



cogta

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

Annual Report 2016/17



BACK TO BASICS: SERVING OUR COMMUNITIES BETTER

BACK TO BASICS: SERVING OUR COMMUNITIES BETTER

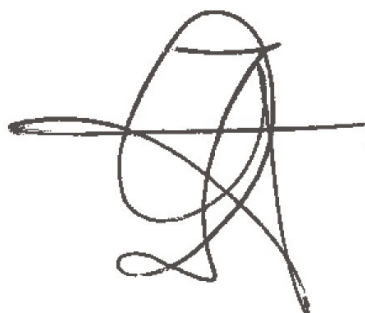


SUBMITTING THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

Ms N. Dube-Ncube

MEC for Cooperative Governance and Traditional Affairs

I have the honor of submitting the Annual Report of the department of Cooperative Governance and Traditional Affairs for the period 01 April 2016 to 31 March 2017



Acting Head of Department
For COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
Mr T Tubane



CONTENTS

PART A: GENERAL INFORMATION

6

GENERAL INFORMATION ABOUT THE DEPARTMENT	6
LIST OF ABBREVIATIONS/ACRONYMS	6
FOREWORD BY THE MEC	7
REPORT OF THE ACCOUNTING OFFICER	9
STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	11
STRATEGIC OVERVIEW	12
LEGISLATIVE AND OTHER MANDATES	12
ORGANISATIONAL STRUCTURE	15
ENTITIES REPORTING TO THE MEC	17

PART B: PERFORMANCE INFORMATION

18

2.4.1 Auditor General's Report On Predetermined Objectives	19
2.4.2 Overview Of Departmental Performance	19
Service Delivery Environment	19
Service Delivery Improvement Plan	23
Organisational Environment	26
Key Policy Developments And Legislative Changes	28
2.4.3 Strategic Outcome Orientated Goals	28
Strategic Objectives	28
Performance Against The Core Set Of Standard Performance Indicators	30
2.4.4 Performance Information Per Programme	33
Description Of Programme 1	33
Achievements: Programme 1	33
Strategies To Overcome Areas Of Underperformance	41
Changes To Planned Targets	41
Linking Performance To Budgets	41
Description Of Programme 2	41
Achievements: Programme 2	42
Strategies To Overcome Areas Of Underperformance	53
Changes To Planned Targets	53
Linking Performance To Budgets	53
Description Of Programme 3	54
Achievements: Programme 3	54
Strategies To Overcome Areas Of Underperformance	67
Changes To Planned Targets	67
Linking Performance To Budgets	67
Description Of Programme 4	67



CONTENTS

Achievements: Programme 4	68
Strategies To Overcome Areas Of Underperformance	71
Changes To Planned Targets	71
Linking Performance To Budgets	72
2.4.5 Transfer Payments	72
2.4.6 Conditional Grants	79
2.4.7 Donor Funds	79
2.4.8 Capital Investment	80
Part C: GOVERNANCE	81
2.5.1 Introduction	82
2.5.2 Risk Management	82
2.5.3 Fraud And Corruption	82
2.5.4 Minimising Conflict Of Interest	85
2.5.5 Code Of Conduct	85
2.5.6 Health, Safety And Environmental Issues	85
2.5.7 Portfolio Committees	85
2.5.8 Scopa Resolutions	86
2.5.9 Prior Modifications To Audit Reports	92
2.5.10 Internal Control Unit	93
2.5.11 Internal Audit And Audit Committee	93
2.5.12 Audit Committee Report	95
Part D: HUMAN RESOURCE MANAGEMENT	98
2.6.1 Introduction	99
2.6.2 Human Resources Oversight Statistics	99
Part E: FINANCIAL INFORMATION	144
2.7.1 Report of the Auditor General	145
2.7.2 Annual Financial Statements	152

PART A GENERAL INFORMATION

BACK TO BASICS: SERVING OUR COMMUNITIES BETTER

GENERAL INFORMATION ABOUT THE DEPARTMENT

Physical Address:	330 Langalibalele Street 14th Floor, Natalia Building, North Tower Pietermaritzburg, 3201
Postal Address:	Private Bag X 9078 Pietermaritzburg, 3200
Telephone Number:	033 395 2831
Fax Number:	033 395 6432
Email Address:	thando.tubane@kzncogta.gov.za
Website Address:	www.kzncogta.gov.za

LIST OF ABBREVIATIONS/ACRONYMS

AGSA	Auditor General of South Africa
AO	Accounting Officer
BBBEE	Broad Based Black Economic Empowerment
CFO	Chief Financial Officer
MEC	Member of Executive Council
HOD	Head of Department
PFMA	Public Finance Management Act
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
EU	European Union
SITA	State Information Technology Agency
SDIP	Service Delivery Improvement Plan



FOREWORD BY THE MEC



Ms Nomusa Dube-Ncube
KZN MEC for Cooperative Governance and Traditional Affairs

KZN municipalities have now completed a full year of the new term of local government that began after the 2016 local government elections. One year on, our municipalities are decidedly stronger, more efficient and more determined to deliver essential services to all our communities. The 2016/2017 financial year has marked a paradigm shift with a strategic repositioning of KZN Cogta from an institution that merely supports municipalities and traditional institutions towards one that plays a proactive role in the delivery of municipal infrastructure and economic development at local level.

For me personally as a member of KZN's Executive Council responsible for Cogta, this transition has been an opportunity to explore new and innovative ways to serve the people of this province and inspire hope in the lives of those of our municipal residents who, despite the best efforts of the democratic government, are still plagued by the triple challenges of poverty, unemployment and inequality. To counter these challenges, we have pledged to locate KZN's municipalities and traditional institutions at the centre of Radical Economic Transformation.

To this end, we have earmarked the existing District Development Agencies to be the engines of Radical Economic Transformation at local level by co-opting previously disadvantaged individuals into the mainstream of the local economy in each municipality. The DDAs will focus on large-scale infrastructure projects as well

as facilitate the supply of vegetables to schools within the National Schools Nutrition Programme managed independently by the provincial Department of Education.

KZN Cogta will likewise embark on the second phase of the ongoing Back to Basics programme which rests on the pillars of improved service delivery, good governance, sound financial management, meaningful public participation and continuous capacity building. Over the past year, we have witnessed significant improvements in the quality of municipal governance and service delivery. The second phase of the programme will be based on more comprehensive monitoring of municipal performance as well as tailor-made support programmes that respond to specific needs of municipalities.

As we look towards the 2017/2018 financial year, we find ourselves on the brink of universal access to water, electricity and sanitation in KZN. We will continue to roll out new and maintain existing infrastructure to ensure that more and more municipalities enjoy 100% access to basic services. As we do this, we will also apply increasing pressure on all those who can afford it to pay for these services to eliminate debt owed to municipalities.

In compliance with section 33(2) of the KZN Traditional Leadership and Governance Bill 2005, we will also be reconstituting our Houses of Traditional Leaders by determining the number of members of the Provincial House to be elected from each Local House of Traditional Leaders. This task will also involve setting the dates for these elections and ensuring that due process is followed in each instance.

None of these ambitious goals would be possible without a solid departmental performance in the 2016/2017 financial year. The 2016 local government elections was one of our major preoccupations in the year under review. At the same time, we also successfully facilitated a smooth demarcation process following the pronouncement by the Demarcations Board that it would rationalise municipalities from 61 to 54.

When the local government elections were over, our involvement in the newly elected councils became even greater in the process of their reconstitution within 14 days after the formal announcement of election results by the IEC. Subsequently, all municipal councils in the province were constituted within the legal timeframe except for uMzinyathi and Nquthu where there was no majority by a single party. This process was followed by a successful rollout of our Councillor Orientation Programme to all newly elected councillors in KZN.

Amid the worst drought in a century, we have also played a critical role in drought relief in the province. KZN Cogta responded to this crisis with determination and prevented it from becoming a catastrophe. Our focus as a department, regardless of the crisis, has been on the provision of services which include access to water, sanitation, and electricity and as a result, community access to basic services has increased as evidenced by the community survey data released in 2016. Amongst other factors, timely MIG expenditure by municipalities has been a salient contributor.

Through our local economic development initiatives, we have played a significant role in improving the local economy of municipalities. To mention a few achievements, six nodal plans were developed to promote growth of small and new towns and more funding has been allocated to research and identify new initiatives under the Corridor Development Programme. Ten DDAs were established and supported to drive LED and investment. A partnership agreement is now in place to explore areas of collaboration between these agencies and Ithala Bank to obtain funding to drive LED.

As a result of climate change, our province now faces increasing levels of disaster risk. It is exposed to a wide range of weather hazards which include drought, cyclones, lightning strikes and flooding. Our approach to these developments is that preparedness measures receive increasing attention hence most of our resources are directed towards the introduction of preventive strategies aimed at saving lives and protecting assets before they are lost. We continue to provide grants to municipalities for the establishment and enhancement of their Disaster Management Centres to deal with disasters.

The Provincial Disaster Management Centre has supported the building of the uMkhanyakude, Ilembe, Harry Gwala and Ugu Disaster Management Centres. uThukela, uMzinyathi and Amajuba are currently being constructed with the help of Cogta. In addition, the construction of a fully equipped Provincial Disaster Management Centre at Mkondeni is near completion. The department also concluded an agreement with the 911 Fund in New York which has led to the province receiving two containers of fire-fighting equipment and donations towards interventions during disasters.

As we reflect on the 2016/2017 financial year, we view the broad outcomes of our efforts as a department with a deep sense of satisfaction. We have achieved more than 90 percent of our annual targets. We have also managed to spend more than 98 percent of our total budget. This indicates the commitment we all as the role players have, including the departmental staff, municipalities, amakhosi, and communities in improving the lives of the people of KZN.

The year ahead is unique as we celebrate the centenary of OR Tambo and realise his vision of equality through Radical Economic Transformation of our local government. The need to radically transform our local economies is crucial for the long-term success of our municipalities. It is also a natural extension of the transition to democracy we have seen in our local government in the past 23 years.

Approved by:



Ms. N. Dube-Ncube- MPL
MEC for Co-operative Governance and Traditional Affairs
Executive Authority

REPORT OF THE ACCOUNTING OFFICER

The KZN Department of Cooperative Governance and Traditional Affairs (hereinafter referred to as the Department) Accounting Officer hereby submits the Annual Report for the 2016/2017 financial year to the KZN Provincial Legislature, the Provincial Treasury, the media and the public. The overview of the Annual Report for the 2016/2017 financial year provides a synopsis of the key deliverables of the Department in the year under review.

Achieving the highest standards of good governance and accountability depends largely on the quality of human capital. The Department is now fully prepared for a review of its organisational structure to ensure that COGTA delivers on its mandate. The Department continues to manage its employees' wellness and continuous capacity building as well as invest in skills development through its well established bursary programme and experiential training.

The new organisational structure will assist in the implementation of the MEC's philosophy by creating transversal functions. The philosophy of the MEC was that she wanted officials within Programme One to provide an integrated/ transversal service to the Department as well as the municipalities. Municipalities within KZN face many challenges from being under resourced in terms of human resources, personnel lacking the necessary skills to lack of funding to operate optimally. In order to support these municipalities a decision was taken that officials within Programme One would provide this support on corporate services and financial management functions as they are specialists within their respective fields of work.

Regarding its finances, the Department has carefully monitored its budget in line with the province's austerity measures and coordinated its audit process while ensuring compliance with PFMA regulations and all related reports. With regards to internal controls and risk management, the Department has placed a premium on the strengthening of its internal control measures to minimise risk and implement as early warning system.

The formulation of the Department's strategic plans has ensured that service delivery occurred in an efficient and economical manner. The Department proactively focused the attention of its management on where and how they should be delivering their services. All national and provincial directives have been integrated in the strategic plans. This has been commended during the assessment of the 2015-2020 Strategic Plan and 2016/2017 Annual Performance Plan.

The Department adopted a strong focus on good governance as a critical element to confirm Department's accountability in implementing its mandate. Tools such as the Auditor General (AG) Report and Management Performance Assessment Tool (MPAT) are some of the key tools used to measure good governance. To achieve the Department's ambition of obtaining a clean audit and level four of all MPAT standards, a Clean Audit and MPAT Committee was established to specifically:

- Ensure improvement on the Department's Auditor General's Report by facilitating and monitoring the implementation of all AG recommendations and proactively address any other compliance challenges.
- Improve Department's scores on the MPAT which measure compliance of the Department on various pieces of legislation in key organisational administration sections which include Finance; Human Resources Management and Development; Governance; and strategic planning, monitoring and evaluation.

The Department has implemented a rigorous approach which provides full attention to these two above key management tools which are part of other Departmental Management practices to ensure good governance.

The Department has successfully co-ordinated service delivery by ensuring that the affected sector departments and entities were fully represented in the multi-sectoral task teams involved in Operation Sukuma Sakhe.

In terms of municipal governance, the Department has vigorously monitored municipal stability and ensured actioning of reports on all relevant investigations, particularly in municipalities still under intervention, especially the Umkhanyakude district municipality. Among the highlights of municipal finance were the Department's efforts to strengthen disciplinary action in municipalities and the implementation of measures to prevent fraud and corruption.

The Department has consistently supported and monitored the implementation of Back to Basics II point plan in all municipalities. It has also conducted municipal quarterly reviews on Back to Basics to assess if municipalities were implementing the 5 pillars of Back to Basics aimed at improving municipal good governance and improvement in service delivery.

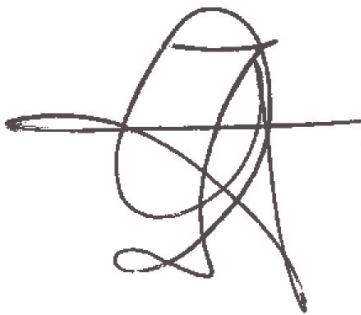
The Department has assisted municipalities with enhancing community engagement processes to ensure primarily that municipalities respond to issues raised in the Service Delivery Memoranda in line with the Rapid Response Strategy. Similar assistance was provided to municipalities to enhance engagement of stakeholders and to provide constant feedback in order to reduce service delivery protests.

The Department has prioritised the establishment of District Development Agencies to drive LED and investment as part of its wide-ranging support to the informal economy at local level. It has likewise monitored the implementation of the strategy for new town development, such as in Ndumo, Emadlangeni and Cwaka. The department has also monitored the development and implementation of key corridor development plans.

Infrastructure development has been at the forefront of COGTA's efforts to ensure more efficient service delivery in municipalities. The Department has monitored the support for municipalities in implementing operations and maintenance plans as well as in implementing infrastructure plans. The Department has also proactively ensured the establishment and maintenance of appropriate technical capacity at municipal level.

In an environment marked by frequent disasters and the prolonged drought, the Department has ensured disaster management planning in relevant structures and assisted municipalities to factor disaster management in the municipal IDPs together with budgets. It has also ensured that the Provincial and District Disaster Management Centres were operational.

In the sphere of traditional governance, the Department has ensured the enhancement of traditional institutional governance by supporting traditional institutions in the application of appropriate legislation, policies and frameworks. It has also notably monitored the development of a plan towards the establishment of a learning institute for Amakhosi.



MR T TUBANE
ACTING HEAD OF DEPARTMENT
DEPARTMENT FOR COOPERATIVE GOVERNANCE AND
TRADITIONAL AFFAIRS

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.

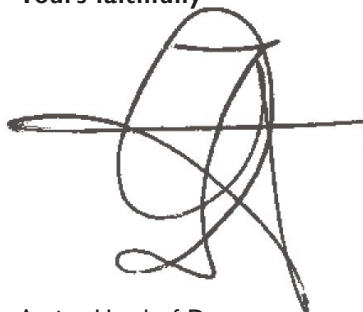
The Accounting Officer is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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 2017.

Yours faithfully



Acting Head of Department
For COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
Mr T Tubane

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

VALUES

VALUES	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 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.

LEGISLATIVE AND OTHER MANDATES

The legislative mandates of the Department of COGTA are derived from the Constitution of the Republic of South Africa as well as other appropriate legislation. The Constitution defines the functions for Provincial Departments responsible for Local Government as:

- Support (S154 and S155)
- Intervention (S139)
- Monitoring (S155)

These Constitutional Mandates are carried forward in a number of legislation, such as:

- Support (S154 and S155)
- Local Government: Municipal Systems Act, 2000.
- Local Government: Municipal Structures Act, 1998.
- Intergovernmental Relations Framework Act, 2005.
- Local Government: Municipal Financial Management Act, 2003.
- Local Government: Municipal Property Rates Act, 2006.
- Local Government Demarcation Act, 1998.
- Local Government Municipal Electoral Act, 2000.
- Traditional Leadership and Governance Act, 2005.
- Disaster Management Act, 2002.
- KwaZulu-Natal Planning and Development Act, 2008.
- Protection of Personal Information Act, 2013.
- Spatial Planning and Land Use Management Act, 2013.

Policy mandates

Policy mandates have, in the past, created the parameters within which laws have been developed. For example, the White Paper on Developmental 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) and the Provincial Growth and Development Plan (PGDP) and an enhanced mandate for Cooperative Governance.

Freedom Charter, 1955

The Freedom Charter remains the platform and vision for South African policies, strategic thinking and aspirations that South Africa seeks to achieve. On the Statement of the National Executive Committee (NEC) of the African National Congress, President Jacob Zuma defines National Development Plan (NDP) as an “overarching plan and a vision to realise the ideals of the Freedom Charter to put in place a South Africa that belongs to all who live in it” (Statement of the NEC of the ANC, 2015: 3). This means that the NDP is our long term vision to attain the objectives of the Freedom Charter.

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 and reduce inequality by 2030. It aims to achieve this by drawing on its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society.

The MTSF is the short term strategy that gives effect to the NDP. It is mindful of the current global economic crisis and the implications that this will have on investment, employment, incomes and government revenue. Taking these into account, the main focus in the current period is “to minimise the impact of the economic downturn on the country’s productive capacity as well as jobs and poverty reduction measures, to identify opportunities for new areas of growth and economic participation, and progressively to set the country on a new growth and development path.” In addition, there is a strong focus on improving efficiencies to ensure that the resources that we do have are utilised in the most efficient manner possible.

The Department committed to give effect to the NDP and MTSF priorities that are particularly important to improving local government performance and ensuring quality service delivery:

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 2030. 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 Department aligned its 2015/16 APP with the PGDP, and where the interventions were operational in nature, they were incorporated in the Business Plans of the respective Business Units.

Back to Basics

The Back to Basics Programme commenced in the 2014/15 Financial Year. A review of all municipalities was conducted and municipalities were categorised into three distinct groups:

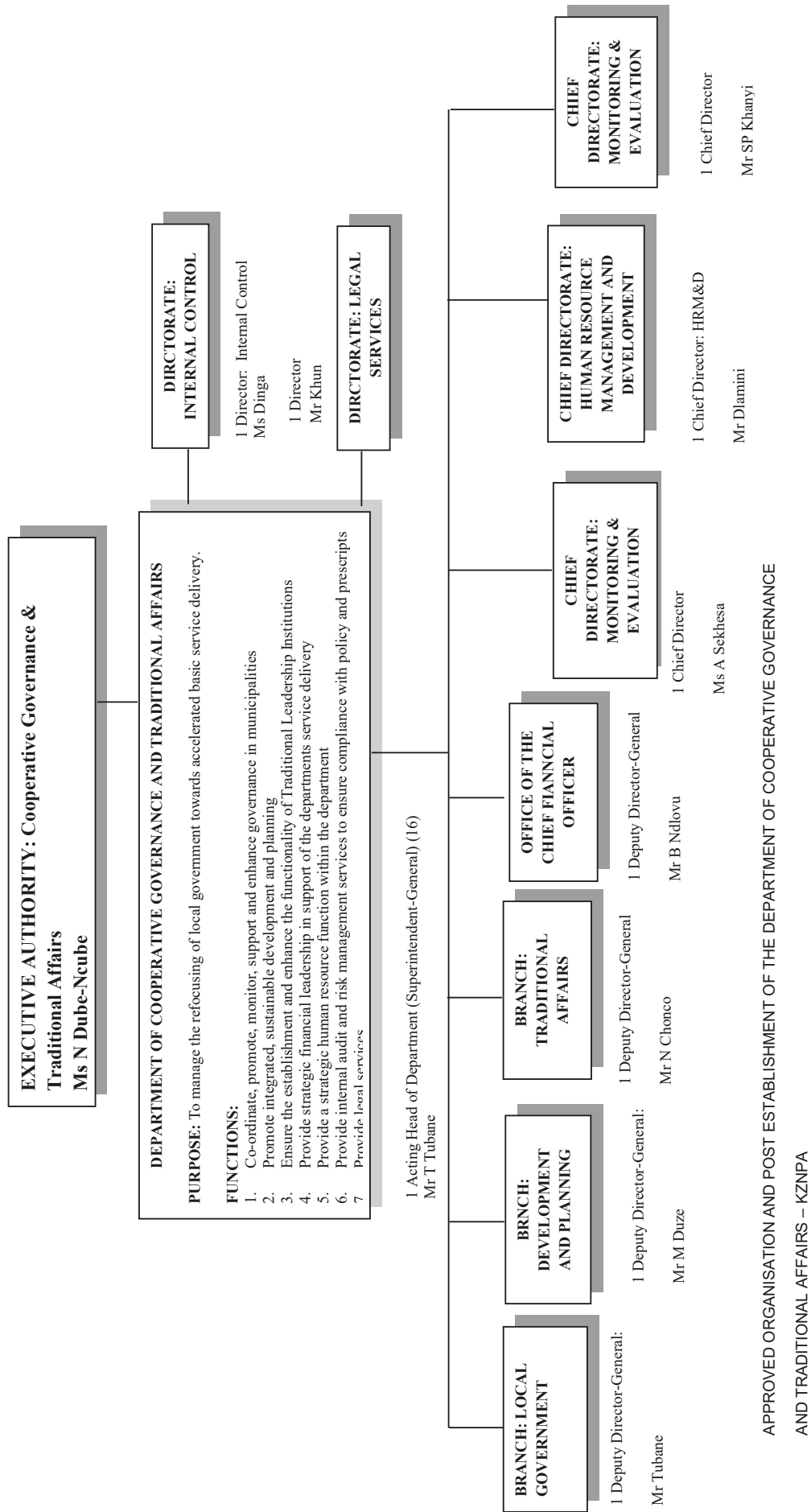
- Functional
- Fairly functional
- Dysfunctional

The transformation of the local government sector is a priority for the Department. The National Development Plan stresses that to meeting the transformation agenda requires functional municipalities. It is necessary to know where we are, where we could be, and what needs to be done in order to realise transformation of the local government sector. The primary goal of Back to Basics is to improve the functioning of municipalities to better serve communities by getting the basics right. To this end, CoGTA will support the Back to Basics programme to get all identified municipalities out of a dysfunctional state; support all municipalities on the middle path to progress to the top path and stay there; and support and incentivise all municipalities on the top path to remain there.

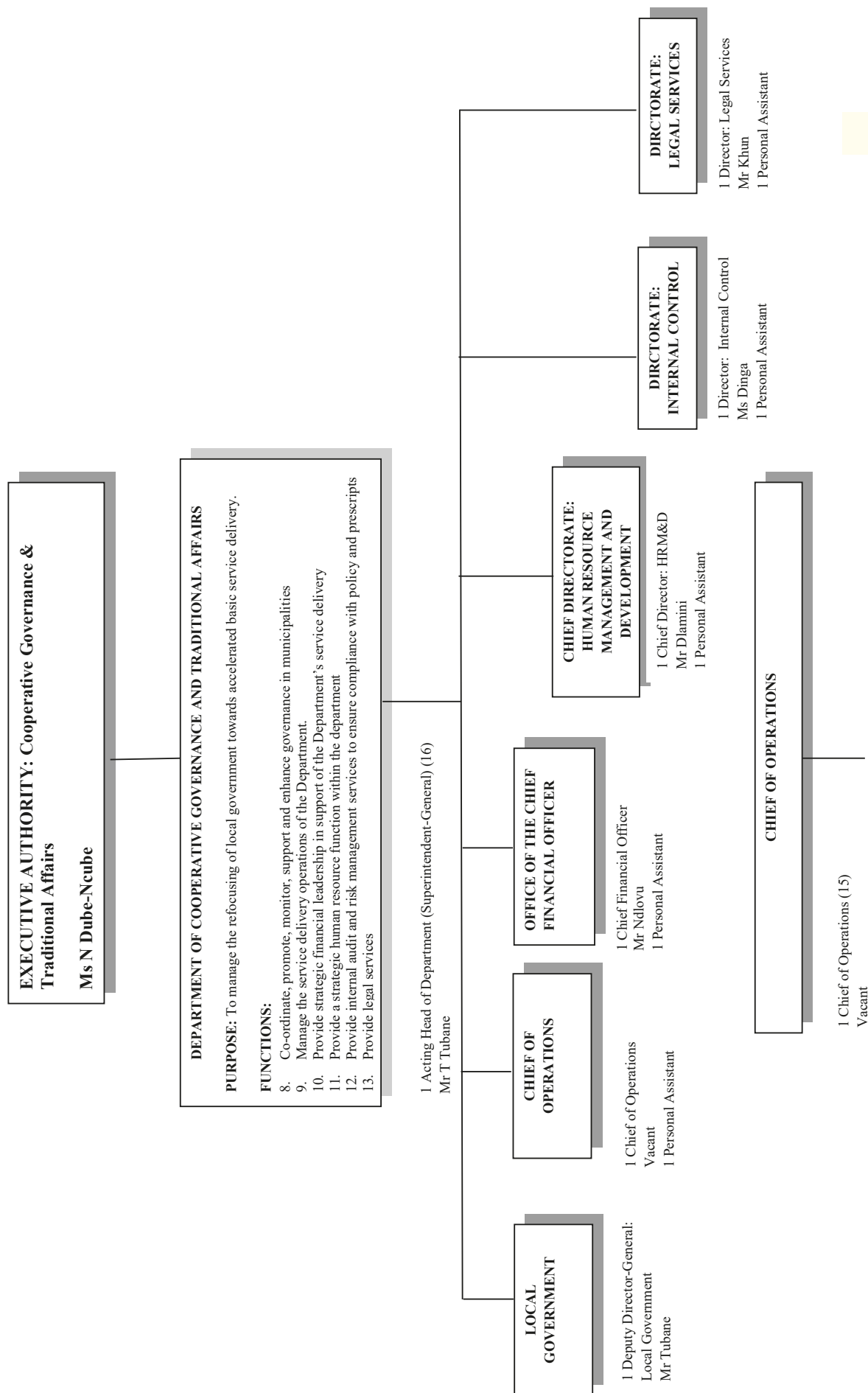
The following pillars are the priorities of Local Government and are the thrust of Back to Basics:

- Good Governance;
- Institutional Capacity;
- Financial Management;
- Public Participation; and
- Basic Services.

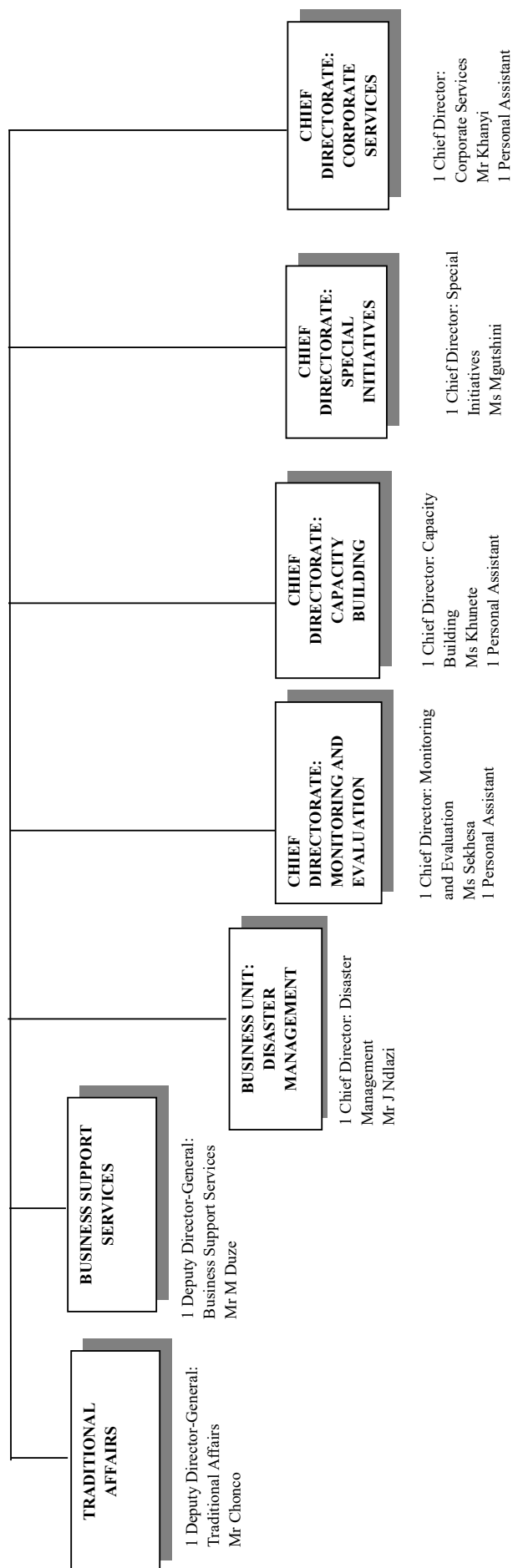
ORGANISATIONAL STRUCTURE



ORGANISATIONAL STRUCTURE



ORGANISATIONAL STRUCTURE



ENTITIES REPORTING TO THE MEC

The information furnished in this section should correlate with information provided in the related party transactions disclosure note to the financial statements and the information on the entities.

The table below indicates the entities that report to the MEC.

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

PART B PERFORMANCE INFORMATION

BACK TO BASICS: SERVING OUR COMMUNITIES BETTER



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 147 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 Community Survey 2016 conducted by Stats SA indicates that the population of Kwazulu-Natal has increased from 10 267 300 in 2011 to 11 065 240 in 2016. KZN previously comprised of 1 Metropolis, 10 Districts, 50 Municipalities and 828 Wards. However, after the 2016 Local Government Elections this has been reduced to 44 municipalities and 870 wards respectively. Statistics indicate that the most densely populated areas (including fast growing informal settlements) are mainly concentrated in eThekweni, UMgungundlovu and UThungulu; they are considered to be the fast growing economic hubs in the Province. Newcastle area is also showing signs of rapid development.

In order for us as a province to realise the goal of Chapter 13 in the National Development Plan of building a capable and developmental state, the province would need to ensure that all citizens within the province have access to basic services. There has been improvements to access to these basic services but more work needs to be done to realise the goals and targets contained in the National Development Plan, Provincial Growth and Development Plan and other policy documents.

The five leading challenges facing municipalities as perceived by households according to the Community Survey 2016 are as follows:

1. Lack of safe and reliable water supply;
2. Lack of or inadequate employment opportunities;
3. Cost of electricity;
4. Inadequate housing; and
5. Violence and Crime

The KZN Community Satisfaction Survey 2015 has indicated that almost half (49%) of the respondents in the survey are dissatisfied with the general performance of their local municipality and about a third (36%) dissatisfied with the performance of Provincial Government. Majority of respondents feel that, we, as a province are performing poorly on eradicating fraud and corruption, enhancing entrepreneurship and SMMEs and promoting accountable government. Job Creation was also highlighted as the number one priority by the population of KZN. In terms of Batho Pele majority of residents feel that the province does not provide equal access to services and does not spend funds wisely. The province received favourable ratings on consultation and on informing citizens about the standards they can expect from public services. Challenges in municipalities differ and the analysis of these challenges is crucial in order for services to be delivered efficiently and effectively.

The KZN PGDP addresses the challenges of poverty, inequality and unemployment. In order to alleviate these challenges, municipalities need to address the issue of service delivery in particular the access to basic services by communities. It is our responsibility, as a province, to create a better environment for the citizens of Kwazulu-Natal by providing them with water, electricity and basic sanitation.

Taking cognisance of the current status of the province, the Department will contribute to improving the status by providing support to municipalities and traditional institutions in the following areas:

- Functionality of Inter-Governmental Relations (IGR);
- Administrative management;
- Accountability of governance institutions;
- Decision making through citizen participation;
- Government led job creation programmes;
- Coordination of service delivery (water, electricity and sanitation);

- Adaptation to climate change; and
- Disaster Management

Details of the above-mentioned support provided thus far and intended support has been outlined below per departmental programme.

Programme 1: Administration

The Office of the MEC provides strategic leadership and management support to both the department as well as the Ministry in line with the Department's mandates. It ensures that the operations of the Department and those of the Ministry are not only streamlined, but also in harmony to enable the Department to achieve its administrative mandates in accordance with the MEC's political mandates. Improved management and accountability of human resources in the Department is central to ensuring good governance.

During the Financial year a Batho Pele Forum was continually used as a channel to mainstream the implementation of Batho Pele within the Department. The Department is fully committed to improving accountability and ensuring that systems and controls are in place, and adequately implemented.

All audits planned for the 2016/2017 financial year were conducted to improve financial management mechanisms for the Department and Traditional Councils in order to achieve an unqualified audit opinion. In terms of Risk Management, a Risk Register was compiled and Risk Management reported on quarterly. In addition, based on Auditor General Findings, the Auditor General's Action Plan was compiled to ensure that concerns are addressed. An Anti-Fraud and Corruption Strategy was workshoped during the financial year.

An electronic reporting system and the Compliance System are maintained to monitor the performance information and the compliance of the Department with both the line function and transversal legislation.

In the 2015/2016 financial year, the Department was assessed against the 37 Management Performance Assessment Tool (MPAT) standards. Each standard is assessed alongside set levels of performance, indicating the Department's level of compliance. The MPAT scores received in the 2015/2016 assessment process indicate that 64% of the MPAT standards that the Department was assessed against received scores of full compliance and above.

Programme 2: Local Governance

The Municipal Demarcation Board (MDB) finalised the outer boundaries of municipalities and the number of municipalities in KZN have decreased from 61 to 54. The affected municipalities were subjected to the implementation of the Restructuring Roadmap, issued by the MEC. This was finalised and transitional arrangements were monitored and supported post LGE2016.

A Post- Election plan was developed to monitor and support municipalities to maintain functional municipal structures such as, Council and various portfolio committees; District IGR Forums; Ward Committees; and Rapid response teams to monitor and resolve service delivery protests.

A Strategic Framework on councillor oversight was reviewed and updated. This was implemented post local government elections 2016 to all 54 municipalities. The oversight structures include the Council, Executive Committees, Portfolio Committees and Municipal Public Accounts Committees (MPACs). Assessments are conducted which assists in informing challenged municipalities requiring support.

Although there has been an incremental improvement in Municipal Governance and Administration, many of the municipalities continue to experience certain challenges. These include: Lack of skills and capacity of councillors and officials, Core municipal systems not established/ out dated, High staff turnover, including the dismissal, suspension and resignation of key section 57 officials, which impacts on the efficiency of municipalities.

COGTA supports municipalities with municipal administrative services and administers municipal compliance, monitors and evaluates the efficacy of municipal management in terms of applicable legislation, and supports municipal HR matters.

The achievement of Clean Audits as an indicator of good governance remains a priority for government including our municipalities and the new political leadership of municipalities who took office following the elections of August 2016 must work toward improving the audit outcomes and number of clean audits following the fact that the 2015/2016 results noted an overall reduction in the number of clean audits from 18 municipalities to 11 municipalities. The MEC for Cooperative Governance and Traditional Affairs and her Department monitor and support municipal implementation of the corrective measures reflected in audit response plans on a quarterly basis.

A ward election process plan was developed. A task team on establishment of new ward committees made up of KZN COGTA representatives, all departments in the province and DCOG, all these stakeholders were fully involved in implementing the plan. In order to facilitate functional ward committees in the new term, a compliance framework, induction and training programmes are in place and are part of the plan.

The Rapid Response Team continues to monitor community activities and developments. After the constitution of Councils, a process of establishing new Municipal Rapid Response Teams was supported by the COGTA RRT for the duration of the term of office of the new administrations.

In terms of strengthening the capacity of municipalities, a capacity building strategy has been developed and was consulted upon with stakeholders. The intention of the strategy is to ensure a coordinated approach on all stakeholders' capacity building programmes. This approach alleviates duplication of resources and promotes alignment of programmes.

The IDP Coordination Unit envisages intensifying support to municipalities through the Development Shared Services. This initiative is aimed at assisting municipalities with low or lack of planning capacity to be able to develop credible IDPs. Furthermore, the IDP Coordination Unit shall continue facilitating the Joint Service Delivery Forum with the intent of enhancing coordination of service delivery initiatives of various government departments and municipalities. Moreover, the IDP Coordination Unit aims to ensure 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.

Programme 3: Development and Planning

The Department ensured that all municipalities in the province were supported to produce Spatial Development Frameworks (SDF). A monitoring tool for implementation of Densification Framework was prepared and adopted.

The total geographic area of the Province that is under adopted Municipal Planning Schemes and Land Use Systems was tracked through mapping in GIS. This includes all schemes and systems that were adopted during the 2016-2017 financial year. 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. This analysis helps to determine the degree of efficacy of the disaster early warning mechanisms that are being implemented in the Province.

The Department will continue to support municipalities with the implementation of SPLUMA. 44 municipalities were capacitated as per the prescribed structures required in terms of SPLUMA. The Department will focus on assisting with the gazetting of outstanding by-laws and operationalizing the non-operational Municipal Planning Tribunals. The process of developing two sets of Planning Norms and Standards i.e. Rural Land Use and Protection / Enhancement of the Character of KwaZulu Natal Landscapes has commenced.

Through the Local Economic Development unit, the department is successfully supporting initiatives that act as catalysts for further development, create job opportunities and open up potential for further investment. Four main functions that are performed are corridor development, small town rehabilitation, Community Service Centre programme and Expanded Public Works Programme which includes the Community Work Programme and the Food for Waste Programmes.

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.

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. But there are many challenges facing municipalities. Municipalities need to understand that Red tape makes it difficult for businesses to succeed, grow, create jobs, and invest in infrastructure and development. The department will continue to support municipalities to implement the Red Tape Reduction programme.

Through the CWP and EPWP programmes the department will continue to create work opportunities in municipalities. 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 solutions will take time, and will reach the most marginalized last.

In addition, the Department is also creating more work opportunities through EPWP interventions. 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.

Employment opportunities created through other LED interventions, such as Small Town Rehabilitation, Corridor Development, Community Service Centres, are also monitored to ensure compliance with EPWP guidelines.

The Department continues to persevere in bridging the divide between the past spatial inequality and seclusion of the majority to socio economic services. This redress, as being implemented through the Community Service Centre Programme, promotes precinct/nodal development and compliments the Department's spatial development reforms. The support is inclusive of spatial planning, construction, functionality and rehabilitation support, the latter most being a key element in ensuring that existing infrastructure is well maintained taking cognisance of fiscal constraints towards investment in new infrastructure.

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.

However, maintenance of the infrastructure has not kept pace and the deterioration of existing infrastructure requires immediate focus, from all spheres of government, as well as a substantial increase in subsidization of infrastructure maintenance costs. Backlogs will not be eradicated if existing infrastructure is permitted to degenerate, creating "new" backlogs.

Much work needs to be done in the financial field, to ensure sufficient municipal revenue streams for adequate provision for infrastructure maintenance. The current financial methodologies and provisions for maintenance, measured as a percentage of property, plant and equipment are fundamentally flawed and hopelessly inadequate. Current replacement cost is a far more appropriate and realistic basis of maintenance provision, which must be backed by an adequate funding level.

Water presents a particular challenge. The most severe drought in 100 years and its impacts has not only necessitated "emergency" responses to water supply, but also a change of mind-set with regard to water use and conservation measures across the water sector and within communities themselves. The limited availability of raw water and the skewed spatial location of bulk storage facilities towards major urban centres demands detailed analysis of current and future demands but also the water sources and infrastructure that needs to be developed to meet that demand. Investment in additional storage and alternative water sources is already a necessity. The Province is considering sea water desalination, water recycling and re-use. Long term financial planning, to ensure availability of the substantial amount of funding for such large investments is essential.

The construction of the Provincial Disaster Management Centre has been completed and the department took occupation of the stand-alone building situated in Mkondeni. The PDMC has coordinated the management of the protracted drought situation conditions which was classified and declared a provincial disaster. The PDMC has established sound working relations with all local and district municipalities as well as national and provincial departments and other relevant stakeholders involved in disaster management to ensure an integrated and multidisciplinary approach to disaster management. The PDMC continues to support municipalities to establish their own disaster management centres.

Programme 4: Traditional Institutional Management

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.

Sometimes there are delays in government interventions and development programmes due to ubuXhosi family disputes and faction fights in traditional communities. To ensure good governance in the Institution of Traditional Leadership, the Department will continue to provide effective governance and conflict management support to amaXhosi and the Traditional Councils. In partnership with the Office of His Majesty the King, amaXhosi were installed and recognised in order to continue with the restoration of the dignity of the Institution of Traditional Leadership.

The Department also supported the legislature in piloting the Bill on Traditional Leadership and Governance towards passing a new Act regulating traditional leadership matters in the province; in line with the national framework. To ensure peace and stability in traditional communities and to provide a conducive environment for service delivery and development, the Department will continue to make professional interventions in cases of conflict in traditional communities, installation and recognition of amaXhosi. The Department is committed to continue engaging amaXhosi to advise them of the importance of updating genealogies, with the aim limiting the number of recognition disputes. The Department will continue providing supports to cultural events hosted by amaXhosi in their respective traditional communities as amaXhosi are custodians of culture.

The participation of Traditional Leaders in the Municipal Councils in terms of Section 81 of the Municipal Structures Act 1998 (Act No.117 of 1998) remain one of the main areas of focus for the Department. Whilst the MEC has enabled the participation of traditional leaders in the proceedings of all municipal councils within the Province by publishing a Notice required in terms of Section 81(2)(a) of the Municipal Structures Act, attendance to respective municipal council meetings remains a challenge.

In this regard, the Department will continue to provide necessary support including one to one engagements in pursuit of acceptable levels of attendance. The participation of Traditional institutions at Municipal Intergovernmental Forums is also critical towards the cooperation of municipal organs of state and local level service delivery and development coordination.

The Department continues to support Traditional Councils to identify and implement key strategic economic driven development initiatives aimed at unlocking vital job opportunities. Support continues in the form of comprehensive business plans for informed implementation of the development initiatives and towards obtaining support from potential stakeholders, especially private sector prevalent in these communities as part of their social responsibility.

The Department will continue to support Traditional Councils on capacity building initiatives on land allocation process, survey of boundaries where there are uncertainties between the communities for the facilitation of rural development. Furthermore, the department has embark 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.

Service Delivery Improvement Plan

MAIN SERVICES AND STANDARDS

MAIN SERVICES	BENEFICIAR-IES	ACTUAL/ CURRENT STANDARD OF SERVICE	DESIRED STAND OF SERVICE	ACTUAL ACHIEVEMENTS
<p>Improve coordination of service delivery in KZN</p> <p>Provide support to 26 dysfunctional municipalities to put processes, mechanism and structures in place</p>	Municipalities	Business units provide monthly progress reports on provision of support. Monthly meetings are held with the 26 municipalities to track progress and identify blockages as per the support plan.	Monitor the implementation of support plans in 26 municipalities to achieve and maintain functional status	<p>Customised support plans were drafted for each municipality in conjunction with National COGTA and were monitored on quarterly basis.</p> <p>Municipalities were monitored through one on one visits by the department as well as supporting documents were verified at these visits.</p>

Support 35 municipalities to remain functional and sustain delivery of services		Progress assessment visits were undertaken from 25 May to 5 June 2015 to the 35 functional municipalities.	Maintain 35 municipalities with functionality	<p>21 Municipal Councils' term of office were re-launched on the 27th of January 2017. Memorandums of Understanding (MoU) were signed at the launch between the Premier, MEC Cogta and SALGA. The MEC Cogta also signed an MOU with the Mayors. As at the end of March 2017 the status of municipalities were as follows:</p> <p>46 Municipalities are now at a functional state, 9 municipalities are challenged and 5 requiring intervention.</p> <p>Detailed stats are as follows:</p> <p>17 retained their functional state</p> <p>3 regressed from functional to requiring intervention</p> <p>5 regressed from functional to challenged</p> <p>3 improved from requiring intervention to functional</p> <p>4 improved from challenged to functional</p> <p>2 remained at requiring intervention</p> <p>8 remained at a challenged state</p> <p>2 moved from intervention to challenged</p> <p>4 regressed from a challenged to intervention</p> <p>6 new municipalities were established as a result of the merging.</p>
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BATHO PELE ARRANGEMENTS WITH BENEFICIARIES

STANDARD	CURRENT/ACTUAL ARRANGEMENT/S	DESIRED ARRANGEMENT/S	ACTUAL ACHIEVEMENT
Consultation	<p>All councillors and CDWs were work shopped on the programme following the Presidential LG Summit held in September 2014 and these engagements were held from the 9th – 11th February 2015.</p> <p>Nerve Centre meetings are held 3x a week to share information and track progress.</p>	Nerve centre meetings are held 2 times a week	The nerve centre meetings have now been collapsed into war room meetings that meet every second week. The B2B Local Government Champions provide reports at this meeting on their respective municipalities.
Courtesy	Acknowledgement of Back to Basics correspondence is done in writing and constant feedback happens through regular engagements with municipalities	Respond to Back to Basic issues timeously.	Municipalities are engaged on a one on one basis and feedback is provided at site assessment visits and at Nerve Centre Meetings.

Redress	No formal Complaints Management system was in place.	An effective complaints management system in place to address all issues inclusive of Back to Basic	A draft complaints management policy has been developed, outlining the complaints procedure for internal and external clients.
Access	All Back to Basic information available on Departmental website and Intranet site. Information on Back to Basic constantly in main stream media by MEC appearances on radio, workshops and conferences.	Monthly feedback meetings with 26 dysfunctional municipalities	The Back to Basics visits municipalities on a quarterly basis to provide feedback on their performance. However various business units visit municipalities on a regular basis to provide support as and when required.
Openness and Transparency	A database for the 26 support plans has been created to track progress.	Reports will be made available through IGR Forums and when requested	Stakeholders from all the spheres of government get an opportunity to interact with local government in the true expression of the concept of cooperative governance through Muni MEC.
Information	Monthly support meetings are held with the municipalities and a dedicated support team is made available as and when requested.	The programme will be led at District level also via OSS champion	All Councillors were orientated immediately after the 2016 Local Government elections as part of their induction course on Back-to-Basics.
Value for Money	Audit response plans from poorly performing municipalities have also been integrated into Back To Basics as have intervention plans for municipalities under Section 139 intervention.	Conduct quarterly monitoring & evaluation.	An evaluation on Back-to-Basic was conducted during the 2016/2017 financial year.

Service delivery information tool

CURRENT/INFORMATION TOOL/S			DESIRED INFORMATION TOOL/S	ACTUAL ACHIEVEMENT/S
Comprehensive Evaluation Tool	Monitoring	and	Electronic Dashboard	The Department is currently utilizing an excel spreadsheet tool which is used to monitor the progress of municipalities in line with the approved support plans. The Department has worked in conjunction with the Office of the Premier Nerve Centre to integrate the reporting into an electronic monitoring system.

COMPLAINTS MECHANISM

CURRENT/ACTUAL COMPLAINTS MECHANISM/S	DESIRED COMPLAINTS MECHANISM/S	ACTUAL ACHIEVEMENT/S
Currently there is no coordinated or systemic complaints framework or system in the Department. Complaints come through from various Units but are not centrally documented.	Policy on complaints management implemented	A draft complaints management policy has been developed, outlining the complaints procedure for internal and external clients. In the 17/18 financial year consultation on the policy will be undertaken and thereafter submitted for approval.

Organisational environment

The Department is structured around four programmes.

Programme 1 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 to provide planning and development support to the municipalities in KwaZulu-Natal through implementing programmes to accelerate service delivery in the communities. This include 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 January 2017 COGTA had a total of 1592 permanent posts in its employ. Males constitute 40.77% (588) while females constitute 59.22% (854) of the workforce. At the senior management level males constitutes 47.37% (27) and females is 52.63% (30). The recruitment and selection processes of the Department will be categorically focused towards achieving the employment levels in accordance with the DPSA Transformation targets.

Going forward, the Department will 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 JANUARY 2017														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	47	25	0	0	0	0	0	0	72	72	3	75	0				
3	10	36	0	0	0	0	0	0	46	46	3	49	0				
4	4	16	0	0	0	0	0	0	20	20	7	27	1				
5	109	67	2	1	5	5	14	2	205	205	18	223	5				
6	287	174	0	0	0	0	0	0	461	461	17	478	1				
7	113	49	3	0	10	4	15	1	195	195	37	232	7				
8	41	36	4	1	8	4	3	0	97	97	15	112	1				
9	32	21	3	0	3	4	2	3	68	68	10	78					
10	26	17	2	0	7	4	2	4	62	62	10	72	1				
11	25	24	1	0	5	6	2	4	67	67	10	77	0				
12	27	39	1	1	10	7	1	6	92	92	13	105	2				
13	17	10	0	0	4	1	2	5	39	39	4	43	1				
14	6	6	0	0	1	0	0	1	14	14	1	15	0				
15	0	4	0	0	0	0	0	0	4	4	1	5	0				
16	0	0	0	0	0	0	0	0	0	0	1	1	0				
TOTAL	744	524	16	3	53	35	41	26	1442	1442	150	1592	19				

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 agree 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 Plan will work towards improving the service delivery at COGTA.

Key policy developments and legislative changes

None that had a material affect or impact on the Departments mandate or operations.

2.4.3 STRATEGIC OUTCOME ORIENTATED GOALS

Strategic objectives

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.

NUMBER	DEPARTMENT'S GOALS	DEPARTMENT'S STRATEGIC OBJECTIVES
1	Improved Cooperative Governance	Improved functionality of Inter-Governmental Relations
2	Strengthened Governance	Improved capacity of political and administrative governance (Local Government and Traditional Institution)
		Strengthened accountability of governance institutions (Local Government and Traditional Institution)
		Improved decision making through citizen participation
3	Increased Economic Opportunities	Strengthened sectoral development
		Improved government led job creation programmes
4	Strengthened Delivery of Basic Services	Improved co-ordination of service delivery
5	Well Integrated Spatial Planning System	Improved spatial hierarchy of services
6	Adaptation to Climate Change	Increased adaptation to climate change impacts.
		Improved disaster management

STRATEGIC GOALS	OBJECTIVES
Job Creation	Enhance Industrial Development through Trade, Investment & Exports
	Expansion of Government-led Job Creation Programmes
	Promoting SMME, Entrepreneurial and Youth Development
	Enhance the Knowledge Economy
Human Resource Development	Improve Early Childhood Development, Primary and Secondary Education
	Support Skills alignment to Economic Growth
	Promote enhanced Youth Skills Development & Life-Long Learning
Human And Community Development	Poverty Alleviation & Social Welfare
	Enhancing Health of Communities and Citizens
	Safeguard Sustainable Livelihoods & Food Security
	Sustainable Human Settlements
	Enhancing Safety & Security
	Advance Social Cohesion
	Promote Youth, Gender and Disability Advocacy & the Advancement of Women
Strategic Infrastructure	Development of Ports and Harbours
	Development of Road & Rail Networks
	Development of ICT Infrastructure
	Improve Water Resource Management
	Develop Energy Production Capacity
Responses to Climate Change	Increase Productive Use of Land
	Advance Alternative Energy Generation
	Manage pressures on Biodiversity
	Disaster Management
Governance and Policy	Strengthen Policy, Strategy Co-ordination and IGR
	Building Government Capacity
	Eradicating Fraud & Corruption
	Promote Participative, Facilitative & Accountable Governance
Spatial Equity	Actively Promoting Spatial Concentration
	Facilitate Integrated Land Management & Spatial Planning

Performance against the core set of standard performance indicators

S.No.	Programme / Subprogramme / Performance Measures	Audited Outcome for 2015/16 as per Annual Report	Target for 2016/17 as per Annual Performance Plan (APP)	Audited output for 2016/17 as per Annual Report	Comments for the 4th Quarter
QUARTERLY OUTPUTS					
Programme 2: Local Governance					
2.1	Municipal Administration				
	Number of municipalities supported to comply with MSA regulations (Sub-outcome 3, Action 6)	61	54	54	
2.2	Municipal Finance				
	Number of municipalities guided to comply with MPRA by target date (Sub-outcome 3)	51	54	44	Variance explanation: MPRA is only applicable to local municipalities
	Number of municipalities supported to improve revenue management and debt collection (Sub-outcome 3)	-	18	18	
	Number of municipalities with functional audit committees	61	54	54	
	Number of municipalities monitored on implementation of Audit Response Plan based on the 2014/15 audit outcomes monitored (Sub-outcome 3)	61	54	54	
	Number of reports produced on the extent to which municipalities comply with the implementation of the Anti-corruption measures (Sub-outcome 3)	-	4	4	
	Number of reports on fraud, corruption and maladministration cases reported and investigated (Sub-outcome 3)	4	4	4	

S.No.	Programme / Subprogramme / Performance Measures	Audited Outcome for 2015/16 as per Annual Report	Target for 2016/17 as per Annual Performance Plan (APP)	Audited output for 2016/17 as per Annual Report	Comments for the 4th Quarter
QUARTERLY OUTPUTS					
2.3	Public Participation				
	Number of ward committees supported on implementation of ward operational plans (Sub-outcome 2)	828	870	647	Variance explanation: The focus has been on reestablishment and supporting ward committees
	Number of municipalities supported on the development of ward level database with community concerns and remedial actions produced (Sub-outcome 2)	51	44	44	
	Report on the number of community report back meetings convened by Councilors in each ward (Sub-outcome 2)	51	4	4	
2.4	Capacity Building Development				
	Number of capacity building interventions conducted in municipalities (Sub-outcome 3)	1	2	2	
	Report on implementation of Back to Basics support plans by municipalities (Sub-outcome 1)	-	4	4	
	Number of municipalities supported to roll-out the Gender policy framework	61	54	54	
2.5	Municipal Performance Monitoring, Reporting and Evaluation				
	Number of municipalities supported to institutionalize performance management system (PMS)	61	54	54	
Programme 3: Development and Planning					
3.3	Local Economic Development				
	Number of municipalities supported to implement Local Economic Development projects in line with updated municipal LED strategies (Sub-outcome 4)	10	10	10	
	Number of municipalities supported to implement the Red Tape reduction programme (Sub-outcome 4)	11	11	11	

S.No.	Programme / Subprogramme / Performance Measures	Audited Outcome for 2015/16 as per Annual Report	Target for 2016/17 as per Annual Performance Plan (APP)	Audited output for 2016/17 as per Annual Report	Comments for the 4th Quarter
QUARTERLY OUTPUTS					
	Number of work opportunities created through the CWP in municipalities	33 323	34 500	36 155	Variance explanation: Positive variance is due to additional work opportunities awarded to the Province in the 2016/17 financial year
3.4	Municipal Infrastructure				
	Number of municipalities supported with service delivery programmes	38	31	31	
	Number of municipalities supported to implement indigent policies (Sub-outcome 1)	43	30	30	
3.5	IDP Coordination				
	Number of municipalities supported with the implementation of SPLUMA	-	44	44	
	Number of municipalities supported functional Municipal Disaster Management Centres	11	11	11	
	Provincial Fire brigade services established by target date	-	1	-	Variance explanation: Cost cutting measures lead to moratorium on posts.
ANNUAL OUTPUTS					
Programme 2: Local Governance					
2.4	Municipal Finance				
	Number of municipal performance reports compiled as per the requirements of Section 47 of the MSA	-	1	1	
Programme 3: Development Planning					
3.6	IDP Coordination				
	Number of municipalities supported with development of legally compliant IDP(Sub-outcome 1)	61	54	54	

2.4.4 PERFORMANCE INFORMATION PER PROGRAMME

DESCRIPTION OF PROGRAMME I

The programme consists of two sub-programmes, namely Office of the MEC and Corporate Services.

The purpose of this programme is supporting the Ministry and providing all other support services rendered in the Department, including the financial management of the Department. Corporate Services is responsible to render the following key functions:-

- Human Resource Administration encompassing Recruitment and Selection, Conditions of Service and Remuneration;
- Provision of Human Capital Development including the Departmental Wellness Programme;
- Labour Relations;
- Provision of Organisational Development and Efficiency Services encompassing Human Resource Planning and practices, Organisation Design, Work Study and Job Design and Evaluation;
- Provision of Auxiliary Services encompassing Transport, Security, Office Services and Occupational Health and Safety;
- Provision of an Information Communication Technology Service including the provision of information system, management of service level agreements with service providers and the provision of IT related resources;
- Provision of Financial Management support to the Department;
- Provision of Policy and Research support to the Department;
- Provision of Legal Services support to the Department; and
- Provision of Strategic Planning, Monitoring and Evaluation support to the Department.

ACHIEVEMENTS: PROGRAMME I

HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

All four programmes in the Department were supported with Recruitment and Selection (post adverts, shortlisting, interviewing and appointments), Conditions of Service and Remuneration matters. All staff was capacitated in accordance with the Departmental Training Plan. Some of the training conducted relates to Departmental Induction /Orientation & Code of Conduct, Sexual Harassment & Fraud Prevention, Embracing Diversity, Leadership in Middle Management, Financial Management for SMS Ethics, Writing Skills, Writing Minutes, Public Participation, Breaking the Barriers, Financial Literacy; where 834 staff were skilled. A skills audit was also undertaken in Department to augment the Training Plans of respective units.

The re-alignment of the Department's strategy to the structure has been implemented. The structure for Programme 1, 3 and 4 has been finalised. The structure for the Local Government Branch (Programme 2) has been finalised and has been approved and implementation has commenced. The report dealing with the structure for Programme 1, 3 and 4 has been finalised, however, the re-alignment has not been finalised, and will continue in the forthcoming year. A report addressing the macro organisational structure has been submitted for consideration.

Ongoing guidance has been provided to Senior Management Service regarding Performance Agreements and Reporting. This included the validation of Performance Agreements of SMS and alignment of these agreements to the Strategic and Annual Performance Plans. All Senior Managers disclosed financial interests as per the Department of Public Service and Administration requirements.

DEPARTMENTAL FINANCE AND SUPPLY CHAIN MANAGEMENT

All the required in-year monitoring reports on revenue and expenditure were compiled and submitted to Provincial Treasury by the stipulated deadlines. All four programmes have been supported with budget management and project lists have been updated and co-ordinated monthly. Budget management reports reflecting the variance for the month were also compiled monthly and submitted to Provincial Treasury by the stipulated deadline of the 15th of every month. The budget of the Department reached R1.603bn, and all the programmes achieved less than a 2% variance on expenditure. To achieve this, all four programmes have been supported with proper budget management practices.

The SCM unit has been compliant with financial management prescripts and has provided effective SCM support to the Department. Procurement Plan was submitted and the required monthly deviation and payment reports were submitted. Effective monitoring of the procurement plan resulted in 93.7% of the budget being spent. The Department also conducted a presentation on SCM transformation vs the preferential procurement bill to all municipalities. The purpose was to assist the municipalities to change the mind set from transaction procurement to strategic procurement to drive radical economic transformation agenda of government.

The Department also took action against non-payment of invoices within 30 days. The Account Payables and Advanced Procurement Systems was implemented and a massive improvement was noted over the last few months with December = 96.44%; January = 92.40%; February = 99.19% and an overall payment average of 89% over the Financial Year.

INTERNAL CONTROL

The Anti-Fraud and Corruption Strategy has been implemented. The Department's Fraud Prevention Plan was reviewed by Treasury. Based on this the strategy and focus changed and a new template was used to report to CARC.

The Department revised the Anti-fraud and corruption Policy and workshopped its Anti-fraud strategy. Reports were prepared on the implementation of matrix of tasks and and implementation of Fraud strategy.

The Departmental Internal Audit Improvement Strategy and Risk Management Registers have been developed and regularly updated and reported on.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLAN-NED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
OFFICE OF THE MEC	2.1. Improved capacity of political and administrative governance	Number of strategic documents tabled to the legislature as per statutory requirements	New	7	7	0	
		Percentage of functional operational systems implemented in the ministry	New	100%	100%	0	
OFFICE OF THE HEAD OF DEPARTMENT	2.1. Improved capacity of political and administrative governance	Number of Districts and Metros supported on OSS	10 Districts and 1 Metro	11	11	0	
		Number of policies implemented in respect of information and physical security	New	1	1	0	
	2.2. Strengthened accountability of governance institutions	Number of Departmental Clean Audit achieved	1	1	0	-1	Clean Audit not achieved
		Number of MPAT Key Performance Areas fully compliant with legal/regulatory requirements	New	4	1	-3	Only KR4 received a rating of fully compliant (3.38)

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLAN-NED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
HUMAN RESOURCE MANAGEMENT	2.1. Improved capacity of political and administrative governance	Percentage of staff with scarce skills recruited in accordance with the recruitment plan	100%	100%	100%	0	
		Percentage of staff capacitated in accordance with the Departmental Training Plan	100%	100%	100%	0	
		Number of programmes implemented to support municipalities on Human Resource Management	New	1	1	0	
		Number of Organisational Structures aligned to implementation of Strategic Plan	1	1	1	0	
		Percentage of Performance Agreements aligned to Strategic Plans	100%	100%	100%	0	
		Percent of cases completed within 60 days in terms of PSCBC Res 1/2003-Disciplinary Code and Procedures (Items 6 and 7).	100%	100%	34%	-66%	The Department does not have a control over the proceedings once the case starts. Procedural delays pose challenges.
INFORMATION TECHNOLOGY	2.1. Improved capacity of political and administrative governance	Number of fully functional IT Services	1	1	1	0	
AUXILIARY SERVICES	2.1. Improved capacity of political and administrative governance	Percentage of Departmental Buildings compliant with the Occupational Health and Safety Act	98.8	100%	98.80%	-1.20%	Some buildings have inherent defects
		Percentage alignment of functional working environment to organisational structure	98	100%	98.00%	-2.00%	Cost cutting measure had impacted on planned projects
		Percentage of fleet efficiently managed	98	100%	98.00%	-2.00%	Cost cutting measure had impacted on planned projects

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLAN-NED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
FINANCIAL MANAGEMENT	2.1. Improved capacity of political and administrative governance	Number of clean audits achieved	1	1	0	-1	Clean Audit not achieved
		Number of Traditional Councils with audited financial statements	New	257	257	0	
		Number of Statutory Reports submitted	26	28	28	0	
		Number of programmes achieving a 2% variance on expenditure	4	4	4	0	
		Number of programmes implemented to support municipalities on Financial Administration	New	1	1	0	
		Percentage of expenditure in line with the Departmental Procurement Plan	97%	100%	94%	-6%	Some bids could not be finalised in 2016/17 FY but will be awarded in 2017/18
TRADITIONAL FINANCE	2.1. Improved capacity of political and administrative governance	Percentage of suppliers paid within the thirty day period	New	100%	90.5%	-10%	An electronic tracking system was implemented to improve payments.
		Number of Traditional Administrative Centres with updated Movable Asset Registers	257	257	257	0	
		Number of Traditional Councils supported to implement the financial management practice notes	267	267	283	16	Additional TCs were supported in the 4th Quarter.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLAN-NED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
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	New	100%	100%	0%	
		Percentage of criminal cases reported on	100%	100%	100%	0%	
		Number of Internal audit plans implemented	1	1	1	0	
		Number of Risk Action Plans implemented	1	1	1	0	
		Number of compliance audits performed.	1	4	4	0	
		Percentage of issues on the AG Management Action Plan addressed	100%	100%	100%	0%	
STRATEGIC PLANNING AND SERVICE DELIVERY	2.1. Improved capacity of political and administrative governance 2.2. Strengthened accountability of governance institutions	Number of Service Delivery Improvement Plans Developed	1	1	1	0	
		Number of Annual Performance Plans aligned to National and Provincial imperatives	1	1	1	0	
		Percentage of Business Plans aligned to Strategic Plans	100%	100%	99%	-1%	One unit did not respond to submit a business plan
MONITORING	2.2. Strengthened accountability of governance institutions	Number of clean audits on performance information	1	1	0	-1	There were challenges with evidence and method of calculation for certain indicators leading to clean audit not to be achieved. Overall report finding was unqualified.
		Number of monitoring systems functional Number of knowledge sharing sessions conducted	1 24	1 16	1 27	0 11	The target was overachieved as a result of additional requests to provide support.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLAN-NED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
EVALUATION	2.2. Strengthened accountability of governance institutions	Percentage of confirmed evaluation recommendations monitored for implementation	80%	100%	100%	0	
		Number of evaluations studies conducted on Departmental programmes to inform the Strategic Plans	6	6	6	0	
		Number of programmes supported to fully comply with MPAT legal/regulatory requirements	New	1	1	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLAN-NED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
POLICY AND RESEARCH	2.1. Improved capacity of political and administrative governance	Number of policies reviewed	3	8	10	2	More requests were received to review policies
		Number of policies monitored	New	3	3	0	
		Number of Departmental policy registers maintained	1	1	1	0	
		Number of Research Projects conducted to inform the Annual Performance Plan	2	2	2	0	
LEGAL SERVICES	2.2. Strengthened accountability of governance institutions	Number of information hubs with data related to Municipalities and Traditional Institutions updated	1	1	1	0	
		Percentage compliance with all line function legislation	0%	100%	42%	-58%	The system is operational and is still in the process of refinement and implementation
		Percentage compliance with all transversal legislation	0%	100%	42%	-58%	The system is operational and is still in the process of refinement and implementation
CORPORATE COMMUNICATION	2.2. Strengthened accountability of governance institutions	Number of Communication Strategies implemented (Internally focus)	1	1	1	0	
		Number of Local Government Communication Plans implemented	1	1	1	0	

STRATEGIES TO OVERCOME AREAS OF UNDER PERFORMANCE

The Department adopted a strong focus on improving good governance as a critical element to confirm its accountability in implementing its mandate. To address the challenges faced around the vision of obtaining clean audit and level four of all MPAT standards, a Clean Audit and MPAT Committee was established to specifically:

- Ensure improvement on the Department's Auditor General's Report by facilitating and monitoring the implementation of all AG recommendations and proactively address any other compliance challenges.
- Improve Department's scores on the MPAT which measure compliance of the Department on various pieces of legislation in key organisational administration sections which include Finance; Human resources management and development; Governance; and strategic planning, monitoring and evaluation.

The Department will continue to implement a rigorous approach which provides full attention to these two key management tools. To this extent, all MPAT level 4 performance requirements were integrated in the Annual Performance Plan of the Department and will from now on be part of the integrated M&E system to ensure compliance.

CHANGES TO PLANNED TARGETS

No changes were made to planned targets.

LINKING PERFORMANCE TO BUDGETS

Programme I: Administration									
Sub programme	2016/17							2015/16	
	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
1. Office of the MEC	20 805	-	15	20 820	20 812	8	100.0%	21 327	21 302
2. Corporate Services	369 334	-	(7 234)	362 100	359 608	2 492	99.3%	364 837	361 257
Total for sub programmes	390 139	-	(7 219)	382 920	380 420	2 500	99.3%	386 164	382 559

PROGRAMME 2: LOCAL GOVERNANCE

DESCRIPTION OF PROGRAMME 2

The programme consists of five sub-programmes namely Municipal Administration, Municipal Finance, Public Participation, Capacity Development and Municipal Performance Monitoring, Reporting and Evaluation. The purpose of this programme is to co-ordinate, support, promote and enhance governance administration and public participation in local government.

The services under this programme are as follows:

- To promote community development and enhance governance through public participation;
- To promote good governance in municipalities;
- To manage municipal financial support; and
- To manage and co-ordinate municipal development.
- To coordinate municipal IDP process.

ACHIEVEMENTS: PROGRAMME 2

MUNICIPAL GOVERNANCE AND ADMINISTRATION

The Department strives to strengthening oversight structures and improve the functionality of IGR structures. The Department focusses its provision of support initiatives regarding IGR mainly on district municipalities as these institutions are charged with the responsibility of ensuring proper co-ordination at local government level. The success of cooperative governance depends solely on co-operation from all stakeholders. The overall package of IGR support provided by the Department's staff during the reporting period has been aimed directly at responding and resolving every facet of these challenges, in whatever form they manifested, in order to ensure that functional IGR structures are achieved. Chief among the mitigating measures is to ensure that there is accountability. Stakeholders and everyone who participates, and plays a role in IGR should account, and must be held accountable for successes and failures of IGR. Following the re-establishment of the Mayors' Forums after the 2016 LG elections 8 of the 10 Districts IGR structures was functional. Protocol Agreements have been signed with all 10 Districts and a schedule of meetings for the year was been finalised. However, the Amajuba and Zululand IGR forums have struggled to hold their meetings. District Intergovernmental Forums have met at least once.

It is important to facilitate and implement cooperative and consultative platforms for Traditional Institutions and Municipalities, to consult and inform one another on service delivery and development programmes affecting traditional communities. All municipalities were monitored on the participation of Traditional Leaders in the municipal council. Traditional Leaders were enabled to participate in the proceedings of municipal councils through the publication of Notice No. 149 of 2016. On a closed inspection, only 38 municipalities actually have traditional leadership attending at least three council meetings. This is a matter to receive attention in future years.

To advance accountability measures, a number of municipalities were targeted for support to attain functional oversight structures. Where democratic processes broke down in municipalities it is usually as a result of failed council structures that should perform oversight over a number of key municipal functions. All municipalities have received training on Oversight Committees through COGTA's Sector Based Councillor Training. Furthermore, individual training on establishment, operations and roles and responsibilities of Municipal Public Account Committees (MPAC) and Delegations were provided to 25 Municipalities. Additional hands on training to MPAC in the areas of Annual and Oversight Reports as well as Unauthorised, Irregular, Fruitless and Wasteful expenditure has commenced and some municipalities.

Since 2009, 14 municipalities have been placed under administration due to political instability and poor discipline amongst councillors, failure to execute key responsibilities such as approving the budget, unlawful actions, dysfunctional council or structures, financial maladministration and service delivery failures. In 2016/2017 the Department spent R4.3 million in placing municipalities such as Umzinyathi, Umkhanyakude and Nquthu under administration.

Monitoring the recruitment and appointment skilled and qualified officials at municipal level is a key responsibility of the Department. The Organisational Development Framework and Standard Operating Procedure Manual have been reviewed in order to assist municipalities with the review of organograms and with the recruitment process. Hands on support were provided to review organograms in 5 identified B2B municipalities which are Endumeni, Umvoti, Maphumulo, Edumbe and Jozini; as well as drafting and placing of advertisements, shortlisting and interviewing processes in a number of other municipalities. The Department also processed the appointments (new, acting and extension of acting) from 34 municipalities in terms of Sections 54A and 56 of the Municipal Systems Act (MSA). To ensure that skilled personnel are appointed, the Department successfully declined the appointment of senior managers in instances where the process was flawed or the appointed candidate was not suitable.

Determining the new levels of payment applicable to councilors as per the recommendations made by the Independent Commission for the Remuneration of Public Office Bearers is a further function of the Department. Based on the affordability of municipal councils to pay any proposed increases, the Department has consistently and successfully implemented an Affordability Framework that contains certain assessment criteria in terms of which municipal councils applications are assessed. Two criteria were added to determine municipalities where an increase in their councilor remuneration will not be granted, being a municipality that received disclaimers or was subjected to a section 139 intervention or were experiencing severe financial difficulties. Monitoring the application of the set criteria has shown that since 2012/2013, there has been a steady improvement in the number of municipalities attaining 100% of the upper limits, with a related reduction in the number of disclaimer audit opinions being issued by the Auditor-General.

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. Specific focus was given to the assessment on compliance with the Code of conduct for Councillors. Responses were received and analysed to form a support plan. However, due to the 2016 Elections, the focus of support was on training the councils on these governance frameworks, including the Code of Conduct. The councils were also capacitated on recruitment and selection plus leave policies. All new Councils were further capacitated on Procedure Manual covering policies, revised Organizational Development Framework, SOP Manual, Orientation and Integrated Councillor Induction.

Municipalities were further supported in the drafting of standard by-laws developed to enhance their legislative competency. Research was undertaken on the 5 identified bylaws relating to transport, liquor licencing, nuisance, child minder and outdoor advertising, and these were gazetted.

MUNICIPAL FINANCE

This sub-programme aims to improve functionality of Inter-Governmental Fiscal Relations. A key focus area is monitoring public sector expenditure so that it is in line with the municipal IDP. In order to do so, the programme monitors the percentage of public sector expenditure spent in accordance to the municipal IDP.

Assessments were conducted on all IDPs and capital investment plans to determine whether municipalities are allocating 26% (an initial benchmark) of their budgets to capital expenditure. The final budgets from municipalities were requested and analysed with feedback given to the municipalities. The report on percentage of municipal expenditure allocated to repairs and maintenance and capital infrastructure has been finalised and it shows that 13 municipalities had budget allocation with 26% or more and 48 municipalities with a budget below the 26% requirement. The provincial average was 17%. When expenditure on these allocations are analysed for the period ending 30 September 2016, it shows that 18 of the 54 municipalities achieved 100% expenditure, 3 were above 90% while the remaining municipalities are below. The provincial average in this regard was 70%.

The challenges in this area remain the following:

- The SDBIP of municipalities are not adequately aligned with IDP which delays projects indicated in the IDP.
- The slow spending of public sector expenditure in accordance to the IDP are a concern and action needs to be taken to correct this.
- Amendments have been made to project business plans without any changes being affected to IDP.
- Lastly, SCM processes are not properly followed which delays the implementation of public sector expenditure.

To deal with these challenges, the Department aims to provide support to support municipalities to prepare credible SDBIPs and continuously checking on alignment of IDP and SDBIP. The Department also aims to monitoring the spending of conditional grants that are specifically aimed at constructing infrastructural projects.

To assist municipalities to implement revenue raising strategy, the Department supported municipalities to improve revenue management and debt collection. Support plans were monitored through the Provincial Coordinating Forum on Government Debt and Back to Basics. Monitoring was through the standard reporting format on Government Debt.

- Mzimkhulu, Big Five Hlabisa and Impendle were supported to develop support plans to reduce Government debt.
- All municipalities in the Umngungundlovu district were supported with an Indigent Management workshop.
- Supported was provided to Umzinyathi and Nquthu to reduce historic Government Debt.

Challenge in this regard is the establishment of the Revenue and Debt Steering Committees at municipalities as municipalities are reluctant to establish these committees. The Committee on government debt is starting to achieve results as intergovernmental relations are being cemented; and both municipalities and departments are committed to reducing debt owed by government.

To work towards improving the capacity of the political and administrative governance in local government, municipalities are guided to comply with MPRA. To achieve this, the Department conducted Bi-monthly project steering committee meetings on the implementation of municipal MPRA support. MPRA Steering Committees were convened regionally with a focus on publishing of property rates tariffs, rates policy and bylaws, general valuation implementation, demarcation impacts, Valuation Appeals Boards, Ingonyama Trust Board debt and valuation standards. This support accrued to all 44 local municipalities, with specific reference to Valuation Roll Updating and Financial Review Support for Rates Policies, tariffs and bylaws.

GIS is also used to support municipalities in implementing the MPRA. Cadastral Data to view the 45 property registers have been maintained and updated. The Department also use GIS to perform revenue gap analysis in 5 municipalities.

The MFMA Section 131 reports submitted on state of municipal finance in terms of was finalised and submitted to the MEC for tabling in the Legislature. Similarly, the report required in terms of section 81 of the MPRA was compiled and tabled.

In relation to the municipal audit outcomes, the Department developed a strategy response to provide for a cohesive, coordinated and holistic support approach in order to respond to the audit outcomes of municipalities for the 2015/2016 financial year.

The Auditor-General, when releasing the results, indicated that the desired progress to obtaining clean audits is at risk in some municipalities, if the following three root causes are not addressed:

- Slow response by the management due to lack of rigorous monitoring of action plans to address key audit matters by management.
- Instability or vacancies in key positions, key positions remain vacant for long periods of time thus the control environment is compromised.
- Key officials lack appropriate competencies and skills required to perform their jobs. This is the result of lack of understanding and application of the accounting frameworks and the different laws and regulations applicable to the auditee by key officials.

Even though there is an overall improvement in the Province, much work still needs to be done. In summary, the municipal audit outcomes for the 2015/2016 financial year are as follows:

- 11 Clean audits
- 42 Unqualified
- 5 Qualifications
- 2 Disclaimer
- 1 Adverse

The Department analysed all the Audit Response Plans received from the municipalities and provided feedback on the adequacy of the action plans, where inadequacy was detected, input was provided to the municipalities for consideration in amending their action plans. Support was provided in implementing the Audit Response Plans. It is imperative that relevant business units within the Department work collectively in order to sustain and improve audit outcomes by addressing previous audit findings and focussing on proactive support on the focus areas of the next audit as Municipalities still have various challenges that contribute to these audit findings such as Financial Management, Performance Management and Governance.

The Department conducted financial assessments at all municipalities to ascertain the state of their financial management practices. It was found that all municipalities were implementing a risk based internal audit plans. The MPAC functionality was also analysed and training was provided where needed. In support of functional municipal audit committees were assessed and supported was provided where required to restore audit committee functionality.

To bring urgency to matter of combatting fraud and corruption, the Department has investigated a number of allegations of fraud, corruption and maladministration in the local government sphere. The Department Conducted assessments at Ingwe, Greater Kokstad, uThukela, eThekweni, Msunduzi, Newcastle, Umshwathi, Mzinyathi, Mandeni, UMngeni, Mpofana and Richmond municipalities. The Department also managed Section 106 investigations at Nongoma, Mfolozi, Nkandla, Msunduzi, Phongola and Hlabisa municipalities.

Public Participation

The goal of the Department in this regards is to improve decision making of municipalities through citizen participation. This in turn was done by improving consultation, communication and feedback to all communities within the municipal area.

Our Democratic Government respects the participation and consultation of people in the development of their areas. It is for this reason that the Department works closely with municipalities to ensure that effective public participation structures and systems are implemented in all municipalities.

Using our Post-election plan as a base, the Department established a Multi-sectoral Provincial Ward Committee Elections and Operations Steering Committee to assess the work done by municipalities in their preparations for ward committee elections. To ensure the implementation of post-election plans at district level, the aforementioned Steering Committee was supported by District Implementation teams which had been established in all 10 districts. Part of the scope of work of these District Implementation teams, was to support municipalities in the development and adoption of policies on the election and operation of ward committees.

To date 848/870 wards had been established and 39 municipalities have been supported on the capacitation of their ward committees to undertake their functions. The Department will continue to work with municipalities to ensure that ward committee vacancies that arise are filled swiftly in order to sustain the functionality of these structures. The Department has also worked closely with the Office of the Premier and other affected Departments, such as Health, Social Development and Transport to consolidate and streamline ward based structures to enable communities to communicate more effectively with government.

From this, the Department moved to strengthening the functionality of Ward Committees. The functionality of ward committees was then tested as per the requirements of the Municipal Structures and Systems Acts. All municipalities were assessed on a set of functionality criteria for ward committees. A consolidated report on the functionality of ward committees has been compiled. This report highlights the trends for ward committee functionality as was observed during the financial year. The assessment reflects that 437 of the 870 wards in the province to be functional functional..

Monitoring whether community report back meetings were convened by Councillors in each ward is a key area of functionality and success. All wards have been supported to develop schedules of report back meetings and the Department monitored wards in respect of community report back meetings convened. Prior to the local government elections that increased the number of wards to 870, 426 of original 828 wards indicated that these community report back meeting across the province is happening. A total of 848 community report back meetings were reported to have been convened. The situation changes post the August 2016 LG elections as the focus shifted to re-establish 870 ward committees. Plagued with local tensions and postponements due to poor attendance, violence and appeals on nominated candidates; municipalities worked under difficult circumstances to have their ward committees established and indicated that 503 ward are having community report back meetings with a total of 1049 meetings having had taken place with communities across the province.

A further success area that the Department monitors is the support provided and the number of wards that can develop and implement ward operational or ward improvements plans (ward based planning). This support and guidance was provided in terms of the induction programme and electronic communication to all municipalities on the development of ward operational plans. Other platforms used to provide support to municipal IDP Planners and Public Participation Officials were District & Local IDP forums, District IDP Alignment Engagement sessions, WC Inductions and One-on-One meetings. All municipalities were informed to include CBP in their IDP Process Plan and their IDPs will be assessed as per amended IDP. An annual report reflecting support provided by the Department shows that a total of 793 wards have developed ward operational/based plans. The key driver for implementing these plans is the municipal IDP. Therefore, how these WBPs are aligned to the relevant Municipal IDP is key to its success. Prior to the development of the municipal IDP, the WBPs had to be developed and the information thereof was used to compile the IDP to ensure alignment. Also, with the inclusion of the WBP indicators in the IDP assessment criteria template, it facilitated the alignment of both plans.

Even though Municipalities are supported to have functional Ward Committees to bridge the communication gap between municipalities and communities, the Province experienced service delivery protests which had resulted in the damage of infrastructure. In addressing service delivery protests, we had supported all municipalities in establishing and workshopping Rapid response Teams.

Capacity Building

Chapter 13 of the National Developmental Plan reminds us to strive and work towards Building a Capable and Developmental State; and places emphasis on building a capable public service to eliminate poverty, reduce inequality and tackle unemployment. The aim is to ensure that local government has committed people with appropriate skills and is capable of being transformative and developmental state to achieve the set goals.

To improve capacity of political and administrative governance the Department strive to implement a provincial capacity building strategy for local government and traditional institutions. The 2016/2017 financial year also marked the end of the 2011-2016 Municipal council terms. This saw the need for the Department to provide capacity building and support to the newly elected municipal councils.

The Department acknowledge that Municipalities have a huge role play in improving the lives of our people as they are a sphere of Government which is at the core face of service delivery. It is because of this reason that the Department has invested R3.9 million in 2016/2017 in supporting Municipalities post the Local Government elections held in August 2016 with a comprehensive Councillor Training Programme which complimented SALGA's orientation and induction programme.

This training was provided in two phases, phase one for Mayors and phase two for ordinary Councillors and was overwhelmingly appreciated by all 1776 attending Councillors as shown by the evaluation conducted by the Department during the training sessions. Councillors indicated it has equipped them in discharging their roles as Councillors to ensure functional Municipalities that deliver service to the people. The Department will invest another R6 million to conduct a Skills Audit Survey which will assist in identifying Skills GAP to then in turn inform further development of training manuals and roll out of accredited training to councillors.

It is only through consistent and quality capacity building of our democratic elected leaders, that we will be able to strengthen the local government sphere. Therefore, we will continue to implement capacity building programmes aimed at political office bearers and senior officers in municipalities who were charged with leadership responsibilities to achieve good governance.

Municipal Performance, Monitoring Reporting And Evaluation

The Department aims to strengthened accountability of governance institutions through implementing a single mechanism to measure and report on performance of municipalities and then integrate it into a sustainable support programme to municipalities. The main driver of this is the implementation of the Back to Basics programmes.

All municipalities complied by reporting their performance via a single paper based reporting mechanism. Even though there are challenges such as continuous changes made to reporting templates, these challenges are addressed by giving feedback to municipalities at joint assessment feedback sessions held at a District level.

It was further planned to develop an electronic dashboard for municipal performance measurement. The development has been delayed internally due to extensive supply chain processes. This process will continue on the next financial year.

All municipalities were supported to institutionalise a functional performance management system. This support was given in the form of assessing the alignment of the IDP with municipal performance scorecard and SDBIP. All municipalities were supported to develop an action plan for implementation.

The Section 47 Municipal Performance Report was compiled as per the requirements of Section 47 of the Municipal Systems Act. There are challenges, of which the main one is the verification of information submitted by stakeholders. In future, the processes will be intensified.

To implement the Back to Basics programme, municipalities were guided to develop Support Plans that are in line with the key aspects identified in the 5 Pillars of the Back to Basics programme. All 61 municipalities were supported in this regard.

Part of this support is to monitor and support the implementation of the 26 priority municipal plans via the existing OSS and CoGTA structures. Key to this was to categorise all the issues per sector/stakeholder and identify the resources to implement these. At the end of the financial year, 100 of issues have been categorised and 92% of issues have been resourced. The latter however, remains a challenge and an accelerated programme has been put in place to improve participation of Sector Departments.

From the implementation of the support plans and information obtained from consolidated municipal reporting, 11 validated district profiles have been prepared. The internal challenges of obtaining consistent and valid information remains, and the Department will tackle these challenges head-on in the next financial year.

Progress to date on the implementation of the B2B programme reflects that 94% of Departmental specific issues have been resolved. To attend to the issues, better commitment from internal Business Units is needed to improve the turnaround time to address challenges. To address this, the Department held strategic sessions with affected units, and issues have further been categorised as short, medium and long term and this should refine the support approach by the Department. With respect to sector specific issues, 100% of sector issues have been facilitated. The aspect of slow response time remains a challenge, and the Department held IGR sessions via the Office of the Premier to to solicit improved support from Sector Departments.

The Department also conducted an evaluation of the B2B implementation process. The evaluation assessed the relevance, efficiency, effectiveness and sustainability of the implementation. To collect information, In-depth face-to face interviews were conducted, as well as questionnaires distributed to municipalities. The findings reflected that even though the relevance of the programme is acknowledged, there are various degrees of support commitments amongst Stakeholders with regards to implementing the Municipal Support Plans. Municipalities indicated that there is no single window of coordination of support amongst Stakeholders, resulting in uncoordinated or duplicated support actions and time wastage. However, 80% of the stakeholders interviewed accept that there are visible sustainable changes at municipal level, whereas 20% specified that in some areas there is no progression.

IDP Co-Ordination

Coordinating and leading the Integrated Provincial Service Delivery Plan by utilising the IDP as the single window of coordination is the primary objective of this programme. To this extent, the Department finalized the Provincial Development and Investment Framework that include Provincial and National projects, intervention areas as well as catalytic funding. The aim of this Framework is to feed into and impact on the review of the PGDP. The joint Provincial Service Delivery Forum has been supported and is functional.

All municipalities were supported with development of legally compliant IDPs. IDP readiness and stakeholder engagements session were convened as per the Provincial IDP Management Plan.

The Department is also a key role player in maintaining the 10 District Development Planning Shared Services that exist to provide the technical support to municipalities in executing their planning functions. Further to the investment made in 2016/2017 of R4.8 million, the Department will transfer a further R5.2 million to the respective Shared Services to enhance and maintain their functionality.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
MUNICIPAL GOVERNANCE AND ADMINISTRATION	1.1. Improved functionality of Inter-Governmental Relations	Number of IGR Structures functional in accordance with the IGR Framework.	10	10	10	0	Amajuba and Zululand IGR forums have struggled to hold their meetings.
		Number of partnerships with SALGA maintained	New	1	1	0	
		Number of municipalities with functional oversight structures	61	54	54	0	
		Number of municipalities complying with local government legislation	61	54	54	0	
	2.1. Improved capacity of political and administrative governance	Number of municipalities complying with local government policies	61	54	53	-1	One municipality experienced challenges.
		Number of draft standard by-laws developed to support the municipalities with their legislative competency	New	5	5	0	
		Number of municipalities supported to comply with MSA regulations	61	54	54	0	
		Number of programmes to support the establishment of municipalities in preparation for 2016 elections	1	1	1	0	
	2.3. Improved decision making of municipalities through citizen participation	Number of municipalities with functional rapid response teams in line with the strategy	New	54	49	-5	Not all municipalities was able to establish RRTs
		Number of municipalities with the participation of traditional leaders	59	54	52	-2	Participation of Traditional Leaders remains a challenge for other municipalities.
MUNICIPAL GOVERNANCE AND ADMINISTRATION (RURAL DEVELOPMENT FACILITATION)	2.1. Improved capacity of political and administrative governance						

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
MUNICIPAL FINANCE	1.1. Improved functionality of Inter-Governmental Relations	Percentage of public sector expenditure spent in accordance to the municipal IDP	0	60%	0%	100%	Data to assess the KPI as per the definition was not complete, alternative sources were used
		Percentage of public sector capital expenditure within KZN spent in accordance with the PGDS identified/aligned projects	0	55%	0%	100%	Data to assess the KPI as per the definition was not complete, alternative sources were used
	2.1. Improved capacity of political and administrative governance	Percentage of municipal expenditure on capital infrastructure (new constructions, maintenance and operation)	0	26%	17%	100%	Complete data on the expenditure for 2016/17 was not available.
		Percentage of municipal expenditure allocated to capital infrastructure spent (new constructions, maintenance and operation)	0	100%	70%	100%	Complete data on the expenditure for 2016/17 was not available.
		Number of municipalities supported to improve revenue management and debt collection – NT Indicator	0	11 on Revenue Management 18 on Debt Management	11 on Revenue Management 18 on Debt Management	0	
		Number of municipalities guided to comply with MPRA by TARGETS date	51	54	44	-10	MPRA is only applicable to local municipalities and is not implemented by districts therefore annual target is reported as 44 and not 54.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
MUNICIPAL FINANCE		Number of Reports submitted on state of municipal finance in terms of section 131 of the MFMA	1	1	1	0	
		Number of Reports submitted on compliance with MPRA in terms of section 81 of the MPRA	1	1	1	0	
		Number of municipalities with clean audits	18	54	11	-43	Municipalities still have challenges that contribute to various audit findings.
MUNICIPAL FINANCE	2.2. Strengthened accountability of governance institutions	Number of municipalities with functional audit committees	61	54	54	0	
		Number of municipalities monitored on implementation of Audit Response Plan based on the 2014/15 audit outcomes monitored	New	54	54	0	
		Number of reports produced on the extent to which municipalities comply with the implementation of the anti-corruption measures	New	4	4	0	
		Number of reports on fraud, corruption and maladministration cases reported and investigated	New	4	4	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
PUBLIC PARTICIPATION	2.3. Improved decision making of municipalities through citizen participation	Report on the number of community report back meetings convened by Councillors in each ward	51 (municipalities)	4	4	0	
		Number of municipalities with functional ward committees as per the Municipal Structures/Systems Act (MSA)	43	44	37	-7	The focus has been on establishing ward committees in municipalities after being disestablished. This process took longer than anticipated.
		Number of ward committees supported on implementation of ward operational plans	828	870	647	-223	The focus has been on establishing ward committees in municipalities after being disestablished. This process took longer than anticipated.
		Number of municipalities with ward based plans aligned to the IDP	39	44	43	-1	The focus has been on establishing ward committees in municipalities after being disestablished. This process took longer than anticipated.
		Number of municipalities supported on the development of ward level database with community concerns and remedial actions produced (NT Indicator)	51	44	44	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
CAPACITY BUILDING	2.1. Improved capacity of political and administrative governance	Number of municipalities capacitated in accordance to the provincial capacity building strategy	61	54	54	0	
		Number of municipalities supported to roll-out gender policy framework	61	54	54	0	
		Number of capacity building interventions conducted in municipalities	1	2	2	0	
		Number of strategic partnerships facilitated	New	2	2	0	
		Number of learnership programmes implemented in accordance to the provincial capacity building strategy	New	1	1	0	
IDP CO-ORDINATION	1.1. Improved functionality of Inter-Governmental Relations	Number of Integrated Provincial Service Delivery Plans implemented		1	1	0	
		Number of municipalities supported with development of legally compliant IDP		54	54	0	
		Number of joint provincial service delivery forums supported		1	1	0	
	2.1. Improved capacity of political and administrative governance	Number of district shared services implemented		10	10	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
MUNICIPAL PERFORMANCE, MONITORING REPORTING AND EVALUATION	1.1. Improved functionality of Inter-Governmental Relations	Number of municipalities complying with the single reporting mechanism	61	54	54	0	
		Number of electronic dashboards developed	0	10	10	0	
		Number of municipal Support Plans implemented in line with the 10 Point Plan	61	54	54	0	
		Report on implementation of Back to Basics support plans by municipalities	New	4	4	0	
		Number of validated district profiles prepared	4	11	11	0	
	2.2. Strengthened accountability of governance institutions	Percentage of CoGTA issues resolved	48%	100%	94%	-6%	Delays in gathering all required reports from the relevant business units.
		Percentage of Sector issues facilitated	56%	100%	100%	0	
		Number of municipalities supported to institutionalise performance management system	61	54	51	-3	Support was given to 51 Municipalities in the 4th quarter, although all 61 were supported throughout the financial year.
		Number of Municipal Performance Reports compiled as per the requirements of Section 47 of the MSA	1	1	1	0	
		Number of evaluations conducted	New	1	1	0	

STRATEGIES TO OVERCOME AREAS OF UNDER PERFORMANCE

The biggest challenge that affected the Department's performance on all of the targets set for Local Government is the August 2016 Local Government Elections. At this point, the proverbial "re-set" button was pressed and all political capacity and structures had to be re-established and created.

Despite this challenge, the Department made great progress in re-establishing structures and provide basic training to newly elected councillors. However, the years to come will be dedicated to strengthen this capacity for these structures to function properly.

The challenges with respect to the municipal financial indicators that originate from the PGDP have been partly addressed as calculation methodologies were finalised and applied, creating at least a baseline figure to work from. How data and information is captured in municipal and provincial operational documents and report posed a huge challenge and the Department will capacitate municipalities and other Departments to correct this in order for this information to be reported on completely as how the indicators have been defined.

CHANGES TO PLANNED TARGETS

No changes were made to planned targets.

LINKING PERFORMANCE TO BUDGETS

Programme 2: Local Governance									
2016/17								2015/16	
Sub programme	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
Municipal Administration	53 540	-	(3 776)	49 764	49 843	(79)	100.2%	68 785	47 303
Municipal Finance	25 890	-	(2 043)	23 847	23 704	143	99.4%	29 516	25 824
Public Participation	162 001	-	(3 863)	158 138	158 227	(89)	100.1%	143 653	139 888
Capacity Development	12 796	-	(2 090)	10 706	10 498	208	98.1%	8 139	6 053
Municipal Performance, Reporting & Evaluation	13 053	-	(1 226)	11 827	11 858	(31)	100.3%	13 585	9 423
Total for sub programmes	267 280	-	(12 998)	254 282	254 130	152	99.9%	263 678	228 491

PROGRAMME 3: DEVELOPMENT AND PLANNING

DESCRIPTION OF PROGRAMME 3

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.

It consists of seven sub-programmes namely; Spatial Planning, Local Economic Development, Integrated Development Plan, Land Use Management, Development Information Services, Municipal Infrastructure and Disaster Management.

- The services under this programme are as follows:
- To support the development of spatial development frameworks;
- To manage and coordinate municipal infrastructure development;
- To coordinate provincial disaster management;
- To coordinate local economic development within Local Governance Institutions; and

ACHIEVEMENTS: PROGRAMME 3

SPATIAL PLANNING

The goal set of the Department in relation to Spatial Planning is to have an integrated Spatial Planning System in the Province. To achieve this, the Department aims to support municipalities to improve spatial location of government, social and basic services in line with Provincial Spatial Planning guidelines and frameworks.

In ensuring that land development plans are aligned to the municipal Integrated Development Plans, we have supported all 54 municipalities in improving their Spatial Development Frameworks with Provincial Spatial Planning Guidelines. The Department further supported 45 municipalities on the development of land use schemes and systems in the province, and a significant improvement of the provincial area covered by some form of land use scheme or system is reported at 68.6%. A number of municipalities will benefit from the planned direct financial support from the Department to address gaps in spatial development frameworks and land use management schemes in order to further drive spatial equality in the poorest of communities. The biggest challenge in this regard remains the support from the Department of Agriculture with respect to extending schemes and systems over commercial and viable agricultural land. To promote an integrated Spatial Planning System, GIS is being used to map all municipal schemes. All of the adopted schemes received have been mapped mapped. This is also enables the Department to calculate the total scheme coverage of the Province.

Further to this, plans aimed to improve land use management in traditional communities have been developed in order to improve the quality of life in these rural areas. Five Traditional Settlement Master Plans have been developed for the following Traditional Councils: Amazizi TC (Okhahlamba LM), Mabaso TC (Msinga LM), Izibonda TC (Umuziwabantu LM) Kwa Nxamalala TC (Impendle LM) and Kwa Mondli TC (Umlalazi LM). The challenge now is to find an implementation home for the findings in these plans, and this will become the focus of the Department in future years.

Five municipalities were provided with monitoring support on the implementation of the densification framework. A report was prepared where progress in this regard has been recorded. The targeted municipalities were Umhlatuze, Ethekeeni, Newcastle, Ray Nkonyeni and Msunduzi. The aim of densification is to increase in the population density within designated development areas to 4.28 households per hectare, a target set in the Provincial Growth and Development Plan. A report prepared on the 5 municipalities monitored shows that this target is being achieved, and that the densities in these areas are measured to be at 8.6 households per hectare.

To address spatial inequality and equality, 6 municipalities were supported to produce a suite of plans to promote spatial access to basic government services. The initial findings show that few of the identified municipalities have specific plans to address spatial inequality. To progress toward spatial equality, the Department identified specific areas, and conducted training and study tours to learn more about the practicalities of moving on this subject. The 6 municipalities supported to produce a suite of plans are eThekweni, Msunduzi, Umngeni, Hibiscus Coast, Mfolozi and Umhlathuze. Six project plans were also finalised for development of high level designs or conceptual frameworks for the towns of Bergville, Mpophomeni, Driefontein, Thornville and Camperdown. Coupled with this process is mapping the Provincial HDI score of 0.611. a report on the Spatial Distribution of current Human Distribution Index (HDI) has been compiled to inform future Departmental and possibly even provincial poverty eradication intervention programmes.

Land Use Management

The implementation of the Provincial Growth and Development Strategy (PGDS) brings the need for Municipalities to manage development of land within their boundaries. All 44 local municipalities have been supported with the implementation of SPLUMA, by providing support in the establishment of Municipal Planning Tribunals and Appeal tribunals. Supported was

also provided to municipalities with the amendments of delegations from the Planning Development Act to SPLUMA by-laws. Fourteen municipalities have adopted their Planning By-laws and have gazetted them. The Department continues to support the setting of the Municipal Planning Tribunals and with the by-laws in place this process will be finalised in the 2017/18 financial year. Twelve municipalities have been supported with the formalisation of towns. The Department have also supported traditional councils in surveying their boundaries and have developed maps of their izigodi (traditional wards). An amount of R2.55 million has been earmarked to enhance systems for SPLUMA application management, developing guidelines and tools for SPLUMA implementation and the development of provincial norms and standards to be used in town planning exercises. The aim of these norms and standard will be to drive the provision of basic and social service to address the imbalances of the past and drive spatial equality. A challenge that will remain for some time is the availability of municipal officials and capacity to serve on these structures. Continuous training is being undertaken to capacitate all stakeholders with regard to the requirements of SPLUMA, specifically the appeals process.

To strengthening municipal development and planning governance required from the Department to support municipalities to meet the norms for processing of development applications. A target of 73% was set and this was met. Despite the challenge of a lack of specific municipal bylaws to deal with development planning processes and standards, the monitoring data reflects that of the applications received; 86% met all the required norms and standards. This only reflects applications under the Provincial Planning and Development Act, and excludes the implementation of SPLUMA as there are numerous challenges in establishing the structures required to perform the duties.

To advance development in rural areas, the Department, over the past few years, have implemented a programme to formalise towns in rural areas to enable land to be made available for development. Twelve municipalities have been supported within this programme. This includes the determination of the outside figures, the land audits, land rights enquiries and finalisation of working plans for the following municipalities Mbabazane - Amahlubi, Nquthu - Silutshana, Msinga - Cwaka, Nkandla - Qhudeni, Uphongolo - Belgrade and Golela, Newcastle - Charlestown, Umhlabyalingana - Sodwana Bay, Mthonjeneni- Kwa Magwaza, Richmond-Ndaleneni, Umzimkhulu - Clydesdale, Ulundi- Babanango and Ezingoleni - Ezingoleni . The biggest challenge in this process is obtaining support and approval from Traditional Authorities in this process along with a lack of expertise within municipalities to drive the process. Continuous engagements are being held with the Ingonyama Trust Board on this programme to resolve areas of concern.

The Department is also a key role player in maintaining the 10 District Development Planning Shared Services that exist to provide the technical support to municipalities in executing their planning functions. Further to the investment made in 2016/2017 of R4.8 million, the Department will transfer a further R5.2 million to the respective Shared Services to enhance and maintain their functionality.

Local Economic Development - Special Initiatives

The single aim of this programme is to increase economic opportunities. This is done by strengthening sectoral development and to co-ordinate public and private stakeholders to drive economic potential in each district.

However, due to internal budget constraints and reprioritisation of programmes, the overall allocation to LED and Service Delivery have been decreased. The Department will have to do more with less.

The implementation of the PGDS also makes it important for municipalities to be proactive in ensuring that local economic development is brought to communities and communities benefit from these initiatives. In this regard we have supported 11 districts and the Metro with platforms that allow discussions on the informal economy. These platforms, district development Agencies, are the driving forces behind local economic development. Not all agencies have been fully established. Seven districts are functional; Umkhanyakude (Umhlosinga), Enterprise Ilembe, Harry Gwala, Ugu South Coast, Amajuba, Zululand and uThungulu. The challenges/ dynamics in establishing the remaining three are being addressed. Despite the various levels of establishment, the Department has provided support to the DDAs in the following manner;

- Umgungundlovu: Support was given on the Edendale Donga Rehabilitation and preliminary design
- Zululand: Special Presidential Programme on mining towns revitalisation
- Umkhanyakude and Harry Gwala: A draft MOU between Umhlosinga ,Harry Gwala and Ithala for implementing the National school Nutrition Programme (NSNP) was prepared by Ithala.
- Ugu, iLembe, Umkhanyakude, King Cetshwayo: Supported with projects aligned to NSNP Programme.
- Ilembe: Ilembe Enterprise supported to resuscitate failed projects which include tunnels, winery, vineyards, bio diesel plant and Moringa plantations.
- Amajuba: facilitation support on finding alternative ways on proceeding with projects identified by the Cabinet to be implemented by the Agency.
- Umzinyathi – Facilitation support to start on one project which includes 80Ha of land in Msinga for commercial farming.
- Uthukela: Cogta supported the municipality with projects aligned to RASET Programme and the Bergville fresh produce market

All of the districts and the metro are being supported with creating informal economic initiatives. A support plan was put in place that outlines the approach in supporting the informal economy and revitalizing the township economy. Support plan outlines a three pronged approach to the type of support that will be offered to the informal economy, namely Traders Association, Traders Academy and the Bulk Buying and Warehousing project. Specifically, the Msunduzi municipality was supported during on the planning phase for Youth Enterprise Park project, where specifically the youth is targeted to enter the informal economy by providing affordable business infrastructure.

The Department aims to create employment opportunities through the Corridor Development and Small Town Rehabilitation programmes. Six nodal plans have been developed to promote growth of small and new towns for Amahlubi, Silutshane, Babanango, Golela, Belgrade and Charlestown to promote growth of new/small towns identified in these areas.

Draft Framework Plan on the Strategic Corridor Plan for uMhlathuze - Ulundi - Vryheid Secondary Corridor is in place. There is now one Final Corridor Plan for the N2, and the beneficiary municipalities are as follows; Ethekeeni, King Cetshwayo, Umhlathuze, Mthonjaneni, Umlalazi, Nkandla, Ntambanana, Mfolozi, Ilembe, KwaDukuza, Maphumulo, Mandeni, Ndwedwe. The N2 Corridor Plan commenced on 14 Nov 2014 and was scheduled to be completed on 1 July 2016 as per MoA; however, an extension was granted to the end of September 2016, when it was finally completed. At the end of the previous financial year, a total of 1659 employment opportunities have been created through programmes such as Amakhosi Rural Development, Waste Management Programme, Beadwork Programme, CSC/TAC facility maintenance and construction, Corridor Development, Small Town Rehabilitation and Construction of Disaster Centres. The figure for 2016/2017 reflects that 2017 jobs were created, an increase in 358 number of jobs over the year.

The Department specifically target the establish agri-hubs/fresh produce market facilities that are aligned to government markets such as schools, prisons and hospitals. Even though there was a policy shift in the programme, capacity support was provided to a number of Agri parks or Fresh Produce markets since 2015; Umgungundlovu: Mkondeni FP Market (R15m), Harry Gwala: Ixopo Farmers Market (R19m), Amajuba: Ingogo FP Market (R6m), King Cetshwayo: Uthungulu FP Market (R18m), Umkhanyakude: Jozini Value Adding Facility (R10m), uThukela: Bergville FP Market (R4m). As at the end of this financial year, 3 agri hubs fresh produce market facilities are aligned to institutional markets and all 3 facilities are operational, namely: uThungulu Fresh Produce Market, eThekweni RASET Incubator and Bergville Agripark at the Uthukela Agrarian Park.

Further to this, 10 municipalities were supported to implement Local Economic Development projects in line with municipal LED strategies.

To accelerate economic development, municipalities have been supported to reduce cost of doing business through reducing "Government Red Tape". A support task team was established both provincially and nationally and a provincial workshop was held on the matter as well as a diagnostic survey tool administered. From this survey, the challenges experienced by the municipal officials have been identified as well proposed interventions to respond to these. The 10 Districts and 1 Metro were supported to implement red tape intervention programmes through conducting workshops, putting action plans in place and conduct support and follow up meetings.

In order to revive and activate traditional institutions to promote socio-economic programmes the Department supported 6 traditional councils with development initiatives and one consolidated report is in place. Support was provided for the following TCs; Okhahlamba winery project, Empangisweni Citrus fruit production, Imbabazane Pack House for the ongoing farming projects, Msinga Asisukume Maize Mill Project, Phongolo Isilo initiative (Imbube Cultural village) and the Emadungeni Piggery Project.

The Department aims to support municipalities in order to improve spatial location of government and other services. To this extent, the establishment of Community Service Centres in key nodes that are aligned to Provincial Framework is a programme being implemented. This programme is regarded as one of the catalysts in redressing the past socio-economic spatial inequalities. The key aim is to create functional service centres that offer an array of government, youth and economic services within spatial locations that are close to the majority of people. In supporting this spatial transformation the Department has completed the Emondlo (Abaqulusi), Xulu-Msiyane (Abaqulusi), Biyela (uMlalazi), Ngwenya (Jozini) and Shange CSCs situated in rural social deprivation zones. Communities are now able to access key services of home affairs and SASSA within working distance in addition to providing functional spaces for traditional councils and ward committees. Additional projects at construction stage are the new Amatimatolo (Umvoti), Amahlubi (Inkosi Langalibele), Kwambonambi (uMfolozi) CSCs in addition to the upgrade and extension of Sonkombo (Ndwedwe) CSC. The Department has finalised designs the Mvozana (Maphumulo) and Silutshane (Nquthu) CSCs with construction commencing in the 17/18 financial year. We will also be completing the Shiyabane and Madlebe CSCs in the 17/18 financial year, projects which were negatively affected by weather and contractual issues. The Department in supporting the economic transformation of small towns in creating viable local economies is supporting the Okhahlamba LM with funding towards the construction of the Bergville CSC with its current precinct development.

Due to the significant departmental budget cuts that were implemented, the annual infrastructure budget was reduced on average 60-70%. This has created a significant budget shortfall to implement the programme as per committed approved projects. As such it is unfortunate that some projects will have to be reprioritised in the MTEF.

Project Name	Municipality	Ward	Progress	Budget
Amatimotolo	uMvoti	2	57% construction	R 14.65 m
Bulwer	Nkosazana Dlamini Zuma	9	45% construction	R 14.1 m
Silutshane	Nquthu	2	Awaiting SPLUMA outcome	R 5 m
Mvozane	Maphumulo	8	Geo Tech and survey completed. SPLUMA application commenced	R 14.5 m
KwaMbonambi	uMfolozi	2	75% construction	R 30.8 m
Amahlubi	Inkosi Langalibalele	13	15% construction	R 16.69 m
Bergville	Okhahlamba	12	Site levelling complete. Site handover scheduled for mid-February (7.5m over two financial years)	R 15 m
Emondlo	Abaqulusi	18	100% complete and launch by MEC	R 7.5 m
Xulu	Abaqulusi	5	100% complete and launch by MEC	R 7.5 m
Biyela	uMlalazi	6	100% complete and launch by MEC scheduled for 9 February	R 8.1 m
Ngwenya	Jozini	1	85%, Practical completion at end February 2017	R 7.8 m
Shange	uMlalazi	2	100% complete	R 6.8 m
Madlebe	uMhlathuze	29	85% complete, Bid process for replacement contractor	R 6.5 m
Shiyabane	uBuhlebezwe	8	85% complete, Bid process for replacement contractor	R 7.4 m
Sonkombo	Ndwedwe	11	5% construction / rehabilitation	R 5 m
Total Investment				R167.34 m

The Rehabilitation of Grade 2 Community Service Centres plays a large role in restoring the dignity of the Traditional Institution and making government more accessible to the community by creating conducive mobile service points. This project is aimed in repairing facilities damaged by storms, ageing infrastructure, fitting allusions and general maintenance.

To ensure that historic CSCs remain functional and operational, 51 sites were assessed on the functionality assessment templates prepared and support/action plans have been developed and handed to municipalities for implementation. In addition municipal centre managers are provided capacitation on a quarterly basis through Centre Management Forums. Ten existing CSCs have been prioritised for infrastructure support (rehabilitation work to drive OHSA compliance). These projects will commence in the 2017/18 financial year.

The Community Works Programme sole aim is to create 34 500 employment opportunities at the end of the financial year in identified municipalities. This programme, at the end of 2016 created a total of 33 323 work opportunities in the identified municipalities. The figure for 2016/2017 reflects that 36 155 jobs were created, an increase in 2832 number of jobs over the year. This figure is further expected to increase by the end of financial year as more sites allocated the programme are being activated thus increasing the target allocation of work opportunities awarded to the Province to 40 500.

Municipal Infrastructure

Strengthening the delivery of basic services requires an improvement in the co-ordination of service delivery via inter-governmental relations and structures. The target set for the year was to establish functional coordinating structures for infrastructure development and service delivery.

These Forums are Water, Sanitation, Energy, Capital Grants [MIG, RBIG and MWIG] related. These Forums are coordinated by the Department in partnership with Water Services Authorities (WSAs), Department of Water and Sanitation (DWS), Department of Energy (DOE), Eskom and Local Municipalities that are part of the Provincial Electrification Programme.

There are 11 functional coordinating structures ranging from the Action Work Group in Infrastructure Development, Provincial Water Forum, Provincial Energy Forum, COGTA & DWS Forum, Provincial Infrastructure Fora, Zululand JOC, Harry Gwala Infrastructure Forum, Drought Intervention Forum, Ilembe Infrastructure Forum. These Forums appear to be more effective at a regional and provincial level compared to those held at a district level. The attendance of key sector players such as DWS, DOE, Eskom, Water Board, WSA and municipal stakeholders was consistent over the year.

In the main, the business of these forums were to address and discuss Water & Energy related issues in the province including information dissemination to municipalities on the latest development in the water and energy sector such as policy implications, budgets and specific interventions etc. Other matters discussed were MIG grant compliance, Infrastructure Planning and Support and the implementation and monitoring of the Drought intervention programmes across the province.

The Department provided specific support to the districts of Ugu, Uthukela, uMgungundlovu and Harry Gwala with the project initiation; project scoping and project business planning under the KZN CoGTA Drought Recovery Programme which has yielded positive results. The programme also entails a number of interventions across the KZN Province which includes drilling, equipping and refurbishment of over 400 boreholes, installation of mobile package plants and potable water storage tanks and the procurement of water tankers.

Thirty three Municipalities were supported with project scoping and project registration under MIG Programme. The Department registered the Ezakheni Sanitation project at Uthukela and Hibiscus Coast in Ugu.

Further support was provided to Amajuba DM, Ilembe DM, Umzinyathi DM, Uthukela DM, Harry Gwala with project initiation, project scoping and project business planning for sanitation Projects under the MIG and Massification Programmes. Support was also provided to Inkosi Langalibalele, Okhahlamba and Umvoti Municipalities with the initiation, project scoping and project business planning for electrification projects, and these projects shall run over the current term. Compared to the R21.46 million spent in 2016/2017 on project management assistance for the recruitment of water and electrical engineers and additional project management capacity to support municipalities and oversee the implementation of the MIG, INEP and RBIG grants; the Department will further allocate R26.7 million to infrastructure related capacity building initiatives.

MIG expenditure as at the end of January 2017 sat at 55,32% of the total MIG allocation (R1,811 billion spent of the R3,274 billion allocation). The Commitment levels show 90% due to Implementation Plans not being updated and submitted by the municipalities. There are outstanding proof of payments for R60 million and the Department will follow up on the affected municipalities. Eleven municipalities have been recommended for stopping of funds due to slow progress on expenditure and these municipalities will be supported on a weekly basis to ensure the balance of their allocation can be utilised to the maximum by the end of June 2017. Five of the 11 municipalities also recurred from last year, namely Maphumulo, Ndwedwe, Mandeni, Umvoti, uMngeni. However, Abaqulusi, Richmond and Mooi Mpofana were on the Top 20 List last January 2016 and received additional funding. Twelve municipalities have been identified to receive additional funding due to consistent fast spending. The Department is now investing in an electronic MIG tracking database at a cost of R3 million.

To determine the status of municipalities on infrastructure provision, all municipalities were assessed against a set of service delivery benchmarks. Benchmarking was designed to provide municipalities with indications of their strengths and weaknesses in 7 functional areas being planning, financial, project management, service delivery, sustainability, indigent support and accountability. KwaSani achieved the highest score, followed by Emnambithi, Impendle, Big 5 and Mthonjaneni.

The benchmark (minimum score) was set at 60 % for all the above mentioned areas. In general, the use and management of MIG funding and the associated project management requirements appeared satisfactory. However, insufficient funding to deal with the high backlogs is certainly a constraint. Planning and reporting is not a factor that is affected by the lack of funds, but is a priority area that needs attention. Sustainability of infrastructure is a concern and very few municipalities are making adequate provision for maintenance; and as a consequence infrastructure will continue to deteriorating.

Even though the results per functional area vary from municipality to municipality, the areas in which improvements are necessary are in service delivery (i.e. planning, backlog eradication, where funding is the limiting factor), sustainability (i.e. maintenance, again where funding is a limiting factor) and accountability / reporting, which merely requires improvements in municipal monitoring and reporting. The most affected municipalities in this regard will receive focussed attention in the future.

The Department in response to the challenges have supported municipalities by conducting monthly and quarterly project progress meetings so to assist municipalities with project management schedules, cash-flow projections and registering new projects. The Department has made various presentations to Municipal Councils on the impact of reprioritisation in order not to avoid these at all cost. The Department further conducted regular site visits to support municipalities on the issues of value for money.

Indigent support is not necessarily as poor as the abovementioned benchmark assessment suggest, but municipal registers and records need to improve, which will enhance the integrity of the information. A selection of 30 municipalities was supported to implement indigent policies. This support included the review of Indigent Policies and drafting the KZN Indigent Policy Framework. It also included the development and integration of Indigent Registers and managing the municipal equitable

share expenditure towards Free Basic Services. Some of the challenges are that some municipalities lack knowledge on how to develop and review their indigent policies. One recommendation is that the issue of indigent support is more a financial aspect than an infrastructure related issue, and must form part of financial support programmes.

Thirteen municipalities were supported in provision of basic level of sanitation services. Amajuba and Sisonke were supported to develop business plans as well as the registration of projects. Funds have also been transferred to the aforementioned municipalities for project implementation. The Department supported municipalities to register projects such as the Ezakheni Sanitation project at Uthukela and Hibiscus Coast Sanitation Project in Ugu.

Another thirteen municipalities were supported in increasing the percentage of households with a source of electrical supply; Inkosi Langabalele, Msinga, Abaqulusi, Nquthu, ubuhlebezwe, Mzumbi, Vulamehlo, uphongolo, umhlabuyalingana, Okhahlamba and Mkhambathini. Support included the conceptualisation and planning of future electrification projects and also the appointment of contractors for the construction phase of their respective projects. In the instance of the Inkosi Langalibalele municipality, it was assisted with the development and implementation of a project recovery plan, development of ToR's and guidance through the SCM processes to award a new contractor for the Msobotsheni Electrification Project.

Disaster Management

The increased adaptation to Climate Change and the impact on the province is the main consideration for this programme. To curb this, it is necessary for policy frameworks, plans and strategies to be implemented to reduce risks. The support with the implementation of Disaster Legislation was done in various ways namely the assessments of Disaster Management Plans and their integration into their IDPs, municipal capacity building programs, implementation and their response and recovery coordination. Operating Committees were activated at provincial and municipalities to deal with emerging incidents and issues such as drought and the festive season.

Natural Disasters can have a negative impact on the development benefits accrued to our citizens. As from the year 2014 to 2017, the KZN Province has experienced a severe drought, the worst in a hundred years, and its effects will remain for some time to come. Much has been done to respond to the drought disaster declared with short, medium and long term interventions.

To ensure that our 10 disaster management centres are prepared for disasters, functionality assessments are conducted and support is provided to ensure that disaster management centres are functional on an on-going basis. Disaster Risk Management workshops had been provided to all municipalities and has included traditional leadership. This has been done in order to put our newly elected leadership at local government level, on the same par of understanding of the requirements for emergency situations and protocols at each and every ward and the municipality at large. The Development Information Services Unit maps incidents data received to assess trends for preparation of natural disasters to enable the Department to undertake trend analysis.

As per changing times and demands, the Department has also rearranged its structure to establish a fire & rescue sub-directorate within the Provincial Disaster Management Centre. This will ensure uniform and effective coordination of fire and rescue services in all municipalities which being encouraged and supported to establish the same. To date, COGTA has trained more than 200 firefighters from struggling municipalities and their daily work in saving lives does not go unnoticed, but much appreciated indeed. Cooperation with strategic partners including the 911 Fund from New York continue to bear fruits and great achievements for the Province in terms of specialised training as well as the donation for fire equipment that endlessly keep on coming to our PDMC to support struggling municipalities. As the Province, we also enjoy close cooperation we have started with the NGOs such as Working on Fire, Red Cross, Al Imdaad Foundation and others who continuously work with us during emergency situations.

Working with technical partners such as South African Weather Services, the Provincial Disaster Management Centre continues to watch different weather patterns and send out early warnings to threatened communities. The recent drought scenario, tropical storm Dineo and continued thunderstorms mark the evidence of the work in progress to prepare communities with possible devastating eventualities. The Department is stepping up our community awareness campaigns in face of severe climate change events over the past 2 years, and have allocated R5 million for community education and skills development to build necessary skills for communities to activate their volunteer base during times of need. This also includes disaster mitigation measures such as installation of lightning conductors in areas that are highly prone to thunder strikes.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
SPATIAL PLANNING	5.1. Improved spatial hierarchy of services	Number of municipal SDFs aligned with Provincial Spatial Planning Guidelines	61	54	54	0	
		Number of municipalities monitored on the implementation of the densification framework	61	5	5	0	
		Increase in the population density within designated development areas	0	4.28	8.6	4.32	Designated areas showed to have high density
		Percentage of total provincial geographical area with Land Use Management Schemes and systems	34%	65%	68.6%	3.60%	There were more adoptions of systems by municipal councils
		Number of municipalities supported to produce a suite of plans.	6	6	6	0	
		Number of Traditional Settlement Master Plans developed	10	5	5	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
DEVELOPMENT INFORMATION SERVICES	6.1. Increased adaptation to Climate Change impacts.	Percentage of climate related incidents data mapped	100%	100%	100%	0	
		Share of events with early warning systems, where affected parties received prior warning.	100%	100%	100%	0	
	5.1. Improved spatial hierarchy of services	Percentage of adopted municipal schemes in the Province mapped	100%	100%	100%	0	
	2.1. Improved capacity of political and administrative governance	Number of municipalities supported with MPRA implementation	45	38	38	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
LAND USE MANAGEMENT	2.1. Improved capacity of political and administrative governance	Percentage of development applications that meet time norms for processing	70%	73%	86%	13%	Compliance to time norms has improved positively in the processing of applications.
	5.1. Improved spatial hierarchy of services	Number of municipalities supported with the implementation of SPLUMA	51	44	44	0	
		Number of municipalities supported with the Formalisation of Towns	12	12	12	0	
		Spatial Distribution of Human Development Index (HDI) at provincial scale	0.58	0.6	0.6	0	
LAND USE MANAGEMENT (TRADITIONAL LAND ADMINISTRATION)	2.1. Improved capacity of political and administrative governance	Percentage of received survey requests attended to	100%	100%	100%	0	
		Percentage of received boundary description requests attended to	100%	100%	100%	0	
		Number of izigodi mapped	New	228	335	107	due to the fact that there is a need to fast-track the verification of izigodi for remuneration of Izinduna which is currently a priority.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
LOCAL ECONOMIC DEVELOPMENT SPECIAL INITIATIVES	3.1. Strengthened sectoral development	Number of District Agencies supported to drive LED	7	10	10	0	
		Number of districts/metro supported with informal economy initiatives	11	11	11	0	
	3.2. Improved government led job creation programmes	Number of nodal development plans/strategies developed to promote growth of new/small towns	New	4	6	2	Variance explanation: The additional were as a result of the directive from the MEC. As a result, 6 Nodal plans were approved for preparation by the MEC
		Number of municipalities with agri-hubs/fresh produce market facilities aligned to the institutional markets	0	3	3	0	
		Number of Corridor Development Plans developed	1	1	1	0	
		Number of municipalities supported to implement Local Economic Development projects in line with municipal LED strategies	10 districts	10 Districts	10 Districts	0	
	2.3. Improved decision making of municipalities through citizen participation	Number of Municipalities supported to implement the Red Tape intervention programme	10 districts	10 Districts and 1 Metro	10 Districts and 1 Metro	0	
		Number of TCs supported with Development Initiatives	3	6	6	0	
		Number of dialogues held to support social cohesion and nation building	3	4	6	2	Target was overachieved as per MEC's directive to include 2 more activations in Edumbe & Ubuhlebezwe

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
LOCAL ECONOMIC DEVELOPMENT COMMUNITY SERVICE CENTRES	5.1. Improved spatial hierarchy of services	Number of CSC infrastructure programmes implemented	New	1	1	0	
		Number of Grade 1 CSCs supported for Effective Functionality	25	26	26	0	
		Number of Grade 2 CSCs supported for Effective Functionality	20	25	25	0	
	3.2. Improved government led job creation programmes	Number of work opportunities created through the CWP in municipalities	33323	34500	36 155	1655	Overachievement is due to additional work opportunities awarded to the Province in the 2016/17 financial year
LOCAL ECONOMIC DEVELOPMENT EXPANDED PUBLIC WORKS PROGRAMME	3.2. Improved government led job creation programmes	Number of employment opportunities created through EPWP inclusive of all sectors (FFW, Corridor, Small town, CSC Construction)	1659	2000	2017	17	Overachievement was due to close monitoring of projects to account for all work opportunities created.
MUNICIPAL INFRASTRUCTURE	4.1. Improved co-ordination of service delivery	Number of functional coordinating structures for infrastructure development and service delivery	New	11	11	0	
		Number of municipalities assessed against service delivery benchmarks	New	53	53	0	
		Number of municipalities supported with service delivery programmes	New	31	31	0	
		Number of municipalities supported to implement indigent policies	New	30	30	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
MUNICIPAL INFRASTRUCTURE		Number of reports on cubic metres per capita per year available	2	2	2	0	
		Number of reports on water systems in balance (supply and demand balance)	2	2	2	0	
		Number of reports on households with access to 75 litres of water per person per day	2	2	2	0	
		Number of municipalities supported in increasing percentage of yard water connections	13	13	13	0	
	4.1. Improved co-ordination of service delivery	Number of municipalities supported in provision of basic level of sanitation services	13	13	13	0	
		Number of municipalities supported in increasing percentage of households with a source of electrical supply	10	9	13	4	An additional 4 municipalities were supported.
		Number of municipalities implementing operation and maintenance plans	New	54	54	0	
		Number of municipalities monitored on the delivery of infrastructure as per required standards	New	54	54	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
DISASTER MANAGEMENT	6.1. Increased adaptation to Climate Change impacts.	Number of Districts and Metro monitored on the implementation of Disaster Risk Management Plan	10+1	11	11	0	
		Number of Districts and Metro monitored on the implementation of Disaster Risk Management Legislation	New	11	11	0	
		Number of Disaster Risk Management public awareness campaigns conducted	New	2	2	0	
		Number of municipalities supported with Disaster Risk Management capacity building initiatives	New	11	11	0	
		Regular forecast of anticipated impacts of climate change and response plan	100%	100%	100%	0	
	6.2. Improved Disaster Management	Number of research projects conducted on KZN specific weather related patterns in partnership with relevant institutions	New	1	1	0	
		Number of functional Municipal Disaster Management Centres	10+1	11	11	0	
		Average time taken to respond to disaster events	72hrs	6hrs	5hrs	-1	Records show a faster response time
		Provincial Fire brigade services established by target date (2017)	0	1	0	-1	Provincial Fire and Rescue Unit has not been established due to cost cutting measures leading to moratorium on posts.

STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

The establishment of the Provincial Fire Service Unit is the greatest challenge. However, these have now been addressed and the Unit will be capacitated in the coming financial year.

CHANGES TO PLANNED TARGETS

No changes were made to planned targets.

LINKING PERFORMANCE TO BUDGETS

Programme 3: Development and Planning									
	2016/17							2015/16	
Sub programme	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
Spatial Planning	35 516	-	(2 079)	33 437	32 899	538	98.4%	34 622	34 175
Land Use Management	22 538	-	(710)	21 828	21 876	(48)	100.2%	18 806	18 596
Local Economic Development	224 541	-	30 323	254 864	252 417	2 447	99.0%	177 247	174 748
Municipal Infrastructure	102 007	-	5 118	107 125	108 756	(1 631)	101.5%	295 170	295 101
Disaster Management	200 804	-	10 120	210 924	206 373	4 551	97.8%	122 320	105 033
IDP Coordination	15 555	-	(303)	15 252	14 825	427	97.2%	14 200	14 055
Total for sub programmes	600 961	-	42 469	643 430	637 146	6 284	99.0%	662365	641 708

PROGRAMME 4: TRADITIONAL AFFAIRS

Description Of Programme 4

The programme consists of four sub-programmes, namely; Traditional Institutional Administration, Traditional Resource Administration, Rural Development Facilitation and Traditional Land Administration.

The purpose of the programme is to:

- Restore the dignity of the Institution of Traditional Leadership in KZN Province by providing establishment, functionality and development support to the Institution; and to,
- Provide establishment, functionality and development support to the Institution of Traditional Leadership in KZN province, with the aim of restoring its dignity.

The services under this programme are as follows:

- To provide institutional support to Traditional Institutions
- Coordinate administrative and operational support to Traditional Houses and Councils
- To manage and co-ordinate Traditional Institutional development.

ACHIEVEMENTS: PROGRAMME 4

Traditional Institutional Administration

The Traditional Affairs branch aims to strengthened governance in traditional institutions. One key aspect is to enhance traditional institutional governance by supporting traditional institutions in the implementation of appropriate legislation, policies and frameworks.

In this regard, the finalisation of the Bill on Traditional Leadership is a key programme. A special meeting of Cooperative Governance and Traditional Affairs Portfolio Committee was held to conclude the process of making amendments to be effected to the Traditional Leadership and Governance Bill. Further support was provided to the Portfolio Committee when public hearings were conducted and when analysing the comments from the public. Amendments have been effected and the Bill is to serve before the Provincial Legislature.

Recognition of senior traditional leaders and preserving cultural events is important in ensuring that traditional councils function and that there is stability within traditional communities. The Department has invested R61 million in remuneration benefits to Amakhosi in 2016/2017 and will in 2017/2018 increase that figure to R390.2 million to also now include the remuneration of approximately 3200 Izinduna.

Furthermore, 27 Amakhosi and amaBambabukhosi were recognised by the Province. A further 3 Amakhosi have been installed. To promote the cultural and customary way of life, a number of cultural events were supported, such as the commemoration event and hosting of UMcimbi Wobumbano LwamaDunge at Harry Gwala, the function on Ukubuthwa Kwezinsizwa and hosting of Mpumuza Cultural Event at Umgungundlovu.

All of the 169 disputes and conflict claims have been finalised through the dispute resolution policy framework. A breakdown of the dispute claims reflect that 133 relate to land matters, 123 to governance issues, 4 to misconduct, and 9 to succession. The updating of family trees is a key programme to provide a clear frame of reference to deal with the succession disputes. Fourteen 14 of the 20 family trees have been updated, 3 of which are from Umzimkhulu. The biggest challenge in resolving the family trees is the unavailability of the minimum number of izindlu zobukhosi to qualify that a genealogy/family tree to be updated.

Using the Dispute Resolution and Reconciliation Manual, consultations have been finalised in all the outstanding Local Houses namely UMzinyathi, UMkhanyakude, Ugu and eThekweni.

Traditional Resource Administration

In ensuring that Amakhosi are capacitated on their functions, we have rolled out our capacity building programme throughout the province at a value of R3.7 million. Amongst the training provided was capacity building on judicial skills, in which we have trained 127 Amakhosi. This training assist Amakhosi in presiding over cases brought forward to traditional courts. The Department will continue this programme in 2017/2018 and an amount of R4 million has been allocated. In addition, the Department will train identified members of Traditional Councils on Public Management to a value of R2.1 million.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
TRADITIONAL INSTITUTIONAL ADMINISTRATION	2.1 Improved capacity of political and administrative governance	Number of programmes implemented to support Traditional Institutions in line with the Act	0	1	1	0	Bill is still with the legislature for processing.
		Number of Amakhosi installed	6	5	3	-2	Finalising logistical issues between key stakeholders, relating especially to dates, remains a challenge in this process.
		Number of Amakhosi recognised	18	10	27	17	The target overachieved due to a larger number of disputes being resolved which led to the recognition of amaKhosi/ amaBambabukhosi.
		Percentage of Dispute claims finalised	100%	100%	100%	0	
		Percentage of approved cultural platforms supported	New	100%	100%	0	
		Percentage of Izizwe with updated family trees	New	100%	95%	-5%	Succession disputes and unavailability of the minimum number of izindlu zobukhosi to qualify delayed the processes of finalisation.

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 15/16	PLANNED TARGET FOR 16/17	ACTUAL ACHIEVEMENT FOR 16/17	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
TRADITIONAL RESOURCE 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 seminars held on the Institutions of Traditional Leadership	New	2	2	0	
		Number of Amakhosi attending the UKZN Advanced Leadership Programme	19	20	0	-20	The project has been discontinued for 2016/17 Financial Year due to budget cuts.
		Number of Houses of Traditional Leaders supported with functionality in accordance with the act	New	12	12	0	

STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

The Department will continue to coordinate diaries of major stakeholders and role-players in order to continue restoring dignity to the institution of traditional leadership by installing Amakozi.

CHANGES TO PLANNED TARGETS

No changes were made to planned targets.

LINKING PERFORMANCE TO BUDGETS

Programme 4: Traditional Institutional Management									
Sub programme	2016/17							2015/16	
	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
Traditional Institutional Administration	250 367	-	(22 963)	227 404	223 826	3 578	98.4%	152 811	152 811
Traditional Resource Administration	72 076	-	1 913	73 989	73 923	66	99.9%	79 536	76 391
Rural Development Facilitation	17 862	-	(553)	17 309	17 310	(1)	100.0%	17 866	17 594
Traditional Land Administration	17 383	-	(649)	16 734	16 607	127	99.2%	18 743	18 534
Total for sub programmes	357 688	-	(22 252)	333 436	331 666	3 770	98.9%	268 956	265 330

2.4.5 TRANSFER PAYMENTS

Transfer payment 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
Agribusiness Development Agency	Project development, implementation and management	R 14 550 000	R 5 034 864.52	Bergville Vineyard Cathedral Peak Outgrower Project - project is near completion; Empangisweni Vegetable Production and Citrus Processing Project and. Chiliza Piggery Project - Projects have commenced.
Mhlathuze Water Board	Water project management and implementation	R 8 100 000	R 0.00	Project is a continuation from previous financial years. Expenditure has not commenced on 2016/17 funding.

Transfer payments to all organisations other than public entities

Name of transferee	Type of organisation	Purpose for which funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by organisation	Reasons for the funds unspent by organisation
Uthukela District	District municipality	Implementation of Spatial Planning and Land Use Management	Yes	R 1 200 000.00	R 0.00	Shared Services have been established in the District. Project is a continuation from previous financial years. Project ongoing.
uThungulu District	District municipality	Appointment of an Environmental Assistant	Yes	R 400 000.00	R 97 163.30	Shared Services have been established in the District. Project is a continuation from previous financial years. Project ongoing.
Amajuba District	District municipality	DPSS Salary Costs: Shared Personnel	Yes	R 400 000.00	R 0.00	Shared Services have been established in the District. Project is a continuation from previous financial years. Project ongoing.

Name of transferee	Type of organisation	Purpose for which funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by organisation	Reasons for the funds unspent by organisation
Ugu District	District municipality	DPSS Salary Costs: Shared Personnel	Yes	R 400 000.00	R 99 999.99	Shared Services have been established in the District. Project is a continuation from previous financial years. Project ongoing.
Umzinyathi District	District municipality	DPSS Salary Costs: Shared Personnel	Yes	R 400 000.00	R 0.00	Shared Services have been established in the District. Project is a continuation from previous financial years. Project ongoing.
iNkosi Langalibalele	Local municipality	To develop 4th Generation IDP - Inkosi Langalibalele	Yes	R 400 000.00	R 0.00	No expenditure incurred as yet. Expenditure expected when IDP process commences.
eDumbe	Local municipality	To develop 4th Generation IDP -eDumbe	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet. Expenditure expected when IDP process commences.
Alfred Duma	Local municipality	To develop 4th Generation IDP -Alfred Duma	Yes	R 400 000.00	R 0.00	No expenditure incurred as yet. Expenditure expected when IDP process commences.
Amajuba District	District municipality	To develop 4th Generation IDP -Amajuba District	Yes	R 350 000.00	R 0.00	No expenditure incurred as yet. Expenditure expected when IDP process commences.

Name of transferee	Type of organisation	Purpose for which funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by organisation	Reasons for the funds unspent by organisation
Dr Nkosazana Dlamini Zuma	Local municipality	Community participation in the development of a 4th Generation IDP	Yes	R 400 000.00	R 0.00	No expenditure incurred as yet. Expenditure expected when IDP process commences.
Umvoti	Local municipality	Makhabeleni electrification project	Yes	R 6 434 000.00	R 0.00	No expenditure incurred as yet. Expenditure expected when IDP process commences.
uMgungundlovu District	District municipality	Drought intervention project-Drilling of boreholes in the uMgungundlovu district	Yes	R 10 000 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Ugu District	District municipality	Drought intervention project-Equipping and refurbishing of boreholes	Yes	R 5 000 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Harry Gwala District	District municipality	Drought intervention project-Drilling, equipping and refurbishing of boreholes	Yes	R 10 000 000	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Okhahlamba	Local municipality	Dukuza -Okhombe eBusingatha electrification project	Yes	R 6 110 000.00	R 1 602 837.00	Project in progress
uThukela District	District municipality	Equipping and Refurbishment of boreholes-drought relief	Yes	R 10 000 000.00	R 2 097 840.00	Project in progress
Nquthu	Local municipality	Nquthu ward 3,10 and 13 electrification project	Yes	R 8 611 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.

Name of transferee	Type of organisation	Purpose for which funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by organisation	Reasons for the funds unspent by organisation
Endumeni	Local municipality	Implementation of the urban design framework priority projects including provision of bins and skips in strategic points in the CBD	Yes	R 2 000 000.00	R 0.00	Focus presented pack house and statue designs. Project scope will change as lesser amount was received.
Umuziwabantu	Local municipality	SMMES facilities and landscaping of major intersections in CBD	Yes	R 2 000 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Umdoni	Local municipality	CBD roads upgrade and landscaping including establishing landmarks at major intersections	Yes	R 4 000 000.00	R 2 687 142.00	Project in progress
Mfolozi	Local municipality	UDF implementation: road resurfacing, pedestrianisation, landscaping and open space management and street lights	Yes	R 3 000 000.00	R 691 651.36	Bid committee met on 6/02/2017 for the bid evaluation.
Emadlangeni	Local municipality	Utrecht taxi rank upgrade planning, design and construction and Utrecht CBD roads rehabilitation, pot-holes, area cleaning programme and maintenance	Yes	R 5 000 000.00	R 1 661 167.36	Project 33% complete

Name of transferee	Type of organisation	Purpose for which funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by organisation	Reasons for the funds unspent by organisation
Umzimkhulu	Local municipality	SMME facilities and training centre	Yes	R 2 500 000.00	R 0.00	Heavy February rainfall delaying the project.
iNkosi Langalibalele	Local municipality	Market stalls and small traders facilities at the taxi rank including high mast lights	Yes	R 2 000 000.00	R 0.00	Slow progress, meeting proposed for 16/02/2017
Umdoni	Local municipality	Scottburgh CBD Upgrade: Phase I	Yes	R 20 000 000.00	R 0.00	Project in progress
Msunduzi	Local municipality	Manaye area precinct upgrade-construction of parking, paving and landscaping	Yes	R 5 000 000.00	R 0.00	The municipality is currently negotiating to acquire additional land
Msunduzi	Local municipality	Conversion of containers into youth business park-Youth Enterprise Park project	Yes	R 526 000.00	R 0.00	Site investigation was conducted on 17/01/2017
Msunduzi	Local municipality	Conversion of containers into youth business park-Youth Enterprise Park project	Yes	R 8 889 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
uMgungundlovu District	District municipality	Mandela Day marathon	Yes	R 5 414 301.45	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Greater Kokstad	Local municipality	Kokstad phase 3 CBD upgrade- Small town rehabilitation programme- Main and Groom streets	Yes	R 12 000 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.

Name of transferee	Type of organisation	Purpose for which funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by organisation	Reasons for the funds unspent by organisation
Umzimkhulu	Local municipality	Phase2 SMME facilities and training centre	Yes	R 15 500 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Okhahlamba	Local municipality	Construction of Begville community service centre	Yes	R 7 500 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Dr. Nkosazana Dlamini Zuma	Local municipality	Consolidation and migration of records systems to electronic systems	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Big Five Hlabisa	Local municipality	Consolidation and migration of records systems to electronic systems	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Alfred Duma	Local municipality	Consolidation and migration of records systems to electronic systems	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
iNkosi Langalibalele	Local municipality	Consolidation and migration of records systems to electronic systems	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Ray Nkonyeni	Local municipality	Consolidation and migration of records systems to electronic systems	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Dr. Nkosazana Dlamini Zuma	Local municipality	Workstudy at newly established municipality	Yes	R 700 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.

Name of transferee	Type of organisation	Purpose for which funds were used	Did the dept. comply with s 38 (1) (j) of the PFMA	Amount transferred	Amount spent by organisation	Reasons for the funds unspent by organisation
iNkosi Langalibalele	Local municipality	Workstudy at newly established municipality	Yes	R 700 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Alfred Duma	Local municipality	Workstudy at newly established municipality	Yes	R 700 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Big Five Hlabisa	Local municipality	Workstudy at newly established municipality	Yes	R 700 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Ray Nkonyeni	Local municipality	Workstudy at newly established municipality	Yes	R 700 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Big Five Hlabisa	Local municipality	Translation and promulgation of by-laws	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Dr. Nkosazana Dlamini Zuma	Local municipality	Translation and promulgation of by-laws	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
iNkosi Langalibalele	Local municipality	Translation and promulgation of by-laws	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Ray Nkonyeni	Local municipality	Translation and promulgation of by-laws	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.
Alfred Duma	Local municipality	Translation and promulgation of by-laws	Yes	R 200 000.00	R 0.00	No expenditure incurred as yet due to late transfer of Grant.

2.4.6 CONDITIONAL GRANTS

Department/ Municipality to whom the grant has been transferred	Nil
Purpose of the grant	Nil
Expected outputs of the grant	Nil
Actual outputs achieved	Nil
Amount per amended DORA	Nil
Amount transferred (R'000)	Nil
Reasons if amount as per DORA not transferred	Nil
Amount spent by the department/ municipality (R'000)	Nil
Reasons for the funds unspent by the entity	Nil
Monitoring mechanism by the transferring department	Nil

2.4.7 DONOR FUNDS

No donor funding was received

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

2.4.8 CAPITAL INVESTMENT

CAPITAL INVESTMENTS	2016/17			2015/16		
	Final Appropriation	Actual Expenditure	Over/ Under Expenditure	Final Appropriation	Actual Expenditure	Over/ Under Expenditure
Infrastructure						
Existing infrastructure assets	7 962	12 855	(4 893)	21 274	16 202	5 072
Rehabilitation and refurbishment	7 962	12 855	(4 893)	21 274	16 202	5 072
New infrastructure assets: Capital	25 845	15 752	10 093	43 514	26 884	16 630
Total Infrastructure	33 807	28 607	5 200	64 788	43 086	21 702

PART C GOVERNANCE

BACK TO BASICS: SERVING OUR COMMUNITIES BETTER



2.5.1 INTRODUCTION

The Department of Cooperative Governance and Traditional Affairs is committed to maintaining the highest standards of governance. The Accounting Officer has managed to drive the process of Risk Management and Anti-fraud and Anti-Corruption in accordance with Provincial Legislative Frameworks to ensure that business and fraud risks identified are adequately addressed during the year.

The Accounting Officer provided effective leadership by inculcating a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the department.

2.5.2 RISK MANAGEMENT

The Accounting Officer has committed the Department of Cooperative Governance and Traditional Affairs to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Public Finance Management Act (PFMA), Act 1 of 1999 as amended by Act 29 of 1999. The Accounting Officer has made sure that the department has and maintains effective, efficient and transparent risk management in terms of Section 38(a) of the PFMA. Risk Management is not only the responsibility of the accounting officer, but is extended to all levels of management.

The Risk Management function falls within the Internal Control business unit, which is the custodian of the Risk Management Strategy and coordinates the risk management activities throughout the department. The Internal Control business unit facilitated an effective, efficient and transparent risk management process in the Department, including developing related policies, procedures and roles and responsibilities. The unit has supported and advised management components in identifying and assessing risks while ensuring adherence to the Department's Risk Appetite; and also monitored and evaluated the implementation of risk management across the organization.

The implementation of risk action plans was monitored and discussed at the Internal Governance, Risk and Ethics Management Committee (GREMC) meetings as well as at the quarterly Cluster audit and Risk Committee meetings.

The Department of Cooperative Governance and Traditional Affairs focused on the following key areas in the 2016-2017 financial year:

- The Departmental (GREMC), chaired by the Accounting Officer of the Department was tasked, inter alia, to ensure the implementation of Enterprise Risk Management through its Terms of Reference.
- The aforementioned Terms of Reference were reviewed to reflect the responsibilities of this committee as aligned to Ethics management.
- The Risk Management Policy was reviewed and communicated to ensure that it remained relevant to all Stakeholders
- Risk assessment workshops were conducted and all critical activities of the Department were covered. During the risk assessment, the Risk Register of the Department was reviewed and emerging risks were identified and treated accordingly.
- Interventions to manage fundamental risks were put in place by management to enhance the internal control environment.
- The annual statistics for 16/17 financial year show that out of ninety seven (97) action plans that were agreed upon, ninety six (96) have been implemented. This amounts to ninety nine percent (99 %) of action plans implemented.
- In addition, the effectiveness of the internal controls was continuously assessed and tested by the Departmental Internal Control, Provincial Internal Audit and the Auditor General.
- The risk register of the Department was also reviewed quarterly to ensure an improvement in the Department's Risk Management systems.

2.5.3 FRAUD AND CORRUPTION

The Department has a Risk Management Strategy and an Anti-Fraud and Corruption 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 its own stance the Department has developed prevention, detection, response and deterrence mechanisms and attends to all fraud and corruption by applying these four pillars.

By implementation of these two strategies, the Department is able to have strengthened control of the fraud and corruption stigma in that:

- (a) Investigation of Fraud and Corruption and ensuring appropriate action is taken;
- (b) Reporting all criminal cases to the South African Police Services (SAPS);

- (c) Conducting Fraud and Corruption risk assessments and susceptibility assessments of high fraud and corruption risk areas; and
- (d) Promoting a high standard of ethics by employees within the Department. It is the responsibility of all employees of the Department of Cooperative Governance and Traditional Affairs to report all allegations of Fraud and Corruption to the department's Internal Control Unit as stipulated in the Anti-Fraud and Corruption Policy.
- (e) The utmost level of confidentiality is practised during all investigations of alleged fraud. Within the Anti-Fraud and Corruption Strategy is the Whistle Blowing Policy, which is intended to encourage employees to raise concerns relating to specific matters (including fraud), without fear of victimisation. No person will suffer any penalty or retribution for reporting in good faith, any suspected or actual incidents of Fraud.

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's Anti-fraud and Corruption strategy for 2016/2017 financial year has been rolled out to all Departmental officials to ensure that it is communicated properly and that officials have a fair understanding of all the four pillars of the strategy and to instil an ethical culture within the Department.

The Internal Control business unit also took advantage of the quarterly inductions which are conducted by the Human Resource Management and Administration business unit. During Fraud Risk assessments, employees were further educated on prevention and detection techniques, as well as whistle blowing mechanisms available to report cases of Fraud and Corruption and the components of the Anti- Fraud and Corruption Strategy in general.

The Departmental (GREMC), which 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 has 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 16/17 financial year:

NO.	ALLEGATION	AMOUNT (R)	UPDATE
1	Irregularities committed by officials in the Supply Chain Management Unit (SCM).	148 000	<p>3 officials received Final Written Warnings for Negligence / Failing to follow SCM Processes.</p> <p>2 additional officials have been suspended and the disciplinary hearings commenced</p> <p>A criminal case was also opened and the HAWKS are investigating</p>
2	Transfer payments: Funds that were meant to be paid to a Municipality were fraudulently diverted to another private account.	7 500 000.00	<p>A criminal case was opened and investigated by the HAWKS</p> <p>One private person has been convicted.</p> <p>The trial of the two officials is ongoing</p> <p>A criminal case was opened</p>

NO.	ALLEGATION	AMOUNT (R)	UPDATE
3	The account information of a service provider was fraudulently changed to divert funds to another (wrong) service provider.	1 064 447	<p>The criminal matter was considered by the Senior Public Prosecutor, who has issued an instruction that criminal charges must be brought against the employee.</p> <p>One Employee was charged and dismissed from the Public Service</p> <p>Her appeal was dismissed, but the Arbitrator at the GPSSBC found that her dismissal was procedurally and substantively unfair, and ordered her re-instatement. As the finding is irrational, the Department has filed an application for Review of this Order in the Labour Court, and pleadings are currently being exchanged.</p>
4	The allegations involve a contractor of the department who was responsible for the closure of uMsekeli Municipal Support Properties. The contractor had been selling properties without authority and without following the correct procedures.	5 500 000	<p>A criminal case was opened.</p> <p>Main Accused appeared twice in court and thereafter passed away.</p> <p>The Second Accused was found guilty of money laundering and sentenced to 10 years imprisonment wholly suspended for 5 years in addition to a fine of R 15,000.00.</p> <p>The Civil matter remains on the High Court roll</p>
5	Abuse of Government vehicles, travel claim allowances and diverting of catering services meant for councils	100 000	<p>A criminal case was opened.</p> <p>The employee was convicted on 22 Counts of Fraud</p> <p>The employee was subsequently dismissed on 5 April 2017. The employee lodged an Appeal to the MEC on 13 April 2017, which Appeal is currently being processed for submission to the MEC</p>
6	Irregularities relating to the payment of R19 million to COEGA	19 000 000	Preliminary investigation was finalised and a full investigation in in progress

The Department conducted its own investigation into the internal control measures around the areas where fraud was found to be prevalent and found ways to strengthen its control environment.

The following are some of the internal controls have been put in place to mitigate the reoccurrence of such fraud:

- Review of the function of entity maintenance and removed it from the payments unit to the demand unit. The level for approving payments was elevated to level II;
- All MOA's of the Department now have the entities banking details as a clause and a change would warrant an addendum to be entered into with the Department;
- This means Legal Services is also triggered as a secondary business unit to the process of changing banking details. The Monitoring and Evaluation business unit is also included when transfers to municipalities are made for compliance with conditional grants expenditure;
- The risks were elevated in the Risk Register and there is a monthly report on all Master file amendments that go up to the Head of Department;

- There are also engagements with suppliers and users of electronic verification tools for payees that the Department is exploring;
- The Department has also engaged with the KZN Provincial Treasury to include a control of Entity account changes to only be conducted at a National level. The Department believes that this control would assist the entire Provincial Government and
- Tracking systems are in the process of being installed in all state vehicles within the Department

2.5.4 MINIMISING CONFLICT OF INTEREST

Brief description on processes implemented to minimise conflict of interest in supply chain management and the process followed where conflict of interest has been identified.

2.5.5 CODE OF CONDUCT

As part of the recruitment process, all employees go through an induction programme where a pack containing code of conduct and departmental policies are workshopped, in the event where employees transgress any policies, the departmental disciplinary processes will be employees through Labour Relations

2.5.6 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The departmental buildings are equipped with health and safety signs and safety officers are nominated for all buildings and floors. Regular random fire drills are conducted to ensure that safety is top priority for employees.

The Department also conducted an Occupational Health and Safety risk assessment and developed its risk profile for this discipline. This is another way of ensuring good corporate governance within the Department.

2.5.7 PORTFOLIO COMMITTEES

4 March 2016

1. 3rd Quarter Report (Financials and Non-Financials)
2. Final APP 2016/17
3. Final Budget 2016/17
4. Responses to 2015 Workers Parliament Resolutions

31 May 2016

1. 4th Quarter Report (Financials and Non-Financials)
2. Presentation of drought relief budget plan
3. Responses to 2015 Youth Parliament Resolutions

11 August 2016

1. First Quarter Report
2. Occupation of COGTA Offices
3. Finance Resolutions
4. Senior Citizens Resolutions
5. 2016 Women's Parliament resolutions
6. Budget Report

7 December (Oversight visit Richards Bay

1. Overview of the Annual Report (2015/16)
2. Draft Annual Performance Plan (APP) – 2017/18
3. Draft Budget – 2017/18

16 March 2017

1. Final Budget for 2017/18
2. Final APP for 2017/18
3. Responses to Interfaith Symposium Resolutions 2016
4. Responses to Workers Parliament Resolutions 2016

2.5.8 SCOPA RESOLUTIONS

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
III/2016	Predetermined objectives & proper record-keeping	<p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by 31 January 2017 on measures put in place to address the audit findings and progress made regarding the development and implementation of a proper records management system.</p>	The Accounting Officer (AC) established a Clean Audit and MPAT Task Team that meets weekly to respond to the issues raised by the AG as well as to implement mitigating controls and monitor those. One control that relates to the issue of performance information is the weekly monitoring of targets that fell behind schedule or was not reported on properly. The Department further ensured that the primary source data/ records supporting reported performance information is submitted quarterly, strictly verified and kept within the Monitoring Unit. This particular control has resulted in a real-time feed of performance information status to the AC. An associated control measure, or rather strengthening and intensify existing control measures around evaluating the performance information submitted by staff of the Department.	YES

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
112/2016	Irregular expenditure of R23.907 million in 2015/16-	<p>The Committee resolves:</p> <p>[1] That the Accounting Officer of the Department report to the Committee by 31 January 2017 providing an explanation for incurring the irregular expenditure, controls put in place to prevent a recurrence and steps taken against officials responsible for the irregular expenditure.</p> <p>[2] That Provincial Treasury report to the Committee by 31 January 2017 on:-</p> <p>(a) Whether the irregular expenditure of R23.907 million in 2015/16 was condoned by the appropriate condoning authority.</p> <p>Progress made regarding the investigation of the irregular expenditure of R7.9 million rand in previous financial years</p>	<p>(a) The Irregular expenditure incurred by the department was mainly due to the non-compliance of not advertising construction bids on the CIDB website, security contracts that had exceeded the 15% variation threshold and Provincial Treasury approval not having been received in time for two events. The non-compliance to CIDB bid advertisement amounted to R 14, 521 million while the security contracts 15% variation exceeded amounted to R 9, 071 million and the events with no PT approval was R 314 000.</p> <p>The bidding process for the appointment of service providers pertaining to security services has been concluded by the Department, the appointed service providers will report to the sites on 01 February 2017 for the (Uthungulu, Harry Gwala, Umzinyathi, Ugu, Umkhanyakude, Uthukela & Amajuba). Four sites have appeals, Provincial Treasury will facilitate the appeal process and after conclusion the service providers will report on site (Westville, Southern Life Plaza/Wadley House, Mkondeni & Ilembe). The department will use the quotation process to appoint a service provider for the duration of the appeal hearing.</p> <p>The department is now advertising all construction contracts on the CIDB, eTender-portal and the Departmental website.</p> <p>All the events undertaken by the Department in the 2016/2017 financial year have received Provincial Treasury approval.</p> <p>(b) The investigation to the expenditure relating to the previous financial years is the prerogative of the National Treasury as per the letter received from the Accountant general (KZN) however in line with the PFMA the Accounting Officer of the Department did condone the irregular expenditure in the respective years in which it occurred.</p>	YES

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
113/2016	Human Resource Management	<p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by 31 January 2017 on:-</p> <p>(1) Progress made in filling of all critical, vacant posts and time frames for completion.</p> <p>(2) Measures put in place to conduct competency assessments for SMS members.</p> <p>(3) Measures put in place to address the audit findings on the capturing of leave.</p>	SEE ATTACHED ANNEX. I	YES
114/2016	Material misstatements	<p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by 31 January 2017 on steps taken to address the audit findings effectively.</p>	<p>A manual for compiling Accruals, Payables and commitments has been developed. The Department prepares monthly financial statements with listings of accruals, payables and commitments. The second quarter financial statements were submitted to the internal audit unit to independently test the completeness of the balances and the correctness classifications made.</p> <p>The department will be implementing an electronic procurement module which will ensure that the manual method of procurement is modernized. The go live date is the 1st February 2017.</p>	YES
115/2016	Information Technology Systems	<p>The Committee resolves:-</p> <p>That the Accounting Officer report to the Committee by 31 January 2017 on steps taken to address the audit findings on information technology systems.</p>	Disaster Recovery testing was done on 23 September 2016 and the execution report was approved on 9 November 2016	YES

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
117/2016	Prepayments	<p>The Committee resolves:-</p> <p>That the Accounting Officer report to the Committee by 31 January 2017 providing a breakdown of, and the reasons for making these, prepayments.</p>	The Department transfers the stipend for the TC secretaries to ITHALA Bank in advance for the bank to pay the TC Secretaries.	YES
119/2016	Fruitless and wasteful expenditure	<p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by 31 January 2017 on the findings and recommendations of the Loss Control Committee and steps taken to implement the recommendations, as well as anticipated time frames for finalization of the processes</p>	The loss control committee referred the case for investigation by the labour relations unit. The recommendations made by the officer are of the view that the expenditure incurred by the department is equivalent to the value of work received. The amount will be written off after legal services have reviewed the labour relations report.	YES
120/2016	Material misstatements and proper record-keeping	<p>(a) Material misstatements in the annual financial statements of immovable assets, revaluation reserve, accumulated surplus and depreciation had to be corrected and restated.</p> <p>(b) Proper records management systems were not in place, resulting in delays and difficulties in acquiring the required audit information.</p>	<p>Imizi-yezizwe and some TAC's that were not transferred in the 2015/16 financial year will be transferred by end of 2016/17. These immovable assets have been re-included in the asset register. In future, there will be no buildings recorded in the fixed asset register.</p> <p>COGTA has provided the signed off listing and the submission to DPW, DPW has not yet signed as they are waiting for Auditor General's approval of balances transferred.</p> <p>The Accounting Officer and CFO will ensure that the process is completed before 31 January 2017, thereby ensuring a proper hand-over takes place.</p>	YES

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
		(c) To address these findings, the Auditor-General has recommended that management ensure that amounts in the financial statements are supported by underlying accounting records and perform reviews before processing year end journals.		
144/2016	2016: Performance agreements for the 2015/16 and the 2016/17 financial years	<p>The Committee resolves:-</p> <p>(1) In relation to the 2015/16 financial year:-</p> <p>That all Departments provide a breakdown to the Committee by 31 January 2017 of all performance agreements for the 2015/16 financial year that were not signed, the reasons for the non-compliance, the steps taken against officials who did not sign and if no steps were taken, the reasons.</p> <p>(2) In relation to the 2016/17 financial year:-</p> <p>That all Departments provide a breakdown to the Committee by 31 January 2017 of all performance agreements for the 2016/17 financial year that have not yet been signed, the reasons for non-compliance, the steps taken against officials who have not yet signed and if no steps have been taken, the reasons.</p>	There are no outstanding submissions for the years in question all performance agreements have been signed and submitted.	YES

Response To Resolution No. 113/2016 (Annex 1)

Designation	No of posts	Status of posts	Posts Level	Total Vacant
Head of Department	1	Post advertised + headhunted, process is done by Office of the Premier	16	1
Chief Director: Finance	1	Approved by Executive Authority on 09/01/2017	14	0
Chief Director: Municipal Planning	1	Shortlisting scheduled for 19/01/2017	14	1
Director: Urban Development	1	Post filled 18/11/2016	13	0
Director: Traditional Financial Mgt	1	Post merged with Director: Financial Administration	13	0
Deputy Director General (COO)	1		15	1
Chief Director: Land Use Management	1	Department is busy with the new structure, posts will be filled once the structure is finalized.	14	1
	1		14	1
Chief Director: Policy, Research & Institutional Development	1		13	1
Director: Operations Office of MEC	1		13	1
Director: Strategic Management	1		13	1
Director: Security & Risk	1		13	1
Director: Disaster Mgt Operations	1		13	1
Director: Institutional Development	1		13	1
Director: Traditional Council Land Admin Support	1			1
Director: Rural Development	1		13	1
TOTALS	15			12

[2] Competency Assessments for SMS members are conducted regularly with the DPSA approved providers.

[3] Two officials were delegated to specialize on leave capturing on a daily basis.

2.5.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of Qualification,	Financial year in which it first arose,	Progress made in clearing/resolving the matter
Unqualified: Non-compliance 1. Material amendments to the annual financial statements	2015/2016	<p>The commitment register is being prepared from August 2016.</p> <p>2. A contract management memo was be circulated on 26 September 2016 via a Departmental notice. (Resolved)</p> <p>3. Quarterly interim financial statements are prepared. The last financial statements prepared were for the quarter ending 30 September 2016 and 31 December 2016 were reviewed and it did reflect commitments and payables</p>
Unqualified: Non-compliance 2. Lack of source documents	2015/2016	<p>The Municipal Finance, following meeting with M&E, AHOD, ADDG and MF on 10 November 2016 it has been agreed that the target will not be reported on going forward. This is a PDGS target that should have been allocated to Provincial Treasury given that it requires that the spending of Public Sector is to be monitored. The original PGDP Verification requirement was for OTP and Treasury to conduct an annual analysis of the spending. A variance statement regarding the incorrect allocation of the target to COGTA will be made and details submitted to the MEC. This is a PGDP Indicator that ought to have been allocated to the Provincial Treasury as per page 214 of the PGDP. COGTA therefore will not report thereon. The two indicators will not be achieved and variance explanation will be provided. These targets will be discontinued for 17/18 APP. Public Participation The requirement to submit supporting documents to M&E was only a requirement from the 2nd quarter of the financial year. The Business Unit submitted the primary source data in files (43) during the 2nd quarter to accompany the comprehensive report. It is now a standard requirement that the Business Unit will submit these primary source data every quarter during the reporting period from the wards and municipality to be stored by M&E for easy access by AG. Internal Control have confirmed that the 43 supporting document files have been submitted by the business unit and is with M&E.</p>
Unqualified: Non-compliance 3. Method of calculation not clear and specific	2015/2016	<p>All technical indicators were reviewed and amended accordingly and there is no requirement for the Annual Performance Plan (APP) to be amended as a separate document (Annexure E) was prepared as an appendix to the APP.</p> <p>The 2016/17 APP, including Annexure E, has been published.</p>

2.5.10 INTERNAL CONTROL UNIT

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

Internal audits were conducted to ensure that systems and controls are in place and adequately implemented. An Audit Improvement Strategy for the findings raised in the Internal Audit Reports was compiled in order to monitor the implementation of controls. Auditor General's Audit Improvement Strategy (AIS) was also compiled and monitored to ensure that all findings raised were addressed.

The departmental Risk Register was revised and updated. Risk Management Implementation plan was then developed and reported on quarterly. The Internal Risk Committee approved the Fraud Prevention Plan, following on from this, Fraud Awareness campaigns were conducted in all Districts to roll out the Fraud Prevention Plan.

2.5.11 INTERNAL AUDIT AND AUDIT COMMITTEE

1. KEY ACTIVITIES AND OBJECTIVE OF THE INTERNAL AUDIT

1.1 Objective

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 KZNPG accomplish 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

The scope of possible activities that the PIAS 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 KZNPG'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 KZNPG 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 current financial year:

Legislated Audits:

- Performance Information
- Transfer Payments
- Interim Financial statements review

Risk Based Audits:

- Supply chain management
- Traditional Councils
- EPWP: Waste Management Programme

IT Audits:

- IT Governance audit
- IT Inventory Audit

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE DEPARTMENT	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Mr Siyakhula Simelane (Acting Chairperson: PARC, Economic and G&A Clusters)	B Comm Accounting, B Comm Accounting Honours, Chartered Accountant,	External	N/A	01 October 2015	-	8
Mr David O'Connor (Member)	Chartered Accountant	External	N/A	01 October 2015	-	7
Mr Vereesh Ramphal (Member)	B Comm, Diploma in Accountancy and Chartered Accountant.	External	N/A	01 October 2015	-	8

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 2017.

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 its approved terms of reference.

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

* Refers to PARC members who do not serve on the G&A CARC

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:

- Procurement and Contract Management.
- Records Management
- EPWP – Waste Management
- Traditional Councils
- Expenditure Management.
- Failure to prevent irregular expenditure due to non-compliance with SCM prescripts
- Material misstatement of lease commitments which resulted in material adjustments

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 nine (9) audit assignments for the period under review, but one (1) was rolled over to the 2017/18 financial year at a request of the Department, and with the formal approval of the Audit Committee.

The Committee is satisfied that PIAS performed effectively during the period under review, despite the financial and other limitations imposed upon it. During the 2017/18 financial year, the Committee will monitor the progress made by the PIAS against its operational plans, 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 31 March 2017, the status of the Department's risk register was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	0	21	35	19	2	77
Number of Identified Action Plans	0	44	50	3	0	97
Number of Completed Action Plans.	0	43	50	3	0	96

Although the Department is commended on its high completion rate in implementing risk mitigation plans, the Committee is still concerned by the Department's failure to update its risk register regularly on a regular quarterly basis as well as lack of critical risks within the Department's risk register – given some of the Department's challenges as presented during the financial year. The Department is urged to expedite the implementation of the outstanding risk mitigation action plans, and to regard the risk register as a dynamic document which should be reviewed and updated on a quarterly basis.

The Committee is also concerned about the slow progress the Department has made in implementing the agreed action plans in respect of Business Continuity and Fraud Prevention Plan. The Department is urged to attend to these two plans urgently during the 2017/18 financial year.

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

The Committee was satisfied with the content and quality of quarterly reports in respect of in year management and quarterly performance, prepared and issued by the Accounting Officer of the Department during the year under review, in terms of the PFMA and the Division of Revenue Act. The Committee notes the significant uncertainty related to the solvency of the Department, due to the fact that current commitments exceed the total budgeted revenue.

Based on the reports of the PIAS and the Auditor General, the Committee notes the improvement in the quality of performance information submitted which resulted in an unqualified audit opinion and commended the department for implementing adequate systems of internal controls to collect, collate, verify and retain performance related data.

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, material misstatements of lease commitments and failure by management to prevent irregular expenditure.
- Reviewed the unqualified conclusion on the usefulness and reliability of performance information resulting from the external audit of the Department.

7. *Forensics Investigations*

The Committee noted that there were six (6) forensic investigations from 2009 to date, all relating to alleged procurement irregularities, fraudulent diversion of funds into a bank accounts not belonging to service providers, abuse of government vehicles and travel claim allowances, which the department referred to the PIAS for investigation. Four (4) of these investigations are completed and two (2) were in-progress. The Committee further noted that one (1) matter is currently under criminal investigation by the South African Police Services (SAPS).

The Department and the PIAS are urged to promptly finalize the outstanding investigations, and work together to implement the 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. The Committee commends the Department in obtaining an unqualified audit opinion.

9. *Appreciation*

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



Mr S Simelane
Acting Chairman: Provincial Audit and Risk Committee

07 August 2017

PART D HUMAN RESOURCE MANAGEMENT

BACK TO BASICS: SERVING OUR COMMUNITIES BETTER



2.6.1 INTRODUCTION

Provide commentary on the following:

- The status on HR in the department
- Human resource priorities for the year under review and the impact of these
- Workforce planning and key strategies to attract and recruit a skilled and capable workforce.

In the last financial year the HRM&D Business Unit extensively engaged the Line Managers during the development of the MTEF Human Resource Plan for period 2016/17 to 2019/20. Line Managers were sent questionnaires wherein they had to determine the type of skills, competencies they required so as to achieve their strategic objectives. There were consultative sessions that were also held with each and every Business Unit of the Department, during those sessions the Line Managers were guided on how to identify or determine scarce/critical/core skills. This was requested so as to enable HRM&D to come up with a substantive Targeted Recruitment and a Training and Development Plan with the aim of bridging the gaps identified by the Line Managers.

- The department has in the last 3 years successfully reduced the vacancy rate to less than 10%. In the last financial year it came down to 8%.
 - Employee performance management
 - Employee wellness programmes
 - Highlight achievements and challenges faced by the department, as well as future human resource plans/goals.

2.6.2 HUMAN RESOURCES OVERSIGHT STATISTICS

As per the prescribed standardised tables.

TABLE 2.1.1 - Personnel Expenditure by Programme for the period of 01 April 2016 to 31 March 2017

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
ADMINISTRATION	311 934	140 649	0.00	0.00	45	25	5 688
DEVELOPMENT & PLANNING	408 166	83 241	0.00	0.00	20	15	5 688
LOCAL GOVERNANCE	210 113	162 817	0.00	0.00	77	29	5 688
TRADITIONAL INSTITUTE MANAGE	248 775	138 844	0.00	0.00	56	24	5 688
Total as on Financial Systems (BAS)	1 178 987	525 551	0.00	0.00	45	92	5 688

TABLE 2.1.2 - Personnel Costs by Salary band for the period of 01 April 2016 to 31 March 2017

Salary Bands	Compensation of Employees Cost including Transfers (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Services (R'000)	Number of Employees
Abnormal Appointment	133 169	16.72	34 553	796 287	3 854
Contract (Levels 1-2)	1 523	0.19	126 921	796 287	12
Contract (Levels 13-16)	3 709	0.47		796 287	
Contract (Levels 3-5)	19 635	2.47	188 799	796 287	104
Contract (Levels 6-8)	26 820	3.37	394 418	796 287	68
Contract (Levels 9-12)	17 637	2.21	629 901	796 287	28
Contract Other	6 474	0.81	61 662	796 287	105
Highly skilled production (Levels 6-8)	277 286	34.82	282 369	796 287	982
Highly skilled supervision (Levels 9-12)	163 430	20.52	656 345	796 287	249
Lower skilled (Levels 1-2)	6 114	0.77	149 118	796 287	41
Periodical Remunerations	371	0.05	15 444	796 287	24
Senior management (Levels 13-16)	77 946	9.79	1 146 259	796 287	68
Skilled (Levels 3-5)	34 737	4.36	231 582	796 287	150
TOTAL	768 851	96.55	135 171	796 287	5 688

TABLE 2.1.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme for the period of 01 April 2016 to 31 March 2017

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
ADMINISTRATION	88 828	74.1	1 842	1.5	2 559	2.1	4 571	3.8	119 800
ADMINISTRATION.	34 292	77.1	284	.6	820	1.8	1 418	3.2	44 466
DEVELOPMENT & PLANNING	58 011	74.7			1 158	1.5	1 669	2.1	77 634
LOCAL GOVERNANCE	170 213	73.1			7 088	3	12 293	5.3	232 959
SYSTEM & INSTITUTE DEVELOPMENT	8 949	79			92	.8	159	1.4	11 327
TRADITIONAL INSTITUTE MANAGEMENT	141 881	45.8	10		2 981	1	5 017	1.6	310 102
TOTAL	502 173	63.1	2 136	.3	14 698	1.8	25 127	3.2	796 287

TABLE 2.1.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band for the period of 01 April 2016 to 31 March 2017

Salary Bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Abnormal Appointment	1 918	1.4							133 256
Contract (Levels 1-2)	1 480	97	17	1.1					1 526
Contract (Levels 13-16)	3 241	80.5							4 028
Contract (Levels 3-5)	18 552	94.1	225	1.1	72	.4	159	.8	19 719
Contract (Levels 6-8)	25 910	95.1	306	1.1	31	.1	75	.3	27 242
Contract (Levels 9-12)	15 730	81.6			2		45	.2	19 272
Contract Other	6 474	97.6							6 632
Highly skilled production (Levels 6-8)	212 223	75.2	459	.2	9 278	3.3	16 799	5.9	282 398
Highly skilled supervision (Levels 9-12)	125 621	71.5	408	.2	2 021	1.2	3 980	2.3	175 610
Lower skilled (Levels 1-2)	4 048	66.2	73	1.2	570	9.3	464	7.6	6 114
Periodical Remunerations									399
Senior management (Levels 13-16)	64 099	75.3			679	.8	695	.8	85 172
Skilled (Levels 3-5)	22 877	65.5	649	1.9	2 046	5.9	2 910	8.3	34 920
TOTAL	502 173	63.1	2 136	.3	14 698	1.8	25 127	3.2	796 287

TABLE 2.2.1 - Employment and Vacancies by Programme as on 31 March 2017

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
ADMINISTRATION, Permanent	350.00	303.00	13.43	5.00
ADMINISTRATION, Permanent	200.00	194.00	3.00	107.00
DEVELOPMENT & PLANNING, Permanent	144.00	130.00	9.72	2.00
LOCAL GOVERNANCE, Permanent	663.00	620.00	6.49	21.00
SYSTEM & INSTITUTE DEVELOPMENT, Permanent	20.00	18.00	10.00	0.00
TRADITIONAL INSTITUTE MANAGEMENT, Permanent	586.00	545.00	7.00	320.00
TOTAL	1,963.00	1,810.00	7.79	455.00

TABLE 2.2.2 - Employment and Vacancies by Salary Band as on 31 March 2017

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
01 Lower Skilled (Levels 1-2), Permanent	44.00	41.00	6.82	24.00
02 Skilled (Levels 3-5), Permanent	181.00	150.00	17.13	21.00
03 Highly Skilled Production (Levels 6-8), Permanent	1,051.00	982.00	6.57	274.00
04 Highly Skilled Supervision (Levels 9-12), Permanent	291.00	249.00	14.43	2.00
05 Senior Management (Levels 13-16), Permanent	76.00	68.00	10.53	0.00
09 Other, Permanent	105.00	105.00	0.00	105.00
10 Contract (Levels 1-2), Permanent	12.00	12.00	0.00	0.00
11 Contract (Levels 3-5), Permanent	104.00	104.00	0.00	10.00
12 Contract (Levels 6-8), Permanent	68.00	68.00	0.00	2.00
13 Contract (Levels 9-12), Permanent	28.00	28.00	0.00	15.00
14 Contract (Levels 13-16), Permanent	3.00	3.00	0.00	2.00
TOTAL	1,963.00	1,810.00	7.79	455.00

TABLE 2.2.3 - Employment and Vacancies by Critical Occupation as on 31 March 2017

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
ADMINISTRATIVE RELATED, Permanent	520.00	460.00	11.54	128.00
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC., Permanent	6.00	6.00	0.00	4.00
ARCHITECTS TOWN AND TRAFFIC PLANNERS, Permanent	23.00	21.00	8.70	0.00
AUXILIARY AND RELATED WORKERS, Permanent	2.00	2.00	0.00	0.00
BUILDING AND OTHER PROPERTY CARETAKERS, Permanent	10.00	9.00	10.00	5.00
BUS AND HEAVY VEHICLE DRIVERS, Permanent	10.00	9.00	10.00	9.00
CARTOGRAPHERS AND SURVEYORS, Permanent	2.00	2.00	0.00	0.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS, Permanent	30.00	24.00	20.00	0.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC., Permanent	37.00	36.00	2.70	14.00
CLIENT INFORM CLERKS(SWITCHB RECEIPT INFORM CLERKS), Permanent	6.00	5.00	16.67	0.00
COMMUNICATION AND INFORMATION RELATED, Permanent	18.00	16.00	11.11	2.00
COMMUNITY DEVELOPMENT WORKERS, Permanent	456.00	439.00	3.73	0.00
ENGINEERING SCIENCES RELATED, Permanent	2.00	2.00	0.00	0.00
ENGINEERS AND RELATED PROFESSIONALS, Permanent	2.00	2.00	0.00	0.00
FINANCE AND ECONOMICS RELATED, Permanent	51.00	44.00	13.73	3.00
FINANCIAL AND RELATED PROFESSIONALS, Permanent	41.00	35.00	14.63	1.00
FINANCIAL CLERKS AND CREDIT CONTROLLERS, Permanent	34.00	32.00	5.88	2.00
FOOD SERVICES AIDS AND WAITERS, Permanent	13.00	13.00	0.00	0.00
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS, Permanent	4.00	4.00	0.00	0.00
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER, Permanent	2.00	1.00	50.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF, Permanent	14.00	12.00	14.29	0.00
HUMAN RESOURCES CLERKS, Permanent	16.00	15.00	6.25	0.00

HUMAN RESOURCES RELATED, Permanent	36.00	35.00	2.78	0.00
INFORMATION TECHNOLOGY RELATED, Permanent	5.00	5.00	0.00	0.00
LIBRARY MAIL AND RELATED CLERKS, Permanent	26.00	24.00	7.69	2.00
LIGHT VEHICLE DRIVERS, Permanent	8.00	8.00	0.00	0.00
MATERIAL-RECORDING AND TRANSPORT CLERKS, Permanent	3.00	1.00	66.67	0.00
MESSENGERS PORTERS AND DELIVERERS, Permanent	32.00	27.00	15.63	11.00
MOTOR VEHICLE DRIVERS, Permanent	2.00	2.00	0.00	1.00
NATURAL SCIENCES RELATED, Permanent	3.00	3.00	0.00	0.00
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS, Permanent	98.00	90.00	8.16	2.00
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS, Permanent	25.00	21.00	16.00	2.00
OTHER INFORMATION TECHNOLOGY PERSONNEL., Permanent	1.00	1.00	0.00	0.00
OTHER OCCUPATIONS, Permanent	261.00	261.00	0.00	0.00
PROFESSIONAL NURSE, Permanent	1.00	1.00	0.00	260.00
REGULATORY INSPECTORS, Permanent	4.00	4.00	0.00	0.00
RISK MANAGEMENT AND SECURITY SERVICES, Permanent	1.00	1.00	0.00	0.00
ROAD WORKERS, Permanent	2.00	2.00	0.00	1.00
SAFETY HEALTH AND QUALITY INSPECTORS, Permanent	1.00	1.00	0.00	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS, Permanent	67.00	54.00	19.40	1.00
SECURITY GUARDS, Permanent	11.00	11.00	0.00	1.00
SECURITY OFFICERS, Permanent	1.00	1.00	0.00	0.00
SENIOR MANAGERS, Permanent	61.00	54.00	11.48	1.00
TRADE LABOURERS, Permanent	4.00	4.00	0.00	4.00
TRADE RELATED, Permanent	3.00	3.00	0.00	0.00
TOTAL	1,963.00	1,810.00	7.79	455.00

Table 2.3.1 SMS post information as on 31 March 2017

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
Salary Level 16	1	0		1	
Salary Level 15	5	4		1	
Salary Level 14	20	16		4	
Salary Level 13	47	39		8	
Total	73	59		14	

Table 2.3.2 SMS post information as on 30 September 2017

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
Salary Level 16	1	0		1	
Salary Level 15	5	4		1	
Salary Level 14	19	14		5	
Salary Level 13	48	40		8	
Total	73	58		15	

Table 2.3.3 Advertising and filling of SMS posts for the period 1 April 2016 and 31 March 2017

SMS Level	Advertising	Filling of Posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Salary Level 16	1	0	0
Salary Level 15	-	-	
Salary Level 14	2	1	1
Salary Level 13	4	4	0
Total	7	5	1

Table 2.3.4 Reasons for not having complied with the filling of funded vacant SMS posts – Advertised within 6 month and filled within 12 months after becoming vacant for the period 1 April 2016 and 31 March 2017

Reason for vacancies not advertised within six months
Posts were advertised within 6 months
Reason for vacancies not filled within 12 months
Post was not approved by the Executive Authority and the post was re-advertised.

TABLE 2.4.1 - Job Evaluation by Salary Band for the period 01 April 2016 to 31 March 2017

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
01 Lower Skilled (Levels 1-2)	44	15	34.09	0	0.00	0	0.00
02 Skilled (Levels 3-5)	181	145	80.11	64	44.14	0	0.00
03 Highly Skilled Production (Levels 6-8)	1051	742	70.60	26	3.50	2	0.27
04 Highly Skilled Supervision (Levels 9-12)	291	277	95.19	43	15.52	1	0.36
05 Senior Management Service Band A	46	46	100.00	2	4.35	0	0.00
06 Senior Management Service Band B	19	19	100.00	0	0.00	0	0.00
07 Senior Management Service Band C	9	7	77.78	0	0.00	0	0.00
08 Senior Management Service Band D	2	0	0.00	0	0.00	0	0.00
09 Other	105	0	0.00	0	0.00	0	0.00
10 Contract (Levels 1-2)	12	10	83.33	0	0.00	0	0.00
11 Contract (Levels 3-5)	104	89	85.58	33	37.08	0	0.00
12 Contract (Levels 6-8)	68	58	85.29	3	5.17	0	0.00
13 Contract (Levels 9-12)	28	11	39.29	0	0.00	0	0.00
14 Contract Band A	2	0	0.00	0	0.00	0	0.00
16 Contract Band C	1	0	0.00	0	0.00	0	0.00
TOTAL	1963	1419	72.29	171	12.05	3	0.21

TABLE 2.4.2 - Profile of employees whose positions were upgraded due to their posts being upgraded for the period 01 April 2016 to 31 March 2017

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

TABLE 2.4.3 - Employees whose salary level exceed the grade determined by Job Evaluation for the period 01 April 2016 to 31 March 2017

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Department
xxx	0	xxx	xxx	xxx	
xxx	0	xxx	xxx	xxx	
TOTAL	0				
Percentage of Total Employment	0				0

TABLE 2.4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation for the period 01 April 2016 to 31 March 2017

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

TABLE 2.5.1 - Annual Turnover Rates by Salary Band for the period 01 April to 31 March 2017

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
01 Lower Skilled (Levels 1-2) Permanent	65	0	2	3.08
02 Skilled (Levels 3-5) Permanent	267	0	15	5.62
03 Highly Skilled Production (Levels 6-8) Permanent	897	25	42	4.68
04 Highly Skilled Supervision (Levels 9-12) Permanent	231	0	9	3.90
05 Senior Management Service Band A Permanent	40	3	2	5.00
06 Senior Management Service Band B Permanent	19	0	1	5.26
07 Senior Management Service Band C Permanent	6	0	0	0.00
08 Senior Management Service Band D Permanent	1	0	0	0.00
09 Other Permanent	74	120	186	251.35
10 Contract (Levels 1-2) Permanent	18	0	0	0.00
11 Contract (Levels 3-5) Permanent	95	9	3	3.16
12 Contract (Levels 6-8) Permanent	96	0	32	33.33
13 Contract (Levels 9-12) Permanent	33	10	27	81.82
14 Contract Band A Permanent	4	0	0	0.00
16 Contract Band C Permanent	1	0	0	0.00
TOTAL	1847	167	319	17.27

TABLE 2.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April to 31 March 2017

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
ADMINISTRATIVE RELATED Permanent	482	127	255	52.90
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC. Permanent	6	0	0	0.00
ARCHITECTS TOWN AND TRAFFIC PLANNERS Permanent	22	0	1	4.55
AUXILIARY AND RELATED WORKERS Permanent	2	0	0	0.00
BUILDING AND OTHER PROPERTY CARETAKERS Permanent	10	0	1	10.00
CARTOGRAPHERS AND SURVEYORS Permanent	2	0	0	0.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS Permanent	26	0	2	7.69
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC. Permanent	36	0	2	5.56
CLIENT INFORM CLERKS(SWITCHBOARD RECEPTION CLERKS) Permanent	5	0	0	0.00
COMMUNICATION AND INFORMATION RELATED Permanent	16	0	1	6.25
COMMUNITY DEVELOPMENT WORKERS Permanent	456	0	17	3.73
ENGINEERING SCIENCES RELATED Permanent	2	0	0	0.00
ENGINEERS AND RELATED PROFESSIONALS Permanent	2	0	0	0.00
FINANCE AND ECONOMICS RELATED Permanent	42	3	1	2.38
FINANCIAL AND RELATED PROFESSIONALS Permanent	36	0	1	2.78
FINANCIAL CLERKS AND CREDIT CONTROLLERS Permanent	32	0	0	0.00
FOOD SERVICES AIDES AND WAITERS Permanent	13	0	0	0.00
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS Permanent	4	0	0	0.00
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER Permanent	1	0	0	0.00
HUMAN RESOURCES & ORGANISATION DEVELOPMENT & RELATED PROFESSIONALS Permanent	13	0	2	15.38
HUMAN RESOURCES CLERKS Permanent	17	0	1	5.88
HUMAN RESOURCES RELATED Permanent	34	0	2	5.88
INFORMATION TECHNOLOGY RELATED Permanent	5	0	0	0.00
LIBRARY MAIL AND RELATED CLERKS Permanent	25	0	2	8.00

LIGHT VEHICLE DRIVERS Permanent	8	0	0	0.00
MATERIAL-RECORDING AND TRANSPORT CLERKS Permanent	2	0	1	50.00
MESSENGERS PORTERS AND DELIVERERS Permanent	29	0	3	10.34
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS Permanent	9	0	2	22.22
MOTOR VEHICLE DRIVERS Permanent	2	0	0	0.00
NATURAL SCIENCES RELATED Permanent	3	0	0	0.00
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS Permanent	95	0	6	6.32
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS Permanent	20	0	1	5.00
OTHER INFORMATION TECHNOLOGY PERSONNEL. Permanent	1	0	0	0.00
OTHER OCCUPATIONS Permanent	247	23	9	3.64
PROFESSIONAL NURSE Permanent	1	0	0	0.00
REGULATORY INSPECTORS Permanent	4	0	0	0.00
RISK MANAGEMENT AND SECURITY SERVICES Permanent	1	0	0	0.00
ROAD WORKERS Permanent	2	0	0	0.00
SAFETY HEALTH AND QUALITY INSPECTORS Permanent	1	0	0	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS Permanent	57	2	5	8.77
SECURITY GUARDS Permanent	12	0	2	16.67
SECURITY OFFICERS Permanent	1	0	0	0.00
SENIOR MANAGERS Permanent	55	3	2	3.64
TRADE LABOURERS Permanent	4	0	0	0.00
TRADE RELATED Permanent	4	0	0	0.00
TOTAL	1847	167	319	17.27

TABLE 2.5.3 - Reasons why staff are leaving the department for the period 01 April to 31 March 2017

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
01 Death, Permanent	9	2.82	0.50	319	1810
02 Resignation, Permanent	51	15.99	2.82	319	1810
03 Expiry of contract, Permanent	229	71.79	12.65	319	1810
06 Discharged due to ill health, Permanent	1	0.31	0.06	319	1810
07 Dismissal-misconduct, Permanent	2	0.63	0.11	319	1810
09 Retirement, Permanent	27	8.46	1.49	319	1810
TOTAL	319	100.00	17.62	319	1810

TABLE 2.5.4 - Promotions by Critical Occupation for the period 01 April to 31 March 2017

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
ADMINISTRATIVE RELATED	482	1	0.21	180	37.34
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC.	6	0	0.00	4	66.67
ARCHITECTS TOWN AND TRAFFIC PLANNERS	22	0	0.00	17	77.27
AUXILIARY AND RELATED WORKERS	2	0	0.00	0	0.00
BUILDING AND OTHER PROPERTY CARETAKERS	10	0	0.00	6	60.00
CARTOGRAPHERS AND SURVEYORS	2	0	0.00	0	0.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS	26	0	0.00	20	76.92
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	36	0	0.00	15	41.67
CLIENT INFORM CLERKS(SWITCHB RECEPT INFORM CLERKS)	5	0	0.00	2	40.00

COMMUNICATION AND INFORMATION RELATED	16	0	0.00	5	31.25
COMMUNITY DEVELOPMENT WORKERS	456	0	0.00	439	96.27
ENGINEERING SCIENCES RELATED	2	0	0.00	2	100.00
ENGINEERS AND RELATED PROFESSIONALS	2	0	0.00	1	50.00
FINANCE AND ECONOMICS RELATED	42	0	0.00	29	69.05
FINANCIAL AND RELATED PROFESSIONALS	36	1	2.78	19	52.78
FINANCIAL CLERKS AND CREDIT CONTROLLERS	32	0	0.00	14	43.75
FOOD SERVICES AIDERS AND WAITERS	13	0	0.00	2	15.38
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS	4	0	0.00	4	100.00
HEAD OF DEPARTMENT/ CHIEF EXECUTIVE OFFICER	1	0	0.00	1	100.00
HUMAN RESOURCES & ORGANISATION DEVELOPMENT & RELATED PROFESSIONALS	13	0	0.00	4	30.77
HUMAN RESOURCES CLERKS	17	0	0.00	0	0.00
HUMAN RESOURCES RELATED	34	0	0.00	17	50.00
INFORMATION TECHNOLOGY RELATED	5	0	0.00	4	80.00
LIBRARY MAIL AND RELATED CLERKS	25	0	0.00	13	52.00
LIGHT VEHICLE DRIVERS	8	0	0.00	2	25.00
MATERIAL-RECORDING AND TRANSPORT CLERKS	2	0	0.00	0	0.00
MESSENGERS PORTERS AND DELIVERERS	29	0	0.00	14	48.28
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS	9	0	0.00	4	44.44
MOTOR VEHICLE DRIVERS	2	0	0.00	1	50.00
NATURAL SCIENCES RELATED	3	0	0.00	3	100.00

OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	95	0	0.00	41	43.16
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	20	0	0.00	11	55.00
OTHER INFORMATION TECHNOLOGY PERSONNEL.	1	0	0.00	1	100.00
OTHER OCCUPATIONS	247	0	0.00	0	0.00
PROFESSIONAL NURSE	1	0	0.00	1	100.00
REGULATORY INSPECTORS	4	0	0.00	3	75.00
RISK MANAGEMENT AND SECURITY SERVICES	1	0	0.00	0	0.00
ROAD WORKERS	2	0	0.00	0	0.00
SAFETY HEALTH AND QUALITY INSPECTORS	1	0	0.00	0	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	57	0	0.00	33	57.89
SECURITY GUARDS	12	0	0.00	8	66.67
SECURITY OFFICERS	1	0	0.00	1	100.00
SENIOR MANAGERS	55	0	0.00	31	56.36
TRADE LABOURERS	4	0	0.00	4	100.00
TRADE RELATED	4	0	0.00	1	25.00
TOTAL	1847	2	0.11	957	51.81

TABLE 2.5.5 - Promotions by Salary Band for the period 01 April to 31 March 2017

Salary Band	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
01 Lower Skilled (Levels 1-2), Permanent	65	0	0.00	16	24.62
02 Skilled (Levels 3-5), Permanent	267	0	0.00	105	39.33
03 Highly Skilled Production (Levels 6-8), Permanent	897	0	0.00	591	65.89
04 Highly Skilled Supervision (Levels 9-12), Permanent	231	1	0.43	177	76.62
05 Senior Management (Levels 13-16), Permanent	66	1	1.52	42	63.64
09 Other, Permanent	74	0	0.00	0	0.00
10 Contract (Levels 1-2), Permanent	18	0	0.00	0	0.00
11 Contract (Levels 3-5), Permanent	95	0	0.00	16	16.84
12 Contract (Levels 6-8), Permanent	96	0	0.00	6	6.25
13 Contract (Levels 9-12), Permanent	33	0	0.00	3	9.09
14 Contract (Levels 13-16), Permanent	5	0	0.00	1	20.00
TOTAL	1847	2	0.11	957	51.81

TABLE 2.6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO) as on 31 March 2017

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
UNKNOWN	1	0	0	1	0	1	0	0	1	0	2
01 - SENIOR OFFICIALS AND MANAGERS	21	0	1	22	6	23	0	5	28	1	57
02 - PROFESSIONALS	215	0	14	229	9	346	5	18	369	11	618
03 - TECHNICIANS AND ASSOCIATE PROFESSIONALS	197	1	14	212	12	246	8	23	277	17	518
04 - CLERKS	53	1	8	62	0	133	5	9	147	12	221
05 - SERVICE SHOP AND MARKET SALES WORKERS	13	1	0	14	0	2	0	0	2	0	16
07 - CRAFT AND RELATED TRADE WORKERS	9	0	0	9	0	0	0	0	0	0	9
08 - PLANT AND MACHINE OPERATORS AND ASSEMBLERS	19	0	0	19	0	0	0	0	0	0	19
09 - LABOURERS AND RELATED WORKERS	279	0	0	279	0	71	0	0	71	0	350
TOTAL	807	3	37	847	27	822	18	55	895	41	1810

TABLE 2.6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands as on 31 March 2017

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
01 Top Management, Permanent	4	0	1	5	1	3	0	0	3	0	9
02 Senior Management, Permanent	19	0	2	21	8	22	0	6	28	2	59
03 Professionally qualified and experienced specialists and mid-management, Permanent	79	1	18	98	14	98	8	23	129	8	249
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	485	1	10	496	2	430	7	18	455	29	982
05 Semi-skilled and discretionary decision making, Permanent	78	0	2	80	1	65	0	2	67	2	150
06 Unskilled and defined decision making, Permanent	11	0	0	11	0	30	0	0	30	0	41
07 Not Available, Permanent	40	0	1	41	0	62	1	1	64	0	105
08 Contract (Top Management), Permanent	0	0	1	1	0	0	0	0	0	0	1
09 Contract (Senior Management), Permanent	0	0	0	0	0	2	0	0	2	0	2
10 Contract (Professionally Qualified), Permanent	17	0	1	18	1	8	0	1	9	0	28
11 Contract (Skilled Technical), Permanent	23	0	0	23	0	42	1	2	45	0	68
12 Contract (Semi-Skilled), Permanent	47	1	1	49	0	52	1	2	55	0	104
13 Contract (Unskilled), Permanent	4	0	0	4	0	8	0	0	8	0	12
TOTAL	807	3	37	847	27	822	18	55	895	41	1810

TABLE 2.6.3 – Recruitment as on 31 March 2017

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
02 Senior Management, Permanent	1	0	0	1	0	2	0	0	2	0	3
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	21	0	0	21	0	3	1	0	4	0	25
07 Not Available, Permanent	48	0	1	49	0	69	1	1	71	0	120
10 Contract (Professionally qualified), Permanent	6	0	0	6	1	2	0	1	3	0	10
12 Contract (Semi-skilled), Permanent	9	0	0	9	0	0	0	0	0	0	9
TOTAL	85	0	1	86	1	76	2	2	80	0	167

TABLE 2.6.4 – Promotions for the period 01 April to 31 March 2017

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
01 Top Management, Permanent	1	0	1	2	2	0	0	0	0	0	4
02 Senior Management, Permanent	13	0	1	14	3	15	0	6	21	1	39
03 Professionally qualified and experienced specialists and mid-management, Permanent	49	1	11	61	8	78	6	19	103	6	178
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	205	0	7	212	1	348	4	13	365	13	591
05 Semi-skilled and discretionary decision making, Permanent	56	0	1	57	0	46	0	2	48	0	105
06 Unskilled and defined decision making, Permanent	5	0	0	5	0	11	0	0	11	0	16
09 Contract (Senior Management), Permanent	0	0	0	0	0	1	0	0	1	0	1
10 Contract (Professionally qualified), Permanent	2	0	0	2	0	1	0	0	1	0	3
11 Contract (Skilled technical), Permanent	0	0	0	0	0	6	0	0	6	0	6
12 Contract (Semi-skilled), Permanent	6	0	0	6	0	10	0	0	10	0	16
TOTAL	337	1	21	359	14	516	10	40	566	20	959

TABLE 2.6.4B – Promotions for the period 01 April to 31 March 2017

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	2	0	2	4	0	5	0	0	5	0	9

TABLE 2.6.5 – Terminations for the period 01 April to 31 March 2017

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
02 Senior Management, Permanent	0	0	0	0	2	1	0	0	1	0	3
03 Professionally qualified and experienced specialists and mid-management, Permanent	2	0	1	3	3	2	0	1	3	0	9
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	15	0	0	15	2	21	1	0	22	3	42
05 Semi-skilled and discretionary decision making, Permanent	10	0	0	10	0	5	0	0	5	0	15
06 Unskilled and defined decision making, Permanent	0	0	0	0	0	2	0	0	2	0	2

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
07 Not Available, Permanent	79	0	1	80	0	103	1	2	106	0	186
10 Contract (Professionally qualified), Permanent	15	0	0	15	1	10	0	1	11	0	27
11 Contract (Skilled technical), Permanent	14	0	0	14	0	17	0	0	17	1	32
12 Contract (Semi-skilled), Permanent	2	0	0	2	0	1	0	0	1	0	3
TOTAL	137	0	2	139	8	162	2	4	168	4	319

TABLE 2.6.5B - Terminations for the period 01 April to 31 March 2017

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

TABLE 2.6.6 - Disciplinary Action for the period 01 April to 31 March 2017

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
DISMISSAL	3	0	0	3	0	0	0	0	0	0	3
FINAL WRITTEN WARNING	2	0	0	2	0	2	0	0	2	0	4
TOTAL	5	0	0	5	0	2	0	0	2	0	7

TABLE 2.6.7 - Skills Development for the period 01 April to 31 March 2017

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
01 Top Management, Permanent	4	0	1	5	1	3	0	0	3	0	9
02 Senior Management, Permanent	19	0	2	21	8	22	0	6	28	2	59
03 Professionally qualified and experienced specialists and mid-management, Permanent	79	1	18	98	14	98	8	23	129	8	249
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	485	1	10	496	2	430	7	18	455	29	982
05 Semi-skilled and discretionary decision making, Permanent	78	0	2	80	1	65	0	2	67	2	150
06 Unskilled and defined decision making, Permanent	11	0	0	11	0	30	0	0	30	0	41
07 Not Available, Permanent	40	0	1	41	0	62	1	1	64	0	105
08 Contract (Top Management), Permanent	0	0	1	1	0	0	0	0	0	0	1
09 Contract (Senior Management), Permanent	0	0	0	0	0	2	0	0	2	0	2
10 Contract (Professionally Qualified), Permanent	17	0	1	18	1	8	0	1	9	0	28
11 Contract (Skilled Technical), Permanent	23	0	0	23	0	42	1	2	45	0	68
12 Contract (Semi-Skilled), Permanent	47	1	1	49	0	52	1	2	55	0	104
13 Contract (Unskilled), Permanent	4	0	0	4	0	8	0	0	8	0	12
TOTAL	807	3	37	847	27	822	18	55	895	41	1810

TABLE 2.7.1 – Signing of performance agreements by SMS for the period 01 April 2016 to 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	Total number of signed Performance Agreements	% of SMS posts filled
Salary Level 16 (HoD)	1	1	1	100%
Salary Level 15	5	4	4	100%
Salary Level 14	16	15	15	100%
Salary Level 13	44	39	39	100%
Total	66	59	59	100%

TABLE 2.7.2 Reasons for not having concluded Performance Agreements for all SMS for the period 01 April 2016 to 31 March 2017

Reasons	None, all PA were concluded by 31 March 2017
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TABLE 2.7.3 Disciplinary steps taken against SMS members for not having concluded Performance Agreements as on 31 March 2017

Disciplinary steps taken	None, all PA were concluded by 31 March 2017
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TABLE 2.8.1 - Performance Rewards by Race, Gender and Disability for the period 01 April 2016 to 31 March 2017

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	169.00	815.00	20.74	2,877.09	17,024.19
African, Male	109.00	801.00	13.61	1,754.65	16,097.68
Asian, Female	19.00	55.00	34.55	458.79	24,146.70
Asian, Male	9.00	35.00	25.71	297.61	33,068.22
Coloured, Female	3.00	18.00	16.67	48.29	16,097.87
Coloured, Male	0.00	3.00	0.00	0.00	0.00
Total Blacks, Female	191.00	888.00	21.51	3,384.17	17,718.16
Total Blacks, Male	118.00	839.00	14.06	2,052.26	17,392.04
White, Female	15.00	38.00	39.47	362.19	24,145.99
White, Male	9.00	26.00	34.62	309.23	34,358.43
Employees with a disability	7.00	19.00	36.84	106.30	15,185.31
TOTAL	340.00	1,810.00	18.78	6,214.14	18,276.89

TABLE 2.8.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service for the period 01 April 2016 to 31 March 2017

Salary Band	Number of Beneficiaries	Total Employees	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
01 Lower Skilled (Levels 1-2)	7.00	41.00	17.07	41.46	5,923.10
02 Skilled (Levels 3-5)	47.00	150.00	31.33	402.64	8,566.74
03 Highly Skilled Production (Levels 6-8)	99.00	982.00	10.08	1,504.59	15,197.83
04 Highly Skilled Supervision (Levels 9-12)	106.00	249.00	42.57	3,013.67	28,430.82
09 Other	0.00	105.00	0.00	0.00	0.00
10 Contract (Levels 1-2)	5.00	12.00	41.67	25.77	5,153.82
11 Contract (Levels 3-5)	40.00	104.00	38.46	357.72	8,943.04
12 Contract (Levels 6-8)	21.00	68.00	30.88	312.37	14,874.53
13 Contract (Levels 9-12)	10.00	28.00	35.71	326.26	32,626.49
TOTAL	335.00	1,739.00	19.26	5,984.47	17,864.09

TABLE 2.8.3 - Performance Rewards by Critical Occupation for the period 01 April 2016 to 31 March 2017

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
ADMINISTRATIVE RELATED	132.00	460.00	28.70	2,862.54	21,685.92
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC.	1.00	6.00	16.67	16.42	16,419.84
ARCHITECTS TOWN AND TRAFFIC PLANNERS	8.00	21.00	38.10	255.59	31,948.64
AUXILIARY AND RELATED WORKERS	2.00	2.00	100.00	13.91	6,956.81
BUILDING AND OTHER PROPERTY CARETAKERS	0.00	9.00	0.00	0.00	0.00
BUS AND HEAVY VEHICLE DRIVERS	0.00	9.00	0.00	0.00	0.00
CARTOGRAPHERS AND SURVEYORS	2.00	2.00	100.00	84.82	42,409.56

CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS	14.00	24.00	58.33	183.56	13,111.50
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	8.00	36.00	22.22	52.15	6,518.41
CLIENT INFORM CLERKS(SWITCHB RECEPT INFORM CLERKS)	0.00	5.00	0.00	0.00	0.00
COMMUNICATION AND INFORMATION RELATED	3.00	16.00	18.75	87.07	29,023.38
COMMUNITY DEVELOPMENT WORKERS	14.00	439.00	3.19	183.84	13,131.74
ENGINEERING SCIENCES RELATED	0.00	2.00	0.00	0.00	0.00
ENGINEERS AND RELATED PROFESSIONALS	1.00	2.00	50.00	37.05	37,045.56
FINANCE AND ECONOMICS RELATED	7.00	44.00	15.91	182.41	26,058.69
FINANCIAL AND RELATED PROFESSIONALS	6.00	35.00	17.14	99.82	16,637.27
FINANCIAL CLERKS AND CREDIT CONTROLLERS	10.00	32.00	31.25	86.46	8,645.71
FOOD SERVICES AIDS AND WAITERS	4.00	13.00	30.77	17.82	4,456.13
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS	2.00	4.00	50.00	85.93	42,964.41
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER	0.00	1.00	0.00	0.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	8.00	12.00	66.67	143.57	17,945.81
HUMAN RESOURCES CLERKS	3.00	15.00	20.00	33.92	11,305.67
HUMAN RESOURCES RELATED	22.00	35.00	62.86	548.13	24,915.17
INFORMATION TECHNOLOGY RELATED	2.00	5.00	40.00	49.16	24,578.64
LIBRARY MAIL AND RELATED CLERKS	12.00	24.00	50.00	107.75	8,979.18

LIGHT VEHICLE DRIVERS	5.00	8.00	62.50	51.55	10,309.17
MATERIAL-RECORDING AND TRANSPORT CLERKS	1.00	1.00	100.00	6.62	6,619.95
MESSENGERS PORTERS AND DELIVERERS	8.00	27.00	29.63	58.53	7,316.84
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS	2.00	7.00	28.57	53.61	26,804.58
MOTOR VEHICLE DRIVERS	0.00	2.00	0.00	0.00	0.00
NATURAL SCIENCES RELATED	2.00	3.00	66.67	93.50	46,752.48
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	27.00	90.00	30.00	314.03	11,630.90
TRADE RELATED	4	0	0.00	1	25.00
TOTAL	1847	2	0.11	957	51.81

TABLE 2.8.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service for the period 01 April 2016 to 31 March 2017

SMS Band	Number of Beneficiaries	Total Employees	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	3.00	42.00	7.14	123.28	41,093.26	0.00	48,144.88
Band B	2.00	19.00	10.53	106.39	53,196.27	0.00	24,814.31
Band C	0.00	9.00	0.00	0.00	0.00	0.00	13,704.39
Band D	0.00	1.00	0.00	0.00	0.00	0.00	2,536.80
TOTAL	5.00	71.00	7.04	229.67	45,934.46	0.00	89,200.38

TABLE 2.9.1 - Foreign Workers by Salary Band for the period 01 April to 31 March

Salary Band	Employment at Beginning of Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Highly skilled production (Levels 6-8)	2	20.00	2	11.11	0	0.00	10	18	8
Highly skilled supervision (Levels 9-12)	4	40.00	8	44.44	4	50.00	10	18	8
Other	3	30.00	6	33.33	3	37.50	10	18	8
Senior management (Levels 13-16)	1	10.00	2	11.11	1	12.50	10	18	8
TOTAL	10	100.00	18	100.00	8	100.00	10	18	8

TABLE 2.9.2 - Foreign Workers by Major Occupation for the period 01 April to 31 March

Major Occupation	Employment at Beginning of Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Other occupations	2	20.00	4	22.22	2	25.00	10	18	8
Professionals and managers	7	70.00	12	66.67	5	62.50	10	18	8
Technicians and associated professionals	1	10.00	2	11.11	1	12.50	10	18	8
TOTAL	10	100.00	18	100.00	8	100.00	10	18	8

TABLE 2.10.1 - Sick Leave for the period 01 Jan 2016 to 31 Dec 2016

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)	Total number of Employees using Sick Leave	Total number of days with medical certification
Contract (Levels 1-2)	51	41.18	10	1.14	5.1	22.00	878	21
Contract (Levels 3-5)	391	37.85	63	7.18	6.21	285.00	878	148
Contract (Levels 6-8)	270	22.59	43	4.9	6.28	319.00	878	61
Contract (Levels 9-12)	52	36.54	7	.8	7.43	128.00	878	19
Contract Other	175	33.14	72	8.2	2.43	54.00	878	58
Highly skilled production (Levels 6-8)	3153	49.13	323	36.79	9.76	3621.00	878	1549
Highly skilled supervision (Levels 9-12)	1394	49	190	21.64	7.34	3273.00	878	683
Lower skilled (Levels 1-2)	304	61.51	23	2.62	13.22	152.00	878	187
Senior management (Levels 13-16)	210	54.76	42	4.78	5	820.00	878	115
Skilled (Levels 3-5)	1125	50.49	105	11.96	10.71	805.00	878	568
TOTAL	7125	47.85	878	100	8.12	9480.00	878	3409

TABLE 2.10.2 - Disability Leave (Temporary and Permanent) for the period 01 Jan 2016 to 31 Dec 2016

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)	Total number of Employees using Sick Leave	Total number of days with medical certification
Contract (Levels 3-5)	10	100	1	3.7	10	7.00	10.00	27
Contract (Levels 6-8)	61	100	2	7.41	30.5	68.00	61.00	27
Contract (Levels 9-12)	46	100	1	3.7	46	128.00	46.00	27
Contract Other	2	100	1	3.7	2	1.00	2.00	27
Highly skilled production (Levels 6-8)	736	100	13	48.15	56.62	759.00	736.00	27
Highly skilled supervision (Levels 9-12)	76	100	3	11.11	25.33	182.00	76.00	27
Lower skilled (Levels 1-2)	376	100	4	14.81	94	184.00	376.00	27
Skilled (Levels 3-5)	26	100	2	7.41	13	15.00	26.00	27
TOTAL	1333	100	27	100	49.37	1343.00	1333.00	27

TABLE 2.10.3 - Annual Leave for the period 01 Jan 2016 to 31 Dec 2016

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who took leave
Contract (Levels 1-2)	172	17.2	10
Contract (Levels 13-16)	54	10.8	5
Contract (Levels 3-5)	1543	15.74	98
Contract (Levels 6-8)	953	14.22	67
Contract (Levels 9-12)	245	9.8	25
Contract Other	1034	6.99	148
Highly skilled production (Levels 6-8)	13645	19.16	712
Highly skilled supervision (Levels 9-12)	5098	20.56	248
Lower skilled (Levels 1-2)	780	21.67	36
Senior management (Levels 13-16)	1212	18.36	66
Skilled (Levels 3-5)	3293	21.81	151
TOTAL	28029	17.9	1566

TABLE 2.10.4 - Capped Leave for the period 01 Jan 2016 to 31 Dec 2016

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at end of period	Number of Employees who took Capped leave	Total number of capped leave available at end of period	Number of Employees as at end of period
Highly skilled production (Levels 6-8)	12	4	95.95	3	18039.41	188
Highly skilled supervision (Levels 9-12)	58	19.33	75.42	3	6637.38	88
Lower skilled (Levels 1-2)			76.53		2908.08	38
Senior management (Levels 13-16)			50.76		964.42	19
Skilled (Levels 3-5)	10	3.33	81.15	3	9819.68	121
TOTAL	80	8.89	84.51	9	38368.97	454

TABLE 2.10.5 - Leave Payouts for the period 01 Jan 2016 to 31 Dec 2016

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Capped leave payouts on termination of service for current financial year	4 539	44	103 166
Current leave payout on termination of service for current financial year	230	7	32 925
Leave payout for current financial year due to non-utilisation of leave for the previous cycle	26	1	25 914
TOTAL	4 796	52	92 225

TABLE 2.11.1 Steps taken to reduce the risk of occupational exposure April 2016 to March 2017

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Most staff that are HIV+ are below level 7 and are mostly field orientated workers	Male and female condom distribution, Voluntary Medical Male Circumcision (VMMC), HCT, health promotion talks, workshops on HIV prevention, professional counselling services through the departmental practitioners and further referrals to psychologists and psychiatrists where the need arises, Information, education and communication material (IEC),

TABLE 2.11.2 Details of Health Promotion and HIV/AIDS Programmes
[tick Yes/No and provide required information]

No.	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 I of the Public Service Regulations, 2001? If so, provide her/his name and position.	<input type="checkbox"/>		Director: Des Beykirch - Human Capital Development - HRM&D
2	Does the department have a dedicated unit or have you designated specific staff members to promote 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.	<input type="checkbox"/>		<p>There are 6 employees within the Employee Health and Wellness Programme, namely:</p> <ul style="list-style-type: none"> • Deputy Director • Assistant Director • Professional Nurse • Practitioner • Admin Support Clerk • Intern • Annual Budget: R3 million per annum
3	Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	<input type="checkbox"/>		<p>o Behaviour Change Communication): Information, education and communication (IEC) material via print and media distributiono Male and Female Condom Promotion at all Cogta Officeso HCT with the dimension of access to ART for prevention and treatment with networked clinicso Voluntary Medical Male Circumcision (VMMC) with Newstart o Elimination of Mother to Child Transmission (EMTCT) via screening, early detection and referral for treatment, care and supporto Positive Health, Dignity and Prevention (a package of interventions for PLWHs) - Immune boosting supplements, flu vaccines, vitamins, home visitations, transportation to health centres when possible, fast queues at clinics arranged through the wellness centreo Targeted HIV Prevention Interventions for key populations : HIV screening, health promotion talks, workshops on HIV prevention</p> <p>o Professional counselling Services through the programme practitioners and further referrals to psychologists and psychiatrists where the need arises</p>

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.	<input type="checkbox"/>		<p>Director: Office of the HOD: Ms B. Ally Director: Human Capital Development: Mr D. Beykirch Members of the Intra-Departmental Committee: Director: Human Resource Administration: Ms N. Msimango Chief Director: Corporate Services: Mr S.P Khanyi Acting Deputy Director: Labour Relations: Mr F. Myeza Deputy Director: Employee Health and Wellness: Mr D. Sathianathan Assistant Director : Employee Health and Wellness: C. Leonard Occupational Health Practitioner: SHERQ: Mrs J. Marx Professional Nurse: G. Ndlovu HIV & AIDS Peer Educators: Z. Nxumalo Union Representatives: Mr Mpeti Mkhize (NEHAWU), Nomusa Mpanza (NEHAWU), Bheka Chris Mtungwa (PSA) Sports committee Representatives: Mr M. Mkhize, Ms S. kumalo, Mr L. Mbanjwa Heads of Units (Branches, Directorates and Chief-Directorates / Clusters: Chief Director : Human Resource Administration and Development: Mr G. N Dlamini</p>
5	Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	<input type="checkbox"/>		<ul style="list-style-type: none"> o Departmental HIV, AIDS, STI and TB Policy o Health and Productivity Management Policy and the Wellness Management Policy
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.	<input type="checkbox"/>		<ul style="list-style-type: none"> o Counselling and testing is done confidentially o Referrals are assigned numbers rather than by name to maintain confidentiality o Workshops o Help Desks o 24 hour on call duty o Disciplinary measures and mediation through the Labour Unit
7	Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	<input type="checkbox"/>		<p>The department has 153 HIV+ staff members that are supported through the wellness centre. All staff are encouraged to test at the wellness centre, during wellness days every quarter and on health awareness days e.g World Aids day and STI month</p>

8	Has the department developed measures/ indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	<input type="checkbox"/>	<ul style="list-style-type: none"> o Number of staff testing for HIV during wellness days o Number of wellness screening days per annum o Number of male and female condoms distributed per month o Number of HIV health awareness events held o Number of IEC (Information, education and communication) material distribute per month o Absenteesim rate of HIV+ staff o Number of staff trained on Management of Sexual Harassment in the workplace
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TABLE 2.12.1 - Collective Agreements for the period 1 April 2016 to 31 March 2017

Total number of collective agreements	None
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TABLE 2.12.2 - Misconduct and Discipline Hearings Finalised for the period 1 April 2016 to 31 March 2017

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
DISMISSAL	3	42.9	7
FINAL WRITTEN WARNING	4	57.1	7
TOTAL	7	100.0	7

TABLE 2.12.3 - Types of Misconduct Addressed and Disciplinary Hearings for the period 01 April 2016 to 31 March 2017

ABSENT FROM WORK WITHOUT REASON OR PERMISSION	1	14.3	7
CONTRAVENES ANY CODE OF CONDUCT FOR STATE	1	14.3	7
FAILS TO COMPLY WITH OR CONTRAVENES AN ACT	1	14.3	7
PERFORMS POORLY FOR REASONS OTHER THAN	4	57.1	7
TOTAL	7	100.0	7

TABLE 2.12.4 - Grievances Lodged for the period 01 April 2016 to 31 March 2017

Number of grievances addressed	Number	Percentage of Total
Number of grievances resolved	3	43%
Number of grievances not resolved	4	57%
TOTAL	7	100%

TABLE 2.12.5 - Disputes Lodged for the period 01 April 2016 to 31 March 2017

Disputes	Number	% of total
Number of disputes upheld	46 pending*	90%
Number of disputes dismissed	5	10%
TOTAL	51	100%

*One case comprise 40 employees

TABLE 2.12.6 - Strike Actions for the period 01 April 2016 to 31 March 2017

Total number of person working days lost	0
Total cost working days lost	0
Amount recovered as a result of no work no pay (R)	0

TABLE 2.12.7 - Precautionary Suspensions for the period 01 April 2016 to 31 March 2017

Number of people suspended	3
Number of people who's suspension exceeded 30days	3
Average number of days suspended	42
Cost of suspension (R)	R141 325

TABLE 2.13.1 - Training Needs identified for the period 01 April 2016 to 31 March 2017

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	11	6	17
Legislators, senior officials and managers	Male	0	0	10	4	14
Professionals	Female	0	0	15	5	20
Professionals	Male	0	0	13	4	17
Technicians and associate professionals	Female	0	0	23	4	27
Technicians and associate professional	Male	0	0	19	1	20
Clerks	Female	0	0	11	3	14
Clerks	Male	0	0	9	2	11
Service and sales workers	Female	0	0	2	0	2
Service and sales workers	Male	0	0	3	0	3
Skilled agriculture and fishery workers	Female	N/A	N/A	N/A	N/A	N/A
Skilled agriculture and fishery workers	Male	N/A	N/A	N/A	N/A	N/A
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	1	0	1
Plant and machine operators and assemblers	Male	0	0	3	0	3
Elementary occupations	Female	0	0	1	0	1
Elementary occupations	Male	0	0	4	0	4
Gender sub totals	Female	0	0	64	18	82
Gender sub totals	Male	0	0	61	11	72
Total		0	0	125	29	154

TABLE 2.13.2 - Training Provided for the period 01 April 2016 to 31 March 2017

Occupational Categories	Gender	Employment	Learner ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	5	3	8
Legislators, senior officials and managers	Male	0	0	3	2	5
Professionals	Female	0	0	12	3	15
Professionals	Male	0	0	13	6	19
Technicians and associate professionals	Female	0	0	14	1	15
Technicians and associate professional	Male	0	0	13	0	13
Clerks	Female	0	0	8	2	10
Clerks	Male	0	0	7	2	9
Service and sales workers	Female	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	N/A	N/A	N/A	N/A	N/A
Skilled agriculture and fishery workers	Male	N/A	N/A	N/A	N/A	N/A
Craft and related trades workers	Female	0	0	0	0	0
Craft and related trades workers	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
Elementary occupations	Male	0	0	1	0	1
Gender sub totals	Female	0	0	39	9	48
Gender sub totals	Male	0	0	37	10	47
Total		0	0	76	19	95

TABLE 2.14 - Injury on Duty for the period 01 April 2016 to 31 March 2017

Nature of injury on duty	Number	% of Total
Required basic medical attention only	3	75%
Temporary Total Disablement	1	25%
Permanent Disablement	0	0
Fatal	0	0
Total	4	100%

TABLE 2.15 Report on the use of consultants

REPORT ON THE USE OF CONSULTANTS FOR THE FINANCIAL YEAR 2016-17				CONTRIBUTION % ON HDI's										
CONSULTANTS APPOINTED	SCOPE OF WORK	COSTS PER APPOINTMENT	DURATION OF CONTRACT/ SERVICE	Black female	Black male	Coloured female	Coloured male	Indian female	Indian male	White female	White male	Youth	Dis-ability	BEE Level
IC Solutions	To render specific support to section 139(b) intervention & B2B municipalities	R 125 000.00	5 months							100.00%				4
LIH Management Solutions	Admin support service to assist the change management committees	R 1 195 286.40	1 month	100.00%										1
LDM Consulting	Engagement of Project Managers for the Construction of Imizi Yezizwe	R 456 000.00	18 months	2.50%					97.50%				10.00%	1
Focus Project Management	Construction of the Silutshana CSC, Nquthu LM	R 435 000.00	18 months											
Ubuntu Business Advisory and Consulting	Investigations on alleged maladministration, fraud and corruption	R 493 620.00	1 month											3

Bonakude Consulting	Appointment of a service provider to monitor and report on the Split Model for Municipal Administration	R 898 497.60	7 months		60.00%						40.00%	I
Mabhala Business & Labour Consulting	Appointment of a service provider to provide training for 75 presiding officers/ employer representative to make discipline management panel	R 499 800.00	1 month		100.00%							I
Bigen Africa	Appointment of a electrical engineering consultant to manage the construction of the Weenen electrification project	R 2 466 820.41		22.20%	22.99%					18.07%	36.74%	I
Mr A Els	Appointment of a Transformation Manager for the restructuring of Municipalities	R 867 840.00	12 months							100.00%		I

Bonakude Consulting	Appointment of a SP to provide support to Mpošana Municipality with year end financial processes	R 300 157.44	5 months		60.00%									40.00%					I
Focus Project Management	Appointment of a SP to provide Human Resource to support to Municipal Infrastructure Unit	R 51 522 174.00	36 months																I
LDM Consulting	Engagement of Project Managers for the Construction of Imizi Yezizwe	R 2 399 934.68	6 months	11.00%					11.00%	77.00%								11.00%	I
Royal Haskoning	Appointment of a service provider to develop a strategic corridor development plan for the southern N2 corridor from Durban through Port Shepstone to Port Edward	R 3 296 071.17	18 months																I
Price Waterhouse Coopers	Appointment of a service provider to review & update SOP Manual and OD Frame	R 689 472.00	6 weeks	2.12%	3.88%	1.41%	4.94%	3.53%	11.66%	9.89%	61.83%	4.00%	0.00%						I

Londacorp Trading	Clerk of works services for the Electrification of Mbabazane	R 472 000.00	7 months	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	1
VVP Engineers & Projects	Preliminary & detailed marketing services for KZN Premier priority Electrification Projects	R 355 680.00	12 months	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	1
Deltron Consulting	Design of an Electrification Project in Abaqulusi	R 722 391.19	6 months								1
Deltron Consulting	Design of an Electrification Project in Uphongolo	R 649 461.83	6 months								1
BNP Capital	Appointment of a Transaction Advisor for the Municipal Infrastructure Development Management Support Project	R 9 104 880.74	36 months	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	3
Procurement Performance Institute (Pty) Ltd	RFI: provision of SCM Transformation services	R 4 904 150.00	36 months	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	3
Royal Haskoning	Support the Infrastructure Development Unit for an Electrification Project in the Imbabazane LM	R 260 300.00	5 months								1

COGTA 142

KPMG Services	Appointment of a service provider to conduct an investigation on Nkandla Municipality	R 433 724.40	3 months	12.16%	7.37%	5.12%	2.61%	8.27%	7.94%	27.02%	24.90%	2
Ngidi & Company Incorporate	Legal services	R 399 000.00	3 months		100.00%							1
S Squared Consultants	Appointment of a service provider to conduct Institution review and Strategic support to Economic Development Agencies	R 424 656.00	4 months	100.00%								1
Price Waterhouse Coopers	Appointment of a service to develop the Methodology Manual for the Department Internal Audit and Internal Control processes	R 97 724.00	1 month									1
Neolenkhensi (Pty)Ltd	Appointment of a service provider to provide support to the Public Participation Directorate	R 46 800.00	6 months	100.00%								3
		R 121 646 443.03										

PART E: FINANCIAL INFORMATION

ANNUAL FINANCIAL STATEMENTS FOR DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

**FOR THE YEAR ENDED
31 MARCH 2017**

AUDITOR'S REPORT FOR THE YEAR ENDED 31 MARCH 2017

KWAZULU-NATAL DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

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 153 to 233, which comprise the appropriation statement, the statement of financial position as at 31 March 2017, and 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 2017, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by 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, 2016 (Act No. 3 of 2016) (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 my report.
4. I am independent of the department in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material uncertainty related to financial sustainability

6. I draw attention to note 1.1.1 to the financial statements, which indicates that the department has a liability to settle a back pay of stipend to Izinduna amounting to R1,20 billion at 31 March 2017. 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. My opinion is not modified in respect of this matter.

Responsibilities of the accounting officer for the financial statements

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

8. 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 there is an intention either to liquidate the department or to cease operations, or there is no realistic alternative but to do so.

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

9. 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 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.
10. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

11. 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.
12. 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.
13. 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 2017:

Programmes	Pages in the annual performance report
Programme 2 – Local governance	41 – 53
Programme 3 – Development and planning	54 – 67
Programme 4 – Traditional institutional management	67 – 71

14. 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.
15. I did not identify any material findings on the usefulness and reliability of the reported performance information for selected programmes tabulated in paragraph 13 of my report.

Other matter

16. I draw attention to the matter below.

Achievement of planned targets

17. The annual performance report on pages 18 - 71 includes information on the achievement of planned targets for the year and explanations provided for the under or over achievement of targets.

Report on audit of compliance with legislation

Introduction and scope

18. 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.
19. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

Annual financial statements

20. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 40(1)(b) of the PFMA. Material misstatements of the disclosure of lease commitments identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

21. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1.
22. Invitations for competitive bidding were not always advertised for a required minimum period, as required by treasury regulation 16A6.3(c).
23. Information Technology (IT) goods and services, classified as “mandatory”, were not procured through the State Information Technology Agency (SITA), as required by treasury regulation 16A6.3(e).

Expenditure management

24. The steps taken by the department were not fully effective to prevent irregular expenditure amounting R236,40 million as disclosed in note 23 to the financial statements. This is contrary to the requirements of section 38(1)(c)(ii) of the PFMA and the treasury regulations. The majority of the irregular expenditure amounting to R188,55 million relates to a contract for the arrangement of accommodation, events and travel requirements of the department.

Other information

25. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting officer's report and the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
26. My opinion on the financial statements and findings on compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
27. 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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

28. 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 thereon. 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.

Financial management

29. There was a lack of adequate and effective monitoring and evaluation by management in the application of the department's SCM policy and related key legislation. This together with repeated material misstatements in financial reporting is mainly attributable to inadequate time being allocated to the analysis and diligent review of financial records and reports. Moreover, management did not respond with the required urgency to our consistent messages about addressing these internal control deficiencies.

Other reports

30. 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 compliance with legislation.

Investigations

31. The KwaZulu-Natal Provincial Treasury has conducted six investigations covering the period 1 December 2009 to 31 March 2017. The investigations conducted are 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 as well as subsistence and travel claims. Of the six investigations conducted as at year-end, one case was finalised (phases one and two), three cases were completed to phase one and two cases were still in progress.

Auditor-General

Pietermaritzburg

31 July 2017



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

Financial statements

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the [consolidated and separate] financial statements, and the procedures performed on reported performance information for the selected programmes and on the **Department of Cooperative Governance and Traditional Affairs'** (department) compliance with respect to the selected subject matters.
2. In addition to my responsibility for the audit of the financial statements as described in the 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 relating 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 the auditor's report. However, future events or conditions may cause the department to cease operating 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.

KWAZULU-NATAL: COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

VOTE I I

2.7.2 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

TABLE OF CONTENTS

Appropriation Statement	153
Notes to the Appropriation Statement	190
Statement of Financial Performance	192
Statement of Financial Position	194
Statement of Changes in Net Assets	195
Cash Flow Statement	196
Accounting policies	197
Notes to the Annual Financial Statements	203
Annexures	234

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

Appropriation per programme										
Programme	2016/17						2015/16			
	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	R'000
1. Administration	390 139	-	(7 219)	382 920	380 420	2 500	99.3%	386 164	382 559	
2. Local Governance	267 280	-	(12 998)	254 282	254 130	152	99.9%	263 678	228 491	
3. Development and Planning	600 961	-	42 469	643 430	637 148	6 282	99.0%	662 365	641 708	
4. Traditional Institutional Management	357 688	-	(22 252)	335 436	331 667	3 769	98.9%	268 956	265 330	
Total	1 616 068	-	-	1 616 068	1 603 365	12 703	99.2%	1 581 163	1 518 088	
2016/17										
	2016/17						2015/16			
	Final Appropriation	Actual Expenditure					Final Appropriation	Actual Expenditure		
TOTAL (brought forward) Reconciliation with statement of financial performance										
ADD										
Departmental receipts	4 766						13 710			
Actual amounts per statement of financial performance (total revenue)	1 620 834						1 594 873			
ADD										
Aid assistance		-							763	
Actual amounts per statement of financial performance (total expenditure)		1 603 365							1 518 851	

Appropriation per Economic Classification									
	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic Classification									
Current payments	1 431 296	(108 615)	(89 353)	1 233 328	1 231 104	2 224	99.8%	1 030 967	995 720
Compensation of employees	645 665	-	(15 520)	630 145	630 145	-	100.0%	614 056	607 298
Salaries and wages	573 697	-	(15 104)	558 593	558 892	(299)	100.1%	545 177	538 886
Social contributions	71 968	-	(416)	71 552	71 253	299	99.6%	68 879	68 412
Goods and services	785 631	(108 615)	(73 833)	603 183	600 959	2 224	99.6%	416 911	388 422
Administrative fees	2 735	-	(149)	2 586	1 983	603	76.7%	1 517	1 800
Advertising	23 955	-	2 758	26 713	26 374	339	98.7%	27 198	27 269
Minor assets	51 065	(26 300)	(14 192)	10 573	11 217	(644)	106.1%	7 686	13 275
Audit costs: External	7 069	-	(840)	6 229	6 772	(543)	108.7%	7 772	7 772
Bursaries: Employees	1 500	-	(339)	1 161	1 058	103	91.1%	1 633	1 633
Catering: Departmental activities	4 217	-	(1 281)	2 936	1 464	1 472	49.9%	3 328	3 058
Communication	15 931	-	(1 150)	14 781	14 397	384	97.4%	13 918	13 441
Computer services	41 291	-	4 711	46 002	42 164	3 838	91.7%	41 100	41 156
Consultants: Business and advisory services	235 832	(56 390)	(16 200)	163 242	159 222	4 020	97.5%	139 769	114 605

Appropriation per Economic Classification									
	2016/17							2015/16	
	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
Infrastructure and planning services	342	-	-	342	342	-	100.0%	-	-
Legal services	10 045	-	870	10 915	11 091	(176)	101.6%	7 731	7 731
Contractors	84 421	(33 068)	8 338	59 691	70 340	(10 649)	117.8%	34 120	34 893
Agency and support / outsourced services	5 299	-	(1 583)	3 716	4 172	(456)	112.3%	5 472	3 918
Fleet services	11 953	-	(200)	11 753	11 788	(35)	100.3%	12 263	12 263
Inventory: Other supplies	13 279	7 143	(4 867)	15 555	11 679	3 876	75.1%	1 102	753
Consumable supplies	4 517	-	(2 264)	2 253	2 561	(308)	113.7%	2 965	2 370
Consumable: Stationery, printing and office supplies	9 590	-	(720)	8 870	8 735	135	98.5%	8 831	8 214
Operating leases	28 171	-	(4 434)	23 737	21 837	1 900	92.0%	25 343	24 741
Property payments	29 348	-	(783)	28 565	29 785	(1 220)	104.3%	26 615	26 572
Transport provided: Departmental activity	226	-	-	226	192	34	85.0%	-	-
Travel and subsistence	47 719	-	(6 913)	40 806	44 651	(3 845)	109.4%	35 305	34 632
Training and Development	2 300	-	(795)	1 505	1 490	15	99.0%	1 112	1 112
Operating payments	152 987	-	(33 369)	119 618	116 242	3 376	97.2%	2 983	1 995
Venues and Facilities	1 341	-	-	1 341	1 341	-	100.0%	6 967	3 216

Appropriation per Economic Classification										
	2016/17							2015/16		
	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	R'000
Rental and Hiring	498	-	(431)	67	62	5	92.5%	2 181	2 003	
Transfers and subsidies	111 150	35 000	89 353	235 503	233 930	1 573	99.3%	454 626	453 017	
Provinces and municipalities	71 439	35 000	56 853	163 292	161 956	1 336	99.2%	273 634	273 134	
Provinces	205	-	217	422	422	-	100.0%	228	228	
Provincial agencies and funds	205	-	217	422	422	-	100.0%	228	228	
Municipalities	71 234	35 000	56 636	162 870	161 534	1 336	99.2%	273 406	272 906	
Municipal bank accounts	71 234	35 000	56 636	162 870	161 534	1 336	99.2%	273 406	272 906	
Departmental agencies and accounts	14 550	-	-	14 550	14 550	-	100.0%	6 150	6 150	
Departmental agencies and accounts (Non business entities)	14 550	-	-	14 550	14 550	-	100.0%	6 150	6 150	
Public corporations and private enterprises	7 526	-	2 574	10 100	10 100	-	100.0%	45 100	45 100	
Public corporations	-	-	8 100	8 100	8 100	-	100.0%	45 100	45 100	
Other transfers to public corporations	-	-	8 100	8 100	8 100	-	100.0%	45 100	45 100	
Private enterprises	7 526	-	(5 526)	2 000	2 000	-	100.0%	-	-	
Subsidies on products and production (pe)	2 000	-	-	2 000	2 000	-	100.0%	-	-	
Other transfers to private enterprises	5 526	-	(5 526)	-	-	-	-	-	-	

Appropriation per Economic Classification										
	2016/17							2015/16		
	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	R'000
Non-profit institutions	-	-	32 652	32 652	32 651	1	100.0%	114 811	114 811	
Households	17 635	-	(2 726)	14 909	14 673	236	98.4%	14 931	13 822	
Social Benefits	7 592	-	(271)	7 321	7 133	188	97.4%	5 315	5 957	
Other transfers to households	10 043	-	(2 455)	7 588	7 540	48	99.4%	9 616	7 865	
Payments for capital assets	73 622	73 615	-	147 237	138 331	8 906	94.0%	95 570	69 351	
Buildings and other fixed structures	42 395	73 615	112	116 122	110 922	5 200	95.5%	64 788	43 086	
Buildings	42 395	73 615	112	116 122	110 922	5 200	95.5%	64 788	43 086	
Machinery and equipment	29 571	-	(177)	29 394	26 728	2 666	90.9%	28 086	25 847	
Transport equipment	20 591	-	(391)	20 200	19 391	809	96.0%	7 976	8 761	
Other machinery and equipment	8 980	-	214	9 194	7 337	1 857	79.8%	20 110	17 086	
Intangible assets	1 656	-	65	1 721	681	1 040	39.6%	2 696	418	
	1 616 068	-	-	1 616 068	1 603 365	12 703	99.2%	1 581 163	1 518 088	

Programme I: Administration									
	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Office of the MEC	20 805	-	15	20 820	20 812	8	100.0%	21 327	21 302
2. Corporate Services	369 334	-	(7 234)	362 100	359 608	2 492	99.3%	364 837	361 257
Total for sub programmes	390 139	-	(7 219)	382 920	380 420	2 500	99.3%	386 164	382 559
Economic classification									
Current payments	363 648	-	(4 981)	358 667	357 235	1 432	99.6%	358 677	358 677
Compensation of employees	171 748	-	(3 617)	168 131	168 131	-	100.0%	160 671	160 671
Salaries and wages	153 058	-	(3 617)	149 441	149 544	(103)	100.1%	142 879	142 879
Social contributions	18 690	-	-	18 690	18 587	103	99.4%	17 792	17 792
Goods and services	191 900	-	(1 364)	190 536	189 104	1 432	99.2%	198 006	198 006
Administrative fees	762	-	-	762	848	(86)	111.3%	818	818
Advertising	22 797	-	3 211	26 008	25 697	311	98.8%	26 084	26 084
Minor assets	726	-	-	726	503	223	69.3%	741	741
Audit costs: External	7 069	-	(840)	6 229	6 772	(543)	108.7%	7 772	7 772
Bursaries: Employees	1 500	-	(339)	1 161	1 058	103	91.1%	1 633	1 633

Programme I: Administration										
	2016/17							2015/16		
	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	R'000
Catering: Departmental activities	125	-	-	125	113	12	90.4%	248	248	248
Communication	7 126	-	765	7 891	8 465	(574)	107.3%	7 670	7 670	7 670
Computer services	38 716	-	5 011	43 727	39 964	3 763	91.4%	38 717	38 717	38 717
Consultants: Business and advisory services	5 199	-	-	5 199	5 706	(507)	109.8%	8 335	8 335	8 335
Infrastructure and planning services	342	-	-	342	342	-	100.0%	-	-	-
Legal services	9 647	-	(496)	9 151	9 326	(175)	101.9%	7 731	7 731	7 731
Contractors	12 154	-	(3 000)	9 154	9 152	2	100.0%	12 947	12 947	12 947
Agency and support / outsourced services	99	-	-	99	130	(31)	131.3%	112	112	112
Fleet services	11 912	-	(200)	11 712	11 747	(35)	100.3%	12 263	12 263	12 263
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-	-
Consumable supplies	1 650	-	-	1 650	1 501	149	91.0%	1 598	1 598	1 598
Consumable: Stationery, printing and office supplies	6 788	-	(500)	6 288	6 238	50	99.2%	7 018	7 018	7 018
Operating leases	22 804	-	(3 000)	19 804	18 720	1 084	94.5%	22 465	22 465	22 465

Programme I: Administration									
	2016/17							2015/16	
	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
Travel and subsistence	10 794	-	50	10 844	11 894	(1 050)	109.7%	11 805	11 805
Training and development	2 300	-	(795)	1 505	1 490	15	99.0%	1 112	1 112
Operating payments	640	-	(200)	440	451	(11)	102.5%	717	717
Venues and facilities	-	-	-	-	-	-	-	-	-
Rental and hiring	445	-	(431)	14	14	-	100.0%	1 950	1 950
Transfers and subsidies	14 231	-	(2 238)	11 993	11 961	32	99.7%	12 734	11 778
Provinces and municipalities	205	-	217	422	422	-	100.0%	228	228
Provinces	205	-	217	422	422	-	100.0%	228	228
Provincial agencies and funds	205	-	217	422	422	-	100.0%	228	228
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Households	14 026	-	(2 455)	11 571	11 539	32	99.7%	12 506	11 550
Social benefits	3 983	-	-	3 983	3 999	(16)	100.4%	2 912	3 707
Other transfers to households	10 043	-	(2 455)	7 588	7 540	48	99.4%	9 594	7 843

Programme I: Administration										
	2016/17							2015/16		
	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	R'000
Payments for capital assets	12 260	-	-	12 260	11 224	1 036	91.5%	14 753	12 104	
Buildings and other fixed structures	4 000	-	112	4 112	4 112	-	100.0%	1 482	936	
Buildings	4 000	-	112	4 112	4 112	-	100.0%	1 482	936	
Machinery and equipment	6 916	-	(112)	6 804	6 696	108	98.4%	10 867	10 842	
Transport equipment	4 100	-	(112)	3 988	3 906	82	97.9%	7 976	8 761	
Other machinery and equipment	2 816	-	-	2 816	2 790	26	99.1%	2 891	2 081	
Intangible assets	1 344	-	-	1 344	416	928	31.0%	2 404	326	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	390 139	-	(7 219)	382 920	380 420	2 500	99.3%	386 164	382 559	

I.1 Office of the MEC										
	2016/17							2015/16		
	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	R'000
Current payments	20 546	-	15	20 561	20 585	(24)	100.1%	21 100	21 100	
Compensation of employees	14 095	-	(1 300)	12 795	12 795	-	100.0%	12 949	12 949	
Goods and services	6 451	-	1 315	7 766	7 790	(24)	100.3%	8 151	8 151	
Transfers and subsidies								13	13	
Payments for capital assets	259	-	-	259	227	32	87.6%	214	189	
Machinery and equipment	259	-	-	259	227	32	87.6%	214	189	
Total	20 805	-	15	20 820	20 812	8	100.0%	21 327	21 302	

I.2 Corporate Services										
	2016/17							2015/16		
	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	R'000
Current payments	343 102	-	(4 996)	338 106	336 650	1 456	99.6%	337 577	337 577	337 577
Compensation of employees	157 653	-	(2 317)	155 336	155 336	-	100.0%	147 722	147 722	147 722
Goods and services	185 449	-	(2 679)	182 770	181 314	1 456	99.2%	189 855	189 855	189 855
Transfers and subsidies	14 231	-	(2 238)	11 993	11 961	32	99.7%	12 721	11 765	11 765
Provinces and municipalities	205	-	217	422	422	-	100.0%	228	228	228
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-
Households	14 026	-	(2 455)	11 571	11 539	32	99.7%	12 493	11 537	11 537
Payments for capital assets	12 001	-	-	12 001	10 997	1 004	91.6%	14 539	11 915	11 915
Buildings and other fixed structures	4 000	-	112	4 112	4 112	-	100.0%	1 482	936	936
Machinery and equipment	6 657	-	(112)	6 545	6 469	76	98.8%	10 653	10 653	10 653
Software and other Intangible assets	1 344			1 344	416	928	31.0%	2 404	326	326
Payments for financial assets	-	-	-	-	-	-	-	-	-	-
Total	369 334	-	(7 234)	362 100	359 608	2 492	99.3%	364 837	361 257	361 257

Programme 2: Local Governance									
	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Municipal Administration	53 540	-	(3 776)	49 764	49 843	(79)	100.2%	68 785	47 303
2. Municipal Finance	25 890	-	(2 043)	23 847	23 704	143	99.4%	29 516	25 824
3. Public Participation	162 001	-	(3 863)	158 138	158 227	(89)	100.1%	143 653	139 888
4. Capacity Development	12 796	-	(2 090)	10 706	10 498	208	98.1%	8 139	6 053
. Municipal Performance, Reporting & Evaluation	13 053	-	(1 226)	11 827	11 858	(31)	100.3%	13 585	9 423
Total for sub programmes	267 280	-	(12 998)	254 282	254 130	152	99.9%	263 678	228 491
Economic classification									
Current payments	259 131	-	(12 759)	246 372	246 711	(339)	100.1%	260 655	226 960
Compensation of employees	201 485	-	(6 506)	194 979	194 979	-	100.0%	186 704	180 463
Salaries and wages	172 172	-	(6 186)	165 986	166 044	(58)	100.0%	158 837	152 890
Social contributions	29 313	-	(320)	28 993	28 935	58	99.8%	27 867	27 573
Goods and services	57 646	-	(6 253)	51 393	51 732	(339)	100.7%	73 951	46 497
Administrative fees	483	-	-	483	472	11	97.7%	295	359
Advertising	1 005	-	(392)	613	585	28	95.4%	1 111	1 163

Programme 2: Local Governance										
	2016/17							2015/16		
	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	R'000
Minor assets	311	-	-	311	333	(22)	107.1%	388	233	
Catering: Departmental activities	988	-	(100)	888	846	42	95.3%	1 253	808	
Communication	4 912	-	-	4 912	4 797	115	97.7%	4 909	4 145	
Computer services	-	-	-	-	-	-	-	2	2	
Consultants: Business and advisory services	17 442	-	(3 339)	14 103	12 914	1 189	91.6%	43 598	12 352	
Contractors	13 369	-	(802)	12 567	14 268	(1 701)	113.5%	4 648	13 735	
Agency and support / outsourced services	2 200	-	(583)	1 617	2 142	(525)	132.5%	1 860	1 386	
Consumable supplies	265	-	-	265	279	(14)	105.3%	671	205	
Consumable: Stationery, printing and office supplies	1 899	-	-	1 899	2 007	(108)	105.7%	866	611	
Operating leases	1 447	-	-	1 447	1 311	136	90.6%	954	709	
Property payments	-	-	-	-	-	-	-	-	-	
Travel and subsistence	10 426	-	(1 037)	9 389	9 298	91	99.0%	9 584	8 337	
Operating payments	1 509	-	-	1 509	1 091	418	72.3%	714	646	

Programme 2: Local Governance										
	2016/17							2015/16		
	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	R'000
Venues and facilities	1 341	-	-	1 341	1 341	-	100.0%	2 867	1 753	
Rental and Hiring	49	-	-	49	48	1	98.0%	231	53	
Transfers and subsidies	6 662	-	(239)	6 423	6 423	-	100.0%	431	431	
Provinces and municipalities	5 500	-	-	5 500	5 500	-	100.0%	-	-	
Municipalities	5 500	-	-	5 500	5 500	-	100.0%	-	-	
Municipal bank accounts	5 500	-	-	5 500	5 500	-	100.0%	-	-	
Households	1 162	-	(239)	923	923	-	100.0%	431	431	
Social benefits	1 162	-	(239)	923	923	-	100.0%	431	431	
Payments for capital assets	1 487	-	-	1 487	996	491	67.0%	2 592	1 100	
Machinery and equipment	1 487	-	-	1 487	996	491	67.0%	2 592	1 100	
Other machinery and equipment	1 487	-	-	1 487	996	491	67.0%	2 592	1 100	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	267 280	-	(12 998)	254 282	254 130	152	99.9%	263 678	228 491	

2.1 Municipal Administration									
	2016/17							2015/16	
	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
Current payments	46 765	-	(3 288)	43 477	43 556	(79)	100.2%	67 979	46 719
Compensation of employees	27 644	-	(1 315)	26 329	26 329	-	100.0%	25 873	22 029
Goods and services	19 121	-	(1 973)	17 148	17 227	(79)	100.5%	42 106	24 690
Transfers and subsidies	6 479	-	(499)	5 980	5 980	-	100.0%	116	116
Provinces and municipalities	5 500	-	-	5 500	5 500	-	100.0%	-	-
Households	979	-	(499)	480	480	-	100.0%	116	116
Payments for capital assets	296	-	11	307	307	-	100.0%	690	468
Machinery and equipment	296	-	11	307	307	-	100.0%	690	468
Total	53 540	-	(3 776)	49 764	49 843	(79)	100.2%	68 785	47 303

2.2 Municipal Finance									
	2016/17							2015/16	
	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
Current payments	25 589	-	(2 032)	23 557	23 609	(52)	100.2%	28 781	25 689
Compensation of employees	18 654	-	(638)	18 016	18 016	-	100.0%	16 602	16 552
Goods and services	6 935	-	(1 394)	5 541	5 593	(52)	100.9%	12 179	9 137
Transfers and subsidies	-	-	-	-	-	-	-	61	61
Households	-	-	-	-	-	-	-	61	61
Payments for capital assets	301	-	(11)	290	95	195	32.8%	674	74
Machinery and equipment	301	-	(11)	290	95	195	32.8%	674	74
Total	25 890	-	(2 043)	23 847	23 704	143	99.4%	29 516	25 824

2.3 Public Participation										
	2016/17							2015/16		
	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	R'000
Current payments	161 382	-	(4 123)	157 259	157 348	(89)	100.1%	142 673	139 432	
Compensation of employees	140 850	-	(3 878)	136 972	136 972	-	100.0%	130 145	129 462	
Goods and services	20 532	-	(245)	20 287	20 376	(89)	100.4%	12 528	9 970	
Transfers and subsidies	183	-	260	443	443	-	100.0%	254	254	
Households	183	-	260	443	443	-	100.0%	254	254	
Payments for capital assets										
Machinery and equipment	436	-	-	436	436	-	100.0%	726	202	
Payments for financial assets	436	-	-	436	436	-	100.0%	726	202	
Total	162 001	-	(3 863)	158 138	158 227	(89)	100.1%	143 653	139 888	

2.4 Capacity Development										
	2016/17							2015/16		
	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	R'000
Current payments	12 390	-	(2 090)	10 300	10 388	(88)	100.9%	8 013	5 971	
Compensation of employees	6 045	-	(251)	5 794	5 794	-	100.0%	6 148	5 152	
Goods and services	6 345	-	(1 839)	4 506	4 594	(88)	102.0%	1 865	819	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	-	-	
Payments for capital assets	406	-	-	406	110	296	27.1%	126	82	
Machinery and equipment	406	-	-	406	110	296	27.1%	126	82	
Total	12 796	-	(2 090)	10 706	10 498	208	98.1%	8 139	6 053	

2.5 Municipal Performance, Reporting & Evaluation										
	2016/17							2015/16		
	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	R'000
Current payments	13 005	-	(1 226)	11 779	11 810	(31)	100.3%	13 209	9 149	
Compensation of employees	8 292	-	(424)	7 868	7 868	-	100.0%	7 936	7 268	
Goods and services	4 713	-	(802)	3 911	3 942	(31)	100.8%	5 273	1 881	
Transfers and subsidies	-	-	-	-	-	-	-	-	-	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Payments for capital assets	48	-	-	48	48	-	100.0%	376	274	
Machinery and equipment	48	-	-	48	48	-	100.0%	376	274	
Total	13 053	-	(1 226)	11 827	11 858	(31)	100.3%	13 585	9 423	

Programme 3: Development and Planning									
2016/17							2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Spatial Planning	35 516	-	(2 079)	33 437	32 900	537	98.4%	34 622	34 175
2. Land Use Management	22 538	-	(710)	21 828	21 876	(48)	100.2%	18 806	18 596
3. Local Economic Development	224 541	-	30 323	254 864	252 417	2 447	99.0%	177 247	174 748
4. Municipal Infrastructure	102 007	-	5 118	107 125	108 756	(1 631)	101.5%	295 170	295 101
5. Disaster Management	200 804	-	10 120	210 924	206 373	4 551	97.8%	122 320	105 033
6. IDP Coordination	15 555	-	(303)	15 252	14 826	426	97.2%	14 200	14 055
Total for sub programmes	600 961	-	42 469	643 430	637 148	6 282	99.0%	662 365	641 708
Economic classification									
Current payments	453 746	(108 615)	(21 656)	323 475	325 309	(1 834)	100.6%	252 645	251 149
Compensation of employees	99 856	-	(1 120)	98 736	98 736	-	100.0%	110 145	109 684
Salaries and wages	90 076	-	(1 114)	88 962	88 926	36	100.0%	99 839	99 655
Social contributions	9 780	-	(6)	9 774	9 810	(36)	100.4%	10 306	10 029

Programme 3: Development and Planning									
	2016/17							2015/16	
	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
Goods and services	353 890	(108 615)	(20 536)	224 739	226 573	(1 834)	100.8%	142 500	141 465
Administrative fees	556	-	40	596	609	(13)	102.2%	379	591
Advertising	153	-	(61)	92	92	-	100.0%	3	22
Minor assets	49 917	(26 300)	(14 121)	9 496	10 344	(848)	108.9%	6 295	12 040
Catering: Departmental activities	1 210	-	(11)	1 199	499	700	41.6%	1 827	2 002
Communication	886	-	-	886	1 105	(219)	124.7%	870	1 158
Computer services	2 200	-	-	2 200	2 200	-	100.0%	2 381	2 437
Consultants: Business and advisory services	210 590	(56 390)	(11 579)	142 621	140 484	2 137	98.5%	87 836	93 918
Contractors	54 478	(33 068)	13 808	35 218	43 194	(7 976)	122.6%	16 519	8 204
Agency and support / outsourced services Fleet services	3 000	-	(1 000)	2 000	1 900	100	95.0%	3 500	2 420
Inventory: Other supplies	41	-	-	41	41	-	100.0%	-	-
Consumable supplies	13 279	7 143	(4 867)	15 555	11 679	3 876	75.1%	1 102	753
Consumable: Stationery, printing and office supplies	2 181	-	(2 015)	166	591	(425)	356.0%	530	559

Programme 3: Development and Planning										
	2016/17							2015/16		
	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	R'000
Operating leases	588	-	(25)	563	480	83	85.3%	891	522	
Property payments	1 389	-	(82)	1 307	1 196	111	91.5%	1 244	934	
Transport provided: Departmental activities	860	-	-	860	812	48	94.4%	345	301	
Travel and subsistence	192	-	-	192	192	-	100.0%	-	-	
Training and development	11 979	-	(594)	11 385	10 950	435	96.2%	13 196	13 683	
Operating payments	391	-	(29)	362	205	157	56.6%	1 482	458	
Venues and facilities	-	-	-	-	-	-	-	4 100	1 463	
Transfers and subsidies	88 276	35 000	64 125	187 401	186 065	1 336	99.3%	336 800	336 300	
Provinces and municipalities	65 734	35 000	56 636	157 370	156 034	1 336	99.2%	273 406	272 906	
Municipalities	65 734	35 000	56 636	157 370	156 034	1 336	99.2%	273 406	272 906	
Municipal bank accounts	65 734	35 000	56 636	157 370	156 034	1 336	99.2%	273 406	272 906	
Departmental agencies and accounts	14 550	-	-	14 550	14 550	-	100.0%	6 150	6 150	
Departmental agencies	14 550	-	-	14 550	14 550	-	100.0%	6 150	6 150	
Public corporations and private enterprises	7 526	-	2 574	10 100	10 100	-	100.0%	45 100	45 100	

Programme 3: Development and Planning										
	2016/17							2015/16		
	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	R'000
Public corporations	-	-	8 100	8 100	8 100	-	100.0%	45 100	45 100	
Other transfers to public corporations	-	-	8 100	8 100	8 100	-	100.0%	45 100	45 100	
Private enterprises	7 526	-	(5 526)	2 000	2 000	-	100.0%	-	-	
Subsidies on products and Production (pe)	2 000	-	-	2 000	2 000	-	100.0%	-	-	
Other transfers to private enterprises	5 526	-	(5 526)	-	-	-	-	-	-	
Non-profit institutions	-	-	4 947	4 947	4 947	-	100.0%	11 536	11 536	
Households	466	-	(32)	434	434	-	100.0%	608	608	
Social benefits	466	-	(32)	434	434	-	100.0%	608	608	
Payments for capital assets	58 939	73 615	-	132 554	125 774	6 780	94.9%	72 920	54 259	
Buildings and other fixed structures	38 395	73 615	-	112 010	106 810	5 200	95.4%	60 306	42 150	
Buildings	38 395	73 615	-	112 010	106 810	5 200	95.4%	60 306	42 150	

Programme 3: Development and Planning									
	2016/17							2015/16	
	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
Machinery and equipment	20 344	-	(65)	20 279	18 699	1 580	92.2%	12 414	12 109
Transport equipment	16 491	-	(279)	16 212	15 485	727	95.5%	-	-
Other machinery and equipment	3 853	-	214	4 067	3 214	853	79.0%	12 414	12 109
Software and other Intangible assets	200	-	65	265	265	-	100.0%	200	-
Payment for financial assets	-	-	-	-	-	-	-	-	-
Total	600 961	-	42 469	643 430	637 148	6 282	99.0%	662 365	641 708

3.1 Spatial Planning										
	2016/17							2015/16		
	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	R'000
Current payments	31 845	-	(2 079)	29 766	29 793	(27)	100.1%	33 849	33 849	33 849
Compensation of employees	19 376	-	230	19 606	19 606	-	100.0%	19 631	19 631	19 631
Goods and services	12 469	-	(2 309)	10 160	10 187	(27)	100.3%	14 218	14 218	14 218
Transfers and subsidies	2 212	-	-	2 212	2 212	-	100.0%	202	202	202
Public corporations and private enterprises	2 000	-	-	2 000	2 000	-	100.0%	-	-	-
Private enterprises	2 000	-	-	2 000	2 000	-	100.0%	-	-	-
Households	212	-	-	212	212	-	100.0%	202	202	202
Payments for capital assets	1 459	-	-	1 459	895	564	61.3%	571	124	124
Machinery and equipment	1 259	-	(65)	1 194	630	564	52.8%	371	124	124
Software and other intangible assets	200		65	265	265	-	100.0%	200	-	-
Total	35 516	-	(2 079)	33 437	32 900	537	98.4%	34 622	34 175	34 175

3.2 Land Use Management										
	2016/17							2015/16		
	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	R'000
Current payments	22 119	-	(1 371)	20 748	20 796	(48)	100.2%	18 199	18 016	
Compensation of employees	16 446	-	273	16 719	16 719	-	100.0%	15 981	15 822	
Goods and services	5 673	-	(1 644)	4 029	4 077	(48)	101.2%	2 218	2 194	
Transfers and subsidies	15	-	-	15	15	-	100.0%	313	313	
Households	15	-	-	15	15	-	100.0%	313	313	
Payments for capital assets	404	-	661	1 065	1 065	-	100.0%	294	267	
Machinery and equipment	404	-	661	1 065	1 065	-	100.0%	294	267	
Total	22 538	-	(710)	21 828	21 876	(48)	100.2%	18 806	18 596	

3.3 Local Economic Development										
	2016/17							2015/16		
	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	R'000
Current payments	124 564	-	(11 013)	113 551	113 605	(54)	100.0%	59 645	58 546	
Compensation of employees	26 621	-	(834)	25 787	25 787	-	100.0%	24 328	24 240	
Goods and services	97 943	-	(10 179)	87 764	87 818	(54)	100.1%	35 317	34 306	
Transfers and subsidies										
Provinces and municipalities	74 576	-	41 336	115 912	114 826	1 086	99.1%	83 186	82 686	
Departmental agencies and accounts	54 500	-	41 915	96 415	95 329	1 086	98.9%	65 500	65 000	
Public corporations and private enterprises	14 550	-	-	14 550	14 550	-	100.0%	6 150	6 150	
Private enterprises	5 526	-	(5 526)	-	-	-	-	-	-	
Non-profit institutions	5 526	-	(5 526)	-	-	-	-	-	-	
Households	-	-	4 947	4 947	4 947	-	100.0%	11 536	11 536	
Payments for capital assets	25 401	-	-	25 401	23 986	1 415	94.4%	34 416	33 516	
Buildings and other fixed structures	24 247	-	-	24 247	22 921	1 326	94.5%	34 006	33 106	
Machinery and equipment	1 154	-	-	1 154	1 065	89	92.3%	410	410	
Payments for financial assets	-	-	-	-	-	-	-	-	-	
Total	224 541	-	30 323	254 864	252 417	2 447	99.0%	177 247	174 748	

3.4 Municipal Infrastructure										
	2016/17							2015/16		
	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	R'000
Current payments	95 220	-	(17 772)	77 448	79 079	(1 631)	102.1%	68 761	68 692	
Compensation of employees	15 683	-	(45)	15 638	15 638	-	100.0%	14 835	14 766	
Goods and services	79 537	-	(17 727)	61 810	63 441	(1 631)	102.6%	53 926	53 926	
Transfers and subsidies	6 473	-	22 821	29 294	29 294	-	100.0%	226 094	226 094	
Provinces and municipalities	6 434	-	14 721	21 155	21 155	-	100.0%	180 956	180 956	
Public corporations and private enterprises	-	-	8 100	8 100	8 100	-	100.0%	45 100	45 100	
Households	39	-	-	39	39	-	100.0%	38	38	
Payments for capital assets	314	-	69	383	383	-	100.0%	315	315	
Machinery and equipment	314	-	69	383	383	-	100.0%	315	315	
Total	102 007	-	5 118	107 125	108 756	(1 631)	101.5%	295 170	295 101	

3.5 Disaster Management									
	2016/17						2015/16		
	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
Current payments	169 443	(108 615)	10 882	71 710	71 760	(50)	100.1%	60 920	60 920
Compensation of employees	13 452	-	(706)	12 746	12 746	-	100.0%	27 085	27 085
Goods and services	155 991	(108 615)	11 588	58 964	59 014	(50)	100.1%	33 835	33 835
Transfers and subsidies	200	35 000	(32)	35 168	35 168	-	100.0%	24 100	24 100
Provinces and municipalities	-	35 000	-	35 000	35 000	-	100.0%	24 100	24 100
Households	200	-	(32)	168	168	-	100.0%	-	-
Payments for capital assets	31 161	73 615	(730)	104 046	99 445	4 601	95.6%	37 300	20 013
Buildings and other fixed structures	14 148	73 615	-	87 763	83 889	3 874	95.6%	26 300	9 044
Machinery and equipment	17 013	-	(730)	16 283	15 556	727	95.5%	11 000	10 969
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	200 804	-	10 120	210 924	206 373	4 551	97.8%	122 320	105 033

3.6 IDP Coordination									
	2016/17							2015/16	
	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
Current payments	10 555	-	(303)	10 252	10 276	(24)	100.2%	11 271	11 126
Compensation of employees	8 278	-	(38)	8 240	8 240	-	100.0%	8 285	8 140
Goods and services	2 277	-	(265)	2 012	2 036	(24)	101.2%	2 986	2 986
Transfers and subsidies	4 800	-	-	4 800	4 550	250	94.8%	2 905	2 905
Provinces and municipalities	4 800	-	-	4 800	4 550	250	94.8%	2 850	2 850
Households	-	-	-	-	-	-	-	55	55
Payments for capital assets	200	-	-	200	-	200	-	24	24
Machinery and equipment	200	-	-	200	-	200	-	24	24
Total	15 555	-	(303)	15 252	14 826	426	97.2%	14 200	14 055

Programme 4: Traditional Institutional Management									
	2016/17						2015/16		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1 Traditional Institutional Administration	250 367	-	(22 963)	227 404	223 827	3 577	98.4%	152 811	152 811
2 Traditional Resource Administration	72 076	-	1 913	73 989	73 923	66	99.9%	79 536	76 391
3 Rural Development Facilitation	17 862	-	(553)	17 309	17 310	(1)	100.0%	17 866	17 594
4 Traditional Land Administration	17 383	-	(649)	16 734	16 607	127	99.2%	18 743	18 534
Total for sub programmes	357 688	-	(22 252)	335 436	331 667	3 769	98.9%	268 956	265 330
Economic classification									
Current payments	354 771	-	(49 957)	304 814	301 849	2 965	99.0%	158 990	158 934
Compensation of employees	172 576	-	(4 277)	168 299	168 299	-	100.0%	156 536	156 480
Salaries and wages	158 391	-	(4 187)	154 204	154 378	(174)	100.1%	143 622	143 462
Social contributions	14 185	-	(90)	14 095	13 921	174	98.8%	12 914	13 018
Goods and services	182 195	-	(45 680)	136 515	133 550	2 965	97.8%	2 454	2 454
Administrative fees	934	-	(189)	745	54	691	7.2%	25	32
Minor assets	111	-	(71)	40	37	3	92.5%	262	261
Catering: Departmental activities	1 894	-	(1 170)	724	6	718	0.8%	-	-

Programme 4: Traditional Institutional Management										
	2016/17							2015/16		
	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	
Communication	3 007	-	(1 915)	1 092	30	1 062	2.7%	469	468	
Computer services	375	-	(300)	75	-	75	-	-	-	
Consultants: Business and advisory services	2 601	-	(1 282)	1 319	118	1 201	8.9%	-	-	
Legal services	398	-	1 366	1 764	1 765	(1)	100.1%	-	-	
Contractors	4 420	-	(1 668)	2 752	3 726	(974)	135.4%	6	7	
Consumable supplies	421	-	(249)	172	190	(18)	110.5%	166	8	
Consumable: Stationery, printing and office supplies	315	-	(195)	120	10	110	8.3%	56	63	
Operating leases	2 531	-	(1 352)	1 179	610	569	51.7%	680	633	
Property payments	183	-	(183)	-	-	-	-	-	1	
Transport provided: Departmental activities	34	-	-	34	-	34	-	-	-	
Travel and subsistence	14 520	-	(5 332)	9 188	12 509	(3 321)	136.1%	720	807	
Operating payments	150 447	-	(33 140)	117 307	114 495	2 812	97.6%	70	174	
Rental and hiring	4	-	-	4	-	4	-	-	-	
Transfers and subsidies	1 981	-	27 705	29 686	29 481	205	99.3%	104 661	104 508	
Non-profit institutions	-	-	27 705	27 705	27 704	1	100.0%	103 275	103 275	
Households	1 981	-	-	1 981	1 777	204	89.7%	1 386	1 233	
Social benefits	1 981	-	-	1 981	1 777	204	89.7%	1 364	1 211	

Programme 4: Traditional Institutional Management										
	2016/17							2015/16		
	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	R'000
Other transfers to household	-	-	-	-	-	-	-	22	22	22
Payments for capital assets	936	-	-	936	337	599	36.0%	5 305	1 888	
Buildings and other fixed structures	-	-	-	-	-	-	-	3 000	-	-
Buildings	-	-	-	-	-	-	-	3 000	-	-
Machinery and equipment	824	-	-	824	337	487	40.9%	2 213	1 796	
Transport equipment	-	-	-	-	-	-	-	-	-	-
Other machinery and equipment	824	-	-	824	337	487	40.9%	2 213	1 796	
Software and other intangible assets	112	-	-	112	-	112	-	92	92	
Payment for financial assets	-	-	-	-	-	-	-	-	-	
Total	357 688	-	(22 252)	335 436	331 667	3 769	98.9%	268 956	265 330	

4.1 Traditional Institutional Administration										
Economic Classification	2016/17							2015/16		
	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	R'000
Current payments	250 217	-	(38 492)	211 725	208 156	3 569	98.3%	77 113	77 113	
Compensation of employees	88 449	-	(682)	87 767	87 767	-	100.0%	77 049	77 049	
Goods and services	161 768	-	(37 810)	123 958	120 389	3 569	97.1%	64	64	
Transfers and subsidies	-	-	15 529	15 529	15 528	1	100.0%	75 069	75 069	
Non-profit institutions			15 529	15 529	15 528	1	100.0%	75 023	75 023	
Households	-	-	-	-	-	-	-	46	46	
Payments for capital assets	150	-	-	150	143	7	95.3%	629	629	
Machinery and equipment	150	-	-	150	143	7	95.3%	629	629	
Total	250 367	-	(22 963)	227 404	223 827	3 577	98.4%	152 811	152 811	

4.2 Traditional Resource Administration										
Economic Classification	2016/17							2015/16		
	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	R'000
Current payments	69 723	-	(8 019)	61 704	62 292	(588)	101.0%	48 966	48 966	48 966
Compensation of employees	53 091	-	(2 351)	50 740	50 740	-	100.0%	48 798	48 798	48 798
Goods and services	16 632	-	(5 668)	10 964	11 552	(588)	105.4%	168	168	168
Transfers and subsidies	1 706	-	9 983	11 689	11 516	173	98.5%	26 531	26 531	26 531
Non-profit institutions			10 098	10 098	10 098	-	100.0%	26 108	26 108	26 108
Households	1 706	-	(115)	1 591	1 418	173	89.1%	423	423	423
Payments for capital assets	647	-	(51)	596	115	481	19.3%	4 039	894	894
Buildings and other fixed structures	-	-	-	-	-	-	-	3 000	-	-
Machinery and equipment	647	-	(51)	596	115	481	19.3%	1 039	894	894
Payments for financial assets	-	-	-	-	-	-	-	-	-	-
Total	72 076	-	1 913	73 989	73 923	66	99.9%	79 536	76 391	76 391

4.3 Rural Development Facilitation									
Economic Classification	2016/17							2015/16	
	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
Current payments	17 800	-	(2 797)	15 003	15 003	-	100.0%	15 233	15 233
Compensation of employees	15 625	-	(622)	15 003	15 003	-	100.0%	15 217	15 217
Goods and services	2 175	-	(2 175)	-	-	-	-	16	16
Transfers and subsidies	35	-	2 193	2 228	2 228	-	100.0%	2 210	2 210
Non-profit institutions			2 078	2 078	2 078	-	100.0%	2 144	2 144
Households	35	-	115	150	150	-	100.0%	66	66
Payments for capital assets	27	-	51	78	79	(1)	101.3%	423	151
Machinery and equipment	27	-	51	78	79	(1)	101.3%	423	151
Payments for financial assets								-	-
Total	17 862	-	(553)	17 309	17 310	(1)	100.0%	17 866	17 594

4.4 Traditional Land Administration									
	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Economic Classification									
Current payments	17 031	-	(649)	16 382	16 398	(16)	100.1%	17 678	17 622
Compensation of employees	15 411	-	(622)	14 789	14 789	-	100.0%	15 472	15 416
Goods and services	1 620	-	(27)	1 593	1 609	(16)	101.0%	2 206	2 206
Transfers and subsidies	240	-	-	240	209	31	87.1%	851	698
Households	240	-	-	240	209	31	87.1%	851	698
Payments for capital assets	112	-	-	112	-	112	-	214	214
Machinery and equipment	-	-	-	-	-	-	-	122	122
Software and other intangible assets	112			112		112	-	92	92
Total	17 383	-	(649)	16 734	16 607	127	99.2%	18 743	18 534

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

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

Detail of these transactions can be viewed in the note on transfers and subsidies and Annexure IB, ID, IF and IG 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 I (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	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	382 920	380 420	2 500	0.7%
Explanation of variance: 99.3% of the adjusted budget has been spent. Saving due to the unavailability of stock in South Africa, for the Pastel point of Sale (Phase 3).				
Local Governance	254 282	254 130	152	0.1%
Explanation of variance: 99.9% of the adjusted budget has been spent. Savings due to the non-delivery of orders placed for furniture and equipment. The roll-over of the unspent funding from 2017 is thus requested.				
Development and Planning	643 430	637 148	6 282	1.0%
Explanation of variance: 99.0% of the adjusted budget has been spent. Savings due to the non-transfer of funds relating to the Nelson Mandela Marathon and Development planning shared service. In addition the delays with completion of the PDMC further increased the under expenditure. The roll-over of the unspent funding from 2017 is thus requested.				
Traditional Institutional Management	335 436	331 667	3 769	1.1%
Explanation of variance: The savings is due to not all Izinduna been paid as their appointments could not be verified. In addition orders were placed for furniture and equipment, but due to the non-delivery of the furniture and equipment the under expenditure was further increased. The roll-over of the unspent funding from 2017 is thus requested.				

NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

4.2 Per economic classification

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Current payments				
Compensation of employees	630 145	630 145	-	0.0%
Goods and services	603 183	600 959	2 224	0.4%
Transfers and subsidies				
Provinces and municipalities	163 292	161 956	1 336	0.8%
Departmental agencies and accounts	14 550	14 550	-	0.0%
Public corporations and private enterprises				
Non-profit institutions	10 100	10 100	-	0.0%
Households	32 652	32 651	1	0.0%
Payments for capital assets				
Buildings and other fixed structures	14 909	14 673	236	1.6%
Machinery and equipment	116 122	110 922	5 200	4.5%
Software and other intangible assets	29 394	26 728	2 666	9.1%
Payments for financial assets	1 721	681	1 040	60.4%

CURRENT EXPENDITURE: As at 31 March 2017 - 100% of the adjusted and virement budget has been spent within Compensation of Employees.

GOODS & SERVICES: As at 31 March 2017, 99.6% of the adjusted and virement budget was spent. The under expenditure of R2 222m is due to not all Izinduna been paid as their appointments could not be verified.

TRANSFERS & SUBSIDIES: 99.3% of the adjusted budget has been spent.

1. Funds could not be transferred for the Nelson Mandela Marathon - UMgungundlovu DM as the District Municipality did not spend all the funding previously transferred for the Shared services grant and the Municipal Excellence grant. The amount of R1.086 million was thus deducted from the amount to be transferred for the Nelson Mandela Marathon. The costs of the event has already been incurred by the DM and as soon as the reconciliation for the Shared Services and Municipal Excellence grants are received COGTA will be required to transfer the balance of R1.086m

2. Development planning shared service - Uphongolo municipality: The municipality received a grant in 2011/12 for which they have not accounted for and as such no further transfers can be made to them. It is envisaged that the municipality will submit the reconciliation of the 2011/12 grant thereby enabling COGTA to process the transfer for the Shared services grant.

PAYMENTS FOR CAPITAL ASSETS: The under expenditure is due to delays with the completion of PDMC - The project scope of the Project Manager appointed by DOW was extended to include the provision of final fittings and furniture as they were already on site. This appointment was done in 2016 but to date there has been no delivery. The Accounting Officer approved the appointment of an independent contractor to complete the task. The approval was given in January 2017. The roll-over of the unspent funding from 2017 has been requested.

MACHINERY & EQUIPMENT: Savings due to the non-delivery of orders placed for furniture and equipment.

SOFTWARE & OTHER INTANGIBLE ASSETS: The roll-over of the unspent funding from 2017 is thus requested. The under-expenditure relates to due to unavailability of stock in South Africa, the Pastel point of Sale (Phase 3). The roll-over of the unspent funding from 2017 is thus requested.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2017

4.3 Per conditional grant

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
EPWP Integrated Grant for Provinces	3 667	3 667	-	0.0%

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2017

	Note	2016/17 R'000	2015/16 R'000
REVENUE			
Annual appropriation	1	1 616 068	1 581 163
Departmental revenue	2	4 766	13 710
TOTAL REVENUE		1 620 834	1 594 873
EXPENDITURE			
Current expenditure			
Compensation of employees	4	630 144	607 298
Goods and services	5	600 961	388 424
Aid assistance	3	-	763
Total current expenditure		1 231 105	996 485
Transfers and subsidies			
Transfers and subsidies	6	233 931	453 017
Total transfers and subsidies		233 931	453 017
Expenditure for capital assets			
Tangible assets	7	137 648	68 931
Intangible assets	7	681	418
Total expenditure for capital assets		138 329	69 349
Payments for financial assets		-	-
TOTAL EXPENDITURE		1 603 365	1 518 851
SURPLUS/(DEFICIT) FOR THE YEAR		17 469	76 022
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		12 703	63 075
Annual appropriation		12 703	63 075
Departmental revenue and NRF Receipts	13	4 766	13 710
Aid assistance	3	-	(763)
SURPLUS/(DEFICIT) FOR THE YEAR		17 469	76 022

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2017

	Note	2016/17 R'000	2015/16 R'000
ASSETS			
Current assets		19 491	87 267
Cash and cash equivalents	8	144	70 910
Prepayments and advances	9	1 020	905
Receivables	11	18 327	15 452
TOTAL ASSETS		19 491	87 267
LIABILITIES			
Current liabilities		17 864	86 086
Voted funds to be surrendered to the Revenue Fund	12	12 703	81 776
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	35	57
Bank overdraft	14	-	-
Payables	15	5 126	4 253
Aid assistance unutilised	3	-	-
TOTAL LIABILITIES		17 864	86 086
NET ASSETS		1 627	1 181
Represented by:			
Recoverable revenue		1 627	1 181
TOTAL		1 627	1 181

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2017

NET ASSETS

	Note	2016/17 R'000	2015/16 R'000
Recoverable revenue			
Opening balance		1 181	714
Transfers:		446	467
Debts raised		446	467
Closing balance		1 627	1 181
TOTAL		1 627	1 181

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Note	2016/17 R'000	2015/16 R'000
Cash Flows From Operating Activities			
Receipts		1 618 507	1 611 307
Annual appropriated funds received	1.1	1 616 068	1 599 864
Departmental revenue received	2	2 387	11 400
Interest received	2.2	52	43
Net (increase)/decrease in working capital		(2 117)	10 731
Surrendered to Revenue Fund		(86 564)	(17 794)
Current payments		(1 231 105)	(996 485)
Transfers and subsidies paid		(233 931)	(453 017)
Net cash flow available from operating activities	16	64 790	154 742
Cash Flows From Investing Activities			
Payments for capital assets	7	(138 329)	(69 349)
Proceeds from sale of capital assets	2.3	2 327	2 267
Net cash flows from investing activities		(136 002)	(67 082)
Cash Flows From Financing Activities			
Increase/(decrease) in net assets		446	467
Net cash flows from financing activities		446	467
Net increase/(decrease) in cash and cash equivalents		(70 766)	88 127
Cash and cash equivalents at beginning of period		70 910	(17 217)
Cash and cash equivalents at end of period	8	144	70 910

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2017

Summary of significant accounting policies

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

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

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

1	Basis of preparation The financial statements have been prepared in accordance with the Modified Cash Standard.
2	Going concern The financial statements have been prepared on a going concern basis, despite the accruals 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.
3	Presentation currency Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.
4	Rounding Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000)
5	Foreign currency translation Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.
6	Comparative information
6.1	Prior period comparative information Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.
6.2	Current year comparison with budget A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.
7	Revenue

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2017

7.1	<p>Appropriated funds</p> <p>Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).</p> <p>Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.</p> <p>The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.</p>
7.2	<p>Departmental revenue</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.</p> <p>Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.</p>
7.3	<p>Accrued departmental revenue</p> <p>Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:</p> <ul style="list-style-type: none"> • it is probable that the economic benefits or service potential associated with the transaction will flow to the department; and • the amount of revenue can be measured reliably. <p>The accrued revenue is measured at the fair value of the consideration receivable.</p> <p>Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accrued expenditure payable</p> <p>Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the department.</p> <p>Accrued expenditure payable is measured at cost.</p>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2017

8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
12	<p>Impairment of financial assets</p> <p>Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.</p>
13	<p>Payables</p> <p>Loans and payables are recognised in the statement of financial position at cost.</p>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2017

14	Capital Assets
14.1	<p>Immovable capital assets</p> <p>Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable 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 immovable capital assets cannot be determined accurately, the immovable capital assets are measured at RI unless the fair value of the asset has been reliably estimated, in which case the fair value is used.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at RI.</p> <p>Immovable 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 is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.</p>
14.2	<p>Movable capital assets</p> <p>Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.</p> <p>Where the cost of movable capital assets cannot be determined accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at RI.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at RI.</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 is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
14.3	<p>Intangible assets</p> <p>Intangible assets are initially recorded in the notes to the financial statements at cost. Intangible assets acquired through a non-exchange transaction are measured at fair value as at the date of acquisition.</p> <p>Internally generated intangible assets are recorded in the notes to the financial statements when the department commences the development phase of the project.</p> <p>Where the cost of intangible assets cannot be determined accurately, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at RI.</p> <p>All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at RI.</p> <p>Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.</p> <p>Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.</p>
15	Provisions and Contingents
15.1	<p>Provisions</p> <p>Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.</p>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2017

15.2	<p>Contingent liabilities</p> <p>Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.</p>
15.3	<p>Commitments</p> <p>Commitments 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>
16	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • Transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
17	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables 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>
18	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery 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>
19	<p>Changes in accounting policies, accounting estimates and errors</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>

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2017

20	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
21	<p>Departures from the MCS requirements</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>
22	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
23	<p>Related party transactions</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 are recorded in the notes to the financial statements when the transaction is not at arm's length.</p>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

I. ANNUAL APPROPRIATION

I.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.

	2016/17			2015/16	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	382 920	382 920	-	386 164	379 998
Local Governance	254 282	254 282	-	263 678	263 678
Development and Planning	643 430	643 430	-	662 365	689 221
Traditional Institutional Management	335 436	335 436	-	268 956	266 967
Total	1 616 068	1 616 068	-	1 581 163	1 599 864

I.1.1 Annual Appropriation (Financial Sustainability)

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, 2 billion as disclosed in note 28.1.

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.

I.2 Conditional grants

	Note	2016/17 R'000	2015/16 R'000
Total grants received	33	3 667	4 119

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Departmental revenue

	Note	2016/17 R'000	2015/16 R'000
Sales of goods and services other than capital assets	2.1	1 788	1 512
Interest, dividends and rent on land	2.2	52	43
Sales of capital assets	2.3	2 327	2 267
Transactions in financial assets and liabilities	2.4	596	8 763
Transfer received	2.5	3	1 125
Departmental revenue collected		4 766	13 710

The decrease in departmental revenue for 2016/2017 in comparison to 2015/2016 is due to: Funds returned from Umkhanyakude District Municipality for funding that was transferred in the 2008/2009 & 2009/2010 financial years. Funds recalled from Mkhambathini Municipality as the municipality failed to use the funds as agreed upon. Funds recalled from Nquthu Municipality for funds transferred in 2008/2009 financial year for the implementation of the Thusong Service Centre programme due to the municipality failing to adhere to the provisions of the MOA.

2.1 Sales of goods and services other than capital assets

	Note 2	2016/17 R'000	2015/16 R'000
Sales of goods and services produced by the department		1 777	1 510
Sales by market establishment		980	1 002
Other sales		797	508
Sales of scrap, waste and other used current goods		11	2
Total		1 788	1 512

2.2 Interest, dividends and rent on land

	Note 2	2016/17 R'000	2015/16 R'000
Interest		52	43
Total		52	43

2.3 Sale of capital assets

	Note 2	2016/17 R'000	2015/16 R'000
Tangible assets		2 327	2 267
Machinery and equipment	29.2	2 327	2 267
Total		2 327	2 267

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2.4 Transactions in financial assets and liabilities

	Note	2016/17	2015/16
	2	R'000	R'000
Receivables		129	222
Other Receipts including Recoverable Revenue		467	8 541
Total		596	8 763

2.5 Transfers received

	Note	2016/17	2015/16
	2	R'000	R'000
Public corporations and private enterprises		3	1 125
Total		3	1 125

3. Aid assistance

	Note	2016/17	2015/16
		R'000	R'000
Opening Balance		-	763
Prior period error		-	-
As restated		-	763
Transferred from statement of financial performance		-	(763)
Closing Balance		-	-

3.1 Analysis of balance by source

	Note	2016/17	2015/16
		R'000	R'000
Aid assistance from other source	3	-	-
Closing balance		-	-

3.2 Analysis of balance

	Note	2016/17	2015/16
		R'000	R'000
Aid assistance unutilised	3	-	-
Closing balance		-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4. Compensation of employees

4.1 Salaries and Wages

	Note	2016/17 R'000	2015/16 R'000
Basic salary		453 927	407 279
Performance award		6 234	6 460
Service Based		767	909
Compensative/circumstantial		11 711	10 649
Other non-pensionable allowances		86 254	113 588
Total		558 893	538 885

4.2 Social contributions

	Note	2016/17 R'000	2015/16 R'000
Employer contributions			
Pension		46 007	43 970
Medical		25 122	24 325
UIF		13	10
Bargaining council		109	108
Total		71 251	68 413
Total compensation of employees		630 144	607 298
Average number of employees		1 825	1 753

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5. Goods and services

	Note	2016/17 R'000	2015/16 R'000
Administrative fees		1 983	1 800
Advertising		26 375	27 271
Minor assets	5.1	11 217	13 277
Bursaries (employees)		1 058	1 633
Catering		1 464	3 059
Communication		14 397	13 442
Computer services	5.2	42 164	41 156
Consultants: Business and advisory services		159 224	114 604
Infrastructure and planning services		342	-
Legal services		11 091	7 731
Contractors		70 341	34 894
Agency and support / outsourced services		4 173	3 918
Audit cost – external	5.3	6 772	7 771
Fleet services		11 788	12 263
Inventory	5.4	11 679	753
Consumables	5.5	11 293	10 582
Operating leases		21 836	24 740
Property payments	5.6	29 785	26 573
Rental and hiring		62	2 003
Transport provided as part of the departmental activities		192	-
Travel and subsistence	5.7	44 652	34 631
Venues and facilities		1 340	3 215
Training and development		1 490	1 112
Other operating expenditure	5.8	116 243	1 996
Total		600 961	388 424

The increase in expenditure for Goods & Services in 2016/2017 financial year is due to the following reasons for: Consultants Business & Advisory Services is mainly due to the appointment of consultants through the Departments Project Management Unit to facilitate projects. Demands that are made to the business unit are not matched with the capacity. Recruitment through the project management unit provides for water and electrical engineers and additional project management capacity. The increase in the Small Town Rehabilitation programme and CWP/EPWP further increased the expenditure. In addition, additional funding was allocated to the department for the Drought Initiative programme.

Contractors – The increase can be attributed to Drought Relief Programme such as the drilling of boreholes and mass mobilisation. Inventory – The increase is due to the provision of Infrastructure at Voting Stations.

Transport provided as part of departmental activities – The increase in expenditure is due to the hiring of buses of the EPWP event. Travel and subsistence – The increase in expenditure is largely due to increase in staff compliment as well as the increase in the fuel price. Other operating expenditure – The increase is due to the back pay and increase in the stipends paid to Izinduna.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5.1 Minor assets

	Note	2016/17 R'000	2015/16 R'000
	5		
Tangible assets		11 217	13 188
Machinery and equipment		11 217	13 188
Intangible assets		-	89
Software		-	89
Total		11 217	13 277

5.2 Computer services

	Note	2016/17 R'000	2015/16 R'000
	5		
SITA computer services		24 125	22 473
External computer service providers		18 039	18 683
Total		42 164	41 156

5.3 Audit cost – External

	Note	2016/17 R'000	2015/16 R'000
	5		
Regularity audits		6 772	7 771
Total		6 772	7 771

5.4 Inventory

	Note	2016/17 R'000	2015/16 R'000
	5		
Materials and supplies		11 679	753
Total		11 679	753

5.5 Consumables

	Note	2016/17 R'000	2015/16 R'000
	5		
Consumable supplies		2 561	2 368
Uniform and clothing		442	896
Household supplies		888	768
Building material and supplies		316	99
IT consumables		17	69
Other consumables		898	536
Stationery, printing and office supplies		8 732	8 214
Total		11 293	10 582

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5.6 Property payments

	Note 5	2016/17 R'000	2015/16 R'000
Municipal services		13 599	13 544
Property maintenance and repairs		7 350	6 777
Other		8 836	6 252
Total		29 785	26 573

5.7 Travel and subsistence

	Note 5	2016/17 R'000	2015/16 R'000
Local		44 119	30 964
Foreign		533	3 667
Total		44 652	34 631

5.8 Other operating expenditure

	Note 5	2016/17 R'000	2015/16 R'000
Professional bodies, membership and subscription fees		56	12
Resettlement costs		8	398
Other		116 179	1 586
Total		116 243	1 996

6. Transfers and subsidies

	Note	2016/17 R'000	2015/16 R'000
Provinces and municipalities	34, 35	161 956	273 134
Departmental agencies and accounts	Annex 1B	14 550	6 150
Public corporations and private enterprises	Annex 1D	10 100	45 100
Non-profit institutions	Annex 1F	32 652	114 811
Households	Annex 1G	14 673	13 822
Total		233 931	453 017
Unspent funds transferred to the above beneficiaries		-	236 194

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

7. Expenditure for capital assets

	Note	2016/17 R'000	2015/16 R'000
Tangible assets		137 648	68 931
Buildings and other fixed structures	31	110 922	43 085
Machinery and equipment	29	26 726	25 846
Intangible assets		681	418
Software	30	681	418
Total		138 329	69 349

7.1 Analysis of funds utilised to acquire capital assets – 2016/17

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	137 648	-	137 648
Buildings and other fixed structures	110 922	-	110 922
Machinery and equipment	26 726	-	26 726
Intangible assets	681	-	681
Software	681	-	681
Total	138 329	-	138 329

7.2 Analysis of funds utilised to acquire capital assets – 2015/16

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	68 931	-	68 931
Buildings and other fixed structures	43 085	-	43 085
Machinery and equipment	25 846	-	25 846
Intangible assets	418	-	418
Software	418	-	418
Total	69 349	-	69 349

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

8. Cash and cash equivalents

	Note	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account		145	70 911
Disbursements		(3)	(1)
Cash on hand		2	-
Total		144	70 910

Correction of prior period mis-classification was performed

9. Prepayments and advances

	Note	2016/17 R'000	2015/16 R'000
Travel and subsistence		21	-
Prepayments (Not expensed)	10	999	905
Total		1 020	905

10. Prepayments (Not expensed)

	Note	2016/17 R'000	2015/16 R'000
Goods and services	9	999	905
Total		999	905

11. Receivables

		2016/17			2015/16		
	Note	Current R'000	Non-current R'000	Total R'000	Current R'000	Non-current R'000	Total R'000
Claims recoverable	11.1	5 100	-	5 100	2 874	-	2 874
Recoverable expenditure	11.2	9 781	-	9 781	9 724	-	9 724
Staff debt	11.3	749	-	749	648	-	648
Other debtors	11.4	2 697	-	2 697	2 206	-	2 206
Total		18 327	-	18 327	15 452	-	15 452

11.1 Claims recoverable

	Note	2016/17 R'000	2015/16 R'000
Provincial departments	11 & Annex 4	1 648	1 648
Public entities		3 452	1 226
Local governments		-	-
Total		5 100	2 874

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11.2 Recoverable expenditure (disallowance accounts)

	Note 11	2016/17 R'000	2015/16 R'000
(Group major categories, but list material items)			
Payment Fraud		8 083	8 116
Salary Reversal		1 343	1 327
Income Tax		2	-
Medical Aid		3	3
Sal Deduction Disallowance		26	25
Tax Debt		4	11
ACB Recalls		306	234
Pension Fund		14	8
Total		9 781	9 724

11.3 Staff debt

	Note 11	2016/17 R'000	2015/16 R'000
(Group major categories, but list material items)			
Breach of Contract		237	29
Over Paid Salary		195	128
Telephone		5	15
Vehicle Damage		74	225
Tax Debt		6	17
Other		17	25
Unauthorised Vehicle Usage		215	209
Total		749	648

11.4 Other debtors

	Note 15	2016/17 R'000	2015/16 R'000
(Group major categories, but list material items)			
Ex-Employee		2 482	2 006
External Debtors		214	199
Appeal Board		1	1
Total		2 697	2 206

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2017

12. Voted funds to be surrendered to the Revenue Fund

	Note	2016/17 R'000	2015/16 R'000
Opening balance		81 776	4 107
As restated		81 776	4 107
Transfer from statement of financial performance (as restated)		12 703	63 075
Voted funds not requested/not received	1.1	-	18 701
Paid during the year		(81 776)	(4 107)
Closing balance		12 703	81 776

All funds disclosed as per the closing balance for Voted Funds to be surrendered, a roll over will be requested for the Pastel Phase 3 Software, Nelson Mandela Marathon, transfer to uPhongolo Municipality for IDP grant and for the completion of the PMDC.

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

	Note	2016/17 R'000	2015/16 R'000
Opening balance		57	34
As restated		57	34
Transfer from Statement of Financial Performance (as restated)		4 766	13 710
Paid during the year		(4 788)	(13 687)
Closing balance		35	57

14. Bank Overdraft

	Note	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account		-	-
Overdraft with commercial banks(Local)		-	-
Total		-	-

Correction of prior period mis-classification was performed.

15. Payables – current

	Note	2016/17 R'000	2015/16 R'000
Advances received	15.1	2 411	2 411
Clearing accounts	15.2	2 715	1 842
Total		5 126	4 253

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15.1 Advances received

	Note	2016/17 R'000	2015/16 R'000
Provincial departments		2 411	2 411
Total		2 411	2 411

15.2 Clearing accounts

Description (Identify major categories, but list material amounts)	Note	2016/17 R'000	2015/16 R'000
ACB Recalls		674	665
Appeal Board Deposits		50	55
Salary Reversal		242	143
Tax Recoveries		1	7
Income Tax		1 466	704
Pension Fund		277	268
Salary Deduction		4	-
Sal: Garnishee Orders		1	-
Total		2 715	1 842

16. Net cash flow available from operating activities

	Note	2016/17 R'000	2015/16 R'000
Net surplus/(deficit) as per Statement of Financial Performance		17 469	76 022
Add back non cash/cash movements not deemed operating activities		47 321	78 720
(Increase)/decrease in receivables – current		(2 875)	(9 153)
(Increase)/decrease in prepayments and advances		(115)	19 194
Increase/(decrease) in payables – current		873	690
Proceeds from sale of capital assets		(2 327)	(2 267)
Expenditure on capital assets		138 329	69 349
Surrenders to Revenue Fund		(86 564)	(17 794)
Voted funds not requested/not received		-	18 701
Net cash flow generated by operating activities		64 790	154 742

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

	Note	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General account		145	70 911
Disbursements		(3)	(1)
Cash on hand		2	-
Total		144	70 910

Correction of prior period mis-classification was performed.

18. Contingent liabilities and contingent assets

18.1 Contingent liabilities

	Note	2016/17 R'000	2015/16 R'000
Liable to Nature			
Housing loan guarantees Employees	Annex 3A	40	40
Claims against the department	Annex 3B	668	765
Intergovernmental payables (unconfirmed balances)	Annex 5	10 172	5 828
Total		10 880	6 633

19. Commitments

	Note	2016/17 R'000	2015/16 R'000
Current expenditure			
Approved and contracted		183 968	49 848
Approved but not yet contracted		11 702	3 134
		195 670	52 982
Capital expenditure			
Approved and contracted		145 087	125 191
Approved but not yet contracted		41	62 057
		145 128	187 248
Total Commitments		340 798	240 230

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

20. Accruals and payables not recognised

20.1 Accruals

	Note	2016/17 R'000	2015/16 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	2 681	-	2 681
Capital assets	-	-	-
Total	2 681	-	2 681
	Note	2016/17 R'000	2015/16 R'000
Listed by programme level			
Administration		1 597	8 579
Local Governance		87	1 252
Development and Planning		974	8 374
Traditional Institutional Management		23	709
Total		2 681	18 914

20.2 Payables not recognised

	Note	2016/17 R'000	2015/16 R'000
Listed by economic classification			
	30 Days	30+ Days	Total
Goods and services	43 116	841	43 957
Transfers and subsidies	12	-	12
Capital assets	407	25	432
Total	43 535	866	44 401
	Note	2016/17 R'000	2015/16 R'000
Listed by programme level			
Administration		21 463	6 968
Local Governance		3 740	1 222
Development and Planning		14 062	4 591
Traditional Institutional Management		5 136	1 899
Total		44 401	14 680

Both the Accruals and Payables not recognised were previously combined and have been split into sub-note for the current year and beyond.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2016/17 R'000	2015/16 R'000
<i>Included in the above totals are the following:</i>			
Confirmed balances with other departments	Annex 5	793	670
Total		793	670

21. Employee benefits

	Note	2016/17 R'000	2015/16 R'000
Leave entitlement		12 523	11 876
Service bonus (Thirteenth cheque)		14 123	13 691
Capped leave commitments		35 998	37 790
Total		62 644	63 357

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 2017 was R 155 285, 53 and relates to pro-rata leave balances.

22. Lease commitments

22.1 Operating leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2016/17					
Not later than 1 year	-	-	11 375	3 932	15 307
Later than 1 year and not later than 5 years	-	-	37 612	3 065	40 677
Total lease commitments	-	-	48 987	6 997	55 984

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2015/16					
Not later than 1 year	-	-	23 993	3 114	27 107
Later than 1 year and not later than 5 years	-	-	33 431	2 351	35 782
Total lease commitments	-	-	57 424	5 465	62 889

Correction of prior period error on building which was discovered in the 2016/17 financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

22.2 Finance leases expenditure**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2016/17					
Not later than 1 year	-	-	-	2 999	2 999
Later than 1 year and not later than 5 years	-	-	-	2 062	2 062
Total lease commitments	-	-	-	5 061	5 061
	Buildings Specialised military equipment	Land	and other fixed structures	Machinery and equipment	Total
2015/16					
Not later than 1 year	-	-	-	3 291	3 291
Later than 1 year and not later than 5 years	-	-	-	598	598
Total lease commitments	-	-	-	3 889	3 889

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

	Note	2016/17 R'000	2015/16 R'000
Opening balance		105 711	7 907
Prior period error		-	97 804
As restated		105 711	105 711
Add: Irregular expenditure – relating to prior year		71 124	-
Add: Irregular expenditure – relating to current year		59 569	23 907
Less: Current year amounts condoned		-	(23 907)
Closing balance		236 404	105 711

Analysis of awaiting condonation per age classification

Current year	59 569	7 907
Prior years	176 835	97 804
Total	236 404	105 711

The irregular expenditure disclosed for the prior years 13/14, 14/15 & 15/16 relates to the variation of scope on the travel agent - Destination and was discovered in the current financial year. Ignite Advisory Services - relates to expenditure incurred and was discovered in the current financial year. The 2015/2016 adjustment to irregular expenditure is due to the discovery of irregular expenditure relating to non adherence to SITA Regulations by department.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/ criminal proceedings	2016/17 R'000
Contract exceeded 15% threshold	None	2571
Procurement processes not followed	None	146
Procurement processes not followed	None	14
Procured under Delegation 6.1 Procurement processes not followed	None	2936
Contract exceeded 15% threshold Events	None	16
Management Company	None	43
Splitting of IT items for similar items	None	20 321
Procurement processes not followed	None	1 108
Security for municipal administrators Online government gazette	None	2 194
Expenditure incurred to an entity not appointed through SCM processes	None	308
Point method applied Incorrect preference	None	146
Non advertisement on the CIDB website, non-approval obtained and 15% threshold exceeded	None	1 642
Total		59 569

23.3 Prior period error

	2016/17 R'000
Nature of prior period error	97 804
Relating to 2014/15 (affecting the opening balance)	50 045
Relating to 2013/14 (affecting the opening balance)	47 759
Total	
Relating to 2015/16	71 124
Variation of scope on travel agent – Destination	70 420
Relates to expenditure incurred - Ignite Advisory Services	704
Total	168 928

The irregular expenditure disclosed for prior years 13/14, 14/15 & 15/16 relates to the variation of scope on the travel agent- Destination and was discovered in the current financial year. Ignite Advisory Services - relates to expenditure incurred and was discovered in the current financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

24. Fruitless and wasteful expenditure

24.1 Reconciliation of fruitless and wasteful expenditure

	Note	2016/17 R'000	2015/16 R'000
Opening balance		148	30
As restated		148	30
Fruitless and wasteful expenditure – relating to current year		1 699	143
Less: Amounts resolved		-	(25)
Fruitless and wasteful expenditure awaiting resolution		1 847	148

24.2 Analysis of awaiting resolution per economic classification

	Note	2016/17 R'000	2015/16 R'000
Current		1 847	148
Total		1 847	148

24.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/ criminal proceedings	2016/17 R'000
No show of official at hotel booked	Write off sent to HOD for approval	1
Damaged hired vehicle by official	Write off sent to HOD for approval	33
Interest paid on overdue payment for Standard Bank	Write off sent to HOD for approval	4
No Show of officials at hotel booked	Case to be investigated	1
No Show of officials at hotel booked	Case to be investigated	2
No Show of officials at hotel booked	Case to be investigated	1
No Show of officials at hotel booked	Case to be investigated	1
Payment of TC members paid as Izinduna	Under investigation- Internal Control	1 656
Total		1 699

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

25. Related party transactions

Relates to Traditional Levies Trust Account for Goods and Services to the value of R25 195 293.66 and Expenditure for Capital Assets to the value of R470 935.23 was incurred in Programme 3 and 4 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. Mhlathuze Water was also appointed by the department as an implementing agent for the implementation of the drought programme. The department incurred transactions at market value to the amount of R117 447 301.59 for the aforementioned programme under the current reporting period.

26. Key management personnel

	No. of Individuals	2016/17 R'000	2015/16 R'000
Political office bearers (provide detail below)	1	1 902	2 183
Officials:		-	-
Level 15 to 16	6	8 660	9 567
Level 14 (incl. CFO if at a lower level)	16	17 561	16 711
Family members of key management personnel	9	1 709	3 752
Total		29 832	32 213

27. Impairment (other than receivables, accrued departmental revenue, loans and investments)

	Note	2016/17 R'000	2015/16 R'000
Debtors		881	889
Total		881	889

28. Provisions

	Note	2016/17 R'000	2015/16 R'000
Back pay for Izinduna		1 206 302	988 651
Total		1 206 302	988 651

The provision disclosed in the current financial year relates to the backpay for Izinduna's salaries in line with the proclamation of public office bearers (headmen) effective since the 01 April 2013. The number of appointed Izinduna for the period of 27 months was unknown since there were no verifications from the date of proclamation. The cabinet resolution was taken in the current financial to remuneration Izinduna as per the proclamation.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

28.1 Reconciliation of movement in provisions – 2016/17

	Izinduna Backpay R'000	Provision 2 R'000	Provision 3 R'000	Total Provision R'000
Opening balance	988 651	-	-	988 651
Increase in provision	217 651			217 651
Closing balance	1 206 302	-	-	1 206 302

Reconciliation of movement in provisions – 2016/17

	Izinduna Backpay R'000	Provision 2 R'000	Provision 3 R'000	Total Provision R'000
Opening balance	988 651	-	-	988 651
Closing balance	988 651	-	-	988 651

29. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening Balance R'000	Value Adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	113 439	(23)	26 726	(10 100)	130 042
Transport assets	55 517	-	19 390	(4 969)	69 938
Computer equipment	40 656	30	5 657	(4 552)	41 791
Furniture and office equipment	14 126	(53)	758	(67)	14 764
Other machinery and equipment	3 140	-	921	(512)	3 549
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	113 439	(23)	26 726	(10 100)	130 042

Included in the Computer Equipment is an amount of (R14 979.10*2)=R29 958.20 relating to restatement of opening balances for Del Latitude Laptops. A further amount of R52 611.00 for the Prior Year to be excluded from Furniture & Office Equipment and transferred to Minor Assets, which will result in the opening balance to be restated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

29.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	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
MACHINERY AND EQUIPMENT	26 726	-	-	-	26 726
Transport assets	19 390	-	-	-	19 390
Computer equipment	5 657	-	-	-	5 657
Furniture and office equipment	758	-	-	-	758
Other machinery and equipment	921	-	-	-	921
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	26 726	-	-	-	26 726

29.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for Cash	Non-Cash Disposal	Total Disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	(10 100)	(10 100)	2 327
Transport assets	-	(4 969)	(4 969)	2 327
Computer equipment	-	(4 552)	(4 552)	-
Furniture and office equipment	-	(67)	(67)	-
Other machinery and equipment	-	(512)	(512)	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	(10 100)	(10 100)	2 327

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

29.3 Movement for 2015/16

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening Balance	Prior period Error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	105 060	-	25 846	(17 467)	113 439
Transport assets	51 426	-	8 761	(4 670)	55 517
Computer equipment	37 440	-	5 079	(1 863)	40 656
Furniture and office equipment	13 623	-	568	(65)	14 126
Other machinery and equipment	2 571	-	11 438	(10 869)	3 140
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	105 060	-	25 846	(17 467)	113 439

29.3.1 Prior period error

	Note 28.3	2015/16 R'000
Nature of prior period error Relating to 2015/16		30
Restatement of opening balances on computer equipment		30
Total prior period errors		30

Prior period error – Included in the computer Equipment is an amount of (R14 979.10*2) =R29 958.20 relating to restatement of opening balances for Del Latitude Laptops. A further amount of R52 611.00 for the Prior Year to be excluded from Furniture & Office Equipment and transferred to Minor Assets, which will result in the opening balance to be restated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

29.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017

	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	-	-	-	13 141	-	13 141
Value adjustments	-	-	-	53	-	53
Additions	-	-	-	11 217	-	11 217
Disposals	-	-	-	(9 740)	-	(9 740)
TOTAL NUMBER OF MINOR ASSETS	-	-	-	14 671	-	14 671

	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
Number of RI minor assets	-	-	-	12 435	-	12 435
Number of minor assets at cost	-	-	-	9 995	-	9 995
TOTAL NUMBER OF MINOR ASSETS	-	-	-	22 430	-	22 430

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2016

	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	-	108	-	14 328	-	14 436
Prior period error	-	-	-	(2 254)	-	(2 254)
Additions	-	89	-	13 188	-	13 277
Disposals	-	(197)	-	(12 121)	-	(12 318)
TOTAL NUMBER OF MINOR ASSETS	-	-	-	13 141	-	13 141

	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
Number of RI minor assets	-	-	-	14 079	-	14 079
Number of minor assets at cost	-	-	-	8 510	-	8 510
TOTAL NUMBER OF MINOR ASSETS	-	-	-	22 589	-	22 589

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

29.4.1 Prior period error

	Note 28.4	2015/16 R'000
Relating to 2015/2016		(2 254)
AFS adjustment – Prior year exclusions Minor Assets that were not removed as disposals		
Total prior period errors		(2 254)

29.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2017

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

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2016

	Specialised military Assets R'000	Intangible Assets R'000	Heritage Assets R'000	Machinery and equipment R'000	Biological Assets R'000	Total R'000
Assets written off	-	(108)	-	-	-	(108)
TOTAL MOVABLE ASSETS WRITTEN OFF	-	(108)	-	-	-	(108)

30. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening Balance R'000	Value Adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	-		681	(681)	-
TOTAL INTANGIBLE CAPITAL ASSETS	-		681	(681)	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

30.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash	Non-cash	(Develop- ment work in progress- current cost	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	681	-	-	-	681
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	681	-	-	-	681

30.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for Cash R'000	Non-Cash Disposal R'000	Total Disposals R'000	Cash Received Actual R'000
SOFTWARE	-	(681)	(681)	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	(681)	(681)	-

30.3 Movement for 2015/16

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening Balance	Prior period Error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	-	-	418	(418)	-
TOTAL INTANGIBLE CAPITAL ASSETS	-	-	418	(418)	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

31. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening Balance R'000	Value Adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	57 801	-	110 922	(6 193)	162 530
Non-residential buildings	57 801	-	110 922	(6 193)	162 530
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	57 801	-	110 922	(6 193)	162 530

31.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Non-cash R'000	(Develop- ment work in progress- current cost R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	110 922	-	-	-	110 922
Non-residential buildings	110 922	-	-	-	110 922
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	110 922	-	-	-	110 922

31.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Disposal R'000	Disposals R'000	Actual R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	(6 193)	(6 193)	-
Non-residential buildings	-	(6 193)	(6 193)	-
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	(6 193)	(6 193)	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

31.3 Movement for 2015/16

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening Balance R'000	Value Adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	104 504	-	43 085	(89 788)	57 801
Non-residential buildings	103 869	-	43 085	(89 153)	57 801
Other fixed structures	635	-	-	(635)	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	104 504	-	43 085	(89 788)	57 801

32. Principal-agent arrangements

32.1 Department acting as the principal

Fee paid

	2016/17 R'000	2015/16 R'000
Independent Development Trust	1 643	1 227
Coega Development Corporation	765	-
Mhlathuze Water	7 213	-
Agriculture Development Agency	785	-
Total	10 406	1 227

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.

Correction of prior period for State Information Technology Agency since it does not form part of the definition of Principal-agent, but rather that of a supplier. A further prior period error was effected on IDT reducing the total only to commission fees.

32.2 Prior period errors

Correction of prior period errors	2015/16 R'000
1. Computer Equipment @ R14 979x2	30
2. Value adjustments of Furniture & Office Equipment	(53)
3. Irregular expenditure for prior years	168 928

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

33. Statement Of Conditional Grants Received

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2015/16	
	Division of Revenue Act/ Provincial Grants	Roll Over	DORA Adjustment	Other Adjust-ments	Total Available	Amount Received by Department	Amount spent by Department	Under / (Over)- spending	% of available funds spent by Department	Division of Revenue Act	Amount spent by Department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
EPWP Integrated Grant for Provinces	3 667	-	-	-	3 667	3 667	3 667	-	100%	4 119	4 119
	3 667	-	-	-	3 667	3 667	3 667	-	100%	4 119	4 119

Departments are reminded of the requirement to certify that all transfers in terms of this Act were deposited into the primary bank account of the province or, where appropriate, into the CPD account of the province.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

34. Statement Of Conditional Grants Paid To The Provinces

NAME OF PROVINCE GRANT	GRANT ALLOCATION				TRANSFER			SPENT			2015/16
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount Received by Department	Amount spent by Department	% of available funds spent by Department	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Summary by Province KwaZulu-Natal	205	-	217	422	422	-	-	422	422	100%	228
	205	-	217	422	422	-	-	422	422	100%	228
Summary by Grant Vehicle	205	-	217	422	422	-	-	422	422	100%	228
	205	-	217	422	422	-	-	422	422	100%	228
Vehicle licences KwaZulu-Natal	205	-	217	422	422	-	-	422	422	100%	228
	205	-	217	422	422	-	-	422	422	100%	228

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	DoRA and other transfers R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Funds With-held R'000	Re-allocations by National Treasury or National Department %
Umdoni	-	-	24 000	24 000	24 000		
uMuziwabantu	-	-	2 000	2 000	2 000		
Ray Nkonyeni	-	1 100	-	1 100	1 100		
Ugu	400	-	5 000	5 400	5 400		
Msunduzi	-	-	14 415	14 415	14 415		
uMgungundlovu	400	6 500	9 600	16 500	15 414		
Okhahlamba	6 110	-	7 500	13 610	13 610		
Inkosi Langalibalele	-	1 100	2 400	3 500	3 500		
Alfred Duma	-	1 100	400	1 500	1 500		
Uthukela	1 200	-	10 000	11 200	11 200		
Endumeni	-	-	2 000	2 000	2 000		
Nquthu	8 611	-	-	8 611	8 611		
Umvoti	6 434	-	-	6 434	6 434		
Umzinyathi	400	-	-	400	400		
eMandlangeni	-	-	5 000	5 000	5 000		
Amajuba District Municipality	400	-	350	750	750		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

NAME OF MUNICIPALITY	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds With-held	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000	R'000	R'000	R'000	%
eDumbe	-	-	200	200	200		
uPhongolo	6 861	-	(6 611)	250	-		
Zululand	400	-	(400)	-	-		
The Big 5 Hlabisa	-	1 100	-	1 100	1 100		
Umkhanyakude	400	-	(400)	-	-		
Mfolozi	-	-	3 000	3 000	3 000		
King Cetshwayo	400	-	-	400	400		
Ilembe	400	-	(400)	-	-		
Greater Kokstad	-	-	12 000	12 000	12 000		
Umkhanyakude	-	-	18 000	18 000	18 000		
Dr Nkosazana Dlamini Zuma	-	1 100	400	1 500	1 500		
Harry Gwala District Municipality	400	-	9 600	10 000	10 000		
	32 816	12 000	118 054	162 870	161 534	-	-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE I B

Statement of transfers to departmental agencies and accounts

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER			2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transfer	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
Prov DA: Agri Business Development Agency	14 550	-	-	14 550	14 550	100%	6 150	
	14 550	-	-	14 550	14 550	-	6 150	

"THE SUPPLEMENTARY INFORMATION PRESENTED DOES NOT FORM PART OF THE ANNUAL FINANCIAL STATEMENTS AND IS UNAUDITED"

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE I D

Statement of transfers/subsidies to public corporations and private enterprises

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISES	TRANSFER ALLOCATION			EXPENDITURE				2015/16	
	Adjusted Appro- priation Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Appro- priation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations Transfers	8 100	-	-	8 100	8 100	100%	-	8 100	45 100
Mhlathuze Water	8 100	-	-	8 100	8 100	100%	-	8 100	12 100
Umgweni Water Board	-	-	-	-	-	-	-	-	33 000
Sub Total: Public Corp	8 100	-	-	8 100	8 100	100%	-	8 100	45 100
Private Enterprises Transfers	2 000	-	-	2 000	2 000	100%	-	2 000	-
Donations & Gifts Priv; Ent.	2 000	-	-	2 000	2 000	100%	-	2 000	-
Sub-Total: Private Enterprise	2 000	-	-	2 000	2 000	100%	-	2 000	-
TOTAL	10 100	-	-	10 100	10 100	100%	-	10 100	45 100

"THE SUPPLEMENTARY INFORMATION PRESENTED DOES NOT FORM PART OF THE ANNUAL FINANCIAL STATEMENTS AND IS UNAUDITED"

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE I F

Statement of transfers to non-profit institutions

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION			EXPENDITURE			2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	
Transfers	R'000	R'000	R'000	R'000	R'000	%	R'000
Traditional Levies and Trust Account	-	-	32 652	32 652	32 652	100%	114 811
			32 652	32 652	32 652	-	114 811
Subsidies							
Total	-	-	32 652	32 652	32 652	-	114 811

THE SUPPLEMENTARY INFORMATION PRESENTED DOES NOT FORM PART OF THE ANNUAL FINANCIAL STATEMENTS
AND IS UNAUDITED"

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE I G

Statement of transfers to households

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE			2015/16
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Employee Social Benefits	4 433	-	3 159	7 592	7 133	94%	5 958
Bursaries (Non Employees)	10 043	-	-	10 043	7 475	74%	7 785
Claims against the State	-	-	-	-	65		79
Total	14 476	-	3 159	17 635	14 673	-	13 822

"THE SUPPLEMENTARY INFORMATION PRESENTED DOES NOT FORM PART OF THE ANNUAL FINANCIAL STATEMENTS AND IS UNAUDITED"

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE 3A

Statement of financial guarantees issued as at 31 march 2017 – local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2016	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2017	Guaranteed interest for year ended 31 March 2017	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank	Housing	-	40	-	-	-	40	-	-
	TOTAL	-	40	-	-	-	40	-	-

“THE SUPPLEMENTARY INFORMATION PRESENTED DOES NOT FORM PART OF THE ANNUAL FINANCIAL STATEMENTS AND IS UNAUDITED”

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE 3B

Statement of contingent liabilities as at 31 March 2017

Nature of Liability	Opening Balance 1 April 2016	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2017
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Collision with NKR 16243: BE Msomi V31(11/12)	43				43
Collision: KZN 45760 and NP 74455: ES Maphumulo	14		14		-
Collision: KZN 45836 and ND 659-885: EN Ngcobo	3				3
Collision: KZN 45778 and Selling V99(14/15)	85		85		-
Collision: KZN 45778 and ND 257-906 V96(14/15)	20		20		-
Collision: KZN 46035 and NPN31746 V19(14/15)	7				7
Collision: KZN 45811 and ND 452-630 V32(15/16)	4				4
Collision: KZN 46041 and NPN18500 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 45842 and NPN 64906 V53(15/16)	21		21		-
Collision: KZN 46041 and NPN 2677 V67(15/16)	122				122

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE 3B

Statement of contingent liabilities as at 31 March 2017

Nature of Liability	Opening Balance 1 April 2016	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2017
	R'000	R'000	R'000	R'000	R'000
Collision: KZN 45956 and ND 307-738 VI (15/16)	17				17
Nkosi v MEC CoGTA & Another	224				224
Myeni v CoGTA & Another	22				22
Collision: KZN 46041 and NPN 66802		64	64		-
Collision: KZN 45812 and NPN 61884		8	8		-
Collision: KZN 45917 and NPN 38175		9	9		-
Collision: KZN 45942 and NP 45619 V67(16/17)		35			35
Collision: KZN 45941 and NCW 11257		8			8
TOTAL	765	124	221	-	668

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE 4

Claims Recoverable

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17 *	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Department								
Eastern Cape Department of	-	-	1 648	1 648	1 648	1 648		
	-	-	1 648	1 648	1 648	1 648		
Other Government Entities								
Traditional Levies and Trust Account	2 169	1 226	-	-	2 169	1 226		
Umhlathuze Water	-	-	1 283	-	1 283			
	2 169	1 226	2 931	-	3 452	1 226		
TOTAL	2 169	1 226	2 931	1 648	5 100	2 874	-	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE 5

Inter-Government Payables

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17 *	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Department of Education	-	-	-	36	-	36	-	-
Department of Human Settlement	-	125	-	-	-	125	-	-
Department of Transport	-	-	2 018	1 990	2 018	1 990	-	-
Department of Public Works	793	414	7 430	3 802	8 223	4 216	-	-
Department of Health	-	131	724	-	724	131	-	-
Total	793	670	10 172	5 828	10 965	6 498	-	-

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE 7

Movement in Capital Work in Progress

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	57 801	104 729	-	162 530
Dwellings	-	-	-	-
Non-residential buildings	57 801	104 729	-	162 530
Other fixed structures	-	-	-	-
TOTAL	57 801	104 729	-	162 530

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Prior period error	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	104 504	-	43 085	(89 788)	57 801
Dwellings	-	-	-	-	-
Non-residential buildings	103 869	-	43 085	(89 153)	57 801
Other fixed structures	635	-	-	(635)	-
TOTAL	104 504	-	43 085	(89 788)	57 801

Age analysis on ongoing projects	Number of projects		2016/17
	Planned, No construction started	Planned, Construction started	Total R'000
0 to 1 Year	-	7	4 896
1 to 3 Years	5	25	17 518
Total	5	32	22 414

2 (Madlebe, Shiyabane) projects implemented through the IDT were stalled at 85% due to contractor defaults and legal issues. The Department has provided approval to the IDT to resuscitate these projects for implementation in 17/18 FYE. 4 projects were completed in the outer financial years but outstanding payments to consultants and contractors were submitted late by IDT. 1 (Shange) project was completed in 16/17 FYE due to the death of contractor which resulted in legal issues that delayed implementation. The Mkondeni PDM Centre commenced during the previous financial years and although occupation has taken place, there is still work required.

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE 8B

Inter-Entity Advances Received (Note 15 and Note 15.1)

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000	31/03/2017 R'000	31/03/2016 R'000
PROVINCIAL DEPARTMENTS						
Current						
KwaZulu Natal Department of Agriculture	-	-	-	-	-	-
KwaZulu Natal Department of Premier	2 411	2 411	-	-	2 411	2 411
TOTAL	2 411	2 411	-	-	2 411	2 411
Current Non-Current	2 411	2 411	-	-	2 411	2 411

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Annual Report 2016/17

BACK TO BASICS: SERVING OUR COMMUNITIES BETTER



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

OFFICE OF THE MEC: 1st Floor, FNB House, Redlands Estate, Wembly, Tel: 033 264 5500, Fax: 033 392 0027, Email: sidima.siganga@kzncogta.gov.za
OFFICE OF THE HOD: 14th Floor, North Tower, Natalia Building, Tel: 033 395 2831, Fax: 033 345 6432, Email: hodenquiries@kzncogta.gov.za

www.kzncogta.gov.za

