



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

E-DIALOGUE

Your Link To Internal News
www.kzntreasury.gov.za



HON. NOMUSA DUBE - NCUBE
MEC: FINANCE



INSIDE:

KWAZULU-NATAL GOVERNMENT HERALDS NEW ERA IN INFRASTRUCTURE FINANCE AS IT SIGNS A LANDMARK AGREEMENT WITH A GIANT FINANCIAL INSTITUTION

PREMIER ZIKALALA AND MEC DUBE-NCUBE ADDRESS STAKEHOLDERS IN THE PUBLIC AND PRIVATE SECTOR PROCUREMENT FORUM

TREASURY VOTE 6 BUDGET SPEECH

FOCUS: VOTE 6



KWAZULU-NATAL PROVINCE
TREASURY
REPUBLIC OF SOUTH AFRICA



KWAZULU-NATAL GOVERNMENT HERALDS NEW ERA IN INFRASTRUCTURE FINANCE AS IT SIGNS A LANDMARK AGREEMENT WITH A GIANT FINANCIAL INSTITUTION



Premier Sihle Zikalala, accompanied by Economic Development, Tourism and Environmental Affairs MEC, Ravi Pillay and Finance MEC Nomusa Dube-Ncube.

KwaZulu-Natal heralded a new era in infrastructure development and the financing of capital projects when the provincial government signed a landmark Memorandum of Understanding with the African Export-Import Bank (AFREXIMBANK).

Afreximbank is a reputable development financier based in Cairo, Egypt with African states and the African Development Bank as shareholders.

KwaZulu-Natal Premier Sihle Zikalala, accompanied by Economic Development, Tourism and Environmental Affairs MEC, Ravi Pillay and Finance MEC Nomusa Dube-Ncube who is Leader of Government Business signed, virtually, the ground-breaking MOU. The MOU will see high-level co-operation between the two parties and is a culmination of over two years of groundwork between the Province and Afrixembank.

The agreement will see the giant bank channelling billions of rands to finance infrastructure projects within the province. Different projects to the value of more than R20 billion have already been presented by KwaZulu-Natal for consideration and funding by the bank.

The agreement will also see the bank partnering with KZN in the marketing of export opportunities on the African continent.

Speaking at the signing of the MOU, Premier Zikalala said the MOU between the KwaZulu Natal Provincial Government and the AFREXIMBANK) was a very significant milestone that opens opportunities for both the private and public sectors to increase trade across the continent.

"We welcome this opportunity to work closely with the AfreximBank which will see our state-owned enterprises improving their capacity to move into the rest of Africa to invest and to seek and strengthen partnerships", remarked the Premier.

Premier Zikalala emphasised that the event was a significant beginning in economic relations between

KwaZulu-Natal and fellow cities, provinces and countries on the continent. He said this was a day when the province set sail on a ship that is AfreximBank with its four strategic pillars which are to:

- **Promote Intra-African Trade,**
- **Facilitate Industrialization and Export Development,**
- **Strengthen Trade Finance Leadership and**
- **Improve Financial Performance and Soundness.**

"We join hands with one of the most reliable partners in the AfreximBank, the Pan-African multilateral financial institution with the mandate of financing and promoting intra-and extra-African trade. As stated in the MOU, KZN will collaborate with AfreximBank on the promotion of joint projects and opening opportunities for organisations like Dube Trade Port and Richards Bay Industrial Deelopment Zone".

Premier Zikalala said this will include providing projects for finance and facilitation by the Bank. The Bank will become an important financial services partner for eligible public and private sector trade and trade enabling infrastructure transactions in the province.

"According to the agreement the Bank will consider supporting events such as the KZN Export Week or similar events hosted by the Province. We look to the Bank to play its part in showcasing the Province as investment-centric with opportunities in multi-sectors for investors to make foreign direct investments to the Province," he said.

AFREXIMBANK was established in October 1993 and is owned by African governments, the African Development Bank and other African multilateral financial institutions as well as African and non-African public and private investors.



Premier Sihle Zikalala and MEC Nomusa Dube-Ncube addressed stakeholders who attended the procurement forum

The Premier of KwaZulu-Natal, Mr. Sihle Zikalala and MEC Nomusa Dube-Ncube, attended activities that should be used as a foundation to sustain a new trajectory of socio-economic development.

These activities anchored the programme of action on the rebuilding of the economy following the outbreak of COVID-19.

The MEC for Finance, who is also the Leader of Government Business, Nomusa Dube-Ncube addressed stakeholders in the public and private sector. The Public Sector Procurement Forum was organized jointly by Proudly South Africa and Provincial Treasury.

She reiterated the commitment of the government, led by Premier Sihle Zikalala, to use procurement spend as a vehicle to transform the provincial economy in view of the fact that the pandemic has destroyed the economy resulting in a worse economic downturn.

In particular, she affirmed the determination of Provincial Treasury, as a custodian of procurement and supply chain management system, to ensure that all government departments and public entities, procure products and services from emerging entrepreneurs. These include SMMEs and Co-operatives across the province.

According to her, the marginalized members of society, must benefit from R133 billion

provincial budget allocated to all government departments and entities.

Building on the State of the Province Address, she is of the view that accelerating access to economic opportunities is the only solution to addressing chronic poverty. She has described poverty as the most serious threat to our democracy and an impediment towards building a prosperous future of our province and the country.

By and large, all government service delivery programmes and interventions in the building of our economy is premised on the underlying desire to fight, eradicate poverty and build a better future.

Critically, "ensuring unity and building a better future, should be a collective effort," according to Premier Sihle Zikalala.

Speaking to national editors recently, Premier Zikalala singled out the media as an important cog in the wheel of democracy.

He reasoned that members of the fourth estate are a bridge linking government to the people of this province - the Republic of South Africa and the globe.

In addition, he articulated plans for the rollout of government's Economic Reconstruction and Transformation Plan.

He called on the media to continue with their constructive criticism. He

encouraged journalists to analyse and report on the work of government without fear or favour. He challenged them to hold government accountable in relation to the implementation of this economic recovery plan.

Premier Zikalala's message, that a divided leadership will never achieve prosperity, was well received. Undoubtedly, this message remains a take-away for key stakeholders and members of the public who attended this open session.

It is true that a united leadership is critical in eradicating unemployment created by poverty. A divided leadership is recipe for stagnation.

In addition, poverty is a major contributor to deaths due to preventable diseases. It creates a vicious cycle of hunger across different generations. It also contributes to social instability such as crime, moral decay and compounds the impact of under-development.

It is therefore commendable that the two leaders reaffirmed government's focus on the elimination of all the root causes of poverty.

Importantly, it is critical to note that they have invited each and every citizen to join KZN government on a journey to create a prosperous South Africa with an equal society.

They say a journey of thousands miles begins with one step.

TREASURY VOTE 6 BUDGET SPEECH

On 14 May, KZN MEC for Finance, Hon. Nomusa Dube-Ncube tabled the Treasury's - Vote 6 Budget at the Provincial Legislature.



MEC Nomusa Dube-Ncube says Provincial Treasury will strive to strengthen the capacity of Treasury to be a catalyst of service delivery and a champion of good governance.

MEC Dube-Ncube said this while speaking at the KZN Legislature in Pietermaritzburg as she tabled the Provincial Treasury's 2021/22 Budget of R653.845 million.

In the current financial year, MEC Dube-Ncube said, more work will be geared towards enabling every department, every entity and every municipality to ensure that the people of this province have a share in the socio-economic progress of the country.

She said that Budget Vote 6 represents government's efforts to ensure that the resources of the province are used for the advancement of all communities. The equitable distribution of resources and the eradication of poverty are key elements of a democratic society.

"We want 2021 to be a year that does not just come and go. But this will be a year in which we leave an indelible mark on the soul of the people of this province because of the work that we do," said MEC Dube-Ncube.

Speaking on the weakened economy, the MEC said: "like the Provincial Budget Speech, we once again present the 2021/2022 Provincial Treasury Budget under challenging economic conditions. The year ahead places before us some difficult challenges which will undoubtedly be addressed through our collective efforts as members of this house."

She reiterated that the broad principles that should govern government's response to the economic challenges should include avoiding the risk of unfairly placing the burden of the downturn on the poor and vulnerable.

"In this regard, Provincial Treasury will play a leading role in ensuring that this government is enabled to minimize the negative impact of economic challenges created by COVID-19," said MEC Nomusa Dube-Ncube.

"Vote 6 represents government's efforts to ensure that the resources of the province are used for the advancement of all communities."

PROVINCIAL TREASURY'S COMMITMENT

The department's focus in the 2021/2022 financial year will therefore be directed towards the following fundamentals:

- The Auditor General's Report will form the basis of our support we give to departments and municipalities;
- Embed internal controls and processes, addressing audit matters within Departments, Municipalities and Public Entities while ensuring long term sustainability of audit improvements and successes;
- Take effective steps towards the elimination of fraud and corruption in government;
- Ensure transparent and fair Supply Chain Management practices;
- Focus on the enhancement of Broad-Based Black Economic Empowerment (B-BBEE) through effective Supply Chain Management policies;
- Monitoring and review of all Covid-19 emergency procurement incurred by Departments, Public Entities and Municipalities;
- Ensure on-budget spending (in all Departments and Public Entities) through effective in-year monitoring of expenditure and sound cash management;
- Maintain the present favourable provincial cash position;
- Enhance support to Municipalities and Public Entities to encourage prudence in financial management;
- Provide further assistance to Departments, Public Entities and Municipalities to unlock stagnant infrastructure projects;
- Work with professional bodies and recognized accounting organizations in pursuit of clean governance and financial management within both government and the private sector. It is through the vigilance and maintenance of professional standards and integrity that we will be able to out-root the dirty apples in our midst.

REVENUE

Departmental receipts collection – R414.271 Million (Up from R388.862 Million in 2020/2021): 6.53% increase. The bulk of Provincial Treasury's revenue is the interest earned from the provincial bank accounts. This relates mainly to interest received by the Provincial Revenue Fund on daily positive bank balances in the Inter-governmental Cash Coordinating (IGCC) account at the Reserve Bank.

To maximise interest, withdrawals from this account are made only when cash is needed. The improvement in collection against this category is due to the collective implementation of both cash blocking and cost-cutting measures by Departments.

Treasury has taken a decision to identify more revenue streams to ensure that money collected is used for the construction of roads, houses and to ensure the provision of quality education, health, welfare services, water and electricity.

Treasury will work with the Department for Transport to ensure that the province retains vehicle license renewals and registrations revenue.

Gaming and Betting including some tourism facilities are other avenues that presents revenue streams that the province must access to raise more money for service delivery.





GM, Public Finance: Mrs Tanya Stielau

To say that this year was a roller coaster ride, is an understatement. Never before was the budget landscape as difficult to manoeuvre as this year, largely due to the impact of Covid-19.

The pandemic caused a lot of anxiety on a personal level, but also had an impact on the country's economy, and also required a significant reconfiguration of the provincial budget to ensure that there were funds provided, particularly to those departments at the coal-face of the provincial response.

These departments were mainly Health who needed funds to ensure that the healthcare system was ready with the necessary infrastructure, equipment (such as ventilators), as well as adequate medical staff.



Education required additional funds to allow for social distanced learning through the provision of mobile classrooms to provide more space, but also the provision of screens for learners who sat in close proximity of each other. Funds were also needed to provide for screeners and cleaners at schools, for sanitizers, masks and to provide adequate water and sanitation facilities, among others.

Social Development's response included the provision of food parcels to families affected by the pandemic in as far as employment was concerned, as well as providing shelter to the homeless.



There were no additional resources given by National Treasury for this response but, instead, the province had to find R6.2 billion from within the provincial budget to ensure there were adequate resources.

This was no easy task, as the provincial budget was already constrained due to National Treasury's fiscal consolidation budget cuts over the past few years.

Nonetheless, the Public Finance unit rose to the challenge, rolled up their sleeves and did what they did best – they faced this mammoth challenge as a Team. Every single member of the Team played an invaluable role in sourcing the funds that were needed, and all of this happened under tight timelines as the first wave of the pandemic swept across the country.

The term "burning the midnight oil" was most familiar during this time.

There was no time to wait, there were literally lives at stake and failure was not an option. This hard work culminated in a Special Adjustments Budget being tabled in the Provincial Legislature by the MEC for Finance on 23 July 2020.

The months that followed, required that the Team reports to National Treasury on the provincial response to the pandemic and no less than 32 such reports were prepared and submitted on time. Initially the reports had to be prepared weekly, and later monthly.

This year also saw the province preparing not just a Second Adjustments Budget (which was the usual Adjustments Budget which is prepared for tabling in the Provincial Legislature in November), but also a Third and a Fourth Adjustments Budget, with the latter two relating to a provincial budget amendment to move funds from various departments to assist the Department of Education with their spending pressures, as well as the allocation of funds from National Treasury towards the Education Infrastructure grant, respectively.

Both these happened under severe time pressures as they had to be finalized in the last few days of March to ensure they were passed by the Provincial Legislature before the end of the 2020/21 financial year. All these processes required the preparation of budget documentation, budget speeches and Appropriation Bills (these are translated internally by this able Team into Zulu and Afrikaans).

Besides the Adjustments Budget, the Team also had to prepare the Main Budget for the 2021/22 MTEF and this was tabled in the Provincial Legislature by the MEC for Finance on 9 March 2021.

As a result of the impact that Covid-19 had on the country's economy, this budget process saw major budget cuts implemented against the provinces as an economic downturn means that there are fewer resources available to fund government activities.

A budget prepared under tight fiscal circumstances is always more difficult to prepare than one that it prepared in a year of plenty. Many difficult decisions had to be made by the Ministers' Committee on the Budget and the Provincial Executive Council in terms of these budget cuts, and the outcome of these decisions had to be carefully and accurately captured in the budget documentation. The Public Finance Team worked from home for the bulk of this financial year

and rose to the occasion with grace and untold dedication. Not only were the usual deadlines and processes managed this year, but there were many more responsibilities that were sent our way.

Despite all that was expected from the Team, there was never a moment when milestones were not met.

Expectations of this Team were higher than ever before, but they refused to let the people of this province down. The Team put their shoulders to the wheel, kept their eyes on the goal and kept pushing, not resting until all the work was done, until all the t's were crossed, and all the i's were dotted.

The Team encouraged each other throughout the year and supported each other as the heavy work burden and the stress of constantly being on high alert to avoid infection by the virus sometimes knocked our resolve. Encouragement happened in many ways, but

one of the most constant was through a work whatsapp group where, besides the reminders and directions regarding work, there was also jesting and birthday wishes and smiles and laughs shared. These brightened our days and gave us the strength and the courage to carry on.

As the Chief Director responsible for this unit, I glow with pride when I talk about this Team. We are a diverse and dedicated group of people. We work hard together, we laugh together and we cry together and we refuse to give up. The dedication shown this year, despite much hardship and pressure, was second to none and deserves applause.

“A budget prepared under tight fiscal circumstances is always more difficult to prepare than one that it prepared in a year of plenty.”

IT IMPLEMENTS WIRELESS CONNECTIVITY IN THE DEPARTMENT TO SAVE COSTS AND REDUCE CARBON FOOTPRINT

The Information Technology Management unit has two main focus areas. It has an inward focus which is concerned with supporting the department in meeting its' strategic objectives.

This is achieved by providing quality IT services to all staff on a reliable IT network and server infrastructure. An IT Governance Framework is in place to ensure that the delivery of services are underpinned by good governance and compliance to all relevant IT legislation. IT also has an outward focus to ensure that the department remains at the forefront of technology and innovation.

The mandate of IT is then to embark on projects that enable business to move forward in an ever changing technology landscape. To this end, IT has recently undertaken a project to implement Wireless Technology at the department's three sites. This would allow users to be more mobile and reduce the need for wired connections.

Eventually the department will realise savings due to a reduced need for cabling. The initiative also reduces our carbon footprint as less equipment is needed whilst minimising downtime.

The services provided by the IT unit is highly visible and it is only through the dedication and hard work of the IT team that we are able to deliver on our mandate and exceed expectations.



Mr. Joshua Moses: IT

EXPENDITURE PER TREASURY PROGRAMME

**PROGRAMME 1: ADMINISTRATION R210.078 MILLION
(DOWN FROM R215.771 MILLION IN 2020/21)**

The decrease of 2.6% in the allocation is mainly due to wage freeze and fiscal consolidation budget cuts.

This Programme is responsible for the executive and strategic functions of the department and includes the overall managerial and corporate responsibilities of Provincial Treasury.

Operation Sukuma Sakhe (OSS)

Due to job losses and trail of destruction left by COVID-19, many households - orphans, the senior citizens, remain hungry despite the fact that there are government services that are meant to assist them.

An integrated approach involving all government departments and local communities will be used to ease the burden of suffering for the intended beneficiaries of government services. This is what Sukuma Sakhe is all about.

Other social responsibility programmes to be undertaken by myself and HOD will include:

Community Outreach and Social Responsibility

- Donation of school uniforms, used computers and other resources to needy learners identified through War Rooms;
- Assisting drought-stricken areas by providing tanked water supply at 7 schools.
- Lobby sponsorship for school infrastructure development and repairs; and
- Working with the Department of Social Development to assist accredited NGOs, with a focus on orphans and the elderly.

District Development Model (DDM)

Combined with Operation Sukuma Sakhe, this model is helping in bridging the gap between the provincial government and people on the ground. As Treasury we will continue to participate in many committees linked to the model such as Technical and Political Hub.

Youth Programme

This programme resides with the Office of the Premier and links up with Treasury through Intergovernmental Relations. The programme seeks to forge synergy and integration of initiatives by departments to advance youth development in the province by ensuring that youth become active participants in government initiatives culminating in a Youth Parliament and implementation of resolutions thereof.

Expanding the pool of financial skills in Provincial Government

Provincial Treasury received accreditation from the South African Institute of Chartered Accountants (SAICA) as a training office in December 2015.

In January 2021, this department welcomed a further three trainee Chartered Accountants, making a total of eighteen in the programme, eleven of whom are currently undergoing training towards becoming Chartered Accountants (CA), and seven who have been successfully signed off as Public Service trained Chartered Accountants and who are currently within an internal three year Management Development Programme.



EXPENDITURE PER TREASURY PROGRAMME

PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT – R55.396 MILLION (UP FROM 2020/21 APPROPRIATION OF R49.984 MILLION)

The 10.8% increase in the programme is primarily due to the shift of the sub-programme Public, Private Partnerships (PPP) from programme 3 to Programme 2.

Sustainable Fiscal Resources – Public Finance

The Public Finance unit will also continue to report to National Treasury on the monthly spending patterns of the province, and will also provide monthly reports indicating the provincial Covid-19 response. As mentioned in the provincial budget speech, the provincial budget includes a provision for the roll-out of the Covid-19 vaccine with funding provided to cover costs associated with the administration of the vaccine programme, including service delivery costs and vaccine administering related supplies (such as syringes and swabs).

Provincial Treasury will continue to strive to ensure that departments and public entities comply with the PFMA and Treasury Regulations, various Treasury Circulars, Instruction Notes and Directives. Provincial Treasury will continue to support all departments in the management of their financial and fiscal resources.

Infrastructure and Economic Analysis

The Infrastructure and IDMS teams will continue to engage National Treasury and ensure that all provincial departments, maximise their investment in public sector infrastructure. This will involve ensuring that infrastructure planning preparations adhere to relevant legislative requirements, in particular the DORA, the National Treasury Instruction No. 03 of 2019/2020 Framework for Infrastructure Delivery and Procurement Management (FIDPM) and the KZN Provincial Treasury Circular No PT/INFR (1) of 2021/22.

Additional engagements and support will continue to be provided to Departments of Health and Education to maximise their infrastructure allocations.

Public, Private Partnerships

The Public-Private Partnerships (PPP) Unit will continue to build capacity in Departments and Municipalities in identifying and advising in the management of PPP projects.

The feasibility study report for the Inkosi Albert Luthuli Central Hospital (IALCH) was completed and approved by the Provincial Executive Council. National Treasury Approvals for the Feasibility study was obtained during the 2020/21 financial year. A tender process to appoint a private party has been initiated with the Request for Qualification tendering and evaluation process completed.

This Unit will continue assisting with the ILembe Siza Water Concession Contract. The former Borough of Dolphin Coast entered into a concession agreement with Siza Water Proprietary Limited (Siza Water) for the supply of water and sanitation services to a defined concession area within the municipality.

The Unit will also advise the City of uMhlathuze on its proposed PPP in relation to waste water treatment and its reuse. The feasibility study for this project has been completed, Treasury views and recommendations for the Feasibility study has been obtained.

The KwaDukuza Municipality identified the need to procure the most cost effective service delivery mechanism in respect of refuse removal. A team of Transaction Advisors have been appointed to assist the municipality in undertaking Section 78 investigations.

Treasury Views and Recommendation 1 (TVR1) for the project were received from National Treasury during 2016/17. All necessary approvals and Views and Recommendations were obtained (TVR2 and TVR3). The Municipality has recently concluded a Twelve (12) year concession contract with Dolphin Coast Waste Management having followed the requirements of section 33 of the Municipal Finance Management Act. The PPP unit will continue to provide its technical supporting, monitoring and evaluation of the current concession contract.

EXPENDITURE PER TREASURY PROGRAMME

PROGRAMME 3: FINANCIAL GOVERNANCE – R200.057 MILLION (DOWN FROM R219.783 MILLION IN 2020/21)

The decrease of 8.9% is largely due to the shift of the sub-programme PPP from programme 3 to programme 2 as well as the enforced budget cuts applied to all programmes due to the National funding requirements of the Covid 19 pandemic.

Accounting Services Sub-Programme

The Accounting Services Unit will continue to play a significant role in the implementation of the province-wide, multi-level PFMA Audit Readiness Financial Management Support Plan that has been developed to achieve the broad and overarching goal of improved financial management practices and the achievement of 90% unqualified audit outcomes by 2024. The improvement of the effectiveness of financial management in the province remains a priority towards the attainment of improved audit outcomes.

The Sub-Programme provides support to Departments in terms of:

- Operation "Pay-On-Time": A dedicated "Operation Pay-on-Time" team is available to support SMMEs in particular with resolving payment disputes that arise and reporting to National Treasury on compliance with Instruction Note No. 34;
- Inter-Governmental Debt Management: Assistance with the reconciliation of Inter-Departmental Accounts and Municipal Debt Recovery.

Supporting and Interlinked Financial Systems Sub-Programme

The Sub-Programme remains committed to provide optimal protection through the use of the Biometric Access Control System (BACS) to both BAS and Persal transversal systems, thus mitigating any financial loss to the province. The department is in the process of reviewing the current BACS architecture with SITA because with evolving technologies, failure to conduct the review exercise may expose the province to financial losses.

The Unit will be instrumental in the implementation of the invoice tracking system in the province and its integration with other financial systems. The integration is critical for consistence and integrity on financial reporting.

Norms and Standard Sub-Programme

The unit will continue to provide strategic support to departments, municipalities and entities by focusing on the review and development of critical finance related policies, instruction notes and standard operating procedure guidelines.

The unit will endeavor to place greater emphasis on its compliance monitoring and evaluation function to assess financial management compliance and institute remedial measures, where necessary.

The unit will moreover continue to assist departments with addressing audit queries relating to policies & procedures as highlighted by the Auditor-General. Condonation of Irregular Expenditure

The teams managing the Sub-Programmes of Accounting Services and Supply Chain Management will continue to assist with the reduction in irregular expenditure through a process of condonation in compliance with Instruction Note No. 2 of 2019/2020. These Units are instrumental in the implementation of the Instruction Note, which further regulates irregular expenditure for institutions subject to the PFMA as set out in the Irregular Expenditure Framework.

The eleventh consecutive clean audit of Vote 6 and the Provincial Revenue Fund bear testimony to our commitment and adherence to sound financial management prescripts.



EXPENDITURE PER TREASURY PROGRAMME

Provincial Supply Chain Management Unit (SCM)

The Provincial Supply Chain Management Unit continues to streamline and re-align its strategic objectives to focus mainly on improved audit outcomes, reduction of irregular expenditure, contract management, economic transformation and policy development and training.

The Specialised Unit within Provincial SCM monitors the implementation of economic transformation in the Province by vetting specifications prior to advertisements, to ensure the use of Regulation 4, 8 and 9 of the PPPFA to ensure targeted procurement is achieved. The Unit also reviews procurement plans of all departments and entities, to ensure transformation in all bids. The Unit is a key member of the Operation Vula Task Team.

The Unit continues to monitor progress and maintenance of vetted contract registers at Local Government level. Where municipalities are found lacking, the Unit provides support in updating and compiling specific contract registers.



CFO: Mr. Thabani Ndlovu

PROGRAMME 4: INTERNAL AUDIT – R107.237 MILLION (DOWN FROM R156.495 MILLION IN 2020/21)

The baseline decrease of 31.4% is mainly due to the function shift of the Forensic unit to the Office of the Premier as well as the compulsory budget cuts imposed on all provincial departments.

Assurance Services

Assurance Services is the sub-programme within the internal audit unit that is responsible for providing the independent and objective assurance on the adequacy and effectiveness of controls implemented across the various provincial departments.

The provincial internal audit framework has been developed to set out governance system appropriate for the sub-programme operations as a shared service, which may also be adopted by the hybrid departments as soon as they are ready to establish their own internal audit functions. The framework promotes standardization of audit methodologies, audit management systems, reporting processes, effective coordination of assurance effort with various governance stakeholders as well as functional structures and alignment of strategies.

A review will be conducted on the Annual Financial Statements for all provincial departments prior to submission to the Auditor General. PIAS will also conduct reviews on the compliance to Supply Chain Management prescripts in order to assist Departments identify any areas of non-compliance that may lead to irregular expenditure and/or fruitless and wasteful expenditure.



The Internal Audit Unit ensures adequacy and effectiveness of controls implemented across various provincial departments. Mrs Mapule Radebe is no longer with Provincial Treasury.

EXPENDITURE PER TREASURY PROGRAMME

PROGRAMME 5: MUNICIPAL FINANCIAL MANAGEMENT R81.077 MILLION (UP FROM R76.730 MILLION 2020/21)

The KZN Provincial Treasury as well as the KZN CoGTA have important roles to undertake supporting municipalities improve their audit outcomes. KZN CoGTA is responsible for improving governance within municipalities which provides the foundation for the Provincial Treasury to effectively deliver financial management support.

The departments operate using a collaborative approach which is aimed at assisting municipalities in improving their audit outcomes and building capacity where required through the efficient use of financial and human resources.

The increase in budget allocation for the Municipal Finance Management unit is due to additional funding from National Treasury to build capacity with the Provincial Treasuries.

This Municipal Revenue and debt management sub-programme is being phased-in from the 2021/22 financial year and is aimed at providing technical support to selected municipalities to assist them in improving revenue and debt management processes and controls. Funds have been set aside to fill critical vacancies on the revised organizational structure which was approved in August 2020.

The Municipal Budget sub-programme will continue to focus on enhancing the technical support to capacitate delegated municipalities on the preparation of multi-year budgets with the objective of improving the funding position of the delegated municipalities' budget.

The ongoing engagements with the senior management at the municipalities and formalised feedback on the budget assessments provided to municipalities are also aimed at promoting realistic and funded municipal budgets. With the current ongoing implementation of mSCOA, more focus will be placed on capacitating delegated municipalities to improve the quality of the data strings (financial information from the municipalities' financial system).



Is the 12th Clean Audit Report loading?

Expectations are high that KZN Treasury continues to do what they do best – receiving clean audit outcomes.

All ears will be on the announcement of the Auditor-General (A-G), Ms Tsakani Maluleke, in two months when she pronounces on the provincial government departments' audit outcomes.

The Provincial Treasury will be expected to continue with its streak by adding the 12th stripe in the tally of eleven undisputed consecutive clean audit outcomes. The A-G is currently in the process of auditing provincial government departments' financial statements, and the audit outcomes are due in July.

With the KZN Treasury setting its bar high – to be the centre of excellence in financial management – it has become common cause that the department achieves clean audit reports every (financial) year.

The two-month nail-biting period for departments will culminate to the announcement of audit outcomes by A-G Maluleke. The announcement will indicate if departments adhere to the rules of proper financial management and good governance or not.

The Public Finance Management Act prescribes how government departments and public entities should manage public funds. Government departments are required to stay on budget. Neither over-expenditure nor under-expenditure is an option. The Provincial Treasury has continued to put its money where its mouth is. Further, the department ensures that the rand goes an extra mile.

SEXUAL HARASSMENT IN THE WORKPLACE

(An opinion from the labour desk. 1st Quarter employee relations article for 2021/22 Financial Year). MH Ngcobo

The previous article (4th Quarter 20/21) covered 'unfair discrimination claims arising from employer/employee relationship. This article focuses on sexual harassment. Even though this article was covered a couple of times in the past, a need has been felt that such be covered again. Moreover, DPSA requires that the public service departments do more awareness campaigns/activities around the issue of sexual harassment in the workplace.

A point of departure should be section 6(1) of the Employment Equity Act 55 of 1998 (EEA) that deals with the prohibition of unfair discrimination which stipulates as follows: "no person may unfairly discriminate, directly or indirectly, against an employee, in any employment policy or practice, on one or more grounds, including race, gender, sex, pregnancy, marital status, family responsibility, ethnic or social origin, colour, sexual orientation, age, disability, religion, HIV status, conscience, belief, political opinion, culture, language, birth or on any other arbitrary ground". The EEA at s 6(3) stipulates that "harassment of an employee is a form of unfair discrimination and is prohibited on any one, or a combination of grounds of unfair discrimination listed in subsection (1)" of the EEA.

Sexual harassment is an unwelcome sexual advance, unwelcome request for sexual favours or other unwelcome conduct of a sexual nature which makes a person feel offended and/or intimidated, where a reasonable person would anticipate that reaction in the circumstances. Sexual harassment is unlawful, and it is unlawful as well for a person to be victimized for making, or proposing to make, a complaint of sexual harassment to the relevant authorities

<https://humanrights.gov.au/our-work/sexual-harassment-workplace-legal-definition-sex...>

Sexual harassment conduct/incidents may be physical, verbal or non-verbal, or a combination of these (incidents):

Physical conduct/incidents:

- Unwelcome physical contact including patting, pinching, stroking, kissing, hugging, fondling, or

inappropriate touching;

- Physical violence, including sexual assault;
 - Physical contact, e.g. touching, pinching, grabbing;
 - The use of job-related threats or rewards to solicit sexual favours.
- ### Verbal conduct/incidents:
- Comments on a worker's appearance, age, private life, etc.;
 - Sexual comments, stories and jokes;
 - Sexual advances;
 - Repeated unwanted social invitations for dates or physical intimacy;
 - Insults based on the sex of the worker;
 - Condescending or paternalistic remarks;
 - Sending sexually explicit messages (by phone or by email).
- ### Non-verbal conduct/incidents:
- Display of sexually explicit or suggestive material;
 - Sexually-suggestive gestures;
 - Whistling;
 - Leering.

How to handle sexual harassment: you must inform the harasser (verbally or in writing) that you do not like what they are doing to you (this constitutes informal procedure). If they persist, you must report it to your immediate supervisor and/or head of your business unit. If that does not help, report the incident/s formally directly to the Director: Human Resources or Employee Relations Sub Directorate within the Directorate: Human Resources for them to institute appropriate proceedings/actions against the harasser (in terms of the Disciplinary Code and Procedure for the Public Service, i.e. the PSCBC Resolution 1 of 2003). It is very important for you to have taken detailed notes of the dates, times, and nature of the incidents when such (incidents) occur.

S 60 of the EEA deals with the liability of employer in contravention of a provision of the EEA. At s 60(1), (2), and (3) enjoins the employer to eliminate any conduct which contravenes a provision of the EEA. For instance, in *Ntsabo v Real Security CC*, a female employee was sexually harassed by her senior and she reported the matter to her Employer. The Employer did not do anything about the (reported) matter, resulting in the employee resigning.

The employee developed suicidal tendencies and acute psychological symptoms set for which she had to be hospitalized. The Labour Court held that, for the purposes of the EEA, failure of the Employer to attend to the problem brings the whole issue within the bounds of discrimination based on sexual harassment. As such, the Court ruled, in addition to sexual harassment, that her resignation was regarded as unfair dismissal.

Consequently, the Court ordered the Employer to pay the employee an amount of R12 000.00 in respect of unfair dismissal, an amount of R20 000.00 for future medical costs, an amount of R50 000.00 for general damages including indignity and abuse/insult, and to pay for the costs of the Court application. In conclusion, it is of utmost importance that employers protect their employees from any form of harassment in the workplace (sexual harassment and general harassment of an employee).

General employee harassment in the workplace is a topic that needs to be covered on its own.

"Sexual harassment is an unwelcome sexual advance, unwelcome request for sexual favours or other unwelcome conduct of a sexual nature"



“Let us celebrate the strides made by African countries in fighting poverty, growing their economies and opening access to the mainstream economy for all.”
- MEC Nomusa Dube Ncube



GALLERY: SIGNING OF MOU BETWEEN KWAZULU-NATAL AND AFREMIX BANK

