



cogta

Department:  
Cooperative Governance and Traditional Affairs  
PROVINCE OF KWAZULU-NATAL

# **ANNUAL REPORT**

## **2018/2019**

### **VOTE 11**

## **SUBMITTING THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY**

**Mr SE Hlomuka**

MEC for Cooperative Governance and Traditional Affairs

I have the honour of submitting the Annual Report of the Department of Cooperative Governance and Traditional Affairs for the period 01 April 2018 to 31 March 2019.

**Mr T Tubane**

Head of Department

For Cooperative Governance and Traditional Affairs

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## **PART A: GENERAL INFORMATION**

### 2.3.1 GENERAL INFORMATION ABOUT THE DEPARTMENT

**PHYSICAL ADDRESS:** 330 Langalibalele Street  
14<sup>th</sup> Floor, Natalia Building, North Tower  
Pietermaritzburg, 3201

**POSTAL ADDRESS:** Private Bag X 9078  
Pietermaritzburg, 3200

**TELEPHONE NUMBER:** 033 395 2831

**FAX NUMBER:** 033 345 6432

**EMAIL ADDRESS:** [communications@kzncogta.gov.za](mailto:communications@kzncogta.gov.za)

**WEBSITE ADDRESS:** [www.kzncogta.gov.za](http://www.kzncogta.gov.za)

### 2.3.2 LIST OF ABBREVIATIONS/ACRONYMS

<b>AG/AGSA</b>	Auditor General of South Africa
<b>APP</b>	Annual Performance Plan
<b>BBBEE</b>	Broad Based Black Economic Empowerment
<b>B2B</b>	Back to Basics
<b>BCEA</b>	Basic Conditions of Employment Act No.75 of 1997
<b>CFO</b>	Chief Financial Officer
<b>CIDB</b>	Construction Industry Development Board
<b>CMET</b>	Comprehensive Monitoring and Evaluation Tool
<b>COGTA</b>	Cooperative Governance and Traditional Affairs
<b>COHOD</b>	Committee Of Heads Of Departments
<b>CSC</b>	Community Service centre
<b>CSD</b>	Central Supplier Database
<b>CWP</b>	Community Works Programme
<b>DDG</b>	Deputy Director General
<b>DGDP</b>	District Growth and Development Plan
<b>DPSS</b>	Development Planning Shared Services
<b>DTI</b>	Department of Trade and Industry
<b>DPSA</b>	Department of Public Service and Administration
<b>ECM</b>	Enterprise Content Management
<b>EHW</b>	Employee Health and Wellness
<b>EPWP</b>	Expanded Public Works Programme
<b>GIS</b>	Geographic Information Services
<b>GREC</b>	Governance Risk and Ethics Committee
<b>GPSSBC</b>	General Public Service Sector Bargaining Council
<b>HCT</b>	HIV Counselling and Testing
<b>HDI</b>	Historically Disadvantaged Individuals
<b>HIV/AIDS</b>	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
<b>HOA</b>	Home Owners Allowance
<b>HOD</b>	Head of Department
<b>HR</b>	Human Resources

<b>ICT</b>	Information Communications Technology
<b>IDP</b>	Integrated Development Plan
<b>IGR</b>	Intergovernmental Relations
<b>KZNTLGA</b>	KwaZulu-Natal Traditional Governance and Leadership Act No.5 of 2005
<b>MEC</b>	Member of the Executive Council
<b>MFMA</b>	Municipal Finance Management Act no.56 of 2003
<b>MIG</b>	Municipal Infrastructure Grant
<b>MTEF</b>	Medium Term Expenditure Framework
<b>MTSF</b>	Medium Term Strategic Framework
<b>MPAT</b>	Management Performance Assessment Tool
<b>MPRA</b>	Municipal Property Rates Act No. of 2006
<b>MPSA</b>	Minister for the Public Service and Administration
<b>MSA</b>	Municipal Systems Act No.32 of 2000
<b>NACH</b>	National Anti-Corruption Hotline
<b>NDP</b>	National Development Plan
<b>NQF</b>	National Qualifications Framework
<b>OTP</b>	Office of the Premier
<b>PAIA</b>	Promotion of Access to Information Act
<b>PERSAL</b>	Personnel Salary System
<b>PAJA</b>	Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
<b>PASTEL</b>	Persistent Application Systems, Technologies, Environments and Languages
<b>PERSAL</b>	Personnel Salary System
<b>PFMA</b>	Public Finance Management Act No.1 of 1999
<b>PGDP/S</b>	Provincial Growth and Development Plan/Strategy
<b>RASET</b>	Radical Agrarian Socio-Economic Transformation
<b>SALGA</b>	South African Local Government Association
<b>SAPS</b>	South Africa Police Services
<b>SCM</b>	Supply Chain Management
<b>SDF</b>	Spatial Development Framework
<b>SDIBP</b>	Service Delivery and Budget Improvement Plan
<b>SHERQ</b>	Safety Health Environment Risk & Quality
<b>SITA</b>	State Information Technology Agency
<b>SMME</b>	Small, Medium and Micro-sized Enterprise
<b>SMT</b>	Systems Monitoring Tool
<b>SMS</b>	Senior Management Services
<b>SPLUMA</b>	Spatial Planning and Land Use Management Act No 16 of 2013
<b>TB</b>	Tuberculosis
<b>TRADMUNIMEC</b>	Forum of Traditional Leadership, Municipalities and Members of the Executive Council
<b>UMDM</b>	UMgungundlovu District Municipality
<b>VIP</b>	Ventilated Improved Pit toilet

### 2.3.3 FOREWORD BY THE MEC

Insert photo of MEC

It is an honour for me to present the Annual Report for the 2018/2019 financial year for the Department of Cooperative Governance and Traditional Affairs. This report is the concluding report that draws down the curtain on the achievements and hard work of the fifth administration. This administration has laid down a solid foundation for accelerated service delivery and placed the province on the pedestal of hope on which it rests today.

This report also ushers in the new roadmap of the sixth administration following the successful sixth democratic elections. It improves on the strategic objectives for the years ahead as part of our intensified approach to empower municipalities and ensure that they are managed effectively and efficiently.

In the year under review the department continued on its path of creating municipal and traditional leadership institutions that are a catalyst for development and growth of our province. The department has written a new service delivery chapter in that today we can point to municipal areas that are close to eradicating the apartheid-era service delivery backlogs.

As a department, we have grown from an institution that merely supports municipalities in the implementation of their constitutional mandate towards one that is proactive in the delivery of municipal infrastructure. This move has enabled municipalities to deliver essential services at levels that are very close to universal coverage in people's access to water, electricity and sanitation.

One challenge in this regard has been poor revenue collection in several municipalities. This has impacted negatively on the financial viability of municipalities and we at COGTA have intervened to apply pressure on all those who can afford it to pay for their municipal services. Our revenue enhancement campaign "Pay Your Levies – Nothing for Mahala" has been a resounding success.

We have also faced community protests that sometimes caused serious damage to municipal infrastructure and threatened the very stability and effective governance of our municipalities. We have faced this challenge head-on and through our proactive and participatory approach to problem solving, we have largely restored public trust and confidence on the ground in the affected municipalities.

An assessment of the latest audit outcomes of municipalities has highlighted a critical issue of consequence management and even as we undertook our support and monitoring role in providing the necessary frameworks and training for municipal officials and councillors, the levels of



unauthorised, irregular, fruitless and wasteful expenditure have yet to improve in many municipalities.

We are equally committed to supporting all under-performing municipalities in improving their audit outcomes. To achieve this, we are working closely with the Auditor-General's office and engaging with all municipalities on a one-on-one basis to boost their audit improvement plans and, ultimately, their audit scores. This is a long-term objective, but one that we take with utmost seriousness.

In order to continue our local government transformation agenda, we need fully functional municipalities which must also be financially viable. Capacity building, training, skills development, hands-on approach and technical support are all important in this regard and our role in facilitating all of these will all help our municipalities perform better in discharging their responsibilities and mandates.

This report therefore closes a very historic chapter in the life of the department but also opens a new ocean of opportunities to take our province and country to new heights. KwaZulu-Natal is a diverse and dynamic province that brims with unlimited potential but also contends with its unique challenges. It is incumbent upon us as a government department that exercises general oversight over the province's 54 municipalities to rise to these challenges in a strategic manner so that we provide the kind of targeted support our municipalities require.

I wish to acknowledge the contribution of all stakeholders and invite everyone to put shoulder to the grindstone as we march towards the new era of growth and write a new service delivery chapter in our journey to build a non-racial, non-sexist, democratic and prosperous South Africa.

I would like to pay tribute to my predecessor, Honourable Nomusa Dube-Ncube, for the sterling legacy she has created. With these words of gratitude, I now have the pleasure to present this 2018/2019 Annual Report of KwaZulu-Natal COGTA to the Provincial Legislature and all our stakeholders.

**Approved by:**

**Mr SE Hlomuka - MPL**

MEC for Cooperative Governance and Traditional Affairs  
Executive Authority

## **2.3.4 REPORT OF THE ACCOUNTING OFFICER**

As Accounting Officer, I hereby submit the 2018/19 Annual Report of the KZN Department of Cooperative Governance and Traditional Affairs (hereafter referred to as the “Department” to the Provincial Legislature, Provincial Treasury, the media and the general public. The overview of this Annual Report provides a synopsis of the key deliverables of the Department in the year under review.

In order to achieve the highest standards of good governance and public accountability, the Department depended largely on the quality of human capital at its disposal. The Department had its organisational structure reviewed to ensure that it properly aligned to be able to deliver on its mandate. The review of the structure was based on the philosophy of creating a transversal functions and be able to provide transversal services to both the Department and to the municipalities. Financial Management, Corporate Communication and Human Resource Management & Development have gone further and embraced the external focus by partnering with respective business units in the Department to provide support to municipalities.

The Department remained committed in improving its audit outcomes; and specific measures were put in place to ensure the effective implementation of the audit improvement plan. The clean audit committee was established consisting of senior officials. The committee has the responsibility to monitor the implementation of the audit improvement plan to ensure that the audit findings are addressed. This committee acts as an early warning system for the Department which enables it to identify gaps and to address them. It also monitored MPAT for the Department to improve these results. During the 2017/2018 FY, the Department was assessed against 23 standards. The MPAT scores received for this cycle indicates that 61% of these MPAT standards received scores of full compliance and above in comparison to the 52% in the previous cycle. This highlights an improvement in the overall MPAT status of the Department. In 2018/2019 DPME has advised of the discontinuation of MPAT system.

There has been an increased pressure for the improved governance and sound financial management in the municipalities to be able to deliver on their mandates. As a result, skilled professionals were deployed to support and build capacity within district families with determining, reviewing and implementing appropriate municipal governance and administration processes, systems, plans, frameworks and procedures. COGTA supported municipalities with municipal administrative services and municipal compliance in terms of applicable legislation and policies, and supports municipal HR matters. Many municipalities continue to experience challenges with the regression in audit outcomes and governance matters. As a result, the Department is managing nine interventions in the 2018/2019 financial year and three interventions that commenced in the 2017/2018 financial year were still in effect in 2018/2019.

Accelerated sustainable development can be achieved through effective integrated planning, local economic development and implementation of schemes and provision of basic services. Infrastructure development, economic growth and informed planning are central to the sustainable growth and service delivery. The Department supported 54 municipalities in improving their Spatial Development Plans to be aligned to their IDPs and developed 18 Traditional Settlement Master Plans. Forty four municipalities were supported with the implementation of SPLUMA by providing support in the establishment of Municipal Planning Tribunals and Appeals Tribunals. The Department and SALGA implemented a capacity building programme for the District Development agencies and supported 54 municipalities to implement the Red Tape Programme. The

Department also supported the municipalities to implement operations and maintenance plans to ensure the sustainability of infrastructure. The province experienced impacts of climate change with devastating floods and the Department coordinated the support and had to pull multiple sources together to deal with this catastrophe which required a multi departmental and multi sectoral approach.

Good governance is critical for the institutions of Traditional Leadership to provide effective support to the community. The Department continued to support cultural platforms to enable the traditional communities the opportunity to share their cultures, customs and updated their family trees. The Department successfully rolled out a capacity building programme to ensure good governance, sound financial management and effective functioning of our traditional councils. However, most traditional communities continue to be plagued by poverty and underdevelopment. The Department is poised to play a key strategic role in coordinating the traditional affairs activities, promoting good governance and enhancing service delivery in traditional communities. The issues of payment of Izinduna and Traditional Council secretaries remain a challenge and an on-going concern for the Department and various avenues are being explored to resolve these issues.

The Department remains committed to ensure that the constitutional and legislative mandates are fulfilled. The municipalities and the institutions of traditional leadership are central to the Department's mandate and support to these institutions continues to be the basis of COGTA's existence.

I wish to thank the Executive Authority for the trust placed on me as Accounting Officer of this Department, the management and staff of COGTA remains the driving force behind the achievement and commitments to address the existing challenges.

**MR T TUBANE**

Head of Department

Accounting Officer

Cooperative Governance and Traditional Affairs

Vote 11

### **2.3.5 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT**

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

All information and amounts disclosed throughout the annual report are consistent. The annual report is complete, accurate and is free from any omissions. The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2019.

Yours faithfully,

**Mr T Tubane**

Head of Department

Cooperative Governance and Traditional Affairs

## 2.3.6 STRATEGIC OVERVIEW

### **VISION**

COGTA envisages “people centred sustainable cooperative governance”.

### **MISSION**

“KZN COGTA will coordinate and foster cooperation amongst governance institutions and build capacity to accelerate delivery of high quality services to communities”.

### **VALUES**

VALUE	DEFINITION
Transparency, integrity, professionalism and objectivity	Allowing service beneficiaries and staff to ask questions and responding to their enquiries honestly, frankly and timeously.
A high standard of fiscal discipline and accountability	All expenditure be accounted for and be aligned to departmental objectives.
Value for money	Adding value to the lives of service beneficiaries.
Open communication and consultation	Listening to, taking account of the views and paying heed to the needs of service beneficiaries, when deciding what services should be provided.
Respect for staff and investment in them as a valued asset	Treating staff with consideration and respect and assigning development programmes in line with the Department's objectives and providing a wellness programme.
Recognition of performance excellence	Rewarding and recognising staff for good performance.
Service excellence through teamwork, sound planning and committed implementation	Support programmes developed by the Department are designed and monitored to impact on service beneficiaries.

## **2.3.7 LEGISLATIVE AND OTHER MANDATES**

### **CONSTITUTIONAL MANDATE**

The mandates of the Department of Cooperative Governance and Traditional Affairs are embodied in the following sections of the Constitution of the Republic of South Africa, 1996:

- Section 139 provides for provincial intervention in local government. This intervention in municipalities, includes the issuing of directives, and managing interventions by the Provincial Executive Council in accordance with the provisions of section 139(1) (a), (b) and (c);
- Section 154 determines that provincial governments must provide support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions in accordance with the provisions of section 154(1) and (2);
- Section 155(5) and (6) determines the types of municipalities in KwaZulu-Natal, and establishes municipalities in KwaZulu-Natal, thereafter the Municipalities, by legislative and other measures, must be monitored and supported, in addition to which the Department must promote the development of local government capacity, to enable municipalities to perform their functions and manage their own affairs; and
- Section 155 (7) stipulates that provincial governments have legislative and executive authority to see to the effective performance by municipalities of their functions in respect of matters listed in Schedules 4 and 5, by regulating the exercise by municipalities of their executive authority referred to in section 156(1).
- Chapter 12 of the Constitution of the Republic of South Africa, 1996 recognises the institution of traditional leadership and emphasises the significant role it plays in preserving the customs of traditional communities. It further defines the institution as an organ of state which justifies its place in the democratic dispensation especially in relation to governance issues.

### **LEGISLATIVE MANDATES**

The following legislation is used by the Department to carry out its mandate:

- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)
- Local Government: Municipal Finance Management Act, 2003 (Act No. 53 of 2003)
- Local Government: Municipal Property Rates Act, 2004 (Act No. 6 of 2004)
- Local Government: Municipal Demarcation Act, 1998 (Act No. 6 of 2004)
- Local Government Municipal Electoral Act, 2000 (Act No. 27 of 2000)
- Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003)
- The KwaZulu-Natal Traditional Leadership and Governance Act 2005 (Act No. 5 of 2005)
- The White Paper on Traditional Leadership
- Disaster Management Act, 2002 (Act No. 57 of 2002)
- Spatial Planning and Land Use Management Act, 2013: (Act No. 16 of 2013)
- Infrastructure Development Act, 2014 (Act No. 23 of 2014)
- Municipal Fiscal Powers and Functions Act, 2007 (Act No. 12 of 2007)
- Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998)

- KwaZulu-Natal Planning and Development Act, 2008 (Act No. 6 of 2008)
- KwaZulu-Natal Pounds Act, 2006 (Act No. 3 of 2006)
- KwaZulu-Natal Cemeteries and Crematoria Act, 1996 (Act No. 32 of 2000)
- KwaZulu-Natal Determination of Types of Municipalities Act, 2000 (Act No. 7 of 2000)
- Fire Brigade Services Act, 1987 (Act No. 99 of 1987)

## **POLICY MANDATES**

Policy mandates have in the past created the parameters within which laws have been developed. For example, the White Paper on Local Government created the policy environment for the development of the Municipal Structures, Systems, Financial Management and Intergovernmental Relations Acts. Policy mandates are also associated with policy pronouncements such as the National Development Plan (NDP), Medium Term Strategic Framework (MTSF), Medium Term Expenditure Framework (MTEF) and the Provincial Growth and Development Plan (PGDP) which then enhances the mandate for cooperative governance.

### **Freedom Charter, 1955**

The Freedom Charter is a document that the Congress of the People adopted in 1955 as to what would be a picture of a free South Africa. The Freedom Charter declares that "South Africa belongs to all who live in it, black and white, and no government can justly claim authority unless it is based on the will of all the people". The will of all people is at the centre, and forms a base for this document. The core principles of the Freedom Charter find manifestation in the SA Constitution. The key opening demand for the Freedom Charter is "The people shall govern". This means that all men and women of all races, sex and colour have a right to vote, and can stand as a candidate for all bodies which make law and are entitled to be part of the administration of the country. Indeed, as COGTA we have witnessed that our government is elected regularly through transparent, free and fair elections as a prerequisite of our democracy demanded by the Freedom Charter. Every South African has the right to elect a government of his or her own choice. Regardless of race, the charter also calls for full equal rights for all citizens including human rights; common ownership of land and industry; equality before law; right to housing, security and comfort; jobs and security; fully-funded education for children and greater access to higher education.

The Freedom Charter remains the platform and vision for South African policies, strategic thinking and aspirations that South Africa seeks to achieve.

### **National Development Plan and Medium Term Strategic Framework**

The National Development Plan is a plan for South Africa and provides a broad strategic framework to guide key choices and actions in order to eliminate poverty, reduce inequality and unemployment by 2030. The NDP approach draws extensively on the notion of capabilities, active citizenry and inclusive economy, enhancing the capacity of the state, and promoting leadership and partnerships throughout society. As with the Freedom Charter, NDP calls on communities to be part of an active citizenry and to take greater collective responsibility for their own development.

COGTA contributes to the delivery of chapters 4, 5, 6, 8, 13, 14 and 15 of the NDP and there is alignment of the COGTA strategic goals and objectives with the NDP, MTSF outcomes and the Provincial Growth and Development Plan.

The MEC Delivery Agreement for the 2018/19 Financial Year, which was integrated into the Annual Performance Plan, contributes towards the following Outcomes:

- Outcome 6: Economic Infrastructure
- Outcome 7: Vibrant, Equitable And Sustainable Rural Communities And Food Security For All
- Outcome 9: A Responsive, Accountable, Effective and Efficient Local Government System
- Outcome 10: Environmental Assets and Natural Resources that are well protected continually enhanced
- Outcome 14: Nation Building and Social Cohesion

The MTSF is the short term strategy that gives effect to the NDP. The NDP and MTSF identify the following priorities that are particularly important to improve Local Government performance and ensure quality service delivery:

- a) Members of society have sustainable and reliable access to basic services.  
(Outcome 9: Sub Outcome 1)
- b) Intergovernmental and democratic governance arrangements for a functional system of cooperative governance strengthened (Outcome 9: Sub Outcome 2)
- c) Sound financial and administrative management. (Outcome 9: Sub Outcome 3)
- d) Promotion of social and economic development. (Outcome 9: Sub Outcome 4)
- e) Local public employment programmes expanded through the Community Work Programme.  
(Outcome 9: Sub Outcome 5)

### **Provincial Growth and Development Plan (PGDP)**

The KwaZulu-Natal Provincial Growth and Development Plan (PGDP) is a comprehensive document that addresses the enormous triple challenge of poverty, inequality and unemployment. This is a long-term plan which sets ambitious but achievable targets that will be realised by the year 2035. The PGDP espouses the Provincial vision that: KwaZulu-Natal will be a prosperous Province with a healthy, secure and skilled population, acting as a gateway to Africa and the World. The PGDP is aligned to the National Development Plan. The Department's operations are guided by the National Development Plan, 2030 which is expressed in the Provincial Growth and Development Plan.

The Department aligned its 18/19 APP with the PGDP and where it was felt that the interventions were operational, these were incorporated in the Business Plans of respective Business Units.



## Back to Basics

The Back to Basics programme was launched with the theme of “Serving Our Communities Better”. The Presidential Summit was held on the 18 September 2014, in which the President, outlined the government’s plan of action for the next 5 years which is to ensure a focused and strengthened local government by getting the basics right and together with other spheres of government, providing basic services efficiently and effectively and in a caring manner.

The 5 pillars of the programme have been outlined as:

- Putting People First: Listening and communicate
- Adequate and community orientated service provision
- Good governance and transparent administration
- Sound financial management and accounting
- Robust institutions with skilled and capable staff

Changing strategic orientation will not be easy and it will require bold leadership and political will. At the same time a collective effort and unity of purpose and partnership with leaders in local government, provinces and national government is required. There is a need to improve the political management of municipalities and be responsive to the needs and aspirations of local communities.

The Back to Basics transformational agenda recognises that there are widely divergent levels of performance between different categories of municipalities – in terms of services, public engagement, good governance, financial management and technical capacity. The aim is to encourage all municipalities to become positively functional centres of good governance. There is also a need to set the proper standards for municipal performance.

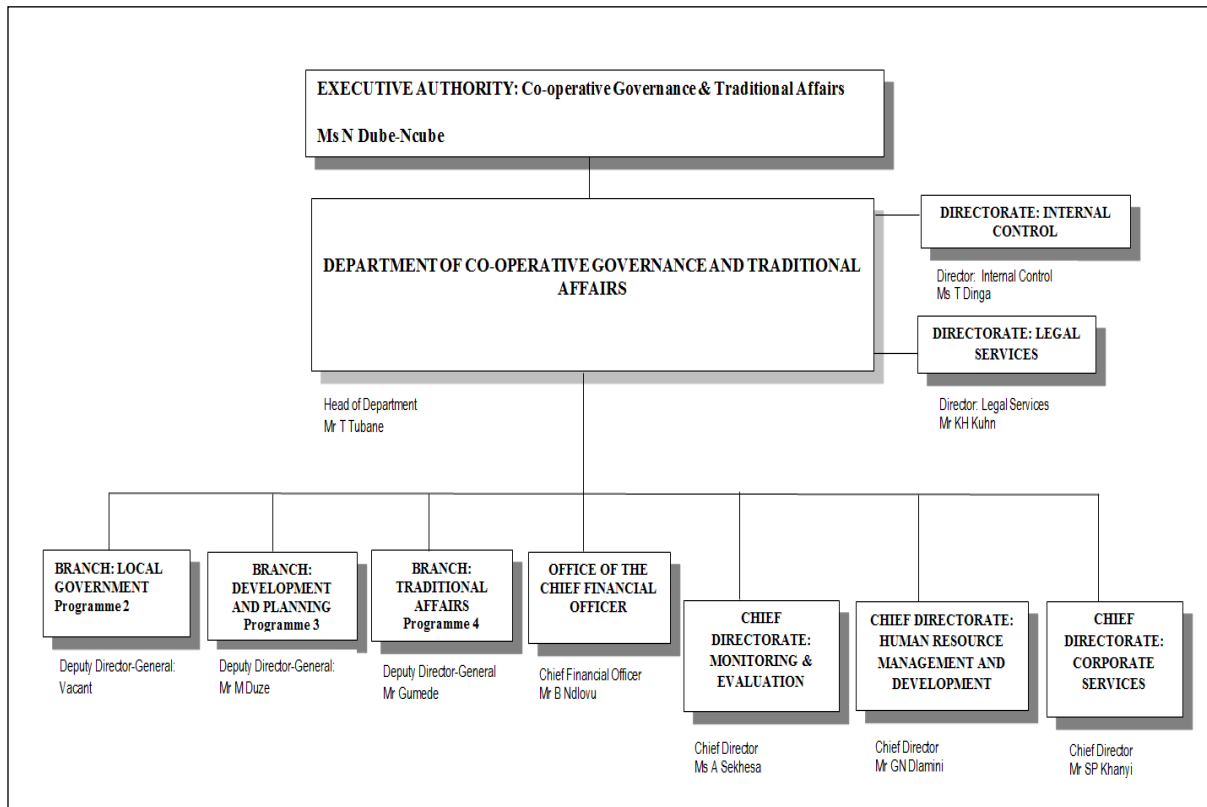
- **Priority 1:** For those municipalities in a dysfunctional state the aim is to provide support to them to perform at the very least the basic functions of local government. This will be done through the monitoring of applicable policies and legislation and monitoring of performance to ensure accountability.
- **Priority 2:** For those municipalities who are functional but are not doing enough in critical areas of service delivery, they will be supported to progress to a higher path. Here the focus will be providing support to build strong municipal administrative systems and processes as well as to oversee the filling of administrative positions. Measures will be taken to support municipalities to engage with their communities.
- **Priority 3:** Municipalities that are performing well will be supported to maintain their status as well as encouraged to move beyond the basics and transform the local space economy and integrate and densify communities to improve sustainability.
- **Priority 4:** Municipalities will be monitored in respect of their response to fraud and corruption in order to ensure that these practices are rooted out

## **KZN Local Government Indaba 2018**

The Minister of Cooperative Governance and Traditional Affairs addressed Local Government on 23 March 2018 and emphasized a change in this important sphere of government that is closest to the people. He further emphasised the following critical areas that need to be addressed:

- A need to intensify, strengthen and revitalise the Back to Basics Programme in all municipalities
- High political infighting and instability in some municipalities
- High vacancy rates and lack of skilled personnel/incompetent staff in critical posts
- Inappropriate spending of budgets, high debt, disregard of supply chain management regulations, procurement irregularities. Provincial and municipal leaders need to eliminate irregularities, fraud corruption and all forms of procurement transgressions
- Regression in Municipal Audit Outcomes – Clean Audit is a combined responsibility between politicians and administration
- Lack of technical capacity to deliver much need infrastructure
- Municipal revenue generation
- Economic growth and Local Economic Development in municipalities to ensure radical economic transformation and promote job creation towards a prosperous country
- Working in partnership with Traditional Leaders to ensure rural development
- Response to Climate Change impacts

## 2.3.8 ORGANISATIONAL STRUCTURE



## 2.3.9 ENTITIES REPORTING TO THE MEC

There are no entities reporting to the MEC as indicated in the table below:

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Nil	Nil	Nil	Nil

## **PART B: PERFORMANCE INFORMATION**

## **2.4.1 AUDITOR GENERAL'S REPORT ON PREDETERMINED OBJECTIVES**

The Auditor General of South Africa performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported in the Report on the audit of the annual performance report section of the auditor's report.

Refer to page **146** of the report of the Auditor General published herein as Part E: Financial Information.

## **2.4.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE**

### **Service Delivery Environment**

The Honourable President, Cyril Ramaphosa, pronounced that public officials need to reinforce their commitment to ethical behaviour and leadership in order to put behind the era of diminishing trust in public institutions. He emphasised that the current administration must be defined by decency and integrity that does not tolerate the plunder of public resources. KZNCOGTA is geared towards turning the tide of corruption in KZN municipalities to ensure that state spending provides value for money. The Honourable President is emphatic about instilling discipline. The Department continuously reminded staff to adhere to the Batho Pele principle of "*Putting our people first*" which enable the delivery of quality and sustainable services to the citizens of the KwaZulu Natal province.

In 2017, the government started a new chapter of radical socio-economic transformation. This chapter emphasised the need to "move beyond words to practical programmes implementation" and that the state will play a role to drive this transformation. Radical socio-economic transformation aims to open grow the economy and to give black South Africans opportunities which will assist the economy to become more dynamic, competitive and inclusive. KZNCOGTA has embraced this programme and subjected the Supply Chain Management to reforms reviewing structures and systems in place to respond to both the radical economic transformation and radical socio-economic transformation agenda. This programme focuses on opening up economic opportunities and activities to small enterprises, rural and township enterprises, designated groups as well as to promote local industrial development and thereby dismantling the monopolies that exist in certain sectors by channelling government spending power appropriately. Furthermore, municipalities are also supported to integrate radical economic transformation through IGR Structures (MUNIMEC, District Forums etc.), District Development Agencies and projects such as fresh produce markets.

The Department is mandated through the Constitution of the Republic of South Africa, to support and strengthen the capacity of municipalities to manage their own affairs, exercise their powers, to perform their duties and to monitor their effective performance. In fulfilling this mandate, the Department has pledged to provide targeted support to municipalities in order to ensure that there is significant improvement in service delivery and audit outcomes. The Department remains committed to support the municipalities to ensure that they are fully compliant with the legislations and to promoting accountability and ethical behaviour.

## **Programme 1: Administration**

The purpose of this Programme is to support the Ministry and all other Programmes in the Department with support services, including the financial management of the Department. The Office of the MEC provides strategic policy direction and leadership to the Department in line with its mandates. The Office on the Head of Department is central to the day to day running of the Department. In order to improve the audit outcome of the Department, a clean audit committee was established to monitor the Audit Findings, to implement remedial actions and provide weekly progress on the approved actions. The committee acts as an early warning system for the Department which enables it to identify gaps and to address them. The Clean Audit committee also monitored MPAT for the Department in order to improve the MPAT results. Financial Management, Corporate Communication and Human Resource Management & Development have gone further and embraced the external focus by partnering with respective business units in the Department to provide support to municipalities.

Departmental programmes have continuously aimed to achieve less than a 2% variance on expenditure in accordance with the PFMA. To achieve this all 4 programmes were supported with proper budget management practices. All the required in-year monitoring reports on expenditure were compiled and submitted to Provincial Treasury by stipulated deadlines. Effective monitoring of the procurement plan to ensure that budget is spent in accordance to plans. The implementation of the Account Payables and Advanced Procurement Systems is underway. Advanced Procurement will see the Department moving to an electronic requisitioning and ordering system. There is a noted improvement in the payment of suppliers in 30 days. In the 2018/19 financial year 94.75% compared to 90.46% in 2017/18 of suppliers were paid in 30 days. Traditional councils have had their physical assets verified, and registers accurately updated to facilitate uniformity. The Department has also trained TC secretaries on the implementation of financial practice notes and spot checks were carried out to ensure that the financial management practice notes have been implemented.

All staff was capacitated according to the Departmental Training plan. Training includes Protocol, breaking barriers, Ethics, Sexual Harassment, Conflict resolution, SMS Khaedu course and orientation training for new appointments and interns. The Department continues to offer bursaries to COGTA staff and to youth (non-COGTA staff). The Department appoints interns and experiential learners of which some include town and regional planners. Employee Wellness is an integral part of employee performance; hence, the Department provides staff with quarterly wellness testing at all offices. Measures have been put in place in order to effectively deal with internal disciplinary cases. These measures include the decentralisation of the disciplinary process.

A Risk Register and Risk Management reports were used to minimise risk through early warning systems. A Risk Management Committee established and is one of the methods used to monitor risks. Meetings are held bi-weekly to detect and mitigate risks. Based on the Auditor General findings, an Audit Improvement Strategy was developed and reports are compiled to respond to previous year's audit findings and to prevent

recurrence of audit findings. An Anti-Fraud and Corruption Strategy was developed and approved. Following on from this, fraud awareness campaigns were conducted in all Districts. The Strategy is constantly monitored by the Departmental Risk Management Committee. The Provincial Internal Audit Services (PIAS) in Provincial Treasury conducted a follow-up on the implementation of Fraud Prevention Improvement Plans of all Departments. COGTA was placed first in the Governance Cluster with a score of 91%.

The Department has three critical posts at an executive level to be filled and is still in discussion with the DPSA on the finalisation of the Programme 1 organisational structure. The Department is working towards the finalisation of an electronic leave management system.

## **Programme 2: Local Governance**

In order to improve the capacity of political and administrative governance in municipalities, the Department developed an assessment tool to monitor the compliance with legislation and policies in the local government environment. Five key areas were identified for support, namely Roles and Responsibilities, Delegations Framework, Implementation of Code of Conduct, Staff Leave and Records Management. The Department is providing the support to the municipalities through Municipal governance and administration. The Department was able to keep its commitment to providing effective support to local government institutions for strengthened governance, promote sound financial management, enhance public participation and improve capacity of municipalities to accelerate service delivery.

Back to Basics Strategic Sessions were held with municipalities and sector partners to ensure their alignment with municipal support plans. The support strategies that were used to guide the ongoing revision and implementation of municipal action plans/support plans. All municipalities were visited with the focus of assessing the progress made and possible re-categorise based on the assessment findings. 54 municipalities were visited at least once a month and reports were developed for each visit. Service delivery reports for relevant municipalities were drafted and validated by the municipal managers of those municipalities. Support plans were developed and issues are addressed on a continued basis. Municipal service delivery issues identified by the LG Specialists were integrated with B2B issues and progress reports are provided and facilitated through weekly Nerve Centre meetings. Identified issues were referred to the relevant units for action. Local Government Specialists continued to work in collaboration with municipalities, through individual visits, identifying challenges, implement project plans to address issues raised and resolve issues that are hampering service.

Inter-Governmental Relations remains instrumental for mobilising the distinctive efforts, capacities, leadership and resources of each sphere towards service delivery and government defined development objectives. The Department is geared towards improving the functionality of IGR Structures to ensure that they are fully functional in accordance with the IGR Framework. IGR seeks to resolve disputes without resorting to judicial proceedings as well as to ensure the smooth flow of information within government, and between government and communities, with a view of enhancing the implementation of policy and programmes. MuniMEC is an IGR structure established to be a consultative forum between Provincial CoGTA and the municipalities. Through the MuniMEC, stakeholders from all the spheres of government are provided with an opportunity to interact with local government in the true expression of the concept of

cooperative governance. The Department monitored and supported municipalities on the implementation of the Strategic Framework on Councillor Oversight (including Standard reporting templates for municipal oversight structures) to ensure that they fulfil their oversight mandate. The oversight structures include the Council, Executive Committees, Portfolio Committees and Municipal Public Accounts Committees (MPACs). Furthermore, municipalities were provided with support aimed at ensuring their compliance with local government legislation and policies as well as the Municipal Systems Act regulations. Municipalities were supported in respect of the filling of Section 54A and Section 56 posts as well as intervention in municipalities who do not comply. To ensure that skilled personnel are appointed the Department can decline the appointment of senior managers where the process is flawed or the recommended candidate is not suitable. Municipalities were supported in the drafting of by-laws developed to enhance their legislative competency. Section 81 of the Municipal Structures Act allows traditional leaders to participate in the proceedings of municipal councils in order to facilitate cooperative decision making on service delivery and development programmes that affect traditional communities. The Department supported municipalities in improving the participation of Traditional Leaders at municipal level. However, some municipalities have not enabled the participation of traditional leaders in Council Committees and in some instances; there are no Council Resolutions enabling payment for out of pocket expenses in relation to attendance to Council Committee meetings. Some traditional leaders are still reluctant to attend meetings as they believe their attendance to meetings is equivalent to tokenism and faking cooperation since most municipalities do not have mechanisms to enforce and comply with communication and consultation legal obligations.

Effective integrated planning is crucial for the well-functioning of Local Government Institutions and for the acceleration of service delivery. The Department ensures the development of legally compliant IDPs through effective and efficient management of the Provincial IDP Management and Support Plan which envisages being a catalyst between Community-Based Plans, IDPs and Operation Sukuma Sakhe. Support via the Development Shared Services was provided with the aim of assisting municipalities with low or lack of planning capacity to enable them to develop credible IDPs. Further support was provided through the Joint Service Delivery Forum with the intent of enhancing coordination of service delivery initiatives of various government departments and municipalities.

The Department is providing Universal support in the implementation of ward operational plans in all 870 wards. Municipalities are supported with the alignment of ward based plans to the IDP, SDIBP and the implementation of ward operational plans with the aim of delivering services which address community needs. A major challenge is the different understanding and interpretation of a functional wards committee and this will in future, be addressed through regional workshops. Another issue to be addressed is the reliability of information submitted by the Community Development Workers. The Department will focus on among other activities, the diagnosing of the actual challenges experienced by both municipalities and the community; and developing a response plan to it.

There is an urgency to eradicate incidences of fraud and corruption in municipalities to ensure that resources are used efficiently and for the delivery of services to our communities. KZNCOGTA will continue to investigate reported cases of fraud, corruption and maladministration as well as support municipalities to implement anti-fraud and anti-corruption strategies. At the end of 2018/19 100% cases of fraud and maladministration were investigated



in municipalities. Statutory compliance in terms of Section 131 reporting and Section 81 of the MPRA reporting was achieved. Municipalities continued to receive support in implementation of the Municipal Property Rates Act. Municipalities affected by the re-demarcation were specifically supported to align valuation cycles and the Department processed applications for extension of valuation roll validity to promote alignment of valuation rolls and the Department published specific provisions relating thereto in the section 14(5) notice under the Municipal Structures Act. The partnership with all valuation appeal boards in the Province have been established as required by the MPRA to ensure that ratepayer's objections and appeals are dealt with expeditiously.

The country as a whole is experiencing a daunting economic climate and there is a continuous need to rationalise public expenditure at all levels of government. Despite this challenge, the Department remains focussed and committed to deliver a high quality service to municipalities which will enable them to be responsive to the needs of the communities in Kwazulu-Natal. Transformation of government institutions remains a critical objective of the democratic government. Councillor development is imperative for service delivery and the Department has further developed a capacity building plan aimed at empowering councillors and municipal officials in line with the Capacity Building Strategy.

### **Programme 3: Development and Planning**

Statistics SA reported in gross domestic product report of 2018 3<sup>rd</sup> quarter that the South African economy grew by 2, 2% quarter-on-quarter (seasonally adjusted and annualized) in the third quarter of 2018, bringing to an end the country's second recession since 1994. Higher contributions to this growth rate have been attributed mainly to manufacturing, transport as well as finance and business services. KwaZulu-Natal was found to be the second largest contributors to GDP after Gauteng. The provincial economy is therefore the second largest contributing to growth with population size of 11 065 240 reported in 2016.

A key objective of Chapter 8 of the National Development Plan is to ensure a transformed Human Settlement and have a strong and efficient spatial planning system well integrated across the spheres of government. This will result in a balance between spatial equity, economic opportunities and environmental sustainability. To contribute towards the achievement of this objective the Department supported municipalities to improve the spatial location of services in line with the Provincial Spatial Planning guidelines and frameworks. All municipalities in the Province were supported to produce Spatial Development Frameworks (SDF) that is compliant with Spatial Planning Guidelines. The total geographic area of the Province that is under adopted Municipal Planning Schemes and Land Use Systems w With the aim of improving economic development and infrastructure development in rural towns, as tracked through mapping in GIS. All disaster incidents in the Province were mapped in GIS and analysis was performed to determine if relevant early warnings were received from the South African Weather Services and passed on to the affected parties prior to their occurrence.

The department successfully supported initiatives that act as catalysts for further development, create job opportunities and open up potential for further investment. The Department implemented a number of internal programmes aimed at creating work opportunities have been initiated as a way of responding to rapid and high rates of unemployment. These Departmental programmes include, Expanded Public Works

Programme, Food For Waste, Corridor Development, Small Town Rehabilitation and Community Service Centre construction. The Community Works Programme is based on community-driven partnerships and strives to provide an employment safety net in recognition of the fact that sustainable employment.

In building municipal capacity, the Department, will continue to support the District Development Agency programme created for the facilitation and realisation of larger scale local economic development investment projects and programmes thereby unlocking the economic development potential of the district. The Department embarked on a support programme to ensure that District Development Agencies are responding to the call for radical socio-economic transformation. Municipalities have a critical role to play in South Africa in providing efficient and effective basic services which contribute towards an effective environment for doing business. Moreover, the department continued to support municipalities to implement the Red Tape Reduction programme.

The ten districts and the metro were supported to implement Local Economic Development projects which are aligned to municipal strategies. This support is aimed at improving medium term economic development planning, aligned to national and provincial plans and to promote job creation at local level.

The service delivery environment is presently dominated by the constant demand for acceleration of provision of services. Notwithstanding the great strides in providing services, in an election year the remainder of the backlog throughout the Province typically comes sharply into focus. As confirmed by the Citizen Satisfaction Survey conducted by the Provincial Executive, the main sources of frustration are employment, housing, electricity and water. These often manifest themselves in protest actions which are becoming increasingly prevalent. Community frustrations emanate from two sources viz. those communities who do not yet have services and those who do have services but these have deteriorated into a state of dysfunctionality or at least, poor reliability. Over the last 20 years, backlog eradication has enjoyed high priority and there has certainly been a remarkable improvement in pursuit of universal access.

Infrastructure development remains a key priority to ensure that the province's infrastructure in all municipalities is able to support the economic and population growth. With more than R200 billion government expenditure earmarked for infrastructure development in KwaZulu-Natal over the next seven years. Water and electricity infrastructure development backlog is taking priority to plug the investment gap and promote business activities. Deterioration of infrastructure remains a concern through inadequate maintenance. The Operation and Maintenance support programme continues, which assists with an inventory of fixed assets, condition assessments, geo-spatial records, maintenance manuals and plans.

Kwazulu-Natal has, in the recent years, been experiencing a number of weather hazards in the form of severe storms and drought which has had a devastating impact on communities. The Provincial Growth and Development Plan aims to get the Province to a position where we are able to effectively anticipate, respond and mitigate the effects of climate change. The Department, in partnership with the South African Weather Services, disseminates prior warning for disaster incidents and continuously aims at responding to disaster events within 6 hours.

The department is actively assisting municipalities to respond to the challenge of climate change. In June 2018 the MEC attended the International Council for Local Environmental Initiative (ECLEI) World Congress to engage in open dialogue with other international organisations and government bodies on delivering on the global sustainable development agenda. Through this engagement the MEC resolved that KZN supports the Global Covenant of Mayors platform as it enables transformative action in cities and communities through its inclusive and cross-cutting dialogues and processes. In November the Department partnered with SALGA in launching the Mayoral Compact for Climate Change and getting mayors to commit to accelerated local climate. The department is in the process of forming partnerships with academic institutions and organisations such as ECLEI to ensure that our efforts in responding to climate change are science based, results-oriented and measureable. The Department continued to support needy municipalities with the training of fire-fighters with more than 200 firefighters trained from the struggling municipalities through the Provincial Disaster Management Centre (PDMC).

Non-establishment of firefighting unit poses a challenging in fulfilling the legislative mandates. Interim arrangements were made with the available staff to assist with the coordination of fire fighting in the province. Unfortunately, these are all contract staff. The drought and flood management became the biggest lesson for the province and the country. There is a need to develop a comprehensive response plan for future reference. Through this, organs of state have learned that disaster management is indeed everybody's business and need to develop their capacities to develop and implement their disaster management plans as required by the Disaster Management Act.

#### **Programme 4: Traditional Institutional Management**

The institutions of traditional leadership are instrumental and central for the sustainable democratic government. Most traditional communities continue to be plagued by poverty and underdevelopment. The Department is poised to play a key strategic role not only in assisting the institution of traditional leadership to transform itself; but also in coordinating the traditional affairs activities, promoting good governance and enhancing service delivery in the Traditional Communities. Cooperatively with the Traditional authorities of the Kwazulu-Natal the Department endeavours to support this wing of government in order to improve developmental and good governance.

The Department ensured that sufficient resources (human, financial and infrastructural) are provided to transform the landscape in the functional domain of Traditional Affairs. Furthermore, the Department rolled out a capacity building programme for effective and efficient functioning of our Traditional Councils. The Department established strategic partnerships with relevant stakeholders (National House of Traditional Leaders; Legislature and other government departments - at National and Provincial, Municipalities level). The Department continued to support Traditional Councils on land allocation processes, survey of boundaries where there are uncertainties between the communities for the facilitation of rural development. Furthermore, the department has embarked on mapping and preparing proclamations for newly restored Amakhosi and as well as the proclamations for the traditional councils who were previously proclaimed as community authorities.

The Department sometimes experienced delays in providing relevant interventions and development programmes due to ubukhosi family disputes and faction fights in traditional communities. To ensure good governance in the Institution of Traditional Leadership, the Department continued to provide effective governance and conflict management support to Amakhosi and the Traditional Councils. The Department remain committed to engage Amakhosi and advise them of the importance of updating genealogies, with the aim limiting the number of recognition disputes. The Department further supported the cultural events hosted by Amakhosi in their respective traditional communities as Amakhosi are custodians of culture. In consultation with the Office of His Majesty the King, Amakhosi were installed and recognised in order to continue with the restoration of the dignity of the Institution of Traditional Leadership. The matters of the payment of Izinduna and TC Secretaries remains a challenge and it will need collective effort to be effectively addressed. As a result, in 2018 the matter of traditional council secretaries continuing on a go slow posed a frustration on the compilation of financial statements. The Department had to implement drastic measures as efforts for the cashbooks to be submitted for compilation of accurate Annual Financial statements in pursuit of positive audit outcome.

### Service Delivery Improvement Plan

The department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

#### MAIN SERVICES AND STANDARDS

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
Support and strengthen capacity of municipalities to effectively deliver infrastructure services to the required standards	Municipalities	13 Water service authorities were supported in the 2017/18 FY with yard water connections and provision of basic levels of sanitation	Support 31 municipalities in implementing infrastructure plans	All 31 Municipalities are supported through the MIG district forum in the implementation of their Infrastructure Plans.
		53 municipalities were monitored on the delivery of infrastructure and required standards	Monitor 31 of municipalities on implementation of infrastructure delivery programmes	All 53 municipalities monitored and assessed against a range of technical indicators and year - end report produced  Three areas of concern exist:  -The regression in household access  -The rate at which household growth is outstripping the current rate of delivery  -Migration patterns, insufficient funding (Capital and Maintenance) and degeneration of existing infrastructure is having a negative impact on service

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement
				delivery.
			53 of municipalities supported with the implementation of the Municipal Infrastructure Grant	All 53 Municipalities were supported with the development of 3 Year Capital Development Plans in January 2019. The Province further analysed the Implementation Plans for commitment levels, expenditure per project and progress against baseline targets
Provide support for community development to municipalities and institutions of traditional leadership	Municipalities	<p>Section C regarding Batho Pele was assessed on the Draft IDPs for 2018/2019 financial year utilising the IDP framework Guideline &amp; Criteria issues to assess all municipalities</p> <p>17 municipalities indicated to Batho Pele policy and procedure manual as well as standards. 10 Municipalities indicated to have an SDIP in place and 12 indicated to have identified a service to be improved</p>	Support 54 municipalities with the implementation of Service Delivery Improvement Plan, Service Delivery Charter and Service Standard	<p>An information sharing session was held on the 13 March 2019 with 11 Municipalities (Nquthu, KwaDukuza, Impendle, Ubuhlebezwe, uPhongolo, King Cetshwayo, Umhlathuze, Mandeni, uMlalazi, uMzimbhulu and Ethekwini)</p> <p>Municipalities have been supported with registration on the Presidential Hotline</p>

## IMPLEMENTATION OF BATHO PELE PRINCIPLES

Standard	Desired standard	Achieved improvements in relation to the targeted improvements for entire cycle
<b>Support and strengthen capacity of municipalities to effectively deliver infrastructure services to the required standards</b>		
Consultation	Consultation will be done through the 10 District IGR forums	11 IGR forums were convened.
Courtesy	Respond and acknowledge to municipal queries within 7 working days.	Queries were addressed through municipal engagements at IGR forums
Access	Review and publish a step-by-step guideline to assist 31 municipalities with infrastructure planning circulated at IGR forums and Action Work Groups	All 53 municipalities were consulted through a workshop on the revised DORA framework in the 1 <sup>st</sup> quarter of 2018/19 FY
Information	Information should be shared with municipalities 7 days before meetings via e-mails	Information is shared with all stakeholders prior to meetings as required.
Consultation	Consultation will be done through the 10 District IGR forums	11 IGR forums were convened.
Courtesy	Respond and acknowledge to municipal queries within 7 working days.	Queries were addressed through municipal engagements at IGR forums

Standard	Desired standard	Achieved improvements in relation to the targeted improvements for entire cycle
<b>Provide support for community development to municipalities and institutions of traditional leadership</b>		
Consultation	1X quarterly Forum with Municipal Batho Pele/ Complaints Officer	Municipal Batho Pele/ Complaints Officers were consulted at the Provincial Batho Pele Forum
Courtesy	Respond to Municipal Batho Pele/ Complaints Officers queries within 7 working days	Queries were responded to promptly within the 7 working days.
Access	Allocate and provide contact details of staff to support 54 municipalities on the implementation of Service Charter and SDIP	The matter is outstanding pending clarification of roles and responsibilities with Local Government Branch
Information	Annual municipal Batho Pele learning network and the Forum meetings will be utilized to share information relevant to the successful implementation of Batho Pele at Local Government level.	An information sharing session was held on 13 March 2019
Openness & Transparency	IDP assessment reports shared with Batho Pele / Complaints Officers on the status of Batho Pele at Local Government level	Reports were shared with Municipalities at the BP Provincial Forum
Redress	100% of feedback surveys from municipalities analyzed and communicated to municipal Batho Pele/ Complaints Officers	A follow up meeting is planned to take place in June 2019 to provide feedback to issues raised by municipalities at the information sharing session
Value for money	100% of municipalities implementing Batho Pele Programmes	9% is implementing Batho Pele programmes according to the assessment conducted

## SERVICE DELIVERY INFORMATION TOOL

Current/actual information tools	Desired information tools	Actual achievements
CMET	CMET dashboard	10 Electronic dashboards implemented

## COMPLAINTS MECHANISM

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
The department utilises various sources of complaints mechanism as established by the policy mainly through complaints received telephonically, suggestion boxes and Presidential hotline	Electronic complaints system	Usage on walk-ins, presidential hotline and telephonic methods that are captured on a register

## Organisational environment

The Department is structured around four programmes which are as follows.

- **Programme 1** is Administration and is the support service for the other three Programmes by ensuring that they are capacitated to perform their functions.
- **Programme 2** is Local Governance responsible for supporting Local Government structures in the municipalities on governance, administration, financial management, legislative mandates of the municipalities, public participation, capacity building and monitoring the performance of the municipalities.
- **Programme 3** is Development and Planning responsible for provision of planning and development support to the municipalities in KwaZulu-Natal through implementing programmes to accelerate service delivery in the communities. This includes providing support related to disaster management, infrastructure for basic services, spatial planning and enhancing Local Economic Development.
- **Programme 4** supports the Institutions of Traditional leadership on governance, conflict management, partnerships and participation on Municipal Councils in terms of Section 81 of the Municipal Structures Act 1998 (Act No.117 of 1998).

As of 31 March 2019, the Department had a total of 1602 filled posts. Males constitute 48.12% (771) while females constitute 51.18% (831) of the workforce. At the senior management level males constituted 52% (27/52) and females constituted 48% (25/52). The recruitment and selection processes of the Department are categorically focused towards achieving the employment levels in accordance with the DPSA transformation targets. Going forward, the Department will continue to focus on the following areas of employment policy or practice barriers, to drive the achievement of our employment equity targets as stipulated in the Employment Equity Plan; recruitment procedures, appointments, training and development, promotions, succession and experience planning, and retention of designated personnel.

RACE/GENDER PER SALARY LEVEL AS AT 31 MARCH 2019										POST STATUS INFORMATION			
Salary Level	African		Coloured		Indian		White		Grand Total	Active Filled	Active Vacant	Total Posts	Disabled Employees
	Female	Male	Female	Male	Female	Male	Female	Male					

1	0	0	0	0	0	0	0	0	0	0	0	0	0
2	12	6	0	0	0	0	0	0	18	18	8	26	0
3	31	32	0	0	0	0	0	0	63	63	10	73	0
4	3	14	0	0	0	0	0	0	17	17	5	22	1
5	88	56	1	1	3	2	1	1	153	153	31	184	3
6	321	184	2	0	1	1	8	1	518	518	37	555	11
7	94	26	2	0	10	3	5	0	140	140	45	185	5
8	60	292	5	1	8	5	10	1	382	382	20	402	3
9	24	11	4	0	3	3	0	0	43	43	13	56	2
10	32	18	1	0	7	5	4	7	74	74	10	84	3
11	23	22	1	1	10	8	2	1	57	57	14	71	0
12	24	33	1	1	10	8	1	7	85	85	11	96	2
13	14	11	0	0	3	1	1	4	34	34	14	48	1
14	6	5	0	1	1	0	1	1	14	14	4	18	0
15	0	3	0	0	0	0	0	0	3	3	1	4	0
16	0	1	0	0	0	0	0	0	1	1	0	1	0
<b>TOTAL</b>	<b>732</b>	<b>714</b>	<b>17</b>	<b>3</b>	<b>49</b>	<b>31</b>	<b>33</b>	<b>23</b>	<b>1602</b>	<b>1602</b>	<b>223</b>	<b>1825</b>	<b>31</b>

Percentage Economically Active Population Group	KZN EAP
	QLFS 4-2017
African Female	42.60%
African Male	44.10%
Coloured Female	0.50%
Coloured Male	0.30%
Indian Female	3.50%
Indian Male	5.40%
White Female	1.30%
White Male	2.40%
<b>Total</b>	<b>100.10%</b>

Disability target	2%
SMS Target for Female	50%
All level target for Female	54%

It is the responsibility of the Department to organise itself in a manner that will maximise service delivery whilst fulfilling its mandate. The Department has examined its internal organizational environment and agrees that it needs to reconfigure its working arrangement to enhance the responsibility of co-ordination within and outside the Department. This environmental change will have very significant impact in the next five years. With the new reconfigured arrangement, the Department anticipates becoming more vigorously responsive to the needs of its clients. In addition, filling of critical posts remains critical for COGTA. Continuous capacitating of employees as per Personal Development Plans will work towards improving the service delivery.

#### Key policy developments and legislative changes

There is none that has a material effect or impact on the Department's mandate or operations.



## 2.4.3 STRATEGIC OUTCOME ORIENTED GOALS

COGTA strategic goals and objectives were conceptualised from the priorities in the NDP and PGDP. The PGDP was analysed and issues relevant to the Department were identified and developed into 6 strategic goals and a number of strategic objectives to support each goal. The following goals and objectives will be implemented over five years through each strategic intervention.

### Strategic objectives

NO.	DEPARTMENT'S GOALS	DEPARTMENT'S STRATEGIC OBJECTIVES
1	Improved Cooperative Governance	1.1. Improved functionality of Inter-Governmental Relations
2	Strengthened Governance	2.1. Improved capacity of political and administrative governance (Local Government and Traditional Institution) 2.2. Strengthened accountability of governance institutions (Local Government and Traditional Institution) 2.3. Improved decision making through citizen participation
3	Increased Economic Opportunities	3.1. Strengthened sectoral development 3.2. Improved government led job creation programmes
4	Strengthened Delivery of Basic Services	4.1. Improved co-ordination of service delivery
5	Well Integrated Spatial Planning System	5.1. Improved spatial hierarchy of services
6	Adaptation to Climate Change	6.1. Increased adaptation to climate change impacts. 6.2. Improved disaster management

STRATEGIC GOALS	OBJECTIVES
<b>Job Creation</b>	<ul style="list-style-type: none"> <li>Enhance Industrial Development through Trade, Investment &amp; Exports</li> <li>Expansion of Government-led Job Creation Programmes</li> <li>Promoting SMME, Entrepreneurial and Youth Development</li> <li>Enhance the Knowledge Economy</li> </ul>
<b>Human Resource Development</b>	<ul style="list-style-type: none"> <li>Improve Early Childhood Development, Primary and Secondary Education</li> <li>Support Skills alignment to Economic Growth</li> <li>Promote enhanced Youth Skills Development &amp; Life-Long Learning</li> </ul>
<b>Human and Community Development</b>	<ul style="list-style-type: none"> <li>Poverty Alleviation &amp; Social Welfare</li> <li>Enhancing Health of Communities and Citizens</li> <li>Safeguard Sustainable Livelihoods &amp; Food Security</li> <li>Sustainable Human Settlement</li> <li>Enhancing Safety &amp; Security</li> <li>Advance Social Cohesion</li> <li>Promote Youth, Gender and Disability</li> <li>Advocacy &amp; the Advancement of Women</li> </ul>
<b>Strategic Infrastructure</b>	<ul style="list-style-type: none"> <li>Development of Ports and Harbours</li> <li>Development of Road &amp; Rail Networks</li> <li>Development of ICT Infrastructure</li> <li>Improve Water Resource Management</li> <li>Develop Energy Production Capacity</li> </ul>
<b>Responses to Climate Change</b>	<ul style="list-style-type: none"> <li>Increase Productive Use of Land</li> <li>Advance Alternative Energy Generation</li> <li>Manage pressures on Biodiversity</li> <li>Disaster Management</li> </ul>
<b>Governance and Policy</b>	<ul style="list-style-type: none"> <li>Strengthen Policy, Strategy Co-ordination and IGR</li> <li>Building Government Capacity</li> <li>Eradicating Fraud &amp; Corruption</li> <li>Promote Participative, Facilitative &amp; Accountable Governance</li> </ul>
<b>Spatial Equity</b>	<ul style="list-style-type: none"> <li>Actively Promoting Spatial Concentration</li> <li>Facilitate Integrated Land Management &amp; Spatial Planning</li> </ul>

## Performance Against the Core Set of Standard Performance Indicators

Programme/Sub-programme		Performance measure	Audited Outcome for 2017/18	Target for 2018/2019 as per Annual Performance plan (APP)	Pre audited output for 2018/2019 as per Annual Report	Comments for the 4 <sup>th</sup> Quarter
QUARTERLY OUTPUTS						
PROGRAMME 2: LOCAL GOVERNANCE						
2.1	Municipal Governance	Number of municipalities supported to comply with MSA regulations on the appointment of senior managers (Sub-outcome 3 Action 6)	54	54	54	0
2.2	Municipal Forensics	Number of municipalities monitored on the extent to which anti-corruption measures are implemented (Sub-outcome 3)	54	54	54	0
2.3	Municipal Performance, Monitoring, Reporting and Evaluation	Number of municipalities supported to institutionalise performance management system	54	54	54	0
2.4		Report on the implementation of Back-to-Basics action plans by municipalities	4	4	4	0
2.5	Municipal Finance	Number of municipalities guided to comply with the MPRA (Sub-outcome 3)	44	44	44	0
2.6	Municipal Finance	Number of municipalities supported to implement indigent policies (Sub-outcome 1)	30	53	53	0
2.7	Public Participation	Number of municipalities supported to maintain functional ward committees	44	44	44	0
2.8		Number of municipalities supported to respond to community concerns	44	44	44	0
2.9	Capacity Building	Number of capacity building interventions conducted in municipalities (Sub-outcome 3)	3	3	3	0
PROGRAMME 3: DEVELOPMENT AND PLANNING						
3.1	Municipal Infrastructure	Number of municipalities monitored on the implementation of infrastructure delivery programmes	53	53	53	0
3.2	Disaster Management	Number of municipalities supported to maintain functional Disaster Management Centres	11	11	11	0
		Number of municipalities supported on Fire Brigade Services	New	10 Districts and 1 Metro	11	0

Programme/Sub-programme		Performance measure	Audited Outcome for 2017/18	Target for 2018/2019 as per Annual Performance plan (APP)	Pre audited output for 2018/2019 as per Annual Report	Variance and/or comments
3.3	LED Special Initiatives	Number of municipalities supported to implement Local Economic Development projects in line with updated municipal LED strategies	10	54	54	0
3.4		Number of Municipalities supported to implement the Red Tape Reduction programme	11	54	54	0
3.5		Number of work opportunities created through the CWP in municipalities	43 589	40 500	45 252	4 752 More jobs were created than expected
3.6	Land Use Management	Number of municipalities supported with the implementation of SPLUMA	44	44	44	
<b>PROGRAMME 4: TRADITIONAL AFFAIRS</b>						
4.1	Traditional Resource Administration (Traditional Administration)	Number of Traditional Councils supported to perform their duties	257	257	177	-80 There was a traditional council secretaries protest which led to the cashbooks not being submitted to the Department for monthly reviews.
4.2	Traditional Institutional Administration	Percentage of succession claims/disputes processed	100%	100%	100%	0%
<b>ANNUAL OUTPUTS</b>						
<b>PROGRAMME 2: LOCAL GOVERNANCE</b>						
2.5	Municipal Performance, Monitoring, Reporting and Evaluation	Number of Section 47 Reports compiled as prescribed by the	1	1	1	0
3.6	IDP Coordination	Number of municipalities supported with development of the IDP	54	54	54	0

## **2.4.4 PERFORMANCE INFORMATION BY PROGRAMME**

### **SECTOR SPECIFIC INDICATORS**

The sector specific indicators are included in the list of indicators.

### **DESCRIPTION OF PROGRAMME 1: ADMINISTRATION**

#### **Programme Purpose**

This programme is dedicated to supporting all sub-programmes within the Department to be able to render quality services to the municipalities and traditional institutions under the umbrella of Corporate Services.

This programme consists of two sub-programmes, namely the Office of the MEC and Corporate Services. Corporate Services consists of the following sub-programmes and their specific functions:

- Office of the Head of Department: the provision of strategic direction to the Department;
- Human Resources Administration and Management: the provision of the recruitment and selection service, human capital development, job designs and evaluations;
- Finance and Supply Chain Management: the provision of financial management, budgeting and supply chain management services to the Department;
- Auxiliary Services: the provision of transport, security and office management services;
- Information Communication and Technology: the provision of information systems, management of service level agreements and general IT related resources;
- Legal Services: the provision of legal services related support to the Department;
- Internal Control: the provision of risk management and monitor internal control environment for compliance;
- Strategic Planning, Monitoring, Evaluation, Policy and Research: the development of departmental plans, management of reporting systems, development of policies and conducting research; and
- Corporate Communication: the provision of communication and media liaison services for the Department.

#### **Office of the MEC**

The Department implemented all 86 cabinet matters assigned to it, and have applied rigorous processes to ensure compliance with the Executive Committee requirements in order for the Department to achieve its mandate. To ensure legislative compliance of the Department to its mandate to the Legislature, all 5 strategic documents (2018/2019 Annual Performance Plans, 2017 2017/2018 Annual Performance Reports, 2018/2019 Budget Speech, Section 47 of MSA Report, Section 131 of MFMA Report) were tabled to legislature as per statutory requirements.

#### **Human Resource Management and Development**

As part of the outward looking approach of administrative services, the Department has provided support to 14 municipalities in the verification of qualifications, and criminal records of municipal officials.

To promote women empowerment and gender equality within the department, the Department established a Woman in Leadership structure, which meets every quarter to ascertain the progress made in the implementation of Women in Leadership Action Plan. Financial Disclosures are rendered as per the DPSA and Provincial Policy. A compliance rate of 100% was achieved in respect of all eDisclosures as prescribed by the ministerial directive and 96% for other levels as per Provincial Policy.

The Department is committed to the development of unemployed youth. As part thereof COGTA offers bursaries to unemployed, disadvantaged youth particularly women and persons from rural areas. After graduation such youth are able to participate in the internship programme. There are currently 158 youth participating in the bursary programme. The also continues with its commitment to Persons Living with Disabilities and to redress the legacy of their marginalisation in our society. There have been challenges but these have been overcome. Of the 52 youth participating in the internship programme, 15 are persons living with disabilities.

### **Financial Management and Supply Chain Management**

To monitor the financial performance of the Department in line with the PFMA requirement, the Department has produced and submitted all targeted 28 statutory reports to Provincial Treasury by the stipulated deadlines. To advance the growth of the SMME Sector of the economy, 49.45% of procurement awards were made to SMMEs, Cooperatives, Township/Rural Enterprises and people with disabilities. In order to ensure suppliers are paid in 30 days as per SCM requirements, 94.75% of suppliers are paid within the set period. To address weaknesses in accountability in relations to movable assets, quarterly verifications are conducted, within all 18 Departmental Buildings and 257 Traditional Administrative Centres.

### **Strategic Planning, Monitoring, Evaluation, Policy and Research**

To improve the means in which the Department delivers services to its clients, the Department has implemented its Service Delivery Improvement Plan. In improving the morale of staff within the department and to reward excellence the Department implemented the Employee of the Month Programme, which is implemented on a monthly basis. Recognised employees of the month also participated in the Employee of the year award category on the 26<sup>th</sup> of November 2018 where the Employee of the year was awarded at the Municipal excellence awards. To ensure that departmental policies comply with relevant legislation, manages possible risks and achieves operational efficiency, the Department has reviewed 18 of its policies. The Department has also monitored 3 of its policies to ensure that identified risks are addressed and operational efficiency is improved.

### **Corporate Communications**

To ensure that municipalities implement the Back to Basics Communication Programme so that communities are informed, the Department monitors the functionality of all 54 municipal Communication units. Municipalities were also supported through engagements at the Local government communicator's forum to develop measures that effectively on a quarterly basis.

## ACHIEVEMENTS OF PROGRAMME 1

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Office of the MEC	2.1. Improved capacity of political and administrative governance	Percentage of Cabinet matters implemented	100%	100%	100%	0%	
		Number of strategic documents tabled to the legislature as per statutory requirements	5	5	5	0	
		Number of Cabinet Sub-Committees supported	4	6	9	+3	More sub-committees were convened in the 4 <sup>th</sup> quarter than planned
		Percentage of Portfolio Committee protocols implemented	100%	100%	75%	-25%	The legislature was in recess in the 4th quarter period. As a result Protocols could not be implemented
		Percentage of Parliamentary protocols implemented	100%	100%	100%	0%	
		Number of operational systems implemented in the ministry	New	1	1	0	
		Number of Strategic Documents considered	New -	5	5	0	
		Percentage of community outreach projects supported	100%	100%	100%	0%	
		Number of security policies implemented	1	1	1	0	
Office of the Head of Department	2.2. Strengthened accountability of governance institutions	Number of Budget and Annual performance plans implemented	2 (1 APP and 1 Budget)	2 (1 APP and 1 Budget)	2 (1 APP and 1 Budget)	0	
		Percentage of Service delivery issues facilitated	New	100%	100%	0%	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Office of the Head of Department	2.2. Strengthened accountability of governance institutions	Percentage of Programme 1 AG Issues resolved	New	100%	61 %	-39%	Some activities in the action plan depended on external role players' support such as Treasury, OTP and Home Affairs and they were not completed within the financial year. They were still in progress.
	2.1. Improved capacity of political and administrative governance	Percentage of Programme 1 expenditure in line with the Departmental Procurement Plan	New	100%	83%	-17%	Delays experienced in projects implementation affected the payment of set commitments
		Percentage of Programme 1 suppliers paid within the thirty day period	New	100%	99.84%	-0.16%	One invoice had verification delayed to ensure the delivery and missed the 30 days payment period
		Percentage of Strategic Evaluations recommendations implemented	New	100%	100%	0%	
		Number of Departmental management structures functional	2 (MANCO & EXCO)	2 (MANCO & EXCO)	2 (MANCO & EXCO)	0	
		Percentage of Community concerns resolved as per the complaints management policy	New	100%	100%	0	
		Number of SMS mentoring processes implemented	1	1	1	0	
		Number of policies implemented in respect of information and physical security	1	1	1	0	
		Number of Districts and Metros supported on OSS	10 Districts and 1 Metro	10 Districts and 1 Metro	10 Districts and 1 Metro	0	
Human Resource Management - Office of the Chief Director	2.1. Improved capacity of political and administrative governance	Number of programmes implemented to support municipalities on Human Resource Management	New	1	1	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Human Resource Management - ODES	2.1. Improved capacity of political and administrative governance	Percentage of planned targets contained in MTEF HR plan achieved	100%	100%	100%	0%	
		Number of Organisational Structures implemented	1	1	1	0	
		Number of Operations Management Frameworks implemented	1	1	1	0	
Human Resource Management - ODES	2.1. Improved capacity of political and administrative governance	Number of diversity management strategies implemented	1	1	1	0	
		Percentage of Women in Leadership Action Plan issues implemented	New	100%	100%	0%	
Human Resource Management - HRA	2.1. Improved capacity of political and administrative governance	Number of headcounts undertaken	4	4	4	0	
		Percentage of vacancies that is filled as per the priority vacant posts in accordance with Public Administration and Management Delegations	67%	100%	77%	-23%	Process delays between post approvals and final appointments affected the meeting of the set target
		Percentage of exit interviews conducted	100%	100%	76.25%	-24.75%	Officials who left the Department did not want to participate with exit interviews
		Number of electronic leave systems implemented	1	1	0	-1	System is not yet operational until the IT security issues are addressed and the system not yet compatible to use in the department's computers



SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Human Resource Management - HCD	2.1. Improved capacity of political and administrative governance	Percentage staff capacitated in accordance with the Departmental Training Plan	100%	100%	100%	0%	
		Number of Performance Management Systems implemented	1	1	1	1	
		Percentage of Financial Disclosures submitted	New	100%	95%	-5%	The employees who did not submit were those who were suspended from duty due to labour relations issues and one who was in hospital after car accident until the system closed for submissions
Human Resource Management - HCD	2.1. Improved capacity of political and administrative governance	Number of Employee Health and Wellness Policies implemented	3	3	3	0	
		Number of Provincial Policy Frameworks on promoting physical exercises and sport, recreation and relaxation activities amongst employees implemented	New	1	1	0	
		Number of Employee Assistance Programmes undertaken	1	1	1	0	
Information Technology	2.1. Improved capacity of political and administrative governance	Number of ECM systems Implemented	1	1	1	0	
		Number of ICT Governance Policies and Plans implemented	1 Policy and 1 Plan implemented	1 Policy and 1 Plan implemented	1 Policy and 1 Plan implemented	0	
		Number of SITA Service Level Agreements enforced	1	1	1	0	
		Number of Business Continuity Plans implemented	1	1	1	0	
		Number of fully functional IT Services	1	1	1	0	
		Number of Information Technology Security Policies implemented	New	1	1	1	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Auxiliary Services	2.1. Improved capacity of political and administrative governance	Percentage of Departmental Buildings compliant with the Occupational Health and Safety Act	100%	100%	100%	0%	
		Number of Safety, Health, Environment, Risk and Quality (SHERQ) Management policies implemented	1	1	1	0	
		Number of PAIA Manuals Implemented	1	1	1	0	
		Percentage of fleet efficiently managed	100%	100%	100%	0%	
Financial Management - Office of the Chief Financial Officer	2.1. Improved capacity of political and administrative governance	Number of programmes implemented to support municipalities on Financial Administration	New	1	1	0	
Financial Management: Financial Admin	2.1. Improved capacity of political and administrative governance	Number of clean audits achieved	-1	1	0	-1	The Department did not meet the requirement to achieve clean audit and an action plan was developed and implemented for the new financial year
Financial Management: Traditional Finance	2.1. Improved capacity of political and administrative governance	Number of Traditional Entities with audited financial statements	1	1	1	0	
Financial Management: Budget Control	2.1. Improved capacity of political and administrative governance	Number of Statutory Reports submitted	28	28	28	0	
	2.1. Improved capacity of political and administrative governance	Number of programme budgets spent in accordance with approved budget	-4	4	4	0	
Financial Management: SCM	2.1. Improved capacity of political and administrative governance	Percentage of commitments in line with the Departmental Procurement Plan	90%	100%	84%	-12%	Some of procured projects were not finalized and have been carried over to the new financial year
		Number of Customer satisfaction surveys conducted	New	2	4	+2	There was a need to conduct 2 additional surveys to have a greater understanding the level of satisfaction of our services from our clients

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT	PLANNED TARGET	ACTUAL ACHIEVEMENT	DEVIATION FROM	COMMENTS ON DEVIATIONS
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			FOR 2017/2018	FOR 2018/2019	T FOR 2018/2019	PLANNED TARGET	
Financial Management: SCM	2.1. Improved capacity of political and administrative	Percentage of procurement awarded to SMMEs, Cooperatives, Township/Rural Enterprises and people with disabilities	New	30%	49.45%	+19.45%	The majority of suppliers found within the database used by the Department fell within the targeted categories
		Percentage of suppliers paid within the thirty day period	90.41%	100%	94.75%	-5.25%	There was a delay in the verification of some invoices and missed the 30 days payment period. Moreover funds were returned due to a closed bank account of one supplier
		Number of Departmental Movable Asset Policies implemented	1	1	1	0	
		Number of Traditional Administrative Centres with updated Movable Asset Registers	257	257	257	0	
Financial Management: Traditional Finance	2.1. Improved capacity of political and administrative governance	Number of Traditional Councils supported to implement the financial management practice notes	267	267	267	0	
Internal Control	2.2. Strengthened accountability of governance institutions	Number of anti-fraud and corruption strategies implemented	1	1	1	0	
		Percentage of reported fraud cases investigated	100%	100%	100%	0%	
		Number of Internal Audit Improvement Strategies implemented	1	1	1	0	
		Number of internal audits conducted	1	4	2	-2	Provincial Treasury finalised the appointment of auditors late in the 4th quarter.
		Percentage of Risks reduced from high to moderate and below	100%	100% of high risks reduced to moderate and below	99% of Risks reduced from high to moderate and below	-1%	This is due to the Risk relating to Servers within the Department. The Department does not have control over this procurement as we rely on SITA

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Internal Control	2.2. Strengthened accountability of governance institutions	Percentage of AG Issues resolved	100%	100%	58%	-42%	Some activities in the action plan depended on external role players' support such as Treasury, OTP and Home Affairs and they were not completed within the financial year. They were still in progress.
Strategic Planning and Service Delivery	2.1. Improved capacity of political and administrative governance	Number of Service Delivery Improvement Plans implemented	1	1	1	0	
		Number of stakeholder consultations	12	8	15	+7	Additional requests for consultations attended
		Number of programmes implemented to recognise employee excellence	New	1	1	0	
		Number of Annual Performance Plans aligned to National and Provincial imperatives	1	1	1	0	
Strategic Planning and Service Delivery	2.2. Strengthened accountability of governance institutions	Percentage of Business Plans aligned to Strategic Plans	100%	100%	100%	0%	
Monitoring	2.2. Strengthened accountability of governance institutions	Number of Clean Audits on performance information achieved	1	1	1	0	
		Number of monitoring systems functional	1	1	1	0	
		Number of Conditional Grant Registers maintained	New	1	1	0	
Evaluation	2.2. Strengthened accountability of governance institutions	Percentage of confirmed evaluation recommendations monitored for implementation	100%	100%	100%	0%	
		Number of evaluation studies conducted on Departmental programmes to inform the Strategic Plans	6	8	8	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Evaluation	2.2. Strengthened accountability of governance institutions	Number of periodic evaluations conducted	16	8	8	0	
		Number of MPAT Key Performance Areas that fully comply with level 4 rating	0	4	0	-4	The Department did not meet the requirement for MPAT level 4 rating with some areas to be improved
Policy and Research	2.1. Improved capacity of political and administrative governance	Number of departmental policies reviewed	8	8	18	+10	Additional requests were made for policies to be reviewed
		Number of research projects undertaken	1	8	8	0	
		Number of policies monitored	3	3	3	0	
		Number of information hubs with data related to Municipalities and Traditional Institutions updated	1	1	1	0	
Legal Services	2.2. Strengthened accountability of governance institutions	Percentage compliance with legislation	99.55%	100%	60%	-40%	Operations of compliance assessments could not continue as challenges were experienced with the licence agreement of the electronic compliance system
		Percentage of Service Delivery Decisions compliant with PAJA	100%	100% Compliance	100%	0%	
		Percent of cases completed within 90 days	66%	90% of cases completed within 90 days	15%	-85%	Delays were experienced as a result of the severity of cases and the involvement of specialist role players
Corporate Communication	2.2. Strengthened accountability of governance institutions	Number of Communication Strategies implemented	1	1	1	0	
		Number of Local Government Communication Plans implemented	1	1	1	0	

## STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

No.	Areas of underperformance	Strategy to overcome underperformance
1	<b>Internal process delays affected the achievement of certain targets:</b> Delays in the finalisation of process activities affected led to some of the planned targets not to be achieved as planned	Standard operating procedures will be revised to ensure gaps that affect process efficiency are addressed through factoring in necessary steps or removing needless processes
		Strict measures will be taken against non-compliant staff
2	<b>Non-compliance to certain statutory processes:</b> It is noted that internal processes which are required by Government and Departmental processes were not adhered to by business units and officials	Non-compliance reports will be shared with management
		Strict measures will be taken against non-compliant staff

## CHANGES TO PLANNED TARGETS

No changes were made to the planned targets.

## LINKING PERFORMANCE TO BUDGETS

### Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Office of the MEC	20 209	18 986	1223	21 070	20 007	1063
Corporate Services	411 288	364 716	46 572	360 770	354 650	6120
<b>Total</b>	<b>431 497</b>	<b>383 702</b>	<b>47 795</b>	<b>381 840</b>	<b>374 657</b>	<b>7183</b>

## **DESCRIPTION OF PROGRAMME 2: LOCAL GOVERNANCE**

### **Programme Purpose:**

The purpose of this Programme is to co-ordinate, support, promote and enhance governance administration and public participation in local government. This programme consists of the following sub-programmes namely Local Government Specialists, Intergovernmental Relations, IDP Coordination, Municipal Performance Monitoring, Reporting and Evaluation, Municipal Governance and Administration, Municipal Forensics, Synergistic Partnerships, Municipal Finance, Public Participation and Capacity Building.

The programme is responsible to support the municipalities with the following services:

- To promote good governance in the municipalities;
- To manage and coordinate municipal development;
- To coordinate municipal IDP processes;
- To facilitate municipal financial support; and
- To promote community development and public participation.

### **Intergovernmental relations**

In aiming to ensure the realisation of National, Provincial and Local Plans, the Department provided support to all 10 District Intergovernmental relations structures to ensure their functionality. The Department also established the Traditional Leadership MUNIMEC (TRADMEC). This intergovernmental relations forum is a provincial consultative forum established to promote, strengthen and facilitate effective and efficient communication between the Province and Traditional Leaders.

### **IDP Coordination**

To improve decision making of municipalities through citizen participation, the Department has provided support to all 44 local municipalities in aligning their Ward based Plans to their respective Integrated Development Plans. The Department has also supported in the convening of 10 District Traditional Leadership and Interfaith Forums throughout the Province, which aim to coordinate interfaith to promote social cohesion and nation building.

### **Synergistic Partnerships**

In order to strengthen the working relationship of Amakhosi and Municipalities, the Department has supported 52 municipalities in ensuring that their respective Amakhosi participate in their municipal Councils. The Department has also implemented a protocol to support participation of Amakhosi in municipal structures

### **Municipal Governance and Administration**

Following the 2016 Local Government Elections, a large number of Municipal Manager and senior management employment contracts expired. As a result, the Department provided to municipalities which

resulted in the overall senior management vacancy rate decreasing from 23% as at 31 March 2018 to 15% as at 31 March 2019 and to 14.6% as of the end of the 2018/2019 financial year.

### **Municipal Forensics**

To ensure coordination of all municipal anti-corruption activities towards eradication of fraud, the Department has supported all 54 municipalities in monitoring the extent to which anti-corruption measures have been implemented, along with reviewing their Fraud-Risk Registers. Forensic investigation recommendations made by the Department are monitored and the Executive Authority is briefed on a quarterly basis on their status.

### **Public Participation**

With the aim of strengthening municipal capacity to deal with service delivery/public protests, the Department supported all 54 municipalities in ensuring that they have functional Rapid Response teams. The Rapid Response teams are monitored and remedial actions are implemented in scenarios where they are not functional. All 44 local municipalities are also supported to respond to community concerns, through the implementation of the electronic Integration of the Complaints Management System.

### **Capacity Building**

To ensure municipalities and traditional institutions and municipal institutions are able to fulfil their governance obligations, the Department has throughout the year provided capacity building initiatives which have targeted municipal officials, municipal councillors and the Institution of Traditional leadership. Capacity Building initiatives conducted in the 2018/2019 financial year include #PressforChange Women in Leadership Training, Risk Management and accredited councillor training NQF level 3.



## ACHIEVEMENTS OF PROGRAMME 2

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Office of the DDG: Local Governance	2.2. Strengthened accountability of governance institutions	Percentage of Programme 2 AG Issues resolved	New	100%	100%	0%	
		Percentage of Programme 2 expenditure in line with the Departmental Procurement Plan	New	100%	85.28%	-14.72%	Delays experienced in initiating procurement processes.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Office of the DDG: Local Governance	2.2. Strengthened accountability of governance institutions	Percentage of Programme 2 suppliers paid within the thirty day period	100%	100%	100%	0%	
Local Government Specialists	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Service Delivery issues coordinated	100%	100%	100%	0%	
Inter-Governmental Relations	1.1. Improved functionality of Inter-Governmental Relations	Number of IGR Structures functional in accordance with the IGR Framework	10	10 Structures fully functional in accordance with the IGR Framework	10	0	
		Percentage of disputes, Priority Projects, Referrals and resolutions monitored	100%	100%	100%	0%	
		Number of partnerships with SALGA maintained	1	1	1	0	
IDP Co-ordination	1.1. Improved functionality of Inter-Governmental Relations	Number of municipalities supported with development of the IDP	54	54	54	0	
		Percentage of IDP Implementation issues facilitated via the Joint Provincial Service Delivery Forum	New	100%	100%	0%	
		Number of municipalities with ward based plans aligned to the IDP	44	44	44	0	
		Number of district shared services implemented	10	10	10	0	
		Number of District Traditional Leadership and Interfaith Forums convened	10	10	10	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Municipal Performance, Monitoring, Reporting and Evaluation	2.2. Strengthened Accountability of governance institutions	Number of municipalities supported to institutionalise performance management system	54	54	44	-10	Certain municipalities were not able to submit validated performance reports to council on time due to council meetings not sitting within reporting periods
		Number of Section 47 Reports compiled as prescribed by the MSA	1	1	1	0	
		Number of evaluations conducted	1	1	1	0	
Municipal Performance, Monitoring, Reporting and Evaluation	1.1. Improved functionality of Inter-Governmental Relations	Number of municipalities complying with the single reporting mechanism	54	54	52	-2	Performance data from some municipalities were not verified within the reporting period
		Number of electronic dashboards implemented	10	10 implemented	10	0	
		Report on the implementation of Back-to-Basics action plans by municipalities	4	4	4	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Municipal Performance, Monitoring, Reporting and Evaluation	1.1. Improved functionality of Inter-Governmental Relations	Percentage of COGTA issues resolved	100%	100%	90%	-10%	New challenges were identified in the 4 <sup>th</sup> quarter. These challenges could not be resolved within the set timeframes but to be part of the new financial year
		Percentage of Sector issues facilitated	100%	100%	100%	0%	
Municipal Governance and Administration	1.1. Improved functionality of Inter-Governmental Relations	Number of municipalities with functional oversight structures	54	54	54	0	
Municipal Governance and Administration	1.1. Improved functionality of Inter-Governmental Relations	Number of municipalities supported to comply with local government legislation	New	54	54	0	
		Number of municipalities complying with local government	54	54	54	0	

		policies					
Municipal Governance and Administration	2.1. Improved capacity of political and administrative governance	Number of draft standard by-laws developed to support the municipalities with their legislative competency	5	5	5	0	
		Number of municipalities supported to comply with MSA regulations on the appointment of senior managers	54	54	54	0	
		Number of municipalities supported to achieve the 50/50 representation of women in Section 56 posts (B2B Pillar 5)	54	54	54	0	
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Municipal Governance and Administration COGTA B2B issues resolved	100%	100%	100%	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Synergistic Partnerships	2.1. Improved capacity of political and administrative governance	Number of municipalities with the participation of traditional leaders	52	52	52	0	
		Number of protocols implemented to support participation of Amakhosi in municipal structures	New	1	1	0	
		Percentage of Synergistic Partnerships COGTA B2B issues resolved	100%	100%	100%	0%	
Municipal Forensics	2.2. Strengthened Accountability of governance institutions	Number of municipalities monitored on the extent to which anti-corruption measures are implemented	54	54	54	0	
		Percentage of fraud, corruption and maladministration cases investigated (Including NACH Cases)	100%	100%	100%	0	
		Number of municipalities supported with the review of fraud risk registers	54	54	54	0	
		Percentage of COGTA forensic investigation recommendations monitored	100%	100%	100%	0%	
		Percentage of Municipal Forensics COGTA B2B issues resolved	100%	100%	100%	0%	
Municipal	2.1. Improved capacity of	Number of municipalities assessed	54	54	54	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Finance	political and administrative governance	on budget allocated to capital infrastructure(new constructions, maintenance and operation)					
		Number of municipalities assessed on expenditure allocated to capital infrastructure spent (new constructions, maintenance and operation)	54	54	54	0	
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of public sector expenditure spent in accordance to the municipal IDP	New	70%	70%	0%	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Municipal Finance	2.1. Improved capacity of political and administrative governance	Percentage of Government Debt in municipalities	New	<5%	5.40%	-0.4%	Government debt could not be maintained below 5% due to sector Department's inability to pay for services rendered and municipalities not efficiently billing sector Departments
		Number of municipalities supported to reduce consumer debt	New	51	51	0	
		Number of municipalities guided to comply with the MPRA	44	44	44	0	
	4.1. Improved co-ordination of service delivery	Number of municipalities supported to implement indigent policies	53	53	53	0	
	2.1. Improved capacity of political and administrative governance	Number of Reports submitted on state of municipal finance in terms of section 131 of the MFMA	1	1	1	0	
	2.2. Strengthened Accountability of governance institutions	Number of Municipal Finance municipalities supported towards the achievement of clean audits	54	54	54	0	
		Number of municipalities with functional audit committees	54	54	54	0	
		Percentage of Municipal Finance COGTA B2B issues resolved	100%	100%	100%	0%	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Public Participation	2.3. Improved decision making of municipalities through citizen participation	Number of municipalities supported to maintain functional ward committees	44	44	44	0	
		Number of municipalities supported on implementation of ward operational plans	44	44	44	0	
		Percentage of Sectoral Parliament COGTA resolutions implemented	New	100%	100%	0%	
	2.3. Improved decision making of municipalities through citizen participation	Number of municipalities supported to respond to community concerns	44	44	44	0	
		Number of municipalities with functional rapid response teams in line with the strategy	51	54	54	0	
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Public Participation COGTA B2B issues resolved	100%	100%	100%	0%	
Capacity Building	2.1. Improved capacity of political and administrative governance	Number of provincial capacity building strategies coordinated	1	1	1	0	
	2.1. Improved capacity of political and administrative governance	Number of capacity building interventions conducted in municipalities	2	3	3	0	
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Capacity Building COGTA B2B issues resolved	100%	100%	100%	0%	

## STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

No.	Areas of underperformance	Strategy to overcome underperformance
1.	<b>Billing system and relationship between sector departments and the municipalities:</b> The reporting on reducing Government debt in municipalities was affected because of the billing system being disputed by some of the sector departments.	Support the municipalities on their billing system to be efficient
		Engage sector departments on the payment of debt
2.	<b>Some processes depended on the roles and activities between the Department and the municipalities:</b> Some project activities were not achieved because they required municipalities to play their role. However, some municipal council meeting were not held as planned and quarterly reports could be presented for adoption.	Review the new APP target to reflect the targets within the control of the Department

## CHANGES TO PLANNED TARGETS

A project on the convening of Traditional Leadership and Interfaith Forums was transferred from Programme 3 to the IDP Coordination Directorate in the 3<sup>rd</sup> quarter. This was because the Directorate was better placed to implement this initiative.

## LINKING PERFORMANCE TO BUDGETS

### Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
Municipal Administration	48 259	47 052	1 207	34 446	31 731	2 715
Municipal Finance	22 653	19 845	2 808	25 172	24 635	537
Public Participation	192 315	183 830	8 485	167 895	158 780	9 115
Capacity Development	11 162	11 092	70	9 082	7 548	1 534
Municipal Performance, Reporting & Evaluation	8 600	9 254	(654)	8 917	8 792	125
<b>Total</b>	<b>282 989</b>	<b>271 073</b>	<b>11 916</b>	<b>245 512</b>	<b>231 486</b>	<b>14 026</b>

## **DESCRIPTION OF PROGRAMME 3: DEVELOPMENT AND PLANNING**

### **Programme Purpose:**

The purpose of this Programme is to support infrastructure development, economic growth and informed planning; and to manage, co-ordinate and support disaster prevention and mitigation. This programme consists of the following sub-programmes: Spatial Planning, Development Information Services, Land Use Management, Local Economic Development, Municipal Infrastructure and Disaster Management.

This programme support municipalities to deliver the following services:

- To support the development and implementation of spatial development frameworks and land use schemes;
- To coordinate local economic development within Local Government Institutions;
- To manage and coordinate municipal infrastructure development; and
- To coordinate provincial disaster management services.

### **Spatial planning**

In order to ensure sustainable development in the Province the Department has completed the first phase of the development of the Provincial Spatial Development Framework. The Department has also implemented the Spatial planning norms and standards on spatial equity, which is fundamental to achieving spatial transformation outcomes highlighted by the PGDS.

### **Development Information Services**

With the aim of providing municipalities with updated property registers for municipal valuation roll maintenance, the Department has supported 38 municipalities in updating their property registers. The data from the updated registers is also linked to the electronic Municipal Property Rates dashboard. The Department has also been able to map 16 adopted municipal planning schemes and 10 227 reported disaster incidents.

### **Land use Management**

The Department provided support to 15 municipalities in the formalisation of their towns with the aim of improving economic development and infrastructure development in rural towns. These towns included uPhongolo-Magudu, eDumbe-Bilanyoni, uMvoti-Townlands, Dr Nkosazana Dlamini Zuma-Bulwer, Okhahlamba-Winterton, Dannhauser-Kopie Allien, Impendle-Lotheni, Newcastle-Ncandu Park, Ulundi-Ceza, Umuziwabantu-Bashoweni, Alfred Duma, Big5-Hlabisa, Mandeni, Msunduzi and Mthonjaneni Local Municipalities. To achieve compliance with legislation, 44 municipalities were supported to implement the Spatial Planning and land Use Management Act. No 16 of 2013, through capacity building initiatives.

### **Special Initiatives**

The Department in conjunction with KZN SALGA implemented a capacity building Programme for District Development Agencies with the focus on promoting local economic development in the municipalities. These agencies were trained on issue such as Fundamentals of Strategic Planning, Fundamentals of Economic Development and Fundamentals of Spatial Planning. With the aim of improving investment attraction, retention and Small Medium & Micro Enterprise development in municipalities the Department has supported all 54 municipalities to implement the Red Tape Reduction programme. This has seen the increased rollout of the Programme from the 11 municipalities to a total coverage of all 54 municipalities in the Province.

### **Community Works Programme and Expanded Public Works Programme**

The Department created 45252 work opportunities through the Community Works Programme in municipalities with the aim of providing employment safety nets, alleviate poverty and community development. The Department also created 1765 employment opportunities through Expanded Public Works Programme inclusive of internal implementation programmes (Corridor, Small town, CSC Construction etc.). The Department conducted manual reconciliation exercise to determine the work opportunities created due to the challenges experienced with the National EPWP Reporting System.

### **Municipal Infrastructure**

The Department supported 6 municipalities with increasing the rollout of electricity supply to needy households. Thus far 12 506 households have been electrified, at a cost of R 339 million. To ensure the sustainability of infrastructure the Department supported all 54 municipalities to implement operations and maintenance plans. In increasing the provision of basic services 13 Water Service Authorities were supported in the provision of water and sanitation services. The percentage of households with access to a basic level of sanitation (VIP and higher) is at 88.55%, approximately 61% of the Province's households now enjoy piped water in their yard or dwelling and approximately 46% have piped water inside the dwelling.

### **Disaster Management**

The impact of climate change in the province is being felt by everyone. The Department through the PDMC is responsible to ensure that the disaster management policy frameworks, plans and strategies are implemented to reduce risks. The disaster management plans in the municipalities were assessed and ensured their integration into the IDPs. The Operating committees were activated in the province to deal with the effects of floods that affected the province. The Disaster Management Forums and fire brigade services were supported in all 10 districts and in the Metro. The sector department and various stakeholders were monitored on the implementation of the disaster risk management legislation. All 10 districts and the metro were supported to ensure that the disaster management centres remain functional at all times.



## ACHIEVEMENTS OF PROGRAMME 3

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Office of the DDG: Development Planning	2.2. Strengthened accountability of governance institutions	Percentage of Programme 3 AG Issues resolved	New	100%	100%	0%	
	2.1. Improved capacity of political and administrative governance	Percentage of Programme 3 expenditure in line with the Departmental Procurement Plan	New	100%	85%	-15%	CSC rehabilitation project could not be implemented due to objection raised by the bidding party and the communication system for disaster management not finalized pending the consultation and benchmarking with other provinces to finalise the specification for procurement of the service
		Percentage of Programme 3 suppliers paid within the thirty day period	New	100%	100%	0%	
Spatial Planning	5.1. Improved spatial hierarchy of services	Number of municipal SDFs compliant with SPLUMA provisions	54	54	54	0	
		Number of Provincial Spatial Development Frameworks reviewed	1	1	1	0	
		Number of provincial spatial planning norms and standards on spatial equity implemented	New	1	1	0	
		Number of municipalities supported to implement Land Use Schemes	44	44	44	0	
		Number of Traditional Settlement Master Plans developed	New	8	18	+10	There is a demand for all municipality to implement suite of plans hence more engagement sessions were held and plans developed
		Number of nodal development plans developed to promote growth of small towns	4	5	5	0	
		Number of Corridor Development Plans developed	1	1	1	0	
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Spatial Planning COGTA B2B issues resolved	100%	100%	100%	0%	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Development Information Services	6.1. Increased adaptation to Climate Change impacts.	Percentage of incidents data mapped	100%	100% of incidents data received mapped	100%	0%	
		Percentage of incidents, where early warning messages were disseminated mapped	100%	100% of incidents mapped (where early warning was disseminated)	100%	0%	
	5.1. Improved spatial hierarchy of services	Percentage of adopted municipal schemes in the Province mapped	100%	100% of adopted municipal schemes mapped	100%	0%	
		Percentage of PGDP Projects mapped	100%	100% PGDP Projects Mapped	100%	0%	
	2.1. Improved capacity of political and administrative governance	Number of municipalities supported with MPRA implementation	New	38	38	0	
		Number of municipalities with functional GIS units	New	10	10	0	
Land Use Management	2.1. Improved capacity of political and administrative governance	Percentage of development applications that meet time norms for processing	New	80%	100%	+20%	Municipalities have met 100% of time norms for processing than planned
	5.1. Improved spatial hierarchy of services	Number of municipalities supported with the implementation of SPLUMA	44	44	44	0	
		Number of municipalities capacitated on Development Administration	New	44	44	0	
		Number of municipalities supported with the Formalisation of Towns	11	15	15	0	
		Number of Provincial Development Norms and Standards developed	2	2	2	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Traditional Land Administration	2.1. Improved capacity of political and administrative governance	Percentage of received boundary description requests attended to	100%	100%	1	0	
		Number of izigodi mapped	240	240	295	+55	Additional requests were received and attended to
Special Initiatives	3.1 Strengthened sectoral development	Number of District Agencies supported to drive LED	10	10	10	0	
	3.2. Improved government led job creation programmes	Number of municipalities supported to implement Local Economic Development projects in line with updated municipal LED strategies	10	54	54	0	
		Number of Municipalities supported to implement the Red Tape Reduction programme	11	54	54	0	
	2.3. Improved decision making of municipalities through citizen participation	Number of Social Cohesion and Nation Building programmes supported	New	1	1	0	
Community Service Centres	5.1. Improved spatial hierarchy of services	Number of CSC construction programmes implemented	1	1	1	0	
		Number of CSC Rehabilitation programmes implemented	1	1	0	-1	CSC rehabilitation project could not be implemented due to objection raised by the bidding party This then affected the appointment of contractors to commence with planned projects
		Number of municipalities supported with Grade 1 CSCs Functionality	20	21	21	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Community Service	5.1. Improved spatial hierarchy	Number of Traditional	30	30	30	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Centres	of services	Councils Supported with Grade 2 CSCs Functionality					
Community Works Programme	3.2. Improved government led job creation programmes	Number of work opportunities created through the CWP in municipalities	43587	40 500	45 252	+4752	Additional work opportunities were created than expected because DCOG approved the replacement of job opportunities for KZN within the financial year
Expanded Public Works Programme	3.2. Improved government led job creation programmes	Number of employment opportunities created through EPWP inclusive of sub-programmes (Corridor, Small town, CSC Construction etc.)	1535	1500	1765	+265	A manual reconciliation exercise was conducted and found there were more work opportunities on sites than expected
		Number of municipalities supported to comply with EPWP principles	54	54	54	0	
Municipal Infrastructure	4.1. Improved co-ordination of service delivery	Number of functional coordinating structures for infrastructure development and service delivery	11	11	11	0	
		Number of municipalities monitored on the implementation of infrastructure delivery programmes	53	53	53	0	
		Number of municipalities supported with the implementation of MIG	53	53	53	0	
		Number of municipalities supported with increasing yard water connections	13	13	13	0	
		Number of municipalities supported in provision of basic level of sanitation services	13	13	13	0	
		Number of municipalities supported with increasing households with a source of electrical supply	3	3	6	+3	Additional requests of support were made to the Department
		Number of municipalities supported to implement operation and maintenance plans	53	53	53	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Municipal Infrastructure COGTA B2B issues resolved	100%	100%	100%	0%	
Disaster Management	6.1. Increased adaptation to Climate Change impacts.	Percentage of disaster incidents where prior warning was disseminated	100%	100%	100%	0%	
		Percentage of disaster events responded to within 6 hours	100%	100%	99.6%	-0.4%	Not all disasters could be responded to in a period of 6 hours due to reasons such as inaccessibility of disaster locations and delayed reporting of incidents
		Number of Integrated Communication System projects installed	New	1	0	-1	Communication system project was not finalized pending the consultation and benchmarking with other provinces to finalise the specification for procurement of the service
	6.2. Improved Disaster Management	Number of Disaster Management Advisory Forums supported	11	12	12	0	
		Number of municipalities supported on Fire Brigade Services	New	10 Districts and 1 Metro	11	0	
		Number of Districts and Metro monitored on the implementation of Disaster Risk Management Legislation	11	10 districts plus 1 metro (11)	11	0	
		Number of sector departments and Stakeholders monitored on the implementation of Disaster Risk Management Legislation	10	7 Sector Departments and 3 Stakeholders	10	0	

## STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

No.	Areas of underperformance	Strategy to overcome underperformance
1.	<b>Procurement process delays affect the project implementation:</b>  Challenges experienced in procurement processes such as appointment objections and finalisation of specifications affect the implementation of projects within planned timeframes	Review the procurement processes to enhance control measures
		Develop standard operating procedures with timeframes on the procurement processes
		Non-compliance reports will be shared with management

## CHANGES TO PLANNED TARGETS

A project on the convening of Traditional Leadership and Interfaith Forums was transferred from Programme 3 to Programme 2's IDP Coordination Directorate in the 3<sup>rd</sup> quarter. This was because the Directorate was better placed to implement this initiative.

## LINKING PERFORMANCE TO BUDGETS

### Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Spatial Planning	43 681	46 387	(2 706)	39 982	39 450	532
Land Use Management	23 299	21 566	1 733	20 973	19 801	1 172
Local Economic Development	154 367	131 658	22 709	187 966	184 294	3 672
Municipal Infrastructure	193 617	159 448	34 169	94 950	92 389	2 561
Disaster Management	65 218	48 892	16 326	51 017	49 314	39 122
IDP Co-ordination	14 449	13 881	568	12 733	11 895	838
<b>Total</b>	<b>494 631</b>	<b>421 832</b>	<b>72 799</b>	<b>407 621</b>	<b>397 143</b>	<b>10 478</b>

## **DESCRIPTION OF PROGRAMME 4: TRADITIONAL INSTITUTIONAL MANAGEMENT**

### **Purpose of the Programme**

This programme aims to restore the dignity of the Institutions of Traditional Leadership in KZN Province. It provides support on the establishment and functionality of the Institution of Traditional Leadership in KZN province for good governance. Good governance is critical for the Institutions of Traditional Leadership to provide effective support to the communities. This programme is responsible to enhance governance and capacity of the traditional institutions in the province. It consists of the following sub-programmes: Traditional Institutional Administration and Traditional Resource Administration.

### **Traditional Institutional Administration**

The Programme's focus is on promoting a cultural and customary way of life and the Department supported 13 cultural platforms throughout the Province. This support is either financial or non-financial and includes the profiling of Izizwe (Traditional Communities), studying the customs of izizwe and updating family trees, as well as supporting heritage celebrations. The Department also embarked on a thorough process of updating the family trees of Izizwe, as a result, 147 family trees were updated within the financial year under review. In ensuring that disputes do not destabilise the livelihood of traditional communities, the Department processed a total of 92 succession claims and land boundary disputes within the 2018/2019 financial year. The Department also monitors all litigation matters relating to traditional leadership.

### **Traditional Resource Administration**

In aiming to ensure that Houses of Traditional Leaders are able to carry out the functions assigned to them in terms of the Act, The Department facilitated 47 engagements which included Local House Meetings, TRAD MUNIMEC meetings and Provincial House of Traditional Leaders' meetings. In ensuring that The Provincial House of Traditional Leaders is able to perform its functions the Department provided support through implementing remedial actions based on noted functionality challenges and tracks resolutions made by the House.

All 257 traditional councils were also supported in ensuring they are functional. Support provided included assessment of physical conditions of Traditional Administrative Centres on a quarterly basis, monitoring of support provided to by Sector Departments to Amakhosi, support in maintaining identified partnerships between traditional councils and sector department and the monthly review of cashbooks. A challenge arose in the first three quarters where traditional council secretaries embarked on a go slow protest, however with its resolution the Department managed to review cashbooks submitted by 99% of traditional councils. The Department conducted quarterly headcounts of izinduna.

## ACHIEVEMENTS OF PROGRAMME 4

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
Office of the DDG: Traditional Affairs	2.2. Strengthened accountability of governance institutions	Percentage of Programme 4 AG Issues resolved	New	100%	44%	-66%	Some actions plans could not be determined as resolved within the financial year and can only be determined in the new financial year as they will be used as control mechanisms
	2.1. Improved capacity of political and administrative governance	Percentage of Programme 4 expenditure in line with the Departmental Procurement Plan	New	100%	87%	-13%	There was a delay in the appointment of a service provider who supposed to commence their duties in the 3 <sup>rd</sup> quarter, but only commenced with the project on the 23 <sup>rd</sup> of March 2019
	2.1. Improved capacity of political and administrative governance	Percentage of Programme 4 suppliers paid within the thirty day period	100%	100%	94%	-3%	Invoice processing delays were experienced and disciplinary measures were taken
Traditional Institutional Administration (Traditional Governance)	2.1. Improved capacity of political and administrative governance	Number of programmes undertaken to support the finalisation of the Bill on Traditional Leadership	1	1	0	-1	A directive was issued for the Bill process be put on hold by the principals
		Number of programmes implemented to support the recognition of Traditional Leadership	1	1	1	0	
		Percentage of approved cultural platforms supported	100%	100%	69%	-31%	Some cultural events could not be supported in the financial year due to, last minute decisions by beneficiaries to self-fund planned events and cancellations due to emanated disputes which resulted in unexpected court litigation processes.
		Number of Izizwe with updated family trees	300	300	147	-153	Non-participation of the key targeted beneficiaries (imindeni) imposed a challenge in having family trees updated
		Percentage of succession	100%	100%	100%	0%	



SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2017/2018	PLANNED TARGET FOR 2018/2019	ACTUAL ACHIEVEMENT FOR 2018/2019	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
		claims/disputes processed					
		Percentage of Litigation matters monitored	100%	100%	100%	0%	
Traditional Resource Administration (Traditional Administration)	2.1. Improved capacity of political and administrative governance	Number of capacity building programmes implemented in line with the Provincial Capacity Building Strategy	1	1	1	0	
		Number of Engagement sessions facilitated for the Institution of Traditional Leadership	48	48	47	-1	The 1 <sup>st</sup> quarter session with the Zululand Local House was cancelled due to other unplanned commitments for the members
		Number of Provincial Houses of Traditional Leaders supported with functionality	1	1	1	0	
		Number of Local Houses of Traditional Leaders supported with functionality	11	11	11	0	
		Number of Traditional Councils supported to perform their duties	257	257	177	-80	There was a traditional council secretaries protest which led to the cashbooks not being submitted to the Department for monthly reviews.
		Number of performance management systems developed for the Institution of Traditional Leadership	1	1	1	0	
		Number of Policies implemented on support to families of deceased Amakhosi	1	1	1	0	
		Number of head counts conducted on Izinduna	4	4	4	0	

## STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

No.	Areas of underperformance	Strategy to overcome underperformance
1.	<b>Some processes depended on the role of traditional institutions:</b> Some project activities were not achieved because they required traditional institutions to play certain roles. However some of these institutions had their challenges and appointments were not secured for the family trees to be updated. Some of the approved cultural events for support were cancelled.	Review the new APP target to reflect the targets within the control of the Department
		Some challenges have been escalated to relevant role players to ensure that proper action is taken on non-compliant beneficiaries
2.	<b>Working relationship with the traditional council secretaries in the traditional institutions:</b> The prolonged strike of the traditional council secretaries affected the achievement on certain targets.	Review and improve the working relationship with the traditional councils and the secretaries

## CHANGES TO PLANNED TARGETS

No changes were made to the planned targets.

## LINKING PERFORMANCE TO BUDGETS

### Sub-programme expenditure

Sub- Programme Name	2018/2019			2017/2018		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Traditional Institutional Administration	443 760	430 665	13,095	409,035	398,783	10,252
Traditional Resource Administration	72 123	66 837	5 286	71,821	60,124	1,697
Rural Development Facilitation	17 987	15 775	2 207	15,671	12,446	3,225
Traditional Land Administration	17 883	16 594	1 289	19,721	16,825	2,896
<b>Total</b>	<b>551 753</b>	<b>529 871</b>	<b>21,882</b>	<b>516,248</b>	<b>488,178</b>	<b>28,070</b>

## 2.4.5 TRANSFER PAYMENTS

### TRANSFER PAYMENTS MADE TO PUBLIC ENTITIES

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Nil	Nil	Nil	Nil	Nil

### TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
EDumbe	Local municipality	Development of a spatial development framework for the Edumbe municipality	Yes	1 000	347	Project in progress
uMdoni	Local municipality	Development of a spatial development framework for the Umdoni municipality	Yes	1 000	0	The project is going through SCM processes
uMlalazi	Local municipality	Development of a spatial development framework for the Umlalazi municipality	Yes	1 000	81	Project in progress
Alfred Duma	Local municipality	Development of a spatial development framework for the Alfred Duma municipality	Yes	1 000	0	Project in progress
Inkosi Langalibalele	Local municipality	Development of a spatial development framework for the Inkosi Langalibalele municipality	Yes	1 000	0	SCM processes in place
eMadlangeni	Local municipality	Development of a single scheme for the Emadlangeni municipality	Yes	500	0	Project in progress
Umfolozi	Local municipality	Preparation of a single land use scheme	Yes	500	0	SCM processes initiated
Ulundi	Local municipality	Preparation of a single land use scheme	Yes	500	0	Project in progress
Mtubatuba	Local municipality	Preparation of a single land use scheme	Yes	750	0	Service provider appointed
Umngeni	Local municipality	Preparation of a single land use scheme	Yes	500	0	SCM processes initiated

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Big Five Hlabisa	Local municipality	Preparation of a single land use scheme	Yes	750	0	SCM processes initiated
Jozini	Local municipality	Preparation of a single land use scheme	Yes	500	0	SCM processes initiated.
uPhongolo	Local municipality	Preparation of a single land use scheme	Yes	500	0	Service provider has been appointed.
uThukela	District municipality	Stipend for the Planning, GIS and Disaster Management Interns	Yes	300	300	Grant spent in full. Close out report submitted.
uGu	District municipality	Salaries for DPSS personnel for the 2018/19 financial year based on current market rates.	Yes	400	200	Project in progress
uMgungundlovu	District municipality	To ensure that municipalities develop sufficient capacity to perform the statutory development planning functions in terms of the requirements of SPLUMA	Yes	500	0	Multiyear project
King Cetshwayo	District municipality	Establishment of a Development Planning Shared Service	Yes	300	137	Project in progress
Amajuba	District municipality	Salaries for DPSS personnel for the 2018/19 financial year at Amajuba-Planning and GIS staff	Yes	400	0	Multi-year project
Umzinyathi	District municipality	Establishment of a Development Planning Shared Service - uMzinyathi	Yes	450	0	Multi- year project
Zululand	District municipality	Establishment of a Development Planning Shared Service - Zululand	Yes	300	0	Multi-year project
uGu	District municipality	Feasibility study to establish a viable shared legal services centre	Yes	1 000	0	SCM processes initiated
King Cetshwayo	District municipality	Feasibility study to establish a viable shared legal services centre	Yes	1 000	0	SCM processes initiated
Ndwedwe	Local municipality	Development of an indigent register	Yes	3 000	0	Service provider appointed

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
uMzimkhulu	Local municipality	Implementation of a Building plan information management system- Umzimkhulu municipality	Yes	500	0	SCM processes initiated.
uThukela	District municipality	Stipend for the Planning, GIS and Disaster Management Interns	Yes	300	300	Grant spent in full. Close out report submitted.
uGu	District municipality	Salaries for DPSS personnel for the 2018/19 financial year based on current market rates.	Yes	400	200	Project in progress
uMgungundlovu	District municipality	To ensure that municipalities develop sufficient capacity to perform the statutory development planning functions in terms of the requirements of SPLUMA	Yes	500	0	Multi year project
King Cetshwayo	District municipality	Establishment of a Development Planning Shared Service	Yes	300	137	Project in progress
Amajuba	District municipality	Salaries for DPSS personnel for the 2018/19 financial year at Amajuba- Planning and GIS staff	Yes	400	0	Multi-year project
Umzinyathi	District municipality	Establishment of a Development Planning Shared Service - uMzinyathi	Yes	450	0	Multi- year project
Zululand	District municipality	Establishment of a Development Planning Shared Service - Zululand	Yes	300	0	Multi-year project
uGu	District municipality	Feasibility study to establish a viable shared legal services centre	Yes	1 000	0	SCM processes initiated
King Cetshwayo	District municipality	Feasibility study to establish a viable shared legal services centre	Yes	1 000	0	SCM processes initiated
Ndwedwe	Local municipality	Development of an indigent register	Yes	3 000	0	Service provider appointed
uMzimkhulu	Local municipality	Implementation of a Building plan information management system- Umzimkhulu municipality	Yes	500	0	SCM processes initiated.

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Jozini	Local municipality	Implementation of a Building plan information management system- Jozini municipality	Yes	500	0	SCM processes initiated.
uMgungundlovu	District municipality	Geospatial database development for municipal land information management	Yes	800	0	SCM processes initiated.
Inkosi Langalibalele	Local municipality	Implementation of a Building plan information management system- Inkosi Langalibalele municipality	Yes	500	0	Service provider appointed
eNdumeni	Local municipality	Implementation of a Building plan information management system- eNdumeni municipality	Yes	500	0	SCM processes initiated.
uMgungundlovu	District municipality	Improvement of GIS Unit Functionality	Yes	500	0	SCM processes initiated.
Ethekwini-Metro	Metro	2018 Youth summit	Yes	1 000	0	SCM processes initiated.
uMngeni	Local municipality	Preparation of the Mpophomeni informal settlement nodal development plan	Yes	1 000	0	SCM processes initiated.
uMhlabuyalingana	Local municipality	Preparation of the Skhemelele nodal development plan	Yes	1 000	0	Project in progress.
Alfred Duma	Local municipality	Preparation of the Ladysmith Aerodrome Nodal development plan	Yes	1 000	0	SCM processes initiated.
uThukela	District municipality	Preparation of the Muden/Weenen/Estcourt nodal development plan	Yes	1 000	0	SCM processes initiated.
King Cetshwayo	District municipality	Preparation of the expanded Richards Bay industrial development zone nodal development plan	Yes	1 000	0	SCM processes initiated
Greater Kokstad	Local municipality	Electrification of informal settlements in Kokstad	Yes	5 000	0	SCM processes initiated.
Big Five Hlabisa	Local municipality	Gabadela (WARD 6) Electrification project	Yes	800	419	Project in progress

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Mtubatuba	Local municipality	Electrification project of Mfekayi Ward 8	Yes	6 000	0	Project in progress
Big Five Hlabisa	Local municipality	Hlabisa Ward 9 electrification project	Yes	5 000	1912	Project in progress
Inkosi Langalibalele	Local municipality	Mbabazane electrification project	Yes	1 500	0	SCM processes initiated
Ilembe	District municipality	Desludging of VIP toilets and septic tanks	Yes	6 000	0	Business plan revised to purchase sewer equipment and plant.
uThukela	District municipality	Procurement of sanitation infrastructure related equipment	Yes	2 000	0	SCM processes initiated.
Mpofana	Local municipality	Purchase of infrastructure related equipment and machinery	Yes	7 000	0	SCM processes initiated
Endumeni	Local municipality	Purchase of yellow plant and supplementation of electrification programme	Yes	7 500	0	Transferred on 26/03/2019
uThukela	District municipality	Ekuvukeni refurbishment of water infrastructure and new boreholes	Yes	2 000	0	Transferred on 26/03/2019
uThukela	District municipality	uThukela DM Water: Maintenance of operational fleet	Yes	5 000	0	Transferred on 26/03/2019
uMhlabuyalingana	Local municipality	Ward 7 Electrification project	Yes	5 000	0	Transferred on 26/03/2019
Mtubatuba	Local municipality	Ward 8 and 12 electrification project	Yes	5 000	0	Transferred on 26/03/2019
Maphumulo	Local municipality	Construction of the Mvozane Community Service Centre	Yes	5 000	0	Consultants appointed. Project is under planning phases
Dr Nkosazana Dlamini Zuma	Local municipality	Operational support for the Bulwer Community Service Centre	Yes	500	0	Project in progress
Jozini	Local municipality	Operational support for the Ngwenya Community Service Centre	Yes	300	0	Project in progress.
oKhahlamba	Local municipality	Operational support for the Bergville Community Service Centre	Yes	500	0	Project in progress

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Umfolozi	Local municipality	Operational support for the KwaMbonambi Community Service Centre	Yes	750	0	Transferred on 12/03/2019
Ubuhlebezwe	Local municipality	Construction of the gym park project	Yes	2 000	0	SCM processes initiated
Richmond	Local municipality	Richmond SMME facility project	Yes	2 000	0	SCM processes initiated
eDumbe	Local municipality	eDumbe market stalls project	Yes	2 000	0	Service provider has been appointed..
Inkosi Langalibalele	Local municipality	LED strategy review project	Yes	400	0	The municipality has applied to Provincial Treasury to utilise section 32 of SCM processes as per instruction by MM and awaits approval.
oKhahlamba	Local municipality	Construction of gym park project	Yes	2 000	1241	Project in progress
uMhlabuyalingana	Local municipality	Skhemelele market stalls R3 m and Manguzi CBD Roads upgrade R3 million	Yes	6 000	0	SCM processes initiated.
KwaDukuza	Local municipality	Establishment of a people's park as part of environmental management programme	Yes	5 000	957	Project in progress
uMvoti	Local municipality	Implementation of Umvoti Urban Renewal Programme	Yes	5 000	0	Transferred on 12/03/2019
uMhlabuyalingana	Local municipality	Planning, design and purchase of shipping containers for the Youth Enterprise park project	Yes	1 000	0	SCM processes initiated.
Ilembe	District municipality	Mandeni Youth Enterprise Park Project	Yes	1 000	0	Service provider has been appointed.
uMngeni	Local municipality	Nelson Mandela Capture Site Flood Lights	Yes	1 200	0	Project in progress
uMngeni	Local municipality	Completion of the Nelson Mandela Multi - purpose centre	Yes	5 201	5 201	Grant fully spent
Ilembe	District municipality	Bio mass processing plant	Yes	5 000	0	Transferred on 26/03/2019



Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the entity	Reasons for the funds unspent by the entity
Ilembe	District municipality	Public WiFi connectivity project	Yes	2 500	0	Transferred on 26/03/2019
Ilembe	District municipality	Mini Factories	Yes	2 500	0	Transferred on 26/03/2019
uThukela	District municipality	Raset Start Up Programme-uThukela	Yes	3 000	0	SCM processes initiated.
Ilembe	District municipality	Raset Start Up Programme-iLembe	Yes	5 000	0	SCM processes in place.
Ubuhlebezwe	Local municipality	Construction of Municipal Emergency Management Centre	Yes	3 000	0	Service provider has been appointed.
<b>TOTAL</b>				<b>150 101</b>	<b>10 795</b>	

The table below reflects the transfer payments which were budgeted for in the period 1 April 2018 to 31 March 2019, but no transfer payments were made.

Name of transferee	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Nil	Nil	Nil	Nil	Nil

## 2.4.6 CONDITIONAL GRANTS

The department received a national conditional grant allocation in respect of the Expanded Public Works Programme (EPWP) Integrated Grant for Provinces, which is used for the department's Food for Waste programme. This is where most needy community members collected domestic waste from households and in public places and are then compensated for performing these tasks. The programme is being implemented in the Mandeni, the uMgungundlovu family of municipalities, Endumeni, uMsunduzi, uMhlabuyalingana and uMdoni local municipalities. The grant, which is allocated to Programme 3 against Goods and Services, was fully spent at year end.

<b>Department/ Municipality to whom the grant has been transferred</b>	KZNCOGTA
<b>Purpose of the grant</b>	EPWP-Food for Waste Programme
<b>Expected outputs of the grant</b>	Creating temporary work through waste management, food security and bead work production
<b>Actual outputs achieved</b>	602 participants, working 12 days a month, receiving a daily wage of R90
<b>Amount per amended DORA</b>	R4 552
<b>Amount transferred (R'000)</b>	R4 552
<b>Reasons if amount as per DORA not transferred</b>	N/A
<b>Amount spent by the department/ municipality (R'000)</b>	100%
<b>Reasons for the funds unspent by the entity</b>	N/A
<b>Monitoring mechanism by the transferring department</b>	Monthly financial report and quarterly non-financial reports to Department of Public Works

## 2.4.7 DONOR FUNDS

Name of donor	Nil
Full amount of the funding	
Period of the commitment	
Purpose of the funding	
Expected outputs	
Actual outputs achieved	
Amount received in current period (R'000)	
Amount spent by the department (R'000)	
Reasons for the funds unspent	
Monitoring mechanism by the donor	

## 2.4.8 CAPITAL INVESTMENT

### Capital investment, maintenance and asset management plan

Infrastructure projects	2018/2019			2017/2018		
	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000	Final Appropriation R'000	Actual Expenditure R'000	(Over)/Under Expenditure R'000
New and replacement assets	10 866	5 400	5466	18 358	16 941	1 417
Existing infrastructure assets	14 411	2 110	13 340	23 558	22 302	1 256
- Upgrades and additions				228	0	228
- Rehabilitation, renovations and refurbishments	11 448	1 379	10 069	23 558	22 302	1256
- Maintenance and repairs	2 963	731	2 232			
Infrastructure transfer						
- Current						
- Capital						
<b>Total</b>	<b>25 277</b>	<b>7 510</b>	<b>31 107</b>	<b>42 144</b>	<b>39 243</b>	<b>2 901</b>

## **PART C: GOVERNANCE**

## **2.5.1 INTRODUCTION**

Commitment by the department to maintain the highest standards of governance is fundamental to the management of public finances and resources. Users want assurance that the department has good governance structures in place to effectively, efficiently and economically utilize the state resources, which is funded by the tax payer.

## **2.5.2 RISK MANAGEMENT**

### **Risk Management Policy and Strategy**

The Department has an approved Risk Management policy and Risk Management strategy in place.

### **Risk Assessments**

The Department conducts annual Risk Assessment workshops to determine the effectiveness of its risk management strategy and to identify new and emerging risks. Moreover, the Department reviews its Risk Register on a quarterly basis to determine the effectiveness of its action plans in mitigating the identified risks.

### **Risk Management Committee**

The Department has a Governance, Risk and Ethics management committee (GREC) in place that advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The committee is properly constituted with approved Terms of Reference, has representation from all business units within the Department and is chaired by the Head of Department. Quarterly meetings of the committee are attended by the Provincial Internal Audit Services within Treasury for observation, guidance and inputs. The committee is also charged with advising the department on risk management and independently monitors the effectiveness of the system of risk management. This committee reports to the Cluster Audit and Risk Committee of the Province.

### **Department's Risk Management Maturity**

The department has seen some progress in the management of risks and improvements in the department's performance with some challenges noted. The Department plans to formally appoint Risk management champions and work with the Monitoring and Evaluation unit to ensure that identified action plans are included in the business plans of each in each business unit. With the completion of the Risk Management audit, the Department will ensure that there are proper action plans put in place to ensure that findings are identified and implemented with the view of improving the Departments Risk management maturity.

### **2.5.3 FRAUD AND CORRUPTION**

The Department has an Anti-Fraud and Corruption Management Policy and its accompanying Strategy that includes a Fraud Prevention Plan. Through these strategies, the Department aims to pronounce and adhere to its stance of “Zero tolerance to Fraud and Corruption”. In light of this stance the Department has developed prevention, detection, response and deterrence mechanisms and attends to all fraud and corruption by applying these four pillars.

The Department also reviewed its Whistle Blowing policy to ensure that it is in line with the amended Protected Disclosures Act, 2000 and also developed and approved its Ethics Management policy.

Through the implementation of these policies and procedures, the Department was able to have strengthened its internal controls of the Fraud and Corruption stigma in ensuring that:

- (a) Controls are put in place to prevent and detect Fraud and Corruption;
- (b) There is Investigation of Fraud and Corruption allegations and ensuring appropriate action is taken;
- (c) All criminal cases are reported to the South African Police Services (SAPS);
- (d) Fraud and Corruption risk assessments and susceptibility assessments of high fraud and corruption risk areas are conducted; and
- (e) There is promotion of high standard of ethics by employees within the Department.

The Department strives to identify and prevent fraud and/ or corruption before it actually occurs and apply mitigating controls through conducting Fraud Risk Assessments.

The Department conducted an Ethics survey among its officials and identified one of the gaps as being the awareness of reporting fraud and corruption allegations by its officials. A Whistle blowing policy awareness plan was drafted and implemented across the Department. During these, the focus was on the reporting mechanisms that are available when fraud and corruption is suspected.

The Departmental GREC, is tasked with ensuring that all the fraud pillars, with an emphasis in fraud prevention as a first level of defence, are properly implemented. The control environment of the Department is revised and strengthened regularly, whether or not fraud and/or corruption have been detected.

In addition, all fraud is investigated and followed up by the application of all remedies available within the full extent of the law as well as the application of appropriate prevention and detection controls.

Below were Fraud related cases within the Department during the 2018/2019 financial year.

NO.	ALLEGATION	AMOUNT (R)	UPDATE
1	Suspected fraud involving the payment of iziNduna salaries	R 435,000.00	<p>Two officials were identified as possible suspects, and they were suspended on the day on which the matter was reported to the Head of Department. Their Disciplinary Hearing commenced within the relevant time-frame contained in GPSSBC Resolution 1 of 2003, and authority was obtained to subject the said officials (and other possible suspects), to polygraph tests, in order to establish whether there is any indication that the suspended officials may be ruled out as suspects or not.</p> <p>The suspended officials have since returned to work in the absence of any direct evidence linking them to the fraud after the polygraph tests, and a progress report from the Hawks is awaited to establish whether there is any evidence linking the said (or any other) officials to the fraudulent payments.</p>
2	Transfer payments: Funds that were meant to be paid to a Municipality were fraudulently diverted to another private account	R7 500 000	Two officials and one private person were charged in the Commercial Crimes Court, and the private person was convicted on all counts of fraud and corruption during 2018. The case against the two previous officials has been postponed for a trial date in the Commercial Crimes Court. The Asset Forfeiture Unit has recovered assets from the private person, which assets will be disposed of upon completion of the trial against this individual.
3	Altering a medical certificate and gaining an additional 7 days absence from work on full pay	Unknown	<p>Employee was formally charged. Evidence for the Department was completed, where after the employee elected not to testify, and the disciplinary hearing was subsequently postponed for a Finding. The employee was found guilty as charged and was subsequently dismissed from the Public Service. The employee has filed an appeal, which is currently being considered by the MEC, and an outcome of that process is expected shortly.</p> <p>Once the appeal has been disposed of, a decision will be made on whether to proceed with criminal charges</p>
4	Use of a government vehicle without authorisation, in which the employee authorised the trip themselves	Unknown	The hearing is in the process of being finalised with 1 witness left to testify for the Department. This matter became protracted due to an extremely hostile and obstructive union representation resulting in the Department

NO.	ALLEGATION	AMOUNT (R)	UPDATE
			<p>having to request assistance for a Chairperson and Prosecutor from other Departments (Health and Agriculture).</p> <p>Depending on the outcome of the disciplinary hearing, a decision will be taken on whether the evidence is sufficient to result in a successful criminal prosecution, and if so, a formal complaint will be lodged with the SAPS.</p>
5	Employee made statements and misrepresentations to the Department regarding the use of a government vehicle, which resulted in the death of a child. In addition, the employee deviated from the authorised route.	Unknown	<p>The employee was charged and dismissed from the Department on 4 January 2019.</p> <p>The disciplinary and appeal processes have been finalised, although this matter may result in further legal and dispute processes in the Bargaining Council and the Labour Court. The matter has been reported to the SAPS, who are investigating a charge of culpable homicide, alternatively reckless and negligent driving, and the Department is awaiting the outcome of the investigation and a decision by the Senior Public Prosecutor on whether the state will proceed with criminal charges against the dismissed employee.</p>

## 2.5.4 MINIMISING CONFLICT OF INTEREST

Human Resources Management and Development facilitate all the appropriate request applications to perform remunerative work outside Public Service. Disciplinary steps are taken in the event where conflict of interest has been identified.

## 2.5.5 CODE OF CONDUCT

All newly appointed employees undergo induction programme where they are workshopped on the code of conduct, ethics management and departmental policies. In the event where employees transgress any policy, the departmental disciplinary steps are taken against those employees.

## 2.5.6 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department considers its employees as the most valuable assets and undertakes to safeguard them through providing and maintaining, as far as reasonably practical, a working environment that is safe and without risk to health of its employees. In order to achieve this, the Department has trained and appointed the following personnel: First Aiders, Fire Fighters and Safety Representatives, for each and every building. Inspections are carried out on a quarterly basis on all the government buildings to ensure that the buildings are habitable. All anomalies that are found are attended to.



## **2.5.7 PORTFOLIO COMMITTEES**

### **COGTA Portfolio Committee**

#### **19 April 2018**

1. 2018/19 Final APP
2. 2018/19 Final Budget
3. Responses to the 2017 Workers Parliament Resolutions

#### **29 May 2018**

1. 2017/18 4th quarter report (Financials and Non-Financials)
2. Responses to the 2017 Youth Parliament Resolutions

#### **24 July 2018**

1. 2018/19 1st quarter report (Financials and Non-Financials)
  2. Responses to the 2017 Women's Parliament Resolutions
- Committee Matters*  
Negotiating Mandate on the Traditional and Khoi San Leadership Bill

#### **21 September 2018**

1. 2017/18 Annual Report
  2. 2019/20 1st Draft APP
  3. 2019/20 1st Draft Budget
  4. Responses to Senior Citizens Parliament Resolutions
  5. Responses to Disability Parliament Resolutions
- Committee Matters*  
Correspondence on the intervention at uThukela District Municipality

### **Finance Portfolio Committee**

#### **24 July 2018**

1. 2018/2019 Unaudited Closeout Hearings
2. Review of responses to 2018/2019 Budget Hearings Resolutions

#### **13 November 2018**

1. 2018/2019 Mid-year Budget Performance Hearings

## 2.5.8 SCOPA RESOLUTIONS

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
45/2018	Fruitless and wasteful expenditure	<p><b>The Committee resolved that:</b></p> <p>(a) a progress report on forensic investigation, disciplinary process be provided in October 2018 hearings</p> <p>(b) The report be provided to Portfolio Committee regarding risk assessment by Internal Control Unit.</p> <p>(c) The Department to provide the Committee with a response from Mr N Chonco in October 2018 hearings and the recommendations thereof.</p>	<p>a) The forensic investigation by the Department's Forensic Unit is progressing and an interim report will be finalized at the end of October 2018.</p> <p>The Departmental Discipline Unit has also initiated a disciplinary process for instances where there has been a recommendation to take action against officials who were named in the Investigations Unit report. Further progress reports will be provided to the Committee.</p> <p>b) The Risk Register report reflecting the assessment of the associated risks and its identified action plans was attached as Annexure "A" as a response to this resolution.</p> <p>c) The report of the Internal Control Unit was presented to the former DDG for Traditional Affairs. The former DDG has responded through a letter from his attorney refuting the allegations. This matter is now handled by the Department's Legal Services and further progress reports will be provided to the Committee</p>	No – In progress
46/2018	Material uncertainty	<p><b>The Committee resolved that:</b></p> <p>a) The Department provide a report submitted by the Commission on Public Office defining the Headman and Induna by October 2018 hearings.</p>	<p>a) A Task Team consisting of officials from both KZN COGTA and the National Department of Traditional Affairs has been established and a report is in the process of being prepared for discussion with the Commission and other stakeholders.</p>	No – In progress
47/2018	Irregular expenditure	<p><b>The Committee resolved that the Department:</b></p> <p>(a) Submit a report on the response by the provincial Accountant General regarding condonation.</p> <p>(b) Provides progress report on action against officials identified for wrong doing.</p> <p>(c) Submit progress report on investigation regarding irregular expenditure.</p>	<p>a) The Department requested for condonation of irregular expenditure at Provincial Treasury in May 2018. Furthermore, the Head of Department dispatched a letter requesting for a meeting with the Head of Department for Provincial Treasury to discuss progress on the submission for condonation of irregular expenditure. Subsequently, a meeting has been scheduled between the HOD and the Provincial Accountant General to deliberate on the delays encountered by the Department on this matter.</p> <p>b) The process is ongoing.</p> <p>c) The investigation of irregular expenditure for 2017/18 is currently work in progress.</p>	No – In progress

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)																																				
48/2018	Officials doing business with government	<p><b>The Committee resolved that:</b></p> <p>a) A progress report be presented in October 2018 hearing regarding the investigation of one official.</p>	<ul style="list-style-type: none"><li>The Department investigated five officials in total.</li><li>All five investigations have been concluded and it was established that there was no evidence to sustain any disciplinary action against the officials involved.</li><li>The last investigation was concluded on 9 October 2018 and has been submitted to the HOD. All 5 officials have been exonerated, and the matter has been concluded.</li></ul>	Yes																																				
86/2018	Qualification matter: Good and Services	<p><b>The committee resolved:</b></p> <p>That the accounting officer reports to the committee by 31 January 2019 on:</p> <p>1) Control measures put in place to ensure that the correct stipends are paid to iziNduna.</p> <p>2) Progress regarding the cost recovery plan in relation to iziNduna who had been overpaid.</p>	<p>1) After assessment of the root causes of the overpayment of Izinduna, the Director: Human Resource Administration withdrew the approval function from the Acting Assistant Director and took sole responsibility for approving all payment transactions. This ensured that a third check was put into place prior to authorisation. The filling of the post of Assistant Director: Remuneration was expedited with the successful candidate assuming duties on 01 December 2018 and this addressed chronic capacity in this area.</p> <p>2) The recovery process has started as detailed below. Of the 37 cases identified by the AG; 24 of these cases will be repaid by 31<sup>st</sup> January 2019. This is equivalent to 65% of the cases. The remainder will be paid over monthly instalments as depicted on the table below with the last deduction being in August 2021.</p> <table><tr><th>INSTALMENTS</th><th>CASES</th><th>SETTLEMENT DATE</th><th>RAND VALUE</th></tr><tr><td>One</td><td>24</td><td>January 2019</td><td>R15 942.00</td></tr><tr><td>Two</td><td>3</td><td>February 2019</td><td>R9 598.33</td></tr><tr><td>Four</td><td>3</td><td>April 2019</td><td>R24 564.66</td></tr><tr><td>Eight</td><td>4</td><td>August 2019</td><td>R64 306.31</td></tr><tr><td>Twenty four</td><td>1</td><td>January 2021</td><td>R48 229.98</td></tr><tr><td>Thirty One</td><td>1</td><td>August 2021</td><td>R63 396.00</td></tr><tr><td>Fruitless</td><td>1</td><td>March 2019</td><td>R8 038.33</td></tr><tr><td>Total</td><td>37</td><td></td><td>R234 075.61</td></tr></table>	INSTALMENTS	CASES	SETTLEMENT DATE	RAND VALUE	One	24	January 2019	R15 942.00	Two	3	February 2019	R9 598.33	Four	3	April 2019	R24 564.66	Eight	4	August 2019	R64 306.31	Twenty four	1	January 2021	R48 229.98	Thirty One	1	August 2021	R63 396.00	Fruitless	1	March 2019	R8 038.33	Total	37		R234 075.61	Yes
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87/2018	Expenditure management: Irregular Expenditure	<p><b>The Committee resolves:</b></p> <p>That the Accounting Officer reports to the Committee by 31 January 2019 on:</p> <p>1. Action taken against officials who did not take effective steps to prevent irregular</p>	<p>1. Eleven (11) officials were identified as having contributed to the department incurring irregular expenditure over the last three financial years. Four (04) of these officials are no longer with the Department. Action has been taken against the seven (07) officials who are still in the employ of the Department.</p>	No – In progress																																				

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
		<p>expenditure.</p> <p>2. The measures that have been instituted by the Department to prevent a recurrence of irregular expenditure.</p>	<p>2. The following action plans were formulated to prevent the finding from re-occurrence of irregular expenditure.</p> <ul style="list-style-type: none"> <li>The Department did away with Turn-key contracts through the adoption of the SCM and Infrastructure Policy which excludes this acquisition strategy.</li> <li>Management conducted a review of all similar contracts in order to detect contracts with similar incidences.</li> <li>The department cancelled the affected contracts in order to prevent further re-occurrence of the finding and further irregular expenditure.</li> <li>All deviations are reviewed by the Directors: SCM, Internal Control and Legal Services prior to approval by the Accounting Officer.</li> <li>Panels of service providers were established in order to avoid irregular expenditure.</li> <li>All programmes have been workshopped on what constitutes irregular expenditure. The revised framework i.e. HR related transactions and others have been highlighted. The Accounting Officer has been advised of the collective effort to prevent and reduce irregular expenditure.</li> <li>SCM officials and all bid committees were trained and there is continuous training.</li> <li>The SCM policy has been reviewed to include local content requirements.</li> <li>The department has investigated and requested National Treasury to consider condonation of historical irregular expenditure which is sitting in the books of the department.</li> <li>A comprehensive checklist for competitive bids, detailing all CIDB compliance, local content and other SCM prescriptions will be developed</li> </ul>	
87/2018	Expenditure management: Irregular Expenditure	<p>1. The progress made regarding the condonation of irregular expenditure over the last three financial years.</p> <p>2. The progress made by the Internal Control Unit in the investigation of irregular expenditure incurred during</p>	<p>1. The request for condonation of irregular expenditure that was incurred over previous years and the past 3 financial years has been escalated to the National Treasury for it to make a determination and the amounts are listed below. To be condoned by National Treasury:</p> <ul style="list-style-type: none"> <li>2001/2002 till 2013/14 (R 4 504 042)</li> <li>2014/15 (R55 840 502)</li> <li>2015/16 (R64 663 498)</li> <li>2016/17 (R59 557 538)</li> <li>Irregular expenditure incurred in 2017/18 is still under investigation.</li> </ul>	No – In progress

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
		2017/18 financial year	2. The Internal Control Unit will finalise the investigation of irregular expenditure incurred during 2017/18 financial year by 31 March 2019.	
88/2018	Fruitless and wasteful expenditure	<p><b>The Committee resolves:</b> That the Accounting Officer reports to the Committee by <u>31 January 2019</u> on:</p> <ol style="list-style-type: none"> <li>1. The outcome of the forensic investigation.</li> <li>2. The progress made in implementing disciplinary action against officials who were named in the Investigation Unit report.</li> <li>3. Progress made in the matter of the former DDG for Traditional Affairs regarding payment of iziNduna sharing izigodi.</li> </ol>	<ol style="list-style-type: none"> <li>1. The preliminary report has not been finalised due to other internal investigations underway and the voluminous nature of the allegations. The report will be submitted by the end of February 2019 for the consideration of the Accounting Officer and the Executive Authority.</li> <li>2. Fruitless and Wasteful Expenditure in relation to Blind Interns requested to remain at home pending relocation of offices, as well as purchase of computers equipment for the blind interns – The Investigation has been completed, and the findings indicate that the allegations of misconduct are not sustained by the available evidence. As a result, the file has been closed.</li> <li>3. Fruitless and Wasteful Expenditure in relation to <i>IziNduna</i> paid whilst sharing <i>iziGodi</i> in the Amajuba District – The report was presented to the former DDG for Traditional Affairs, who responded through a letter from his attorney refuting the allegations. The matter was investigated further, and evidence was obtained from the Chief Director: Human Resource Management and Development. It is alleged that the specific instance referred to <i>iziNduna</i> in Community Authorities that had not been disestablished or transformed as yet, which is why they received payment on 2 occasions, before the salaries were terminated. The further investigation is complete, and a report will be submitted to the Head of Department by 28 February 2019.</li> </ol>	No – In progress
89/2018	Material uncertainty	<p><b>The Committee resolves:</b> That the Accounting Officer reports to the Committee by <u>31 January 2019</u> on the</p>	There is a national task team set up by the minister of COGTA to deal with back pay of Izinduna. The task team comprises of Presidency, National Treasury, KZNCOGTA	No – In progress

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
		progress made by the Task Team.	and National COGTA. The task team has met but there is still no positive outcome on the matter.	
90/2018	Revenue for exchange transactions	<p><b>The Committee resolves:</b></p> <p>That the Accounting Authority reports to the Committee by <u>31 January 2019</u> on:</p> <ol style="list-style-type: none"> <li>Measures put in place to allow the Auditor General access to certain premises.</li> <li>Disciplinary action taken against those who have denied access to Auditor-General in order to get valid information.</li> <li>Assurance that funds are used for what they are intended for.</li> </ol>	<ol style="list-style-type: none"> <li>The following measures have been placed to allow the Auditor General access to certain premises: <ul style="list-style-type: none"> <li>Consultative engagements have been held with Amakhosi.</li> <li>Monthly physical inspections of manual cash books are performed.</li> <li>Monthly reconciliations of revenue received and bank deposits made are performed.</li> </ul> </li> <li>The Department is unable to take any disciplinary action against the Traditional Council Secretaries, as they are not employees of the Department. However, the department has suspended the stipend of all those that have prevented access to the AG. In addition, the department has secured a High Court interdict against the relevant Traditional Council Secretaries</li> <li>Assurance that funds are used for what they are intended for is provided below: <ul style="list-style-type: none"> <li>Traditional council expenditure is approved by the Director: Traditional Financial Management on condition that a traditional council resolution had been taken in respect of the expenditure.</li> <li>All traditional councils must comply with the Expenditure and Supply Chain Management Instruction Note with regards to processes and procedures relating to traditional councils expenditure.</li> <li>Traditional councils are continuously being workshopped on the Instruction Notes Compliance.</li> </ul> </li> </ol>	Yes
91/2018	Property, plant and equipment	<p><b>The Committee resolves:</b></p> <p>That the Accounting Authority reports to the Committee by 31 January 2019 on:</p>	<ol style="list-style-type: none"> <li>The eighty-nine (89) Traditional Council Secretaries that denied AG access to verify assets have been interdicted and the department was granted relief.</li> </ol>	Yes

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
		<ol style="list-style-type: none"> <li>Measures put in place to allow the Auditor General access to certain premises for verification purposes.</li> <li>Disciplinary action taken against those who have denied access to auditor General in order to get valid information. Assurance that funds are used for what they are intended for.</li> </ol>	<ol style="list-style-type: none"> <li>The Department is unable to take any disciplinary action against the Traditional Council Secretaries, as they are not employees of the Department. However, the department has suspended the stipend of all those that have prevented access to the AG. In addition, the department has secured a High Court interdict against the relevant Traditional Council Secretaries</li> <li>Assurance that funds are used for what they are intended for is provided below: <ul style="list-style-type: none"> <li>Traditional council expenditure is approved by the Director: Traditional Financial Management on condition that a traditional council resolution had been taken in respect of the expenditure.</li> <li>All traditional councils must comply with the Expenditure and Supply Chain Management Instruction Note with regards to processes and procedures relating to traditional councils expenditure.</li> <li>Traditional councils are continuously being workshopped on the Instruction Notes Compliance.</li> </ul> </li> </ol>	
92/2018	Annual financial statements	<p><b>The Committee resolves:</b></p> <p>That the Accounting Authority reports to the Committee by <u>31 January 2019</u> on:</p> <ol style="list-style-type: none"> <li>Systems in place to ensure that information relevant to the audit is accurate, complete and accessible to the audit team.</li> <li>Action taken against those who have contravened the PFMA and KZNTLGA regulations</li> </ol>	<ol style="list-style-type: none"> <li>In order to ensure that systems are in place for accurate, complete and accessible information relevant to be presented to the audit team: <ul style="list-style-type: none"> <li>Monthly financial statements are prepared</li> <li>Monthly pre-audit files are prepared</li> </ul> </li> <li>Suspension of monthly stipend payable to responsible traditional council secretaries who contravened the legislation.</li> </ol>	Yes
110/2018	Human Resources Management: Vacancies	<p><b>The Committee resolves:</b></p> <p>That the Accounting Officers of the relevant departments and Accounting Authorities report to the Committee by <u>31 January 2019</u> on the following:</p> <ol style="list-style-type: none"> <li>A list of vacant senior management posts in</li> </ol>	<p>There are sixty-nine (69) SMS posts in the department. Fifty (50) of these are filled and nineteen (19) are vacant. Women SMS members occupy twenty-six (26) of the total SMS posts while twenty-three (23) are filled by males. Please see attached as Annexure "A" the list of filled and vacant senior management posts.</p> <p>Updated report on number of filled posts and vacant posts was attached.</p>	No – In progress

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
		<p>their respective departments.</p> <p>2. An updated report on a number of filled posts and vacant posts and the anticipated time frame for filling of posts.</p> <p>3. That the Portfolio Committees monitor the filling of all vacant funded posts in departments, especially key positions and senior management positions.</p>		
111/2018	Irregular expenditure	<p><b>The Committee resolves:</b></p> <p>That Accounting Officers and Accounting Authorities submit a report by <u>31 January 2019</u> on:</p> <ol style="list-style-type: none"> <li>1. The reasons for the irregular expenditure?</li> <li>2. Who was responsible for making or permitting the irregular expenditure?</li> <li>3. Steps taken against officials responsible for irregular expenditure.</li> <li>4. Measures put in place to prevent a recurrence.</li> <li>5. An assessment of the effectiveness of the measures put in place.</li> </ol>	<ol style="list-style-type: none"> <li>1. The reasons for the irregular expenditure were as follows: <ul style="list-style-type: none"> <li>• Goods and services of a transaction value above R500, 000 were procured without inviting competitive bids. This finding was raised for the first time during the 2016/17 audit. The intervention was successful as there was no repeat finding in 2017/18.</li> <li>• These were contracts that were recurring over a number of financial years and the departments' pro-actively included them in the irregular expenditure register.</li> <li>• Three Quotations were not obtained due to various reasons which the Department has now augmented.</li> <li>• Information Technology (IT) goods and services, classified as "mandatory" were not procured through the State Information Technology Agency (SITA). Upon investigation of irregular expenditure, this procurement was found not to be falling under mandatory requirement of the SITA Act.</li> <li>• Certain request for quotations or tender did not specify the minimum threshold for local production and content in respect of the awards as required by Preferential Procurement Regulation (PPR).</li> <li>• Expenditure was incurred on services contract that is not valid or whose contract has been expired.</li> <li>• Tenders were awarded without designated official verifying bidder's tax compliance status</li> </ul> </li> <li>2. Various officials were responsible for permitting irregular expenditure and the necessary action was taken by the Accounting Officer.</li> <li>3. The corrective actions taken are as</li> </ol>	No – In progress



Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
			<p>follows:</p> <ul style="list-style-type: none"> <li>The OHOD instituted an investigation into all irregular expenditure that was identified.</li> <li>Eleven (11) officials were identified as having contributed to incurring of irregular expenditure.</li> <li>Four (4) of these officials have left the employ of the Department.</li> <li>Action was taken against the remaining seven (7) officials.</li> </ul> <p>4. Measures that have been put in place are as follows:</p> <ul style="list-style-type: none"> <li>A comprehensive checklist for competitive bids, detailing all CIDB compliance, local content and other SCM prescripts has been developed.</li> <li>All Turnkey contracts were cancelled.</li> <li>The department is now participating in the legal services panel from UMDM.</li> <li>A competitive bidding process has been undertaken for outside broadcasting services.</li> <li>The department is requesting for Accounting Officer or Provincial Treasury approval when 3 quotations have not been sourced.</li> <li>All ICT procurement submissions from all Business units are routed to the ICT Director for approval.</li> <li>SCM official and bid committees were trained. This includes refresher training for all bid committees, project managers and acquisition staff which was conducted in July 2018 and August 2018 with the assistance of the Provincial Treasury and the DTI.</li> <li>Electronic Contract management system is being implemented. Formal training will be conducted on the 23 January 2019 and will be fully implemented by the end of February 2019.</li> <li>The position of Assistant Director: Contract Management will be filled in the 18/19 financial year. The shortlisting will be conducted during the week of 21 January 2019 and the interviews will be conducted during the last week of January 2019.</li> <li>The tax status as per CSD print out will be attached to all orders and attached to orders as evidence to prevent the finding from reoccurring in the next financial year.</li> <li>All programmes have been workshopped on what constitutes irregular expenditure. The revised framework i.e. HR related transactions and others have been highlighted.</li> <li>The Accounting Officer has advised of the</li> </ul>	

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
			<p>collective effort to prevent and reduce irregular expenditure.</p> <ul style="list-style-type: none"> <li>The department has investigated and requested National Treasury to consider condonation of all historical irregular expenditure that is sitting in the department's books.</li> <li>Irregular contracts were cancelled.</li> <li>The SCM Policy was revised to incorporate elements of local content and CIDB requirements.</li> </ul>	
112/2018	Fruitless and Wasteful expenditure	<p><b>The Committee resolves:</b> That the Accounting Officers and Accounting authorities report to the Committee by <u>31 January 2019</u> on the following:</p> <ol style="list-style-type: none"> <li>The reasons for the fruitless and wasteful expenditure incurred.</li> <li>Action taken against those officials responsible for incurring the fruitless and wasteful expenditure and steps taken to recover the monies involved.</li> <li>Measures put in place to ensure that fruitless and wasteful expenditure does not occur in future.</li> </ol>	<ol style="list-style-type: none"> <li>The department has the following cases which amount to R215 000 relating to 2017/18: <ul style="list-style-type: none"> <li>Two Interns were paid without working amounting to R32 272.08 (17/18)</li> <li>Brail Printers x2 @ R68 963.16 each purchased for the 2 interns that were not used.</li> <li>Eleven cases of no show of officials at booked hotels amounting to R17 813.00 (17/18).</li> <li>One official did not show for a SMS Competency Assessment R2 381.80 cancellation fee was charged.</li> </ul> </li> <li>All investigations have been concluded and the recovery and disciplinary procedures are underway.</li> <li>Individuals who cause fruitless and wasteful expenditure are being held accountable.</li> </ol>	No – In progress
113/2018	Procurement and contract management	<p><b>The Committee resolves:</b> That the Accounting Officers of the relevant departments and Accounting Authorities of relevant public entities report by <u>31 January 2019</u> on:</p> <ol style="list-style-type: none"> <li>Monitoring and control measures which are in place to ensure that SCM requirements are complied with.</li> <li>Disciplinary measures taken against those who appoint service providers without following SCM processes and treasury regulations.</li> </ol>	<ol style="list-style-type: none"> <li>The following monitoring and control measures have been strengthened: <ul style="list-style-type: none"> <li>The SCM policy has been reviewed to include local content requirements.</li> <li>Refresher training for all bid committees, project managers and acquisition staff was conducted in July 2018 and August 2018 with the assistance of the Provincial Treasury and the DTI.</li> <li>A comprehensive checklist for competitive bids, detailing all CIDB compliance, local content and other SCM prescripts has been developed.</li> </ul> </li> <li>An investigation will be undertaken to determine liability and to ensure that appropriate sanctions are meted out against responsible officials.</li> </ol>	No – In progress
114/2018	Payments not made within 30 days		<ol style="list-style-type: none"> <li>This finding was raised for the first time during the 2017/18 audit. The following action plans were implemented to prevent the finding from reoccurring in the next</li> </ol>	No – In progress

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
			<p>financial year:</p> <ul style="list-style-type: none"> <li>The invoice register is monitored on a weekly basis resulting in the decrease in the payment period. The improvement resulting from the measures taken are depicted in the months listed below where % of suppliers not paid within 30% has decreased to 0%: <ul style="list-style-type: none"> <li>July 2018: 1,29%</li> <li>August 2018: 0,82%</li> <li>September 2018: 0%</li> <li>October 2018: 0%</li> <li>November 2018: 0%</li> <li>December 2018: 0%</li> </ul> </li> <li>Exception reports are reported at EXCO and Provincial Treasury. Consequence Management is implemented on a monthly basis.</li> <li>Where invoices were not paid within 30 days, the HOD wrote letters to the responsibility managers alerting them of the non-compliance and actions that will have to be taken against them in the event of further transgression.</li> </ul>	
115/2018	Consequence management	<p><b>The Committee resolves:</b> That the Accounting Officers of the relevant departments and Accounting Authorities report by <u>31 January 2019</u> on:</p> <ol style="list-style-type: none"> <li>Investigations pertaining to transgressions by officials that have been concluded or are in progress.</li> <li>Details of the transgressions investigated.</li> <li>Time frames for completion of pending investigations.</li> <li>Disciplinary steps taken.</li> <li>Steps taken to recover monies/losses and progress thereon.</li> <li>Criminal matters opened and progress thereon.</li> </ol>	<p>One (1) official was implicated in being awarded a tender for the supply of goods to the amount of R4 970.00. The investigation was conducted and the findings were as follows:</p> <ul style="list-style-type: none"> <li>The allegation of remuneration work outside of the public service was unsubstantiated as the official resigned as director before the company conducted business with the department.</li> <li>Furthermore, there is no proof that she gained any remuneration during the one month she was a director.</li> <li>Therefore, the department concluded that further investigation and disciplinary actions was not required</li> </ul>	Yes
117/2018	Supply Chain Management	<p><b>The Committee resolves:</b> That the Accounting Officers of departments and Accounting Authorities report by <u>31 January 2019</u></p>	<ol style="list-style-type: none"> <li>The reasons for non-compliance are as follows: <ul style="list-style-type: none"> <li>Goods and services of a transaction value above R500, 000 were procured without inviting competitive bids. This finding was raised for the first time during the 2016/17</li> </ul> </li> </ol>	No – In progress

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
		<p>on:</p> <ol style="list-style-type: none"> <li>1. Reasons for non-compliance.</li> <li>2. Steps taken against those responsible for non-compliance with SCM requirements and steps taken to recover monies lost.</li> </ol>	<p>audit. The intervention was successful as there was no repeat finding in 2017/18.</p> <ul style="list-style-type: none"> <li>• These were contracts that were recurring over a number of financial years and the departments' pro- actively included them in the irregular expenditure register.</li> <li>• Three Quotations were not obtained due to various reasons which the Department has now augmented.</li> <li>• Information Technology (IT) goods and services, classified as "mandatory" were not procured through the State Information Technology Agency (SITA).</li> <li>• Certain request for quotations or tender did not specify the minimum threshold for local production and content in respect of the awards as required by Preferential Procurement Regulation (PPR).</li> <li>• Expenditure was incurred on services contract that is not valid or whose contract has been expired.</li> <li>• Tenders were awarded without designated official verifying bidder's tax compliance status</li> </ul> <ol style="list-style-type: none"> <li>2. The OHOD instituted an investigation into all irregular expenditure that was identified. <ul style="list-style-type: none"> <li>• Eleven (11) officials were identified as having contributed to incurring of irregular expenditure.</li> <li>• Four (04) of these officials have left the employ of the Department.</li> <li>• Action was taken against the remaining seven (07) officials.</li> </ul> </li> </ol>	
118/2018	Investigations	<p><b>The Committee resolves:</b> That the Accounting Officers of departments and Accounting Authorities of public entities report to the Committee by <u>31 January 2019</u> on the following:</p> <ol style="list-style-type: none"> <li>1. Investigations which are currently underway in the departments and public entities and the deadline set for completion of these investigations.</li> <li>2. Investigations which were completed in the 2016/17 and 2017/2018 financial years.</li> <li>3. Steps taken to implement the recommendations</li> </ol>	<p>The report on investigations is as follows:</p> <ol style="list-style-type: none"> <li>a) Actions on findings of Internal Audit on Implementing Agents (1 official) – The investigation was completed, and misconduct proceedings were implemented. The employee was sanctioned to a Warning and the file has been closed.</li> <li>b) Contravened section 30 of Public Service Act, 1994 (Remunerative Work Outside of Public Service) (1 official) – The Investigation was completed, and the findings indicate that the allegations of misconduct are not sustained by the available evidence. As a result, the file has been closed.</li> <li>c) Contravened section 30 of Public Service Act, 1994 (Remunerative Work Outside of Public Service (1 official)) – The investigation was completed, and a disciplinary process was implemented. The employee subsequently resigned on</li> </ol>	No – In progress

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
		contained in the reports on investigations, including the disciplinary and criminal cases initiated and recovery of monies by way of civil proceedings.	<p>31 May 2018, as a result of which the file was closed.</p> <p>d) Fruitless and Wasteful Expenditure (Blind Interns who were requested to remain at home pending relocation of offices) – The Investigation has been completed, and the findings indicate that the allegations of misconduct are not sustained by the available evidence. As a result, the file has been closed.</p> <p>e) Fruitless and Wasteful Expenditure (Purchase of Computer Equipment for Blind Interns) – The Investigation has been completed, and the findings indicate that the allegations of misconduct are not sustained by the available evidence. As a result, the file has been closed.</p> <p>f) Findings on the implementation of the Financial Framework (Contravention of Chapter 3 of Public Service Regulations (Regulation C.1) (1 SMS official) – The Investigation has been completed, and the findings indicate that the allegations of misconduct are not sustained by the available evidence. As a result, the file has been closed.</p> <p>g) Findings on the implementation of the Financial Framework (Contravention of Chapter 3 of Public Service Regulations (Regulation C.1) (1 SMS official) – The Investigation has been completed, and the findings indicate that the allegations of misconduct are not sustained by the available evidence. As a result, the file has been closed.</p> <p>h) Findings on the implementation of the Financial Framework (Contravention of regulation 21(1) of the Public Service Regulations, read with Chapter 3 of Public Service Regulations (Regulation C.1) (1 SMS official) – The investigation has been completed and disciplinary action was instituted. The employee was found guilty and was Counselling, and the provisions of section 31(i)(a)(iv) of the Public Service Act, 1994, were applied in respect of remuneration received. The file has accordingly been closed.</p> <p>i) Contravention of section 30 of the Public Service Act, 1994 (Remunerative Work Outside Public Service and failure to renew RWOPS</p>	

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
			<p>Applications (1 official) – The Investigation has been completed, and the findings indicate that the allegations of misconduct are not sustained by the available evidence. As a result, the file has been closed.</p> <p>j) Contravention of section 30 of Public Service Act, 1994 (Remunerative Work Outside Public Service and failure to renew RWOPS Applications (1 official)) – The Investigation has been completed, and the findings indicate that the allegations of misconduct are not sustained by the available evidence. As a result, the file has been closed.</p> <p>k) Fraud (Falsified identification and Bank Account Records Submitted to Department) Criminal Charge Opened for Investigation by Directorate for Priority Crime (HAWKS) (SAPS Case No PMB CAS 668/4/2018 (11 Counts)) – Two Employees were initially suspended and returned to work after polygraph testing and internal investigations. This was an externally initiated Fraud and the investigation by the HAWKS is still on-going. Section 205 Warrants have been executed by the HAWKS on the bank accounts of the “Ghost” <i>iziNduna</i> resulting in 1 instance to a recovery of R 90,000.00. The Department is providing support and cooperation to the HAWKS investigation.</p> <p>l) Investigation – Verification of <i>iziNduna</i> (AG Report 7 Cases) Investigation finalised and Investigation Report to be submitted to the COGTA <i>iziNduna</i> Task Team as approved by Accounting Officer.</p> <p>m) Investigation – TC Members paid as <i>iziNduna</i> (AG Report) Investigation in process and in finalisation stage.</p> <p><b>INGWE FRAUD MATTER</b></p> <ul style="list-style-type: none"> <li>As per the letter from the Head of Department, dated 7 December 2015, the banking details of the Ingwe municipality were changed in the financial management system of the Department and a transfer payment of R7,5 million was fraudulently diverted into a ‘newly’ opened account. This account belonged to iMvula Trading CC and the funds that were irregularly</li> </ul>	

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
			<p>deposited were withdrawn from the account within a period of less than 14 days. This resulted from proper procedures not being followed in changing the banking details of the Ingwe municipality.</p> <ul style="list-style-type: none"> <li>The controls of the Department could not prevent the fraudulent transaction from taking place due to the collusion of two officials, one of whom resigned with immediate effect, and the other having been dismissed subsequent to a formal disciplinary hearing. The matter was also reported to the HAWKS and the KZN Provincial Treasury's Forensic Unit for investigation.</li> <li>Both officials and Mr. Dhladhla, the owner of iMvula Trading CC, were charged in the Commercial Crimes Court, and Mr. Dhladhla was convicted on all counts of fraud and corruption during 2018. The case against the two previous officials has been postponed for a trial date in the Commercial Crimes Court, and the sentencing process of Mr. Dhladhla is in progress. The Asset Forfeiture Unit has recovered assets from Mr. Dhladhla, which assets will be disposed of upon completion of the trial against Mr. Dhladhla.</li> </ul> <p><b>MEDICAL CERTIFICATE FRAUD MATTER</b></p> <ul style="list-style-type: none"> <li>An employee has been formally charged with fraud for altering a medical certificate, thereby gaining and additional 7 days' absence from work on full pay. Evidence for the Department has been completed, where after the employee elected not to testify, and the disciplinary hearing is therefore in its final stages, with the parties currently preparing their address on the merits to the Chairperson.</li> <li>Once a finding is made, which is expected on 7 February 2019, further decisions will be made on whether to proceed with criminal charges. Initiating this process will require the cooperation of the Doctor who issued the certificate, and it is deemed pertinent to mention that the Doctor who issued the certificate was obstructive and did not co-operate with the Department in giving evidence when requested to do so, notwithstanding a summons being issued in terms of the Public Service</li> </ul>	

Resolution No.	Subject Matter	Details	Response by the department	Resolved (Yes/No)
			<p>Act, 1994, and a written request signed by the Head of Department.</p> <p><b>TAMPERING WITH A TRIP AUTHORITY</b></p> <ul style="list-style-type: none"> <li>An employee has been charged in a disciplinary hearing with having used a government vehicle without authorisation, in that he authorised the trip himself. This hearing is in the process of being finalised with 1 witness left to testify for the Department. This matter became protracted due to an extremely hostile and obstructive union representation resulting in the Department having to request assistance for a Chairperson and Prosecutor from other Departments (Health and Agriculture).</li> <li>Depending on the outcome of the disciplinary hearing, a decision will be taken on whether the evidence is sufficient to result in a successful criminal prosecution, and if so, a formal complaint will be lodged with the SAPS.</li> </ul> <p><b>MISREPRESENTATION IN RESPECT OF OFFICIAL JOURNEYS</b></p> <ul style="list-style-type: none"> <li>An employee was charged and dismissed from the Department on 4 January 2019 as a result of making false statements and misrepresentations to the Department regarding the use of a government vehicle, which resulted in the death of a child. In addition, the employee deviated from the authorised route, thereby forfeiting state cover, and failed to report the incident to the Local Transport Officer.</li> <li>The disciplinary and appeal processes have been finalised, although this matter may result in further legal and dispute processes in the Bargaining Council and the Labour Court. The matter has been reported to the SAPS, who are investigating a charge of culpable homicide, alternatively reckless and negligent driving, and the Department is awaiting the outcome of the investigation and a decision by the Senior Public Prosecutor on whether the state will proceed with criminal charges against the dismissed employee.</li> </ul>	



## 2.5.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

### Nature of Qualification

The Department received a qualified audit report by the Auditor General of South Africa (AGSA) for the 2017/18 financial year end. The nature of the qualification was that the department had not implemented adequate monitoring controls over the identification, recording and payment of iziNduna and also did not maintain an accurate and complete iziNduna register.

The Auditor General identified 4 findings that were raised for the first time in the 2017/18 audit and gave rise to the qualification. The details are as follows:

1. Verification of iziNduna,
2. iziNduna Payments: Employees working in government,
3. Payment made to terminated iziNduna,
4. Discrepancies between amount paid and the amount as per the proclamation.

The following action plans were implemented to prevent the re-occurrence of the qualified audit opinion in the next financial year:

- An iziNduna Task Team was formed to constantly and regularly monitor the implementation of management action plans and resolve all the AG findings pertaining to iziNduna payments.
- Proper filing system of iziNduna personnel files has been completed.
- An Assistant Director in HR has been appointed to address capacity issues in HR.

In addition, detailed below are the commitments made by the Accounting Officer to resolve the matters reported by the AGSA in the previous financial year.

Commitments	Financial year in which it first arose	Progress made in clearing / resolving the matter
<b>1. Verification of iziNduna</b>		
The 7 individuals that were not verified will be frozen on the PERSAL system and investigated by Labour relations	2017-18	The salaries of the individuals that were not verified were frozen on the PERSAL system. Investigations by Labour relations have been concluded. Emanating from the investigation of the 7 iziNduna that were not verified by AG, 3 have been verified as legitimate iziNduna and recommendations were made for further action to be taken in respect of the other 4 iziNduna who were found not to be legitimate. The Department discovered a further 6 iziNduna that were "ghost" employees and these are being investigated by the HAWKS.
In conjunction with Traditional Institutional Support (TIS), Human Resource Administration will conduct headcount of iziNduna and other Traditional Council employees at quarterly intervals. This will form part of the Departmental standard official's headcount which is conducted quarterly by the HRA unit.	2017-18	Independent Headcounts of iziNduna are being conducted at quarterly intervals by HRA deals with the monitoring of controls over identification, recording and payment.  HRA reconciles the quarterly headcount

Commitments	Financial year in which it first arose	Progress made in clearing / resolving the matter
		information from Traditional Affairs before a payment to an Induna is made.
In order to deal with the identification and payments of IziNduna the department will introduce monthly payroll templates that are to be signed by both iziNduna and Amakhosi.	2017-18	The monthly payroll templates are being signed by both iziNduna and Amakhosi. Where Induna or Inkosi have not signed, the payment of that Induna is withheld. The templates are submitted on the 7 <sup>th</sup> of each month.
Only iziNduna will be paid from the 0590 PERSAL code and other Traditional Council employees will be paid as appointment 32 (part of establishment).	2017-18	The payment of iziNduna and other Traditional Council employees were previously made on 0590 code which resulted in distorted information being generated for audit purposes. This has subsequently been corrected as only iziNduna are now paid from the 0590 PERSAL code.
The iziNduna database will be cleaned up to reflect the accurate and complete information.	2017-18	The process of cleaning up the database has been completed.
The filling system of iziNduna to be reviewed and records updated.	2017-18	The filling system has been reviewed and valid and accurate records of IziNduna have been updated in the files.
The Department will acquire a biometric system.	2017-18	The department is in the process of acquiring a biometric system.
The Department will improve monthly reconciliations of movements that occur during payment periods and keep supporting documents.	2017-18	Monthly reconciliations files are being prepared by Human Resource Management to reconcile the movements of iziNduna from the prior months and to validate the current month's payments. Supporting documents are being maintained in the reconciliations files.
<b>2. iziNduna Payments: Employees working in Government</b>		
Traditional Governance and the HR unit will investigate the cases iziNduna that are identified as double dipping as aforementioned.	2017-18	This matter has been resolved. In that the Auditor-General has conceded that their finding in this regard was misinformed. In addition, the Department obtained Senior Counsel Opinion, which confirmed that public servants are not public office bearers and that iziNduna are allowed to be public servants, subject to compliance with the provisions of section 30 of the Public Service Act, 1994 (Proclamation 103 of 1994). This was confirmed in the Judgment of the Supreme Court of Appeal in the matter of Madzhadzi & Others v The President of the RSA & Others [2010] 4 ALL SA 1 (SCA).
The recovery process will be initiated for the IziNduna that have been identified as double dipping.	2017-18	
A double dipping report is being acquired from AG on a six monthly basis to ensure that iziNduna that have not declared are easily picked up and the necessary corrective measures are instituted after the necessary investigation. Additional 19 cases of double dipping received and subjected to the same process.	2017-18	
<b>3. Payment made to terminated iziNduna</b>		
Letters have been sent to the next of kin to recover the payments.	2017-18	27 letters have been sent to the next of kin to recover the payments. The Department will also attempt to recover the money by attaching the account in which the funds were paid.
In order to deal with the identification and payments of IziNduna the department will introduce monthly payroll templates that are to be signed by both iziNduna and Amakhosi.	2017-18	The monthly payroll templates are being signed by both iziNduna and Amakhosi. Where Induna or Inkosi have not signed, the payment of that Induna is withheld. The templates are submitted on the 7 <sup>th</sup> of each month.
The department will engage with Home Affairs to provide notifications to the department upon the passing away of Induna.	2017-18	The Department of Home Affairs validates the life status of each Induna from the iziNduna database on a quarterly basis by providing reports to the department.
The amounts to be included in the Fruitless and	2017-18	The amounts have been included in the

Commitments	Financial year in which it first arose	Progress made in clearing / resolving the matter
Wasteful Expenditure register for investigation and recovery.		Fruitless and Wasteful Expenditure register and investigations to be conducted.
<b>4. Discrepancies between amount paid and the amount as per the proclamation</b>		
Monthly reconciliations of iziNduna paid will be performed.	2017-18	Monthly reconciliations files are being prepared by Human Resource Management to reconcile the movements of iziNduna from the prior months and to validate the current month's payments. Supporting documents are being maintained in the reconciliations files.
A full population analysis of the overpayments will be undertaken.	2017-18	Office of the Premier has been requested to perform the data analytics relating to over/under payments on the full population of IziNduna.  A consultant has completed the fieldwork and the reconciliation is still outstanding.
Recovery of debts to commence.	2017-18	The debts have been set up and the recovery of the debt has commenced with amounts being recovered from January 2019.

## 2.5.10 INTERNAL CONTROL UNIT

The Department is committed to improved internal controls and risk management. It manages internal controls by setting objectives and by ensuring that the required control mechanisms and activities are in place. During the year under review, the Department continually assessed and evaluated internal controls to assure that the existing control activities are effective, efficient, transparent and updated when necessary.

The departmental Risk Register was revised and updated throughout the year. The Risk Management Implementation Plan was developed and reported on a quarterly basis. Internal audits were conducted to ensure that systems and controls are in place and adequately implemented. The Audit Improvement Strategy for the findings raised in the Internal Audit Reports was compiled in order to monitor the implementation of Management Action Plans. Auditor General's Audit Improvement Strategy was also compiled and monitored to ensure that all findings raised were addressed.

## **2.5.11 INTERNAL AUDIT AND AUDIT COMMITTEES**

### **1. KEY ACTIVITIES AND OBJECTIVES OF THE INTERNAL ADIT**

#### **1.1 Objective of the Internal Audit**

To provide as an independent, objective assurance and consulting activity designed to add value and improve the departments operations. It helps the department and the KwaZulu-Natal Provincial Government accomplishes its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

#### **1.2 Key activities of the Internal Audit**

The scope of possible activities that the Provincial Internal Audit Services can engage in includes:

- Reviewing the reliability and integrity of financial and operational information and the means used to identify, measure, classify and report such information.
- Reviewing the extent of compliance with, relevance and financial effect of established policies, standards, plans and procedures and the extent of compliance with external laws and regulation.
- Reviewing the extent to which the assets and interests of the institution are accounted for and safeguarded from losses of all kinds arising from waste, extravagance, carelessness, ineffective administration, poor value for money, fraud, corruption or other causes.
- Appraising the economy, effectiveness and efficiency with which resources are employed.
- Reviewing operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned.
- Evaluating and assessing the merging or consolidation of significant functions and new or changing services, processes, operations, and control processes if applicable.
- Evaluating the integrity of processes and systems (including systems implemented for the management of information assets) to ensure that controls offer adequate protection against error, fraud and loss of any kind and that the processes/systems align with the KwaZulu-Natal Provincial Government's strategic goals.
- The follow-up on actions taken to remedy the weaknesses identified by internal audit.
- Facilitating the development and review of fraud prevention plans.
- Co-ordinating internal audit efforts with those of the external auditors.
- Provide any other specialized audit services as determined through the risk assessment process.
- Reviewing plans, programs and operations to ascertain consistency with the KwaZulu-Natal Provincial Government and National strategy and to establish the extent to which value for money is being achieved.
- Reviewing the planning, design, development, implementation and operation of major computerized systems to ensure that these systems meet their intended purpose and objectives.

Assist and support the Provincial Audit and Risk Committee to report on the effectiveness of the system of internal controls in the annual report.

## 2. SUMMARY OF WORK DONE

Internal Audit conducted the following reviews during the year under review:

Legislated Audits:

- 1<sup>st</sup> and 2<sup>nd</sup> Quarter Performance Information

Follow Up Audits:

- Follow up on Resolved Audit Findings

Risk Based Audits:

- Operation Sukuma Sakhe
- Human Resources Management (Recruitment, Management of Temporary Incapacity Leave and Exits)
- Contract Management

Performance Audits:

- Back to Basics Programme

IT Audits:

- Network Vulnerability Assessment

Financial Audits:

- General Accounting Controls
- Review of the Audit Improvement Strategy

The table below discloses relevant information on the audit committee members:

Name	Qualifications	Internal or external	If internal, position in the department	Date appointed	Date Resigned	No. of Meetings attended
Mr Siyakhula (Acting Chairperson: PARC, Economic and G&A Clusters)	B. Comm. Accounting, B.com Accounting Honours Chartered Accountant	External	N/A	01 October 2015	-	15
Mr Vereesh Rampal (Member)	B. Comm. Diploma in Accountancy and Chartered Accountant	External	N/A	01 October 2015	-	15
Mr Mike Tarr (Member)	BSC and MSC Agricultural Economics	External	N/A	01 April 2018	-	4

## 2.5.12 AUDIT COMMITTEE REPORT

The Committee reports that it has complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations 3.1, including all other related prescripts, and is pleased to present its report for the financial year ended 31 March 2019.

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 Department of Co-operative Governance & Traditional Affairs is served by the Governance & Administration Cluster Audit & Risk Committee.

The Committee has adopted appropriate formal terms of reference contained in its Audit and Risk Committee Charter and has regulated its affairs in compliance with this charter, and reports that it has discharged all of its responsibilities as contained therein.

### 1. Audit Committee Members and Attendance

The PARC and G&A CARC consists of the members listed hereunder who have met as reflected below, in line with the approved terms of reference.

#	Name of Member	PARC Meetings Attended	G&A CARC Meetings Attended
1.	Mr S Simelane (Acting Chairman of PARC; and Economic and G&A CARC)	8 of 8	4 of 4
2	Mr V Ramphal**	8 of 8	3 of 4
3.	Mr M Tarr	8 of 8	4 of 4
4.	Mr P Christianson	8 of 8	N/A*
5.	Ms T Njozela	8 of 8	N/A*
6.	Mr D O'Connor	8 of 8	N/A*
7.	Ms N Sithole	8 of 8	N/A*

\* Refers to PARC members that serve the Social CARC

\*\* Mr Ramphal was absent for one meeting of G&A Cluster Q4

## **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 has noted with concern, the weaknesses in controls in the following areas:

- Contract Management.
- Records Management
- Supply Chain Management
- Budget Management resulting in material underspending
- Expenditure Management
- Failure to prevent irregular expenditure due to non-compliance with SCM prescripts
- Failure to prevent fruitless and wasteful expenditure due to overpayment of stipend of Izinduna

The Committee considered the appropriateness of management's planned interventions to improve the overall control environment and advised management to implement these remedial actions timeously, to avoid the recurrence of audit findings.

## **3. Effectiveness of Internal Audit**

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

The PIAS planned to perform eighteen (18) audit assignments for the period under review, of which only ten (10) were finalised by the end of the financial year due to various reasons as discussed during the quarterly CARC meetings.

The Committee noted with extreme concern that only 56% of the operational audit plan for the year had been completed, due to the financial and human resource limitations imposed upon PIAS. The Committee urged the management of Provincial Treasury and PIAS to urgently address the factors which had negatively impacted the performance of PIAS during the year under review in order to ensure that it continues to fulfil its mandate and add value to the department.

## **4. Risk Management**

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

As at the end of the 2018/19 financial year, the status of the Department's risk register was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	02	10	09	38	00	59
Number of Identified Action Plans	04	18	09	00	00	54

The Committee noted the implementation of risk mitigation action plans by the Department from quarter one (1) to quarter three (3), the Committee also noted the movement of implemented action plans being converted into control strategies to mitigate risks as per the Departmental risk register. Although the Department's risk mitigation completion rate has improved, the Committee is, however, concerned with the slow progress in the implementation of risk mitigation plans relating to critical risks and also concerned about the Department's none implementation of action plans for quarter four (4).

With regard to other risk management initiatives, the Department is commended for recording positive progress on compliance with prescribed risk management standards; on-line risk management training prescribed for Departmental risk committee members; and implementation of recommended improvement plans for risk management maturity, fraud prevention management, business continuity management, and occupational health and safety management. The Department is, however, urged to pay particular attention to capacitation of its risk management function through the speedy filling of vacant positions and to ensure linkage of its risks to performance indicators to enable the Department to timely identify and resolve risk factors that might disturb the achievement of set performance targets.

## 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 continues to notes the significant uncertainty related to the liability of the Department, due to the fact that current commitments to settle the payback of allowance to iziNduna exceed the total budgeted revenue.

Based on the reports of the PIAS and the Auditor General, the Committee noted with concern the material underspending of budget as well as fruitless and wasteful expenditure as a result of overpayment of Izinduna and the Department has been urged to implement the appropriate improvement strategies in order to address the identified shortcomings with immediate effect.



## **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, where concerns have been noted around poor procurement and contract management, and failure by management to prevent irregular expenditure.
- Reviewed the conclusion on the usefulness and reliability of performance information resulting from the external audit of the Department.

## **7. Forensics Investigations**

During the period under review, the Committee noted that there were eight (8) forensic investigations from 1 April 2018 to 31 March 2019, all relating to alleged conflict of interest, supply chain management and procurement irregularities, mismanagement of funds, motor licensing irregularities, nepotism which the department has referred to the PIAS for investigation.

Five (5) of these investigations relating to Phase 1 were completed and three (3) matters are in-progress.

From the five (5) matters completed, four (4) had disciplinary actions recommended and all are still in progress.

The Committee further noted that three (3) matters are currently under criminal investigation by the South African Police Service (SAPS).

The department and the PIAS are urged to promptly finalize the outstanding investigations, and work together to implement recommendations made in the finalised investigations.

## **8. Auditor-General's Report**

The Committee has monitored the implementation of corrective action plans to address the audit issues raised by the Auditor General in the prior year. The Committee has met with the Auditor General of South Africa to discuss and evaluate the major 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 and accepts the conclusion of the Auditor General's unqualified opinion on the Annual Financial Statements, 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.



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**Mr SP Simelane**  
**Acting Chairman: Provincial Audit and Risk Committee**

**31 July 2019**

## **PART D: HUMAN RESOURCE MANAGEMENT**

## 2.6.1 INTRODUCTION

The Employee Performance Management & Development System Policy is in operation for employees (excluding SMS). The SMS Handbook is utilised to manage the performance of Senior Managers. The Department seeks to ensure that all employees sign performance agreements, undertake midyear reviews of performance and undergo annual performance assessments. A process is in place whereby the Performance Agreements of Senior, Middle and Junior Managers are aligned to the Annual Performance Plan. This validation is undertaken by the Departmental Moderating Committee.

Should any employee be underperforming then they are required to sign a performance improvement plan that deals with specific gaps found during the reviews and assessments.

The department does recognise those employees who perform above average and the Departmental Moderating Committee makes recommendation for the rewarding of such employees.

Financial Disclosures are rendered as per the DPSA and Provincial Policy. A compliance rate of 100% was achieved in respect of all eDisclosures as prescribed by the ministerial directive and 96% for other levels as per Provincial Policy

The Department prescribes to the value of investing in staff as a valued asset and implements a health and wellness programme that is underpinned by the following policies:

HIV/Aids and TB Management Policy.

Health and Productivity Management Policy.

Wellness Management Policy.

A policy Framework on “Work and Play” that was approved by COHOD is being implemented at all Cogta Offices through wellness classes, departmental sports day, interdepartmental games and club championships which has seen the department excel. In terms of the aforementioned policies the department undertakes a quarterly health and wellness risk assessment, uploading information, educational and communication material on the intranet, the provision of continuous clinical care and support through the wellness centre under the supervision of a professional nurse, the access and provision of professional services for employees in need of psychological or related assistance, workshops the management of sexual harassment in the workplace and financial wellness advocacy. The wellness assessments which also includes pap smears and prostate testing has been a vital and important tool in recognizing early warning health risks and referrals are promptly instituted to negate further risks.

Chronic diseases of lifestyle including diabetes and hypertension which is caused by unhealthy dietary patterns, physical inactivity and substance abuse has been prioritized together with decreasing and managing the HIV & AIDS and TB rate through the structured primary prevention wellness programmes to create a more healthy and productive workforce. As per the NSP 2017-2022 that encourages testing through the 90-90-90 programme, the departments testing rate is over 50% during wellness screening sessions with 156 staff members declaring their HIV status and are post managed by the resident nurse. More than 68 staff received professional support as part of the Employee Assistance Programme (741 employees have

been referred since the inception of the programme circa 2007). Moreover, 707 staff members have attended financial literacy workshops.

The development of a capable public service is a commitment that the Department underpins through the skills development programmes. The management cadre is developed mainly through the competency assessments that are undertaken as well as skills needs that are identified and contained in their performance agreements. Such skills gaps are subsequently addressed through training programmes. Non senior management are developed through the Employee Performance Management System and the performance agreements entered into between employee and supervisor. The personal development plan is part of the agreement and plays an integral part in the identification and addressing of skills needs. Each year employees are able to make application for participation in the departments bursary programme. There are currently 72 employees participating in the programme.

Many employees have benefited from skills development as expounded in the tables in this report as well as the bursary programme. The Annual Performance Plan requires that Orientation/Induction sessions be held on the quarterly basis for employees and newcomers. These sessions cover the departmental structure, ethics, sexual harassment, challenges facing persons living with disabilities, Public Service Code of Conduct, Back to Basics and health matters.

COGTA is committed to the development of unemployed youth. As part thereof COGTA offers bursaries to unemployed, disadvantaged youth particularly women and persons from rural areas. After graduation such youth are able to participate in the internship programme. There are currently 158 youth participating in the bursary programme.

COGTA continues with its commitment to Persons Living with Disabilities and to redress the legacy of their marginalisation in our society. There have been challenges but these have been overcome. Of the 52 youth participating in the internship programme, 15 are persons living with disabilities.

## 2.6.2 HUMAN RESOURCES OVERSIGHT STATISTICS

### 3.1. Personnel related expenditure

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- amount spent on personnel
- amount spent on salaries, overtime, homeowner's allowances and medical aid.

*Table 3.1.1 Personnel expenditure by programme for the period 1 April 2018 and 31 March 2019*

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	383 711.00	177 29.00	0.00	0.00	46.10	396.00
Development & planning	422 196.00	103 89.00	0.00	0.00	24.60	601.00
Local governance	270 724.00	206 837.00	0.00	0.00	76.40	400.00
Traditional institutional management	490 711.00	171 06.00	0.00	0.00	34.90	42.00
Total	1 567 042.00	659 62.00	0.00	0.00	42.10%	126.00

*Table 3.1.2 Personnel costs by salary band for the period 1 April 2018 and 31 March 2019*

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	1 207.00	0.10	7.00	172 429.00
Skilled (level 3-5)	35 575.00	3.60	139.00	255 935.00
Highly skilled production (levels 6-8)	304 162.00	30.60	931.00	326 705.00
Highly skilled supervision (levels 9-12)	196 085.00	19.70	247.00	793 866.00
Senior and Top management (levels 13-16)	62 111.00	6.30	51.00	1 217 863.00
Total	599 140.00	60.30	1 375.00	2 766 798.00

*Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2018 and 31 March 2019*

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	106 389.00	82.70	1 255.00	1.00	2 823.00	2.20	4 12.00	3.70
Administration	36 551.00	82.50	45.00	0.10	776.00	1.80	1 77.00	3.30
Development & planning	68 514.00	81.20	3.00	0.00	1 271.00	1.50	1 806.00	2.10
Local governance	192 947.00	79.50	0.00	0.00	7 203.00	3.00	13 961.00	5.70
System & institutional development	8 456.00	86.80	3.00	0.00	127.00	1.30	152.00	1.60
Traditional institutional management	162 719.00	33.70	62.00	0.00	2 817.00	0.60	5 871.00	1.20
Total	575 576.00	58.00	1367.0	0.10	15 16.00	1.50	28 0.00	2.80

*Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2018 and 31 March 2019*

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	876.00	72.60	1.00	0.10	97.00	8.00	78.00	6.50
Skilled (level 3-5)	26 334.00	73.70	445.00	1.20	2 250.00	6.30	2 895.00	8.10
Highly skilled production (levels 6-8)	250 899.00	81.10	369.00	0.10	9 673.00	3.10	19 838.00	6.40
Highly skilled supervision (levels 9-12)	169 784.00	81.30	122.00	0.10	2 298.00	1.10	4 381.00	2.10
Senior management (level 13-16)	55 147.00	82.70	0.00	0.00	627.00	0.90	653.00	1.00
Total	503 040.00	391.40	937.00	1.50	14 45.00	19.40	27 45.00	24.10

### 3.2. Employment and Vacancies

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- programme
- salary band
- critical occupations (see definition in notes below).

Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee. Therefore, the vacancy rate reflects the percentage of posts that are not filled.

*Table 3.2.1 Employment and vacancies by programme as on 31 March 2019*

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	429	350	18	56
All artisans in the building metal machinery etc., Permanent	3	3	0	2
Architects town and traffic planners, Permanent	22	20	9	0
Auxiliary and related workers, Permanent	2	2	0	0
Building and other property caretakers, Permanent	8	6	25	3
Traditional institutional management, Permanent	550.00	497.00	9.60	310.00
<b>Total</b>	<b>1 816.00</b>	<b>1 593.00</b>	<b>12.30</b>	<b>360.00</b>

*Table 3.2.2 Employment and vacancies by salary band as on 31 March 2019*

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled ( 1-2)	15.00	7.00	53.30	3.00
Skilled(3-5)	185.00	139.00	24.90	26.00
Highly skilled production (6-8)	1 033.00	931.00	9.90	280.00
Highly skilled supervision (9-12)	295.00	247.00	16.30	2.00
Senior management (13-16)	70.00	51.00	27.10	0.00
<b>Total</b>	<b>1 598.00</b>	<b>1 375.00</b>	<b>131.50</b>	<b>311.00</b>



*Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2016*

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	429	350	18	56
All artisans in the building metal machinery etc., Permanent	3	3	0	2
Architects town and traffic planners, Permanent	22	20	9	0
Auxiliary and related workers, Permanent	2	2	0	0
Building and other property caretakers, Permanent	8	6	25	3
Cartographers and surveyors, Permanent	2	2	0	0
Cartographic surveying and related technicians, Permanent	25	21	16	0
Cleaners in offices workshops hospitals etc., Permanent	29	27	7	8
Client inform clerks(switchboard, receptionist, inform clerks), Permanent	5	5	0	0
Communication and information related, Permanent	18	15	17	1
Community development workers, Permanent	452	418	8	0
Engineering sciences related, Permanent	1	1	0	0
Engineers and related professionals, Permanent	2	2	0	0
Finance and economics related, Permanent	42	39	7	0
Financial and related professionals, Permanent	42	35	17	1
Financial clerks and credit controllers, Permanent	33	30	9	2
Food services aids and waiters, Permanent	13	12	8	0
General legal administration & rel. professionals, Permanent	4	4	0	0
Head of department/chief executive officer, Permanent	3	2	33	0
Human resources & organisational development & relate prof, Permanent	14	11	21	0
Human resources clerks, Permanent	16	15	6	0
Human resources related, Permanent	39	35	10	0
Information technology related, Permanent	5	4	20	0

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Library mail and related clerks, Permanent	29	25	14	1
Light vehicle drivers, Permanent	6	3	50	0
Material-recording and transport clerks, Permanent	1	0	100	0
Messengers porters and deliverers, Permanent	28	21	25	8
Mining geology & geophysical & related technicians, Permanent	8	7	13	0
Motor vehicle drivers, Permanent	2	2	0	1
Natural sciences related, Permanent	3	3	0	0
Other administrative & related clerks and organisers, Permanent	83	68	18	1
Other administrative policy and related officers, Permanent	19	16	16	0
Other information technology personnel., Permanent	1	0	100	0
Other occupations, Permanent	272	272	0	271
Professional nurse, Permanent	1	1	0	0
Regulatory inspectors, Permanent	4	4	0	0
Risk management and security services, Permanent	1	1	0	0
Road workers, Permanent	1	1	0	0
Safety health and quality inspectors, Permanent	1	1	0	0
Secretaries & other keyboard operating clerks, Permanent	59	44	25	0
Security guards, Permanent	11	8	27	1
Security officers, Permanent	1	1	0	0
Senior managers, Permanent	68	50	27	0
Trade labourers, Permanent	4	4	0	4
Trade related, Permanent	4	2	50	0
<b>Total</b>	<b>1816</b>	<b>1593</b>	<b>12</b>	<b>360</b>

### 3.3 Filling of SMS Posts

The tables in this section provide information on employment and vacancies as it relates to members of the Senior Management Service by salary level. It also provides information on advertising and filling of SMS posts, reasons for not complying with prescribed timeframes and disciplinary steps taken.

*Table 3.3.1 SMS post information as on 31 March 2019*

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 Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	4	3	75	1	25
Salary Level 14	18	14	78	4	22
Salary Level 13	48	34	71	14	29
<b>Total</b>	<b>71</b>	<b>52</b>	<b>73</b>	<b>19</b>	<b>27</b>

*Table 3.3.2 SMS post information as on 30 September 2018*

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 Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	4	3	75	1	25
Salary Level 14	18	13	72	5	28
Salary Level 13	48	33	69	15	31
<b>Total</b>	<b>71</b>	<b>50</b>	<b>70</b>	<b>21</b>	<b>30</b>

*Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2018 and 31 March 2019*

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 Department	1	1	100	0	0
Salary Level 16	0	0	0	0	0
Salary Level 15	4	3	75	1	25
Salary Level 14	18	14	78	4	22
Salary Level 13	48	34	71	14	29
<b>Total</b>	<b>71</b>	<b>52</b>	<b>73</b>	<b>19</b>	<b>27</b>

*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 2018 and 31 March 2019*

<b>Reasons for vacancies not advertised within six months</b>
<b>Due to the cost cutting there has been a delay in getting the approval to fill the vacant posts.</b>

<b>Reasons for vacancies not filled within six months</b>
<b>Due to the cost cutting there has been a delay in getting the approval to fill the vacant posts.</b>

*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 2018 and 31 March 2019*

<b>Reasons for vacancies not advertised within six months</b>
<b>Due to the cost cutting there has been a delay in filling the vacant posts.</b>

<b>Reasons for vacancies not filled within six months</b>
<b>Due to the cost cutting there has been a delay in filling the vacant posts.</b>

### 3.4 Job Evaluation

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. The following table summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

*Table 3.4.1 Job Evaluation by Salary band for the period 1 April 2018 and 31 March 2019*

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
Lower Skilled (Levels 1-2)	15.00	10.00	66.70	0.00	0.00	0.00	0.00
Skilled (Levels 3-5)	185.00	141.00	76.20	57.00	100.00	1.00	100.00
Highly skilled production (Levels 6-8)	1 033.00	719.00	69.60	22.00	100.00	1.00	100.00
Highly skilled supervision (Levels 9-12)	295.00	284.00	96.30	43.00	100.00	0.00	0.00
Senior Management Service Band A	47.00	46.00	97.90	0.00	0.00	0.00	0.00
Senior Management Service Band B	18.00	18.00	100.00	0.00	0.00	0.00	0.00
Senior Management Service Band C	4.00	2.00	50.00	0.00	0.00	0.00	0.00
Senior Management Service Band D	1.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1 816.00</b>	<b>1 376.00</b>	<b>75.80</b>	<b>51.00</b>	<b>100.00</b>	<b>2.00</b>	<b>100.00</b>

The following table provides a summary of the number of employees whose positions were upgraded due to their post being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

*Table 3.4.2: Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2018 and 31 March 2019*

Gender	African	Asian	Coloured	White	Total
Female	0.00	0.00	0.00	0.00	0.00
Male	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Employees with a disability	<b>0</b>
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

*Table 3.4.3: Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2018 and 31 March 2019*

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>0</b>
<b>Percentage of total employed</b>				<b>0</b>

The following table summarises the beneficiaries of the above in terms of race, gender, and disability.

*Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2018 and 31 March 2019*

Gender	African	Asian	Coloured	White	Total
Female	0.00	0.00	0.00	0.00	0.00
Male	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

Employees with a disability	<b>0</b>
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### 3.5 Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations.

*Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2018 and 31 March 2019*

Salary band	Number of employees at beginning of period-1 April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled ( Levels 1-2)	8.00	0.00	1.00	12.50
Skilled (Levels3-5)	152.00	0.00	13.00	8.60
Highly skilled production (Levels 6-8)	956.00	19.00	27.00	2.80
Highly skilled supervision (Levels 9-12)	253.00	2.00	9.00	3.60
Senior Management Service Bands A	36.00	2.00	3.00	8.30
Senior Management Service Bands B	14.00	1.00	0.00	0.00
Senior Management Service Bands C	2.00	0.00	0.00	0.00
Senior Management Service Bands D	1.00	0.00	0.00	0.00
Contracts	185.00	68.00	30.00	795.40
<b>Total</b>	<b>1 607.00</b>	<b>92.00</b>	<b>83.00</b>	<b>5.20</b>

*Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2018 and 31 March 2019*

Critical occupation	Number of employees at beginning of period- April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related permanent	331.00	61.00	34.00	10.30
All artisans in the building metal machinery etc. Permanent	3.00	0.00	0.00	0.00
Architects town and traffic planners permanent	20.00	0.00	0.00	0.00
Auxiliary and related workers permanent	2.00	0.00	0.00	0.00
Building and other property caretakers permanent	7.00	0.00	1.00	14.30
Bus and heavy vehicle drivers permanent	4.00	0.00	0.00	0.00
Cartographers and surveyors permanent	2.00	0.00	0.00	0.00
Cartographic surveying and related technicians permanent	21.00	0.00	0.00	0.00
Cleaners in offices workshops hospitals etc. Permanent	32.00	0.00	2.00	6.30
Client inform clerks(switchboard, reception, inform clerks) permanent	4.00	0.00	0.00	0.00
Communication and information related permanent	14.00	1.00	1.00	7.10
Community development workers permanent	425.00	0.00	6.00	1.40
Engineering sciences related	1.00	0.00	0.00	0.00

Critical occupation	Number of employees at beginning of period- April 2018	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
permanent				
Engineers and related professionals permanent	2.00	0.00	0.00	0.00
Finance and economics related permanent	40.00	0.00	1.00	2.50
Financial and related professionals permanent	34.00	1.00	1.00	2.90
Financial clerks and credit controllers permanent	29.00	0.00	0.00	0.00
Food services aids and waiters permanent	13.00	0.00	1.00	7.70
General legal administration & rel. Professionals permanent	4.00	0.00	0.00	0.00
Head of department/chief executive officer permanent	2.00	0.00	0.00	0.00
Human resources & organisational development & relate prof permanent	11.00	0.00	0.00	0.00
Human resources clerks permanent	15.00	1.00	1.00	6.70
Human resources related permanent	34.00	1.00	1.00	2.90
Information technology related permanent	4.00	0.00	0.00	0.00
Library mail and related clerks permanent	22.00	3.00	3.00	13.60
Light vehicle drivers permanent	5.00	1.00	0.00	0.00
Material-recording and transport clerks permanent	1.00	0.00	1.00	100.00
Messengers porters and deliverers permanent	22.00	0.00	4.00	18.20
Mining geology & geophysical & related technicians permanent	7.00	0.00	0.00	0.00
Motor vehicle drivers permanent	2.00	0.00	0.00	0.00
Natural sciences related permanent	3.00	0.00	0.00	0.00
Other administrative & related clerks and organisers permanent	79.00	0.00	4.00	5.10
Other administrative policy and related officers permanent	17.00	0.00	1.00	5.90
Other information technology personnel. Permanent	1.00	0.00	0.00	0.00
Other occupations permanent	271.00	16.00	7.00	2.60
Professional nurse permanent	1.00	0.00	0.00	0.00
Regulatory inspectors permanent	3.00	0.00	0.00	0.00
Risk management and security services permanent	1.00	0.00	0.00	0.00
Road workers permanent	2.00	0.00	1.00	50.00
Safety health and quality inspectors permanent	1.00	0.00	0.00	0.00
Secretaries & other keyboard operating clerks permanent	48.00	4.00	6.00	12.50
Security guards permanent	9.00	0.00	1.00	11.10
Security officers permanent	1.00	0.00	0.00	0.00
Senior managers permanent	51.00	3.00	5.00	9.80
Trade labourers permanent	4.00	0.00	0.00	0.00
Trade related permanent	2.00	0.00	1.00	50.00
<b>Total</b>	<b>1 607.00</b>	<b>92.00</b>	<b>83.00</b>	<b>5.20</b>

The table below identifies the major reasons why staff left the department.

*Table 3.5.3 Reasons why staff left the department for the period 1 April 2018 and 31 March 2019*

Termination Type	Number	% of Total Resignations
Death	8	9.60
Resignation	36	43.40
Expiry of contract	15	18.10
Dismissal – operational changes	0.00	0.00
Dismissal – misconduct	0.00	0.00
Dismissal – inefficiency	0.00	0.00
Discharged due to ill-health	3	3.60
Retirement	15	18.10
Transfer to other Public Service Departments	12	13.60
Other		
<b>Total</b>	<b>77</b>	<b>92.8</b>
Total number of employees who left as a % of total employment	<b>4.79%</b>	

*Table 3.5.4 Promotions by critical occupation for the period 1 April 2018 and 31 March 2019*

Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Administrative related	331.00	7.00	2.10	189.00	57.10
All artisans in the building metal machinery etc.	3.00	0.00	0.00	3.00	100.00
Architects town and traffic planners	20.00	0.00	0.00	18.00	90.00
Auxiliary and related workers	2.00	0.00	0.00	0.00	0.00
Building and other property caretakers	7.00	0.00	0.00	6.00	85.70
Bus and heavy vehicle drivers	4.00	0.00	0.00	0.00	0.00
Cartographers and surveyors	2.00	0.00	0.00	2.00	100.00
Cartographic surveying and related technicians	21.00	0.00	0.00	15.00	71.40
Cleaners in offices workshops hospitals etc.	32.00	0.00	0.00	18.00	56.30
Client inform clerks (switchboard, reception, inform clerks)	4.00	0.00	0.00	1.00	25.00
Communication and information related	14.00	0.00	0.00	7.00	50.00
Community development workers	425.00	0.00	0.00	390.00	91.80
Engineering sciences related	1.00	0.00	0.00	1.00	100.00
Engineers and related professionals	2.00	0.00	0.00	0.00	0.00
Finance and economics related	40.00	2.00	5.00	32.00	80.00
Financial and related professionals	34.00	0.00	0.00	23.00	67.60
Financial clerks and credit controllers	29.00	0.00	0.00	15.00	51.70



Occupation	Employees 1 April 2018	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Food services aids and waiters	13.00	0.00	0.00	7.00	53.80
General legal administration & rel. Professionals	4.00	0.00	0.00	4.00	100.00
Head of department/chief executive officer	2.00	0.00	0.00	0.00	0.00
Human resources & organisational development & relate prof	11.00	0.00	0.00	2.00	18.20
Human resources clerks	15.00	0.00	0.00	2.00	13.30
Human resources related	34.00	1.00	2.90	17.00	50.00
Information technology related	4.00	1.00	25.00	3.00	75.00
Library mail and related clerks	22.00	0.00	0.00	14.00	63.60
Light vehicle drivers	5.00	0.00	0.00	3.00	60.00
Material-recording and transport clerks	1.00	0.00	0.00	0.00	0.00
Messengers porters and deliverers	22.00	0.00	0.00	13.00	59.10
Mining geology & geophysical & related technicians	7.00	0.00	0.00	5.00	71.40
Motor vehicle drivers	2.00	0.00	0.00	1.00	50.00
Natural sciences related	3.00	0.00	0.00	3.00	100.00
Other administrative & related clerks and organisers	79.00	0.00	0.00	35.00	44.30
Other administrative policy and related officers	17.00	0.00	0.00	10.00	58.80
Other information technology personnel	1.00	0.00	0.00	0.00	0.00
Other occupations	271.00	0.00	0.00	0.00	0.00
Professional nurse	1.00	0.00	0.00	0.00	0.00
Regulatory inspectors	3.00	0.00	0.00	3.00	100.00
Risk management and security services	1.00	0.00	0.00	0.00	0.00
Road workers	2.00	0.00	0.00	0.00	0.00
Safety health and quality inspectors	1.00	0.00	0.00	0.00	0.00
Secretaries & other keyboard operating clerks	48.00	1.00	2.10	36.00	75.00
Security guards	9.00	0.00	0.00	6.00	66.70
Security officers	1.00	0.00	0.00	0.00	0.00
Senior managers	51.00	0.00	0.00	1.00	2.00
Trade labourers	4.00	0.00	0.00	4.00	100.00
Trade related	2.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1 607.00</b>	<b>12.00</b>	<b>0.70</b>	<b>889.00</b>	<b>55.30</b>

*Table 3.5.5 Promotions by salary band for the period 1 April 2018 and 31 March 2019*

Salary Band	Employees 1 April 2018	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	8.00	0.00	0.00	1.00	12.50
Skilled (Levels 3-5)	152.00	0.00	0.00	116.00	76.30
Highly skilled production (Levels 6-8)	956.00	1.00	0.10	544.00	56.90
Highly skilled supervision (Levels 9-12)	253.00	10.00	4.00	187.00	73.90
Senior Management (Level 13-16)	53.00	1.00	1.90	0.00	0.00
<b>Total</b>	<b>1 422.00</b>	<b>12.00</b>	<b>6.00</b>	<b>848.00</b>	<b>219.60</b>

### 3.6 Employment Equity

*Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2019*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Professionals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Technicians and associate professionals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clerks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Skilled agriculture and fishery workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Craft and related trades workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant and machine operators and assemblers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elementary occupations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Employees with disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

*Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2019*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	4.00
Senior Management	16.00	0.00	1.00	5.00	19.00	0.00	4.00	2.00	47.00
Professionally qualified and experienced specialists and mid-management	78.00	1.00	19.00	15.00	97.00	7.00	23.00	7.00	247.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	466.00	1.00	9.00	2.00	408.00	7.00	16.00	22.00	931.00
Semi-skilled and discretionary decision making	62.00	0.00	1.00	1.00	73.00	0.00	1.00	1.00	139.00
Unskilled and defined decision making	3.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	7.00
<b>Total</b>	<b>628.00</b>	<b>2.00</b>	<b>30.00</b>	<b>23.00</b>	<b>602.00</b>	<b>14.00</b>	<b>44.00</b>	<b>32.00</b>	<b>1 375.00</b>

*Table 3.6.3 Recruitment for the period 1 April 2018 to 31 March 2019*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	3.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	4.00
Senior Management	16.00	0.00	1.00	5.00	19.00	0.00	4.00	2.00	47.00
Professionally qualified and experienced specialists and mid-management	78.00	1.00	19.00	15.00	97.00	7.00	23.00	7.00	247.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	466.00	1.00	9.00	2.00	408.00	7.00	16.00	22.00	931.00
Semi-skilled and discretionary decision making	62.00	0.00	1.00	1.00	73.00	0.00	1.00	1.00	139.00
Unskilled and defined decision making	3.00	0.00	0.00	0.00	4.00	0.00	0.00	0.00	7.00
<b>Total</b>	<b>628.00</b>	<b>2.00</b>	<b>30.00</b>	<b>23.00</b>	<b>602.00</b>	<b>14.00</b>	<b>44.00</b>	<b>32.00</b>	<b>1 375.00</b>
Employees with disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Table 3.6.4 Promotions for the period 1 April 2018 to 31 March 2019*

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Senior Management	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Professionally qualified and experienced specialists and mid-management	62.00	1.00	13.00	8.00	78.00	7.00	22.00	6.00	197.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	175.00	0.00	6.00	1.00	337.00	4.00	13.00	9.00	545.00
Semi-skilled and discretionary decision making	52.00	0.00	1.00	0.00	62.00	0.00	1.00	0.00	116.00
Unskilled and defined decision making	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
<b>Total</b>	<b>291.00</b>	<b>1.00</b>	<b>20.00</b>	<b>9.00</b>	<b>477.00</b>	<b>11.00</b>	<b>36.00</b>	<b>15.00</b>	<b>860.00</b>
Employees with disabilities	4.00	0.00	2.00	0.00	4.00	0.00	2.00	0.00	12.00

*Table 3.6.5 Terminations for the period 1 April 2018 to 31 March 2019*

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	1.00	0.00	0.00	1.00	1.00	0.00	0.00	0.00	3.00
Professionally qualified and experienced specialists and mid-management	3.00	0.00	0.00	1.00	4.00	1.00	0.00	0.00	9.00
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	10.00	0.00	1.00	0.00	12.00	0.00	0.00	4.00	27.00
Semi-skilled and discretionary decision making	7.00	0.00	0.00	0.00	6.00	0.00	0.00	0.00	13.00
Unskilled and defined decision making	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
<b>Total</b>	<b>22.00</b>	<b>0.00</b>	<b>1.00</b>	<b>2.00</b>	<b>23.00</b>	<b>1.00</b>	<b>0.00</b>	<b>4.00</b>	<b>53.00</b>
Employees with Disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

*Table 3.6.6 Disciplinary action for the period 1 April 2018 to 31 March 2019*

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Dismissal	1.00	0.00	0.00	0.00	1.00	0.00	0.00	0.00	2.00
Final written warning	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
No outcome	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Suspended without payment	1.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
<b>Total</b>	<b>4.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>5.00</b>

*Table 3.6.7 Skills development for the period 1 April 2018 to 31 March 2019*

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	21	0	1	6	22	0	4	1	55
Professionals	203	0	12	9	336	5	18	10	593
Technicians and associate professionals	180	3	14	11	224	7	22	15	476
Clerks	48	1	7	0	130	5	9	10	210
Service and sales workers	11	1	0	0	2	0	0	0	14
Skilled agriculture and fishery workers	NA	NA	NA	NA	NA	NA	NA	NA	NA
Craft and related trades workers	0	0	0	0	5	0	0	0	5
Plant and machine operators and assemblers	0	0	0	0	13	0	0	0	13
Elementary occupations	285	0	0	0	65	0	0	0	350
<b>Total</b>	<b>748</b>	<b>5</b>	<b>34</b>	<b>26</b>	<b>797</b>	<b>17</b>	<b>53</b>	<b>36</b>	<b>1716</b>
Employees with disabilities	17	1	2	1	18	0	0	3	42

### 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 2018*

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	0	0	0	0
Salary Level 16	1	1	1	1,8
Salary Level 15	5	3	3	5,4
Salary Level 14	14	14	14	25,4
Salary Level 13	32	37	37	67,2
<b>Total</b>	<b>52</b>	<b>55</b>	<b>55</b>	<b>100</b>

*Table 3.7.2 Reasons for not having concluded Performance agreements for all SMS members as on 31 May 2018*

Reasons
Deputy Director General programme 4 did not submit.

*Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 May 2018*

Reasons
Non-compliance was escalated to the Accounting Officer.

### 3.8 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

*Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2018 to 31 March 2019*

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
<b>African</b>					
Female	119	809	14.7	1906	16016
Male	173	842	20.5	2934	16962
<b>Asian</b>					
Female	9	34	26.5	280	31078
Male	17	56	30.4	575	33806
<b>Coloured</b>					
Total Female	1	3	33.3	6	6187
Total Male	8	16	50	146	18237
<b>White</b>					
Female	5	31	16.1	167	33316
Male	18	43	41.9	348	19307
<b>Total</b>	<b>355</b>	<b>1854</b>	<b>19.1</b>	<b>6439</b>	<b>18137</b>

*Table 3.8.2 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2018 to 31 March 2019*

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
<b>Lower Skilled (Levels 1-2)</b>	21	132	15.9	123	5857	0,02
<b>Skilled (level 3-5)</b>	74	264	28	642	8676	0,10
<b>Highly skilled production (level 6-8)</b>	128	1098	11.7	1808	14125	0,31
<b>Highly skilled supervision (level 9-12)</b>	130	294	44.2	3751	28854	0,64
<b>Total</b>	<b>353</b>	<b>1782</b>	<b>19.8</b>	<b>6324</b>	<b>17915</b>	<b>1,08</b>

*Table 3.8.3 Performance Rewards by critical occupation for the period 1 April 2018 to 31 March 2019*

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	150	488	30.7	3 341	22 273
All artisans in the building metal machinery etc	0	6	0	0	0
Architects town and traffic planners	6	22	27.3	152	25 333
Auxiliary and related workers	1	2	50	5	5 000
Building and other property caretakers	1	11	9.1	5	5 000
Cartographers and surveyors	0	2	0	0	0
Cartographic surveying and related technicians	14	26	53.8	192	13 714
Cleaners in offices workshops hospitals etc.	14	36	38.9	90	6 429
Client inform clerks (switchboard, reception, inform clerks)	1	5	20	11	11 000
Communication and information related	5	16	31.3	125	25 000
Community development workers	21	457	4.6	240	11 429
Engineering sciences related	0	2	0	0	0
Engineers and related professionals	0	2	0	0	0
Finance and economics related	7	42	16.7	208	29 714
Financial and related professionals	5	36	13.9	99	19 800
Financial clerks and credit controllers	7	32	21.9	83	11 857
Food services aids and waiters	6	13	46.2	27	4 500
General legal administration & rel. professionals	2	4	50	78	39 000
Head of department/chief executive officer	0	2	0	0	0
Human resources & organisational development & relate prof	10	12	83.3	154	15 400
Human resources clerks	4	17	23.5	42	10 500
Human resources related	23	35	65.8	607	26 391
Information technology related	4	5	80	55	13 750
Library mail and related clerks	9	25	36	100	11 111
Light vehicle drivers	4	8	50	40	10 000
Material-recording and transport clerks	0	2	0	0	0
Messengers porters and deliverers	10	29	34.5	90	9 000
Mining geology & geophysical & related technicians	2	9	22.2	65	32 500
Motor vehicle drivers	1	2	50	8	8 000
Natural sciences related	3	3	100	95	31 667
Other administrative & related clerks and	20	95	21.1	218	10 900



Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
organisers					
Other administrative policy and related officers	6	20	30	104	17 333
Other information technology personnel.	0	1	0	0	0
Other occupations	0	246	0	0	0
Professional nurse	0	1	0	0	0
Rank: Unknown	0	1	0	0	0
Regulatory inspectors	0	4	0	0	0
Risk management and security services	0	1	0	0	0
Road workers	0	2	0	0	0
Safety health and quality inspectors	0	1	0	0	0
Secretaries & other keyboard operating clerks	10	56	17.9	156	15 600
Security guards	5	12	41.7	26	5 200
Security officers	1	1	100	11	11 000
Senior managers	0	54	0	0	0
Trade labourers	1	4	25	4	4 000
Trade related	2	4	50	9	4 500
<b>Total</b>	<b>355</b>	<b>1854</b>	<b>19.1</b>	<b>6440</b>	<b>18141</b>

*Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2018 to 31 March 2019*

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	2	45	4.4	116	58 000	0.3
Band B	0	18	0	0	0	0
Band C	0	7	0	0	0	0
Band D	0	2	0	0	0	0
<b>Total</b>	<b>2</b>	<b>72</b>	<b>2.8</b>	<b>116</b>	<b>58 000</b>	<b>0.3</b>

### 3.9 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary band and major occupation.

*Table 3.9.1 Foreign workers by salary band for the period 1 April 2018 and 31 March 2019*

Salary band	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled production (Lev. 6-8)	1.00	14.30	1.00	14.30	0.00	0.00
Highly skilled supervision (Lev. 9-12)	3.00	42.90	3.00	42.90	0.00	0.00
Contract (level 9-12)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (level 13-16)	0.00	0.00	0.00	0.00	0.00	0.00
Senior Management	1.00	14.30	1.00	14.30	0.00	0.00
<b>Total</b>	<b>5.00</b>	<b>71.50</b>	<b>5.00</b>	<b>71.50</b>	<b>0.00</b>	<b>0.00</b>

*Table 3.9.2 Foreign workers by major occupation for the period 1 April 2018 and 31 March 2019*

Major occupation	01 April 2018		31 March 2019		Change	
	Number	% of total	Number	% of total	Number	% Change
Other occupations	1.00	14.30	1.00	14.30	0.00	0.00
Professionals and managers	5.00	71.40	5.00	71.40	0.00	0.00
Technicians and associated professionals	1.00	14.30	1.00	14.30	0.00	0.00
<b>Total</b>	<b>7.00</b>	<b>100.00</b>	<b>7.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.00</b>

### 3.10 Leave utilisation

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of leave is also provided.

*Table 3.10.1 Sick leave for the period 1 January 2018 to 31 December 2019*

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)	9.00	100.00	2.00	0.30	5.00	5.00
Skilled (levels 3-5)	463.00	76.50	72.00	10.40	6.00	384.00
Highly skilled production (levels 6-8)	2 192.00	88.60	288.00	41.70	8.00	2 843.00
Highly skilled supervision (levels 9 -12)	1 239.00	84.30	156.00	22.60	8.00	3 525.00
Top and Senior management (levels 13-16)	214.00	91.60	31.00	4.50	7.00	933.00
<b>Total</b>	<b>4 117.00</b>	<b>441.00</b>	<b>549.00</b>	<b>79.50</b>	<b>34.00</b>	<b>7 690.00</b>

*Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2018 to 31 December 2019*

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 skilled (Levels 1-2)	0.00	0.00	0.00	0.00	0.00	0.00
Skilled (Levels 3-5)	51.00	100.00	7.00	8.80	7.00	34.00
Highly skilled production (Levels 6-8)	1 196.00	100.00	42.00	52.50	28.00	1 560.00
Highly skilled supervision (Levels 9-12)	303.00	100.00	24.00	30.00	13.00	853.00
Senior management (Levels 13-16)	48.00	100.00	3.00	3.80	16.00	196.00
<b>Total</b>	<b>1 598.00</b>	<b>400.00</b>	<b>76.00</b>	<b>95.10</b>	<b>64.00</b>	<b>2 643.00</b>

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

*Table 3.10.3 Annual Leave for the period 1 January 2018 to 31 December 2019*

Salary band	Total days taken	Number of Employees using annual leave	Average per employee
Lower skilled (Levels 1-2)	97.00	24.00	4.00
Skilled Levels 3-5)	3 247.00	24.00	135.00
Highly skilled production (Levels 6-8)	12 784.00	20.00	625.00
Highly skilled supervision(Levels 9-12)	5 128.00	22.00	238.00
Senior management (Levels 13-16)	902.00	17.00	53.00
<b>Total</b>	<b>22 158.00</b>	<b>107.00</b>	<b>1 055.00</b>

*Table 3.10.4 Capped leave for the period 1 January 2018 to 31 December 2019*

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2019
Lower skilled (Levels 1-2)	0.00	0.00	0.00	75.00
Skilled Levels 3-5)	32.00	1.00	32.00	73.00
Highly skilled production (Levels 6-8)	34.00	9.00	4.00	90.00
Highly skilled supervision(Levels 9-12)	121.00	4.00	30.00	64.00
Senior management (Levels 13-16)	0.00	0.00	0.00	58.00
<b>Total</b>	<b>187.00</b>	<b>14.00</b>	<b>66.00</b>	<b>360.00</b>

The following table summarise payments made to employees as a result of leave that was not taken.

*Table 3.10.5 Leave pay outs for the period 1 April 2018 and 31 March 2019*

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave pay out for 2018/209 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave pay outs on termination of service for 2018/2019	1 775.00	19.00	93 421.00
Current leave pay out on termination of service for 2018/2019	1 697.00	133.00	28 819.00
<b>Total</b>	<b>3 472.00</b>	<b>152.00</b>	<b>122 0.00</b>

### 3.11 HIV/AIDS & Health Promotion 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
Elementary Occupations	<ul style="list-style-type: none"> <li>• Compulsory Protective wear and uniforms</li> <li>• Trained first-aiders per COGTA site to handle minor injuries.</li> <li>• Fully stocked first-aid kits per COGTA Site.</li> <li>• Condom Dispensers at all COGTA sites</li> </ul>

*Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes*

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.	Yes		Mr Des Beykirch – Director: Human Capital Development
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		<ul style="list-style-type: none"> <li>• Number of Employee Health and Wellness Staff: 4 Permanent staff 1 Contract staff 1 Intern</li> <li>• Annual Budget: R6 609 100. 00</li> </ul>
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		As per EHW Strategic Framework <ul style="list-style-type: none"> <li>• HIV, AIDS, STI's and TB Management</li> <li>• Wellness Management</li> <li>• Health and Productivity Management</li> </ul>
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Approved Wellness Committee <ul style="list-style-type: none"> <li>• Legal Services</li> <li>• Human Capital Development</li> <li>• Employee Health and Wellness</li> <li>• Unions</li> <li>• Human Resource Administration</li> <li>• Auxiliary Services</li> <li>• Traditional Houses</li> <li>• Peer Educators</li> <li>• Training and Development</li> </ul>
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		<ul style="list-style-type: none"> <li>• HIV, AIDS, STI's and TB Policy</li> <li>• Wellness management Policy</li> <li>• Health and Productivity Management Policy</li> <li>• Sexual Harassment Policy</li> <li>• Bereavement Policy</li> <li>• Sports and Recreation Policy</li> <li>• Employee Health and Wellness Strategic Framework (2008)</li> <li>• BCEA 75(1997)</li> </ul>

Question	Yes	No	Details, if yes
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.	Yes		<ul style="list-style-type: none"> <li>• Confidential referral and counselling</li> <li>• Staff Induction and Orientation Programmes</li> <li>• HIV and AIDS, STI and TB Training for Interns</li> <li>• Confidential HIV Testing and Post Management by Service provider</li> </ul>
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		<ul style="list-style-type: none"> <li>• Employees are encouraged to screen 4 times a year</li> <li>• Employees referred to test during one on one confidential counselling.</li> <li>• Approximately 700+ staff members attend wellness screening every quarter. More than 20% of attendees Staff undergo HCT. 162 employees who have disclosed their status are supported by the wellness centre.</li> <li>• More than 67% of staff that attended the World AIDS day event in Amajuba District tested for HIV.</li> </ul>
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		<ul style="list-style-type: none"> <li>• Quarterly Wellness Report from External Service Provider</li> <li>• Monthly Unit Reporting</li> <li>• Office of the Premier Monthly reporting</li> <li>• Operational Plans for Office of the Premier and DPSA : <ul style="list-style-type: none"> <li>➤ HIV, AIDS, STI's and TB Policy</li> <li>➤ Wellness management Policy</li> <li>➤ Health and Productivity Management Policy</li> </ul> </li> <li>• Departmental Wellness Committee Meeting</li> <li>• SMT tool populated for the Office of the Premier and DPSA</li> <li>• Implementation Review Report (4 Quarters) + Annual Report) to OTP and DPSA</li> </ul>

### 3.12 Labour Relations

*Table 3.12.1 Collective agreements for the period 1 April 20YY and 31 March 20ZZ*

Subject matter	Date
Total number of Collective agreements	None

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

*Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2018 to 31 March 2019*

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	36	63.15
Verbal warning	02	3.50
Written warning	07	12.28
Final written warning	01	1.75
Suspended without pay and Final written warning	01	1.75
Fine	0	0
Demotion	0	0
Dismissal	02	3.50
Dismissal - Absconded in terms of Section 17 (3) (a) (i) of PSA of 1994	06	10.52
Not guilty	0	0
Case withdrawn	02	3.50
<b>Total</b>	<b>57</b>	<b>100</b>

*Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2018 and 31 March 2019*

Type of misconduct	Number	% of total
Fraud	03	5.26
Making false statements	01	1.75
Contravened an Act or Legal Obligation	02	3.50
Contravened a prescribed Code of Conduct	05	8.77
Loss or Damage to state property	22	38.59
Under the influence of alcohol	02	3.50
Poor performance other than incapacity	16	28.07
Abscondments - Section 17 (3) (a) (i) of Public Service Act of 1994	06	10.52
<b>Total</b>	<b>57</b>	<b>100</b>

*Table 3.12.4 Grievances lodged for the period 1 April 2018 to 31 March 2019*

Grievances	Number	% of Total
Number of grievances resolved	4	57.1
Number of grievances not resolved	3	42.9
Total number of grievances lodged	7	100

*Table 3.12.5 Disputes lodged with Councils for the period 1 April 2018 to 31 March 2019*

Disputes	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes lodged	0	0

*Table 3.12.6 Strike actions for the period 1 April 2018 to 31 March 2019*

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

*Table 3.12.7 Precautionary suspensions for the period 1 April 2018 to 31 March 2019*

Number of people suspended	05
Number of people whose suspension exceeded 30 days	05
Average number of days suspended	163.8
Cost of suspension(R'000)	R1 509 755.00



### 3.13 Skills development

This section highlights the efforts of the department with regard to skills development.

*Table 3.13.1 Training needs identified for the period 1 April 2018 and 31 March 2019*

Occupational category	Gender	Number of employees as at 1 April 2018	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	9	3	12
	Male	28	0	8	4	12
Professionals	Female	369	0	15	2	17
	Male	224	0	27	3	30
Technicians and associate professionals	Female	268	0	18	0	18
	Male	208	0	10	2	12
Clerks	Female	154	0	9	1	10
	Male	56	0	15	2	17
Service and sales workers	Female	2	0	0	0	0
	Male	12	0	2	0	2
Skilled agriculture and fishery workers	Female	NA	NA	NA	NA	NA
	Male	NA	NA	NA	NA	NA
Craft and related trades workers	Female	0	0	0	0	0
	Male	5	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	13	0	2	0	2
Elementary occupations	Female	65	0	13	0	13
	Male	285	0	3	0	3
Sub Total	Female	885	0	64	6	70
	Male	831	0	67	11	78
Total		1716	0	131	17	148

*Table 3.13.2 Training provided for the period 1 April 2018 and 31 March 2019*

Occupational category	Gender	Number of employees as at 1 April 2018	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	27	0	12	3	15
	Male	28	0	11	3	14
Professionals	Female	369	0	5	2	7
	Male	224	0	5	1	6
Technicians and associate professionals	Female	268	0	11	2	13
	Male	208	0	11	3	14
Clerks	Female	154	0	7	1	8
	Male	56	0	5	1	6
Service and sales workers	Female	2	0	0	0	0
	Male	12	0	0	0	0
Skilled agriculture and fishery workers	Female	Na	Na	Na	Na	Na
	Male	Na	Na	Na	Na	Na
Craft and related trades workers	Female	0	0	0	0	0
	Male	5	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	13	0	1	1	2
Elementary occupations	Female	65	0	7	1	8
	Male	285	0	2	1	3
Sub Total	Female	885	0	42	9	51
	Male	831	0	34	10	44
Total		1716	0	76	19	95

### 3.14 Injury on duty

The following tables provide basic information on injury on duty.

*Table 3.14.1 Injury on duty for the period 1 April 2018 and 31 March 2019*

Nature of injury on duty	Number	% of total
Required basic medical attention only	0.00	0.00
Temporary Total Disablement	0.00	0.00
Permanent Disablement	0.00	0.00
Fatal	0.00	0.00
Total	0.00	0.00

### 3.15 Utilisation of Consultants

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

*Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2018 and 31 March 2019*

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Roll out accredited training targeting women councillors	2	1 month	R280000
The appointment of an AET Tutor	1	10 months	R95000
The appointment of an Accounting firm to perform an independent review of the AFS	1	1 month	R69000
The appointment of a service provider to perform a Forensic Investigation to assess Irregular Expenditure	1	1 month	R322575
The appointment of Clerk of Works for Umsinga Electrification Project	1	24 months	R379080
The appointment of Project Management Consultant for Umsinga Electrification Project	1	24 months	R177606
Financial Administrator at Edumbe	1	3 months	R319940
The appointment of a service provider to Conduct an Evaluation on the Internal control function	1	3 months	R494500
The appointment of a service provider to Conduct an Evaluation on EPWP and CWP	1	3 months	R485000
The investigation on the matter of Ubukhosi BakwaMdluli	1	1 month	R253000
Develop Training Manuals for Trust Property Act 57 of 1998	1	1 month	R493637
Rehabilitation of Traditional Administrative Centres and Imizi Yezwe Rehabilitation Infrastructure	1	12 months	R 1 781 444.82
Professional Services for the completion of the Madlebe and Shiyabane CSC Infrastructure	1	12 months	R 540 000.00
Professional Services for the Solar Maintenance Programme	1	12 months	R 640 000.00
Professional Services for the Traditional Administrative Centres Minor Maintenance Programme	3	12 months	R 675 000.00
Develop Training Manuals for Trust Property Act 57 of 1998	1	1 month	R493637
Rehabilitation of Traditional Administrative Centres and Imizi Yezwe Rehabilitation Infrastructure	1	12 months	R 1 781 444.82
Professional Services for the completion of the Madlebe and Shiyabane CSC Infrastructure	1	12 months	R 540 000.00
Professional Services for the Solar Maintenance Programme	1	12 months	R 640 000.00
Professional Services for the Traditional Administrative Centres Minor Maintenance Programme	3	12 months	R 675 000.00

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Professional Services for the Traditional Administrative Centres and Imizi Yezwe Rehabilitation Infrastructure	3	12 months	R 1 350 000.00
Professional Engineer to provide specifications, plans and estimates for the erection of Undercover Parking, repairs to Fencing and installation of Sliding Gates at Ixopo	1	1 month	R 149 000.00
Professional Engineer to provide specifications, plans and estimates for a Backup Generator at Wadley House	1	1 month	R 267 605.48
Appointment of a SP to assist with consolidation of merged Municipalities	1	6 months	R 426 058.00
Electrical Engineering Consultant to manage construction at Abaqulusi Ward 4 Electrification Project	2	36 months	R 519 750.00
Support Provincial Operation and Maintenance Programm	2	12 months	R 4 947 300.00
Development of Spatial Prioritisation Model	1	1 month	R 1 800 000.00
Professional Services to assess the state of Infrastructure in the Province	1	36 months	R 100 562 068.00
Professional Services for the construction of 5 Imizi Yezwe Infrastructure	3	18 months	R 813 750.00
Conduct an investigation at Uthukela water regarding Irregularities	1	3 months	R 460 000.00
Credit Bureau Agent to assist with tracing of Debtors	1	3 months	R 340 860.00
Financial Administrator at Edumbe	1	3 months	R 319 940.00
Assist Internal Control in executing its assurance duties	1	1 month	R 473 000.00
Conduct an investigation at Richmond Municipality regarding Irregularities	2	1 month	R 400 000.00
Conduct Skills Audit in 7 challenged Municipalities	1	8 months	R 945 000.00
Electrical Engineering Consultant to manage construction at Abaqulusi Ward 1 Electrification Project	2	36 months	R 715 148.31
Conduct Technical Assessment at Alfred Duma LM	2	3 months	R 516 000.00
Audit on payment to Izinduna	6	6 months	R 368 966.00
Organisational Development and associated Labour Matters	1	3 months	R 341 088.00
The appointment of a service provider to perform a Forensic Investigation to assess Irregular Expenditure	1	1 month	R 320 000.00

Total number of projects	Total individual consultants	Total duration of work days	Total contract value in Rand
35	57	8640	R 123,041,317.60

*Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019*

<b>Project title</b>	<b>Percentage ownership by HDI groups</b>	<b>Percentage management by HDI groups</b>	<b>Number of consultants from HDI groups that work on the project</b>
Roll out accredited training targeting women councillors	100%	100%	2
The appointment of an AET Tutor	100%	100%	1
The appointment of an Accounting firm to perform an independent review of the AFS	100%	100%	1
The appointment of a service provider to perform a Forensic Investigation to assess Irregular Expenditure	100%	100%	1
The appointment of Clerk of Works for Umsinga Electrification Project	100%	100%	1
The appointment of Project Management Consultant for Umsinga Electrification Project	100%	100%	1
Financial Administrator at Edumbe	100%	100%	1
The appointment of a service provider to Conduct an Evaluation on the Internal control function	100%	100%	1
The appointment of a service provider to Conduct an Evaluation on EPWP and CWP	100%	100%	1
The investigation on the matter of Ubukhosi BakwaMdluli	100%	100%	1
Develop Training Manuals for Trust Property Act 57 of 1998	100%	100%	1
Rehabilitation of Traditional Administrative Centres and Imizi Yezwe Rehabilitation Infrastructure	100%	100%	1
Professional Services for the completion of the Madlebe and Shiyabane CSC Infrastructure	100%	100%	1
Professional Services for the Solar Maintenance Programme	100%	100%	1
Professional Services for the Traditional Administrative Centres Minor Maintenance Programme	100%	100%	3
Professional Services for the Traditional Administrative Centres and Imizi Yezwe Rehabilitation Infrastructure	100%	100%	3
Electrical Engineering Consultant to manage construction at Abaqulusi Ward 4 Electrification Project	100%	100%	2
Support Provincial Operation and Maintenance Programm	60%	60%	2
Professional Services to assess the state of Infrastructure in the Province	100%	100%	1
Professional Services for the construction of 5 Imizi Yezwe Infrastructure	100%	100%	3
Conduct an investigation at Uthukela water regarding Irregularities	100%	100%	1
Credit Bureau Agent to assist with tracing of Debtors	100%	100%	1

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Financial Administrator at Edumbe	100%	100%	1
Assist Internal Control in executing its assurance duties	100%	100%	1
Conduct an investigation at Richmond Municipality regarding Irregularities	100%	100%	2
Conduct Skills Audit in 7 challenged Municipalities	100%	100%	1
Electrical Engineering Consultant to manage construction at Abaqulusi Ward 1 Electrification Project	100%	100%	3
Conduct Technical Assessment at Alfred Duma LM	60%	60%	2
Audit on payment to Izinduna	95%	95%	7
The appointment of a service provider to perform a Forensic Investigation to assess Irregular Expenditure	100%	100%	1

*Table 3.15.3 Report on consultant appointments using Donor funds for the period 1 April 2018 and 31 March 2019*

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
NIL	NIL	NIL	NIL

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
NIL	NIL	NIL	NIL

*Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2018 and 31 March 2019*

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
NIL	NIL	NIL	NIL

### 3.16 Severance Packages

*Table 3.16.1 Granting of employee initiated severance packages for the period 1 April 2018 and 31 March 2019*

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
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## **PART E: FINANCIAL INFORMATION**



## **2.7.1**

### **REPORT OF THE AUDITOR GENERAL**

# Department of Cooperative Governance and Traditional Affairs

Audit report for the year ending  
31 March 2019

# Report of the auditor-general to the KwaZulu-Natal Provincial Legislature on vote no. 11: Department of Cooperative Governance and Traditional Affairs

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the Department of Cooperative Governance and Traditional Affairs set out on pages **157** to **189**, which comprise the appropriation statement, the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Cooperative Governance and Traditional Affairs as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) as prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA code), and parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants' (including International Independence Standards)* as well as the 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 codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Emphasis of matters**

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

### **Material underspending of the budget**

7. As disclosed in the appropriation statement, the department materially underspent its budget on programme 1 – administration by R47,79 million and programme 3 – development and planning by R72,79 million, mainly due to the delays on receipt of invoices from service providers. In addition, the department materially underspent its budget on programme 4 – traditional institutional management by R28,07 million mainly due to the cancellation of Ukuthela amanzi project, delays in the recognition and installation of amakhosi as well as the postponement of traditional council elections.

### **Material uncertainty relating to unfunded liability**

8. I draw attention to notes 27 and 1.1 to the financial statements, which indicate that the department has a liability to settle the back pay of allowances amounting to R1,38 billion at 31 March 2019 relating to *iziNduna*. The department is currently in negotiations with provincial and national treasuries as well as the provincial cabinet to seek funding. This matter indicates that a material uncertainty exists that may cast significant doubt on the department's ability to fund this liability.

## **Other matter**

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

### **Unaudited supplementary schedules**

10. The supplementary information set out on pages **228** to **241** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

## **Responsibilities of the accounting officer for the financial statements**

11. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with MCS and the requirements of the PFMA and Dora, 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.
12. 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.

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

13. 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.
14. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
16. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 2 – local governance	47 – 54
Programme 3 – development and planning	55 – 62

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

19. I did not raise any material findings on the usefulness and reliability of the reported performance information for these programmes.

#### **Other matter**

20. I draw attention to the matter below.

#### **Achievement of planned targets**

21. The annual performance report on pages **36** to **66** includes information on the achievement of planned targets for the year and explanations for the under-/overachievement of a significant number of targets.

### **Report on the audit of compliance with legislation**

#### **Introduction and scope**

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

23. The material findings on compliance with specific matters in key legislation are as follows:

#### **Expenditure management**

24. Effective and appropriate steps were not taken to prevent irregular expenditure of R41,34 million, as disclosed in note 23 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was as a result of the department not obtaining the required price quotations.
25. Effective steps were not taken to prevent fruitless and wasteful expenditure of R988 000 as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by overpayments of stipends to *iziNduna*.

#### **Procurement and contract management**

26. Some of the bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.
27. Some of the commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content, as required by the 2017 preferential procurement regulation 8(5). Similar non-compliance was also reported in the prior year.
28. Some goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.

## Other information

29. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. The other information I obtained prior to the date of this auditor's report is the accounting officer's report. The member of the executive council's (MEC) foreword and the audit committee's report are expected to be made available to me after 31 July 2019.
33. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
34. When I do receive and read the MEC's foreword and the audit committee's report, and if I conclude that there is a material misstatement, 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

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
36. The accounting officer did not exercise adequate oversight in respect of compliance with supply chain management prescripts.
37. Management did not perform effective reviews and monitoring of the implementation of departmental policies and procedures relating to supply chain management and related legislation.

## Other reports

38. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
39. The provincial internal audit unit for departments conducted eight investigations covering the period 1 December 2009 to 31 March 2019. These investigations related to allegations of irregularities in supply chain management, unauthorised changing of a service provider's bank details, diverting of catering services, abuse of official vehicles and subsistence and travel claims as well as allegations of maladministration against senior officials in the department. Of the eight investigations conducted, five were completed while three were still in progress at the date of this report. The accounting officer commenced with legal and disciplinary action against officials on the five finalised investigations.
40. The Directorate for Priority Crime Investigation, investigated an allegation of fraud involving the payment of *iziNduna* allowances, which covered the period 1 April 2017 to 31 March 2018. The allegation related to the unauthorised changing of *iziNduna*'s banking details, numerous irregular payments as well as the existence of a significant number of 'ghost' *iziNduna*. The investigation was concluded on 17 May 2019 and there were no criminal proceedings that followed.

Pietermaritzburg

31 July 2019



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department’s compliance with respect to the selected subject matters.

### **Financial statements**

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
  - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department’s ability 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 the 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 continuing as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

### **Communication with those charged with governance**

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

## **2.7.2**

### **ANNUAL FINANCIAL STATEMENTS**

# ANNUAL FINANCIAL STATEMENTS FOR KZN COGTA

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For the year ended  
31 March 2019

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

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**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Appropriation per programme									
2018/19								2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Programme</b>									
1. Administration	416,812	26,000	(11,315)	431,497	383,702	47,795	88.9%	381,840	374,657
2. Local Governance	304,666	-	(21,677)	282,989	271,073	11,916	95.8%	245,512	231,486
3. Development and Planning	457,992	(26,000)	62,639	494,631	421,832	72,799	85.3%	407,621	397,143
4. Traditional Institutional Management	545,895	-	(29,647)	516,248	488,178	28,070	94.6%	551,753	529,871
<b>TOTAL</b>	<b>1,725,365</b>	<b>-</b>	<b>-</b>	<b>1,725,365</b>	<b>1,564,785</b>	<b>160,580</b>	<b>90.7%</b>	<b>1,586,726</b>	<b>1,533,157</b>
<b>Reconciliation with statement of financial performance</b>									
<b>ADD</b>				9,828				5,072	
Departmental receipts									
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>1,735,193</b>				<b>1,591,798</b>	
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>1,564,785</b>				<b>1,533,157</b>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Appropriation per economic classification									
2018/19								2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Economic classification</b>									
<b>Current payments</b>	<b>1,454,560</b>	<b>(11,774)</b>	<b>(84,855)</b>	<b>1,357,931</b>	<b>1,304,378</b>	<b>53,553</b>	<b>96.1%</b>	<b>1,360,120</b>	<b>1,319,083</b>
Compensation of employees	682,528	-	(25,230)	657,298	657,237	61	100.0%	649,686	649,603
Salaries and wages	603,244	-	(25,140)	578,104	579,813	(1,709)	100.3%	573,768	575,139
Social contributions	79,284	-	(90)	79,194	77,424	1,770	97.8%	75,918	74,464
Goods and services	772,015	(11,774)	(59,693)	700,548	647,055	53,493	92.4%	710,434	669,480
Administrative fees	3,602	(305)	-	3,297	2,807	490	85.1%	2,511	2,165
Advertising	19,517	-	-	19,517	17,228	2,289	88.3%	20,075	19,550
Minor assets	442	(15)	-	427	631	(204)	147.8%	5,334	5,533
Audit costs: External	7,793	-	-	7,793	8,113	(320)	104.1%	7,422	8,257
Bursaries: Employees	626	-	-	626	283	343	45.2%	1,057	752
Catering: Departmental activities	6,375	(358)	(1,600)	4,417	2,220	2,197	50.3%	2,189	1,629
Communication	14,281	(727)	(1,400)	12,154	12,408	(254)	102.1%	11,515	13,261
Computer services	48,188	-	(2,000)	46,188	39,760	6,428	86.1%	39,126	34,965
Consultants: Business and advisory services	85,713	10,650	(22,750)	73,613	60,866	12,747	82.7%	126,098	114,451
Legal services	8,690	-	(3,000)	5,690	6,428	(738)	113.0%	5,029	5,028
Contractors	80,477	(1,168)	(20,500)	58,809	36,253	22,556	61.6%	28,876	20,215
Agency and support / outsourced services	4,973	-	-	4,973	3,779	1,194	76.0%	1,727	1,696
Fleet services	13,720	-	-	13,720	14,381	(661)	104.8%	18,324	16,538
Inventory: Clothing material and supplies	500	-	-	500	-	500	-	-	-

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Inventory: Food and food supplies	3,444	-	-	3,444	2,402	1,042	69.7%	-	-
Inventory: Materials and supplies	17,116	-	-	17,116	1,205	15,911	7.0%	-	-
Inventory: Other supplies	6,019	-	-	6,019	34,458	(28,439)	572.5%	-	-
Consumable supplies	2,843	(528)	-	2,315	2,381	(66)	102.9%	5,810	5,005
Consumable: Stationery, printing and office supplies	10,653	(201)	-	10,452	15,009	(4,557)	143.6%	6,669	5,341
Operating leases	26,771	(1,036)	(1,196)	24,539	21,324	3,215	86.9%	26,470	27,759
Property payments	37,909	(50)	-	37,859	33,517	4,342	88.5%	30,026	32,023
Travel and subsistence	57,775	(10,074)	(600)	47,101	43,740	3,361	92.9%	39,604	38,321
Training and development	1,361	-	-	1,361	419	942	30.8%	1,540	1,157
Operating payments	312,298	(7,962)	(6,647)	297,689	287,436	10,253	96.6%	330,425	315,511
Venues and facilities	500	-	-	500	-	500	-	600	313
Rental and hiring	429	-	-	429	7	422	1.6%	7	10
Interest and rent on land	17	-	68	85	86	(1)	101.2%	-	-
Interest	17	-	68	85	86	(1)	101.2%	-	-
<b>Transfers and subsidies</b>	<b>123,237</b>	<b>12,118</b>	<b>80,459</b>	<b>215,814</b>	<b>187,275</b>	<b>28,539</b>	<b>86.8%</b>	<b>141,075</b>	<b>139,500</b>
Provinces and municipalities	93,003	3,000	60,459	156,462	150,612	5,850	96.3%	94,600	93,300
Provinces	302	-	209	511	511	-	100.0%	450	450
Provincial agencies and funds	302	-	209	511	511	-	100.0%	450	450
Municipalities	92,701	3,000	60,250	155,951	150,101	5,850	96.2%	94,150	92,850
Municipal bank accounts	92,701	3,000	60,250	155,951	150,101	5,850	96.2%	94,150	92,850
Departmental agencies and accounts	-	-	20,000	20,000	60	19,940	0.3%	-	-
Departmental agencies and accounts	-	-	20,000	20,000	60	19,940	0.3%	-	-
Public corporations and private enterprises	15,000	(15,000)	-	-	-	-	-	-	-

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Public corporations	15,000	(15,000)	-	-	-	-	-	-	-
Other transfers to public corporations	15,000	(15,000)	-	-	-	-	-	-	-
Non-profit institutions	100	24,118	-	24,218	24,368	(150)	100.6%	32,326	32,051
Households	15,134	-	-	15,134	12,235	2,899	80.8%	14,149	14,149
Social benefits	5,919	-	104	6,023	6,211	(188)	103.1%	6,525	8,209
Other transfers to households	9,215	-	(104)	9,111	6,024	3,087	66.1%	7,624	5,940
<b>Payments for capital assets</b>	<b>147,568</b>	<b>(344)</b>	<b>4,396</b>	<b>151,620</b>	<b>73,132</b>	<b>78,488</b>	<b>48.2%</b>	<b>83,883</b>	<b>72,926</b>
Buildings and other fixed structures	22,314	-	3,614	25,928	6,746	19,182	26.0%	59,499	56,598
Buildings	22,314	-	3,614	25,928	6,746	19,182	26.0%	42,144	39,243
Other fixed structures	-	-	-	-	-	-	-	17,355	17,355
Machinery and equipment	123,254	(344)	2,782	125,692	66,386	59,306	52.8%	24,139	16,241
Transport equipment	109,247	-	-	109,247	11,016	98,231	10.1%	6,582	5,898
Other machinery and equipment	14,007	(344)	2,782	16,445	55,370	(38,925)	336.7%	17,557	10,343
Intangible assets	2,000	-	(2,000)	-	-	-	-	245	87
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,648</b>	<b>1,648</b>
	<b>1,725,365</b>	<b>-</b>	<b>-</b>	<b>1,725,365</b>	<b>1,564,785</b>	<b>160,580</b>	<b>90.7%</b>	<b>1,586,726</b>	<b>1,533,157</b>



**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

<b>Programme 1: Administration</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. Office of the MEC	20,542	-	(333)	20,209	18,986	1,223	93.9%	21,070	20,008
2. Corporate Services	396,270	26,000	(10,982)	411,288	364,716	46,572	88.7%	360,770	354,649
<b>Total for sub programmes</b>	<b>416,812</b>	<b>26,000</b>	<b>(11,315)</b>	<b>431,497</b>	<b>383,702</b>	<b>47,795</b>	<b>88.9%</b>	<b>381,840</b>	<b>374,657</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>392,701</b>	<b>-</b>	<b>(15,920)</b>	<b>376,781</b>	<b>363,781</b>	<b>13,000</b>	<b>96.5%</b>	<b>358,018</b>	<b>353,891</b>
Compensation of employees	183,373	-	(6,344)	177,029	177,022	7	100.0%	174,884	174,299
Salaries and wages	162,489	-	(6,344)	156,145	156,888	(743)	100.5%	155,310	154,787
Social contributions	20,884	-	-	20,884	20,134	750	96.4%	19,574	19,512
Goods and services	209,328	-	(9,644)	199,684	186,690	12,994	93.5%	183,134	179,592
Administrative fees	1,192	-	-	1,192	1,360	(168)	114.1%	1,031	953
Advertising	18,348	-	-	18,348	16,452	1,896	89.7%	18,965	18,976
Minor assets	158	-	-	158	257	(99)	162.7%	443	311
Audit costs: External	7,793	-	-	7,793	8,113	(320)	104.1%	7,422	8,257
Bursaries: Employees	626	-	-	626	283	343	45.2%	1,057	752
Catering: Departmental activities	248	-	-	248	169	79	68.1%	410	345
Communication	9,204	-	(1,400)	7,804	8,280	(476)	106.1%	5,697	6,912
Computer services	48,019	-	(2,000)	46,019	39,760	6,259	86.4%	38,661	34,954
Consultants: Business and advisory services	10,005	-	(3,048)	6,957	3,370	3,587	48.4%	8,164	3,994

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Legal services	5,690	-	-	5,690	6,428	(738)	113.0%	5,029	5,028
Contractors	9,224	-	(2,000)	7,224	4,416	2,808	61.1%	2,999	3,280
Agency and support / outsourced services	373	-	-	373	278	95	74.5%	130	131
Fleet services	13,720	-	-	13,720	14,381	(661)	104.8%	18,324	16,538
Consumable supplies	1,800	-	-	1,800	1,973	(173)	109.6%	1,439	1,510
Consumable: Stationery, printing and office supplies	9,210	-	-	9,210	13,927	(4,717)	151.2%	5,696	4,657
Operating leases	22,412	-	(1,196)	21,216	19,508	1,708	91.9%	23,661	25,520
Property payments	34,105	-	-	34,105	32,136	1,969	94.2%	29,117	31,380
Travel and subsistence	14,854	-	-	14,854	14,902	(48)	100.3%	12,667	14,205
Training and development	1,361	-	-	1,361	419	942	30.8%	1,525	1,142
Operating payments	761	-	-	761	278	483	36.5%	690	737
Rental and hiring	225	-	-	225	-	225	-	7	10
Interest and rent on land	-	-	68	68	69	(1)	101.5%	-	-
Interest	-	-	68	68	69	(1)	101.5%	-	-
<b>Transfers and subsidies</b>	<b>12,723</b>	-	<b>209</b>	<b>12,932</b>	<b>10,381</b>	<b>2,551</b>	<b>80.3%</b>	<b>11,070</b>	<b>10,668</b>
Provinces and municipalities	302	-	209	511	511	-	100.0%	450	450
Provinces	302	-	209	511	511	-	100.0%	450	450
Provincial agencies and funds	302	-	209	511	511	-	100.0%	450	450
Households	12,421	-	-	12,421	9,870	2,551	79.5%	10,620	10,218
Social benefits	3,206	-	104	3,310	3,846	(536)	116.2%	2,996	4,308
Other transfers to households	9,215	-	(104)	9,111	6,024	3,087	66.1%	7,624	5,910
<b>Payments for capital assets</b>	<b>11,388</b>	<b>26,000</b>	<b>4,396</b>	<b>41,784</b>	<b>9,540</b>	<b>32,244</b>	<b>22.8%</b>	<b>11,104</b>	<b>8,450</b>
Buildings and other fixed structures	-	-	3,614	3,614	-	3,614	-	-	-
Buildings	-	-	3,614	3,614	-	3,614	-	-	-

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Machinery and equipment	9,388	26,000	2,782	38,170	9,540	28,630	25.0%	10,859	8,363
Transport equipment	6,705	26,000	-	32,705	7,470	25,235	22.8%	6,582	5,898
Other machinery and equipment	2,683	-	2,782	5,465	2,070	3,395	37.9%	4,277	2,465
Intangible assets	2,000	-	(2,000)	-	-	-	-	245	87
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	<b>1,648</b>	<b>1,648</b>
	<b>416,812</b>	<b>26,000</b>	<b>(11,315)</b>	<b>431,497</b>	<b>383,702</b>	<b>47,795</b>	<b>88.9%</b>	<b>381,840</b>	<b>374,657</b>

<b>1.1 Office of the MEC</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>20,354</b>	-	<b>(333)</b>	<b>20,021</b>	<b>18,803</b>	<b>1,218</b>	<b>93.9%</b>	<b>20,931</b>	<b>19,869</b>
Compensation of employees	10,962	-	(333)	10,629	10,629	-	100.0%	12,222	12,140
Goods and services	9,392	-	-	9,392	8,174	1,218	87.0%	8,709	7,729
<b>Transfers and subsidies</b>	-	-	-	-	<b>56</b>	<b>(56)</b>	-	<b>98</b>	<b>98</b>
Households	-	-	-	-	56	(56)	-	98	98
<b>Payments for capital assets</b>	<b>188</b>	-	-	<b>188</b>	<b>127</b>	<b>61</b>	<b>67.6%</b>	<b>41</b>	<b>41</b>
Machinery and equipment	188	-	-	188	127	61	67.6%	41	41
	<b>20,542</b>	-	<b>(333)</b>	<b>20,209</b>	<b>18,986</b>	<b>1,223</b>	<b>93.9%</b>	<b>21,070</b>	<b>20,008</b>

<b>1.2 Corporate Services</b>	
<b>2018/19</b>	<b>2017/18</b>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>372,347</b>	-	<b>(15,587)</b>	<b>356,760</b>	<b>344,978</b>	<b>11,782</b>	<b>96.7%</b>	<b>337,087</b>	<b>334,022</b>
Compensation of employees	172,411	-	(6,011)	166,400	166,393	7	100.0%	162,662	162,159
Goods and services	199,936	-	(9,644)	190,292	178,516	11,776	93.8%	174,425	171,863
Interest and rent on land	-	-	68	68	69	(1)	101.5%	-	-
<b>Transfers and subsidies</b>	<b>12,723</b>	-	<b>209</b>	<b>12,932</b>	<b>10,325</b>	<b>2,607</b>	<b>79.8%</b>	<b>10,972</b>	<b>10,570</b>
Provinces and municipalities	302	-	209	511	511	-	100.0%	450	450
Households	12,421	-	-	12,421	9,814	2,607	79.0%	10,522	10,120
<b>Payments for capital assets</b>	<b>11,200</b>	<b>26,000</b>	<b>4,396</b>	<b>41,596</b>	<b>9,413</b>	<b>32,183</b>	<b>22.6%</b>	<b>11,063</b>	<b>8,409</b>
Buildings and other fixed structures	-	-	3,614	3,614	-	3,614	-	-	-
Machinery and equipment	9,200	26,000	2,782	37,982	9,413	28,569	24.8%	10,818	8,322
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,648</b>	<b>1,648</b>
	<b>396,270</b>	<b>26,000</b>	<b>(10,982)</b>	<b>411,288</b>	<b>364,716</b>	<b>46,572</b>	<b>88.7%</b>	<b>360,770</b>	<b>354,649</b>

<b>Programme 2: Local Governance</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

1. Municipal Administration	53,189	-	(4,930)	48,259	47,052	1,207	97.5%	34,446	31,730
2. Municipal Finance	25,874	-	(3,221)	22,653	19,845	2,808	87.6%	25,172	24,635
3. Public Participation	205,150	-	(12,835)	192,315	183,830	8,485	95.6%	167,895	158,780
4. Capacity Development	11,826	-	(664)	11,162	11,092	70	99.4%	9,082	7,548
5. Municipal Performance, Reporting & evaluation	8,627	-	(27)	8,600	9,254	(654)	107.6%	8,917	8,793
<b>Total for sub programmes</b>	<b>304,666</b>	<b>-</b>	<b>(21,677)</b>	<b>282,989</b>	<b>271,073</b>	<b>11,916</b>	<b>95.8%</b>	<b>245,512</b>	<b>231,486</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>290,901</b>	<b>(3,000)</b>	<b>(21,677)</b>	<b>266,224</b>	<b>254,754</b>	<b>11,470</b>	<b>95.7%</b>	<b>243,120</b>	<b>230,484</b>
Compensation of employees	209,677	-	(2,475)	207,202	207,183	19	100.0%	197,688	199,756
Salaries and wages	177,681	-	(2,325)	175,356	174,935	421	99.8%	167,530	169,543
Social contributions	31,996	-	(150)	31,846	32,248	(402)	101.3%	30,158	30,213
Goods and services	81,224	(3,000)	(19,202)	59,022	47,571	11,451	80.6%	45,432	30,728
Administrative fees	651	-	-	651	620	31	95.2%	355	350
Advertising	681	-	-	681	426	255	62.6%	616	385
Minor assets	42	-	-	42	107	(65)	254.8%	100	45
Catering: Departmental activities	1,348	-	-	1,348	1,207	141	89.5%	895	335
Communication	3,246	-	-	3,246	3,611	(365)	111.2%	4,932	5,612
Consultants: Business and advisory services	24,995	(3,000)	(7,202)	12,793	10,129	2,664	79.2%	11,194	5,125
Contractors	36,472	-	(12,000)	24,472	16,823	7,649	68.7%	14,220	6,761
Agency and support / outsourced services	4,600	-	-	4,600	3,501	1,099	76.1%	1,595	1,565
Consumable supplies	42	-	-	42	123	(81)	292.9%	503	265
Consumable: Stationery, printing and office supplies	458	-	-	458	600	(142)	131.0%	518	553
Operating leases	862	-	-	862	963	(101)	111.7%	1,157	1,086

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Travel and subsistence	9,301	-	-	9,301	9,218	83	99.1%	8,625	7,835
Training and development	-	-	-	-	-	-	-	15	15
Operating payments	326	-	-	326	236	90	72.4%	603	797
Rental and hiring	200	-	-	200	7	193	3.5%	-	-
<b>Transfers and subsidies</b>	<b>3,236</b>	<b>3,000</b>	-	<b>6,236</b>	<b>6,512</b>	<b>(276)</b>	<b>104.4%</b>	<b>1,196</b>	<b>376</b>
Provinces and municipalities	3,000	3,000	-	6,000	6,000	-	100.0%	1,000	-
Municipalities	3,000	3,000	-	6,000	6,000	-	100.0%	1,000	-
Municipal bank accounts	3,000	3,000	-	6,000	6,000	-	100.0%	1,000	-
Households	236	-	-	236	512	(276)	216.9%	196	376
Social benefits	236	-	-	236	512	(276)	216.9%	196	346
Other transfers to households	-	-	-	-	-	-	-	-	30
<b>Payments for capital assets</b>	<b>10,529</b>	-	-	<b>10,529</b>	<b>9,807</b>	<b>722</b>	<b>93.1%</b>	<b>1,196</b>	<b>626</b>
Machinery and equipment	10,529	-	-	10,529	9,807	722	93.1%	1,196	626
Transport equipment	4,900	-	-	4,900	3,546	1,354	72.4%	-	-
Other machinery and equipment	5,629	-	-	5,629	6,261	(632)	111.2%	1,196	626
<b>Total</b>	<b>304,666</b>	-	<b>(21,677)</b>	<b>282,989</b>	<b>271,073</b>	<b>11,916</b>	<b>95.8%</b>	<b>245,512</b>	<b>231,486</b>

<b>2.1 Municipal Administration</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>51,122</b>	-	<b>(4,930)</b>	<b>46,192</b>	<b>44,980</b>	<b>1,212</b>	<b>97.4%</b>	<b>34,240</b>	<b>31,656</b>
Compensation of employees	29,522	-	(728)	28,794	28,794	-	100.0%	19,662	22,289
Goods and services	21,600	-	(4,202)	17,398	16,186	1,212	93.0%	14,578	9,367

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

<b>Transfers and subsidies</b>	<b>2,011</b>	-	-	<b>2,011</b>	<b>2,011</b>	-	<b>100.0%</b>	<b>6</b>	<b>35</b>
Provinces and municipalities	2,000	-	-	2,000	2,000	-	100.0%	-	-
Households	11	-	-	11	11	-	100.0%	6	35
<b>Payments for capital assets</b>	<b>56</b>	-	-	<b>56</b>	<b>61</b>	<b>(5)</b>	<b>108.9%</b>	<b>200</b>	<b>39</b>
Machinery and equipment	56	-	-	56	61	(5)	108.9%	200	39
	<b>53,189</b>	-	<b>(4,930)</b>	<b>48,259</b>	<b>47,052</b>	<b>1,207</b>	<b>97.5%</b>	<b>34,446</b>	<b>31,730</b>

<b>2.2 Municipal Finance</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>25,744</b>	<b>(3,000)</b>	<b>(3,221)</b>	<b>19,523</b>	<b>16,767</b>	<b>2,756</b>	<b>85.9%</b>	<b>24,774</b>	<b>24,338</b>
Compensation of employees	15,000	-	(221)	14,779	14,779	-	100.0%	21,532	21,622
Goods and services	10,744	(3,000)	(3,000)	4,744	1,988	2,756	41.9%	3,242	2,716
<b>Transfers and subsidies</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>3,000</b>	<b>3,000</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	-	3,000	-	3,000	3,000	-	100.0%	-	-
<b>Payments for capital assets</b>	<b>130</b>	<b>-</b>	<b>-</b>	<b>130</b>	<b>78</b>	<b>52</b>	<b>60.0%</b>	<b>398</b>	<b>297</b>
Machinery and equipment	130	-	-	130	78	52	60.0%	398	297
	<b>25,874</b>	<b>-</b>	<b>(3,221)</b>	<b>22,653</b>	<b>19,845</b>	<b>2,808</b>	<b>87.6%</b>	<b>25,172</b>	<b>24,635</b>

<b>2.3 Public Participation</b>
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**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

2018/19								2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>193,775</b>	-	<b>(12,835)</b>	<b>180,940</b>	<b>172,725</b>	<b>8,215</b>	<b>95.5%</b>	<b>166,505</b>	<b>158,408</b>
Compensation of employees	151,121	-	(835)	150,286	150,267	19	100.0%	142,617	142,228
Goods and services	42,654	-	(12,000)	30,654	22,458	8,196	73.3%	23,888	16,180
<b>Transfers and subsidies</b>	<b>1,225</b>	-	-	<b>1,225</b>	<b>1,501</b>	<b>(276)</b>	<b>122.5%</b>	<b>1,190</b>	<b>341</b>
Provinces and municipalities	1,000	-	-	1,000	1,000	-	100.0%	1,000	-
Households	225	-	-	225	501	(276)	222.7%	190	341
<b>Payments for capital assets</b>	<b>10,150</b>	-	-	<b>10,150</b>	<b>9,604</b>	<b>546</b>	<b>94.6%</b>	<b>200</b>	<b>31</b>
Machinery and equipment	10,150	-	-	10,150	9,604	546	94.6%	200	31
	<b>205,150</b>	-	<b>(12,835)</b>	<b>192,315</b>	<b>183,830</b>	<b>8,485</b>	<b>95.6%</b>	<b>167,895</b>	<b>158,780</b>

2.4 Capacity Development									
2018/19								2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>11,759</b>	-	<b>(664)</b>	<b>11,095</b>	<b>11,080</b>	<b>15</b>	<b>99.9%</b>	<b>8,821</b>	<b>7,367</b>
Compensation of employees	6,645	-	(664)	5,981	5,981	-	100.0%	6,200	5,869
Goods and services	5,114	-	-	5,114	5,099	15	99.7%	2,621	1,498
<b>Payments for capital assets</b>	<b>67</b>	-	-	<b>67</b>	<b>12</b>	<b>55</b>	<b>17.9%</b>	<b>261</b>	<b>181</b>



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Machinery and equipment	67	-	-	67	12	55	17.9%	261	181
	<b>11,826</b>	-	<b>(664)</b>	<b>11,162</b>	<b>11,092</b>	<b>70</b>	<b>99.4%</b>	<b>9,082</b>	<b>7,548</b>

<b>2.5 Municipal Performance, Reporting &amp; evaluation</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>8,501</b>	-	<b>(27)</b>	<b>8,474</b>	<b>9,202</b>	<b>(728)</b>	<b>108.6%</b>	<b>8,780</b>	<b>8,715</b>
Compensation of employees	7,389	-	(27)	7,362	7,362	-	100.0%	7,677	7,748
Goods and services	1,112	-	-	1,112	1,840	(728)	165.5%	1,103	967
<b>Payments for capital assets</b>	<b>126</b>	-	-	<b>126</b>	<b>52</b>	<b>74</b>	<b>41.3%</b>	<b>137</b>	<b>78</b>
Machinery and equipment	126	-	-	126	52	74	41.3%	137	78
	<b>8,627</b>	-	<b>(27)</b>	<b>8,600</b>	<b>9,254</b>	<b>(654)</b>	<b>107.6%</b>	<b>8,917</b>	<b>8,792</b>

<b>Programme 3: Development and Planning</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. Spatial Planning	46,748	-	(3,067)	43,681	46,387	(2,706)	106.2%	39,982	39,450
2. Land use Management	23,857	-	(558)	23,299	21,566	1,733	92.6%	20,973	19,801

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

3. Local Economic Development	142,403	-	11,964	154,367	131,658	22,709	85.3%	187,966	184,294
4. Municipal Infrastructure	148,559	-	45,058	193,617	159,448	34,169	82.4%	94,950	92,389
5. Disaster Management	81,976	(26,000)	9,242	65,218	48,892	16,326	75.0%	51,017	49,314
6. IDP Co-ordination	14,449	-	-	14,449	13,881	568	96.1%	12,733	11,895
<b>Total for sub programmes</b>	<b>457,992</b>	<b>(26,000)</b>	<b>62,639</b>	<b>494,631</b>	<b>421,832</b>	<b>72,799</b>	<b>85.3%</b>	<b>407,621</b>	<b>397,143</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>231,121</b>	<b>15,000</b>	<b>(17,611)</b>	<b>228,510</b>	<b>223,134</b>	<b>5,376</b>	<b>97.6%</b>	<b>244,278</b>	<b>239,547</b>
Compensation of employees	111,482	-	(7,411)	104,071	103,632	439	99.6%	102,981	100,440
Salaries and wages	99,919	-	(7,471)	92,448	92,772	(324)	100.4%	92,054	90,140
Social contributions	11,563	-	60	11,623	10,860	763	93.4%	10,927	10,300
Goods and services	119,622	15,000	(10,200)	124,422	119,485	4,937	96.0%	141,297	139,107
Administrative fees	814	-	-	814	827	(13)	101.6%	860	862
Advertising	488	-	-	488	350	138	71.7%	494	190
Minor assets	208	-	-	208	255	(47)	122.6%	4,615	5,059
Catering: Departmental activities	1,571	-	-	1,571	844	727	53.7%	704	949
Communication	523	-	-	523	517	6	98.9%	599	737
Computer services	-	-	-	-	-	-	-	11	11
Consultants: Business and advisory services	48,913	15,000	(10,200)	53,713	47,367	6,346	88.2%	106,740	105,332
Contractors	18,172	-	-	18,172	13,323	4,849	73.3%	6,986	6,586
Agency and support / outsourced services	-	-	-	-	-	-	-	2	-
Inventory: Clothing material and supplies	500	-	-	500	-	500	-	-	-
Inventory: Food and food supplies	3,444	-	-	3,444	2,402	1,042	69.7%	-	-
Inventory: Materials and supplies	17,116	-	-	17,116	1,205	15,911	7.0%	-	-

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Inventory: Other supplies	6,019	-	-	6,019	34,458	(28,439)	572.5%	-	-
Consumable supplies	225	-	-	225	285	(60)	126.7%	3,683	3,230
Consumable: Stationery, printing and office supplies	589	-	-	589	482	107	81.8%	313	131
Operating leases	1,248	-	-	1,248	853	395	68.3%	1,248	1,153
Property payments	3,625	-	-	3,625	1,381	2,244	38.1%	909	643
Travel and subsistence	15,014	-	-	15,014	14,000	1,014	93.2%	12,998	13,456
Operating payments	653	-	-	653	936	(283)	143.3%	635	455
Venues and facilities	500	-	-	500	-	500	-	500	313
Interest and rent on land	17	-	-	17	17	-	100.0%	-	-
Interest	17	-	-	17	17	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>105,478</b>	<b>(14,656)</b>	<b>80,250</b>	<b>171,072</b>	<b>145,006</b>	<b>26,066</b>	<b>84.8%</b>	<b>94,878</b>	<b>94,666</b>
Provinces and municipalities	89,701	-	60,250	149,951	144,101	5,850	96.1%	93,150	92,850
Municipalities	89,701	-	60,250	149,951	144,101	5,850	96.1%	93,150	92,850
Municipal bank accounts	89,701	-	60,250	149,951	144,101	5,850	96.1%	93,150	92,850
Departmental agencies and accounts	-	-	20,000	20,000	60	19,940	0.3%	-	-
Departmental agencies	-	-	20,000	20,000	60	19,940	0.3%	-	-
Public corporations and private enterprises	15,000	(15,000)	-	-	-	-	-	-	-
Public corporations	15,000	(15,000)	-	-	-	-	-	-	-
Other transfers to public corporations	15,000	(15,000)	-	-	-	-	-	-	-
Non-profit institutions	-	344	-	344	344	-	100.0%	1,587	1,587
Households	777	-	-	777	501	276	64.5%	141	229
Social benefits	777	-	-	777	501	276	64.5%	141	229
<b>Payments for capital assets</b>	<b>121,393</b>	<b>(26,344)</b>	<b>-</b>	<b>95,049</b>	<b>53,692</b>	<b>41,357</b>	<b>56.5%</b>	<b>68,465</b>	<b>62,930</b>
Buildings and other fixed structures	22,314	-	-	22,314	6,746	15,568	30.2%	59,499	56,598

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
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**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Buildings	22,314	-	-	22,314	6,746	15,568	30.2%	42,144	39,243
Other fixed structures	-	-	-	-	-	-	-	17,355	17,355
Machinery and equipment	99,079	(26,344)	-	72,735	46,946	25,789	64.5%	8,966	6,332
Transport equipment	97,642	(26,000)	-	71,642	-	71,642	-	-	-
Other machinery and equipment	1,437	(344)	-	1,093	46,946	(45,853)	4295.2%	8,966	6,332
<b>Total</b>	<b>457,992</b>	<b>(26,000)</b>	<b>62,639</b>	<b>494,631</b>	<b>421,832</b>	<b>72,799</b>	<b>85.3%</b>	<b>407,621</b>	<b>397,143</b>

<b>3.1 Spatial Planning</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>28,731</b>	-	<b>(3,067)</b>	<b>25,664</b>	<b>28,264</b>	<b>(2,600)</b>	<b>110.1%</b>	<b>29,670</b>	<b>29,278</b>
Compensation of employees	21,985	-	(3,067)	18,918	21,661	(2,743)	114.5%	20,732	20,701
Goods and services	6,746	-	-	6,746	6,603	143	97.9%	8,938	8,577
<b>Transfers and subsidies</b>	<b>17,800</b>	-	-	<b>17,800</b>	<b>17,800</b>	-	<b>100.0%</b>	<b>9,200</b>	<b>9,200</b>
Provinces and municipalities	17,800	-	-	17,800	17,800	-	100.0%	9,200	9,200
<b>Payments for capital assets</b>	<b>217</b>	-	-	<b>217</b>	<b>323</b>	<b>(106)</b>	<b>148.8%</b>	<b>1,112</b>	<b>972</b>
Machinery and equipment	217	-	-	217	323	(106)	148.8%	1,112	972
	<b>46,748</b>	-	<b>(3,067)</b>	<b>43,681</b>	<b>46,387</b>	<b>(2,706)</b>	<b>106.2%</b>	<b>39,982</b>	<b>39,450</b>

<b>3.2 Land use Management</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted	Shifting of	Virement	Final	Actual	Variance	Expenditure	Final	Actual

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	Appropriation	Funds		Appropriation	Expenditure		as % of final appropriation	Appropriation	expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>23,294</b>	-	(558)	<b>22,736</b>	<b>21,043</b>	<b>1,693</b>	<b>92.6%</b>	<b>20,541</b>	<b>19,656</b>
Compensation of employees	18,822	-	(558)	18,264	16,551	1,713	90.6%	17,228	17,168
Goods and services	4,472	-	-	4,472	4,492	(20)	100.4%	3,313	2,488
<b>Transfers and subsidies</b>	<b>563</b>	-	-	<b>563</b>	<b>523</b>	<b>40</b>	<b>92.9%</b>	<b>50</b>	<b>48</b>
Provinces and municipalities									
Departmental agencies and accounts	-	-	-	-	60	(60)	-	-	-
Households	563	-	-	563	463	100	82.2%	50	48
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>382</b>	<b>97</b>
Machinery and equipment	-	-	-	-	-	-	-	382	97
	<b>23,857</b>	-	(558)	<b>23,299</b>	<b>21,566</b>	<b>1,733</b>	<b>92.6%</b>	<b>20,973</b>	<b>19,801</b>

**3.3 Local Economic Development**

2018/19								2017/18	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>72,568</b>	-	(3,786)	<b>68,782</b>	<b>67,855</b>	<b>927</b>	<b>98.7%</b>	<b>94,552</b>	<b>95,186</b>
Compensation of employees	33,154	-	(3,786)	29,368	29,701	(333)	101.1%	28,690	28,262
Goods and services	39,414	-	-	39,414	38,154	1,260	96.8%	65,862	66,924
<b>Transfers and subsidies</b>	<b>48,165</b>	<b>344</b>	<b>15,750</b>	<b>64,259</b>	<b>58,209</b>	<b>6,050</b>	<b>90.6%</b>	<b>52,319</b>	<b>52,019</b>

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Provinces and municipalities	47,951	-	15,750	63,701	57,851	5,850	90.8%	50,700	50,400
Non-profit institutions	-	344	-	344	344	-	100.0%	1,587	1,587
Households	214	-	-	214	14	200	6.5%	32	32
<b>Payments for capital assets</b>	<b>21,670</b>	<b>(344)</b>	<b>-</b>	<b>21,326</b>	<b>5,594</b>	<b>15,732</b>	<b>26.2%</b>	<b>41,095</b>	<b>37,089</b>
Buildings and other fixed structures	21,035	-	-	21,035	5,467	15,568	26.0%	40,738	36,864
Machinery and equipment	635	(344)	-	291	127	164	43.6%	357	225
	<b>142,403</b>	<b>-</b>	<b>11,964</b>	<b>154,367</b>	<b>131,658</b>	<b>22,709</b>	<b>85.3%</b>	<b>187,966</b>	<b>184,294</b>

<b>3.4 Municipal Infrastructure</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>59,816</b>	<b>15,000</b>	<b>(19,442)</b>	<b>55,374</b>	<b>50,500</b>	<b>4,874</b>	<b>91.2%</b>	<b>68,891</b>	<b>66,183</b>
Compensation of employees	19,133	-	-	19,133	18,271	862	95.5%	19,744	19,000
Goods and services	40,666	15,000	(19,442)	36,224	32,212	4,012	88.9%	49,147	47,183
Interest and rent on land	17	-	-	17	17	-	100.0%	-	-
<b>Transfers and subsidies</b>	<b>33,300</b>	<b>(15,000)</b>	<b>64,500</b>	<b>82,800</b>	<b>62,824</b>	<b>19,976</b>	<b>75.9%</b>	<b>26,059</b>	<b>26,059</b>
Provinces and municipalities	18,300	-	44,500	62,800	62,800	-	100.0%	26,000	26,000
Departmental agencies and accounts	-	-	20,000	20,000	-	20,000	-	-	-
Public corporations and private enterprises	15,000	(15,000)	-	-	-	-	-	-	-
Households	-	-	-	-	24	(24)	-	59	59

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<b>Payments for capital assets</b>	<b>55,443</b>	-	-	<b>55,443</b>	<b>46,124</b>	<b>9,319</b>	<b>83.2%</b>	-	<b>147</b>
Machinery and equipment	55,443	-	-	55,443	46,124	9,319	83.2%	-	147
	<b>148,559</b>	-	<b>45,058</b>	<b>193,617</b>	<b>159,448</b>	<b>34,169</b>	<b>82.4%</b>	<b>94,950</b>	<b>92,389</b>

<b>3.5 Disaster Management</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>35,197</b>	-	<b>9,242</b>	<b>44,439</b>	<b>44,613</b>	<b>(174)</b>	<b>100.4%</b>	<b>19,401</b>	<b>18,689</b>
Compensation of employees	9,288	-	-	9,288	8,830	458	95.1%	7,227	6,624
Goods and services	25,909	-	9,242	35,151	35,783	(632)	101.8%	12,174	12,065
<b>Transfers and subsidies</b>	<b>3,000</b>	-	-	<b>3,000</b>	<b>3,000</b>	-	<b>100.0%</b>	<b>6,000</b>	<b>6,000</b>
Provinces and municipalities	3,000	-	-	3,000	3,000	-	100.0%	6,000	6,000
<b>Payments for capital assets</b>	<b>43,779</b>	<b>(26,000)</b>	-	<b>17,779</b>	<b>1,279</b>	<b>16,500</b>	<b>7.2%</b>	<b>25,616</b>	<b>24,625</b>
Buildings and other fixed structures	1,279	-	-	1,279	1,279	-	100.0%	18,761	19,734
Machinery and equipment	42,500	(26,000)	-	16,500	-	16,500	-	6,855	4,891
	<b>81,976</b>	<b>(26,000)</b>	<b>9,242</b>	<b>65,218</b>	<b>48,892</b>	<b>16,326</b>	<b>75.0%</b>	<b>51,017</b>	<b>49,314</b>

<b>3.6 IDP Co-ordination</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure

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<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>11,515</b>	-	-	<b>11,515</b>	<b>10,859</b>	<b>656</b>	<b>94.3%</b>	<b>11,223</b>	<b>10,555</b>
Compensation of employees	9,100	-	-	9,100	8,618	482	94.7%	9,360	8,685
Goods and services	2,415	-	-	2,415	2,241	174	92.8%	1,863	1,870
<b>Transfers and subsidies</b>	<b>2,650</b>	-	-	<b>2,650</b>	<b>2,650</b>	-	<b>100.0%</b>	<b>1,250</b>	<b>1,340</b>
Provinces and municipalities	2,650	-	-	2,650	2,650	-	100.0%	1,250	1,250
Households	-	-	-	-	-	-	-	-	90
<b>Payments for capital assets</b>	<b>284</b>	-	-	<b>284</b>	<b>372</b>	<b>(88)</b>	<b>131.0%</b>	<b>260</b>	-
Machinery and equipment	284	-	-	284	372	(88)	131.0%	260	-
	<b>14,449</b>	-	-	<b>14,449</b>	<b>13,881</b>	<b>568</b>	<b>96.1%</b>	<b>12,733</b>	<b>11,895</b>

<b>Programme 4: Traditional Institutional Management</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	<b>Adjusted Appropriation</b>	<b>Shifting of Funds</b>	<b>Virement</b>	<b>Final Appropriation</b>	<b>Actual Expenditure</b>	<b>Variance</b>	<b>Expenditure as % of final appropriation</b>	<b>Final Appropriation</b>	<b>Actual expenditure</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Sub programme</b>									
1. Traditional Institutional Administration	430,583	-	(21,548)	409,035	398,784	10,251	97.5%	443,760	430,664
2. Traditional Resource Administration	75,359	-	(3,538)	71,821	60,124	11,697	83.7%	72,123	66,837
3. Rural Development Facilitation	16,732	-	(1,061)	15,671	12,446	3,225	79.4%	17,987	15,775
4. Traditional Land Administration	23,221	-	(3,500)	19,721	16,824	2,897	85.3%	17,883	16,595
<b>Total for sub programmes</b>	<b>545,895</b>	-	<b>(29,647)</b>	<b>516,248</b>	<b>488,178</b>	<b>28,070</b>	<b>94.6%</b>	<b>551,753</b>	<b>529,871</b>



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<b>Economic classification</b>									
<b>Current payments</b>	<b>539,837</b>	<b>(23,774)</b>	<b>(29,647)</b>	<b>486,416</b>	<b>462,709</b>	<b>23,707</b>	<b>95.1%</b>	<b>514,704</b>	<b>495,161</b>
Compensation of employees	177,996	-	(9,000)	168,996	169,400	(404)	100.2%	174,133	175,108
Salaries and wages	163,155	-	(9,000)	154,155	155,218	(1,063)	100.7%	158,874	160,669
Social contributions	14,841	-	-	14,841	14,182	659	95.6%	15,259	14,439
Goods and services	361,941	(23,874)	(20,647)	317,420	293,309	24,111	92.4%	340,571	320,053
Administrative fees	945	(305)	-	640	-	640	-	265	-
Minor assets	34	(15)	-	19	12	7	63.2%	176	118
Catering: Departmental activities	3,208	(358)	(1,600)	1,250	-	1,250	-	180	-
Communication	1,308	(727)	-	581	-	581	-	287	-
Computer services	169	-	-	169	-	169	-	450	-
Consultants: Business and advisory services	3,800	(1,350)	(2,300)	150	-	150	-	-	-
Legal services	3,000	-	(3,000)	-	-	-	-	-	-
Contractors	16,709	(1,268)	(6,500)	8,941	1,691	7,250	18.9%	4,671	3,588
Consumable supplies	776	(528)	-	248	-	248	-	185	-
Consumable: Stationery, printing and office supplies	396	(201)	-	195	-	195	-	142	-
Operating leases	2,249	(1,036)	-	1,213	-	1,213	-	404	-
Property payments	179	(50)	-	129	-	129	-	-	-
Travel and subsistence	18,606	(10,074)	(600)	7,932	5,620	2,312	70.9%	5,314	2,825
Operating payments	310,558	(7,962)	(6,647)	295,949	285,986	9,963	96.6%	328,497	313,522
Rental and hiring	4	-	-	4	-	4	-	-	-
<b>Transfers and subsidies</b>	<b>1,800</b>	<b>23,774</b>	<b>-</b>	<b>25,574</b>	<b>25,376</b>	<b>198</b>	<b>99.2%</b>	<b>33,931</b>	<b>33,790</b>
Non-profit institutions	100	23,774	-	23,874	24,024	(150)	100.6%	30,739	30,464
Households	1,700	-	-	1,700	1,352	348	79.5%	3,192	3,326
Social benefits	1,700	-	-	1,700	1,352	348	79.5%	3,192	3,326

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<b>Payments for capital assets</b>	<b>4,258</b>	-	-	<b>4,258</b>	<b>93</b>	<b>4,165</b>	<b>2.2%</b>	<b>3,118</b>	<b>920</b>
Machinery and equipment	4,258	-	-	4,258	93	4,165	2.2%	3,118	920
Other machinery and equipment	4,258	-	-	4,258	93	4,165	2.2%	3,118	920
<b>Total</b>	<b>545,895</b>	-	<b>(29,647)</b>	<b>516,248</b>	<b>488,178</b>	<b>28,070</b>	<b>94.6%</b>	<b>551,753</b>	<b>529,871</b>

<b>4.1 Traditional Institutional Administration</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>430,090</b>	<b>(12,153)</b>	<b>(21,548)</b>	<b>396,389</b>	<b>386,180</b>	<b>10,209</b>	<b>97.4%</b>	<b>429,075</b>	<b>415,761</b>
Compensation of employees	91,843	-	(5,801)	86,042	93,040	(6,998)	108.1%	93,643	96,193
Goods and services	338,247	(12,153)	(15,747)	310,347	293,140	17,207	94.5%	335,432	319,568
<b>Transfers and subsidies</b>	<b>249</b>	<b>12,153</b>	<b>-</b>	<b>12,402</b>	<b>12,551</b>	<b>(149)</b>	<b>101.2%</b>	<b>14,615</b>	<b>14,885</b>
Non-profit institutions	100	12,153	-	12,253	12,403	(150)	101.2%	14,515	14,515
Households	149	-	-	149	148	1	99.3%	100	370
<b>Payments for capital assets</b>	<b>244</b>	<b>-</b>	<b>-</b>	<b>244</b>	<b>53</b>	<b>191</b>	<b>21.7%</b>	<b>70</b>	<b>18</b>
Machinery and equipment	244	-	-	244	53	191	21.7%	70	18
	<b>430,583</b>	-	<b>(21,548)</b>	<b>409,035</b>	<b>398,784</b>	<b>10,251</b>	<b>97.5%</b>	<b>443,760</b>	<b>430,664</b>

<b>4.2 Traditional Resource Administration</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted	Shifting of	Virement	Final	Actual	Variance	Expenditure	Final	Actual

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	Appropriation	Funds		Appropriation	Expenditure		as % of final appropriation	Appropriation	expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>70,445</b>	<b>(9,598)</b>	<b>(3,538)</b>	<b>57,309</b>	<b>49,882</b>	<b>7,427</b>	<b>87.0%</b>	<b>52,742</b>	<b>49,856</b>
Compensation of employees	55,070	-	(2,138)	52,932	49,721	3,211	93.9%	49,804	49,406
Goods and services	15,375	(9,598)	(1,400)	4,377	161	4,216	3.7%	2,938	450
<b>Transfers and subsidies</b>	<b>900</b>	<b>9,598</b>	<b>-</b>	<b>10,498</b>	<b>10,202</b>	<b>296</b>	<b>97.2%</b>	<b>16,612</b>	<b>16,198</b>
Non-profit institutions	-	9,598	-	9,598	9,598	-	100.0%	13,904	13,629
Households	900	-	-	900	604	296	67.1%	2,708	2,569
<b>Payments for capital assets</b>	<b>4,014</b>	<b>-</b>	<b>-</b>	<b>4,014</b>	<b>40</b>	<b>3,974</b>	<b>1.0%</b>	<b>2,769</b>	<b>783</b>
Machinery and equipment	4,014	-	-	4,014	40	3,974	1.0%	2,769	783
	<b>75,359</b>	<b>-</b>	<b>(3,538)</b>	<b>71,821</b>	<b>60,124</b>	<b>11,697</b>	<b>83.7%</b>	<b>72,123</b>	<b>66,837</b>

<b>4.3 Rural Development Facilitation</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>16,266</b>	<b>(711)</b>	<b>(1,061)</b>	<b>14,494</b>	<b>11,170</b>	<b>3,324</b>	<b>77.1%</b>	<b>16,579</b>	<b>14,478</b>
Compensation of employees	14,202	-	(1,061)	13,141	11,170	1,971	85.0%	15,621	14,469
Goods and services	2,064	(711)	-	1,353	-	1,353	-	958	9
<b>Transfers and subsidies</b>	<b>466</b>	<b>711</b>	<b>-</b>	<b>1,177</b>	<b>1,276</b>	<b>(99)</b>	<b>108.4%</b>	<b>1,278</b>	<b>1,277</b>
Non-profit institutions	-	711	-	711	711	-	100.0%	1,063	1,063
Households	466	-	-	466	565	(99)	121.2%	215	214

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
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**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

<b>Payments for capital assets</b>	-	-	-	-	-	-	-	<b>130</b>	<b>20</b>
Machinery and equipment	-	-	-	-	-	-	-	130	20
	<b>16,732</b>	-	<b>(1,061)</b>	<b>15,671</b>	<b>12,446</b>	<b>3,225</b>	<b>79.4%</b>	<b>17,987</b>	<b>15,775</b>

<b>4.4 Traditional Land Administration</b>									
	<b>2018/19</b>							<b>2017/18</b>	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
<b>Economic classification</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>%</b>	<b>R'000</b>	<b>R'000</b>
<b>Current payments</b>	<b>23,036</b>	<b>(1,312)</b>	<b>(3,500)</b>	<b>18,224</b>	<b>15,477</b>	<b>2,747</b>	<b>84.9%</b>	<b>16,308</b>	<b>15,066</b>
Compensation of employees	16,881	-	-	16,881	15,469	1,412	91.6%	15,065	15,040
Goods and services	6,155	(1,312)	(3,500)	1,343	8	1,335	0.6%	1,243	26
<b>Transfers and subsidies</b>	<b>185</b>	<b>1,312</b>	<b>-</b>	<b>1,497</b>	<b>1,347</b>	<b>150</b>	<b>90.0%</b>	<b>1,426</b>	<b>1,430</b>
Non-profit institutions	-	1,312	-	1,312	1,312	-	100.0%	1,257	1,257
Households	185	-	-	185	35	150	18.9%	169	173
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>149</b>	<b>99</b>
Machinery and equipment	-	-	-	-	-	-	-	149	99
	<b>23,221</b>	<b>-</b>	<b>(3,500)</b>	<b>19,721</b>	<b>16,824</b>	<b>2,897</b>	<b>85.3%</b>	<b>17,883</b>	<b>16,595</b>

## **NOTES TO THE APPROPRIATION STATEMENT**

*for the year ended 31 March 2019*

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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1A, 1B, 1F, 1G and 1H to the Annual Financial Statements.

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

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

**3. Detail on payments for financial assets**

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

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	431,497	383,702	47,795	11.1%

Explanation of variance: The under expenditure regarding goods and services can be mainly attributed the non-receipt of invoices pertaining to Minecast project, forensic investigations, Thuma Mina events as well as operating leases for Southern Life plaza and Ugu. Roll overs were requested for the Thuma Mina campaigns as well as the forensic investigations. The year-end under expenditure regarding transfers and subsidies is due to the strike action that took place at the tertiary institutions as well as the reduction in the number of bursaries awarded to external students as students has received National Student Financial Aid Scheme (NSFAS) funding. The under expenditure regarding capital assets is as a result of orders that were placed with Department of Transport for 11 Ford Double-cab bakkies. However, FORD has reassembled their assembly line for new models which created the delay. In addition, orders were also placed for the procurement of 11 x 12 000 litre capacity water tankers, 13 x 6000 litre capacity vacuum sewerage tankers as well as furniture and equipment for department however the machinery and equipment was not delivered timeously. In addition, provision was made at year end for the Refurbishment of Mayille building due to the burning of the departmental offices on 14 March 2019. Roll overs were requested in this regard.

Local Governance	282,989	271,073	11,916	4.2%
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Explanation of variance: The savings regarding goods and services was mostly due to funds made available within Programme 1 for service delivery events. The identified savings was requested to be utilised for the backlog study to assess the state of infrastructure in the Province. A deviation was requested to roll over the funds for the Municipal Infrastructure backlog study project. In addition, invoices were not received for the MEC Community engagements and Beadwork programme at Ubuhlebezwe, iNkosi Langalibalele and Richmond municipalities. A roll over was requested in this regard. The over expenditure regarding transfers and subsidies is due to the leave gratuity payments due to staff exits. Provision was made for the procurement of machinery and equipment for the vacant posts, however due to slow progress made with the filling of posts, the necessary tools of trade could not be procured, thus resulting in under expenditure regarding capital assets.

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
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**NOTES TO THE APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

Development and Planning	494,631	421,832	72,799	14.7%
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Explanation of variance: The savings regarding goods and services is as a result of the procurement of the static tanks for all municipalities experiencing water challenges. Orders have been placed with the service providers however the invoices were not received timeously. Provision was also made for the assessment of the state of infrastructure in the Province, however, the invoices were not received in the current financial year as the duration of the project is February 2019 to January 2020. The year-end under-expenditure regarding transfers and subsidies is due to the non-transfer of funds earmarked for the transfer to Umgeni Municipality for the Nelson Mandela Capture site. The funds are surrendered as a savings as the funds may not be rolled over for purposes other than originally budgeted for. In addition the non-transfer of funds to the Municipal Infrastructure Support Agent (MISA) to assist the Abaqulusi Local municipality to mitigate the current water contamination further increased the under expenditure. A roll over has been requested for the R20 million MISA transfer. The year-end under expenditure regarding capital assets relates to the delayed procurement processes relating to the construction and refurbishment of CSC's. Orders have since been placed and a roll over was requested by the department. Also contributing to the under expenditure was the slow delivery of yellow plant orders (such as water tankers, vacuum sewerage tankers, graders, etc.). Roll overs have been requested in this regard.

Traditional Institutional Management	516,248	488,178	28,070	5.4%
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Explanation of variance: The savings regarding goods and services is as a result of the cancellation of projects such as Ukuthela amanzi; Recognition and Installation of 7 amakhosi, programmes initiated by the Portfolio Committee in line with the Provincial House Strategic Planning: Local Houses, amongst others in order to fund service delivery projects. In addition, savings were also realised under iziNduna stipends mainly due to the fluctuation in the number of iziNduna paid, as well as the decision taken not to increase the stipends in terms of the proclamations. The stipends were also frozen due to iziNduna found to be double dipping, Isigodi sharing, as well as Ubukhosi vacancies. Due to the postponement of the election date, orders were also not placed for the Traditional council elections. The year-end under expenditure regarding transfers and subsidies is mainly as a result of the leave gratuity payments in respect of the staff exits being lower than anticipated. The year-end under expenditure regarding capital assets relates to slow procurement processes relating to computer equipment for the Traditional Councils. In addition the procurement of furniture and equipment for internal staff was also halted due to the delays with the filling of vacant posts.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
<b>Current payments</b>				
Compensation of employees	657,298	657,237	61	-
Goods and services	700,548	647,055	53,493	7.6%
Interest and rent on land	85	86	(1)	(1.2%)
<b>Transfers and subsidies</b>				
Provinces and municipalities	156,462	150,612	5,850	3.7%

**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2019**

Departmental agencies and accounts	20,000	60	19,940	99.7%
Non-profit institutions	24,218	24,368	(150)	(0.6%)
Households	15,134	12,235	2,899	19.2%

**Payments for capital assets**

Buildings and other fixed structures	25,928	6,746	19,182	74.0%
Machinery and equipment	125,692	66,386	59,306	47.2%

**Payments for financial assets**

Explanation of variances: Compensation of employees - The department spent 99% of the adjusted budget at year-end. The slight under expenditure occurred mainly as a result of the expenditure being slightly lower than what was projected for. Goods and services - The year-end under expenditure is mainly due to savings realised through slow procurement processes, as well as the delays in the start of projects and the duration of various projects such as, Thuma Mina and voter harvesting, amongst others. Orders were also placed for the supply and installation of static tanks, appointment of a Forensic Investigator to investigate Irregularities around appointments and payments, Traditional Council Elections and the Assessment of the State of Infrastructure in the province, amongst others. Also contributing to the under expenditure were slow spending ICT projects such as Enterprise Content Management. The project was cancelled due to the challenges experienced with the service provider. In addition, the costs for the leave management system was lower than anticipated. Savings were also realised mainly due to the fluctuation in the number of iziNduna paid, as well as the decision taken not to increase the stipends in terms of the proclamations. The stipends were also frozen due to iziNduna found to be double dipping, Isigodi sharing as well as Ubukhosi vacancies. Certain projects such as Ukuthela amanzi; Recognition and Installation of 7 amakhosi and programmes initiated by the Portfolio Committee in line with the Provincial House Strategic Planning: Local Houses, amongst others were halted in order to fund the service delivery projects such as the Assessment of the state of infrastructure in the Province. A roll over was requested for the under expenditure incurred as follows:

1. Appointment of a service provider to investigate irregularities and maladministration around the appointments and payments made to service providers - R500 000
2. As a request by the current president of SA, during the state of the Nation address announced the launch of the National clean up campaigns ( Thuma Mina) R10 m
3. MEC Community engagements - R2. 976
4. Beadwork programme in Ubuhlebezwe, iNkosi Langalibalele and Richmond municipalities - R889 000
5. Supply static tanks for all municipalities experiencing water challenges - R2 965 m
6. Assessment of the state of infrastructure in the Province - R34 941 m. Transfers and subsidies - The year-end under expenditure regarding transfers to municipalities is due to the non-transfer of funds earmarked for the Umgeni Municipality for the Nelson Mandela Capture site. The funds are surrendered as a savings as the funds may not be rolled over for purposes other than the originally purpose. The under expenditure regarding Public Corporations and Private Enterprises relates to the non-transfer of funds to the Municipal Infrastructure Support Agent (MISA) to assist the Abaqulusi Local Municipality to mitigate the current water contamination. The request to transfer the funds was not approved by Provincial Treasury in March due to the project time frames, which indicated that most of the activities were to commence in June 2019. An amended submission was compiled and Provincial Treasury tentatively approved that the funds be rolled over. The year-end under expenditure regarding households

**NOTES TO THE APPROPRIATION STATEMENT**  
*for the year ended 31 March 2019*

is due to the strike action that took place at the tertiary institutions as well as the reduction in the number of bursaries awarded to external students as students have received National Student Financial Aid Scheme (NSFAS) funding. Payments for capital assets - The year-end under expenditure regarding buildings and other fixed structures relates to the delayed procurement processes relating to the construction and refurbishment of CSC's. Orders have since been placed and a roll over was requested by the department. The roll overs requested are as follows:

1. Refurbishment of Mayville Building – R 3614 m
2. Construction and Refurbishment of CSC – R11 748 m
3. Provincial Disaster Recovery Grant – R 10 615 m. The under expenditure regarding machinery and equipment is mainly due to the slow delivery of yellow plant orders (such as water tankers, vacuum sewerage tankers, graders etc.), as well as motor vehicles ordered for the departmental fleet. Furniture and equipment was also ordered for staff within the department, however, the non-delivery thereof further contributed to the under expenditure. All budgets regarding the outstanding orders have been requested as roll overs. The roll overs requested are as follows:
  1. Yellows Plants (Programme 1) – R23 601 m
  2. Yellows Plants (Programme 3) – R27 165 m
  3. Departmental Fleet – R3 492 m
  4. Refurbishment of Mayville Building – R 1 389 m
  5. Construction and Refurbishment of CSC – R11 748 m
  6. Provincial Disaster Recovery Grant – R 10 615 m
  7. Other furniture and equipment – R835 000.

<b>4.3 Per conditional grant</b>	<b>Final Appropriation n R'000</b>	<b>Actual Expenditure R'000</b>	<b>Variance R'000</b>	<b>Variance as a % of Final Appropriation R'000</b>
EPWP Integrated Grant for Provinces	4,552	4,552	-	-
Provincial Disaster Recovery Grant	11,328	713	10,615	93.7%



**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
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**STATEMENT OF FINANCIAL PERFORMANCE**

*for the year ended 31 March 2019*

	Note	2018/19 R'000	2017/18 R'000
<b>REVENUE</b>			
Annual appropriation	<u>1</u>	1,725,365	1,586,726
Departmental revenue	<u>2</u>	9,828	5,072
<b>TOTAL REVENUE</b>		<b>1,735,193</b>	<b>1,591,798</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	<u>3</u>	657,237	649,602
Goods and services	<u>4</u>	647,055	669,481
Interest and rent on land	<u>5</u>	86	-
<b>Total current expenditure</b>		<b>1,304,378</b>	<b>1,319,083</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	<u>7</u>	187,275	139,500
<b>Total transfers and subsidies</b>		<b>187,275</b>	<b>139,500</b>
<b>Expenditure for capital assets</b>			
Tangible assets	<u>8</u>	73,132	72,839
Intangible assets	<u>8</u>	-	87
<b>Total expenditure for capital assets</b>		<b>73,132</b>	<b>72,926</b>
<b>Payments for financial assets</b>	<u>6</u>	-	<b>1,648</b>
<b>TOTAL EXPENDITURE</b>		<b>1,564,785</b>	<b>1,533,157</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>170,408</b>	<b>58,641</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		160,580	53,569
Annual appropriation		149,965	53,569
Conditional grants		10,615	-
Departmental revenue and NRF Receipts	<u>14</u>	9,828	5,072
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>170,408</b>	<b>58,641</b>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
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**STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2019**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>ASSETS</b>			
<b>Current assets</b>		<b>93,815</b>	<b>60,016</b>
Unauthorised expenditure	<u>9</u>	210	-
Cash and cash equivalents	<u>10</u>	83,312	35,515
Prepayments and advances	<u>11</u>	383	3,024
Receivables	<u>12</u>	9,910	21,477
<b>Non-current assets</b>		<b>15,603</b>	<b>-</b>
Receivables	<u>12</u>	15,603	-
<b>TOTAL ASSETS</b>		<b>109,418</b>	<b>60,016</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>106,722</b>	<b>58,174</b>
Voted funds to be surrendered to the Revenue Fund	<u>13</u>	100,790	53,569
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>14</u>	732	2,070
Payables	<u>15</u>	5,200	2,535
<b>TOTAL LIABILITIES</b>		<b>106,722</b>	<b>58,174</b>
<b>NET ASSETS</b>		<b>2,696</b>	<b>1,842</b>
<b>Represented by:</b>			
Recoverable revenue		2,696	1,842
<b>TOTAL</b>		<b>2,696</b>	<b>1,842</b>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
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**STATEMENT OF CHANGES IN NET ASSETS**  
*for the year ended 31 March 2019*

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
<b>Recoverable revenue</b>			
Opening balance		1,842	1,627
Transfers:		<b>854</b>	<b>215</b>
Debts recovered (included in departmental receipts)		(391)	(161)
Debts raised		1,245	376
Closing balance		<b>2,696</b>	<b>1,842</b>
<b>TOTAL</b>		<b>2,696</b>	<b>1,842</b>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
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**CASH FLOW STATEMENT**  
**for the year ended 31 March 2019**

	Note	2018/19 R'000	2017/18 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>1,672,445</b>	<b>1,591,778</b>
Annual appropriated funds received	<u>1.1</u>	1,665,365	1,586,726
Departmental revenue received	<u>2</u>	7,008	4,988
Interest received	<u>2.2</u>	72	64
Net (increase)/decrease in working capital		1,060	(7,745)
Surrendered to Revenue Fund		(64,735)	(15,740)
Current payments		(1,304,292)	(1,319,111)
Interest paid	<u>5</u>	(86)	-
Payments for financial assets		-	(1,648)
Transfers and subsidies paid		(187,065)	(139,775)
<b>Net cash flow available from operating activities</b>	<u>16</u>	<b>117,327</b>	<b>107,759</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	<u>8</u>	(73,132)	(72,623)
Proceeds from sale of capital assets	<u>2.3</u>	2,748	20
<b>Net cash flows from investing activities</b>		<b>(70,384)</b>	<b>(72,603)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		854	215
<b>Net cash flows from financing activities</b>		<b>854</b>	<b>215</b>
Net increase/(decrease) in cash and cash equivalents		47,797	35,371
Cash and cash equivalents at beginning of period		35,515	144
<b>Cash and cash equivalents at end of period</b>	<u>17</u>	<b>83,312</b>	<b>35,515</b>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
**VOTE 11**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

**PART A: ACCOUNTING POLICIES**

<p><b>Summary of significant accounting policies</b></p> <p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the department's primary and secondary information.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
<b>1</b>	<p><b>Basis of preparation</b></p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
<b>2</b>	<p><b>Going concern</b></p> <p>The financial statements have been prepared on a going concern basis, despite the accrual and provision for iziNduna being equivalent to the department allocation. An engagement between Provincial Treasury and National Treasury is underway to secure funding for the historical liability of iziNduna.</p>
<b>3</b>	<p><b>Presentation currency</b></p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
<b>4</b>	<p><b>Rounding</b></p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000).</p>
<b>5</b>	<p><b>Comparative information</b></p>
<b>5.1</b>	<p><b>Prior period comparative information</b></p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
<b>5.2</b>	<p><b>Current year comparison with budget</b></p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
<b>6</b>	<p><b>Revenue</b></p>
<b>6.1</b>	<p><b>Appropriated funds</b></p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against</p>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

	<p>the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to/from the relevant revenue fund at the reporting date is recognised as a payable/receivable in the statement of financial position.</p>
<b>6.2</b>	<p><b>Departmental revenue</b></p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
<b>7</b>	<b>Expenditure</b>
<b>7.1</b>	<b>Compensation of employees</b>
<b>7.1.1</b>	<p><b>Salaries and wages</b></p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
<b>7.1.2</b>	<p><b>Social contributions</b></p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
<b>7.2</b>	<p><b>Other expenditure</b></p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
<b>7.3</b>	<p><b>Accruals and payables not recognised</b></p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>
<b>7.4</b>	<b>Leases</b>
<b>7.4.1</b>	<p><b>Operating leases</b></p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
<b>7.4.2</b>	<p><b>Finance leases</b></p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are</p>

**DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2019**

	<p>not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> <li>• cost, being the fair value of the asset; or</li> <li>• the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.</li> </ul>
<b>8</b>	<p><b>Cash and cash equivalents</b></p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
<b>9</b>	<p><b>Prepayments and advances</b></p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
<b>10</b>	<p><b>Loans and receivables</b></p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>
<b>11</b>	<b>Financial assets</b>
<b>11.1</b>	<p><b>Financial assets (not covered elsewhere)</b></p> <p>A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.</p> <p>At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.</p>
<b>11.2</b>	<p><b>Impairment of financial assets</b></p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
<b>12</b>	<p><b>Payables</b></p> <p>Payables recognised in the statement of financial position are recognised at cost.</p>
<b>13</b>	<b>Capital Assets</b>
<b>13.1</b>	<p><b>Immovable capital assets</b></p> <p>Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably.</p>

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	<p>Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.</p> <p>Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.</p> <p>Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.</p>
<b>13.2</b>	<p><b>Movable capital assets</b></p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.</p> <p>Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.</p>
<b>13.3</b>	<p><b>Project Costs: Work-in-progress</b></p> <p>Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.</p> <p>Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.</p> <p>Where the department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.</p>
<b>14</b>	<b>Provisions and Contingents</b>
<b>14.1</b>	<p><b>Provisions</b></p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>
<b>14.2</b>	<p><b>Contingent liabilities</b></p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the</p>



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	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.
<b>14.3</b>	<p><b>Commitments</b></p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
<b>15</b>	<p><b>Fruitless and wasteful expenditure</b></p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.</p> <p>Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>16</b>	<p><b>Irregular expenditure</b></p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.</p> <p>Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.</p>
<b>17</b>	<p><b>Changes in accounting policies, accounting estimates and errors</b></p> <p>Changes in accounting policies that are effected by management have been applied retrospectively 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 change in policy. In such instances the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p> <p>Changes in accounting estimates are applied prospectively in accordance with MCS requirements.</p> <p>Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.</p>
<b>18</b>	<p><b>Events after the reporting date</b></p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-</p>

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	adjusting events after the reporting date have been disclosed in the notes to the financial statements.
<b>19</b>	<p><b>Principal-Agent arrangements</b></p> <p>The department is party to a principal-agent arrangement for the construction and rehabilitation of Traditional Administrative Centres and Imizi Yezizwe, the implementation of the Small Town Rehabilitation Projects and implementation of water and sanitation projects. In terms of the arrangement the agent is responsible for the appointment of the service providers and the implementation of the project and the principle is responsible for oversight of the project implementation. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
<b>20</b>	<p><b>Departures from the MCS requirements</b></p> <p>The financial statements present fairly the department's primary and secondary information and the department complied fully with the Modified Cash Standard requirements.</p>
<b>21</b>	<p><b>Recoverable revenue</b></p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
<b>22</b>	<p><b>Related party transactions</b></p> <p>A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. 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.</p>
<b>23</b>	<p><b>Key management personnel</b></p> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
<b>24</b>	<p><b>Inventories</b></p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
<b>25</b>	<p><b>Employee benefits</b></p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

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**PART B: EXPLANATORY NOTES**

**1. Annual Appropriation**

**1.1 Annual Appropriation**

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

	<b>Final Appropriation</b>	<b>2018/19 Actual Funds Received</b>	<b>Funds not requested/ not received</b>	<b>2017/18 Final Appropriation</b>	<b>Appropriation received</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Administration	431,497	421,629	9,868	381,840	381,840
Local Governance	282,989	271,073	11,916	245,512	245,512
Development and Planning	494,631	484,486	10,145	407,621	407,621
Traditional Institutional Management	516,248	488,177	28,071	551,753	551,753
<b>Total</b>	<b>1,725,365</b>	<b>1,665,365</b>	<b>60,000</b>	<b>1,586,726</b>	<b>1,586,726</b>

The department commenced paying izinduna as per Provincial Executive decision from December 2016 in line with the Presidential proclamation which was effective from the 1st of April 2016. The President signs the Public Office bearers' proclamations on an annual basis. There are four proclamations that have been signed to date with the first being effective from the 1st of April 2013. The effect of commencing to pay izinduna as public office bearers only from 2016 resulted in a historic liability to the value of R 1, 376 billion as disclosed in note 27.

The department has presented this financial situation to the Cogta Portfolio Committee as well as the Finance Portfolio Committee with an aim of securing a resolution for National Treasury to appropriate additional funding. A letter was written to the MEC Finance by the department with an intention of securing a financial guarantee for this liability. A memorandum was written to the Provincial Executive structure as well as to the MINCOMBUD to secure a future allocation of the required funds. A joint letter from Provincial Cogta and Provincial Treasury has been written to the National Minister of Cogta and Finance with an intention of securing the financial guarantee from the National Revenue Fund.

**1.2 Conditional grants**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Total grants received	48	15,880	3,338
Provincial grants included in Total Grants received		11,328	-

**2. Departmental revenue**

<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
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		R'000	R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	1,540	1,603
Interest, dividends and rent on land	2.2	72	64
Sales of capital assets	2.3	2,748	20
Transactions in financial assets and liabilities	2.4	5,468	3,385
<b>Departmental revenue collected</b>		<b>9,828</b>	<b>5,072</b>

**2.1 Sales of goods and services other than capital assets**

	Note	2018/19 R'000	2017/18 R'000
	2	1,539	1,600
Sales of goods and services produced by the department			
Sales by market establishment		775	856
Other sales		764	744
Sales of scrap, waste and other used current goods		1	3
<b>Total</b>		<b>1,540</b>	<b>1,603</b>

**2.2 Interest, dividends and rent on land**

	Note	2018/19 R'000	2017/18 R'000
	2	72	64
Interest		72	64
<b>Total</b>		<b>72</b>	<b>64</b>

**2.3 Sale of capital assets**

	Note	2018/19 R'000	2017/18 R'000
	2	2,748	20
<b>Tangible assets</b>			
Machinery and equipment	28	2,748	20
<b>Total</b>		<b>2,748</b>	<b>20</b>

The auction of vehicles for 2017/18 was delayed and only took place during the 2018/19 financial year.

**2.4 Transactions in financial assets and liabilities**

	Note	2018/19 R'000	2017/18 R'000
	3	319	97
Receivables		319	97
Other Receipts including Recoverable Revenue		5,149	3,288
<b>Total</b>		<b>5,468</b>	<b>3,385</b>

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**3. Compensation of employees**

**3.1 Salaries and Wages**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Basic salary		477,519	467,769
Performance award		8,659	7,887
Service Based		596	519
Compensative/circumstantial		6,166	10,010
Periodic payments		52	-
Other non-pensionable allowances		86,821	88,953
<b>Total</b>		<b><u>579,813</u></b>	<b><u>575,138</u></b>

**3.2 Social contributions**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
<b>Employer contributions</b>			
Pension		49,182	47,826
Medical		28,089	26,487
UIF		33	38
Bargaining council		120	113
<b>Total</b>		<b><u>77,424</u></b>	<b><u>74,464</u></b>
<b>Total compensation of employees</b>		<b><u>657,237</u></b>	<b><u>649,602</u></b>
Average number of employees		<u>1,641</u>	<u>1,769</u>

**4. Goods and services**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Administrative fees		2,807	2,165
Advertising		17,228	19,550
Minor assets	4.1	631	5,533
Bursaries (employees)		283	752
Catering		2,220	1,627
Communication		12,408	13,262
Computer services	4.2	39,760	34,965
Consultants: Business and advisory services		60,866	114,451
Legal services		6,428	5,029
Contractors		36,253	20,214
Agency and support / outsourced services		3,779	1,697
Audit cost – external	4.3	8,113	8,257
Fleet services		14,381	16,538
Inventory	4.4	38,065	-
Consumables	4.5	17,390	10,346
Operating leases		21,325	27,759
Property payments	4.6	33,517	32,023
Rental and hiring		7	10

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Travel and subsistence	4.7	43,740	38,322
Venues and facilities		-	313
Training and development		419	1,157
Other operating expenditure	4.8	287,435	315,511
<b>Total</b>		<b>647,055</b>	<b>669,481</b>

**4.1 Minor assets**

	Note	2018/19	2017/18
	4	R'000	R'000
<b>Tangible assets</b>		631	5,533
Machinery and equipment		631	5,533
<b>Total</b>		<b>631</b>	<b>5,533</b>

The 2017/18 minor assets were restated to exclude capital asset additions of R28,107.56 which were incorrectly classified as minor assets.

**4.2 Computer services**

	Note	2018/19	2017/18
	4	R'000	R'000
SITA computer services		16,217	25,520
External computer service providers		23,543	9,445
<b>Total</b>		<b>39,760</b>	<b>34,965</b>

**4.3 Audit cost – External**

	Note	2018/19	2017/18
	4	R'000	R'000
Regularity audits		8,113	8,257
<b>Total</b>		<b>8,113</b>	<b>8,257</b>

**4.4 Inventory**

	Note	2018/19	2017/18
	4	R'000	R'000
Food and food supplies		2,402	-
Materials and supplies		1,205	-
Other supplies	4.4.1	34,458	-
<b>Total</b>		<b>38,065</b>	<b>-</b>

**4.4.1 Other supplies**

	Note	2018/19	2017/18
	4.4	R'000	R'000
Ammunition and security supplies			
Assets for distribution		33,468	-
Machinery and equipment		33,468	-
Other		990	-
<b>Total</b>		<b>34,458</b>	<b>-</b>

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**4.5 Consumables**

	Note <u>4</u>	2018/19 R'000	2017/18 R'000
Consumable supplies		2,381	5,005
Uniform and clothing		189	868
Household supplies		1,599	3,142
Building material and supplies		183	-
IT consumables		1	444
Other consumables		409	551
Stationery, printing and office supplies		15,009	5,341
<b>Total</b>		<b>17,390</b>	<b>10,346</b>

**4.6 Property payments**

	Note <u>4</u>	2018/19 R'000	2017/18 R'000
Municipal services		15,573	15,630
Property maintenance and repairs		5,875	5,851
Other		12,069	10,542
<b>Total</b>		<b>33,517</b>	<b>32,023</b>

**4.7 Travel and subsistence**

	Note <u>4</u>	2018/19 R'000	2017/18 R'000
Local		39,250	33,215
Foreign		4,490	5,107
<b>Total</b>		<b>43,740</b>	<b>38,322</b>

**4.8 Other operating expenditure**

	Note <u>4</u>	2018/19 R'000	2017/18 R'000
Professional bodies, membership and subscription fees		10	10
Resettlement costs		38	81
Other		287,387	315,420
<b>Total</b>		<b>287,435</b>	<b>315,511</b>

Included in other operating expenditure under other is expenditure for Honoraria for the payment of iziNduna amounting to R285,985,586-03.

**5. Interest and rent on land**

Note	2018/19 R'000	2017/18 R'000
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Interest paid	86	-
<b>Total</b>	<b>86</b>	<b>-</b>

**6. Payments for financial assets**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Material losses through criminal conduct			
Debts written off	8.3	-	1,648
<b>Total</b>		<b>-</b>	<b>1,648</b>

**6.1 Debts written off**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>Nature of debts written off</b>	<b>8</b>		
Other debt written off			
Eastern Cape Local Government Department		-	1,648
<b>Total</b>		<b>-</b>	<b>1,648</b>
<b>Total debt written off</b>		<b>-</b>	<b>1,648</b>

**7. Transfers and subsidies**

		<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
	<i>Note</i>		
Provinces and municipalities	34, 35	150,612	93,300
Departmental agencies and accounts	Annex 1B	60	-
Non-profit institutions	Annex 1F	24,368	32,051
Households	Annex 1G	12,235	14,149
<b>Total</b>		<b>187,275</b>	<b>139,500</b>

The 2017/18 additions relating to capital assets were restated to include expenses of R275,467.32 which were incorrectly disclosed as transfers to non-profit Institutions.

**8. Expenditure for capital assets**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>Tangible assets</b>		<b>73,132</b>	<b>72,839</b>
Buildings and other fixed structures	30	6,746	56,598
Machinery and equipment	28	66,386	16,241
<b>Intangible assets</b>		<b>-</b>	<b>87</b>
Software	29	-	87
<b>Total</b>		<b>73,132</b>	<b>72,926</b>



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The 2017/18 additions relating to capital assets were restated to include expenses of R275,467.32 which were incorrectly disclosed as transfers to non-profit Institutions.

**8.1 Analysis of funds utilised to acquire capital assets – 2018/19**

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	<b>73,132</b>	<b>-</b>	<b>73,132</b>
Buildings and other fixed structures	6,746	-	6,746
Machinery and equipment	66,386	-	66,386
<b>Total</b>	<b>73,132</b>	<b>-</b>	<b>73,132</b>

**8.2 Analysis of funds utilised to acquire capital assets – 2017/18**

	<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Tangible assets</b>	<b>72,839</b>	<b>-</b>	<b>72,839</b>
Buildings and other fixed structures	56,598	-	56,598
Machinery and equipment	16,241	-	16,241
<b>Intangible assets</b>	<b>87</b>	<b>-</b>	<b>87</b>
Software	87	-	87
<b>Total</b>	<b>72,926</b>	<b>-</b>	<b>72,926</b>

**9. Unauthorised expenditure**

**9.1 Reconciliation of unauthorised expenditure**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Opening balance			
Prior period error			
As restated			
Unauthorised expenditure – discovered in current year (as restated)		210	-
Less: Amounts approved by Parliament/Legislature with funding			
Less: Amounts approved by Parliament/Legislature without funding			
Capital			
Current			
Transfers and subsidies			
Less: Amounts transferred to receivables for recovery	15		
<b>Closing balance</b>		<b>210</b>	<b>-</b>

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<b>Analysis of closing balance</b>		
Unauthorised expenditure awaiting authorisation	210	-
Unauthorised expenditure approved without funding and not derecognised		
<b>Total</b>	<b>210</b>	<b>-</b>

**9.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification**

	2018/19 R'000	2017/18 R'000
Transfers and subsidies	210	-
<b>Total</b>	<b>210</b>	<b>-</b>

**9.3 Analysis of unauthorised expenditure awaiting authorisation per type**

	2018/19 R'000	2017/18 R'000
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	210	-
<b>Total</b>	<b>210</b>	<b>-</b>

**9.4 Details of unauthorised expenditure – current year**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2018/19 R'000</b>
New transfers and subsidies introduced without Provincial Treasury approval.	Under investigation.	210
<b>Total</b>		<b>210</b>

**10. Cash and cash equivalents**

	<i>Note</i> 2018/19 R'000	2017/18 R'000
Consolidated Paymaster General Account Disbursements	83,305	35,523
Cash on hand	2	(13)
<b>Total</b>	<b>83,312</b>	<b>35,515</b>

**11. Prepayments and advances**

	<i>Note</i> 2018/19 R'000	2017/18 R'000
Travel and subsistence	6	-
Advances paid (Not expensed)	11.1 377	3,024

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<b>Total</b>	<b>383</b>	<b>3,024</b>
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**11.1 Advances paid (Not expensed)**

	<i>Note</i>	<b>Balance as at 1 April 2018</b>	<b>Less: Amount expensed in current year</b>	<b>Add or Less: Other</b>	<b>Add: Current Year advances</b>	<b>Balance as at 31 March 2019</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Public entities	11	3,024	(2,647)	-	-	377
<b>Total</b>		<b>3,024</b>	<b>(2,647)</b>	<b>-</b>	<b>-</b>	<b>377</b>

	<i>Note</i>	<b>Balance as at 1 April 2017</b>	<b>Less: Amount expensed in current year</b>	<b>Add or Less: Other</b>	<b>Add: Current Year advances</b>	<b>Balance as at 31 March 2018</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Public entities	11	999	(673)	2,698	-	3,024
<b>Total</b>		<b>999</b>	<b>(673)</b>	<b>2,698</b>	<b>-</b>	<b>3,024</b>

**12. Receivables**

		<b>Current</b>	<b>2018/19 Non- current</b>	<b>Total</b>	<b>Current</b>	<b>2017/18 Non- current</b>	<b>Total</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Claims recoverable	<i>Note 12.1</i>	4,320	1,564	5,884	6,087	-	6,087
Recoverable expenditure	<i>12.2</i>	3,176	9,907	13,083	11,657	-	11,657
Staff debt	<i>12.3</i>	345	472	817	754	-	754
Other receivables	<i>12.4</i>	2,069	3,660	5,729	2,979	-	2,979
<b>Total</b>		<b>9,910</b>	<b>15,603</b>	<b>25,513</b>	<b>21,477</b>	<b>-</b>	<b>21,477</b>

**12.1 Claims recoverable**

	<i>Note and Annex 4 12/4</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Public entities		5,884	6,087
<b>Total</b>		<b>5,884</b>	<b>6,087</b>

**12.2 Recoverable expenditure (disallowance accounts)**

<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
12		

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(Group major categories, but list material items)

Payment Fraud	8,505	8,083
Salary Reversal	3,029	3,066
Income Tax	148	13
Medical Aid	3	3
Deduction Disallowance	61	73
"Tax Recoveries	-	31
Tax Recoveries"	1,263	335
ACB Recalls	14	14
Pension Fund	39	39
Pension Recoverable	21	-
<b>Total</b>	<b>13,083</b>	<b>11,657</b>

**12.3 Staff debt**

	<i>Note</i> 12	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
(Group major categories, but list material items)			
Arrears on House Rent		30	62
Breach of Contract		507	391
Leave Without Pay		16	-
Overpaid Salary		1	103
Tax Debt		20	7
Telephone		6	1
Vehicle Damage		237	190
<b>Total</b>		<b>817</b>	<b>754</b>

A 2017/18 breach of contract debt, incorrectly disclosed as an unauthorised vehicle usage debt, was restated.

**12.4 Other receivables**

	<i>Note</i> 12	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
(Group major categories, but list material items)			
Ex-Employees		4,998	2,748
External Debtors (Including iziNduna)		730	230
Appeal Board		1	1
<b>Total</b>		<b>5,729</b>	<b>2,979</b>

**12.5 Impairment of receivables**

	<i>Note</i>	<b>2018/19</b> <b>R'000</b>	<b>2017/18</b> <b>R'000</b>
Estimate of impairment of receivables		1,302	1,460
<b>Total</b>		<b>1,302</b>	<b>1,460</b>

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**13. Voted funds to be surrendered to the Revenue Fund**

	Note	2018/19 R'000	2017/18 R'000
Opening balance		53,569	12,703
Prior period error		-	-
As restated		53,569	12,703
Transfer from statement of financial performance (as restated)		160,580	53,569
Add; Unauthorised expenditure for current year	9	210	-
Voted funds not requested/not received	1.1	(60,000)	-
Paid during the year		(53,569)	(12,703)
<b>Closing balance</b>		<b>100,790</b>	<b>53,569</b>

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

	Note	2018/19 R'000	2017/18 R'000
Opening balance		2,070	35
Prior period error		-	-
As restated		2,070	35
Transfer from Statement of Financial Performance (as restated)		9,828	5,072
Paid during the year		(11,166)	(3,037)
<b>Closing balance</b>		<b>732</b>	<b>2,070</b>

**15. Payables – current**

	Note	2018/19 R'000	2017/18 R'000
Clearing accounts	15.1	5,200	2,535
<b>Total</b>		<b>5,200</b>	<b>2,535</b>

**15.1 Clearing accounts**

	Note	2018/19 R'000	2017/18 R'000
Description (Identify major categories, but list material amounts)	15		
ACB Recalls		2,666	1,735
Appeal Board Deposits		49	50
Government Employee Housing Scheme		-	2
Salary Reversal		1,183	327
Tax Recoveries		1	3
Income Tax		1,018	130
Pension Fund		264	268
Deduction Disallowance		7	20

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Medical Aid	11	-
Garnishee	1	-
<b>Total</b>	<b>5,200</b>	<b>2,535</b>

**16. Net cash flow available from operating activities**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Net surplus/(deficit) as per Statement of Financial Performance		170,408	58,641
Add back non cash/cash movements not deemed operating activities		(53,081)	49,118
(Increase)/decrease in receivables		(4,036)	(3,150)
(Increase)/decrease in prepayments and advances		2,641	(2,004)
Increase/(decrease) in payables – current		2,665	(2,591)
Proceeds from sale of capital assets		(2,748)	(20)
Expenditure on capital assets		73,132	72,623
Surrenders to Revenue Fund		(64,735)	(15,740)
Voted funds not requested/not received		(60,000)	-
<b>Net cash flow generated by operating activities</b>		<b>117,327</b>	<b>107,759</b>

**17. Reconciliation of cash and cash equivalents for cash flow purposes**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Consolidated Paymaster General account		83,305	35,523
Disbursements		2	(13)
Cash on hand		5	5
<b>Total</b>		<b>83,312</b>	<b>35,515</b>

**18. Contingent liabilities and contingent assets**

**18.1 Contingent liabilities**

		<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
<b>Liable to</b>	<b>Nature</b>		<b>R'000</b>	<b>R'000</b>
Housing loan guarantees	Employees	<i>Annex 3A</i>	16	56
Claims against the department		<i>Annex 3B</i>	4,307	786
Intergovernmental payables (unconfirmed balances)		<i>Annex 5</i>	7,369	4,017
<b>Total</b>			<b>11,692</b>	<b>4,859</b>

Prior period housing loan guarantees restated to include guarantee of R40,000.00 in respect of NC Thusi.

**19. Commitments**

<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
	<b>R'000</b>	<b>R'000</b>

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**Current expenditure**

Approved and contracted	189,787	146,187
Approved but not yet contracted	711	2,993
	<u>190,498</u>	<u>149,180</u>

**Capital expenditure**

Approved and contracted	97,320	40,207
Approved but not yet contracted	-	3,681
	<u>97,320</u>	<u>43,888</u>

**Total Commitments**

<u>287,818</u>	<u>193,068</u>
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Included in the total commitments is an amount of R47,756,218-25 which relate to commitments longer than a year.

**20. Accruals and payables not recognised**

**20.1 Accruals**

			2018/19 R'000	2017/18 R'000
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	29,296	-	29,296	25,263
Transfers and subsidies	-	-	-	300
Capital assets	32	-	32	16
<b>Total</b>	<u>29,328</u>	<u>-</u>	<u>29,328</u>	<u>25,579</u>

*Note*

	2018/19 R'000	2017/18 R'000
<b>Listed by programme level</b>		
Administration	19,657	18,846
Local Governance	5,452	4,763
Development and Planning	3,682	1,221
Traditional Institutional Management	537	749
<b>Total</b>	<u>29,328</u>	<u>25,579</u>

**20.2 Payables not recognised**

			2018/19 R'000	2017/18 R'000
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	14,713	86,043	100,756	66,982
<b>Total</b>	<u>14,713</u>	<u>86,043</u>	<u>100,756</u>	<u>66,982</u>

*Note*

	2018/19 R'000	2017/18 R'000
<b>Listed by programme level</b>		
Administration	8,136	1,579
Local Governance	2,748	75

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Development and Planning	3,074	433
Traditional Institutional Management	86,798	64,895
<b>Total</b>	<b>100,756</b>	<b>66,982</b>

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
<b>Included in the above totals are the following:</b>		<b>R'000</b>	<b>R'000</b>
Confirmed balances with other departments	<i>Annex 5</i>	872	6,708
<b>Total</b>		<b>872</b>	<b>6,708</b>

**21. Employee benefits**

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
		<b>R'000</b>	<b>R'000</b>
Leave entitlement		39,707	38,617
Service bonus		15,381	14,774
Performance awards		-	-
Capped leave commitments		32,470	33,300
Other		2,268	659
<b>Total</b>		<b>89,826</b>	<b>87,350</b>

	<i>Note</i>	<b>2018/19</b>	<b>2017/18</b>
<b>Included in the above totals are the following:</b>		<b>R'000</b>	<b>R'000</b>
Confirmed balances with other departments	<i>Annex 5</i>	934	-
<b>Total</b>		<b>934</b>	<b>-</b>

Prior year leave entitlement restated to include R25,940,717-51 relating to the previous leave cycle. The leave entitlement balance as disclosed above is the net amount of negative leave balances. The rand value of negative leave balances as at 31 March 2019 was R216,344-81 and relates to pro-rata leave balances.

**22. Lease commitments**

**22.1 Operating leases**

2018/19	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
Not later than 1 year			14,148	1,993	16,141
Later than 1 year and not later than 5 years			2,567	1,436	4,003
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>16,715</b>	<b>3,429</b>	<b>20,144</b>

2017/18	Specialised military equipment R'000	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000



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Not later than 1 year	-	-	18,476	2,448	20,924
Later than 1 year and not later than 5 years	-	-	15,317	1,013	16,330
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>33,793</b>	<b>3,461</b>	<b>37,254</b>

**22.2 Finance leases \*\***

	<b>Specialised military equipment R'000</b>	<b>Land R'000</b>	<b>Buildings and other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
<b>2018/19</b>					
Not later than 1 year	-	-	-	3,533	3,533
Later than 1 year and not later than 5 years	-	-	-	2,351	2,351
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,884</b>	<b>5,884</b>

	<b>Specialised military equipment R'000</b>	<b>Land R'000</b>	<b>Buildings and other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>Total R'000</b>
<b>2017/18</b>					
Not later than 1 year	-	-	-	6,916	6,916
Later than 1 year and not later than 5 years	-	-	-	1,436	1,436
Later than five years	-	-	-	-	-
<b>Total lease commitments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,352</b>	<b>8,352</b>

**23. Irregular expenditure**

**23.1 Reconciliation of irregular expenditure**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Opening balance		539,942	400,888
Prior period error			(66)
As restated		539,942	400,822
Add: Irregular expenditure – relating to prior year		26,096	-
Add: Irregular expenditure – relating to current year		41,335	139,120
Less: Prior year amounts condoned		(545)	-
<b>Closing balance</b>		<b>606,828</b>	<b>539,942</b>

**Analysis of awaiting condonation per age classification**

Current year	41,335	139,120
Prior years	565,493	400,822
<b>Total</b>	<b>606,828</b>	<b>539,942</b>

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The opening balance was restated in order to exclude a calculation error of R66,000-00.
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**23.2 Details of irregular expenditure – added current year (relating to current and prior years)**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2018/19 R'000</b>
SCM processes not followed during 2017/18 financial year	Under investigation	26,096
Three quotes not received	Under investigation	1,738
Less than three quotes received	Under investigation	559
Cheapest supplier not awarded	Under investigation	7
Delegations not adhered to for overtime	Under investigation	169
Actual invoice greater than order	Under investigation	5
Disclosure notes not completed/incorrectly completed.	Under investigation	167
Evaluation and Adjudication criteria different to those indicated in the original bid document	Under investigation	10,543
Evaluation committees were not comprised of at least 3 people who were fully conversant with the technical aspects of the projects. Not compliant with CIBD requirements.	Under investigation	6,072
Local content requirement not adhered to	Under investigation	4,238
Cover quoting	Under investigation	9
No valid contract	Under investigation	10,940
No supporting documentation	Under investigation	31
Procurement not in line with SCM prescripts	Under investigation	2,540
SCM processes not followed	Under investigation	4,255
Variation amount in excess of 15%	Under investigation	61
<b>Total</b>		<b>67,431</b>

**23.3 Details of irregular expenditure condoned**

<b>Incident</b>	<b>Condoned by (condoning authority)</b>	<b>2018/19 R'000</b>
Three quotes not requested	Accounting Officer	511
Requested three or more quotes, but received less than three	Accounting Officer	34
<b>Total</b>		<b>545</b>

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**23.4 Prior period error**

	<i>Note</i>	<b>2017/18 R'000</b>
<b>Nature of prior period error</b>		
Relating to 2017/18 <i>[affecting the opening balance]</i>		<b>(66)</b>
Correction of prior year misstatement.		<b>(66)</b>
Total prior period errors		<b>(66)</b>

**24. Fruitless and wasteful expenditure**

**24.1 Reconciliation of fruitless and wasteful expenditure**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Opening balance		2,191	1,704
Prior period error		-	(1)
As restated		2,191	1,703
Fruitless and wasteful expenditure – relating to prior year		512	311
Fruitless and wasteful expenditure – relating to current year		988	215
Less: Amounts resolved		(143)	(38)
Less: Amounts transferred to receivables for recovery	15.6	-	-
<b>Closing balance</b>		<b>3,548</b>	<b>2,191</b>

**24.2 Analysis of awaiting resolution per economic classification**

	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Current	3,548	2,053
Capital	-	138
<b>Total</b>	<b>3,548</b>	<b>2,191</b>

**24.3 Analysis of Current year's (relating to current and prior years) fruitless and wasteful expenditure**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2018/19 R'000</b>
iziNduna payments	Under investigation	796
No-shows at hotels	Under investigation	5
Interest charged by Bigen Africa on outstanding payment	Under investigation	17
SARS penalties 17-18	Under investigation	69
Overpaid salary of Intern	Under investigation	15
Rental vehicle damages	Under investigation	4
Overpaid salary to Inkosi	Under investigation	594
<b>Total</b>		<b>1,500</b>

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**24.4 Prior period error**

	<i>Note</i>	<b>2017/18 R'000</b>
<b>Nature of prior period error</b>		
Relating to 2017/18 (affecting the opening balance)		<b>(1)</b>
Rounding of opening balance		<b>(1)</b>
<b>Nature of prior period error</b>		
Relating to 2017/18		<b>(1)</b>
Rounding of amounts resolved		<b>(1)</b>
<b>Total prior period errors</b>		<b>(2)</b>

**25. Related party transactions**

Relates to Traditional Levies and Trust Account for Current and Transfer Payments to the value of R24,368,034.07 in relation to the support given to the institution of traditional leadership. The department seconded Mr MP Duze to Mhlathuze Water as the interim CEO.

**26. Key management personnel**

	<b>No. of Individuals</b>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Political office bearers (provide detail below)	1	1,978	1,978
Officials:			
Level 16	1	2,066	2,167
Level 15	3	3,570	5,750
Level 14	18	20,931	18,895
Family members of key management personnel	3	1,080	1,326
<b>Total</b>		<b>29,625</b>	<b>30,116</b>

**27. Provisions**

	<i>Note</i>	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
Back pay for iziNduna		1,375,856	1,281,918
<b>Total</b>		<b>1,375,856</b>	<b>1,281,918</b>

**27.1 Reconciliation of movement in provisions – 2018/19**

Provision 1	Provision 2	Provision 3	Total provisions
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	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Opening balance	1,281,918	-	-	<b>1,281,918</b>
Increase in provision		-	-	
Settlement of provision	89,838	-	-	<b>89,838</b>
Unused amount reversed		-	-	
Reimbursement expected from third party		-	-	
Change in provision due to change in estimation of inputs	4,100	-	-	<b>4,100</b>
<b>Closing balance</b>	<b>1,375,856</b>	<b>-</b>	<b>-</b>	<b>1,375,856</b>

**Reconciliation of movement in provisions – 2017/18**

	<b>Provision 1 R'000</b>	<b>Provision 2 R'000</b>	<b>Provision 3 R'000</b>	<b>Total provisions R'000</b>
Opening balance	1,205,814	-	-	1,205,814
Increase in provision	80,032	-	-	80,032
Settlement of provision	-	-	-	-
Unused amount reversed	-	-	-	-
Reimbursement expected from third party	-	-	-	-
Change in provision due to change in estimation of inputs	(3,928)	-	-	(3,928)
<b>Closing balance</b>	<b>1,281,918</b>	<b>-</b>	<b>-</b>	<b>1,281,918</b>

The department commenced paying iziNduna as per Provincial Executive decision from December 2016 in line with the Presidential proclamation which was effective from 1 April 2016. The President signs the Public Office bearers' proclamations on an annual basis. There are four proclamations that have been signed to date with the first being effective from 1 April 2013. The effect of commencing to pay iziNduna as public office bearers only from 2016 resulted in a historic liability to the value of R1,376 billion.

The Department has presented this financial situation to the Cogta Portfolio Committee as well as the Finance Portfolio Committee with an aim of securing a resolution for National Treasury to appropriate additional funding. A letter was written to the MEC Finance by the Department with an intention of securing a financial guarantee for this liability. A memorandum was written to the Provincial Executive structure as well as to the MINCOMBUD to secure a future allocation of the required funds. A joint letter from Provincial Cogta and Provincial Treasury has been written to the National Ministers of Cogta and Finance with the intention of securing a financial guarantee from the National Revenue Fund.

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**28. Movable Tangible Capital Assets**

**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>139,515</b>	<b>-</b>	<b>66,386</b>	<b>(7,418)</b>	<b>198,483</b>
Transport assets	75,378	-	11,016	(6,537)	79,857
Computer equipment	43,666	-	7,328	(448)	50,546
Furniture and office equipment	15,749	-	485	(150)	16,084
Other machinery and equipment	4,722	-	47,557	(283)	51,996
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>139,515</b>	<b>-</b>	<b>66,386</b>	<b>(7,418)</b>	<b>198,483</b>

**28.1 Additions**

**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>66,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,386</b>
Transport assets	11,016	-	-	-	11,016
Computer equipment	7,328	-	-	-	7,328
Furniture and office equipment	485	-	-	-	485
Other machinery and equipment	47,557	-	-	-	47,557
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>66,386</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66,386</b>

**28.2 Disposals**

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
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<b>MACHINERY AND EQUIPMENT</b>	<b>(6,537)</b>	<b>(881)</b>	<b>(7,418)</b>	<b>2,748</b>
Transport assets	(6,537)	-	(6,537)	2,748
Computer equipment	-	(448)	(448)	-
Furniture and office equipment	-	(150)	(150)	-
Other machinery and equipment	-	(283)	(283)	-

<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>(6,537)</b>	<b>(881)</b>	<b>(7,418)</b>	<b>2,748</b>
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**28.3 Movement for 2017/18**

**MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	<b>Opening balance</b>	<b>Prior period error</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing Balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>MACHINERY AND EQUIPMENT</b>	<b>130,043</b>	<b>-</b>	<b>16,241</b>	<b>(6,769)</b>	<b>139,515</b>
Transport assets	69,939	-	5,898	(459)	75,378
Computer equipment	41,792	-	3,660	(1,786)	43,666
Furniture and office equipment	14,765	-	984	-	15,749
Other machinery and equipment	3,547	-	5,699	(4,524)	4,722
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>130,043</b>	<b>-</b>	<b>16,241</b>	<b>(6,769)</b>	<b>139,515</b>

**28.3.1 Prior period error**

*Note*

	<b>2017/18 R'000</b>
<b>Relating to 2017/18</b>	<b>304</b>
Computer equipment additions incorrectly classified as transfers to Traditional Councils	275
Capital furniture and equipment additions incorrectly classified as minor assets	28
Closing balance rounding	1
<b>Total prior period errors</b>	<b>304</b>

**28.4 Minor assets**

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019**

<b>Specialised military assets</b>	<b>Intangible assets</b>	<b>Heritage assets</b>	<b>Machinery and equipment</b>	<b>Biological assets</b>	<b>Total</b>
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	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	15,665	-	15,665
Additions	-	-	-	631	-	631
Disposals	-	-	-	(758)	-	(758)
<b>TOTAL MINOR ASSETS</b>	-	-	-	<b>15,538</b>	-	<b>15,538</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	10,820	-	10,820
Number of minor assets at cost	-	-	-	10,483	-	10,483
<b>TOTAL NUMBER OF MINOR ASSETS</b>	-	-	-	<b>21,303</b>	-	<b>21,303</b>

**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	14,671	-	14,671
Prior period error	-	-	-	(237)	-	(237)
Additions	-	-	-	5,533	-	5,533
Disposals	-	-	-	(4,302)	-	(4,302)
<b>TOTAL MINOR ASSETS</b>	-	-	-	<b>15,665</b>	-	<b>15,665</b>

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	12,435	-	12,435
Number of minor assets at cost	-	-	-	8,584	-	8,584



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<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21,019</b>	<b>-</b>	<b>21,019</b>
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**28.4.1 Prior period error**

*Note*  
28.4

**2017/18  
R'000**

**Nature of prior period error**

Relating to 2017/18 (affecting the opening balance)

**(237)**

2016/17 capital assets incorrectly classified as minor assets.

**(237)**

Relating to 2017/18

**(4,291)**

Capital furniture and equipment additions incorrectly classified as minor assets.

**(28)**

Prior period minor asset exclusions not disclosed as part of disposals.

**(4,263)**

**Total prior period errors**

**(4,528)**

**29. Intangible Capital Assets**

**29.1 Movement for 2017/18**

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED  
31 MARCH 2018**

	<b>Opening balance</b>	<b>Prior period error</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing Balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>SOFTWARE</b>	-	-	87	(87)	-
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>-</b>	<b>87</b>	<b>(87)</b>	<b>-</b>

**30. Immovable Tangible Capital Assets**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE  
YEAR ENDED 31 MARCH 2019**

	<b>Opening balance</b>	<b>Value adjustments</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing Balance</b>
	<b>R'000</b>		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>135,967</b>	<b>-</b>	<b>2,489</b>	<b>(56,230)</b>	<b>82,226</b>
Dwellings	280	-	230	-	510
Non-residential buildings	36,017	-	2,259	-	38,276
Other fixed structures	99,670	-	-	(56,230)	43,440
<b>TOTAL IMMOVABLE</b>	<b>135,967</b>	<b>-</b>	<b>2,489</b>	<b>(56,230)</b>	<b>82,226</b>

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**TANGIBLE CAPITAL ASSETS**

**30.1 Additions**

**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	6,746	2,489	(6,746)	-	2,489
Dwellings	477	230	(477)	-	230
Non-residential buildings	6,269	2,259	(6,269)	-	2,259
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>6,746</b>	<b>2,489</b>	<b>(6,746)</b>	<b>-</b>	<b>2,489</b>

**30.2 Disposals**

**DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019**

	Sold for cash	Non-cash disposals	Total disposals	Cash received actual
	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	-	(56,230)	(56,230)	-
Other fixed structures	-	(56,230)	(56,230)	-
<b>TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>-</b>	<b>(56,230)</b>	<b>(56,230)</b>	<b>-</b>

**30.3 Movement for 2017/18**

**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

Opening balance	Prior period error	Additions	Disposals	Closing Balance
R'000	R'000	R'000	R'000	R'000

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**BUILDINGS AND OTHER**

**FIXED STRUCTURES**

	-	-	<b>135,967</b>	-	<b>135,967</b>
Dwellings	-	-	280	-	280
Non-residential buildings	-	-	36,017	-	36,017
Other fixed structures	-	-	99,670	-	99,670

**TOTAL IMMOVABLE**

**TANGIBLE CAPITAL ASSETS**

-	-	<b>135,967</b>	-	<b>135,967</b>
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**30.3.1 Prior period error**

*Note*

30.3

**2017/18**  
**R'000**

**Nature of prior period error**

Relating to 2017/18

Dwelling additions restated in terms of economic classification

Non-residential buildings additions restated in terms of economic classification

Other fixed structures additions restated in terms of economic classification

Assets to the value of R707,942.05 added to the 2017/18 ready for use assets.

**Total prior period errors**

**708**

280

(82,595)

82,315

708

**708**

**30.4 Capital Work-in-progress**

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2019**

	<b>Opening balance 1 April 2018</b>	<b>Current Year WIP</b>	<b>Ready for use (Assets to the AR) / Contracts terminated</b>	<b>Closing balance 31 March 2019</b>
<i>Note</i>				
<i>Annexure 7</i>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Buildings and other fixed structures	81,455	6,746	2,489	85,712
<b>TOTAL</b>	<b>81,455</b>	<b>6,746</b>	<b>2,489</b>	<b>85,712</b>

	<b>Number of projects</b>		<b>2018/19</b>
<b>Age analysis on ongoing projects</b>	<b>Planned, Construction not started</b>	<b>Planned, Construction started</b>	<b>Total R'000</b>
1 to 3 Years	5	9	85,712
<b>Total</b>	<b>5</b>	<b>9</b>	<b>85,712</b>

	<b>2018/19 R'000</b>	<b>2017/18 R'000</b>
<b>Accruals and payables not recognised relating to Capital WIP</b>		

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*[Amounts relating to progress certificates received but not paid at year end and therefore not included in capital work-in-progress]*

Drought relief	2,442	2,442
<b>Total</b>	<b>2,442</b>	<b>2,442</b>

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018**

<i>Note</i> <i>Annexure 7</i>	Opening balance 1 April 2017 R'000	Prior period error R'000	Current Year WIP R'000	Ready for use (Assets to the AR) / Contracts terminated R'000	Closing balance 31 March 2018 R'000
Buildings and other fixed structures	160,824	-	56,598	(135,967)	81,455
<b>TOTAL</b>	<b>160,824</b>	<b>-</b>	<b>56,598</b>	<b>(135,967)</b>	<b>81,455</b>

2017/18 opening balance restated to exclude ready for use assets to the value of R569,410.06 relating to 2016/17 closing balance. The 2017/18 ready for use assets restated to include an amount of R707,942.05.

Age analysis on ongoing projects	Number of projects Planned, Construction not started	Planned, Construction started	2017/18 Total R'000
1 to 3 Years	-	9	81,455
<b>Total</b>	<b>-</b>	<b>9</b>	<b>81,455</b>

**30.5 S42 Immovable assets**

**Assets to be transferred in terms of S42 of the PFMA – 2018/19**

	Number of assets	Value of assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>174</b>	<b>82,226</b>
Dwellings	4	510
Non-residential buildings	35	38,276
Other fixed structures	135	43,440
<b>TOTAL</b>	<b>174</b>	<b>82,226</b>

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**Assets to be transferred in terms of S42 of the PFMA – 2017/18**

	Number of assets	Value of assets R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>300</b>	<b>135,967</b>
Dwellings	3	280
Non-residential buildings	27	36,017
Other fixed structures	270	99,670
<b>TOTAL</b>	<b>300</b>	<b>135,967</b>

**31 Principal-agent arrangements**

**31.1 Department acting as the principal**

	2018/19 R'000	Fee paid 2017/18 R'000
Independent Development Trust	1,287	1,782
Coega Development Corporation	-	510
uMhlathuze Water	-	929
<b>Total</b>	<b>1,287</b>	<b>3,221</b>

The Department appointed the Independent Development Trust and Coega Development Corporation as an Implementing agent for the construction and rehabilitation of Traditional Administrative Centres and Imizi Yezizwe, the implementation of Small Town Rehabilitation Projects and the implementation of water and sanitation projects. The Department further appointed the Independent Development Trust to implement the Expanded Public Works Programme within the Province of KwaZulu-Natal.

**32 Prior period errors**

**32.1 Correction of prior period errors**

	<i>Not e</i>	Amount bef error correction	Prior period error	Restated Amount	
			2017/18 R'000	2017/18 R'000	2017/18 R'000
<b>Expenditure: (E.g. Compensation of employees, Goods and services, Tangible capital assets, etc.)</b>					
Computer equipment additions incorrectly classified as transfers to Traditional Councils.	7		139,775	(275)	139,500
Computer equipment additions incorrectly	8/28.3		3,385	275	3,660

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classified as transfers to Traditional Councils.				
Furniture and equipment additions incorrectly classified as minor assets.	28.3	956	28	<b>984</b>
Rounding of transport assets closing balance.	28.3	69,938	1	<b>69,939</b>
Rounding of computer equipment closing balance.	28.3	41,791	1	<b>41,792</b>
Rounding of furniture and equipment closing balance.	28.3	14,764	1	<b>14,765</b>
Rounding of other machinery and equipment closing balance.	28.3	3,549	(2)	<b>3,547</b>
2016/17 capital assets incorrectly classified as minor assets.	28.4	14,671	(237)	<b>14,434</b>
Capital furniture and equipment additions incorrectly classified as minor assets.	28.4	5,561	(28)	<b>5,533</b>
Prior period minor asset exclusions not disclosed as part of disposals.	28.4	39	4,263	<b>4,302</b>
Dwelling additions restated in terms of economic classification.	30.3	-	280	<b>280</b>
Non-residential buildings additions restated in terms of economic classification.	30.3	117,904	(82,595)	<b>35,309</b>
Other fixed structures additions restated in terms of economic classification.	30.3	17,355	82,315	<b>99,670</b>
Assets to the value of R707,942.05 added to the 2017/18 ready for use assets.	30.3	135,259	708	<b>135,967</b>
017/18 opening balance restated to exclude 2016/17 ready for use assets to the value of R569,410.06.	30.3	161,393	(569)	<b>160,824</b>
<b>Net effect</b>		<b>726,340</b>	<b>4,166</b>	<b>730,506</b>

	<i>Note</i>	<b>Amount bef error correction</b>	<b>Prior period error</b>	<b>Restated Amount</b>
		<b>2017/18 R'000</b>	<b>2017/18 R'000</b>	<b>2017/18 R'000</b>
<b>Liabilities: (E.g. Payables current, Voted funds to be surrendered, Commitments, Provisions, etc.)</b>				
Prior period housing loan guarantees restated to include guarantee in respect of NC Thusi.	<b>18</b>	40	16	<b>56</b>
Previous cycle leave credits not included in leave entitlement disclosure	<b>21</b>	12,677	25,940	<b>38,617</b>
Prior period payables restated to include iziNduna rate change	<b>20.2</b>	33,768	33,214	<b>66,982</b>
<b>Net effect</b>		<b>46,485</b>	<b>59,170</b>	<b>105,655</b>

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	<i>Note</i>	<b>Amount bef error correction</b>	<b>Prior period error</b>	<b>Restated Amount</b>
		<b>2017/18 R'000</b>	<b>2017/18 R'000</b>	<b>2017/18 R'000</b>
<b>Other: (E.g. Irregular expenditure, Fruitless and wasteful expenditure, etc.)</b>				
Correction of Irregular Expenditure opening balance.	<b>23.1</b>	400,888	(66)	<b>400,822</b>
Rounding of Fruitless & Wasteful Expenditure opening balance.	<b>24.1</b>	1,704	(1)	<b>1,703</b>
Rounding of Fruitless & Wasteful Expenditure amounts resolved.	<b>24.1</b>	(37)	(1)	<b>(38)</b>
<b>Net effect</b>		<b>402,555</b>	<b>(68)</b>	<b>402,487</b>

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**33 STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2017/18	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust-ments	Other Adjust-ments	Total Available	Amount received by depart-ment	Amount spent by depart-ment	Under / (Overspen-ding)	% of available funds spent by depart-ment	Division of Revenue Act	Amount spent by departmen-t
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
EPWP	4,552	-	-	-	4,552	4,552	4,552	-	100%	3,338	3,338
Intergrated Grant for Provinces	-	-	-	11,328	11,328	11,328	713	10,615	6%	-	-
Provincial Disaster Recovery Grant											
	<b>4,552</b>	<b>-</b>	<b>-</b>	<b>11,328</b>	<b>15,880</b>	<b>15,880</b>	<b>5,265</b>	<b>10,615</b>	<b>33%</b>	<b>3,338</b>	<b>3,338</b>



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**34 STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES**

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER			SPENT				2017/18
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation s by National Treasury or National Department	Amount received by department	Amount spent by department	Unspent funds	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
<b>Summary by province</b>												
Kwazulu-Natal	302	-	209	511	511	-	-	-	-	-	-	450
<b>TOTAL</b>	302	-	209	511	511	-	-	-	-	-	-	450
<b>Summary by grant</b>												
Vehicle licences	302	-	209	511	511	-	-	-	-	-	-	450
	302	-	209	511	511	-	-	-	-	-	-	450
1.Vehicle licences												
Kwazulu-Natal	302	-	209	511	511	-	-	-	-	-	-	450
	302	-	209	511	511	-	-	-	-	-	-	450

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**35 STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
eThekwini	1,000	-	-	1,000	1,000	-	-
Umdoni	1,000	-	-	1,000	1,000	-	-
Ugu DM	1,400	-	-	1,400	1,400	-	-
uMngeni	2,700	11,051	-	13,751	7,901	5,850	-
Mpofana	-	-	7,000	7,000	7,000	-	-
Richmond	2,000	-	-	2,000	2,000	-	-
uMngungundlovu DM	1,800	-	-	1,800	1,800	-	-
Okhahlamba	2,500	-	-	2,500	2,500	-	-
Alfred Duma	2,000	-	-	2,000	2,000	-	-
Inkosi Langalibalele	3,400	-	-	3,400	3,400	-	-
Uthukela	4,300	-	14,000	18,300	18,300	-	-
Endumeni	500	-	7,500	8,000	8,000	-	-
Umvoti	-	-	5,000	5,000	5,000	-	-
Umzinyathi DM	450	-	-	450	450	-	-
eMadlangeni	500	-	-	500	500	-	-
Amajuba DM	400	-	-	400	400	-	-
eDumbe	3,000	-	-	3,000	3,000	-	-
uPhongolo	500	-	-	500	500	-	-
Ulundi	500	-	-	500	500	-	-
Zululand DM	300	-	-	300	300	-	-

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Umhlabuyalingana	8,000	-	5,000	13,000	13,000	-	-
Jozini	1,300	-	-	1,300	1,300	-	-
Mtubatuba	6,750	-	5,000	11,750	11,750	-	-
Big Five Hlabisa	6,550	-	-	6,550	6,550	-	-
Mfolozi	500	-	750	1,250	1,250	-	-
uMlalazi	1,000	-	-	1,000	1,000	-	-
King Cetshwayo	2,300	-	-	2,300	2,300	-	-
KwaDukuza	5,000	-	-	5,000	5,000	-	-
Ndwedwe	3,000	-	-	3,000	3,000	-	-
Maphumulo	5,000	-	-	5,000	5,000	-	-
Ilembe DM	6,000	-	16,000	22,000	22,000	-	-
Greater Kokstad	5,000	-	-	5,000	5,000	-	-
Ubuhlebezwe	5,000	-	-	5,000	5,000	-	-
Umzimkhulu	500	-	-	500	500	-	-
Dr Nkosazana Dlamini Zuma	500	-	-	500	500	-	-
<b>TOTAL</b>	<b>84,650</b>	<b>11,051</b>	<b>60,250</b>	<b>155,951</b>	<b>150,101</b>	<b>5,850</b>	<b>-</b>

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
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**ANNEXURE 1A**  
**STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2017/18	
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation ns by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	Division of Revenue Act	Actual transfer
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000	R'000
eThekweni	1,000	-	-	1,000	1,000	-	-	1,000	-	1,000	-	1,000	-
Umdoni	1,000	-	-	1,000	1,000	-	-	1,000	-	1,000	-	-	-
Ray Nkonyeni	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Ugu	1,400	-	-	1,400	1,400	-	-	1,400	200	1,200	14%	-	-
uMngeni	2,700	11,051	-	13,751	7,901	5,850	-	7,901	5,201	2,700	66%	-	-
Mpofana	-	-	7,000	7,000	7,000	-	-	7,000	-	7,000	-	-	-
Msunduzi	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Richmond	2,000	-	-	2,000	2,000	-	-	2,000	-	2,000	-	-	-
uMngungundlovu	1,800	-	-	1,800	1,800	-	-	1,800	-	1,800	-	3,300	3,300
Okhahlamba	2,500	-	-	2,500	2,500	-	-	2,500	1,241	1,259	50%	9,000	9,000
Alfred Duma	2,000	-	-	2,000	2,000	-	-	2,000	-	2,000	-	1,000	1,000
Inkosi Langalibalele	3,400	-	-	3,400	3,400	-	-	3,400	-	3,400	-	1,300	1,300
Uthukela	4,300	-	14,000	18,300	18,300	-	-	18,300	300	18,300	2%	550	550
Endumeni	500	-	7,500	8,000	8,000	-	-	8,000	-	8,000	-	750	750
Umvoti	-	-	5,000	5,000	5,000	-	-	5,000	-	5,000	-	10,500	10,500
Umzinyathi	450	-	-	450	450	-	-	450	-	450	-	600	600

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Newcastle	-	-	-	-	-	-	-	-	-	-	-	11,000	11,000
eMadlangeni	500	-	-	500	500	-	-	500	-	500	-	1,000	1,000
Dannhauser	-	-	-	-	-	-	-	-	-	-	-	400	400
Amajuba	400	-	-	400	400	-	-	400	-	400	-	300	300
eDumbe	3,000	-	-	3,000	3,000	-	-	3,000	347	2,653	12%	7,000	7,000
uPhongolo	500	-	-	500	500	-	-	500	-	500	-	-	-
Abaqulusi	-	-	-	-	-	-	-	-	-	-	-	4,500	4,500
Ulundi	500	-	-	500	500	-	-	500	-	500	-	-	-
Zululand	300	-	-	300	300	-	-	300	-	300	-	300	300
Umhlabuyalingana	8,000	-	5,000	13,000	13,000	-	-	13,000	-	13,000	-	1,000	1,000
Jozini	1,300	-	-	1,300	1,300	-	-	1,300	-	1,300	-	-	-
Mtubatuba	6,750	-	5,000	11,750	11,750	-	-	11,750	-	11,750	-	-	-
Big Five Hlabisa	6,550	-	-	6,550	6,550	-	-	6,550	2,331	4,219	36%	-	-
Umkhanyakude	-	-	-	-	-	-	-	-	-	-	-	300	-
Mfolozi	500	-	750	1,250	1,250	-	-	1,250	-	1,250	-	2,000	2,000
uMlalazi	1,000	-	-	1,000	1,000	-	-	1,000	81	919	8%	500	500
King Cetshwayo	2,300	-	-	2,300	2,300	-	-	2,300	137	2,163	6%	2,200	2,200
KwaDukuza	5,000	-	-	5,000	5,000	-	-	5,000	957	4,043	19%	500	500
Ndwedwe	3,000	-	-	3,000	3,000	-	-	3,000	-	3,000	-	-	-
Maphumulo	5,000	-	-	5,000	5,000	-	-	5,000	-	5,000	-	-	-
Ilembe	6,000	-	16,000	22,000	22,000	-	-	22,000	-	22,000	-	-	-
Greater Kokstad	5,000	-	-	5,000	5,000	-	-	5,000	-	5,000	-	300	300
Ubuhlebezwe	5,000	-	-	5,000	5,000	-	-	5,000	-	5,000	-	11,000	11,000
Umzimkhulu	500	-	-	500	500	-	-	500	-	500	-	-	-
Harry Gwala	-	-	-	-	-	-	-	-	-	-	-	-	-
Dr Nkosazana	500	-	-	500	500	-	-	500	-	500	-	3,300	3,300
Dlamini Zuma													
<b>TOTAL</b>	<b>84,650</b>	<b>11,051</b>	<b>60,250</b>	<b>155,951</b>	<b>150,101</b>	<b>5,850</b>	<b>-</b>	<b>150,101</b>	<b>10,795</b>	<b>139,306</b>		<b>94,150</b>	<b>92,850</b>

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

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2017/18
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
Municipal Infrastructure Support Agent	-	-	20,000	20,000	-	-	-
South African Local Government Association	-	-	-	-	60	-	-
<b>TOTAL</b>	-	-	<b>20,000</b>	<b>20,000</b>	<b>60</b>	-	-

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**ANNEXURE 1F**  
**STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>NON-PROFIT INSTITUTIONS</b>							
<b>Transfers</b>							
Traditional Councils	24,218	-	-	24,218	24,368	101%	32,051
<b>TOTAL</b>	<b>24,218</b>	<b>-</b>	<b>-</b>	<b>24,218</b>	<b>24,368</b>	<b>101%</b>	<b>32,051</b>

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**ANNEXURE 1G**  
**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2017/18
	Adjusted Appropriation Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	Final Appropriation
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Employee Social Benefits	5,815	-	104	5,919	6,211	105%	8,209
Bursaries (Non Employees)	9,215	-	(104)	9,111	5,920	65%	5,834
Claims against the State	104	-	-	104	104	100%	106
<b>TOTAL</b>	<b>15,134</b>	<b>-</b>	<b>-</b>	<b>15,134</b>	<b>12,235</b>		<b>14,149</b>



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**ANNEXURE 1H**  
**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2018/19	2017/18
		R'000	R'000
<b>Received in cash</b>			
LDM	Nine cooler boxes @ R400 each	-	4
<b>TOTAL</b>		<u>-</u>	<u>4</u>

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

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2018/19	2017/18
	R'000	R'000
<b>Made in kind</b>		
Tembe Traditional Council	250	-
South African Local Government Association	60	-
<b>TOTAL</b>	<b>310</b>	<b>-</b>

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**ANNEXURE 3A**

**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2019 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2018	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced during the year	Revaluation due to foreign currency movements	Closing balance 31 March 2019	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2019
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
Standard Bank		40	40	-	40	-	-	-	-
Peoples Bank		16	16	-	-	-	16	-	-
<b>TOTAL</b>		<b>56</b>	<b>56</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>

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**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2019**

Nature of Liability	Opening Balance  1 April 2018 R'000	Liabilities incurred during the year  R'000	Liabilities paid/cancell ed/reduced during the year  R'000	Liabilities recoverabl e (Provide details hereunder)  R'000	Closing Balance  31 March 2019 R'000
<b>Claims against the department</b>					
Collision: KZN 45836 and ND 659-885: EN Ngcobo	3	-	-	-	3
Collision: KZN 46035 and NPN 31746 V(14/15)	7	-	7	-	-
Collision: KZN 45811 and ND 452-630 V(15/16)	4	-	4	-	-
Collision: KZN 46041 and NPN 18500 V48(15/16)	132	-	132	-	-
Collision: KZN 46000 and NUZ 1755 V50(15/16)	32	-	-	-	32
Collision: KZN 45822 and ND 610-817 V52(15/15)	19	-	-	-	19
Collision: KZN 46041 and NPN 2677 V67(15/16)	122	-	122	-	-
Collision: KZN 45956 and ND 307-738 V1(15/16)	17	-	-	-	17
Collision: KZN45959 and ND 237453 V18 (17/18)	17	-	-	-	17
Collision: KZN 45918 and NK 4514 V8 (13/14)	82	-	-	-	82
Collision: KZN 45930 and BTM681B and TAYLIN-ZN	210	-	-	-	210
BIGEN Africa Services (Pty) Ltd vs COGTA - unpaid invoices	141	-	141	-	-
Collision: KZN46080 and ND286 668	-	8	8	-	-
Thebethe Cebekhulu Attorney v KZN COGTA	-	1,676	-	-	1,676
Pholisani Capital (Pty) Ltd	-	2,251	-	-	2,251
<b>TOTAL</b>	<b>786</b>	<b>3,935</b>	<b>414</b>	<b>-</b>	<b>4,307</b>

Contingent liabilities were identified by Loss Control with claims against the department from 13/14 financial year to 31 March 2019. These cases were reviewed by Legal Services and referred to the State Attorney at the Department of Justice to deal with the matter and to provide the department with feedback to process

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or reject the claim and advise on steps to follow. If there is negligence on the part of the official (in terms of Treasury Regulations 12. Management of losses and claims), the matter is referred to Labour Relations for investigation and to sought advice on the steps to be followed in dealing with the official. If the recovery of money is recommended for damages, then a debt has to be acknowledged by the official and a debt account setup for the official to pay back the money. Additional Case referred by Legal Services awaiting a trial date.

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**ANNEXURE 4**  
**CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Other Government Entities</b>						
Traditional Levies and Trust Account	5,342	394	-	3,029	5,342	3,423
Umhlathuze Water	-	-	542	2,664	542	2,664
<b>TOTAL</b>	<b>5,342</b>	<b>394</b>	<b>542</b>	<b>5,693</b>	<b>5,884</b>	<b>6,087</b>

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**ANNEXURE 5**  
**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
Department of Transport	-	49	1,993	3,265	1,993	3,314
Department of Public Works	651	6,659	5,004	752	5,655	7,411
Department of Arts & Culture	61	-	-	-	61	-
Department of Social Development	20	-	-	-	20	-
Office of the Premier	837	-	-	-	837	-
KZN Provincial Treasury	221	-	372	-	593	-
National COGTA	16	-	-	-	16	-
<b>TOTAL</b>	<b>1,806</b>	<b>6,708</b>	<b>7,369</b>	<b>4,017</b>	<b>9,175</b>	<b>10,725</b>

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**ANNEXURE 6**  
**INVENTORIES**

Inventories	Note	Quantity	2018/19	Quantity	2017/18
			R'000		R'000
Opening balance		1,785	2,674	3,812	5,493
Add/(Less): Adjustments to prior year balance		-	-	-	-
Add: Additions/Purchases – Cash		9,135	31,640	4,895	10,605
Add: Additions - Non-cash		-	-	-	-
(Less): Disposals		-	-	-	-
(Less): Issues		(9,865)	(32,753)	(6,922)	(13,424)
Add/(Less): Received current, not paid (Paid current year, received prior year)		-	-	-	-
Add/(Less): Adjustments		-	-	-	-
<b>Closing balance</b>		<b>1,055</b>	<b>1,561</b>	<b>1,785</b>	<b>2,674</b>

*Include discussion where deemed relevant*



## ANNEXURE 7

### MOVEMENT IN CAPITAL WORK IN PROGRESS

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2019

	Opening balance R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	81,455	6,746	(2,489)	85,712
Dwellings	-	477	(230)	247
Non-residential buildings	81,455	6,269	(2,259)	85,465
Other fixed structures				
<b>TOTAL</b>	<b>81,455</b>	<b>6,746</b>	<b>(2,489)</b>	<b>85,712</b>

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance R'000	Prior period error R'000	Current Year Capital WIP R'000	Ready for use (Asset register) / Contract terminated R'000	Closing balance R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	160,824	-	56,598	(135,967)	81,455
Dwellings	280	-	-	(280)	-
Non-residential buildings	78,229	-	39,243	(36,017)	81,455
Other fixed structures	82,315	-	17,355	(99,670)	-
<b>TOTAL</b>	<b>160,824</b>	<b>-</b>	<b>56,598</b>	<b>(135,967)</b>	<b>81,455</b>

*2017/18 buildings and other fixed structures restated in terms of economic classification. 2017/18 opening balance restated to exclude 2016/17 ready for use assets to the value of R569,410.06. Assets to the value of R707,942.05 added to the 2017/18 ready for use assets.*