded value of R136 694 449.
 - R103 650 306 was awarded to women, which is 75.83% of the total awarded value of R136 694 449.
 - R63 050 755 was awarded to companies owned by Youth, which is 46,13% of the total awarded value of R136 694 449.
 - R94 725 was awarded to companies owned by Military Veterans, which is 0,07% of the total awarded value of R 136 694 449; and R1 442 103 was awarded to companies owned by people living with disability, which is 1,05% of the total awarded value of R136 694 449.

Human Resource Management

During 2023/2024, the Human Resource Management Directorate fulfilled all of its legislative mandates and delivered an efficient and professional Human Resources function to the Department, with no material audit findings. The unit has successfully implemented all planned Human Resource Planning and Work Skills Plan (WSP) priority strategies for the year, thereby ensuring a well capacitated and healthy workforce that is appropriately skilled and empowered.

The unit has exceeded its requirements in terms of empowering the organisation on all Human Resource related knowledge and information in terms of the number of policies that were developed and work-shopped during the year. Greater emphasis on empowering the Department on issues surrounding GBV, harassment, and managing work related stress has been embarked upon. The organisation is 100 percent compliant with all requirements of the performance management and development system.

Rigorous recruitment processes were facilitated during the 2023/24 financial year resulting in 54 permanent posts being filled, to reduce the vacancy rate and implement the newly approved organizational structure of the Department. A further 92 contract positions were filled which includes candidates on youth development programs within the Department. There has also been a reduction in the number of grievances and misconduct cases within the Department which is largely attributed to the monthly articles that stem from the Labour Desk of the Directorate, which has largely empowered employees and supervisors.



The Unit continues with strategies to implement the Head of Department's commitment to improving EE targets in respect of women in management and people with disabilities. Despite the department meeting the 50% target for the employment of women in senior management positions in the previous financial year, the implementation of the new structure and loss of two female SMS in the current financial year has decreased the percentage of women at SMS to 48%. However, with the remaining vacancies at SMS level the Department is committed to appointing females to improve in this area. The 2% target of staff with disabilities also decreased in the current year from 1.7% to 1.34% due to the implementation of the new structure. Since attracting applicants with disabilities seems to be problematic more partnerships and strategies have been put in place to increase the intake of candidates on youth development programs with disabilities as this will create a pool of qualified candidates with disabilities for permanent posts when available. The purchase of assistive devices and the appointment of a disability forum were also undertaken to ensure that staff with disabilities are adequately assisted to deliver an effective service. Integrated efforts of the sections within HRM during the year has ensured a strong drive for policy compliance, eradication of fraud and corruption, responsible sick leave management, well aligned Departmental structures, adequately skilled employees, and a healthy and well-informed workforce.

Youth development initiatives are a priority for the Unit. Provincial Treasury's partnership with SAICA on the Thuthuka Education Upliftment Fund (TEUF), where Treasury is sponsoring previously disadvantaged students studying towards becoming Chartered Accountants is in its 9th year. The Department has committed to sponsoring 4 students a year. The partnership has further resulted in the Department receiving SAICA accreditation as a Training Office during December 2015, and the Department has received its 9th allocation of Trainee Accountants as at January 2024 taking it to a total of 24 trainees who have been through the program. There are currently 8 graduates undergoing training towards becoming chartered accountants and 13 who have qualified as Chartered Accountants. Ten of these are currently within the Department on a 5-year management development programme. This bodes well for the establishment of a pipeline of ethical capable leaders in the financial management teams in the province. The partnership concluded with FASSET will provide additional resources to support the critical youth empowerment programmes.

Information Technology Management

The unit was involved in five audits last year. The audits undertaken included an audit of the call and incident management system used by helpdesk, review of IT strategy and supporting processes, follow-up of findings from previous audits, an ad-hoc review of the automated leave system and a review of IT general controls. The unit performed well as there were no material findings and from an ICT governance perspective it demonstrated that IT was able to provide value to the department.

The unit also completed the development of eLearning portal with SITA. It was successfully deployed and the expectation is rollout to other units to start making use of the tool as a centre for education and awareness to relevant stakeholders.

New server equipment was procured and commissioned and will ensure that the department is able to meet current and future computing demands and minimize downtime. IT have initiated the procurement of additional batteries for our Uninterrupted Power Supply given the ongoing electricity disruptions in the City. The additional batteries will increase the power carrying capacity for our servers in order that we can continue providing services during power outages.



Programme 2: Sustainable Resource Management

Economic Analysis and Infrastructure Management

This sub-programme will continue to support and enhance infrastructure and economic development in the province by:

- Developing strategic policies and frameworks;
- Ensuring the implementation of policies and frameworks;
- Managing the implementation through monitoring and evaluation; and
- Providing continuous support to the relevant stakeholders. The mandate of the sub-programme is fivefold, namely.
- To provide and oversee the provisioning of infrastructure management and economic services in the province in terms of legislative mandates.
- To determine and evaluate economic parameters and socio-economic imperatives that inform the provincial and local resource allocation and to provide a platform to enhance regional economic growth and development through quality research.
- To monitor infrastructure planning and delivery performance in the province.
- To co-ordinate and facilitate the implementation and Institutionalisation of the Infrastructure Delivery System Management System (IDMS) regulations and methodologies.
- To support the funding and implementation of strategic infrastructure projects in the province.
- Economic Services

The Economic Analysis Unit continued evaluating and monitoring economic trends to support policy formulation. The Unit published the annual KwaZulu-Natal (KZN) Socio-Economic Review and Outlook (SERO) document and economic news bulletins. It further produced two preliminary studies on the Analysis of property rates payments and possible cost-saving methods in KZN and the Evaluation of the Learner Transport Programme in KZN. The Unit also supported the Department of Health (DOH) in contributing a Socio-economic review chapter towards the pre-feasibility study on the Construction of a Tertiary Hospital in Empangeni, in King Cetshwayo District Municipality.

Economic Analysis also supported the Public Finance Business Unit, thereby providing a chapter on the analysis of socio-economic trends for the Overview of Provincial Revenue and Expenditure (OPRE) publication. It provided inputs on the technical report produced by the Financial and Fiscal Commission and others.

• Infrastructure Management

The Government's strategy to enhance socio-economic growth and development through infrastructure delivery is given effect through the implementation of the Infrastructure Delivery Management System (IDMS). Having one standard system to unify infrastructure delivery management in all spheres of government continues to be the vision of the Government.

The IDMS is a Government System for infrastructure planning, budgeting, procurement, delivery, maintenance, operation, monitoring and evaluation of infrastructure. It comprises a set of interrelating or interacting elements that establish processes which transform inputs into outputs. National Treasury



issued the Instruction No.3 of 2019/2020 Framework for Infrastructure Delivery and Procurement Management (FIDPM) which stipulates minimum IDMS planning and implementation requirements.

Infrastructure Management provides a monitoring and oversight support role for effective and efficient management of investment for all infrastructure related programmes and projects within the province in respect of:

- Infrastructure that supports service delivery;
- Planning and Budget assessments and expenditure;
- Implementation assessments and reporting
- Application of the IDMS Methodology;
- Effectiveness and efficiency of methods utilised; and;
- Optimal output performance and outcome results;

To augment the state capacity, an infrastructure panel of built environment professional companies has been established.

The 2024/25 Estimates for Capital Expenditure (ECE) which was published together with the Provincial Budget is one of the key achievements of this financial year. The 2024/25 Estimates of Capital Expenditure (ECE) publication indicates the provincial department's capital and current infrastructure delivery and projected expenditure plans for the 2024/25 MTEF. It is aimed at encouraging transparency for effective and efficient delivery and monitoring of investments made and that public value is accomplished. The summary of planning and budgeting processes in preparation for the 2024/25 MTEF is indicated. The ECE includes each provincial department's infrastructure development programme and project lists planned to be delivered during the 2024/25 MTEF period.

The infrastructure quarterly reviews using the Infrastructure Reporting Model report (IRM) as the source of information for reporting were undertaken. This is part of oversight and monitoring by the Infrastructure Unit which further includes quarterly site visits wherein physical progress is verified against the IRM report and the recommendations are provided for improvement purposes.

Through improved planning and reporting processes, the departments of Health and Education continue to receive additional funding through national incentives for infrastructure development for Health Facilities Revitalisation Grant and Education Infrastructure Grant respectively.

The implementation of the PGDS, Provincial MTSF Implementation Plan and EXCO resolutions is driven through the structure of the AWGs, of which there are 13 AWGs. AWGs are configured on national and provincial priorities, outcomes and themes. The Provincial Treasury Technical Advisory Support Unit is a member of:

- AWG C (Infrastructure; Basic Service) - lead DPW
- AWG G (Spatial Integration) - lead COGTA
- AWG K (Basic Services) - lead COGTA

The KwaZulu-Natal Provincial Government passed a resolution that all provincial departments contribute to the Job Massification Initiative through the creation of employment opportunities for unemployed graduates. This initiative required departments to set aside a budget for the execution of the initiative. KZN Treasury mobilised R10m to be initially spent over the 2023/24 Financial Year. The socio-economic objectives of the Job Massification Initiative were premised on creating short-term employment



opportunities for unemployed graduates from the Built Environment. Short-term work possibilities were provided for unemployed built environment graduates in the Amajuba and Ugu Districts, with emphasis on:

- a. Upskilling of the participating unemployed graduates to be able to participate in executing condition assessments of facilities, as well as assessments of damages occasioned by natural phenomena.
- b. Enabling preparedness of the unemployed graduates to benefit from and partake in future sustainable opportunities of a similar nature downstream.

The traditional infrastructure funding methods such as the Municipal Infrastructure Grant (MIG) and Private Public Partnerships (PPP) are inadequate to address the municipal infrastructure maintenance and development needs. It has therefore become necessary to explore alternate funding models and in this regard an alternative funding guideline for municipalities has been developed and will be presented for approval in the new year.

Public Finance

This sub-programme continued to perform its mandate as prescribed by the PFMA and Treasury Regulations. In this regard, monitoring the spending and revenue collection of departments and public entities against the budget in 2023/24 was undertaken, with the aim of keeping provincial spending within budget. The Provincial Executive Council was kept informed of the province's budget performance. The 2023/24 Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE) and 2024/25 EPRE were prepared, as is the norm every year. The adherence of departments' and public entities' to the cost-cutting measures was devolved to the Accounting Officers in-year by the Provincial Executive Council, with Provincial Treasury only responsible, together with the Office of the Premier, with respect to the oversight over filling vacant posts.

Public Private Partnerships (PPPs)

During the 2023/24 financial year, the Public Private Partnership unit fulfilled all of its legislative mandates as prescribed by the PFMA, MFMA and Treasury Regulations and has successfully implemented all of its planned strategies for the year.

The PPP Unit continued to provide technical support and advisory services to all Provincial Departments, Public Entities and Municipalities embarking on PPPs as an alternative Procurement Vehicle.

Despite the substantial altering of the Preferential Procurement Policy Framework, the PPP Unit has continued to ensure that any new bids address the transformation agenda of the Province and shall continue to do this by ensuring that new bids make provision for the advancement of the targeted groups. On PPP contracts that are in operation, the Unit has provided direct support to facilitate reporting and compliance with the Preferential Procurement Policy Framework Regulations and an analysis of the spending on targeted groups.

The PPP Unit has assisted the KZN Department of Health in the processes required for the appointment of a new private partner to take over at the expiration of the current contract at Inkosi Albert Luthuli hospital. The unit has assisted in the finalization of the Department's TAIIB application as well as the successful negotiations of the proposed PPP agreement. The Department has applied for TAIIB approval. This would mean that the Project will soon be at commercial and financial close with the appointment of a Private Party Partner now being imminent.



The PPP Unit has assisted the KZN Department of Public Work in resurrecting the Precinct project, with technical committee meeting being established and work now beginning on the project. In the 2023/2024 financial year, we assisted the Department in appointing a Transaction Advisor through the provision of funding. They have commenced with the review of the existing Feasibility Study, with the updates received forming the basis for the remaining phases of the PPP lifecycle.

The PPP Unit continues to provide capacity building/training initiatives to Departments, Municipalities and Public Entities in the Province, with plans afoot for the increased number of trainings to be conducted in the coming financial years.

Programme 3: Financial Governance

Provincial Supply Chain Management (SCM)

- The Unit conducted SCM support which encompassed capacity building sessions and policy reviews in Departments, Municipalities and Public Entities to ensure compliance with relevant SCM prescripts.
- SCM capacity building interventions conducted included the hosting of SCM forums for municipalities, Provincial departments and entities; SCM Workshops for bid committees and SCM Practitioners and partnering with Departments and Municipalities on various empowerment programmes to capacitate service providers on SCM related matters.
- Amendments to the Municipal SCM regulations necessitated that the unit conducts more policy reviews than anticipated at MFMA Institutions to ensure compliance thereof. Furthermore, policy reviews were conducted in order to monitor the accuracy and relevance of the policies in line with SCM prescripts.
- With the aim to improve audit outcomes in the province, for those Provincial Departments, Public entities and municipalities that had a number of SCM non-compliance findings, the unit provided SCM support through the development and implementation of the audit improvement and municipal support plans.
- The Contract Management Unit continued to provide support to Municipalities, Departments and Public Entities through training and on-site support. All Institutions were trained on the Contract Management Framework and a plan to provide training which is specific to each Institution was developed. Some of the training was conducted in collaboration with the Infrastructure and Economic Analysis Unit in order to address infrastructure related contracts.
- In accordance with the National Treasury SCM Instruction Note 4A of 2016/2017 Central Supplier Database, the unit continued to support Departments, Municipalities, and Public Entities in ensuring adherence to the Central Suppliers Database (CSD). CSD training was conducted to departments, public entities and municipalities to equip SCM practitioners with knowledge of the CSD functionality and improvements. The unit actively supported municipalities in uploading employee data to ensure that the CSD reflects the employees of the state correctly. Furthermore, the unit reported and continued to monitor the statistics on employees of the state that are registered on the CSD across Departments, Municipalities, and Public entities.
- Suppliers continued to receive assistance with the CSD registration process and were assisted with profile updates through email, telephonic support, and walk-in services. The unit further participated in various supplier development outreach programs, thereby reinforcing compliance with the CSD. Supplier queries were addressed promptly.



The Provincial Bid Appeals Tribunal has facilitated a number of cases relating to the appeals against bids that were awarded by the Departments in the Province. The table below reflects a summary of appeals handled by the Bid Appeals Tribunal for Departments, during the period of 2023/2024 financial year.

| SCHEDULE OF APPEALS – DEPARTMENTS | | | | | |
|---|------------------|----------|-----------|-----------|--------------|
| DEPARTMENTS | APPEALS RECEIVED | STATUS | | | |
| | | PENDING | WITHDRAWN | FINALISED | LATE APPEALS |
| Agriculture | 0 | 0 | 0 | 0 | 0 |
| Arts & Culture | 0 | 0 | 0 | 0 | 0 |
| Education | 4 | 0 | 2 | 1 | 1 |
| Health | 31 | 6 | 10 | 10 | 5 |
| Transport | 29 | 0 | 16 | 12 | 1 |
| Treasury | 12 | 0 | 4 | 8 | 0 |
| Works | 21 | 0 | 12 | 9 | 0 |
| Department of Co-Operative Governance and Traditional Affairs | 0 | 0 | 0 | 0 | 0 |
| Department of Economic Development and Tourism | 5 | 0 | 2 | 3 | 0 |
| Department of Sports And Recreation | 0 | 0 | 0 | 0 | 0 |
| Premier | 0 | 0 | 0 | 0 | 0 |
| Human Settlement | 7 | 0 | 0 | 5 | 2 |
| Social Development | 4 | 0 | 2 | 2 | 0 |
| Community Safety and Liaison | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 113 | 6 | 48 | 50 | 9 |

- The table below reflects The Municipal Bid Appeals Tribunals (MBAT) have provided active support for the hearing of MBAT matters. The table below reflects a summary of appeals handled by the Municipal Bid Appeals Tribunal for Municipalities, during the period of 2023/2024 financial year.

| MUNICIPALITY | APPEALS RECEIVED | WITHDRAWN | FINALISED | LATE APPEALS |
|-------------------------------------|------------------|-----------|-----------|--------------|
| Newcastle Municipality | 2 | 1 | 1 | |
| Harry Gwala District Municipality | 5 | 1 | 4 | |
| Umzinyathi District Municipality | 4 | 4 | | |
| Umdoni Municipality | 2 | | 2 | |
| Danhauser Municipality | 1 | 1 | | |
| Umvoti Municipality | 1 | 1 | | |
| Greater Kokstad Municipality | 1 | 1 | | |
| Zululand District Municipality | 14 | | 9 | 5 |
| UMgungundlovu District Municipality | 1 | | 1 | |
| Msunduzi Municipality | 1 | | 1 | |
| Umngeni Municipality | 1 | | 1 | |
| KwaDukuza Municipality | 3 | | 3 | |



| MUNICIPALITY | APPEALS RECEIVED | WITHDRAWN | FINALISED | LATE APPEALS |
|--------------------------------------|------------------|-----------|-----------|--------------|
| UMkhanyakude District | 1 | | 1 | |
| Umhlathuze District Municipality | 4 | 1 | 2 | 1 |
| Maphumulo Municipality | 2 | 1 | 1 | |
| Endumeni Municipality | 2 | | 2 | |
| Nquthu District Municipality | 2 | 1 | 1 | |
| Abaqulusi Municipality | 1 | 1 | | |
| Ray Nkonyeni Municipality | 5 | | 5 | |
| Alfred Duma Municipality | 2 | 1 | 1 | |
| Mandeni Municipality | 2 | 1 | 1 | |
| Richmond Municipality | 2 | | 2 | |
| Umuziwabantu Municipality | 2 | 2 | | |
| King Cetshwayo District Municipality | 1 | | 1 | |
| Umhlabuyalingana Municipality | 1 | 1 | | |
| Mlooi Mpofana Municipality | 2 | | 2 | |
| Okhahlamba Municipality | 2 | 1 | 1 | |
| Umshwathi Municipality | 2 | | 1 | 1 |
| Ndwedwe Municipality | 2 | | 2 | |
| Ubuhlebezwe Municipality | 1 | | 1 | |
| TOTAL | 72 | 19 | 46 | 7 |

Accounting Services (Financial Reporting)

The strategic focus of the sub-programme is to provide sustained financial management and audit readiness support to the Province towards the primary objective of addressing audit risks and weaknesses in financial management processes in order to achieve improved audit outcomes for Departments and Public Entities.

An executive overview of the financial management support provided to Provincial Departments and Public Entities by the Accounting Services Unit during the year is as follows:

- Financial and Asset Management support provided to Provincial Departments as follows:

| Departments | Financial Management on specific focus areas excluding Technical Guidance | Asset Management on specific focus areas excluding Technical Guidance | Technical Guidance: (Accounting, Assets and PFMA related matters) |
|---|---|---|---|
| Office of the Premier | X | X | X |
| Health | - | X | X |
| Human Settlement | X | - | X |
| Sports, Art and Culture | - | X | X |
| Co-operative Governance and Traditional Affairs | X | - | X |
| Social Development | - | - | X |
| Department of Public Works | - | - | X |



- Financial Management support provided to Provincial Public Entities as follows:

| Public Entity | Interim Financial Statement Review: 2024 Financial Year (FY) | Annual Financial Statement Review: 2023 FY | Asset Management on specific focus areas excluding Technical Guidance | Technical Guidance: (Accounting, Assets and PFMA related matters) |
|--|--|--|---|---|
| Dube TradePort Corporation | X | - | - | X |
| Traditional Levies and Trust Account | - | X | - | X |
| KZN Sharks Board | - | - | - | X |
| Ithala Development Finance Corporation | - | - | - | X |
| Richards Bay IDZ | - | - | - | X |
| KZN Film Commission | X | - | - | X |
| Ezemvelo KZN Wildlife* | X | X | X | X |
| Agri-Business Development Agency | - | - | - | X |
| KZN Housing Fund | - | X | - | X |

- Engaged with National Treasury and Office of the Auditor General on contentious matters relating to interpretation of accounting standards and any National Treasury reforms to limit audit findings;
- Monitored the submission by Provincial Departments and Public Entities of mandatory financial information to Provincial Treasury and Auditor General;
- Developed and facilitated the 2023/24 Modified Cash Standards (MCS) and related documents update for Provincial Departments;
- Hosted NT MCS Awareness Training;
- Developed and Facilitated Finance Lease Training for Provincial Departments;
- Facilitated Economic Reporting Format and Standard Chart of Account (SCOA) training for budget and non-finance officials for Provincial Departments;
- Developed and Facilitated AFS Template Preparation Training;
- Developed and facilitated Infrastructure and Asset Economic Classification and Reporting training for Provincial Departments;
- Monitoring of interdepartmental accounts due by Provincial Departments to Public Works;
- Support suppliers to resolve payment disputes with departments.

In addition to the above the unit performed the following:

- Tabled the consolidated annual financial statements for the Provincial Departments and Public Entities;
- Prepared the annual financial statements for the KZN Provincial Revenue Fund with a clean audit report;



- Reviewed and finalised 38 condonation of irregular expenditure submissions made by departments and public entities;
- Submitted 12 Consolidated Instruction Note 34 returns to National Treasury, relating to payment of invoices not made within 30 days. Submitted on a monthly basis a report on the analysis of invoices not paid within 30 days to the Public Service Commission through the Office of the Premier.
- Facilitated a 4-module foundational financial management training programme targeting youth in business in November 2023, where an average of 84 attendees attended each of the sessions.

Financial Information Management Systems

The directorate remains committed to provide optimal protection to both BAS and Persal transversal systems thus mitigating any financial loss to the province. The use of the Biometric Access Control System (BACS) is still a proven mechanism to strengthen the non-repudiation on both BAS and Persal transactions.

The intermittent internet connection managed by SITA has been a challenge for both BAS and Persal users who are unable to access mainframes, however the department has embarked pro-actively communicating timeously with departments and was able to maintain both systems performance at 99% above the 97% target.

The introduction of electronic distribution for pay slips and IRP5 by the department in the province has seen a decrease on the expenditure of printing by R1 339 450 as illustrated by the comparison table below.

| | FY2022/23 | FY2023/24 | Savings |
|-----------------------------------|---------------|---------------|---------------|
| Annual Printing (including IRP5s) | R5 300 226.00 | R3 960 776.00 | R1 339 450.00 |

PROGRAMME 4: Internal Audit

Assurance Services

The Provincial Internal Audit services (PIAS) provided audit services to all departments, with the exception of DOH, which had set up its own internal audit function. Risk-based audits as approved by the Provincial Audit and Risk Committee (PARC) were conducted across the 12 supported departments. Transversal focus areas were covered, such as Transfer Payments, SCM, Performance Information and mainstreaming of vulnerable groups. PIAS implemented IT Audit reviews in various departments. A special audit on the implementation of the Provincial Consequence Management Framework was also performed in the 12 Departments given the need to ensure that officials are held accountable for poor financial management.

Greater focus was given to reviewing key financial processes with audits being conducted on key account reconciliations, audit improvement strategies, Interim Financial Statements and conducting A-G follow up assessments. The non-availability of departmental officials led to the combination of follow up audits with other audits to ensure that all planned work was performed during the year. The result is a combined report from Internal Audit covering both the planned audit and the planned follow up audit. PIAS also performed value for money assessments on the area of consultants' services in four (4) departments and performed follow-up audits on previous performance audit reports. The unit also continued to track the implementation of action plans on previous internal audit and A-G findings



through the consolidated audit logs and progress reports were issued to the Provincial Audit Committee and the relevant MECs. The new organisational structure of the unit was approved by the DPSA late in 2023/24 and will be implemented in the new year.

Risk Management Services

Risk and Advisory Services, which is a component of the Provincial Internal Audit Services, continued to provide risk management support to provincial departments and municipalities. All departments were assisted with the review and updating of ethics and corruption risk registers; while 22 risk assessments were conducted to assist selected municipalities with the development and updating of risk registers.

The roll-out of the revised provincial risk management and combined assurance frameworks, which were approved in 2021, commenced during this financial year, with all departments provided with relevant risk management guidelines and training, while the roll-out of the combined assurance was piloted at four departments. The roll-out of these frameworks, including the assessment of compliance by departments, will be continued during the forthcoming financial year.

The unit also played a key role on the establishment of the provincial risk management committee. The committee, which is constituted by HODs and chaired by the Director-General, was established on 27 March 2023 to identify and ensure the resolution of provincial transversal risks, with the team providing technical and administrative support thereto.

Programme 5: Municipal Finance Management

Municipal Budget Management

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

During the 2023/24 financial year, the primary focus of the Municipal Budget Management sub-program was on the promotion of credible and funded municipal budgets and sound fiscal management and these were achieved through the following:

- Guiding all 51 delegated municipalities on their budgets by issuing Provincial Treasury (PT) circulars to assist municipalities in the preparation submission and publication of their medium-term revenue and expenditure framework (**MTREF**) budget as well as informing municipalities of the requirements of Section 21 of the MFMA outlining key deadlines.
- Provision of technical support to all delegated municipalities in the preparation of their 2023/24 MTREF Budgets;
- Assessment of the 2023/24 MTREF budgets to establish whether the budgets were credible, sustainable (funding position) and complied with the provisions of the MFMA, the MBRR and other applicable legislation. It is critical that the funding position (i.e. funded or unfunded) of the municipal budgets are evaluated to determine the sustainability of municipalities in the province as this impact on the municipality's ability to deliver services; and
- Monitoring the implementation of municipal budgets and the preparation of monthly and quarterly reports in terms of Sections 71(6) and 71(7) of the MFMA, as well as assessing the 2023/24 Mid-



Year Budget and Performance Assessment (MFMA Section 72) Reports on the budget performance of all delegated municipalities.

The Municipal Budget Management sub-programme assessed all 51 of the delegated municipalities' Tabled Budgets for the 2023/24 financial year and provided written feedback to those municipalities. The Approved Budgets of all 51 delegated municipalities were also assessed and municipalities were provided with reports containing feedback on the key findings of the assessments. On-going engagements with the senior management at the municipalities and formalised feedback on the budget assessments provided to the delegated municipalities assisted in promoting realistic and funded municipal budgets. The findings of the 2023/24 Budget Assessment were shared with all municipalities through Circular PT/MF 5 of 2023/24 dated 01 November 2023 which included areas of weaknesses and common mistakes identified by both the Provincial and National Treasuries.

Provincial Treasury conducted the 2023/24 budget assessment in two phases. The objective of the first phase was to assess the Tabled Budgets of the municipalities and provide comments for consideration by municipalities as per the requirement of Section 23(1) of the MFMA. The assessment process also included high level compliance checks on all Tabled Budgets received to establish the level of compliance with the requirements of the MFMA and MBRR in general and to verify amongst others, whether the Tabled Budgets submitted were in the correct version of the prescribed format.

Copies of the 2023/24 Tabled Budgets were received from 51 delegated municipalities in the prescribed format.

Provincial Treasury assessed the funding positions of the 2023/24 Tabled Budgets of all the 51 delegated municipalities using the National Treasury Budget Funding Assessment Framework (Tool). Provincial Treasury held bilateral meetings with the 51 delegated municipalities to discuss the comments and recommendations on the findings relating to their 2023/24 Tabled Budgets. The aim of the engagements was amongst others, to provide technical support to the municipalities in the preparation of their budgets and to influence the funding position of the 2023/24 Approved Budget.

The second phase entailed the high-level assessment of the budgets approved by the municipal Councils. Copies of the 2023/24 Approved Budgets were received from all 51 delegated municipalities in the prescribed format. High level assessments were conducted and feedback was provided to all 51 delegated municipalities. The main purpose of the assessment of the Approved Budgets was to establish whether the Approved Budgets were funded and took into consideration the comments and recommendations made by Provincial Treasury provided on the Tabled Budgets.

This process also included a high-level compliance check to establish the level of compliance of the Approved Budgets with the requirements of the MFMA and MBRR. The table below reflects the municipalities with approved unfunded budgets.

| List of delegated municipalities with Unfunded 2023/24 Approved Budgets | | | |
|--|-----------------------------|------------|-----------------------------|
| No. | Name of Municipality | No. | Name of Municipality |
| 1 | Mpofana | 5 | Newcastle |
| 2 | uThukela DM | 6 | eMadlangeni |
| 3 | eNdumeni | 7 | Amajuba DM |
| 4 | uMzinyathi DM | 8 | Ulundi |

Source: KZN Provincial Treasury



Provincial Treasury issued Circular PT/MF 04 of 2023/24 dated 12 September 2023 (Process of addressing the 2023/24 unfunded budget through the preparation of credible budget funding plan) in order to inform municipalities whose 2023/24 Approved Budgets were assessed as being unfunded by Provincial Treasury of the process to be followed to address the unfunded budget position through the preparation and/or correction of their Budget funding plans.

Provincial Treasury supported the 8 municipalities (as reflected in the table above) that approved unfunded budgets for the 2023/24 financial year in a bid to ensure that these municipalities table and approve credible Budget funding plans. The municipalities that did not submit Budget funding plans were supported to develop Budget funding plans while those municipalities that had submitted Budget funding plans were supported to review their Budget funding plans and correct all issues raised by Provincial Treasury with a view of improving the level of credibility of the Budget funding plans. The support included hands on support as well as bilateral engagements with the municipalities wherein Provincial Treasury provided detailed guidance on the preparation and review of the plan.

A credible Budget funding plan was one of the criteria for the release of the December 2023 Equitable Share tranche by National Treasury. Six of the eight municipalities with unfunded 2023/24 Approved Budgets tabled Budget funding plans with their budgets in compliance with MFMA Circular No. 93. These plans were assessed and recommendations were provided to the municipalities. Of the six Budget funding plans tabled, only two were found to be credible. The remaining municipalities were required to re-table credible Budget funding plans to Council whilst the two municipalities that did not tabled funding plans were required to do so by 31 August 2023. This has been achieved resulting in all eight Budget funding plans assessed as credible and as a result none of the municipalities' equitable share was withheld.

Provincial Treasury also monitored the submission of the 2023/24 Mid-Year Budget and Performance Assessment (MFMA Section 72) Reports which were due to both the Provincial and National Treasuries by 25 January 2024 in line with the provisions of the MFMA. Provincial Treasury conducted an assessment on the Mid-Year Budget and Performance Assessment Reports submitted by the delegated municipalities with a view of providing recommendations which would influence their 2023/24 Adjustments Budgets.

Provincial Treasury discouraged municipalities in PT/MF Circular 06 of 2023/24 dated 13 December 2023 from tabling their 2023/24 Mid-Year Budget and Performance Assessment Reports together with their 2023/24 Adjustments Budgets. This was in order for the Provincial Treasury to effectively assess the 2023/24 Mid-Year Budget and Performance Assessment Reports and provide meaningful contribution thereon in the preparation of the municipalities' 2023/24 Adjustments Budgets.

Provincial Treasury evaluated the 2023/24 Mid-Year Budget and Performance Assessment Reports of all 51 delegated municipalities and provided detailed written feedback on the findings thereof to the municipalities. Bilateral engagements were successfully held with all 51 delegated municipalities during the month of February 2024 with the Supply Chain Management (SCM) and Internal Audit Units of the Provincial Treasury also being invited to participate at the engagements.

Provincial Treasury assessed the 2023/24 Adjustments Budgets of all 51 delegated municipalities and provided high level written feedback on the findings thereon to the municipalities.

The Municipal Budget sub-programme prepared 12 monthly Consolidated Budget Performance reports on all delegated municipalities including the 3 non-delegated municipalities and submitted these reports to National Treasury in terms of Section 71(6) of the MFMA.

Four quarterly reports on the Consolidated Budget Performance for all delegated municipalities including the 3 non-delegated municipalities were prepared in line with the requirements of Section 71(7) of the MFMA. Provincial Treasury consistently monitors the payments of Section 41 Bulk resources,



i.e. electricity and water accounts by all municipalities to Eskom and the Water Boards respectively. Provincial Treasury assisted in ensuring that defaulting municipalities enter into payment arrangements with Eskom with a view of settling their outstanding Eskom debt.

Municipal Accounting and Reporting

In terms of Provincial Treasury's mandate to support municipalities in strengthening their financial management capacity, Provincial Treasury continued to provide financial management support to identified municipalities within the KZN Province during the 2023/2024 financial year.

The fundamental objective of the support initiative is to assist delegated municipalities to improve financial management, accounting and reporting processes and controls as well as assisting them in addressing their audit findings.

Technical reviews of the annual financial statements were conducted at the seven selected municipalities as planned. A high-level review of the accounting records, key registers, reconciliations, schedules and working papers was also performed to ensure compliance with the GRAP standards and accurate disclosure within the annual financial statements. In addition, skills transfer to the internal audit component and/or relevant municipal officials was also provided on the process of reviewing the financial statements and working papers as well as managing the audit queries. An additional municipality was also assisted with a high-level review of the AFS in response to the request received from the municipality's audit committee chairperson.

Financial Management Support (FMS) was provided to selected municipalities to assist with technical and complex financial accounting and reporting matters whilst providing skills transfer to municipal officials. Two projects that commenced in the prior year were carried forward and concluded in the 2023/24 financial year due to the signed close out reports that were only received from the municipalities after the 2023/24 financial year end.

| List of Municipalities supported by Municipal Accounting and Reporting during 2023/24 | | | | | |
|---|----------------------------|-------------------------|-----|----------------|--------------------|
| No. | Municipality | Support Initiative | No. | Municipality | Support Initiative |
| 1 | uMzimkhulu | AFS Review (prior year) | 10 | eNdumeni | FMS (prior year) |
| 2 | uMngeni | AFS Review | 11 | eNdumeni | FMS |
| 3 | uMswathi | AFS Review | 12 | eMadlangeni | FMS |
| 4 | KwaDukuza | AFS Review | 13 | Mpofana | FMS |
| 5 | eDumbe | AFS Review | 14 | Ulundi | FMS |
| 6 | Dr. Nkosazana Dlamini Zuma | AFS Review | 15 | Harry Gwala DM | FMS |
| 7 | uBuhlebezwe | AFS Review | 16 | Dannhauser | FMS |
| 8 | uMzimkhulu | AFS Review | | | |
| 9 | uMkhanyakude DM | High Level AFS Review | | | |

Municipal Support Program (MSP)

The Municipal Support Program (MSP) within Municipal Finance Management was established to assist and provide technical support to delegated municipalities to promote sound financial management and sustainability. The MSP is committed to support its clients and identifying ways to improve financial management at municipalities. The program also places emphasis on capacity building to ensure that



the improvements effected are sustainable. The MSP provided targeted mSCOA support at selected municipalities. The support initiative was intended to assist municipalities with the development of mSCOA implementation plans, analyse msCOA data strings and provide recommendations based on findings of analyses performed, highlight system related issues identified, provide training and assist in setting up steering committees to monitor the implementation of mSCOA which should aid in the submission of credible data and ultimately contribute towards National Treasury's objective to achieve an acceptable level of uniformity and quality in the collection of Local Government data.

The MSP also piloted a specialized project at one municipality which is aimed to assist the municipality with cash management through cost containment. An additional specialized project was concluded over and above the ten projects plan which was in response to the request for technical guidance received from a municipality with their revised debt impairment methodology and computation to ensure GRAP compliance. The MSP further concluded the five multi-year Finance Experts projects which commenced in the prior financial year. Municipal Finance Experts were deployed to five municipalities that had been identified as being in financial distress. The Finance Experts provided financial management support and capacity building to the municipalities with the aim of strengthening the areas of budgeting, cash flow management, financial accounting and reporting as well as providing support to the municipalities' interim finance committee. One of the Pre-audit assessments conducted in the prior financial year was also concluded in the 2023/24 financial year as the municipality only provided the signed close out report after the 2023/24 financial year end.

| List of Municipalities supported by Municipal Support Programme during 2023/24 | | | | | |
|--|-----------------|--|-----|----------------|---------------------------|
| No. | Municipality | Support Initiative | No. | Municipality | Support Initiative |
| 1 | Alfred Duma | Pre-audit Assessment (prior year) | 7 | Alfred Duma | Targeted mSCOA |
| 2 | uMkhanyakude DM | Multi-year Finance Expert (prior year) | 8 | Harry Gwala DM | Targeted mSCOA |
| 3 | eMadlangeni | Multi-year Finance Expert (prior year) | 9 | uMshwathi | Targeted mSCOA |
| 4 | Mpofana | Multi-year Finance Expert (prior year) | 10 | Richmond | Targeted mSCOA |
| 5 | uThukela DMM | Multi-year Finance Expert (prior year) | 11 | iLembe DM | Targeted mSCOA |
| 6 | uMzinyathi DM | Multi-year Finance Expert (prior year) | 12 | eMadlangeni | Targeted mSCOA |
| | | | 13 | Zululand DM | Targeted mSCOA |
| | | | 14 | Mandeni | Targeted mSCOA |
| | | | 15 | uMvoti | Targeted mSCOA |
| | | | 16 | Mthonjaneni | Specialised Support Pilot |
| | | | 17 | Richmond | Technical guidance |

The support provided by the Municipal Accounting and Reporting as well as the Municipal Support Programme assisted 4 municipalities to improve their 2022/23 audit opinion. Three municipalities improved from a Qualified audit opinion in 2021/22 to Unqualified with findings whilst one municipality improved from a Disclaimer to a Qualified audit opinion. Ten municipalities supported maintained their Unqualified with findings audit opinion.

The Municipal Support Programme further facilitated quarterly CFO Forums and/or training sessions during the 2023/24 financial year. The forums and training sessions provide support to all municipalities in collaboration with other stakeholders on prevailing issues that are relevant to the municipalities at the time. Topics discussed at the forums included, changes in mSCOA, Municipal Budgets, guidance on the preparation of the annual financial statements and reconciliations, accounting guidance for Integrated National Electrification Programme and Housing grants, VAT and Presentation on National Treasury MFMA Circular No 124 relating to the Eskom Municipal Debt Relief Programme.



Municipal Revenue and Debt Management (MRD)

The Municipal Revenue and Debt support initiative was implemented at two municipalities. The two projects which commenced during the latter part of the 2022/23 financial year was also concluded during the 2023/24 financial year. The support included the review of the municipalities' accuracy and completeness of billing for revenue from property rates (if applicable) and/or from service charges. The deployed resources further assessed the municipalities' revenue and debt management practice to identify weaknesses in the revenue value chain policies, processes and procedures. Suitable recommendations were also provided to address the gaps identified. Support was further provided to assist the municipalities with the implementation of the National Treasury Revenue Management tools.

| List of Municipalities supported by Municipal Revenue and Debt Management during 2023/24 | | | |
|--|--------------------------|-----|----------------------|
| No. | Municipality | No. | Municipality |
| 1 | uThukela DM (prior year) | 3 | eNdumeni |
| 2 | Mtubatuba (prior year) | 4 | iNkosi Langalibalele |

| No. | Municipality | Effective Date |
|-----|--------------|----------------|
| 1 | Ulundi | 1 June 2023 |
| 2 | eNdumeni | 1 July 2023 |
| 3 | Mthonjaneni | 1 July 2023 |
| 4 | Mpofana | 1 October 2023 |

The MRD further monitored compliance with the Eskom Municipal Debt Relief Programme conditions by the following four delegated municipalities that were approved by National Treasury to be part of the programme:

The aim of National Treasury's Municipal Debt Relief Initiative is for Eskom to completely write off the principal debt, interest and penalties of municipalities that owe arrear amounts to Eskom as of 31 March 2023 (excluding the current Eskom March 2023 accounts) over a three-year period subject to certain conditions being met.

2.4.2.2 Service Delivery Improvement Plan (SDIP)

During the 2023/2024 financial year, the department reported on progress made on the two key services that the SDIP focused on for improvement in the 2023 – 2025 plan which was Assurance Services and Risk Management within the Provincial Internal Audit Services branch. The actual delivery on the targeted activities with timeframes set for the 2023/2024 financial year to improve on identified gaps can be viewed in the tables below. The newly approved structure for the Internal Audit Branch, increased their capacity by 74 posts, which will also assist with service delivery improvement strategies in line with the developed Service Delivery Model of the Department. The tables below reflect planned strategies for the 2023/24 financial year and the actual achievement thereof.



PART A: REPORT OF THE PROGRESS MADE ON SERVICE/S ADDRESSED IN THE SDIP

Year of Reporting: (Year 1 -2023/24)

| SUMMARY OF SDIP PROGRESS | | | | | | | | | | |
|---|--|---|--|---|-----------------|----|----|----|---|--|
| SDI FOCUS AREAS | SERVICE BENEFICIARY (KPA) | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1) 2023/24 | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | | Q1 | Q2 | Q3 | Q4 | | |
| Provide Internal Audit (Assurance) support services to Provincial Departments | Number of audits conducted utilizing data analytics. | Internal Audit reviews conducted (APP). | 0 (Data analytics are not currently utilized for audit engagements) | Conduct 10 audits utilizing data analytics during the SDIP cycle. | 0 | 0 | 0 | 1 | Service Delivery Model APP, Internal Audit Operational Plans. | Not achieved (reasons are provided below). An audit of Data Migration was planned and finalized in Q4 of the 2023/24 financial year at the Department of Sports, Arts and Culture. The Department had employed data analytics to analyse migrated data for the HardCat System against Excel Spreadsheets that was used previously. The team used the ACL system for this analysis. The target has not been achieved due to delays in the upgrade of the Teammate System. In the interim, where audit assignments are outsourced to external service providers, PIAS will ensure that audit data analytics are employed in the audits (where applicable). |



| SUMMARY OF SDIP PROGRESS | | | | | | | | | |
|--------------------------|---|--|---|---|----------------------|----------------------|----------------------|----|---|
| SDI FOCUS AREAS | SERVICE BENEFICIARY (KPA) | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1) 2023/24 | ACHIEVED TARGET | | | | COMMENT |
| | | | | | Q1 | Q2 | Q3 | Q4 | |
| | Number of Operational Plan meetings held in the financial year. | The plan is discussed with Accounting Officers of individual departments or CEOs of the Public Entities (in the case of special requests), and is approved by the Provincial Audit and Risk Committee or Audit Committee of the relevant Public Entity. (Paragraph 6.3 of the KZN PIAS Internal Audit Charter) | 13 Operational Plan meetings were conducted in the 2022/23 financial year | Conduct 13 Operational Plan meetings during the SDIP cycle. (Note-there were 13 provincial department-ments in 2022/23 and 12 department-nts in the 2023/24 financial year. | N/A FOR THIS QUARTER | N/A FOR THIS QUARTER | N/A FOR THIS QUARTER | 12 | Achieved. Operational Plan meetings were held with all 12 client Departments during Q4 of the financial year. This is when Internal Audit Operational Plans are developed for the forthcoming financial year. |



| SUMMARY OF SDIP PROGRESS | | | | | | | | | |
|--------------------------|---|---|--|--|------------------------------|------------------------------|------------------------------|----|---|
| SDI FOCUS AREAS | SERVICE BENEFICIARY (KPA) | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1) 2023/24 | ACHIEVED TARGET | | | | COMMENT |
| | | | | | Q1 | Q2 | Q3 | Q4 | |
| | Number of cyber security audits conducted. | An operational plan should be prepared based on the key areas of risk for the department, having regard to its current operations, those proposed in its strategic plans and its risk management strategy. (Paragraph 2.5 of the KZN Internal Audit Methodology). | 0 Cyber security audits were conducted in the 2022/23 financial year. (Dependent on the risk profiles of client departments). | Conduct 4 cyber security audits during the SDIP cycle (Dependent on the risk profiles of client departments). | NOT PLANNED FOR THIS QUARTER | NOT PLANNED FOR THIS QUARTER | 2 | 2 | Achieved. Security Audits and Network Security Audits (which included aspects of Cyber Security) were conducted at the Departments of Cooperative Governance and Traditional Affairs (x2), Human Settlements (x1) and the Office of the Premier (x1). |
| | Number of risk management audits conducted. | An operational plan should be prepared based on the key areas of risk for the department, having regard to its current operations, those proposed in its strategic plans and its risk management strategy. (Paragraph 2.5 of the KZN Internal Audit Methodology). | 0 Risk management audits were conducted in the 2022/23 financial year. (Dependent on the risk profiles of client departments). | Conduct 4 risk management audits during the SDIP cycle (Dependent on the risk profiles of client departments). | NOT PLANNED FOR THIS QUARTER | NOT PLANNED FOR THIS QUARTER | NOT PLANNED FOR THIS QUARTER | 1 | Although the planned target was 4 risk management audits, the actual was dependent on the risk profiles of client departments and the outcome of this was a need for 2 risk management audits to be conducted which was achieved, as is described below: ✓ Q1-The Post-Merger Due Diligence audit at the Department of Sport, Arts and Culture. ✓ Q4 - An audit of IT Risk Management at the Department of Human Settlements. |



| SUMMARY OF SDIP PROGRESS | | | | | | | | | | |
|--------------------------|--|--|--|---|-----------------|--------------------------------|---------------------------------|---------------------------------|--|---|
| SDI FOCUS AREAS | SERVICE BENEFICIARY (KPA) | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1) 2023/24 | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | | Q1 | Q2 | Q3 | Q4 | | |
| | Number of officials attending training. | Officials should attend training as per the training needs identified. | 25 training courses attended by assurance staff members in the 2022/23 financial year. | Each staff member to attend at least 8 training courses during the SDIP cycle. (Target for cycle = 8 training courses x No of officials in Assurance Services). | 0 | 9 No. of trainings attended | 67 No. of trainings attended | 46 No. of trainings attended | Service Delivery Model, APP, Internal/Audit Training Needs Database. | Partially achieved. Due to budget constraints, it was not possible for every official to attend training in the financial year, therefore the target of 8 trainings per official was not achieved. However, 122 trainings were attended by various officials in total. Several different training courses were attended by 54 officials within Assurance Services for the reporting period. |
| | Number of advisory engagements conducted | PIAS provides advisory and consulting services where necessary (6.5 /A Charter). | 0 (Dependent on stakeholder requests) | Conduct 1 advisory engagement in a financial year. | 1 | NOT PLANNED FOR THIS QUARTER | NOT PLANNED FOR THIS QUARTER | 0 | Service Delivery Model, APP, Internal/Audit Operational Plans, IA Charter. | Achieved. The Department of Education requested advisory services relating to the National School Nutrition Programme. This assignment was concluded in Q1 of the financial year. A further 2 advisory engagements are in progress, at the Department of Education, namely Overpayments and Consequence Management. These will be completed in Q2 of the 2024/25 financial year. |



| SUMMARY OF SDIP PROGRESS | | | | | | | | | | |
|---|--|---|--|---|-------------------------------|------------------------------|------------------------------|------------------------------|---|---|
| SDI FOCUS AREAS | SERVICE BENEFICIARY (KPA) | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1) 2023/24 | ACHIEVED TARGET | | | | PORTFOLIO OF EVI-DENCE | COMMENT |
| | | | | | Q1 | Q2 | Q3 | Q4 | | |
| Capacitate Departments and Municipalities on risk assessments | Number of risk assessment reviews conducted for Municipalities. | Conduct risk assessment reviews – 4 reviews per quarter in 2023/2024. | 15 Risk assessments. | Conduct 32 risk assessment reviews at the end of the SDIP cycle. | 5 | 7 | 9 | 1 | Service Delivery Model, APP, Risk Support Operational Plans, AOP. | Achieved. The annual target is 15. A total of 22 Risk assessments were conducted in the 2023/24, 10 were completed from October 2023 to March 2024. |
| Capacitate Departments and Municipalities on specialised risk assessments | Number of ethics, fraud and corruption risk assessment reviews conducted for Departments and Municipalities. | Conduct ethics risk assessment reviews - 3 reviews per quarter for two quarters in 2023/2024. | 23 Ethics risk assessments. | Conduct 12 ethics risk assessment reviews at the end of the SDIP cycle. | NOT PLANNED FOR THIS QUARTER | NOT PLANNED FOR THIS QUARTER | 13 | NOT PLANNED FOR THIS QUARTER | Service Delivery Model, APP, Risk Support Operational Plans, AOP. | Achieved. 13 Risk assessments were conducted in relation to the target of conducting 12 Ethics Risk Assessments in the financial year. |
| Empower Departments on knowledge with risk maturity processes | Number of reports on Risk Management maturity conducted for departments | Conduct risk maturity of departments – 13 for Q1 and 13 for Q4 for 2023/2024. | NEW – as previous was in 21/22, and none for 2022/2023. | Conduct 13 risk maturity at the end of the SDIP cycle. | NOT PLANNED FOR THIS QUARTER | 13 | NOT PLANNED FOR THIS QUARTER | 13 | Service Delivery Model, APP, Risk Support Operational Plans, AOP. | Achieved. The 13 risk maturity assessments (which is an assessment of departments compliance to the minimum risk management standards) was to be done twice a year, Q2=13 and Q4 =13. |
| Capacitate risk forums through risk awareness / training sessions in the Province | Number of risk management and internal control training provided to clients | Host risk forums (one per quarter) in 2023/2024 Conduct training and awareness – 6 per quarter. | New – as previous was in 2021/2022 and none for 2022/2023. | 12 Risk Forums and 10 training sessions. | 11 (9 trainings and 2 forums) | 6 (5 trainings and 1 forum) | 8 (5 trainings and 3 forums) | 5 (4 trainings and 1 forum) | Service Delivery Model, APP, Risk Support Operational Plans, AOP. | Achieved. 12 Risk forums were held, and 18 training sessions were conducted. |



PART B. STATUS OF BATHO PELE STANDARDS BASED ON THE SERVICE QUALITY INDICATORS:

| PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVIDED BY EACH DEPARTMENT | | | | | | | | | |
|---|---|--|---|---|----------|----------|----------|---------------------------------|--|
| SDI FOCUS AREAS | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1, 2, 3, 4 or 5) | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| GENERIC CONSULTATION STANDARDS | Approximately 80% of the customers are consulted annually on the quality, efficiency and timing of the department's services they receive/ are expected to receive. | 92%- Provincial departments. 100%-Public Entities. 16% Municipalities. | 100% consultation with clients at both local and provincial spheres. | Deferred to the 2024/25 financial year. | | | | Client survey. | Plans to conduct a departmental climate survey was not conducted in the 2023/24 financial year due to capacity challenges. This has been deferred to the 2024/25 financial year. |
| PROFESSIONAL STANDARDS BY PUBLIC SERVANTS: | All new appointees are inducted on the Code of Conduct. | 41 % of employees workshoped on the Code of Conduct. | 100% of new appointees in a financial year inducted on the Code of Conduct. | 84% | 83% | 100% | 90% | Induction attendance registers. | The target has been partially achieved. The deviation from 100% planned is due to not all new appointees being able to attend the Induction Program due to other work commitments. |
| WORKING ENVIRONMENT STANDARDS: | Fully compliant with the auditable areas of the OHS Act. | 85% compliance with the OHS Act. | 95% compliance. | 98% | 98% | 100% | 100% | OHS audit findings. | The target has been achieved. |
| ACCESS STANDARDS: PHYSICAL AND VIRTUAL ACCESS STANDARDS | All clients shall have equal access to services rendered by the department on an ongoing basis. | 77% satisfaction levels by clients on accessibility. | 90 % satisfaction level. | Deferred to the 2024/25 financial year. | | | | Client Surveys | Plans to conduct a departmental climate survey was not conducted in the 2023/24 financial year due to capacity challenges. This has been deferred to the 2024/25 financial year. |
| | | Departmental website is not up to date with all contact details. | Fully updated departmental website with contact details. | ACHIEVED | ACHIEVED | ACHIEVED | ACHIEVED | View Departmental Website. | Business unit contact details are on the website. |



| PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVIDED BY EACH DEPARTMENT | | | | | | | | | |
|---|---|---|---|---|------------------|------------------|------------------|-----------------------|--|
| SDI FOCUS AREAS | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1, 2, 3, 4 or 5) | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| INFORMATION STANDARDS: | Service recipients should be provided with full, accurate and user-friendly information on the services that they receive on a continuous basis. | 71% satisfaction levels by clients on information provided. | 100% satisfaction survey. | Deferred to the 2024/25 financial year. | | | | Client survey. | Plans to conduct a departmental climate survey was not conducted in the 2023/24 financial year due to capacity challenges. This has been deferred to the 2024/25 financial year. Information is uploaded to ensure constant updates. |
| | | | | ACHIEVED | ACHIEVED | ACHIEVED | ACHIEVED | | |
| REDRESS STANDARDS: | Clients that are not satisfied with the services received in line with the service standards should be offered an apology, an explanation, and a remedy within the specified timelines. | 65% satisfaction levels by clients on redress mechanisms. | 85% satisfaction levels. | Deferred to the 2024/25 financial year. | | | | Client survey. | Plans to conduct a departmental climate survey was not conducted in the 2023/24 financial year due to capacity challenges. This has been deferred to the 2024/25 financial year. An online Complaints System has been developed and a link shared with all Heads of Business Units to distribute to clients. However, the following gaps have been identified and which will be attended to in the 2024/25 financial year: ✓ Creation of a complaint notification to the Office of the HOD. ✓ Monitoring that Complaints Registers are maintained. |
| | | | | WORK IN PROGRESS | WORK IN PROGRESS | WORK IN PROGRESS | WORK IN PROGRESS | | |



| PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVIDED BY EACH DEPARTMENT | | | | | | | | | |
|---|--|--|---|---|----------|----------|----------|---|--|
| SDI FOCUS AREAS | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1, 2, 3, 4 or 5) | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| OPENNESS & TRANSPARENCY STANDARDS: | The department shall inform its clients how the department is managed, the cost to deliver services and the person in the charge of the department annually. | 90% Compliant. Annual Report and Expenditure Report published. Citizen's Report –compiled. Need to display on the Website. | 100% compliant with display of documents on the Treasury website. | ACHIEVED | ACHIEVED | ACHIEVED | ACHIEVED | Website display of Citizens Report and Annual Report. Published Expenditure Report. Client Satisfaction Survey Feedback Report. | All mandatory reports have been displayed i.e., Annual and Citizens Reports |
| VALUE FOR MONEY: | Services rendered in the most cost effective and efficient manner within the financial capabilities of the department and in accordance with the needs of the clients. | 92.6% and 68% respectively. | 100% achievement against the planned targets for all quarters in 2023/24. | 93% | 90% | 100% | 85% | Quarterly Performance Reports & Annual Report. Client Satisfaction Survey Feedback Report. | The overall performance achievement was 89% for the 2023/24 financial year. The deviation on departmental performance is explained in detail in the Performance Report together with corrective measures, which are being implemented. |
| | | 42% variation between budget expenditure and budget allocation. | Improvement by 25%. | 15% | 11% | 9% | 9% | Quarterly Expenditure Reports. | Target improvement should be 17%. The statistic for all quarters indicates an overachievement. |
| | | 75% level of satisfaction by clients in terms of cost and efficiency with focus on improved turnaround time to deliver services. | 90 % level of satisfaction by clients with focus on improving time on delivery of services. | Deferred to the 2024/25 financial year. | | | | Client survey. | Plans to conduct a departmental climate survey was not conducted in the 2023/24 financial year due to capacity challenges. This has been deferred to the 2024/25 financial year. |



| PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVIDED BY EACH DEPARTMENT | | | | | | | | | |
|---|---|--|---|---|----------|----------|----------|--|--|
| SDI FOCUS AREAS | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1, 2, 3, 4 or 5) | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| SERVICE STANDARDS | The service recipients are informed of the level, the quality and quantity of services they will receive through the publication of Service Commitment Charter. | 0% on the display of an updated SCC as the SCC is currently under review. 58% satisfaction levels in respect of level, quality and turnaround times of the services received. | 100% compliance. | ACHIEVED | ACHIEVED | ACHIEVED | ACHIEVED | Approved Service Charter with standards displayed at the 3 Treasury sites. | An approved Service Charter is displayed at all 3 service points. |
| COURTESY | Service recipients should be treated with 100% respect all the time. | 87% levels of satisfaction by clients. | 80% satisfaction levels. | Deferred to the 2024/25 financial year. | | | | Client Satisfaction Survey. | Plans to conduct a departmental climate survey was not conducted in the 2023/24 financial year due to capacity challenges. This has been deferred to the 2024/25 financial year. |
| | | | | Deferred to the 2024/25 financial year. | | | | | |



| PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVIDED BY EACH DEPARTMENT | | | | | | | | | |
|---|----------------------------------|------------------|---|--------------------|--------------------|--------------------|--------------------|---|---|
| SDI FOCUS AREAS | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1, 2, 3, 4 or 5) | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | PARTIALLY ACHIEVED | PARTIALLY ACHIEVED | PARTIALLY ACHIEVED | PARTIALLY ACHIEVED | Official clearly identify themselves/ wearing of name tags | The level of achievement is partial because in as much as name badges were procured, not all employees are wearing their name badges. 80 Name badges were procured in the 2023/24 financial year for newly appointed employees and for those that misplaced their name badges. Employees are encouraged to wear their name-badges at induction and information seminars. The Dress Code Policy was reviewed and approved on 5 March 2024 to include the mandatory wearing of name badges and that compliance is to be monitored by supervisors. |
| | | | | PARTLY ACHIEVED | PARTLY ACHIEVED | PARTLY ACHIEVED | PARTLY ACHIEVED | Attendance registers for the signing of Code of Conduct by all officials. | The new appointees have attended the Induction program wherein the Code of Conduct is workshopped. The target had been partly achieved as follows: (84% (Q1); 83% (Q2) and Q4 (90%). The deviation from 100% planned is due to not all new appointees being able to attend the Induction Program due to other work commitments. For Q3, the achievement was 100%. |



| PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVIDED BY EACH DEPARTMENT | | | | | | | | | |
|---|--|--|---|-----------------|-----------------|-----------------|-----------------|--|---|
| SDI FOCUS AREAS | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1, 2, 3, 4 or 5) | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | | | N/A | N/A | N/A | N/A | Display in the SCM Database office (approximate time taken to be attended to). | This activity will no longer be executed as the time taken to attend to queries differ and is dependent on the nature of the query, therefore displaying a specific turnaround time is not possible. |
| | | | | ACHIEVED | ACHIEVED | ACHIEVED | ACHIEVED | Office name plates and signage. | The department is compliant in having name plates and signage. |
| COURTESY | Service recipients should be treated with 100% respect all the time. | 87% levels of satisfaction by clients. | 95% levels of satisfaction by clients. | ACHIEVED | ACHIEVED | ACHIEVED | ACHIEVED | The Complaints and Compliments register. | An online Complaints System is in place and the link has been shared with business unit heads for further distribution to client organizations. However, the following gaps have been identified and which will be attended to the 2024/25 financial year are: <ul style="list-style-type: none"> ✓ Creation of a complaint notification to the Office of the HOD. ✓ Monitoring that Complaints Registers are maintained. |
| | | | | PARTLY ACHIEVED | PARTLY ACHIEVED | PARTLY ACHIEVED | PARTLY ACHIEVED | | |
| | | | | PARTLY ACHIEVED | PARTLY ACHIEVED | PARTLY ACHIEVED | PARTLY ACHIEVED | | |
| | | | | PARTLY ACHIEVED | PARTLY ACHIEVED | PARTLY ACHIEVED | PARTLY ACHIEVED | | |



| PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVIDED BY EACH DEPARTMENT | | | | | | | | | |
|---|----------------------------------|--|---|--------------------|--------------------|--------------------|--------------------|---------------------------|---|
| SDI FOCUS AREAS | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1, 2, 3, 4 or 5) | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| | | 95% signage friendly building (signage in the database section is lacking). | 100% compliance. | 95% | 95% | 100% | 100% | Site visit. | The department is compliant in respect of having office name plates and signage. The plausibility of the displaying of turn-around times at the SCM Database section was investigated and it was found that this was impractical to specify a specific turn-around time as the nature of queries dealt with differ. |
| | | Wearing of Name Tags: Current – unknown. Observation indicates 100% compliance is not prevalent. | 100% compliance. | PARTIALLY ACHIEVED | PARTIALLY ACHIEVED | PARTIALLY ACHIEVED | PARTIALLY ACHIEVED | Site visit (observation). | Partially achieved because in as much as name badges were procured, not all employees are wearing their name badges. 80 Name badges were procured in the 2023/24 financial year for newly appointed employees and for those that misplaced their name-badges. Employees are encouraged to wear their name badges at induction and information seminars. The Dress Code Policy was reviewed and approved on 5 March 2024 to include the mandatory wearing of name badges and compliance to be monitored by supervisors. |



| PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVIDED BY EACH DEPARTMENT | | | | | | | | | |
|---|--|---|---|------------------|-----|----------|----------|--|---|
| SDI FOCUS AREAS | DEPARTMENT SPECIFIC SET STANDARD | BASELINE YEAR 0: | DESIRED TARGET FOR YEAR OF REPORTING (Year 1, 2, 3, 4 or 5) | ACHIEVED TARGET | | | | PORTFOLIO OF EVIDENCE | COMMENT |
| | | | | Q1 | Q2 | Q3 | Q4 | | |
| ENCOURAGING INNOVATION AND REWARDING EXCELLENCE | Employees recognised for service excellence and are encouraged to improve service delivery through innovative service delivery improvement | 0% implementation of the Employee of the Quarter recognition scheme to be re-introduced in 2023/24. | 50% implementation of the Employee of the Quarter recognition scheme. | WORK IN PROGRESS | | | | Feedback from Business Units/Chief Directorates. | A Non-Monetary Incentive policy was developed and approved on 5 March 2024. One of the initiatives in the policy is to implement Employee of the Quarter. A draft monitoring tool is in place to monitor compliance by Heads of Business Units in the 2024/25 financial year. |
| LEADERSHIP AND STRATEGIC DIRECTION | Management shall display leadership and strategic abilities that support effective & efficient service delivery to department's clients. | Leadership Survey to be re-introduced. | 10% improvement in rating as percentage. | N/A | N/A | ACHIEVED | ACHIEVED | Annual Leadership Survey Report. | The HR Climate Survey that includes assessing Leadership was distributed in quarter 3 and a report with a remedial plan was submitted and signed by the HOD on 5 March 2024. |

2.4.2.3 Organisational Environment

The department had embarked on a structural review for its Provincial Internal Audit Services and Financial Governance as a measure to build internal capacity and reduce heavy reliance on consultants. The review process resulted in a creation of 81 positions. The MPSA granted concurrence for the development and implementation of the revised structure on 18 September 2023. Budget cuts that totalling R28m resulted in 41 positions be placed on hold indefinitely due to lack of affordability. The department had to re-arrange functions and adjust APP targets in order to align capacity with resources. This cut will have an impact on service delivery in terms of turnaround times however employees have demonstrated unwavering dedication in ensuring that the impact is minimised.

The department received its 16th consecutive clean audit outcome, which is testimony of agility and commitment to good corporate governance and service excellence.

2.4.2.4 Key policy developments and legislative changes

Due to the changes in the **LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT, 2003** which was Gazetted on the 14th of December 2023, there was a need to review and amend SCM policies. The main amendment relates to the threshold values for formal written quotations and competitive bidding process.

2.4.3 Progress towards Achievement of Institutional Impacts and Outcomes

- IMPACT AND OUTCOMES AS PER THE STRATEGIC PLAN**

The department is guided by the 2019-2014 Medium Terms Strategic Framework and its 2020-2025 strategic plan. Service delivery pressures are increasing against a shrinking government purse demanding that government do more for less. KZNPT is central in ensuring that the engine of government is well-oiled to deliver services amid a volatile economic and fiscal environment through the attainment of 2020- 2025 strategic outcomes below:

PROGRESS MADE TOWARDS ACHEIVEMENT OF THE 5YR TARGET IN RELATION TO OUTCOME INDICATORS

| IMPACT STATEMENT | MTSF PRIORITIES | OUTCOMES | OUTCOME INDICATORS | Baseline | Five-Year target | ACHIEVEMENT TO DATE 2023/24 |
|--|--|---|---|--|---|--|
| <p>“Credible, Accountable, and Ethical Fiscal and Financial Management Practises in the Province of KwaZulu-Natal.”</p> | <p>Priority 1: A capable, Ethical and Developmental State.</p> | Improved Audit Outcomes. | Number of Institutions with unqualified audit outcomes. | Depts = 09 Pub. Ent. = 18 Munic = 30 | Depts = 15 Pub. Ent.= 18 Munic = 49 | Depts = 13 Pub. Ent= 17 Munic = 43 |
| | | Enhanced Fiscal Sustainability of the Province. | Number of Municipalities with a funded budget. | 35 | 49 | 46 Municipalities |
| | | % of Provincial Budget Spent. | 98.7% | 99.2% | 99% With significant accruals | |

| IMPACT STATEMENT | MTSF PRIORITIES | OUTCOMES | OUTCOME INDICATORS | Baseline | Five-Year target | ACHIEVEMENT TO DATE 2023/24 |
|------------------|---|--|--|-----------------------|---|--|
| | Priority 2: Economic Growth and Job creation. | Improved Governance of Assurance & Internal Control in Departments. | Number of repeat findings relating to control processes. | 3458 | 1250 (64% improvement or reduction) | 3812 |
| |  | Improved participation of targeted groups in the economy of the province. | Percentage Spend on targeted groups. | N/A (no data in 2017) | 60% black 40% women 30% Youth 7% PWD | 59,37% 37,38% 20,86% 1,76% |
| | | Improved and Sustainable Infrastructure delivery which contributes to Inclusive Economic Growth. | Capacitate departments to institutionalise the Infrastructure Delivery Management System. (IDMS) | 2 | 6 | Departments: <ul style="list-style-type: none"> • DoH • DoE • DoT • DoPW |

• ACHIEVEMENT IN RELATION TO MTSF AND PGDS OUTCOMES

KZN Provincial Treasury is responsible for the mobilisation, allocation and monitoring financial resources that are aimed at implementing these priorities. This transversal role is performed at two levels, i.e. leading role and supportive role. Provincial Treasury directly responds towards achievement of the following priorities:

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

There are specific interventions assigned to KZN Provincial Treasury. These are as follows: -

- Improve financial management capability in the public sector;
- Measures taken to eliminate wasteful, fruitless and irregular expenditure in the public sector;
- Ensure state capacity on Disaster Management is enhanced to plan for and manage future pandemics; and
- Expand government spend on women, youth and PWDs through preferential procurement.
- Promote good governance by performing Audit and Risk Advisory services at Provincial Departments and Municipalities.
- Provide support to Municipalities through financial management support programs.
- Providing audit readiness support to provincial departments, public entities and municipalities with the objective of improving audit outcomes in the Province.



- Conduct Supply chain management compliance assessments, Policy and Contract Management support services to provincial departments, municipalities and public entities. Implement SCM Procurement Framework for Operation Vula.
- Provide infrastructure support to the sector departments through Infrastructure Delivery Management System. (IDMS)
- Ensure financial viability of the Province.

There has been good progress in the implementation of the intervention on the improvement of financial management capacity in the public sector as reflected in the audit outcomes.

Improve financial management capability in the public sector

KZN reflects a 33% improvement in audit opinions of Municipalities. The department has implemented a number of projects in the delegated municipalities. These included the following:

- Evaluation of delegated municipalities' tabled and approved budgets and feedback provided to assist municipalities towards approving Funded Budgets.
- Prepared early warning quarterly reports on the delegated municipalities' Budget Performance as required by Section 71(7) of the MFMA.
- Conducted reviews of the Annual Financial Statements prepared by municipalities to assist with GRAP compliance and the improvement of the quality of the AFS submitted to the AGSA. In the 2019/20 provincial financial year 8 reviews were conducted (2019/20 Annual Validated was 8 municipalities (Dr NDZ, HGDM, KwaDukuza, uBuhlebezwe, Ulundi, uMhlabuyalingana, uMzimkhulu, uPhongolo), 12 in 2020/21, 16 in 2021/22, 13 in 2022/23 and 9 in 2023/24.
- Financial Management Support (FMS) projects were implemented at selected municipalities to assist with the key processes, controls and reconciliation required to prepare GRAP and MFMA compliant Annual Financial Statements. During the 2019/20 provincial financial year FMS projects were implemented at 7 municipalities, 3 in 2020/21, 6 in 2021/22, 9 in 2022/23 and 7 in 2023/24.
- Assisted the Municipalities with the implementation of mSCOA during the provincial financial years of 2019/20, 2020/21, 2021/22, 2022/23 and 2023/24.
- During the 2019/20 provincial financial year, the department implemented 11 MSP projects (2019/20 was 11 projects, 13 in 2020/21, and a further 20 in 2021/22 financial year.
- 13 specialized projects were implemented for the 2022/23 provincial financial year and 17 for the 2023/24 year.
- The Municipal Revenue and Debt Management projects were completed at 2 municipalities during the 2022/23 and 4 were completed during the 2023/24 provincial financial year.

The table below indicates the movement in Municipal Audit Opinions from the Baseline (2018/19 Municipal Audit Opinions) to the 2022/23 Municipal Audit Opinions. Overall, there has been a 35% improvement in Audit Opinions from 2018/19 to 2022/23. The target of 10% improvement in audit opinions was therefore exceeded.



| Movement in Audit Opinions | Number of Municipalities | Percentage |
|-----------------------------------|--------------------------|------------|
| Improved from 2018/19 to 2022/23 | 18 | 33% |
| No Change from 2018/19 to 2022/23 | 34 | 63% |
| Regressed from 2018/19 to 2022/23 | 2 | 4% |

Measures taken to eliminate wasteful, fruitless and irregular expenditure in the public sector

Provincial Totals (Departments and Public Entities):

FRUITLESS AND WASTEFUL EXPENDITURE

- The cumulative balance of Fruitless and Wasteful Expenditure **for the Province** at 31 March 2023 increased to R226 million compared to a balance of R218 million at 31 March 2019, as reflected in the table below:

| Cumulative Balance | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|---|---------|---------|---------|---------|---------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Cumulative balance: Fruitless and Wasteful expenditure for the Province | 226 066 | 227 378 | 227 910 | 220 744 | 218 763 |
| Percentage Increase (decrease) | -0.56% | -0,23% | 3,25% | 0,91% | 0 |

- Fruitless and Wasteful expenditure **incurred per annum** over the five-year period from 2018/19 to 2022/23 **for the Province** is as follows:

| Incurred per Annum | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|---|---------|---------|---------|---------|---------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Total fruitless and wasteful expenditure incurred per annum: Province | 10 735 | 6 620 | 12 144 | 16 754 | 29 889 |
| Percentage Increase (decrease) | 62.16% | -45,49% | -27,52% | -43,95% | 0 |

- There has been a reduction in the fruitless and wasteful expenditure *incurred per annum from R29,8 million incurred in 2019 to R10.7 million incurred in 2023 (64.08% reduction)*.

IRREGULAR EXPENDITURE

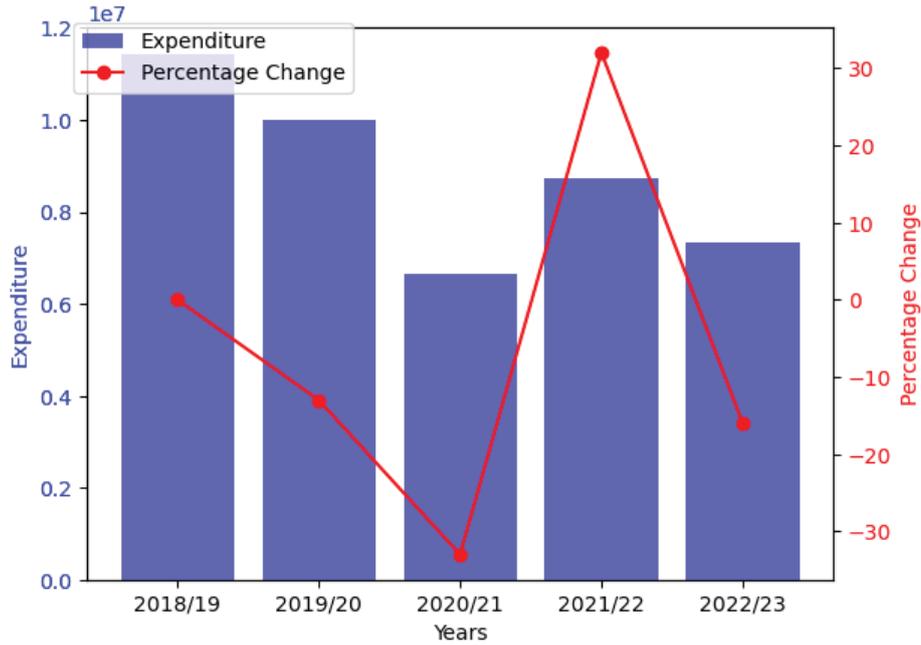
- Irregular Expenditure incurred per annum over the five-year period from 2018/19 to 2022/23 is as follows for **Departments**:

| Incurred per Annum: Departments | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|--|-----------|-----------|-----------|-----------|------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Irregular Expenditure incurred per annum for Departments | 7 341 501 | 8 741 092 | 6 646 583 | 9 988 469 | 11 438 504 |
| KZN Percentage Increase/Decrease | -16% | 32% | -33% | -13% | 0 |

- There has been a reduction in the irregular expenditure incurred per annum for Departments from R11.4 billion incurred in 2019 to R7.3 billion incurred in 2023 (36% reduction).



Irregular Expenditure and Percentage Change per Annum for Departments

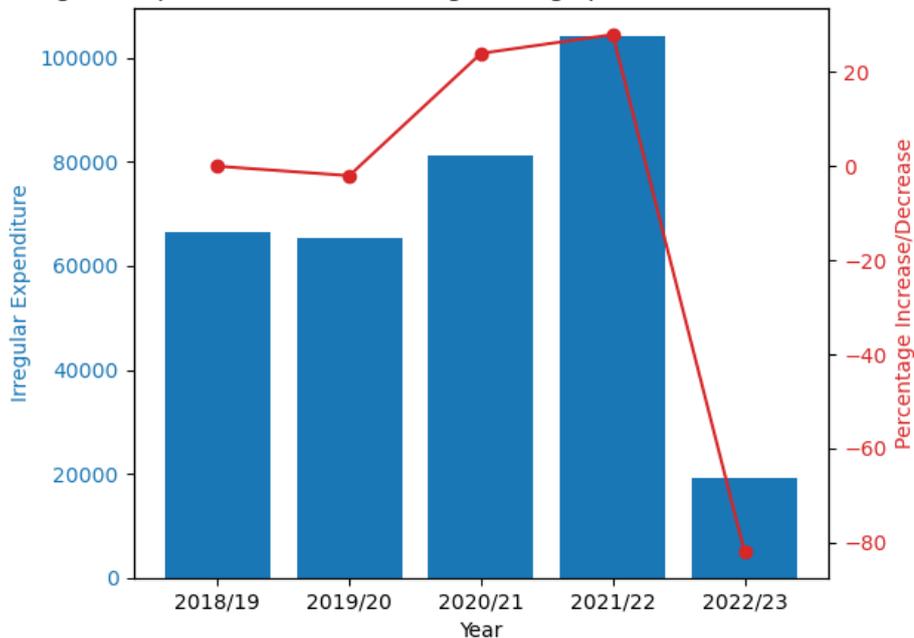


Irregular Expenditure incurred per annum over the five-year period from 2018/19 to 2022/23 is as follows for **Public Entities**:

| Incurred per Annum: Public Entities | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|--|---------|---------|---------|---------|---------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Irregular Expenditure incurred per annum for Public Entities | 19 094 | 104 277 | 81 343 | 65 451 | 66 507 |
| KZN Percentage Increase/Decrease | -82% | 28% | 24% | -2% | 0 |

There has been a decrease in the irregular expenditure *incurred per annum by Public Entities* from R66.5 million incurred in 2019 to R19.1 million incurred in 2023.

Irregular Expenditure and Percentage Change per Annum for Public Entities





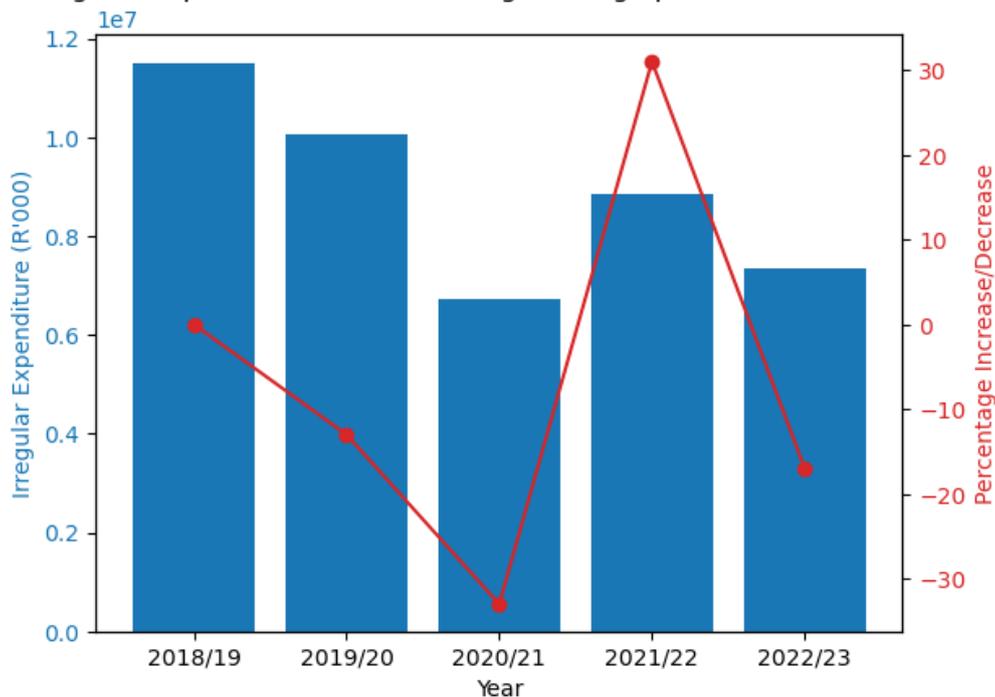
Irregular Expenditure incurred per annum over the five-year period from 2018/19 to 2022/23 is as follows for the Province (**Departments and Public Entities**):

| Incurred per Annum: Province | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|---|-----------|-----------|-----------|------------|------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Total irregular Expenditure incurred per annum for the Province | 7 360 595 | 8 845 369 | 6 727 926 | 10 053 920 | 11 505 011 |
| KZN Percentage Increase/Decrease | -17% | 31% | -33% | -13% | 0 |

- There has been a decrease in the irregular expenditure *incurred per annum by the Province from R11.5 billion incurred in 2019 to R7.4 billion incurred in 2023 (36% reduction)*.
- The cumulative balance of Irregular Expenditure increased to R60.8 billion as at 31 March 2023 for departments, compared to the cumulative balance of R41.8 billion as at 31 March 2019.
- The cumulative balance of Irregular Expenditure increased to R536.7 million as at 31 March 2023 for public entities, compared to the cumulative balance of R326.2 million as at 31 March 2019.
- The Cumulative balance of Irregular Expenditure over the five-year period from 2018/19 to 2022/23 for the Province (**Departments and Public Entities**) is as follows:

| Cumulative Balance: Province | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|--|------------|------------|------------|------------|------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Cumulative Balance of Irregular Expenditure for the Province | 61 321 018 | 54 494 428 | 49 246 143 | 44 750 323 | 42 146 119 |
| KZN Percentage Increase/Decrease | 13% | 11% | 10% | 6% | 0 |

Irregular Expenditure and Percentage Change per Annum for Province





Addressing irregular expenditure is crucial to improving the efficiency and effectiveness of public services in KZN. The KwaZulu-Natal (KZN) Provincial Treasury has implemented several strategies and interventions to curb irregular expenditure. Here are some of the key measures:

1. Strengthening Financial Oversight:

- o **Internal Audits:** Enhanced internal audit functions to regularly review financial practices and ensure compliance with regulations¹.
- o **Risk Management:** Implementation of comprehensive risk management frameworks to identify and mitigate potential financial irregularities¹.

2. Capacity Building:

- o **Training Programs:** Conducting regular training and workshops for financial officers and managers to improve their understanding of financial regulations and best practices¹.
- o **Support to Departments:** Providing targeted support to provincial departments and public entities to enhance their financial management capabilities¹.

3. Improved Procurement Processes:

- o **Centralized Procurement:** Establishing centralized procurement processes to ensure transparency and accountability in the acquisition of goods and services¹.
- o **E-Procurement Systems:** Implementing electronic procurement systems to streamline processes and reduce opportunities for irregularities¹.

4. Monitoring and Reporting:

- o **Regular Reporting:** Instituting regular financial reporting mechanisms to monitor expenditure and identify irregularities promptly¹.
- o **Public Accountability:** Enhancing public accountability by making financial reports and audit findings accessible to the public¹.

5. Collaboration with Oversight Bodies:

- o **Partnerships with SIU:** Collaborating with the Special Investigating Unit (SIU) to investigate and address cases of irregular expenditure¹.
- o **Coordination with AGSA:** Working closely with the Auditor-General of South Africa (AGSA) to ensure compliance with audit recommendations and improve financial governance¹.

These strategies have been instrumental in reducing irregular expenditure and improving financial management within the province.



• **COMMENTS TOWARDS AMENDMENTS TO THE STRATEGIC PLAN (2020-2025)**

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



2.4.4. Institutional Programme Performance Information

2.4.4.1. PROGRAMME 1: Administration

1.1 The purpose of this programme is to:

- Provide strategic leadership support to the department in the area of Financial Management and Corporate Services (inclusive of Human Resources Management, Auxiliary Services, Information Technology Management, Security Services, Corporate Communications, Strategic Planning and Legal Services).
- This programme consists of the following measurable sub-programmes (HOD and Ministry do not have APP targets):

1.1.1 Sub-programme: Financial Management (CFO)

The purpose of this sub-programme is:

- To provide effective management of departmental finances in line with statutory requirements.

1.1.2 Sub-programme: Human Resources Management

The purpose of this sub-programme is:

- To provide optimal Human Resource services to the department.

1.1.3 Information Technology Management

The purpose of this sub-programme is:

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



| Programme/Sub-programme: 1.1.1 Financial Management (CFO) | | | | | | | | |
|---|--|--|------------------------------------|------------------------------------|-------------------------------|----------------------------|---|---|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/22 | Audited Actual performance 2022/23 | Planned Annual Target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | Reason for deviation |
| Improve Governance of Assurance & Internal Control in departments. | Auditor-General opinion report with no material audit findings on financial matters of the department. | No material audit findings. | Unqualified Audit Opinion | Unqualified Audit | Unqualified Audit Opinion. | Unqualified Audit Opinion. | 0 | N/A |
| | Payment of invoices within 30 days in compliance with Legislation. | Percentage of supplier's valid invoices paid within 30 days. | 99.5% | 99.5% | 100% | 99.9% | -0.01% | Breakdown of internal controls (e.g. delays in the certification of an invoice) and capacity issues due to unfilled vacant positions within the affected units. |
| Improved participation of targeted groups in the economy of the Province. | Procurement spend on targeted groups. | Percentage of procurement awarded to targeted groups. | New | New | 80% | 93% | 13% | There has been a surge of responsiveness by business entities owned by targeted groups on the items procured by the department during the period under review. |



| Programme/Sub-programme: 1.1.2 Human Resource Management | | | | | | | | |
|---|--|---|---------------------------------------|---------------------------------------|-------------------------------|----------------------------|---|---|
| Outcome | Output | Outputs indicator | Audited Actual performance. 2021/2022 | Audited Actual performance. 2022/2023 | Planned Annual Target 2023/24 | Actual achievement 2023/24 | Deviation from planned target to actual achievement 2023/24 | Reason for deviation |
| Improve Governance of Assurance & Internal Control in departments. | Gender Base Violence Femicide initiatives implemented. | Number of Gender Based Violence and Femicide empowerment initiatives implemented. | 8 | 6 | 4 | 12 | 8 | All planned targets for each Quarter were achieved, however Gender Based Violence is addressed in every orientation and Induction session and commemorated in Quarter 3 and articles are also regularly sent out which resulted in the excessive initiatives. |
| | | | 43% | 50% | 50% | 48% | -2% | The resignation of two female in December and appointment of two males in the financial year reduced the achieved target. |
| Improved participation of targeted groups in the economy of the province. | Appointment of targeted groups in the department. | Percentage of SMS posts filled by females. | 1.8% | 1.4% | 2% | 1% | -1% | Applications responding to vacant post adverts from Person with Disabilities are very minimal. |
| | | | 11% | 14% | 5% | 17% | 12% | Treasury offered more than the required youth development programs such as TAP and IAT learnerships, hence target was exceeded. |

LINKING PERFORMANCE WITH BUDGET

| Programme Name: Administration | 2023/2024 | | | 2022/2023 | | |
|---------------------------------|---------------------|--------------------|--------------|---------------------|--------------------|--------------------------|
| | Final Appropriation | Actual Expenditure | Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Office Of The MEC | 36 269 | 35 876 | 393 | 29 376 | 29 208 | 168 |
| Management Services (HOD) | 12 520 | 12 371 | 149 | 10 123 | 9 973 | 150 |
| Financial Management (CFO) | 32 841 | 32 837 | 4 | 30 817 | 30 582 | 235 |
| Corporate Services | 143 581 | 140 083 | 3 498 | 125 856 | 122 912 | 2 944 |
| Total for sub programmes | 225 211 | 221 167 | 4 044 | 196 172 | 192 675 | 3 497 |

Programme 1 - Administration

The programme has spent R221,167 million which is 98% of its total adjusted budget of R225,211 million, the programme has an underspending of R4,044 million at year-end and the split is as follows: Compensation of employees has R1,183 million resulting from frozen posts that were no longer affordable due to fiscal consolidation budget cuts as well as vacant posts arising from resignations and internal promotions during the year (4 to 6 months recruitment process), Goods and Services has R801 thousand as a result of items such as administrative fees, venues and facilities and travel and subsistence, due to limited travel as most meetings are held virtually, Transfers and Subsidies amounts to R527 thousand, against Non-Profit Institutions due to cash donations that did not materialise as at year-end and mainly from Households, as there was no new bursary intake in this financial year due to fiscal consolidation budget cuts and R1,533 million relates to Capex due to non-purchase of tools of trade.

In terms of the overall performance on planned indicators for this programme, the programme had 7 indicators and achieved 4 indicators, which results in an overall performance achievement of 57%. Only 3 indicators were partially achieved.



2.4.4.2 PROGRAMME 2: Sustainable Resource Management

2.1 The purpose of this programme is to:

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

This programme consists of the following measurable sub-programmes:

2.1.1 Sub-programme: Infrastructure Management and Economic Analysis

The purpose of this sub-programme is to:

- Determine and evaluate economic parameters and socio-economic imperative that informs provincial and local resource allocation, and
- Provide infrastructure support through the Infrastructure Delivery Management System.

2.1.2 Sub-programme: Public Finance

The purpose of this sub-programme is to:

- Promote effective and optimal financial resource allocation for provincial government (including public entities)

2.1.3 Sub-programme: Public Private Partnerships

The purpose of this sub-programme is:

- 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.



| Programme/Sub-programme: 2.1.1 Economic Analyses | | | | | | | | |
|--|---|---|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|----------------------|
| Outcome | Output | Output indicator | Audited Actual Performance 2021/2022 | Audited Actual Performance 2022/2023 | Planned Annual Target 2023/2024 | Actual achievement 2023/2024 | Deviation from planned target to Actual achievement 2023/2024 | Reason for deviation |
| Enhanced fiscal sustainability of the province. | Socio-economic report produced. | Number of Socio-economic reports produced (SERO). | 10 | 9 | 1 | 1 | 0 | N/A |
| | Value for money assessment reports produced. | Number of Value for money assessment report produced. | 4 | 1 | 1 | 1 | 0 | N/A |
| | Research reports produced. | Number of Research report produced. | New | 1 | 1 | 1 | 0 | N/A |
| Improved and sustainable infrastructure delivery which contributes to inclusive economic growth. | Estimates of Capital Expenditure (ECE) Plan produced. | Number of ECE Plan produced. | New | 1 | 1 | 1 | 0 | N/A |
| | ECE monitoring reports of Departments. | Number of quarterly monitoring reports produced on capital expenditure. | New | 4 | 4 | 4 | 0 | N/A |
| | Departments Capacitated on the Infrastructure Delivery Management System. (IDMS). | Number of departments trained on IDMS. | New | 4 | 1 | 1 | 0 | N/A |
| | | Number of monitoring reports produced on departments using IDMS. | New | New | 4 | 4 | 0 | N/A |



| Programme/Sub-programme: 2.1.2 Public Finance | | | | | | | | | |
|---|--|--|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|----------------------|--|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/2022 | Audited Actual performance 2022/2023 | Planned Annual Target 2023/2024 | Actual Achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for Deviation | |
| Enhanced fiscal sustainability of the province. | Optimal Provincial budgets allocation. | Final provincial budget produced. | New | New | 1 | 1 | 0 | N/A | |
| | | Adjustments provincial budget produced. | New | New | 1 | 1 | 0 | N/A | |
| | Early warning system reports produced. | Number of early warning system reports produced. | 18 | 18 | 18 | 18 | 0 | N/A | |
| | | Enhance revenue generation, collection, and management in the province | New | New | 1 | 1 | 0 | N/A | |
| | | Research project conducted on provincial own revenue sources. | New | New | 1 | 1 | 0 | N/A | |
| | | Research project conducted on provincial allocation. | New | New | 1 | 1 | 0 | N/A | |



| Programme/Sub-programme: 2.1.3 Public Private Partnerships | | | | | | | | |
|--|--|---|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|--|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/2022 | Audited Actual performance 2022/2023 | Planned Annual Target 2023/2024 | Actual achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for deviation |
| Improved and sustainable Infrastructure delivery which contributes to inclusive economic growth. | Public sector Institutions supported on PPPs. | Number of public sector Institutions supported on PPPs. | 2 | 2 | 5 | 5 | 0 | N/A |
| | Training of Municipalities on PPP Processes. | Number of Training sessions conducted. | New | New | 2 | 2 | 0 | N/A |
| | PPP Service Delivery Solutions. | PPP Service Delivery Solutions proposal produced. | New | 0 | 1 | 2 | 1 | The proposal was compiled in the last quarter of the 2022/2023 financial year. However, the department sought inputs from the development agency which were only received after the end of the financial year. The proposal was therefore finalised and sent to the institution in quarter 2 of the 2023/2024 financial year, hence the overachievement. |
| Improved participation of targeted groups in the Economy of the Province. | Compliance report on the implementation of PPFA in PPP projects, including target for targeted groups. | Number of compliance reports produced. | 4 | 4 | 2 | 2 | 0 | N/A |



LINKING PERFORMANCE WITH BUDGET

| Programme name: Sustainable Resources Management | 2023/2024 | | | 2022/2023 | | |
|---|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
| | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Programme Support | 3 329 | 3 271 | 58 | 3 207 | 3 138 | 69 |
| Economic Analysis | 27 762 | 26 323 | 1 439 | 20 731 | 19 654 | 1 077 |
| Public Finance | 17 511 | 16 652 | 859 | 18 079 | 18 030 | 49 |
| Public Private Partnerships | 4 320 | 4 153 | 167 | 5 543 | 4 814 | 729 |
| Total | 52 922 | 50 399 | 2 523 | 47 560 | 45 636 | 1 924 |

Programme 2 – Sustainable Resources Management

The programme has spent R50,399 million, which is 95% of its total adjusted budget of R52,922 million. The programme has an underspending of R2,523 million at year-end and the split is as follows: Compensation of employees of R1,545 million due to posts that were no longer affordable due to fiscal consolidation budget cuts which are now frozen as well as vacant posts arising from resignations and internal promotions during the year (4 to 6 months recruitment process), Goods and Services amounts to R868 thousand, mainly from agency and support as actual costs for the Job Massification project were lower than the actual purchase order value, travel and subsistence due to limited travelling, as well as R109 thousand which relates to Capex due to non-purchase of tools of trade due to cost cutting.

In terms of the overall performance on planned indicators for this programme, the programme had 16 indicators and all 16 indicators were fully achieved, which results in an overall performance achievement of 100%.



3 PROGRAMME 3: Financial Governance

3.1 The purpose of this programme is:

- To provide audit readiness support to provincial departments and public entities with the objective of achieving favorable audit outcomes in the province;
- To promote 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.

This programme consists of the following measurable sub-programmes:

3.1.1 Sub-programme: Asset and Liabilities Management

The purpose of this sub-programme is:

- To improve the efficiency of cash management and to minimize adverse liquidity through effective liabilities management.

3.1.2 Sub-programme: Supply Chain Management

The purpose of this sub-programme is:

- To support and monitor adherence of departments, public entities and municipalities to SCM prescripts and to ensure Radical Economic Transformation (RET) initiatives are implemented in the Province.

3.1.3 Sub-programme: Accounting Practices (Financial Reporting)

The purpose of this sub-programme is:

To provide financial management audit readiness support to departments and public entities in the attainment of improved audit outcomes in the Province.

3.1.4 Sub-programme: Financial Information Management Systems (FIMS)

The purpose of this sub-programme is:

- To provide reliable, efficient and effective financial systems in the province.

3.1.5 Sub-programme: Norms and Standards

The purpose of this sub-programme is:

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



| Programme/Sub-programme: 3.2 Supply Chain Management | | | | | | | | |
|---|--|--|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|---|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/2022 | Audited Actual performance 2022/2023 | Planned Annual Target 2023/2024 | Actual Achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for deviation |
| Improved Audit Outcomes for the Province. | SCM initiatives implemented at public sector institutions to improve compliance with SCM prescripts. | Number of SCM training sessions conducted. | New | 7 | 4 | 42 | 38 | 4 training sessions were planned to be conducted, however, there were substantial requests for training by institutions that had not been planned triggered by the change of Procurement policy and the need to strengthen Bid Committees. Only 1 planned training session did not materialise due to the unavailability of the institution. |
| | | | 13 | 49 | 16 | 33 | 17 | All 16 planned policy reviews were conducted. Moreover, there were 17 policy reviews conducted due to requests received from institutions and also due to the need for review of policy being identified during the SCM compliance assessments undertaken at institutions. The high number of policies reviewed was caused by the changes in SCM regulations. |
| Improved participation of targeted groups in the economy of the province. | Training on Contract Management. | Number of contract management training sessions conducted. | New | 3 | 4 | 4 | 0 | N/A |
| | Report on distribution of procurement spend on the targeted groups | Number of reports produced on the provincial procurement spend to the targeted groups. | 3 | 4 | 4 | 4 | 0 | N/A |



| Programme/Sub-programme: 3.3 Accounting Practices (Financial Reporting) | | | | | | | | |
|---|---|---|--------------------------------------|---------------------------------------|---------------------------------|------------------------------|---|--|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/2022 | Audited Actual performance. 2022/2023 | Planned Annual Target 2023/2024 | Actual achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for deviation |
| Improved Audit Outcomes for the Province. | Financial management support initiatives provided to improve audit outcomes. | Number of financial Management support initiatives provided to departments. | 17 | 15 | 8 | 19 | 11 | There were additional requests that were received from Departments resulting from limited capacity and audit queries. |
| | | Number of financial Management support initiatives provided to Public Entities. | New | 12 | 5 | 16 | 11 | There were additional requests that were received from Public Entities resulting from limited capacity, audit queries and technical matters. |
| | Reports on institutions level of compliance on payment of suppliers within 30 days. | Number of consolidated Instruction Note 34 reports produced. | 12 | 12 | 12 | 12 | 0 | N/A |
| | Training sessions facilitated on Financial Management (PFMA) at Public Sector Institutions. | Number of Training sessions facilitated. | New | 15 | 6 | 12 | 6 | There were 2 additional requests for training that were received from two Departments, and 2 additional training workshops conducted to accommodate the large volume of nominations received. Furthermore, 2 training sessions were offered/ sponsored by the National Treasury. |



| Programme/Sub-programme: 3.4 Financial Information Management Systems (FIMS) | | | | | | | | |
|--|--|---|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|--|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/2022 | Audited Actual performance 2022/2023 | Planned Annual Target 2023/2024 | Actual achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for deviation |
| Improve Governance of Assurance & Internal Control in departments. | Financial Transversal Systems available. | Percentage availability of Financial transversal systems. | 99.77% | 99.5% | 97% of availability. | 99% | 2% | Constant monitoring through generated systems reports. |
| | | Mean time to resolve calls for transversal systems. | New | 04:01:21 | 8 hours | 05:10:33 | 02:49:26 | Instant attention to calls reported. |

LINK PERFORMANCE WITH THE BUDGET

| Programme Name: Financial Governance | 2023/2024 | | | 2022/2023 | | |
|--|---------------------|--------------------|--------------------------|---------------------|--------------------|--------------------------|
| | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure | Final Appropriation | Actual Expenditure | (Over)/Under Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Sub-programmes | | | | | | |
| Programme Support | 5 773 | 5 624 | 149 | 5 712 | 5 416 | 296 |
| Asset & Liabilities Management | 22 826 | 22 523 | 303 | 19 730 | 18 532 | 1 198 |
| Support and Interlinked Financial System | 119 250 | 118 862 | 388 | 117 708 | 117 101 | 607 |
| Supply Chain Management | 40 638 | 40 412 | 226 | 40 209 | 39 873 | 336 |
| Accounting Services | 18 992 | 18 939 | 53 | 15 813 | 15 238 | 575 |
| Norms and Standards | 6 840 | 6 715 | 125 | 5 539 | 5 213 | 326 |
| Total | 214 319 | 213 075 | 1 244 | 204 711 | 201 373 | 3 338 |

Programme 3 – Financial Governance

The programme has spent R213,075 million, which is 99% of its total adjusted budget of R214,319 million. The programme has an underspending of R1,244 million at year-end and the split is as follows: Compensation of employees of R126 thousands resulting from resignations during the year which requires about 4 to 6 months to fill, Goods and Services amounts to R367 thousands on items such as training and travel and subsistence due to less travel to clients as most meetings are held virtually, Transfers and subsidies amounts to R9 thousands. The further underspending relates to R127 thousands from interest and rent on land due to favourable bank balance, as well as R615 thousands from Capital assets due to non-purchase of tools of trade due to cost cutting.

In terms of the overall performance on planned indicators for this programme, the programme had 10 indicators and only 9 indicators were fully achieved, which results in an overall performance achievement of **90%**. Only 1 indicator was partially achieved.



2.4.4.4. PROGRAMME 4: Internal Audit (Provincial Internal Audit Services)

4.1 The purpose of this programme is to:

- Promote good governance by performing Internal Audit to Provincial Departments and Risk Advisory services at Public Sector Institutions.

The programme consists of the following measurable sub-programmes:

4.1.1 Sub-programme: Assurance Services

The purpose of this sub-programme is to:

- Promote good governance through the provision of internal audit services and recommend internal control system improvement to departments.

4.1.2 Sub-programme: Risk Management

The purpose of the sub-programme is to:

- Promote and enhance a culture of good governance through effective Risk Management.



| Programme/Sub-programme: 4.1. Assurance Services | | | | | | | | |
|--|---|--|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|---|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/2022 | Audited Actual performance 2022/2023 | Planned Annual Target 2023/2024 | Actual achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2023 | Reason for deviation |
| Improved Governance of Assurance & Internal Control in Departments | Internal Audit reviews conducted. | Number of Internal/Audit Reviews conducted. | 121 | 120 | 95 | 108 | 13 | The overachievement is mainly due to carry-over projects that were only completed in the 2023/24 financial year. |
| | | Number of follow-up Audit reviews conducted. | 61 | 34 | 48 | 50 | 2 | The overachievement was mainly due to follow-up audits that were confirmed by management of having implemented the action from previous audit findings. Because the action plans were readily available for validation by IA at the commencement of the full- scope audits, these follow-up audits were also then done. |
| | Oversight reports to strengthen accountability by Public Sectors Institutions | Number of oversight reports issued to MEC's of provincial departments. | 42 | 56 | 56 | 56 | 0 | N/A |



| Programme/Sub-programme: 4.2 Risk Management | | | | | | | | |
|---|---|---|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|---|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/2022 | Audited Actual performance 2022/2023 | Planned Annual Target 2023/2024 | Actual achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for deviation |
| Improved Governance of Assurance & Internal Control in Departments. | Strengthened Risk management in the Public sector institutions. | Number of risk assessments reviews conducted for municipalities. | 26 | 22 | 16 | 22 | 6 | The overachievement was mainly due to the additional requests that were received from municipalities. |
| | | Number of reviews conducted on internal audit functions at selected municipalities. | New | New | 6 | 6 | 0 | N/A |
| Strengthened internal control in the Province. | Strengthened internal control in the Province. | Number of departments monitored on compliance with the minimum risk management standards. | New | New | 13 | 13 | 0 | N/A |
| | | Provincial internal control framework developed. | New | New | 1 | 0 | -1 | The under-achievement is mainly due to capacity constraints. The project was delayed and will now be finalised during 2024/25 financial year. |

LINKING PERFORMANCE TO THE BUDGET

| Programme Name: Internal Audit | 2023/2024 | | | 2022/2023 | | |
|-----------------------------------|------------------------------|-----------------------------|--|------------------------------|-----------------------------|--------------------------------------|
| | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/ Under Expenditure R'000 | Final Appropriation R'000 | Actual Expenditure R'000 | (Over)/Under Expenditure R'000 |
| Sub-programmes | | | | | | |
| Programme Support | 4 087 | 3 886 | 201 | 2 485 | 2 373 | 112 |
| Assurance Services | 72 763 | 71 359 | 1 404 | 77 767 | 77 757 | 10 |
| Risk Management | 24 620 | 24 514 | 106 | 19 947 | 19 849 | 98 |
| Total | 101 470 | 99 759 | 1 711 | 100 199 | 99 979 | 220 |

Programme 4 – Internal Audit

The programme has spent R99,759 million of its total adjusted budget of R101,470 million, which is 98% of its total adjusted budget. The underspending represented by R1,711 million at year-end and the split is as follows: Compensation of employees of R376 thousands, resulted from resignations during the year, Goods and Services amounts to R1,201 million on item such as agency and support due to delay of projects in departments, training and travel and subsistence, Transfers and subsidies amounts to R33 thousands, as well as Capital assets which under-spent by R101 thousand due to non-purchase of tools of trade due to cost cutting.

In terms of the overall performance on planned indicators for this programme, the programme had 7 indicators and only 5 indicators were fully achieved, which results in an overall performance achievement of **71%**. Only 2 indicators were partially achieved.



2.4.4.5. PROGRAMME 5: Municipal Finance Management

5.1 The purpose of this programme is to:

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

This programme consists of the following measurable sub-programmes:

5.1.1 Sub-programme: Municipal Budget

The purpose of this sub-programme is to:

- Promote optimal and sustainable municipal budgets as well as promote optimal implementation of budgets by municipalities and reporting on related compliance.

5.1.2 Sub-programme: Municipal Accounting and Reporting

The purpose of this sub-programme is to:

- Assist, support and monitor municipalities with financial management and compliance with the Generally Recognised Accounting Practice (GRAP) and relevant legislation.

5.1.3 Sub-programme: Municipal Support Programme

The purpose of this sub-programme is to:

- Assist and provide technical support to delegated municipalities to promote sound financial management and sustainability.

5.1.4 Sub-programme: Municipal Revenue and Debt Management

The purpose of this sub-programme is to:

- Assist and provide technical support to delegated municipalities to promote sound financial management and sustainability.



| Programme/Sub-programme: 5.1 Municipal Budget | | | | | | | | | |
|---|--|---|--------------------------------------|---------------------------------------|---------------------------------|------------------------------|---|----------------------|--|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/2022 | Audited Actual performance. 2022/2023 | Planned Annual Target 2023/2024 | Actual achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for deviation | |
| Enhanced Fiscal Sustainability of the Province. | Annual budget of delegated municipalities evaluated and feedback provided. | Number of tabled budgets evaluated. | 51 | 51 | 51 | 51 | 0 | N/A | |
| | | Number of approved budgets evaluated. | 51 | 51 | 51 | 51 | 0 | N/A | |
| | Early warning reports on Municipal Budget Performance. | Number of Section 71 (7) Quarterly Budget Performance Reports produced. | New | 4 | 4 | 4 | 0 | N/A | |



| Programme/Sub-programme: 5.2 Municipal Accounting and Reporting | | | | | | | | |
|---|---|--|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|--|
| Outcome | Output | Outputs indicator | Audited Actual performance 2021/2022 | Audited Actual performance 2022/2023 | Planned Annual Target 2023/2024 | Actual Achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for deviation |
| Improved Audit Outcomes for the Province. | Financial Statements reviews conducted at targeted municipalities. | Number of financial statements reviews conducted. | 16 | 13 | 7 | 9 | 2 | The AFS review target was exceeded mainly due to; (i) One additional request received from uMkhanyakude DM, which was not originally planned for, to conduct a high-level review of the AFS which was conducted in August 2023 and submitted with the Quarter 2 evidence. (ii) The signed close out report for the AFS Review conducted at uMzimkhulu in the 2022/23 financial year was only received in May 2023 and submitted with the Quarter 1 evidence. |
| | Financial management support projects implemented at targeted municipalities. | Number of financial management support projects implemented. | 6 | 9 | 6 | 7 | 1 | The FMS project target was exceeded by one due to the signed close out report for the 2022/23 FMS project at Endumeni that was received in April 2023 and submitted with the Quarter 1 evidence. |



| Programme/Sub-programme: 5.3 Municipal Support Programme | | | | | | | | |
|--|--|---|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|--|
| Outcome | Output | Outputs Indicator | Audited Actual performance 2021/2022 | Audited Actual performance 2022/2023 | Planned Annual Target 2023/2024 | Actual achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for Deviation |
| Enhanced Fiscal Sustainability of the Province | Specialized projects implemented at targeted municipalities. | Number of specialised projects implemented. | 20 | 13 | 10 | 17 | 7 | The target was exceeded by seven projects due to prior year projects carried forward to 2023/24 as follows: One Pre-audit assessment project at Alfred Duma that was carried forward from the prior year for which the signed close out report was only received in May 2023 and submitted with the Quarter 1 evidence. Five multi-year Finance Expert projects carried forward from prior years concluded in Quarters 1 and 2. One Special request for technical guidance was received from Richmond which was not originally planned for. The project was concluded in September 2023 and submitted with the Quarter 2 evidence. |



| Programme/Sub-programme: 5.4 Municipal Revenue and Debt Management | | | | | | | | |
|--|--|---|--------------------------------------|--------------------------------------|---------------------------------|------------------------------|---|---|
| Outcome | Output | Outputs Indicator | Audited Actual performance 2021/2022 | Audited Actual performance 2022/2023 | Planned Annual Target 2023/2024 | Actual achievement 2023/2024 | Deviation from planned target to actual achievement 2023/2024 | Reason for Deviation |
| Enhanced Fiscal Sustainability of the Province | Enhance Revenue and Debt management in the province. | Number of Revenue and Debt management projects implemented. | 2 | 2 | 2 | 4 | 2 | The target was exceeded by two projects due to the carry forward of two of the prior year MRD projects to the 2023/24 financial year (uThukela DM and Mtubatuba). The two projects commenced during the latter part of the 2022/23 financial year and could only be completed during 2023/24. The projects were concluded in August and September 2023 respectively and submitted with the Quarter 2 evidence |

**LINK PERFORMANCE TO THE BUDGET**

| Programme Name: Municipal Finance Management | 2023/2024 | | | | 2022/2023 | | | |
|--|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|------------------------|-----------------------|
| | Final Appropriation | Actual Expenditure | Final Appropriation | Actual Expenditure | Final Appropriation | Actual Expenditure | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Programme Support | 5 768 | 5 727 | 41 | 4 482 | 4 472 | 10 | | |
| Municipal Budget | 27 938 | 27 885 | 53 | 25 432 | 25 037 | 395 | | |
| Municipal Accounting and Reporting | 11 146 | 10 681 | 465 | 10 834 | 10 736 | 98 | | |
| Municipal Support Programme | 16 522 | 15 922 | 600 | 25 756 | 25 756 | - | | |
| Municipal Revenue and Debts Management Support | 8 614 | 8 375 | 239 | 7 363 | 7 138 | 225 | | |
| Total | 69 988 | 68 590 | 1 398 | 73 867 | 73 139 | 728 | | |

Programme 5 - Municipal Finance Management

The programme has spent R68,590 million of its total adjusted budget of R69,988 million, which is 98% of its total adjusted budget. The underspending represented by R1,398 million at year-end and the split is as follows: Compensation of employees of R2 thousands, Goods and Services of R1,352 million on item such as agency and support services, due to change of resource and other unforeseen events with municipal projects, and travel and subsistence due to limited travel, and R44 thousands from Capital assets.

In terms of the overall performance on planned indicators for this programme, the programme had 7 indicators and all the 7 indicators were fully achieved, which results in an overall performance achievement of 100%.



2.4.5 Transfer Payments

2.4.5.1 Transfer payments to Public Entities

The department had no transfer payments made to public entities during the 2023/2024 financial year.

2.4.5.2 Transfer payments to all organisations other than public entities.

The department had no transfer payments made to other organisations during the 2023/2024 financial year.

2.4.6 Conditional Grants

2.4.6.1 Conditional grants and earmarked funds paid

The department had no conditional grant funding during the 2023/2024 financial year.

2.4.7 Donor Funds Received

2.4.7.1 Donor Fund

The department had no Donor funding received during the 2023/2024 financial year.

2.4.7.2 Global Funding

The department had no Global funding received during the 2023/2024 financial year.

2.4.8 Capital Investment

2.4.8.1 Capital Investment, Maintenance and Asset Management plan

The department had no capital investment plan during the 2023/2024 financial year.



2.5 PART C: GOVERNANCE



2.5 PART C: GOVERNANCE

2.5.1 Introduction

In line with the Constitution of the Republic of South Africa (1996) that states that one of the basic values and principles governing public administration requires that a high standard of professional ethics must be promoted and maintained. The KZN Provincial Treasury is responsible for promoting good governance, social progress and improving living standards through accountability, efficiency and sustainability of the public finances and secure sound and sustainable management of the financial affairs of public institutions. The department has emphasized the need to ensure improved and impact-based performance in respect of its legislative role in the province. Good governance remains the backbone of their quest to obtain clean audit outcomes at all government institutions in this province.

KZNPT continued to maintain the highest level of good governance through reporting and feedback that promotes honesty and accountability, as contained in our value statement.

2.5.2 Risk Management

The 2023/24, risk operating environment continued to pose significant threats as a number of several risks were materialising simultaneously. The risk management vision in the Department continued to encourage a culture of informed risk-taking, which enables the Department to pursue its mandate, vision and mission without fearing risks, but being aware of risks leading to informed decision making which was adopted from the KwaZulu-Natal (KZN) Provincial Risk Management Framework.

The Department embraced being agile in identifying, evaluating, and responding to risks in an appropriate and efficient manner, not only to minimize the threats in terms of probability and severity of the risks but also to maximise the opportunities that the department could exploit through implementation of appropriate risk strategies and a positive risk management culture. This was implemented through risk assessments that were conducted quarterly with the various business units to identify emerging risks that could hinder the achievement of strategic outcomes and goals, as well as opportunities created by the recognised risks. The implementation of risk mitigating strategies protected the department against vulnerabilities, ensured that service delivery proceeds uninterrupted, and safeguarded the purse of the province.

During 2023/24, the Department maintained a consolidated risk register that encompassed various categories of risks such as; - operational, information technology, business continuity management, occupational health and safety, ethics and fraud risks. The monitoring process entailed an in-depth analysis of the actions implemented to mitigate in response to a risk and the impact of the responses to risks.

The Department's risk landscape was mainly dominated by the need to stringently monitor the effectiveness of controls for risks which included but not limited to; Budget/ Fiscal constraints (reduced provincial equitable share, budget cuts), human resource capacity constraints, network connectivity issues (network downtime), cyber security threats, Occupational Health and Safety risks relating to inadequate office accommodation and the people risk relating to work and personal related health issues.

The Risk Management Committee continued to focus on supporting the Accounting Officer in discharging her responsibility for risk management by reviewing the effectiveness of the Department's risk management system, practices and procedures, and providing recommendations for improvement. The Department and the Cluster Audit and Risk Committee (CARC) continued providing an independent



oversight over the system of risk management, monitoring its effectiveness and ensuring that the department was compliant with laws and regulations.

2.5.3 Fraud and Corruption

The year 2024 marks the 30 years of democracy in the Republic of South Africa. The KZNPT also proudly commemorates 30 years of democracy as a trusted Provincial Purse, the Centre of Excellence in Financial and Fiscal Management in the country. In the past 30 years of democracy, the country has fought and won many battles; however, a fight against fraud and corruption in the Public Service has not been won, and it remains the biggest threat to our democratic values. Fraud and corruption have become widespread in the Public Service manifesting in various forms such as maladministration, embezzlement, bribery, extortion, dereliction of duty, and employment and procurement irregularities, amongst the few. The province of KwaZulu-Natal was identified as one of the hotspot areas of corrupt activities (Corruption Watch Annual Report, 2023). The increase in fraud and corruption cases poses a serious threat to democratic values, NDP 2030, Provincial Government Priorities, and shrinking fiscus. It is against this backdrop that the KZNPT has adopted a policy of “Zero tolerance towards fraud and corruption” and continued to implement and intensify fraud prevention strategies and anti-corruption programs.

The scourge of corruption continues to threaten the remarkable milestone achieved by the democratic government. In the fight against corruption and unethical behaviour, KZNPT remained agile, strong, and unmoved. The key initiatives and programs driven by the department to promote and maintain an ethical culture and a corruption-free environment in 2023/24 were:

Collaboration with the Office of the Premier (OTP) and Special Investigating Unit (SIU) in conducting a fraud and ethics awareness session. OTP focused on managing ethics in the public service, including ethical dilemmas and conflicts of interest. The SIU provided training and awareness on the role of the Special Investigation Unit in combating fraud and corruption in state institutions thereby strengthening good governance and promoting ethical culture.

- Additional fraud and ethics awareness workshops were conducted by the Organisational Risk and Integrity Management services directorate focusing on the fraud and key fraud and ethics topics and the policies which included but not limited to;- Fraud Prevention Plan, Fraud Prevention Policy, and related documents;- such as Ethics Policy; Whistle Blowing Policy; Gift Management; Other Remunerative Work Outside Public Service; Conflict of Interest Policy; Financial Disclosures; Code of Conduct: Conduct, Financial Disclosures, Anti-Corruption, and Ethics (PSR), Chapter 2; Conducting Business with an Organ of the State matters and Public Service Amendment Regulations, 2023.
- To instil the department’s ethical culture and assist new employees in familiarizing themselves with the fraud prevention policies and strategies adopted by the Department, workshops targeting new employees were rolled out in 2023/24.
- In order to augment the knowledge and information shared through the fraud, ethics, and corruption awareness and training sessions/ workshops conducted in the department, Circular 03 of 2023: Compulsory Ethics Course in the Public Service was issued, which required all KZNPT employees to enrol through NSG e-learning, which is a competency-based ethics training course. This was in line with Directive from Department of Public Service and Administration (DPSA) on Compulsory Training for the Public Service and Circular 42 of 2023 issued by DPSA with the purpose of helping to build an ethical culture in the public service by developing the capacity of officials for personal and professional ethical conduct.



2.5.4 Minimising Conflict of Interest

In preventing conflict of interest, during 2023/2024, all members of the senior management (SMS) and designated employees disclosed their financial interests. The financial disclosures included certification that the assets, financial activities and financial interests of the officials do not pose a conflict of interest with their official duties. Due to the nature of their duties all employees in the Financial Management (CFO) unit were further expected to sign a code of conduct. All officials are expected to avoid all personal and financial interests which could conflict with their responsibilities to the department. Based on the assessment there was no need to institute lifestyle audits in the department.

During 2023/2024, the department was 100% compliant with the annual submission of financial disclosures which were verified by the Ethics Officer of the Department and the Accounting Officer to identify potential / actual conflicts of interest and submitted to the Public Service Commission (PSC).

Declaration of interests and impartiality forms are signed by bid committee members during the sitting. Bid Committee members are required to recuse themselves if a conflict of interest exists in the process. Bidders are expected to declare their personal and business interests on the standard bidding documents when submitting proposals.

To minimize the conflict of interest from the acceptance of gifts, the Department issued Circular 02 of 2023, which prohibits the acceptance of gifts by KZN Provincial Treasury employees from service providers. In addition, all the various business units are required to declare and submit quarterly signed gist registers that are approved by the Business heads to ensure proper monitoring of gifts in the Department.

2.5.6 Health, Safety and Environmental Issues

In compliance with the Occupational Health and Safety Act 85 of 1993, the department has provided and maintained a reasonable and practicable working environment that is safe and without risk. The following OHS appointments were made:

- HOD (section 16.1 of OHS Act)
- Corporate service: Chief Director (section 16.2 of OHS Act)
- OHS representatives at Nomalanga building, Treasury House building and Natalia Building (section 17 of OHS Act)

OHS Committee meetings were held quarterly where issues were deliberated on. Control measures were put in place in response to recommendations made.

OHS inspections were also conducted on a quarterly basis by an OHS representatives and OHS specialist. A consolidated reports were presented to the OHS Committee.

DPSA Inspection Compliance Tool compiled and submitted in time on quarterly bases during the duration of the financial year.

The department was 100% compliant with compilation and submission of quarterly reports on OHS to DPSA. The abovementioned reports assess department's compliance on OHS risks mitigation, compliance on regulations, emergency preparedness and wellness activities. The report is compiled by OHS Specialist and the stakeholders are OHS Committee, Employee Wellness under Human Resource. These compliance tools were signed by the HOD.



Bi-annual emergency evacuation drills were conducted to assess the department's readiness in cases of emergencies. An evaluation report was prepared and shared with staff members to enhance and understanding and improve where required. The evaluation report indicated an improved level of cooperation from staff members during the simulation exercises which is a positive development.

OHS representatives have a dual responsibility as fire fighters and were nominated and trained accordingly on how to assist the department in terms of a fire hazard. OHS awareness were conducted during induction of new employees and during planned awareness programmes for the department.

First Aid boxes are well placed and regularly maintained on all floors of the departmental buildings with the required relevant signage. There were no incidents that were reported in the 2023/24 financial year.

2.5.7 Portfolio Committees

The department had the following meetings with the Portfolio Committee.

| Date of Meetings | Matters for discussion |
|------------------|--|
| 12 May 2023 | a) Presentation by Provincial Treasury on the KZN Gaming and Betting Tax Amendment Bill 2021 b) Presentation by Provincial Treasury on the 2022/23 Fourth Quarter Financial and Non-Financial Performance report for Vote 6. c) Presentation by Provincial Treasury on the uMtubatuba Local Municipality and uMgungundlovu District Municipality |
| 11 JULY 2023 | Briefing by Provincial Treasury on the 2022/23 Unaudited Closeout Report |
| 11 August 2023 | Presentation and consideration of the 2023/24 first quarter financial and non-financial performance report for vote 6: provincial treasury |
| 14 November 2023 | Presentation of the 2023/24 midyear budget performance report for KwaZulu-Natal and consideration of the 2023/24 second quarter financial and non-financial performance report for vote 6: provincial treasury |

No major concerns were raised by the portfolio committee and good working relations were maintained.



2.5.8 SCOPA Resolutions

During the year under review, the department appeared before the Standing Committee on Public Accounts to report on the progress of resolutions. The following matters of discussion were raised.

| Resolution No | Subject | Details | Response by the department | Resolved (Yes/No) |
|---------------------|---|--|--|-------------------|
| Resolution 153/2022 | Provincial Treasury: Irregular Expenditure of R1.530 million in 2021/22 (Balance of prior years' irregular expenditure not yet condoned: R26.3 million) | <p>The department incurred irregular expenditure of R1.530 million in 2021/22. The irregular expenditure was mainly attributable to awards without obtaining the required price quotations.</p> <p>Of the 2020/21 irregular expenditure an amount of 5.6 million has been condoned.</p> <p>Prior years' irregular expenditure of R26.3 million has not yet been condoned.</p> <p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by 31 January 2023 on the:</p> <p>a) Progress made in the determination testing relating to the 2021/22 and prior years' irregular expenditure, as well as time frames for submitting the irregular expenditure for condonation.</p> <p>(b) The preliminary result on irregular expenditure for 2023/24 financial year have indicated that there is no irregular expenditure have been incurred</p> | <p>The following condonation submissions were approved subsequent to the audit:</p> <ul style="list-style-type: none"> - R2 558 421 was approved for condonation in May 2022 - R585 619 was approved for condonation in December 2022 - R490 781 was approved for condonation in March 2023 - R25 706 763 was approved for removal in March 2023 | Yes |



| Resolution No | Subject | Details | Response by the department | Resolved (Yes/No) |
|---------------------|---|---|---|-------------------|
| Resolution 154/2022 | Resolution 154/2022: Provincial Treasury: Performance Management. in 2021/22 (underspending of R59.99 million). | <p>(a) The department underspend R59.99 million as stated in the annual report page 165 to 167, as disclosed in the appropriation statement to the financial statements and in notes 4.1 and 4.2 thereto.</p> <p>(b) Most of the underspending related mainly to delays in filling of vacant funded posts, delays in the appointment of service providers for agency and support services for various municipal projects as well as savings on subsistence and travel.</p> <p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by 31 January 2023 on:</p> <p>(1) Progress made in ensuring the spending of the savings.</p> <p>(2) Measures implemented to address the matters giving rise to underspending and to avoid a recurrence.</p> | <p>The rollover request of R11,750M was not approved, therefore the entire R59.99 million was returned back to the Revenue Fund. The Department was able to use the 2022/23 budget (savings) to fund the expenses that were part of the rollover request.</p> <p>In terms of the current financial year, the department is projected to underspend again due to the underspending in COE, however various initiatives were identified where savings were directed during the adjustment budget including allocating funding to areas of overspending in the Integrated Systems and banking systems. Irresponsibility managers will also be training on enhanced projecting to ensure that savings are identified timeously in order to be directed to other priority interventions.</p> <p>The preliminary year end results show 99% spend (following the second adjustments in March 2023)</p> | Yes |



| Resolution No | Subject | Details | Response by the department | Resolved (Yes/No) | | | | | | | | | | | | | | | | |
|---------------------|---|---|--|-------------------|-------------|---------------|---|---------------|--|---------------|---|---------------|---|---------------|--|---------------|---|---------------|---|------------------|
| Resolution 155/2022 | Provincial Treasury: Building of the Accountability Ecosystem, Leadership and Management | <p>Provincial Treasury continues to lead by example by obtaining a clean audit for the year and thus keeps setting a bar higher for better administration, accountability, and governance to positively impact the lives of all citizens.</p> <p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by 31 January 2023 on:</p> <p>[1] Measures put in place to pay attention, largely from a coordinating of ministries and oversight standpoint and in assisting in the improvement of the audit outcomes, in the provincial and local government spheres.</p> <p>[2] Playing a championing role in ensuring that sister departments, municipalities, and entities which are struggling to obtain clean audits, are assisted.</p> | <p>i. A Province-Wide, Multi-level, Collaborative, and proactive PFMA Audit Readiness Financial Management Improvement Plan has been prepared in collaboration with the Office of the Premier and approved by Cabinet on 4 December 2019.</p> <p>ii. The plan comprises of various work streams dealing with key focal areas.</p> <table border="1" data-bbox="564 304 1412 792"> <thead> <tr> <th data-bbox="564 685 632 792">Work-stream</th> <th data-bbox="564 304 632 685">Focus Areas</th> </tr> </thead> <tbody> <tr> <td data-bbox="632 685 703 792">Work-stream 1</td> <td data-bbox="632 304 703 685">Strengthening capacity to implement Operation Clean Audit</td> </tr> <tr> <td data-bbox="703 685 775 792">Work-stream 2</td> <td data-bbox="703 304 775 685">Financial Governance, Controls and Assurance and Accountability:</td> </tr> <tr> <td data-bbox="775 685 911 792">Work-stream 3</td> <td data-bbox="775 304 911 685">Assessment and clearance of audit findings (internal and external): implementation of an audit readiness plan</td> </tr> <tr> <td data-bbox="911 685 1046 792">Work-stream 4</td> <td data-bbox="911 304 1046 685">Key Accounts Analysis focusing on: <ul style="list-style-type: none"> • SCM • Condonation • Asset management </td> </tr> <tr> <td data-bbox="1046 685 1118 792">Work-stream 5</td> <td data-bbox="1046 304 1118 685">Improved quality of financial management and reporting</td> </tr> <tr> <td data-bbox="1118 685 1302 792">Work-stream 6</td> <td data-bbox="1118 304 1302 685">Special Projects: <ul style="list-style-type: none"> ▪ Consequence Management ▪ Financial Management Support Systems: LOGIS: Procurement and Asset Management </td> </tr> <tr> <td data-bbox="1302 685 1412 792">Work-stream 7</td> <td data-bbox="1302 304 1412 685">Managing performance information in compliance with National Treasury's Performance Information Framework</td> </tr> </tbody> </table> | Work-stream | Focus Areas | Work-stream 1 | Strengthening capacity to implement Operation Clean Audit | Work-stream 2 | Financial Governance, Controls and Assurance and Accountability: | Work-stream 3 | Assessment and clearance of audit findings (internal and external): implementation of an audit readiness plan | Work-stream 4 | Key Accounts Analysis focusing on: <ul style="list-style-type: none"> • SCM • Condonation • Asset management | Work-stream 5 | Improved quality of financial management and reporting | Work-stream 6 | Special Projects: <ul style="list-style-type: none"> ▪ Consequence Management ▪ Financial Management Support Systems: LOGIS: Procurement and Asset Management | Work-stream 7 | Managing performance information in compliance with National Treasury's Performance Information Framework | Work in progress |
| Work-stream | Focus Areas | | | | | | | | | | | | | | | | | | | |
| Work-stream 1 | Strengthening capacity to implement Operation Clean Audit | | | | | | | | | | | | | | | | | | | |
| Work-stream 2 | Financial Governance, Controls and Assurance and Accountability: | | | | | | | | | | | | | | | | | | | |
| Work-stream 3 | Assessment and clearance of audit findings (internal and external): implementation of an audit readiness plan | | | | | | | | | | | | | | | | | | | |
| Work-stream 4 | Key Accounts Analysis focusing on: <ul style="list-style-type: none"> • SCM • Condonation • Asset management | | | | | | | | | | | | | | | | | | | |
| Work-stream 5 | Improved quality of financial management and reporting | | | | | | | | | | | | | | | | | | | |
| Work-stream 6 | Special Projects: <ul style="list-style-type: none"> ▪ Consequence Management ▪ Financial Management Support Systems: LOGIS: Procurement and Asset Management | | | | | | | | | | | | | | | | | | | |
| Work-stream 7 | Managing performance information in compliance with National Treasury's Performance Information Framework | | | | | | | | | | | | | | | | | | | |



| Resolution No | Subject | Details | Response by the department | Resolved (Yes/No) |
|---------------------|---|--|--|-------------------|
| Resolution 156/2022 | Provincial Treasury –Condonation of Irregular Expenditure | <p>(a) In terms of the new Irregular Expenditure Framework, with effect from 17 May 2019, all requests for condonation of irregular expenditure from provincial departments and public entities must be submitted to the relevant Provincial Treasury.</p> <p>(b) The cumulative value of irregular expenditure reflected in the annual financial statements of KwaZulu-Natal provincial departments as of 31 March 2022.</p> <p>(c) Departments that contributed mostly are Transport, Health, Public Works, and Education.</p> <p>(d) Provincial Treasury has established a Condonation Work Committee and will priorities condonation of the irregular expenditure incurred in the 2020/2021 and 2021/22 financial year.</p> <p>The Committee resolves:</p> <p>That the Accounting Officer submit a report to the Committee by 31 January 2023 on the progress made in the condonation of all provincial irregular expenditure, challenges experienced and where requests for condonation were refused, the reasons.</p> | <p>A detailed progress report, on the status of condonation at 31 December 2022, was submitted and presented to SCOPA on 10 February 2023. In terms of an update, the status of condonation at 31 March 2023 is as follows:</p> <ul style="list-style-type: none"> • The cumulative balance of irregular expenditure for all Provincial Departments and Public Entities recorded in the annual financial statements as at 31 March 2022 is as follows: <ul style="list-style-type: none"> - Provincial Departments: R 53 966 472 000 - Provincial Entities: R 527 956 000 | Yes |



2.5.9 Prior Modifications to Audit Reports

There were no prior modifications to the AG's report. KZN Treasury continued to maintain a clean audit opinion in the 2023/24 financial year.

2.5.10 Internal Control Unit

- o The department has an effective system of internal control which exists to ensure good governance and to improve the operations of the department. This process ensured that KZN Treasury continued to maintain a clean audit outcome. During the 2023/24 financial year, the unit's activities included amongst others the following:
- o Conducted compliance reviews of all expenditures made during the year.
- o Checking of all SCM compliance; appointments and related documentation to ensure compliance with SCM prescripts.
- o Conducted review on contract management.
- o Identification of internal control weaknesses in the system and related improvements
- o Facilitation/coordination of the audit process.
- o Formulation and monitoring of the Audit Improvement strategy aimed at addressing the deficiencies identified during the prior year audit.
- o Follow up and implementation of risk register action plans for the finance unit.
- o Review of monthly management accounts.
- o Assistance in the compilation of AFS working papers.
- o Identification and assessment of Irregular Expenditure and Fruitless and Wasteful expenditure cases.
- o Maintaining irregular, fruitless and wasteful expenditure registers.
- o Monitoring the compliance with financial policies and related prescripts.

2.5.11 Internal Audit and Audit Committees

The following members served as the Provincial Audit & Risk Committee members during the period under review. The Provincial Audit & Risk Committee was subdivided into cluster committees. The Committee members attendance of meetings during the 2023/24 financial year was as depicted in the table below:



| Name of Member | Qualifications | Internal or External member | If Internal, position in the Department | Date Appointed | Contract Period | No. of PARC Meetings Attended | No. of CARC Meetings Attended |
|---|--------------------------------------|-----------------------------|---|-------------------|-------------------------------------|-------------------------------|-------------------------------|
| Mr Z Zulu – PARC Chairperson | MBA | External | N/A | 18 May 2022 | 18 May 22 – 31 st May 25 | 5 of 5 | 4 of 4 |
| Ms S Makhathini –Provincial Treasury CARC Chairperson | CA(SA) | External | N/A | 18 May 2022 | 18 May 22 – 31 st May 25 | 5 of 5 | 4 of 4 |
| Dr M Zakwe | CA(SA) | External | N/A | 04 September 2023 | 04 Sept 23 – 30 Sept 25 | 4 of 5 | 3 of 4 |
| Mr S Maharaj | CA(SA) | External | N/A | 18 May 2022 | 18 May 22 – 31 st May 25 | 5 of 5 | N/A* |
| Mr M Tarr | MSc Agricultural Economics | External | N/A | 10 May 21 | 10 May 21 – 31 st May 24 | 5 of 5 | N/A* |
| Ms B Jojo | CA(SA) | External | N/A | 04 September 2023 | 04 Sept 23 – 30 Sept 25 | 4 of 5 | N/A* |
| Mr S Mthethwa | BCompt (Hon) | External | N/A | 18 May 2022 | 18 May 22 – 31 st May 25 | 5 of 5 | N/A* |
| Ms R Ramphal | CA(SA) | External | N/A | 18 May 2022 | 18 May 22 – 31 st May 25 | 5 of 5 | N/A* |
| Mr S Magagula | Masters (Geography & Urban Planning) | External | N/A | 04 September 2023 | 04 Sept 23 – 30 Sept 25 | 4 of 5 | N/A* |

*N/A – members do not serve on CARC for Provincial Treasury

2.5.12 Audit Committee Report

REPORT OF THE AUDIT & RISK COMMITTEE ON

VOTE 6 – TREASURY

The Audit Committee herewith presents its report for the financial year ended 31 March 2024, as required by Treasury Regulation 3.1.13 read with section 77 of the Public Finance Management Act, 1999 (Act No. 1 of 1999, as amended by Act No. 29 of 1999).

The Provincial Audit and Risk Committee (PARC) is the shared audit and risk committee for the provincial departments, and is further sub-divided into three Cluster Audit & Risk Committees (CARC's) that provide oversight of key functions to the KZN Provincial Government Departments. The KZN Provincial Treasury is served by the Economic Sector and Infrastructure Development (ESID) Cluster Audit & Risk Committee.

The Audit Committee reports that it has adopted formal terms of reference contained in its Audit and Risk Committee Charter. The Committee complied with its responsibilities arising from the Public Finance Management Act and Treasury Regulations; except that the Committee was not fully constituted for the full financial year.



1. Audit Committee Members and Attendance

The ESID CARC consisted of the members listed hereunder who have met as reflected below.

| # | Name of Member | CARC Meetings Attended |
|----|------------------------------------|------------------------|
| 1. | Mr Z Zulu – PARC Chairperson | 4 of 4 |
| 2 | Ms S Makhathini – CARC Chairperson | 4 of 4 |
| 3. | Dr M Zakwe | 3 of 4 |

On 4th September 2023, three new Provincial Audit and Risk Committee members, namely, Dr M Zakwe; Ms B Jojo and Mr S Magagula were appointed by the MEC for Finance for a period of 3 years.

2. The Effectiveness of Internal Control

The reports of the Provincial Internal Audit Service (PIAS), as well as the Auditor General South Africa (AGSA), were reviewed by the Committee during the period under review, and they noted the Departments' positive AGSA outcomes and continued management commitment to good internal control practices however some weaknesses in controls on the following areas were noted:

- E-Leave management system

The Committee considered the appropriateness of management's interventions to ensure the system of control maintains its adequacy and effectiveness and advised management to implement effective measures to address the identified weaknesses.

3. Effectiveness of Internal Audit

PIAS activities were reviewed by the Committee during the PARC and CARC monitoring processes. The Committee evaluated PIAS' reports detailing the assessment of the adequacy and effectiveness of controls designed to mitigate the risks associated with the operational and strategic activities of the department.

The PIAS planned to perform twelve (12) audit assignments for the period under review, of which all twelve (12) were finalised.

The Committee is satisfied that PIAS performed effectively during the period under review. During the 2024/25 financial year, the Committee will continue to monitor the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the Department.

4. Risk Management

The responsibilities of the Committee with respect to risk management are formally defined in its Charter. For the period under review, the Committee's responsibilities have been focused, amongst other things, on the quarterly review of the Department's risk register and monitoring progress made by the Department on various risk management initiatives.

With regard to the Department's risk register as at 31 March 2024, as summarised in the table below, the Committee noted progress made by the Department on implementing 69% of its risk mitigation



plans. The Department was urged to address the remaining risk mitigations, and to constantly review and update its risks, including risk mitigation plans, on a regular basis.

| Focus Area | Risk Grouping | | | | | Total |
|---|---------------|------------|------------|------------|---------------|------------|
| | Critical | Major | Moderate | Minor | Insignificant | |
| Number of risks identified | 2 | 10 | 31 | 56 | 8 | 107 |
| Number of agreed risk mitigation plans. | 3 | 23 | 58 | 37 | 1 | 122 |
| Number of completed risk mitigation plans. | 1 | 12 | 40 | 30 | 1 | 84 |
| % completion of risk mitigation plans. | 33% | 52% | 69% | 81% | 100% | 69% |

The Committee noted progress made by the Department on implementing minimum risk management standards as prescribed by the 2021 Provincial Risk Management Framework. From the assessment performed by PIAS (Risk and Advisory Services) during the period under review, the Department fully complied with 12 of the 15 standards and partly complied with three. The Department was encouraged to increase its efforts to fully comply with all standards, including development of an assessment tool to review the effectiveness of its risk management committee.

The Committee encouraged the Department to enhance its business continuity management (BCM) practices through customisation and adoption of various BCM templates and guidelines as provided by the PIAS (Risk and Advisory Services). The Department was also advised to link its BCM practices with disaster management plans (as required by the Disaster Management Act) to ensure seamless resumption of business operations and critical services in the event of emergencies.

5. Quality of in year management and monthly/quarterly reports

The Committee was satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance, prepared and issued by the Accounting Officer of the Department during the year under review, in terms of the PFMA and the Division of Revenue Act.

The Committee monitored the implementation of corrective actions in respect of the detailed findings emanating from the previous regulatory audit as well as PIAS audits on a quarterly basis through the CARC processes.

6. Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the Annual Financial Statements, including the audit report, with the Accounting Officer, Auditor General and PIAS;
- Reviewed the Auditor General's Management Report;
- Reviewed the Department's processes for compliance with legal and regulatory provisions,
- Reviewed the conclusion on the usefulness and reliability of performance information resulting from the external audit of the Department.

Based on the reports of the PIAS and the Auditor General, the Committee commended the Department for submitting the Annual Financial Statements that were free from material misstatements. The Committee noted the Emphasis of Matter relating to an uncertainty of the future outcome of contingent



liabilities. This related to the case where the Department was the defendant in a lawsuit relating to the taxation of gross gaming revenue where the Department is opposing the claim. This matter was reported in the previous year.

7. Auditor-General's Report

The Committee has met with the Auditor General of South Africa to discuss and evaluate the issues that emanated from the current regulatory audit.

The Committee concurs with and accepts the conclusion of the Auditor General's opinion on the Annual Financial Statements of an unqualified audit opinion with no findings and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General.

8. Appreciation

The Committee wishes to express its appreciation to the Management of the Department, the Auditor General of South Africa, and the Provincial Internal Audit Services for the co-operation and support they have provided to enable us to compile this report.

.....
Mr Z Zulu
Chairperson: Provincial Audit and Risk Committee
08 August 2024

**2.5.13 B-BBEE COMPLIANCE PERFORMANCE INFORMATION**

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade and Industry.

| Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following: | | |
|--|------------------------------|---|
| Criteria | Response Yes / No | Discussion (Include a discussion on your response and indicate what measures have been taken to comply) |
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | No | The Department does not issue any authorisations in respect of economic activity. |
| Developing and implementing a preferential procurement policy? | Yes | Department has revised the SCM Policy in line with the new Preferential Regulations and Professional Service Providers Rotation Policy that are in line with the objectives of the PPPFA. |
| Determining qualification criteria for the sale of state-owned enterprises? | No | This is not applicable to the Department. |
| Developing criteria for entering into partnerships with the private sector? | Yes | Bids are invited with prequalification criteria prior to 16 th January 2023 where the preferential regulations were amended, and preferential points are now allocated to priority groups. |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment? | Yes | Preferential point system is considered in the awarding of bids and quotations. |



2.6 PART D: HUMAN RESOURCES MANAGEMENT

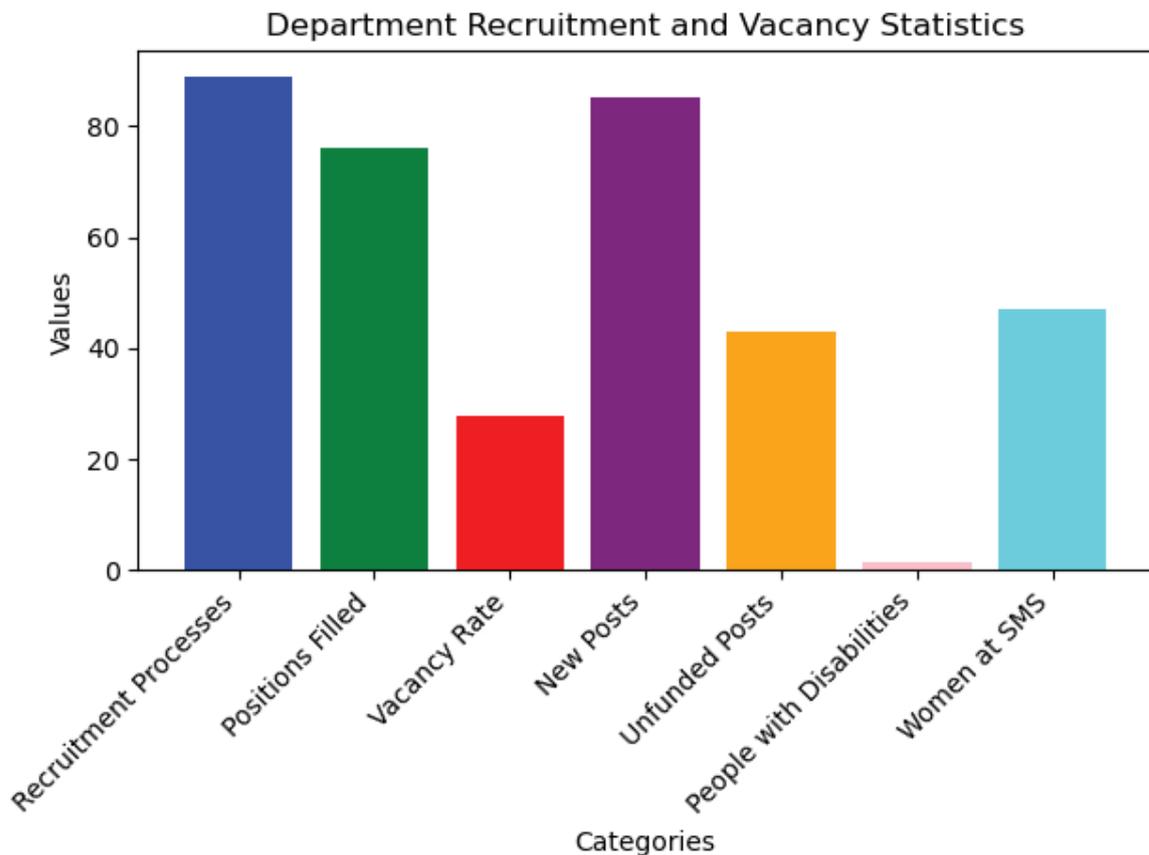
2.6.1 INTRODUCTION

The information contained in this part of the annual report has been prescribed by the Minister for the Public Service and Administration for all departments in the public service.

2.6.1.1. OVERVIEW OF HUMAN RESOURCES

A. Status of Human Resources in the Department

The Filling of vacant posts and the overall turnaround time to fill vacancies improved significantly in the reporting period, with the Department finalizing over 89 recruitment processes and appointing 76 employees into permanent positions. Despite the rigorous recruitment processes and the increased number of positions filled, the vacancy rate, however, has not decreased substantially due to the high number of internal employees securing higher level promotion posts resulting in their posts becoming vacant and positions within Municipal and Public Finance that needed to be readvertised due to lack of suitable candidates applying for advertised posts. The vacancy rate (27.86%, which is 146 posts) has also increased due to the creation of 85 new posts from the newly approved structure of the Department. Of these 146 posts a total of 43 posts remains unfunded and cannot be filled, due to excessive budget cuts implemented in quarter 3 of the financial year. The Department still faces challenges in terms of attracting and employing people with disabilities and females at SMS level into the permanent structure, where people with disabilities decreased to 1.34%, and the resignation of one female SMS and the appointment of two males decreased women at SMS to 47%.





B. Human Resource priorities for the year under review

The priorities included;

- Enhanced and improved employee engagement, through effective climate surveys; leadership impact analysis;
- effective exit interview analysis;
- Skill and Talent attraction – prioritizing the recruitment of critical core posts and ensuring the correct alignment of competence profile and qualification requirements to the needs of the Department;
- Talent Retention – reduction in turnover rate; improvement of management capability through leadership impact analysis; greater focus on career management strategies. Integrated Human Resource Information sessions and Business Unit engagements – improve levels of compliance; increase HR knowledge base of all employees; reduction in number of grievances received.

C. Workforce Planning and key strategies to attract and recruit a skilled and capable workforce

The Department's approved MTEF HR Plan endorsed by the Executing Authority of the Department was implemented from 01 April 2023 and spans over three years. All HR Planning strategies for the 2023/24 year were successfully implemented. In respect of scarce skilled posts partnerships were developed with Professional Associations like SAICA and the Institute of Internal Auditors to place advertisements within professional magazines to attract correctly skilled applicants. Succession Planning is in place for all key critical posts of the Department ensuring a pool of competent empowered staff who will compete for these positions when they are vacated. The HR Development Committee scrutinizes Bursary applications ensuring qualifications that are funded are in line with the critical needs of the Department and support upward mobility of staff. Due to excessive budget cuts new internal bursaries will only be limited and awarded based on the limited budget.

D. Employee Performance Management

The Department obtained 100% compliance during the reporting period in respect of the signing of Performance Agreements. The timely submission of performance assessments in the larger business units where employees are working outside the office for long durations of time are problematic, however there has been vast improvement in this regard for the reporting period. Non-compliant staff were excluded from the receipt of any pay progressions and stringent monitoring mechanisms, including the disciplining of supervisors and Line Managers for non-compliant staff have been put in place to ensure 100% compliance at all levels going forward. The 2022/2023 assessments were finalized and pay progressions were duly implemented in the current reporting period.

E. Employee Health and Wellness Program

The Employee Health and Wellness Section within HRM continues to make a visible impact on the lives of employees by increasing the number of Wellness Clinics per month within the Department, with noticeable improvements in the number of voluntary on-site testing. Monthly articles instilling responsible life style disease management as well as encouraging physical fitness and awareness are distributed throughout the Organization and have been extremely well received. The Work and Play policy activities that were affected by Covid-19 restrictions, has normalized in the current reporting period, with the Department partaking in a number of provincial sporting activities.



F. Achievements and Challenges faced by the Department

- During 2023/2024, the Human Resource Management Directorate fulfilled all of its legislative mandates and delivered an efficient and professional Human Resources function to the Department, with limited audit findings. The unit has successfully implemented all planned Human Resource Planning and WSP priority strategies for the year, thereby ensuring a well capacitated and healthy workforce that is appropriately skilled and empowered.
- The unit has exceeded its requirements in terms of empowering the organisation as a whole on all Human Resource related knowledge and information in terms of the number of policies that were developed and work-shopped. The organisation as a whole is 100 per cent compliant to all requirements of the performance management and development system. There has been a significant reduction in the number of grievances and misconduct cases within the Department which is largely attributed to the monthly articles that stem from the Labour Desk of the Directorate. Leadership impact surveys have also contributed positively in this area.
- The Unit continues with strategies to implement the Head of Department's commitment to improving EE targets of women in management and people with disabilities, and the purchase of assistive devices and Office configuration for people with disabilities were also undertaken. Integrated efforts of the sections within HRM during the year has ensured a strong drive for policy compliance, eradication of fraud and corruption, responsible sick leave management, well aligned Departmental structures, adequately skilled employees and a healthy and well-informed workforce.
- Youth development initiatives are a priority for the Unit. Provincial Treasury's partnership with SAICA on the Thuthuka Education Upliftment Fund (TEUF), where Treasury is sponsoring previously disadvantaged students studying towards becoming Chartered Accountants is in its 9th year since inception. The Department has committed to sponsoring 4 students a year. The partnership has further resulted in the Department receiving SAICA accreditation as a Training Office during December 2015, and the Department has received its 9th allocation of three Trainee Accountants as at January 2024 making it a total of twenty four (24) trainees who have been through the program. There are currently ten (8) graduates undergoing training towards becoming chartered accountants and sixteen (16) who have qualified as Chartered Accountants. Ten (10) of these are currently within the Department on a 5-year management development programme.
- The Unit was the 1st in the province to develop a Non-Monetary Incentives policy for the Department which was endorsed by EXCO and approved within the reporting period. Rigorous monitoring of the various strategies will be embarked upon, to ensure that mechanisms to create an environment that reduces the turnover rate of staff is in fact being successfully implemented.

G. Future Human Resource Plans/Goals

- Improved Employee engagement initiatives
- Talent management, acquisition and retention.
- Strategic partnering with Line Management to improve Business understanding of HR prescripts and mandates; as well as buy in of HR strategies in respect of work force planning.
- Strong drive for continued excellence and legislative compliance within the team.



2.6.2 HUMAN RESOURCES OVERSIGHT STATISTICS

3.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 01 April 2023 to 31 March 2024

| Programme | Total Expenditure (R'000) | Personnel expenditure (R'000) | Training expenditure (R'000) | Professional and special services exp (R'000) | Personnel expenditure as a % of total expenditure | Average personnel cost per employee (R'000) |
|---------------------------------|---------------------------|-------------------------------|------------------------------|---|---|---|
| ADMINISTRATION | 221 366.00 | 102 347.00 | 460.00 | 0 | 46.20 | 527.00 |
| SUSTAINABLE RESOURCE MANAGEMENT | 50 399.00 | 36 756.00 | 72.00 | 0 | 72.90 | 993.00 |
| FINANCIAL GOVERNANCE | 213 075.00 | 79 693.00 | 238.00 | 0 | 36.00 | 639.00 |
| INTERNAL AUDIT | 99 760.00 | 75 333.00 | 1 573.00 | 0 | 75.50 | 660.00 |
| MUNICIPAL FINANCE MANAGEMENT | 68 590.00 | 51 269.00 | 77.00 | 0 | 74.70 | 854.00 |
| Total | 653 190.00 | 345 398.00 | 2 420.00 | 0 | 52.40 | 652.00 |

Table 3.1.2 Personnel costs by Salary Band for the period 01 April 2023 to 31 March 2024

| Salary band | Personnel expenditure (R'000) | % of total Personnel cost | No. of employees | Average personnel cost per Employee (R) |
|---|-------------------------------|---------------------------|------------------|---|
| Unskilled (levels 1-2) Youth development programs | 13 457.00 | 3.93 | 88 | 152 920.45 |
| Skilled (levels 3-5) | 15 631.00 | 4.56 | 58 | 269 500.00 |
| Highly skilled production (levels 6-8) | 46 747.00 | 13.65 | 90 | 519 411.00 |
| Highly skilled supervision (levels 9-12) | 177 383 | 50.93 | 223 | 781 991.03 |
| Top and Senior Management (levels 13-16) | 92 180.00 | 26.92 | 66 | 1 396 666.67 |
| TOTAL | 345 398.00 | 100.00 | 525 | 652 188.57 |

Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by Programme for the period 01 April 2023 to 31 March 2024

| Programme | Salaries | | Overtime | | Home Owners Allowance | | Medical Aid | |
|---------------------------------|-------------------|------------------------------------|-----------------|------------------------------------|-----------------------|-------------------------------|-----------------|---------------------------------------|
| | Amount (R'000) | Salaries as a % of personnel costs | Amount (R'000) | Overtime as a % of personnel costs | Amount (R'000) | HOA as A % of personnel costs | Amount (R'000) | Medical aid as a % of personnel costs |
| ADMINISTRATION | 82 997.00 | 81.10 | 2 287.00 | 2.20 | 2 192.00 | 2.10 | 3 796.00 | 3.70 |
| SUSTAINABLE RESOURCE MANAGEMENT | 32 519.00 | 88.50 | 0.00 | 0.00 | 575.00 | 1.60 | 636.00 | 1.70 |
| FINANCIAL GOVERNANCE | 67 802.00 | 88.40 | 92.00 | 0.10 | 1 796.00 | 2.30 | 2 891.00 | 3.80 |
| INTERNAL AUDIT | 67 059.00 | 89.00 | 7.00 | 0.01 | 1 220.00 | 1.60 | 978.00 | 1.30 |
| MUNICIPAL FINANCE MANAGEMENT | 45 416.00 | 88.60 | 0.00 | 0.00 | 510.00 | 10.. | 658.00 | 1.30 |
| TOTAL | 295 793.00 | 86.40 | 2 386.00 | 0.70 | 6 293.00 | 1.80 | 8 959.00 | 2.60 |



Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by Salary Band for the period 01 April 2023 to 31 March 2024

| Programme | Salaries | | Overtime | | Home Owners Allowance | | Medical Aid | |
|---|-------------------|------------------------------------|-----------------|------------------------------------|-----------------------|-------------------------------|-----------------|---------------------------------------|
| | Amount (R'000) | Salaries as a % of personnel costs | Amount (R'000) | Overtime as a % of personnel costs | Amount (R'000) | HOA as a % of personnel costs | Amount (R'000) | Medical aid as a % of personnel costs |
| Unskilled (levels 1-2) Youth development programs | 13 360.00 | 99.30 | 97.00 | 0.70 | 0.00 | 0.00 | 0.00 | 0.00 |
| Skilled (levels 3-5) | 11 480.00 | 73.40 | 316.00 | 2.00 | 914.00 | 5.80 | 1511.00 | 9.70 |
| Highly skilled production (levels 6-8) | 37 735.00 | 80.70 | 1 295.00 | 2.80 | 1 637.00 | 3.50 | 3 051.00 | 6.50 |
| Highly skilled supervision (levels 9-12) | 150 775.00 | 86.50 | 678.00 | 0.40 | 2 601.00 | 1.50 | 3 618.00 | 2.10 |
| Top and Senior Management (levels 13-16) | 82 443.00 | 89.40 | 0.00 | 0.00 | 1 141.00 | 1.20 | 779.00 | 0.80 |
| TOTAL | 295 793.00 | 86.40 | 2 386.00 | 0.70 | 6 293.00 | 1.80 | 8 959.00 | 2.60 |

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2024

| Programme | Number of posts on approved establishment | Number of posts filled | Vacancy Rate | Number of employees additional to the establishment |
|--|---|------------------------|--------------|---|
| ADMINISTRATION, Permanent | 155 | 126 | 18.70 | 68 |
| SUSTAINABLE RESOURCE MANAGEMENT, Permanent | 44 | 32 | 27.30 | 5 |
| FINANCIAL GOVERNANCE, Permanent | 130 | 107 | 17.70 | 13 |
| INTERNAL AUDIT, Permanent | 127 | 62 | 51.20 | 52 |
| MUNICIPAL FINANCE MANAGEMENT, Permanent | 68 | 58 | 14.70 | 2 |
| TOTAL | 524 | 385 | 26.50 | 140 |

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2024

| Salary band | Number of posts on approved establishment | Number of posts filled | Vacancy Rate (includes frozen posts) | Number of employees additional to the establishment |
|---|---|------------------------|--------------------------------------|---|
| Skilled (Levels 3-5), Permanent | 73 | 58 | 20.50 | 88 |
| Highly Skilled Production (Levels 6-8), Permanent | 128 | 69 | 46.10 | 21 |
| Highly Skilled Supervision (Levels 9-12), Permanent | 254 | 197 | 22.40 | 26 |
| Senior Management (Levels >= 13), Permanent | 69 | 61 | 11.60 | 5 |
| TOTAL | 524 | 385 | 26.50 | 140 |



Employment and vacancies by Critical Occupation as at 31 March 2024

- No formal critical occupations were approved for KZN Provincial Treasury.

3.3 Filling of SMS Posts

Table 3.3.1 SMS post information as on 31 March 2024

| SMS Level | Total number of funded SMS posts | Total number of SMS posts filled | % of SMS posts filled | Total number of SMS posts vacant | % of SMS posts vacant |
|--------------------------------------|----------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| Director-General/ Head of Dept. SL16 | 1 | 1 | 100 | 0 | 0 |
| Salary Level 15 | 3 | 3 | 100 | 0 | 0 |
| Salary Level 14 | 9 | 9 | 100 | 0 | 0 |
| Salary Level 13 | 56 | 48 | 85.71 | 8 | 14.29 |
| Total | 69 | 61 | 88.41 | 8 | 11.59 |

Table 3.3.2 SMS post information as on 30 September 2023 (revised structure approved 16 October 23)

| SMS Level | Total number of funded SMS posts | Total number of SMS posts filled | % of SMS posts filled | Total number of SMS posts vacant | % of SMS posts vacant |
|--------------------------------------|----------------------------------|----------------------------------|-----------------------|----------------------------------|-----------------------|
| Director-General/ Head of Dept. SL16 | 1 | 1 | 100 | 0 | 0 |
| Salary Level 15 | 3 | 3 | 100 | 0 | 0 |
| Salary Level 14 | 10 | 9 | 90 | 1 | 10 |
| Salary Level 13 | 54 | 49 | 90.74 | 5 | 9.26 |
| Total | 68 | 62 | 91.18 | 6 | 8.82 |

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2023 to 31 March 2024

| SMS Level | Advertising | Filling of Posts | |
|--------------------------------------|--|--|---|
| | No. of vacancies per level advertised within 6 months of becoming vacant | No. of vacancies per level filled in 6 months of becoming vacant | No. of vacancies per level not filled in 6 months but filled in 12 months |
| Director-General/ Head of Dept. SL16 | 0 | 0 | 0 |
| Salary Level 15 | 0 | 0 | 0 |
| Salary Level 14 | 1 | 1 | 0 |
| Salary Level 13 | 0 | 0 | 0 |
| Total | 1 | 1 | 0 |



Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2023 and 31 March 2024

| Reasons for vacancies not advertised within six months |
|---|
| There is a Provincial moratorium on the filling of all posts where authority to fill critical posts is approved by the Premier of the Province which can add a further 30 to 60 days to the entire recruitment process. Some SMS positions have been placed on hold due to the November 2023 budget cuts within the Department whilst others were placed on hold until the 2 nd review of the Departments organizational structure was finalized. Filling of posts with an incumbent within 6 months is not a challenge, under normal circumstances. However, with the challenges mentioned above delays have been experienced, which have been beyond the control of the HR Unit. |
| |
| |

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2023 to 31 March 2024

| Reasons for vacancies not advertised within six months |
|---|
| Reasons for delays as contained above in 3.3.4 are beyond the control of Human Resource Directorate and disciplinary action is therefore not warranted. |
| Reasons for vacancies not filled within six months |
| Reasons for delays as contained in 3.3.4 above are beyond the control of Human Resource Directorate and disciplinary action is therefore not warranted. |

3.4 Job Evaluation

Table 3.4.1 Evaluation by Salary Band for the period 01 April 2023 to 31 March 2024

| Salary band | Number of posts on approved establishment | Number of Jobs Evaluated | % of posts evaluated by salary bands | Posts Upgraded | | Posts downgraded | |
|--|---|--------------------------|--------------------------------------|----------------|----------------------|------------------|----------------------|
| | | | | Number | % of posts evaluated | Number | % of posts evaluated |
| Skilled (Levels 3-5) | 73 | 0 | 0 | 0 | 0 | 0 | 0 |
| Highly Skilled Production (Levels 6-8) | 128 | 0 | 0 | 0 | 0 | 0 | 0 |
| Highly Skilled Supervision (Levels 9-12) | 254 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management Service Band A | 56 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management Service Band B | 9 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management Service Band C | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management Service Band D | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 524 | 0 | 0 | 0 | 0 | 0 | 0 |



Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 01 April 2023 to 31 March 2024

| Gender | African | Asian | Coloured | White | Total |
|-----------------------------|----------|----------|----------|----------|----------|
| Female | 0 | 0 | 0 | 0 | 0 |
| Male | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 0 | 0 | 0 | 0 | 0 |
| Employees with a Disability | | | | | 0 |

TABLE 3.4.3 - Employees whose salary level exceed the grade determined by Job Evaluation for the period 01 April 2023 to 31 March 2024

| Occupation | Number of Employees | Job Evaluation Level | Remuneration Level | Reason for Deviation |
|--------------------------------|---------------------|----------------------|--------------------|----------------------|
| N/A | 0 | 0 | 0 | 0 |
| TOTAL | 0 | | | |
| Percentage of Total Employment | 0 | 0 | 0 | 0 |

TABLE 3.4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation for the period 01 April 2023 to 31 March 2024

| | |
|--|-------------|
| Total no. of employees whose salaries exceed the grade determined by job evaluation | None |
|--|-------------|

3.5 Employment Changes

Table 3.5.1 – Annual Turnover rates by Salary Band for the period 01 April 2023 to 31 March 2024

| Salary band | Number of employees at beginning of period 1 April 2023 | Appointments and transfers into the department | Terminations and transfers out of the department | Turnover rate |
|--|---|--|--|---------------|
| Skilled (Levels 3-5) Permanent | 39 | 10 | 4 | 10.30 |
| Highly Skilled Production (Levels 6-8) Permanent | 84 | 8 | 10 | 11.90 |
| Highly Skilled Supervision (Levels 9-12) Permanent | 166 | 33 | 10 | 6.00 |
| Senior Management Service Band A Permanent | 48 | 2 | 2 | 4.20 |
| Senior Management Service Band B Permanent | 8 | 1 | 0 | 0.00 |
| Senior Management Service Band C Permanent | 2 | 0 | 0 | 0.00 |
| Senior Management Service Band D Permanent | 1 | 0 | 0 | 0.00 |
| Contract (Levels 3-5) | 56 | 78 | 35 | 62.50 |
| Contract (Levels 6-8) | 18 | 8 | 6 | 33.30 |
| Contract (Levels 9-12) | 34 | 5 | 10 | 29.40 |
| Contract Band A | 2 | 1 | 0 | 0.00 |
| Contract Band B | 2 | 0 | 0 | 0.00 |
| TOTAL | 460 | 146 | 77 | 16.70 |



TABLE 3.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April 2023 to 31 March 2024

No formal critical occupations were approved for KZN Provincial Treasury.

TABLE 3.5.3 – Reasons why staff are leaving the Department for the period 01 April 2023 to 31 March 2024

| Termination Type | Number | % of Total Resignations |
|---|-----------|-------------------------|
| Death | 1 | 1.30 |
| Resignation | 45 | 58.40 |
| Expiry of contract | 23 | 29.90 |
| Dismissal – operational changes | 0 | 0 |
| Dismissal – misconduct | 0 | 0 |
| Dismissal – inefficiency | 0 | 0 |
| Discharged due to ill-health | 1 | 1.30 |
| Retirement | 1 | 1.30 |
| Transfer to other Public Service Departments | 6 | 7.80 |
| Total | 77 | 100.00 |
| Total number of employees who left as a % of total employment | 14.70 | |

*25 resignations were due to internal promotions

TABLE 3.5.4 - Promotions by Critical Occupation * contracts not included for the period 01 April 2023 to 31 March 2024

No formal critical occupations were approved for KZN Provincial Treasury.

TABLE 3.5.5 - Promotions by Salary Bands for the period 01 April 2023 to 31 March 2024

| Salary band | Number of Employees at Beginning of period (1 April 2023) | Promotions to another Salary Level | Salary Level Promotions as a % of Employees by Salary Band | Progressions to another Notch within Salary Level | Notch Progression as a % per Salary Band |
|---|---|------------------------------------|--|---|--|
| Skilled (Levels 3-5), Permanent | 39 | 1 | 2.56 | 27 | 69.23 |
| Highly Skilled Production (Levels 6-8), Permanent | 84 | 6 | 7.14 | 46 | 54.76 |
| Highly Skilled Supervision (Levels 9-12), Permanent | 166 | 16 | 9.64 | 104 | 62.65 |
| Senior Management (Levels >= 13), Permanent | 59 | 2 | 3.39 | 29 | 49.15 |
| Contract (Levels 3-5), | 56 | 0 | 0 | 5 | 8.93 |
| Contract (Levels 6-8), | 18 | 0 | 0 | 9 | 50.00 |
| Contract (Levels 9-12), | 34 | 0 | 0 | 10 | 29.41 |
| Contract (Levels >= 13), | 4 | 0 | 0 | 3 | 75.00 |
| TOTAL | 460 | 25 | 5.43 | 241 | 52.39 |



3.6 Employment Equity

TABLE 3.6.1 - Total number of Employees (incl. Employees with disabilities & contracts) per Occupational Category as at 31 March 2024

| Occupational category | Male | | | | Female | | | | Total |
|---|------------|----------|-----------|----------|------------|----------|-----------|-----------|------------|
| | African | Col | Indian | White | African | Col | Indian | White | |
| SENIOR OFFICIALS AND MANAGERS | 21 | 3 | 6 | 3 | 16 | 2 | 10 | 5 | 66 |
| PROFESSIONALS | 89 | 0 | 13 | 1 | 100 | 0 | 11 | 8 | 222 |
| TECHNICIANS AND ASSOCIATE PROFESSIONALS | 47 | 1 | 0 | 0 | 68 | 2 | 2 | 3 | 123 |
| CLERKS | 15 | 0 | 0 | 0 | 34 | 0 | 4 | 3 | 56 |
| ELEMENTARY OCCUPATIONS | 20 | 0 | 0 | 0 | 37 | 0 | 0 | 1 | 58 |
| TOTAL | 192 | 4 | 19 | 4 | 255 | 4 | 27 | 20 | 525 |

TABLE 3.6.2 - Total number of Employees (incl. Employees with disabilities & contracts) per Occupational Bands as at 31 March 2024

| Occupational Band | Male | | | | Female | | | | Total |
|--|------------|----------|-----------|----------|------------|----------|-----------|-----------|------------|
| | African | Col | Indian | White | African | Col | Indian | White | |
| Top Management | 0 | 0 | 1 | 0 | 1 | 0 | 1 | 1 | 4 |
| Senior Management | 21 | 3 | 5 | 3 | 15 | 2 | 9 | 4 | 62 |
| Professionally qualified and experienced specialists and mid-management | 61 | 0 | 10 | 1 | 57 | 0 | 7 | 6 | 142 |
| Skilled technical and academically qualified workers, junior management, supervisors | 75 | 1 | 3 | 0 | 111 | 2 | 6 | 5 | 203 |
| Semi-skilled and discretionary decision making | 15 | 0 | 0 | 0 | 34 | 0 | 4 | 3 | 56 |
| Unskilled and defined decision making | 20 | 0 | 0 | 0 | 37 | 0 | 0 | 1 | 58 |
| TOTAL | 192 | 4 | 19 | 4 | 255 | 4 | 27 | 20 | 525 |

TABLE 3.6.3 – Recruitment (including contracts) for the period 01 April 2023 to 31 March 2024

| Occupational Band | Male | | | | Female | | | | Total |
|--|-----------|----------|----------|----------|-----------|----------|----------|----------|------------|
| | African | Col | Indian | White | African | Col | Indian | White | |
| Top Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 2 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 4 |
| Professionally qualified and experienced specialists and mid-management | 10 | 0 | 1 | 0 | 8 | 0 | 0 | 0 | 19 |
| Skilled technical and academically qualified workers, junior management, supervisors | 15 | 0 | 0 | 0 | 19 | 0 | 0 | 1 | 35 |
| Semi-skilled and discretionary decision making | 2 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 9 |
| Unskilled and defined decision making | 26 | 0 | 0 | 0 | 53 | 0 | 0 | 0 | 79 |
| TOTAL | 55 | 0 | 2 | 0 | 88 | 0 | 0 | 1 | 146 |
| Employees with Disabilities | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |



TABLE 3.6.4 - Promotions (permanent staff) for the period 01 April 2023 to 31 March 2024

| Occupational band | Male | | | | Female | | | | Total |
|--|----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
| | African | Col | Indian | White | African | Col | Indian | White | |
| Top Management | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 1 |
| Senior Management | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Professionally qualified and experienced specialists and mid-management | 2 | 0 | 0 | 0 | 3 | 0 | 1 | 1 | 7 |
| Skilled technical and academically qualified workers, junior management, supervisors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Semi-skilled and discretionary decision making | 3 | 1 | 0 | 0 | 11 | 0 | 1 | 0 | 16 |
| Unskilled and defined decision making | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 6 | 1 | 0 | 0 | 14 | 0 | 3 | 1 | 25 |
| Employees with Disabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

TABLE 3.6.5 – Terminations (permanent staff) for the period 01 April 2023 to 31 March 2024

| Occupational band | Male | | | | Female | | | | Total |
|--|-----------|----------|----------|----------|-----------|----------|----------|----------|-----------|
| | African | Col | Indian | White | African | Col | Indian | White | |
| Top Management | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Management | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 0 | 2 |
| Professionally qualified and experienced specialists and mid-management | 9 | 0 | 2 | 0 | 3 | 0 | 0 | 0 | 14 |
| Skilled technical and academically qualified workers, junior management, supervisors | 8 | 0 | 1 | 0 | 11 | 0 | 0 | 2 | 22 |
| Semi-skilled and discretionary decision making | 3 | 0 | 0 | 0 | 7 | 0 | 0 | 0 | 10 |
| Unskilled and defined decision making | 16 | 0 | 0 | 0 | 12 | 1 | 0 | 0 | 29 |
| TOTAL | 36 | 0 | 3 | 0 | 34 | 1 | 1 | 2 | 77 |
| Employees with Disabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

TABLE 3.6.6 - Disciplinary Action for the period 01 April 2023 to 31 March 2024

| Disciplinary action | Male | | | | Female | | | | Total |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | African | Col | Indian | White | African | Col | Indian | White | |
| Final Written warning & suspension without pay | 1 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 3 |
| TOTAL | 1 | 0 | 0 | 0 | 2 | 0 | 0 | 0 | 3 |



TABLE 3.6.7 - Skills Development for the period 01 April 2023 to 31 March 2024

| Occupational category | Male | | | | Female | | | | Total |
|--|------------|----------|-----------|----------|------------|----------|-----------|-----------|------------|
| | African | Col | Indian | White | African | Col | Indian | White | |
| Legislators, Senior Officials and Managers | 6 | 1 | 5 | 3 | 20 | 0 | 10 | 2 | 47 |
| Professionals | 6 | 1 | 5 | 3 | 65 | 0 | 9 | 1 | 90 |
| Technicians and Associate Professionals | 63 | 0 | 10 | 0 | 163 | 0 | 14 | 12 | 262 |
| Clerks | 23 | 0 | 0 | 0 | 36 | 0 | 6 | 1 | 66 |
| Elementary Occupations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Employees with disabilities** | 2 | 0 | 0 | 0 | 3 | 0 | 3 | 0 | 8 |
| TOTAL | 100 | 2 | 20 | 6 | 287 | 0 | 42 | 16 | 473 |

**this could be the same person attending different training sessions

3.7 Signing of Performance Agreements by SMS Members

All members of the SMS must conclude and sign performance agreements within specific timeframes. Information regarding the signing of performance agreements by SMS members, the reasons for not complying within the prescribed timeframes and disciplinary steps taken is presented here.

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2023

| SMS Level | Total number of funded SMS posts | Total number of SMS members | Total number of signed performance agreement | Signed performance agreements as % of total number of SMS members |
|--------------------|----------------------------------|-----------------------------|--|---|
| Head of Department | 1 | 1 | 1 | 100 |
| Salary Level 15 | 3 | 2 | 2 | 100 |
| Salary Level 14 | 11 | 11 | 11 | 100 |
| Salary Level 13 | 52 | 50 | 50 | 100 |
| Total | 67 | 64 | 64 | 100 |

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2023

| Reasons |
|---------|
| N/A |

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2023

| Steps Taken |
|-------------|
| N/A |



3.8 Performance Rewards

No performance rewards were paid in the 2023/2024 reporting period. This is in line with the National 2019 Incentive Policy Framework for employees in the Public Service which stipulates that no performance rewards shall be paid after the 2020/2021 performance cycle. Based on NIL payments made, none of the prescribed tables have been completed.

3.9 Foreign Workers

TABLE 3.9.1 - Foreign Workers by Salary Band for the period 01 April 2023 to 31 March 2024

| Salary band | 01 April 2023 | | 31 March 2024 | | Change | |
|--|---------------|------------|---------------|------------|----------|----------|
| | Number | % of total | Number | % of total | Number | % Change |
| Lower skilled | 0 | 0 | 0 | 0 | 0 | 0 |
| Highly skilled production (Lev. 6-8) | 0 | 0 | 0 | 0 | 0 | 0 |
| Highly skilled supervision (Lev. 9-12) | 0 | 0 | 0 | 0 | 0 | 0 |
| Senior Managers (levels 13 to 16) | 1 | 100 | 1 | 100 | 0 | 0 |
| Contract (level 9-12) | 0 | 0 | 0 | 0 | 0 | 0 |
| Contract (level 13-16) | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 1 | 100 | 1 | 100 | 0 | 0 |

TABLE 3.9.2 - Foreign Workers by Major Occupation for the period 01 April 2023 to 31 March 2024

| Major occupation | 01 April 2023 | | 31 March 2024 | | Change | |
|------------------|---------------|------------|---------------|------------|----------|----------|
| | Number | % of total | Number | % of total | Number | % Change |
| Senior Managers | 1 | 100 | 1 | 100 | 0 | 0 |
| TOTAL | 1 | 100 | 1 | 100 | 0 | 0 |

3.10. Leave Utilisation

TABLE 3.10.1 - Sick Leave for the period 1 January 2023 to December 2023

| Salary Band | Total Days | % Days with medical Certification | Number of Employees using Sick Leave | % of Total employees using Sick Leave | Average Days per Employee | Estimated Cost (R'000) |
|--|-------------|-----------------------------------|--------------------------------------|---------------------------------------|---------------------------|------------------------|
| Lower skills (level 1-2) | 183 | 45.40 | 63 | 15.67 | 3 | 125.00 |
| Skilled (levels 3-5) | 277 | 67.00 | 43 | 10.70 | 7 | 294.00 |
| Highly skilled production (levels 6-8) | 610 | 71.60 | 89 | 22.14 | 7 | 1095.00 |
| Highly skilled supervision (levels 9-12) | 981 | 71.75 | 168 | 41.79 | 6 | 3003.00 |
| Top and Senior Management (levels 13-16) | 279 | 87.35 | 39 | 9.70 | 8 | 1485.00 |
| TOTAL | 2330 | 68.62 | 402 | 100.0 | 6 | 6002.00 |



TABLE 3.10.2 - Disability Leave (Temporary and Permanent) for the period January 2023 to December 2023

| Salary Band | Total Days | % Days with medical Certification | Number of Employees using Disability Leave | % of Total employees using Disability Leave | Average Days per Employee | Estimated Cost (R'000) |
|--|------------|-----------------------------------|--|---|---------------------------|------------------------|
| Highly skilled production (Levels 6-8) | 46 | 100,00 | 1 | 16.67 | 46 | 89.00 |
| Highly skilled supervision (Levels 9-12) | 168 | 100,00 | 4 | 66.67 | 42 | 375.00 |
| Senior Management (Levels 13-16) | 5 | 100,00 | 1 | 16.67 | 5 | 26.00 |
| TOTAL | 219 | 100,00 | 6 | 100.00 | 36.50 | 491.00 |

TABLE 3.10.3 - Annual Leave for the period 01 January 2023 to December 2023

| Salary band | Total days taken | Number of Employees using annual leave | Average per employee |
|--|------------------|--|----------------------|
| Lower skills (level 1-2) | 1102 | 83 | 13.28 |
| Skilled (levels 3-5) | 1131 | 72 | 15.71 |
| Highly skilled production (levels 6-8) | 2546 | 120 | 21.22 |
| Highly skilled supervision (levels 9-12) | 4891 | 237 | 20.64 |
| Top and Senior Management (levels 13-16) | 1547 | 66 | 23.44 |
| TOTAL | 11217 | 578 | 19.40 |

TABLE 3.10.4 - Capped Leave for the period 1 January 2023 to 31 December 2023

| Salary band | Total days of capped leave taken | Number of Employees using Capped Leave | Average Number of Days Taken per Employees | Average Capped Leave per Employee as at 31 March 2024 |
|--|----------------------------------|--|--|---|
| Skilled (levels 3-5) | 0 | 0 | 0 | 0 |
| Highly skilled production (levels 6-8) | 4 | 3 | 1 | 20 (239 days / 12 employees) |
| Highly skilled supervision (levels 9-12) | 0 | 0 | 0 | 25 (353 days / 14 employees) |
| Top and Senior Management (levels 13-16) | 0 | 0 | 0 | 53 (374 days / 7 employees) |
| TOTAL | 4 | 3 | 1 | 29 (967 days / 33 employees) |
| | | | | |



TABLE 3.10.5 - Leave Pay-outs (Estimated) for the period 01 April 2023 to 31 March 2024

| Reason | Total amount (R'000) | Number of employees | Average per employee (R) |
|---|----------------------|---------------------|--------------------------|
| Leave payout for 2023/24 due to non-utilization of leave for the previous cycle | 0.00 | 0 | 0 |
| Capped leave payouts on termination of service for 2023/24 | 144.00 | 2 | 72 000.00 |
| Current leave payout on termination of service for 2023/24 | 626.00 | 11 | 56 909.00 |
| TOTAL | 770.00 | | |

3.11 HIV/AIDS & Health Promotions Programmes

TABLE 3.11.1 - Steps taken to reduce the risk of occupational exposure

| Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any) | Key steps taken to reduce the risk |
|--|------------------------------------|
| Nil | n/a |

TABLE 3.11.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]

| Question | Yes | No | Details, if yes |
|--|-----|----|---|
| 1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position. | X | | Mrs. Kogie Chetty: Director: Human Resources |
| 2. Does the department have a dedicated unit or have you designated specific staff members to promote health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available. | X | | The Department has a dedicated EHWP Sub Directorate, that reports directly to the Director: HRM. The Unit comprises of two employees, a Deputy Director (SL11) and Practitioner (SL7). The annual EHWP budget is R245 000,00 for the implementation of Wellness programmes. |
| 3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme. | X | | Assessment of cases, & Professional Counselling services is rendered to cases and cases are externally referred for extensive intervention if necessary. Wellness Clinic services are offered to employees twice a month which is aimed at managing Chronic Diseases to ensure health and productivity. Healthy lifestyle promotions through articles with educational information and fitness sessions are also arranged. |
| 4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent. | X | | The Department has an established GPSSBC Departmental task team and an internal HR Forum which serves as the committee to monitor, discuss, and evaluate all HR processes including the Employee Health and Wellness Program. The Committees are chaired by the CD: Corporate Services and the Director: HRM, respectively, and has representatives from all business Units in the Department and comprises of relevant stakeholders viz Organized labour representatives. |
| 5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed. | X | | All HR policies are reviewed annually to ensure that there are no elements of discrimination in the policies. The Department has an approved HIV/AIDS & TB Management Policy to address issues of Human Rights and Discrimination in the workplace. The Recruitment and Selection policy for the Department has been reviewed and all other relevant policies on an annual basis to ensure that there is no unfair discrimination against any employee during the processes of recruitment and selection which includes employees who are HIV positive. |



| | | | |
|--|--------|--|--|
| 6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures. | X | | The Department has policies that guides all processes and specifically addresses discrimination of any employee based on their HIV status. The Employee Health & Wellness unit ensures confidentiality of all information disclosed in relation to any employees' HIV status. The unit also facilitates awareness campaigns on issues of stigma, HIV prevention and management as well as issues relating to adherence to treatment and the inclusion of a disciplinary clause on the HIV, AIDS & TB Management policy in case a discriminatory act is committed. Availability of an onsite Wellness clinic as well as quarterly GEMS HCT campaigns are strategies for prevention where employees are encouraged to know their status for early detection and better management of the disease and a way of dealing with stigma as all employees are encouraged to use the clinic, not just the HIV positive employees as a means to provide treatment, care and support for all employees including those that are infected and affected by HIV&AIDS. |
| 7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved. | X X | | Employees have access to the Departmental Wellness Clinic monthly and GEMS also renders the HTC services to employees which is twice a year due to changes that were implemented. This has had a negative impact in the number of employees testing as it's not increasing as expected. There has been a slight decrease in employees that tested HIV positive hence the intensification of HCT to prevent new infections seems to be working. |
| 8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators. | X X | | Annual HR client satisfaction surveys which include EHWP are conducted, evaluation questionnaires at the end of every workshop are distributed for feedback as part of evaluation of the services rendered by EHW. According to the survey EHWP has been rated good. |

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2023 and 31 March 2024

| Subject Matter | Date |
|----------------|------|
| None | n/a |

TABLE 3.12.2 - Misconduct and Discipline Hearings Finalised for the period 01 April 2023 to 31 March 2024

| Outcomes of disciplinary hearings | Number | % of total |
|---|----------|------------|
| Final Written warning & 3 months suspension without pay | 3 | 100 |
| TOTAL | 3 | 100 |

TABLE 3.12.3 - Types of Misconduct Addressed and Disciplinary Hearings for the period 01 April 2023 to 31 March 2024

| Type of misconduct | Number | % of total |
|------------------------------------|----------|------------|
| Falsifying Signature of Supervisor | 1 | 33.33 |
| Alleged Assault | 1 | 33.33 |
| Excessive Absenteeism | 1 | 33.33 |
| TOTAL | 3 | 100 |



TABLE 3.12.4 - Grievances Lodged for the period 01 April 2023 to 31 March 2024

| Grievances | Number | % of total |
|---|----------|------------|
| Number of grievances resolved | 3 | 75% |
| Number of grievances not Resolved – still in progress | 1 | 25% |
| TOTAL | 4 | 100 |

TABLE 3.12.5 - Disputes Lodged Councils for the period 01 April 2023 to 31 March 2024

| Type of dispute | Number | % of Total |
|--------------------------------------|----------|------------|
| Number of disputes upheld | 1 | 33 |
| Number of disputes dismissed | 1 | 33 |
| Number of disputes still in progress | 1 | 33 |
| TOTAL | 3 | 100 |

TABLE 3.12.6 - Strike Actions for the period 01 April 2023 to 31 March 2024

| | |
|--|-----|
| Total number of persons working days lost | Nil |
| Total costs working days lost | Nil |
| Amount recovered as a result of no work no pay (0'000) | Nil |

TABLE 3.12.7 - Precautionary Suspensions for the period 01 April 2022 to 31 March 2023

| | |
|--|-----|
| Number of people suspended | Nil |
| Number of people whose suspension exceeded 30 days | Nil |
| Average number of days suspended | Nil |
| Cost of suspension (0'000) | Nil |

3.13 Skills Development

TABLE 3.13.1 - Training Needs identified for the period 01 April 2023 to 31 March 2024

| Occupational Category | Gender | Number of Employees at Beginning of Period | Training needs identified at the start of the period | | | |
|--|--------|--|--|---|-------------------------|-------|
| | | | Learnership | Skills Programmes & other short courses | Other forms of training | Total |
| Legislators, senior officials and managers | Female | 34 | 0 | 27 | 1 | 28 |
| Legislators, senior officials and managers | Male | 29 | 0 | 20 | 1 | 21 |
| Professionals | Female | 62 | 0 | 122 | 3 | 125 |
| Professionals | Male | 72 | 0 | 144 | 2 | 146 |
| Technicians and associate professionals | Female | 102 | 0 | 227 | 0 | 227 |



| Occupational Category | Gender | Number of Employees at Beginning of Period | Training needs identified at the start of the period | | | |
|---|--------|--|--|---|-------------------------|------------|
| | | | Learnership | Skills Programmes & other short courses | Other forms of training | Total |
| Technicians and associate professionals | Male | 66 | 0 | 45 | 0 | 45 |
| Clerks | Female | 42 | 0 | 27 | 0 | 27 |
| Clerks | Male | 20 | 0 | 16 | 0 | 16 |
| Elementary occupations | Female | 17 | 0 | 0 | 0 | 0 |
| Elementary occupations | Male | 16 | 0 | 1 | 0 | 1 |
| Gender sub totals | Female | 257 | 0 | 403 | 4 | 407 |
| Gender sub totals | Male | 203 | 0 | 226 | 3 | 229 |
| TOTAL | | 460 | 0 | 629 | 7 | 636 |

TABLE 3.13.2 - Training Provided for the period 01 April 2023 to 31 March 2024

| Occupational Category | Gender | Number of Employees at Beginning of period | Training provided within the reporting period | | | |
|--|--------|--|---|---|-------------------------|------------|
| | | | Learnership | Skills Programmes & other short courses | Other Forms of training | Total |
| Legislators, senior officials and managers | Female | 34 | 0 | 32 | 2 | 34 |
| Legislators, senior officials and managers | Male | 29 | 0 | 15 | 0 | 15 |
| Professionals | Female | 62 | 0 | 75 | 0 | 75 |
| Professionals | Male | 72 | 0 | 72 | 0 | 72 |
| Technicians and associate professionals | Female | 102 | 0 | 188 | 0 | 188 |
| Technicians and associate professionals | Male | 66 | 0 | 76 | 1 | 77 |
| Clerks | Female | 42 | 0 | 66 | 2 | 68 |
| Clerks | Male | 20 | 0 | 24 | 0 | 24 |
| Elementary occupations | Female | 17 | 0 | 0 | 0 | 0 |
| Elementary occupations | Male | 16 | 0 | 0 | 0 | 0 |
| Gender sub totals | Female | 257 | 0 | 361 | 4 | 365 |
| Gender sub totals | Male | 203 | 0 | 187 | 1 | 188 |
| TOTAL | | 460 | 0 | 548 | 5 | 553 |



3.14 Injury on Duty

TABLE 3.14.1 - Injury on Duty for the period 01 April 2023 to 31 March 2024

| Nature of injury on duty | Number | % of total |
|---------------------------------------|----------|---------------|
| Required basic medical attention only | 3 | 60.00 |
| Temporary Total Disablement | 2 | 40.00 |
| Permanent Disablement | 0 | 0 |
| Fatal | 0 | 0 |
| TOTAL | 5 | 100.00 |

3.15 Utilisation of Consultants

The following tables relates information on the utilisation of consultants in the department.

In terms of the Public Service Regulations “consultant’ means a natural or juristic person or a partnership who or which provides in terms of a specific contract on an ad hoc basis any of the following professional services to a department against remuneration received from any source:

- The rendering of expert advice;
- The drafting of proposals for the execution of specific tasks; and
- The execution of a specific task which is of a technical or intellectual nature, but excludes an employee of a department.

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2023 and 31 March 2024

| Project title | Total number of consultants that worked on project | Duration (work days) | Contract value in Rand | R000 |
|--|--|----------------------|------------------------|-------|
| Appointment Of Municipal Financial Management Support Resources Financial Management Support | One Consultant (Suliman Chohan) | 960 hours | 1 137 120 | 1 137 |
| Appointment Of Municipal Financial Management Support Resources Financial Management Support | One Consultant (Sarah Dunman) | 960 hours | 1 137 120 | 1 137 |
| Appointment Of Municipal Financial Management Support Resources Financial Management Support | One Consultant (Mlungusi Phuthuma Khumalo) | 960 hours | 1 137 120 | 1 137 |
| Appointment Of Senior Resources to Provide Municipal Revenue and Debt Management Support | One Consultant (Bongani Bhekuyise Mdletshe) | 960 hours | 1 137 120 | 1 137 |
| Appointment Of Municipal Revenue and Debt Management Senior Resource | One Consultant (Sandir Sarmah) | 960 hours | 1 137 120 | 1 137 |
| Appointment Of Senior Resource- Review of Municipal Annual Financial Statements | One Consultant (Shameema Ismail) | 200 hours | 236 900 | 237 |
| Appointment Of Senior Resource Review of Municipal Annual Financial Statements | One Consultant (Ameera Ismail) | 200 hours | 236 900 | 237 |
| Appointment Of Senior Resources Review of Municipal Annual Financial Statements | One Consultant (Denisha Govender) | 200 hours | 236 900 | 237 |



| Project title | Total number of consultants that worked on project | Duration (work days) | Contract value in Rand | R000 |
|---|--|----------------------|------------------------|-------|
| Appointment Of Senior Resources Review of Municipal AFS | One Consultant (Busiswa Swelindawo) | 200 hours | 236 900 | 237 |
| Appointment Of Resource to Be Deployed to The Tourism KwaZulu-Natal Supply Chain Management Unit | One Consultant (Nolwazi Zuma) | 1600 hours | 1 324 800 | 1 325 |
| Appointment Of Senior Resource- Review of Municipal Annual Financial Statements | One Consultant (Phendukani Memela) | 200 hours | 236 900 | 237 |
| Appointment Of Senior Resource- Review of Municipal Annual Financial Statements | 200 hours One Consultant (Nosipho Mba) | 200 hours | 236 900 | 237 |
| Appointment Of Resources to Provide Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | One Consultant (Shabeer Essa) | 984 hours | 1 165 548 | 1 166 |
| Appointment For Participation in The Implementation of The KZN Provincial Treasury Job Massification Initiative | Firm Appointment | 5 Months | 5 006 526 | 5 007 |
| Appointment For Participation in The Implementation of The KZN Provincial Treasury Job Massification Initiative | Firm Appointment | 5 Months | 5 006 526 | 5 007 |
| Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | One Consultant (Barbara Sigamoney) | 984 hours | 814 752 | 815 |
| Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | One Consultan (Imraan Cassim) | 984 hours | 814 752 | 815 |
| Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | One Consultant (Renee Singh) | 984 hours | 814 752 | 815 |
| Appointment Of Senior Resource- Review of Municipal Annual Financial Statements | One Consultant (Fortunate Nompumelelo Mhlophe) | 200 hours | 236 900 | 237 |
| Appointment To Participate in A Mentorship and Enterprise Development Programme Which Involves Execution of Condition Assessments | Firm Appointment | 5 Months | 127 650 | 128 |
| Appointment To Participate in A Mentorship and Enterprise Development Programme Which Involves Execution of Condition Assessments | Firm Appointment | 5 Months | 127 650 | 128 |
| Variation Appointment for Participation in The Implementation of The KZN Provincial Treasury Job Massification Initiative | Firm Appointment | 5 Months | 24 842 | 25 |
| Appointment To Participate in A Mentorship and Enterprise Development Programme Which Involves Execution of Condition Assessments | Firm Appointment | 5 Months | 127 650 | 128 |
| Appointment: Execution Of the Post-Merger Data Migration Assurance Audit at the KZN Department of Sport and Culture | Firm Appointment | 3 Months | 469 546 | 470 |
| Appointment: Execution of the Supply Chain Management Audit at the DOT | Firm Appointment | 3 Months | 953 620 | 954 |
| Appointment: Execution of the Human Resource Management Audit at The Department of Transport | Firm Appointment | 2 Months | 642 046 | 642 |



| Project title | Total number of consultants that worked on project | Duration (work days) | Contract value in Rand | R000 |
|---|--|----------------------|------------------------|-------|
| Appointment: Execution Of the Computer Network Penetration Testing at The KZN Department of Human Settlement and COGTA | Firm Appointment | 3 Months | 644 714 | 645 |
| Appointment: KZN Department of Sports, Art, and Culture: Asset Management Support | One Consultant (Jayendra Pillay) | 840 hours | 695 520 | 696 |
| Appointment: To Provide Asset Management Support at The KZN Office Of the Premier | One Consultant (Siyabonga Bekwa) | 960 hours | 794 880 | 795 |
| Appointment: Execution of The Expanded Public Works Program Zibambebe Audit at The Department of Transport | Firm Appointment | 3 Months | 771 586 | 772 |
| Appointment Of Execution of The Performance Information Audit at The Department of Corporative Governance and Traditional Affairs | Firm Appointment | 6 Months | 164 450 | 164 |
| Appoint a Professional Service Provider (PSP's) to develop an infrastructure Delivery Management (IDM) Standard Operating Procedure | Firm Appointment | 3 Months | 550 000 | 550 |
| Appoint a Professional Service Provider (PSP's) to Undertake Technical Studies for The Development of An Alternate Funding Model Guideline for Municipal Infrastructure | Firm Appointment | 3 Months | 450 000 | 450 |
| Variation: Appointment: Secondment of resources to the Department of Health for Supervising and Mentoring of Internal Control Learners | Firm Appointment (Petros Billy Mwale) | 240 hours | 284 280 | 284 |
| Variation: Appointment Of Municipal Revenue and Debt Management Senior Resource | One Consultant (Sandir Sarmah) | 120 hours | 142 140 | 142 |
| Appointment: Execution of The Performance Audit on School Infrastructure Development Projects at The Department of Education | Firm Appointment | 500 hours | 2 455 365 | 2 455 |
| Appointment of Service Provider to defend, provide legal advice, monitor, and support the department, and to oppose Tourvest Travel service application, and to respond to their application. | Firm Appointment | Firm Appointment | 500 000 | 500 |
| Appointment for Execution of the overpayments consulting engagement at the Department of Education | Firm Appointment | 5 Months | 1 676 260 | 1 676 |
| Appointment of a Service Provider to Provide MSCOA Support to The Delegated KZN Municipalities | Bronwyn Govender | 1080 hours | 2 111 400 | 2 111 |
| Appointment of a Service Provider to Provide MSCOA Support to The Delegated KZN Municipalities | Dawood Asmail | 1080 hours | 1 279 260 | 1 279 |
| Appointment Of Municipal Financial Management Support Resources- Financial Management Support | Sarah Dunmun | 960 hours | 1 137 120 | 1 137 |
| Variation: Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | One Consultant (Nokuthula Tshabalala) | 984 hours | 397 440 | 397 |
| Variation: Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | One Consultan (Imraan Cassim) | 984 hours | 397 440 | 397 |
| Appointment Of Resources to Provide Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | One Consultant (Shabeer Essa) | 984 hours | 663 320 | 663 |



Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2023 and 31 March 2024.

| Project title | Percentage ownership by HDI groups | Percentage management by HDI groups | Number of consultants from HDI groups that work on the project |
|---|------------------------------------|-------------------------------------|--|
| Appointment Of Municipal Financial Management Support Resources Financial Management Support | 100% | 100% | 10 |
| Appointment Of Municipal Financial Management Support Resources Financial Management Support | 100% | 100% | 1 |
| Appointment Of Municipal Financial Management Support Resources Financial Management Support | 100% | 100% | 38 |
| Appointment Of Senior Resources to Provide Municipal Revenue and Debt Management Support | 100% | 100% | 10 |
| Appointment Of Municipal Revenue and Debt Management Senior Resource | 100% | 100% | 10 |
| Appointment Of Senior Resource- Review of Municipal Annual Financial Statements | 100% | 100% | 1 |
| Appointment Of Senior Resource Review of Municipal Annual Financial Statements | 100% | 100% | 1 |
| Appointment Of Senior Resources Review of Municipal Annual Financial Statements | 25% | 12% | 100 |
| Appointment Of Senior Resources Review of Municipal Annual Financial Statements | 25% | 12% | 100 |
| Appointment Of Resource to Be Deployed to The Tourism KwaZulu-Natal SCM unit | 100% | 100% | 100 |
| Appointment Of Senior Resource- Review of Municipal Annual Financial Statements | 100% | 100% | 20 |
| Appointment Of Senior Resource- Review of Municipal Annual Financial Statements | 100% | 100% | 10 |
| Appointment Of Senior Resource- Review of Municipal Annual Financial Statements | 100% | 100% | 25 |
| Appointment Of Resources to Provide Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department Of Public Works | 100% | 100% | 1 |
| Appointment For Participation in The Implementation of The KZN Provincial Treasury Job Massification Initiative | 100% | 90% | 8 |
| Appointment For Participation in The Implementation of The KZN Provincial Treasury Job Massification Initiative | 91% | 67% | 3 |
| Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | 100 | 100% | 6 |
| Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | 100% | 100% | 100 |
| Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | 100% | 100% | 1 |
| Appointment Of Senior Resource- Review of Municipal Annual Financial Statements | 100% | 100% | 10 |
| Appointment To Participate in A Mentorship and Enterprise Development Programme Which Involves Execution of Condition Assessments | 100% | 100% | 2 |
| Appointment To Participate in A Mentorship and Enterprise Development Programme Which Involves Execution of Condition Assessments | 100% | 100% | 1 |
| Variation Appointment for Participation in The Implementation of The KZN Provincial Treasury Job Massification Initiative | 91% | 67% | 3 |



| Project title | Percentage ownership by HDI groups | Percentage management by HDI groups | Number of consultants from HDI groups that work on the project |
|---|------------------------------------|-------------------------------------|--|
| Appointment To Participate in A Mentorship and Enterprise Development Programme Which Involves Execution of Condition Assessments | 100% | 100% | 0 |
| Appointment: Execution Of the Post-Merger Data Migration Assurance Audit at the KZN Department of Sport and Culture | 31% | 43% | 44 |
| Appointment: Execution of the Supply Chain Management Audit at the Department of Transport | 100% | 100% | 3 |
| Appointment: Execution of the Human Resource Management Audit at The Department of Transport | 100% | 100% | 4 |
| Appointment: Execution Of the Computer Network Penetration Testing at The KZN Department of Human Settlement and COGTA | 100% | 100% | 10 |
| Appointment: KZN Department of Sports, Art, and Culture: Asset Management Support | 100% | 100% | 4 |
| Appointment: To Provide Asset Management Support at The KZN Office Of the Premier | 100% | 100% | 10 |
| Appointment: Execution of The Expanded Public Works Program Zibambele Audit at The Department of Transport | 99% | 99% | 100 |
| Appointment Of Execution of The Performance Information Audit at The Department of Corporative Governance and Traditional Affairs | 100% | 100% | 5 |
| Appoint a Professional Service Provider (PSP's) to develop an infrastructure Delivery Management (IDM) Standard Operating Procedure | 100% | 100% | 1 |
| Appoint a Professional Service Provider (PSP's) to Undertake Technical Studies for The Development of An Alternate Funding Model Guideline for Municipal Infrastructure | 51% | 51% | 51 |
| Variation: Appointment: Secondment of resources to the Department of Health for Supervising and Mentoring of Internal Control Learners | 100% | 100% | 6 |
| Variation: Appointment Of Municipal Revenue and Debt Management Senior Resource | 100% | 100% | 10 |
| Appointment: Execution of The Performance Audit on School Infrastructure Development Projects at The Department of Education | 100% | 100% | 1 |
| Appointment of Service Provider to defend, provide legal advice, monitor, and support the department, and to oppose Tourvest Travel service application, and to respond to their application. | 60% | 60% | 6 |
| Appointment for Execution of the overpayments consulting engagement at the Department of Education | 25% | 11,81% | 100 |
| Appointment of a Service Provider to Provide MSCOA Support to The Delegated KZN Municipalities | 100% | 100% | 10 |
| Appointment of a Service Provider to Provide MSCOA Support to The Delegated KZN Municipalities | 100% | 100% | 10 |
| Appointment Of Municipal Financial Management Support Resources-Financial Management Support | 100% | 100% | 1 |
| Variation: Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department of Public Works | 100% | 100% | 6 |
| Variation: Appointment For Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department Of Public Works | 100% | 100% | 100 |
| Appointment Of Resources to Provide Provision of Support with Irregular Expenditure Investigations/ Assessments to The Department Of Public Works | 100% | 100% | 1 |



1.16 **Severance Packages**

| Salary band | Number of applications received | Number of applications referred to the MPSA | Number of applications supported by MPSA | Number of packages approved by department |
|--|--|--|---|--|
| Lower skilled (Levels 1-2) | 0 | 0 | 0 | 0 |
| Skilled Levels 3-5) | 0 | 0 | 0 | 0 |
| Highly skilled production (Levels 6-8) | 0 | 0 | 0 | 0 |
| Highly skilled supervision (Levels 9-12) | 0 | 0 | 0 | 0 |
| Senior management (Levels 13-16) | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 |



2.7 PART E: PFMA COMPLIANCE REPORT



2.7 PFMA Compliance Report

2.7.1 Information on Irregular, Fruitless and Wasteful, Unauthorised Expenditure and Material losses.

Irregular Expenditure

a) Reconciliation of Irregular Expenditure

| Irregular Expenditure | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | R'000 | R'000 |
| Opening Balance | 0 | 26 292 |
| Adjustment to opening balance | 0 | 0 |
| Opening balance as restated | 0 | 0 |
| Add: Irregular expenditure confirmed | 0 | 524 |
| Less: Irregular expenditure condoned | 0 | -1 110 |
| Less: Irregular expenditure not condoned and removed | 0 | -25 706 |
| Less: Irregular expenditure recoverable | 0 | 0 |
| Less: Irregular expenditure not recoverable and written off | 0 | 0 |
| Closing balance | 0 | 0 |

Include discussion here where deemed relevant

Reconciling Notes

| Description | 2023/2024 | 2022/2023 |
|---|-----------|------------|
| | R'000 | R'000 |
| Irregular expenditure that was under assessment | 0 | 0 |
| Irregular expenditure that relates to prior year and identified in the current year | 0 | 0 |
| Irregular expenditure for the current year | 0 | 524 |
| TOTAL | 0 | 524 |

b) Details of irregular expenditure (under assessment, determination, and investigation)

| Description | 2023/2024 | 2022/2023 |
|---|-----------|-----------|
| | R'000 | R'000 |
| Irregular Expenditure under assessment | 0 | 0 |
| Irregular expenditure under determination | 0 | 0 |
| Irregular expenditure under investigation | 0 | 0 |
| TOTAL | 0 | 0 |

Include discussion here where deemed relevant

**€ Details of irregular expenditure condoned**

| Description | 2023/2024 | 2022/2023 |
|--------------------------------|-----------|--------------|
| | R'000 | R'000 |
| Irregular expenditure condoned | 0 | 1 110 |
| TOTAL | 0 | 1 110 |

Include discussion here where deemed relevant

(d) Details of irregular expenditure removed- (not condoned)

| Description | 2023/2024 | 2022/2023 |
|---|-----------|---------------|
| | R'000 | R'000 |
| Irregular Expenditure NOT condoned or removed | 0 | 25 706 |
| TOTAL | 0 | 25 706 |

Include discussion here where deemed relevant

(e) Details of irregular expenditure recoverable

| Description | 2023/2024 | 2022/2023 |
|-----------------------------------|-----------|-----------|
| | R'000 | R'000 |
| Irregular Expenditure recoverable | 0 | 0 |
| TOTAL | 0 | 0 |

Include discussion here where deemed relevant

(f) Details of irregular expenditure written off (irrecoverable)

| Description | 2023/2024 | 2022/2023 |
|-----------------------------------|-----------|-----------|
| | R'000 | R'000 |
| Irregular Expenditure written off | 0 | 0 |
| TOTAL | 0 | 0 |

Include discussion here where deemed relevant

(g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution is not responsible for non-compliance)

| Description |
|----------------|
| Not applicable |
| |
| |
| TOTAL |

Include discussion here where deemed relevant

**(h) Details of irregular expenditure cases where an institution is involved in an inter-institutional arrangement (where such institution is responsible for the non-compliance)**

| Description | 2023/2024 | 2022/2023 |
|--------------|-----------|-----------|
| | R'000 | R'000 |
| | 0 | 0 |
| | 0 | 0 |
| | 0 | 0 |
| TOTAL | 0 | 0 |

Include discussion here where deemed relevant

(i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

| Description |
|-------------|
| |
| |
| |

Include discussion here where deemed relevant

Fruitless and wasteful expenditure**(a) Reconciliation of fruitless and wasteful expenditure**

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | R'000 | R'000 |
| Opening balance | 0 | 0 |
| Adjustment to opening balance | 0 | 0 |
| Opening balance restated | 0 | 0 |
| Add: Fruitless and wasteful expenditure confirmed | 40 | 372 |
| Less: Fruitless and wasteful expenditure recoverable | 0 | 0 |
| Less: Fruitless and wasteful expenditure not recoverable and written off | 40 | 372 |
| Closing balance | - | - |

Included in the R40 is fruitless and wasteful expenditure that was confirmed and written off during the current year

Reconciling notes

| Description | 2023/2024 | 2022/2023 |
|--|-----------|------------|
| | R'000 | R'000 |
| Fruitless and Fruitless and wasteful expenditure that was under assessment | 0 | 0 |
| Fruitless and Fruitless and wasteful expenditure that relates to prior year and identified in the current year | 0 | 0 |
| Fruitless and wasteful expenditure for the current year | 40 | 372 |
| TOTAL | 40 | 372 |

All fruitless and wasteful expenditure has been written off

**(b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)**

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | R'000 | R'000 |
| Fruitless and wasteful expenditure under assessment | 0 | 0 |
| Fruitless and wasteful expenditure under determination | 0 | 0 |
| Fruitless and wasteful expenditure under determination | 0 | 0 |
| TOTAL | 0 | 0 |

There was no fruitless and wasteful expenditure under assessment, determination or investigation at year end

(c) Details of fruitless and wasteful expenditure recoverable

| Description | 2023/2024 | 2022/2023 |
|--|-----------|-----------|
| | R'000 | R'000 |
| Fruitless and wasteful expenditure recoverable | 0 | 0 |
| TOTAL | 0 | 0 |

Only R284.86 was recovered from FWE

(d) Details of fruitless and wasteful expenditure not recoverable and written off

| Description | 2023/2024 | 2022/2023 |
|------------------------------------|-----------|------------|
| | R'000 | R'000 |
| Fruitless and wasteful written off | 40 | 372 |
| TOTAL | 40 | 372 |

All FWE for the year has been written off

(e) Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

| Description |
|-------------|
| N/A |

2.7.2 Information on late and /or non-payment of suppliers

| Description | Number of Invoices | Consolidated Value R'000 |
|---|--------------------|--------------------------|
| Valid Invoices received | 3 437 | 542 192 |
| Invoices paid within 30 days or agreed period | 3 433 | 539 963 |
| Invoice paid after 30 days or agreed period | 4 | 2 228 |
| Invoices older than 30 days or agreed period (unpaid and without dispute) | | |
| Invoices older than 30 days or agreed period (unpaid and in dispute) | | |

**2.7.3 Information on Supply Chain Management***Procurement by other means***CONTRACT VARIATION AND EXPANSION – DEVIATION**

| Project description | Name of supplier | Type of procurement by other means | Contract number | Value of contract R'000 |
|--|---|------------------------------------|-----------------|-------------------------|
| Radio slot for MEC | SABC Ukhozi FM | Deviations | PT064250 | 1 000 |
| HardCat software Support and Maintenance Licenses | The Asset Centre | Deviations | PT064343 | 4 048 |
| Procurement of Xaba Attorneys for the PPP litigation against EDTEA and MEC of Finance | Xaba Attorneys Inc | Deviations | PT064346 | 300 |
| To provide legal advice on Afrisun KZN (Pty) Ltd T/A Sibaya Ca- sino and Entertainment Kingdom / KwaZulu-Natal Gaming and Betting Board & the MEC for Finance, KwaZulu-Natal Province (Case No. 3515/22) | PKX Attorneys | Deviations | PT064252 | 500 |
| To provide legal services on Sisanda Medical Services (Pty) Ltd / MEC for Finance for Health; MEC for Finance KZN & Others | Jafta Incorporated | Deviations | PT064262 | 483 |
| Procurement of Golf 8 2.0 TSI GTI DSG (180 W) backup vehicles for the Office of the MEC | VW South Africa | Deviations | FE00002211 | 788 |
| Request to attend the 25th Anniversary Event: EAPASA EDU- WEEK (Conference) | Employee Assistance Professionals Association of South Africa | Deviations | PT064374 | 23 |
| Procurement of table 10-seater standard for ABASA Annual dinner 28 July 2022 | Nomondli Communication | Deviations | PT064384 | 17 |
| Pre-publicity promos and paid interviews for UGU SMMEs Outreach Programme | SABC Ukhozi FM | Deviations | PT064397 | 170 |
| Pre-publicity promos and paid interviews for UGU SMMEs Outreach Programme | Radio Sunny South | Deviations | PT064399 | 24 |
| Request to attend the 8th Biennial South African Monitoring and Evaluation Association Conference 2022. | South African Monitoring and Evaluation Association | Deviations | PT064445 | 8 |
| Request for Hearing Assessment and Hearing Aid for Ms Z Hyai | A Van Der Merwe Inc (Ear Institute) | Deviations | PT064554 | 50 |
| Request to attend an Occupational Certificate in Internal Audit Training that will take place over a period of 12 months. | Leadership Academy for Guardians of Governance | Deviations | PT064534 | 1 585 |
| Request to procure Online Internet Application subscriptions for newspaper for a period of 12 months. | Calandria 159 cc | Deviations | PT064539 | 27 |
| Request to renew the annual support and maintenance contract for Cura Risk Management Software (Pty) Ltd for the period 1 January 2023 to 31 December 2023, | Cura Risk Management Software (Pty) Ltd | Deviations | PT064606 | 271 |
| Extension of current Service Level Agreement Support of Bio- metrics Access Control Systems (BACS) for a period of twelve months (1 March 2023 to 29 February 2024) between KZN Provincial Treasury and Datacentrix (PTY) LTD. | Datacentrix (PTY) LTD | Deviations | PT064661 | 15 167 |
| Extension of Biometrics Access Control Systems (BACS) Soft- ware Maintenance Renewal between KZN Provincial Treasury and Datacentrix (PTY) LTD for a period of twelve months (1 March 2023 to 29 February 2024). | Datacentrix (PTY) LTD | Deviations | PT064662 | 13 593 |

**CONTRACT VARIATION AND EXPANSION – VARIATION**

| Project description | Name of supplier | Contract modification type (Expansion or Variation) | Contract number | Original contract value | Value of previous contract expansion/s or variation/s (if applicable) | Value of current contract expansion or variation |
|--|-------------------------------------|---|-----------------|-------------------------|---|--|
| | | | | R'000 | R'000 | R'000 |
| To provide immovable Asset Support to the KZN Department of Public Works | Sizayo Business Services (Pty) Ltd | Variations | PT063738 | 1 818 | NIL | 198 |
| To provide immovable Asset Support to the KZN Department of Public Works | Nxasana Accounting and tax Services | Variations | PT063744 | 745 | NIL | 104 |
| To provide immovable Asset Support to the KZN Department of Public Works | Invictus Consulting | Variations | PT063737 | 745 | NIL | 104 |
| Printing of 2022/2023 Provincial Budget Speech | Nu-Print | Variations | PT064173 | 10 | NIL | 3 |
| To provide assistance in SCM unit with the provisioning of goods and services | Workforce | Variations | PT063895 | 381 | NIL | 307 |
| To provide Financial Management Support to the KZN Department of Transport | Rakoma and Associates | Variations | PT063801 | 1 325 | NIL | 199 |
| To Provide Infrastructure Related Support At Department Of Education | Rakoma and Associates | Variations | PT063932 | 1 103 | NIL | 165 |
| To provide Financial Management Support to the KZN Department of Transport | Invictus Consulting | Variations | PT 063834 | 1325 | NIL | 199 |
| To provide mSCOA support at KZN Municipalities. | G&G Chartered Accountants Inc | Variations | PT063778 | 2 274 | NIL | 341 |
| To provide legal advice on Afrisun KZN (Pty) Ltd T/A Sibaya Casino and Entertainment Kingdom / KwaZulu-Natal Gaming and Betting Board & the MEC for Finance, KwaZulu-Natal Province (Case No. 331522P) | PKX Attorneys | Variations | PT064252 | 500 | NIL | 300 |



2.8 PART F: FINANCIAL INFORMATION



2.8.1 Report of the Auditor-General to the KwaZulu-Natal Provincial Legislature on Vote no.6: Provincial Treasury.

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the KwaZulu-Natal Provincial Treasury (provincial treasury) set out on pages 144 to 205, which comprise the appropriation statement, statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the provincial treasury as at 31 March 2024, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.*
5. *I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.*

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

An uncertainty relating to the future outcome of contingent liabilities

7. As disclosed in note 19 to the financial statements, the department is the defendant in a lawsuit relating to the taxation of gross gaming revenue. The department is opposing the claim. The ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements. This matter was also reported in the prior year.

Responsibilities of the accounting officer for the financial statements

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the MCS and the requirements of the PFMA; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



9. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern; disclosing, as applicable, matters relating to the going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page six and seven, forms part of our auditor's report.

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2024 for auditing. I selected programmes that measure the department's performance on its primary mandated functions and that are of significant national, community or public interest.

| Programme | Page numbers | Purpose |
|--|--------------|--|
| Sustainable resource management | 68-72 | The purpose of this programme is to manage, maintain and monitor the fiscal sustainability of the province, and support improved and sustainable infrastructure delivery. |
| Financial governance | 73-77 | The purpose of this programme is to provide: <ul style="list-style-type: none"> • 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. |
| Municipal finance management | 82-87 | The purpose of this programme is to provide oversight, technical support and guidance to delegated municipalities. |

14. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the department's planning and delivery of its mandate and objectives.



15. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the department's mandate and the achievement of its planned objectives
- the indicators are well-defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time-bound and measurable to ensure that it is easy to understand what should be delivered and by when the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or under-achievement of targets

16. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance conclusion.

17. I did not identify any material findings on the reported performance information for the sustainable resource management, financial governance and municipal finance management programmes.

Report on compliance with legislation

18. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the department's compliance with legislation.

19. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

20. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the department, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report on in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report

21. I did not identify any material non-compliance with the selected legislative requirements

Other information in the annual report

22. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that has been specifically reported on in this auditor's report.



23. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
24. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

26. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
27. I did not identify any significant deficiencies in internal control

Auditor General



A U D I T O R - G E N E R A L
S O U T H A F R I C A

Auditing to build public confidence

Pietermaritzburg

31 July 2024



Annexure to the auditor's report

The annexure includes the following:

- o the auditor-general's responsibility for the audit
- o the selected legislative requirements for compliance testing.

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the department to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

**Communication with those charged with governance**

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

| Legislation | Sections or regulations |
|--|---|
| Public Finance Management Act 1 of 1999 | Section 38(1)(b); 38(1)(c)(ii); 38(1)(d); Section 38(1)(h)(iii); 39(1)(a);39(2)(a); 40(1)(a); Section 40(1)(b); 40(1)(c)(i); 43(1); 43(4); 44(1); Section 44(2); 45(b) |
| Treasury Regulations, 2005 | Regulation 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); Regulation 5.2.3(d); 5.3.14; 6.3.1(a); 6.3.1(b); Regulation 6.3.1(c); 6.3.1(d); 6.4.1(b); 8.1.1; Regulation 8.2.1; 8.2.3; 9.1.1; 9.1.4; 10.1.1(a); Regulation 10.1.2; 12.5.1; 15.10.1.2(c); 16A3.2; Regulation 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); 16A Regulation 6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; Regulation 16A7.3; 16A7.6; 16A7.7; 16A8.2(1); Regulation 16A8.2(2); 16A8.3; ; 16A8.4;16A9.1(b)(ii); Regulation 16A 9.1(d); 16A 9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.8.4 |
| Construction Industry Development Board Act 38 of 2000 | Section 18(1) |
| Construction Industry Development Board Regulations, 2004 | Regulation 17; 25(7A) |
| National Treasury (NT) Instruction No. 5 of 202/21 (Second Amendment) | Paragraph 1 |
| NT Instruction No. 5 of 202/21 (Erratum) | Paragraph 2 |
| NT Instruction No. 5 of 2020/21 | Paragraph 4.8; 4.9; 5.3 |
| NT Instruction No. 1 of 2021/22 | Paragraph 4.1 |
| NT Instruction No. 4 of 2015/16 | Paragraph 3.4 |
| NT Supply Chain Management (SCM) Instruction No. 4A of 2016/17 | Paragraph 6 |
| NT SCM Instruction No. 03 of 2021/22 | Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6 |
| NT SCM Instruction No. 11 of 2020/2/1 | Paragraph 3.4(a); 3.4(b); 3.9 |
| NT SCM Instruction No. 2 of 2021/22 | Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1; |
| Practice Note 11 of 2008/9 | Paragraph 2.1; 3.1 (b) |
| Practice Note 5 of 2009/10 | Paragraph 3.3 |
| Practice Note 7 of 2009/10 | Paragraph 4.1.2 |
| Preferential Procurement Policy Framework Act No. 5 of 2000 | Section 1; 2.1(a); 2.1(f) |
| Preferential Procurement Regulation, 2022 | Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4 |



| Legislation | Sections or regulations |
|---|---|
| Preferential Procurement Regulation, 2017 | Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; Regulation 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; Regulation 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Regulation 11.1; 11.2; |
| Prevention and Combating of Corrupt Activities Act 12 of 2004 | Section 34(1) |
| State Information Technology Agency Act 88 of 1998 | Section 7(3) |



**KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2024**

| Appropriation per programme | 2023/24 | | | | | | | 2022/23 | |
|---|-----------------|-------------------|----------|----------------|--------------------|---------------|----------------------------------|----------------|--------------------|
| | Approved Budget | Shifting of Funds | Virement | Final Budget | Actual Expenditure | Variance | Expenditure as % of final budget | Final Budget | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Programme | | | | | | | | | |
| 1. ADMINISTRATION | 227 673 | - | (2 462) | 225 211 | 221 167 | 4 044 | 98.2% | 196 172 | 192 675 |
| 2. SUSTAINABLE RESOURCE MANAGEMENT | 52 922 | - | - | 52 922 | 50 399 | 2 523 | 95.2% | 47 560 | 45 636 |
| 3. FINANCIAL GOVERNANCE | 211 857 | - | 2 462 | 214 319 | 213 075 | 1 244 | 99.4% | 204 711 | 201 373 |
| 4. INTERNAL AUDIT | 101 470 | - | - | 101 470 | 99 759 | 1 711 | 98.3% | 100 199 | 99 979 |
| 5. MUNICIPAL FINANCE MANAGEMENT | 69 988 | - | - | 69 988 | 68 590 | 1 398 | 98.0% | 73 867 | 73 139 |
| Programme Subtotal | 663 910 | - | - | 663 910 | 652 990 | 10 920 | 98.4% | 622 509 | 612 802 |
| Statutory Appropriation | - | - | - | - | - | - | - | - | - |
| TOTAL | 663 910 | - | - | 663 910 | 652 990 | 10 920 | 98.4% | 622 509 | 612 802 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2024

| Reconciliation with statement of financial performance | | | | | |
|--|--|----------------|--|----------------|----------------|
| ADD | | | | | |
| Departmental receipts | | 138 884 | | | 153 833 |
| NRF Receipts | | - | | | |
| Aid assistance | | - | | | |
| Actual amounts per statement of financial performance (Total revenue) | | 802 794 | | | 776 342 |
| ADD | | | | | |
| Aid assistance | | | | | |
| Prior year unauthorised expenditure approved without funding | | | | | |
| Actual amounts per statement of financial performance (Total expenditure) | | | | 652 990 | 612 802 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2024

| Appropriation per economic classification | 2023/24 | | | | | | 2022/23 | | |
|---|-----------------|-------------------|-------------|----------------|--------------------|---------------|----------------------------------|----------------|--------------------|
| | Approved Budget | Shifting of Funds | Virement | Final Budget | Actual Expenditure | Variance | Expenditure as % of final budget | Final Budget | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Economic classification | | | | | | | | | |
| Current payments | 642 138 | - | (45) | 642 093 | 634 146 | 7 947 | 98.8% | 599 304 | 594 646 |
| Compensation of employees | 352 769 | 5 000 | (9 139) | 348 630 | 345 398 | 3 232 | 99.1% | 313 517 | 312 363 |
| Goods and services | 289 242 | (5 000) | 9 094 | 293 336 | 288 748 | 4 588 | 98.4% | 285 617 | 282 271 |
| Interest and rent on land | 127 | - | - | 127 | - | 127 | - | 170 | 12 |
| | | | | | | | | | |
| Transfers and subsidies | 5 084 | - | - | 5 084 | 4 513 | 571 | 88.8% | 7 646 | 7 356 |
| Provinces and municipalities | 24 | | 7 | 31 | 31 | - | 100.0% | 31 | 29 |
| Departmental agencies and accounts | 3 | | - | 3 | 3 | - | 100.0% | 3 | - |
| Public corporations and private enterprises | 19 | | 21 | 40 | 40 | - | 100.0% | 365 | 343 |
| Non-profit institutions | 1 599 | 27 | (21) | 1 605 | 1 506 | 99 | 93.8% | 109 | 17 |
| Households | 3 439 | (27) | (7) | 3 405 | 2 933 | 472 | 86.1% | 7 138 | 6 967 |
| | | | | | | | | | |
| Payments for capital assets | 16 563 | - | - | 16 563 | 14 161 | 2 402 | 85.5% | 15 403 | 10 644 |
| Machinery and equipment | 16 522 | - | (41) | 16 481 | 14 079 | 2 402 | 85.4% | 15 403 | 10 644 |
| Software and other Intangible assets | 41 | - | 41 | 82 | 82 | - | 100.0% | - | - |
| | | | | | | | | | |
| Payments for financial assets | 125 | | 45 | 170 | 170 | - | 100.0% | 156 | 156 |
| Total | 663 910 | - | - | 663 910 | 652 990 | 10 920 | 98.4% | 622 509 | 612 802 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2024

| | | 2023/24 | | | | | | 2022/23 | | |
|--------------------------------------|---|-----------------|-------------------|----------------|----------------|--------------------|--------------|----------------------------------|----------------|--------------------|
| | | Approved Budget | Shifting of Funds | Virement | Final Budget | Actual Expenditure | Variance | Expenditure as % of final Budget | Final Budget | Actual expenditure |
| | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Programme 1: ADMINISTRATION | | | | | | | | | | |
| Sub programme | | | | | | | | | | |
| 1. | OFFICE OF THE MEC | 34 402 | - | 1 867 | 36 269 | 35 876 | 393 | 98.9% | 29 376 | 29 208 |
| 2. | MANAGEMENT SERVICES (HOD) | 12 960 | - | (440) | 12 520 | 12 371 | 149 | 98.8% | 10 123 | 9 973 |
| 3. | FINANCIAL MANAGEMENT (CFO) | 32 540 | - | 301 | 32 842 | 32 837 | 5 | 100.0% | 30 817 | 30 582 |
| 4. | CORPORATE SERVICES | 147 771 | - | (4 191) | 143 580 | 140 083 | 3 497 | 97.6% | 125 856 | 122 912 |
| Total for sub programmes | | 227 673 | - | (2 462) | 225 211 | 221 167 | 4 044 | 98.2 | 196 172 | 192 675 |
| Economic classification | | | | | | | | | | |
| Current payments | | 212 360 | - | (2 300) | 210 060 | 208 077 | 1 983 | 99.1% | 179 551 | 179 862 |
| | Compensation of employees | 110 704 | - | (7 174) | 103 530 | 102 347 | 1 183 | 98.9% | 91 438 | 91 438 |
| | Goods and services | 101 656 | - | 4 874 | 106 530 | 105 730 | 800 | 99.2% | 88 101 | 88 412 |
| | Interest and rent on land | - | - | - | - | - | - | - | 12 | 12 |
| Transfers and subsidies | | 4 617 | - | (178) | 4 439 | 3 911 | 528 | 88.1% | 6 271 | 6 049 |
| | Provinces and municipalities | 24 | - | 7 | 31 | 31 | - | 100.0% | 31 | 29 |
| | Departmental agencies and accounts | 3 | - | - | 3 | 3 | - | 100.0% | 3 | - |
| | Public corporations and private enterprises | 19 | - | 21 | 40 | 40 | - | 100.0% | 365 | 343 |
| | Non-profit institutions | 1 599 | - | (21) | 1 578 | 1 479 | 99 | 93.7% | 109 | 17 |
| | Households | 2 972 | - | (185) | 2 787 | 2 358 | 429 | 84.6% | 5 763 | 5 660 |
| Payments for capital assets | | 10 639 | - | - | 10 639 | 9 106 | 1 533 | 85.6% | 10 288 | 6 702 |
| | Buildings and other fixed structures | | | | | | | | | |
| | Machinery and equipment | 10 598 | - | (41) | 10 557 | 9 024 | 1 533 | 85.5% | 10 288 | 6 702 |
| | Software and other Intangible assets | 41 | - | 41 | 82 | 82 | - | 100.0% | - | - |
| Payments for financial assets | | 57 | - | 16 | 73 | 73 | - | 100.0% | 62 | 62 |
| Total | | 227 673 | - | (2 462) | 225 211 | 221 167 | 4 044 | 98.2% | 196 172 | 192 675 |



**KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2024**

| Programme 2: SUSTAINABLE RESOURCE MANAGEMENT | | | | | | | | | |
|---|------------------------|--------------------------|-----------------|---------------------|---------------------------|-----------------|---|---------------------|---------------------------|
| 2023/24 | | | | | | | | | |
| | Approved Budget | Shifting of Funds | Virement | Final Budget | Actual Expenditure | Variance | Expenditure as % of final budget | Final Budget | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Sub programme | | | | | | | | | |
| 1. PROGRAMME SUPPORT | 3 307 | - | 23 | 3 330 | 3 271 | 59 | 98.3% | 3 207 | 3 138 |
| 2. ECONOMIC ANALYSIS | 27 984 | - | (223) | 27 761 | 26 323 | 1 438 | 94.8% | 20 731 | 19 654 |
| 3. PUBLIC FINANCE | 17 311 | - | 200 | 17 511 | 16 652 | 859 | 95.1% | 18 079 | 18 030 |
| 4. PUBLIC PRIVATE PARTNERSHIP | 4 320 | - | - | 4 320 | 4 153 | 167 | 96.1% | 5 543 | 4 814 |
| Total for sub programmes | 52 922 | - | - | 52 922 | 50 399 | 2 523 | 95.2% | 47 560 | 45 636 |
| Economic classification | | | | | | | | | |
| Current payments | 52 259 | - | - | 52 259 | 49 846 | 2 413 | 95.4% | 46 727 | 44 860 |
| Compensation of employees | 33 301 | 5 000 | - | 38 301 | 36 756 | 1 545 | 96.0% | 37 729 | 37 065 |
| Goods and services | 18 958 | (5 000) | - | 13 958 | 13 090 | 868 | 93.8% | 8 998 | 7 795 |
| Transfers and subsidies | 28 | - | - | 28 | 27 | 1 | 96.4% | 94 | 94 |
| Households | 28 | - | - | 28 | 27 | 1 | 96.4% | 94 | 94 |
| Payments for capital assets | 635 | - | - | 635 | 526 | 109 | 82.8% | 739 | 682 |
| Machinery and equipment | 635 | - | - | 635 | 526 | 109 | 82.8% | 739 | 682 |
| Payments for financial assets | - | - | - | - | - | - | - | - | - |
| Total | 52 922 | - | - | 52 922 | 50 399 | 2 523 | 95.2% | 47 560 | 45 636 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2024

| Programme 3: FINANCIAL GOVERNANCE | 2023/24 | | | | | | 2022/23 | | |
|--|-----------------|-------------------|--------------|----------------|--------------------|--------------|----------------------------------|----------------|--------------------|
| | Approved Budget | Shifting of Funds | Virement | Final Budget | Actual Expenditure | Variance | Expenditure as % of final budget | Final Budget | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Sub programme | | | | | | | | | |
| 1. PROGRAMME SUPPORT | 5 773 | - | - | 5 773 | 5 624 | 149 | 97.4% | 5 712 | 5 416 |
| 2. ASSETS & LIABILITIES MANAGEMENT | 22 826 | - | - | 22 826 | 22 523 | 303 | 98.7% | 19 730 | 18 532 |
| 3. SUPPORT AND INTERLINKED FINANCIAL SYSTEMS | 114 359 | - | 4 891 | 119 250 | 118 862 | 388 | 99.7% | 117 708 | 117 101 |
| 4. SUPPLY CHAIN MANAGEMENT | 42 370 | - | (1 732) | 40 638 | 40 412 | 226 | 99.4% | 40 209 | 39 873 |
| 5. ACCOUNTING SERVICES | 19 430 | - | (438) | 18 992 | 18 939 | 53 | 99.7% | 15 813 | 15 238 |
| 6. NORMS & STANDARDS | 7 099 | - | (259) | 6 840 | 6 715 | 125 | 98.2% | 5 539 | 5 213 |
| Total for sub programmes | 211 857 | - | 2 462 | 214 319 | 213 075 | 1 244 | 99.4% | 204 711 | 201 373 |
| Economic classification | | | | | | | | | |
| Current payments | 208 729 | - | 2 263 | 210 992 | 210 372 | 620 | 99.7% | 200 866 | 198 160 |
| Compensation of employees | 81 784 | - | (1 965) | 79 819 | 79 693 | 126 | 99.8% | 70 431 | 70 033 |
| Goods and services | 126 818 | - | 4 228 | 131 046 | 130 679 | 367 | 99.7% | 130 277 | 128 127 |
| Interest and rent on land | 127 | - | - | 127 | - | 127 | - | 158 | - |
| Transfers and subsidies | 318 | - | 178 | 496 | 487 | 9 | 98.2% | 1 085 | 1 085 |
| Provinces and municipalities | | | | | | | | | |
| Non-profit institutions | - | 27 | - | 27 | 27 | - | 100.0% | - | - |
| Households | 318 | (27) | 178 | 469 | 460 | 9 | 98.1% | 1 085 | 1 085 |
| Payments for capital assets | 2 770 | - | - | 2 770 | 2 155 | 615 | 77.8% | 2 756 | 2 124 |
| Machinery and equipment | 2 770 | - | - | 2 770 | 2 155 | 615 | 77.8% | 2 756 | 2 124 |
| Payments for financial assets | 40 | - | 21 | 61 | 61 | - | 100.0% | 4 | 4 |
| Total | 211 857 | - | 2 462 | 214 319 | 213 075 | 1 244 | 99.4% | 204 711 | 201 373 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2024

| Programme 4: INTERNAL AUDIT | 2023/24 | | | | | | 2022/23 | | |
|--------------------------------------|-----------------|-------------------|------------|----------------|--------------------|--------------|----------------------------------|----------------|--------------------|
| | Approved Budget | Shifting of Funds | Virement | Final Budget | Actual Expenditure | Variance | Expenditure as % of final budget | Final Budget | Actual expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Sub programme | | | | | | | | | |
| 1. PROGRAMME SUPPORT | 4 087 | - | - | 4 087 | 3 886 | 201 | 95.1% | 2 485 | 2 373 |
| 2. ASSURANCE SERVICES | 73 139 | - | (376) | 72 763 | 71 359 | 1 404 | 98.1% | 77 767 | 77 757 |
| 3. RISK MANAGEMENT | 24 244 | - | 376 | 24 620 | 24 514 | 106 | 99.6% | 19 947 | 19 849 |
| Total for sub programmes | 101 470 | - | - | 101 470 | 99 759 | 1 711 | 98.3% | 100 199 | 99 979 |
| Economic classification | | | | | | | | | |
| Current payments | 99 411 | - | (8) | 99 403 | 97 826 | 1 577 | 98.4% | 98 812 | 98 745 |
| Compensation of employees | 75 709 | - | - | 75 709 | 75 333 | 376 | 99.5% | 71 748 | 71 740 |
| Goods and services | 23 702 | - | (8) | 23 694 | 22 493 | 1 201 | 94.9% | 27 064 | 27 005 |
| Transfers and subsidies | 91 | - | - | 91 | 58 | 33 | 63.7% | 196 | 128 |
| Households | 91 | - | - | 91 | 58 | 33 | 63.7% | 196 | 128 |
| Payments for capital assets | 1 940 | - | - | 1 940 | 1 839 | 101 | 94.8% | 1 101 | 1 016 |
| Machinery and equipment | 1 940 | - | - | 1 940 | 1 839 | 101 | 94.8% | 1 101 | 1 016 |
| Payments for financial assets | 28 | - | 8 | 36 | 36 | - | 100.0% | 90 | 90 |
| Total | 101 470 | - | - | 101 470 | 99 759 | 1 711 | 98.3% | 100 199 | 99 979 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
APPROPRIATION STATEMENT
for the year ended 31 March 2024

| Programme 5: MUNICIPAL FINANCE MANAGEMENT | | | | | | | | | | |
|--|-----------------|-------------------|----------|---------------|--------------------|--------------|----------------------------------|---------------|--------------------|--|
| | 2023/24 | | | | | 2022/23 | | | | |
| | Approved Budget | Shifting of Funds | Virement | Final Budget | Actual Expenditure | Variance | Expenditure as % of final budget | Final Budget | Actual expenditure | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 | |
| Sub programme | | | | | | | | | | |
| 1. PROGRAMME SUPPORT | 5 783 | - | (15) | 5 768 | 5 727 | 41 | 99.3% | 4 482 | 4 472 | |
| 2. MUNICIPAL BUDGET | 27 931 | - | 7 | 27 938 | 27 885 | 53 | 99.8% | 25 432 | 25 037 | |
| 3. MUNICIPAL ACCOUNTING & REPORTING | 11 095 | - | 51 | 11 146 | 10 681 | 465 | 95.8% | 10 834 | 10 736 | |
| 4. MUNICIPAL SUPPORT PROGRAMME | 16 635 | - | (113) | 16 522 | 15 922 | 600 | 96.4% | 25 756 | 25 756 | |
| 5. MUNICIPAL REVENUE & DEBT MANAGEMENT | 8 544 | - | 70 | 8 614 | 8 375 | 239 | 97.2% | 7 363 | 7 138 | |
| | | | | | | | | | | |
| Total for sub programmes | 69 988 | - | - | 69 988 | 68 590 | 1 398 | 98.0% | 73 867 | 73 139 | |
| Economic classification | | | | | | | | | | |
| Current payments | 69 379 | - | - | 69 379 | 68 025 | 1 354 | 98.0% | 73 348 | 73 019 | |
| Compensation of employees | 51 271 | - | - | 51 271 | 51 269 | 2 | 100.0% | 42 171 | 42 087 | |
| Goods and services | 18 108 | - | - | 18 108 | 16 756 | 1 352 | 92.5% | 31 177 | 30 932 | |
| | | | | | | | | | | |
| Transfers and subsidies | 30 | - | - | 30 | 30 | - | 100.0% | - | - | |
| Households | 30 | - | - | 30 | 30 | - | 100.0% | - | - | |
| | | | | | | | | | | |
| Payments for capital assets | 579 | - | - | 579 | 535 | 44 | 92.4% | 519 | 120 | |
| Machinery and equipment | 579 | - | - | 579 | 535 | 44 | 92.4% | 519 | 120 | |
| | | | | | | | | | | |
| Payments for financial assets | - | - | - | - | - | - | - | - | - | |
| Total | 69 988 | - | - | 69 988 | 68 590 | 1 398 | 98.0% | 73 867 | 73 139 | |



**KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2024**

1. Detail of transfers and subsidies as per Appropriation Act (after Virement)

Detail of these transactions can be viewed in the note on Transfers and Subsidies, and Annexure (1A-H) of the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement)

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on payments for financial assets.

Detail of these transactions per programme can be viewed in the note Payments for financial assets to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per programme

| | Final Budget | Actual Expenditure | Variance | Variance as a % of Final Budget |
|----------------|--------------|--------------------|----------|---------------------------------|
| | R'000 | R'000 | R'000 | % |
| ADMINISTRATION | 225 211 | 221 167 | 4 044 | 2% |

The programme has spent R221,167 million which is 98% of its total adjusted budget of R225,211 million, the programme has an underspending of R4,044 million at year-end and the split is as follows: Compensation of employees has R1,183 million resulting from frozen posts that were no longer affordable due to fiscal consolidation budget cuts as well as vacant posts arising from resignations and internal promotions during the year (4 to 6 months recruitment process), Goods and Services has R801 thousand as a result of items such as administrative fees, venues and facilities and travel and subsistence, due to limited travel as most meetings are held virtually, Transfers and Subsidies amounts to R527 thousand, against Non-Profit Institutions due to cash donations that did not materialise as at year-end and mainly from Households, as there was no new bursary intake in this financial year due to fiscal consolidation budget cuts and R1,533 million relates to Capex due to non-purchase of tools of trade.

| | Final Budget | Actual Expenditure | Variance | Variance as a % of Final Budget |
|---------------------------------|--------------|--------------------|----------|---------------------------------|
| | R'000 | R'000 | R'000 | % |
| SUSTAINABLE RESOURCE MANAGEMENT | 52 922 | 50 399 | 2 523 | 5% |

The programme has spent R50,399 million, which is 95% of its total adjusted budget of R52,922 million. The programme has an underspending of R2,523 million at year-end and the split is as follows: Compensation of employees of R1,545 million due to posts that were no longer affordable due to fiscal consolidation budget cuts which are now frozen as well as vacant posts arising from resignations and internal promotions during the year (4 to 6 months recruitment process), Goods and Services amounts to R868 thousand, mainly from agency and support as actual costs for the Job Massification project were lower than the actual purchase order value, travel and subsistence due to limited travelling, as well as R109 thousand which relates to Capex due to non-purchase of tools of trade due to cost cutting.



**KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2024**

| | Final Budget | Actual Expenditure | Variance | Variance as a % of Final Budget |
|----------------------|---------------------|---------------------------|-----------------|--|
| | R'000 | R'000 | R'000 | % |
| FINANCIAL GOVERNANCE | 214 319 | 213 075 | 1 244 | 1% |

The programme has spent R213,075 million, which is 99% of its total adjusted budget of R214,319 million. The programme has an underspending of R1,244 million at year-end and the split is as follows: Compensation of employees of R126 thousands resulting from resignations during the year which requires about 4 to 6 months to fill, Goods and Services amounts to R367 thousands on items such as training and travel and subsistence due to less travel to clients as most meetings are held virtually, Transfers and subsidies amounts to R9 thousands. The further under-spending relates to R127 thousands from interest and rent on land due to favourable bank balance, as well as R615 thousands from Capital assets due to non-purchase of tools of trade due to cost cutting.

| | Final Budget | Actual Expenditure | Variance | Variance as a % of Final Budget |
|----------------|---------------------|---------------------------|-----------------|--|
| | R'000 | R'000 | R'000 | % |
| INTERNAL AUDIT | 101 470 | 99 759 | 1 711 | 2% |

The programme has spent R99,759 million of its total adjusted budget of R101,470 million, which is 98% of its total adjusted budget. The underspending represented by R1,711 million at year-end and the split is as follows: Compensation of employees of R376 thousands, resulted from resignations during the year, Goods and Services amounts to R1,201 million on item such as agency and support due to delay of projects in departments, training and travel and subsistence, Transfers and subsidies amounts to R33 thousands, as well as Capital assets which under-spent by R101 thousand due to non-purchase of tools of trade due to cost cutting.

| | Final Budget | Actual Expenditure | Variance | Variance as a % of Final Budget |
|------------------------------|---------------------|---------------------------|-----------------|--|
| | R'000 | R'000 | R'000 | % |
| MUNICIPAL FINANCE MANAGEMENT | 69 988 | 68 590 | 1 398 | 2% |

The programme has spent R68,590 million of its total adjusted budget of R69,988 million, which is 98% of its total adjusted budget. The underspending represented by R1,398 million at year-end and the split is as follows: Compensation of employees of R2 thousands, Goods and Services of R1,352 million on item such as agency and support services, due to change of resource and other unforeseen events with municipal projects, and travel and subsistence due to limited travel, and R44 thousands from Capital assets.



**KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2024**

4.2 Per economic classification

| Economic classification | Final Budget | Actual Expenditure | Variance | Variance as a % of Final Budget |
|---|----------------|--------------------|--------------|---------------------------------|
| | R'000 | R'000 | R'000 | % |
| Current Expenditure | 642 093 | 634 146 | 7 947 | |
| Compensation of employees | 348 630 | 345 398 | 3 232 | 1% |
| Goods and services | 293 336 | 288 748 | 4 588 | 2% |
| Interest and rent on land | 127 | - | 127 | 100% |
| | | | | |
| Transfers and subsidies | 5 084 | 4 513 | 571 | |
| Provinces and municipalities | 31 | 31 | - | 0% |
| Departmental agencies and accounts | 3 | 3 | - | 0% |
| Public corporations and private enterprises | 40 | 40 | - | 0% |
| Non-profit institutions | 1 605 | 1 506 | 99 | 6% |
| Households | 3 405 | 2 933 | 472 | 14% |
| | | | | |
| Payments for capital assets | 16 563 | 14 159 | 2 404 | |
| Machinery and equipment | 16 481 | 14 077 | 2 404 | 15% |
| Software and other Intangible assets | 82 | 82 | - | 0% |
| Payments for financial assets | 170 | 170 | - | 0% |

Compensation of Employees – The department has spent R 345,398 million of the total adjusted budget of R 348,630 million. The underspending is R3,232 million at year-end. This underspending is as a result of non-filling funded vacant posts across the programmes within the department that requires 4 to 6 months to fill, internal promotions, as well as the implication of frozen posts due to effect of fiscal consolidation budget cuts.

Goods and Services – The department has spent R 288,748 million of the total adjusted budget of R 293,336 million. The underspending is R4,588 at the year-end. This underspending relates to items such as agency and support, mainly, due to change of resource and other unforeseen events for departmental and municipal projects. The following items further contributed to underspending within economic classification: training, travel and subsistence, venues and facilities, as a result of limited travel to clients as most meetings were held virtually in implementing cost cutting measures.

Transfers and Subsidies – The department has spent R 4,513 million of the total adjusted budget of R 5,084 million. The underspending is R571 thousand at year-end. This relates to item Non-Profit Institutions due to that cash donations did not materialise as at year-end and mainly from Households, as there was no new bursary intake in this financial year due to fiscal consolidation budget cuts.

Payment for Capital Assets –The department has spent R 14,159 million of the total adjusted budget of R 16,563 million. The underspending is R 2, 404 million at year-end. This underspending is due to non-purchase of the tools of trade due to vacant posts.

Payments for financial Assets - The department has spent R170 thousands of its adjusted budget of R170 thousand.



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2024

| | <i>Note</i> | 2023/24 R'000 | 2022/23 R'000 |
|---|-------------|-------------------------|-------------------------|
| REVENUE | | | |
| Annual appropriation | 1 | 663 910 | 622 509 |
| Statutory appropriation | | - | - |
| Departmental revenue | 2 | 138 884 | 153 833 |
| NRF Receipts | | - | - |
| Aid assistance | | - | - |
| TOTAL REVENUE | | 802 794 | 776 342 |
| EXPENDITURE | | | |
| Current expenditure | | | |
| Compensation of employees | 3 | 345 400 | 312 362 |
| Goods and services | 4 | 288 748 | 282 272 |
| Interest and rent on land | 6 | - | 12 |
| Aid assistance | | - | - |
| Total current expenditure | | 634 148 | 594 646 |
| Transfers and subsidies | | | |
| Transfers and subsidies | 8 | 4 513 | 7 356 |
| Aid assistance | | - | - |
| Total transfers and subsidies | | 4 513 | 7 356 |
| Expenditure for capital assets | | | |
| Tangible assets | 9 | 14 077 | 10 644 |
| Intangible assets | 9 | 82 | - |
| Total expenditure for capital assets | | 14 159 | 10 644 |
| Unauthorised expenditure approved without funding | | - | - |
| Payments for financial assets | 7 | 170 | 156 |
| TOTAL EXPENDITURE | | 652 990 | 612 802 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 149 804 | 163 540 |
| Reconciliation of Net Surplus/(Deficit) for the year | | | |
| Voted funds | | 10 920 | 9 707 |
| Annual appropriation | | 10 920 | 9 707 |
| Statutory appropriation | | - | - |
| Conditional grants | | - | - |
| Departmental revenue and NRF receipts | 14 | 138 884 | 153 833 |
| Aid assistance | | - | - |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 149 804 | 163 540 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2024

| | <i>Note</i> | 2023/24 R'000 | 2022/23 R'000 |
|---|-------------|------------------|------------------|
| ASSETS | | | |
| Current assets | | 17 463 | 13 389 |
| Cash and cash equivalents | 10 | 13 137 | 553 |
| Other financial assets | | - | - |
| Prepayments and advances | | - | - |
| Receivables | 11 | 4 326 | 12 836 |
| Loans | | - | - |
| Aid assistance prepayments | | - | - |
| Aid assistance receivable | | - | - |
| Non-current assets | | 2 945 | 3 762 |
| Investments | | - | - |
| Prepayments and advances | | - | - |
| Receivables | 11 | 2 945 | 3 762 |
| Loans | | - | - |
| Other financial assets | | - | - |
| TOTAL ASSETS | | 20 408 | 17 151 |
| LIABILITIES | | | |
| Current liabilities | | 18 593 | 15 294 |
| Voted funds to be surrendered to the Revenue Fund | 13 | 10 920 | 9 707 |
| Statutory Appropriation to be surrendered to the Revenue Fund | | - | - |
| Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund | 14 | 7 257 | 389 |
| Bank overdraft | 15 | - | 4 708 |
| Payables | 16 | 416 | 490 |
| Aid assistance repayable | | - | - |
| Aid assistance unutilised | | - | - |
| Non-current liabilities | | | |
| Payables | 16 | - | - |
| TOTAL LIABILITIES | | 18 593 | 15 294 |
| NET ASSETS | | 1 815 | 1 857 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2024

| | <i>Note</i> | 2023/24 R'000 | 2022/23 R'000 |
|--------------------------|-------------|------------------|------------------|
| Represented by: | | | |
| Capitalisation reserve | | - | - |
| Recoverable revenue | | 1 815 | 1 857 |
| Retained funds | | - | - |
| Revaluation reserves | | - | - |
| Unauthorised expenditure | | - | - |
| TOTAL | | 1 815 | 1 857 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2024

| | | 2023/24 | 2022/23 |
|---|-------------|--------------|--------------|
| | <i>Note</i> | R'000 | R'000 |
| Recoverable revenue | | | |
| Opening balance | | 1 857 | 1 860 |
| Transfers: | | (42) | (3) |
| Irrecoverable amounts written off | 7.1 | 170 | 156 |
| Debts revised | | - | - |
| Debts recovered (included in departmental receipts) | | (1 420) | (1 453) |
| Debts raised | | 1 208 | 1 294 |
| Closing balance | | 1 815 | 1 857 |
| TOTAL | | 1 815 | 1 857 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
CASH FLOW STATEMENT
for the year ended 31 March 2024

| | <i>Note</i> | 2023/24 R'000 | 2022/23 R'000 |
|--|-------------|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | 802 781 | 774 619 |
| Annual appropriated funds received | 1.1 | 663 910 | 622 509 |
| Statutory appropriated funds received | | - | - |
| Departmental revenue received | 2 | 1 303 | 3 642 |
| Interest received | 2.2 | 137 568 | 148 468 |
| NRF receipts | | - | - |
| Aid assistance received | | - | - |
| Net (increase)/decrease in working capital | | 8 436 | 473 |
| Surrendered to Revenue Fund | | (141 723) | (225 034) |
| Surrendered to RDP Fund/Donor | | - | - |
| Current payments | | (634 148) | (594 634) |
| Interest paid | 6 | - | (12) |
| Payments for financial assets | | (170) | (156) |
| Transfers and subsidies paid | | (4 513) | (7 356) |
| Net cash flow available from operating activities | 17 | 30 663 | (52 100) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Distribution/dividend received | | - | - |
| Payments for capital assets | 9 | (14 159) | (10 644) |
| Proceeds from sale of capital assets | 2.3 | 13 | 1 723 |
| (Increase)/decrease in loans | | - | - |
| (Increase)/decrease in investments | | - | - |
| (Increase)/decrease in other financial assets | | - | - |
| (Increase)/decrease in non-current receivables | 11 | 817 | (201) |
| Net cash flow available from investing activities | | (13 329) | (9 122) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase/(decrease) in net assets | | (42) | (3) |
| Increase/(decrease) in non-current payables | | - | - |
| Net cash flows from financing activities | | (42) | (3) |
| Net increase/(decrease) in cash and cash equivalents | | 17 292 | (61 225) |
| Cash and cash equivalents at beginning of period | | (4 155) | 57 070 |
| Unrealised gains and losses within cash and cash equivalents | | - | - |
| Cash and cash equivalents at end of period | 10 | 13 137 | (4 155) |



**KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
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PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

| | |
|------------|--|
| 1. | Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard. |
| 2. | Going concern The financial statements have been on a going concern basis. |
| 3. | Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department |
| 4. | Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000). |
| 5. | Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt. |
| 6. | Comparative information |
| 6.1 | Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements. |
| 6.2 | Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement. |
| 7. | Revenue |
| 7.1 | Appropriated funds Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation). Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective. Appropriated funds are measured at the amounts receivable. The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position. |



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| 7.2 | Departmental revenue <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Departmental revenue is measured at the cash amount received.</p> <p>In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p> |
| 7.3 | Accrued departmental revenue <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none">• it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and• the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy.</p> |
| 8. | Expenditure |
| 8.1 | Compensation of employees |
| 8.1.1 | Salaries and wages <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p> |
| 8.1.2 | Social contributions <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p> |
| 8.2 | Other expenditure <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p> <p>Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.</p> |
| 8.3 | Accruals and payables not recognised <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.</p> |
| 8.4 | Leases |
| 8.4.1 | Operating leases <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p> |



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NOTES TO THE ANNUAL FINANCIAL STATEMENT
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| 8.4.2 | Finance leases <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none">• cost, being the fair value of the asset; or• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest. |
| 9. | Aid assistance |
| 9.1 | Aid assistance received <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p> |
| 9.2 | Aid assistance paid <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p> |
| 10. | Cash and cash equivalents <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p> |
| 11. | Prepayments and advances <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p> |
| 12. | Loans and receivables <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p> |
| 13. | Investments <p>Investments are recognised in the statement of financial position at cost.</p> |
| 14. | Financial assets |
| 14.1 | Financial assets (not covered elsewhere) <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p> |
| 14.2 | Impairment of financial assets <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p> |
| 15. | Payables <p>Payables recognised in the statement of financial position are recognised at cost.</p> |



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NOTES TO THE ANNUAL FINANCIAL STATEMENT
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| 16. | Capital assets |
| 16.1 | Immovable capital assets <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p> |
| 16.2 | Movable capital assets <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Biological assets are subsequently carried at fair value.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p> |
| 16.3 | Intangible capital assets <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> |
| 16.4 | Project costs: Work-in-progress <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p> |
| 17. | Provisions and contingents |
| 17.1 | Provisions <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p> |
| 17.2 | Contingent liabilities <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p> |



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NOTES TO THE ANNUAL FINANCIAL STATEMENT
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| 17.3 | Contingent assets Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department. |
| 17.4 | Capital commitments Capital commitments are recorded at cost in the notes to the financial statements. |
| 18. | Unauthorised expenditure Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either: <ul style="list-style-type: none">• approved by Parliament or the Provincial Legislature with funding and the related funds are received; or• approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or• transferred to receivables for recovery. Unauthorised expenditure is measured as the amount of the confirmed unauthorised expenditure, the current financial year includes: <ul style="list-style-type: none">a) Amounts incurred and confirmed in that financial year; and orb) Payments made as it relates to multi-year contracts. The unauthorised expenditure for the previous financial year include: <ul style="list-style-type: none">a) Amounts confirmed in that financial year;b) Amounts that were under assessment in that financial year and confirmed in the current financial year;c) Amounts that were not identified and are identified and confirmed in the current financial year. |
| 19. | Fruitless and wasteful expenditure Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written off as irrecoverable. Fruitless and wasteful expenditure is recorded in the notes to the financial statements when amounts are confirmed, and for the current financial year it includes: <ul style="list-style-type: none">a) Amounts incurred and confirmed in that financial year; and orb) Payments made as it relates to multi-year contracts. Fruitless and wasteful expenditures for the previous financial year include: <ul style="list-style-type: none">a) Amounts confirmed in that financial year;b) Amounts that were under assessment in that financial year and confirmed in the current financial year;c) Amounts that were not identified and are identified and confirmed in the current financial year. |



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NOTES TO THE ANNUAL FINANCIAL STATEMENT
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| 20. | Irregular expenditure <p>Losses emanating from irregular expenditure are recognised as receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written off as irrecoverable.</p> <p>Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of current and previous financial year.</p> <p>Irregular expenditure for the current financial year includes:</p> <ul style="list-style-type: none">a) Amounts incurred and confirmed in that financial year; and orb) Payments made as it relates to multi-year contracts. <p>Irregular expenditures for the previous financial year include:</p> <ul style="list-style-type: none">a) Amounts confirmed in that financial year;b) Amounts that were under assessment in that financial year and confirmed in the current financial year;c) Amounts that were not identified and are identified and confirmed in the current financial year. |
| 21. | Changes in accounting estimates and errors <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> |
| 22. | Events after the reporting date <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p> |
| 23. | Principal-Agent arrangements <p>The department is not party to a principal-agent arrangement.</p> |
| 24. | Departures from the MCS requirements <p>There were no departures from MCS requirements.</p> |
| 25. | Capitalisation reserve <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/ Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p> |
| 26. | Recoverable revenue <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p> |
| 27. | Related party transactions <p>Related party transactions within the MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.</p> <p>The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.</p> |



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NOTES TO THE ANNUAL FINANCIAL STATEMENT
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| | |
|------------|---|
| 28. | Inventories At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis. |
| 29. | Public-Private Partnerships Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies. A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements. |
| 30. | Employee benefits The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note. |
| 31. | Transfer of functions Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer. Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer. |
| 32. | Mergers Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger. Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger. |



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PART B: EXPLANATORY NOTES**1. Annual Appropriation****1.1. Annual Appropriation**

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for National Departments (Voted funds) and Provincial Departments:

| Programmes | 2023/24 | | | 2022/23 | | |
|------------------------------------|-----------------------|--------------------------------|---|-----------------------|---------------------------------|---|
| | Final Budget R'000 | Actual Funds Received R'000 | Funds not requested / not received R'000 | Final Budget R'000 | Appropriation Received R'000 | Funds not requested / not received R'000 |
| 1. Administration | 225 211 | 225 211 | - | 196 172 | 196 172 | - |
| 2. Sustainable Resource Management | 52 922 | 52 922 | - | 47 560 | 47 560 | - |
| 3. Financial Governance | 214 319 | 214 319 | - | 204 711 | 204 711 | - |
| 4. Internal Audit | 101 470 | 101 470 | - | 100 199 | 100 199 | - |
| 5. Municipal Finance Management | 69 988 | 69 988 | - | 73 867 | 73 867 | - |
| Total | 663 910 | 663 910 | - | 622 509 | 622 509 | - |

2. Departmental revenue

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|---|------|------------------|------------------|
| Tax revenue | | - | - |
| Sales of goods and services other than capital assets | 2.1 | 291 | 914 |
| Fines, penalties and forfeits | | - | - |
| Interest, dividends and rent on land | 2.2 | 137 568 | 148 468 |
| Sales of capital assets | 2.3 | 13 | 1 723 |
| Transactions in financial assets and liabilities | 2.4 | 1 012 | 2 728 |
| Transfers received | | - | - |
| Total revenue collected | | 138 884 | 153 833 |
| Less: Own revenue included in appropriation | | - | - |
| Departmental revenue collected | | 138 884 | 153 833 |

The decrease in the interest earned relates to the balances from the Paymaster General (PMG) accounts and the rate of spending by provincial departments.



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2.1. Sales of goods and services other than capital assets

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|--|------|------------------|------------------|
| Sales of goods and services produced by the department | | 291 | 914 |
| Sales by market establishment | | 141 | 117 |
| Administrative fees | | 68 | 66 |
| Other sales | | 82 | 731 |
| Sales of scrap, waste and other used current goods | | - | - |
| Total | 2 | 291 | 914 |

2.2. Interest, dividends and rent on land.

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|--------------|------|------------------|------------------|
| Interest | | 137 568 | 148 468 |
| Dividends | | - | - |
| Rent on land | | - | - |
| Total | 2 | 137 568 | 148 468 |

2.3. Sales of capital assets

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|--------------------------------------|------|------------------|------------------|
| Tangible capital assets | | 13 | 1 723 |
| Buildings and other fixed structures | | - | - |
| Machinery and equipment | | 13 | 1 723 |
| Intangible capital assets | | | |
| Software | | - | - |
| Total | 2 | 13 | 1 723 |

2.4. Transactions in financial assets and liabilities

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|--------------------|------|------------------|------------------|
| Loans and advances | | - | - |
| Receivables | | 1 012 | 2 728 |
| Forex gain | | - | - |
| Total | 2 | 1 012 | 2 728 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
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3. Compensation of employees**3.1. Salaries and wages**

| | <i>Note</i> | 2023/24 | 2022/23 |
|----------------------------------|-------------|----------------|----------------|
| | | R'000 | R'000 |
| Basic salary | | 247 190 | 216 303 |
| Performance award | | - | - |
| Service based | | 180 | 76 |
| Compensative/circumstantial | | 3 685 | 3 756 |
| Periodic payments | | - | - |
| Other non-pensionable allowances | | 56 176 | 59 328 |
| Total | | 307 231 | 279 463 |

The increase in compensation relates to the decrease in the vacancy rate compared to the prior financial year.

3.2. Social contributions

| | <i>Note</i> | 2023/24 | 2022/23 |
|--|-------------|----------------|----------------|
| Employer contributions | | R'000 | R'000 |
| Pension | | 29 143 | 24 376 |
| Medical | | 8 959 | 8 461 |
| UIF | | - | - |
| Bargaining council | | 51 | 46 |
| Official unions and associations | | - | - |
| Insurance | | 16 | 16 |
| Total | | 38 169 | 32 899 |
| Total compensation of employees | | 345 400 | 312 362 |
| Average number of employees | | 508 | 460 |

The increase in compensation relates to the decrease in the vacancy rate compared to the prior financial year.



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NOTES TO THE ANNUAL FINANCIAL STATEMENT
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4. Goods and services

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|---|------|------------------|------------------|
| Administrative fees | | 16 309 | 12 735 |
| Advertising | | 3 277 | 4 381 |
| Minor assets | 4.1 | 406 | 346 |
| Bursaries (employees) | | 1 147 | 364 |
| Catering | | 938 | 910 |
| Communication | | 1 809 | 1 577 |
| Computer services | 4.2 | 131 814 | 128 141 |
| Consultants: Business and advisory services | 4.9 | 6 776 | 8 780 |
| Legal services | | 1 126 | 2 019 |
| Contractors | | 10 465 | 8 400 |
| Agency and support / outsourced services | | 40 576 | 55 363 |
| Entertainment | | - | - |
| Audit cost - external | 4.3 | 6 157 | 6 002 |
| Fleet services | | 3 293 | 2 397 |
| Inventories | 4.4 | 3 003 | 1 944 |
| Consumables | 4.5 | 2 845 | 2 568 |
| Housing | | - | - |
| Operating leases | | 23 249 | 17 701 |
| Property payments | 4.6 | 18 142 | 16 743 |
| Transport provided as part of the departmental activities | | 1 761 | 105 |
| Travel and subsistence | 4.7 | 10 199 | 7 737 |
| Venues and facilities | | 7 | 17 |
| Training and development | | 2 420 | 1 536 |
| Other operating expenditure | 4.8 | 3 029 | 2 506 |
| Total | | 288 748 | 282 272 |

The net increase in goods and services is a result of an increase in usage of computer services, timeous billing for office space, and an increase in international trips and offsets by a drop in agency and support. The increase in the comparative figure for communication is a result of airtime & data that were incorrectly allocated in the expenditure for capital assets (finance lease) last financial year. The figure was restated by R400k.

4.1. Minor assets

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|--------------------------------|----------|------------------|------------------|
| Tangible minor assets | | 406 | 346 |
| Heritage assets | | - | - |
| Machinery and equipment | | 406 | 346 |
| Intangible minor assets | | - | - |
| Total | 4 | 406 | 346 |



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
NOTES TO THE ANNUAL FINANCIAL STATEMENT
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4.2. Computer services

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|-------------------------------------|------|------------------|------------------|
| SITA computer services | | 85 870 | 85 744 |
| External computer service providers | | 45 944 | 42 397 |
| Total | 4 | 131 814 | 128 141 |

4.3. Audit cost - external

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|----------------------|------|------------------|------------------|
| Regularity audits | | 5 399 | 5 402 |
| Performance audits | | - | - |
| Investigations | | - | - |
| Environmental audits | | - | - |
| Computer audits | | 758 | 600 |
| Total | 4 | 6 157 | 6 002 |

4.4. Inventories

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|-----------------------------------|-------|------------------|------------------|
| Clothing material and accessories | | - | 586 |
| Food and food supplies | | 298 | 248 |
| Materials and supplies | | 248 | |
| Other supplies | 4.4.1 | 2 457 | 1 110 |
| Total | | 3 003 | 1 944 |

4.4.1. Other supplies

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|----------------------------------|------|------------------|------------------|
| Ammunition and security supplies | | - | - |
| Assets for distribution | | - | - |
| Machinery and equipment | | - | - |
| Other | | 2 457 | 1 110 |
| Total | 4.4 | 2 457 | 1 110 |

The department procured more items for donations to communities.



KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
NOTES TO THE ANNUAL FINANCIAL STATEMENT
for the year ended 31 March 2024

4.5. Consumables

| | | 2023/24 | 2022/23 |
|--|-------------|--------------|--------------|
| | <i>Note</i> | R'000 | R'000 |
| Consumable supplies | | 1 160 | 795 |
| Uniform and clothing | | 68 | 29 |
| Household supplies | | 471 | 453 |
| Building material and supplies | | 197 | 119 |
| Communication accessories | | 10 | 3 |
| IT consumables | | 58 | 84 |
| Other consumables | | 356 | 107 |
| Stationery, printing and office supplies | | 1 685 | 1 773 |
| Total | 4 | 2 845 | 2 568 |

4.6. Property payments

| | | 2023/24 | 2022/23 |
|----------------------------------|-------------|---------------|---------------|
| | <i>Note</i> | R'000 | R'000 |
| Municipal services | | 6 633 | 6 085 |
| Property management fees | | - | - |
| Property maintenance and repairs | | 11 509 | 10 658 |
| Other | | - | - |
| Total | 4 | 18 142 | 16 743 |

4.7. Travel and subsistence

| | | 2023/24 | 2022/23 |
|--------------|-------------|---------------|--------------|
| | <i>Note</i> | R'000 | R'000 |
| Local | | 8 642 | 7 498 |
| Foreign | | 1 557 | 239 |
| Total | 4 | 10 199 | 7 737 |

4.8. Other operating expenditure

| | | 2023/24 | 2022/23 |
|--|-------------|--------------|--------------|
| | <i>Note</i> | R'000 | R'000 |
| Professional bodies, membership, and subscription fees | | 1 124 | 603 |
| Resettlement costs | | 23 | 143 |
| Other | | 1 882 | 1 760 |
| Total | 4 | 3 029 | 2 506 |



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5. Remuneration of members of a commission or committee of inquiry (Included in Consultants: Business and advisory services)

| Name of Commission / Committee of Inquiry | Note | 2023/24 | 2022/23 |
|---|------|--------------|--------------|
| | | R'000 | R'000 |
| Programme 3 – MBAT & BAT | | 2 512 | 3 772 |
| Programme 4 – CARC & PARC | | 4 099 | 4 778 |
| Total | | 6 611 | 8 550 |

Included in the Consultants: Business and Advisory services above is the amount paid to board/committee members for each financial year.

6. Interest and rent on land

| | Note | 2023/24 | 2022/23 |
|---------------|------|----------|-----------|
| | | R'000 | R'000 |
| Interest paid | | - | 12 |
| Rent on land | | - | - |
| Total | | - | 12 |

7. Payments for financial assets

| | Note | 2023/24 | 2022/23 |
|--|------|------------|------------|
| | | R'000 | R'000 |
| Extension of loans for policy purposes | | | |
| Other material losses written off | | - | - |
| Debts written off | 7.1 | 170 | 156 |
| Losses on GFECRA | | - | - |
| Total | | 170 | 156 |



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7.1. Debts written off.

| Nature of debts written off | Note | 2023/24 R'000 | 2022/23 R'000 |
|---------------------------------|----------|------------------|------------------|
| Recoverable revenue written off | | | |
| Salary Tax Debt | | 8 | - |
| SARS Interest | | 28 | - |
| Salary Overpayment | | 55 | 5 |
| Cell phone Debt | | 21 | - |
| Leave without pay | | - | 2 |
| Bursary Learnership Debt | | 8 | 86 |
| Laptop Debt | | - | 2 |
| Losses & Damages | | 34 | 61 |
| Damage of State Vehicle | | 16 | - |
| Total | | 170 | 156 |
| Other debt written off | | | - |
| Total debt written off | 7 | 170 | 156 |

8. Transfers and subsidies

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|---|-----------------|------------------|------------------|
| Provinces and municipalities | | - | - |
| Departmental agencies and accounts | <i>Annex 1B</i> | 34 | 29 |
| Public corporations and private enterprises | <i>Annex 1D</i> | 39 | 343 |
| Non-profit institutions | <i>Annex 1F</i> | 1 506 | 17 |
| Households | <i>Annex 1G</i> | 2 934 | 6 967 |
| Total | | 4 513 | 7 356 |

8.1. Gifts, donations, and sponsorships made in kind (not included in the main note)

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|--------------|-----------------|------------------|------------------|
| Gifts | | - | - |
| Donations | | 1 114 | 1 944 |
| Sponsorships | | - | - |
| Total | <i>Annex 1J</i> | 1 114 | 1 944 |



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9. Expenditure for capital assets

| | 2023/24 | 2022/23 |
|--------------------------------------|---------------|---------------|
| Note | R'000 | R'000 |
| Tangible capital assets | 14 077 | 10 644 |
| Buildings and other fixed structures | - | - |
| Heritage assets | - | - |
| Machinery and equipment | 14 077 | 10 644 |
| Intangible capital assets | 82 | |
| Software | 82 | - |
| Mastheads and publishing titles | - | - |
| Total | 14 159 | 10 644 |

The department procured more machinery & Equipment which were all delivered and paid for before year-end. The difference of R400K in the prior comparative note and Cash flow Statement is due to a prior period error in relation to the finance lease expenditure payment.

9.1. Analysis of funds utilised to acquire capital assets - Current year.

| Name of entity | 2023/24 | | |
|----------------------------------|---------------|----------------|---------------|
| | Voted funds | Aid assistance | Total |
| | R'000 | R'000 | R'000 |
| Tangible capital assets | 14 077 | - | 14 077 |
| Heritage assets | - | - | - |
| Machinery and equipment | 14 077 | | 14 077 |
| Intangible capital assets | 82 | - | 82 |
| Software | 82 | - | 82 |
| Total | 14 159 | - | 14 159 |



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9.2. Analysis of funds utilised to acquire capital assets - Prior year.

| Name of entity | 2022/23 | | |
|----------------------------------|---------------|----------------|---------------|
| | Voted funds | Aid assistance | Total |
| | R'000 | R'000 | R'000 |
| Tangible capital assets | 10 644 | - | 10 644 |
| Heritage assets | - | - | - |
| Machinery and equipment | 10 644 | - | 10 644 |
| Biological assets | - | - | - |
| Intangible capital assets | | | |
| Software | - | - | - |
| Total | 10 644 | - | 10 644 |

The difference in the prior year's capital expenditure is due to the amount of airtime and data that was capitalised to the finance lease now re-classified to communication under goods and services.

9.3. Finance lease expenditure included in Expenditure for capital assets.

| | Note | 2023/24 | 2022/23 |
|--------------------------------|------|--------------|--------------|
| | | R'000 | R'000 |
| Tangible capital assets | | | |
| Machinery and equipment | | 3 844 | 5 237 |
| Biological assets | | - | - |
| Total | | 3 844 | 5 237 |

The decrease in the current year's finance lease expenditure is mainly due to delays in the replacement of photocopying machines.

10. Cash and cash equivalents.

| | Note | 2023/24 | 2022/23 |
|--|------|---------------|------------|
| | | R'000 | R'000 |
| Consolidated Paymaster General Account | | 11 691 | - |
| Cash on hand | | 4 | 4 |
| Investments (Domestic) | | 1 442 | 549 |
| Investments (Foreign) | | - | - |
| Total | | 13 137 | 553 |

At the end of the 2022/23 financial year, the department's cash bank balance (PMG) was less than the total amount of payments disbursed, technically the bank account was temporarily in overdraft.



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11. Receivables

| | Note | 2023/24 | | | 2022/23 | | |
|-------------------------|------|--------------|--------------|--------------|---------------|--------------|---------------|
| | | Current | Non-current | Total | Current | Non-current | Total |
| | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Claims recoverable | 11.1 | 3 613 | 801 | 4 414 | 12 401 | 1 694 | 14 095 |
| Trade receivables | 11.2 | - | - | - | - | - | - |
| Recoverable expenditure | 11.3 | 4 | - | 4 | 5 | - | 5 |
| Staff debt | 11.4 | 566 | 1 084 | 1 650 | 386 | 830 | 1 216 |
| Other receivables | 11.5 | 143 | 1 060 | 1 203 | 44 | 1 238 | 1 282 |
| Total | | 4 326 | 2 945 | 7 271 | 12 836 | 3 762 | 16 598 |

11.1. Claims recoverable.

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|------------------------|------|------------------|------------------|
| National departments | | 13 | - |
| Provincial departments | | 3 415 | 12 046 |
| Private enterprises | | 986 | 2 049 |
| Total | 11 | 4 414 | 14 095 |

11.2. Recoverable expenditure

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|--|------|------------------|------------------|
| <i>Group major categories, but list material items</i> | | | |
| Disallowance Damages and losses: CA | | 68 | 415 |
| Disallowance Damages and losses: Recover CA | | (68) | (415) |
| Sal: Tax Debt: CA | | 4 | 5 |
| Total | 11 | 4 | 5 |

11.3. Staff debt

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|--|------|------------------|------------------|
| <i>Group major categories, but list material items</i> | | | |
| Bursary | | 27 | 7 |
| Other debts | | 723 | 754 |
| Leadership | | 900 | 455 |
| Total | 14 | 1 650 | 1 216 |



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11.4. Other receivables

| | <i>Note</i> | 2023/24 R'000 | 2022/23 R'000 |
|---|-------------|--------------------------------|--------------------------------|
| <i>Group major categories, but list material items.</i> | | | |
| Unauthorised expenditure | | | |
| Irregular expenditure | | | |
| Fruitless and wasteful expenditure | | | |
| Bursary | | 1 008 | 1 062 |
| Overpaid Salary | | 36 | 45 |
| Other Receivables | | 135 | 175 |
| Learnership | | 24 | - |
| Total | 11 | 1 203 | 1 282 |

12. Impairment of receivables

| | <i>Note</i> | 2023/24 R'000 | 2022/23 R'000 |
|---------------------------------------|-------------|--------------------------------|--------------------------------|
| Estimate of impairment of receivables | | 308 | - |
| Total | 11 | 308 | - |

The provision of impairment was made based on the assessment of the payment trends of the debtors and the possibility of recovering any payments. The management assessed if any payments were made on the balance owed by each debtor within the financial year. Based on this assessment eleven (11) debtors were identified who have not made any payments towards their debt during the financial year. Their total outstanding debts were then disclosed as an impairment of receivables.

13. Voted funds to be surrendered to the Revenue Fund

| | <i>Note</i> | 2023/24 R'000 | 2022/23 R'000 |
|--|-------------|--------------------------------|--------------------------------|
| Opening balance | | 9 707 | 59 998 |
| Prior period error | | - | - |
| As restated | | 9 707 | 59 998 |
| Transferred from statement of financial performance (as restated) | | 10 920 | 9 707 |
| Add: Unauthorised expenditure for the current year | | - | - |
| Voted funds not requested/not received | | - | - |
| Transferred to retained revenue to defray excess expenditure (Parliament/Legislatures) | | - | - |
| Paid during the year | | (9 707) | (59 998) |
| Closing balance | | 10 920 | 9 707 |



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14. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|---|------|------------------|------------------|
| Opening balance | | 389 | 11 592 |
| Prior period error | | - | - |
| As restated | | 389 | 11 592 |
| Transferred from statement of financial performance (as restated) | | 138 884 | 153 833 |
| Paid during the year | | (132 016) | (165 036) |
| Closing balance | | 7 257 | 389 |

15. Bank overdraft.

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|--|------|------------------|------------------|
| Consolidated Paymaster General account | | - | 4 708 |
| Fund requisition account | | - | - |
| Total | | - | 4 708 |

At the end of the 2022/23 financial year, the department's cash bank balance (PMG) was less than the total amount of payments disbursed, technically the bank account was temporarily in overdraft. However, this was resolved by the availability of cash at the beginning of the month. The shortfall was as a result of the impact of the IDA transactions which are included in the Receivable.

16. Payables - current

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|---------------------------------|------|------------------|------------------|
| Amounts owing to other entities | | | |
| Clearing accounts | 16.1 | (857) | (237) |
| Other payables | 16.2 | 1 273 | 727 |
| Total | | 416 | 490 |

16.1. Clearing accounts

| Description | Note | 2023/24 R'000 | 2022/23 R'000 |
|-------------------------------|------|------------------|------------------|
| Sal: Income Tax | | 78 | 141 |
| Online Travel Control Account | | (1 100) | (524) |
| Sal Housing CL | | 165 | 146 |
| Total | 16 | (857) | (237) |

The amount of R1 100k relates to online travel booking charges which are charged against the travel lodge which were not interfaced due to timing differences.



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16.2. Other payables

| Description | Note | 2023/24 | 2022/23 |
|--------------------------------------|------|--------------|------------|
| | | R'000 | R'000 |
| Payable adv: p/dept: KZN Adv. Acc:CL | | 1 273 | 727 |
| Total | 16 | 1 273 | 727 |

17. Net cash flow available from operating activities

| | Note | 2023/24 | 2022/23 |
|--|------|---------------|-----------------|
| | | R'000 | R'000 |
| Net surplus/(deficit) as per Statement of Financial Performance | | 149 804 | 163 540 |
| Add back non-cash/cash movements not deemed operating activities | | (119 141) | (215 640) |
| (Increase)/decrease in receivables | | 8 510 | (432) |
| (Increase)/decrease in prepayments and advances | | - | - |
| (Increase)/decrease in other current assets | | - | - |
| Increase/(decrease) in payables - current | | (74) | 905 |
| Proceeds from sale of capital assets | | (13) | (1 723) |
| Expenditure on capital assets | | 14 159 | 10 644 |
| Surrenders to Revenue Fund | | (141 723) | (225 034) |
| Net cash flow generated by operating activities | | 30 663 | (52 100) |

The difference in the prior year's capital expenditure is due to the amount of airtime and data that was capitalised to the finance lease now re-classified to communication under goods and services.

18. Reconciliation of cash and cash equivalents for cash flow purposes

| | Note | 2023/24 | 2022/23 |
|--|------|---------------|----------------|
| | | R'000 | R'000 |
| Consolidated Paymaster General account | | 11 691 | (4 708) |
| Fund requisition account | | - | - |
| Cash receipts | | - | - |
| Disbursements | | - | - |
| Cash on hand | | 4 | 4 |
| Cash with commercial banks (Local) | | 1 442 | 549 |
| Cash with commercial banks (Foreign) | | - | - |
| Total | | 13 137 | (4 155) |



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19. Contingent liabilities and contingent assets**19.1. Contingent liabilities**

| Liable to | Nature | Note | 2023/24 | 2022/23 |
|--|--------|----------|----------------|---------------|
| | | | R'000 | R'000 |
| Other guarantees | | Annex 3A | - | - |
| Claims against the department | | Annex 3B | 120 570 | 82 414 |
| Intergovernmental payables | | Annex 5 | 1 826 | 581 |
| Environmental rehabilitation liability | | Annex 3B | - | - |
| Total | | | 122 396 | 82 995 |

Included in the R120 570m is a contingent liability of R81,014m which relates to the interpretation of gross gaming revenue and the applicable taxation thereof. The matter is in abeyance pending the outcome of a similar matter sitting before the Western Cape High Court. An amount of R34,264m relate to Gold circle matter relating to gaming revenue distribution is also included in the total contingent liability amount.

19.2. Contingent assets

| Nature of contingent asset | Note | 2023/24 | 2022/23 |
|---|----------|---------------|---------------|
| | | R'000 | R'000 |
| KZN Provincial Treasury & MEC for Finance v Desmond Golding & C. Mkhize – Case no. 15697/15 | Annex 3B | 26 887 | 26 887 |
| ND Jacobs vs KZN Provincial Treasury | Annex 3B | 3 419 | - |
| Total | | 30 306 | 26 887 |

The contingent asset of R26,887m above relates to the North Sea Jazz Festival and recovering money paid to service providers by the previous HOD of KZN EDTEA. Legal costs incurred in this case will be requested to be recovered from the claimant and that will result in a nil effect on legal fees. The amount of R3 419 relates to the overpayment made by the department on a reinstatement of salary to an employee Ms ND Jacobs as per the court ruling i.r.o her unfair dismissal case. It was then discovered that she was employed whilst awaiting the outcome of her case. Her employment status was not considered in the calculation of her reinstatement benefits during the dismissal period resulting in an overpayment. The department is now required to recover the overpayment amount made to her as reinstatement benefits.

20. Capital commitments.

| | Note | 2023/24 | 2022/23 |
|-------------------------|------|------------|--------------|
| | | R'000 | R'000 |
| Machinery and equipment | | 120 | 3 174 |
| Total | | 120 | 3 174 |

The balance of the R120K commitment relates to the computer server installation costs that was yet to be finalised.



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21. Accruals and payables not recognised.**21.1. Accruals**

| Listed by economic classification | Note | 2023/24 | | | 2022/23 |
|-----------------------------------|------|---------------|-----------|---------------|---------------|
| | | 30 Days | 30+ Days | Total | Total |
| | | R'000 | R'000 | R'000 | R'000 |
| Goods and services | | 10 219 | 24 | 10 243 | 12 928 |
| Interest and rent on land | | - | - | - | - |
| Transfers and subsidies | | 10 | 10 | 20 | - |
| Capital assets | | 150 | - | 150 | - |
| Other | | 242 | - | 242 | 675 |
| Total | | 10 621 | 34 | 10 655 | 13 603 |

| Listed by programme level | Note | 2023/24 | 2022/23 |
|---------------------------------|------|---------------|---------------|
| | | R'000 | R'000 |
| Administration | | 5 824 | 6 346 |
| Sustainable Resource Management | | 43 | 148 |
| Financial Governance | | 4 621 | 5 190 |
| Internal Audit | | 114 | 1 209 |
| Municipal Finance Management | | 53 | 710 |
| Total | | 10 655 | 13 603 |

21.2. Payables not recognised.

| Listed by economic classification | Note | 2023/24 | | | 2022/23 |
|-----------------------------------|------|------------|-----------|------------|------------|
| | | 30 Days | 30+ Days | Total | Total |
| | | R'000 | R'000 | R'000 | R'000 |
| Goods and services | | 213 | 10 | 223 | 608 |
| Interest and rent on land | | - | - | - | - |
| Transfers and subsidies | | 10 | - | 10 | - |
| Capital assets | | - | - | - | - |
| Other | | 14 | 11 | 25 | |
| Total | | 237 | 21 | 258 | 608 |



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| Listed by programme level | Note | 2023/24 | 2022/23 |
|---------------------------------|------|------------|------------|
| | | R'000 | R'000 |
| Administration | | 84 | 183 |
| Sustainable Resource Management | | - | 247 |
| Financial Governance | | 136 | 78 |
| Internal Audit | | 24 | 97 |
| Municipal Finance Management | | 14 | 3 |
| Total | | 258 | 608 |

| Included in the above totals are the following: | Note | 2023/24 | 2022/23 |
|---|---------|--------------|--------------|
| | | R'000 | R'000 |
| Confirmed balances with other departments | Annex 5 | 2 045 | 2 886 |
| Confirmed balances with other government entities | Annex 5 | 5 410 | 4 343 |
| Total | | 7 455 | 7 229 |

The difference in the comparative figure for annexure 5 is due to additional other government entities that have been disclosed.

22. Employee benefits

| | Note | 2023/24 | 2022/23 |
|--------------------|------|---------------|---------------|
| | | R'000 | R'000 |
| Leave entitlement | | 15 186 | 13 283 |
| Service bonus | | 7 831 | 6 620 |
| Performance awards | | - | - |
| Capped leave | | 2 653 | 2 640 |
| Other | | 240 | 1 075 |
| Total | | 25 910 | 23 618 |

A difference of R237k in leave entitlement relates to a prior period error for partial leave that was not included on the PERSAL balance in the 2022/2023 financials. The amount of R15 186m includes a negative leave balance of R266k which is due to Staff members being allocated a full leave credit of 22 days at the start of the leave cycle by the system. Despite the fact that staff accrue 1.83 days per month. Under normal circumstances, if the employee does not terminate services as the year progresses and the full leave is accumulated the negative amounts are cleared. The system does have a built-in mechanism to pick up once a termination is effected on PERSAL, any overused leave reflecting as a negative balance will get deducted in the open months' salary or as a debt that is set up.



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23. Lease commitments**23.1. Operating leases**

2023/24

| | Specialised military equipment | Land | Buildings and other fixed structures | Machinery and equipment | Total |
|--|--------------------------------|-------|--------------------------------------|-------------------------|---------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Not later than 1 year | - | - | 21 373 | - | 21 373 |
| Later than 1 year and not later than 5 years | - | - | 4 569 | - | 4 569 |
| Later than 5 years | - | - | - | - | - |
| Total lease commitments | - | - | 25 942 | - | 25 942 |

2022/23

| | Specialised military equipment | Land | Buildings and other fixed structures | Machinery and equipment | Total |
|--|--------------------------------|-------|--------------------------------------|-------------------------|---------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Not later than 1 year | - | - | 20 287 | - | 20 287 |
| Later than 1 year and not later than 5 years | - | - | 14 951 | - | 14 951 |
| Later than 5 years | - | - | - | - | - |
| Total lease commitments | - | - | 35 238 | - | 35 238 |

A decrease in the operating lease is a result of a rental lease agreement for the Nomalanga and Giltime building that expires in 2024/2025 no renewal agreement has materialised at this stage.

23.2. Finance leases **

2023/24

| | Specialised military equipment | Land | Buildings and other fixed structures | Machinery and equipment | Total |
|--|--------------------------------|-------|--------------------------------------|-------------------------|---------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Not later than 1 year | - | - | - | 4 922 | 4 922 |
| Later than 1 year and not later than 5 years | - | - | - | 6 099 | 6 099 |
| Later than 5 years | - | - | - | - | - |
| Total lease commitments | - | - | - | 11 021 | 11 021 |



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| | 2022/23 | | | | Total |
|--|--------------------------------|----------|--------------------------------------|-------------------------|--------------|
| | Specialised military equipment | Land | Buildings and other fixed structures | Machinery and equipment | |
| | R'000 | R'000 | R'000 | R'000 | |
| Not later than 1 year | - | - | - | 3 653 | 3 653 |
| Later than 1 year and not later than 5 years | - | - | - | 618 | 618 |
| Later than 5 years | - | - | - | - | - |
| Total lease commitments | - | - | - | 4 271 | 4 271 |

The increase in the finance lease is due to the new lease agreement for photocopying machines that the department has entered into.

24. Unauthorised, Irregular and Fruitless and wasteful expenditure

| | Note | 2023/24 R'000 | 2022/23 R'000 |
|---|------|------------------|------------------|
| Unauthorised expenditure - current year | | | - |
| Irregular expenditure - current year | | - | 524 |
| Fruitless and wasteful expenditure - current year | | 40 | 372 |
| Total | | 40 | 896 |

The amount of R40k was raised during the year and R39k was written off after the determination and assessment of all cases. The difference was recovered.

25. Key management personnel

| | No of individuals | 2023/24 R'000 | 2022/23 R'000 |
|--|-------------------|------------------|------------------|
| Political office bearers | 1 | 2 132 | 2 135 |
| Officials: | | | |
| Level 15 to 16 | 4 | 9 816 | 7 840 |
| Level 14 (incl. CFO if at a lower level) | 12 | 16 257 | 16 838 |
| Total | | 28 205 | 26 813 |



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26. Movable Tangible Capital Assets**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024**

| | 2023/24 | | | | |
|--|-----------------|-------------------|---------------|--------------|-----------------|
| | Opening balance | Value adjustments | Additions | Disposals | Closing balance |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| HERITAGE ASSETS | | | | | |
| Heritage assets | - | | - | - | - |
| MACHINERY AND EQUIPMENT | | | | | |
| Transport assets | 14 455 | | - | - | 14 455 |
| Computer equipment | 65 897 | | 9 434 | (969) | 74 362 |
| Furniture and office equipment | 6 981 | | 620 | - | 7 601 |
| Other machinery and equipment | 1 587 | | 179 | - | 1 766 |
| TOTAL MOVABLE TANGIBLE CAPITAL ASSETS | 88 920 | - | 10 233 | (969) | 98 184 |

Included in the disposal amount of R969k are donated assets; assets written off; assets transferred out; and assets sold for cash.

Movable Tangible Capital Assets under investigation

| | <i>Note</i> | Number | Value R'000 |
|--|-------------|----------|----------------|
| Included in the above total of the movable tangible capital assets per the asset register that are under investigation: | | | |
| Heritage assets | | - | - |
| Machinery and equipment | | 2 | 56 |
| Specialised military assets | | - | - |
| Biological assets | | - | - |
| Total | | 2 | 56 |

The above two matters under investigation were reported to loss control and the SAPS.



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MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

| | 2022/23 | | | | | Total |
|---------------------------|-----------------------------|-------------------|-----------------|-------------------------|-------------------|--------------|
| | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | |
| Opening balance | - | 1 429 | - | 8 605 | - | 10 034 |
| Prior period error | - | - | - | - | - | - |
| Additions | - | - | - | 354 | - | 354 |
| Disposals | - | (1 139) | - | (634) | - | (1 773) |
| Total Minor assets | - | 290 | - | 8 325 | - | 8 615 |

| | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | Total |
|-------------------------------------|-----------------------------|-------------------|-----------------|-------------------------|-------------------|--------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| | Number of R1 minor assets | - | - | - | 1 488 | - |
| Number of minor assets at cost | - | 9 | - | 4 043 | - | 4 052 |
| Total number of minor assets | - | 9 | - | 5 531 | - | 5 540 |

26.3. Movable tangible capital assets written off

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2024

| | 2023/24 | | | | | Total |
|---|-----------------------------|-------------------|-----------------|-------------------------|-------------------|------------|
| | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | |
| Assets written off | - | - | - | 219 | - | 219 |
| Total movable assets written off | - | - | - | 219 | - | 219 |

The amount of R219k is the total purchase price of major assets that relate to theft cases written off after the Loss Control process was conducted.

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2023

| | 2022/23 | | | | | Total |
|---|-----------------------------|-------------------|-----------------|-------------------------|-------------------|----------|
| | Specialised military assets | Intangible assets | Heritage assets | Machinery and equipment | Biological assets | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | |
| Assets written off | - | - | - | - | - | - |
| Total movable assets written off | - | - | - | - | - | - |



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27. Intangible Capital Assets**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024**

| | 2023/24 | | | |
|--|-----------------|-----------|-----------|-----------------|
| | Opening balance | Additions | Disposals | Closing balance |
| | R'000 | R'000 | R'000 | R'000 |
| SOFTWARE | 22 158 | 82 | - | 22 240 |
| TOTAL INTANGIBLE CAPITAL ASSETS | 22 158 | 82 | - | 22 240 |

27.1. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2023

| | 2022/23 | | | | |
|--|-----------------|--------------------|-----------|----------------|-----------------|
| | Opening balance | Prior period error | Additions | Disposals | Closing balance |
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| SOFTWARE | 23 225 | - | - | (1 067) | 22 158 |
| TOTAL INTANGIBLE CAPITAL ASSETS | 23 225 | - | - | (1 067) | 22 158 |

27.2. Intangible capital assets: Capital Work-in-progress**CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2024**

| | Note | Opening balance | Current Year WIP | Ready for use (Assets to the AR) / Contracts terminated | Closing balance |
|-------------------|---------|-----------------|------------------|---|-----------------|
| | | 1 April 2023 | R'000 | R'000 | 31 March 2024 |
| | | R'000 | R'000 | R'000 | R'000 |
| Intangible assets | Annex 7 | 23 104 | - | - | 23 104 |
| Total | | 23 104 | - | - | 23 104 |

The department is currently busy doing the Technical Assessment feasibility study, looking at the Western Cape existing system. A meeting is still to be held with the Western Cape Provincial Treasury, currently awaiting Stakeholders' confirmation. Once the assessment has been completed the costing will be done and a decision will be made whether to use the Western Cape system or revive the current E-procurement system.



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CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2023

| | | Opening balance 1 April 2022 | Prior period error | Current Year WIP | Ready for use (Assets to the AR) / Contracts terminated | Closing balance 31 March 2023 |
|-------------------|---------|---------------------------------|-----------------------|---------------------|---|--|
| | Note | R'000 | R'000 | R'000 | R'000 | R'000 |
| Intangible assets | Annex 7 | 23 104 | - | - | - | 23 104 |
| Total | | 23 104 | - | - | - | 23 104 |

28. Prior period errors

| | | 2022/23 | | |
|---|------|--------------------------------------|-----------------------|---------------|
| | | Amount before error correction | Prior period error | Restated |
| | Note | R'000 | R'000 | R'000 |
| Expenditure: (E.g. Compensation of employees, Goods and services, Tangible capital assets, etc.) | | | | |
| Communication - Airtime & Data costs | | 1 177 | 400 | 1 577 |
| Expenditure for capital Assets | | 11 044 | (400) | 10 644 |
| Net effect | | 12 221 | - | 12 221 |

A correction of prior year error for airtime & data for routers misclassified as finance lease instead of communication costs.

| | | 2022/23 | | |
|---|------|--------------------------------------|-----------------------|---------------|
| | | Amount before error correction | Prior period error | Restated |
| | Note | R'000 | R'000 | R'000 |
| Liabilities: (E.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.) | | | | |
| Finance lease commitment | | 4 620 | (349) | 4 271 |
| Employee Benefit | | 13 520 | (237) | 13 283 |
| | | - | - | - |
| Net effect | | 18 140 | (586) | 17 554 |

The amount of R349k relates to commitments for routers and airtime that were incorrectly classified as finance lease commitment. The amount of R237 relates to the prior year's partial leave that was not adjusted in the 2022/2023 financials for the leave provision.



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29. Natural disaster or relief expenditure

| | | 2023/24 | 2022/23 |
|--------------------------------|---------------------|----------------|----------------|
| | <i>Note</i> | R'000 | R'000 |
| Compensation of employees | <i>Annex 11</i> | - | - |
| Goods and services | | 241 | 247 |
| Transfers and subsidies | | - | - |
| Expenditure for capital assets | | - | - |
| Other | | - | - |
| Total | | 241 | 247 |



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ANNEXURE 1B**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

| Departmental Agency or Account | 2023/24 | | | | | 2022/23 | |
|--------------------------------|--------------------------|---------------------|----------------------|--------------------------|--------------------------|-----------------------|--------------------------|
| | TRANSFER ALLOCATION | | | TRANSFER | | Final Budget R'000 | Actual transfer R'000 |
| | Adjusted Budget R'000 | Roll overs R'000 | Adjustments R'000 | Total Available R'000 | Actual transfer R'000 | | |
| PD: Vehicle licence | 29 | - | 2 | 31 | 31 | 31 | 29 |
| Com: Licence (TV) | 3 | - | - | 3 | 3 | 3 | - |
| TOTAL | 32 | - | 2 | 34 | 34 | 34 | 29 |



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ANNEXURE 1D

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

| Name of public corporation / private enterprise | 2023/24 | | | | | | 2022/23 | | | |
|--|------------------|------------|-------------|-----------------|-----------------|----------------------------------|---------|--------------|-----------------|---------|
| | GRANT ALLOCATION | | | EXPENDITURE | | | Current | Final Budget | Actual transfer | |
| | Adjusted Budget | Roll overs | Adjustments | Total Available | Actual transfer | % of Available funds transferred | | | | Capital |
| R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 | R'000 | |
| Public Corporations | | | | | | | | | | |
| Transfers | | | | | | | | | | |
| Agape Car Hire-Damages on a hired car | - | - | 40 | 40 | 39 | 97.5% | - | 365 | 343 | |
| Agape Car Hire-Damages on a hired car | - | - | - | - | - | - | - | 20 | 20 | |
| Europcar -Damages on a hired car | - | - | - | - | - | - | - | 24 | 24 | |
| SMEC South Africa- Bill of Cost ordered by court | - | - | 8 | 8 | 7 | 87.5% | - | - | 4 | |
| Agape Car Hire-Damages on a hired car | - | - | - | - | - | - | - | 321 | 295 | |
| | - | - | 32 | 32 | 32 | 100% | - | - | - | |
| Total | - | - | 40 | 40 | 39 | 97.5% | - | 365 | 343 | |



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ANNEXURE 1F

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

| Non-profit institutions | 2023/24 | | | | | 2022/2023 | |
|-------------------------|---------------------|------------|-------------|-----------------|-----------------|--------------|-----------------|
| | TRANSFER ALLOCATION | | | EXPENDITURE | | Final Budget | Actual transfer |
| | Adjusted Budget | Roll overs | Adjustments | Total Available | Actual transfer | | |
| R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Transfers | | | | | | | |
| NPI :Donations (TEUF) | 1 500 | - | - | 1 500 | 1 479 | - | - |
| NPI: Donations | 99 | - | (21) | 78 | - | - | - |
| NPI: Donations (ABASA) | - | - | 20 | 20 | 20 | 109 | 17 |
| NPI: Donations (SAICA) | - | - | 7 | 7 | 7 | - | - |
| TOTAL | 1 599 | - | 6 | 1 605 | 1 506 | 109 | 17 |



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ANNEXURE 1G

STATEMENT OF TRANSFERS TO HOUSEHOLDS

| Household | 2023/24 | | | | | 2022/23 | |
|----------------------------------|---------------------|--------------|--------------|-----------------|-----------------|--------------|-----------------|
| | TRANSFER ALLOCATION | | | EXPENDITURE | | Final Budget | Actual transfer |
| | Adjusted Budget | Roll overs | Adjustments | Total Available | Actual transfer | | |
| R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | |
| Transfers | | | | | | | |
| Injury on Duty | - | - | 45 | 45 | 44 | 11 | 11 |
| Post-Retirement benefit | 124 | - | 78 | 202 | 193 | 698 | 606 |
| Leave Gratuity | 241 | - | 540 | 781 | 778 | 1 096 | 1 096 |
| Early Retirement Pension Penalty | - | - | - | - | 2 | 300 | 299 |
| Bursaries (non-employees) | 1 609 | - | (185) | 1 424 | 1 000 | 2 302 | 2 262 |
| Claims against the State | - | - | 920 | 920 | 917 | 183 | 183 |
| Early Retirement Payments | - | - | - | - | - | 2 548 | 2 510 |
| Early Resettlement Cost | 68 | - | (35) | 33 | - | - | - |
| TOTAL | 2 042 | 1 363 | 3 405 | 2 934 | 7 138 | 6 967 | |



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ANNEXURE 1J**STATEMENT OF GIFTS, DONATIONS, AND SPONSORSHIPS MADE**

| Nature of gift, donation, or sponsorship (Group major categories but list material items including name of organisation) | 2023/24 R'000 | 2022/23 R'000 |
|---|--------------------------|--------------------------|
| Donations Made in kind | | |
| Nkulisa Bantu Primary School (school uniforms) | | 34 |
| Ohlange High School (school uniforms) | | 30 |
| New River Combined School (school uniforms) | | 67 |
| Solomuzi Secondary School (school uniforms) | | 94 |
| Peter Gate Secondary School (school uniforms) | | 57 |
| Obanjeni Secondary School (school uniforms) | | 95 |
| Bangani Primary School (school uniforms) | | 72 |
| Ward 83868 (Wheelchair) | | 5 |
| Ward 1-15 Phongola Municipality (Soccer Kits) | | 47 |
| Ward 17 Ethekwini Municipality (Soccer Kits) | | 43 |
| Ward 20 Alfred Duma Municipality (Soccer Kits) | | 45 |
| Siyaphambili cooperatives (Bakery Equipment and Items) | | 75 |
| Ezamakoti Cooperatives (Sewing machines) | | 76 |
| Qhakazile (Modifier container) | | 98 |
| Ramakrishna Mzamo Elderly Home (Blankets) | | 76 |
| Ramakrishna Mzamo Elderly Home (paints, brushes, and cleaning facilities) | | 22 |
| Macabuzela School (School uniforms) | | 73 |
| Ubusingatha Primary School (School uniforms) | | 56 |
| Sozabe Community Hall, Ray Nkonyeni Local Municipality (Plastic chair) | | 90 |
| Blue fortune Trading (Garden & landscaping equipment) | | 99 |
| Percullairs Co-op (Kitchen Appliances & plastic chairs) | | 97 |



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| | |
|---|--------------|
| Enkanyisweni (Mattresses, blankets, kids' tables, kids' chairs and kitchen appliances) | 56 |
| Igalelolethu Co-operative (sewing machines, ironing board, fabric cutter, and workstation) | 63 |
| Umthavuma Co-Op (Kitchen appliances and plastic chairs) | 38 |
| Sizanani Cooperative (Modified container) | 86 |
| New River combined school (food & refreshments) | 49 |
| Walkaway Foundation Ilembe District (Christmas hamper) | 100 |
| UGU District (Christmas hamper) | 100 |
| Ray Nkonyeni Municipality (oven & electric kettle) | 5 |
| Chesterville Secondary School (10 stoves) | 87 |
| Amahobe (School uniforms) | 8 |
| Cija Investments (T-Shirt Printing Equipment) | 93 |
| Makhwapheni Trading Enterprise (PTY) LTD (Tyre Fitment Equipment) | 75 |
| Eastwood Secondary School (Whiteboards) | 75 |
| Ndwedwe Local Municipality Learners (Stationery, calculators, and Math Instruments) | 75 |
| Nagina Clinic (Modified Container) | 89 |
| Dannhauser Local Municipality (Ward 4) (Food Hampers) | 99 |
| Enriched Minds Tutoring (Umzinyathi District) (Washer dryer Machine) | 51 |
| Deembaiz7884 (PTY) LTD (ICE Machine) | 100 |
| Nongoma Local Municipality (Ward 6 Odushwini Community Hall) (Plastic Chairs) | 57 |
| Clysdale Creche (uMzikhulu) (Tables and chairs) | 17 |
| Clysdale Creche (uMzikhulu) (Sponge & mattress) | 24 |
| Ugu District Municipality (Grocery Hampers) | 89 |
| Ethekwini Municipality (Grocery Hampers) | 89 |
| KZN Department of Sports, Arts, and Culture (Contribution to Ingoma Events) (inventory items) | 160 |
| Thuthuka Pre School, Ithembalomntwana Pre School, Khulakahle Pre-School & Little Ambassador Pre-School (food items) | 21 |
| TOTAL GIFTS, DONATIONS, AND SPONSORSHIPS MADE IN KIND | 1 114 |
| | 1 944 |



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ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2024

| Nature of liability | Opening balance 1 April 2023 | Liabilities incurred during the year | Liabilities paid / cancelled / reduced during the year | Liabilities recoverable (Provide details hereunder) | Closing balance 31 March 2024 |
|--|------------------------------------|---|---|---|-------------------------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Claims against the department | | | | | |
| Thembisile Cynthia Khumalo vs MEC for Finance (Case No.11985/16) | 300 | - | - | - | 300 |
| SMEC SA (Pty) Ltd vs BAT, MEC for Finance and 2 Others Case No. 7275/22P | 300 | - | - | - | 300 |
| ZM Cibane and Another vs Premier of KZN and 5 Others Case No. 7655/20. | 500 | - | - | - | 500 |
| OS Holdings (Pty) Ltd vs MEC for COGTA and 4 Others Case No. 4736/20. | 500 | - | - | - | 500 |
| Sizani MaZulu Transport and Others / MEC for Transport and Others Case No. 3699/2020 | 300 | - | - | - | 300 |
| Afrisun KZN (Pty) Ltd t/a Sibaya Casino and Entertainment Kingdom VS KZN Gaming and Betting Board & MEC for Finance, KwaZulu Natal Province case no :3515/22 | 81 014 | - | - | - | 81 014 |
| Excellerate Services (PTY) LTD vs MEC For Finance KZN. Case no. 8937/23P | - | 2 700 | - | - | 2 700 |
| Gold Circle Propriety Limited vs KZN Gaming and Betting Board/ MEC for EDTEA, MEC for Finance and Others. Case no 9101/23P | - | 34 264 | - | - | 34 264 |
| NEHAWU on behalf of Khuluse v KZN PT | - | 300 | (300) | - | - |
| Tourvest Holdings (Pty) Ltd vs MEC for Finance KZN & National Treasury, (Case No. 2024/000468) | - | 500 | - | - | 500 |
| NEHAWU on behalf of Khuluse vs KZN PT (D104/2024) (May 2024) | - | 192 | - | - | 192 |
| TOTAL | 82 914 | 37 956 | (300) | - | 120 570 |



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ANNEXURE 3B (continued)

STATEMENT OF CONTINGENT ASSETS AS AT 31 MARCH 2024

| Nature of Asset Recoverable | Opening balance 1 April 2023 | Movement during the year | Closing balance 31 March 2024 |
|---|------------------------------|--------------------------|-------------------------------|
| | R'000 | | R'000 |
| KZN Provincial Treasury & MEC for Finance vs Desmond Golding & C Mkhize -Case No:15697/15 | 26 887 | - | 26 887 |
| ND Jacobs vs KZN Provincial Treasury | - | 3 419 | 3 419 |
| TOTAL | 26 887 | 3 419 | 30 306 |



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ANNEXURE 4

CLAIMS RECOVERABLE

| Government entity | Confirmed balance outstanding | | Unconfirmed balance outstanding | | Total | | Cash-in-transit at year end 2023/24 * | Amount |
|---|-------------------------------|------------|---------------------------------|---------------|--------------|---------------|---------------------------------------|-------------|
| | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | | |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 |
| Provincial Department | | | | | | | | |
| Vote 1: KZN Office of The Premier | - | - | 668 | 645 | 668 | 645 | | |
| Vote 5: KZN Education | - | - | 402 | 3 922 | 402 | 3 922 | 2024/04/04 | (21) |
| Vote 10: KZN Sport, Arts & Culture | - | - | 189 | 1 104 | 189 | 1 104 | | |
| Vote 12: KZN Transport | - | - | - | 5 430 | - | 5 430 | | |
| Vote 13: KZN Social Development | - | - | 6 | 945 | 6 | 945 | | |
| Vote 14 KZN Public Works | - | - | 2 149 | - | 2 149 | - | | |
| Subtotal | - | - | 3 415 | 12 046 | 3 415 | 12 046 | | (21) |
| National Department and Other Entities | | | | | | | | |
| KZN Gaming and Betting | - | - | - | 355 | - | 355 | | |
| Mpilonhle (VAT Surplus) | - | - | 822 | 822 | 822 | 822 | | |
| Global Fund (Broccoli) | - | - | (21) | (21) | (21) | (21) | | |
| Ithala (VAT) | - | - | - | 893 | - | 893 | | |
| KZN Tourism | - | - | 185 | - | 185 | - | | |
| National Treasury | - | - | 13 | - | 13 | - | | |
| Subtotal | - | - | 999 | 2 049 | 999 | 2 049 | | |
| TOTAL | - | - | 4 414 | 14 095 | 4 414 | 14 095 | | |



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ANNEXURE 5

INTERGOVERNMENT PAYABLES

| GOVERNMENT ENTITY | Confirmed balance outstanding | | Unconfirmed balance outstanding | | Total | | Cash-in-transit at year end 2023/24* | |
|---|-------------------------------|--------------|---------------------------------|------------|--------------|--------------|--|--------|
| | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 | Payment date up to six (6) working days after year end | Amount |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | | R'000 |
| DEPARTMENTS | | | | | | | | |
| Vote 1: KZN Office of the Premier | 24 | - | - | - | 24 | - | | |
| Vote 3: KZN Agriculture & Rural Development | 5 | - | - | - | 5 | - | | |
| Vote 4: KZN EDTEA | 536 | - | - | - | 536 | - | | |
| Vote 5: KZN Education | 111 | - | - | 581 | 111 | 581 | | |
| Vote 7: KZN Health | 41 | 35 | - | - | 41 | 35 | | |
| Vote 12: KZN Transport | 122 | 93 | - | - | 122 | 93 | | |
| Vote 13: KZN Social Development | - | 1 | - | - | - | 1 | | |
| Vote 14: KZN Public Works | 1 167 | 2 757 | 1 826 | - | 2 993 | 2 757 | | |
| South African Police Service | 11 | - | - | - | 11 | - | | |
| Department of Justice | - | - | - | - | - | - | | |
| Department of Trade and Industry | 28 | - | - | - | 28 | - | | |
| Sub - Total | 2 045 | 2 886 | 1 826 | 581 | 3 871 | 3 467 | | |



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OTHER GOVERNMENT ENTITIES

| | | | | | | |
|--|--------------|--------------|--------------|------------|--------------|--------------|
| State Information Technology Agency | 4 116 | 2 863 | - | - | 4 116 | 2 863 |
| Special Investigating Unit | - | 19 | - | - | - | 19 |
| Msunduzi Municipality | 139 | 119 | - | - | 139 | 119 |
| SARS | - | - | - | - | - | - |
| Government Printing Works | 1 | - | - | - | 1 | - |
| Auditor-General (SA) | 791 | 892 | - | - | 791 | 892 |
| Academy Training Group | 18 | - | - | - | 18 | - |
| SABC | 345 | 450 | - | - | 345 | 450 |
| Subtotal | 5 410 | 4 343 | - | - | 5 410 | 4 343 |
| TOTAL INTER-GOVERNMENT PAYABLES | 7 455 | 7 229 | 1 826 | 581 | 9 281 | 7 810 |



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ANNEXURE 6**INVENTORIES**

| | Inventory- Clothing Material and Accessories R'000 | Inventory- Food and food supplies R'000 | Inventory- Material and supplies R'000 | Other supplies- Assets for distribution- Machinery and equipment R'000 | Total R'000 |
|--|--|--|---|--|----------------|
| Inventories for the year ended 31 March 2024 | | | | | |
| Opening balance | | | | | |
| Add/(Less): Adjustments to prior year balances | | | | | |
| Add: Additions/Purchases - Cash | | 298 | 248 | 2 457 | 3 003 |
| Add: Additions - non-cash | - | | | | |
| (Less): Disposals | | | | | |
| (Less): Issues | - | (298) | (236) | (581) | (1 115) |
| Add/(Less): Received current, not paid; (Paid current year, received prior year) | | | | | |
| Add/(Less): Adjustments | | | | | |
| Closing balance | - | - | 12 | 1 876 | 1 888 |



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| | Inventory- clothing material and accessories | Inventory- Food and food supplies | Inventory- materials and supplies | Other supplies- assets for distribution and machinery and Equipment | Total |
|--|---|---|---|--|---------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| Inventories for the year ended 31 March 2023 | | | | | |
| Opening balance | - | - | - | - | - |
| Add/(Less): Adjustments to prior year balances | | | | | |
| Add: Additions/Purchases - Cash | 662 | 248 | 114 | 920 | 1 944 |
| Add: Additions - non-cash | | | | | |
| (Less): Disposals | | | | | |
| (Less): Issues | (662) | (248) | (114) | (920) | (1 944) |
| Add/(Less): Received current, not paid; (Paid current year, received prior year) | | | | | |
| Add/(Less): Adjustments | | | | | |
| Closing balance | - | - | - | - | - |



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ANNEXURE 7**MOVEMENT IN CAPITAL WORK IN PROGRESS****Movement in capital work in progress for the year ended 31 March 2024**

| | Opening balance | Current year CWIP | Ready for use (Asset Register) / Contract terminated | Closing balance |
|--------------------------------|--------------------|----------------------|--|--------------------|
| | R'000 | R'000 | R'000 | R'000 |
| HERITAGE ASSETS | | | | |
| Heritage assets | - | - | - | - |
| MACHINERY AND EQUIPMENT | | | | |
| Other machinery and equipment | - | - | - | - |
| COMPUTER SOFTWARE | 23 104 | | | 23 104 |
| Computer Software | 23 104 | - | - | 23 104 |
| TOTAL | 23 104 | - | - | 23 104 |

Movement in capital work in progress for the year ended 31 March 2023

| | Opening balance | Prior period error | Current year CWIP | Ready for use (Asset Register) / Contract terminated | Closing balance |
|--------------------------------|--------------------|-----------------------|----------------------|--|--------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| HERITAGE ASSETS | | | | | |
| Heritage assets | - | - | - | - | - |
| MACHINERY AND EQUIPMENT | | | | | |
| Other machinery and equipment | - | - | - | - | - |
| COMPUTER SOFTWARE | 23 104 | - | - | - | 23 104 |
| Computer Software | 23 104 | - | - | - | 23 104 |
| TOTAL | 23 104 | - | - | - | 23 104 |



**KWAZULU-NATAL: PROVINCIAL TREASURY - VOTE 6
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2024**

ANNEXURE 11**NATURAL DISASTER AND RELIEF EXPENDITURE****Per quarter and in total**

| Expenditure per economic classification | 2023/24 | | | | | 2022/23 |
|--|------------|----------|----------|----------|------------|------------|
| | Q1 | Q2 | Q3 | Q4 | Total | Total |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Compensation of employees | | | | | | |
| Goods and services | 241 | - | - | - | 241 | 247 |
| <i>List all applicable SCOA level 4 items</i> | | | | | | |
| Communication-Data cost official working remotely | - | - | - | - | - | 2 |
| Cons supplies-sanitizers | - | - | - | - | - | 7 |
| Property payments- fumigation cost | - | - | - | - | - | 61 |
| Agency and Outsourced Services-Floods expenditure | 241 | - | - | - | 241 | 167 |
| Travel and Subsistence – flood sites visit expenditure | - | - | - | - | - | 10 |
| TOTAL COVID-19 RESPONSE EXPENDITURE | 241 | - | - | - | 241 | 247 |

