



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT

2021/22 FINANCIAL YEAR

We Innovate Through Smart Planning | Sithuthukisa Ngokuzihlela

GROWING KWAZULU-NATAL TOGETHER



KWAZULU-NATAL PROVINCE

TREASURY
REPUBLIC OF SOUTH AFRICA

Title of Publications:

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REPUBLIC OF SOUTH AFRICA

KWAZULU-NATAL PROVINCIAL TREASURY VOTE: 6

KWAZULU-NATAL PROVINCIAL TREASURY



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PROGRAMME 1: Administration



Provincial Accountant General
Mr S Moodley



Chief Financial Officer
Mr IT Ndlovu



Head of Ministry
Ms M Mbodla



Chief Director
Corporate Services
Ms INN Zwane - Dlomo



Director
Special Projects
Mr M Phakathi



Director
Information Technology
Dr C Rajah



Director
Inter-Governmental Relations
Ms R Smith Peterson



Director
Human Resources Management
Ms K Chetty



Director
Legal Services
Mr N Nkomo



Director
Auxiliary Services
Mr EVN Xulu



Director
Corporate Communications
Mr M Cebisa



Director
SCM, Asset Management &
Loss Control
Ms A Zondo



Director
Financial Management
Ms R Gwala



Director
Security Services
Ms N Zulu



Director
VACANT



Director
VACANT

PROGRAMME 2: Fiscal Resources Management



Deputy Director General
Fiscal Resources Management
Ms N Shezi



Chief Director
Public Finance
Ms T Stielau



Chief Director
Public Private Partnerships
Ms T Kankqu



Chief Director
Economic Analysis and
Infrastructure Management
Vacant



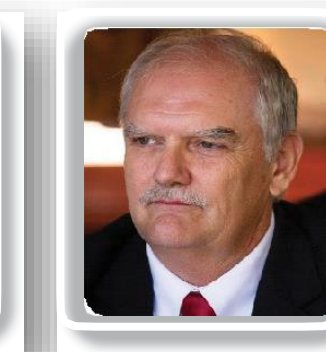
Director
Provincial Budget
Management
Ms N Mjuza



Director
Special Advisory Support
Services
Ms L Curtis



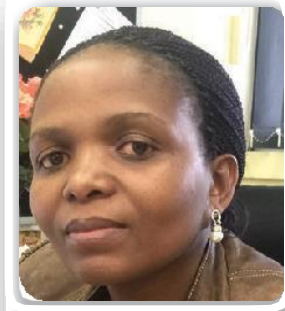
IDMS Technical
Advisors
Mr G Kanyika



IDMS Technical
Advisors
Mr T Madgwick



IDMS Technical Advisors
Mr R Kempen



Director
Infrastructure Management
Ms F Mkhize



Director
PPP Specialist Advisor
Mr KV Bezuidenhout



Director
Provincial Own Revenue
Vacant

PROGRAMME 3: Financial Governance



Chief Director
Accounting Practices
Ms A Singh



Director
Supply Chain Management
Ms L Naidoo



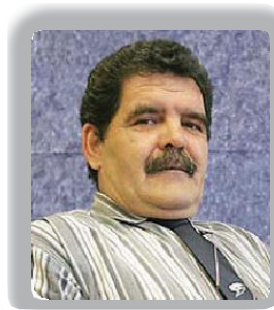
Director
SCM (Governance
and Admin Cluster)
Mr S Sphengane



Director
SCM Policy Development
and Contract Management
Ms N Kubheka



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
SCM Social Cluster
Ms T Mlawu



Director
SCM Specialised Services
Ms Z Zwane



Director
VACANT

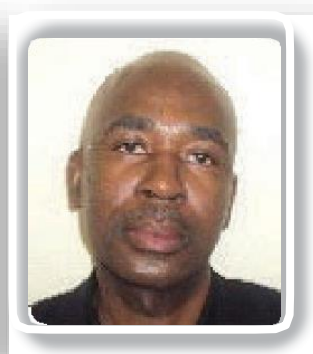


Director
VACANT

PROGRAMME 4: Internal Audit



Acting DDG
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 Finance
Mr A Soopal



Director
Municipal Finance
Mr M Ndumo



Director
Municipal Finance
Ms S Balgobind



Director
Municipal Finance
Ms K Mare



Director
Municipal Finance
Mr W Donnelly



Director
Municipal Finance
Mr N Radebe



Director
Municipal Finance
Ms R Bhagwandeem



Director
Municipal Finance
Ms K Pillay

ANNUAL REPORT

2021/22

2.3 PART A: GENERAL INFORMATION

2.3.1 DEPARTMENT GENERAL INFORMATION

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Pietermaritzburg
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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
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
EH&W	Employee Health and Wellness
EPRE	Estimate of Provincial Revenue and Expenditure
EU	European Union
FLP	Financial Literacy Programme
FMCM	Financial Management Capability Maturity Model
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
HOD	Head of Department
HRP	Human Resource Plan
IDMS	Infrastructure Delivery Management System
IDP	Integrated Development Plans
IGCC	Inter-Governmental Cash Co-ordination
IMF	International Monetary Fund
IPMP	Infrastructure Programme Management Plan
IRM	Infrastructure Reporting Model
KZNFLA	KwaZulu-Natal Financial Literacy Association
KZNPG	KwaZulu-Natal Provincial Government
LED	Local Economic Development
MBAT	Municipal Bid Appeals Tribunals
MBRR	Municipal Budget and Reporting Regulations

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

2.3.3 Foreword by the MEC of Finance



**Mrs Neliswa P Nkonyeni, MPL
KwaZulu-Natal MEC for Finance**

The financial year 2021/2022 has been one of the most challenging for the Sixth Administration with the ever-changing social and economic landscape of the Province and the country.

Provincial Treasury found itself, rightfully so, immersed in supporting departments, entities and municipalities in responding to the funding challenges that they encountered through reviewing of budgets to reprioritise spend to address the real challenges on the ground in relation to COVID 19 and the July riots and

providing advisory support in terms of preferential procurement given the Constitutional Court Ruling.

Hardly three months into the 2021/2022 financial, one of the most devastating civil unrests confronted post-democratic South Africa leaving a trail of destruction in KwaZulu-Natal and Gauteng. Our province was the most affected as business confidence tanked followed by acute haemorrhaging of jobs in an economy that was already seriously bleeding due to the Covid-19 pandemic. Thousands of livelihoods hang in the balance as a result.

This is not what this Sixth Administration had envisioned, however, the escalation of interdependent socio-economic triple challenges of poverty, inequality and unemployment became a stark reality both as a causal factor and resultant one. The province still has a long road to recovery driven by the Provincial Economy Recovery strategy which had a significant impact on several small businesses and emerging entrepreneurs which may not recovery without the relevant sector department's support.

By the end the financial year, Statistics South Africa reported devastating statistics in relation to job losses and resultant unemployment which reached unprecedented levels. The Quarterly Labour Force Survey which is a household-based survey conducted by Statistics South Africa painted both a gloomy picture and a positive one. It is now common knowledge that unemployment has almost reached 40%, however, gains were steadily observed by the end of the Fourth Quarter, where part-time job gains were able to offset full-time job losses in sectors such as agriculture and its related value chain. 2022/2023 should see the realisation of further gains given the various strategic interventions and support provided by government.

One of the most challenging tasks facing Provincial Treasury is the financial situation at municipal level. We launched 2021/2022 financial year with joint Municipal Finance Roadshows (MFRS) by

National Treasury and the Department of Co-operative Governance and Traditional Affairs aimed at reviewing the KwaZulu-Natal situation culminating into several oversight visits to various municipalities. The MFRS came at an opportune time when the local government sphere was to begin its Fifth Administration term and therefore provided an apt opportunity to conduct Integrated Councillor Induction Programme (ICIP) ensuring well informed and empowered councillors.

Several municipalities are in financial distress due to both financial and governance related shortcomings. The failure to adopt budgets or adopting unfunded budgeted, severely impacts on the ability of the municipality to service their communities. Extensive support initiatives have been provided in various municipalities to strengthen the financial management capacity and reporting thereby impacting positively on the audit outcomes. The interventions are informed by the specific challenges being experienced by each delegated municipality and in collaboration with COGTA who also play a critical role in the municipal space.

Provincial Treasury continued to support provincial departments based on the internal and external audit findings and linked to specific financial management challenges. This has resulted in a positive shift in the Departmental audit outcomes. We have pledged to reduce provincial irregular expenditure through the Condonation committee through advising the respective Departments and Public Entities on the application process and to strengthen proactively contract management which appears to be one of the key contributing factors to incurring irregular expenditure. In our pursuit to improve the lives of our people through the distribution of the public purse, we should be cognizant that this is informed by the basic human right to basic services. We must note that despite the significant drive to encourage our people to be counted during the Stats SA Census 2022, this was not achieved and is a significant threat to our provincial equitable share going forward which impacts directly on service delivery. As Provincial Treasury, we seek to enhance the KwaZulu-Natal Provincial Government service delivery mandate by the optimum allocation of financial resources and enhanced revenue generation, while ensuring that all financial transactions adhere to applicable legislation and corporate governance principles.

Competing increasing priorities with limited fiscus, national and global phenomenons such as the Russia-Ukraine War and the resultant exorbitant fuel and food prices means that the future will continue to be challenging and alternative service delivery mechanisms and funding models will need to be considered to ensure that we continue to serve our communities.



Mrs Neliswa P. Nkonyeni, MPL
KwaZulu-Natal MEC for Finance

2.3.4 INTRODUCTION BY THE HEAD OF DEPARTMENT



Mrs Carol Coetzee
Head of Department for Finance

In order to achieve 13 consecutive clean audit reports for the KwaZulu-Natal Provincial Treasury requires an exceptional team with the required expertise and commitment to manage and oversee the provincial fiscal resources.

This consistent achievement is a result of a multi-skilled team of public servants who work in unison, understanding the department's mandate to mobilise and allocate funds to the provincial departments whilst ensuring such funds are spent in line with the relevant legislative framework through excellence in financial management.

While this confirms our ability to realise our impact statement of *Credible, Accountable, and Ethical Fiscal and Financial Management Practises in the Province of KwaZulu-Natal*. It does however require further strengthening of our efforts to achieve the same clean audit outcomes in provincial departments, municipalities and public entities which must ultimately see an improvement in service delivery. In this regard, the department is well equipped to provide technical support to these public institutions in order to improve their financial outcomes.

However, clean audit outcomes, alone, are not sufficient if the 11.5 million people in this province face the reality of unfavourable socio-economic challenges presented by the poverty, unemployment and inequality in society. The recent challenges that befell this province, including the impact of the Covid-19 pandemic, resultant global economic downturn, July unrests and more recently the devastating floods, tested the resilience of the Provincial Government and required the Department to be responsive and adjust our plans to be aligned to the needs of our clients and the communities we serve.

Entrenched financial management systems and internal controls were invaluable during these testing times and through taking guidance from the Public Finance Management Act, Municipal Finance Management Act and Treasury Regulations, the department has been able to navigate a difficult path in order to achieve the majority of our Annual Performance Plan targets.

Realising the positive impact made by the cost-containment measures over the years, such measures will remain in place as it also serves as further controls in laying a solid foundation for good governance and ensuring value for money. It is noteworthy that the Provincial Treasury has put in place Supply Chain Management policies and processes that enable the department to prevent, detect and investigate Irregular Expenditure. In cases where Irregular Expenditure

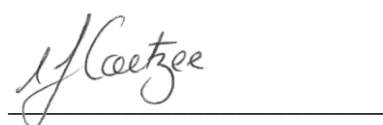
had been incurred thorough determination tests have been conducted and such cases have been reported to the Condonation Committee for consideration. This will assist in reducing wastage of public funds and holding officials accountable for non-compliance.

The department was able to achieve 74% of its targets with challenges being experienced with filling of posts with SMS women, Capacity constraint issues, delays in the Implementation of e-Leave and Invoice tracking systems and issuing of Oversight report as there were delays in the appointment of the Audit Committee amongst other things.

Linked to the performance was the financial year end position of 91% expenditure year to date with the key factors contributing to the underspend relating to the vacant positions and the related costs thereto such as tools of trade etc. Savings relating to reduced travel costs through introduction of online engagements, also contributed to the underspend at year end. Commitments totalling R141.495 million were recorded at year end and an application for rollover amounted to R11.750 million, made up of R1,069 million for CAPEX and R10 681 million from Goods and Services. Please note, the rollover request was limited to a maximum of 5% of department's payments for good and services.

It is also important to mention that good financial management, good governance and strict observance of the cost-containment measures and adherence to internal controls ensure that the provincial government ended the year with a positive bank balance. These measures will remain in place into the future as they continue to yield the desired outcomes.

I would like to thank the MEC Dube-Ncube for her support and strategic guidance throughout the year and Neli Shezi who was the Acting HOD throughout the reporting period, for her leadership and commitment to the Department. Lastly, to thank the management team and all the staff of the Provincial Treasury for their loyalty and ability to respond to our ever-changing environment in support of the provincial priorities and thereby changing the lives of our people.



Mrs C. Coetzee

Head: Provincial Treasury

2.3.5 Report of the Accounting Officer

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

Provincial Treasury (PT) received an allocation of R653,845 million in the 2021/22 financial year. During the 2021/22 adjustments this allocation was decreased to R636,893 million. The downward adjustments of R16,952 were mainly due to the suspension of funds by various programmes. A large portion of these funds have been allocated back to the Vote during the 2022/23 financial year.

The Sustainable Resource Management Programme monitored the spending and revenue collection of provincial departments and public entities against the budget, with the aim of keeping provincial spending within budget resulting in an overall preliminary unaudited year end spend of approximately 100% for the province. The 2021/22 Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE) and 2022/23 EPRE were prepared, as is the norm every year. The department reported monthly to National Treasury on the consolidated provincial expenditure on Covid-19 related expenditure and suppliers up until February 2022. The National Treasury Instruction to report on such expenditure has been subsequently been withdrawn. Provincial Own Revenue enhancement efforts were hampered by the impact that the Covid-19 pandemic had on the economy which impacted on the availability of public resources and the continued need for implementation and monitoring of the cost-cutting measures by departments and public entities.

Various tools have been implemented to support infrastructure reporting including the Infrastructure Reporting Model (IRM), the Infrastructure Delivery Management System (IDMS) and the KZN Infrastructure Master Plan (KZN-IMP) for all provincial infrastructure projects. Reports were produced on IDMS oversight monitoring and performance assessments in respect of provincial departments. The deployment of the Infrastructure Capacity Support Team continued to be a priority, although some projects were affected by the Covid-19 pandemic. Projects such as the physical condition assessment and compilation of the Generally Recognised Accounting Practice (GRAP) compliant Immovable Asset Registers at eight municipalities, as well as the assessment of various variation orders received from departments were in progress as at year-end and are anticipated to be completed by the end of the third quarter of the 2022/23 financial year.

Reports to evaluate and monitor economic trends and to support policy formulation were produced. Two research projects were undertaken, namely on the review of the Provincial Equitable Share formula and the Norms and Standards funding for the Department of Education (DOE) and an informative analysis of the provincial Socio-economic Review and Outlook (SERO) was provided. Technical and legal advice in support of all provincial Public Private Partnership (PPPs) continued to be provided as regulated by the National Treasury guidelines with challenges and delays being

reported to the relevant accounting officers for timely interventions. This area does appear to require additional support in terms of the current capacity at institutions and will be addressed in the new year. The Financial Governance Programme was able to offer support to departments in respect of payroll tax and banking functions, with a risk analysis conducted to identify any non-compliance with tax and banking legislation in an attempt to avoid fruitless and wasteful expenditure as a result of late payments. All departmental bank balances were monitored on a daily basis to ensure effective cash flow management. Excess funds were invested with the South African Reserve Bank (SARB) to ensure maximum interest was earned for the province.

The Transversal Supply Chain Management Unit 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 which were found to have unfavourable audit outcomes. In line with relevant legislative prescripts and National Treasury requirements, policy reviews were conducted and practice notes and circulars were updated. The process to obtain an exemption from the application of the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000 - PPPFA) was undertaken in order to continue with procurement processes so as to ensure that service delivery requirements were not negatively impacted on in the province. However, given that this matter arose late in February it is anticipated that there will be an increase in the quantum of rollovers as departments could not procure effectively for a period of at least 6 weeks.

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 306 cases relating to the appeals against bids that were awarded by departments in the province, while the Municipal Bid Appeals Tribunal (MBAT) received 75 cases and continued to provide active support in the hearing and facilitation of MBAT matters in municipalities.

Financial management support was provided to departments and public entities to enhance their financial accounting and reporting performance to achieve improved audit opinions. Financial management support included the deployment of officials to assist departments with updating of reconciliations and the preparation of interim and annual financial statements; including the supporting working papers of disclosure notes; updating of the asset register and technical guidance on accounting related matters. Support was provided to public entities with the review of interim and annual financial statements. The department continued to play a significant role in the PFMA audit readiness support plan to enhance financial management of departments and public entities. The

continued implementation of the operation clean audit plan has impacted on the overall improvement in the provincial PFMA audit outcomes, whereby five auditees improved their audit opinion whilst one department regressed. The audit results for the 2020/21 financial year reflected that 5 departments and 13 public entities achieved clean audits, 7 departments and 5 entities received unqualified audit reports, while 3 departments received qualified audit reports. Support to suppliers to resolve payment disputes with organs of state continued with over R45 423 934.40 being paid out through resolution mechanisms. The Irregular Expenditure condonation project also continued with the evaluation of all condonation requests in accordance with Instruction Note No.2 of 2019/20. To date transactions totalling R2,1 billion from Provincial Departments and R59m from Public Entities have been condoned.

Financial management standard operating procedures were developed as guidelines for implementation within departments, and support relating to policy development and review was provided to four public entities. Also, 14 departments and eight public entities were assessed for compliance with financial norms and standards with recommendations to enhance their financial management systems.

The department initiated the upgrade of the Biometrics Access Control System (BACS) infrastructure with the project now being managed by SITA. The planned roll out of LOGIS was initiated in April 2021 with Provincial Treasury as the custodian. Training and all system requisites has been finalised, as well as the full handover of the system support by National Treasury. The on-boarding of other provincial departments to LOGIS commenced in April 2022. Management and maintenance of BAS, BACS and HardCat functionality for all departments continued throughout the financial year with overall achievement of 97% system uptime of BACS and HardCat systems.

Following the Provincial Executive Council Resolution in December 2019 to adopt a hybrid audit model provincial Internal Audit Service (PIAS) continued consultations during the year with the identified departments to be able to take this matter further. Currently only the Department of Health that has indicated that they are ready to take over Internal Audit functions as at October 2022, and therefore PIAS will continue to service the other departments in 2022/23 while assisting departments to set up their own units.

The approved Annual Internal Audit Operational Plans, which are risk based, included transversal focus areas such as asset management and core services at the respective departments. Greater focus was also given to reviewing key financial processes with audits being conducted on key account reconciliations, audit improvement strategies, and conducting AG follow-up assessments. There were also focused reviews on the implementation of the Framework on the Mainstreaming of Vulnerable Groups across various departments. The Provincial Internal Audit Framework was approved by the Provincial Executive Council and will be rolled out in the new year.

All 14 departments, excluding the Provincial Legislature, were monitored for compliance with the minimum risk management standards as set by the Provincial Executive Council in 2015, with non-compliance escalated to the Provincial Audit and Risk Committee and the respective Executive Authorities. The revised Provincial Risk Management Framework and the Combined Assurance Framework were developed and approved by the Provincial Executive Council in June 2021. These frameworks, which outline updated minimum risk management and internal control monitoring standards, were rolled out to departments during the financial year and are expected to be continued throughout 2022/23.

The Municipal Finance programme continued to provide technical support to delegated municipalities and the preparation of both the tabled and approved budgets were monitored and feedback provided to the municipalities. Also evaluated was the municipalities' Mid-Year MFMA Section 72 report. The 2020/21 Close-out Report was prepared in respect of all 51 delegated municipalities in terms of Section 71(7) of the MFMA and provided to National Treasury and the A-G.

Sixteen AFS Review projects were conducted by the Municipal Accounting and Reporting Unit, which included six projects carried forward from the prior year. The Municipal Accounting and Reporting Unit also conducted six Financial Management Support projects.

The Municipal Support Programme (MSP) conducted seventeen pre-audit assessment projects, which included seven projects carried forward from the previous financial year. In addition, three finance experts were deployed via the Municipal Support Programme. mSCOA Advisors were appointed to monitor the implementation of mSCOA at delegated municipalities and submission of data strings to National Treasury in order to improve the quality of the reports.

The implementation of the Municipal Revenue and Debt Management sub-programme was undertaken in 2021/2022. Revenue and Debt Management pilot projects were implemented at two municipalities and these will continue into 2022/23. The pilot projects were aimed at assisting the municipalities with the review of billing for municipal services in order to improve recoverability rates and increase revenue collections.

GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The table below shows the revenue budget and collected for Provincial Treasury for the year-ending 2021/2022.

Departmental receipts	2021/22			2020/21		
	Estimate	Actual Amount Collected	Over/(Under) Collection	Estimate	Actual Amount Collected	Over/(Under) Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Tax Receipts	-	-	-	-	-	-
Sale of goods and services other than capital assets	259	340	81	232	310	74
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	413 345	227 830	(185 515)	487 998	387 692	(100 303)
Sale of capital assets	222	5	(218)	210	113	(97)
Financial transactions in assets and liabilities	445	1 402	957	422	1 196	774
Total	414 271	229 577	(184 695)	488 862	389 310	(99 552)

The actual revenue collected in the 2021/22 financial year was R229,577 million against a budget of R414 271 million, resulting in an under-collection collection at year end of R184, 695 million. The under 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 over collection of R81 thousand was mainly from the sale of hunting licences from various hunting lodges in KwaZulu-Natal. The hunting season starts from May to August every 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 R97,920 million and the Pay Master-General (PMG) accounts amounting to R129,869 million. The quantum of the interest earned by these accounts is related to the amount of cash on hand and interest rate volatility, as the IGCC account has been cash positive due to the implementation of cost-cutting measures and tight cash flow management by provincial departments. The under

collection on this category was mainly caused by the impact of the substantial budget cuts throughout the province which resulted in less cash being available to generate interest. The balance of R40 thousand relates to interest received on the staff debtors accounts.

- **Sale of capital assets** - The under-collection against this item was due to the delays in the process of auctioning old departmental vehicles. The auction was subsequently undertaken after year-end.
- **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 on this category was due to interdepartmental claims (IDA's) raised /invoiced to Ilembe District Municipality for legal representation on a security tender. These legal costs were incurred and paid in 2020/21 financial year.

Programme Expenditure

Programme Name	2021/22			2020/21		
	Final	Actual	(Over)/ Under	Final	Actual	(Over)/ Under
	Appropriation	Expenditure	Expenditure	Appropriation	Expenditure	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	213 123	183 428	29 695	175 386	164 057	11 329
Sustainable Resource Management	49 446	42 403	7 043	45 800	43 250	2 550
Financial Governance	206 787	206 265	522	180 411	178 645	1 766
Internal Audit	97 350	86 216	11 134	101 461	99 984	1 477
Municipal Finance Management	70 187	58 583	11 604	55 236	54 431	805
Total	636 893	576 895	59 998	558 294	540 367	17 927

The Main Appropriation for Provincial Treasury was R653,845 million in 2021/2022. During the year, the department's budget was decreased by a net amount of R16.952 million to R636,893 million which was appropriated during 2021/2022 Adjustments Estimate processes.

The main adjustments that led to the net decrease in the budget are summarised below:

Other adjustments:

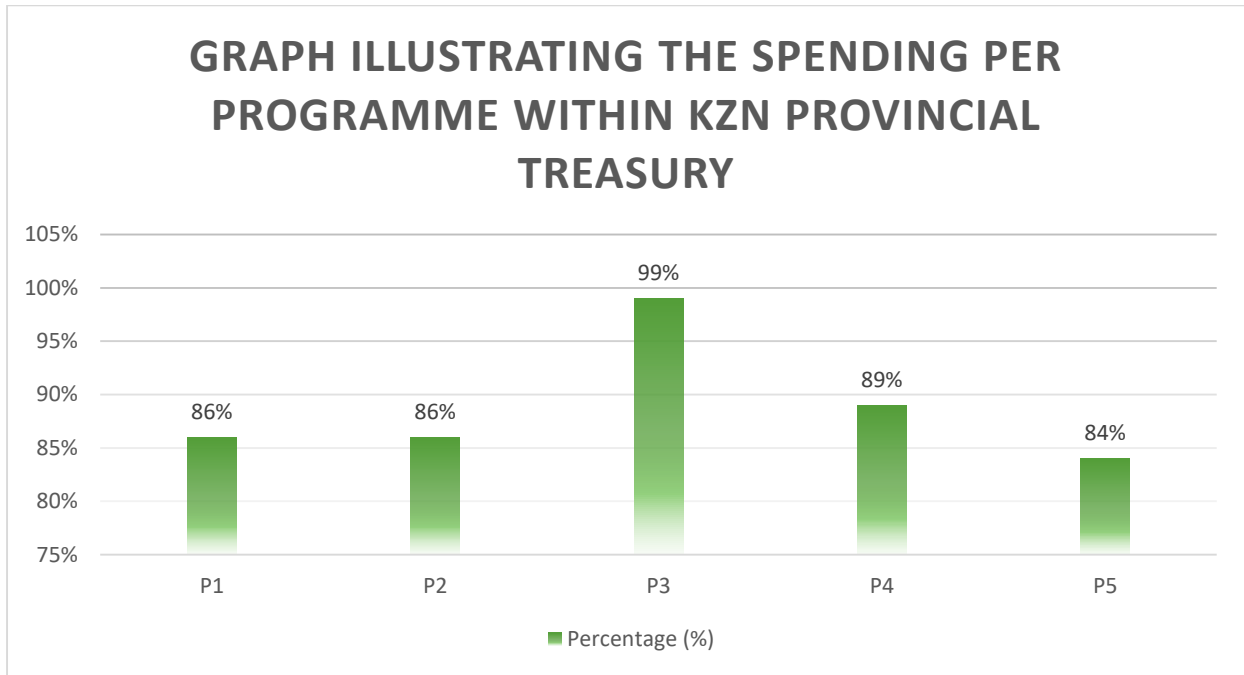
- Savings of R4,444 million was realised under various programmes within Vote 6, therefore a request was made for these funds to be suspended and be utilised in the next financial year for setting-up costs of the new office building currently in the process of being procured for the Internal Audit Unit. The procurement process of this building is expected to be finalised during the 2022/2023 MTEF period. An amount of R3,423 million was approved for suspension and the balance was retained in the Provincial Revenue Fund.
- Savings of R3,501 million was realised within the programme 4 – Internal Audit were identified, and a request for suspension was submitted in this regard. The funds will be utilised for specific projects expected to continue from 2021/2022 into the 2022/23 MTEF period. This programme experienced a number of unexpected resignations from its key contract employees resulting in a lack of resources to complete the planned internal audit projects at various Departments. A process was initiated to appoint services providers to provide the required capacity and approval was obtained for the total amount of R3,501 million to be suspended.
- Savings of R9,007 million was realised from Programme 5 – Municipal Finance for specific projects expected to continue from 2021/2022 financial year into the 2022/2023 for the provision of financial management support, MSCOA implementation and intervention initiatives for various municipalities. Approval was obtained for the total amount of R9,007 million to be suspended.

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

- Programme 1 - This programme spent 86% of the allocated budget. The substantial under-spending of (14%) was mainly due to: -
 - Delays in the filling of the vacant post of the Head of the Department and other funded posts within the other units. The programme had 34 vacancies as the end of the financial year.
 - Delays in finalization of consolidated audits as well as reduced operational costs (such as Inventory: Other supplies, Contractors) and travel and subsistence as a result of less travel due to most meetings being held virtually.
 - Further savings were also realized from the capital expenditure due to non-purchase of tools of trade in relation to the vacant funded posts not filled. Furthermore, two (2) motor vehicles ordered by the Office of the MEC were not delivered as at year-end due to global shortage of stock.
- Programme 2 - This programme spent 86% of the allocated budget. The under-spending of (14%) was mainly due to: -

- Delays in the filling of the vacant funded posts within the Programme. The programme had 16 vacancies as the end of the financial year.
- Slow spending on support services offered to other departments for infrastructure projects which is largely dependent upon requests that are received from departments/municipalities for assistance during the year. Although received, the processing of these requests were delayed due to SCM processes which took longer than anticipated. This was finalised in the last quarter of the 2021/22 financial year and purchase orders issued in late March 2022. Travel and subsistence was greatly reduced as a result of less travelling as most meetings were being held virtually.
- Programme 3 - This programme spent 99% of the allocated budget. The slight under-spending of (1%) was mainly due to: -
 - Savings from Goods and Services due to reduced operating costs.
- Programme 4 - This programme spent 89% of the allocated budget. The under-spending of (11%) was mainly due to: -
 - Delays in the filling of the vacant funded posts within the Programme. The programme had 11 vacancies as the end of the financial year.
 - Delays in appointment of service providers for agency and support services to undertake various audits for various departments; consultants and professional services (Audit Committee) and subsistence and travel due to less travel as some of the meetings with clients were held virtually.
- Programme 5 - This programme spent 84% of the allocated budget. The under-spending of (17%) was mainly due to; -
 - Delays in the filling of the vacant funded posts within the Programme which impacted the spending on Compensation of Employees. The programme had 30 vacancies as the end of the financial year.
 - Delays in appointment of service providers for agency and support services to undertake support services to various municipalities projects and travel and subsistence as some of the meetings with clients were held virtually.
 - Further savings were also realized from the capital expenditure due to non-purchase of tools of trade in relation to the vacant funded posts not filled.

Graph illustrating spending per programme.



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

- Compensation of Employees was under-spent by R24,829 million i.e. (7%) mainly due to:
 - Recruitment processes that were not finalised, as well as vacant posts that were vacated during the financial year.
- Goods and Services was under-spent by R32,434 million i.e. (12%), attributed to the following:
 - Audit fees for AFS consolidations and revenue fund audits (which delays were caused by the completion of the external audits at various institutions); delays in the appointments of service providers for agency and support services to undertake support services to various departments and municipalities as well as appointment of audit committee members.
 - Further savings were realised on items such as administrative fees; Inventory: Other supplies; Contractors; Property payments and travel and subsistence as a result of limited travel to clients as meetings were held virtually.
- Transfers and Subsidies, the spending was in line with the final budget.
- Payments for Capital Assets was under-spent at year-end by R2,653 million i.e. (20%) mainly due to the non-purchase of tools of trade in relation to the vacant funded posts not filled. Furthermore, two (2) motor vehicles ordered by the Office of the MEC were not delivered as at year-end due to global shortage of stock.

- Payment for Financial Assets, the spending was in line with the final budget.

Post-Adjustment Virements between Programmes:

R thousand	Adjusted Appropriation	POST ADJUSTMENTS APPROPRIATION			Total adjustments appropriation	Post Adjusted appropriation
		Virements	Shifts	Other adjustments		
1. Administration	213 123	-	-	-	-	213 123
2. Sustainable Resources Management	49 446	-	-	-	-	49 446
3. Financial Governance	206 787	-	-	-	-	206 787
4. Internal Audit	97 350	-	-	-	-	97 350
5. Municipal Finance Management	70 187	-	-	-	-	70 187
Total	636 893	-	-	-	-	636 893
Amount to be voted						-

- There were no post-adjustment virements undertaken between programmes, as programmes had sufficient savings to addressing spending pressures within the various units/sub-programmes. Post-adjustment virements were undertaken between sub-programmes and between economic classification.

• Post-Adjustment Virements between Economic Classification

Table 6.2: Summary by economic classification

R thousand	Adjusted Appropriation	POST ADJUSTMENTS APPROPRIATION			Total adjustments appropriation	Post Adjusted appropriation
		Virement	Shifts	Other adjustments		
Current payments	620 666	(7 616)	-	-	(7 616)	613 050
Compensation of employees	349	(7)	-	-	(7 128)	342 401
Goods and services	529	128)	-	-	(253)	270 637
Interest and rent on land	270	(253)	-	-	(235)	12
	890	(235)	-	-		
Transfers and subsidies to:	2 975	7 167	-	-	7 167	10 142
Provinces and municipalities	9	28	-	-	28	37
Departmental agencies and accounts	1	(1)	-	-	(1)	-
Non-profit institutions	294	(274)	-	-	(274)	20
Households	2	7	-	-	7 414	10 085
	671	414	-	-		
Payments for capital assets	13 252	328	-	-	328	13 580
Buildings and other fixed structures	-	-	-	-	-	-
Machinery and equipment	13	328	-	-	328	13 580
Software and other intangible assets	252	-	-	-	-	-
Payments for financial assets	-	121	-	-	121	121
Total	636 893	-	-	-	-	636 893
Amount to be voted						-

- An amount of R7,128 million was moved from *Compensation of Employees* to *Transfers and Subsidies* under *Households* to defray spending pressures due to the unanticipated staff exits costs and expenses for claims against the department in relation to labour court outcomes.
- The net decrease of R253 thousand in *Goods and Services* consists of -:
 - R39 thousand was moved to *Transfers and Subsidies: Households* to defray spending pressures due to anticipated staff exists costs.
 - R121 thousand was moved to *Payments for Financial Assets* to defray spending pressures due to irrecoverable debts written-off.
 - R328 thousand was moved to *Payments for Capital Assets* to defray spending pressures under Programme 2 and 4.
 - R235 thousand was moved from *Interest and rent on land* to defray spending pressures in Goods and Services under Programme 3.
- The net increase of R7,167 million in *Transfers and Subsidies* consists of -:
 - R7,128 million from the savings in *Compensation of Employees* was moved to *Transfers and Subsidies: Households* to defray spending pressures under this item as explained above.
 - Savings of R275 thousand from *Transfers and Subsidies: Non-Profit institutions and Departmental Agencies and Accounts* was moved internally to *Transfers and Subsidies: Households* (R247 thousand) and *Transfers and Subsidies: Provinces and Municipalities* (R28 thousand) defray the spending pressures within these line items.

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.

2021/22 Rollovers

The department has submitted a total rollover request of R11,750 million consisting of -:

- R1,069 million required to cater for outstanding commitment for two (2) motor vehicles ordered by the Office of the MEC that were not delivered as at year-end due to global shortage of stock.
- R2,301million under Programme 1 for funds required for continuity of events, community outreach projects that were planned/committed within the Office of the MEC but delayed during to restrictions on line with COVID regulations.
- R5,395 million under Programme 2 for Infrastructure support projects that were commenced in the last quarter of the financial year.
- R2,985 million under Programme 4 for Internal Audit Projects at various departments, Audit & Risk Committee members' induction costs and the Health Intervention Project.

Unauthorised, Fruitless Wasteful or Irregular Expenditure

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

Irregular Expenditure

Description	Amount (R)
Payments made against an expired contract (Security Services - Ministry) – Under review	586 000
Service Provider appointed on an urgent basis without a pre-approved deviation (Legal fees) – Condoned	115 000
The winning bid was not selected based on the lowest quotation but was based on a comparative analysis of experience of the respective firms. (Legal fees) – Condoned	829 000
TOTAL	1 530 000

Fruitless, & Wasteful Expenditure

Description	Amount (R)
SARS Interest & penalties Charges - Written off	12 000
TOTAL	12 000

Future plans of the department

The department will continue to implement its strategic plan targets as contained in the tabled 2022/2023 Annual Performance Plan.

Public Private Partnerships

The department had no PPP projects in the 2021/2022 financial year and there are currently planned.

Discontinued activities / activities to be discontinued

There are no planned activities to be discontinued.

New or proposed activities

None.

Supply Chain Management

Bids Status Report

The table below depicts the various procurement stages for bids as outlined in the Procurement Plan: 2021/2022 to 2022/2023 Financial Years.

Table 1: Bids status Report

BID NUMBER	DESCRIPTION	STATUS AS AT 31 MARCH 2022
Bid 1236/2021-F	Banking Services: Appointment of service provider to provide banking services for the period of 3 years	Appeals
Bid 1228/2020-F	Events Management: Appointment of service providers for the establishment of panel of events management service providers	Appeals
Bid 1235/2021-F	Financial Governance: To assist provincial departments with financial management.	Adjudication Stage
Bid 1231/2021-F	Contract Management 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 Contract Management	Adjudication Stage
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	Evaluation Stage
Bid 1238/2022-F	Internal Audit: To assist in conducting Internal Audits services as per internal operational plans at various departments, public entities	Specification Stage
Bid 1239/2022-F	Hardcat Maintenance Support: To provide Hardcat maintenance support for Provincial Departments within the KZN Province for a period for 3 years.	Specification Stage

Active Period Contracts

The table 2 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

Table 2: List of Active Contracts

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 appointed for duration of 3 years (will expire 30 April 2025)
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 appointed for duration of 3 years (will expire 27 August 2024)
Bid 1219/2018-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 appointed for duration of 3 years (will expire 28 February 2023)
Bid 1216/2017-F	Financial Management Panel: Appointment of a panel of service providers to assist the KwaZulu-Natal Provincial Treasury to provide support with financial management	Contract appointed for duration of 3 years (will expire 31 October 2022)

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 appointed for duration of 3 years (will expire 31 August 2023)
Bid 1207/2017-F	SCM Expert and Contract Management Panel: 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 and contract management.	Contract appointed for duration of 3 years (will expire 31 August 2022)
Bid 1218/2018-F	Banking Services: Appointment of service provider to provide banking services for the period of 3 years	Contract appointed for duration of 3 years (will expire 31 May 2022) Extension is in place until 30 September 2022.
Bid 1217/2017-F	Internal Audit: To assist in conducting Internal Audits services as per internal operational plans at various departments ,public entities	Contract appointed for duration of 3 years (will expire 31 August 2022)
Bid 1222/2019-F	Cleaning Services: To provide cleaning services for the Department of KZN Provincial Treasury for a period for 3 years.	Contract appointed for duration of 3 years (will expire 31 October 2023)

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. In cases where Irregular Expenditure had been incurred thorough determination tests are conducted and such cases are reported to the Condonation Committee for consideration. Consequences management is effected as required. The Department is in the process of appointing a legal panel to deal with the urgent matters to limit SCM deviations in the new year. The Department shall continue to put in place improvement strategies that would ensure efficacy in its internal control processes thus ensuring prevention of Irregular Expenditure.

SCM Challenges

On 16 February 2022, the Constitutional Court pronounced the invalidity of the Preferential Procurement Regulations, 2017 (PPR, 2017 that were promulgated in terms of the Preferential Procurement Policy Framework Act, 2000. The judgment by the Constitutional Court, was based on the case of Minister of Finance versus Afribusines NPC. This resulted in the suspension of procurement activities with a value of above R30 000 The Minister of Finance in terms of the Preferential Procurement Policy Framework Act, 2000, sections 2 (1) and 3 (c) granted exemption in April as an interim relief measure for the Department in order to commence with procurement whilst the matter of the PPR,2010 is *sub-judice*. The impacted on the ability of the Department to procure contributed significantly to the reported under expenditure for goods and services. Furthermore, the invalidation of the Regulations adversely impacted the government endeavours that are aimed at redressing the socio-economic imbalance which are prevalent amongst the Previously Disadvantaged communities.

Gifts and Donations from non-related parties

The department did not receive any gifts and donation during the 2021/2022 financial year.

Donations made in Kind

		2021/22
Receiver of Donation	Description of Donation	Amount (R)
Ethekwini ward 32 and ward 45 Coops	Sewing machines	151 000
Ixopo NGO	Sewing machines	86 000
Siyazama Creche	Stationery, mattresses, kitchen equipment	37 000
Lethokuhle Cooperative	Sewing machines	79 000
Phezukonke Cooperative	Sewing machines	93 000
Masibuye Sibonge Ward 45 KwaMashu Cooperative	Modified container	94 000
Qalaphansi Cooperative	Modified container	94 000
Asimile Cooperative	Modified container	94 000
Sizanani Aids Home based care	Catering equipment	52 000
Siyakhula Cooperative	Catering equipment	29 000
Omama Bombova Cooperative	Sewing machines	78 000
Siyahlakula Intuthuko Cooperative	Blocks Making Machinery	94 000
Wembezi School	School Uniforms	32 000
Umbango School	School Uniforms	54 000
Nsetheni High School	School Uniforms	20 000
Thembelisha Orphanage	Linen	18 000
GBV Victims - uThukela District	Food hampers (13)	5 000
Diet Ailment Co-op, Umzinyathi District	Coffee & veggie cutter machine, fridge, microwave, crockery	44 000
Qhakazile NPO, umzinyathi District	Crockery, cutlery, Detergent machine and raw materials	28 000
St Emmanuel School, Zululand District	School Uniforms	94 000
Hluhluwe School	School Uniforms	78 000
Makhowe Primary School	School Uniforms	82 000
Ethekwini elderly during the Day of the Elderly event	Grocery hampers	431 000
Tutoring Cooperative Umzinyathi District	Heavy duty brush cutters, helmet, harness, protector wear	99 000
Hlabane Secondary School	Construction of a new standpipe, supply and installation of water tanks	32 000
TOTAL		1 998 000

Donor Funding

The department had no Donor funding during the 2021/2022 financial year.

Global Funding

Provincial Treasury was responsible for project managing the Global Fund programme whose main objective was to address the social and structural drivers of HIV and TB prevention, as well as ensuring protection of human rights and improving access to justice. This project came to an end during the 2019/2020 financial year however the balance of the unspent funds of R55,426 million was paid over during the 2021/2022 financial year.

Exemptions and deviations received from the National Treasury

There were no exemptions received by the department during 2021/2022 financial year.

Events after the reporting date

- On the 16th of February 2022, the Constitutional Court issued a judgement against PPPFA 2017, regulations. Subsequent to that, on the 25th of February 2022, National Treasury (NT) issued communication that was aimed at providing guidance regarding the judgement in question. Further to that, on 3rd of March 2022, NT further issued advisory communication which seeks to further clarify what could be done to achieve much needed service delivery. Amongst the proposed practical procurement methods was the exemption from the PPPFA as provided for in Section 3(c) of PPPFA. The request for exemption from the provision of the PPPFA was approved by National Treasury on the 14th April 2022 with an effective date of 30 March 2022.
- There was an Architect's Assessment conducted by the Department of Public Work for the Nomalanga building. The outcome of the report indicated that the building is unfit for occupation due to current leaks and moisture damage. The affected office spaces posed potential health and safety risks with regards to electrical points and water leaks. A subsequent assessment was undertaken by the Department of Labour which deemed that the building could be occupied but that certain repairs needed to be made. The lease commitments are not adjusted because the department is partially utilising the building for keeping office furniture and equipment as well the filling of documents and partial use by staff on an ad hoc basis.

Other Matters


None

Acknowledgement/s or Appreciation

I would like to express my gratitude to the MEC for Finance for her support, the Acting HOD Mrs Neli Shezi, 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 2021/2022.



Mrs C. Coetzee
Accounting Officer

18 August 2022

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 E) 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 2022.

Yours faithfully



Mrs C. Coetzee

Accounting Officer

18 August 2022

2.3.7 Strategic Overview

2.3.7.1 Vision

Be the *centre of excellence* in financial and fiscal management in the country.

2.3.7.2 Mission

We, the KZN Provincial Treasury, seek to enhance the KwaZulu-Natal Provincial Government service delivery by responding to the expectations of all stakeholders in the value chain as a key driver through: -

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

2.3.7.3 Values

- The core values of the Department are as follows:
- Responsibility
- Efficiency
- Service Excellence
- Financial Discipline
- Professionalism
- Integrity
- Respect
- Loyalty

2.3.8 Legislative and Other Mandates

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

- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Public Finance Management Act (Act No. 1 of 1999, as amended).
- Municipal Finance Management Act (Act No. 56 of 2003)
- Promotion of Access to Information Act (Act No. 2 of 2000)
- Annual Division of Revenue Act

- Annual Provincial Appropriation Acts
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)
- Intergovernmental Relations Framework Act (Act No. 13 of 2005)
- Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)
- Government Immovable Asset Management Act (Act No. 19 of 2007)
- Construction Industry Development Board Act (Act No. 38 of 2000)
- Public Audit Act (Act No. 25 of 2004)
- Provincial Tax Regulation Process Act (Act No. 53 of 2001)

2.3.8.1 Constitutional Mandates

Sections 213, 215, 216, 217, 218, 219, 226, and 228 of the Constitution of the Republic of South Africa (Act 208 of 1996) deal with general financial matters for the national and provincial spheres of government. These sections require the national legislation to give effect to the following:

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

2.3.8.2 Legislative Mandates

The following legislation provides the mandate and outlines the key responsibilities on the Department are as follows:

2.3.8.2.1 Public Finance Management Act (Act No. 1 of 1999, as amended) and its regulations

Chapter 3 of the PFMA outlines the functions and powers of the Provincial Treasuries. The Act promotes the objective of good financial management in order to maximise delivery through the efficient and effective use of limited resources.

The key objectives of the Act may be summarised as being to:

- a) Modernise the system of financial management;
- b) Enable public sector managers to manage, but at the same time be more accountable;

- c) Ensure the timely provision of quality information; and
- d) Eliminate waste and corruption in the use of public assets.

2.3.8.2.2 Municipal Finance Management Act (Act No. 56 of 2003)

Chapter 2 of MFMA outlines the general functions of National and Provincial Treasuries.

Section 5(3) and (4) of the MFMA highlight the supervisory responsibilities of Provincial Treasuries in relation to ensuring sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements.

To the extent necessary, to comply with its responsibilities in terms of the MFMA, a provincial treasury:

- a) must monitor:
 - i. compliance with the MFMA by municipalities and municipal entities in the province;
 - ii. the preparation by municipalities in the province of their budgets;
 - iii. the monthly outcome of those budgets; and
 - iv. submission of reports by municipalities in the province as required in terms of the MFMA;
- b) may assist municipalities in the province in the preparation of their budgets;
- c) may exercise any powers and perform any duties delegated to it by the National Treasury in terms of the MFMA; and
- d) may take appropriate steps if a municipality or municipal entity in the province commits a breach of the MFMA.

2.3.8.2.3 Promotion of Access to Information Act (Act No. 2 of 2000)

Section 14 requires the Department to produce a manual with detailed information about the Department's procedure to access it, the form to be used and which information is readily available and which needs to be requested. Section 32 of the Act stipulates that the Department must submit an annual report to the Minister of Justice detailing requests received, those acceded or rejected and reasons for rejection.

2.3.8.2.4 Annual Division of Revenue Act

- a) This Act provides for the equitable division of revenue anticipated to be raised nationally among the national, provincial and local spheres of government.
- b) It promotes better co-ordination between policy, planning, budget preparation and execution processes between and within the different spheres of government.

- c) It promotes predictability and certainty in respect of all allocations to provinces and municipalities in order that such governments may plan their budgets over a multi-year period.
- d) It promotes transparency and equity in the resource allocation process.
- e) It promotes accountability by ensuring that all allocations are reflected on the budgets of receiving provinces and municipalities.

2.3.8.2.5 Annual Provincial Appropriation Acts

These Acts provide for the appropriation of money from the Provincial Revenue Fund for the requirements of the Province.

2.3.8.2.6 Preferential Procurement Policy Framework Act (Act No. 5 of 2000)

This act gives effect to Section 217 (3) of the Constitution by providing a framework for the implementation of procurement policy.

The framework for the implementation of preferential procurement policy requires all organs of state to have their preferential procurement policy and implement them within a prescribed set of criteria that applies preference points system with emphasis to previously disadvantaged groups.

2.3.8.2.7 Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)

The object of this Act is to promote the achievement of the constitutional right to equality, increase broad-based and effective participation of black people in the economy and promote a higher growth rate increased employment and more equitable income distribution; and

Establish a national policy on broad-based black economic empowerment so as to promote the economic unity of the nation, protect the common market, and promote equal opportunity and equal access to government services.

2.3.8.2.8 Intergovernmental Relations Framework Act (Act No. 13 of 2005)

The object of this act is to provide within the principle of co-operative government set out in Chapter 3 of the Constitution a framework for the national government, provincial governments and local governments, to facilitate co-ordination in the implementation of policy and legislation, including:

- (a) Coherent government;
- (b) Effective provision of services;
- (c) Monitoring implementation of policy and legislation; and
- (d) Realisation of national priorities.

2.3.8.2.9 Provincial Borrowing Powers Act (Act No. 48 of 1996)

This Act provides for norms and conditions in respect of the borrowing powers of Provincial governments and for matters incidental thereto.

2.3.8.2.10 Government Immovable Asset Management Act (Act No. 19 of 2007)

The Department has a responsibility to implement all applicable sections of this Act in managing its immovable assets or when providing support and advisory services to the provincial Departments.

2.3.8.2.11 Construction Industry Development Board Act (Act No. 38 of 2000)

The objective of this Act is to provide for the establishment of the Construction Industry Development Board; to implement an integrated strategy for the reconstruction, growth and development of the construction industry and to provide for matters connected therewith.

2.3.8.2.12 Public Audit Act (Act No. 25 of 2004)

The Department has a responsibility to comply with all applicable provisions of the Public Audit Act as an auditee.

2.3.8.2.13 Provincial Tax Regulation Process Act (Act No. 53 of 2001)

This Act provides the regulation of intergovernmental process that must be followed by provinces in the exercise of their power in terms of section 228 of the Constitution to impose taxes, levies and duties, the flat-rate surcharges on the tax basis of any tax, levy or duty imposed by national legislation; and to provide for connected therewith.

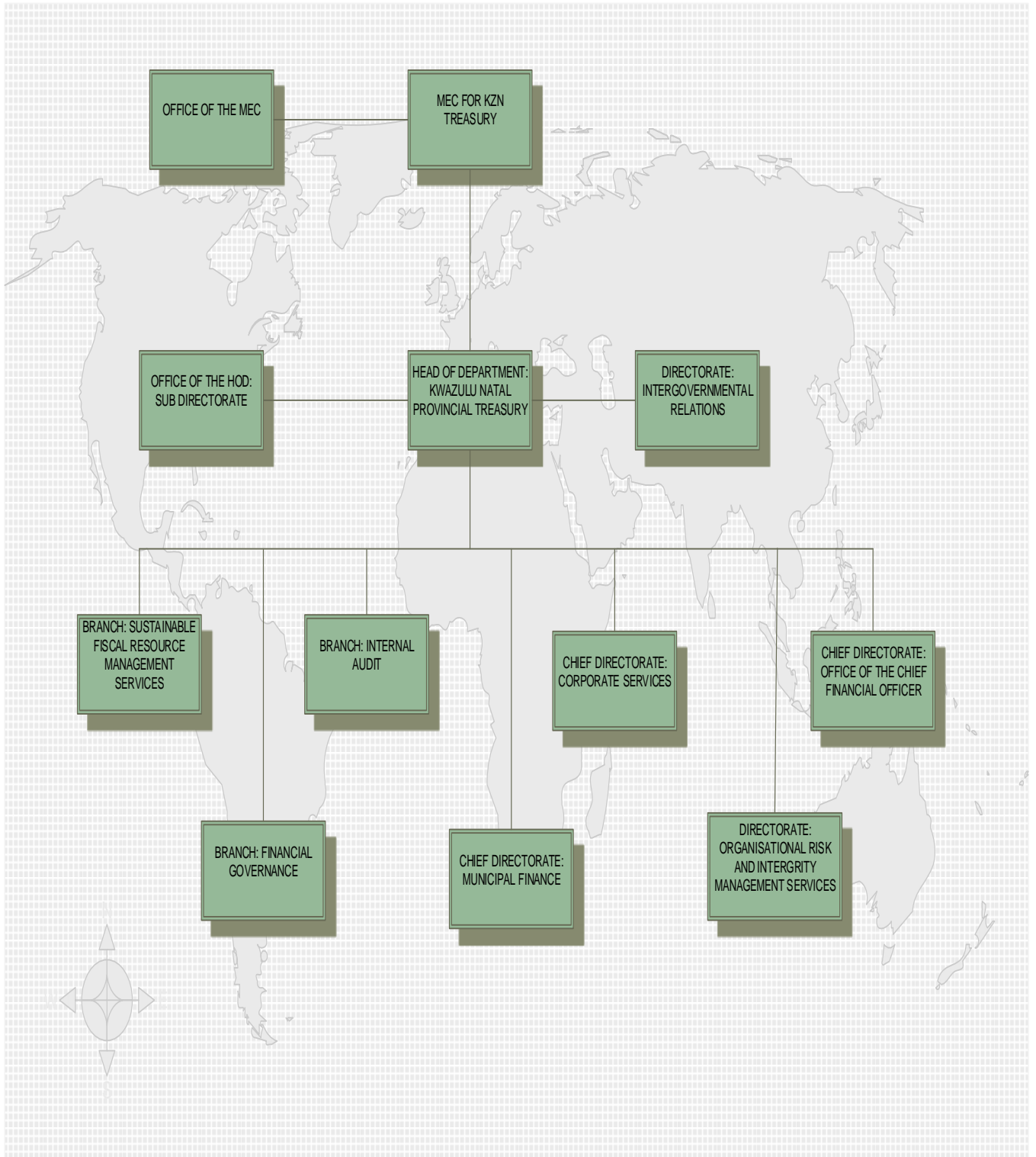
2.3.8.3 Policy Mandates

The following policies outline the key responsibilities for the Department:

- (a) PPP policy, this policy provides guidelines for administration and managing Public Private Partnership's transactions in the public sector environment.
- (b) SCM and PPPFA policy, this policy provides guidelines for the administration of a Supply Chain Management in line with broad government objectives. It also aims at promoting emerging enterprises with particular emphasis on black economic empowerment.
- (c) Budgeting process policies, they provide framework within which budgeting process must be managed in the public sector in line with the relevant Acts.
- (d) Treasury Regulations, provides procedural guidelines of implementation of the Public Finance Management Act. (Act 1 of 1999 as amended by Act 29 of 1999)

2.3.9 Organisational Structure

2.3.9.1 High level structure



2.3.10 ENTITIES REPORTING TO THE MEC

The department does not have any public entities.

PART B: 2.4 PERFORMANCE INFORMATION

2.4.1 AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to page 148 of the Report of the Auditor General, published as Part E: Financial Information.

2.4.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.4.2.1 Service Delivery Environment

Office of the MEC (Community Outreach and Social Responsibility)

The Office of the Member of the Executive Authority often holds public outreach events to engage with the public and various stakeholders on matters of interest and those of service delivery. These stakeholders include ordinary members of the public, co-operatives, youth-in-business, SMMEs, organised businesses, etc.

While there are standard mandatory outreach campaigns for the Provincial Treasury to engage people and business about the Budget, there are also outreach events that are responding to the needs of certain stakeholders that need government interventions.

Below is a list of outreach events that the Provincial Treasury has embarked on in the previous financial year.

The MEC led the **Multi-Planting Season in uThukela** where two trucks and a tractor, planting implements, seeds and various other supplements were donated to a local co-operative in Alfred Duma Municipality.

The January government programme includes the Legislature-led Schools Functionality Programme is where MEC Champions monitor progress and challenges at schools during the start of the first term. This saw MEC leads government delegation to various schools in her District of UThukela respectively.

More relevant for KZN Treasury was the Provincial Budget Day where MEC tabled the Provincial Budget at the Legislature on 09th March 2022 as part of the Provincial Treasury's constitutional mandate. The budget enables Departments to deliver services to the public in respect of their mandates.

The MEC then held a **Business Breakfast** in **eThekweni** on 15th March 2022 to engage with the business fraternity as a stakeholder who holds important views that influence the budget. The same event was replicated in Pietermaritzburg on 31st March 2022 to reach out to **uMgungundlovu** District business community. Government is always calling for a partnership with the private sector to develop communities. It is in this context that the department create a forum to interact with the private sector.

The MEC lead the **Operation Sukuma Sakhe** delegation to **KwaMaphumulo Municipality Ward 3** on the 30th March 2022 (Ilembe District). The OSS is the provincial government initiative to make swift interventions where government departments need to step in and unlock service delivery in the society.

The MEC has emphasised the important of partnering with the private sector to make noticeable impact to improve the lives of people and create employment opportunities while growing the economy in this province. She said this would strengthen co-ordination through the effective implementation of the district delivery model and complete elimination of the silos prevalent across the state and even within departments.

Ministry also intensified the reach to Co-operatives and this saw about 50 Co-operatives, across the length and breadth of KwaZulu-Natal, receiving various types of donations which included industrial and domestic sewing machines. This was an attempt to help them recover from the covid-19 pandemic that affected business operations. Part of the objective was also to boost local economic activities and help create employment.

Ministry also extended support to various schools in the form of full school uniform for learners that come from disadvantaged backgrounds. These schools are situated in areas that include Nongoma, Mkhanyakude, EThekwini, King Cetshwayo, Pongola, Bergville, Ladysmith and Mnambithi respectively.

Management Services (Office of the HOD)

As HOD Champion in EThekwini Operation Sukuma Sakhe, the office of the head of department/IGR could not participate in various outreach programmes for the youth in schools due to Covid-19 Lockdown that was announced by the President as of March 2020. However, the department participated in various provincial programs undertaken under the auspices of OSS.

The President in the 2019 Presidency Budget Speech (2019) identified the “pattern of operating in silos” as a challenge which led to “to lack of coherence in planning and implementation and has made monitoring and oversight of government’s programme difficult”. The consequence has been non optimal delivery of services and diminished impact on the triple challenges of poverty, inequality and employment.

This led to the roll out of “a new integrated district-based approach called The District Development Model (DDM). The DDM aims at addressing service delivery challenges and localised procurement and job creation. The DDM model comprises a process where joint and collective planning is undertaken at local, district and metropolitan by all three spheres of governance, resulting in a single strategically focussed One Plan.

The department actively participated in the District Development Model (DDM) program within the EThekwini Municipality. Through this process, the department participated in the DDM Technical and Political Hubs hosted by the EThekwini Municipality and contributed in the development of the One Plan for the Metropolitan. The department continues to provide support to this process.

Risk Management

Risk management is used by businesses to "anticipate the unpredictable" and to navigate the risks (and opportunities) related to the organization's business. In the advent of the COVID-19 Pandemic the department leveraged its established integrated risk management system to navigate the risks posed by the pandemic. A COVID-19 Risk Steering Committee was established to identify, manage and mitigate the impact of risks associated with the pandemic.

The department continues to be proactive in the management of the department's risks through the functioning risk committee who acts as an oversight body in assisting the Accounting Officer in discharging her accountability through reviewing the effectiveness of the department's risk management system, practices and procedures and providing recommendations for improvement.

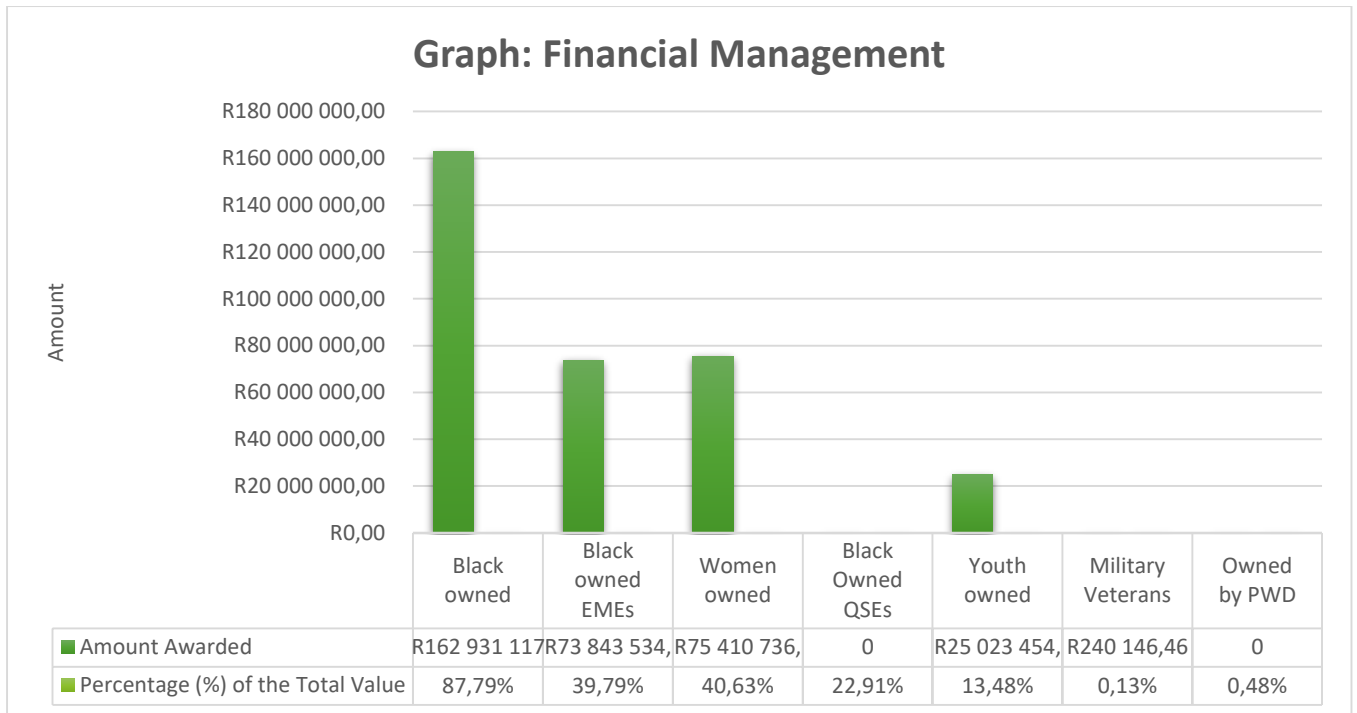
Financial Management (Office of the CFO)

The objectives of this unit are to render financial and supply chain management functions to Provincial Treasury.

Some achievements of the Office of the CFO include the following:

- The department continued to maintain an error free asset register and there were no audit findings raised in this area of work.
- The internal control unit has been responsible for the reviewing of invoices submitted for payment by services providers, the unit has been able to prevent, detect and correct any internal control deficiencies and as a result on average, 99% of all invoices received were settled within prescribed 30 days' period.
- Facilitation of the departmental audit, receiving the 13th consecutive clean audit for the 2021/22 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 over spending.
- The department spending on designated groups as the department's commitment to empowering previously disadvantaged individuals was as follows;
 - R 162 931 117,62 was awarded to companies owned by Black people, which is 87,79% of the total awarded value of R 185 582 017,61
 - R73 843 534,36 was awarded to Black owned EMEs, which is 39,79% of the total awarded value of R 185 582 017,61
 - R75 410 736,81 was awarded to women, which is 40,63% of the total awarded value of R 185 582 017,61
 - R42 524,081,71 was awarded to Black Owned QSEs, which is 22,91% of the total awarded value of R 185 582 017,61

- R25 023 454,28 was awarded to companies owned by Youth, which is 13,48% of the total awarded value of R 185 582 017,61
- R240 146,46 was awarded to companies owned by Military Veterans, which is 0,13% of the total awarded value of R 185 582 017,61
- R885 795,48,32 was awarded to companies owned by people living with disability, which is 0,48% of the total awarded value of R 185 582 017,61



Human Resource Management

During 2021/2022, 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 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 during the year. The organisation as a whole is 100 per cent compliant with 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 7th 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 7th allocation of three Trainee Accountants as at January 2022 taking it to a total of nineteen (19) trainees who have been through the program. There are currently eight (8) graduates undergoing training towards becoming chartered accountants and eleven (11) who have qualified as Chartered Accountants. Nine (9) of these are currently within the Department on a 3-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.

Information Technology Management

- Three audits were undertaken and there were no major findings highlighting the effectiveness of the current policies and systems in place. Furthermore, a network vulnerability test was completed to test the controls and systems in place in response to any external security threat. A remedial plan was put in place to address the identified weaknesses. This means from an ICT governance perspective, IT was able to provide value to the department in assisting in achieving its strategic objectives.
- The department continued to make extensive use of our virtual meeting platform to host meetings. The network bandwidth had to be upgraded to maximise the use of the tool and alleviate any network congestion. The document library implementation continued in this year where various units were trained and new content was added.
- A Visitor Management System was put in place for our Security unit to record any visitors. The system is POPI compliant and is will replace the manual visitor registers currently being used.
- The warranties for the server equipment at SITA were renewed. This will ensure that in the case of any server failure we are able to quickly respond in a more effective manner.

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 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 other mandatory publications such as departmental analysis reports. Economic Analysis also supported other Business Units within the Department in terms of Socio-Economic trends for publications such as Municipal Finance's Close-Out Report, Public Finance's Overview of Provincial Revenue and Expenditure (OPRE) and others. In addition, contributions towards other in-house publications such as Municipal Finance's Close-Out Report and Public Finance's Overview of Provincial Revenue and Expenditure (OPRE) were undertaken.

The Unit conducted comprehensive research reports on the fiscal framework to ensure efficient resource allocation and value for money within the Provincial Departments. The two completed

research projects focused on evaluating the National School Nutrition Programme in KwaZulu-Natal (KZN) and the Value for Money Assessment on the Road Infrastructure in KZN.

In addition, the Unit continued to produce three informative economic bulletins focusing on current economic issues.

- ***Infrastructure Management***

The unit focussed on the introduction of the IDMS principles to all Departments that have an infrastructure budget. This is in support the infrastructure development in the province and ensuring compliance by the Departments. The infrastructure planning and reporting schedule circular which indicates the milestones and the timeline for each activity required with regard to infrastructure planning and reporting is now applicable to all Departments that have budgeted for infrastructure projects.

The 2022/2023 Estimates for Capital Expenditure (ECE) which was published together with the Provincial Budget is one of the key achievements of this financial year. This annual publication provides detailed infrastructure expenditure plans for provincial departments and is aiming at improving infrastructure planning. The ECE also ensures transparency and contributes to ensuring effective and efficient delivery of infrastructure projects. The ECE includes each provincial department's infrastructure development programme and project lists planned to be delivered during the 2022/2023 MTEF period.

The unit has also introduced all Departments to the Infrastructure Reporting Model report(IRM). This report form part of National Treasury's publication on quarterly basis.

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

- ***Infrastructure Delivery Management System (IDMS)***

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.

During the 2019/2020 financial year, National Treasury strategic direction and initiatives in IDMS implementation changed with the repealing of Instruction Note 4 of 2015/16: Standard for Infrastructure Procurement and Delivery Management (SIPDM). The SIPDM was replaced with Instruction No. 3 of 2019/2020, the Framework for Infrastructure Delivery and Procurement Management (FIDPM) which was issued on 26th April 2019.

The IDMS requires departments to have long, medium and short term plans for infrastructure delivery. The infrastructure long term plan known as the Infrastructure (User) Asset Management Plan (IAMP) covering a minimum planning forecast of 10 years, the Medium term plan known as the Infrastructure Programme Management Plan (IPMP) focuses on the next 3 years (or MTEF) and the Infrastructure Programme Implementation Plan (IPIP) focus is detailed planning and implementation for the next financial year i.e. a 1-year plan. The in-year reporting of infrastructure performance and spending is monitored and reported in the Infrastructure Reporting Model (IRM).

The provincial Cabinet approved the KZN-IDMS Framework document for the Departments of Health, Education, Public Works and Treasury on 22 September 2012. Given the time lapsed to implement the KZN-IDMS Framework; the PT Infrastructure Unit determined that a detailed progress review be undertaken. The progress review is also informed by the DoRA 2016/2017, Chapter 4, and Section 27. The review process is currently underway and is also aimed at bringing on board all other institutions that have infrastructure budgets.

- *KZN Infrastructure Integrated Master Plan*

The development of the Provincial Integrated Infrastructure Master Plan (IIMP) provides a high level overview of the nature, extent and status of alignment of organisations' infrastructure planning within the Province of KwaZulu-Natal. The IIMP identifies critical infrastructure priority gaps due to singular sector infrastructure planning. The need therefore, for such a Provincial Integrated Infrastructure Master Plan that keeps pace with sector planning developments; is driven by the fact that there is no institutional framework to facilitate a coordinated and integrated approach to planning of strategic infrastructure at a provincial level.

The KwaZulu-Natal Provincial Growth and Development Strategy and Plan (PGDS/P) is underpinned by and aligned to the National Development Plan (NDP). Both the NDP and the PGDS/P emphasise the need for improved co-ordination, alignment and integration of infrastructure planning. This resulted in Provincial Cabinet approving the establishment of the provincial Infrastructure Co-ordination Work Group (ICWG) to facilitate integration and co-ordination of all Infrastructure programmes and projects in KwaZulu-Natal. The ICWG is chaired and coordinated by KZN Department of Public Works with support from Provincial Treasury.

The ICWG members i.e. Department of Public Works and Provincial Treasury were invited to be members of the District Development Model (DDM) COGTA Planning Steering Committee. The importance of this committee provides for improved coordination of spatial planning and infrastructure planning. Where key objectives of the committee are:

- Guide the Assessment of existing online information systems to facilitate sharing and updating of source information for DDM plans and the updating of profiles and plans. In this regard it includes the sharing of the KZN Provincial ECE Plan (including B5 table) and IRM reports;
- Guide and agree on a guideline/framework for the establishment of Technical planning support teams and IGR planning and implementation clusters
- Guide and agree on a framework/guideline to review the DDM ONE PLAN Profile;
- *Infrastructure Support Team*

The KwaZulu-Natal Provincial Treasury Department provides a monitoring and oversight 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 Infrastructure Delivery Management System (IDMS) Methodology;
- Effectiveness and efficiency of methods utilised; and;
- Optimal output performance and outcome results;

These essential systems and facilities aid in an economy's continuous, seamless and smooth flow, however, low capital expenditure by Departments and municipalities necessitated the establishment of an Infrastructure Support Team. To improve the return on infrastructure development investment thus realising value for the money spent. This can only be achieved with requisite capacity. In order to achieve this, capacity needs to be strengthened and bottlenecks identified in provincial departments, public entities and municipalities.

In order to augment the state capacity, a panel was appointed which initially consisted of 18 built environment professional companies which included engineers, town planners, architects, project managers, and quantity surveyors. The pool of external built environment professional service providers was used to assist in providing expertise to provincial departments, public entities and municipalities in the planning, budgeting, implementation, monitoring and reporting of new and existing infrastructure assets within the province of KwaZulu-Natal. A new three-

year contract commenced in April 2015 with 23 built environment professional companies, and then increased to a 90 firm panel in the 2020-21 financial year.

The deployment of the Infrastructure Capacity Support Team continued to be a priority, although some projects were affected by the Covid-19 pandemic. Currently, the key initiative the panel is working on in conjunction with the Municipal Finance Chief Directorate, is supporting selected municipalities with the improvement of condition assessments and compilation of credible Fixed Asset Registers which have been a source of perennial negative audit outcomes.

Projects such as the physical condition assessment and compilation of the Generally Recognised Accounting Practice (GRAP) compliant Immovable Asset Registers at eight municipalities, as well as the assessment of various variation orders received from departments were in progress as of year-end.

Additional requests for support were received and finalised in the last quarter of the 2021/2022 financial year, these were awarded before year-end.

- Finalisation of design and preparation of procurement documentation for standard clinics on behalf of the Department of Health;
- The assessment of cost effective alternative temporary and emergency ablution facilities for the Department of Education; and

The review of the 2012 KwaZulu-Natal Provincial IDMS Framework for the Health and Education sectors, and the development of a new province-wide KZN-IDMS Protocol Agreement.

Public Finance

The Public Finance unit continued to perform its mandate as prescribed by the PFMA and Treasury Regulations. This mandate provides for transparent budget processes, as well as oversight over provincial revenue and expenditure to allow the public to be aware of government budgeting and spending. The 2021/22 year saw a number of vacancies occurring (one Budget Co-ordinator post and three Provincial Budget Analyst posts) and, as the unit has a fairly small staff complement, this had the potential of impacting on delivering on a number of PFMA mandated outcomes and outputs including the additional challenge of operating remotely during parts of the year. The risk was mitigated by redistributing work among staff, as well as relying on the Provincial Treasury SAICA Training Programme for additional capacity as well continued remote operations resulting in all deliverables being met.

Public Private Partnerships (PPPs)

- During 2021/22, the Public Private Partnership fulfilled all of its legislative mandates as prescribed by the PFMA, MFMA and Treasury Regulations and has successfully implemented all its planned strategies for the year despite the COVID-19 challenges.
- The PPP Unit continued to provide technical support and advisory services to all Provincial Departments, Public Entities and Municipalities embarking on PPP's as an alternative Procurement Vehicle.
- The lack of project management skills, contract management and monitoring of performance of PPP process remain a major challenge in Province. These challenges could potentially result in government bearing the very same risks which were originally transferred to private party as well as the potential of structuring PPP projects that do not yield value for money for government.
- In accordance with the Preferential Procurement Policy Framework Regulations 4 and 9 of 2017 and other relevant prescripts which seeks to provide an enabling environment to enhance radical economic transformation, all bidding documents were vigorously vetted to ensure compliance. 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.
- Subsequent to Treasury Approval granted to the KZN Department of Health for the Feasibility Study of Inkosi Albert Luthuli Central Hospital, the Department has not made limited progress in Procuring the Private Party to take over the services that are currently performed by the Private Party even though the current contract terms are ending 31 January 2023.
- The PPP Unit continues to provide capacity building/training initiatives to both Public and Private sector role-players.

Programme 3: Financial Governance

Asset and Liabilities Management

The Cash Blocking system has ensured more effective cash management by the departments during the 2021/2022 financial year, as departments were not able to disburse payments to suppliers unless they had the funds available in their cashbook. The banking section provided a support service to KZN departments in all areas of the banking function. Liaison with departments on a monthly basis has continued to improve the zero balances on the banking-related suspense accounts and Chief Financial Officers of departments were made aware of any risks identified in respect of outstanding transactions.

Municipalities were informed of the reporting requirements in terms of the Municipal Finance Management Act and the submission of reports by municipalities continued to improve in the 2021/2022 financial year.

The tax section provided on-going support to the KZN provincial departments in respect of payroll tax functions during 2021/2022. There has been a noticeable improvement in the knowledge and skills of the tax supervisors at some departments in the Province.

Amendments to tax legislation which impacted PAYE or payroll tax were communicated to departments. Where gaps were identified in the required knowledge and skills of tax supervisors at the departments, one-on-one training sessions were conducted to address individual training needs.

The PAYE Tax Manual was updated to include new legislation amendments and is used by departments in conjunction with the SARS Employer Guide. During the 2021/2022 year the training and support continued to be specifically focused at supervisory level to address the issue whereby the tax supervisors lacked the necessary tax knowledge and skills to assist and train their staff on all areas of the payroll tax function.

A quarterly risk analysis was conducted on the status of the tax functions at each department to ensure that any risks were identified and where deemed necessary, the Chief Financial Officer was informed of the risks identified, for further intervention and action by the CFO, within the relevant department.

Provincial Supply Chain Management (SCM)

- The Unit conducted routine SCM compliance assessments, operational support and investigations in Departments, Municipalities and Public Entities to ensure compliance with relevant SCM prescripts.
- SCM capacity building interventions were conducted, these included SCM forums for municipalities, Provincial departments and entities. SCM Workshops for bid committees and SCM Practitioners were also undertaken during financial year of 2021/22.
- SCM Transversal Policy unit has reviewed a number of policies in the year of 2021/22. There have been various interventions on policy related matters during the time of the exemption process where Policy unit issued guiding correspondences to the PFMA and MFMA spheres of government.
- The Contract Management Unit continued to provide support to Municipalities and Departments through compliance assessments and also on site assistance based on specific requests from Institutions. During the month of February 2021, National Treasury issued a draft

Instruction Note with the purpose of prescribing the requirements for the implementation of a Contract Management Framework (CMF) which outlines the contract management processes to be followed. The implementation was scheduled for the 1st of April 2022. The Instruction Note was the solution to enforce the implementation of the Contract Management Framework which was initially issued in 2010 without being mandatory. The state of readiness of Institutions has been conducted and the challenges identified as well as proposed solutions will be shared with Institutions during the roll out process. Audit findings as raised by Auditor General have also been utilised to identify Institutions that need assistance on contract management related issues.

- The unit conducted CSD training sessions for Municipalities, Entities and departments in order to equip SCM practitioners on the functionality of the CSD. There were further supports provided to all Departments, Municipalities and entities in order to facilitate reporting, compliance and data uploads onto the Central Supplier Database (CSD). Suppliers were assisted with CSD registration and updates of profiles online, telephonically and through walk-ins. The requirement for municipalities to upload employee data was reiterated so that the CSD accurately reflects the employees of the state. The unit further participated in various SMME development outreach programmes to empower emerging suppliers with compliance when conducting business with the state. Furthermore, the unit attended various SCM forums in order to address the audit findings and other CSD challenges.
- In accordance with Instruction Note 3 of 16/17, the Unit ensures accountability and good governance at Provincial level and has processed Two Hundred and sixty-seven (267) applications for deviations received from provincial departments and public entities. It is our view that this has gone a long way in curbing the incurrence of irregular expenditure.
- In accordance with Provincial Treasury Circular 5 of 2020/21; the Specialised Support Unit ensures implementation of Regulation 4 and 9 of the 2017 Preferential Procurement Regulations in the procurement of commodities that fall within sectors that have been targeted to achieve the objectives of Operation Vula. This implementation is effected through the vetting of bid specifications concluded by provincial departments and public entities for the selected commodities.
- The judgment in the case of Minister of Finance v Afribusines NPC [2022] ZACC 4 (16 February 2022) on Preferential Procurement Regulations resulted in the PPPFA Regulations being set aside by the Constitutional Court. As they are procurement regulations in nature, it resulted in the country's procurement being affected.

The Minister through Section 5 of the PPPFA must prescribe, by way of regulations, the formula and thresholds to be used when evaluating tenders on preference points. Without

these regulations it is not practical to procure, train or even review SCM Policies. This has had an impact on the achievement of certain targets as well as service delivery across the province and the country as a whole.

- 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 the appeals handled during the 2021/2022 financial year: -

SCHEDULE OF APPEALS – DEPARTMENTS					
DEPARTMENTS	APPEALS RECEIVED	STATUS			
		PENDING	WITHDRAWN	FINALISED	LATE APPEALS
Agriculture	6			5	1
Arts & Culture	9		1		8
Education	15		5	3	7
Health	24	1	9	9	5
Transport	26	2	19	2	3
Treasury	8		3	5	
Works	25		15	5	5
Department Of Co-Operative Governance And Traditional Affairs	6		1	5	
Department Of Economic Development And Tourism	4				4
Department Of Sports And Recreation					
Premier					
Human Settlement	5		1	3	1
Social Development					
Community Safety And Liaison					
TOTAL	128	3	54	37	34

- 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 2021/2022 financial year.

MUNICIPALITY	APPEALS RECEIVED	WITHDRAWN	FINALISED	LATE APPEALS
Amajuba Municipality	3		1	2
Harry Gwala District Municipality	10	9	1	
Nkosazana Dlamini Zuma Municipality	1	1		
Mandeni Municipality				
Danhauser Municipality	1		1	
Edumbe Municipality	1			1
Greater Kostad Municipality	3		3	
Umzumbe Municipality				
Umgungundlovu District	2	1	1	

Municipality				
Msunduzi Municipality	9	1	7	1
Inkosi Langalibalele Municipality	3		2	1
KwaDukuza Municipality				
Umkhanyakude District Municipality				
Mshwathi Municipality				
Endumeni Municipality	2	1	1	
Zululand Municipality				
Uphongolo Municipality	1	1		
Abaqulusi Municipality	4	2	2	
Newcastle Municipality				
Alfred Duma Municipality				
Ilembe Municipality				
Richmond Municipality				
Jozini Municipality	1		1	
King Cetshwayo District Municipality	3	2	1	
City of Umhlathuze Municipality				
Mlalazi Municipality				
uMvoti Municipality				
Msinga Municipality	2		2	
Okhahlamba Municipality	3	1	2	
Umzimkhulu Municipality	1		1	
uThukela Municipality	2		2	
Big 5 Hlabisa Municipality				
Ubuhlebezwe Municipality				
UGU Municipality	1		1	
TOTAL	53	19	29	05

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 to achieve improved audit outcomes of departments and public entities.

Provincial 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:

- Provided assistance in preparation of monthly reconciliations and monitoring of the quality of financial management reconciliations and accounting processes;

- Provided technical guidance on PFMA and accounting standard requirements for:
 - Department of Economic Development, Tourism and Environmental Affairs (EDTEA);
 - Community Safety and Liaison;
 - Department of Sports and Recreation;
 - Co-operative Governance and Traditional Affairs;
 - Department of Arts and Culture;
 - Ezemvelo KwaZulu-Natal Wildlife; and
 - Trade and Investment - KZN
- Engaged with National Treasury and Office of the Auditor General on contentious matters relating to interpretation of accounting standards and any National Treasury reforms;
- Monitored the submission by Provincial Departments and Public Entities of mandatory financial information to Provincial Treasury and Auditor General;
- Reviewed the 2020/21 Annual Financial Statements of three Public Entities and 2021/22 Interim Financial Statements of one Public Entity;
- Facilitated GRAP update training for Public Entities;
- Facilitated short learning programme on the preparation of AFS based on the Modified Cash Standards (MCS).
- Developed and facilitated the 2021/22 MCS and related documents update for Provincial Departments;
- Developed and facilitated Economic Reporting Format and Standard Chart of Account training for budget and non-finance officials for Provincial Departments;
- Monitoring of interdepartmental accounts due by Provincial Departments to Public Works;
- Provision of assistance in terms of addressing government debt owed to Municipalities;
- Provision of support rendered to Departments in terms of addressing long outstanding payments to suppliers;
- Support suppliers to resolve payment disputes with departments;

The Unit provided support at the following Provincial Departments and Entities:

- Asset management support to Department of Arts and Culture; Department of Human Settlement
- Asset and Financial Management support to EDTEA, Department of Health and Human Settlements;
- Financial Management support to the Department of Transport; Department of Social Development and Department of Education
- Immoveable Asset and Capital commitments support to the Department of Public Works; and Education.

In addition to the above the unit performed the following:

- Prepared the consolidated annual financial statements for the province and public entities;
- Prepared the annual financial statements for the KZN Provincial Revenue Fund;
- Reviewed 65 condonation of irregular expenditure submissions made by departments and public entities.

Financial Information Management Systems

The directorate continues to provide support for financial systems such as BAS and HardCat in the province. The directorate provided the system technical support on Persal, whilst the Office of the Premier is handling the functionality and policy implementation.

In line with supporting the paperless environment, the directorate has successfully rolled out the electronic distribution of payslips and well as IRP5 to 84% of Persal paid users in KZN Province. In FY 2021/22 the engagement with affected departments took place with regard to assist 16% of Persal paid users that are yet to submit their emails for electronic distribution.

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 directorate has embarked on the process of implementing the LOGIS systems due to the interface shortcomings of HardCat Systems with BAS. The KZN Department of Agriculture is already using the LOGIS purchase module, and the following two departments namely: KZN Health and KZN COGTA are still in the process of LOGIS implementation having started in March 2021.

Norms and Standards

Policy Assistance to Departments

The unit reviewed eight (8) standard operating procedure guidelines (SOP's) as per the annually determined review schedule to ensure compliance with legislative prescripts and ensure uniformity and consistency in the application of financial norms and standards. The following SOP's were reviewed: Management of Suspense Accounts, Payroll Control, Fruitless and Wasteful Expenditure, Irregular Expenditure, Unauthorised Expenditure, Cash-flow Management, Inter-Departmental Accounts and Gifts, Donation & Sponsorship. The SOP relating to Management of Suspense Accounts was reviewed in order to ensure its alignment to the corresponding instruction note inclusive of the layout. The SOP on Gifts, Donations and Sponsorship was updated to reflect that payments may not be split to circumvent the maximum threshold of R100 000 per case. Furthermore, the types of donations and sponsorships were included in the revised SOP, whilst control measures were strengthened and enhanced.

Policy Assistance to Municipalities and Entities

The unit's annual plan is informed by the annual policy support survey conducted prior to commencement of the financial year and numerous ad-hoc requests received during the course of the financial year.

The unit provided support on finance-related policies to ten (10) municipalities and one (1) entity, namely Ubuhlebezwe, KwaDukuza, eNdumeni, iNkosi Langalibalele, Amajuba District, iMpendle, King Cetshwayo District, Jozini, eMadlangeni, Dannhauser and KZN Sharks Board. Policies that were reviewed include; budget, virement, investment and cash management and bad debt write-off. The unit's progressive support ensured that municipalities and entities have critical finance-related policies in place and in recent years the majority of support has been in the review as compared to the development of new financial norms and standards. Furthermore, as part of building capacity, the unit effectively engaged the senior management and operational staff of municipalities and the entity during the review process to ensure the transfer of skills and knowledge.

Monitoring Compliance and Evaluation

A compliance monitoring and evaluation exercise was conducted to assess financial management compliance within all provincial departments, and included a compliance checklist where documentary evidence was requested to support the responses indicated in the questionnaire, where applicable. A comprehensive review was undertaken of the Management and Auditor-General Reports for 2019/2020 and audit findings, deviations and internal control deficiencies noted, and a questionnaire developed based on the above analysis which assessed unauthorised expenditure, irregular expenditure, debt management and creditor management. Departments were required to provide reasons for non-compliance when completing the questionnaire and formulate action plans with stipulated deadlines to address deviations.

The completed questionnaire was analysed and thereafter compliance assessment reports issued per department which detailed compliance achievements and provided recommendations to address identified weaknesses or non-compliance. Additional guidelines were provided for incorporation within the working environment, where applicable, to strengthen existing internal control measures and enhance financial management and control.

A compliance follow-up report was issued per department to ensure that recommended remedial or control measures were implemented to address compliance deviations or non-conformance with regulatory prescripts and financial norms and standards. There was a noticeable improvement regarding compliance with regulatory prescripts and departments were largely proactive in addressing identified deviations or implementing additional control measures, where applicable.

Compliance monitoring was conducted within eight (8) entities using a customised questionnaire for each entity based on the 2019/2020 Auditor General's findings on norms and standards-related discrepancies. Aforementioned questionnaires were accompanied by checklists for the required documentary evidence to assess and evaluate the entities' responses. The process commenced with scrutinising and the analysis of audit reports for the 8 entities to identify relevant findings that necessitated further investigation. The subsequent development and issuing of a customised assessment questionnaire were submitted to the entities for completion. The completed questionnaires were analysed and thereafter compliance assessment reports issued per entity which detailed compliance achievements and provided recommendations to address identified weaknesses or non-compliance. The most common issues that were identified during the assessment related to a lack of effective measures within entities to collect outstanding debt and to reduce debts that are written off. As a measure to address the issues, the unit engaged the KZN Sharks Board to review its policies in consultation with senior management.

Implementation of the Financial Delegation Framework

Support was provided to 10 municipalities within KZN Province to assess the implementation of the Delegations Framework, as envisaged in National Treasury's principles document. The municipalities supported were Ubuhlebezwe, KwaDukuza, eNdumeni, iNkosi Langalibalele, Amajuba District, iMpendle, King Cetshwayo District, Jozini, eMadlangeni and Dannhauser. The unit assisted the CFO of King Cetshwayo District municipality with reviewing the financial delegations as a newly appointed senior manager, the aim of the exercise was to ensure the completeness and adequacy prior to adoption by council together with the finance-related policies.

The review of the departments' PFMA System of Delegations is undertaken to ensure compliance with regulatory prescripts and National Treasury Delegation Frameworks, and assess whether the implementation of the System of Delegations ensures accountability, functionality and the achievement of expected standards regarding results and performance. Follow-ups were conducted on 14 departments for previously assessed financial delegation frameworks to establish whether the recommendations provided were incorporated in the departmental System of Delegations. Reviews were conducted to assess revised financial delegation frameworks for 6 departments, and recommendations provided to ensure compliance with regulatory prescripts regarding the implementation and management of delegated financial management powers and duties.

Audit Improvement Plan 2021/22

The unit conducted the following three critical assessments in line with the *Operation Clean Audit Improvement Strategy* for the Province:

- Review the adequacy of financial management policies and standard operating procedures (excluding SCM-related matters), to ensure policies and standard operating procedures were compliant with regulatory prescripts and financial norms and standards.

The review was based on the findings contained within the Management Report and Auditor-General Report for 2020/2021, taking into account the mitigation strategy per department to address such findings, which related to creditor management, debt management, inter-departments accounts, unauthorised, irregular and fruitless and wasteful expenditure. Support is provided on an ongoing basis in reviewing identified policies per department, based on the audit findings and identified control deficiencies and a report issued per department on the outcomes of the review and recommendations provided for inclusion in the policies, for customisation and adoption by the departments.

- Evaluation of financial management qualifications of officials in the Office of the Chief Financial Officer (CFO) and all payment points, to assist in strengthening human resource capacity in departments to implement and achieve audit outcome reforms and objectives. Deviations were identified in accordance with minimum qualification criteria as per DPSA benchmark job descriptions for finance and related functions and the National Qualification Framework (NQF) Level in terms of the South African Qualification Authority (SAQA). A comparative analysis was undertaken of posts indicated on the qualification questionnaire against posts indicated on the approved organogram of the Office of the CFO, to ensure the accuracy and completeness of the questionnaire and a report issued per department detailing all findings for remedial measures to be implemented. A report was issued per department on the outcome of the assessment including an action plan detailing what measures would be taken to address the anomalies and the timeframes in which this would be concluded.
- Review adequacy of Financial Management Delegations of Authority to ensure compliance with regulatory prescripts and National Treasury Delegation Frameworks, and assess whether the implementation of the System of Delegations ensures accountability, functionality and the achievement of expected standards regarding results and performance. A comprehensive report was issued on the current status of Departments delegation frameworks and any new matters arising subsequent to the matters reported on as at 31 March 2021. The review of the Systems of Delegations revealed that the Delegation Frameworks were complete and comprehensive, and took into account recommendations provided by Provincial Treasury. No material deviations were noted when conducting the assessments, the recommendations primarily related to ensuring delegations incorporated principles and matters governing delegated authority.

PROGRAMME 4: Internal Audit

Assurance Services

The Assurance Services component provided the shared internal audit function for the 14 provincial departments. The unit functioned in compliance with the Standards for the International Professional Practices of Internal Auditing (SPPIA) issued by the Institute of Internal Auditors (IIA).

Internal audit services were provided to Provincial Departments by assessing the effectiveness of controls over various processes. Departments were thereby assisted in improving their operations in these areas. A total of 139 audit reviews were conducting which included full scope audits, as well as follow up reviews to determine if previous weaknesses were addressed by respective departments. These reviews were conducted in terms of the approved annual internal audit operational plans which were based on the risk profiles of each Department. Included in these reviews were special assessments conducted on the progress some departments had made on the implementation of the framework on the mainstreaming of vulnerable groups. The component also contributed towards the Provincial Treasury's assistance to departments in the improvement of audit outcomes by reviewing annual financial statements, reviewing the completeness and adequacy of audit improvements plans developed by departments to address AG findings; and conducting AG follow up audits to provide accounting officers with assurance on the effective implementation of these audit improvement plans.

The internal audit unit is highly dependent on the cooperation of departmental management in the execution of its activities. Departments are required to be available to meet with internal audit during various phases of audits; as well as provide internal audit with the required information and audit evidence. The robust nature in which these are facilitated impacts the effectiveness of the unit. The unit has therefore implemented protocols with departments; which includes the prompt escalation of critical matters.

The province has in place a shared Audit & Risk Committee that provides oversight to the Internal Audit Unit. During the financial year, the contracts of members of the Provincial Audit and Risk Committee came to an end. It was only after the end of the financial year, that new Audit & Risk Committee members were appointed.

Risk Management

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 and focused its efforts on developing norms and standards to enhance risk management and internal control in these public institutions. In this regard the provincial risk management and combined assurance frameworks were approved by the provincial executive council during the 2021/2022 financial year. The two frameworks are envisaged to improve risk management and internal control

processes of all departments once implemented. The implementation process will be commenced with during the 2022/2023 financial year. Implementation of these frameworks will be guided by the internal control gaps analysis that was performed, in all departments, during the financial year under review.

The component also continued to play a key role on enhancing ethics and integrity management in provincial departments through developing ethics and corruption risk registers for seven departments.

Programme 5: Municipal Finance Management

Municipal Budget Management

The Municipal Budget Management sub-programme provides support to delegated municipalities and monitors the preparation and performance of municipal budgets as well as the compliance by all delegated municipalities with the 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 2021/22 financial year, the primary focus of the Municipal Budget Management sub-programme was on the promotion of credible and funded municipal budgets and sound fiscal management and these were achieved through the following:

- Provision of technical support to all delegated municipalities in the preparation of their 2021/2022 Medium Term Revenue and Expenditure Framework (MTREF) Budgets;
- Assessment of the 2021/2022 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 legislations. 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 impacts 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 2021/22 Mid-Year Budget and Performance Assessment Reports on the budget performance of all delegated municipalities.

The Municipal Budget Management sub-programme assessed all 51 of the delegated municipalities' Tabled Budgets (including the TABB data string for the uMkhanyakude District Municipality) for the 2021/2022 financial year and provided written feedback to those municipalities. The Approved Budgets of all 51 delegated municipalities were assessed and municipalities were provided with reports containing feedback on the key findings of the assessments.

To guide all 51 delegated municipalities with the preparation of their 2021/2022 budgets and to

monitor compliance with the MBRR, Provincial Treasury (PT) issued Circular PT/MF 09 of 2020/2021 dated 18 March 2021 (Preparation, submission and publication of the 2021/2022 MTREF budget) to the municipalities. The PT Circular included some of the areas of weaknesses and common mistakes identified by both the Provincial and National Treasuries in prior years that should have been considered and addressed (where applicable) by municipalities.

Provincial Treasury conducted the 2021/22 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 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 2021/2022 Tabled Budgets were received from 50 delegated municipalities in the prescribed format, with the exception of the uMkhanyakude District Municipality. This was mainly due to the fact that the municipality did not table their 2021/2022 Annual Budget and that the required supporting documents as per Schedule A of MBRR were not submitted to Provincial Treasury. Comprehensive assessments were conducted and written feedback was provided to all 50 municipalities that submitted their 2021/2022 Tabled Budgets to Provincial Treasury. For the uMkhanyakude District Municipality, Provincial Treasury undertook a high level assessment on the data strings of the Draft Budget (TABB) uploaded to the National Treasury portal and feedback was provided accordingly. In this regard, Provincial Treasury assessed the funding positions of the 2021/2022 Tabled Budgets of all the 51 delegated municipalities using the National Treasury Budget Funding Assessment Tool. Provincial Treasury held bilateral meetings with the 50 delegated municipalities to discuss the comments and recommendations on the findings relating to their 2021/2022 Tabled Budgets with the exception of the uMkhanyakude District Municipality for the reason stated above. 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 2021/2022 Approved Budget.

The second phase entailed the high level assessment of the budgets approved by the municipal Councils. Copies of the 2021/2022 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 compliance check to establish the level of compliance of the Approved Budgets with the requirements of the MFMA and MBRR.

List of delegated municipalities with unfunded 2021/22 Approved Budgets

No.	Name of municipality	No.	Name of municipality
1	Ugu DM	9	uMzinyathi DM
2	Mpofana	10	Newcastle
3	Richmond	11	Dannhauser
4	uMgungundlovu DM	12	Amajuba DM
5	iNkosi Langalibalele	13	Ulundi
6	uThukela DM	14	Zululand DM
7	eNdumeni	15	uMkhanyakude DM
8	Msinga	16	Harry Gwala DM

Source: KZN Provincial Treasury

Subsequent to the approval of their Final Budgets, National Treasury required that a Council resolution showing commitment to address the unfunded position must be submitted by all municipalities with unfunded budgets to National and Provincial Treasury by 01 October 2021.

Provincial Treasury issued Circular PT/MF 04 of 2021/2022 dated 31 August 2021 (Process of addressing the 2021/22 unfunded budget through the preparation of credible budget funding plan) in order to inform municipalities whose 2021/2022 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 16 municipalities that approved the 2021/2022 Unfunded Budgets 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.

Provincial Treasury assessed the Budget funding plans which were tabled in Council in terms of MFMA Circular No. 93 by municipalities with unfunded 2021/2022 Approved Budgets. The outcome of the high level assessment of the Budget funding plans is reflected in the Table below.

Outcome of the assessment of the Budget funding plans submitted to Provincial Treasury

No	Name of municipality	Funding position	Budget funding plan in place?	Is Budget funding plan credible?
1	Ugu DM	Unfunded	Yes	Credible
2	Mpofana LM	Unfunded	Yes	Credible
3	uMgungundlovu DM	Unfunded	Yes	Credible
4	iNkosi Langalibalele LM	Unfunded	Yes	Not Credible
5	uThukela DM	Unfunded	Yes	Not Credible
6	eNdumeni LM	Unfunded	Yes	Not Credible
7	uMzinyathi DM	Unfunded	Yes	Credible
8	Newcastle LM	Unfunded	No	N/a
9	Dannhauser LM	Unfunded	No	N/a
10	Amajuba DM	Unfunded	No	N/a
11	uPhongolo LM	Unfunded	No	N/a
12	AbaQulusi LM	Unfunded	No	N/a
13	Nongoma LM	Unfunded	No	N/a
14	Ulundi LM	Unfunded	Yes	Credible
15	Zululand DM	Unfunded	Yes	Credible
16	uMkhanyakude DM	Unfunded	Yes	Not Credible

Source: KZN Provincial Treasury

Provincial Treasury also monitored the submission of the 2021/2022 Mid-Year Budget and Performance Assessment (MFMA Section 72) Reports which were due to both the Provincial and National Treasuries by 25 January 2022; 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 2021/22 Adjustments Budgets.

Provincial Treasury discouraged municipalities in PT/MF Circular 06 of 2021/2022 dated 15 December 2021 from tabling their 2021/2022 Mid-Year Budget and Performance Assessment Reports together with their 2021/2022 Adjustments Budgets. This was in order for the Provincial Treasury to effectively assess the 2021/2022 Mid-Year Budget and Performance Assessment Reports and provide meaningful contribution thereon in the preparation of the municipalities' 2021/2022 Adjustments Budgets.

Provincial Treasury evaluated the 2021/2022 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 2022 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 2021/2022 Adjustments Budgets of all 51 delegated municipalities and provided high level written feedback on the findings thereof to the municipalities.

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

Four (4) quarterly reports on the Consolidated Budget Performance for all delegated municipalities including the three (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 electricity and water accounts by all municipalities to Eskom and the Water Boards respectively. Provincial Treasury has 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 2021/2022 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 selected municipalities. 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.

Financial Management Support was provided to six municipalities to assist with technical and complex financial accounting and reporting matters whilst providing skills transfer to municipal officials.

List of municipalities that received support from Municipal Accounting and Reporting during 2021/22

No.	Name of Municipality
1	Harry Gwala DM
2	iMpendle
3	Nkandla
4	Nongoma
5	Ulundi

6	uMshwathi
7	Big 5 Hlabisa
8	eMadlangeni
9	Endumeni
10	KwaDukuza
11	Mandeni
12	Mthonjaneni
13	uMdoni
14	uMuziwabantu
15	Zululand
17	Dannhauser
17	uBuhlebezwe
18	uMgungundlovu DM
19	uMvoti
20	Mtubatuba
21	uMngeni

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 improvements effected are sustainable. The MSP conducted pre-audit assessments at selected municipalities. The support initiative was aimed to assess the selected municipalities' readiness for the 2020/2021 audit by the Auditor-General of South Africa (AGSA). Suitable recommendations and guidance was also provided for weaknesses identified.

The MSP further deployed Municipal Finance Experts to three municipalities in 2021/2022 that have been identified as in financial distress. The Finance Experts provide 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.

List of Municipalities supported by MSP during 2021/22	
No.	Name of Municipality
1	Alfred Duma
2	Big 5 Hlabisa
3	eMadlangeni
4	Ndwedwe
5	uMhlabuyalingana
6	uMuziwabantu
7	uMvoti

8	AbaQulusi
9	eDumbe
10	Endumeni
11	iMpendle
12	Nkandla
13	uMdoni
14	uMzimkhulu
15	uMkhanyakude DM
16	uThukela DM

Implementation of the Municipal Regulations on Standard Chart of Accounts (mSCOA)

The Minister of Finance promulgated Government Gazette No. 37577, Municipal Regulations on Standard Chart of Accounts (mSCOA), on 22 April 2014. All municipalities and related municipal entities were required to transact in compliance with the mSCOA Regulations from 01 July 2017.

The objective of mSCOA is to provide a national standard for the uniform recording and classification of municipal budget and financial information at a transactional level by providing a standard chart of accounts.

Provincial Treasury continued to monitor the implementation of mSCOA in the Province during 2021/2022. Skilled consultants were appointed to assist the Provincial Treasury in monitoring, supporting and capacitating municipalities on the implementation of mSCOA.

The activities conducted by the Provincial Treasury together with the consultants included the following:

- Comparison of the 2020/2021 Pre-audited AFS and Audited AFS for targeted municipalities including restated comparative figures to the data strings uploaded to the National Treasury Local Government Database to determine the accuracy of the information submitted.
- Participation in the mid-year engagements including review of the implementation plans (road maps) submitted.
- Reviewed the adopted and adjustment budget for the 2021/2022 financial year together with In-year Monitoring (IYM) to ensure correct use of the mSCOA segments and assisted municipalities and entities in clearing identified errors.
- Reviewed the detailed monthly transactional data of municipalities and municipal entities to ensure correct alignment to the mSCOA chart requirements, as well as completeness and accuracy of transaction information which included the verification of opening balances in month one.

- Communicated errors and variances identified to municipalities to further investigate, provide explanations and correct accordingly. Provided guidance and support on technical matters relating to transacting and reporting in line with mSCOA and clearing of validation errors in readiness for interim and annual financial statements via telephone, email and online engagements.
- Advised municipalities on the procedure to be followed as indicated in Circular 80 of the MFMA for the appointment of service providers for an integrated financial management and internal control system for local government. Supply chain management queries in respect of the RT25/2016 was forward to the Office of Chief Procurement officer for input, where necessary.
- Supported municipalities by attending project steering committee meetings and other stakeholder and role-player engagements, as and when required.
- Engaged with National Treasury on mSCOA priorities, technical matters, frequently asked questions and training.
- Presentations conducted at KZN PT CFO Forums to provide guidance on mSCOA compliance as well as to facilitate group discussions on concerns and challenges experienced by municipalities:
 - 9 December 2021: Key mSCOA Matters on Balance Sheet Budgeting, Cash Flow Linking and Inventory Treatment.
 - 3 February 2022: How to account for VAT in mSCOA – mSCOA Circular 12.
 - 10 March 2022: mSCOA Training Seminar held in collaboration with National Treasury to discuss mSCOA Chart Changes between version 6.5 and 6.6.
- Formal training provided to municipalities including the following:
 - mSCOA and Annual Financial Statement Alignment.
 - The use of segments and corrections required.
 - Budgeting and Transacting in mSCOA.
 - mSCOA Fundamentals and mSCOA reporting requirements.

The Provincial Treasury will continue to support municipalities to promote accurate and credible transactional data to support budgets, monthly reports and the annual financial statements.

Municipal Revenue and Debt Management (MRD)

The new sub-programme was phased in from 2021/2022 and the Municipal Revenue and Debt support initiative was piloted at two municipalities. 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.

List of Municipalities supported by MRD during 2021/22

No.	Name of Municipality
1	eMadlangeni
2	uMkhanyakude DM

2.4.2.2 Service Delivery Improvement Plan (SDIP)

The department's last approved Service Delivery Improvement Plan is for the period 2018 – 2021. The Department of Public Service and Administration had subsequently issued a directive to departments, as per DPSA Circular number 1 of 2020/2021 and DPSA Circular number 14 of 2022, which indicates that the next cycle approved Service Delivery Improvement Plan shall be for the period 2023 – 2025. During the gap period DPSA reviewed the 2008 SDIP directive and template and consulted on these documents. During the 2021/2022 financial year, the department initiated processes to identify key services for improvement which will be forwarded to the MEC for Finance for approval. Further, developed a Complaints and Compliments Policy which is in draft which is a milestone requirement of DPSA, part of the new cycle SDIP development process.

2.4.2.2.1 MAIN SERVICES AND STANDARDS (AS PER THE SDIP):

The department's last approved Service Delivery Improvement Plan is for the period 2018 – 2021. The Department of Public Service and Administration had subsequently issued a directive to departments, as per DPSA Circular number 1 of 2020/2021 and DPSA Circular number 14 of 2022, which indicates that the next cycle approved Service Delivery Improvement Plan shall be for the period 2023 – 2025.

2.4.3 Progress towards Achievement of Institutional Impacts and Outcomes

2.4.4. Institutional Programme Performance Information

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 (Human Resources, Auxiliary Services, Information Technology, Security Services, Institutional Performance Management and Legal Services).

This programme consists of the following measurable sub-programmes:

1.2 Sub-programme: Financial Management (CFO)

1.2.1 The purpose of this sub-programme is:

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

1.3 Sub-programme: Human Resources Management

1.3.1 The purpose of this sub-programme is:

- To provide optimal Human Resource services to the department.

1.4 Sub-programme: Information Technology Management

1.4.1 The purpose of this sub-programme is:

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

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

Programme/Sub-programme: 1.2 Financial Management (CFO)								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improve Governance, Risk and control processes thereby reducing fraud & corruption.	Provide Effective Financial Management Support to the department.	No material audit findings in the areas of financial management matters of the department.	Unqualified Audit Opinion	Unqualified Audit Opinion	Unqualified Audit Opinion.	Unqualified Audit Opinion.	0	N/A
	Promote efficient management of Financial Resources through budget planning.	Produce Main & Adjustment budget submissions for the department.	New	New	Budget submission documents produced.	Budget submission documents produced.	0	N/A
	Payment of invoices within 30 days in compliance with Legislation.	Percentage of supplier's valid invoices paid within 30 days.	100%	99%	100%	99.5%	0,5%	There were unresolved queries/outstanding information on the invoices that needed to be resolved prior to the payments being made.

Improved participation of targeted groups in the economy of the Country.	Expand Government spend on Women, Youth, and People with Disability in line with BBBEE Act and PPPFA.	Report on Government procurement spending in Women, Youth and People with disability.	New	New	4 Quarterly Procurement spending reports.	4 Quarterly Procurement spending reports.	0	N/A
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Programme/Sub-programme: 1.3 Human Resource Management

Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improve Governance, Risk and control processes thereby reducing fraud & corruption.	Improvement in the provision of optimal Human Resource services within the Department.	No material audit finding in the departments Human Resource Management areas.	No material Human Resource Management and Development audit findings.	No material Human Resource Management and Development audit findings.	No material audit finding in the departments Human Resource Management areas.	No material audit finding in the departments Human Resource Management areas.	0	N/A
		Number of empowerment initiatives relating to Gender Based violence issues.	New	New	4 empowerment initiatives relating to Gender Based Violence.	8 empowerment initiatives relating to Gender Based Violence.	4	Additional beneficiaries within communities were identified additional to the planned internally focussed programmes and therefore the target was exceeded.

Improved participation of targeted groups in the economy of the Country.	Number of HR Initiatives implemented to achieve Institutional Excellence.	Number of Human Resources Plan (HRP) developed.	New	New	Develop 1 annual.	1 Annual HRPIR developed.	0	N/A
		Number of Annual Work Place Skills Plan (WSP) developed.	New	New	Develop 1 annual.	1 Annual WSP developed.	0	N/A
	Appointment of previously marginalised groups.	% of SMS posts filled with females.	New	New	Appoint 50% women at SMS.	Appointed 43% of women at SMS.	-7%	The majority of posts are still in recruitment process and posts where females have been recommended are not yet finalized. With the current 19 SMS positions that have been advertised, the Department has targeted at least 14 posts to be filled with females by 30/9/2022, which would bring the target to over 50%.
		% of employees with disabilities, employed in the Department.	New	New	Appoint 2% employee with a disability.	Appointed 1.8% employee with a disability.	-0.2%	With one employee resigning , the % reduced for PWDs.

		% of unemployed youth employed against youth development programs in the Department.	New	New	Appoint 5% graduates on youth development programs.	11%	6%	Treasury has the Trainee Accountant program and the IAT learnership which is in excess of the prescribed Interns and work integrated learners which results in the employment of 11% youth on these programs.
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Programme/Sub-programme: 1.4 Information Technology Management

Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improve Governance, Risk and control processes thereby reducing fraud & corruption.	Improvement in the provision of IT Infrastructure, and technical & functional IT services within the Department.	No material audit finding in the areas of Information Technology within the department.	No material IT audit findings.	No material IT audit findings.	No material IT audit findings.	No material IT audit findings.	0	N/A
	Improvement in the operational efficiency through business process automation.	Number of business processes automated to enable the department to meet its Strategic Objectives.	New	New	4	4	0	N/A

Linking performance with budget

Programme Name: Administration	2021/2022			2020/2021		
	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
Office Of The MEC	30 584	22 362	8 222	27 547	24 370	3 177
Management Services (HOD)	15 077	8 633	6 444	23 065	17 123	5 942
Financial Management (CFO)	31 823	27 562	4 261	29 558	28 153	1 405
Corporate Services	135 639	124 871	10 768	95 216	94 411	805
Total for sub programmes	213 123	183 428	29 695	175 386	164 057	11 329

The programme has underspent its allocated budget by the net amount of R29 695 million of these funds, the amount of R14,071 million is from Compensation of employees which relates to delays in filling of vacant funded posts within the programme and R 13,326 million from Goods and services due to delays in the finalisation of consolidated audits as well as reduced operation costs (such as Inventory: Other supplies, Contractors) and travel and subsistence as a result of less travel due to most meetings being held virtually. Further savings of R2,221 million were realised from Payments for capital assets due to non-purchase of tools of trade in relation to the vacant funded posts not filled. In addition to the above two (2) motor vehicles ordered by the Office of the MEC not delivered due to global shortage of stock.

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 and sustainable infrastructure delivery.

This programme consist of the following measurable sub-programmes:

2.2 Sub-programme: Economic Analysis

2.2.1 The purpose of this sub-programme is to:

- Determine and evaluate economic parameters and socio-economic imperative that informs provincial and local resource allocation.

2.3 Sub-programme: Infrastructure Management

2.3.1 The purpose of this sub-programme is to:

- Provide infrastructure support through Infrastructure Delivery Management System.

2.4 Sub-programme: Public Finance

2.4.1 The purpose of this sub-programme is to:

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

2.5 Sub-programme: Public Private Partnerships

2.5.1 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.

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

Programme/Sub-programme: 2.2 Economic Analysis								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Enhanced fiscal sustainability of the province.	Credible research for informed provincial resource allocation.	Number of Socio-economic review & outlook reports of the province produced to evaluate and monitor economic trends and performance supporting policy formulation.	10 Reports	12 Reports	10 Reports	10 Reports	0	N/A
		Number of Value for money assessment reports for efficient resources allocation produced to evaluate and monitor departmental impact performance and policy formulation.	1 Reports	7 Reports	6 Reports	4 Reports	-2	The unit had planned to produce three proposals and three research reports (= six reports), respectively. However, only four reports were completed due to capacity constraints as one of the Economic Analyst resigned in quarter 1.

Programme/Sub-programme: 2.3 Infrastructure Management								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improved and sustainable infrastructure delivery which contributes to inclusive economic growth.	Capacity building to departments in the areas of Infrastructure Planning and delivery.	Number of reports on IDMS Oversight Monitoring and Performance Assessment at Provincial Departments.	6 Reports	6 Reports	4 Reports	4 Reports	0	N/A
Programme/Sub-programme: 2.4 Public Finance								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Enhanced fiscal sustainability of the province.	Optimal, Efficient And Effective provincial resource allocation.	Number of MTEC reports on budget and expenditure management for realistic and credible budgets.	15	15	15	15	0	N/A

	Optimal, Efficient And Effective provincial resource allocation.	Number of early warning system reports to address variances requiring remedial action.	16	16	18	18	0	N/A
		Inputs into DORA on provincial allocations.	3	2	3	3	0	N/A
	Enhance Revenue collection in the Province.	Increase provincial own revenue by reducing staff debt balance in the Department of Education.	New	New	30 Million increase.	30 Million Increase.	0	N/A

Programme/Sub-programme: 2.5 Public Private Partnerships

Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improved and sustainable Infrastructure delivery which contributes to inclusive economic growth.	Capacitate Departments, Municipalities and Public Entities in the areas of PPP.	Number of Institutions capacitated in the Implementation of the PPP Processes.	New	2	2 Reports.	2 Reports.	0	N/A

Improved participation of targeted groups in the Economy of the Province.	Implementation of the PPPFA regulation by Departments, Municipalities and Public Entities.	Number of Compliance reports on the implementation of the PPPFA Regulations inclusive of targets per targeted group in PPP Projects.	New	4	4 Reports.	4 Reports.	0	N/A
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Linking performance with budget

Programme name: Sustainable Resources Management	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/ UnderExpenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	3 730	3 683	47	3 944	3 669	275
Economic Analysis	20 663	14 598	6 065	16 838	15 372	1 466
Public Finance	18 373	18 343	30	17 858	17 604	254
Public Private Partnerships	6 680	5 779	901	7 160	6 605	555
Total	49 446	42 403	7 043	45 800	43 250	2 550

The programme has underspent its allocated budget by the net amount of R7, 043 million of these fund, the amount of R1,342 million was realised from Compensation of employees due to delays in filling of funded vacant posts within the programme and R 5,699 million from Goods and services due to slow spending on support services offered to other departments for infrastructure projects and travel and subsistence as a result of less travel due to most meetings being held virtually.

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 improving audit outcomes in the province.

Conduct Supply Chain Management compliance assessments, Policy and Contract support services to provincial departments, public entities and municipalities.

This programme consists of the following measurable sub-programmes:

3.2 Sub-programme: Asset and Liabilities Management

3.2.1 The purpose of this sub-programme is:

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

3.3 Sub-programme: Supply Chain Management

3.3.1 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.

3.4 Sub-programme: Accounting Services (Financial Reporting)

3.4.1 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.

3.5 Sub-programme: Financial Information Management Systems

3.5.1 The purpose of this sub-programme is:

- To provide reliable, efficient and effective financial systems.

3.6 Sub-programme: Norms and Standards

3.6.1 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.

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

Programme/Sub-programme: 3.2 Asset and Liabilities Management								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improved audit outcomes for the province.	Improved compliance to Tax and Banking legislation.	Number of risk analysis reports compiled per department to minimise non-compliance with payroll tax legislation.	56 Risk analysis reports.	56 Risk analysis reports.	56 Risk analysis reports.	56 Risk analysis reports.	0	N/A
		Number of assessment reports on status of bank related suspense accounts issued to departments to minimise audit queries.	56 Compliance Assessment Reports.	56 Compliance Assessment Reports.	56 Compliance Assessment Reports.	56 Compliance Assessment Reports.	0	N/A
Programme/Sub-programme: 3.3 Supply Chain Management								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improved Audit Outcomes for the Province.	Number of SCM initiatives implemented at departments, municipalities	Number of SCM routine compliance assessments conducted.	New	Conducted 324 SCM Routine Compliance assessments.	Conduct 144 SCM Routine Compliance assessments.	Conducted 172 SCM Routine Compliance assessments.	28	There was an increase in a number of requests received from institutions for advice on Bids and Policies.

	and public entities to improve compliance with SCM prescripts.	Number of reports produced on the Implementation of the Annual Procurement Plans by public sector institutions.	New	New	10 Reports.	10 Reports.	0	N/A
		Number of SCM prescripts Reviewed.	New	New	12 Reports.	13 Reports.	1	There was an additional request received from Umdoni municipality to review the SCM policy which was not planned.
		Number of reports produced on the status of Bid Appeals Tribunal and Municipal Bid Appeals Tribunal.	New	New	4 Reports.	4 Reports.	0	N/A
		Number of reports produced on Pre-order/Pre-award compliance assessment including COVID-19 conducted.	New	New	4 Reports on the pre-award compliance assessment including COVID-19.	2 Reports on the pre-award compliance assessment including COVID-19.	-2	Given the capacity constraints, a circular was issued to Departments indicating that pre-order assessments would not take place as at December 2021 and therefore no assessment report was produced for Q3 and Q4.

		Number of contract Management reviews at department, municipalities and public entities conducted.	New	New	83 Contract Management reviews.	83 Contract Management reviews conducted.	0	N/A
	Implementation of the Approved Open tender system.	Number of reports produced on the status of the Implementation of the Open tender system.	New	0	2 reports on the status of implementation of the Open Tender System.	0	-2	The Bill has not been promulgated and the system design will be linked to the requirements of the Act. As a result, the project was placed on hold.
Improved participation of targeted groups in the Economy of the Province.	Full compliance by departments on the PPPFA Regulations inclusive of targets per targeted group.	Number of reports produced on the distribution of spend and commodities to the targeted groups and bids advertised inclusive of targets per targeted group in terms of the Procurement Plan.	New	3 Reports	4 reports on the Distribution of spend and commodities to the targeted group and bids advertised inclusive of targets.	3 Report on the distribution of spend and commodities to the targeted group and bids advertised inclusive of targets.	-1	The report for quarter 4 will be submitted in the next quarter (Q1 of 2022/23), as the data that is used to produce this report is only available after the system has closed for reporting.

Programme/Sub-programme: 3.4 Accounting Services (Financial Reporting)								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improved Audit Outcomes for the Province.	Improved Financial Management within Provincial public sector institutions.	Number of public sector institutions supported in financial management to reduce qualified audit opinions.	New	New	5	17	12	There was an increase in a number of requests received from various Public Sector Institutions requiring financial management support which had not been planned.
	Improved Financial Management compliance in the province.	Number of consolidated Instruction Note 34 to NT on compliance to Payment of suppliers invoices within 30 days.	12	12	12	12	0	N/A

	Condonation of Irregular Expenditure in the Province.	Number of Irregular expenditure condonation requests assessed in compliance with the Irregular Expenditure Framework.	New	New	18	65	47	The target was exceeded due to more than one submission request received from Departments and Public entities which resulted in more condonation requests being assessed.
Programme/Sub-programme: 3.5 Financial Information Management Systems (FIMS)								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improve Governance, Risk & Control processes thereby reducing Fraud & Corruption.	Reliable, efficient and effective financial systems in the province.	% of Financial transversal systems uptime.	New	100%	97%	99.77%	2.77%	The target was exceeded mainly due to constant monitoring of the back-up systems.
	Improved Financial Management Systems.	Number of departments with implemented Invoice Management System in the province.	New	System piloted at 1 department.	System implementation at 3 departments.	Nil – System piloted at one department.	-3	The Stats SA system was implemented at 1 dept PT. During the implementation phase shortcomings and deficiencies were identified in the system. The system required various manual inputs and does not address the

								various weakness in a manual system and has therefore been halted.
		Number of departments with implemented e-Leave Management System in the province. (ERP)	New	0	System implementation at 1 department.	0	-1	The implementation of the system could not be conducted due to the conditions attached to the National Treasury approval relating to the infrastructure.
Programme/Sub-programme: 3.6 Norms and Standards								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improved Audit Outcomes for the Province.	Improved compliance with legislation by the Public sector institutions.	Number of departments assessed to minimise non-compliance with legislation.	14	14	14	14	0	N/A
		Number of public entities assessed to minimise non-compliance with legislation.	8	8	8	8	0	N/A

Linking performance with budget

Programme Name: Financial Governance	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Sub-programmes	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	5 180	5 180	-	5 309	4 688	621
Asset & Liabilities Management	18 685	18 671	14	14 503	14 351	152
Support and Interlinked Financial System	113 824	113 764	60	98 543	98 447	96
Supply Chain Management	44 337	44 083	254	34 724	34 426	298
Accounting Services	18 567	18 455	112	20 190	19 737	453
Norms and Standards	6 194	6 112	82	7 142	6 996	146
Total	206 787	206 265	522	180 411	178 645	1 766

The programme has underspent its allocated budget by the net amount of R522 thousands of these fund, the amount of R339 thousand is from Goods and services which relates to reduced operation costs. Further savings of R163 thousand were realised from Payments for capital assets due to non-purchase of tools of trade for funded vacant posts within the programme.

4. PROGRAMME 4: Internal Audit (PIAS)

4.1 The purpose of this programme is to:

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

The programme consists of the following measurable sub-programmes:

4.2 Sub-programme: Assurance Services

4.2.1 The purpose of this sub-programme is to:

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

4.3 Sub-programme: Risk Management

4.3.1 The purpose of the sub-programme is to:

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

4.4 Outcomes, Outputs, Performance indicators and Targets - see table

Programme/Sub-programme: 4.2 Assurance Services								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for Deviation
Improve Governance, Risk and Control Processes thereby reducing Fraud and Corruption.	Improved governance of assurance and internal control in the departments.	Number of Internal Audit Reviews conducted.	112	73	104	121	17	The target was exceeded due to internal audit projects that were carried over from the previous financial year that could only be finalised in the 2021/22 financial year.
		Number of follow-up reviews on the implementation of recommendations on resolved audit findings.	56	31	52	61	9	The target was exceeded due to internal audit projects that were carried over from the previous financial year that could only be finalised in the 2021/22 financial year.
	Strengthened Oversight and Accountability.	Number of audits conducted on the mainstreaming of vulnerable groups.	New	17	10	7	-3	Audits for department of Community Safety, Arts & Culture and Sports & Recreation were delayed and are carried over to the 2022/23 financial year due to delays in obtaining information from the department to conduct this audit.

		Number of reports to the Oversight Structures to strengthen oversight to enforce accountability.	New	43	58	42	-16	There were no oversight reports issued to departments and cabinet in quarter 4 due to delays in the appointment of the Audit Committee members.
Programme/Sub-programme: 4.3 Risk Management								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improve Governance, Risk and Control Processes thereby reducing Fraud and Corruption.	Risk Management embedded in the Province.	Number of reports on Risk Management reviews conducted for departments.	78	105	42	45	3	There were adhoc requests that were received from client Departments.
		Number of risk assessment reviews conducted for municipalities.	New	New	20	26	6	There were adhoc requests for risk assessments received from the municipalities.
		Number of ethics and corruption risk assessment reviews conducted for departments.	New	New	14	11	-3	The unit had planned to conduct risk assessments at 14 departments but 3 departments (OTP, Cogta and Education) had cancelled the Ethics workshop that was already scheduled. These assessments will now be

								finalised in quarter 1 of the 2022/23 financial year.
	Strengthened Internal Control & Risk Function in the province.	Number of Internal Control (IC) assessment reports produced.	New	1	14	14	0	N/A
		Number of audit committee technical support provided to municipalities.	New	New	8	8	0	N/A
		Number of Risk management and internal control training provided to clients. (departments and Municipalities)	New	New	35	36	1	There were more requests for training that were received from clients.

Linking performance with budget

Programme Name: Internal Audit	2021/2022			2020/2021		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Sub-programmes	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	3 129	2 539	590	5 175	4 346	829
Assurance Services	72 809	64 738	8 071	66 925	66 500	425
Risk Management	21 412	18 939	2 473	20 863	20 640	223
Forensic Services	-	-	-	8 498	8 498	0
Total	97 350	86 216	11 134	101 461	99 984	1 477

The programme underspent its allocated budget by the net amount of R11,134 million of these fund, the amount of R4,028 million is from Compensation of employees which relates to delays in filling of the funded vacant posts within the programme and R7,068 million from Goods and services due to delays in appointment of service providers for agency and support services to undertake various audits for various departments; consultants and professional services (audit committee) and subsistence and travel due to less travel as meetings with clients being held virtually.

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:

5.2 Sub-programme: Municipal Budget

5.2.1 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.

5.3 Sub-programme: Municipal Accounting and Reporting

5.3.1 The purpose of this sub-programme is to:

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

5.4 Sub-programme: Municipal Support Programme

5.4.1 The purpose of this sub-programme is to:

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

5.5 Sub-programme: Municipal Revenue and Debt Management

5.5.1 The purpose of this sub-programme is to:

- Assist and provide technical support to delegated municipalities on revenue and debt management.

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

Programme/Sub-programme: 1.6 Municipal Budget								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Enhanced Fiscal Sustainability of the Province.	Implementation of Provincial Treasury recommendations by Municipalities.	Number of Delegated Municipal Tabled Budgets evaluated with feedback provided.	51	47	51	51	0	N/A
		Number of Delegated Municipal Approved Budgets evaluated with feedback provided.	51	51	51	51	0	N/A
Programme/Sub-programme: 1.7 Municipal Accounting and Reporting								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual Achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for Deviation
Improved Audit Outcomes for the Province.	Implementation of Provincial Treasury recommendations by Municipalities.	Number of financial statements reviews conducted at targeted municipalities.	4	12 Financial Statements Reviewed.	7 Financial Statements Reviews.	16 Financial Statements Reviews.	9	The target was exceeded as the support offered continued from the prior year's audit due to delays with the AGSA audit of the municipalities. These continued support initiatives were provided in addition to the 2020/21 year projects.

Improved Audit Outcomes for the Province.	Implementation of Provincial Treasury recommendations by Municipalities	Number of financial management support projects implemented at targeted municipalities.	Progress reports on intensive on-site financial management support to 6 municipalities.	3 Projects implemented.	6 Projects to be implemented.	6 Projects implemented.	0	N/A
Programme/Sub-programme: 1.8 Municipal Support Programme								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for Deviation
Improved Audit Outcomes for the Province.	Implementation of Provincial Treasury recommendations by Municipalities. Full implementation of mSCOA by provincial municipalities.	Number of MSP projects implemented at targeted municipalities.	3 projects implemented.	13 projects implemented.	10 projects to be implemented.	20 projects implemented.	10	The target was exceeded due to the 2020/21 projects that were delayed and only completed in 2021/22 due to the delays in the AG audit
		Number of reports produced on the implementation of mSCOA by municipalities.	3 progress reports on the progress made by municipalities.	4 reports produced on the implementation progress.	4 reports on the implementation progress.	4 reports produced on the implementation progress.	0	N/A

Programme/Sub-programme: 1.9 Municipal Revenue and Debt Management								
Outcome	Output	Outputs indicator	Audited Actual performance 2019/20	Audited Actual performance 2020/21	Planned Annual Target 2021/22	Actual achievement 2021/22	Deviation from planned target to actual achievement 2021/22	Reason for deviation
Improved Audit Outcomes for the Province.	Implementation of Provincial Treasury recommendations by Municipalities.	Number of Revenue and Debt projects implemented at targeted municipalities.	New	Nil.	1 project to be Implemented.	2 projects Implemented.	1	Target exceeded as the support offered is driven by the needs of the municipalities delegated to the KZN Provincial Treasury. Consequently, the support was then provided to an additional municipality.

Linking performance with budget

Programme Name: Municipal Finance Management	2021/2022			2020/2021		
	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	3 150	2 932	218	2 437	2 298	139
Municipal Budget	26 544	26 376	168	25 016	24 656	360
Municipal Accounting and Reporting	17 149	11 652	5 497	15 705	15 516	189
Municipal Support Programme	17 322	13 986	3 336	12 078	11 961	117
Municipal Revenue and Debts Support	6 022	3 637	2 385	-	-	-
Total	70 187	58 583	11 604	55 236	54 431	805

The programme underspent its allocated budget by the net amount of R11, 604 million of these fund, the amount of R5,373 million is from Compensation of employees which relates to delays in filling of funded vacant posts within the programme and R6,001 million from Goods and services due to delays in appointment of service providers for agency and support services to undertake support services to various municipalities projects and travel and subsistence due to less travel to clients as a result of most meetings being held virtually. Further R230 thousand were realised from Payments for capital assets due to non-purchase of tools of trade in relation to the funded vacant posts that were not filled.

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 2021/2022 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 2021/2022 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 2021/2022 financial year.

2.4.7 Donor Funds Received

2.4.7.1 Donor Fund

The department had no Donor funding received during the 2021/2022 financial year.

2.4.7.2 Global Funding

The department had no Global funding received during the 2021/2022 financial year.

2.4.8 Capital Investment

2.4.8.1 Capital Investment, Maintenance and Asset Management plan

The department had no capital investment during the 2021/2022 financial year.

2.5 PART C: GOVERNANCE

2.5 PART C: GOVERNANCE

2.5.1 Introduction

The world is grappling with the containment of the novel Covid-19 pandemic that has struck the globe and brought economies to its knees. The UN's Framework for the Immediate Socio-Economic Response to the COVID 19 Crisis warns that "The COVID-19 pandemic is far more than a health crisis: it is affecting societies and economies at their core. While the impact of the pandemic will vary from country to country, it will most likely increase poverty and inequalities at a global scale.

More than ever before effective and efficient governance in the public sector is now an obligation as it encourages better decision making and the efficient use of resources and strengthens accountability for the stewardship of those resources.

Against this backdrop, KZN Provincial Treasury continues its commitment to maintain the highest level of good governance through reporting and feedback that promotes honesty and accountability

2.5.2 Risk Management

Albert Einstein said "learn from yesterday, live for today, hope for tomorrow. The important thing is not to stop questioning." The world is collectively questioning everything as we navigate a new normal – COVID-19. More than ever before risk management has been thrust to the forefront.

The discipline of risk management, mainly consist of identifying threats and opportunities to an organization's short, medium and long-term strategic objectives; and presenting response strategies to tackle these uncertainties. The COVID-19 pandemic clearly presents risk managers with an opportunity to launch and strengthen value propositions. Hence, the "new" normal has created the need for revised policies and procedures that address. Consequently, KZN Provincial Treasury has strengthened its risk governance framework to include the emergence of a pandemic and how the department will respond in various risk related

The risk management committee continues to assist the Accounting Officer in discharging his accountability for risk management by reviewing the effectiveness of the departments risk management system, practices and procedures and providing recommendations for improvement.

During the period under review, the COVID-19 committee continued to deal with and respond to risks emanating as a result of the pandemic.

The department continues to maintain a consolidated risk register which encompasses strategic, operational, IT, Business Continuity and COVID-19 risks.

The Audit Committee continues to provide an independent oversight over the system of risk management and monitors its effectiveness. The *Audit committee* oversees the system of internal controls and ensures that the department is compliant with laws and regulations.

2.5.3 Fraud and Corruption

Corruption in the public sector has and always will continue to be a thorn in the side of any government throughout the world. Irrespective of what control measures are put in place, corruption remains a problem in many respects. It undermines the authority and the credibility of the government and its employees, it has an effect on the economic balance of the country and it plays a major role in the spread of economic crimes in general.

Over this period, the department has established an ethics committee. The ethics committee is chaired by the Accounting Officer and provides feed-back to the risk committee on matters within its scope. The Ethics Committee ensures that the department operates in an atmosphere of accountability, though, amongst other, the review of departmental Ethics Policies and recommended changes.

The department supports and fosters a culture of zero tolerance to fraud in all its manifestations. Our employees are encouraged to report all incidents of fraud to their immediate supervisors. All fraud is investigated by our forensic division and followed up by the application of all remedies available within the full extent of the law as well as application of appropriate prevention and detection controls.

The department's fraud prevention policy and plan has been revised. The department continues to utilise the National anti-corruption hotline for the reporting of suspected fraud and corruption incidents. The department follows up on all information received through the hotline.

2.5.4 Minimising Conflict of Interest

All officials in the department are expected to avoid all personal and financial interests which could conflict with their responsibilities to the department. In preventing conflict of interest, all officials from salary levels 10 and below were obliged to complete financial disclosure forms,

which is an annual practice. The financial disclosures statements included certification that the assets and financial activities of each staff member, their spouses and family 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.

Declaration of interests and impartiality forms are signed by bid committee members during each sitting. Bid Committee members are required to excuse 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 offers.

2.5.5 Code of Conduct

The department continues to conduct workshops on the amended code of conduct in terms of the new Public Service Regulations 2016, to ensure that employees understand and adhere to the expectations of the public service code of conduct. Employees are discouraged to receive gifts or payments which are or may be construed as being a bribe. All employees are compliant with the submission of Financial Disclosures on an annual basis which is verified by the Ethics Officer of the Department to identify potential/actual conflicts of interest.

Declaration of interests and impartiality forms were signed by bid committee members during each evaluation (delete) sitting. Bid Committee members are required to excuse themselves if a conflict of interest exist in the process. Bidders are expected to declare their personal and business interests on the standard bidding documents when submitting proposals change to offers.

2.5.6 Health, Safety and Environmental Issues

The Department is committed to create a healthy and safe working environment for all its employees. Health and Safety is an element of an approved departmental Business Continuity Plan. In compliance with the Occupational Health and Safety Act 85 of 1993, the department has provided and maintained as far as reasonable and practicable a working environment that is safe and without risk to the health of its employees and its customers. An approved OHS Policy is available and Policy Statement is posted on strategic entrance areas as mandatory.

The department does have a permanently employed OHS Specialist. Both the employer and employees have a joint responsibility in ensuring their safety and that of others such as visitors by complying with all the safety measures that are put in place. Mandatory fire drills were suspended due to COVID-19 protocols while regular OHS inspections are conducted by

appointed and trained OHS representative. The representatives further identify potential hazards and where possible, reduce the level of risk by recommending and putting in place safety precautions while elevating such in quarterly OHS Committee meetings for discussion.

Mandatory training of OHS representatives is maintained within prescribed period for new appointments and provisions of refresher trainings. OHS awareness are conducted by means of circulars and Policy workshops to business units at an ongoing approach. Mandatory quarterly reporting to Department of Public Service and Administration is maintained through a compliance tool signed by the HOD. Employees are encouraged to report any potential risk emanating from their work and all incidents that happen within their workspace that might cause injury, in order to prevent recurring incidents of the same nature. First Aid provision is available to Departmental employees through the appointed and trained First Aiders for minor injuries. First Aid boxes are well placed in all floors with relevant signage and they are regularly replenished.

2.5.7 Portfolio Committees

The department had the following meetings with the Portfolio Committee.

Date of Meetings	Matters for discussion
20 July 2021	2021/2022 Financial and Non-Financial Performance Review
12 November 2021	2021/2022 Financial and Non-Financial Performance Review
17 December 2021	2021/2022 Financial and Non-Financial Performance Review
17 March 2022	2021/2022 Financial and Non-Financial Performance Review and Budget Hearing

Matters of discussion included filing of vacant posts and underspending of the budget. The department responded to all matters raised at the meetings in the form of written and oral representations. No major concerns were raised by the portfolio committee.

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: 220/2021	Irregular Expenditure of R2.880 million in 2020/21 (Balance of prior years' irregular expenditure not yet condoned: R25 893 million)	<p>The department incurred irregular expenditure of R2.880 million in 2020/21. The irregular expenditure was mainly attributable to proper SCM legislation not being followed in the appointment of service providers and quotations processes were not followed. Of the 2020/21 irregular expenditure an amount of R1.265 million has been condoned. (d) Prior years' irregular expenditure of R25 893 million has not yet been condoned.</p> <p>Treasury to report on : (a) Progress made in the determination testing relating to the 2020/21 and prior years' irregular expenditure, as well as time frames for submitting the irregular expenditure for condonation. (b) The outcomes of the investigations and steps taken to implement consequence management, including recovery of losses where applicable. ©Measures implemented to address the matters giving rise to irregular expenditure in 2020/21 and to avoid a recurrence.</p>	<p>(a) From the R2,8 million, R 1,265, 000 was condoned in the previous financial year 2020/2021.</p> <p>The balance of R25.7 million from the previous years, relates to the e-procurement tool and has not been condoned as yet pending the finalization of consequence management relating to this transaction.</p> <p>(b) No consequence management took place in relation to the Financial Reporting matter in these condoned cases since it was confirmed that the department did not suffer any loss due to the occurrence and no fraud or any criminal conduct took place. The department received the services from the service provider – the irregularity arose due to services being utilized before getting approval from the Accounting Officer. Further, the official who was responsible for the project is no longer in the employ of Provincial Treasury nor is a state employee</p> <p>©Going forward, to prevent further occurrence of Irregular Expenditure cases within the Legal Unit, the department is setting up a panel of professional service providers who can respond to the legal requirements of the department as short notice. Business</p>	No

			processes and rules to be followed will be mapped out to ensure that all legal services transactions are procured appropriately.	
Resolution 221/2021	Provincial Treasury: Fruitless and wasteful Expenditure: R230 000 in 2020/21 (Prior years' unresolved balance of R10 000).	<p>(a) The department incurred fruitless and wasteful expenditure of R230 000 in 2020/21 relating to SARS penalties, legal fees, non-attendance of scheduled training and reprinting.</p> <p>(b) An amount of R164 000 has been written off, without disciplinary steps being taken.</p> <p>(c) The balance of R66 000 for legal fees has not yet been resolved.</p> <p>(d) Prior years' fruitless and wasteful expenditure of R10 000 has not yet been resolved.</p> <p>The Committee resolves that the Accounting Officer report to the Committee by 31 January 2022 on</p> <p>(a) The reasons for writing off an amount of R164 000 without taking disciplinary steps.</p> <p>(b) Progress made in the investigation of the balance of R66 000 relating to legal fees, the outcomes of the investigation and steps taken to implement consequence management.</p> <p>(c) Progress made in resolving the prior years' balance of R10 000, the outcomes of the investigation and steps taken to implement consequence management.</p>	R 164 000 relating to SARS, Academy Training Group and City Printing Works was condoned in the previous financial year. It was confirmed that there was no form of negligence on the part of the employees concerned and that no fraud or any criminal activity took place. No disciplinary steps were necessary. The irregular expenditure committee sat during the year, all remaining balance of fruitless expenditure has been written off the previous financial year	Yes

Resolution 222/2021	Provincial Treasury: Investigations	<p>The Special Investigating Unit is investigating allegations of misconduct within the department. These proceedings are still in progress.</p> <p>Four investigations into allegations of improper conduct in supply chain management were conducted during the year by the Forensic Investigation Unit in the Office of The Premier. Three had been completed and recommendations made to the Accounting Officer, while the fourth investigation is still in progress.</p> <p>The Accounting Officer is required to report by to the Committee by 31 January 2022 on the outcomes, findings and recommendations of all completed investigations and steps taken to implement consequence management as well as the outcomes thereof, and steps taken</p>	<p>FR 37/13 – Allegations against the Crack Team – the Treasury Official went through the internal disciplinary process and was given a final written warning and delegations were removed from him as well. The official is no longer in the employ of the state as he resigned in December 2020. This aspect of the matter is closed.</p> <p>Provincial Treasury was informed that another presidential proclamation was issued to investigate the Crack Team for the same period. This investigation is still on going by the SIU.</p> <p>FR 37/16 – Allegations that a Service Provider utilised an under-qualified/unqualified resource for one of the assignments – a criminal case was registered with the SAPS and NPA. No progress has been received to date on the case.</p> <p>FR05/17 – e-Procurement Matter – the progress is as reported under Resolution 224/2021 below.</p> <p>FR04/2020 – Allegations of conflict of interest against an official – the investigation is currently ongoing.</p>	No
Resolution 223/2021	Provincial Treasury – Condonation of Irregular Expenditure	In terms of the new Irregular Expenditure Framework, with effect from 17 May 2019, all requests for condonation of	Refer to Detailed response in Annexure A	No

		<p>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 at 31 March 2021 is R9 billion.</p> <p>(c) Departments which contributed mostly are Transport (R4.359 billion), Health (R11.55 billion), Public Works (R378 million) and Education (R330.7 million)</p> <p>Provincial Treasury has established a Condonation Work Committee and will prioritise condonation of the irregular expenditure incurred in the 2020/21 financial year.</p> <p>The Accounting Officer is required to submit a report to the Committee by 31 January 2022 on progress made in the condonation of all provincial irregular expenditure, challenges experienced and where requests for condonation were refused, the reasons.</p>		
Resolution 224/2021	<p>Provincial Treasury: FR05/2017-E - Procurement Matter</p> <p>Forensic investigation FR 05/2017 into Irregular Expenditure of R25.706 million incurred in relation to the e-procurement tool matter (relating to SCOPA resolutions</p>	<p>Noting that: - (a) The forensic investigation FR 05/2017 was completed and handed to the MEC for Finance in March 2018. The MEC provided a summary of the report to the HR Unit in Treasury in November 2018. A copy of the report was requested by SCOPA but has not been provided.</p> <p>The report recommended that disciplinary action be taken against the former Head of</p>	<p>The implicated officials were informed that the disciplinary processes have been reinitiated and were informed to resubmit representations. Their representations were reviewed by Labour Relations. Upon review of their representation it was clear that formal disciplinary processes might not be warranted. Given the sensitivity and</p>	No

	<p>136/2021, 08/2021 & 17/2019)</p>	<p>Provincial Treasury and other Treasury officials and that the irregular/fruitless and wasteful expenditure be recovered from the implicated officials.</p> <p>Treasury commenced with disciplinary processes against all officials implicated in the report, except for the former Head of Treasury, which was to have been dealt with by the Office of the Premier.</p> <p>The disciplinary processes were halted as the Office of the Premier took the report on review. The review was only completed in June 2021.</p> <p>The findings and recommendations of the March 2018 report and the June 2021 report are the same. The e-procurement tool cannot be commissioned as National Treasury has not approved (and still does not approve) the project despite subsequent requests from Provincial Treasury to review their decision and despite Provincial Treasury's view that the system is complete.</p> <p>The expenditure thus constitutes fruitless and wasteful expenditure which must be recovered from the officials implicated.</p> <p>The Committee resolves: - That the Accounting Officer provide a copy of the report FR 05/2017 to the Committee and report to the Committee, by 31 January 2022, on the following:</p> <p>[1] The resumption of the disciplinary processes against the remaining Provincial</p>	<p>the interest that this matter has risen, management decided to seek the Executing Authority's guidance with a recommendation for an informal disciplinary processes. The MEC upon review was not satisfied with the plan of action and the matter is back with the legal unit for further consideration of an appropriate action that considers both the interests of the state and that of the officials.</p> <p>[2] The two officials who served in the technical evaluation committee are not officials of KZN Provincial Treasury. They are employed by the Department of Health and the Department of Education, respectively. They are still in the employ of the abovementioned departments. They were requested to serve in the technical evaluation committee due to their expertise.</p> <p>Letters informing their Accounting Officers about the alleged misconduct were forwarded on 3rd of September 2021.</p> <p>The names and PERSAL numbers of the officials will be submitted in a separate correspondence. These details are of a personal nature and in adhering to the POPI Act this information cannot be publicised without getting the consent of the affected officials.</p>	
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		<p>Treasury officials implicated in the reports, as well as the outcomes thereof.</p> <p>2]The names and PERSAL numbers of the two officials who have left Provincial Treasury, and the names of the departments where they are currently employed, as well as the date on which the matters were referred to those departments for disciplinary action to be taken.</p> <p>[3] Steps taken to recover the losses by way of civil recovery processes from all persons implicated in the report, including the former Head of Treasury.</p>	<p>[3] Disciplinary processes have not been finalised for the three officials of KZN Provincial Treasury as stated in our response above. Civil recovery can only commence once a liability has been determined.</p>	
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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 2022 financial year.

2.5.10 Internal Control Unit

The Internal Control Unit functions under the office of the CFO and is responsible for good governance and rendering assurance. This is an ongoing process to ensure that KZN Provincial Treasury maintains its clean audit outcome.

During the year under review, Internal Control activities included amongst others the following:

- Performed a 100% pre and post checking of all payment vouchers paid by the department to avoid non-compliance with laws and regulations and ensuring validity and accuracy;
- Checking of all SCM compliance; appointments and related documentation to ensure compliance with SCM prescripts.
- Identification of internal control weaknesses in the system and provision of recommendations;

- Facilitation of audit requests, communication of findings and monitoring of the implementation of internal & external audit action plans ensuring that they have been adequately addressed;
- Follow up and implementation of action plans as per the risk register
- Issuing of circulars to regulate internal processes and procedures;
- Review of monthly management accounts;
- Compilation and submission of Disclosure Notes for inclusion in the Interim & Annual Financial Statements relating to Irregular Expenditure, Fruitless and wasteful expenditure and Contingent Liabilities
- Assessment of Irregular Expenditure and Fruitless and Wasteful expenditure cases
- Assessment of adherence to policies and procedure manuals.
- Coordinates the annual disclosure of financial interests by employees

2.5.11 Internal Audit and Audit Committees

The following seven members served as Provincial Audit & Risk Committee members during the period under review. The Committee members' attendance of meetings during the 2021/2022 financial year is as depicted in the following table:

Name	Qualifications	Internal or External member	If Internal, position in the Department	Date Appointed	Date Contract Renewed	No. of PARC meetings attended	No. of CARC meetings attended
Mr S P Simelane (Acting Chairperson of PARC and Economic CARC)	CA(SA)	External	N/A	23 February 2015	29 th October 2018	2	1
Mr P Christianson (Economic CARC)	CA(SA)	External	N/A	23 February 2015	29 th October 2018	2	N/A
Mr V Ramphal (Economic CARC)	CA(SA)	External	N/A	23 February 2015	29 th October 2018	2	1
Ms T Njozela	MBA	External	N/A	23 February 2015	29 th October 2018	2	N/A
Mr D O'Connor	CA(SA)	External	N/A	23 February 2015	29 th October 2018	2	N/A
* Mr M Tarr	MSc Agricultural Economics	External	N/A	01 May 2018	10 May 2021	2	1

2.5.12 Audit Committee Report

2.5.12.1 Objective and responsibility of the Audit and Risk Committee

The Audit Committee herewith presents its report for the financial year ended 31 March 2022, 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.

2.5.12.2 Audit Committee Members and Attendance

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

#	Name of Member	PARC Meetings Attended	ESID CARC Meetings Attended
1.	Mr S Simelane (Acting Chairman of PARC and ESID CARC)	2 of 2	1 of 1
2	Mr V Ramphal	2 of 2	1 of 1
3.	Mr P Christianson	2 of 2	N/A*
4.	Ms T Njozela	2 of 2	N/A*
5.	Mr D O'Connor	2 of 2	N/A*
6.	Mr M Tarr	2 of 2	1 of 1

**refers to PARC members who did not serve on the ESID CARC*

The contracts of five members ended on 31 October 2021 following a two-term of 3 years each. On 18 May 2022, new Provincial Audit and Risk Committee members were appointed by the MEC for Finance for a period of 3 years. The new Provincial Audit and Risk Committee met on 28 & 29 May 2022 to review the Annual Financial Statements for the 2021/22 financial year; and held a special PARC meeting in June 2022 to deal with outstanding internal audit reports relating to the 2022 financial year. The table below provides details of the newly constituted PARC and attendance of meetings held subsequent to the financial year-end:

#	NAME & SURNAME	MEETING	
		AFS Review	Special PARC
1.	Mr Z Zulu – PARC Chairperson	√	√
2.	Mr M Tarr	√	√
3.	Ms S Makhathini	√	√
4.	Mr S Mthethwa	√	√
5.	Ms R Ramphal	√	√
6.	Mr S Maharaj	√	√

1. The Effectiveness of Internal Control

The Committee has reviewed the reports of the Provincial Internal Audit Service (PIAS), the Audit Report on the Annual Financial Statements and Management Report of the Auditor General of South Africa (AGSA) and has commended the Department for the results of the audit, as there were no weaknesses identified in the control environment.

The Committee considered the appropriateness of management's interventions to ensure the control environment maintains its effectiveness.

2. Effectiveness of Internal Audit

PIAS activities were reviewed by the Committee during the special 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 conduct fourteen (14) audit assignments for the period under review, of which twelve (12) were finalised.

The Committee is satisfied that PIAS performed effectively during the period under review. During the 2022/23 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.

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 against the risk management operational plan.

As at the end of the 2021/2022 financial year, the Department's risk register status was as follows:

Focus areas	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	3	6	18	35	14	76
Number of Identified Action Plans	3	6	17	16	9	51
Number of Completed Action Plans	2	2	1	11	6	22
No. of Completed Action Plans as a Percentage (%)	67%	33%	6%	69%	67%	43%

The Department has completed 43% of risk mitigation plans. The Department is advised to:

1) implement the remaining risk mitigation plans, particularly for risks classified as critical, major, and to re-rate all risks that have completed action plans; 2) adequately capacitate the risk management function through the filling of the level 13 risk manager post; 3) implement the recently developed and approved fraud prevention plan and related fraud documents aimed at strengthening fraud prevention mechanisms within the Department; and 4) implement the approved Provincial Risk Management and Combined Assurance Frameworks.

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

Due to the Committee not being constituted for the full financial year, the Committee did not review all reports in respect to in year management and quarterly performance prepared and issued by the Accounting Officer during the year under review in terms of the PFMA and the Division of Revenue Act. The newly appointed Committee will in the 2022/2023 financial year ensure that all its responsibilities are met.

4. 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.

5. Forensic Investigations

The Committee draws attention to paragraph 29 in the audit report relating to investigations. The department and Forensic Investigation Services at the Office of the Premier are urged to promptly finalise the outstanding investigation and implement recommendations in the finalised investigations.

6. Auditor-General's Report

The Committee has monitored the implementation of corrective action plans to address the audit issues raised by the Auditor General in the prior year. 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 will ensure that corrective actions in respect of the detailed findings emanating from the current regulatory audit continue to be monitored on a quarterly basis through the CARC processes.

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. The Committee commends the Department on obtaining an unqualified audit opinion with no findings.

7. 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)

05 August 2022

2.5.13 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBEE requirements of the BBEE 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 <i>(include a discussion on your response and indicate what measures have been taken to comply)</i>
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 SCM Policy 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.
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 RESOURCE 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 is affected by the moratorium on the filling of non-critical posts in the Province, where approval to fill critical posts is first obtained from the Premier of the Province. The vacancy rate of the Department has increased from 14,6% to 16.23%. The Department still faces challenges in terms of retaining, attracting and employing people with disabilities and females at SMS level into the permanent structure, where people with disabilities decreased to 1.8%, however women at SMS increased to 43%.

B. Human Resource priorities for the year under review

The following were the priorities for the year:

- 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 HR 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 skilled and capable workforce

The Department has an approved MTEF HR Plan for the period April 2018 to March 2023 which has been endorsed by the Executing Authority of the Department. All vacancies in the Department were advertised to encourage fair and transparent competition. In respect of scarce skilled posts partnerships were developed with Professional Associations like SAICA and 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.

D. Employee Performance Management

The Department obtained 100% compliance in respect of the signing of SMS Performance Agreements, and 98% in respect of those at levels 1 to 12. Non-compliant staff were excluded from the receipt of any performance incentives 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 2020/2021 assessments were finalized and performance rewards paid out during the 1st quarter of the 2021/2022 financial year.

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 was however, affected by Covid-19 restrictions.

F. Achievements and Challenges faced by the Department

- During 2021/2022, 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 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 7th 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 7th allocation of three Trainee Accountants as at January 2022 making it a total of nineteen (19) trainees who have been through the program. There are currently eight (8) graduates undergoing training towards becoming chartered accountants and eleven (11) who have qualified as Chartered Accountants. Nine (9) of these are currently within the Department on a 3-year management development programme.

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.

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 2021 to 31 March 2022

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	183 430.00	88 614.00	0.00	0.00	48.30	158
FINANCIAL GOVERNANCE	206 795.00	72 158.00	0.00	0.00	34.90	146
INTERNAL AUDIT	86 217.00	76 771.00	0.00	0.00	89.00	99
MUNICIPAL FINANCE MANAGEMENT	58 581.00	40 040.00	0.00	0.00	68.30	44
SUSTAINABLE RESOURCE MANAGEMENT	42 402.00	39 988.00	0.00	0.00	94.30	43
Total as on Financial Systems (BAS)	577 425.00	317 572.00	0.00	0.00	55.00	490

Table 3.1.2 Personnel costs by Salary Band for the period 01 April 2021 to 31 March 2022

Salary band	Personnel expenditure (R'000)	% of total Personnel cost	No. of employees	Average personnel cost per Employee (R'000)
02 Skilled (Levels 3-5)	13 084.00	4.00	55	233 643.00
03 Highly skilled production (Levels 6-8)	37 446.00	11.50	68	550 676.00
04 Highly skilled supervision (Levels 9-12)	127 337.00	39.30	152	837 743.00
05 Senior management (Levels >= 13)	66 032.00	20.40	48	1 375 667.00
11 Contract (Levels 3-5)	2 688.00	0.80	32	62 512.00
12 Contract (Levels 6-8)	16 074.00	5.00	41	472 765.00
13 Contract (Levels 9-12)	28 776.00	8.90	36	799 333.00
14 Contract (Levels >= 13)	17 679.00	5.50	12	1 473 250.00
18 Contract Other	8 106.00	2.50	0	0.00
19 Periodical Remuneration	5 201.00	1.60	46	113 065.00
TOTAL	322 423.00	99.40	490	651 360.00

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme for the period 01 April 2021 to 31 March 2022

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)	Amount (R'000)	Medical aid as a % of personnel costs
ADMINISTRATION	74 028.00	83.50	1 290.00	1.50	2 184.00	3 537.00	4.00
FINANCIAL GOVERNANCE	62 862.00	82.60	23.00	0.00	1 356.00	2 397.00	3.10
INTERNAL AUDIT	68 122.00	85.40	0.00	0.00	1 138.00	1 492.00	1.90
MUNICIPAL FINANCE MANAGEMENT	36 374.00	90.60	0.00	0.00	403.00	381.00	0.90
SUSTAINABLE RESOURCE MANAGEMENT	35 085.00	88.50	0.00	0.00	694.00	635.00	1.60
TOTAL	276 471.00	85.20	1 313.00	0.40	5 775.00	8 442.00	2.60

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band for the period 01 April 2021 to 31 March 2022

Salary band	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)	Amount (R'000)	Medical aid as a % of personnel costs
02 Skilled (Levels 3-5)	9 736.00	74.40	148.00	1.10	709.00	1 301.00	9.90
03 Highly skilled production (Levels 6-8)	29 081.00	77.40	541.00	1.40	1 270.00	2 738.00	7.30
04 Highly skilled supervision (Levels 9-12)	109 304.00	85.30	480.00	0.40	2 279.00	2 953.00	2.30
05 Senior management (Levels >= 13)	58 664.00	88.30	0.00	0.00	1 140.00	680.00	1.00
11 Contract (Levels 3-5)	2 230.00	82.70	0.00	0.00	54.00	159.00	5.90
12 Contract (Levels 6-8)	14 242.00	88.30	106.00	0.70	234.00	525.00	3.30
13 Contract (Levels 9-12)	27 803.00	96.10	0.00	0.00	36.00	81.00	0.30
14 Contract (Levels >= 13)	17 344.00	97.30	0.00	0.00	54.00	5.00	0.00

18 Contract Other	8 066.00	98.20	38.00	0.50	0.00	0.00	0.00
19 Periodical Remuneration	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	276 471.00	85.20	1 313.00	0.40	5 775.00	8 442.00	2.60

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2022

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATION, Permanent	142	115	18.3	43
FINANCIAL GOVERNANCE, Permanent	102	81	20.6	20
INTERNAL AUDIT, Permanent	68	57	17.2	41
MUNICIPAL FINANCE MANAGEMENT, Permanent	38	36	5.3	8
SUSTAINABLE RESOURCE MANAGEMENT, Permanent	48	34	29.2	9
TOTAL	398	323	18.7	121

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2022

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate (includes frozen posts)	Number of employees additional to the establishment
02 Skilled (Levels 3-5), Permanent	64	55	12.5	0
03 Highly Skilled Production (Levels 6-8), Permanent	86	68	21.8	0
04 Highly Skilled Supervision (Levels 9-12), Permanent	190	152	19.6	0
05 Senior Management (Levels >= 13), Permanent	58	48	18.6	0
09 Other, Permanent	0	0	0	0
11 Contract (Levels 3-5), Permanent	0	0	0	32
12 Contract (Levels 6-8), Permanent	0	0	0	41
13 Contract (Levels 9-12), Permanent	0	0	0	36
14 Contract (Levels >= 13), Permanent	0	0	0	12
TOTAL	398	323	18.7	121

Table 3.2.3 Employment and vacancies by Critical Occupation as at 31 March 2022

- 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 2022

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	0	0	1	100
Salary Level 15	3	2	66	1	34
Salary Level 14	11	8	72.72	3	27.28
Salary Level 13	43	38	86.37	5	13.63
Total	58	48	82.76	10	18.65

Table 3.3.2 SMS post information as on 30 September 2021

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	0	0	1	100
Salary Level 15	3	2	66	1	34
Salary Level 14	11	8	72.72	3	27.28
Salary Level 13	43	38	88.37	5	11.63
Total	58	48	82.76	10	17.25

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2021 to 31 March 2022

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	0	0	1	100
Salary Level 15	3	2	66	1	34
Salary Level 14	11	8	72.72	3	27.28
Salary Level 13	43	38	86.36	5	13.64
Total	58	48	82.76	10	17.24

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 2021 and 31 March 2022

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 90 days to the entire recruitment process. A further challenge was that the restructure of the Department was under review since 2015 and only finalized for implementation in April 2021. Some SMS posts could not be filled until the structure was finalized as CORE functions to posts were changing in some instances.

Reasons for vacancies not filled within twelve months
COVID budget cuts did hamper the filling of posts including those at SMS level. Changes in the Executive Authority of the Department where PSR and PSA delegations have been revoked resulted in some processes having to be restarted to remain within the ambits of delegations. Filling of posts with an incumbent within 12 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 2021 to 31 March 2022

Reasons for vacancies not advertised within six months
Reasons for delays as contained above in 3.3.5 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 2021 to 31 March 2022

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
02 Skilled (Levels 3-5)	64	0	0	0	0	0	0
03 Highly Skilled Production (Levels 6-8)	87	0	0	0	0	0	0
04 Highly Skilled Supervision (Levels 9-12)	189	0	0	0	0	0	0
05 Senior Management Service Band A	43	0	0	0	0	0	0

06 Senior Management Service Band B	11	0	0	0	0	0	0
07 Senior Management Service Band C	3	0	0	0	0	0	0
08 Senior Management Service Band D	1	0	0	0	0	0	0
09 Other	0	0	0	0	0	0	0
11 Contract (Levels 3-5)	0	0	0	0	0	0	0
12 Contract (Levels 6-8)	0	0	0	0	0	0	0
13 Contract (Levels 9-12)	0	0	0	0	0	0	0
14 Contract Band A	0	0	0	0	0	0	0
15 Contract Band B	0	0	0	0	0	0	0
TOTAL	398	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 2021 to 31 March 2022

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
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TABLE 3.4.3 - Employees whose salary level exceed the grade determined by Job Evaluation for the period 01 April 2021 to 31 March 2022

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			

TABLE 3.4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation for the period 01 April 2021 to 31 March 2022

Total no. of employees whose salaries exceed the grade determined by job evaluation	None
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3.5 Employment Changes

Table 3.5.1 – Annual Turnover rates by Salary Band for the period 01 April 2021 to 31 March 2022

Salary band	Number of employees at beginning of period 1 April 2020	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
02 Skilled (Levels 3-5) Permanent	59	0	2	3.3
03 Highly Skilled Production (Levels 6-8) Permanent	72	0	4	5.6
04 Highly Skilled Supervision (Levels 9-12) Permanent	161	5	15	9.3
05 Senior Management Service Band A Permanent	35	2	0	0.0
06 Senior Management Service Band B Permanent	9	0	0	0.0
07 Senior Management Service Band C Permanent	3	0	0	0.0
08 Senior Management Service Band D Permanent	0	0	0	0.0
09 Other Permanent	0	0	0	0.0
11 Contract (Levels 3-5) Permanent	56	27	15	26.8
12 Contract (Levels 6-8) Permanent	41	4	33	80.5
13 Contract (Levels 9-12) Permanent	39	0	4	10.3
14 Contract Band A Permanent	14	0	5	35.7
15 Contract Band B Permanent	3	0	1	33
17 Contract Band D Permanent	1	0	1	100
TOTAL	493	38	80	16.2

TABLE 3.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April 2021 to 31 March 2022

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 2021 to 31 March 2022

Termination Type	Number	% of Total Resignations
Death	0	0
Resignation	27	33.75
Expiry of contract	40	50
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0

Discharged due to ill-health	0	0
Retirement	6	7.50
Transfer to other Public Service Departments	8	10
Other	0	0
Total	80	16.23
Total number of employees who left as a % of total employment	16.23	

*TABLE 3.5.4 - Promotions by Critical Occupation * contracts not included for the period 01 April 2021 to 31 March 2022*

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

TABLE 3.5.5 - Promotions by Salary Bands for the period 01 April 2021 to 31 March 2022

Salary band	Number of Employees at Beginning of period	Promotions to another Salary Level	Salary Level Promotions as a % of Employees by Salary Band	Progressions to another Notch within a Salary Level	Notch Progression as a % of Employees by Salary Band
02 Skilled (Levels 3-5), Permanent	59	0	0	46	78
03 Highly Skilled Production (Levels 6-8), Permanent	72	2	2.8	81	112.5
04 Highly Skilled Supervision (Levels 9-12), Permanent	161	3	1.9	156	96.9
05 Senior Management (Levels >= 13), Permanent	47	1	2.1	49	104.3
09 Other, Permanent	0	0	0	10	0
11 Contract (Levels 3-5), Permanent	56	0	0	11	19.6
12 Contract (Levels 6-8), Permanent	41	0	0	28	68.3
13 Contract (Levels 9-12), Permanent	39	6	15.4	36	92.3
14 Contract (Levels >= 13), Permanent	18	0	0	12	66.7
TOTAL	493	12	2.4	429	87.0

3.6 Employment Equity

TABLE 3.6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category as at 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
SENIOR OFFICIALS AND MANAGERS	17	3	5	3	14	1	11	6	60
PROFESSIONALS	85	0	12	1	73	0	9	8	188
TECHNICIANS AND ASSOCIATE PROFESSIONALS	34	0	1	0	64	2	1	3	105
CLERKS	13	1	0	0	39	0	4	3	60
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	5	0	0	0	2	0	0	1	8
LABOURERS AND RELATED WORKERS	9	0	0	0	14	0	0	0	23
TOTAL	163	4	18	4	206	3	25	21	444

TABLE 3.6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands as at 31 March 2022

Occupational band	Male				Female				Total
	Africa	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	1	0	1	0	0	0	2
Senior Management, Permanent	14	3	4	1	11	1	9	3	46
Professionally qualified and experienced specialists and mid-management, Permanent	68	0	10	1	58	0	8	7	152
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	25	0	0	0	37	2	1	3	68
Semi-skilled and discretionary decision making, Permanent	14	1	0	0	32	0	4	4	55
Not Available, Permanent	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	3	0	0	2	2	0	2	3	12
Contract (Professionally Qualified), Permanent	17	0	2	0	15	0	1	1	36
Contract (Skilled Technical), Permanent	11	0	1	0	29	0	0	0	41
Contract (Semi-Skilled), Permanent	11	0	0	0	21	0	0	0	32
TOTAL	163	4	18	4	206	3	25	21	444

TABLE 3.6.3 – Recruitment for the period 01 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	0	0	0	0	1	0	1	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	4	0	0	0	1	0	0	0	5
Not Available, Permanent	0	0	0	0	0	0	0	0	0
Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	0	0
TOTAL	4	0	0	0	2	0	1	0	7

TABLE 3.6.4 - Promotions for the period 01 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	1	0	0	0	0	0	0	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	0	2	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	2	0	0	0	2
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	0	0	0	0
Not Available, Permanent	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	3	0	0	0	3	0	0	0	6
Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	0	0
Contract (Semi-skilled), Permanent	0	0	0	0	0	0	0	0	0
TOTAL	5	0	0	0	7	0	0	0	12

TABLE 3.6.5 – Terminations for the period 01 April 2021 to 31 March 2022

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
03 Professionally qualified and experienced specialists and mid-management, Permanent	6	0	1	0	6	1	1	1	16

04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	2	0	0	0	1	0	0	1	4
05 Semi-skilled and discretionary decision making, Permanent	2	0	0	0	1	0	0	0	3
07 Not Available, Permanent	0	0	0	0	0	0	0	0	0
08 Contract (Top Management), Permanent	0	0	0	0	0	0	0	0	0
09 Contract (Senior Management), Permanent	0	0	1	0	0	0	1	0	2
10 Contract (Professionally qualified), Permanent	1	0	0	0	1	0	0	0	2
11 Contract (Skilled technical), Permanent	8	0	0	0	17	0	0	0	25
12 Contract (Semi-skilled), Permanent	14	0	0	0	14	0	0	0	28
TOTAL	33	0	2	0	40	1	2	2	80

TABLE 3.6.6 - Disciplinary Action for the period 01 April 2021 to 31 March 2022

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
FINAL WRITTEN WARNING	0	0	0	0	0	0	0	0	0
NO OUTCOME	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0

TABLE 3.6.7 - Skills Development for the period 01 April 2021 to 31 March 2022

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	14	3	5	1	12	1	9	3	48
Professionals	67	0	10	1	58	0	8	7	151
Technicians and Associate Professionals	23	0	0	0	35	2	1	3	64
Clerks	14	1	0	0	30	0	3	4	52
Service and Sales Workers	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0
Employees with disabilities	3	0	1	0	3	0	1	0	8
TOTAL	122	4	16	2	137	3	22	17	323

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 2021

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	0	0	0
Salary Level 15	3	3	3	100
Salary Level 14	11	9	9	100
Salary Level 13	43	36	36	100
Total	58	48	48	100

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 March 2021

Reasons
N/A

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2021

Reasons
N/A

3.8 Performance Rewards

TABLE 3.8.1 - Performance Rewards by Race, Gender and Disability for the period 01 April 2021 to 31 March 2022

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	20	160	12	421	21058
Female	24	203	12	603	25137
Asian					
Male	5	17	29	177	35401
Female	8	24	33	208	25982
Coloured					
Male	0	4	0	0	0

Female	0	3	0	0	0
White					
Male	1	4	25	49	49135
Female	7	21	33	228	32614
Employees with a disability	0	8	0	0	0
Total	65	444	14	1687	25950

TABLE 3.8.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service for the period 01 April 2021 to 31 March 2022

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salarybands	Total Cost (R'000)	Average cost per employee	
02 Skilled (Levels 3-5)	4	55	7.10	34.58	8 645.00	2.16
03 Highly Skilled Production (Levels 6-8)	6	68	8.80	84.33	14 055.00	5.28
04 Highly Skilled Supervision (Levels 9-12)	39	152	25.70	1 146.31	29 392.00	71.74
09 Other	0	0	0.00	0.00	0.00	0
11 Contract (Levels 3-5)	0	32	0.00	0.00	0.00	0
12 Contract (Levels 6-8)	1	41	2.90	14.47	14 470.00	0.91
13 Contract (Levels 9-12)	0	36	0.00	0.00	0.00	0
TOTAL	50	383	12.90	1 279.69	25 594.00	80.09

TABLE 3.8.3 - Performance Rewards by Critical Occupation for the period 01 April 2021 to 31 March 2022

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

TABLE 3.8.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service for the period 01 April 2021 to 31 March 2022

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salarybands	Total Cost (R'000)	Average cost per employee	
Band A	12	47	25.50	303.52	25 293.40	13.55
Band B	2	11	18.20	65.82	32 911.00	4
Band C	1	2	33.30	37.71	37 709.60	2.36
Band D	0	0	0	0	0	0
Total	15	60	24.60	407.05	27 136.90	19.91

3.9 Foreign Workers

TABLE 3.9.1 - Foreign Workers by Salary Band for the period 01 April 2021 to 31 March 2022

Salary band	01 April 2021		31 March 2022		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)	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 2021 to 31 March 2022

Major occupation	01 April 2021		31 March 2022		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and managers	1	100	1	100	0	0
TOTAL	1	100	1	100	0	0

3.10. Leave

TABLE 3.10.1 - Sick Leave for the period 1 January 2021 to December 2021

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)
Contract (Levels 13-16)	14	64.30	7	2.20	2	62.00
Contract (Levels 3-5)	16	81.30	2	0.60	8	14.00
Contract (Levels 6-8)	132	73.50	25	7.90	5	211.00
Contract (Levels 9-12)	89	85.40	18	5.70	5	234.00
Contract Other	75	50.70	30	9.50	3	59.00
Highly skilled production (Levels 6-8)	355	74.40	58	18.40	6	566.00
Highly skilled supervision (Levels 9-12)	735	77.60	111	35.20	7	2 168.00
Senior management (Levels 13-16)	155	74.80	27	8.60	6	721.00
Skilled (Levels 3-5)	247	73.70	37	11.70	7	232.00
TOTAL	1 818	75.10	315	100.00	6	4 266.00

TABLE 3.10.2 - Disability Leave (Temporary and Permanent) for the period January 2021 to December 2021

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)
Contract (Levels 9-12)	36	100	2	18.20	18	68
Highly skilled production (Levels 6-8)	51	100	5	45.50	10	155
Skilled (Levels 3-5)	41	100	4	36.40	10	38
TOTAL	128	100	11	100.00	12	261

TABLE 3.10.3 - Annual Leave for the period January 2021 to December 2021

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Contract (Levels 13-16)	324	19	17
Contract (Levels 3-5)	159	18	9
Contract (Levels 6-8)	753	18	41
Contract (Levels 9-12)	734	20	36
Contract Other	865	13	67
Highly skilled production (Levels 6-8)	1960	24	82
Highly skilled supervision (Levels 9-12)	3679	22	166
Senior management (Levels 13-16)	1161	24	49
Skilled (Levels 3-5)	979	20	48
TOTAL	10614	21	515

TABLE 3.10.4 - Capped Leave for the period January 2021 to December 2021

Salary band	Total days of capped leave taken	Average Number of Days Taken per Employees	Average Capped Leave per Employee as at End of Period	Number of Employees using Capped Leave	Total Number of Capped Leave Available at End of Period	Number of Employees as at End of Period
Contract (Levels 13-16)	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0

Contract Other	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	31	0	429	14
Highly skilled supervision (Levels 9-12)	0	0	31	0	521	17
Senior management (Levels 13-16)	0	0	55	0	329	6
Skilled (Levels 3-5)	0	0	6	0	11	2
TOTAL	0	0	33	0	1291	39

TABLE 3.10.5 - Leave Pay-outs (Estimated) for the period January 2021 to December 2021

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Annual - discounting with resignation (work days)	362.00	8	45 250.00
Annual - gratuity: death/retirement/medical retirement(work	237.00	6	39 500.00
Capped - gratuity: death/retirement/medical retirement(work	392.00	5	78 400.00
TOTAL	992.00		

Leave Pay-outs (Actual) Allowance Codes - 0060, 0168, 0625, 0422, 0567	990.00	14.00
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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 : HRM
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 R216 000 , 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 Consultative Forum which serves as the committee to monitor, discuss and evaluate all HR processes including the Employee Health and Wellness Program. The Committee is chaired by the Director: HRM and has representatives from all business Units in the Department and also 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 on the basis of 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	Employees have access to the Departmental Wellness Clinic on a monthly basis 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	Annual HR client satisfaction surveys which includes 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.
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3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2021 and 31 March 2022

Total number of Collective agreements	None
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TABLE 3.12.2 - Misconduct and Discipline Hearings Finalised for the period 01 April 2021 to 31 March 2022

Outcomes of disciplinary hearings	Number	% of total
NIL		
TOTAL	0	0

TABLE 3.12.3 - Types of Misconduct Addressed and Disciplinary Hearings for the period 01 April 2021 to 31 March 2022

Type of misconduct	Number	% of total
Insubordination & insolent behaviour	1	100
Irregular and Inflated S&T Claims	1	100
TOTAL	2	100

TABLE 3.12.4 - Grievances Lodged for the period 01 April 2021 to 31 March 2022

Number of grievances addressed	Number	% of total
Resolved	3	100
TOTAL	3	100

TABLE 3.12.5 - Disputes Lodged Councils for the period 01 April 2021 to 31 March 2022

Type of dispute	Number	Total
Interpretation/Application Of Collective Agreement (RES 03 OF 2009)	1	1
TOTAL	1	1

TABLE 3.12.6 - Strike Actions for the period 01 April 2021 to 31 March 2022

Type of Action	Number	% of Total
n/a	0	0
TOTAL	0	0

TABLE 3.12.7 - Precautionary Suspensions for the period 01 April 2021 to 31 March 2022

Precautionary suspensions exceeding 60 days	Number	Total
n/a	0	0
TOTAL	0	0

3.13 Skills Development

TABLE 3.13.1 - Training Needs identified for the period 01 April 2021 to 31 March 2022

Occupational Category	Gender	Number of Employees at Beginning of Period	Learnership	Skills Prog & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	24	0	6	6	12
Legislators, senior officials and managers	Male	23	0	9	5	14
Professionals	Female	78	13	68	81	149
Professionals	Male	83	7	58	100	158
Technicians and associate professionals	Female	45	0	22	28	50
Technicians and associate professionals	Male	27	0	4	11	15
Clerks	Female	38	0	6	21	27
Clerks	Male	12	0	8	2	10
Service and sales workers	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
Elementary occupations	Female	3	0	0	0	0
Elementary occupations	Male	6	0	0	0	0
Gender sub totals	Female	188	13	102	136	238
Gender sub totals	Male	151	7	79	118	197
TOTAL		339	20	181	254	435

TABLE 3.13.2 - Training Provided for the period 01 April 2021 to 31 March 2022

Occupational Category	Gender	Number of Employees at Beginning of period	Learnership	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	24	0	13	28	41
Legislators, senior officials and managers	Male	23	0	10	11	21
Professionals	Female	78	13	29	72	101
Professionals	Male	83	7	30	63	93
Technicians and associate professionals	Female	45	0	0	4	4
Technicians and associate professionals	Male	27	0	0	3	3
Clerks	Female	38	0	0	5	5
Clerks	Male	12	0	0	1	1
Service and sales workers	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
Skilled agriculture and fishery workers	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
Elementary occupations	Female	3	0	0	0	0
Elementary occupations	Male	6	0	0	0	0
Gender sub totals	Female	188	13	42	109	151
Gender sub totals	Male	151	7	40	78	118
TOTAL		339	20	82	187	269

3.14 Injuries

TABLE 3.14.1 - Injury on Duty for the period 01 April 2021 to 31 March 2022

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
TOTAL	0	0

2.7 PART E: FINANCIAL INFORMATION

2.7.1 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 155 to 205, which comprise the appropriation statement, statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, as well as the 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 2022, 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 of South Africa, 1999 (Act No. 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 auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the provincial treasury 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 matters

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

Underspending of the budget

7. As disclosed in the appropriation statement to the financial statements and in notes 4.1 and 4.2 thereto, provincial treasury materially underspent its budget by R59,99 million. The majority 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.

Uncertainty relating to litigation on the taxation of gaming revenue

8. As disclosed in note 17 to the financial statements, the executive authority of the provincial treasury is a defendant in a litigation matter relating to the taxation of the gross gaming revenue. The outcome of the matter is still to be determined and no provision has been made in the financial statements for any liability that may result.

Responsibilities of the accounting officer for the financial statements

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

Auditor-general's responsibilities for the audit of the financial statements

11. 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.
12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on provincial treasury's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents.

My procedures do not examine whether the actions taken by the provincial treasury enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the provincial treasury's annual performance report for the year ended 31 March 2022:

Programmes	Pages in the annual performance report
Programme 3 – Financial governance	87 – 94
Programme 5 – Municipal finance management	100 – 104

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programmes.

Other matter

18. I draw attention to the matters below.

Achievement of planned targets

19. The annual performance report on pages 75 to 104 includes information on the achievement of planned targets for the year and management explanations are also provided for the under- and over-achievement of targets.

Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of financial governance programme. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

21. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on provincial treasury's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

22. I did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

23. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported upon in this auditor's report.

24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information 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.
26. 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

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

Other reports

28. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in provincial treasury's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports do not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
29. The Office of the Premier's Forensic Unit is investigating allegations of improper conduct by a provincial treasury official, who used his official capacity to obtain tenders from a public entity. The investigation commenced in May 2020 and covers the period 01 April 2020 to 31 March 2021. The investigation is currently still in progress at the date of this report.

Auditor-General
Pietermaritzburg

29 July 2022



Annexure – Auditor-general’s responsibility for the audit

1. 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 provincial treasury’s compliance with respect to the selected subject matters.

Financial statements

2. 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 provincial treasury’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - conclude on the appropriateness of the accounting officer’s 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 **KwaZulu-Natal Provincial Treasury** 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 the provincial treasury 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

3. 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.
4. 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.

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Appropriation per programme									
2021/22								2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme									
1. Administration	213 123	-	-	213 123	183 428	29 695	86.1%	175 386	164 057
2. Sustainable Resource Management	49 446	-	-	49 446	42 403	7 043	85.8%	45 800	43 250
3. Financial Governance	206 787	-	-	206 787	206 265	522	99.7%	180 411	178 645
4. Internal Audit	97 350	-	-	97 350	86 216	11 134	88.6%	101 461	99 984
5. Municipal Finance Management	70 187	-	-	70 187	58 583	11 604	83.5%	55 236	54 431
TOTAL	636 893	-	-	636 893	576 895	59 998	90.6%	558 294	540 367

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

	2021/22		2020/21	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
TOTAL (brought forward)				
Reconciliation with statement of financial performance				
ADD				
Departmental receipts	131 657		121 688	
NRF Receipts	-		-	
Aid assistance	-		1 512	
Actual amounts per statement of financial performance (total revenue)	768 550		681 494	
ADD				
Aid assistance				515
Prior year unauthorised expenditure approved without funding				
Actual amounts per statement of financial performance (total expenditure)		576 895		540 882

KWAZULU-NATAL PROVINCIAL TREASURY: VOTE 6

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Appropriation per economic classification									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	620 666		(7 616)	613 050	555 787	57 263	90.7%	542 874	526 879
Compensation of employees	349 529		(7 128)	342 401	317 572	24 829	92.7%	321 966	319 611
Goods and services	270 890		(253)	270 637	238 203	32 434	88.0%	220 724	207 177
Interest and rent on land	247		(235)	12	12	-	100%	184	91
Transfers and subsidies	2 975	-	7 167	10 142	10 060	82	99.2%	7 641	6 665
Provinces and municipalities	9	-	28	37	37	-	100.0%	41	41
Departmental agencies and accounts	1	-	(1)	-	-	-	-	3	3
Non-profit institutions	294	-	(274)	20	-	20	-	279	-
Households	2 671	-	7 414	10 085	10 023	62	99.4%	7 318	6 621
Payments for capital assets	13 252	-	328	13 580	10 927	2 653	80.5%	7 697	6 743
Machinery and equipment	13 252	-	328	13 580	10 927	2 653	80.5%	7 697	6 743
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	121	121	121	-	100.0%	82	80
TOTAL	636 893	-	-	636 893	576 895	59 998	90.6%	558 294	540 367

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Programme 1: ADMINISTRATION									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Office Of The MEC	30 781	-	(197)	30 584	22 362	8 222	73.1%	27 547	24 370
2. Management Services (HOD)	15 116	-	(39)	15 077	8 633	6 444	57.3%	23 065	17 123
3. Financial Management (CFO)	31 823	-	-	31 823	27 562	4 261	86.6%	29 558	28 153
4. Corporate Services	135 403	-	236	135 639	124 871	10 768	92.1%	95 216	94 411
Total for sub programmes	213 123	-	-	213 123	183 428	29 695	86.1%	175 386	164 057
Economic classification									
Current payments	202 479	-	(65)	202 414	175 017	27 397	86.5%	164 080	153 913
Compensation of employees	102 685	-	-	102 685	88 614	14 071	86.3%	84 856	83 967
Goods and services	99 794	-	(77)	99 717	86 391	13 326	86.6%	79 132	69 855
Interest and rent on land	-	-	12	12	12	-	100.0%	92	91
Transfers and subsidies	2 134	-	-	2 134	2 057	77	96.4%	5 885	5 352
Provinces and municipalities	9	-	28	37	37	-	100.0%	41	41
Departmental agencies and accounts	1	-	(1)	-	-	-	-	3	3
Non-profit institutions	294	-	(274)	20	-	20	-	279	-
Households	1 830	-	247	2 077	2 020	57	97.3%	5 562	5 308

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Payments for capital assets	8 510	-	-	8 510	6 289	2 221	73.9%	5 418	4 789
Machinery and equipment	8 510	-	-	8 510	6 289	2 221	73.9%	5 418	4 789
Payments for financial assets	-	-	65	65	65	-	100.0%	3	3
TOTAL	213 123	-	-	213 123	183 428	29 695	86.1%	175 386	164 057

Programme 2: SUSTAINABLE RESOURCE MANAGEMENT									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support	3 733	-	(3)	3 730	3 683	47	98.7%	3 944	3 669
2. Economic Analysis	20 986	-	(323)	20 663	14 598	6 065	70.6%	16 838	15 372
3. Public Finance	18 059	-	314	18 373	18 343	30	99.8%	17 858	17 604
4. Public Private Partnerships	6 668	-	12	6 680	5 779	901	86.5%	7 160	6 605
Total for sub programmes	49 446	-	-	49 446	42 403	7 043	85.8%	45 800	43 250
Economic classification									
Current payments	48 701	-	(99)	48 602	41 560	7 042	85.5%	44 534	42 335
Compensation of employees	41 414	-	(84)	41 330	39 988	1 342	96.8%	40 791	40 204

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Goods and services	7 287	-	(15)	7 272	1 572	5 700	21.6%	3 743	2 131
Transfers and subsidies	84	-	51	135	135	-	100.0%	894	561
Households	84	-	51	135	135	-	100.0%	894	561
Payments for capital assets	661	-	48	709	708	1	99.9%	372	354
Machinery and equipment	661	-	48	709	708	1	99.9%	372	354
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	49 446	-	-	49 446	42 403	7 043	85.8%	45 800	43 250

Programme 3: FINANCIAL GOVERNANCE									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support	5 661	-	(481)	5 180	5 180	-	100.0%	5 309	4 688
2. Asset and Liabilities Management	19 921	-	(1 236)	18 685	18 671	14	99.9%	14 503	14 351
3. Support and Interlinked Financial Systems	108 189	-	5 635	113 824	113 764	60	99.9%	98 543	98 447
4. Supply Chain Management	44 397	-	(60)	44 337	44 083	254	99.4%	34 724	34 426
5. Accounting Services	21 788	-	(3 221)	18 567	18 455	112	99.4%	20 190	19 737
6. Norms and Standards	6 831	-	(637)	6 194	6 112	82	98.7%	7 142	6 996

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Total for sub programmes	206 787	-	-	206 787	206 265	522	99.7%	180 411	178 645
Economic classification									
Current payments	204 020	-	(6 171)	197 849	197 495	354	99.8%	179 019	177 354
Compensation of employees	78 727	-	(6 554)	72 173	72 158	15	100.0%	70 360	70 137
Goods and services	125 046	-	630	125 676	125 337	339	99.7%	108 567	107 217
Interest and rent on land	247	-	(247)	-	-	-	-	92	-
Transfers and subsidies	605	-	6 378	6 983	6 978	5	99.9%	393	294
Households	605	-	6 378	6 983	6 978	5	99.9%	393	294
Payments for capital assets	2 162	-	(250)	1 912	1 749	163	91.5%	924	924
Machinery and equipment	2 162	-	(250)	1 912	1 749	163	91.5%	924	924
Intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	43	43	43	-	100.0%	75	73
Total	206 787	-	-	206 787	206 265	522	99.7%	180 411	178 645

Programme 4: INTERNAL AUDIT									
2021/22								2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

1. Programme Support	3 129	-	-	3 129	2 539	590	81.1%	5 175	4 346
2. Assurance Services	72 809	-	-	72 809	64 738	8 071	88.9%	66 925	66 500
3. Risk Management	21 412	-	-	21 412	18 939	2 473	88.5%	20 863	20 640
4. Forensic Services	-	-	-	-	-	-	-	8 498	8 498
Total for sub programmes	97 350	-	-	97 350	86 216	11 134	88.6%	101 461	99 984
Economic classification									
Current payments	96 869	-	(596)	96 273	85 177	11 096	88.5%	100 446	99 211
Compensation of employees	80 799	-	-	80 799	76 771	4 028	95.0%	85 192	84 914
Goods and services	16 070	-	(596)	15 474	8 406	7 068	54.3%	15 254	14 297
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	117	-	53	170	170	-	100.0%	389	378
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Households	117	-	53	170	170	-	100.0%	389	378
Payments for capital assets	364	-	530	894	856	38	95.7%	626	395
Machinery and equipment	364	-	530	894	856	38	95.7%	626	395
Payments for financial assets	-	-	13	13	13	-	100.0%	-	-
Total	97 350	-	-	97 350	86 216	11 134	88.6%	101 461	99 984

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Programme 5: MUNICIPAL FINANCE MANAGEMENT									
	2021/22							2020/21	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Programme Support	3 150	-	-	3 150	2 932	218	93.1%	2 437	2 298
2. Municipal Budget	26 546	-	(2)	26 544	26 376	168	99.4%	25 016	24 656
3. Municipal Accounting and Reporting	17 149	-	-	17 149	11 652	5 497	67.9%	15 705	15 516
4. Municipal Support Programme	17 320	-	2	17 322	13 986	3 336	80.7%	12 078	11 961
5. Municipal Revenue and Debt Management	6 022	-	-	6 022	3 637	2 385	60.4%	-	-
Total for sub programmes	70 187	-	-	70 187	58 583	11 604	83.5%	55 236	54 431
Economic classification									
Current payments	68 597	-	(685)	67 912	56 538	11 374	83.3%	54 795	54 066
Compensation of employees	45 904	-	(490)	45 414	40 041	5 373	88.2%	40 767	40 389

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Goods and services	22 693	-	(195)	22 498	16 497	6 001	73.3%	14 028	13 677
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	35	-	685	720	720	-	100.0%	80	80
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	35	-	685	720	720	-	100.0%	80	80
Payments for capital assets	1 555	-	-	1 555	1 325	230	85.2%	357	281
Machinery and equipment	1 555	-	-	1 555	1 325	230	85.2%	357	281
Payments for financial assets	-	-	-	-	-	-	-	4	4
Total	70 187	-	-	70 187	58 583	11 604	83.5%	55 236	54 431

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2022**

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, disclosure notes and Annexure 1 (A-H) to 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 on Payments for financial assets to the Annual Financial Statements.

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
ADMINISTRATION	213 123	183 428	29 695	13.93%

Explanation of variance

The programme has underspent its allocated budget by the net amount of R29 695 million of these funds, the amount of R14,071 million is from Compensation of employees which relates to delays in filling of vacant funded posts within the programme and R 13,326 million from Goods and services due to delays in the finalisation of consolidated audits as well as reduced operation costs (such as Inventory: Other supplies, Contractors) and travel and subsistence as a result of less travel due to most meetings being held virtually. Further savings of R2,221 million were realised from Payments for capital assets due to non-purchase of tools of trade in relation to the vacant funded posts not filled. In addition to the above two (2) motor vehicles ordered by the Office of the MEC not delivered due to global shortage of stock.

SUSTAINABLE RESOURCE MANAGEMENT	49 446	42 403	7 043	14.24%
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Explanation of variance

The programme has underspent its allocated budget by the net amount of R7, 043 million of these fund, the amount of R1,342 million was realised from Compensation of employees due to delays in filling of funded vacant posts within the programme and R 5,699 million from Goods and services due to slow spending on support services offered to other departments for infrastructure projects and travel and subsistence as a result of less travel due to most meetings being held virtually.

FINANCIAL GOVERNANCE	206 787	206 265	522	0.25%
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**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2022**

Explanation of variance

The programme has underspent its allocated budget by the net amount of R522 thousands of these fund, the amount of R339 thousand is from Goods and services which relates to reduced operation costs. Further savings of R163 thousand were realised from Payments for capital assets due to non-purchase of tools of trade for funded vacant posts within the programme.

INTERNAL AUDIT	97 350	86 216	11 134	11.44%
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Explanation of variance

The programme underspent its allocated budget by the net amount of R11,134 million of these fund, the amount of R4,028 million is from Compensation of employees which relates to delays in filling of the funded vacant posts within the programme and R7,068 million from Goods and services due to delays in appointment of service providers for agency and support services to undertake various audits for various departments; consultants and professional services (audit committee) and subsistence and travel due to less travel as meetings with clients being held virtually.

MUNICIPAL FINANCE MANAGEMENT	70 187	58 583	11 604	16.53%
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Explanation of variance

The programme underspent its allocated budget by the net amount of R11, 604 million of these fund, the amount of R5,373 million is from Compensation of employees which relates to delays in filling of funded vacant posts within the programme and R6,001 million from Goods and services due to delays in appointment of service providers for agency and support services to undertake support services to various municipalities projects and travel and subsistence due to less travel to clients as a result of most meetings being held virtually. Further R230 thousand were realised from Payments for capital assets due to non-purchase of tools of trade in relation to the funded vacant posts that were not filled.

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2022**

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current expenditure				
Compensation of employees	342 401	317 572	24 829	7.25%
Goods and services	270 637	238 203	32 434	11.98%
Interest and rent on land	12	12	-	0.00%
Transfers and subsidies				
Provinces and municipalities	37	37	-	0.00%
Non-profit institutions	20	-	20	100.00%
Households	10 085	10 023	62	0.61%
Payments for capital assets				
Machinery and equipment	13 580	10 927	2 653	19.54%
Payments for financial assets				
	121	121	-	0.00%

Explanation of variance

Compensation of Employees – The department has spent R 317, 572 million of the total budget of R 342,401 million and realised a savings of R 24,829 million. This underspending is a result of non-filling funded vacant posts across the programmes within the department. Underspending represented 7,3% of the allocated budget.

Goods and Services – The department has spent R 238,203 million of the total budget of R 270, 637 million and realised a net savings of R 32,434 million. This underspending is mainly due to audit fees for AFS consolidations and revenue fund audits; appointments of service providers for agency and support services to undertake support services to various departments and municipalities as well as appointment of audit committee. Further savings were realised on items such as administrative fees; Inventory: Other supplies; Contractors; Property payments and travel and subsistence as a result of limited travel to clients as meetings were held virtually. The underspending represented 12% of the allocated budget.

Transfers and Subsidies – The department has spent R 10,023 million of the total budget of R 10,142 million and realised a net savings of R 82 thousand.

Payment for Capital Assets – The department has spent R 10, 927 million of the total budget of R 13,580 million and realised the savings of R 2,653 million. This underspending is due to non-purchase of tools of trade in relation to the vacant posts that were not filled and outstanding delivery of two (2) vehicles that were ordered by the office of the MEC due to global shortage of stock. The underspending represented 19,5% of the allocated budget.

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**STATEMENT OF FINANCIAL PERFORMANCE
as at 31 March 2022**

	Note	2021/22 R'000	2020/21 R'000
REVENUE			
Annual appropriation	1	636 893	558 294
Statutory appropriation		-	-
Departmental revenue	2	131 657	121 688
Aid assistance		-	1 512
TOTAL REVENUE		768 550	681 494
EXPENDITURE			
Current expenditure			
Compensation of employees	4	317 572	319 611
Goods and services	5	238 203	207 177
Interest and rent on land	6	12	91
Aid assistance	3	-	515
Total current expenditure		555 787	527 394
Transfers and subsidies			
Transfers and subsidies	8	10 060	6 665
Total transfers and subsidies		10 060	6 665
Expenditure for capital assets			
Tangible assets	9	10 927	6 743
Total expenditure for capital assets		10 927	6 743
Payments for financial assets	7	121	80
TOTAL EXPENDITURE		576 895	540 882
SURPLUS/(DEFICIT) FOR THE YEAR		191 655	140 612

Reconciliation of Net Surplus/(Deficit) for the year

Voted funds		59 998	17 927
Annual appropriation		59 998	17 927
Statutory appropriation		-	-
Conditional grants		-	-
Departmental revenue and NRF Receipts	13	131 657	121 688
Aid assistance	3	-	997
SURPLUS/(DEFICIT) FOR THE YEAR		191 655	140 612

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**STATEMENT OF FINANCIAL POSITION
as at 31 March 2022**

	<i>Note</i>	2021/22 R'000	2020/21 R'000
ASSETS			
Current assets		69 474	85 307
Cash and cash equivalents	<i>10</i>	57 070	63 096
Receivables	<i>11</i>	12 404	22 211
Non-current assets		3 561	1 900
Receivables	<i>11</i>	3 561	1 900
TOTAL ASSETS		73 035	87 207
LIABILITIES			
Current liabilities		71 175	85 180
Voted funds to be surrendered to the Revenue Fund	<i>12</i>	59 998	17 927
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<i>13</i>	11 592	10 970
Payables	<i>14</i>	(415)	21 815
Aid assistance unutilised	<i>3</i>	-	34 468
TOTAL LIABILITIES		71 175	85 180
NET ASSETS		1 860	2 027
	<i>Note</i>	2021/22 R'000	2020/21 R'000
Represented by:			
Recoverable revenue		1 860	2 027
TOTAL		1 860	2 027

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2022**

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Recoverable revenue			
Opening balance		2 027	1 957
Transfers:		(167)	70
Irrecoverable amounts written off	7.1	121	80
Debts revised		-	-
Debts recovered (included in departmental receipts)		(385)	(772)
Debts raised		97	762
Closing balance		1 860	2 027
TOTAL		1 860	2 027

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**CASH FLOW STATEMENT
for the year ended 31 March 2022**

	<i>Note</i>	2021/22 R'000	2020/21 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		768 545	681 381
Annual appropriated funds received	<i>1.1</i>	636 893	558 294
Departmental revenue received	<i>2</i>	1 742	1 506
Interest received	<i>2.2</i>	129 910	120 069
Aid assistance received	<i>3</i>	-	1 512
Net (increase)/decrease in working capital		(12 423)	2 177
Surrendered to Revenue Fund		(148 962)	(187 743)
Surrendered to RDP Fund/Donor		(34 468)	-
Current payments		(555 775)	(527 303)
Interest paid	<i>6</i>	(12)	(91)
Payments for financial assets		(121)	(80)
Transfers and subsidies paid		(10 060)	(6 665)
Net cash flow available from operating activities	<i>15</i>	6 724	(38 324)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<i>9</i>	(10 927)	(6 743)
Proceeds from sale of capital assets	<i>2.3</i>	5	113
(Increase)/decrease in non-current receivables	<i>11</i>	(1 661)	(76)
Net cash flows from investing activities		(12 583)	(6 706)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(167)	70
Net cash flows from financing activities		(167)	70
Net increase/(decrease) in cash and cash equivalents		(6 026)	(44 960)
Cash and cash equivalents at beginning of period		63 096	108 056
Cash and cash equivalents at end of period	<i>10</i>	57 070	63 096

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

PART A: ACCOUNTING POLICIES

Summary of significant accounting policies	
<p>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.</p> <p>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.</p> <p>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.</p>	
1	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern</p> <p>The financial statements have been prepared on a going concern basis.</p>
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
5	<p>Foreign currency translation</p> <p>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.</p>
6	<p>Comparative information</p>
6.1	<p>Prior period comparative information</p> <p>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.</p>
6.2	<p>Current year comparison with budget</p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	<p>Revenue</p>
7.1	<p>Appropriated funds</p>

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

	<p>Appropriated funds comprise of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>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.</p> <p>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.</p>
7.2	<p>Departmental revenue</p> <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>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	<p>Accrued departmental revenue</p> <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>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <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	<p>Other expenditure</p> <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>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

8.4	Leases
8.4.1	<p>Operating leases</p> <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.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <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.</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	<p>Aid assistance received</p> <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	<p>Aid assistance paid</p> <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	<p>Cash and cash equivalents</p> <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	<p>Prepayments and advances</p> <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>

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12	<p>Loans and receivables</p> <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 in accordance to the department's debt management policy.(Added)</p>
13	<p>Investments</p> <p>Investments are recognised in the statement of financial position at cost.</p>
14	<p>Financial assets</p>
14.1	<p>Financial assets (not covered elsewhere)</p> <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	<p>Impairment of financial assets</p> <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	<p>Payables</p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
16	<p>Capital Assets</p>
16.1	<p>Immovable capital assets</p> <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	<p>Movable capital assets</p> <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>

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	<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>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
16.3	<p>Intangible assets</p> <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	<p>Project Costs: Work-in-progress</p> <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	<p>Provisions and Contingents</p>
17.1	<p>Provisions</p> <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	<p>Contingent liabilities</p> <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</p>

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	required to settle the obligation or the amount of the obligation cannot be measured reliably.
17.3	<p>Contingent assets</p> <p>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.</p>
17.4	<p>Capital commitments</p> <p>Capital commitments are recorded at cost in the notes to the financial statements.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <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. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery, not condoned and removed or written-off.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
21	<p>Changes in accounting estimates and errors</p> <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</p>

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	<p>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	<p>Events after the reporting date</p> <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	<p>Principal-Agent arrangements</p> <p>The department is not a part of a principal-agent arrangement.</p>
24	<p>Departures from the MCS requirements</p> <p>There were no departures from MCS requirements.</p>
25	<p>Capitalisation reserve</p> <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	<p>Recoverable revenue</p> <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	<p>Related party transactions</p> <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>
28	<p>Inventories</p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>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.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>

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29	<p>Public-Private Partnerships</p> <p>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.</p> <p>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.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>
31	<p>Transfers of functions</p> <p>Transfers 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.</p> <p>Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.</p>
32	<p>Mergers</p> <p>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.</p> <p>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.</p>

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1. Annual Appropriation

	Final Appropriation	2021/22 Actual Funds Received	Funds not requested /not received	Final Appropriation	2020/21 Appropriation received	Funds not requested /not received
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	213 123	213 123	-	175 386	175 386	-
Sustainable Resource Management	49 446	49 446	-	38 640	38 640	-
Financial Governance	206 787	206 787	-	187 571	187 571	-
Internal Audit	97 350	97 350	-	101 461	101 461	-
Municipal Finance Management	70 187	70 187	-	55 236	55 236	-
Total	636 893	636 893	-	558 294	558 294	-

2. Departmental revenue

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Sales of goods and services other than capital assets	2.1	340	310
Interest, dividends and rent on land	2.2	129 910	120 069
Sales of capital assets	2.3	5	113
Transactions in financial assets and liabilities	2.4	1 402	1 196
Total revenue collected		131 657	121 688
Less: Own revenue included in appropriation		-	-
Departmental revenue collected		131 657	121 688

The increase on Interest earned relates to positive cash balances from Paymaster General (PMG) accounts.

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2.1. Sales of goods and services other than capital assets

	Note 2	2021/22 R'000	2020/21 R'000
Sales of goods and services produced by the department		340	310
Sales by market establishment		114	98
Administrative fees		123	99
Other sales		103	113
Sales of scrap, waste and other used current goods		-	-
Total		340	310

2.2. Interest, dividends and rent on land

	Note 2	2021/22 R'000	2020/21 R'000
Interest		129 910	120 069
Dividends		-	-
Rent on land		-	-
Total		129 910	120 069

2.3. Sale of capital assets

	Note 2	2021/22 R'000	2020/21 R'000
Tangible assets		5	113
Buildings and other fixed structures		-	-
Machinery and equipment		5	113
Total		5	113

2.4. Transactions in financial assets and liabilities

	Note 2	2021/22 R'000	2020/21 R'000
Receivables		1 402	1 196
Total		1 402	1 196

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3. Aid assistance

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Opening Balance		34 468	33 471
Prior period error			
As restated		34 468	33 471
Transferred from statement of financial performance		-	997
Paid during the year		(34 468)	-
Closing Balance		-	34 468

The contract term ended in the 2020/21 financial year (FY) and all surplus was refunded back to Global fund in terms of the contract.

3.1. Analysis of balance by source

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Aid assistance from other sources		-	34 468
Closing balance	3	-	34 468

3.2. Analysis of balance

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Aid assistance unutilised		-	34 468
Closing balance	3	-	34 468

3.3. Aid assistance expenditure per economic classification

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Current		-	515
Capital		-	-
Transfers and subsidies		-	-
Total aid assistance expenditure		-	515

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4. Compensation of employees

4.1. Salaries and Wages

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Basic salary		218 792	226 690
Performance award		1 788	2 605
Service Based		113	44
Compensative/circumstantial		3 589	2 595
Periodic payments		-	-
Other non-pensionable allowances		61 070	54 669
Total		<u>285 352</u>	<u>286 603</u>

The decrease in basic salary relates to the increase in vacant positions that remained unfilled for 2021/22 period.

4.2. Social contributions

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Employer contributions			
Pension		23 627	24 425
Medical		8 526	8 527
UIF		-	-
Bargaining council		49	51
Official unions and associations		-	-
Insurance		18	5
Total		<u>32 220</u>	<u>33 008</u>
Total compensation of employees		<u>317 572</u>	<u>319 611</u>
Average number of employees		<u>478</u>	<u>507</u>

5. Goods and services

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Administrative fees		11 992	8 524
Advertising		4 283	1 709
Minor assets	<i>5.1</i>	175	292
Bursaries (employees)		801	717
Catering		268	93
Communication		1 448	1 160
Computer services	<i>5.2</i>	124 803	108 869
Consultants: Business and advisory services	<i>5.9</i>	6 306	8 623
Legal services		3 621	2 024
Contractors		8 028	2 279

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Agency and support / outsourced services		26 306	33 686
Audit cost – external	5.3	4 497	3 681
Fleet services		1 308	858
Inventory	5.4	1 998	275
Consumables	5.5	2 093	1 826
Operating leases		21 235	16 291
Property payments	5.6	11 948	11 325
Travel and subsistence	5.7	3 773	2 495
Venues and facilities		37	2
Training and development		732	787
Other operating expenditure	5.8	2 551	1 661
Total		<u>238 203</u>	<u>207 177</u>

The increase in goods and services is as a result of general increase in computer services and the increase in operating lease is due to additional leasing of Marine office building for the Ministry.

5.1. Minor assets

	Note	2021/22	2020/21
	5	R'000	R'000
Tangible assets		175	292
Machinery and equipment		175	292
Transport assets		-	-
Total		<u>175</u>	<u>292</u>

5.2. Computer services

	Note	2021/22	2020/21
	5	R'000	R'000
SITA computer services		85 714	78 697
External computer service providers		39 089	30 172
Total		<u>124 803</u>	<u>108 869</u>

5.3. Audit cost – External

	Note	2021/22	2020/21
	5	R'000	R'000
Regularity audits		4 125	3 306
Performance audits		-	-
Computer audits		372	375
Total		<u>4 497</u>	<u>3 681</u>

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5.4. Inventory

	Note 5	2021/22 R'000	2020/21 R'000
Clothing material and accessories		254	5
Food and food supplies		5	213
Materials and supplies		123	9
Other supplies	5.4.1	1 616	48
Total		1 998	275

5.4.1. Other supplies

	Note 5.4	2021/22 R'000	2020/21 R'000
Ammunition and security supplies			
Assets for distribution		-	48
Machinery and equipment		-	48
Other		1 616	-
Total		1 616	48

5.5. Consumables

	Note 5	2021/22 R'000	2020/21 R'000
Consumable supplies		836	1 138
Uniform and clothing		46	49
Household supplies		334	703
Building material and supplies		114	176
Communication accessories		9	65
IT consumables		265	21
Other consumables		68	124
Stationery, printing and office supplies		1 257	688
Total		2 093	1 826

5.6. Property payments

	Note 5	2021/22 R'000	2020/21 R'000
Municipal services		5 824	5 156
Property management fees		-	-
Property maintenance and repairs		6 124	6 169
Other		-	-
Total		11 948	11 325

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5.7. Travel and subsistence

	Note	2021/22 R'000	2020/21 R'000
Local	5	3 773	2 495
Total		3 773	2 495

5.8. Other operating expenditure

	Note	2021/22 R'000	2020/21 R'000
Professional bodies, membership and subscription fees	5	516	479
Resettlement costs		69	40
Other		1 966	1 142
Total		2 551	1 661

6. Interest and rent on land

	Note	2021/22 R'000	2020/21 R'000
Interest paid		12	91
Total		12	91

Interest paid relates to interest charged by South African Revenue Services (SARS) for the under collection of the tax for mainly the staff members who transferred to other Departments (OTP and EDTEA)

7. Payments for financial assets

	Note	2021/22 R'000	2020/21 R'000
Material losses through criminal conduct		-	-
Theft	7.4	-	-
Other material losses	7.1	-	-
Other material losses written off	7.2	-	-
Debts written off	7.1	121	80
Total		121	80

The increase relates to more irrecoverable debts written off in the year 2021/22 which were uneconomical to pursue and some were untraceable.

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7.1. Debts written off

	Note	2021/22 R'000	2020/21 R'000
	7		
Nature of debts written off			
Recoverable revenue written off			
Tax Debts		-	7
Library Debt		2	-
Salary Overpayment		23	-
Cell phone Debt		8	-
Leave Without Pay		43	-
Bursary Debt		18	-
Laptop Debt		27	-
Total		121	7
Other debt written off : Cindi			
		-	73
Total		-	73
Total debt written off		121	80

8. Transfers and subsidies

	Note	2021/22 R'000	2020/21 R'000
Departmental agencies and accounts	Annexure 1B	37	44
Households	Annexure 1G	10 023	6 621
Total		10 060	6 665

The increase in the household item relates to claims against the state (labour matters) cases that were settled in 2021/22.

9. Expenditure for capital assets

	Note	2021/22 R'000	2020/21 R'000
Tangible assets			
Machinery and equipment	25	10 927	6 743
Total		10 927	6 743

The increase in expenditure for capital assets relates to increase in finance lease due to replacement of computer equipment and acquisition of motor vehicles.

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9.1. Analysis of funds utilised to acquire capital assets – 2021/22

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	10 927	-	10 927
Machinery and equipment	10 927	-	10 927
Total	10 927	-	10 927

9.2. Analysis of funds utilised to acquire capital assets – 2020/21

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	6 743	-	6 743
Machinery and equipment	6 743	-	6 743
Total	6 743	-	6 743

9.3. Finance lease expenditure included in Expenditure for capital assets

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Tangible assets			
Machinery and equipment		4 841	2 767
Total		4 841	2 767

The increase is a result of renewals of cell phones and data contracts upgrades

10. Cash and cash equivalents

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Consolidated Paymaster General Account		56 516	63 092
Cash on hand		4	4
Investments (Domestic)		550	-
Total		57 070	63 096

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11. Receivables

	Note	2021/22			2020/21		
		Current R'000	Non- current R'000	Total R'000	Current R'000	Non- current R'000	Total R'000
Claims recoverable	11.1	12 220	1 694	13 914	21 566	-	21 566
Recoverable expenditure	11.2	14	-	14	176	-	176
Staff debt	11.3	27	665	692	181	659	840
Other receivables	11.4	143	1 202	1 345	288	1 241	1 529
Total		12 404	3 561	15 965	22 211	1 900	24 111

The decrease in receivables relates mainly to IDA collection from the department of Health for support projects rendered.

11.1. Claims recoverable

	Note	2021/22 R'000	2020/21 R'000
National departments	11	16	-
Provincial departments		11 645	18 362
Private enterprises		1 693	3 204
Local governments		560	-
Total		13 914	21 566

11.2. Recoverable expenditure (disallowance accounts)

	Note	2021/22 R'000	2020/21 R'000
(Group major categories, but list material items)	11		
Disallowance damages and losses		164	138
Disallowance damages and losses		(164)	(138)
Sal ACB Recalls		-	164
Sal: Tax Debt		14	12
Total		14	176

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11.3. Staff debt

	Note 11	2021/22 R'000	2020/21 R'000
Bursary Debt		34	146
Other		658	694
Total		692	840

11.4. Other receivables

	Note 11	2021/22 R'000	2020/21 R'000
Bursary Debt		1 191	1 248
Overpaid Salary		47	85
Other Debtors		107	196
Total		1 345	1 529

12. Voted funds to be surrendered to the Revenue Fund

	Note	2021/22 R'000	2020/21 R'000
Opening balance		17 927	55 639
Prior period error		-	-
As restated		17 927	55 639
Transfer from the statement of financial performance (as restated)		59 998	17 927
Paid during the year		(17 927)	(55 639)
Closing balance		59 998	17 927

The increase in the Voted Funds to be Surrendered to the Revenue Fund is mainly due to Covid19 budget cuts in the year 2020/21 which reduced the available funds.

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

	Note	2021/22 R'000	2020/21 R'000
Opening balance		10 970	21 386
Prior period error		-	-
As restated		10 970	21 386
Transfer from Statement of Financial Performance (as restated)		131 657	121 688
Paid during the year		(131 035)	(132 104)
Closing balance		11 592	10 970

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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14. Payables – current

	Note	2021/22 R'000	2020/21 R'000
Clearing accounts	14.1	(417)	(59)
Other payables	14.2	2	21 874
Total		(415)	21 815

This amount (R417k) includes the online travel booking charges which are charged against the travel lodge and which were not interfaced due to timing differences. The decrease in payables is due to the Global Fund's unused funds being surrendered.

14.1. Clearing accounts

	Note	2021/22 R'000	2020/21 R'000
Sal Income Tax		64	296
Online Travel Control Account		(481)	(391)
Sal Pension Fund		-	3
Sal: Housing		-	33
Total		(417)	(59)

14.2. Other payables

	Note	2021/22 R'000	2020/21 R'000
Payable: Adv:P/Dept: KZN Adv Acc: CL		2	914
Payable: Global Fund		-	20 960
Total		2	21 874

15. Net cash flow available from operating activities

	Note	2021/22 R'000	2020/21 R'000
Net surplus/(deficit) as per Statement of Financial Performance		191 655	140 612
Add back noncash / cash movements not deemed operating activities		(184 931)	(178 936)
(Increase)/decrease in receivables		9 807	2 370
Increase/(decrease) in payables – current		(22 230)	(193)
Proceeds from the sale of capital assets		(5)	(113)
Expenditure on capital assets		10 927	6 743
Surrenders to Revenue Fund		(148 962)	(187 743)
Surrenders to RDP Fund/Donor		(34 468)	-
Net cash flow generated by operating activities		6 724	(38 324)

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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16. Reconciliation of cash and cash equivalents for cash-flow purposes

	Note	2021/22 R'000	2020/21 R'000
Consolidated Paymaster General account		56 516	63 092
Cash on hand		4	4
Cash with commercial banks (Local)		550	-
Total		57 070	63 096

The actual cash available is R57m whereas the amount to be surrendered to the revenue fund is R59m, the difference of R2m forms part of the receivables.

17. Contingent liabilities and contingent assets

17.1. Contingent liabilities

	Note	2021/22 R'000	2020/21 R'000
Liable to Nature			
Claims against the department	Annex 2A	83 997	3 300
Intergovernmental payables (unconfirmed balances)	Annex 4	30	45
Total		84 027	3 345

Included in the R83 997m is a contingent liability of R80 514m which relates to the interpretation of gross gaming revenue and the applicable taxation thereof.

17.2. Contingent assets

	Note	2021/22 R'000	2020/21 R'000
Nature of contingent asset			
VAT Refund Dispute: Mpilonhle		-	822
Prior period error		-	(822)
Total		-	-

Debt has been opened against Mpilonhle for a VAT refund.

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18. Capital commitments

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Machinery and equipment		618	1 260
Total		618	1 260

In 2020/2021 there was a shortage of computer equipment supply in the country due to COVID19 restrictions and the orders were taking longer to be delivered hence, there was a drop in total commitment in the current year.

19. Accruals and payables not recognised

19.1. Accruals

			2021/22 R'000	2020/21 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	2 453	6 265	8 718	6 142
Interest and rent on land	-	12	12	-
Capital assets	-	-	-	393
Total	2 453	6 277	8 730	6 535

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Listed by programme level			
Administration		2 918	5 127
Sustainable Resource Management		85	93
Financial Governance		4 545	591
Internal Audit		300	444
Municipal Finance Management		882	280
Total		8 730	6 535

19.2. Payables not recognised

			2021/22 R'000	2020/21 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	747	407	1 154	4 775
Capital assets	-	-	-	125
Total	747	407	1 154	4 900

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	<i>Note</i>	2021/22 R'000	2020/21 R'000
Listed by programme level			
Administration		110	2 358
Sustainable Resource Management		-	12
Financial Governance		300	2 244
Internal Audit		743	176
Municipal Finance Management		1	110
Total		<u>1 154</u>	<u>4 900</u>

	<i>Note</i>	2021/22 R'000	2020/21 R'000
<i>Included in the above totals are the following:</i>			
Confirmed balances with departments	<i>Annex 5</i>	<u>608</u>	<u>2 015</u>
Total		<u>608</u>	<u>2 015</u>

20. Employee benefits

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Leave entitlement		15 451	20 226
Service bonus		6 311	6 340
Performance awards		-	3 872
Capped leave		2 724	3 074
Other		<u>1 074</u>	<u>113</u>
Total		<u>25 560</u>	<u>33 625</u>

Included in Other Employee Benefits is the total amount of R893k which relates to the outstanding Service Excellence Awards payment for the Financial Management Officials. In line with the policy the matter is with the MEC office for approval. Also included is a back pay of R83 which will be paid on the 15th June 2022. The overtime back pay is a results of an increase by DPSA for a threshold notch used to calculate overtime pay. The leave entitlement as disclosed above is the net of negative balances of R125K. No provision for performance bonuses have been made as per the 2019 Incentive Policy Framework for employees in the Public Sector.

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21. Lease commitments

21.1. Operating leases

2021/22	Specialize military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	23 574	-	23 574
Later than 1 year and not later than 5 years	-	-	927	-	927
Later than five years	-	-	-	-	-
Total lease commitments	-	-	24 501	-	24 501

2020/21	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	20 098	-	20 098
Later than 1 year and not later than 5 years	-	-	22 438	-	22 438
Later than five years	-	-	-	-	-
Total lease commitments	-	-	42 536	-	42 536

The decrease in Lease commitments is due to lesser number of months remaining in the lease term.

21.2. Finance leases **

2021/22	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	4 918	4 918
Later than 1 year and not later than 5 years	-	-	-	3 134	3 134
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	8 052	8 052

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2020/21	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year	-	-	-	5 201	5 201
Later than 1 year and not later than 5 years	-	-	-	7 543	7 543
Total lease commitments	-	-	-	12 744	12 744

A decrease in the current year's finance lease amount is a results of a lease period decreasing from the time lease started.

22. Irregular expenditure

22.1. Reconciliation of irregular expenditure

	Note	2021/22 R'000	2020/21 R'000
Opening balance		27 321	25 812
Prior period error		-	-
As restated		27 321	25 812
Add: Irregular expenditure – relating to prior year		-	187
Add: Irregular expenditure – relating to current year		1 530	2 693
Less: Prior year amounts condoned		(1 615)	(106)
Less: Current year amounts condoned		(944)	(1 265)
Closing balance		26 292	27 321
Analysis of closing balance			
Current year		586	1 428
Prior years		25 706	25 893
Total		26 292	27 321

**22.2. Details of current and prior year irregular expenditure – added current year
(under determination and investigation)**

Incident	Disciplinary steps taken / criminal proceedings	R'000
Security Services	None	586
Telegenix Trading – Legal fees	None	115
Legal Opinions regarding various forensic	None	829

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Total	1 530
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22.3. Details of irregular expenditure condoned

Incident	Condoned by (relevant authority)	R'000
SD Moloi		651
Nathi Shozi		296
Matthew Francis		294
Mdledle Attorneys		79
MS Dlamini		215
BS Mabaso Attorney		1 024
Total		2 559

23. Fruitless and wasteful expenditure

23.1. Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2021/22 R'000	2020/21 R'000
Opening balance		76	10
As restated		76	10
Fruitless and wasteful expenditure – relating to current year		12	230
Less: Amounts written off		(88)	(164)
Closing balance		-	76

23.2. Details of current and prior year fruitless and wasteful expenditure – added current year (under determination and investigation)

Incident	Disciplinary steps taken/criminal proceedings	2021/22 R'000
SARS penalty and interest charges	None	12
Total		12

23.3. Details of fruitless and wasteful expenditure written off

Incident	2021/22 R'000
SARS Penalties and Interest Charges	12
Legal Fees (Bhenjee Attorneys)	76
Total	88

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24. Key management personnel

	No. of Individuals	2021/22 R'000	2020/21 R'000
Political office bearers (provide detail below)	1	2 000	1 978
Officials:			
Level 15 to 16	4	6 093	8 195
Level 14 (incl. CFO if at a lower level)	12	16 774	18 629
Total		24 867	28 802

The decrease in key management personnel is due to four senior management positions vacated during the year.

25. Non-adjusting events after reporting date

Nature of event	2021/22 R'000
Lease Commitment	6 942
Total	6 942

Based on the Architect's Assessment the Nomalanga building is unfit for occupation due to current leaks and moisture damage. The affected office spaces pose potential health and safety risks with regards to electrical points and water leaks. The lease commitments are not adjusted because the department is partially utilising the building for keeping office furniture and equipment as well the filling of documents.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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26. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2022

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	80 071	-	8 455	(683)	87 843
Transport assets	15 724		1 582	(319)	16 987
Computer equipment	57 273		5 712	(364)	62 621
Furniture and office equipment	5 742		996	-	6 738
Other machinery and equipment	1 332		165	-	1 497
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	80 071	-	8 455	(683)	87 843

Included in additions are assets transfer in from EDTEA total number of assets is 66 valued at R2 375m

26.1. Movement for 2020/21

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2021

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	81 520	-	3 992	(5 441)	80 071
Transport assets	17 312	-	-	(1 588)	15 724
Computer equipment	57 450	-	3 176	(3 353)	57 273
Furniture and office equipment	5 788	-	454	(500)	5 742
Other machinery and equipment	970	-	362	-	1 332
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	81 520	-	3 992	(5 441)	80 071

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26.2. Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2022

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	1 428	-	7 902	-	9 330
Additions	-	-	-	503	-	503
Disposals	-	-	-	(6)	-	(6)
TOTAL MINOR ASSETS	-	1 428	-	8 399	-	9 827

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1 486	-	1 486
Number of minor assets at cost	-	21	-	5 315	-	5 336
TOTAL NUMBER OF MINOR ASSETS	-	21	-	6 801	-	6 822

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2021

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	1 428	-	8 081	-	9 509
Additions	-	-	-	461	-	461
Disposals	-	-	-	(640)	-	(640)
TOTAL MINOR ASSETS	-	1 428	-	7 902	-	9 330

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	1 478	-	1 478
Number of minor assets at cost	-	21	-	3 801	-	3 822
TOTAL NUMBER OF MINOR ASSETS	-	21	-	5 279	-	5 300

26.3. Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 March 2022

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Assets written off	-	-	-	503	-	503
TOTAL MOVABLE ASSETS WRITTEN OFF	-	-	-	503	-	503

27. Intangible Capital Assets

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2022**

	Opening balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	23 159	-	-	23 159
TOTAL INTANGIBLE CAPITAL ASSETS	23 159	-	-	23 159

27.1. Movement for 2020/21

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2021**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	23 159	-	-	-	23 159
TOTAL INTANGIBLE CAPITAL ASSETS	23 159	-	-	-	23 159

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

28. Inventories

28.1. Inventories for the year ended 31 March 2022

	Inventory - Clothing material and accessories	Inventory - Food and food supplies	Inventory - Materials and supplies	Other supplies - Assets for distribution - Machinery and equipment	TOTAL
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	-	-
Add/(Less): Adjustments to prior year balances					
Add: Additions/Purchases – Cash	254	5	123	1 617	1 999
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals					
(Less): Issues	(254)	(5)	(123)	(1 617)	(1 999)
Add/(Less): Received current, not paid (Paid current year, received prior year)					
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	-	-	-	-	-

This inventories consist of donations in kind made to various community based institutions i.e. NGO; Crèches and Schools.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Inventories for the year ended 31 March 2021	Inventory - Clothing material and accessories	Inventory - Food and food supplies	Inventory - Materials and supplies	Other supplies - Assets for distribution - Machinery and equipment	TOTAL
	R'000	R'000	R'000	R'000	R'000
Opening balance	267	-	12	-	279
Add/(Less): Adjustments to prior year balances					
Add: Additions/Purchases – Cash	5	213	9	48	275
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals					
(Less): Issues	(272)	(213)	(21)	(48)	(554)
Add/(Less): Received current, not paid (Paid current year, received prior year)					
Add/(Less): Adjustments	-	-	-	-	-
Closing balance	-	-	-	-	-

**KWAZULU-NATAL PROVINCIAL TREASURY
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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29. COVID 19 Response Expenditure

	Note Annexure 11	2021/22 R'000	2020/21 R'000
Compensation of employees		-	-
Goods and services		527	1 121
Transfers and subsidies		-	-
Expenditure for capital assets		-	-
Other		-	-
Total		527	1 121

30. Prior period errors

	2020/21		
Correction of prior period errors	Amount before error correction R'000	Prior period error R'000	Restated amount R'000
Asset: (Receivables, Investments, Accrued departmental revenue, Movable tangible capital assets, ect.)			
Contingent Asset	822	(822)	-
Total	822	(822)	-

An amount of R822k was disclosed as a contingent Asset and as well as debt in the 2020/2021 financial statement for the Mpilonhle VAT refund, this resulted in double disclosure.

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 1A
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS – UNAUDITED**

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2020/21
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Com Licences	1	-	(1)	-	-	-	3
PD: Vehicle Licences	9	-	28	37	37	100.0%	41
TOTAL	10	-	27	37	37		44

**ANNEXURE 1B
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS – UNAUDITED**

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2020/21
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
NPI: Donation	294	-	(274)	20	-	0%	279
TOTAL	294	-	(274)	20	-		279

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**ANNEXURE 1C
STATEMENT OF TRANSFERS TO HOUSEHOLDS – UNAUDITED**

	TRANSFER ALLOCATION				EXPENDITURE		2020/21
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
HOUSEHOLDS							
Transfers							
Injury on Duty	-	-	-	-	-	-	10
Post-retirement benefit	230	-	581	811	811	100%	170
Leave Gratuity	925	-	65	990	990	100%	1 458
Early Retirement Pension Penalty	-	-	-	-	-	-	3 336
Bursaries(Non-employee)	1 477	-	239	1 716	1 716	100%	1 184
Claims Against the State	-	-	6 529	6 529	6 467	99%	977
PMT/Refund & Rem - act/grce	39	-	-	39	39	100%	20
TOTAL	2 671	-	7 414	10 085	10 023		7 155

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**ANNEXURE 1D
STATEMENT OF AID ASSISTANCE RECEIVED – UNAUDITED**

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	PAID BACK ON/BY 31 MARCH 2022	CLOSING BALANCE
		R'000	R'000	R'000	R'000	R'000
Received in cash						
Global Fund	Fighting HIV & AIDS	34 468	-	-	34 468	-
Subtotal		34 468	-	-	34 468	-
Received in kind		-	-	-	-	-
TOTAL		34 468	-	-	34 468	-

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**ANNEXURE 1E
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE – UNAUDITED**

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2021/22	2020/21
	R'000	R'000
Made in kind		
EThekweni ward 32 and ward 45 Coops (Sewing machines)	151	-
Ixopo NGO (Sewing machines)	86	-
Siyazama Crèche (Stationery, mattresses, kitchen equipment)	37	-
Lethokuhle Cooperative (Sewing machines)	79	-
Phezukonke Cooperative (Sewing machines)	93	-
Masibuye Sibonge Ward 45 KwaMashu Cooperative (Modified container)	94	-
Qalaphansi Cooperative (Modified container)	94	-
Asimile Cooperative (Modified container)	94	-
Sizanani Aids Home based care (Catering equipment)	52	-
Siyakhula Cooperative (Catering equipment)	29	-
Omama Bombova Cooperative (Sewing machines)	78	-
Siyahlakula Intuthuko Cooperative (Blocks Making Machinery)	94	-
Wembezi School (School Uniforms)	32	-
Umbango School (School Uniforms)	54	-
Nsetheni High School (School Uniforms)	20	-
Thembelisha Orphanage (Linen)	18	-
GBV Victims - uThukela District (Food hampers (13)	5	-
Diet Ailment Co-op, uMzinyathi District (Coffee & veggie cutter machine, fridge, microwave, crockery)	44	-
Qhakazile NPO, uMzinyathi District (Crockery, cutlery, Detergent machine and raw materials)	28	-
St Emmanuel School, Zululand District (School Uniforms)	94	-
Hluhluwe School (School Uniforms)	78	-

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Makhowe Primary School (School Uniforms)	82	-
EThekwini elderly during the Day of the Elderly event (Grocery hampers)	431	-
Tutoring Cooperative UMzinyathi District (Heavy duty brush cutters, helmet, harness, protector wear)	99	-
Hlabane Secondary School (Construction of a new standpipe, supply and installation of water tanks)	32	-
Usizolwethu Senior Citizen (Sewing Machines, tables, chairs, electrical stove, mats & rolls of wool)	-	34
Mbongendlu Projects (Sewing machines, tables & chairs)	-	15
Khazimula Orphanage (Grocery, winter pyjamas, sanitizer, face masks, 3 panel heaters, & pedestal fan)	-	29
Angels Care Centre (Grocery, sanitizer & face masks)	-	16
Thumuni P. School (School Uniform)	-	75
Uthukela District Alfred Duma (Grocery gift vouchers)	-	60
EThekwini Metro KwaMashu (Grocery gift vouchers)	-	60
Zululand District Nongoma (Grocery gift vouchers)	-	60
Baniyena Primary School (School uniform)	-	95
Nsongeni Secondary School (School uniform)	-	96
Elderly People Mtubatuba (Blankets)	-	12
TOTAL	1 998	552

**KWAZULU-NATAL PROVINCIAL TREASURY
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 2A
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2022 – UNAUDITED**

Nature of Liability	Opening Balance 1 April 2021	Liabilities incurred during the year	Liabilities paid/cancell ed/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2022
	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
Phumalanga Communications CC & Another vs DG Office of the Premier of KwaZulu-Natal and 2 Others (Case No. 1718/2018P)	400	-	-	-	400
R. Ranjith v KZN Provincial Treasury and 2 Others LC Case No. Case No: 2223/18	300	385	(685)	-	-
N. Jacobs v KZN Provincial Treasury LAC Case No. DA7/20	300	5 482	(5 782)	-	-
Unitrade 1047 CC t/a Isidingo Security Services v ILembe District Municipality & The Municipal Bids Appeal Tribunal	500	-	-	-	500
SMEC SA (Pty) Ltd v BAT, MEC for Finance and 2 Others Case No. 5228/20	500	-	-	-	500
ZM Cibane and Another v Premier of KZN and 5 Others Case No. 7655/20	500	-	-	-	500
OS Holdings (Pty) Ltd v 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
Sisanda Medical Services (Pty) LTD VS MEC for Health, MEC for Finance & Others	-	483	-	-	483
Afrisun KZN (Pty) Ltd T/A Sibaya Casino and Entertainment Kingdom vs KZN Gaming Betting Board & KZN MEC for Finance: Case No: 3515/22	-	80 514	-	-	80 514
TOTAL	3 300	87 164	(6 467)	-	83 997

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

**ANNEXURE 3
CLAIMS RECOVERABLE – UNAUDITED**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2021/22	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021	Receipt 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

Department

Vote 1: KZN Office of the Premier	700	-	-	-	700	-	29/04/2022	700
Vote 3: KZN Agriculture & Rural Development	-	-	-	1 899	-	1 899	-	-
Vote 5: KZN Education	-	-	1 144	1 036	1 144	1 036	06/05/2022	196
Vote 7: KZN Health	-	-	925	11 402	925	11 402	-	-
Voted 8: KZN Human Settlement	71	-	-	-	71	-	29/04/2022	71
Vote 10: KZN Sport & Recreation	583	-	-	-	583	-	22/04/2022	583
Vote 12: KZN Transport	-	-	4 389	92	4 389	92	01&05/04/2022	4 389
Vote 13: KZN Social Development	-	-	1 089	299	1 089	299	05/04/2022	1 089
Vote 14: KZN Public Works	-	-	2 213	3 462	2 213	3 462	20/04/2022	2 213
Vote 15: KZN Arts and Culture	-	-	530	172	530	172	-	-
	1 354	-	10 290	18 362	11 644	18 362		9 241

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	R'000	R'000	R'000	R'000	R'000	R'000
Other Government Entities						
Department of Correctional Services	-	-	16	-	16	-
Zululand District Municipality	-	-	560	-	560	-
Global Fund - (Ithala, SARS & Brocoli)	-	-	(21)	528	(21)	528
Ithala	-	-	893	893	893	893
Mpilonhle	-	-	822	822	822	822
Gaming and Betting	-	-	-	961	-	961
	-	-	2 270	3 204	2 270	3 204
TOTAL	1 354	-	12 560	21 566	13 914	21 566

**KWAZULU-NATAL PROVINCIAL TREASURY
VOTE 6**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2022**

**ANNEXURE 4
INTER-GOVERNMENT PAYABLES – UNAUDITED**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2021/22 *	
	31/03/2022	31/03/2021	31/03/2022	31/03/2021	31/03/2022	31/03/2021	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Vote 3: KZN Agriculture & Rural Development	-	23	-	-	-	23	-	-
Vote 7: KZN Health	33	-	-	-	33	-	2022/04/22	33
Vote 12: KZN Transport	-	3	-	-	-	3		-
Vote 14: KZN Public Works	575	1 954	-	45	575	1 999	2022/05/16	575
SAPS	-	35	30	-	30	35		-
TOTAL	608	2 015	30	45	638	2 060		608

**ANNEXURE 5
INVENTORIES – UNAUDITED**

Inventories for the year ended 31 March 2022

Inventory - Clothing material and accessories	Inventory - Food and food supplies	Inventory - Materials and supplies	Other supplies - Assets for distribution - Machinery and equipment	TOTAL
R'000	R'000	R'000	R'000	R'000
Opening balance				
Add/(Less): Adjustments to prior year balances	-	-	-	-
Add: Additions/Purchases – Cash	254	5	123	1 617
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	(254)	(5)	(123)	(1 617)
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-
Add/(Less): Adjustments	-	-	-	-
Closing balance	-	-	-	-

Inventories for the year ended 31 March 2021

Inventory - Clothing material and accessories	Inventory - Food and food supplies	Inventory - Materials and supplies	Other supplies - Assets for distribution - Machinery and equipment	TOTAL
R'000	R'000	R'000	R'000	R'000
Opening balance	267	-	12	-
Add/(Less): Adjustments to prior year balances	-	-	-	-
Add: Additions/Purchases – Cash	5	213	9	48
Add: Additions - Non-cash	-	-	-	-
(Less): Disposals	-	-	-	-
(Less): Issues	(272)	(213)	(21)	(48)
Add/(Less): Received current, not paid	-	-	-	-

(Paid current year, received prior year)

Add/(Less): Adjustments

Closing balance

-	-	-	-	-
-	-	-	-	-

ANNEXURE 6
COVID 19 RESPONSE EXPENDITURE – UNAUDITED
Per quarter and in total

Expenditure per economic classification	2021/22					2020/21
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000

Compensation of employees

Goods and services	121	129	211	66	527	1 121
<i>List all applicable SCOA level 4 items</i>	-	-	-	-	-	-
Communication	47	56	127	24	254	124
Cons Supplies	51	5	15	(32)	39	633
Property Payments	23	68	62	81	234	364
Minor Assets	-	-	7	(7)	-	-

TOTAL COVID 19 RESPONSE EXPENDITURE	121	129	211	66	527	1 121
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