KWAZULU-NATAL PROVINCIAL TREASURY

KWAZULU-NATAL PROVINCE
TREASURY
REPUBLIC OF SOUTH AFRICA

ANNUAL REPORT 2024-2025

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Corporate Services
Ms INN Zwane - Dlomo

Head of Ministry
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SCM, Asset Management
& Loss Control
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Legal Services
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Public Finance
Ms T Stielau

Chief Director
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Infrastructure Management
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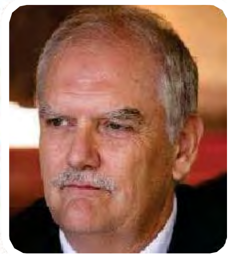
Director
Economic Services
Mr. J Twala

Director
Special Advisory Support
Services
Ms L Curtis

Director
Infrastructure Management
Ms F Mkhize



IDMS Technical Advisors
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IDMS Technical Advisors
Mr R Kempen

IMES Technical Advisor
Mr. Muzi Khumalo

Director
Provincia Budget
Management
Ms. G Rankani

Programme 3: Financial Governance

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Chief Director SCM Ms T Mlawu

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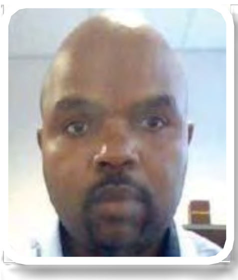
Director Financial Information Management System Mr K Mqadi

Director Assets and Liabilities Ms. M Mlambo

Director Norms and Standards Mr N Price

Director Supply Chain Management Ms R Madhan



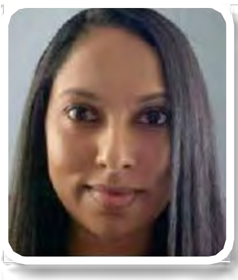
Director Public Entities Financial Reporting Mr N Makhanyela

Director Provincial Movable Assets Mr. N Hlengwa

Director SCM (Governance and Admin Cluster) Mr S Sphengane

Director SCM Policy Development and Contract Management Ms N Kubheka

Director SCM (Social Cluster) Ms. N Jacobs

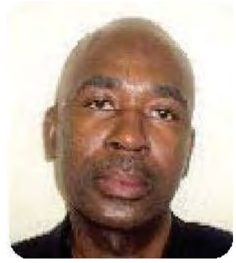


Director Training and Capacity Building Ms. D Samuels

Director Financial Reporting Ms. A Singh

Programme 4: Internal Audit

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



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Assurance Services
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K Lamula

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Assurance Services
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Mr A Soopal

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Municipal Budget
Mr M Ndumo

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Mr W Donelly

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Municipal Budget
Ms R Bhagwandeen

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Municipal Support
Ms K Pillay

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Municipal Accounting
Ms S Gumede

Director
Municipal Revenue
Ms A Patton

Director
Municipal Acc & Reporting
Mr. S Chohan

1 PART A:
GENERAL INFORMATION

1.1 DEPARTMENT GENERAL INFORMATION

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1.2 LIST OF ABBREVIATIONS/ACRONYMS

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

IYM	In-year Monitoring
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
NSG	National School of Governance
OES	Organisational Efficiency Services
OSD	Occupation Specific Dispensation
OSS	Operation Sukuma Sakhe
PARC	Provincial Audit Risk Committee
PERO	Provincial Economic Review and Outlook
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PMG	Pay Master-General
PPP	Public Private Partnerships
PIAS	Provincial Internal Audit Services
SAICA	South African Institute of Chartered Accountants
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SDIP	Service Delivery Improvement Plan
SERO	Social-Economic Review and Outlook
SMME	Small Medium and Micro Enterprises
SLA	Service Level Agreement
SITA	State Information Technology Agency
SONA	State of Nation Address
U-AMPs	User Asset Management Plans
WSP	Workplace Skills Plan

1.3 FOREWORD BY THE MEC OF FINANCE

It has been more than a year since the Government of Provincial Unity (GPU) was established in KwaZulu-Natal (KZN). At the onset, we set out to improve governance, ensure job creation, eradicate corruption, ensure fiscal discipline and focus all efforts on the priority departments of education, social development and health.

By focusing on frontline departments, we believe we have the best shot at tackling the major socio-economic challenges of poverty, inequality and unemployment. It is pleasing that in our first year, some progress was realised.

The provincial government adopted cost-cutting measures aimed at reducing government expenditure on nice-to-haves and address an inherited budget deficit. The result has been positive. KZN's projected over-expenditure was estimated at R10 billion in May 2024, however, we successfully reduced this to an actual over-expenditure incurred of R158 million (unaudited) by March 2025.

As KZN Treasury, we have consistently led by example in demonstrating commitment to high level service delivery and astute financial management. Our 17 consecutive clean audit outcomes are testament to this. We continue with our mandate to assist other departments, public entities, and municipalities to attain similar achievements without compromising on service delivery. It is our aim to continuously build and maintain positive relations with all stakeholders within the public service.

We face critical but not insurmountable challenges. Top among these is aging infrastructure as well as fragile power and water supply systems. It is imperative that we prioritise utilising all resources at our disposal, including skilled labour from within and outside of government, to formulate and implement realistic and attainable turnaround strategies.

This will necessitate attracting skilled personnel to the public service as well strengthening relations with the private sector. It is virtuous that our first KZN Treasury Public-Private Partnership (PPP) summit which we held in Durban in May 2025 received major support from key stakeholders in the private sector. The summit was held against the backdrop of the country's new PPP legislation that aims to reduce red-tape and ensure ease of doing business.

Feedback from the private sector was clear. While they accepted Treasury's open-door policy and interest in working with the business community, they challenged the government of provincial unity to walk the talk when it comes dealing with inefficiencies, communication gaps, as well as in tackling malfeasance and corruption.

The GPU remains steadfast in its mission to restore confidence in the public sector. Therefore, it is our goal to collaborate with the business sector to address persistent challenges as a collective. We must stabilise spending, eliminate irregular expenditure in departments, attract foreign direct investment as well as ensure transparency, accountability and consequence for non-compliance.

Our recently launched Cash Management Programme(CMP) for municipalities is one of the measures with which we aim to achieve our envisaged capable and ethical state. Briefly, the CMP aims to ensure the implementation of debt collection and credit control policies, reduce overspending, as well as ensure adequacy in the management and utilisation of conditional grants. Through the CMP, we aim to improve service delivery, ensure timeous payments to service providers, and reduce budget deficits at local government level, among other initiatives.

We have also recently launched KZN's new digital Supply Chain Management (SCM) system. This will assist us in combating wasteful expenditure, fraud, corruption, and bias in government's SCM. Through this system, we will use technology to limit human actions that may result in fraud and corruption as well as ensure that government is not exposed to exploitation by suppliers with malicious intentions.

It is pleasing to note that the provincial financial recovery plan championed by KZN Treasury has been approved for implementation by the provincial cabinet. The plan focuses on various interventions including increasing revenue, fiscal discipline, transparency, debt management, and cash flow management.

As a people-centred administration, we have not neglected involving key stakeholders of our society in governance. We understand government cannot achieve much on its own. We have therefore established positive working relations with traditional, religious, unions, and business leaders amongst others. We aim to sustain these relations as part of our vision to establish a capable and ethical state.

Let us continue to put "principle" ahead of "politics" when it comes to fiscal discipline and our expenditure priorities.

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

1.4 REPORT OF THE ACCOUNTING OFFICER

The report of the Accounting Officer will cover both the overview of the operations as well as the financial performance for the 2024/25 financial year.

OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

Provincial Treasury (PT) initially received an allocation of R680,901 million in the 2024/25 financial year. During the 2024/25 Second Adjustments Estimate process the department made a request to suspend R20,177 million from the 2024/25 budget for re-allocation in the 2025/26 financial year. The department ended the current financial year with an Adjusted budget of R660,724 million. The suspended funds will be utilized for the new office configuration open plan project aimed at reducing rental costs, replacement of outdated security access system, the ministerial OSS iLembe Organic Farming programme, Internal Audit projects for the Department of Education, as well as for the Provincial Financial Recovery Plan project. 98% of the budget was spent as reflected below and overall performance saw the achievement of 95% of performance targets with a number of the targets being exceeded due to the increased demand for support services. The key challenges in service delivery will be unpacked in the relevant section of the annual report.

The Public Finance Unit within Programme 2 continued monitoring the spending performance and revenue collection of departments and public entities against the budget, with the aim of keeping provincial spending within budget. The Provincial Executive Council was continuously kept informed of the province's budget. The 2024/25 Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE) and 2025/26 EPRE were prepared, as is the norm every year. The budget process for the 2025/26 MTEF was more complex when compared to prior years in view of the National Minister of Finance having to withdraw the Division of Revenue Bill and national Appropriation Bill from Parliament (as a result of the VAT increase proposal being rejected). This necessitated that provinces also had to withdraw their Appropriation Bills from the Provincial Legislatures. This matter is reflected under Post Balance Sheet events. Departments and public entities' adherence to the filling of posts process continued to be overseen jointly by the Office of the Premier and Provincial Treasury. The province ended the year with an overall unaudited year-end over-spending of R158,600 million against the provincial budget of R151,699 billion (a notable decrease from the projected over-spending of R10,876 billion shown in the April 2024 IYM) but noting that departments are still in the process of undertaking year-end journals and certain departments captured invoices on BAS which were not released for payment due to cash blocking amounting to over R5 billion. In addition, there are a number of additional accruals that will be reflected in the Annual Financial Statement of departments which will impact further on the fiscal challenges of the province. The respective departments were requested to quantify this amount so that the actual year-end position can be determined when preparing the audited IYM for 2024/25. In terms of Provincial Own Revenue collection, there was a unaudited net under-collection for the province of R17,301 million predominantly by Department of Health (DOH) in respect of patient fees.

Reports to evaluate and monitor economic trends and to support policy formulation were produced by Economic Analysis. A research project and a value-for-money report were conducted. The research project focused on developing guidelines for procurement strategies for government institutions in KZN. At the same time, the value-for-money report assessed the economic impact of the construction of a tertiary hospital in Empangeni, located in the northern region of KZN."

The unit also compiled a Socio-economic Review and Outlook (SERO) for 2025/26 that provides insight regarding economic trends that could bring about economic opportunities and/or risks to the provincial fiscus. Economic Analysis also provided a comprehensive report on the KZN Government's comments towards the Financial and Fiscal Commission's (FFC) recommendations on the annual submission for the Division of Revenue.

The Infrastructure Unit compiled and tabled the 2025/26 Estimates of Capital Expenditure (ECE) indicating each department's infrastructure plans over the MTEF to strengthen infrastructure delivery oversight. These plans are in support of the institutionalisation of the Infrastructure Delivery Management System (IDMS) and in compliance with the Framework for Infrastructure Programme Delivery Management (FIDPM). As part of oversight and monitoring, site visits to various projects which are conducted on quarterly basis remained a priority and reports were produced with findings and recommendations. Departments were also supported on infrastructure reporting using the Infrastructure Reporting Model (IRM) through training and workshops. Support to departments through the deployment of the Infrastructure Crack Team continued to be a priority. The Rates Rebate Alternate Funding for Municipalities Guideline was completed and presented to various forums. Support was also extended to Ezemvelo KZN Wildlife technical staff in resolving infrastructure project bottlenecks. PT deployed a built environment specialist to the entity to assist in infrastructure delivery as well as to capacitate the entity for a period of 12 months. The infrastructure unit provided further focused capacity support to Department of Health in the preparation of procurement documentation for a design and build procurement strategy for a new Oncology unit at Ngwelezana Hospital.

Public Private Partnerships: Technical and legal advice in support of all provincial PPPs continued to be provided as regulated by the National Treasury guidelines. Specific support in this regard includes the ongoing Department of Health's Inkosi Albert Luthuli Central Hospital project (which reached financial close at the end of May 2024); the iLembe District Municipality Water and Sanitation Concession, and the KwaDukuza Local Municipality Solid Waste Removal project.

The Unit Asset and Liabilities Management within Programme 3 continued to support all departments with regards to their cash management, employee tax and banking functions. A risk analysis was conducted on a quarterly basis and departments were advised of the necessary corrective action required to resolve any errors. Written reports presenting the summarised risks were provided to the CFOs of each department. All PERSAL and BAS expenditure was monitored per department in line with their bank balances and proposed funding schedules to ensure effective cash flow management. Excess funds were invested with the South

African Reserve Bank (SARB) to earn maximum interest. Despite this the department collected less interest revenue than had been budgeted for due to reduced cash available to invest as well as a reduction in interest rates.

Provincial Supply Chain Management continued to conduct routine compliance assessments in departments, municipalities, and public entities to ensure compliance with all relevant SCM prescripts and to enhance the level of compliance, governance and accountability in the province. Support interventions were identified, and training was provided, where necessary. Capacity building interventions were conducted in the SCM components of public sector institutions in order to capacitate them on the implementation of the 2022 Preferential Procurement Regulations, the revised MFMA SCM Regulations, the Contract Management Framework, as well as SCM in general. SCM policy reviews were conducted in order to assist with ensuring alignment with the PPPFA regulations, MFMA SCM Regulations, as well as the latest instruction notes.

The President assented to the Public Procurement Act, 2024 (Act No. 28 of 2024) on 18 July 2024 and it was published as an Act in the Government Gazette on 23 July 2024. However, the provisions of the Act are not in force yet. The President will bring the provisions of the Act into operation through a proclamation in the Gazette. Officials within the unit were nominated to participate in the reference groups that will provide input into the formulation of the Regulations.

Contract registers for some institutions were reviewed and guidance was provided to ensure compliance with the Contract Management Framework. Continued support was provided to departments, municipalities and public entities to ensure effective use of the Central Supplier Database (CSD). CSD helpdesk support was provided at various government events that were held across the province. The Provincial Bid Appeals Tribunal facilitated a number of cases relating to the appeals against bids that were awarded by departments in the province. The Municipal Bid Appeals Tribunal processed twenty-four appeals, however the Tribunal was suspended with effect from 15 October 2024, due to the pending outcome of a court case questioning the constitutionality of the structure.

The Accounting Practices Unit provided financial management support to departments and public entities to enhance their financial accounting and asset management reporting to improve audit outcomes. Financial management support included the review of Interim and Annual Financial Statements (AFS) for public entities, the deployment of officials to assist departments and public entities with asset management, AFS preparation support, the provision of assistance with updating the supporting working papers of disclosure notes to the AFS, technical guidance as well as audit support. The department continued to play a significant role in the audit readiness support project to enhance financial management of departments and public entities. Support to suppliers to resolve payment disputes continued, as well as the Condonation of Irregular Expenditure Project.

The department is an accredited South African Institute of Chartered Accountants (SAICA) Training Office that currently runs a three-year training programme, accepting graduates who were recipients of the Thuthuka Education Upliftment Fund (TEUF), who, upon completion, will be eligible for registration as Chartered Accountants (CAs). The programme was initiated in an attempt to address the scarcity of black CAs in the province and improve the financial management constituency. After completing the training contract, participants are then eligible for entry into the Management Development Programme, which runs for two years, with an option to extend for a further two years. Through this initiative, the department has since produced 17 registered CAs. Moreover, there are currently nine trainee accountants completing their SAICA training contracts, with three in their third year, two in their second year and four who have recently started their first year of training.

Support continued to be provided for financial systems, such as BAS, PERSAL, LOGIS and HardCat in the province, while the OTP handled the functionality and policy implementation on the side of PERSAL. The Biometrics Access Control System (BACS) is used to protect against any malfeasance against BAS and PERSAL. During the financial year, there has been an upgrade on BAS, due to National Treasury implementing a new version of the Standard Chart of Accounts (SCOA V6) effective from 01 April 2025, replacing the previous version (SCOA V5) that had been in place since 2017. The BACS infrastructure has been upgraded from Server 2012 to Server 2022, thus enabling compatibility with latest desktops procured by the province. The process of implementing LOGIS in all departments is still work in progress, noting delays encountered in the process of recruitment of suitable personnel, which is expected to be concluded by 30 June 2025.

The Norms and Standard Unit performed a follow-up on the 2021/22 survey on the Assessment of Financial Management Qualifications in Offices of the CFO for all departments which successfully concluded that qualification discrepancies and organogram variances previously reported on, were resolved.

Four Provincial Treasury Instruction Notes for 2024-2025 which are Management of Debtors, Receipt of State Monies, System of Delegations as well as Payroll and Voucher Control were reviewed to address changes in legislation and operational environments for departments. Action plans for departments and public entities, based on audit findings relating to financial policies and procedures for 2022/23 and 2023/24, were submitted to departments and served as a basis for the unit’s support and monitoring purposes. All provincial departments and eight provincial public entities were assessed for compliance with financial norms and standards.

The shared Internal Audit services implemented audit work across all provincial departments, except at Department of Health, which had set up its own internal audit function. Ninety-nine Risk-based internal audits as approved by the Provincial Audit and Risk Committee were conducted across all supported departments on various focus areas, with a specific focus on IT audits, Financial Audits, Transversal audits covering areas such as Transfer Payments, SCM, Risk Management and Performance Information.

Continued focus was given to reviewing audit improvement strategies and conducting follow-up audits (i.e. 39 audits completed) to provide further assurance on the implementation of mitigation actions to address weaknesses identified. This was tracked and reported on through the consolidated audit logs. The department embarked on implementing the new organisational structure that was approved by the DPSA in 2023/24, which included the establishment of a technical office. To this end 39 posts have been filled and six posts will be filled by 01 September 2025. The Provincial Audit and Risk Committee, together with the Cluster Committees, were supported by the unit with secretariat functions, as well as technical support. There was increased reporting, both by the Internal Audit unit as well as the Audit Committees to Executive Authorities to enhance oversight responsibilities.

The Risk and Advisory Services made positive progress in rolling out the Provincial Risk Management Framework and the Combined Assurance Framework, as approved by the Provincial Executive Council in 2021, to departments. This progress culminated in all departments being assessed on their state of compliance with the Provincial Risk Management Framework, and the lessons learned on the combined assurance project (which was piloted in four provincial departments) being shared with all departments. The Unit also provided crucial support to municipalities, with 22 risk assessments having been facilitated for various municipalities, and internal audit function effectiveness reviews having been completed for six municipalities.

The Municipal Finance Management Programme provided technical support to delegated municipalities. Assessments of both the tabled and approved budgets were conducted as well as monitoring the compliance with the relevant legislation and regulations. Of the fifty-one municipalities in KZN, thirty-six municipalities tabled funded draft budgets and eighteen tabled unfunded budgets for 2024/25. However, through further engagements and support to municipalities by KZN PT for delegated municipalities and National Treasury for the non-delegated municipalities, the funding position of the 2024/25 Approved Budgets improved, resulting in forty- eight municipalities approving funded budgets and only six municipalities approving unfunded budgets.

Quarterly MFMA Section 71(7) reports were produced, which included an early warning system to identify municipalities that experience financial problems.

Technical reviews of the 2023/24 Annual Financial Statements (AFS) were conducted at eight municipalities to assist the municipalities in complying with GRAP and MFMA requirements. With the support of the KZN Provincial Treasury, two municipalities improved during the 2023/24 audit cycle from an unqualified audit opinion with findings to a “clean” audit or as it is technically known, unqualified audit opinion with no findings. Furthermore, KZN Provincial Treasury was able to assist six municipalities to maintain their unqualified with findings audit opinions.

The department's Monitoring and Evaluation unit conducted an evaluation study on the AFS Reviews that were concluded by Provincial Treasury in prior years. The independent study revealed that the initiative had a positive impact on improving the quality of AFS submissions and enhanced financial management practices within the targeted municipalities. The initiative's relevance to the financial and compliance needs of the municipalities was evident, and its objectives aligned closely with the strategic priorities of both the KZN Provincial Treasury and the participating municipalities.

Financial Management Support projects were implemented at five municipalities to assist the municipalities with the implementation of key principles of financial management processes, procedures and controls required to prepare GRAP and MFMA compliant AFS and supporting documentation. Two municipalities improved their audit opinions during the 2023/24 audit cycle from a qualified audit opinion to an unqualified audit opinion with findings. The support further assisted the other three municipalities to maintain their unqualified with findings audit opinions.

Five Post Implementation Assessments were conducted to determine the extent to which the municipalities implemented the Provincial Treasury recommendations emanating from the 2022/23 Municipal AFS Reviews that were conducted in the prior year. The initiative assisted the municipalities to maintain positive audit opinions. The Municipal Support Programme also piloted three cash management projects at selected municipalities which specifically focused on cost containment and debt management.

Comprehensive revenue and debt management support was provided to one municipality. The support involved the review of policies, processes, controls, and financial records. Recommendations were provided to address weaknesses identified. Assistance was also provided with the transferring of skills to municipalities to implement National Treasury's Revenue Management Tools.

The Municipal Revenue and Debt sub-programme also continued to assist the four delegated municipalities partaking in the Eskom Debt Relief Programme which includes reporting on compliance to National Treasury. The debt relief compliance reports and certificates were submitted to National Treasury by the required deadline on a monthly basis. Although municipalities are complying with the majority of debt relief conditions, they are still unable to pay their Eskom current accounts in full which may result in them being removed from the programme by National Treasury.

GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

Departmental Receipts

The table below shows the revenue budget and collected for Provincial Treasury for the year- ending 2024/25.

Departmental receipts	2024/25			2023/24		
	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	314	439	125	300	291	(9)
Transfers received	-	-	-	-	-	
Fines, penalties, and forfeits	-	-	-	-	-	-
Interest, dividends and rent on land	324 341	318 290	(6 051)	302 000	542 617	240 617
Sale of capital assets	150	639	489	144	13	(131)
Financial transactions in assets and liabilities	509	3 535	3 026	488	1 012	524
Total	**325 314**	**322 903**	**(2 411)**	**302 932**	**543 933**	**241 001**

The actual revenue collected in the 2024/25 financial year was R322,903 million against a budget of R325,314 million, resulting in an under-collection at year end of R2,411 million. The net 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 in this category was mainly from sale of minor assets.
- *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 R203,288 million and the Pay Master-General (PMG) accounts amounting to R114,445 million. The quantum of the interest earned by these accounts is related to the amount of cash available to invest and the applicable interest rate. The balance of R557 thousand relates to interest received on the staff debtors accounts.
- *Sale of capital assets* -The over- collection in this category was mainly from payments received from sale of office furniture, auction of an old state vehicle and sale of retained old cellphones & laptops.

- *Transactions in financial assets and liabilities* -The over-collection of R3,024 million was mainly from recoveries of previous year's expenditure and receivables (Departmental debts and Inter- departmental claims.

Programme Expenditure

Programme Name	2024/25			2023/24		
	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure received	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	211 926	201 132	10 794	225 211	221 167	4 044
Sustainable Resource Management	45 841	43 994	1 847	52 922	50 399	2 523
Financial Governance	236 797	228 312	8 485	214 319	213 075	1 244
Internal Audit	99 137	94 043	5 094	101 470	99 759	1 711
Municipal Finance Management	67 023	66 822	201	69 988	68 590	1 398
Total	**660 724**	**634 303**	**26 421**	**663 910**	**652 990**	**10 920**

The Main Appropriation for Provincial Treasury was R680,901 million at the beginning of the 2024/25 financial year. During the Second Adjustments the department requested to suspend R20,177 million from the 2024/25 baseline to be allocated back in the 2025/26 baseline. This resulted in the Final Appropriation of R660,724 million at year-end.

Other adjustments:

The funds were suspended for the following initiatives:

- New office configuration open plan project and security system (R3,625 million)
- OSS Ilembe Organic Farming Project (R1 million)
- Internal Audit, specifically for the Department of Education (R3,552 million)
- Financial Recovery Plan project (R12 million)

Spending in respect of Programmes can be summarised as follows:

- Programme 1 - This programme spent 94,9% of the allocated budget. The under-spending of (5,1%) was mainly attributed to:
  - Savings in *Compensation of employees* due to reduction in Ministry staff, resignations, and delays in filing of vacant posts due to lengthy recruitment process, and the impact of internal promotions.

- Low spending on items such as advertising, reduction in community outreach events, property payments due to lesser security personnel acquired on new security services contract, as well as travel and subsistence as most meetings were held virtually due to cost cutting.
- *Payments for capital assets* due to unanticipated late delivery of photocopier machines, the postponed procurement of the department's security access system and the non-purchase of office equipment because of the non- filling of vacant posts.

- Programme 2 - This programme spent 96% of the allocated budget. The under-spending of (4%) was mainly attributed to:
  - *Compensation of employees* due internal delays in filling vacant posts, as well as in-year staff exits.
  - *Good and Services* on items such as agency and support services due to unanticipated delays infrastructure support projects, travel and subsistence costs due to less travel as most meetings were held virtually.

- Programme 3 - This programme spent 96,4% of the allocated budget. The under-spending of (3,6%) was mainly attributed to:
  - *Compensation of employees* due internal delays in filling vacant posts, as a result of lengthy recruitment processes as well as in-year staff exits.
  - *Goods and Services* mainly in respect of computer services due to prepayment deducted as per MCS requirements, administrative fees (travel agency fees impacted by hybrid approach on client visits), training and development due to vacant posts, as well as travel and subsistence as most meetings were held virtually.
  - *Payments for capital assets* due to non- purchase of tools of trade as a result of the delays in recruiting personnel.

- Programme 4 - This programme spent 94,9% of the allocated budget. The under-spending of (5,1%) was mainly attributed to:
  - Savings in *Compensation of employees* due to internal delays in filling vacant posts as well as the termination of some contract posts due to the programme implementing the new structure which required extensive consultation resulting in delays in the recruitment process.

- Programme 5 - This programme spent 99,7% of the allocated budget. The under-spending of (0,3%) was mainly attributed to:
  - Savings in *Goods and Services* due to less travel to clients as most meetings were held virtually, as well as training and development costs resulted from the unexpected delays in filling critical posts.

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

- *Compensation of Employees* was under-spent by R9,845 million (2,6%) at year-end. The department had a vacancy level of 14,69% as at 31 March 2024 for actual funded posts, with 77 posts in the process of being filled. Furthermore, there were a number of resignations and internal promotions which increase underspending as the recruitment process takes 4-6 months to be finalised.
- *Goods and Services* was under-spent by R13,446 million (5%) at year-end. This underspending relates to items administrative fees, advertising, computer services (impact of prepayments deducted as per MCS requirements), agency and support services, contractors as well travel and subsistence allowance.
- *Transfers and Subsidies* was under-spent by R528 thousand (10,3%) mainly as a result of a reduction in the payments for external bursaries and the reduction in the donations made to Non-profit institutions.
- *Payments for Capital Assets* was under-spent by R2,578 million (21.4%) at year-end mainly due to non-purchase of the tools of trade such laptops, desktops, and office equipment as a result of non-filling of vacant posts within the department, unanticipated late delivery of photocopier machines as well as the postponed procurement of the department's security access system.
- *Payment for Financial Assets* was item underspent by R24 thousand (1.2%) due to lower than anticipated irrecoverable debts written off.

Post-Adjustment Virements

Summary by Programmes:

Programmes	Adjusted Appropriation	POST ADJUSTMENTS APPROPRIATION				Total Adjustments Appropriation	Post Adjusted Appropriation
		Unforeseeable/ Un avoidable	Virements	Shifts	Other Adjustments		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Administration	212 335	-	(409)	-	-	(409)	211 926
Sustainable Resources Management	46 714	-	(873)	-	-	(873)	45 841
Financial Governance	232 438	-	4 359	-	-	4 359	236 797
Internal Audit	97 924	-	1 213	-	-	1 213	99 137
Municipal Finance Management	71 313	-	(4 290)	-	-	(4 290)	67 023
TOTAL	**660 724**	**-**	**-**	**-**	**-**	**-**	**660 724**

Amount to be voted

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

- Net savings of R409 thousand were realised from Programme 1 (R297 thousand) under the sub-programme: Corporate Services, (R36 thousand) under the sub-programme: Office of the MEC and (R3 thousand) under the sub-programme: Management Services (HOD) in Programme 1 against Goods and services due to reduced spending on inventory: other supplies, contractors as well as computer services, Transfers and subsidies to: Households (R47 thousand) under the sub-programme: Corporate Services due to a reduced number of external bursary intakes in relation to 2024/25 fiscal consolidation budget cuts and (R9 thousand) under the sub- programme: Office of the MEC due to over-estimated staff exit cost, as well as Payments for capital on machinery and equipment (R17 thousand) under the sub-programme: Corporate Services due to non-purchase of tools of trade as a result of delays in filling of vacant posts within the programme. These savings were moved to Programme 3,4 and 5 as follows:
    - R336 thousand to *Goods and services* (R138 thousand) under the sub-programme: Supply Chain Management for defrayment of the excess expenditure in relation to consultants and business advisory services that were inadvertently over adjusted during the second adjustments process, (R63 thousand) under the sub-programme: Assurance Services, (R26 thousand) under the sub-programme: Risk Management in Programme 4 for excess expenditure, (R3 thousand) under the sub-programme: Municipal Support Programme in Programme 5 as well as (R106 thousand) under the sub-programme: Assets and liabilities Management in Programme 3 for excess expenditure in relation to relocation costs for new appointments within the sub-programme.
    - R56 thousand to *Transfers and subsidies to: Households* under the sub-programme: Risk Management in Programme 4 for the defrayment of expenditure pressure in respect of staff exit costs that were inadequately budgeted.
    - R17 thousand to *Payment for capital assets* in relation to finance leases and office equipment replacement under the sub-programme: Risk Management that was inadequately budgeted for.

- Net savings of R873 thousand were realised from Programme 2 (R819 thousand) under the sub-programme: Economic Analysis against Goods and services due to delays in infrastructure projects, (R54 thousand) under the sub-programme: Public Finance against Compensation of employees due to delays in filling of vacant posts within the sub-programme. These savings were moved to Programme 4 and 5 as follows:
    - R840 thousand, which is R819 thousand from the sub-programme: Economic Analysis and R21 thousand from the sub-programme: Public Finance respectively were moved within Goods and services under the sub-programme: Assurance Services in Programme 4 for defrayment of the excess expenditure in relation to performance audits to various departments that were inadequately budgeted.

- R33 thousand from the sub-programme: Public Finance was moved to the sub-programme: Municipal Support Programme at Programme 5 within *Compensation of employees* for the defrayment of excess expenditure in respect of implementation of the 2024 wage agreement.
- Net savings of R4.290 million were realised against *Compensation of employees* (R1.216 million) due to non-filling of vacant posts, *Goods and services* (R2.510 million) due to low spending on agency and support services, travel and subsistence as well as training and development and *Payments for capital assets* (R564 thousand) due to non-purchase of tools of trade as a result of non-filling of vacant posts within the Programme 5. Of these funds (R278 thousand) were from the sub-programme: Programme Support, (R979 thousand) the sub- programme: Municipal Budget, (R1.325 million) the sub-programme: Municipal Accounting & Reporting, (R558 thousand) the sub-programme: Municipal Support Programme and (R1.150 million) the sub-programme: Municipal Revenue and Debt Management against.

- These savings were all moved to Programme 3 as follows:
  - R3.726 million was moved to Goods and services under the sub-programme: Assets and Liabilities Management in Programme 3 to cater for the excess expenditure in relation to transversal bank charges that were inadequately budgeted.
  - R564 thousand was moved within *Payments for capital assets* (R434 thousand) under the sub-programme: Assets and Liabilities Management, (R100 thousand) under the sub- programme Accounting Services as well as (R30 thousand) under the sub-programme:
  - Norms and Standards for defrayment of the excess expenditure in relation to finance leases and replacement of tools of trade that inadequately budgeted within the programme.
- Programme 3 received a net amount of R4.359 million to address the spending pressures under *Goods and services* as mentioned above. The savings were realised from programme 5 and programme 1.
- Programme 4 received a net amount of R1.213 million to address the spending pressures under *Goods and services* and *Transfers and subsidies* as mentioned above. The savings were realised from programme 1 and programme 2.
- Savings of R2.594 million due to the non- filling of vacant posts and the impact of internal promotions were realised across various programmes and sub-programmes, and an amount of R2.594 million of these savings was reallocated to Goods and Services across various programmes and sub-programmes as mentioned above.
- *Shifts:* The department undertook a shift of R10 thousand within Programme 1 from *Transfers and subsidies* in respect of a cash donation to Valhalla Arts (a non-profit organisation) for the Disability Economic Empowerment Programme hosted by the organisation which was inadvertently allocated under

Municipal agencies and funds on second adjustment estimates, to *Transfers and services to: Non-profit institutions* to correct the allocation. The purpose of these funds remains the same.

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

2024/25 Rollovers

The department submitted a suspension request for R20,177 million during the Second Adjustments which was approved, therefore a rollover request will not be submitted.

Unauthorised Expenditure

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

Irregular Expenditure

The department incurred irregular expenditure of R267 thousand for two cases which resulted from procuring goods and services by End-users without following the correct SCM processes. Consequence management was implemented. The expenditure has been condoned.

Fruitless, & Wasteful Expenditure

Description	Amount R'000
SARS Interest & penalties Charges - Written off	3
Non-attendance First Aid Training – Recovered	2
Non- attendance to Trainings (Leadership and Change management, Programme and Project Management and Strategic Planning) – Written off	24
TOTAL	**29**

Future plans of the department

The department will continue to implement its strategic plan targets as contained in the tabled 2025/26 Annual Performance Plan with significant attention being placed on the approved provincial financial recovery plan.

Public Private Partnerships

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

- KZN Department of Economic Development, Tourism and Environmental Affairs - King Shaka International Airport Public Transport Link **-** The matter is still going through the court process.

- o Department of Health: Inkosi Albert Luthuli Central Hospital - The project reached financial close at the end of May 2024 and is now operational. The PPP Unit continues to provide ongoing support and monitoring to ensure compliance with the project agreement and relevant legislation.
- o City of UMhlathuze Local Municipality: Airport Relocation Project - The Municipality has reported the completion of the Feasibility Study and submitted it for views and recommendations, in accordance with Section 120(6) of the MFMA. The PPP Unit has provided its views and recommendations as required and is now awaiting the Council's decision on the approval of the Feasibility Study and the progression of the project to the Procurement phase.
- o Department of Public Works: The New KZN Government Office Park - The Department of Public Works has indicated it's intention to explore alternative procurement mechanisms for the project. The PPP Unit advised that given the project is registered as a potential PPP with the National Treasury, it would advise the department to follow the PPP process to its entirety and let that process determine whether a PPP would be feasible or not.
- o KZN Provincial Legislature: Office Accommodation - This project is linked to the KZN Government Office Park project mentioned above; as such, the update remains the same.
- o iLembe District Municipality: Water and Sanitation Concession - The project is currently in the contract management phase. The PPP Unit continues to provide support to the municipality, which is responsible for monitoring the concessionaire's performance and ensuring compliance with the concession agreement and relevant legislation.
- o KwaDukuza Local Municipality: Solid Waste Removal - The project is currently in the contract management phase. The PPP Unit continues to support the municipality in overseeing project performance and ensuring compliance with the project agreement and relevant legislation.

Discontinued activities / activities to be discontinued.

There are no planned activities to be discontinued.

New or proposed activities

None.

Supply Chain Management

Unsolicited Bids

There were no unsolicited bid proposals concluded for the year under review.

Bids Status Report

The table below depicts the various procurement stages for bids as outlined in the Procurement Plan: 2024/25 to 2025/26 Financial Years.

BID STATUS REPORT 2025/2026 FY			
NO	**BID NUMBER**	**PROJECT DESCRIPTION**	**STATUS**
1.	Bid 1259/2025-F	Municipal Finance Management Panel	Bid evaluation stage after failed first attempt.
2.	Bid 1260/2025-F	Banking Services for Provincial Government	Bid advertised after failed first attempt.
3.	Bid 1254/2024-F	Cleaning Services for the Department of KZN Provincial Treasury for a period of 3 years.	Contract awarded
4.	SITA	eDNA Support	Undertaken by SITA – ongoing
5.	SITA	Hardcat Support	Undertaken by SITA – ongoing
6.	SITA	Audit Management System	Undertaken by SITA – ongoing
7.	RT57 Contract	Motor vehicles	Not started
8.	SITA	Risk Management System	Undertaken by SITA – ongoing
9.	SITA	Integrated Electronic Security System	Not started
10.	SITA	Cloud Hosting	Undertaken by SITA – ongoing
11.	Not yet allocated	Supply Chain Management Panel	Not started

Active Period Contracts

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

ACTIVE CONTRACTS REPORT 2024/25 to 2025/26 FY			
NO	**BID NUMBER**	**PROJECT DESCRIPTION**	**STATUS**
1.	**Bid 1222/2019-F**	Cleaning Services: To provide cleaning services for the Department of KZN Provincial Treasury for a period of 3 years.	Existing 3-year contract **(**Will expire on **31 May 2025)**
2.	**Bid 1223/2019-F**	**Electronic Security Services:** To provide electronic security services for the Department of KZN Provincial Treasury.	Existing 3- year contract **(**Will expire on **28 February 2026)**
3.	**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.	Existing 3-year contract **(**Will expire on **30 June 2025)**
4.	**Bid 1236/2021-F**	**Banking Services:** Appointment of the service provider to provide banking services.	Existing 3-year contract **(**Will expire on **30 September 2025)**
5.	**Bid 1231/2021-F**	**Contract Management Expert**: To assist the Kwa-Zulu Natal Provincial Treasury to provide support to departments, public entities, municipalities, and municipal entities to ensure improved service delivery and quicker turnaround times in the Contract Management.	Existing 3-year contract **(**Will expire on **30 November 2025)**

ACTIVE CONTRACTS REPORT 2024/25 to 2025/26 FY			
NO	**BID NUMBER**	**PROJECT DESCRIPTION**	**STATUS**
6.	**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.	Existing 3-year contract **(**Will expire on **30 November 2025)**
7.	**Bid 1235/2021-F**	**Financial Governance:** To assist provincial departments with financial management.	Existing 3-year contract (Will expire on **31 March 2026**)
8.	**Bid 1238/2022-F**	**Internal Audit**: To assist in conducting Internal Audits services as per internal operational plans at various departments, public entities.	Existing 3-year contract **(**Will expire on **31 December 2026)**
9	**Bid 1243/2022-F**	**Infrastructure Management Panel**: Appointment of a panel of service providers to assist Provincial Departments, Public Entities and Municipalities in the delivery of Infrastructure Assets within the KZN Province.	Existing 3-year contract **(**Will expire on **31 March 2027)**
10	**Bid 1242/2022-F**	**Legal Panel Services:** To render specialized legal services for Kwazulu-Natal Department of Treasury.	Existing 3-year contract (Will expire on **30 November 2026)**
11	**Bid 1240/2022-F**	**PABX Maintenance:** To support and maintenance of PABX system for the Kwazulu-Natal Department of Treasury.	Existing 3-year contract **(**Will expire on **31 May 2027)**
12	**Bid 1248/2023**	**Cloud Servers** (Biometrics Access Control System) support and maintenance	Existing 3-year contract **(**Will expire on **30 April 2027)**
13	**Bid 1253/2024-F**	**Online Travel Management services**: Travel services for the Kwazulu-Natal Department of Treasury.	Existing 3-year contract **(**Will expire on **30 September 2027)**
14	**RT3 Contract**	**Office Automation Equipment**: Rental for photocopying machine for the Kwazulu-Natal Provincial Treasury.	Existing 3-year contract **(**Will expire on **31 January 2027)**
15	**Bid 1251/2024-F**	**Security Services:** To provide security guarding services for the Department of KZN Provincial Treasury.	Existing 3-year contract **(**Will expire on **30 November 2027)**

Irregular expenditure Prevention Measures

The Department has put in place Supply Chain Management policies that enable the prevention, detection and investigation of irregular expenditure. During the fiscal year under review, there was two occurrences of irregular expenditure in the Department as a result of financial misconduct and the acquisition of goods not following correct SCM processes by the end-user. The cases was investigated, and consequence management was implemented. The Department would augment its existing internal controls on detecting and prevention of irregular expenditure occurrences through vigorous SCM workshops and monitoring.

SCM Challenges

The importance of public sector SCM system gives effect to government's policies, strategies, and socio-economic transformation disparities whilst it enhances the efficacies in the utilisation of funds to support service delivery imperatives. The lack of capacity within the SCM unit due to limited funding for the required posts remains a challenge that inhibits the unit to perform its function optimally. A review of capacity required to support a growing department is key and this would need to be undertaken in the new year.

Notwithstanding the foregoing, the Department had in the interim employed six competent contract workers to augment the capacity challenges withing the SCM unit.

Gifts and Donations from non-related parties

The department did not receive any gifts or donations during the 2024/25 financial year, however the department conducted a Post-Budget breakfast in partnership with SANLAM.

Donations made in Kind

Receiver of Donation	Description of Donation	Amount R'000
Lamontville High School	School Uniforms	56
Inqanula CP School	School Uniforms	68
Radha Roopsingh Primary School	School Uniforms	30
Nonhlevu Secondary School	School Uniforms	23
L. Bodasing Primary School	School Uniforms	20
Groutville High School	School Uniforms	23
Mothers of newborn babies at East Griqualand & Usher Memorial Hospital	Various baby items	1
Durban Music School	Ebara Submersible Sewage Pump	100
Asande Secondary School	Revamping Gutters	44
1000 Hills Community Helpers -Inchanga	4 Burners Gas stove, 570L Chest freezer& 19KG Gas Cylinder)	24
Nominated Disability Organisation (NPO) - UGU District	Stationery, 4 Burner Gas Stove Oven and Gas Cylinder	28
King Misuzulu	Nguni Hide	4
Thuthuka Pre-School, Ithembalomntwana Pre- School, Khulakahle Pre-School, Little Ambassador Pre-School & Kalinka Creche - Oribi PMB	Various Items	8
Total: Goods & Services Donations		**429**

Donor Funding

The department received no Donor funding during the 2024/25 financial year.

Exemptions and deviations received from the National Treasury

The department had no exemptions in the 2024/25 year.

Non-Adjusting Events after the reporting date

No events after the reporting date were identified by management that would affect the operations of the department and the financial statements.

Cost Containment Information

Provincial Treasury Instruction no 9 paragraph 11.3 states, Accounting Officers and Accounting Authorities must, in the annual report of their respective institutions, report the total expenses incurred by the department, constitutional institution or public entity on all conferences and events, including expenditure on international travel and sport days.

Description of Expenditure	Amount R'000
Contractors – Event Promoters (e.g. Marques, chairs and tables, sound, food etc.)	4 375
Transport for Public Events	2 006
Internal conferences and events (venue hire)	73
Accommodation Sports day events	37
International Travel	39
Total	**6 530**

Other Matters

Withdrawal of the 2025/26 Provincial Budget

The National Minister of Finance withdrew the Division of Revenue Bill and national Appropriation Bill from Parliament (as a result of the VAT increase proposal being rejected). This necessitated that provinces also had to withdraw their Appropriation Bills from the Provincial Legislatures. The Minister will re-table the national budget on 21 May 2025 and Section 27 of the PFMA requires that provinces re-table their budgets within two weeks of this date. As the provincial budgets were not affected at all by the rejection of the VAT increase, this is merely a technicality for the province as the same documents and Appropriation Bill that were tabled in March 2025 will simply have to be re-tabled within two weeks of 21 May 2025. In the interim, departments are using the provisions.

Acknowledgement/s or Appreciation

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

Conclusion

This report presents the annual financial statements and performance information report for the financial year 2024/25.

Ms C. Coetzee
Accounting Officer
31 July 2025

1.5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

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

All information and amounts disclosed throughout the annual report are consistent. The annual report is complete, accurate and is free from any omissions.

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

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2025.

Yours faithfully

Ms C. Coetzee
Accounting Officer
20 August 2025

1.6 STRATEGIC OVERVIEW

1.6.1 Vision

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

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

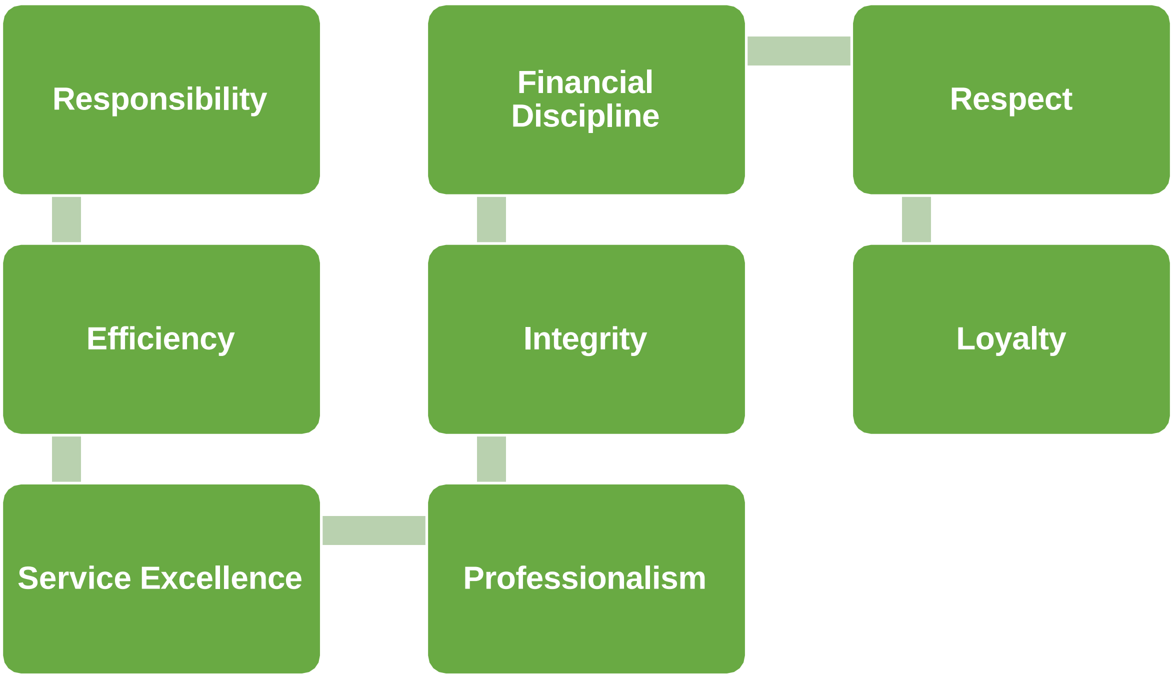
1.6.2 Mission

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

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

1.6.3 Values

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



1.7 LEGISLATIVE AND OTHER MANDATES

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

Constitutional mandate

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

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

Legislative and Policy mandates

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

1.	Public Finance Management Act (Act No. 1 of 1999, as amended) and its regulations
2.	Municipal Finance Management Act (Act No. 56 of 2003)
3.	Framework on Gender-Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing
4.	The Promotion of Equality and Prevention of Unfair Discrimination Act 4 of 2000
5.	Women Empowerment and Gender Equality (WEGE)
6.	Revised Framework for Strategic Plans and Annual Performance Plans
7.	Promotion of Access to Information Act (Act No. 2 of 2000)
8.	Annual Division of Revenue Act
9.	Annual Provincial Appropriation Act
10.	Broad-Based Black Economic Empowerment Act (Act No. 53 of 2003)
11.	Preferential Procurement Policy Framework Act (Act No. 5 of 2000) and Regulations
12.	Public Audit Act (Act No 25 of 2004)
13.	Intergovernmental Relations Framework Act (Act No. 13 of 2005)
14.	Borrowing Powers of Provincial Governments Act (Act No. 48 of 1996)
15.	Government Immovable Asset Management Act (Act No. 19 of 2007)
16.	Construction Industry Development Board Act (Act No. 38 of 2000)
17.	Provincial Tax Regulation Process Act (Act No. 53 of 2001)
18.	KwaZulu-Natal Direct Charges Act (No. 4 of 2002)
19.	National Treasury Irregular Expenditure Framework
20.	National Evaluation Policy Framework (2011)
21.	Policy Framework for the Government-Wide Monitoring and Evaluation System (2005)
22.	Revised Framework for Strategic Plans and Annual Performance Plans (2019)
23.	Public Private Partnership Regulations
24.	Framework for Infrastructure Delivery and Procurement Management
25.	Division of Revenue act 50 of 2002
26.	Treasury Regulations

1.8 ORGANISATIONAL STRUCTURE

1.9 ENTITIES REPORTING TO THE MEC

The department does not have any public entities.

2 PART B: PERFORMANCE INFORMATION

2.1 AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

Refer to page **150** of the Report of the Auditor General, published as Part F: Financial Information.

2.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.2.1 Service Delivery Environment

Programme 1: Administration

Management Services (Office of the HOD)

The Office of the Head of Department continues to ensure that the department fulfils its mandate in terms of the PFMA & MFMA. This includes facilitating the tabling of the MTEF and Budget Adjustment budgets whilst providing in-year monitoring to various oversight structures. The OHOD continues, without exception, to emphasise the need to utilise fiscal resources efficiently with the continuation of the cost cutting measures together with effective budget and cash management systems.

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

Operation Sukuma Sakhe (OSS) is a provincial initiative urging all public sector entities in KwaZulu-Natal to participate in poverty eradication and community reconstruction efforts. The province has also incorporated this programme with the National District Development Model (DDM), which seeks to achieve a similar mandate as OSS. Through cooperation and integration of all government department actions, this program seeks to expedite the delivery of government services to impoverished homes and communities.

Over the financial year, the Office of the Head of Department provided numerous social initiative contributions, which were undertaken primarily through the Operation Sukuma Sakhe (OSS)/DDM programme as well as the Annual Legislature, School Functionality Programme. The HOD is allocated to uMgungundlovu District.

Under these social initiative programs, the Office of the Head of Department has:

- Settled outstanding tuition fees for a student registered at the Durban University of Technology, Ethekwini Campus
- Revamping of the Drainage System for the Durban School of Music.
- Heaters and mattresses for Khulakahle Pre-School, based in uMngeni
- Blankets, food parcels, paint, and paint brushes for Little Ambassador Pre-School, Msunduzi.

- Paint and paint brushes for Thuthuka Pre-School, Msunduzi.
- Data Projector donated to Ithembalomntwana Pre-School, uMngeni.
- Supplied 5 laptops/microwave, a printing machine, and stationery to the Nominated Disability Organisation based in the Ugu District
- Revamping of Gutters for Asande Secondary School, Impendle.
- Donation of Paint, Paint accessories, including Wheelchairs, Bed Linen, and Adult Napkins to Swayimane Home for the Aged, uMshwati.
- Donation of Paint, Paint accessories, Urn, Pressure Cooker, 2 Used Laptops, and Adult Napkins to Emuseni Home for the Aged, Msunduzi.
- 4 Burner gas industrial gas stove, 19 kg gas bottle, and 570 litre chest freezer to 1000 Hills Community Help Centre, eThekwini.

The IGR team for Mgungundlovu undertook a financial literacy and crime and drug awareness programme with learners from Sukuma Comprehensive School situated in Imbali, Msunduzi Msunduzi. The Financial Literacy Programme span two quarters within the financial year focused on grade 12 learners with the intention recouping the leaners with financial skills they could benefit them post matric.

During a service delivery imbizo hosted by uMgungundlovu, the department provided the following schools with laptops:

- Vumuthuando Primary School
- Inkululeko Primary School
- Gobizembe Primary School
- Ngobhiyeni Primary School
- Baxoleleni Primary School
- Phela Primary School
- Windy Hill Primary School
- Forest Hill Primary School

In addition to outreach programmes hosted by the state, the Department also embarked on social outreach that falls within its scope to further assist disadvantaged citizens. As such, the Head of Department hosted the SCM Dialogues for Entrepreneurs with Disabilities within the Ethekwini area.

The workshop focused on businesses owned by people with disabilities and provided a learning platform for both the Government and disabled entrepreneurs. The workshop enabled disabled entrepreneurs to engage the department on issues and challenges that they faced when conducting business with the state. This should enhance the opportunities entrepreneurs with disabilities to contribute meaningfully to the economy of our province.

Office of the CFO

The Office of the CFO succeeded in the execution of its mandate and delivery of services with Treasury, with the following achievements during the year:

- Fully compliant asset management system with no audit findings.
- Effective internal control unit which has been able to prevent, detect and correct any internal control deficiencies and ensured 99,9% of all invoices received being settled within the prescribed 30 days' period.
- Facilitation of the departmental audit, receiving the 17th consecutive clean audit for the 2024/25 financial year with the target to maintain the status quo through continuous improvement. All audit issues raised during the previous audit were resolved timeously.
- The budget of the department was managed successfully and there was no overspending.
- The department spending on designated groups as the department's commitment to empowering previously disadvantaged individuals was as follows for the financial year 2024/2025:
  - R127 018 365 was awarded to companies owned by Black people, which is 92,92% of the total awarded value of R136 694 449.
  - R103 650 306 was awarded to women, which is 75.83% of the total awarded value of R136 694 449.
  - R63 050 755 was awarded to companies owned by Youth, which is 46,13% of the total awarded value of R136 694 449.
  - R94 725 was awarded to companies owned by Military Veterans, which is 0,07% of the total awarded value of R 136 694 449; and
  - R1 442 103 was awarded to companies owned by people living with disability, which is 1,05% of the total awarded value of R136 694 449.

Human Resource Management

During 2024/2025, the Human Resource Management Directorate fulfilled all of its legislative mandates and delivered an efficient and professional Human Resources function to the Department, with no material audit findings. The unit has successfully implemented all planned Human Resource Planning and Work Skills Plan (WSP) priority strategies for the year, thereby ensuring a well capacitated and healthy workforce that is appropriately skilled and empowered.

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

Rigorous recruitment processes were facilitated during the 2024/25 financial year resulting in 50 permanent posts being filled, to reduce the vacancy rate and implement the 2023 approved organizational structure of the Department. A further 14 contract positions were filled which includes candidates on youth development programs within the Department. There has also been a reduction in the number of grievances and misconduct cases within the Department which is largely attributed to the monthly articles that stem from the Labour Desk of the Directorate, which has largely empowered employees.

The Unit continues with strategies to implement the Head of Department's commitment to improving EE targets in respect of women in management and people with disabilities. The Department successfully managed to meet the national target in respect of the appointment of 50% women in senior management positions in the year, however, the attainment of appointing 2% of staff with disabilities within the Department remains a challenge. Staff with disabilities remains at 1.34% within the Department. Since attracting applicants with disabilities for permanent positions seems to be problematic more partnerships and strategies have been put in place to increase the intake of candidates on youth development programs with disabilities as this will create a pool of qualified candidates with disabilities for permanent posts when available. The purchase of assistive devises and the appointment of a disability forum were also undertaken to ensure that staff with disabilities are adequately assisted to deliver an effective service. The HOD has set a target for the new intake of interns in this regard. 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 10th 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 10th allocation of Trainee Accountants as of January 2025 taking it to a total of 28 trainees who have been though the program. There are currently 9 graduates undergoing training towards becoming chartered accountants and 17 who have qualified as Chartered Accountants. Eight (8) of the trainee accountants that have completed their training contracts are currently within the Department on a 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

During the previous year, the unit underwent four audits, including reviews of general IT controls by both the Internal Audit Unit and the Auditor General, an audit of the eLearning system, and a follow-up on prior audit findings. The absence of material findings reflects the effectiveness of the ICT controls implemented, demonstrating that the IT function continues to deliver value to the department.

The unit established a Security Operations Centre service to enhance the department's information security. This service offers managed detection and response, providing real-time threat analysis and resolution. Additional server storage was added to address current data storage needs and anticipated future increases. The network datalines to SITA were upgraded to 100Mbps, resulting in reduced latency and improved service availability within the department.

Programme 2: Sustainable Resource Management

Economic Analysis and Infrastructure Management

The Economic Analysis Unit continued to evaluate and monitor economic trends to support the formulation of policies. The Unit published the annual KwaZulu-Natal (KZN) Socio-Economic Review and Outlook (SERO) report, along with economic news bulletins. Additionally, it produced a preliminary study on the funding of schools for learners with special needs in KZN. The Unit collaborated with the Supply Chain Management (SCM) Directorate to develop guidelines on procurement strategies for government institutions in KZN. It also conducted a socio-economic review chapter as part of the feasibility study for constructing a tertiary hospital in Empangeni, located in the King Cetshwayo District Municipality. This study will be used by the KZN Department of Health (DOH) in its application for funding for the proposed hospital. Furthermore, the Economic Analysis Unit supported the Public Finance Business Unit by providing a chapter on the analysis of socio-economic trends for the Overview of Provincial Revenue and Expenditure (OPRE) publication. The Unit also contributed inputs to the technical report produced by the Financial and Fiscal Commission, as well as other entities to evaluate and monitor.

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 and interacting elements that establish processes which transform inputs into outputs.

It is composed of a group of parts that work together to set up procedures that convert inputs into outputs.

National Treasury issued the Instruction No.3 of 2019/2020 Framework for Infrastructure Delivery and Procurement Management (FIDPM) which stipulates minimum IDMS planning and implementation requirements that include governance control points and gates.

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

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

To augment the state capacity, an infrastructure panel of built environment professional companies has been established. For the purpose of enhancing the capabilities of the state, an infrastructure panel consisting of professional companies in the built environment has been established.

The 2024/25 Estimates for Capital Expenditure (ECE) which was published together with the Provincial Budget is one of the key achievements of this financial year. The 2024/25 Estimates of Capital Expenditure (ECE) publication indicates the provincial department’s capital and current infrastructure delivery and projected expenditure plans for the 2024/25 MTEF. The 2024/25 Estimates of Capital Expenditure (ECE) report shows the provincial government's plans for building new or upgrading infrastructure and maintaining old infrastructure, as well as their estimated spending for the 2024/25 MTEF.

The ECE is aimed at encouraging transparency for effective and efficient delivery and monitoring of investments made and that public value is accomplished. The summary of planning and budgeting processes in preparation for the 2024/25 MTEF is indicated. The ECE includes each provincial department’s infrastructure development programme and project lists planned to be delivered during the 2024/25 MTEF period.

The infrastructure quarterly reviews using the Infrastructure Reporting Model (IRM) report as the source of information for reporting by the provincial departments were undertaken. This is part of oversight and monitoring by the Infrastructure Unit. As part of the unit's monitoring function on quarterly basis the site visits are conducted wherein physical progress is verified against the IRM report and the recommendations are provided for improvement purposes. Quarterly site inspections are carried out as part of the unit's monitoring function, during which time the IRM report is compared to the physical progress made and suggestions for improvement are made.

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

Participation in Office of the Premier's Action Work Groups (AWGs). The implementation of the PGDS, Provincial MTSF Implementation Plan and EXCO resolutions is driven through the structure of the AWGs, of which there are 13 AWGs. AWGs are configured on national and provincial priorities, outcomes and themes. The Provincial Treasury Technical Advisory Support Unit is a member of:

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

The KwaZulu-Natal Provincial Government passed a resolution that all provincial departments contribute to the Job Massification Initiative through the creation of employment opportunities for unemployed graduates. This initiative required departments to set aside a budget for the execution of the initiative. KZN Treasury mobilised R10m to be initially spent over the 2023/24 Financial Year. The socio-economic objectives of the Job Massification Initiative were premised on creating short-term employment opportunities for unemployed graduates from the Built Environment. Short-term work possibilities were provided for unemployed built environment graduates in the Amajuba and Ugu Districts, with emphasis on:

a) Upskilling of the participating unemployed graduates to be able to participate in executing condition assessments of facilities, as well as assessments of damages occasioned by natural phenomena.

b) Enabling preparedness of the unemployed graduates to benefit from and partake in future sustainable opportunities of a similar nature downstream.

The traditional infrastructure funding methods such as the Municipal Infrastructure Grant (MIG) and Private Public Partnerships (PPP) are inadequate to address the municipal infrastructure maintenance and development needs. It has therefore become necessary to explore alternate funding models. An alternative funding guideline for municipalities was developed and produced.

Public Finance

The unit continued to perform its mandate as prescribed by the PFMA and Treasury Regulations. In this regard, monitoring the spending and revenue collection of departments and public entities against the budget in 2024/25 was undertaken through monthly In-year Monitoring (IYM) reports, as well as more comprehensive quarterly reports. Some of these were presented to the Finance Portfolio Committee. The Provincial Executive Council was kept informed of the province’s budget performance. The 2024/25 Adjusted Estimates of Provincial Revenue and Expenditure (AEPRE) and 2025/26 EPRE were prepared, as is the norm every year. The province had to table a 2024/25 Second Adjustments Estimate in March 2025 after National Treasury allocated funds to the province that were halted from other provinces'' budgets related to various conditional grants. Also, the 2025/26 EPRE had to be withdrawn and re-tabled a few weeks later after the National Treasury proposal to increase VAT to fund the budget was challenged in court. This meant that the national budget had to be withdrawn and re-tabled, and the impact was that provinces also had to withdraw and re-table their budgets (as Section 27 of the PFMA requires provincial budgets to be tabled within 2 weeks of the national budget having been tabled).

Public Private Partnerships (PPPs)

During the 2024/25 financial year, the Public Private Partnership unit fulfilled all of its legislative mandates as prescribed by the PFMA and its Treasury Regulations and the MFMA and the Municipal PPP Regulations and has successfully implemented all of its planned strategies for the year.

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

The PPP Unit supported the KwaZulu-Natal Department of Health in completing the processes necessary for appointing a new private partner following the expiry of the contract at Inkosi Albert Luthuli Central Hospital. This included assisting with the finalisation of the Department’s TAIII application to National Treasury, which was approved in May 2024. Financial close was officially achieved at the end of May 2024. The project is now operational, with the PPP Unit continuing to provide support and monitoring to ensure that all contractual obligations are fulfilled.

The Unit provided contract and performance management oversight for three operational PPP projects: the Inkosi Albert Luthuli Central Hospital PPP (Department of Health), the Water and Sanitation Concession (iLembe District Municipality), and the Solid Waste Removal PPP (KwaDukuza Local Municipality). Direct support was provided to ensure compliance with contractual and legislative requirements, including reporting obligations and the analysis of expenditure on targeted groups. All three projects are progressing well, with no major issues reported.

The PPP Unit continues to deliver capacity-building and training initiatives to Departments, Municipalities, and Public Entities across the Province. Plans are underway to increase the number of training sessions in the upcoming financial year.

Programme 3: Financial Governance

Provincial Supply Chain Management

The Unit conducted SCM policy reviews in Departments, Municipalities and Public Entities to ensure compliance and proper alignment with applicable Supply Chain Management prescripts and to ensure the accuracy and relevance thereof.

SCM capacity building interventions were conducted at Departments, Public entities, Municipalities, and Municipal entities, including the hosting of SCM forums; facilitating workshops for bid committees and SCM Practitioners and collaborating with Departments and Municipalities on various empowerment programmes aimed at capacitating service providers on SCM related matters.

With the aim to improve audit outcomes in the province, for those Provincial Departments, Public entities and municipalities that had a number of SCM non-compliance findings, the unit provided SCM support through the development and implementation of the audit improvement and municipal support plans. The audit improvement plan focused on a number of interventions with the aim of strengthening SCM controls. Interventions included the review of SCM policies, the training of bid committees and SCM practitioners on SCM legislative compliance. Contract registers were reviewed against expenditure reports to assess the status of contracts, and their validity. The exercise was also aimed at identifying expired contracts that are currently in use by Institutions. As part of the SCM support, suitability assessments were conducted, and recommendations were made on internal control mechanisms that needed strengthening.

The Unit, through its commitment to providing effective Supply Chain Management support to the Municipalities within KwaZulu-Natal has identified several Municipalities for the Municipal Support Programme. The objective was to provide structured support intended to improve municipal officials' functional management capacity, as well as promote the implementation of key processes, controls and procedures which will ultimately aid in ensuring effective governance and accountability. The structured support consisted of customized project plans per municipality, which included, inter alia, technical support, on-the-job training, review and monitoring of the implementation of the audit improvement plans, as well as the implementation of strategic reforms to address audit findings.

In addition to the audit improvement and municipal support interventions, the Unit provided support to public institutions with the aim of strengthening SCM controls. This support encompassed a comprehensive status quo assessment of targeted institutions, follow-up assessments on the implementation of recommendations, review of transactions for compliance with SCM prescripts and various ad hoc support in response to technical queries submitted by client institutions and complaints submitted by interested parties.

The Contract Transversal Management and Strategic Procurement Unit provided planned and ad-hoc support to Municipalities, Departments and Public Entities through training, response to queries, and on-site support. Institutions were trained in the implementation of the Contract Management Framework, and some of the training sessions were focusing on audit findings with an aim of avoiding recurrence of the same findings during audit. Ad-hoc training had also been conducted through specific requests from Institutions. Some of the training was conducted in collaboration with the Infrastructure and Economic Analysis Unit in order to address infrastructure related contracts, and some conducted in collaboration with State Information Technology Agency (SITA) and National Treasury. The National Treasury was also invited to train Contract Administrators in uploading contracts on the e-Tenders Contract Management Portal. Support in relation to processes for participating in national transversal term contracts had also been provided to Institutions.

The unit continued to support Departments, Municipalities, and Public Entities to ensure compliance with the Central Suppliers Database (CSD) prescripts. Targeted training sessions were conducted to departments, public entities and municipalities to build capacity among SCM practitioners and enhance their understanding of the CSD's functionality and system enhancements. The unit also offered assistance to municipalities in uploading employee data to ensure the accurate representation of government employees on the CSD. In addition, ongoing monitoring and reporting activities were undertaken in efforts to reduce the overall number of employees of the state that are registered on the CSD.

Suppliers received continued support with registration on the Central Supplier Database (CSD). The Unit facilitated approximately one thousand and four (1 004) supplier profile updates via email; eight thousand, eight hundred and forty (8 840) queries via telephonic support, and one thousand, five hundred and eight (1 508) suppliers received in-person services. The unit also contributed in twenty four (24) supplier development outreach programmes to further encourage compliance with CSD regulations. All supplier queries were addressed in a timely manner.

The Provincial Bid Appeals Tribunal has facilitated a number of cases relating to the appeals against bids that were awarded by the Departments in the Province. The table below reflects a summary of appeals handled by the Bid Appeals Tribunal for Departments, during the period of 2024/2025 financial year.

SCHEDULE OF APPEALS – DEPARTMENTS						
DEPARTMENTS	APPEALS RECEIVED	STATUS				
		PENDING	WITHDRAWN	FINALISED	LATE APPEALS
Agriculture	1	0	1	0	0
Arts & Culture	0	0	0	0	0
Education	0	0	0	0	0
Health	12	0	4	7	1
Transport	198	82	80	21	15
Treasury	8	0	5	3	0
Works	16	1	4	10	1
Department of Co-Operative Governance and Traditional Affairs	16	1	6	9	0
Department of Economic Development and Tourism	7	0	1	5	1
Department of Sports And Recreation	0	0	0	0	0
Premier	0	0	0	0	0
Human Settlement	3	0	3	0	0
Social Development	0	0	0	0	0
Community Safety and Liaison	0	0	0	0	0
TOTAL	261	84	104	55	18

The table below reflects The Municipal Bid Appeals Tribunals (MBAT) have provided active support for the hearing of MBAT matters. The table below reflects a summary of appeals handled by the Municipal Bid Appeals Tribunal for Municipalities, during the period of 2024/2025 financial year.

The Municipal Bid Appeals Tribunal (MBAT) was suspended due to an ongoing legal matter that is currently in the High Court. Appeal suspension was effective as of 15 October 2024.

MUNICIPALITY	APPEALS RECEIVED	WITHDRAWN	FINALISED	LATE APPEALS
Harry Gwala District Municipality	1	0	1	0
UMgungundlovu District Municipality	3	1	2	0
Umthonjaneni Municipality	1	0	1	0
UMkhanyakude District	1	0	1	0
Umhlathuze District Municipality	1	0	1	0
Umfolozi Municipality	1	0	1	0
Maphumulo Municipality	1	0	1	0
Endumeni Municipality	1	0	1	0
Ray Nkonyeni Municipality	2	1	1	0
Okhahlamba Municipality	2	0	2	0
Emadlangeni Municipality	1	1	0	0
Nongoma Municipality	1	0	1	0
Ilembe Municipality	3	0	2	1
Kwadukuza Municipality	3	0	3	0
Ugu Municipality	2	0	2	0
TOTAL	24	3	20	1

Financial Information Management Systems

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

The introduction of electronic distribution for pay slips and IRP5 by the department in the province continues to show a decrease on the expenditure of printing by R752 366 as illustrated by the comparison table below.

	FY2023/24	FY2024/25	Savings
Annual Printing (including IRP5s)	R3 960 776.00	R3 208 410.00	R752 366.00

Research is underway to review the use of physical Biometrics Smartcards due to the cost of replacement as result of the high staff turnover in the province.

Programme 4: Internal Audit

Assurance Services

The Provincial Internal Audit Services (PIAS) provided audit services to all departments, except for DOH, which had set up its internal audit function. Risk-based audits as approved by the Provincial Audit and Risk Committee (PARC) were conducted across the 12 supported departments. Transversal focus areas were covered, such as Transfer Payments, SCM, Performance Information and mainstreaming of vulnerable groups. PIAS implemented IT Audit reviews in various departments. A special audit on Risk Management across the departments was also implemented.

The reviews on key financial processes were conducted with emphasis on key account reconciliations, audit improvement strategies, Interim Financial Statements and conducting A-G follow-up assessments. PIAS also performed value for money assessments and performed follow-up audits on previous performance audit reports. The unit also continued to track the implementation of action plans on previous internal audit and A-G findings. through follow-up audits and progress reports were issued to the PARC and the relevant MECs.

Risk Management Services

Risk and Advisory Services, a component of the Provincial Internal Audit Services, provided risk management support to provincial departments and selected municipalities.

18 risk assessments were facilitated at selected municipalities, and six municipalities were assisted with reviews of their internal audit functions and audit committees. All these municipalities were

provided with detailed recommendations to enhance their internal controls and risk management practices.

To monitor compliance with the cabinet-approved provincial risk management framework, the unit assessed departments' compliance with minimum risk management standards, with all 13 departments provided with improvement plans and guidelines to enhance their risk management practices. The draft provincial risk profile was developed and tabled at the provincial risk management committee meeting held in March 2025. The profile is envisaged to be finalised during the 2025/26 financial year.

Programme 5: Municipal Finance Management

Municipal Budget Management

During the 2024/25 financial year, the primary focus of the Municipal Budget Management sub-program was on the promotion of credible and funded municipal budgets and sound fiscal management and these were achieved through the following:

- Guiding all 51 delegated municipalities on their budgets by issuing Provincial Treasury (PT) circulars to assist municipalities in the preparation submission and publication of their medium-term revenue and expenditure framework (**MTREF**) budget as well as informing municipalities of the requirements of Section 21 of the MFMA for the time schedule outlining key deadlines.
- Provision of technical support to all delegated municipalities in the preparation of their 2024/25 MTREF Budgets;
- Assessment of the 2024/25 MTREF budgets to establish whether the budgets were credible, sustainable (funding position) and complied with the provisions of the MFMA and the MBRR. It is critical that the funding position (i.e. funded or unfunded) of the municipal budgets are assessed 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 2024/25 Mid-Year Budget and Performance Assessment (MFMA Section 72) Reports on the budget performance of all delegated municipalities.

The Municipal Budget Management sub-programme assessed all 51 of the delegated municipalities' Tabled Budgets for the 2024/25 financial year and provided written feedback to those municipalities to promote realistic and funded budget. The Approved Budgets of all 51 delegated municipalities were also assessed and municipalities were provided with reports containing feedback on the key findings of the assessments. On-going engagements were also held with the senior management at the municipalities. The findings of the 2024/25 Budget Assessment were shared with all municipalities through Circular PT/MF 5 of 2024/25 dated 16 October 2024 which included areas of weaknesses and common mistakes identified by both the Provincial and National Treasuries.

Provincial Treasury conducted the 2024/25 budget assessment in two phases. The objective of the first phase was to assess the Tabled Budgets of the municipalities and provide comments for consideration by municipalities as per the requirement of Section 23(1) of the MFMA. The assessment process also included high level compliance checks on all Tabled Budgets received to establish the level of compliance with the requirements of the MFMA and MBRR in general and to verify amongst others, whether the Tabled Budgets submitted were in the correct version of the prescribed format.

Provincial Treasury assessed the funding positions of the 2024/25 Tabled Budgets of all the 51 delegated municipalities using the National Treasury Budget Funding Assessment Framework (Tool). Provincial Treasury held bilateral meetings with the 51 delegated municipalities to discuss the comments and recommendations on the findings relating to their 2024/25 Tabled Budgets. The aim of the engagements was amongst others, to provide technical support to the municipalities in the preparation of their budgets and to influence the funding position of the 2024/25 Approved Budget.

The second phase entailed the high-level assessment of the budgets approved by the municipal Councils. High level assessments were conducted, and feedback was provided to all 51 delegated municipalities. The main purpose of the assessment of the Approved Budgets was to establish whether the Approved Budgets were funded and took into consideration the comments and recommendations made by Provincial Treasury provided on the Tabled Budgets. This process also included a high-level compliance check to establish the level of compliance of the Approved Budgets with the requirements of the MFMA and MBRR.

List of delegated municipalities with Unfunded 2024/25 Approved Budgets			
No.	**Name of Municipality**	**No.**	**Name of Municipality**
1	Mpofana	4	uMzinyathi DM
2	uThukela DM	5	eMadlangeni
3	eNdumeni	6	Ulundi

Source: KZN Provincial Treasury

Provincial Treasury issued Circular PT/MF 04 of 2024/25 dated 12 September 2024 (Process of addressing the 2024/25 unfunded budget through the preparation of credible budget funding plan) in order to inform municipalities whose 2024/25 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 also monitored the submission of the 2024/25 Mid-Year Budget and Performance Assessment Reports which were due to both the Provincial and National Treasuries by 25 January 2025 in line with the Section 72 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 2024/25 Adjustments Budgets.

Provincial Treasury discouraged municipalities in PT/MF Circular 06 of 2024/25 dated 17 December 2024 from tabling their 2024/25 Mid-Year Budget and Performance Assessment Reports together with their 2024/25 Adjustments Budgets. This was in order for the Provincial Treasury to effectively assess the 2024/25 Mid-Year Budget and Performance Assessment Reports and provide meaningful contribution thereon in the preparation of the municipalities' 2024/25 Adjustments Budgets.

Provincial Treasury evaluated the 2024/25 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 2025 with the Internal Audit Unit of the Provincial Treasury also being invited to participate at the engagements.

Provincial Treasury assessed the 2024/25 Adjustments Budgets of all 51 delegated municipalities and provided high level written feedback on the findings thereon to the municipalities.

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

Four quarterly reports on the Consolidated Budget Performance for all delegated municipalities including the performance of the 3 non-delegated municipalities were prepared in line with the requirements of Section 71(7) of the MFMA. Provincial Treasury consistently monitors the payments of Section 41 Bulk resources, i.e. electricity and water accounts by all municipalities to Eskom and the Water Boards respectively.

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 2024/2025 financial year.

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

Technical reviews of the annual financial statements were conducted at the seven selected municipalities as planned. An eighth municipality was also supported in response to a request received from the municipality. 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 (FMS) was provided to five municipalities to assist with the implementation of key financial management processes and controls to assist municipalities with the preparation of GRAP and MFMA compliant AFS and working papers.

List of Municipalities supported by Municipal Accounting and Reporting during 2024/25					
No.	**Municipality**	**Support Initiative**	**No.**	**Municipality**	**Support Initiative**
1	Richmond	AFS Review	1	Mpofana	FMS
2	uMshwathi	AFS Review	2	eMadlangeni	FMS
3	eDumbe	AFS Review	3	Jozini	FMS
4	Big 5 Hlabisa	AFS Review	4	Ulundi	FMS
5	KwaDukuza	AFS Review	5	Harry Gwala DM	FMS
6	Maphumulo	AFS Review			
7	uMzimkhulu	AFS Review			
8	Johannes Phumani Phungula (uBuhlebezwe)	AFS Review			

The support provided by the Municipal Accounting and Reporting assisted four municipalities to improve during the 2023/24 audit cycle. Two municipalities improved from an unqualified audit opinion with findings to a “clean” audit or as it is technically known, unqualified audit opinion with no findings. These municipalities are the uMshwathi and Richmond Local Municipalities. The Mpofana and Jozini local municipalities improved their audit opinions during the 2023/24 audit cycle from a qualified audit opinion to an unqualified audit opinion with findings. Furthermore, KZN Provincial Treasury was able to assist the remaining nine municipalities, including eDumbe, Big 5 Hlabisa, KwaDukuza, Maphumulo, Johannes Phumani Phungula, uMzimkhulu, eMadlangeni and Ulundi Local municipalities as well as the Harry Gwala District Municipality to maintain their unqualified with findings audit opinions.

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 focus for 2024/25 was to conduct Post Implementation Assessments at five selected municipalities to determine the extent to which the municipalities implemented KZN PT recommendations emanating from the AFS Reviews that were conducted in the prior years. Furthermore, the MSP piloted the cash management support initiative at three municipalities which is aimed to assist the municipalities with cash management, focusing on cost containment and debtors management.

List of Municipalities supported by Municipal Support Programme during 2024/25					
No.	**Municipality**	**Support Initiative**	**No.**	**Municipality**	**Support Initiati**
1	uMngeni	Post Implementation Assessment	1	iMpendle	Cash Management
2	uMshwathi	Post Implementation Assessment	2	eMadlangeni	Cash Management
3	eDumbe	Post Implementation Assessment	3	Nkandla	Cash Management
4	Dr Nkosazana Dlamini Zuma	Post Implementation Assessment			
5	Johannes Phumani Phungula (uBuhlebezwe)	Post Implementation Assessment			

The Municipal Support Programme further facilitated quarterly CFO Forums and/or training sessions during the 2024/25 financial year. The forums and training sessions provide support to all municipalities in collaboration with other stakeholders on prevailing issues that are relevant to the municipalities at the time. Topics discussed at the forums included a training workshop on the implementation of the RT29-2024 smart metering transversal contract conducted by National Treasury, the AGSA presented the 2023/24 audit outcomes and SARS provided training on the EMP501 submission process. Provincial Treasury further presented on the preparation of Cash Flows, general guidance on expenditure and payment processes, ethical practices in the workplace, the 2025/26 Budget process, the 2024/25 Mid-Year budget assessment and the adjustments budget, mSCOA common findings, outcome of the National Grant Roll over process and provided refresher training on Muni-E-Monitor and Interim Finance Committees.

Municipal Revenue and Debt Management (MRD)

Comprehensive revenue and debt management support was provided to the Ulundi local municipality. The support provided involved the review of policies, processes, controls and financial records. Recommendations were provided to address weaknesses identified. Assistance was also provided with transferring skills to municipalities to implement National Treasury's Revenue Management Tools. The sub-programme further assisted the MSP with the debt management aspect of the three cash management projects.

List of Municipalities supported by Municipal Revenue and Debt Management during 2024/25		
No.	**Municipality**	**Support Initiative**
1	Ulundi	MRD project

In addition, the sub-programme continued to assist the four delegated municipalities partaking in the Eskom Debt Relief Programme which includes reporting on compliance to National Treasury. The four municipalities are the Ulundi, Endumeni, Mthonjaneni and Mpofana local municipalities. The debt relief compliance reports and certificates were submitted to National Treasury by the required deadline on a monthly basis. Although municipalities are complying with the majority of debt relief conditions, they are still not able to pay their Eskom current accounts in full which may result in them being removed from the programme.

List of Municipalities supported by Municipal Revenue and Debt Management during 2024/25 as part of the Eskom Debt Relief Programme		
No.	**Municipality**	**Support Initiative**
1	Endumeni	Eskom Debt Relief support
2	Mthonjaneni	Eskom Debt Relief support
3	Ulundi	Eskom Debt Relief support
4	Mpofana	Eskom Debt Relief support

2.2.2 Service Delivery Improvement Plan

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

Year of Reporting: (Year 2 - 2024/25)

SUMMARY OF SDIP PROGRESS										
SDI FOCUS AREAS	SERVICE BENEFICIARY (KPA)	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year 2) 204/25	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
					Q1	Q2	Q3	Q4		
Provide Internal Audit (Assurance) support services to Provincial Departments	Number of audits conducted utilizing data analytics.	Internal Audit reviews conducted (APP).	0 *(Data analytics are not currently utilized for audit engagements)*	Conduct 10 audits utilizing data analytics during the SDIP cycle.	0	0	0	0	Service Delivery Model APP, Internal Audit Operational Plans.	None of the audits utilised data analytics as the Unit did not have tools
	Number of Operational Plan meetings held in the financial year.	The plan is discussed with Accounting Officers of individual departments or CEOs of the Public Entities (in the case of special requests), and is approved by the Provincial Audit and Risk Committee or Audit Committee of the relevant Public Entity. *(Paragraph 6.3 of the KZN PIAS Internal Audit Charter)*	13 Operational Plan meetings were conducted in the 2022/23 financial year	Conduct 13 Operational Plan meetings during the SDIP cycle. (Note-there were 13 provincial departments in 2022/23 and 12 departments in the 2023/24 financial year.	0	0	11	1	Service Delivery Model, APP, Internal Audit Operational Plans.	12 meetings were held in the development of audit plans for the ensuing year (i.e., 2025/26) for the departments being serviced by PIAS.PIAS not involved in the DOH.

SUMMARY OF SDIP PROGRESS										
SDI FOCUS AREAS	SERVICE BENEFICIARY (KPA)	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year 2) 204/25	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
					Q1	Q2	Q3	Q4		
	Number of cyber security audits conducted.	An operational plan should be prepared based on the key areas of risk for the department, having regard to its current operations, those proposed in its strategic plans and its risk management strategy. *(Paragraph 2.5 of the KZN Internal Audit Methodology).*	0 Cyber security audits were conducted in the 2022/23 financial year. *(Dependent on the risk profiles of client departments).*	Conduct 4 cyber security audits during the SDIP cycle *(Dependent on the risk profiles of client department-s).*	0	2	1	1	Service Delivery Model, APP, Internal Audit Operational Plans.	Four (4) Network Penetration Tests were conducted during the year, at DSD, DOE, DSAC and EDTEA.
	Number of risk management audits conducted.	An operational plan should be prepared based on the key areas of risk for the department, having regard to its current operations, those proposed in its strategic plans and its risk management strategy. *(Paragraph 2.5 of the KZN Internal Audit Methodology).*	0 Risk management audits were conducted in the 2022/23 financial year. *(Dependent on the risk profiles of client departments)*	Conduct 4 risk management audits during the SDIP cycle *(Dependent on the risk profiles of client department-s).*	0	1	1	8	Service Delivery Model, APP, Internal Audit Operational Plans.	12 reviews were planned, 10 were completed, and two were carried over to 2025/26 and these related to DSD and EDTEA.

SUMMARY OF SDIP PROGRESS										
SDI FOCUS AREAS	SERVICE BENEFICIARY (KPA)	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year 2) 204/25	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
					Q1	Q2	Q3	Q4		
	Number of officials attending training.	Officials should attend training as per the training needs identified.	25 training courses attended by assurance staff members in the 2022/23 financial year.	Each staff member to attend at least 8 training courses during the SDIP cycle. *(Target for cycle = 8 training courses x No of officials in Assurance Services).*	4	26	14	29	Service Delivery Model, APP, Internal Audit Training Needs Database.	46 employees attended a total of 73 training courses. The unit experienced delays in executing its training plan, and a number of training courses were carried over into the 2025/26 financial year. These are currently underway.
	Number of advisory engagements conducted	PIAS provides advisory and consulting services where necessary *(6.5 IA Charter).*	0 *(Dependent on stakeholder requests)*	Conduct 1 advisory engagement in a financial year.	0	1	1	0	Service Delivery Model, APP, Internal Audit Operational Plans, IA Charter.	Two advisory reviews were done at DOE, ON Consequence Management and Overpayments
Capacitate Departments and Municipalities on risk assessments	Number of risk assessment reviews conducted for Municipalities.	Conduct risk assessment reviews – 4 reviews per quarter in 2023/2024.	15 Risk assessments.	Conduct 32 risk assessment reviews at the end of the SDIP cycle.	5	5	5	3	Service Delivery Model, APP, Risk Support Operational Plans, AOP.	18 risk assessment conducted for municipalities in 2024/25

SUMMARY OF SDIP PROGRESS										
SDI FOCUS AREAS	SERVICE BENEFICIARY (KPA)	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year 2) 204/25	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
					Q1	Q2	Q3	Q4		
Capacitate Departments and Municipalities on specialised risk assessments	Number of ethics, fraud and corruption risk assessment reviews conducted for Departments and Municipalities.	Conduct ethics risk assessment reviews - 3 reviews per quarter for two quarters in 2023/2024.	23 Ethics risk assessments.	Conduct 12 ethics risk assessment reviews at the end of the SDIP cycle.	0	0	2	1	Service Delivery Model, APP, Risk Support Operational Plans, AOP.	3 fraud and ethics conducted for municipalities in 2024/25
Empower Departments on knowledge with risk maturity processes	Number of reports on Risk Management maturity conducted for departments	Conduct risk maturity of departments – 13 for Q1 and 13 for Q4 for 2023/2024.	NEW – as previous was in 21/22, and none for 2022/2023.	Conduct 13 risk maturity at the end of the SDIP cycle.	0	6	7	0	Service Delivery Model, APP, Risk Support Operational Plans, AOP.	An assessment of the 13 Departments' compliance to the 15 minimum risk management standards as contained in the provincial risk management framework was done.
Capacitate risk forums through risk awareness / training sessions in the Province	Number of risk management and internal control training provided to clients	Host risk forums (one per quarter) in 2023/2024 Conduct training and awareness – 6 per quarter.	New – as previous was in 2021/2022 and none for 2022/2023.	12 Risk Forums and 10 training sessions.	2	1	3	0	Service Delivery Model, APP, Risk Support Operational Plans, AOP.	3 risk management and internal audit forum held jointly with COGTA and SALGA for municipalities 3 risk fora were held with Departments

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

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
				Q1	Q2	Q3	Q4		
GENERIC CONSULTATION STANDARDS	Approximately 80% of the customers are consulted annually on the quality, efficiency and timing of the department's service/s they receive/ are expected to receive.	92%- Provincial departments. 100%-Public Entities. 16% Municipalities.	100% consultation with clients at both local and provincial spheres.	NOT ACHIEVED				Client survey.	The survey was not conducted due to capacity challenges This has been deferred to the 2025/26 financial year.
PROFESSIONAL STANDARDS BY PUBLIC SERVANTS:	All new appointees are inducted on the Code of Conduct.	41 % of employees workshopped on the Code of Conduct.	100% of new appointees in a financial year inducted on the Code of Conduct.	91% Compliance				Induction attendance registers.	The new appointees have attended the Induction program wherein the Code of Conduct is workshopped. The target had been partly achieved at 91% overall compliance. The deviation

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
				Q1	Q2	Q3	Q4		
									from 100% planned is due to not all new appointees being able to attend the Induction Program due to other work commitments.
WORKING ENVIRONMENT STANDARDS:	Fully compliant with the auditable areas of the OHS Act.	85% compliance with the OHS Act.	95% compliance.	Achieved	Achieved	achieved	Achieved	DPSA SHERQ Inspection Compliance Tool	Inadequate office space due to Departmental requirement of services Employment new employees Lack of infrastructure
ACCESS STANDARDS: PHYSICAL AND VIRTUAL ACCESS STANDARDS	All clients shall have equal access to services rendered by the department	77% satisfaction levels by clients on accessibility.	90 % satisfaction level.	NOT ACHIEVED				Client Surveys	The survey was not conducted due to capacity challenges This has been deferred to the 2025/26 financial year.

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	**DEPARTMENT SPECIFIC SET STANDARD**	**BASELINE YEAR 0:**	**DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)**	**ACHIEVED TARGET**				**PORTFOLIO OF EVIDENCE**	**COMMENT**
				Q1	**Q2**	**Q3**	**Q4**		
	on an ongoing basis.	Departmental website is not up to date with all contact details.	Fully updated departmental website with contact details.	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	View Departmental Website.	Business unit contact details are on the website.
INFORMATION STANDARDS:	Service recipients should be provided with full, accurate and user-friendly information on the services that they receive on a continuous basis.	71% satisfaction levels by clients on information provided.	100% satisfaction survey.	NOT ACHIEVED				Client Surveys	The survey was not conducted due to capacity challenges This has been deferred to the 2025/26 financial year.
				ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	Updated information on departmental website.	Information is uploaded to ensure constant updates.

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	**DEPARTMENT SPECIFIC SET STANDARD**	**BASELINE YEAR 0:**	**DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)**	**ACHIEVED TARGET**				**PORTFOLIO OF EVIDENCE**	**COMMENT**
				Q1	**Q2**	**Q3**	**Q4**		
REDRESS STANDARDS:	Clients that are not satisfied with the services received in line with the service standards should be offered an apology, an explanation, and a remedy within the specified timelines.	65% satisfaction levels by clients on redress mechanisms.	85% satisfaction levels.	NOT ACHIEVED				Client Surveys	The survey was not conducted due to capacity challenges This has been deferred to the 2025/26 financial year.
			Complaints mechanisms in place.	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	The Complaints and Compliments register/reports.	An online Complaints System has been developed and a link shared with all Heads of Business Units to distribute to clients. The policy on complaints and compliments has been approved and has been shared with all business units.

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
				Q1	Q2	Q3	Q4		
OPENNESS & TRANSPARENCY STANDARDS:	The department shall inform its clients how the department is managed, the cost to deliver services and the person in the charge of the department annually.	90% Compliant. Annual Report and Expenditure Report published. Citizen's Report –compiled. Need to display on the Website.	100% compliant with display of documents on the Treasury website.	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	Website display of Citizens Report and Annual Report. Published Expenditure Report. Client Satisfaction Survey Feedback Report.	All mandatory reports have been displayed i.e., Annual and Citizens Reports
VALUE FOR MONEY:	Services rendered in the most cost effective and efficient manner within the financial capabilities of the department and in	92.6% and 68% respectfully.	100% achievement against the planned targets for all quarters in 2023/24.	100%	88%	96%	91%	Quarterly Performance Reports & Annual Report. Client Satisfaction Survey Feedback Report. Quarterly Expenditure Reports.	The overall performance achievement was 95% for the 2024/25 financial year. The deviation on departmental performance is explained in detail in the Performance Report together with corrective measures, which are being implemented.

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
				Q1	Q2	Q3	Q4		
	accordance with the needs of the clients.	11% variation between budget expenditure and budget allocation.	Improvement by 5%.	9%	13%	5%	0,4%		The OCFO and Accounting Officer continues to perform In-year monitoring of the budget on a monthly basis including the assessment of the procurement and demand plan.
SERVICE STANDARDS	The service recipients are informed of the level, the quality and quantity of services they will receive through the publication of Service Commitment Charter.	0% on the display of an updated SCC as the SCC is currently under review.	100% compliance.	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	Approved Service Charter with standards displayed at the 3 Treasury sites.	An approved Service Charter is displayed at all 3 service points, and also published in the departmental website.
		58% satisfaction levels in respect of level, quality and turnaround times of the services received.	80% satisfaction levels.	NOT ACHIEVED				Client Surveys	The survey was not conducted due to capacity challenges This has been deferred to the 2025/26 financial year.

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
				Q1	Q2	Q3	Q4		
COURTESY	Service recipients should be treated with 100% respect all the time.	87% levels of satisfaction by clients.	95% levels of satisfaction by clients.	NOT ACHIEVED				Client Surveys	The survey was not conducted due to capacity challenges This has been deferred to the 2025/26 financial year.
				ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	Official clearly identify themselves/ wearing of name tags	129 Name badges were procured in the 2024/25 financial year for newly appointed employees and for those that misplaced their name badges. Employees are encouraged to wear their name-badges at induction and information seminars. This is in line with the approved Dress Code Policy that was reviewed and approved on 5 March 2024 to include the mandatory wearing of name badges and that compliance

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
				Q1	Q2	Q3	Q4		
									is to be monitored by supervisors.
				91% Compliance				Attendance registers for the signing of Code of Conduct by all officials.	The new appointees have attended the Induction program wherein the Code of Conduct is workshopped. The target had been partly achieved at 91% overall compliance. The deviation from 100% planned is due to not all new appointees being able to attend the Induction Program due to other work commitments.
				ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	Office name plates and signage.	The department is compliant in having name plates and signage.

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	**DEPARTMENT SPECIFIC SET STANDARD**	**BASELINE YEAR 0:**	**DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)**	**ACHIEVED TARGET**				**PORTFOLIO OF EVIDENCE**	**COMMENT**
				Q1	**Q2**	**Q3**	**Q4**		
COURTESY	Service recipients should be treated with 100% respect all the time.	87% levels of satisfaction by clients.	95% levels of satisfaction by clients.	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	The Complaints and Compliments register/reports.	An online Complaints System has been developed and a link shared with all Heads of Business Units to distribute to clients. The policy on complaints and compliments has been approved and has been shared with all business units.
		95% signage friendly building (signage in the database section is lacking).	100% compliance.	100%	100%	100%	100%	Site visit.	The department is compliant in respect of having office name plates and signage. The plausibility of the displaying of turn-around times at the SCM Database section was investigated and it was found that this was impractical to specify a specific turn-around time as

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
				Q1	Q2	Q3	Q4		
									the nature of queries dealt with differ.
ENCOURAGING INNOVATION AND REWARDING EXCELLENCE	Employees are recognised for service excellence and are encouraged to improve service delivery through innovative service delivery improvements	0% implementation of the Employee of the Quarter recognition scheme to be re- introduced in 2023/24.	50% implementation of the Employee of the Quarter recognition scheme.	N/A	N/A	N/A	N/A	Feedback from Business Units/Chief Directorates.	A Non-Monetary Incentive policy was developed and approved on 5 March 2024. One of the initiatives in the policy is to implement Employee of the Quarter. A draft monitoring tool is in place to monitor compliance by Heads of Business Units in the 2024/25 financial year. The monitoring of the implementation of the Non-Monetary Incentive Policy was conducted during the 2025/26 financial year. The average level of compliance in the financial year cannot be determined.

PROGRESS OF IMPROVEMENT OF QUALITY STANDARDS (PROFESSIONAL & BATHO PELE) FOR ALL SERVICES PROVUIDED BY EACH DEPARTMENT									
SDI FOCUS AREAS	DEPARTMENT SPECIFIC SET STANDARD	BASELINE YEAR 0:	DESIRED TARGET FOR YEAR OF REPORTING (Year1,2,3,4 or5)	ACHIEVED TARGET				PORTFOLIO OF EVIDENCE	COMMENT
				Q1	Q2	Q3	Q4		
LEADERSHIP AND STRATEGIC DIRECTION	Management shall display leadership and strategic abilities that will support effective and efficient service delivery to the department's clients.	Leadership Survey to be re-introduced.	10% improvement in rating as percentage.	ACHIEVED	ACHIEVED	ACHIEVED	ACHIEVED	Annual Leadership Survey Report.	The HR Climate Survey that includes assessing Leadership was distributed in quarter 3 and a report with a remedial plan was submitted and signed by the HOD on 5 March 2024.

2.2.3 Organisational Environment

The department made significant progress in the filling of vacant posts during the year of reporting. High vacancy rate has over the years been the most contributing factor to budget underspending. A total of 65 out of the committed 103 vacant funded posts were finalised with 52 employees accepting offers and commencing employment during 2024/25. The introduction of the online application system had unintended consequences of clogging the recruitment process due to large volume of applications generated. The department had to deal with applications averaging from 300 to 2000 per post. This challenge has been slightly addressed through the introduction of online assessment as a preliminary screening process.

Unfortunately, even with the posts filled, it has not resulted in a significant reduction in the vacancy rate due to the following reasons:

- 13 positions had to be re-advertised due to either a lack of suitable candidates or the retention of nominated candidates by their employers;
- 14 positions were filled by internal staff members resulting in further vacancies which are required to be filled; and
- 24 officials have resigned from the department with a large proportion remaining in the province but being employed by other departments.

The department continues with its efforts of modernisation and automation of its operations. The department successfully migrated from on-premise Microsoft applications to the cloud including the creation of documents. This transition has improved resilience and enabled services to be available off premise. Furthermore, greater focus during the year of reporting was on digital skilling of the workforce. The development and implementation of an eLearning portal has assisted in the education and training of staff.

A significant development is the design of a dashboard on financial management and governance for each provincial department. This will enhance oversight as executive authorities will have a bird's eye view on the critical financial aspects of their department to provide any required intervention or support. It is anticipated that this will be ready for implementation on the first quarter of 2025.

A change in political leadership with the appointment of MEC, Rogers was smooth and the department welcomed yet another seasoned leader as MEC for Finance.

2.2.4 Key policy developments and legislative changes

There were no changes in both the PFMA & MFMA during the 2024/25 financial year.

2.3 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

IMPACT STATEMENT	MTSF PRIORITIES	STRATEGIC OUTCOMES	OUTCOME INDICATORS	BASELINE	FIVE-YEAR TARGET	FIVE-YEAR ACHIEVEMENT 2020-2025
"Credible, Accountable, and Ethical Fiscal and Financial Management Practises in the Province of KwaZulu-Natal."	Priority 1: A Capable, Ethical and Developmental State. Priority 2: Economic Growth and Job creation.	Improved Audit Outcomes for the province.	Number of Institutions with unqualified audit outcomes.	Depts = 09 Pub. Ent. = 18 Municipalities = 30	Depts = 15 (*changed to 14 due to the reduction in the number of departments resulting from a merger) Pub. Ent. = 18 (*changed to 17 due to the reduction in the number of entities resulting from Mergers) Municipalities = 49	Depts = 13 (2024 financial year) Pub. Ent= 15 (2024 financial year) Municipalities = 43 (2023/24 MFMA audit cycle)
		Enhanced Fiscal Sustainability of the Province.	Number of Municipalities with a funded budget.	35	49	48 Municipalities with funded budgets (2024/25
			% of Provincial Budget Spent.	98.7%	99.2%	2020/21 - 98.2% 2021/22 - 99.9% 2022/23 - 99.4% 2023/24 - 100.5% 2024/25 (unaudited) - 100.1%
		Improved Governance of Assurance & Internal	Number of repeat findings relating to control processes.	3458	1250 (64% improvement or reduction)	3812 2020/21 – 154 2021/22 - 49

		Control in Departments.				2022/23 – 424 2023/24 – 381 2024/25 – 277 Total = **1285**
		Improved participation of targeted groups in the economy of the province.	Percentage of bids advertised in terms of PPPFA Regulations	NIL (new indicator)	80% of all bids advertised in terms of PPPFA Regulations	**Nil** • The Government Tender bulletin and e-Tender system crashed, and as a result KZNPT could not independentl y obtain information on advertised bids. • Letters were sent to provincial departments requesting information on advertised bids, that would assist PT to achieve this indicator, however, the information did not come forth. • In mitigating this, KZNPT reported on the procurement spending of the province towards the targeted

						groups and this was monitored on quarterly basis and reported as such through the APP.
			Percentage Spend on targeted groups.	No data in 2017	60% black 40% women 30% Youth 7% PWD	43% black 20% women 12% Youth 1% PWD
		Improved and Sustainable Infrastructure delivery which contributes to Inclusive Economic Growth.	Number of Provincial Departments institutionalizing IDMS	2	**6**	**6**

PROGRESS MADE TOWARDS ACHEIVEMENT OF THE 5YR TARGET IN RELATION TO MTSF/PGDP Priorities

MTSF/PGDS Priority: PRIORITY 1: BUILDING A CAPABLE, ETHICAL AND DEVELOPMENTAL STATE		
Outcome and Outcome Indicator: Functional, Efficient and Integrated Government		
Programme/Intervention: Improve financial management capability in the public sector		
MTSF/PGDS INDICATOR	MEDIUM TERM STRATEGIC FRAMEWORK	
	MTEF Target - 2019 - 2025	MTEF 5-YEAR ACTUAL ACHIEVEMENT
1 Improvement in municipal capacity and audit outcomes, including improved Back to Basics Programme.	20% improvement in municipal audit outcomes - Improve municipal capacity and audit outcomes.	There has been a 35% overall improvement from the 2018/19 MFMA audit opinions to the 2023/24 MFMA audit opinions. 19 municipalities improved from 2018/19 to 2023/24, 5 regressed and 30 remained unchanged:

Audit Opinion	Baseline 2018/19	2023/24
Financially unqualified with no findings	1	7

<table>
<tr><td></td><td></td><td></td><td><table><tr><td>Financially unqualified with findings</td><td>32</td><td>36</td></tr><tr><td>Qualified</td><td>18</td><td>8</td></tr><tr><td>Adverse</td><td>1</td><td>2</td></tr><tr><td>Disclaimer</td><td>2</td><td>1</td></tr><tr><td>Total</td><td>54</td><td>54</td></tr></table></td></tr>
<tr><td>2</td><td>Elimination of Audit findings on asset management in the public sector</td><td>50% reduction in numbers of Departments with audit findings on asset management (less than 15% of Departments and Entities with audit findings on asset management in the previous year)</td><td>There is 100% improvement from the base year for departments. The province has managed to eliminate audit qualification with respect to Asset Management for Departments. However, there was a new Asset qualification matter report at 1 Public Entity.</td></tr>
<tr><td>3</td><td>Monitor the implementation of the Audit Improvement Plans by all 13 provincial departments</td><td>60 % improvement on implementation of audit plans.</td><td>ASSURANCE SERVICES

Target was achieved

Base year 2022/23 - 78% achieved

Actual in 2023/24 – 78.9% achieved

Actual in 2024/25 - 78.2%

For the past five years from 2019/20 the percentage has been hovering between 78% and 79%.</td></tr>
<tr><td>4</td><td>Percentage reduction of wasteful and fruitless expenditure in public sector institutions</td><td>60% reduction of fruitless and wasteful expenditure in KZN (from 2018/19 Baseline)</td><td>Fruitless and wasteful expenditure incurred per annum by Departments and Public Entities increased by an overall 2% on the 2023/24 (R12,76 million) financial year when compared to the 2019/20 (R12,52 million) financial year. The Cumulative Balance of Fruitless and wasteful expenditure by Departments and Public Entities increased by an overall 5% on the 2023/24 (R227,19 million) financial year when compared to the 2019/20 (R215,73 million) financial year.</td></tr>
<tr><td>5</td><td>Reduction of irregular expenditure in public sector institutions</td><td>60% Reduction of irregular expenditure in public sector institutions</td><td>Irregular expenditure incurred per annum by Departments and Public Entities decreased by an overall 30% in the 2023/24 (R5,15 billion) financial year when compared to the 2019/20 (R7,37 billion) financial year.

The Cumulative Balance of Irregular expenditure by Departments and Public Entities increased by an overall 56% on the 2023/24 (R64,92 billion)</td></tr>
</table>

			financial year when compared to the 2019/20 (R41,66 billion) financial year. As at 31 March 2025, PT received requests for condonation as follows: Provincial Departments: R29.3 billion Public Entities: R302.6 million The cumulative amount approved for condonation at 31 March 2025, is as follows: Provincial Departments: R8.6 billion Public Entities: R161.4 million SCM - The PSCM unit facilitated information sessions, forums, workshops and SCM related training, including contract management and CSD training for public sector institutions. Compliance assessments and investigation into complaints were undertaken. SCM policies were reviewed, including contract register reviews. Support, monitoring and guidance was provided to public sector institutions to ensure adherence to SCM prescripts.
6	Reduction of qualified audits in the public sector	At least 75% reduction of qualified audits in the public sector by 2024; baseline 6 Departments qualified as at 2018/19, of these 1 per year improved from qualified, 0 new qualifications.	Achieved: 13 of 14 departments received unqualified audits (93%). 15 of 17 public entities received unqualified audits (88%).
7	Percentage Public Institutions with updated Risk and Business Continuity Plans	60% Departments	All (100%) departments have updated disaster-related risk information, which has been submitted to COGTA as part of their respective disaster management plans. 77% of departments have business continuity plans. The three departments that do not have business continuity plans are Health; Transport; and Community Safety.

2.4 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

2.4.1 PROGRAMME 1: Administration

The purpose of this programme is to provide:

- Strategic leadership and administration support to the department.

Sub-programme No.	Sub-programme name	Sub-programme Purpose
1.1	Office of the Member of the Executive Council (MEC)	- Political oversight and policy direction, - Render advisory, secretarial and administrative support, and public relations, communication, and parliamentary support.
1.2	Management Services (HOD)	- Policy formulation, overall leadership, management and administration support of the Department and the respective districts and institutions within the Department.
1.3	Financial Management (CFO)	- To provide effective management of departmental finances in line with statutory requirements.
1.4	Corporate Services	- To provide optimal Human Resource, IT, Communications, Legal services, Strategic Planning support as well as Monitoring and Evaluations function to the department.

This program is made up of four (04) main sub-programs as indicated above, however, Programme 1 planned to carry out its work according to the following measurable sub-programmes in the APP, the other sub-programmes' work is covered in the AOP. There are also other activities from the following sub-programmes that are cover in the AOP.

Financial Management

Programme/Sub-programme: 1.1.1 Financial Management (CFO)								
Outcome	**Output**	**Outputs indicator**	**Audited Actual performance. 2022/2023**	**Audited Actual performance. 2023/24**	**Planned Annual Target 2024/25**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement 2024/25**	**Reason for deviation**
Improve Governance of Assurance & Internal Control in departments.	Auditor-General opinion report with no material audit findings on financial matters of the department.	Unqualified Audit Opinion received.	Unqualified Audit Opinion	Unqualified Audit	Unqualified Audit Opinion.	Unqualified Audit Opinion.	0	N/A
	Invoices paid within 30 days in compliance with Legislation.	Percentage of supplier's valid invoices paid within 30 days.	99.5%	99,9%	100%	99,9%	-0.1	The under-performance is mainly due to delays in the approval of invoices.
Improved participation of targeted groups in the economy of the province.	Procurement awarded to targeted groups.	Percentage of procurement awarded to targeted groups.	New	93%	80%	80.97%	0.97	The planned performance was exceeded due to the responsiveness by targeted groups in the procurement of goods and services.

Human Resources Management

Programme/Sub-programme: 1.1.2 Human Resource Management

Outcome	Output	Outputs indicator	Audited Actual performance. 2022/2023	Audited Actual performance 2023/24	Planned Annual Target 2024/25	Actual achievement 2024/25	Deviation from planned. target to actual achievement 2024/25	Reason for Deviation
Improve Governance of Assurance & Internal Control in departments.	Gender Base Violence Femicide initiatives implemented.	Number of Gender Based Violence and Femicide empowerment initiatives implemented.	6	12	8	10	2	The target was exceeded because t of 2 additional GBV Empowerment sessions during quarter 3, i.e., an article on GBV and an online information session.
Improved participation of targeted groups in the economy of the province.	Targeted groups appointed within the department.	Percentage of SMS posts filled by females.	50%	48%	50%	50.72%	0,72%	There are 69 posts at SMS level, 35 females were appointed resulting in the target being exceeded.
		Percentage of employees with disabilities employed.	1.4%	1%	2%	1.34%	- 0,66%	This under- performance is mainly due to poor response of applicants from persons with disabilities.
		Percentage of youth enrolled in youth development programs.	14%	17%	5%	12,98%	7,98%	This target was exceeded because KZNPT offered additional youth programs such as TAP & IAT Learnerships.

LINKING PERFORMANCE WITH BUDGET

Programme Name: Administration	2024/2025			2023/2024		
	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
Office Of The MEC	27 173	24 732	2 441	36 269	35 876	393
Management Services (HOD)	14 450	13 756	694	12 520	12 371	149
Financial Management (CFO)	34 252	32 833	1 419	32 841	32 837	4
Corporate Services	136 051	131 731	4 320	143 581	140 083	3 498
Total	**211 926**	**203 052**	**8 874**	**225 211**	**221 167**	**4 044**

Programme 1 – Administration

The programme has spent R203,052 million which is 95,8% of it's total Adjusted budget of R211,926 million, the programme has an underspending of R8,874 million at year-end. The variance of R8,874 million attributed to -: Compensation of employees which underspent by R2,338 million due to resignations and delays in filing of vacant posts that require 4 to 6 months to fill, Goods and services underspent by R4,491 million due to unanticipated slow spending on items such as advertising, contractors: events, fleet services as well as travel and subsistence. Further savings of R498 thousand were realised on Transfers and subsidies on Households and NPI (Thuthuka Bursary Fund) and as a result of a reduction in the payments for external bursaries. The savings of R1,544 million from Payments for capital assets were realised from non-purchase of tools of trade; non-filling of vacant posts within the programme; late delivery of photocopier machines and deferred procurement of the department's security access system.

In terms of the overall performance on planned targets for this programme, the programme had 7 indicators and only achieved 5 indicators, which results in an overall performance achievement of 71%. Only 2 indicators could not be fully achieved, which did not have a financial impact on the budget. This programme has improved its performance from the previous financial year where 57% achievement was realized against the target.

2.4.2 PROGRAMME 2: Sustainable Resource Management

The purpose of this programme is to:

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

Sub-programme No.	Sub-programme name	Sub-programme Purpose
2.1	**Infrastructure Management and Economic Services**	- Determine and evaluate economic parameters and socio-economic imperative that informs provincial and local resource allocation, and - Provide infrastructure support through the Infrastructure Delivery Management System.
2.2	**Public Finance**	- Promote effective and optimal financial resource allocation for provincial government (including public entities), and - Ensure the province remains financially viable through effective budget management, monitoring, and reporting.
2.3	**Public Private Partnerships**	- To provide substantial technical, financial, and legal advice in support of all provincial PPP projects in line with the PPP projects cycles as regulated by National Treasury guidelines.

This program consists of three main sub-programs as mentioned above. It has performed its tasks according to the measurable indicators outlined in the APP, with the remaining activities listed in the AOP as they are operational in nature.

Programme/Sub-programme: 2.1.1 Economic Analyses								
Outcome	**Output**	**Output indicator**	**Audited Actual performance 2022/2023**	**Audited Actual performance 2023/24**	**Planned Annual Target 2024/25**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement 2024/25**	**Reason for deviation**
Enhanced fiscal sustainability of the province.	Socio-economic report.	Number of Socio-economic reports produced (SERO).	9	1	1	1	0	N/A
	Value for money assessment reports.	Number of Value for money assessment report produced.	1	1	1	2	1	The deviation was as a result of addition research undertaken in collaboration with the provincial SCM unit in conducting a price benchmarking exercise and market research analysis.
	Research reports produced.	Number of Research report produced.	1	1	1	1	0	N/A
Improved and sustainable infrastructure delivery which contributes to inclusive economic growth	Estimates of Capital Expenditure (ECE) Plan.	Number of ECE Plan produced.	1	1	1	1	0	N/A
	ECE monitoring reports of Departments.	Number of quarterly monitoring reports produced on capital expenditure.	4	4	4	4	0	N/A

		Number of monitoring reports produced on departments using IDMS.	NEW	4	4	4	0	N/A

Programme/Sub-programme: 2.1.2 Public Finance								
Outcome	**Output**	**Outputs indicator**	**Audited Actual performance 2022/2023**	**Audited Actual performance 2023/24**	**Planned Annual Target 2024/25**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement 2024/25**	**Reason for Deviation**
Enhanced fiscal sustainability of the province.	Optimal Provincial budgets allocation.	Final provincial budget Allocations produced.	New	1	1	1	0	N/A
		Adjustments provincial budget allocations produced.	New	1	1	1	0	N/A
	Early warning system reports.	Number of early warning system reports produced.	18	18	20	20	0	N/A

Programme/Sub-programme: 2.1.3 Public Private Partnerships								
Outcome	**Output**	**Outputs indicator**	**Audited Actual performance 2022/2023**	**Audited Actual performance 2023/24**	**Planned Annual Target 2024/25**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement 2024/25**	**Reason for deviation**
Improved and sustainable Infrastructure delivery which contributes to	PPP support to public sector institution.	Number of public sector Institutions supported on PPPs.	2	5	5	5	0	N/A

inclusive economic growth.								
Improved participation of targeted groups in the Economy of the Province.	Assessment on the implementation of PPFA in PPP projects.	Number of assessment reports produced.	NEW	2	2	2	0	N/A

LINKING PERFORMANCE WITH BUDGET

Programme name: Sustainable Resources Management	2024/2025			2023/2024		
	Final Appropriation	Actual Expenditure	(Over)/ UnderExpenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
Sub-programmes	R'000	R'000	R'000	R'000	R'000	R'000
Programme Support	3 546	3 545	1	3 330	3 271	58
Economic Analysis	20 482	20 286	196	27 761	26 323	1 439
Public Finance	17 469	15 990	1 479	17 511	16 652	859
Public Private Partnerships	4 344	4 173	171	4 320	4 153	167
Total	**45 841**	**43 994**	**1 847**	**52 922**	**50 399**	**2 523**

Programme 2 – Sustainable Resources Management

The programme has spent R43,994 million, which is 96% of its total adjusted budget of R45,841 million. The programme has an underspending of R1,847 million at year-end. The variance of R1,847 million attributed to -: Compensation of employees which underspent by R1,521 million due to resignations and delays in filing of vacant posts that require 4 to 6 months to fill, Goods and services underspent by R227 thousand due to unanticipated delays in infrastructure projects. Further savings of R99 thousand were realised from Payments for capital assets due to non-purchase of tools of trade resulted by non-filling of vacant posts within the programme.

In terms of the overall performance on planned targets for this programme, the programme had 11 indicators and all 11 indicators were fully achieved, which results in an overall performance achievement of 100%, including previous financial year where 100% performance was realized.

2.4.3 PROGRAMME 3: Financial Governance

The purpose of this programme is to provide

Audit readiness support to provincial departments and public entities with the objective of achieving improved audit outcomes in the province;

Economic and effective management of Assets and Liabilities, Supply Chain Management processes, reliable Financial Management Information Systems and ensure compliance with applicable Norms and Standards in the public sector.

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

This program consists of five main sub-programmes as mentioned above, however, programme 3 planned to carry out its tasks according to the following measurable sub-programmes;

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

It has performed its tasks according to the measurable indicators outlined in the APP, with the remaining activities listed in the AOP as they are operational in nature.

Programme/Sub-programme: 3.2 Supply Chain Management

Outcome	Output	Outputs indicator	Audited Actual performance 2022/2023	Audited Actual performance 2023/24	Planned Annual Target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reason for deviation
Improved Audit Outcomes for the Province.	SCM Policies reviewed.	Number of SCM policies reviewed.	49	33	16	26	10	The department had planned to review 16 SCM policies for the public sector institutions as per the directorate's support plan. This target was exceeded due to additional requests received from institutions.
Improved participation of targeted groups in the Economy of the Province.	Report on provincial procurement spend on targeted groups.	Number of reports produced on provincial procurement spend on targeted groups.	4	4	4	4	0	N/A

Programme/Sub-programme: 3.3 Accounting Practices (Financial Reporting)

Outcome	Output	Outputs indicator	Audited Actual performance 2022/2023	Audited Actual performance 2023/24	Planned Annual Target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reason for deviation
Improved Audit Outcomes for the Province.	Report on Financial management support provided to provincial departments	Number of reports produced on financial management support provided to provincial departments.	15	19	8	18	10	This target was exceeded due to additional requests that were received from departments.
	Report on Financial management support provided to Public Entities	Number of reports produced on Financial Management Support provided to Public Entities.	12	16	8	13	5	This target was exceeded due to additional requests that were received from Public Entities.
	Report on Asset management support provided to Public Sector Institutions	Number of reports produced on Asset management support rendered to public sector institutions	New	New	13	16	3	This target was exceeded due to additional requests that were received from the institutions.

Programme/Sub-programme: 3.4 Financial Information Management Systems (FIMS)								
Outcome	**Output**	**Outputs indicator**	**Audited Actual performance 2022/2023**	**Audited Actual performance 2023/24**	**Planned Annual Target 2024/25**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement 2024/25**	**Reason for deviation**
Improved Governance of Assurance & Internal Control in departments.	Financial Transversal Systems available.	Percentage availability of Financial transversal systems.	99.5%	99.%	97%	99%	2%	The target was exceeded due to constant proactiveness in the monitoring of systems availability.
		Mean time to resolve calls for transversal systems.	04:01:21	05:10:33	8 hours	06:16:05 Hours	01:43:55	The target was exceeded due to quicker turnaround time to resolve calls logged

LINK PERFORMANCE WITH THE BUDGET

Programme Name: Financial Governance	2024/2025			2023/2024		
	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	6 148	6 064	84	5 773	5 624	149
Asset & Liabilities Management	27 146	26 548	598	22 826	22 523	303
Support and Interlinked Financial System	123 102	117 096	6 006	119 250	118 862	388
Supply Chain Management	42 503	42 246	257	40 638	40 412	226
Accounting Services	30 665	29 448	1 217	18 992	18 939	53
Norms and Standards	7 233	6 910	323	6 840	6 715	125
Total	**236 797**	**228 312**	**8 485**	**214 319**	**213 075**	**1 244**

Programme 3 – Financial Governance

The programme has spent R228,312 million, which is 96,4% of its total adjusted budget of R236,797 million. The programme has an underspending of R8,485 million. The variance of R8,485 million attributed to Compensation of employees which underspent by R1,307 million due to resignations and delays in filing of vacant posts that require 4 to 6 months to fill, Goods and services underspent by R6,227 million due to a prepayment deduction made on computer services as per MCS requirements as well as training due to vacant posts and Transfers and subsidies by R30 thousand due to over-estimated staff exit costs. Further savings of R900 thousand were realised from Payments for capital assets due to non-purchase of tools of trade as a result of the delays in recruiting personnel.

In terms of the overall performance on planned targets for this programme, the programme had 7 indicators and all of them were fully achieved, culminating in an overall performance achievement rate of 100%. This programme has improved its performance from the previous financial year where 90% was achieved.

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

The purpose of this programme is to:

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

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

This program consists of two main sub-programs as mentioned above. It has performed its tasks according to the measurable indicators outlined in the APP, with the remaining activities listed in the AOP as they are operational in nature.

Programme/Sub-programme: 4.1. Assurance Services

Outcome	Output	Outputs indicator	Audited Actual performance 2022/2023	Audited Actual performance 2023/24	Planned Annual Target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reason for deviation
Improved Governance of Assurance & Internal Control in Departments	Internal Audit reviews reports.	Number of Internal Audit Reviews conducted.	120	108	90	99	9	The target was exceeded due to additional audits undertaken based on requests from PARC and departments for AFS reviews
		Number of follow-up Audit reviews conducted.	34	50	28	39	11	The target was exceeded due to additional follow up performance audits being undertaken.
	Oversight reports issued.	Number of oversight reports issued to MEC's of provincial departments.	56	56	56	56	0	N/A

Programme/Sub-programme: 4.2 Risk Management

Outcome	Output	Outputs indicator	Audited Actual performance 2022/2023	Audited Actual performance 2023/24	Planned Annual Target 2024/25	Actual achievement 2024/25	Deviation from planned target to actual achievement 2024/25	Reason for deviation
Improved Governance of Assurance & Internal Control in Departments.	Strengthened Risk management in the public sector institutions.	Number of risk assessments conducted for municipalities.	22	22	18	18	0	N/A
		Number of internal audit function reviews conducted at municipalities.	New	6	6	6	0	N/A
		Number of departments monitored on compliance with the minimum risk management standards.	New	13	13	13	0	N/A

LINKING PERFORMANCE TO THE BUDGET

Programme Name: Internal Audit	2024/2025			2023/2024		
	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	6 340	5 414	926	4 087	3 886	201
Assurance Services	70 480	66 644	3 836	72 763	71 359	1 404
Risk Management	22 317	21 985	332	24 620	24 514	106
Total	**99 137**	**94 043**	**5 094**	**101 470**	**99 759**	**1 711**

Programme 4 – Internal Audit

The programme has spent R94,043 million of its total adjusted budgets of R99,137 million, which is 94,9% of its total adjusted budget. The programme has an underspending of R5,094 million at year-end. The variance of R5,094 million is attributed to Compensation of employees which underspent by R4,679 million due to the implementation of new structure which required extensive consultation resulting in delays in the recruitment process. Goods and services underspent by R415 thousand due to unanticipated delay in procurement of software and licenses (TEAMMATE & CURA).

In terms of the overall performance on planned targets for this programme, the programme had 6 indicators and all 6 indicators were fully achieved, culminating in an overall performance achievement rate of 100%. This programme has improved its performance from the previous financial year where 86% was achieved.

2.4.5 PROGRAMME 5: Municipal Finance Management

The purpose of this programme is to:

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

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

This program consists of four main sub-programs as mentioned above. It has performed its tasks according to the measurable indicators outlined in the APP, with the remaining activities listed in the AOP as they are operational in nature.

Programme/Sub-programme: 5.1 Municipal Budget								
Outcome	**Output**	**Outputs indicator**	**Audited Actual performance 2022/2023**	**Audited Actual performance 2023/24**	**Planned Annual Target 2024/25**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement 2024/25**	**Reason for deviation**
Enhanced Fiscal Sustainability of the Province.	Municipal budgets evaluated	Number of tabled budgets evaluated.	51	51	51	51	0	N/A
		Number of approved budgets evaluated.	51	51	51	51	0	N/A
	Report on Municipal Budget Performance.	Number of Section 71(7) Quarterly Budget Performance Reports produced.	4	4	4	4	0	N/A

Programme/Sub-programme: 5.2 Municipal Accounting and Reporting								
Outcome	**Output**	**Outputs indicator**	**Audited Actual performance 2022/2023**	**Audited Actual performance 2023/24**	**Planned Annual Target 2024/25**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement 2024/25**	**Reason for deviation**
Improved Audit Outcomes for the Province.	Financial Statements reviewed at targeted municipalities.	Number of financial statements reviewed at targeted municipalities.	13	9	7	8	1	The target was exceeded due to one additional project that was a request from the Johannes Phumani Phungula Local Municipality (uBuhlebezwe).
	Financial management support projects implemented at targeted municipalities.	Number of financial management support projects implemented.	9	7	5	5	0	N/A

Programme/Sub-programme: 5.3 Municipal Support Programme								
Outcome	**Output**	**Outputs Indicator**	**Audited Actual performance 2022/2023**	**Audited Actual performance 2023/24**	**Planned Annual Target 2024/25**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievement 2024/25**	**Reason for Deviation**
Enhanced Fiscal Sustainability of the Province	Specialized projects implemented at targeted municipalities.	Number of specialised projects implemented.	13	17	8	8	0	N/A

Programme/Sub-programme: 5.4 Municipal Revenue and Debt Management								
Outcome	**Output**	**Outputs Indicator**	**Audited Actual performance 2022/2023**	**Audited Actual performance 2023/24**	**Planned Annual T 2024/25**	**Actual achievement 2024/25**	**Deviation from planned target to actual achievemen 2024/25**	**Reason for Deviation**
Enhanced Fiscal Sustainability of the Province.	Revenue and Debt management projects implemented at targeted Municipalities.	Number of Revenue and Debt management projects implemented at targeted Municipalities.	2	4	1	1	0	N/A

LINK PERFORMANCE TO THE BUDGET

Programmee Name: Municipal Finance Management	2024/2025			2023/2024		
	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	5 889	5 852	37	5 768	5 727	41
Municipal Budget	29 457	29 435	22	27 938	27 885	53
Municipal Accounting and Reporting	12 649	12 604	45	11 146	10 681	465
Municipal Support Programme	12 573	12 524	49	16 522	15 922	600
Municipal Revenue and Debts Management Support	6 455	6 407	48	8 614	8 375	239
Total	**67 023**	**66 822**	**201**	**69 988**	**68 590**	**1 398**

Programme 5 - Municipal Finance Management

The programme has spent R66,822 million of its total adjusted budget of R67,023 million, which is 99,7% of its total adjusted budget. The programme has an underspending of R201 thousand. The variance of R201 thousand attributed to Goods and services which underspent by R166 thousand due to unanticipated slow spending on items such consumable: stationery, training and development and Payment for capital assets resulting from vacant posts within the programme and the unexpected delays in filling critical posts.

In terms of the overall performance on planned targets for this programme, the programme had 7 indicators and all of their indicators were fully achieved, culminating in an overall performance achievement rate of 100%. This programme has maintained Its performance as 100% performance was achieved in the previous financial year.

2.5 TRANSFER PAYMENTS

- *Transfer payments to Public Entities*

The department had no transfer payments made to public entities during the 2024/2025 financial year.

- *Transfer payments to all organisations other than public entities.*

The department had no transfer payments made to other organisations during the 2024/2025 financial year.

2.6 CONDITIONAL GRANTS

- *Conditional grants and earmarked funds paid*

The department had no conditional grant funding during the 2024/2025 financial year.

2.7 DONOR FUNDS

- *Donor Fund Received*

The department had no Donor funding received during the 2024/2025financial year.

- *Global Funding*

The department had no Global funding received during the 2024/2025financial year.

2.8 CAPITAL INVESTMENT

- *Capital Investment, Maintenance and Asset Management plan*

The department had no capital investment plan during the 2024/2025 financial year.

3 PART C: GOVERNANCE

3.1 INTRODUCTION

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

3.2 RISK MANAGEMENT

The 2024/25, risk management vision in the Department continued to drive a culture of informed risk-management which led the Department to be vigilant in identifying, evaluating, and implementing appropriate risk mitigation strategies in responding to the risks aligned to the risk appetite of the Department.

Various risk assessments were undertaken on a quarterly basis with the various directorates to identify risks which included any emerging risks that could hinder the achievement of strategic outcomes and goals, as well as opportunities created by the recognised risks. The process followed structured risk assessment processes which enabled prioritisation in the implementation of risk mitigation strategies informed by the residual risk exposures to cushion the Department against vulnerabilities.

During 2024/25, the Department continued with the maintenance of a consolidated risk register which is a compendium of various categories of the Department's risks such as - strategic risk, directorates' operational risks, specialised risk themes e.g., Information Technology (IT), Business Continuity Management (BCM), Occupational Health and Safety (OHS), ethics, fraud, and corruption risks.

The Department's risk landscape was mainly dominated by the need to stringently monitor the effectiveness of controls for risks and the effectiveness of the mitigation strategies in response to the reduction of the impact and likelihood of the risks. Some of the risks that remained elevated in 2024/25 included but not limited to: 1) OHS risks relating to: 1) Inadequate office space to accommodate the Departmental employees; 2) People risk relating to occupational health and safety of employees and personal related health issues relating to mental health wellness; 3) the historic reduction of Provincial Equitable Share (PES), anticipated future budget cuts and unfunded mandates remained one of the fiscal risks that the Province faced due to the absence of a positive financial outlook, the slow/sluggish economic growth within the macro environment; and 4) Unrealistic stakeholder expectations on the Department's role / mandate due to inadequate / misunderstanding of Department's role and mandate by institutions and relevant stakeholders. This risk was also embittered by misconceptions among the public. However, such misconceptions have placed a significant strain on the Department and the mitigation strategies needed to strengthen and address the expectation gap and rebuild the public trust. The effectiveness of risk management was continuously monitored by the work of the RMC and the Cluster Audit and Risk Committee (CARC), an independent oversight committee.

3.3 FRAUD AND CORRUPTION

The Department has made a significant impact in promoting an ethical culture and preventing fraud and corruption. By reviewing and updating Fraud Prevention policies, plans, and related documents, and creating platforms for employees to share suggestions and concerns about fraud and related matters, the Department fostered a culture of transparency. However, the environment is not static, it is dynamic, and fraud and corruption can manifest in various forms, making sustained success in combating these threats insurmountable.

To combat fraud and corruption effectively, the Department held numerous Ethics, Fraud, and Corruption workshops sessions. Given the multifaceted nature of fraud and corruption, in November 2024, Organisational Risk and Integrity Management Services conducted a Fraud Awareness Campaign week, using a comprehensive approach to fight fraud and corruption while enhancing the Department's ethical culture. The campaign facilitated valuable knowledge sharing, expanded the reach of Organisational Risk and Integrity Management Services, and reinforced our "Zero-tolerance stance against fraud and corruption". This, in turn, strengthened trust and confidence in the Unit's work, laying the fertile ground for future engagements and collaborations.

Furthermore, Organisational Risk and Integrity Management Services conducted a comprehensive review of the Ethics, Fraud, and Corruption risk register with various business units, providing a more accurate risk profile for the Department. This enables the Department to prioritize resources effectively in mitigating fraud and corruption risks. Given the distressing impact of fraud and corruption on lives, human rights, and democratic values, strengthening anti-corruption strategies is crucial to protect public resources, ensure uninterrupted service delivery, and uphold democratic values.

To instil the Department's ethical culture, assist new employees in familiarizing themselves with the fraud prevention policies and strategies adopted by the Department, workshops targeting new employees were rolled out in 2024/25. In addition, all employees were encouraged to undertake the compulsory Ethics Course in the Public Service through NSG e-learning, which is a competency-based ethics training course to augment the knowledge and information shared through the ethics, fraud, and corruption awareness, training sessions / workshops. This was in line with a Directive from the Department of Public Service and Administration (DPSA) on Compulsory Training for the Public Service and Circular 42 of 2023 issued by DPSA with the purpose of helping to build an ethical culture in the public service by developing the capacity of officials for personal and professional ethical conduct.

3.4 MINIMISING CONFLICT OF INTEREST

In preventing conflict of interest, during 2024/2025, all members of the senior management service (SMS) and designated employees continued to disclose their annual financial interests. The Department maintained the 100% compliant rate with the annual submission of financial disclosures which were verified by the Ethics Officers of the Department and the Accounting Officer and SMS disclosures were submitted to the Public Service Commission (PSC).

The financial disclosures included certification that the assets, financial activities, and financial interests of the officials do not pose a conflict of interest with their official duties and to identify potential / actual conflicts of interest. All employees were expected to avoid all personal and financial interests which could conflict with their responsibilities to the Department.

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

The Department has continued to implement policies and directives governing Other Remunerative Work (ORW), which require employees to obtain the Executive/Delegated Authority approval prior to engaging in ORW activities. This enables early detection of potential conflicts of interest. Furthermore, in compliance with relevant policies and legislative prescripts on Conducting business with an Organ of State, the Department extracted Central Supplier Database (CSD) reports on a quarterly basis to verify that no departmental employees are registered on the CSD, thereby minimizing potential conflicts of interest.

3.5 CODE OF CONDUCT

Every employee appointed in the Department must adhere to the Code of Conduct for Public Service, Chapter 2 of Public Service Regulations, 2016. The Department ensured that the code of conduct was workshopped to all new employees at their induction and was attached as a standard practice to every employment offer made in the reporting period.

The Department continues to conduct workshops to ensure that employees understand and adhere to the expectations of the public service code of conduct. The code of conduct is uploaded on the intranet and the link emailed to all employees in the Department. During 2024/25 all employees were encouraged to sign a public service pledge showing their commitment towards the Code of Conduct for the Public Service and therefore promise to serve our people with loyalty, respect, dignity, and integrity.

Employees are discouraged from receiving gifts or payments which are or may be construed as being a bribe or accept any advantage, gifts or benefits that might be seen to prejudice their positions or lead to conflicts of interest as per the public service pledge which they were encouraged to sign. Any contravention of the code of conduct is dealt with in terms of the Disciplinary Code and Procedures for the public service.

3.6 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

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

- HOD (section 16.1 of OHS Act)
- Corporate service: Chief Director (section 16.2 of OHS Act)

OHS representatives at Nomalanga building, Treasury House building and Natalia Building (section 17 of OHS Act) OHS Committee meetings were held quarterly where issues were deliberated on. Control measures were put in place in response to recommendations made.

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

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

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

Bi-annual emergency evacuation drills were conducted to assess the department's readiness in cases of emergencies. An evaluation reports were prepared and shared with staff members. Amongst comments made in the evaluation reports were the improved level of cooperation from staff members during the simulation exercises.

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

First Aid boxes are well placed and regularly maintained in all floors of the departmental buildings with relevant signage. There were no incidents that were reported in the 2024/25 financial year.

3.7 PORTFOLIO COMMITTEES

The department had the following meetings with the Portfolio Committee.

Date of Meetings	Matters for discussion
07 March 2024	Tabling of the 2024/2025 Main Budget
25 July 2024	Re-tabling of 2024/25 Main budget
6 August 2024	(1.) 2024/25 MTEF Budget for Vote 6: Provincial Treasury (2.) 2024/25 Annual Performance Plan for Vote 6: Provincial Treasury (3.) 2024/25 First Quarter Financial and Non-Financial Performance Report (4.) 2024/25 Annual Fraud and Risk Plans
13 September 2024	2023/24 Unaudited budget performance report
12 November 2024	(1) 2024/25 Midyear budget performance review (2) 2024/25 First and second quarter financial and non-financial performance reports
16 January 2025	2024/25 STAKEHOLDERS engagement on the 2025/26 draft budget and app of vote 6: provincial treasury
12 November 2024	2024/25 mid-year budget performance report
11 February 2025	(1) 2024/25 Third Quarter Financial Performance Report for Vote 6: Treasury (2) 2024/25 Third Quarter Non-Financial Performance Report for Vote 6: Treasury (3) 2025/26 Draft APP and Budget for Vote 6: Treasury
26 November 2024	2024/25 Adjustment Estimates

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 and good working relations were maintained.

3.8 SCOPA RESOLUTIONS

During the year under review, the department did not appear before the Standing Committee on Public Accounts.

3.9 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 2024/25 financial year.

3.10 INTERNAL CONTROL UNIT

The department maintains a robust internal control system that promotes good governance and operational efficiency, which has contributed to the continued achievement of a clean audit outcome. During the year under review, the department continued with the facilitation /coordination of the audit process, developed and monitored the audit improvement strategy. The unit conducted compliance reviews for all payments made during the year ensuring that all financial management prescripts are complied with. The unit also focused on the identification and assessment of all UIF (unauthorized, irregular, fruitless and wasteful) expenditures ensuring that determination tests and relevant financial reporting requirements are met. The unit also reviewed monthly management accounts ensuring that applicable recons are accurately performed in preparation for the interim and annual financial statements.

The unit conducted contract management reviews to identify noncompliance with the performance and appointment of service providers in ensuring compliance with SCM prescripts. Control processes were implemented to ensure compliance with laws and regulations through the continuous implementation of preventive, detective and corrective measures to address areas of noncompliance with the SCM processes.

3.11 INTERNAL AUDIT AND AUDIT COMMITTEES

REPORT OF THE AUDIT & RISK COMMITTEE ON VOTE 6 – TREASURY

The Audit and Risk Committee herewith presents its report for the financial year ended 31 March 2025, 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 provincial departments and is further subdivided into three Cluster Audit & Risk Committees (CARCs). The Audit and Risk 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.

1. Audit Committee Members and Attendance

The PARC which consisted of the members listed hereunder; and of which three of its members are specifically assigned to the Cluster responsible for the Department; have met

#	Name of Member	Ordinary Meetings Attended	Special Meetings Attended
1.	Mr Z Zulu – **PARC Chairperson & CARC member**	*4 of 4*	*4 of 4*
2.	Ms S Makhathini CARC Chairperson	*4 of 4*	*4 of 4*
3.	Dr M Zakwe CARC member	*4 of 4*	*4 of 4*
4.	Mr S Maharaj	*4 of 4*	*N/A*
5.	Mr L Mangquku	*3 of 4*	*N/A*
6.	Ms B Jojo	*4 of 4*	*N/A*
7.	Mr S Mthethwa	*4 of 4*	*N/A*
8.	Ms R Ramphal	*4 of 4*	*N/A*
9.	Mr S Magagula	*4 of 4*	*N/A*

as reflected below.

2. 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 did not identify significant internal control deficiencies to report on.

The Committee considered the appropriateness of management's planned interventions to improve the overall control environment to ensure the control environment maintains its effectiveness. The Committee commended the Department for the results of the external audit, as there were no significant weaknesses identified in the system of controls.

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 perform ten (10) audit assignments for the period under review, of which nine (9) audit assignments were finalised and one (1) was carried over with the approval of the PARC.

The Committee is satisfied that PIAS performed effectively during the period under review. During the 2025/26 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 Committee's risk management responsibilities are outlined in its Charter. During the review period, these duties primarily involved quarterly oversight of the Department's risk register and monitoring the Department's risk management maturity in relation to compliance with the minimum risk management standards set out in the provincial risk management framework. The tables below summarise a) the Department's risk register, including the number of risk mitigation plans implemented and b) the status of compliance with the minimum risk management standards.

Table A:

Risk Register Summary	**Risk Grouping**					
Focus Area	Critical	Major	Moderate	Minor	Insignificant	Total
Number of risks identified	1	11	29	58	6	105
Number of agreed-upon risk mitigation plans	1	23	43	15	0	81
Number of implemented risk mitigation plans	0	19	39	13	0	71
% of implemented risk mitigation plans	**0**	**83%**	**91%**	**87%**	**N/A**	**88%**

Table B:

Compliance with Minimum Risk Management Standards and related Guidelines	**Status of compliance**			
	Number of risk management standards	Number of guidelines	Number of guidelines fully complied with	% compliance
	15	76	68	**89%**

The Department made significant progress on implementing 88% of its agreed-upon risk mitigation plans and satisfactory progress in complying with 89% of the prescribed minimum risk management standards. To further improve its risk management practices, the Department is advised to:

- Reduce its risk exposure by promptly implementing outstanding risk mitigation plans and continuously evaluating whether these measures effectively lower risks to acceptable levels.
- Increase efforts to ensure full compliance with all minimum risk management standards.
- Adopt a holistic and integrated approach to risk management through the adoption and implementation of the provincial combined assurance framework. The Department should report quarterly progress on this initiative during the 2025/26 financial year.

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

The Committee was satisfied with the content and quality of quarterly reports in respect of in year monitoring and quarterly performance, prepared and issued by the Accounting Officer of the Department during the year under review, in terms of the PFMA and the Division of Revenue Act. The auditors have raised concerns regarding the non-submission of the management report within 15 days after the end of the month. The Committee advised management to adhere to section 40(4)(c) of the PFMA requirements.

The Committee noted that some municipalities have unfunded mandates, and some submit poor quality Section 71 Reports, and management was advised to provide support to these municipalities in terms of workshops and skilled development.

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

6. Evaluation of Financial Statements

The Committee has:

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

Based on the reports of the PIAS and the Auditor General, the Committee commended the Department for submitting the Annual Financial Statements and Performance Report that were free from material misstatements.

7. Forensic Investigations

The Committee noted that the department had no matters under forensic investigations.

8. Auditor-General's Report

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

The Committee 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.

9. 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 provided in enabling the Committee to fulfil its mandate.

Mr. L.M. Mangquku
Chairperson: Provincial Audit and Risk Committee
14 August 2025

4 PART D: HUMAN RESOURCES MANAGEMENT

4.1 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.

4.1.1 OVERVIEW OF HUMAN RESOURCES

A. Status of Human Resources in the Department

The Filling of vacant posts and the overall turnaround time to fill vacancies improved significantly in the reporting period, with the Department finalizing over 69 recruitment processes and appointing 55 employees into permanent positions. The vacancy rate as at 31 March 2025 was 20.61% (108 posts), which decreased by 8.79% in comparison to the end of the previous financial year where the vacancy rate was 29.40% (154 posts). Despite the rigorous recruitment processes, the leaking bucket effect caused through internal promotions and staff exits still prevails, however, the turnover rate of staff in the 2024/2025 financial year has decreased significantly in comparison to the previous financial year. Of these 108 posts, a total of 29 posts remains unfunded due to excessive budget cuts implemented in November 2023. These can only be filled once the financial constraints are resolved. The Department still faces challenges in terms of attracting and employing people with disabilities, however, there are strategies in place to increase the pool of candidates with disabilities on the various youth development programs offered in the Department to create an experienced pool of candidates with disabilities for entry level positions. The Department successfully achieved the target of 50% females at SMS level during the financial year, with people with disabilities remaining at 1.34%.

B. Human Resource priorities for the year under review

Enhanced and improved employee engagement – through effective climate surveys; leadership impact analysis; effective exit interview analysis.

Skill and Talent attraction – prioritizing the recruitment of critical core posts and ensuring the correct alignment of competence profile and qualification requirements to the needs of the Department.

Talent Retention – reduction in turnover rate; improvement of management capability through leadership impact analysis; greater focus on career management strategies

Integrated Human Resource Information sessions and Business Unit engagements – improve levels of compliance; increase HR knowledge base of all employees; reduction in number of grievances received.

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

The Department's approved MTEF HR Plan endorsed by the Executing Authority of the Department was implemented from 01 April 2023 and spans over three years. Most HR Planning strategies for the 2024/25 year were successfully implemented, with the exception of increasing the number of staff with disabilities in the Department and complying with the mandated timeframes to finalize discipline and grievance cases. Despite the latter delays being beyond the control of the Department and related to external stakeholder delays, the Department is increasing the pool of trained Investigating and Presiding Officers in the new financial year ensuring readily available capacity to deal with labour matters. In respect of scarce skilled posts and the attraction of staff with disabilities partnerships were developed with Professional Associations like SAICA, the Institute of Internal Auditors, various disability organizations as well as disability desks at Higher Education Institutions to place advertisements within professional magazines and disability notices and newspapers to attract correctly skilled applicants and people with disabilities. A significant portion of new interns will be young persons with disabilities. 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 Monitoring Committee scrutinizes Bursary applications ensuring qualifications that are funded are in line with the critical needs of the Department and support upward mobility and career growth of staff.

D. Employee Performance Management

The Department obtained 100% compliance during the reporting period in respect of the signing of Performance Agreements well before the statutory deadline. The timely submission of performance assessments in the larger business units where employees are working outside the office for long durations of time are problematic, however there has been vast improvement in this regard for the reporting period. Non-compliant staff were excluded from the receipt of any pay progressions and stringent monitoring mechanisms, including the disciplining of supervisors and Line Managers for non-compliant staff have been put in place to ensure 100% compliance at all levels going forward. The 2023/2024 assessments were finalized and pay progressions were duly implemented in the current reporting period.

E. Employee Health and Wellness Program

The Employee Health and Wellness Section within HRM continues to make a visible impact on the lives of employees by increasing the number of Wellness Clinics per month within the Department, with noticeable improvements in the number of voluntary on-site testing. Monthly articles instilling responsible lifestyle disease management as well as encouraging physical fitness and awareness are distributed throughout the Organization and have been extremely well received. The Work and Play policy activities are encouraged since it alleviates levels of stress and improves staff morale. There were a number of sporting events attended during the year which allows staff the opportunity to represent the Department in various sport codes. There has been great emphasis on improving and sustaining the mental health of all employees. To this end, Management of the Department have undergone training on Emotional Intelligence; the impact of different leadership styles on the mental well-being of employees as well as the impact of Bullying and Victimization on staff.

F. Achievements and Challenges faced by the Department

During 2024/2025, 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 devises and Office reconfiguration 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 10th 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 10th allocation of three Trainee Accountants as at January 2025 making it a total of twenty eight (28) trainees who have been though the program. There are currently nine (9) graduates undergoing training towards becoming chartered accountants and seventeen (17) who have qualified as Chartered Accountants. Eight (8) of these are currently within the Department on a management development programme.

The Unit was the 1st in the Province to develop a Non-Monetary Incentives policy for the Department which was endorsed by EXCO and approved. During the reporting period monitoring of the implementation of strategies through quarterly reports from Line Managers were introduced. Rigorous monitoring will create an environment that reduces the turnover rate of staff, improves staff morale and will ultimately result in the Department being an employer of choice.

The Department successfully implemented the Professionalization of the Public Service Framework in all areas relating to the five pillars within Human Resources and Integrity Management with effect from 01 April 2024.

G. Future Human Resource Plans/Goals

The future plans focus on 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

4.2 HUMAN RESOURCES OVERSIGHT STATISTICS

4.2.1 Personnel related expenditure

Table 3.1.1 Personnel expenditure by programme for the period 01 April 2024 to 31 March 2025

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	203052.00	98983.00	320.00	0.00	48.70	562.40
FINANCIAL GOVERNANCE	228312.00	94342.00	318.00	0.00	41.30	704.04
INTERNAL AUDIT	94043.00	72526.00	1390.00	0.00	77.10	704.14
MUNICIPAL FINANCE MANAGEMENT	66822.00	56787.00	79.00	0.00	85.00	930.93
SUSTAINABLE RESOURCE MANAGEMENT	43994.00	39127.00	512.00	0.00	88.90	978.18
Total	**636223.00**	**361765.00**	**2619.00**	**0.00**	**56.90**	**703.82**

Table 3.1.2 Personnel costs by Salary Band for the period 01 April 2024 to 31 March 2025

Salary band	Personnel expenditure (R'000)	% of total Personnel cost	No. of employees	Average personnel cost per Employee (R)
Unskilled (levels 1-2) Youth development programs	9 971,00	2,80	35,00	284 886,00
Skilled (levels 3-5)	18 877,00	5,20	93,00	202 978,00
Highly skilled production (levels 6-8)	49 509,00	13,70	97,00	510 402,00
Highly skilled supervision (levels 9-12)	182 112,00	50,30	221,00	824 036,00
Top and Senior Management (levels 13-16)	101 296,00	28,00	68,00	1 489 647,00
TOTAL	**361 765,00**	**100,00**	**514,00**	**703 823,00**

Table 3.1.3 Salaries, Overtime, Homeowners Allowance and Medical Aid by Programme for the period 01 April 2024 to 31 March 2025

Programme	Salaries		Overtime		Home Owners Allowanc		Medical Aid	
	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
ADMINISTRATION	86 064,00	86,90	1 920,00	1,90	2 404,00	2,40	4 250,00	4,30
FINANCIAL GOVERNANCE	82 852,00	87,80	177,00	0,20	1 941,00	2,10	3 459,00	3,70
INTERNAL AUDIT	65 483,00	90,30	0,00	0,00	1 187,00	1,60	972,00	1,30
MUNICIPAL FINANC MANAGEMENT	50 986,00	89,80	0,00	0,00	533,00	0,90	786,00	1,40
SUSTAINABLE RESOURCE MANAGEMENT	35 438,00	90,60	0,00	0,00	557,00	1,40	608,00	1,60
TOTAL	**320 823,00**	**88,70**	**2 097,00**	**0,60**	**6 622,00**	**1,80**	**10 075,00**	**2,80**

Table 3.1.4 Salaries, Overtime, Homeowners Allowance and Medical Aid by Salary Band for the period 01 April 2024 to 31 March 2025

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid a a % of personnel costs
Unskilled (levels 1-2) You development programs	9 943,00	99,70	28,00	0,30	0,00	0,00	0,00	0,00
Skilled (levels 3-5)	15 272,00	80,90	353,00	1,90	831,00	4,40	1 689,00	8,90
Highly skilled production (levels 6-8)	40 567,00	81,90	962,00	1,90	1 706,00	3,40	3 056,00	6,20
Highly skilled supervision (levels 9-12)	164 926,00	90,60	754,00	0,40	3 017,00	1,70	4 753,00	2,60
Top and Senior Management (levels 13-1	90 115,00	89,00	0,00	0,00	1 068,00	1,10	577,00	0,60
TOTAL	**320 823,00**	**88,70**	**2 097,00**	**0,60**	**6 622,00**	**1,80**	**10 075,00**	**2,80**

3.2 Employment and Vacancies

Table 3.2.1 Employment and vacancies by programme as at 31 March 2025

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
ADMINISTRATION, Permanent	155	136	12.26	40
FINANCIAL GOVERNANCE, Permanent	130	112	13.85	22
INTERNAL AUDIT, Permanent	127	76	40.16	27
MUNICIPAL FINANCE MANAGEMENT, Permanent	68	59	15.25	2
SUSTAINABLE RESOURCE MANAGEMENT, Permanent	44	33	13.24	7
TOTAL	**524**	**416**	**20.61**	**98**

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2025

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate (includes frozen posts)	Number of employees additional to the establishment
Skilled (Levels 3-5), Permanent	73	65	10.96	63
Highly Skilled Production (Levels 6-8), Permanent	128	81	36.72	16
Highly Skilled Supervision (Levels 9-12), Permanent	254	206	18.90	15
Senior Management (Levels >= 13), Permanent	69	64	7.25	4
TOTAL	**524**	**416**	**20.61**	**98**

Employment and vacancies by Critical Occupation as at 31 March 2025

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 2025

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Dept. SL16	1	1	100	0	0
Salary Level 15	3	3	100	0	0
Salary Level 14	9	9	100	0	0
Salary Level 13	56	51	91.07	5	8.93
Total	**69**	**64**	**92.75**	**5**	**7.25**

Table 3.3.2 SMS post information as on 30 September 2024

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Dept. SL16	1	1	100	0	0
Salary Level 15	3	3	100	0	0
Salary Level 14	9	9	100	0	0
Salary Level 13	56	50	89.29	6	10.71
Total	**69**	**63**	**91.18**	**6**	**8.70**

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2024 to 31 March 2025

SMS Level	Advertising	Filling of Posts	
	No. of vacancies per level advertised within 6 months of becoming vacant	No. of vacancies per level filled in 6 months of becoming vacant	No. of vacancies per level not filled in 6 months but filled in 12 months
Director-General/ Head of Dept. SL16	0	0	0
Salary Level 15	0	0	0
Salary Level 14	0	0	0
Salary Level 13	5	4	1
Total	**5**	**4**	**1**

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 2024 and 31 March 2025

Reasons for vacancies not advertised within six months
There is a Provincial moratorium on the filling of all posts where authority to fill critical posts is approved by the Premier of the Province which can add a further 30 to 60 days to the entire recruitment process. Some SMS positions have to be re-advertised in order to attract competent individuals with technical skills relating to the post. Some posts were placed on hold due to budget cuts and only funded later in the year, so filling the same within 6 months was not feasible. Filling of posts with an incumbent within 06 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.
Reasons for vacancies not filled within twelve months
There is a Provincial moratorium on the filling of all posts where authority to fill critical posts is approved by the Premier of the Province which can add a further 30 to 60 days to the entire recruitment process. Some SMS positions have to be re-advertised in order to attract competent individuals with technical skills relating to the post. Some posts were placed on hold due to budget cuts and only funded later in the year, so filling the same within 6 months was not feasible. Filling of posts with an incumbent within 06 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. The online recruitment process at a

provincial level resulted in a significant increase in the number of applicants impacting on the turnaround time.

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 2024 to 31 March 2025

Reasons for vacancies not advertised within six months
Reasons for delays as contained above in 3.3.4 are beyond the control of the 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 the 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 2024 to 31 March 2025

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

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the 01 April 2024 to 31 March 2025

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

TABLE 3.4.3 - Employees whose salary level exceed the grade determined by Job Evaluation for the period 01 April 2024 to 31 March 2025

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

TABLE 3.4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation for the period 01 April 2024 to 31 March 2025

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

3.5 Employment Changes

Table 3.5.1 – Annual Turnover rates by Salary Band for the period 01 April 2024 to 31 March 2025

Salary band	Number of employees at beginning of period 1 April 2024	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Skilled (Levels 3-5) Permanent	58	7	2	3.40
Highly Skilled Production (Levels 6-8) Permanent	67	19	5	7.50
Highly Skilled Supervision (Levels 9-12) Permanent	184	18	7	3.80
Senior Management Service Band A Permanent	48	6	2	4.20
Senior Management Service Band B Permanent	9	0	0	0.00
Senior Management Service Band C Permanent	3	0	0	0.00
Senior Management Service Band D Permanent	1	0	0	0.00
Contract (Levels 3-5)	88	10	55	62.50
Contract (Levels 6-8)	23	2	11	47.80
Contract (Levels 9-12)	39	0	16	41.00
Contract Band A	3	1	4	133.3
Contract Band B	2	1	0	0.00
TOTAL	**525**	**64**	**102**	**19.40**

TABLE 3.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April 2024 to 31 March 2025

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 2024 to 31 March 2025

Termination Type	Number	% of Total Resignations
Resignation	34	33.20
Expiry of contract	59	57.80
Dismissal – operational changes	0	0
Dismissal – misconduct	3	2.90
Dismissal – inefficiency	0	0
Discharged due to ill-health	0	0
Retirement	1	1.00
Transfer to other Public Service Departments	5	4.90
Total	**102**	**100.00**
Total number of employees who left as a % of total employment	19.43	

TABLE 3.5.4 - Promotions by Critical Occupation * contracts not included for the period 01 April 2024 to 31 March 2025

No formal critical occupations were approved for KZN Provincial Treasury.

TABLE 3.5.5 - Promotions by Salary Bands for the period 01 April 2024 to 31 March 2025

Salary band	Number of Employees at Beginning of period (1 April 2024)	Promotions to another Salary Level	Salary Level Promotions as a % of Employees by Salary Band	Progressions to another Notch within Salary Level	Notch Progression as a % per Salary Band
Skilled (Levels 3-5), Permanent	58	2	3.45	29	50.00
Highly Skilled Production (Levels 6-8), Permanent	67	6	8.96	42	62.69
Highly Skilled Supervision (Levels 9-12), Permanent	184	1	0.54	104	56.52
Senior Management (Levels >= 13), Permanent	61	0	0	27	44.26
Contract (Levels 3-5),	88	0	0	1	1.14
Contract (Levels 6-8),	23	0	0	2	8.70
Contract (Levels 9-12),	39	0	0	3	7.69
Contract (Levels >= 13),	5	0	0	1	20.00
TOTAL	**525**	**9**	**1.72**	**209**	**39.89**

3.6 Employment Equity

TABLE 3.6.1 - Total number of Employees (incl. Employees with disabilities & contracts) per Occupational Category as at 31 March 2025

Occupational category	Male				Female				Total
	African	Col	Indian	White	African	Col	Indian	White	
SENIOR OFFICIALS AND MANAGERS	22	2	6	3	18	2	10	5	**68**
PROFESSIONALS	58	0	10	1	54	0	7	5	**135**
TECHNICIANS AND ASSOCIAT PROFESSIONALS	71	1	3	0	93	1	5	5	**179**
CLERKS	14	0	0	0	40	1	4	3	**62**
ELEMENTARY OCCUPATIONS	22	0	0	0	46	0	1	1	**70**
TOTAL	**187**	**3**	**19**	**4**	**251**	**4**	**27**	**19**	**514**

TABLE 3.6.2 - Total number of Employees (incl. Employees with disabilities & contracts) per Occupational Bands as at 31 March 2025

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	1	0	1	0	1	1	**4**
Senior Management	22	2	5	3	17	2	9	4	**64**
Professionally qualified and experienced specialists and mid-management	58	0	10	1	54	0	7	5	**135**
Skilled technical and academically qualified workers, junior management, supervisors	71	1	3	0	93	1	5	5	**179**
Semi-skilled and discretionary decision making	14	0	0	0	40	1	4	3	**62**
Unskilled and defined decision making	22	0	0	0	46	0	1	1	**70**
TOTAL	**187**	**3**	**19**	**4**	**251**	**4**	**27**	**19**	**514**

TABLE 3.6.3 – Recruitment (including contracts) for the period 01 April 2024 to 31 March 2025

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	**0**
Senior Management	3	0	0	1	3	0	1	0	**8**
Professionally qualified and experienced specialists and mid-management	5	0	0	0	5	0	1	0	**11**
Skilled technical and academically qualified workers, junior management, supervisors	11	0	0	0	15	0	0	0	**26**

Semi-skilled and discretionary decision making	3	0	0	0	11	1	0	0	**15**
Unskilled and defined decision making	2	0	0	0	2	0	0	0	**4**
TOTAL	**24**	**0**	**0**	**1**	**36**	**1**	**2**	**0**	**64**
Employees with Disabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

TABLE 3.6.4 - Promotions (permanent staff) for the period 01 April 2024 to 31 March 2025

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	**0**
Senior Management	0	0	0	0	0	0	0	0	**0**
Professionally qualified and experienced specialists and mid-management	1	0	0	0	0	0	0	0	**1**
Skilled technical and academically qualified workers, junior management, supervisors	4	0	0	0	2	0	0	0	**6**
Semi-skilled and discretionary decision making	2	0	0	0	0	0	0	0	**2**
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	**7**	**0**	**0**	**0**	**2**	**0**	**0**	**0**	**9**
Employees with Disabilitie	0	0	0	0	0	0	0	0	0

TABLE 3.6.5 – Terminations (permanent staff) for the period 01 April 2024 to 31 March 2025

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	**0**
Senior Management	0	1	0	1	0	0	0	0	**2**
Professionally qualified and experienced specialists and mid-management	2	0	0	0	2	0	0	1	**5**
Skilled technical and academically qualified workers, junior management, supervisors	3	0	0	0	4	0	0	0	**7**
Semi-skilled and discretionary decision making	0	0	0	0	1	0	0	0	**1**
Unskilled and defined decision making	0	0	0	0	1	0	0	0	**1**
TOTAL	**5**	**1**	**0**	**1**	**8**	**0**	**0**	**1**	**16**
Employees with Disabilities	0	0	0	0	0	0	0	0	0

TABLE 3.6.6 - Disciplinary Action for the period 01 April 2024 to 31 March 2025

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	2	0	0	0	1	0	0	0	**3**
TOTAL	**2**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**3**

TABLE 3.6.7 - Skills Development for the period 01 April 2024 to 31 March 2025

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	20	3	6	3	23	3	20	5	**83**
Professionals	140	0	25	0	178	0	23	9	**375**
Technicians and Associate Professionals	55	0	0	0	80	1	3	6	**145**
Clerks	15	0	0	0	33	1	3	3	**55**
Elementary Occupations	1	0	0	0	0	0	0	0	**1**
Employees with disabilities**	0	0	2	0	2	0	1	0	**5**
TOTAL	**231**	**3**	**33**	**3**	**316**	**5**	**50**	**23**	**664**

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

3.7 Signing of Performance Agreements by SMS Members

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

Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 May 2024

SMS Level	Total number of funded SMS posts	Total number of SM members	Total number of signed performance agreement	Signed performance agreements as % of total number of SMS members
Head of Department	1	1	1	100
Salary Level 15	3	3	3	100
Salary Level 14	9	9	9	100
Salary Level 13	56	47	47	100
Total	**69**	**60**	**60**	**100**

Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2024

Reasons
N/A

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2024

Steps Taken
N/A

3.8 Performance Rewards

No performance rewards were paid in the 2024/2025 reporting period. This is in line with the National 2019 Incentive Policy Framework for employees in the Public Service which stipulates that no performance rewards shall be paid after the 2020/2021 performance cycle. Based on NIL payments made, none of the prescribed tables have been completed.

3.9 Foreign Workers

TABLE 3.9.1 - Foreign Workers by Salary Band for the period 01 April 2024 to 31 March 2025

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

TABLE 3.9.2 - Foreign Workers by Major Occupation for the period 01 April 2024 to 31 March 2025

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

3.10. Leave Utilisation

TABLE 3.10.1 - Sick Leave for the period 1 January 2024 to December 2025

Salary Band	Total Days	% Days with medical Certification	Number of Employees using Sick Leave	% of Total employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Lower skills (level 1-2)	244	51.60	56	13.11	4.36	155.00
Skilled (levels 3-5)	327	66.35	58	13.58	5.64	359.00
Highly skilled production (levels 6-8)	617	66.30	94	22.01	6.56	1132.00
Highly skilled supervision (levels 9-12)	1055	68.50	170	39.81	6.21	3257.00
Top and Senior Management (levels 13-16)	270	76.80	49	11.48	5.51	1427.00
TOTAL	**2513**	**66.50**	**427**	**100.00**	**5.89**	**6330.00**

TABLE 3.10.2 - Disability Leave (Temporary and Permanent) for the period January 2024 to December 2024

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)
Lower skills (level 1-2)	10	100	1	8.30	10.00	8.00
Skilled (levels 3-5)	5	100	2	16.70	2.50	6.00
Highly skilled production (Levels 6-8)	45	100	4	33.30	11.25	74.00
Highly skilled supervision (Levels 9-12)	63	100	5	41.70	12.60	261.00
TOTAL	**123**	**100**	**12**	**100.00**	**10.25**	**349.00**

TABLE 3.10.3 - Annual Leave for the period 01 January 2024 to December 2024

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skills (level 1-2)	1212	91	13.32
Skilled (levels 3-5)	1156	77	15.01
Highly skilled production (levels 6-8)	2458	136	18.07
Highly skilled supervision (levels 9-12)	5205	241	21.60
Top and Senior Management (levels 13-16)	1643	73	22.51
TOTAL	**11674**	**618**	**18.89**

TABLE 3.10.4 - Capped Leave for the period 1 January 2024 to 31 December 2024

Salary band	Total days of capped leave taken	Number of Employees using Capped Leave	Average Number of Days Taken per Employees	Average Capped Leave per Employee as at 31 March 2025
Skilled (levels 3-5)	0	0	0	0
Highly skilled production (levels 6-8)	5	1	5	21 (233 days / 11 employees)
Highly skilled supervision (levels 9-12)	0	0	0	27 (351 days / 13 employees)
Top and Senior Management (levels 13-16)	0	0	0	40 (241 days / 6 employees)
TOTAL	**5**	**1**	**5**	**28** (825 days / 30 employees)

TABLE 3.10.5 - Leave Pay-outs (Estimated) for the period 01 April 2024 to 31 March 2025

Reason	Total amount (R'000)	Number of employees	Average per employee (R)
Leave payout for 2024/25 due to non-utilization of leave for the previous cy	0.00	0	0
Capped leave payouts on termination of service for 2024/25	487.00	1	487 000.00
Current leave payout on termination of service for 2024/25	354.00	10	69 417.00
TOTAL	**841.00**		

3.11 HIV/AIDS & Health Promotions Programmes

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

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

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

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mrs. Kogie Chetty: Director: Human Resources
2. Does the department have a dedicated unit, or have you designated specific staff members to promote the 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 EHW Sub Directorate, that reports directly to the Director: HRM. The Unit comprises of two employees, a Deputy Director (SL11) and a Practitioner (SL7). The annual EHW budget is R245 000,00 for the implementation of Wellness programmes.

3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	X		Assessment of cases, & Professional Counselling services is rendered to cases, and cases are externally referred for extensive intervention if necessary. Wellness Clinic services are offered to employees twice a month which is aimed at managing Chronic Diseases to ensure health and productivity. Healthy lifestyle promotions through articles with educational information and fitness sessions are also arranged.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholders that they represent.	X		The Department has an established GPSSBC Departmental task team and an internal HR Forum which serves as the committee to monitor, discuss and evaluate all HR processes including the Employee Health and Wellness Program. The Committees are chaired by the CD: Corporate Services and the Director: HRM, respectively, and have 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 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 guide all processes and specifically address 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 employee's HIV status. The unit also facilitates awareness campaigns on issues of stigma, HIV prevention and management as well as issues relating to adherence to treatment and the inclusion of a disciplinary clause on the HIV, AIDS & TB Management policy in case a discriminatory act is committed. Availability of an onsite Wellness clinic as well as quarterly GEMS HCT campaigns are strategies for prevention where employees are encouraged to know their status for early detection and better management of the disease and a way of dealing with stigma as all employees are encouraged to use the clinic, not just the HIV positive employees as a means to provide treatment, care and support for all employees including those that are infected and affected by HIV&AIDS.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X X		Employees have access to the Departmental Wellness Clinic twice a month, and GEMS also renders the HTC services to employees twice a year verses quarterly as was previously allowed in the Province. The changes have had a negative impact on the number of employees testing as it’s not increasing as expected. There has been a slight decrease in employees that tested HIV positive, hence the intensification of HCT to prevent new infections seems to be working.

8.Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	X X		Annual HR client satisfaction surveys which include EHW 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 EHW has been rated good.

3.12 Labour Relations

Table 3.12.1 Collective agreements for the period 1 April 2024 and 31 March 2025

Subject Matter	Date
None	n/a

TABLE 3.12.2 - Misconduct and Discipline Hearings Finalised for the period 01 April 2024 to 31 March 2025

Outcomes of disciplinary hearings	Number	% of total
Dismissal	3	100
TOTAL	**3**	**100**

TABLE 3.12.3 - Types of Misconduct Addressed and Disciplinary Hearings for the period 01 April 2024 to 31 March 2025

Type of misconduct	Number	% of total
Non-disclosure of critical information during recruitment stage	1	33.33
Excessive Absenteeism/abscondment	2	66.66
TOTAL	**3**	**100**

TABLE 3.12.4 - Grievances Lodged for the period 01 April 2024 to 31 March 2025

Grievances	Number	% of total
Number of grievances resolved	5	100%
Number of grievances not Resolved – still in progress	0	0%
TOTAL	**5**	**100**

TABLE 3.12.5 - Disputes Lodged Councils for the period 01 April 2024 to 31 March 2025

Type of dispute	Number	% of Total
Number of disputes upheld	0	0%
Number of disputes dismissed	0	0%
Number of disputes still in progress	0	0%
TOTAL	**0**	**0%**

TABLE 3.12.6 - Strike Actions for the period 01 April 2024 to 31 March 2025

Total number of persons working days lost	2
Total costs working days lost	R2 882.97
Amount recovered as a result of no work no pay (0'000)	R2 882.97

TABLE 3.12.7 - Precautionary Suspensions for the period 01 April 2024 to 31 March 2025

Number of people suspended	One
Number of people whose suspension exceeded 30 days	One
Average number of days suspended	52
Cost of suspension (0'000)	R35 771.84

3.13 Skills Development

TABLE 3.13.1 - Training Needs identified for the period 01 April 2024 to 31 March 2025

Occupational Category	Gender	Number of Employees at Beginning of Period (1 Apr 24)	Training needs identified at the start of the period			
			Learnership	Skills Prog & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	33	0	35	0	**35**
Legislators, senior officials and managers	Male	33	0	28	0	**28**
Professionals	Female	119	0	116	1	**117**
Professionals	Male	103	0	32	0	**32**
Technicians and associate professionals	Female	75	0	10	1	**11**
Technicians and associate professionals	Male	48	0	7	1	**8**
Clerks	Female	41	0	8	0	**8**
Clerks	Male	15	0	3	0	**3**
Elementary occupations	Female	38	0	0	0	**0**
Elementary occupations	Male	20	0	2	0	**2**
Gender sub totals	Female	306	0	169	2	**0**
Gender sub totals	Male	219	0	72	1	**0**
TOTAL		**525**	**0**	**241**	**3**	**244**

TABLE 3.13.2 - Training Provided for the period 01 April 2024 to 31 March 2025

Occupational Category	Gender	Number of Employees at Beginning of period	Training provided within the reporting period			
			Learnership	Skills Programmes & other short courses	Other Forms of training	Total
Legislators, senior officials and manage	Female	33	0	51	0	**51**
Legislators, senior officials and manage	Male	33	0	32	0	**32**
Professionals	Female	119	0	208	2	**210**
Professionals	Male	103	0	164	3	**167**
Technicians and associate professionals	Female	75	0	89	1	**90**
Technicians and associate professionals	Male	48	0	53	2	**55**
Clerks	Female	41	0	43	0	**43**
Clerks	Male	15	0	15	0	**15**
Elementary occupations	Female	38	0	0	0	**0**
Elementary occupations	Male	20	0	1	0	**1**
Gender sub totals	Female	306	0	391	3	**0**

Gender sub totals	Male	219	0	265	5	**0**
TOTAL		**525**	**0**	**656**	**8**	**656**

3.14 Injury on Duty

TABLE 3.14.1 - Injury on Duty for the period 01 April 2024 to 31 March 2025

Nature of injury on duty	Number	% of total
Required basic medical attention only	1	100.00
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
TOTAL	**1**	**100.00**

3.15 Utilisation of Consultants

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

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

(a) The rendering of expert advice;

(b) The drafting of proposals for the execution of specific tasks; and

(c) The execution of a specific task which is of a technical or intellectual nature but excludes an employee of a department.

*Table 3.15.1 Report on consultant appointments using appropriated funds for the period **1 April 2024 and 31 March 2025***

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand	000
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	One Consultant	200 hours	236 900,00	237
Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	One Consultant	140 hours	170 568,00	171
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	One Consultant	200 hours	236 900,00	237
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	One Consultant	200 hours	236 900,00	237
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	One Consultant	200 hours	236 900,00	237
Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	One Consultant	144 hours	170 568,00	171
Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	One Consultant	144 hours	170 568,00	171

Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	One Consultant	144 hours	170 568,00	171
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	One Consultant	200 hours	236 900,00	237
Appointment Of Municipal Financial Management Support Resources-Financial Management Support	One Consultant	960 hours	1 137 120,00	1 137
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	971 520,00	972
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	1 589 760,00	1590
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	1 589 760,00	1590
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	3 753 600,00	3754
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	1 589 760,00	1590
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	971 520,00	972
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	971 520,00	972
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	1 589 760,00	1590
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	971 520,00	972
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	971 520,00	972
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	971 520,00	972
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	971 520,00	972
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	One Consultant	1920 hours	971 520,00	972
Capacity Support to The KZN Department of Health for The Preparation documentation: design &build Procurement strategy using latest Nec Contract	Firm Appointment	Firm Appointment	2 500 000,00	2500
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	One Consultant	200 hours	236 900,00	237
Appointment Of Senior Resource -Review of Municipal Financial Statements	One Consultant	200 hours	236 900,00	237
Appointment Of Service Provider to Conduct the Computer Network Penetration Testing at The Department of Economic Development, Tourism, and Environmental	Firm Appointment	Two (2) Months	307 764,60	308

Appointment Of Service Provider to Conduct an Audit on Asset Management at The KZN Department of Education	Firm Appointment	Three (3) Months	392 770,00	393
Appointment Of the Service Provider to Conduct Audit on Supply Chain Management at The Department of Education	Firm Appointment	Three (3) Months	468 875,00	469
Appointment Of Service Provider to Conduct Audit on Performance Information at the DOE	Firm Appointment	Three (3) Months	357 164,00	357
Appointment Of Service Provider to Conduct the Computer Network Vulnerability Assessment: Department of Sport, Arts & Culture	Firm Appointment	Two (2) Months	222 839,40	223
Appointment Of Service Provider to Conduct the Computer Network testing At the Department of Education	Firm Appointment	Two (2) Months	307 764,60	308
Appointment Of Service Provider to Conduct the Computer Network Penetration testing At the DSD	Firm Appointment	One (1) Month)	307 764,60	308
Appointment Of Service Provide Conduct an Audit on Risk Management at the DOE	Firm Appointment	One (1) Month)	212 678,00	213
Variation: Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	One Consultant	144 hours	18 952,00	19
Variation: Appointment: KZN Department of Sports, Art, and Culture: Asset Management Support	One Consultant	840 hours	104 328,00	104
Appointment As a Member of The Technical Evaluation Committee for The Evaluation of Bids for A Single Resource from The KZN Treasury Infrastructure Capacity Support Team Panel for A 12-Month Secondment at The Ezemvelo KZN Wildlife	Firm Appointment	12 Months	1 350 000,00	1 350
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months (Intermediate Resource)	One Consultant	12 Months	1 589 760,00	1 590
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months (Intermediate Resource)	One Consultant	12 Months	1 589 760,00	1 590
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months (Intermediate Resource)	One Consultant	12 Months	1 589 760,00	1 590
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months (Senior Resource)	One Consultant	12 Months	2 274 240,00	2 274
Variation: Appointment of Municipal Financial Management Support Resources-Financial Management Support	One Consultant	960 hours	170 568,00	171
Appointment Of Service Provider for Technical Support For uMzinyathi District Municipality Sustainable Infrastructure.	Firm Appointment	Three (3) Months	800 000,00	800
Appointment Of LDM Quantity Surveyors DBN (PTY) LTD For Streamlining Infrastructure Data Management in Selected Provincial Departments	Firm Appointment	Six (6) Months	600 000,00	600
Appointment Of Service Provider for The Execution of The Audit on Cloud Computing	Firm Appointment	Six (6) Months	600 000,00	600

Governance and Security at The Department of Education				
Appointment Of Service Provider for Execution of The Review Audit Of S& T Expenditure at The Department of Community Safety and Liaison (DCSL)	Firm Appointment	Three (3) Months	478 400,00	478
Appointment Of Service Provider for The Execution of The Audit on IT Service Management at The Department of Human Settlements	Firm Appointment	Three (3) Months	233 450,80	233
Appointment Of Service Provider for Execution of The Audit on IT Governance at The KZN Office Of the Premier	Firm Appointment	Three (3) Months	233 450,80	233
Appointment Of Service Provider for The Execution of The Audit on Legitimate System Application Controls and Related Processes at The Department of Transport	Firm Appointment	Three (3) Months	563 527,80	564
Variation: Appointment of Service Provider to defend, provide legal advice, monitor, and support the department, and to oppose Tour vest Travel service application, and to respond to their application.	Firm Appointment	Firm Appointment	1 000 000,00	1 000
Appointment Of Service Provider for Performance of The Interim Financial Statements at The Department of Cooperative Governance and Traditional Affairs	Firm Appointment	Three (3) Months	353 694,00	354
Appointment Of Resources to Be Deployed at KwaZulu-Natal Department of Transport Supply Chain Management Unit for A Period Of Twelve (12) Months	Firm Appointment	12 Months	1 589 760,00	1 590
Appointment of Senior Resource to Provide Financial Management Support selected municipalities	One Consultant	960 hours	1 137 120,00	1 137
Appointment Of Service Provider for MSCOA Advisor to Support Various KZN Municipalities	One Consultant	1080 hours	1 279 260,00	1 279
Appointment Of Service Provider for MSCOA Project Manager to Support Various KZN Municipalities	One Consultant	1080 hours	2 111 400,00	2 111
Appointment of Senior Resources to Provide Financial Management Support	One Consultant	960 hours	1 137 120,00	1 137
Appointment of Senior Resources to Provide Financial Management Support	One Consultant	960 hours	1 137 120,00	1 137
Appointment Of Service Provider for Provision of Professional Valuation Services to Department of Public Works and Infrastructure For A Period Of Twelve Months	Firm Appointment	12 Months	1 600 000,00	1 600

*Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period **1 April 2024 and 31 March 2025***

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	100%	100%	1
Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	100%	100%	1
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	100%	100%	1
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	100%	100%	1
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	100%	100%	1
Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	100%	100%	1
Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	25%	11,81%	1
Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	25%	11,81%	1
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	25%	11,81%	1
Appointment Of Municipal Financial Management Support Resources-Financial Management Support	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1

Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	15%	15%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months	100%	100%	1
Capacity Support to The KZN Department of Health for The Preparation Of P	100%	100%	1
Appointment Of Senior Resource- Review of Municipal Annual Financial Statements	100%	100%	1
Appointment Of Senior Resource -Review of Municipal Financial Statements	100%	100%	1
Appointment Of Service Provider to Conduct the Computer Network Penetration Testing at The Department of Economic Development, Tourism, and Environmental	30,50%	42,90%	1
Appointment Of Service Provider to Conduct an Audit on Asset Management at The KZN Department of Education	100%	100%	1
Appointment Of the Service Provider to Conduct Audit on Supply Chain Management at The Department of Education	100%	100%	1
Appointment Of Service Provider to Conduct Audit on Performance Information at The Department of Education	100%	100%	1
Appointment Of Service Provider to Conduct the Computer Network Vulnerability Assessment: Department of Sport, Arts & Culture	25%	11,81%	1
Appointment Of Service Provider to Conduct the Computer Network testing At the Department of Education	30%	30%	1
Appointment Of Service Provider to Conduct the Computer Network Penetration testing At the Department of Social Development	30%	30%	1
Appointment Of Service Provider to Conduct an Audit on Risk Management at The Department of Education	100%	100%	1
Variation: Appointment Of Senior Resource to Conduct Post Implementation Assessment of AFS Review Conducted in Prior Year.	100%	100%	1
Variation: Appointment: KZN Department of Sports, Art, and Culture: Asset Management Support	25%	11,81%	1
Appointment As a Member of The Technical Evaluation Committee for The Evaluation of Bids for A Single Resource from The KZN Treasury Infrastructure Capacity Support Team Panel for A 12-Month Secondment At The Ezemvelo KZN Wildlife	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months (Intermediate Resource)	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for	100%	100%	1

A Period of Twelve (12) Months (Intermediate Resource)			
Appointment Of Resources to be deployed at the KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months (Intermediate Resource)	100%	100%	1
Appointment Of Resources to be deployed at KwaZulu-Natal Department of Transport SCM Unit for A Period of Twelve (12) Months (Senior Resource)	100%	100%	1
Variation: Appointment Of Municipal Financial Management Support Resources-Financial Management Support	100%	100%	1
Appointment Of Service Provider for Technical Support For uMzinyathi District Municipality Sustainable Infrastructure.	100%	100%	1
Appointment Of LDM Quantity Surveyors DBN (PTY) LTD For Streamlining Infrastructure Data Management in Selected Provincial Departments	91%	67%	1
Appointment Of Service Provider for The Execution of The Audit on Cloud Computing Governance and Security at The Department of Education	100%	100%	1
Appointment Of Service Provider for Execution of The Review Audit Of S& T Expenditure at The Department of Community Safety and Liaison (DCSL)	100%	100%	1
Appointment Of Service Provider for The Execution of The Audit on IT Service Management at The Department of Human Settlements	100%	100%	1
Appointment Of Service Provider for Execution of The Audit on IT Governance At The KZN Office Of The Premier	100%	100%	1
Appointment Of Service Provider for The Execution of The Audit On Legitimate System Application Controls And Related Processes At The Department Of Transport	100%	100%	1
Variation: Appointment of Service Provider to defend, provide legal advice, monitor, and support the department, and to oppose Tour vest Travel service application, and to respond to their application.	100%	100%	1
Appointment Of Service Provider for Performance of The Interim Financial Statements at The Department of Cooperative Governance and Traditional Affairs	100%	100%	1
Appointment Of Resources to Be Deployed at KwaZulu-Natal Department of Transport Supply Chain Management Unit for A Period of Twelve (12) Months	100%	100%	1
Appointment of Senior Resource to Provide Financial Management Support selected municipalities	100%	100%	1
Appointment Of Service Provider for MSCOA Advisor to Support Various KZN Municipalities	100%	100%	1
Appointment Of Service Provider for MSCOA Project Manager to Support Various KZN Municipalities	100%	100%	1
Appointment of Senior Resources to Provide Financial Management Support	100%	100%	1
Appointment of Senior Resources to Provide Financial Management Support	100%	100%	1
Appointment Of Service Provider for Provision of Professional Valuation Services to Department of Public Works and Infrastructure For A Period Of Twelve Months	100%	100%	1

3.16 Severance Packages

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

5 PART E:
PFMA COMPLIANCE REPORT

5.1 INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL, UNAUTHORISED EXPENDITURE AND MATERIAL LOSSES.

5.1.1 Irregular Expenditure

(a) Reconciliation of Irregular Expenditure

Irregular Expenditure	2024/2025 R'000	2023/2024 R'000
Opening Balance	0	0
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: Irregular expenditure confirmed	267	0
Less: Irregular expenditure condoned	-267	0
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	**0**	**0**

An irregular expenditure transaction was identified due to non-compliance with normal supply chain management processes in the appointment of the service provider. This expenditure was confirmed and condoned in the current year after the determination and assessment process.

Reconciling Notes

Description	2024/2025 R'000	2023/2024 R'000
Irregular expenditure that was under assessment	0	0
Irregular expenditure that relates to prior year and identified in the current year	0	0
Irregular expenditure for the current year	267	0
TOTAL	**267**	0

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

Description	2024/2025 R'000	2023/2024 R'000
Irregular Expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	0
TOTAL	**0**	**0**

Include discussion here where deemed relevant

(c) Details of irregular expenditure condoned

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure condoned	267	0
TOTAL	**267**	**0**

Include discussion here where deemed relevant

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

Description	2024/2025	2023/2024
	R'000	R'000
Irregular Expenditure NOT condoned or removed	0	0
TOTAL	**0**	**0**

Include discussion here where deemed relevant

(e) Details of irregular expenditure recoverable

Description	2024/2025	2023/2024
	R'000	R'000
Irregular Expenditure recoverable	0	0
TOTAL	**0**	**0**

Include discussion here where deemed relevant

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

Description	2024/2025	2023/2024
	R'000	R'000
Irregular Expenditure written off	0	0
TOTAL	**0**	**0**

Include discussion here where deemed relevant

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

Description
Not applicable
TOTAL
Include discussion here where deemed relevant

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

Description	2024/2025	2023/2024
	R'000	R'000
	0	0
	0	0
	0	0
TOTAL	**0**	**0**

Include discussion here where deemed relevant

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

Description
Consequence management was implemented. One of the officials was dismissed and a warning letter was issued to the other official

Fruitless and wasteful expenditure

(a) Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	0	0
Adjustment to opening balance	0	0
Opening balance restated	0	0
Add: Fruitless and wasteful expenditure confirmed	29	40
Less: Fruitless and wasteful expenditure recoverable	2	0
Less: Fruitless and wasteful expenditure not recoverable and written off	27	40
Closing balance	**-**	**-**

The amount of R29 000 fruitless and wasteful was identified and confirmed in the current year. There is no fruitless and Wasteful carried forward to the following year

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and Fruitless and wasteful expenditure that was under assessment	0	0
Fruitless and Fruitless and wasteful expenditure that relates to prior year and identified in the current year	0	0
Fruitless and wasteful expenditure for the current year	29	40
TOTAL	**29**	**40**

An amount of R27 000 was wasteful off and balance was recovered.

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

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under determination	0	0
TOTAL	**0**	**0**

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

(c) Details of fruitless and wasteful expenditure recoverable

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure recoverable	2	0
TOTAL	**2**	**0**

Only R2k was recovered in the current year.

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

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful written off	27	40
TOTAL	**27**	**40**

Ony R27k was written off in the current year.

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

Description
N/A

5.1.2 Unauthorised Expenditure

N/A

5.2 INFORMATION ON LATE AND /OR NON-PAYMENT OF SUPPLIERS

Description	Number of Invoices	Consolidated Value R'000
Valid Invoices received	3 172	572 575
Invoices paid within 30 days or agreed period	3 168	572 539
Invoice paid after 30 days or agreed period	4	36
Invoices older than 30 days or agreed period (unpaid and without dispute)	-	-
Invoices older than 30 days or agreed period (unpaid and in dispute)	-	-

The late payment of invoices was mainly due to delays in the approval of invoices by line function managers who receive invoices directly.

5.3 INFORMATION ON SUPPLY CHAIN MANAGEMENT

Procurement by other means

CONTRACT VARIATION AND EXPANSION – DEVIATION

Project description	Name of supplier	Contract modifica-tiontype (Expansio nor Variation)	Contract number	Original contract value	Value of previous contract expan-sion/sor variation/s (if applica-ble)	Value of current contract expan- sion orvariation
				R'000	R'000	R'000
To provide immovable Asset Support to the KZN Department ofPublic Works	Sizayo Business Services (Pty) Ltd	Variations	PT063738	1 818	NIL	198
To provide immovable Asset Support to the KZN Department ofPublic Works	Nxasana Accountingand tax Services	Variations	PT063744	745	NIL	104
To provide immovable Asset Support to the KZN Department ofPublic Works	Invictus Consulting	Variations	PT063737	745	NIL	104
Printing of 2022/2023 ProvincialBudget Speech	Nu-Print	Variations	PT064173	10	NIL	3
To provide assistance in SCM unit with the provisioning of goods and services	Workforce	Variations	PT063895	381	NIL	307
To provide Financial Management Support to the KZN Department of Transport	Rakoma and Asso-ciates	Variations	PT063801	1 325	NIL	199
To Provide Infrastructure Related Support At Department Of Education	Rakoma and Asso-ciates	Variations	PT063932	1 103	NIL	165

To provide Financial Management Support to the KZN Department of Transport	Invictus Consulting	Variations	PT 063834	1325	NIL	199
To provide mSCOA support at KZN Municipalities.	G&G Chartered Accountants Inc	Variations	PT063778	2 274	NIL	341
To provide legal advice on Afrisun KZN (Pty) Ltd T/A Sibaya Casino and Entertainment Kingdom / KwaZulu-Natal Gaming and Bet- ting Board & the MEC for Finance,KwaZulu-Natal Province (Case No. 331522P)	PKX Attorneys	Variations	PT064252	500	NIL	300

5.3.1 Information on Official Vehicles for Members of the Executive and Legislatures

Information on Official Vehicles for Members of the Executive and Legislatures (MoE)	Number of vehicles	2025/26 R'000	2024/25 R'000
Opening Balance: Existing MoE vehicles provided for official use by the department	**2**	**1 325**	**1 325**
- Leased		-	-
- Outright purchase	**2**	**1 325**	1 325
Add: Additions: Official Vehicles procured for MoE in the current financial year	**-**	**-**	**-**
- Leased	-	-	-
- Outright purchase	-	**-**	-
Less: Disposals: MoE vehicles disposed of during the current financial year	**-**	**-**	**-**
- Leased	-	-	-
- Outright purchase		**-**	
Total	**2**	**1 325**	**1 325**

Details of the vehicles- :

1) Golf GTI 8.2 TSI 180 KW DSG , purchase date 15/03/2023 for an amount of R788 000
2) AUDI A4 SEDAN, purchase date 15/03/2023 for an amount of R537 000

6 PART F: FINANCIAL INFORMATION

6.1 REPORT OF THE AUDITOR-GENERAL

6.1.1 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 **217** which comprise the appropriation statement, statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the provincial treasury as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standards (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

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

Emphasis of matter

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

An uncertainty relating to the future outcome of contingent liabilities

7. As disclosed in note 17 to the financial statements, the department is the defendant in a lawsuit relating to the taxation of gross gaming revenue. The department is opposing the claim. The ultimate outcome of the matter could not be determined, and no

provision for any liability that may result was made in the financial statements. This matter was also reported in the prior year.

Responsibilities of the accounting officer for the financial statements

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

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

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

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

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

Report on the audit of the annual performance report

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected programmes presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

13. I selected the following programmes presented in the annual performance report for the year ended 31 March 2025 for auditing. I selected programmes that measure the

department's performance on its primary mandated functions and that are of significant national, community or public interest.

Programme	Page number	Purpose
Sustainable resource management	[83 - 87]	Manage, maintain and monitor the fiscal sustainability of the province and support improved and sustainable infrastructure delivery
Municipal finance management	[97 - 100]	Provide oversight, technical support and guidance to delegated municipalities

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

15. I performed procedures to test whether:

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

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

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

Other matter

18. I draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under-achievements.

Report on compliance with legislation

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

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

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

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

Other information in the annual report

24. The accounting officer is responsible for the other 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 on in this auditor's report.

25. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report, and I do not express an audit opinion or any form of assurance conclusion on it.

26. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

27. 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

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

29. I did not identify any significant deficiencies in internal control.

Auditor-General

Pietermaritzburg

25 July 2025

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

on the information available to me at the date of this auditor's report. However, future events or conditions may cause a department to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 1; 38(1)(b); 38(1)(c)(i); 38(1)(c)(ii); 38(1)(d); 38(1)(f); 38(1)(h)(iii); 39(1)(a); 39(2)(a); 40(1)(a); 40(1)(b); 40(1)(c)(i); 43(1); 43(4); 44; 45(b)
Treasury Regulations, 2005	Regulations 4.1.1; 4.1.3; 5.1.1; 5.2.1; 5.2.3(a); 5.2.3(d); 5.3.1; 6.3.1(a); 6.3.1(b); 6.3.1(c); 6.3.1(d); 6.4.1(b); 7.2.1; 8.1.1; 8.2.1; 8.2.3; 8.4.1; 9.1.1; 9.1.4; 10.1.1(a); 10.1.2; 11.4.1; 11.4.2; 11.5.1; 12.5.1; 15.10.1.2(c); 16A3.2; 16A3.2(a); 16A6.1; 16A6.2(a); 16A6.2(b); 16A6.3(a); 16A6.3(b); 16A 6.3(e); 16A6.4; 16A6.5; 16A6.6; 16A7.1; 16A7.3; 16A7.6; 16A8.3; 16A8.4; 16A9.1(b)(ii); 16A 9.1(d); 16A 9.1(e); 16A9.1(f); 16A9.2; 16A9.2(a)(ii); 17.1.1; 18.2; 19.8.4
Division of Revenue Act 24 of 2024	Section 11(6)(a); 12(5); 16(1); 16(3); 16(3)(a)(i); 16(3)(a)(ii)(bb)
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3

Legislation	Sections or regulations
Second Amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulation, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulation, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Public Service Regulations, 2016	Regulation 18(1); 18(2); 25(1)(e)(i); 25(1)(e)(iii)
State Information Technology Agency Act 88 of 1998	Section 7(3)

6.2 ANNUAL FINANCIAL STATEMENTS

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

ANNUAL FINANCIAL STATEMENTS FOR KZN PROVINCIAL TREASURY

For the year ended 31 March 2025

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APPROPRIATION STATEMENT
for the year ended 31 March 2025

Appropriation per programme

	2024/25							2023/24	
	Approved Budget	**Shifting of Funds**	**Virement**	**Final Budget**	**Actual Expenditure**	**Variance**	**Expenditure as % of final budget**	**Final Budget**	**Actual Expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
Programme									
1. ADMINISTRATION	212 335	-	(409)	211 926	201 132	10 794	94,9%	225 211	221 167
2.SUSTAINABLE RESOURCE MANAGEMENT	46 714	-	(873)	45 841	43 994	1 847	96,0%	52 922	50 399
3. FINANCIAL GOVERNANCE	232 438	-	4 359	236 797	228 312	8 485	96,4%	214 319	213 075
4. INTERNAL AUDIT	97 924	-	1 213	99 137	94 043	5 094	94,9%	101 470	99 759
5. MUNICIPAL FINANCE MANAGEMENT	71 313	-	(4 290)	67 023	66 822	201	99,7%	69 988	68 590
TOTAL	**660 724**	**-**	**-**	**660 724**	**634 303**	**26 421**	**96,0%**	**663 910**	**652 990**

ADD						
Departmental receipts	119 613				138 884	
NRF Receipts	-				-	
Aid assistance						
Actual amounts per statement of financial performance (Total revenue)	**780 337**				**802 794**	
ADD						
Aid assistance	-					
Prior year unauthorised expenditure approved without funding	-				-	
Actual amounts per statement of financial performance (Total expenditure)		**634 303**				**652 990**

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Appropriation per economic classification									
	2024/25							2023/24	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic classification									
Current payments	**641 552**	**-**	**-**	**641 552**	**618 261**	**23 291**	**96,4%**	**643 185**	**635 238**
Compensation of employees	374 204	-	(2 594)	371 610	361 765	9 845	97,4%	348 630	345 398
Goods and services	267 345	-	2 594	269 939	256 493	13 446	95.0%	294 428	289 840
Interest and rent on land	3	-	-	3	3	-	100%	127	-
Transfers and subsidies	**5 123**	**-**	**-**	**5 123**	**4 595**	**528**	**89,7%**	**5 084**	**4 513**
Provinces and municipalities	1 050		(10)	1 040	1 021	19	98.2%	31	31
Departmental agencies and accounts	3	-	-	3	3	-	100%	3	3
Public corporations and private enterprises	45	-	-	45	45	-	100%	40	40
Non-profit institutions	1 291	-	10	1 301	1 117	184	85,9%	1 605	1 506
Households	2 734	-	-	2 734	2 409	325	88.1%	3 405	2 933
Payments for capital assets	**12 044**	**-**	**-**	**12 044**	**9 466**	**2 578**	**78,6%**	**15 471**	**13 069**
Machinery and equipment	12 044	-	-	12 044	9 466	2 578	78,6%	15 389	12 987
Software and other intangible assets	-	-	-	-	-	-	-	82	82
Payments for financial assets	**2 005**	**-**	**-**	**2 005**	**1 981**	**24**	**98.8%**	**170**	**170**
Total	**660 724**	**-**	**-**	**660 724**	**634 303**	**26 421**	**96.0%**	**663 910**	**652 990**

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme 1: ADMINISTRATION

	2024/25							2023/24	
	Approved Budget	**Shifting of Funds**	**Virement**	**Final Budget**	**Actual Expenditure**	**Variance**	**Expenditure as % of final Budget**	**Final Budget**	**Actual expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
Sub programme									
1. OFFICE OF THE MEC	27 254	-	(81)	27 173	24 732	2 441	91,0%	36 269	35 876
2. MANAGEMENT SERVICES (HOD)	14 365	-	85	14 450	13 756	694	95,2%	12 520	12 371
3. FINANCIAL MANAGEMENT (CFO)	33 891	-	361	34 252	32 833	1 419	95,9%	32 841	32 837
4. CORPORATE SERVICES	136 825	-	(774)	136 051	129 811	6 240	95,4%	143 581	140 083
Total for sub programmes	**212 335**	**-**	**(409)**	**211 926**	**201 132**	**10 794**	**94,9%**	**225 211**	**221 167**
Economic classification									
Current payments	**200 793**	**-**	**(336)**	**200 457**	**191 708**	**8 749**	**95,6%**	**211 152**	**209 169**
Compensation of employees	101 523	-	(202)	101 321	98 983	2 338	97,7%	103 530	102 347
Goods and services	99 267	-	(134)	99 133	92 722	6 411	93.5%	107 622	106 822
Interest and rent on land	3	-	-	3	3	-	100.0%	-	-
Transfers and subsidies	**4 123**	**-**	**(56)**	**4 067**	**3 569**	**498**	**87,8%**	**4 439**	**3 911**
Provinces and municipalities	1 050	-	(10)	1 040	1 021	19	98,2%	31	31
Departmental agencies and accounts	3	-	-	3	3	-	100,0%	3	3
Public corporations and private enterprises	45	-	-	45	45	-	100.0%	40	40
Non-profit institutions	1 291	-	10	1 301	1 117	184	85.9%	1 578	1 479
Households	1 734	-	(56)	1 678	1 383	295	82.4%	2 787	2 358
Payments for capital assets	**6 236**	**-**	**(17)**	**6 219**	**4 675**	**1 544**	**75.2%**	**9 547**	**8 014**
Buildings and other fixed structures									
Machinery and equipment	6 236	-	(17)	6 219	4 675	1 544	75.2%	9 465	7 932
Software and other intangible assets	-	-	-	-	-	-	-	82	82
Payments for financial assets	**1 183**	**-**	**-**	**1 183**	**1 180**	**3**	**99.7%**	**73**	**73**
Total	**212 335**		**(409)**	**211 926**	**201 132**	**10 794**	**94,9%**	**225 211**	**221 167**

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme 2: SUSTAINABLE RESOURCE MANAGEMENT

	2024/25							2023/24	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. PROGRAMME SUPPORT	3 539	-	7	3 546	3 545	1	100,0%	3 330	3 271
2. ECONOMIC ANALYSIS	21 305	-	(823)	20 482	20 286	196	99,0%	27 761	26 323
3. PUBLIC FINANCE	17 645	-	(176)	17 469	15 990	1 479	91,5%	17 511	16 652
4. PUBLIC PRIVATE PARTNERSHIP	4 225	-	119	4 344	4 173	171	96,1%	4 320	4 153
Total for sub programmes	**46 714**	**-**	**(873)**	**45 841**	**43 994**	**1 847**	**96,0%**	**52 922**	**50 399**
Economic classification									
Current payments	**45 939**	**-**	**(877)**	**45 062**	**43 314**	**1 748**	**96.1%**	**52 259**	**49 846**
Compensation of employees	40 681	-	(33)	40 648	39 127	1 521	96,3%	38 301	36 756
Goods and services	5 258	-	(844)	4 414	4 187	227	94.9%	13 958	13 090
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**41**	**-**	**4**	**45**	**45**	**-**	**100.0%**	**28**	**27**
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	41	-	4	45	45	-	100.0%	28	27
Payments for capital assets	**734**	**-**	**-**	**734**	**635**	**99**	**86.5%**	**635**	**526**
Machinery and equipment	734	-	-	734	635	99	86.5%	635	526
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**46 714**		**(873)**	**45 841**	**43 994**	**1 847**	**96.0%**	**52 922**	**50 399**

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme 3: FINANCIAL GOVERNANCE

	2024/25							2023/24	
	Approved Budget	**Shifting of Funds**	**Virement**	**Final Budget**	**Actual Expenditure**	**Variance**	**Expenditure as % of final budget**	**Final Budget**	**Actual expenditure**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
Sub programme									
1. PROGRAMME SUPPORT	6 188	-	(40)	6 148	6 064	84	98,6%	5 773	5 624
2. ASSETS & LIABILITIES MANAGENT	22 939	-	4 207	27 146	26 548	598	97,8%	22 826	22 523
3. SUPPLY CHAIN MANAGEMENT	41 944	-	559	42 503	42 246	257	99.4%	40 638	40 412
4. ACCOUNTING SERVICES	31 346	-	(681)	30 665	29 448	1 217	96.0%	18 992	18 939
5. NORMS AND STANDARDS	6 438	-	795	7 233	6 910	323	95.5%	6 840	6 715
6.SUPPORT AND INTERLINKED FINANCIAL SYSTEM	123 583	-	(481)	123 102	117 096	6 006	95.1%	119 250	118 862
Total for sub programmes	**232 438**	**-**	**4 359**	**236 797**	**228 312**	**8 485**	**96,4%**	**214 319**	**213 075**
Economic classification									
Current payments	**228 868**	**-**	**3 799**	**232 667**	**225 133**	**7 534**	**96,8%**	**210 992**	**210 372**
Compensation of employees	96 792	-	(1 143)	95 649	94 342	1 307	98,6%	79 819	79 693
Goods and services	132 076	-	4 942	137 018	130 791	6 227	95,5%	131 046	130 679
Interest and rent on land	-	-	-	-	-	-	-	127	-
Transfers and subsidies	**950**	**-**	**(4)**	**946**	**916**	**30**	**96.8%**	**496**	**487**
Non-profit institutions	-	-	-	-	-	-	-	27	27
Households	950	-	(4)	946	916	30	96.8%	469	460
Payments for capital assets	**1 798**	**-**	**564**	**2 362**	**1 462**	**900**	**61.9%**	**2 770**	**2 155**
Machinery and equipment	1 798	-	564	2 362	1 462	900	61.9%	2 770	2 155
Payments for financial assets	**822**	**-**	**-**	**822**	**801**	**21**	**97.4%**	**61**	**61**
Total	**232 438**	**-**	**4 359**	**236 797**	**228 312**	**8 485**	**96.4%**	**214 319**	**213 075**

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APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme 4: INTERNAL AUDIT									
	2024/25							2023/24	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. PROGRAMME SUPPORT	6 344	-	(4)	6 340	5 414	926	85,4%	4 087	3 886
2. ASSURANCE SERVICES	69 317	-	1 163	70 480	66 644	3 836	94,6%	72 763	71 359
3. RISK MANAGEMENT	22 263	-	54	22 317	21 985	332	98,5%	24 620	24 514
Total for sub programmes	**97 924**	**-**	**1 213**	**99 137**	**94 043**	**5 094**	**94,9%**	**101 470**	**99 759**
Economic classification									
Current payments	**95 850**	**-**	**1 140**	**96 990**	**91 896**	**5 094**	**94.7%**	**99 403**	**97 826**
Compensation of employees	77 205	-	-	77 205	72 526	4 679	93.9%	75 709	75 333
Goods and services	18 645	-	1 140	19 785	19 370	415	97.9%	23 694	22 493
Interest and rent on land	-	-	-	-	-	-	-	-	
Transfers and subsidies	**-**	**-**	**56**	**56**	**56**	**-**	**100.0%**	**91**	**58**
Households	-	-	56	56	56	-	100.0%	91	58
Payments for capital assets	**2 074**	**-**	**17**	**2 091**	**2 091**	**-**	**100.0%**	**1 940**	**1 839**
Machinery and equipment	2 074	-	17	2 091	2 091		100.0%	1 940	1 839
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**36**	**36**
Total	**97 924**		**1 213**	**99 137**	**94 043**	**5 094**	**94.9%**	**101 470**	**99 759**

APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme 5: MUNICIPAL FINANCE MANAGEMENT

	2024/25							2023/24	
	Approved Budget	Shifting of Funds	Virement	Final Budget	Actual Expenditure	Variance	Expenditure as % of final budget	Final Budget	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. PROGRAMME SUPPORT	6 167	-	(278)	5 889	5 852	37	99,4%	5 768	5 727
2. MUNICIPAL BUDGET	30 436	-	(979)	29 457	29 435	22	99,9%	27 938	27 885
3. MUNICIPAL ACCOUNTING & REPORTING	13 974	-	(1 325)	12 649	12 604	45	99,6%	11 146	10 681
4. MUNICIPAL SUPPORT PROGRAMME	13 131	-	(558)	12 573	12 524	49	99,6%	16 522	15 922
5. MUNICIPAL REVENUE & DEBT MANAGEMENT	7 605	-	(1 150)	6 455	6 407	48	99,3%	8 614	8 375
Total for sub programmes	**71 313**	**-**	**(4 290)**	**67 023**	**66 822**	**201**	**99,7%**	**69 988**	**68 590**
Economic classification									
Current payments	**70 102**	**-**	**(3 726)**	**66 376**	**66 210**	**166**	**99.7%**	**69 379**	**68 025**
Compensation of employees	58 003	-	(1 216)	56 787	56 787	-	100.0%	51 271	51 269
Goods and services	12 099	-	(2 510)	9 589	9 423	166	98.3%	18 108	16 756
Interest and rent on land	-	-	-	-	-	-	-	-	-
Transfers and subsidies	**9**	**-**	**-**	**9**	**9**	**-**	**100.0%**	**30**	**30**
Households	9	-	-	9	9	-	100.0%	30	30
Payments for capital assets	**1 202**	**-**	**(564)**	**638**	**603**	**35**	**94.5%**	**579**	**535**
Machinery and equipment	1 202	-	(564)	638	603	35	94.5%	579	535
Payments for financial assets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**71 313**	**-**	**(4 290)**	**67 023**	**66 822**	**201**	**99.7%**	**69 988**	**68 590**

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2025

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

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

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

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

3. Detail on payments for financial assets

Detail of these transactions 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

Programme	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
ADMINISTRATION	211 926	201 132	10 794	5%

The variance of R10.794 million attributed to Compensation of employees which underspent by R2.338 million due to resignations and delays in filing of vacant posts that require 4 to 6 months to fill, Goods and services underspent by R6.411 million due to unanticipated slow spending on items such as advertising, contractors: events, fleet services as well as travel and subsistence. Further savings of R498 thousand were realised on Transfers and subsidies on Households and NPI (Thuthuka Bursary Fund), and as a result of a reduction in the payments for external bursaries. The savings of R1.544 million from Payments for capital assets were realised from non-purchase of tools of trade; non-filling of vacant posts within the programme; late delivery of photocopier machines, and deferred procurement of the department's security access system.

Programme	Final Budget	Actual Expenditure	Variance	Variance as a % of Final Budget
	R'000	R'000	R'000	%
SUSTAINABLE RESOURCE MANAGEMENT	45 841	43 994	1 847	4%

The variance of R1.847 million is attributed to Compensation of employees, which underspent by R1.521 million due to resignations and delays in filing of vacant posts that require 4 to 6 months to fill, Goods and services underspent by R227 thousand due to unanticipated delays in infrastructure projects. Further savings of R99 thousand were realised from Payments for capital assets due to the non-purchase of tools of trade resulted by non-filling of vacant posts within the programme.

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2025

Programme	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Budget %
FINANCIAL GOVERNANCE	236 797	228 312	8 485	4%

The variance of R8.485 million attributed to Compensation of employees which underspent by R1.307 million due to resignations and delays in filing of vacant posts that require 4 to 6 months to fill, Goods and services underspent by R6.227 million due to prepayment deduction made on computer services as per MCS requirements as well as training due to vacant posts and Transfers and subsidies by R30 thousand due to over-estimated staff exit costs. Further savings of R900 thousand were realised from Payments for capital assets due to the non-purchase of tools of trade resulted by non-filling of vacant posts within the programme.

Programme	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Budget %
INTERNAL AUDIT	99 137	94 043	5 094	5%

The variance of R5.094 million is attributed to Compensation of employees, which underspent by R4.679 million due to the implementation of a new structure, which required extensive consultation, resulting in delays in the recruitment process. Goods and services underspent by R415 thousand due to unanticipated delay in procurement of software and licences (TEAMMATE & CURA).

Programme	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Budget %
MUNICIPAL FINANCE MANAGEMENT	67 023	66 822	201	0%

The variance of R201 thousand attributed to Goods and services which underspent by R166 thousand due to unanticipated slow spending on items such consumable: stationery, training and development and Payment for capital assets resulting from vacant posts within the programme and the unexpected delays in filling critical posts.

4.2 Per economic classification

Economic classification	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Budget %
Current payments	**641 552**	**618 261**	**23 291**	
Compensation of employees	371 610	361 765	9 845	3%
Goods and services	269 939	256 493	13 446	5%
Interest and rent on land	3	3	-	0%
Transfers and subsidies	**5 123**	**4 595**	**528**	
Provinces and municipalities	1 040	1 021	19	2%
Departmental agencies and accounts	3	3	-	0%
Public corporations and private enterprises	45	45	-	0%
Non-profit institutions	1 301	1 117	184	14%
Households	2 734	2 409	325	25%
Payments for capital assets	**12 044**	**9 466**	**2 578**	
Buildings and other fixed structures	-	-	-	0%
Machinery and equipment	12 044	9 466	2 578	21%
Payments for financial assets	**2 005**	**1 981**	**24**	0%

Compensation of Employees – This item underspent by R9.845 million due to unanticipated resignations and delays in filling vacant posts, which require 4 to 6 months to fill within the department.

Goods and Services – This item underspent by R13.446 million due to unanticipated low spending on items such as administrative fees, advertising, computer services (impact of prepayments deducted as per MCS requirements), agency and support services, contractors, as well as travel and subsistence allowance.

Transfers and Subsidies – This item underspent by R528 thousand, attributed to Provinces and municipalities, which underspent by R19 thousand due to lower than anticipated motor vehicle registration and licensing; Non-profit institutions (R184 thousand) and Households (R325 thousand) as a result of a reduction in the payments for external bursaries.

Payments for Capital Assets – This item underspent by R2.578 million due to non-purchase of tools of trade such as laptops, desktops, and office equipment as a result of non-filling of vacant posts within the department, unanticipated late delivery of photocopier machines, as well as the postponed procurement of the department's security access system.

Payments for financial assets - This item underspent by R24 thousand due to lower than anticipated irrecoverable debts written off.

STATEMENT OF FINANCIAL PERFORMANCE
as at 31 March 2025

	Note	2024/25 R'000	2023/24 R'000
REVENUE			
Annual appropriation	*1*	660 724	663 910
Statutory appropriation		-	-
Departmental revenue	*2*	119 613	138 884
TOTAL REVENUE		**780 337**	**802 794**
EXPENDITURE			
Current expenditure			
Compensation of employees	*3*	361 766	345 400
Goods and services	*4*	256 489	289 840
Interest and rent on land	*5*	3	-
Total current expenditure		**618 258**	**635 240**
Transfers and subsidies			
Transfers and subsidies	*7*	4 597	4 513
Total transfers and subsidies		**4 597**	**4 513**
Expenditure for capital assets			
Tangible assets	*8*	9 467	12 985
Intangible assets	*8*	-	82
Total expenditure for capital assets		**9 467**	**13 067**
Unauthorised expenditure approved without funding			
Payments for financial assets	*6*	1 981	170
TOTAL EXPENDITURE		**634 303**	**652 990**
SURPLUS/(DEFICIT) FOR THE YEAR		**146 034**	**149 804**

Reconciliation of Net Surplus/(Deficit) for the year

	Note	2024/25 R'000	2023/24 R'000
Voted funds		26 421	10 920
Annual appropriation		26 421	10 920
Conditional grants		-	-
Departmental revenue and NRF receipts	*13*	119 613	138 884
SURPLUS/(DEFICIT) FOR THE YEAR		**146 034**	**149 804**

STATEMENT OF FINANCIAL POSITION
as at 31 March 2025

	Note	2024/25 R'000	2023/24 R'000
ASSETS			
Current assets		33 109	17 463
Cash and cash equivalents	9	8 649	13 137
Prepayments and advances	10	12 709	-
Receivables	11	11 751	4 326
Non-current assets		1 456	2 945
Receivables	11	1 456	2 945
TOTAL ASSETS		**34 565**	**20 408**
LIABILITIES			
Current liabilities		**33 506**	**18 593**
Voted funds to be surrendered to the Revenue Fund	12	26 421	10 920
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	6 769	7 257
Payables	14	316	416
Non-current liabilities			
Payables	14	-	-
TOTAL LIABILITIES		**33 506**	**18 593**
NET ASSETS		**1 059**	**1 815**

	Note	2024/25 R'000	2023/24 R'000
Represented by:			
Recoverable revenue		1 059	1 815
TOTAL		**1 059**	**1 815**

STATEMENT OF CHANGES IN NET ASSETS
as at 31 March 2025

	Note	2024/25 R'000	2023/24 R'000
Recoverable revenue			
Opening balance		1 815	1 857
Transfers:		(756)	(42)
Recoverable revenue written off	*6.1*	1 981	170
Debts revised		-	-
Debts recovered (included in departmental revenue)		(3 437)	(1 420)
Debts raised		700	1 208
Closing balance		1 059	1 815
TOTAL		**1 059**	**1 815**

CASH FLOW STATEMENT
as at 31 March 2025

	Note	2024/25 R'000	2023/24 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		**779 698**	**802 781**
Annual appropriation funds received	*1.1*	660 724	663 910
Departmental revenue received	*2*	3 974	1 303
Interest received	*2.2*	115 000	137 568
Net (increase)/decrease in net working capital		(18 745)	8 436
Surrendered to Revenue Fund		(131 021)	(141 723)
Current payments		(618 255)	(635 240)
Interest paid	*5*	(3)	-
Payments for financial assets	*6*	(1 981)	(170)
Transfers and subsidies paid		(4 597)	(4 513)
Net cash flow available from operating activities	*15*	**5 096**	**29 571**
CASH FLOWS FROM INVESTING ACTIVITIES			
Distribution/dividend received		-	-
Payments for capital assets	*8*	(9 467)	(13 067)
Proceeds from sale of capital assets	*2.3*	639	13
(Increase)/decrease in non-current receivables	*11*	-	817
(Increase)/decrease in non-current prepayments and advances	*10*	-	-
Net cash flow available from investing activities		**(8 828)**	**(12 237)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(756)	(42)
Increase/(decrease) in non-current payables		-	-
Net cash flows from financing activities		**(756)**	**(42)**
Net increase/(decrease) in cash and cash equivalents		(4 488)	17 292
Cash and cash equivalents at beginning of period		13 137	(4 155)
Unrealised gains and losses within cash and cash equivalents			
Cash and cash equivalents at end of period	*16*	**8 649**	**13 137**

6.2.1 PART A: ACCOUNTING POLICIES

Summary of significant accounting policies

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

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

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

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

	The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.
7.2	**Departmental revenue** Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise. Departmental revenue is measured at the cash amount received. In-kind donations received are recorded in the notes to the financial statements on the date of receipt and are measured at fair value. Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.
7.3	**Accrued departmental revenue** Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when: • 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. The accrued revenue is measured at the fair value of the consideration receivable. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents. Write-offs are made according to the department's debt write-off policy.
8.	**Expenditure**
8.1	**Compensation of employees**
8.1.1	**Salaries and wages** Salaries and wages are recognised in the statement of financial performance on the date of payment.
8.1.2	**Social contributions** Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment. 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.
8.2	**Other expenditure** 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. Donations made in kind are recorded in the notes to the financial statements on the date of transfer and are measured at cost or fair value.
8.3	**Accruals and payables not recognised** Accruals and payables not recognised are recorded in the notes to the financial statements at cost or fair value at the reporting date.
8.4	**Leases**

8.4.1	**Operating leases** Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment. Operating lease payments received are recognised as departmental revenue. The operating lease commitments are recorded in the notes to the financial statements.
8.4.2	**Finance leases** Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment. Finance lease payments received are recognised as departmental revenue. The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions. At commencement of the finance lease term, finance lease assets acquired are recorded and measured at: the fair value of the leased asset; or if lower, the present value of the minimum lease payments. Finance lease assets acquired prior to 1 April 2024, are recorded and measured at the present value of the minimum lease payments.
9.	**Aid assistance**
9.1	**Aid assistance received** 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. CARA Funds are recognised when receivable and measured at the amounts receivable. 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.
9.2	**Aid assistance paid** 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.
10.	**Cash and cash equivalents** Cash and cash equivalents are stated at cost in the statement of financial position. Bank overdrafts are shown separately on the face of the statement of financial position as a current liability. 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.
11.	**Prepayments and advances** Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash. Prepayments and advances are initially and subsequently measured at cost. Prepayments and advances expensed before 1 April 2024 are recorded until the goods, services, or capital assets are received, or the funds are utilised in accordance with the contractual agreement upfront payments relating to immaterial costs such annual subscription/membership fees, tv licences are expensed upon payment.

12.	**Loans and receivables** Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department’s write-off policy.
13.	**Investments** Investments are recognised in the statement of financial position at cost.
14.	**Financial assets**
14.1	**Financial assets (not covered elsewhere)** 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. 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.
14.2	**Impairment of financial assets** 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.
15.	**Payables** Payables recognised in the statement of financial position are recognised at cost.
16.	**Capital assets**
16.1	**Immovable capital assets** 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. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2	**Movable capital assets** 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. 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. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Biological assets are subsequently carried at fair value Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.
16.3	**Intangible capital assets** 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. Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.

	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. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
16.4	**Project costs: Work-in-progress** Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid. 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. Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.
17.	**Provisions and contingents**
17.1	**Provisions** 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.
17.2	**Contingent liabilities** Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.
17.3	**Contingent assets** Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department.
17.4	**Capital commitments** Capital commitments are recorded at cost in the notes to the financial statements.
18.	**Unauthorised expenditure** Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure. Unauthorised expenditure is recognised in the statement of changes in net assets until such time as the expenditure is either: • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. Unauthorised expenditure recorded in the notes to the financial statements comprise of • unauthorised expenditure that was under assessment in the previous financial year;

	• unauthorised expenditure relating to previous financial year and identified in the current year; and • Unauthorised expenditure incurred in the current year.
19.	**Fruitless and wasteful expenditure** Fruitless and wasteful expenditure receivables are recognised in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Fruitless and wasteful expenditure is recorded in the notes to the financial statements when and at amounts confirmed, and comprises of: • fruitless and wasteful expenditure that was under assessment in the previous financial year; • fruitless and wasteful expenditure relating to previous financial year and identified in the current year; and • fruitless and wasteful expenditure incurred in the current year.
20.	**Irregular expenditure** Losses emanating from irregular expenditure are recognised as a receivable in the statement of financial position when recoverable. The receivable is measured at the amount that is expected to be recovered and is de-recognised when settled or subsequently written-off as irrecoverable. Irregular expenditure is recorded in the notes to the financial statements when and at amounts confirmed and comprises of: • irregular expenditure that was under assessment in the previous financial year; • irregular expenditure relating to previous financial year and identified in the current year; and • irregular expenditure incurred in the current year.
21.	**Changes in accounting policies, estimates and errors** Changes in accounting policies are applied in accordance with MCS requirements. Changes in accounting estimates are applied prospectively in accordance with MCS requirements. Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
22.	**Events after the reporting date** 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.
23.	**Capitalisation reserve** 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.
24.	**Recoverable revenue** 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.

25.	**Related party transactions** Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length. The number of individual and full compensation of key management personnel is recorded in the notes to the financial statements.
26.	**Inventories** At the date of acquisition, inventories are recognised at cost in the statement of financial performance. Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition. Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value. The cost of inventories is assigned by using the weighted average cost basis.
27.	**Public-Private Partnerships** Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies. A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.
28.	**Employee benefits** The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is recorded in the Employee benefits note. Accruals and payables not recognised for employee benefits are measured at cost or fair value at the reporting date. The provision for employee benefits is measured as the best estimate of the funds required to settle the present obligation at the reporting date.
29.	**Transfer of functions** Transfer of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer. Transfer of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.
30.	**Mergers** Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger. Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.

6.2.2 PART B: EXPLANATORY NOTES

1. Annual Appropriation

1.1. Annual Appropriation

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

	2024/25			2023/24		
	Final Budget	Actual Funds Received	Funds not requested / not received	Final Budget	Appropriation Received	Funds not requested / not received
Programmes	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Administration	211 926	211 926	-	225 211	225 211	-
Sustainable Resource Management	45 841	45 841	-	52 922	52 922	-
Financial Governance	236 797	236 797	-	214 319	214 319	-
Internal Audit	99 137	99 137	-	101 470	101 470	-
Municipal Finance Management	67 023	67 023	-	69 988	69 988	-
Total	**660 724**	**660 724**	**-**	**663 910**	**663 910**	**-**

2. Departmental revenue

	Note	2024/25 R'000	2023/24 R'000
Tax revenue		-	-
Sales of goods and services other than capital assets	*2.1*	439	291
Interest, dividends and rent on land	*2.2*	115 000	137 568
Sales of capital assets	*2.3*	639	13
Transactions in financial assets and liabilities	*2.4*	3 535	1 012
Total revenue collected		**119 613**	**138 884**
Less: Own revenue included in appropriation			-
Total		**119 613**	**138 884**

2.1. Sales of goods and services other than capital assets

	Note	2024/25 R'000	2023/24 R'000
Sales of goods and services produced by the department		439	291
Sales by market establishment		138	141
Administrative fees		48	68
Other sales		253	82
Sales of scrap, waste and other used current goods			-
Total	*2*	**439**	**291**

2.2. Interest, dividends and rent on land

	Note	2024/25 R'000	2023/24 R'000
Interest		115 000	137 568
Rent on land		-	-
Total	2	**115 000**	**137 568**

The decrease in the interest income relates to the balance from the paymaster general accounts, which was affected by the reduction in the interest rate and the rate of spending by the department.

2.3. Sales of capital assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets		**639**	**13**
Buildings and other fixed structures		-	-
Machinery and equipment		639	13
Intangible capital assets			
Total	2	**639**	**13**

2.4. Transactions in financial assets and liabilities

	Note	2024/25 R'000	2023/24 R'000
Loans and advances		-	-
Receivables		3 535	1 012
Total	2	**3 535**	**1 012**

3. Compensation of employees

3.1. Salaries and wages

	Note	2024/25 R'000	2023/24 R'000
Basic salary		258 148	247 190
Performance award		-	-
Service based		240	180
Compensative/circumstantial		3 081	3 685
Periodic payments		-	-
Other non-pensionable allowances		59 356	56 176
Total		**320 825**	**307 231**

3.2. Social contributions

	Note	2024/25 R'000	2023/24 R'000
Employer contributions			

Pension	30 777	29 143
Medical	10 074	8 959
Bargaining council	54	51
Official unions and associations	-	-
Insurance	36	16
Total	**40 941**	**38 169**
Total compensation of employees	**361 766**	**345 400**
Average number of employees	**508**	**508**

4. Goods and services

	Note	2024/25 R'000	2023/24 R'000
Administrative fees		18 233	16 309
Advertising		1 257	3 277
Minor assets	*4.1*	367	406
Bursaries (employees)		388	1 147
Catering		2 174	938
Communication		4 363	2 901
Computer services	*4.2*	126 822	131 814
Consultants: Business and advisory services	*4.9*	7 485	6 776
Legal services		3 128	1 126
Contractors		5 651	10 465
Agency and support / outsourced services		19 217	40 576
Audit cost - external	*4.3*	5 824	6 157
Fleet services		2 533	3 293
Inventories	*4.4*	801	3 003
Consumables	*4.5*	4 160	2 845
Operating leases		22 690	23 249
Property payments	*4.6*	17 373	18 142
Rental and hiring		-	-
Transport provided as part of the departmental activities		2 006	1 761
Travel and subsistence	*4.7*	7 046	10 199
Venues and facilities		73	7
Training and development		2 618	2 420
Other operating expenditure	*4.8*	2 280	3 029
Total		**256 489**	**289 840**

4.1. Minor assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets		367	**406**
Machinery and equipment		367	406
Intangible capital assets			-
Total	*4*	**367**	**406**

4.2. Computer services

	Note	2024/25 R'000	2023/24 R'000
SITA computer services		90 115	85 870
External computer service providers		36 707	45 944
Total	*4*	**126 822**	**131 814**

The decline in the current year is a result of the prepayments made during the year, which were not expensed during the year as a result of the new MCS requirement in the treatment of prepayments.

4.3. Audit cost - external

	Note	2024/25 R'000	2023/24 R'000
Regularity audits		5 103	5 399
Computer audits		721	758
Total	*4*	**5 824**	**6 157**

4.4. Inventories

	Note	2024/25 R'000	2023/24 R'000
Clothing material and accessories		225	-
Food and food supplies		3	298
Materials and supplies		393	248
Other supplies	*4.4.1*	180	2 457
Total	*4*	**801**	**3 003**

4.4.1. Inventory: other supplies

	Note	2024/25 R'000	2023/24 R'000
Ammunition and security supplies			
Assets for distribution			
Machinery and equipment		-	-
Other		180	2 457
Total	*4.4*	**180**	**2 457**

4.5. Consumables

	Note	2024/25 R'000	2023/24 R'000
Consumable supplies		2 739	**1 137**
Uniform and clothing		21	68
Household supplies		432	471
Building material and supplies		307	197
Communication accessories		17	10
IT consumables		69	58
Other consumables		1 893	333
Stationery, printing and office supplies		1 421	1 708
Total	*4*	**4 160**	**2 845**

An increase in the Consumables item was a result of the new BACS access cards that were replaced during the year. In the 2023/2024, an amount of R23 thousand for Cons SP&OS Audio visual was incorrectly classified as other consumables instead of Consumables Stationery, printing & office supplies.

4.6. Property payments

	Note	2024/25 R'000	2023/24 R'000
Municipal services		6 220	6 633
Property management fees		-	-
Property maintenance and repairs		11 153	11 509
Other		-	-
Total	*4*	**17 373**	**18 142**

4.7. Travel and subsistence

	Note	2024/25 R'000	2023/24 R'000
Local		7 007	8 642
Foreign		39	1 557
Total	*4*	**7 046**	**10 199**

4.8. Other operating expenditure

	Note	2024/25 R'000	2023/24 R'000
Professional bodies, membership and subscription fees		997	1 124
Resettlement costs		117	23
Other		1 166	1 882
Total	*4*	**2 280**	**3 029**

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

Name of Commission / Committee of Inquiry	Note	2024/25 R'000	2023/24 R'000
Programme 3 – MBAT & BAT		1 861	2 512
Programme 4 – CARC & PARC		5 073	4 099
Total		**6 934**	**6 611**

5. Interest and rent on land

	Note	2024/25 R'000	2023/24 R'000
Interest paid		3	-
Rent on land		-	-
Total		**3**	**-**

6. Payments for financial assets

	Note	2024/25 R'000	2023/24 R'000
Debts written off	*6.1*	1 981	170
Total		**1 981**	**170**

6.1. Debts written off

Nature of debts written off	Note	2024/25 R'000	2023/24 R'000
Recoverable revenue written off			
Salary Tax Debt		-	8
SARS Interest		-	28
Salary Overpayment		-	55
Cell Phone Debt		-	21
Leave Without Pay			
Mpilonhle organisation- VAT		800	-
Bursary / Learnership Debt		862	8
Losses & Damages		-	34

Damages of state vehicle		319	16
Total		**1 981**	**170**
Other debt written off		-	-
Total			
Total debt written off	*6*	**1 981**	**170**

7. Transfers and subsidies

	Note	**2024/25 R'000**	**2023/24 R'000**
Provinces and municipalities	*29*	1 000	-
Departmental agencies and accounts	*Annex 1B*	24	34
Higher education institutions	*Annex 1C*	-	-
Foreign governments and international organisations	*Annex 1E*	-	-
Public corporations and private enterprises	*Annex 1D*	45	39
Non-profit institutions	*Annex 1F*	1 117	1 506
Households	*Annex 1G*	2 411	2 934
Total		**4 597**	**4 513**

The amount of R1 million under provinces and municipalities relates to transfer payments for an OSS project made to the Enterprise iLembe Economic Development Agency, which is an entity of the iLembe District municipality.

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

	Note	**2024/25 R'000**	**2023/24 R'000**
	Annex 1J		
Donations		429	1 114
Total		**429**	**1 114**

8. Expenditure for capital assets

	Note	**2024/25 R'000**	**2023/24 R'000**
Tangible capital assets		**9 467**	**12 985**
Machinery and equipment		9 467	12 985
Intangible capital assets		-	82
Software		-	82
Total		**9 467**	**13 067**

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

2024/25

Name of entity	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible capital assets	**9 467**		**9 467**
Machinery and equipment	9 467	-	9 467
Intangible capital assets			
Total	**9 467**	**-**	**9 467**

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

	2023/24		
Name of entity	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible capital assets	**12 985**	**-**	**12 985**
Machinery and equipment	12 985	-	12 985
Intangible capital assets	**82**		**82**
Software	82	-	82
Total	**13 067**	**-**	**13 067**

8.3. Finance lease expenditure included in Expenditure for capital assets

	Note	2024/25 R'000	2023/24 R'000
Tangible capital assets		**3 516**	**2 752**
Machinery and equipment		3 516	2 752
Intangible capital assets			
Total		**3 516**	**2 752**

9. Cash and cash equivalents

	Note	2024/25 R'000	2023/24 R'000
Consolidated Paymaster General Account		8 645	11 691
Cash on hand		4	4
Investments (Domestic)		-	1 442
Total		**8 649**	**13 137**

10. Prepayments and advances

	Note	2024/25 R'000	2023/24 R'000
Advances paid (Not expensed)	*10.1*	1 920	-
Prepayments (Not expensed)	*10.2*	10 789	-
Total		**12 709**	**-**

	2024/25 R'000	2023/24 R'000
Analysis of Total Prepayments and Advances		
Current Prepayments and Advances	12 709	-
Non-current Prepayments and advances	-	-
Total	**12 709**	**-**

Included in the above is the amount of R1.144 million paid for the HARDCAT software licences, R9.645 million relates to a payment made for BAS software licences, and R1.920 million paid to the Department of Works for operating lease (rental cost for April 2025).

10.1. Advance Paid (Not expensed)

	2024/25				
	Balance as at 1 April 2024	Less: Amounts expensed in current year	Add / Less: Other	Add Current year advances	Amount as at 31 March 2025
	R'000	R'000	R'000	R'000	R'000
Goods and services	-	-	-	1 920	1 920
Total				**1 920**	**1 920**

10.2. Prepayments (Not expensed)

	2024/25				
	Amount as at 1 April 2024	Less: Amounts expensed in current year	Add / Less: Other	Add Current year pre-payments	Amount as at 31 March 2025
	R'000	R'000	R'000	R'000	R'000
Goods and services	-	-	-	10 789	10 789
Total				**10 789**	**10 789**

11. Receivables

		2024/25			2023/24		
		Current	Non-current	Total	Current	Non-current	Total
	Note	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	*11.1*	11 273	170	11 443	3 613	801	4 414
Trade receivables		-	-	-	-	-	-
Recoverable expenditure	*11.2*	16	-	16	4	-	4
Staff debt	*11.3*	357	407	764	566	1 084	1 650
Other receivables	*11.4*	105	879	984	143	1 060	1 203
Total		**11 751**	**1 456**	**13 207**	**4 326**	**2 945**	**7 271**

11.1. Claims recoverable.

	Note	2024/25 R'000	2023/24 R'000
National departments		-	13
Provincial departments		10 705	3 415
Private enterprises		738	986
Total	*11*	**11 443**	**4 414**

11.2. Recoverable expenditure

	Note	2024/25 R'000	2023/24 R'000
Group major categories, but list material items			
Disallowance Damage and Losses: CA		230	68
Disallowance Damage and losses: Recover CA		(230)	(68)
Sal: Tax Debt: CA		16	4
Total	*11*	**16**	**4**

11.3. Staff debt

	Note	2024/25 R'000	2023/24 R'000
Group major categories, but list material items			
Bursary		59	27
Other debts		373	723
Learnership		332	900
Total	*11*	**764**	**1 650**

11.4. Other receivables

	Note	2024/25 R'000	2023/24 R'000
Group major categories, but list material items			
Bursary		570	1 008
Overpaid Salary		49	36
Other Receivable		144	135
Learnership		221	24
Total	*11*	**984**	**1 203**

11.5. Impairment of receivables

	Note	2024/25 R'000	2023/24 R'000
Estimate of impairment of receivables		508	308
Total		**508**	**308**

The provision for impairment was made based on the assessment of the payment trends of debtors and the possibility of recovering any payments. The management assessed if any payments were made on the balance owed by the debtors within the financial year. Based on this assessment, sixteen (16) debtors were identified who have not made any payment towards their debts during the financial year. Their total outstanding debts were then disclosed as an impairment of receivables.

12. Voted funds to be surrendered to the Revenue Fund

	Note	2024/25 R'000	2023/24 R'000
Opening balance		10 920	9 707
Prior period error		-	-
As restated		10 920	9 707
Transferred from statement of financial performance (as restated)		26 421	10 920
Add: Unauthorised expenditure for the current year		-	-
Voted funds not requested/not received		-	-
Transferred to retained revenue to defray excess expenditure *(Parliament/Legislatures)*		-	-
Paid during the year		(10 920)	(9 707)
Closing balance		**26 421**	**10 920**

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

	Note	2024/25 R'000	2023/24 R'000
Opening balance		7 257	389
Prior period error			-

As restated	7 257	389
Transferred from statement of financial performance (as restated)	119 613	138 884
Own revenue included in appropriation		
Transfer from aid assistance		
Transferred to voted funds to defray excess expenditure *(Parliament/Legislatures)*		
Paid during the year	(120 101)	(132 016)
Closing balance	**6 769**	**7 257**

14. Payables - current

	Note	2024/25 R'000	2023/24 R'000
Clearing accounts	*14.1*	(504)	(857)
Other payables	*14.2*	820	1 273
Total		**316**	**416**

In assisting learners with debt recovery should they leave the IAT learnership programme prior to completion, the department deducts on a monthly basis for the first two years of the contract an amount of R1,500 per learner, and this amount is refunded upon completion of the contractual period.

14.1. Clearing accounts

Description	Note	2024/25 R'000	2023/24 R'000
Identify major categories, but list material items			
Sal: Income Tax		77	78
Online Travel Control Account		(581)	(1 100)
Sal: Housing CL		-	165
Total	*14*	**(504)**	**(857)**

The amount of R581 thousand relates to the online travel booking charges, which are charged against the travel lodge card, which were not interfaced due to timing differences.

14.2. Other payables

Description	Note	2024/25 R'000	2023/24 R'000
Payable adv:p/dept:KZN Adv.Acc:CL		820	1 273
Total	*14*	**820**	**1 273**

In assisting learners with debt recovery should they leave the IAT learnership programme prior to completion, the department deducts on a monthly basis for the first two years of the contract an amount of R1,500 per learner, and this amount is refunded upon completion of the contractual period.

15. Net cash flow available from operating activities

	Note	2024/25 R'000	2023/24 R'000
Net surplus/(deficit) as per Statement of Financial Performance		146 034	149 804
Add back non-cash/cash movements not deemed operating activities		(140 938)	(120 233)
(Increase)/decrease in receivables		(5 936)	8 510
(Increase)/decrease in prepayments and advances		(12 709)	-
Increase/(decrease) in payables – current		(100)	(74)
Proceeds from sale of capital assets		(639)	(13)
Expenditure on capital assets		9 467	13 067
Surrenders to Revenue Fund		(131 021)	(141 723)
Net cash flow generated by operating activities		**5 096**	**29 571**

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

	Note	2024/25 R'000	2023/24 R'000
Consolidated Paymaster General account		8 645	11 691
Cash on hand		4	4
Cash with commercial banks (Local)		-	1 442
Total		**8 649**	**13 137**

17. Contingent liabilities and contingent assets

17.1. Contingent liabilities

Liable to	Nature	Note	2024/25 R'000	2023/24 R'000
Claims against the department		*Annex 3B*	89 562	120 570
Intergovernmental payables		*Annex 5*	12	1 826
Total			**89 574**	**122 396**

Included in the R89.562 million is a contingent liability of R81.014 million, which relates to the interpretation of gross gaming revenue and the applicable taxation thereof. The matter is in abeyance pending the outcome of a similar matter sitting before the Western Cape High Court. The reduction in the contingent liability is mainly due to a payment made to Gold Circle during the year.

17.2. Contingent assets

Nature of contingent asset	Note	2024/25 R'000	2023/24 R'000
KZN Provincial Treasury & MEC for Finance v Desmond Golding & C. Mkhize- Case no. 15697/15		26 837	26 887
NJ Jacobs vs KZN Provincial Treasury		3 019	3 419
KZN Gaming & Betting board vs KZNPT		515	-
Total		**30 371**	**30 306**

The contingent asset of R26,837 million above relates to the North Sea Jazz Festival and recovering money paid to service providers by the previous HOD of KZN EDTEA. Legal costs incurred in this case will be requested to be recovered from the claimant, and that will result in a nil effect on legal fees. The amount of R3 019 million relates to the overpayment made by the department on a reinstatement of salary to an employee, Ms ND Jacobs, as per the court ruling i.r.o her unfair dismissal case. It was then discovered that she was employed whilst awaiting the outcome of her case. Her employment status was not considered in the calculation of her reinstatement benefits during the dismissal period, resulting in an overpayment. The department is now required to recover the overpayment amount made to her as reinstatement benefits. The amount of R515 thousand is a possible recovery of legal fees based on the court judgment, which is currently in dispute.

18. Capital commitments.

	Note	**2024/25 R'000**	**2023/24 R'000**
Machinery and equipment		533	120
Total		**533**	**120**

19. Accruals and payables not recognised

19.1. Accruals

		2024/25			**2023/24**
		30 Days	**30+ Days**	**Total**	**Total**
Listed by economic classification	*Note*	**R'000**	**R'000**	**R'000**	**R'000**
Goods and services		9 577	125	9 702	10 243
Interest and rent on land		-	-	-	-
Transfers and subsidies		7	11	18	20
Capital assets		-	-	-	150
Other		-	-	-	242
Total		**9 584**	**136**	**9 720**	**10 655**

Listed by programme level	*Note*	**2024/25 R'000**	**2023/24 R'000**
Administration		3 790	5 824
Sustainable Resource Management		55	43
Financial Governance		5 737	4 621
Internal Audit		115	114
Municipal Finance Management		23	53
Total		**9 720**	**10 655**

The ageing of the accruals is calculated from the date goods and services were received to the reporting date.

19.2. Payables not recognised.

		2024/25			2023/24
		30 Days	**30+ Days**	**Total**	**Total**
Listed by economic classification	*Note*	**R'000**	**R'000**	**R'000**	**R'000**
Goods and services		465	-	465	223
Interest and rent on land		2	-	2	-
Transfers and subsidies		433	23	456	10
Capital assets		-	-	-	-
Other		-	-	-	25
Total		**900**	**23**	**923**	**258**

Listed by programme level	*Note*	**2024/25 R'000**	**2023/24 R'000**
Administration		508	84
Sustainable Resource Management		5	-
Financial Governance		35	136
Internal Audit		367	24
Municipal Finance Management		8	14
Total		**923**	**258**

The ageing of the payables not recognised is calculated from the date invoices were received to the reporting date.

Included in the above totals are the following:	*Note*	**2024/25 R'000**	**2023/24 R'000**
Confirmed balances with other departments	*Annex 5*	369	2 045
Confirmed balances with other government entities	*Annex 5*	5 659	5 410
Total		**6 028**	**7 455**

20. Employee benefits

	Note	**2024/25 R'000**	**2023/24 R'000**
Leave entitlement		15 713	15 186
Service bonus		8 545	7 831
Capped leave		2 278	2 653
Other		307	240
Total		**26 843**	**25 910**

The amount of R15.713 million includes a negative leave balance of R225 thousand, which is due to staff members being allocated a full leave credit of 22 days at the start of the leave cycle by the system. Despite the fact that staff accrue 1.83 days per month. Under normal circumstances, if the employee does not terminate services as the year progresses and the full leave is accumulated, the negative amounts are cleared. The system does have a built-in *mechanism to pick up once a termination is effected on PERSAL, any overused leave reflecting as a negative balance will get deducted from the open months' salary or as a debt that is set up.*

21. Lease commitments

21.1. Operating leases

	2024/25				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	19 343	-	19 343
Later than 1 year and not later than 5 years	-	-	8 585		8 585
Later than 5 years	-	-	-		-
Total lease commitments	**-**	**-**	**27 928**	**-**	**27 928**

	2023/24				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	21 373	-	21 373
Later than 1 year and not later than 5 years	-	-	4 569	-	4 569
Later than 5 years	-	-	-	-	-
Total lease commitments	**-**	**-**	**25 942**		**25 942**

The increase is due to the contract renewal of office space for a duration of 18 months.

21.2. Finance leases

	2024/25				
	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	5 087	5 087
Later than 1 year and not later than 5 years	-	-	-	5 597	5 597
Later than 5 years	-	-	-	-	-
Total lease commitments				**10 684**	**10 684**

	2023/24				
	Specialised military equipment	**Land**	**Buildings and other fixed structures**	**Machinery and equipment**	**Total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Not later than 1 year	-	-	-	3 495	3 495
Later than 1 year and not later than 5 years	-	-	-	5 199	5 199
Later than 5 years	-	-	-	-	-
Total lease commitments				**8 694**	**8 694**

The increase in finance lease commitments is due to the new lease agreements for photocopying machines and cellphone devices.

22. Unauthorised, Irregular and Fruitless and wasteful expenditure

	Note	**2024/25**	**2023/24**
		R'000	**R'000**
Unauthorised expenditure - current year		-	-
Irregular expenditure - current year		267	-
Fruitless and wasteful expenditure - current year		29	40
Total		**296**	**40**

The department incurred irregular expenditure of R267 thousand for two cases which resulted from procuring goods and services by End-users without following the correct SCM processes. Consequence management was implemented. The expenditure has been condoned. An amount of R27 thousand for fruitless and wasteful expenditure was written off, and a balance of R2 thousand was recovered.

23. Key management personnel

	2024/25	**2023/24**
	R'000	**R'000**
Political office bearers (*provide detail below)*	2 164	2 132
Officials:		
Level 15 to 16	10 318	9 816
Level 14 (incl. CFO if at a lower level)	17 698	16 257
Family members of key management personnel	-	-
Total	**30 180**	**28 205**

Not included in the above is R525 thousand, which was paid to the former MEC (exit costs) - This amount is included under Transfer Payments (Households). The expenditure increased compared to last year as a result of an SMS post that was vacant in the previous year, which was filled during the year.

24. Non-adjusting events after the reporting date

No events after the reporting date were identified by management that would affect the operations of the department.

25. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

	2024/25				
	Opening balance	Value adjustments	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	**98 208**		**5 950**	**5 496**	**98 662**
Transport assets	14 455		-	1 460	12 995
Computer equipment	74 362		5 408	3 724	76 046
Furniture and office equipment	7 625		330	287	7 668
Other machinery and equipment	1 766		212	25	1 953
FINANCE LEASE ASSETS					
Finance lease assets	2 380		10 153	514	12 019
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**100 588**		**16 103**	**6 010**	**110 681**

Included in the disposal amount of R6.010 million are: R1.460 million disposal of motor vehicles, R3.724 million disposal of computer equipment, R287 thousand disposal of office furniture & equipment, R25 thousand disposal of other machinery & equipment, R514 thousand disposal of finance lease assets (communication devices). The finance lease assets' fair values were obtained via an online quotation exercise, and the IRR calculations located in each month as per the addition's spreadsheet.

Movable Tangible Capital Assets under investigation

	Note	Number	Value R'000
Included in the above total of the movable tangible capital assets per the asset register that are under investigation:			
Heritage assets			
Machinery and equipment		9	452
Specialised military assets			
Biological assets			
Total		**9**	**452**

The above 9 assets listed to the amount of R452 thousand relate to pending loss control cases that are under investigation.

25.1. MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	2023/24				
	Opening balance	Prior period error	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	88 920	24	10 233	969	98 208
Transport assets	14 455	-	-	-	14 455
Computer equipment	65 897	-	9 434	969	74 362
Furniture and office equipment	6 981	24	620	-	7625
Other machinery and equipment	1 587	-	179	-	1 766
FINANCE LEASE ASSETS	**705**	**-**	**1 675**	**-**	**2 380**
Finance lease assets	705	-	1 675	-	2 380
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	**89 625**	**24**	**11 908**	**969**	**100 588**

25.2. Prior period error

Nature of prior period error	*Note*	**2023/24** **R'000**
Relating to 2021/2022 *[affecting the opening balance]*		**24**
Office furniture		24
Total prior period errors		**24**

A) Included in the opening balance for 2023/2024 is a change in the accounting policy made in terms of the Modified Cash Standard requirements whereby finance leases must be accounted for by a department at the commencement of the lease rather than at the end of the lease, and only if the department takes ownership of the asset. The change in accounting policy is applied retrospectively.

B) A prior period error of R24 thousand relates to a marble table that was transferred to KZN Treasury from KZN Economic Development, which was erroneously not recognised.

25.3. Minor assets

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

	2024/25						
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000

Opening balance		290		8 675		49	9 014
Value adjustments							
Additions				367		39	406
Disposals		6		151		7	164
Total Minor assets		**284**		**8 891**		**81**	**9 256**

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Finance lease assets	Total
Number of R1 minor assets	-	-	-	1 483	-	-	1 483
Number of minor assets at cost		5		4 224		21	4 250
Total number of minor assets		**5**		**5 707**	**-**	**21**	**5 733**

Minor capital assets under investigation

	Note	Number	Value R'000
Included in the above total of the minor capital assets per the asset register that are under investigation:			
Machinery and equipment		2	5
Biological assets			

The above 2 assets listed to the amount of R5 thousand relate to pending loss control cases that are under investigation.

MOVEMENT IN MINOR CAPITAL ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	Intangible assets	Machinery and equipment	Finance lease assets	Total
	R'000	R'000	R'000	R'000
Opening balance	290	8 325	8	8 623
Additions	-	405	41	446
Disposals	-	55		55
Total Minor assets	**290**	**8 675**	**49**	**9 014**

	Intangible assets	Machinery and equipment	Finance lease assets	Total
Number of R1 minor assets	-	1 487	-	1 487
Number of minor assets at cost	9	4 168	12	4 189

Total number of minor assets	**9**	**5 655**	**12**	**5 676**

25.4. Movable capital assets written off.

MOVABLE CAPITAL ASSETS WRITTEN OFF FOR THE YEAR ENDED 31 MARCH 2025

	Specialised military assets	Intangible assets	Machinery and equipment	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000
Assets written off			56	18	74
Total movable assets written off			**56**	**18**	**74**

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

	Specialised military assets	Intangible assets	Machinery and equipment	Finance lease assets	Total
	R'000	R'000	R'000	R'000	R'000
Assets written off	-	-	219	-	219
Total movable assets written off	**-**	**-**	**219**	**-**	**219**

The amount of R74 thousand (R18 thousand Cellphones & R56 thousand computer equipment) is the total purchase price of major assets that relates to theft cases written off after the Loss Control process was conducted.

26. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2025

	2024/25			
	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
SOFTWARE	22 240	-	52	22 188
TOTAL INTANGIBLE CAPITAL ASSETS	**22 240**	**-**	**52**	**22 188**

Intangible Capital Assets under investigation

26.1. MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2024

	2023/24				
	Opening balance	Prior period error	Additions	Disposals	Closing balance

	R'000	R'000	R'000	R'000	R'000
SOFTWARE	22 158	-	82	-	22 240
TOTAL INTANGIBLE CAPITAL ASSETS	**22 158**	**-**	**82**	**-**	**22 240**

26.2. Intangible capital assets: Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2025

		Opening balance 1 April 2024	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2025
	Note	**R'000**	**R'000**	**R'000**	**R'000**
Intangible assets	*Annex 7*	23 104			23 104
Total		**23 104**	**-**	**-**	**23 104**

There were two demonstrations from 2 different departments, namely: Western Cape and the National Department of Forestry, Fisheries, and the Environment (DFFE). Emanating from those two demonstrations, an approval from the National Treasury was requested to utilise the source code for DFFE, and that approval was granted. The Department is now in the process of formalising the process with DFFE, which will include approval to get the source code and also build the KZN Treasury capacity, including roll-out. Dates are still to be finalised because this is due to staff shortage within FIMS, thus unable to fully focus on the process.

CAPITAL WORK-IN-PROGRESS FOR THE YEAR ENDED 31 MARCH 2024

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

27. Changes in accounting estimates and Changes in accounting policies

27.1. Changes in accounting policies

		2024/25				
		Opening balance before the change (1 Apr 2024)	Adjustment of opening balance	Restated opening balance after the change (1 Apr 2024)	Adjustment for 2024/25	Restated closing balance (31 Mar 2025)
Nature of change in accounting policy	*Note*	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Finance lease assets						

Movable Tangible Capital Assets	*25.1*	-	705	705	1 675	2 380
Minor Assets	*25.3*	-	8	8	41	49

Included in the opening balances for 2023/24 and 2024/25 is a change in accounting policy made in terms of the MCS requirements whereby assets under finance leases are recorded by a department at the commencement of the lease term rather than at the end of the lease term. The change in accounting policy is applied retrospectively.

28. Prior period errors

		2023/24		
		Amount before error correction	**Prior period error**	**Restated**
	Note	**R'000**	**R'000**	**R'000**
Expenditure:				
Other consumables		1 160	(23)	1 137
Consumables- stationery, printing & office suppliers		1 685	23	1 708
Communication-Com Airtime & Data		1 809	1 092	2 901
Expenditure for Capital Assets-Finance Lease		14 077	(1 092)	12 985
Net effect		**18 731**	**-**	**18 731**

a) In the 2023/2024, an amount of R23 thousand for Cons SP&OS Audio visual was incorrectly classified as other consumables instead of Consumables Stationery, printing & office suppliers.

b) An amount of R1,092 million was incorrectly classified as a Finance lease under expenditure for a capital asset.

		2023/24		
		Amount before error correction	**Prior period error**	**Restated**
	Note	**R'000**	**R'000**	**R'000**
Assets:				
Furniture and office equipment		7 601	24	7 625
Net effect		7 601	24	7 625

A prior period error of R24 thousand relates to a marble table that was transferred to KZN Treasury from KZN Economic Development, which was erroneously not recognised.

	2023/24		
	Amount before	**Prior period error**	**Restated**

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	Note	error correction R'000	R'000	R'000
Liabilities				
Finance Lease- Not later than 1 year		4 922	(1 427)	3 495
Finance Lease- Later than 1 year and not later than 5years		6 099	(900)	5 199
Net effect		**11 021**	**(2 327)**	**8 694**

The difference in the comparative balances of R4,922 million and R6,099 million for Finance Leases is a result of R1,427 million and R900 thousand, which is for Com: airtime and data that were incorrectly classified as finance leases commitment in the 2023/2024 financial year.

29. Statement of conditional grants and other transfers paid to municipalities.

	2024/25							2023/24	
	GRANT AND OTHER ALLOCATION				TRANSFER				
	DORA and other transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds withheld	Reallocations by National Treasury / National Department	DORA and other transfers	Actual transfer
Name of municipality	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
Enterprise iLembe Economic Development Agency	1 000	-	-	1 000	1 000	-	-	-	-
TOTAL	**1 000**	**-**	**-**	**1 000**	**1 000**	**-**	**-**	**-**	**-**

The amount of R1 Million under provinces and municipalities relates to a transfer payment for an OSS project made to Enterprise iLembe Economic Development Agency which is an entity of iLembe district municipality.

30. Broad Based Black Economic Empowerment performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.

31. Natural disaster or relief expenditure

	Note	2024/25 R'000	2023/24 R'000
Goods and services		-	241
Total	*Annex 11*	**-**	**241**

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

	2024/25											2023/24	
	GRANT AND OTHER ALLOCATION				TRANSFER			SPENT					
Name of Municipality	DoRA and Other Transfers	Roll overs	Adjustments	Total Available	Actual transfer	Funds with-held	Reallocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	DORA and other transfers	Actual transfers
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
Enterprise iLembe Economic Development Agency	1 000	-	-	1 000	1 000	-	-	-	-	-	-	-	-
TOTAL	**1 000**	**-**	**-**	**1 000**	**1 000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

The amount of R1 Million under provinces and municipalities relates to a transfer payment for an OSS project made to Enterprise iLembe Economic Development Agency, which is an entity of the iLembe district municipality.

ANNEXURE 1B
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	2024/25						2023/24	
	TRANSFER ALLOCATION				TRANSFER			
Departmental Agency or Account	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
PD: Vehicle licence	30	-	10	40	21	52.5%	31	31
Com: Licence (TV)	3	-	-	3	3	100.0%	3	3
TOTAL	**33**	**-**	**10**	**43**	**24**		**34**	**34**

ANNEXURE 1D
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

	2024/25								2023/24	
	GRANT ALLOCATION				EXPENDITURE					
Name of public corporation / private enterprise	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of Available funds transferred	Capital	Current	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
Public Corporations										
Transfers	**-**	**-**	**45**	**45**	**45**	**100.0%**			**40**	**39**
Agape Car Hire-Damages on a hired car	-	-	45	45	45	100.0%			32	32
Europcar-Damages on a hired car	-	-	-	-	-	-			8	7
Total	-	-	45	45	45	100.0%			40	39
Total										
TOTAL	-	-	**45**	**45**	**45**	**100.0%**			**40**	**39**

ANNEXURE 1F
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	2024/25						2023/24	
	TRANSFER ALLOCATION				EXPENDITURE			
Non-profit institutions	**Adjusted Budget**	**Roll overs**	**Adjustments**	**Total Available**	**Actual transfer**	**% of available funds transferred**	**Final Budget**	**Actual transfer**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**	**%**	**R'000**	**R'000**
Transfers								
NPI: Donations- Siyasindisa Academy	-	-	23	23	23	100%	-	-
NPI: Donations (TEUF)	1 268	-	-	1 268	1 084	85%	1 500	1 479
NPI: Donations	40	-	(40)	-	-	-	78	-
NPI: Donations (ABASA)	-	-	-	-	-	-	20	20
NPI: Donations (SAICA)	-	-	-	-	-	-	7	7
NPI: Donations-Valhalla Arts (This ability Deep Expo)	-	-	10	10	10	100%	-	-
Total	**1 308**	**-**	**(7)**	**1 301**	**1 117**		**1 605**	**1 506**
Subsidies								
TOTAL	**1 308**	**-**	**(7)**	**1 301**	**1 117**		**1 605**	**1 506**

ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS

Household	2024/25						2023/24	
	TRANSFER ALLOCATION				EXPENDITURE			
	Adjusted Budget	Roll overs	Adjustments	Total Available	Actual transfer	% of available funds transferred	Final Budget	Actual transfer
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers								
Injury on duty	-	-	48	48	102	213%	45	44
Post Retirement benefit	150	-	554	704	731	104%	202	193
Leave Gratuity	187		693	880	842	96%	781	778
Early Retirement Pension Penalty	-	-	-	-	-	-	-	2
Bursaries (non-employees)	981	-	-	981	637	65%	1 424	1 000
Claims against the state	-	-	29	29	29	100%	920	917
Pmt/Refund & Rem-Act/grce	-	-	89	89	68	76%	-	-
Donations & Gifts	-	-	3	3	2	67%	-	-
Resettlement Cost	-	-	-	-	-	-	33	-
Total	**1 318**	**-**	**1 416**	**2 734**	**2 411**		**3 405**	**2 934**
Subsidies								
TOTAL	**1 318**	**-**	**1 416**	**2 734**	**2 411**		**3 405**	**2 934**

ANNEXURE 1J
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE

Nature of gift, donation or sponsorship *(Group major categories but list material items including name of organisation)*	**2024/25** R'000	**2023/24** R'000
Made in kind		
Donations		
Lamontville High School (School Uniforms)	56	-
Inqanula CP School (School Uniforms)	68	-
Radha Roopsingh Primary School (School Uniforms)	30	-
Nonhlevu Seconary School (School Uniforms)	23	-
L. Bodasing Primary School (School Uniforms)	20	-
Groutville High School (School Uniforms)	23	-
Mothers of newborn babies at East Griqualand & Usher Memorial Hospital (Various baby items)	1	-
Durban Music School (Ebara Submersible Sewage pump)	100	-
Asande Secondary School (Revamping Gutters)	44	-
1000 Hills Community Hampers-Inchanga (4 burners Gas stove,570L Chest freezer&19 KG Gas Cylinder)	24	-
Nominated Disability Organistion(NPO)-UGU District (stationery, 4 burners Gas stove Oven and Gas Cylinder	28	-
King Misuzulu (Nguni Hide)	4	-
Thuthuka Pre School,Ithembalomntwana Pre school, Khulakahle Pre School, Little Ambassador Pre School&Nkalinka Creche Oribi PMB (Various Items)	8	-
Donations		
Cija Investments (T-shirt Printing Equipment)	-	93
Makhwapheni Trading Enterprise (PTY) LTD (Tye Fitment Equipment)	-	75
Eastwood Secondary School	-	75
Ndwedwe Local Municipality Learners (Stationery, Calculators, and Math Instruments)	-	75
Nagina Clinic (Modified Container)	-	89
Dannhauser Local Municipality (Ward 4) (Food Hampers)	-	99

Enriched Minds Tutoring (Umzinyathi District) (washer dryer Machine)	-	51
Deembalz7884 (PTY)LTD (ICE Machine)	-	100
Nongoma Local Municipality (Ward 6 Odushwini Community Hall) (Plastic chairs)	-	57
Clysdale Creche (uMzimkhulu) (Tables &Chairs)	-	17
Clysdale Creche (uMzimkhulu) (Sponge & Mattress)	-	24
Ugu District Municipality (Grocery Hampers)	-	89
Ethekwini Municipality (Grocery Hampers)	-	89
KZN Department of Sport, Arts and Culture (Contribution to Ingoma Events) (Inventory items)	-	160
Thuthuka Pre School, Ithembalomntwana Pre School, Khulakahle Pre-School Little Ambassador Pre School (food Items)	-	21
TOTAL GIFTS, DONATIONS AND SPONSORSHIPS MADE IN KIND	**429**	**1 114**

ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2025

Nature of liability	Opening balance 1 April 2024	Liabilities incurred during the year	Liabilities paid / cancelled / reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing balance 31 March 2025
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Thembisile Cynthia Khumalo vs MEC for Finance (Case No. 11985/16)	300	-	(300)	-	-
SMEC SA (Pty) Ltd vs BAT, MEC for Finance and 2 others (Case no. 7275/22P)	300	50	-	-	350
ZM Cibane and Another Vs Premier of KZN and Others Case No. 7655/20	500	-	(500)	-	-
OS Holdings (Pty) Ltd vs MEC for COGTA and 4 others case no. 4736/20	500	-	(500)	-	-
Sizani MaZulu Transport and Others / MEC for Transport and Others Case No. 3699/2020	300	60	-	-	360
Afrisun KZN (Pty) Ltd t/a Sibaya Casino and Entertainment Kingdom vs KZN gaming and Betting Board & MEC for Finance, KwaZulu Natal province case no. 3515/22	81 014	-	-	-	81 014
Excellerate Services (Pty) Ltd vs MEC For Finance. Case No. 8937/23P	2 700	830	(1,000)	-	2 530
Gold Circle Proprietery Limited vs KZN Gaming & Betting Board/ MEC for EDTEA, MEC for Finance and Others. Case no 9101/23P	34 264	32 825	(64 263)	-	2 826
NEHAWU on behalf of Khuluse vs KZN PT	-				
Tourvest Holdings (Pty) Ltd vs MEC for Finance KZN & National Treasury. Case No. 2024/0000468	500	1 740	-	-	2 240
NEHAWU on behalf of Khuluse vs KZN PT (D104/2024) (May 2024)	192	50	-	-	242
BPG Mass Appraisals (PTY) Ltd vs MEC for Finance KwaZulu Natal Province&9 others (Case 19068/2023P)	-	150	(150)	-	-
TOTAL	**120 570**	**35 705**	**(66 713)**	**-**	**89 562**

ANNEXURE 3B (continued)

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

STATEMENT OF CONTINGENT ASSETS AS AT 31 MARCH 2025

Nature of liabilities recoverable	Details of liability and recoverability	Opening balance 1 April 2024	Movement during the year	Closing balance 31 March 2025
		R'000	R'000	R'000
KZN Provincial Treasury & MEC for Finance v Desmond Golding & C.Mkhize-Case no :15697/15	Recovery of funds due to the Revenue fund	26 887	(50)	26 837
ND Jacobs vs KZN Provincial Treasury	Employee relation matter	3 419	(400)	3 019
KZN Gaming & Betting Board vs KZNPT	Legal fees recovery	-	515	515
TOTAL		**30 306**	**(65)**	**30 371**

ANNEXURE 4
CLAIMS RECOVERABLE

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2024/25 *	
	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024	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
Provincial Department								
Vote 1: KZN Office of the Premier	-	-	211	668	211	668		
Vote 5: KZN Education	-	-	567	402	567	402		
Vote 7: KZN Health	2 426	-	-	-	2 426	-		
Vote 10: KZN Sport, Art & Culture		-	104	189	104	189		
Vote 12: KZN Transport	7 113	-	-	-	7 113	-		
Vote 13: KZN Social Development		-	-	6		6		
Vote 14: KZN Public Works	284	-	-	2 149	284	2 149		
Subtotal	**9 823**	**-**	**882**	**3 414**	**10 705**	**3 414**		
Other Government Entities								
FASSET	-	-	142	-	142	-		
Mpilonhle (VAT surplus)	-	-	-	822	-	822		
Global fund (Broccoli)	-	-	-	(21)	-	(21)		
Ithala VAT	-	-	-	-	-	-		
KZN Tourism	-	-	146	185	146	185		
National Treasury	-	-	-	13	-	13		
Gaming & Betting	-	-	73	-	73	-		
KZN Ezemvelo	-	-	356	-	356			
UKZN	-	-	21	-	21			
Subtotal			738	999	738	999		
TOTAL	**9 823**	**-**	**1 620**	**4 413**	**11 443**	**4 413**		

ANNEXURE 5

INTERGOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash-in-transit at year end 2024/25 *	
	31/03/2025	31/03/2024	31/03/2025	31/03/2024	31/03/2025	31/03/2024	Payment date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Vote 1: KZN Office of the Premier	-	24	12	-	12	24		
Vote 3: KZN Agriculture & Rural Development	-	5	-	-	-	5		
Vote 4: KZN EDTEA	-	536	-	-	-	536		
Vote 5: KZN Education	-	111	-	-	-	111		
Vote 7: KZN Health	35	41	-	-	35	41		
Vote 12: KZN transport	-	122	-	-	-	122		
Vote 13: KZN Social Development	-	-	-	-	-	-		
Vote 14: KZN Public Works	-	1 167	-	1 826	-	2 993		
South African Police Service	-	11	-	-	-	11		
Department of Justice	334	-	-	-	334	-		
Department of Trade and Industry	-	28	-	-	-	28		
Subtotal	**369**	**2 045**	**12**	**1 826**	**381**	**3 871**		
OTHER GOVERNMENT ENTITIES								
Current								
State Information Technology Agency	4 408	4 116		-	4 408	4 116		
Special Investigation Unit	-	-	-	-	-	-		
Msunduzi Municipality	156	139	-	-	156	139		
SARS	2	-	-	-	2	-		

Government Printing Works	-	1	-	-	-	1
Auditor-General (SA)	1 093	791	-	-	1 093	791
Academy Training Group	-	18	-	-	-	18
SABC	-	345	-	-	-	345
Subtotal	**5 659**	**5 410**	-	-	**5 659**	**5 410**
Non-current						
TOTAL INTERGOVERNMENT PAYABLES	**6 028**	**7 455**	**12**	**1 826**	**6 040**	**9 281**

ANNEXURE 6
INVENTORIES

	Inventory - Clothing material and accessories	Inventory - Food and food supplies	Inventory - Materials and supplies	Other supplies - Assets for distribution - Machinery and equipment	Total
Inventories for the year ended 31 March 2025	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Opening balance	-	-	12	1 876	1 888
Add/(Less: Adjustments to prior year balances					
Add: Additions/Purchases – Cash	225	4	393	180	802
Add: Additions - Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	-	-
(Less): Issues	(225)	(4)	(146)	(1 770)	(2 145)
Add/(Less): Received current, not paid; (Paid current year, received prior year)					
Add/(Less): Adjustments					
Closing balance	**-**	**-**	**259**	**286**	**545**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2025

Inventories for the year ended 31 March 2024	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	-	298	248	2 457	3 003
Add: Additions - Non-cash					
(Less): Disposals					
(Less): Issues	-	(298)	(236)	(581)	(1 115)
Add/(Less): Received current, not paid; (Paid current year, received prior year)					
Add/(Less): Adjustments					
Closing balance	**-**	**-**	**12**	**1 876**	**1 888**

ANNEXURE 7

Movement in capital work in progress for the year ended 31 March 2025

	Opening balance	Prior period error	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
SOFTWARE	23 104	-	-	-	23 104
Software	23 104	-	-	-	23 104
TOTAL	**23 104**	**-**	**-**	**-**	**23 104**

Movement in capital work in progress for the year ended 31 March 2024

	Opening balance	Prior period error	Current year CWIP	Ready for use (Asset Register) / Contract terminated	Closing balance
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
SOFTWARE	23 104	-	-	-	23 104
Software	23 104	-	-	-	23 104
TOTAL	**23 104**	**-**	**-**	**-**	**23 104**

ANNEXURE 11
NATURAL DISASTER OR RELIEF EXPENDITURE
Per quarter and in total

Expenditure per economic classification	2024/25					2023/24
	Q1	Q2	Q3	Q4	Total	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Compensation of employees						
Goods and services	-	-	-	-	-	**241**
List all applicable SCOA level 4 items						-
Agency and outsourced Services	-	-	-	-	-	241
Transfers and subsidies						
TOTAL NATURAL DISASTER OR RELIEF EXPENDITURE	**-**	**-**	**-**	**-**	**-**	**241**

ANNEXURE 12

ANALYSIS OF PREPAYMENTS AND ADVANCES (NOTES 4.2.1 AND 13.1 to 13.4)

Name of Entity	Sector of the entity	Description of the item paid for	Classification category	Total Contract Value	Balance outstanding as at 31 March 2024	Total amount prepaid /advanced in the current year	Less: goods, services, or capital assets received in the current year	Add/ Less: Other	Balance outstanding as at 31 March 2025
				R'000	R'000	R'000	R'000	R'000	R'000
Prepayments									
Data Centrix	Telecommunication resellers, professional, scientific and technical activities	Biometrics Software licences	Goods and Services	16 535	-	11 023	(1 378)	-	**9 645**
The Asset Centre		Hard cat software license	Good and Service	4 577	-	4 577	(3 433)	-	**1 144**
Total prepayments					**-**	**15 600**	**(4 811)**	**-**	**10 789**
Advances									
KZN Department of Works	Government	Operating lease - Rentals	Provincial departments	29 556	-	1 920	-	-	**1 920**
TOTAL PREPAYMENTS AND ADVANCES						**17 520**	**(4 811)**		**12 709**

7 ANNEXURES

6.3 ANNEXURE A: STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY

Statement of responsibility and confirmation of accuracy for the annual report

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

All information and amounts disclosed throughout the annual report are consistent. The annual report is complete, accurate and is free from any omissions.

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

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2025.

Yours faithfully

Ms. C. Coetzee
Accounting Officer
20 August 2025

6.4 ANNEXURE B: REPORT OF THE AUDIT COMMITTEE

Report Of The Audit & Risk Committee On Vote 6 – Provincial Treasury

The Audit Committee herewith presents its report for the financial year ended 31 March 2025, 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 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.

1. Audit Committee Members and Attendance

The CARC responsible for the Department consisted of the members listed hereunder who have met as reflected below.

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

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

#	Name of Member	Ordinary Meetings Attended	Special Meetings Attended
1.	Mr Z Zulu – **PARC Chairperson**	*4 of 4*	*1 of 1*
2.	Ms S Makhathini	*4 of 4*	*1 of 1*
3.	Dr M Zakwe	*4 of 4*	*1 of 1*
4.	Mr S Maharaj	*4 of 4*	*1 of 1*
5.	Mr L Mangquku	*3 of 4*	*1 of 1*
6.	Ms B Jojo	*4 of 4*	*1 of 1*
7.	Mr S Mthethwa	*4 of 4*	*1 of 1*
8.	Ms R Ramphal	*4 of 4*	*1 of 1*
9.	Mr S Magagula	*4 of 4*	*1 of 1*

2. 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 did not identify significant internal control deficiencies to report on.

The Committee considered the appropriateness of management's planned interventions to improve the overall control environment to ensure the control environment maintains its effectiveness. The Committee commended the Department for the results of the external audit, as there were no significant weaknesses identified in the system of controls.

3. 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 perform ten (10) audit assignments for the period under review, of which nine (9) audit assignments were finalised and one (1) was carried over with the approval of the PARC.

The Committee is satisfied that PIAS performed effectively during the period under review. During the 2025/26 financial year, the Committee will continue to monitor the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the Department.

4. Risk Management

The Committee's risk management responsibilities are outlined in its Charter. During the review period, these duties primarily involved quarterly oversight of the Department's risk register and monitoring the Department's risk management maturity in relation to compliance with the minimum risk management standards set out in the provincial risk management framework. The tables below summarise a). the Department's risk register, including the number of risk mitigation plans implemented and b). the status of compliance with the minimum risk management standards.

Table A:

Risk Register Summary	**Risk Grouping**					
Focus Area	Critical	Major	Moderate	Minor	Insignificant	Total
Number of risks identified	1	11	29	58	6	105
Number of agreed-upon risk mitigation plans	1	23	43	15	0	81
Number of implemented risk mitigation plans	0	19	39	13	0	71
% of implemented risk mitigation plans	0	83%	91%	87%	N/A	88%

Table B:

Compliance with Minimum Risk Management Standards and related Guidelines	**Status of compliance**			
	Number of risk management standards	Number of guidelines	Number of guidelines fully complied with	% compliance
	15	76	68	**89%**

The Department made significant progress on implementing 88% of its agreed-upon risk mitigation plans and satisfactory progress in complying with 89% of the prescribed minimum risk management standards. To further improve its risk management practices, the Department is advised to:

- Reduce its risk exposure by promptly implementing outstanding risk mitigation plans and continuously evaluating whether these measures effectively lower risks to acceptable levels.
- Increase efforts to ensure full compliance with all minimum risk management standards.
- Adopt a holistic and integrated approach to risk management through the adoption and implementation of the provincial combined assurance framework. The Department should report quarterly progress on this initiative during the 2025/26 financial year.

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

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

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

6. Evaluation of Financial Statements

The Committee has:

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

Based on the reports of the PIAS and the Auditor General, the Committee commended the Department for submitting the Annual Financial Statements and Performance Report that were free from material misstatements.

7. Forensic Investigations

The Committee noted that the department had no matters under forensic investigations.

8. Auditor-General's Report

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

The Committee 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.

9. 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 L Mangquku

Chairperson: Provincial Audit and Risk Committee

14 August 2025

6.5 ANNEXURE C: Specimen of the Annual Report

N/A

6.6 ANNEXURE D: Template of Reporting Compliance to the BBBEE Commission

6.6.1 B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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

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