



2017/18

ANNUAL REPORT

VOTE 11



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



BACK TO BASICS: SERVING OUR COMMUNITIES BETTER



cogta

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

ANNUAL REPORT

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SUBMITTING THE ANNUAL REPORT TO THE EXECUTIVE AUTHORITY

Ms N. Dube-Ncube

MEC for Cooperative Governance and Traditional Affairs

I have the honour of submitting the Annual Report of the Department of Cooperative Governance and Traditional Affairs for the period 01 April 2017 to 31 March 2018.



Mr T Tubane

Head of Department

For COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

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PART A: GENERAL INFORMATION

2.3.1 GENERAL INFORMATION ABOUT THE DEPARTMENT

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2.3.2 LIST OF ABBREVIATIONS / ACRONYMS

AGSA	Auditor General of South Africa
AO	Accounting Officer
BBBEE	Broad Based Black Economic Empowerment
CFO	Chief Financial Officer
COGTA	Cooperative Governance and Traditional Affairs
CWP	Community Work Programme
DGDP	District Growth and Development Plan
EPWP	Expanded Public Works Programme
HOD	Head of Department
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
MEC	Member of Executive Council
NDP	National Development Plan
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PT	Provincial Treasury
RASET	Radical Agrarian Socio and Economic Transformation
RET	Radical Economic Transformation
TR	Treasury Regulations
MTEF	Medium Term Expenditure Framework
SMME	Small Medium and Micro Enterprises
SCM	Supply Chain Management
SITA	State Information Technology Agency
SDIP	Service Delivery Improvement Plan

2.3.3 FOREWORD BY THE MEC



This Annual Report, our blueprint for strong and capable municipalities that are managed with exemplary effectiveness and efficiency, is testimony to our determination throughout 2017/2018, to explore and implement new and innovative ways to serve the people of KwaZulu-Natal and inspire hope in the lives of those of our municipal residents who, despite the best efforts of our democratic government, are still plagued by the triple challenges of poverty, unemployment and inequality.

At the 2018 annual Premier's Excellence Awards which covered the period covered by this Annual Report, KwaZulu-Natal COGTA literally struck gold when we emerged as the Most Functional Department of the Year. This is testimony to the hard work of all our employees whose collective effort made this happen. In addition to this, we have also scooped two other awards: Silver for the Best Innovator of the Year as a department and Mr Thando Tubane's Bronze for the Best Head of Department in the province. These are fantastic achievements that fill every member of the COGTA team with pride.

This is borne out by COGTA's departmental audit outcome for the same period which has seen us achieving all of our performance targets. We have managed to do so in a highly fluid sphere of local government where constant change is often the only constant. We have nevertheless received a qualification

for matters related to payment of Izinduna which has been a particularly difficult mandate to manage, with many variables of this complex process being out of the department's control. As we ponder this outcome, we are determined to find ways to address this shortcoming to the satisfaction of the Auditor-General's office going forward.

KwaZulu-Natal is a vibrant and dynamic province that brings with it a number of unique challenges. It is incumbent upon us as a government department, entrusted by the people of this province, to rise to these challenges in a strategic and result-driven way of supporting our municipalities to deliver on their own constitutional mandate.

Having strategically repositioned ourselves from an institution that merely supports municipalities and traditional institutions towards one that plays a proactive role in the delivery of municipal infrastructure at local level, our hands-on support has enabled municipalities to deliver basic services at levels that are very close to universal coverage in people's access to water, electricity and sanitation. Indeed, KwaZulu-Natal once again came out as the best performing province in the country in terms of MIG expenditure. Our MIG expenditure was recorded at 98% per cent and this impressive figure translates into more infrastructure delivery and better services in our municipalities where these are needed most.

Throughout 2017/2018, we have implemented across KwaZulu-Natal municipalities 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. The second phase of the programme is based on more comprehensive monitoring of municipal performance as well as tailor-made support programmes that respond to specific needs of municipalities. In one particular intervention, we have applied increasing pressure on all those who can afford it to pay for their municipal services to eliminate debt owed to municipalities. Our revenue enhancement campaign "Pay Your Levies - Nothing for Mahhala" has been a resounding success.

One of the major challenges we were faced with were the violent community protests that caused serious damage to municipal infrastructure and by doing so threatened the very stability and effective governance of our municipalities. We have faced this challenge head-on and through our proactive and participatory approach to problem solving, we have largely restore public trust and confidence on the ground. Motivated by a sense of urgency, openness and transparency, we are now spending more time with the communities, listening and learning, solving their problems together and speeding up service delivery on all levels. In doing so, we are turning around the mood in these communities in an unprecedented manner.

An assessment of the latest audit outcomes of municipalities has highlighted a critical issue of consequence management and even as we undertook our support and monitoring role in providing the necessary frameworks and training for municipal officials and councillors, the levels of unauthorised, irregular, fruitless and wasteful expenditure has yet to improve. We are equally committed to supporting all under-performing municipalities in improving their audit outcomes.

To achieve this, we are working closely with the Auditor-General's office and engaging with all municipalities on a one-on-one basis to boost their audit improvement plans and, ultimately, their audit scores. We are likewise committed to share quarterly oversight reports and hold engagement meetings between COGTA and the Auditor-General and to share the Status of Records Review at municipalities.

In order to continue our local government transformation agenda, we need fully functional municipalities and traditional leadership institutions which must also be financially viable. Capacity building, training, skills development, hands-on approach and technical support will all help our municipalities and traditional leadership structures perform better in discharging their responsibilities and mandates.

As we celebrate the centenary year of former President Nelson Mandela in 2018, we are reminded and inspired by the most appropriate words of this great legend when we look ahead and ponder the challenges that still lie ahead our sphere of local government: "After climbing a great hill, one only finds that there are many more hills to climb". With these wise words, I have the pleasure to present this 2017/2018 Annual Report of KwaZulu-Natal COGTA to the Provincial Legislature and all our stakeholders.

Approved by:



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



2.3.4 REPORT OF THE ACCOUNTING OFFICER

As Accounting Officer, I hereby submit the 2017/18 Annual Report of the KwaZulu Natal Department of Cooperative Governance and Traditional Affairs (hereinafter referred to as the “Department”) to the Provincial Legislature, Provincial Treasury, the media and the general public. The overview of this report provides for a synopsis of the Department's financial and non-financial activities during the financial year under review.

During the year under review, the Department implemented a number of key administrative projects so as to improve the efficiency of the organisation. A few of these are the vehicle tracking system and the electronic filing and document management system. The installation of the vehicle tracking system enables the Department to keep track of the state assets under its control, end the abuse and minimise theft of state vehicles. In one instance, the theft and recovery of one Departmental vehicle led to the recovery of more than 20 other stolen state vehicles. The electronic filing and document management system is a trajectory towards a paperless environment that would hopefully in future see the Department saving monies in operational and running costs.

A second governance priority area that the Department had to tackle was to direct more public sector investment into service delivery areas. The financial strain on the provincial fiscus prompted all Departments to effectively look at their budgets and reevaluate priority vacant posts and projects that could result in funds to be release to service delivery projects. COGTA alone saved R53 million from its allocated budget of 2017/18 financial year from unfilled posts and projects that were not of a priority, and directed these funds towards key infrastructure and LED initiatives.

This does not come without any challenges. One of the greatest areas the Department is addressing is efficient procurement, especially addressing procurement that ends in irregular expenditure in the Departmental financial books. To this extent the Department has implemented a contract management system to drive accountability and responsibilities around this matter. Furthermore, independent firms of auditors were appointed to investigate all irregular expenditure incurred in the past 3 financial years, and having received the report, tough decisions will be made.

The mandate of the Department of Cooperative Governance and Traditional Affairs is first and foremost to build a capable state; or in COGTA terms; a capable local government, that can be responsive to the needs of the communities and discharge their responsibilities. The greatest challenge in this context is appropriate and relevant training of 1 846 councillors to operate optimally in municipal councils, and the filling of key vacancies in the municipal administrations. These two aspects form the governance and administrative backbone of local government. The Department intends shaping its training and facilitation of municipal councils and administration to understand, involve and inform the communities about their issues, collaborate with all stakeholders, deliver and maintain services, grow the economy to create jobs, account to all stakeholders and hold the administration to account.

The continuous regression in municipal audit outcomes and increased municipal irregular expenditure is a reflection and confirmation of the councillor capacity challenges, and requires of the Department to step up to this challenge. An integrated response plan to this particular issue of improving audit results have been drafted and is under implementation.

To have a better and real time understanding of the issues that affect the proper functioning of municipal councils, the Department has deployed a number of local government specialists. These specialists visit municipalities regularly and provide feedback to specialised units in the Department to assist in resolving these issues. More of these specialists are to be deployed in the Province in this coming financial year.

The Department have had great success with the implementation of the Expanded Public Works Programme and the Community Work Programme, creating 1 537 and 43 589 employment opportunities respectively. The Department also received more than R3 million as incentive grants for its efforts under the Expanded Public Works Programme for the financial year under review.

Since the Department's intention is to reach the communities and ensure that they benefit directly from economic initiatives, all Districts have been funded to host summits towards reviewing their District Growth and Development Plans. Furthermore, UGu, Harry Gwala and UMgungundlovu District Development Agencies have been allocated a further R3 million each to operationalise the Radical Agrarian and Social and Economic Transformation (RASET) programme within the district and implement the National Schools Nutrition Programme (NSP). The District Development Agencies will leverage off the NSP to create access to markets for emerging farmers; driving economic development for the region and empowerment of the communities through inclusion in the economy and alleviation of poverty.

In Traditional Affairs, the Department will continue to strengthen governance in traditional institutions. The 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 had invested R61 million in remuneration benefits to Amakhosi in 2016/2017 and had increased it in 2017/2018 to R390 million to also now include the remuneration of approximately 3200 Izinduna. This has brought about certain administrative challenges, but a multidisciplinary team is addressing these matters.

I wish to thank the Executive Authority, MEC Dube-Ncube for the trust placed in me as Accounting Officer of this Department and also the management and staff of COGTA that is the driving force behind the achievements mentioned in this report and in whom I have placed my trust to continue with the work of this Department.



MR T TUBANE
 HEAD OF DEPARTMENT
 ACCOUNTING OFFICER
 DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS
 VOTE 11

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

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

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

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

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

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

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

In my opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the department for the financial year ended 31 March 2018.

Yours faithfully



Mr T Tubane

Head of Department

Cooperative Governance and Traditional Affairs

2.3.6 STRATEGIC OVERVIEW

VISION

COGTA envisages “people centred sustainable cooperative governance”

MISSION

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

VALUES

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

2.3.7 LEGISLATIVE AND OTHER MANDATES

Legislative 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 (Section 154)
- Monitoring (Section 155)
- Intervention (Section 139)

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

- Local Government Demarcation Act, 1998.
- Local Government: Municipal Structures Act, 1998
- Local Government: Municipal Electoral Act, 2000
- Local Government: Municipal Systems Act, 2000
- Disaster Management Act, 2002
- Local Government: Municipal Financial Management Act, 2003
- Intergovernmental Relations Framework Act, 2005
- Local Government: Municipal Property Rates Act, 2006
- Traditional Leadership and Governance Act, 2005
- 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 Local Government created the policy environment for the development of the Municipal Structures Act, Municipal Systems Act, Municipal Finance Management Act and the Intergovernmental Relations Framework Act. 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 Co-operative 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. The ideals of the Freedom Charter are espoused in different pieces of legislation and policies of the government of the day.

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:

- Households progressively gain access to sustainable and reliable basic (water, sanitation, electricity and refuse removal) services.
- Public trust in local government is improved through active and deliberative citizen engagement.
- Municipalities demonstrate good financial governance.
- Quality of management and administrative practices within municipalities improved.
- Municipalities attract and retain skilled and competent personnel responsive to citizens' priorities and capable of delivering quality services.
- Work opportunities created and expanded through programmes such as the CWP
- Quality of governance arrangements and political leadership enhanced.
- Corruption within local government is tackled more effectively and consistently.

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 Department aligned its 2017/18 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 transformation of the local government sector is a priority for the Department. In fact, it is the core function of the Department. The National Development Plan stresses that the country requires functional municipalities in order to meet the transformation agenda ideals. 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, the Department 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 functionality and to stay there; and support and incentivise all municipalities that are functional to remain there.

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

- Good Governance;
- Public Participation: Putting people first;
- Basic Services: Creating conditions for decent living;
- Sound Financial Management; and
- Building Capable Institutions and Administrations

Mandate of Cooperative Governance

The Department worked towards fulfilling the following mandate as outlined by Cabinet:

- To coordinate all organs of state to ensure maximum impact;
- Interventionist approach;
- Improved internal and external cooperation and outcomes based Inter-Governmental Relations Structures;
- Ensure SINGLE window of coordination and regulation of national, provincial and local government.

In essence the mandate of the Department has been equated to the COG of the wheel, standing at the centre of integrated development with the Department now having the function of coordination both vertically and horizontally, and doing away with silo approach across the province.

The key area of focus is planning. The Department is repositioned as a critical ally of the Planning Commission to align planning across the three spheres of government, by strengthening the IDPs.

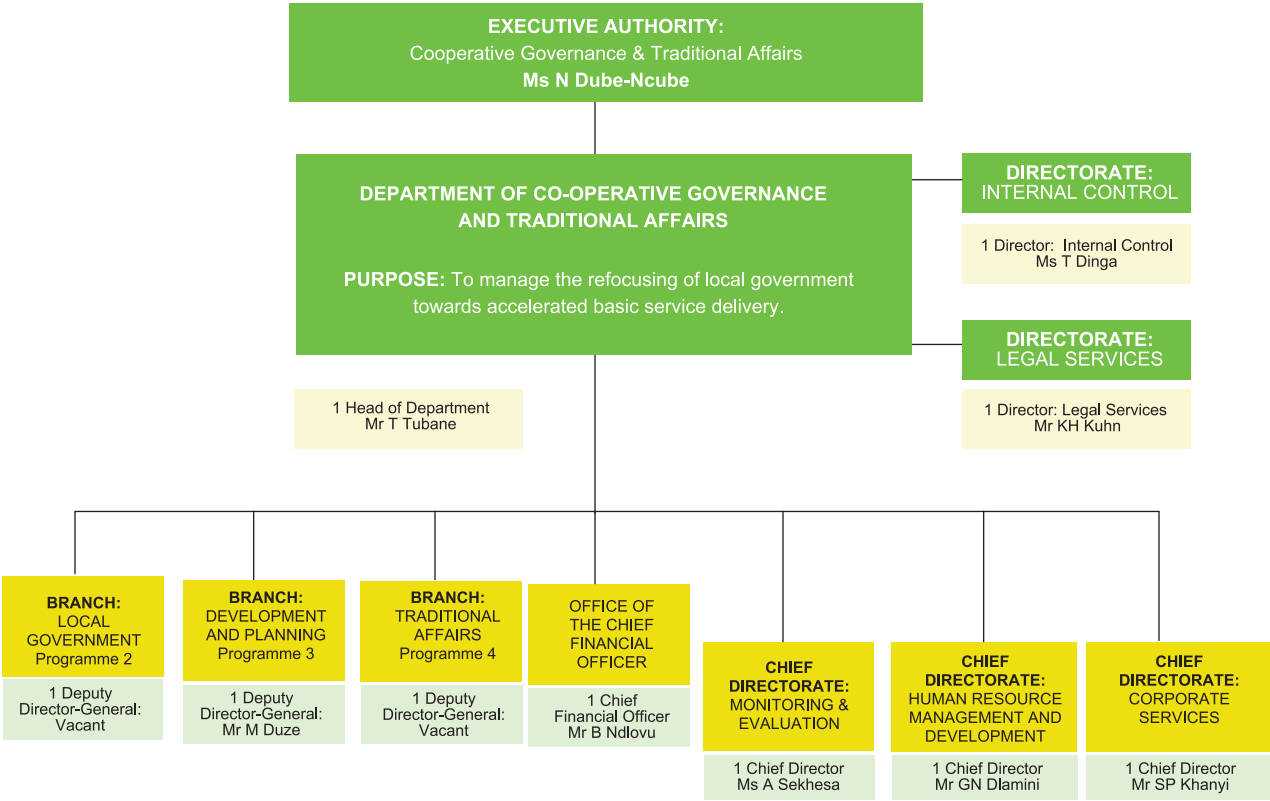
Ensuring the alignment of priorities of both national and provincial departments implemented in a local space in the municipal IDP's.

- Ensure that IDP encapsulates the provincial priorities and budget in a coordinated manner.
- Enhance the IGR framework support integration (IGR framework to be reviewed and strengthened).
- Ensure seamless service delivery in a coordinated manner supported by emerging legislated processes.
- Put development planning at the centre stage.
- Put people at the centre of development.



2.3.8 ORGANISATIONAL STRUCTURE

TOP MANAGEMENT ORGANISATION AND POST ESTABLISHMENT OF THE DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS



2.3.9 ENTITIES REPORTING TO THE MEC

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

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 159 of the report of the Auditor General published herein as Part E: Financial Information.

2.4.2 OVERVIEW OF DEPARTMENTAL PERFORMANCE

Service Delivery Environment

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

The KZN Provincial Growth and Development Plan (PGDP) address 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 policy direction and leadership to the department 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. In this regard, 638 staff was capacitated in accordance with the Departmental Training Plan. Some of the training conducted related to Code of Conduct, Sexual Harassment, Fraud Prevention, Protocol, Breaking Barriers, Conflict Resolution, SMS Khaedu Course, Embracing Diversity, Leadership in Middle Management, Financial Management for SMS, Public Sector Skills and Orientation training for Interns. A skills audit was also undertaken in Department to augment the Training Plans of respective units. In terms of capacity development, 207 in-service bursaries and 173 out of service bursaries were awarded and 82 interns were appointed within the department. Twenty One (21) of the 82 appointed interns were student graduates who completed their qualifications through COGTA bursaries.

The Department is fully committed to improving accountability and ensuring that systems and controls are in place, and adequately implemented. In addition, the department is committed to prudent fiscal management in order to ensure effective and efficient use of public funds. All audits planned for the 2017/2018 financial year were conducted to improve financial management mechanisms for the Department and Traditional Councils in order to achieve positive audit outcomes. These include audits on Performance Information, SCM, Traditional Councils and Implementing Agents. In terms of Risk Management, a Risk Register was compiled and Risk Management reported on quarterly. Based on the Auditor General Findings, the Audit Improvement Plan was compiled to ensure that deficiencies are addressed. In terms of Risk Management, a Risk Register was compiled and Risk Management reported on quarterly. An Anti-Fraud and Corruption Strategy was workshopped 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. The Management Performance Assessment Tool (MPAT) is an evidence based assessment tool which assesses the Department's management practices (hereafter referred to as standards) in Strategic Management, Governance and Accountability, Human Resource and Financial Management. The results of the MPAT assessment process are used in the performance assessments of Senior Management. In the 2016/2017 financial year, the Department was assessed against 35 standards, which were assessed alongside set levels of performance, indicating the Department's level of compliance. The MPAT scores received in the 2016/2017 assessment process indicate that 57% of the MPAT standards that the Department was assessed against received scores of full compliance and above.

During the year under review, the Department continued to use the Batho Pele Forum 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. As a result, the Department was rated the best Department in the Premier's Excellence Awards based on performance on the Department during the year 2017/18. The Head of Department was awarded the Bronze award in the Best HOD category.



Programme 2: Local Governance

Presently the country as a whole is experiencing a daunting economic climate and there is a continuous need to rationalise public expenditure at all levels of government. Despite this challenge, the Department remains focussed and committed to deliver a high quality service to municipalities which will enable them to be responsive to the needs of the communities in Kwazulu-Natal. With this in mind, a revised Local Government Branch Structure was implemented which saw the birth of the Local Government Specialist Directorate. Through this new directorate, municipalities are provided with support to resolve/unblock/address challenges that hamper the provision of service to communities.

Local Government Specialists will continue to work in collaboration with municipalities, through individual visits, identifying challenges, and implement project plans to address issues raised and resolve issues that are hampering service.

Inter-Governmental Relations is the instrument for mobilising the distinctive efforts, capacities, leadership and resources of each sphere towards service delivery and government defined development objectives. The Department is geared towards improving the functionality of IGR Structures to ensure that they are fully functional in accordance with the IGR Framework. IGR Structures are not executive decision making bodies, but they may take resolutions or make recommendations in order to promote and facilitate

cooperative decision making and are there to provide a platform for discussion and consultation on areas that require cooperation among the family of municipalities. IGR seeks to resolve disputes without resorting to judicial proceedings as well as to ensure the smooth flow of information within government, and between government and communities, with a view of enhancing the implementation of policy and programmes. MUNIMEC is an IGR structure established to be a consultative forum between the MEC and the Mayors of municipalities. Through the MUNIMEC, stakeholders from all the spheres of government are provided with an opportunity to interact with local government in the true expression of the concept of cooperative governance.

Effective integrated planning is crucial for the well-functioning of Local Government Institutions and for the acceleration of service delivery. 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. Support via the Development Shared Services will be intensified with the aim of assisting municipalities with low or lack of planning capacity to enable them to develop credible IDPs. Further support will be provided by facilitating the Joint Service Delivery Forum with the intent of enhancing coordination of service delivery initiatives of various government departments and municipalities.



A Back to Basics Strategic Session was held with municipalities and sector partners to engage them on business unit activity plans and to ensure their alignment with municipal support plans. The proposed support strategies derived from the strategic session is being used to guide the ongoing revision and implementation of municipal action plans/support plans. A presentation on Back to Basics and a specific presentation per district outlining their support plans were presented by each team to all Councillors and Community Development Workers (CDWs).

An Internal Stakeholder workshop was held with departmental staff to sensitize them on Back to Basics approach and the 10 Point Plan. Terms of Reference (TOR) were developed for Local Government Champions as per the alignment to the Operation Sukuma Sakhe (OSS) model that was adopted by the Cabinet. All municipalities adopted their Back to Basics support plans.



These support plans are updated and revised on an annual basis. A progress assessment was held with all 26 dysfunctional municipalities. Another workshop was held with all Municipal Managers (MMs) to introduce them to the OSS model as well as their role within the Back to Basics programme, the roll out of the Back to Basics Activity plans and the Campaign Plan. All municipalities were visited with the aim of assessing the progress made and possible re-categorization based on the assessment findings. Though initially 26 Support Plans were developed, afterwards the programme was extended to cover all municipalities, each with a support plan developed.

These support plans were reviewed and amended or redeveloped in line with the Back to Basics Phase 2 10 Point Plan. Quarterly assessments of municipalities are conducted, establishing the status of performance against its mandate and progress against the individual support plans. An additional requirement of Phase 2 of the Back to Basics Programme is to develop a 5 year programme, with annual targets.

The phase 2 approach will be utilised to increase the credibility of B2B monitoring and reporting system and to further develop a scientific measurement instrument and set of indicators for review of the categorization of municipalities

and graduation model.

Phase 2 of the B2B Programme was officially launched by the MEC, inclusive of all newly elected councillors. Phase 2 of the B2B Programme has also noted and incorporated the 20 Point Declaration that emanated from the 3rd Presidential Local Government Summit.

The Department monitors and provides support to municipalities on the implementation of the Strategic Framework on Councillor Oversight (including Standard reporting templates for municipal oversight structures) to ensure that they fulfil their oversight mandate. The oversight structures include the Council, Executive Committees, Portfolio Committees and Municipal Public Accounts Committees (MPACs).

Furthermore, municipalities are provided with support aimed at ensuring their compliance with local government legislation and policies as well as the Municipal Systems Act regulations. Municipalities are provided with support in respect of the filling of Section 54A and Section 56 posts as well as intervention in municipalities who do not comply. To ensure that skilled personnel are appointed the Department can decline the appointment of senior managers where the process is flawed or the recommended candidate is not suitable. Municipalities are further supported in the drafting of by-laws developed to enhance their legislative competency.

Section 81 of the Municipal Structures Act allows traditional leaders to participate in the proceedings of municipal councils in order to facilitate cooperative decision making on service delivery and development programmes that affect traditional communities. The Department will continue to support municipalities in improving the participation of Traditional Leaders at municipal level.

There is an urgency to eradicate incidences of fraud and corruption in municipalities to ensure that resources are used efficiently and for the delivery of services to our communities. The Department will continue to investigate reported cases of fraud, corruption and maladministration as well as support municipalities to implement anti-fraud and anti-corruption strategies.





The achievement of Clean Audits as an indicator of good governance remains a priority for government. Municipalities are encouraged to work toward improving their audit outcomes. The 2016/2017 municipal audit outcomes recorded an overall regression in the Province with only 7 (seven) municipalities having received clean audit opinions, compared to eleven (11) clean audits which were received by municipalities in the 2015/2016 financial year audit. Municipalities are required in accordance with the Municipal Finance Management Act to develop individual audit response plans and the MEC for Cooperative Governance and Traditional Affairs and her Department monitors implementation of the corrective measures reflected in these plans on a quarterly basis. Targeted support based on the analysis of the audit outcomes is provided to specific municipalities in the areas of budget, internal control, expenditure and debt management amongst others. Audit Outcomes were assessed and a cohesive Department Strategy to address these was developed promoting a multi-disciplinary response to addressing municipal audit outcomes to sustain and improve results in the Province.

The Department has, through effective financial monitoring and assessment under the Back to Basics Programme enhanced financial management and reporting in municipalities against the Sound Financial Management Pillar. Departmental support was provided through various fora including the District Finance Forums which also served as the Finance Technical Committees in support of the Re-demarcation Change Management Committees and process with targeted support to municipalities affected by re-demarcation on Information and Communication Technology, Budget and Annual Financial processes. All municipalities received light to medium support on key financial management processes including annual financial statement and annual reporting processes.

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

The vision of the Department is "People Centred Sustainable Cooperative Governance" and in order to achieve this, support needs to be provided to municipalities to improve decision making by ensuring citizen participation. The Province has been experiencing service delivery protests which are a result of communication gaps between communities and municipalities.

The Department is committed to supporting municipalities in improving the functionality of ward committees by monitoring community report back meetings convened by councillors as well as by implementing remedial actions in municipalities that have non-functional ward committees. Municipalities will also be supported with the alignment of ward based plans to the IDP and the implementation of ward operational plans with the aim of delivering services which address community needs. Furthermore, the functionality of all municipal Rapid Response Teams will be monitored and support will be provided to non-functional teams.

Transformation of government institutions remains a critical objective of the democratic government. To this effect, the department supports municipalities with the implementation of the Gender Equity Policy Framework for Local Government. The intention is to promote the inclusion of the previously disadvantaged groups in all levels of the municipality; such as the women, the disabled and the youth. Municipalities were supported with the implementation of Employment Equity Plans.

Chapter 13 of the National Development Plan emphasizes the need to move towards a state that is more capable, professional and more responsive to the needs of its citizens in order to eliminate poverty and reduce inequality. To strengthen the capacity of municipalities, a capacity building strategy was developed with the intention to ensure a coordinated approach of all stakeholders' capacity building programmes. This approach alleviates duplication of resources and promotes alignment of programmes.

Councillor development is imperative for service delivery and the Department has further developed a capacity building plan aimed at empowering councillors and municipal officials in line with the Capacity Building Strategy. The Integrated Councillor Induction and Sector- based Orientation Programmes were conducted at the beginning of the new term for councillors, this was to provide councillors with first-hand information that they will require as newly elected councillors.

Furthermore, in order to ensure that councillors were empowered to undertake their roles and responsibilities, portfolio based training is rolled out to councillors on an ongoing basis. Based on the outcomes of the skills profiling, councillors will be nominated for the National Certificate: Local Government Councillor Practices (NQF Level 3) and the Executive Leadership Programmes at NQF Level 5, 6 and 7. This will assist councillors with personal development programmes that will enable them to obtain qualifications as well as assist them in conducting their daily duties with insight and confidence.

The Department has engaged with strategic partners to enhance skills development in the critical and scarce skills in the Province. These areas include municipal finance; leadership; governance; administration and technical skills such as engineers and artisans. The skills development training targets municipal officials and unemployed youth. These skills will assist municipal officials in specialised units to provide effective and efficient services to the communities.



Programme 3: Development and Planning



A key objective of Chapter 8 of the National Development Plan is to ensure a transformed Human Settlement and a strong and efficient spatial planning system well integrated across the spheres of government. This will result in a balance between spatial equity, economic opportunities and environmental sustainability. To contribute towards the achievement of this objective, the Department provides support to municipalities to improve the spatial location of services in line with the Provincial Spatial Planning guidelines and frameworks.

All municipalities in the Province were supported to produce Spatial Development Frameworks (SDF) that was compliant with Spatial Planning Guidelines. The Department further supported 44 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 was reported at 68.6%.

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. A total of 38 local municipalities were supplied with an updated cadastral layer with ownership information. Municipalities are able to use this information to maintain their valuation rolls for full and sectional title ownership. This allows them to increase their revenue base by providing accurate and comprehensive utilities and rates bills per land owner. 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.

Alfred Duma, Inkosi Langalibalele, Harry Gwala, KwaDukuza, Ugu, eThekweni, Umzumbe, Ray Nkonyeni, Newcastle and Mhlathuze were provided with support for the development of Densification Strategies. During the 2017/2018 financial year, the Department, developed and implemented spatial planning norms on spatial equity.

This is fundamental for the achievement of the spatial transformation outcomes contained under Goal 7: Spatial Equity in the PGDP.

Five municipalities have been provided with support to produce precinct plans. These plans are used to promote the development of compact, connected and coordinated secondary towns and cities in line with the Integrated Urban Development Framework. As the Department work towards improving the quality of life in rural areas and to achieve orderly planning, it will continue to develop Traditional Master Settlement Plans in consultation with Amakhosi. These plans will be approved by the identified Amakhosi.

Identified municipalities' will be supported with the development of Nodal Development Plans to attract investment which new towns are in need of to enhance their economy and to create employment.



The Department will continue to support municipalities with the implementation of SPLUMA. During the 2017/2018 Financial Year local municipalities were assessed, against specific criteria, in terms of their readiness to implement SPLUMA. A support plan was then developed and used to provide municipalities with support in the areas where they were lacking. The processing of development applications at municipalities is monitored and remedial actions implemented in municipalities that are non-compliant with the aim of achieving the 2030 PGDP target of having 90% of applications meeting time norms for processing.

Formalisation of towns is fundamental to improve the economic development of rural towns. Therefore, the Department continues to provide support to municipalities to unlock development potential.

The Department also supports traditional councils in surveying their boundaries and have developed maps of izigodi (traditional wards).

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. Main functions that are performed are support to District Development Agencies, 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. In this regard, the Department has embarked on a support programme to ensure that District Development Agencies are responding to the call for radical agrarian socio-economic transformation (RASET).

The Department provides support to municipalities to establish Agri Hubs/Fresh Produce markets so that they can act as collection points for fresh produce which can be redistributed

to institutional markets. Work is being done to align the fresh produce markets to the Agri-parks concept to ensure sustainability. The Department specifically targets the establishment of agri-hubs/fresh produce market facilities that are aligned to government markets such as schools, prisons and hospitals.

Even though there was policy shift in the programme, capacity support was provided to a number of Agri parks or Fresh Produce markets since 2015; UMgungundlovu: Mkondeni Fresh Produce Market (R15m), Harry Gwala: Ixopo Farmers' Market (R19m), Amajuba: Ingogo Fresh Produce Market (R6m), King Cetshwayo: Uthungulu FP Market (R18m), UMkhanyakude: Jozini Value Adding Facility (R10m), uThukela: Bergville Fresh Produce Market (R4m). As at the end of the 2016/2017 financial year, 3 Agri hubs fresh produce market facilities were 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.

In order to revive and activate traditional institutions to promote socio-economic programmes the Department supported 6 traditional councils with development initiatives. Support was provided to 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. Traditional Institutions will be provided with further support to undertake vital development initiatives that are aimed at promoting socio-economic development towards job creation at a local level.

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.





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

Through the Community Work Programme (CWP) and Expanded Public Works Programme (EPWP) the department will continue to create work opportunities in municipalities. The Community Work 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. It continues to contribute to Public Good in the development of public assets and services in poor communities. In addition, the Department is also creating more work opportunities through the Expanded Public Works Programme 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. These Departmental programmes include, Food for Waste, Corridor Development, Small Town Rehabilitation and Community Service Centre construction. In support of radical socio-economic transformation, these programmes have prioritised the vulnerable groups such as woman, youth and people living with disabilities, and have collectively created over 1 200 work opportunities. Compliance with Expanded Public Works Programme guidelines in terms of employment creation has seen the Department being awarded the incentive grant amounting to R3,471,000.00 in the 2014/15, R4,119,000.00 in the 2015/16, R3,667,000.00 in the 2016/17 and R 3,338,000.00 in the 2017/18 financial years.

The Department through its EPWP technical support team has partnered with the Provincial Department of Public Works and the National Department of Public Works to

support municipalities to institutionalise EPWP as a national umbrella of employment creation. 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 (CSC) Programme, promotes precinct/nodal development and compliments the Department's spatial development reforms.

In supporting the objectives of the National Development Plan, more specifically directed towards Transforming Human Settlements and ensuring an integrated and inclusive Rural Economy, the Community Service Programme is gathering pace in fundamentally transforming the rural landscape of the Province as is realised by recently commissioned projects at Abaqulusi.

This has been done by reducing travel time and cost for marginalised communities in accessing qualitative government services, like the Department of Home Affairs, as well as the centres serving as enablers and catalysts for new small town development geared towards social economic upliftment. The array of government services provided at these centres are instrumental in supporting rural communities in becoming active participants and beneficiaries in development opportunities from which they have been previously deprived.

The support is inclusive of spatial planning, construction, functionality and rehabilitation support, the latter mostly being a key element in ensuring that existing infrastructure is well maintained taking cognisance of fiscal constraints towards investment in new infrastructure. The infrastructure aspect of the programme is complemented by CSC functionality support (Centre Manager Forums, Service Mobilization and lease/rental facilitation) to municipalities in promoting continuous improvement of the provision of services through revenue enhancement strategies and infrastructure sustainability.



The Emondlo CSC is testimony to the inroads that is being made towards redress of past segregation, and now boasts fully functional SASSA and Home Affairs Service Offices. The cost burden of traveling to Vryheid, 25km away is now accessible within walking distance, a right that communities have longed for. In supporting this spatial transformation the Department has completed the following CSC's: Emondlo (Abaqulusi), Xulu-Msiyane (Abaqulusi), Biyela (uMlalazi), Ngwenya (Jozini) and Shange situated in rural social deprivation zones. Communities are now able to access key services of home affairs and SASSA within working distances. In addition, the CSC's have provided functional spaces for traditional councils and ward committees.

Additional projects at construction stage are the new CSC's in Matimatolo (Umvoti), Amahlubi (Inkosi Langalibele), Kwambonambi (uMfolozi) in addition to the upgrade and extension of Sonkombo (Ndwedwe) CSC. The Department has finalised designs for the Mvozana (Maphumulo) and Silutshane (Nquthu) CSCs with construction having commenced in the 17/18 financial year. We will also be completing the Shiyabane and Madlebe CSCs in the 17/18 financial year.

The Department is also supporting the economic transformation of small towns by creating viable local economies in supporting the Okhahlamba LM with funding towards the construction of the Bergville CSC within its current precinct development.

The service delivery environment is presently dominated by the constant demand for acceleration of provision of services. Notwithstanding the great strides in providing services, in an election year the remainder of the backlog throughout the Province typically comes sharply into focus. As confirmed by the Citizen Satisfaction Survey conducted by the Provincial Executive, the main sources of frustration are employment, housing, electricity and water.

These often manifest themselves in protest actions which are becoming increasingly prevalent. Community frustrations emanate from two sources viz. those communities who do not yet have services and those who do have services but these have deteriorated into a state of dysfunctionality or at

least, poor reliability. Over the last 20 years, backlog eradication has enjoyed high priority and there has certainly been a remarkable improvement in pursuit of universal access to basic services.

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 regards to water use and conservation measures across the water sector and within communities.

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 water re-use. Long term financial planning, to ensure availability of the substantial amount of funding for such large investments is essential. While South Africa is more or less on par with international averages for water loss, at around 35 - 40%, losses in KwaZulu-Natal are closer to 50%. This has hastened the transition of the drought into a disaster. Repairs, maintenance and refurbishment are already lagging behind.



In the energy environment, a greater degree of alignment between bulk electricity services and distribution is evident. Bulk supply and distribution network strengthening is being undertaken in the least electrified areas, facilitating additional household connections. Additionally, existing old networks are being refurbished for reliability and quality of supply purposes. Particularly in municipal licensed areas of supply, this is again limited by funding and inadequate attention to efficient operation and maintenance. The ability to finance capital and maintenance budgets is constrained by illegal electricity connections.

This is a growing problem which must be dealt with simultaneously through service provision, credit control and indigent support mechanisms.

There are many deficiencies and anomalies in the provision of Free Basic Services. For example, some municipalities indicate that 100 % of their households receive Free Basic Services. However the municipalities contain towns with relatively affluent areas, which ought not to be eligible for free services. Many municipalities submit that free services are provided to more households than the number reflected in their register of indigents. It is concluded that there are substantial deficiencies in the indigent registers, possibly the indigent registration processes, as well as the records of who receives free services.

The relationships or agreements between municipalities and service authorities (e.g. Water Service Authorities and Eskom) need attention. As a matter of principle, local municipalities are responsible for the determination of Free Basic Services. It is municipalities that should determine who is eligible, and provide such information to the relevant service authorities. Deficiencies in the application of Free Basic Services policies have additional impact. Such deficiencies render it impossible to calculate non-revenue water or to determine water and electricity theft by un-billed and un-authorized consumers.

In respect of capacity and institutional memory, specific challenges relate to insufficient municipal staffing, skills and experience levels, which preclude adequate quality control

over infrastructure development, operations, maintenance and services rendered by contracted resources. There is still inadequate pool of school leavers sufficiently proficient in, particularly, mathematics and physical sciences. These are the potential trainees. This must be addressed, from foundation phase, in dealing with the problem in the education system.

Across all services, accountability and reporting remain challenging. Non-financial reporting and compliance with mandatory reporting requirements are not at the required level. Efforts must continue to inculcate a culture of accountability, data maintenance and information management by municipalities. Credible, "up to date" information is crucial as testimony to achievements but also for future planning purposes, both technical and financial.

The success of reporting, monitoring and support mechanisms is dependent on the integrity of the data injected into it. It is apparent that municipal data is generally inadequate. There is often little application of the mind to what is provided and conflicting, or low credibility, information results. It is also true that many municipalities do not know how many households they have and how many of these households receive the various services. Many municipalities rely on Statistics SA data. In mitigation, a major factor is the dynamism and mobility of the population.

Kwazulu-Natal has, in the recent years, been experiencing a number of weather hazards in the form of severe storms and drought which has had a devastating impact on communities. The Provincial Growth and Development Plan aims to get the Province to a position where it is able to effectively anticipate, respond and mitigate the effects of climate change. The Department has focussed its support in the areas of planning for Disaster Risk Management by municipalities as well as sector departments, capacitating municipalities on Disaster Risk Management, monitoring the implementation of Disaster Risk Management Legislation by municipalities and sector departments as well as the provision of support to the metro and districts with the maintenance of municipal Disaster Management Centres to ensure functionality.





The Department, in partnership with the South African Weather Services, disseminates prior warning for disaster incidents and continuously aims at responding to disaster events within 6 hours.

The 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 programmes, and monitoring implementation. To ensure that the 10 district disaster management centres are prepared for disasters, functionality assessments are conducted and support is provided to ensure that they are functional on an on-going basis. Disaster Risk Management workshops had been provided to all municipalities and has included traditional leadership. Furthermore, seasonal awareness campaigns are conducted in order to sensitize and prepare communities in respect disaster threats.

The Provincial Disaster Management Centre (PDMC) has coordinated the management of the protracted drought situation conditions which was classified and declared a provincial disaster in 2015. As part of coordinating and managing the situation, the Drought War Room meets with representatives from national and provincial departments, district disaster management practitioners and other relevant stakeholders. The PDMC also supported the establishment and working of district Joint Operation Committee (JOCs).

The PDMC continues to support needy municipalities with the training of fire-fighters in a separate programme. To date, more than 200 firefighters, from struggling municipalities, have been trained and their daily work in saving lives does not go unnoticed, but much appreciated indeed.



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 ubuKhosi 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 Amakhosi and the Traditional Councils.

The Department is committed to continue engaging Amakhosi to advise them of the importance of updating genealogies, with the aim of limiting the number of recognition disputes. The Department will continue providing support to cultural events hosted by Amakhosi in their respective traditional communities as they are custodians of culture.

The Department ensures that sufficient resources (human, financial and infrastructural) are provided to transform the landscape in the functional domain of Traditional Affairs. Furthermore, the Department rolled out a capacity building programme to ensure effective and efficient functioning of Traditional Councils.

There is a continued effort to establish strategic partnerships with relevant stakeholders such as the National House of Traditional Leaders; Legislature and other government departments, both at National and Provincial level and municipalities.

The Department will continue to support Traditional Councils on land allocation processes, survey of boundaries where there are uncertainties between the communities for the facilitation of rural development. Furthermore, the department has embarked on mapping and preparing proclamations for newly restored Amakhosi, as well as the proclamations for the traditional councils that were previously proclaimed as community authorities.



Service Delivery Improvement Plan

MAIN SERVICES AND STANDARDS

Main Services	Beneficiaries	Actual Or Current Standard Of Service	Desired Standard Of Service	Actual Achievement
<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	26 municipalities were classified as dysfunctional in 2015	<p>Moving 26 municipalities to a functional state</p> <p>Improved coordination of service delivery.</p>	<ul style="list-style-type: none"> There was a reduction in the number of municipalities and entities that obtained unqualified audit opinions with no other matters (clean audit) from 11 for the 2015/2016 period to 7 for the 2016/2017 period. Thirteen(13) municipalities regressed in their audit outcomes The Province continues to interact and report back on B2B on a regular basis, at numerous IGR Forums, including PCF, G&A Cluster, MUNIMEC, as and when required. Identification of municipal challenges & response to challenges conducted through numerous platforms (including assessments, audit findings, nerve centre committee meetings, printed press, monitoring processes, etc.) Challenges incorporated into the municipal action plans on an on-going basis and monitored and reported on at regular intervals Quarterly assessments conducted to determine functionality, which serves as a basis for type of support to be provided to municipalities Municipal assessments and categorisation serves as the primary indicator for support The critical areas of support are unpacked and incorporated into municipal action plans and include proposed interventions by Sector Departments (provincial and national) as well as other service and support agencies such as Eskom & SALGA Progress is monitored every quarter and communicated to Sector departments at the KZN B2B Provincial Task Team meeting, amongst others, on a quarterly basis.

Main Services	Beneficiaries	Actual Or Current Standard Of Service	Desired Standard Of Service	Actual Achievement
				<ul style="list-style-type: none"> The support provided per individual municipality by province, national departments and service agencies and support organisations are monitored through a central, inclusive database
			Maintain clean audit outcomes.	<ul style="list-style-type: none"> There was a reduction in the number of municipalities and entities that obtained unqualified audit opinions with no other matters (clean audit) from 11 for the 2015/2016 period to 7 for the 2016/2017 period Specific regressions in respect of 2016/2017 audit outcomes The following thirteen(13) municipalities regressed in their audit outcome namely: Four (4) municipalities namely UMgungundlovu, Endumeni, Ilembe and Mandeni regressed from a clean audit to an unqualified audit opinion Six (6) municipalities regressed from an unqualified audit opinion to a qualified audit namely Ugu, Umngeni, Uthukela, Msinga, Abaqulusi and Harry Gwala One(1) newly established municipality namely Alfred Duma received a qualified audit opinion One (1) municipality namely Umzinyathi regressed from a qualified to an adverse opinion One (1) municipality namely Msunduzi regressed from a qualified opinion to a disclaimer One (1) municipality namely Umkhanyakude maintained an adverse audit opinion
			Conduct quarterly progress reports.	<ul style="list-style-type: none"> Progress is monitored every quarter and is communicated to Sector departments at the KZN B2B Provincial Task Team meeting, amongst others, on a quarterly basis. The progress report on Back- to-Basics was also tabled at the Technical Premier's Coordinating Forum on the 19th of March 2018
			Citizens satisfied with the level of service	<ul style="list-style-type: none"> The 2015 Citizens satisfaction survey conducted by the KZN Government indicated that about 49% are dissatisfied with the overall performance of local municipalities.

Main Services	Beneficiaries	Actual Or Current Standard Of Service	Desired Standard Of Service	Actual Achievement
			delivery.	
			Constituency feedback and engagement conducted monthly.	<ul style="list-style-type: none"> Functionality of ward committees improved from 53% in July 2017 to 76% as at September 2017 Number of functional ward committees in the province: 663 out of 870 wards (76%) Number of wards where community feedback meetings were convened by ward councillors: 651 out of 870 wards (75%) Total number of community feedback meetings convened by councillors during period under review : 1, 522 meetings Ward committee functionality assessment results for the period July to September 2017, indicates that only eThekwin Metro has less than 50% ward committee functionality.
			Conduct quarterly reporting and monitoring of support plans.	<ul style="list-style-type: none"> Quarterly assessments conducted to determine functionality, which serves as a basis for type of support to be provided to municipalities Municipal assessments and categorisation serves as the primary indicator for support The critical areas of support are unpacked and incorporated into municipal action plan and include proposed interventions by Sector Departments (provincial and national) as well as other service and support agencies such as Eskom & SALGA Progress is monitored every quarter and is communicated to Sector departments at the KZN B2B Provincial Task Team meeting, amongst others, on a quarterly basis. The support provided per individual municipality by province, national departments and service agencies and support organisations are monitored through a central, inclusive database



IMPLEMENTATION OF BATHO PELE PRINCIPLES

Standard	Desired standard	Achieved improvements in relation to the targeted improvements for entire cycle
Consultation	Nerve centre meetings 1X a month	In many municipalities MRRTs were not active or non-functional with a few exceptions which were found to be functional. To remedy this situation, DRRT engaged in a direct exercise of working with all municipalities at District and Local level to convene the MRRT meetings and illustrate the importance of these structures.
Courtesy	Respond to community within 7 days of receipt of memorandum	A Provincial database was created and it is updated with community concerns every month. All 44 municipalities are monitored on the implementation of proposed remedial actions.
Access	Monthly or weekly Visit to municipalities Monthly feedback meetings with 26 dysfunctional municipalities	54 municipalities visited at least once per month <ul style="list-style-type: none"> Support Plans for all municipalities were developed, inclusive of the non-performing municipalities. Support plans were based on the CMET findings, which also informed the Section 47 report, resulting in comprehensive, integrated support plans. All support plans are implemented and are monitored on an on-going basis and reported on a quarterly basis The Department also supported 54 municipalities to improve functionality of Audit Committees, however only nine (9) municipalities have dysfunctional Audit Committees.
Information	Reports will be made available through IGR Forums and when requested	Resolutions were monitored and the progress on the decision matrix was presented at Technical MUNIMEC on 2 March 2018.
Openness & transparency	Monthly support meetings with municipalities	<ul style="list-style-type: none"> Final Evaluation Report was compiled on the Evaluation of the efficiency and effectiveness of the Internal Audit and Performance Audit Committees of Municipalities. All municipalities were provided with draft feedback on overall/general findings in the form of the proposed improvement plans.
Redress	Any complaints to be addressed through IGR Forums	All 10 IGR Structures monitored and supported. Resolutions taken at MUNIMEC and Technical MUNIMEC have been monitored. Progress on the resolutions was tabled at Technical MUNIMEC on 2 March 2018.
Value for money	Conduct quarterly monitoring & evaluation	Circular 11 of 2017 with the reporting template were submitted to all 54 Municipalities. All 54 Municipalities submitted completed reporting templates (in January 2018) which were monitored and assessed in terms of the single reporting system.
	Perform quarterly risk management assessment	A standard assessment tool was developed and disseminated to all 54 municipalities as per business plan activities. Responses received from the municipalities emanating from the assessment tool were assessed. 12 municipalities were identified for support in line with the assessment tool and in accordance with the back to basics support plan. Confirmation regarding the nature of support on 12 identified municipalities was done. A workshop was conducted with 12 identified municipalities and support was provided.

SERVICE DELIVERY INFORMATION TOOL

Current / Actual Information Tools	Desired Information Tools	Actual Achievements
Electronic Dashboard per District (10 dashboards)	Implement and maintain 10 District level electronic dashboards, with up to date performance information as gathered through the quarter by Back-to-Basics Comprehensive Monitoring and Evaluation Tool (CMET) as well as district profile information, per individual municipality (54 Municipalities)	The dashboard is functional and the departmental DIS unit is maintaining the dashboard, making use of an ARCGIS platform for hosting and displaying the information. Municipalities are provided feedback on quarterly basis with regards to the tool.

COMPLAINTS MECHANISM

Current / Actual Complaints Mechanism	Desired Complaints Mechanism	Actual Achievements
The Departmental EXCO recommended for the Complaints Management Policy to be certified by Legal Services	Integrated Complaints Management System	<p>The policy is currently with Legal Services Unit for certification.</p> <p>The Department has suggestion boxes located in front service desks to collect complaints as well as compliments. Social media and other Government Programmes are also used as a platform to engage citizens and collect service delivery complaints.</p>

Organizational Environment

The Department is structured around four programmes.

Programme 1 is Administration and is the support service for the other three Programmes by ensuring that they are capacitated to perform their functions. Programme 2 is Local Governance responsible for supporting Local Government structures in the municipalities on governance, administration, financial management, legislative mandates of the municipalities, public participation, capacity building and monitoring the performance of the municipalities. Programme 3 is Development and Planning responsible for provision of planning and development support to the municipalities in KwaZulu-Natal through implementing programmes to accelerate service delivery in the communities. This 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 2018 the department had a total of 1376 permanent posts in its employ. Males constitute 40.04% (551) while females constitute 59.60% (825) of the workforce. At the senior management level males constitutes 48.26% (28) and females is 57.72% (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 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 2018										POST STATUS INFORMATION			
Salary Level	African		Coloured		Indian		White		Grand Total	Active Filled	Active Vacant	Total Posts	Employees with disabilities
	Female	Male	Female	Male	Female	Male	Female	Male					
1	0	0	0	0	0	0	0	0	0	0	0	0	0
2	43	22	0	0	0	0	0	0	65	65	2	67	0
3	9	40	0	0	0	0	0	0	49	49	7	56	0
4	4	15	0	0	0	0	0	0	19	19	5	24	1
5	105	61	2	1	5	4	13	2	193	193	20	213	5
6	283	165	0	0	0	0	0	0	448	448	28	476	1
7	109	44	4	0	10	4	14	1	186	186	13	219	7
8	37	33	4	1	7	4	2	0	88	88	16	104	1
9	35	19	3	0	3	2	1	3	66	66	10	76	2
10	26	16	2	0	7	4	2	4	61	61	6	67	1
11	24	24	1	0	4	6	2	3	64	64	8	72	0
12	21	29	1	1	11	8	1	7	79	79	11	90	0
13	17	12	0	0	4	1	1	5	40	40	9	49	1
14	7	6	0	0	1	0	0	1	15	15	2	17	0
15	0	2	0	0	0	0	0	0	2	2	2	4	0
16	0	1	0	0	0	0	0	0	1	1	0	1	0
TOTAL	720	489	17	3	52	33	36	26	1376	1376	159	1535	19

Percentage Economically Active Population Group	KZN EAP
	QLFS 4-2016
African Female	47.20%
African Male	41.40%
Coloured Female	0.50%
Coloured Male	0.50%
Indian Female	3.70%
Indian Male	3.70%
White Female	1.50%
White Male	1.60%
Total	100.10%

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

It is the responsibility of the Department to organise itself in a manner that will maximise service delivery whilst fulfilling its mandate. The Department has examined its internal organizational environment and 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 the Department. Continuous capacitating of employees as per Personal Development Plan will work towards improving production and service delivery.

Key Policy Developments and Legislative Changes

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

2.4.3 STRATEGIC OUTCOME 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.

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



STRATEGIC GOALS	OBJECTIVES
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

Programme / Subprogramme / Performance Measures	Audited Outcome for 2016/17 as per Annual Report	Target for 2017/18 as per Annual Performance Plan (APP)	Pre-audited output for 2017/18 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)	54	54	54	
2.2 Municipal Finance				
Number of municipalities guided to comply with MPRA by target date (Sub-outcome 3)	51	44	44	MPRA is only applicable to local municipalities and is not implemented by districts therefore annual target is reported as 44 and not 54.
Number of municipalities supported to improve revenue management and debt collection (Sub-outcome 3)	11 on Revenue 18 on Debt	11 on Revenue 18 on Debt	17 on Revenue and Debt Management	
Number of municipalities monitored on implementation of Audit Response Plans based on the 2015/16 audit outcomes (Sub-outcome 3)	54	54	54	
Number of municipalities with functional audit committees	54	54	54	
Number of reports produced on the extent to which municipalities comply with the implementation of Anti-corruption measures (Sub-outcome 3)	4	4	4	
Number of reports on fraud, corruption and maladministration cases reported and investigated (Sub-outcome 3)	4	4	4	
2.3 Public Participation				
Number of ward committees supported on implementation of ward operational plans	647	870	870	
Number of municipalities supported on the development of ward level database with community concerns and remedial actions produced (Sub-outcome 2)	44	44	0	
Report on number of community report back meetings convened by Councillors in each ward (Sub-outcome 2)	4	4	0	
2.4 Capacity Building Development				
Number of capacity building interventions conducted in municipalities (Sub-outcome 3)	2	3	3	

Programme / Subprogramme / Performance Measures	Audited Outcome for 2016/17 as per Annual Report	Target for 2017/18 as per Annual Performance Plan (APP)	Pre-audited output for 2017/18 as per Annual Report	Comments for the 4th Quarter
QUARTERLY OUTPUTS				
2.5 Municipal Performance Monitoring, Reporting and Evaluation				
Number of municipalities supported to institutionalize performance management system (PMS)	54	54	0	
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	
Number of work opportunities created through the CWP in municipalities	36 155	40 500	43 589	
3.4 Municipal Infrastructure				
Number of municipalities supported with service delivery programmes	31	31	31	
Number of municipalities supported to implement indigent policies (Sub-outcome 1)	30	30	30	
3.6 Land Use Management and Disaster Management				
Number of municipalities supported with the implementation of SPLUMA	44	44	44	
Number of municipalities supported functional Municipal Disaster Management Centres	11	11	11	
Provincial Fire brigade services established by target date	1	1	1	
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	1	

Programme 3: Development Planning**3.6 IDP Coordination**

Programme / Subprogramme / Performance Measures	Audited Outcome for 2016/17 as per Annual Report	Target for 2017/18 as per Annual Performance Plan (APP)	Pre-audited output for 2017/18 as per Annual Report	Comments for the 4th Quarter
QUARTERLY OUTPUTS				
Number of municipalities supported with development of legally compliant IDP (Sub-outcome 1)	54	54	54	



2.4.4 PERFORMANCE INFORMATION PER PROGRAMME

SECTOR SPECIFIC INDICATORS

The sector specific indicators are included in the list of indicators below, and are marked with a statement “NT indicator”, NT meaning National Treasury.

DESCRIPTION OF PROGRAMME 1

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.

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 359 staff was skilled.

The re-alignment of the Department's strategy to the structure has been implemented. The Structure for Programme 2 has been approved in September 2017 and captured on PERSAL and officials have been placed on the system. Programme 3 and 4 was approved by DPSA in December 2017, and are in the process of being captured on PERSAL. To reduce the vacancy rate in the Department, 67% of vacancies were filled as per the priority vacant posts. Management practices improved in the Department by implementing the Diversity Management Strategy through Diversity Awareness Campaigns. This includes the implementation of the Employment Equity Plan. Women representation in Senior Management Services now represent 52% and 1,7% of the workforce are represented by people with disabilities. 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 R1.585bn, and programmes jointly spent within 4% of the allocated budget. This is an unfortunate regression from last year's less than a 2% variance on expenditure. To manage expenditure, the Department set a performance target of not moving more than 2% of its budget between main divisions of the budget after adjustments. This target was also not achieved as 3.1% of funds were moved between main divisions.

The SCM unit has provided effective SCM support to the Department. The Procurement Plan was submitted and the required monthly deviation and payment reports were submitted. Monitoring of the procurement plan resulted in 97% of the budget being spent.

The Department also took action against non-payment of invoices within 30 days. The Account Payables and Advanced Procurement Systems was implemented and resulted in massive improvement in the average time to pay invoices within 30 days. In 2016/17 an overall payment average of 89% over the financial year was reported. This improved to 90.43% in the 2017/18 financial year.

Monitoring and Evaluation

The Department conducted 8 evaluations of key areas in the execution of the Departments mandate. These reports included recommendation to improve programmes in areas of Implementing Capital Projects, Departmental training provided to Municipal Public Accounts Committees (MPAC), the Back to Basics programme, and support to municipalities in implementing the Municipal Clean Audit Strategy as well as an assessment of the support provided by Intergovernmental Relations (IGR).



ACHIEVEMENTS: PROGRAMME 1

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
1.1 OFFICE OF THE MEC	2.1. Improved capacity of political and administrative governance	Percentage of Cabinet matters implemented	New	100%	100%	0	
		Number of strategic documents tabled to the legislature as per statutory requirements	7	5	5	0	
		Number of Cabinet Sub-Committees supported	New	4	4	0	
		Percentage of Portfolio Committee protocols implemented	New	100%	100%	0	
		Percentage of Parliamentary protocols implemented	New	100%	100%	0	
		Percentage of ministerial projects supported	New	100%	100%	0	
		Number of security policies implemented	New	1	1%	0	
1.2. OFFICE OF THE HEAD OF DEPARTMENT	2.2. Strengthened accountability of governance institutions	Number of Budget and Annual performance plans implemented	New	2 (1 APP and 1 Budget)	2	0	
		Number of Internal Audit processes implemented	New	1	1	0	
	2.1. Improved capacity of political and administrative governance	Number of SMS mentoring processes implemented	New	1	1	0	
		Number of Departmental management structures functional	New	2 (MANCO & EXCO)	2	0	
		Number of policies implemented in respect of information and physical security	1	1	1	0	
		Number of Districts and Metros supported on OSS	11	10 Districts and 1 Metro	11	0	
1.3. HUMAN RESOURCE MANAGEMENT- ORGANISATIONAL DEVELOPMENT AND EFFICIENCY SERVICES	2.1. Improved capacity of political and administrative governance	Percentage of planned targets contained in MTEF HR plan achieved	New	100%	100%	0	
		Number of Organisational Structures implemented	New	1		0	
		Number of Operations Management Frameworks implemented	New	1		0	
1.3. HUMAN RESOURCE MANAGEMENT- HUMAN RESOURCE ADMINISTRATION	2.1. Improved capacity of political and administrative governance	Number of headcounts undertaken	New	4	4	0	
		Percentage of vacancies that is filled as per the priority vacant posts in accordance with Public Administration and Management Delegations	New	100%	67%	-33%	Some recruitment processes are unsuccessful and need to be reinitiated.
		Prescribed percentage of staff that can be held additional to establishment	New	Less than 5% of employees appointed additional to the establishment for a period not exceeding 12 months	2.41%	0	
		Number of electronic leave systems implemented	New	1	1	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
		Number of diversity management strategies implemented	New	1	1	0	
1.3. HUMAN RESOURCE MANAGEMENT- HUMAN CAPITAL DEVELOPMENT	2.1. Improved capacity of political and administrative governance	Percentage staff capacitated in accordance with the Departmental Training Plan	New	100%	100%	0	
		Number of Performance Management Systems implemented	New	1	1	0	
		Number of Employee Health and Wellness Policies implemented	New	3	3	0	
		Number of Employee Assistance Programmes undertaken	New	1	1	0	
1.4. INFORMATION TECHNOLOGY	2.1. Improved capacity of political and administrative governance	Number of ECM systems Implemented	New	1	1	0	
		Number of ICT Governance Policies and Plans implemented	New	5 (4 plans and 1 policy)	5	0	
		Number of SiTA Service Level Agreements enforced	New	1	1	0	
		Number of Business Continuity Plans implemented	New	1	1	0	
		Number of fully functional IT Services	1	1	1	0	
1.5. 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% Departmental Buildings compliant with the Occupational Health and Safety Act	100%	0	
		Number of Safety, Health, Environment, Risk and Quality (SHERQ) Management policies implemented	New	1	1	0	
		Number of PAIA Manuals implemented	New	1	1	0	
		Percentage of fleet efficiently managed	98%	100%	100%	0	
1.6. FINANCIAL MANAGEMENT	2.1. Improved capacity of political and administrative governance	Number of clean audits achieved	0	1	0	-1	Unqualified with matters of emphasis
		Number of Traditional Entities with audited financial statements	New	1	1	0	
		Number of Statutory Reports submitted	28	28	28	0	
		Number of programme budgets spent in accordance with approved budget	New	4	0	-4	Under expenditure on the allocated budget
		Percentage of expenditure in line with the Departmental Procurement Plan	94%	100%	90%	-10%	Under expenditure on the allocated budget
		Percentage of suppliers paid within the thirty day period	90.5%	100%	90.4%	-10%	Not all invoices could be processed within the 30 day time limit
		Number of Departmental Movable Asset Policies implemented	New	1	1	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
		Number of Traditional Administrative Centres with updated Movable Asset Registers	283	257	257	0	
1.7. TRADITIONAL FINANCE	2.1. Improved capacity of political and administrative governance	Number of Traditional Councils supported to implement the financial management practice notes	257	267	267	0	
1.8. INTERNAL CONTROL	2.2. Strengthened accountability of governance institutions	Number of anti-fraud and corruption strategies implemented	1	1	1	0	
		Percentage of reported fraud cases investigated	100%	100%	100%	0	
		Percentage of criminal cases reported on	100%	100%	100%	0	
		Number of Internal Audit Improvement Strategies implemented	1	1	1	0	
		Number of internal audits conducted	New	1	1	0	
		Percentage of Risks reduced from high to moderate and below	New	100% of high risks reduced to moderate and below	100%	0	
		Percentage of AG Issues resolved	100%	100%	100%	0	
1.9. STRATEGIC PLANNING AND SERVICE DELIVERY	2.1. Improved capacity of political and administrative governance	Number of Service Delivery Improvement Plans implemented	1	1	1	0	
		Number of stakeholder consultations held	New	12	12	0	
	2.2. Strengthened accountability of governance institutions	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%	100%	0	
1.10. MONITORING	2.2. Strengthened accountability of governance institutions	Number of Clean Audits on performance information achieved	1	1	1	0	
		Number of monitoring systems functional	1	1	1	0	
		Number of knowledge sharing sessions conducted	16	16	16	0	
1.11. EVALUATION	2.2. Strengthened accountability of governance institutions	Percentage of confirmed evaluation recommendations monitored for implementation	100%	100%	100%	0	
		Number of evaluations studies conducted on Departmental programmes to inform the Strategic Plans	6	6	6	0	
		Number of internal evaluations conducted	New	16	16	0	
		Number of MPAT Key Performance Areas that fully comply level 4 rating	New	4	0	-4	Lacking processes and procedures leave the Department unable to comply fully with MPAT set standards.
1.12. POLICY AND RESEARCH	2.1. Improved capacity of	Number of departmental policies reviewed	10	8	8	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
	political and administrative governance	Number of policies monitored	3	3	3	0	
		Number of Departmental policy registers maintained	1	1	1	0	
		Number of research projects conducted on KZN specific weather related patterns in partnership with relevant institutions	New	1 Research Project finalized	1	0	
		Number of information hubs with data related to Municipalities and Traditional Institutions updated	1	1	1	0	
		Number of sector knowledge management/ generation (Local Government or Traditional Affairs) research projects undertaken	New	1	1	0	
		Number of sector innovation research projects undertaken	New	1	1	0	
1.13. LEGAL SERVICES	2.2. Strengthened accountability of governance institutions	Percentage compliance with all line function legislation	42%	100% compliance with all line function legislation	99.55%	0	
		Percentage compliance with all transversal legislation	42%	100% compliance with all transversal legislation	99.55%	0	
		Percentage of Service Delivery Decisions compliant with PAJA	New	100% Compliance	100%	0	
	2.1. Improve capacity of political and administrative governance	Percent of cases completed within 90 days in terms of MPAT Standards	34%	90% of cases completed within 90 days (in accordance to MPAT Standards)	66%	-24%	Postponement of hearings and protracted processes
1.14. 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 UNDERPERFORMANCE

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 remains in place and will intensify its oversight role in this regard.

The Department will continue to implement a rigorous approach to budget planning and management to improve is under expenditure through the established Budget Committee.

CHANGES TO PLANNED TARGETS

No changes were made to planned targets.

LINKING PERFORMANCE TO BUDGETS

Programme 1: Administration									
2017/18								2016/17	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Sub programme	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Office of the MEC	22 370	-	(1 300)	21 070	20 007	1 063	95.0%	20 820	20 812
2. Corporate Services	373 570	-	(12 800)	360 770	354 650	6 120	98.3%	362 100	359 608
Total for sub programmes	395 940	-	(14 100)	381 840	374 657	7 183	98.1%	382 920	380 420

DESCRIPTION OF PROGRAMME 2

The programme consists of six sub-programmes namely Municipal Administration, Municipal Service Delivery Support, 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;
- To manage and co-ordinate municipal development; and
- To coordinate municipal IDP process.

Municipal Governance and Administration

Through the Municipal Service Delivery Unit, all municipalities were visited at least once a month and reports were developed for each visit. These service delivery reports were drafted and validated by the municipal managers of those municipalities and support plans were developed for issues to be addressed on a continued basis.

The success of co-operative 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. Of the 10 Districts IGR structures, all were functional for the greater part of the reporting period.

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 relevant municipalities have the participation of traditional leaders in Municipal Councils, but this excludes Endumeni, Kokstad municipalities which do not have traditional leaders participating in their municipal councils.

To advance accountability measures, a number of municipalities were targeted for support to attain functional oversight structures. All targeted oversight structures such as municipal Executive Committees, Portfolio Committees, Municipal Public Accounts Committees and Councils were monitored for functionality and supported accordingly. Workshops were conducted as part of providing support to municipalities with the aim of ensuring that oversight structures remained functional.

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 Municipal Delegations System, Roles and Responsibilities, Municipal Policy on councillor remuneration, Delegations Framework, Recruitment, and Leave policies.

The responses from the assessment reflected that all municipalities were complying with the legislative provisions relating to these governance policies. Intensive workshops on these policies were conducted during the first and second quarters of 2017/18. However, some municipalities indicated during the fourth quarter assessment that, even though they were complying with the legislative provision, they would require additional support in the form of refresher training, which would be planned for roll out in 2018/19 financial year.

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 Beaches, Municipal Buildings and Facilities, Fire, Property Encroachment and Electricity. All these standard by-laws were gazetted.

Municipal Finance

This sub-programme aims to improve governance of municipal fiscal matters, a key area of monitoring municipal budgets including the allocation and actual expenditures on capital infrastructure (new constructions, maintenance and operation)

All municipal budgets were assessed on budget allocated to capital infrastructure (new constructions, maintenance and operation). Twelve municipalities allocated 27% or more and forty two municipalities allocated below 27% of their budgets to new construction, maintenance and operation. Furthermore, four municipalities allocated 8% or more to repairs and maintenance whilst fifty municipalities allocated less than 8% to repairs and maintenance. This is a key area to address in future years to ensure sustainability of public infrastructure. The assessment on expenditure is done retrospectively, the assessment was based on the municipal 2nd quarter of 2017/18, and most municipalities managed to achieve 100% of the targeted budget expenditure. MIG and the INEP grants are the major factors in the assessment and on total Capital Expenditure, only 7 municipalities achieved 100% and 9 achieved more than 90%. The provincial average is 75% budget expenditure.

To assist municipalities to implement revenue raising strategy, the Department supported municipalities to improve revenue management and debt collection. In 2016/2017 the challenge was to establish the Revenue and Debt Steering Committees at municipalities. At the end of this reporting period, 22 Revenue & Debt Committees were established. However, the functionality and sustainability of these committees has been a challenge throughout the year.

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. It is regrettable to report a regression in municipal audit outcomes for the period. The municipal audit outcomes for the 2017/18 financial year are as follows:

- Seven (7) unqualified audits with no other findings;
- Thirty three (33) unqualified audits with findings;
- Ten (10) qualified;
- Two (2) adverse; and
- Two (2) disclaimer of opinions

The Department analysed all the Audit Response Plans received from the municipalities and provided feedback on the adequacy of the action plans.

Irregular Expenditure closing balance in municipalities increased by R3 473 652 436, representing 46% growth. This expenditure was incurred by forty eight (49) out of 54 municipalities. Fruitless and Wasteful Expenditure closing balance increased by R75 796 423, representing 39% growth and Unauthorised Expenditure closing balance increased by R2 348 094 210, representing 62% growth.

The implementation of Section 32(2) and 170 of MFMA, which involve writing off or condonation or recovery of irregular expenditure as well as fruitless and wasteful expenditure has been dismal and almost non-existent in municipalities. This is a key focus area in municipalities for the coming year with a drive to implement consequence management. A related challenge in this regard is that not all municipalities in the Province have functional Audit Committees with nine (9) municipalities having dysfunctional Audit Committees.

Public Participation

The goal of the Department in this regard is to improve decision making of municipalities through citizen participation. The Department works closely with municipalities to ensure that effective public participation structures and systems are implemented in all municipalities at ward level.

After a challenging post-Local Government election period and the re-election of all 870 ward committees in the Province, all 44 municipalities had been declared to have most of their ward committees functional and operational. However, 4 municipalities attained ward committee functionality results below 50% and as such they will be included as priority municipalities in the remedial action plan for the next financial year. Poor record keeping in municipalities appears to be the main reason for not improving functionality of these committees.

A fundamental area in testing functionality of ward committees is the implementation of ward operational plans that include basic ward level issues such as potholes, non-functioning traffic lights, service interruptions, billing queries, etc. All 870 Ward Operational Plans have been reviewed and the implementation of Plans has been monitored. According to the verification process conducted by the Department, at least 798 (92%) ward committees presented reports to the municipality on the implementation of their ward operational plans. However, the challenge is to ensure that these ward based plans are aligned to the municipal IDP. Departmental analysis indicates that the ward plans of 8 municipalities are not aligned to the IDPs, and there were 20 that showed partial or inconclusive alignment. Only 16 of the 44 municipalities indicated alignment conclusively.

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, the department had supported all municipalities in establishing and workshopping Rapid Response Teams. There are 51 municipal RRTs that are functional.

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.

Some progress has been made in developing an electronic dashboard for municipal performance measurement but not completed. This process will continue in 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 54 municipalities were supported in this regard.

IDP Co-ordination

The Department aims to improve functionality of Inter-Governmental Fiscal and Planning 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. However, due to inconsistencies and challenges in the source documentation from both municipalities and sector departments, the Department was not in a position to perform the required calculations accurately. To deal with these challenges, the Department aims to provide support to municipalities and sector departments to prepare credible SDBIPs and APPs and continuously checking on alignment between these documents.

A first step towards dealing with the above challenge was to compile an integrated provincial service delivery framework by utilising the IDP as the single window of coordination. 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 compared to the information in municipal IDPs. The aim of this Framework is to feed into and impact on the review of the PGDP as well as Provincial IGR structures. 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.

Linking community needs with municipal plans remains a challenge as the alignment of ward based plans with IDPs reflect that some municipalities have IDPs aligned to Ward Based Plans, others with partial/ inconclusive alignment, while there are those with no alignment at all.



ACHIEVEMENTS: PROGRAMME 2

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
2.1. LOCAL GOVERNMENT SPECIALISTS	1.1. Improved functionality of Inter-Governmental Relations	Number of municipalities supported with coordinated service delivery	New	54	54	0	
2.2. INTER-GOVERNMENTAL RELATIONS	1.1. Improved functionality of Inter-Governmental Relations	Number of IGR Structures functional in accordance with the IGR Framework.	10	10 Structures fully functional in accordance with the IGR Framework	10	0	
		Number of partnerships with SALGA maintained	1	1	1	0	
2.3. IDP CO-ORDINATION	1.1. Improved functionality of Inter-Governmental Relations	Percentage of public sector expenditure spent in accordance to the municipal IDP	0%	65%	0	-1	Unable to perform accurate calculations due to unreliability of source documents
		Percentage of public sector capital expenditure within KZN spent in accordance with the PGDS identified/aligned projects	0%	60%	0	-1	Unable to perform accurate calculations due to unreliability of source documents
		Number of municipalities supported with development of legally compliant IDP	54	54	54	0	
		Number of provincial service delivery IGR forums functional and maintained	1	1 functional joint provincial service delivery forum	1	0	
		Number of district shared services implemented	10	10	10	0	
2.4. MUNICIPAL PERFORMANCE, MONITORING REPORTING AND EVALUATION	2.2. Strengthened accountability of governance institutions	Number of municipalities supported to institutionalise performance management system	51	54	54	0	
		Number of Municipal Performance Reports compiled as per the requirements of Section 47 of the MSA	1	1	1	0	
		Number of evaluations conducted	1	1	1	0	
	1.1. Improved functionality of Inter-Governmental Relations	Number of municipalities complying with the single reporting mechanism	54	54	54	0	
		Number of electronic dashboards implemented	10	10 Implemented	10		
		Number of municipal Support Plans implemented in line	54	54	54	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
		with the 10 Point Plan					
		Percentage of COGTA issues resolved	94%	100%	98%	+2%	Not all Directorates closed out the issues as per the database
		Percentage of Sector issues facilitated	100%	100%	100%	0	
2.5. MUNICIPAL GOVERNANCE AND ADMINISTRATION	1.1. Improved functionality of Inter-Governmental Relations	Number of municipalities with functional oversight structures	54	54	54	0	
	2.1. Improved capacity of political and administrative governance	Number of municipalities complying with local government legislation	54	54	54	0	
		Number of municipalities complying with local government policies	53	54	51	-3	Municipalities not providing relevant information
		Number of draft standard by-laws developed to support the municipalities with their legislative competency	5	5	5	0	
		Number of municipalities supported to comply with MSA regulations	54	54	54	0	
		1.1. Improved functionality of Inter-Governmental Relations	New	1	1	0	
		Percentage of Municipal Governance and Administration COGTA B2B issues resolved					
2.6. SYNERGISTIC PARTNERSHIPS	2.1. Improved capacity of political and administrative governance	Number of municipalities with the participation of traditional leaders	52	54	54	0	
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Synergistic Partnerships COGTA B2B issues resolved	New	100%	100%	0	
2.7. MUNICIPAL FORENSICS	2.2. Strengthened accountability of governance institutions	Number of municipalities with reviewed anti-fraud and anti-corruption strategies	New	54	54	0	
		Percentage of fraud, corruption and maladministration cases investigated (Including NACH Cases)	New	100%	100%	0	
		Number of municipalities supported with the review of fraud risk registers	New	54	54	0	
		Percentage of COGTA forensic investigation recommendations monitored	New	100%	100%	0	
	1.1. Improved functionality of Inter-	Percentage of Municipal Forensics COGTA B2B issues	New	100%	100%	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
	Governmental Relations	resolved					
2.8. MUNICIPAL FINANCE	2.1. Improved capacity of political and administrative governance	Number of municipalities assessed on budget allocated to capital infrastructure (new constructions, maintenance and operation)	New	54	54	0	
		Number of municipalities assessed on expenditure allocated to capital infrastructure spent (new constructions, maintenance and operation)	New	54	54	0	
		Number of municipalities supported to improve revenue management and debt collection – NT Indicator	29	17 on Revenue Management and Debt Management	22	5	More municipalities established their committees
		Number of municipalities guided to comply with MPRA by target date	54	44	44	0	
		Number of Reports submitted on state of municipal finance in terms of section 131 of the MFMA	1	1	1	0	
	2.2. Strengthened accountability of governance institutions	Number of municipalities supported towards the achievement of clean audits	New	54	54	0	
		Number of municipalities with functional audit committees	54	54	51	-3	Not all municipalities achieved the set criteria for functionality
		Number of municipalities monitored on implementation of Audit Response Plan based on the 2015/16 audit outcomes monitored	54	54	54	0	
		Number of municipalities supported to implement indigent policies	New	53	53	0	
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Municipal Finance COGTA 828 Issues resolved	New	100%	100%	0	
2.9. PUBLIC PARTICIPATION	2.3. Improved decision making of municipalities through citizen	Number of municipalities with functional ward committees as per the Municipal Structures/Systems Act (MSA)	37	44 municipalities with functional Ward committees	25	-19	Not all municipalities achieved the set criteria for functionality
		Number of ward committees supported on implementation of ward operational	647	870 ward committees	870	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
		plans					
		Number of municipalities with ward based plans aligned to the IDP	43	44 municipalities with Ward based plans aligned to the IDP	19	-25	Not all municipalities achieved the set criteria for alignment
	2.1. Improved capacity of political and administrative governance	Number of municipalities supported to roll-out gender policy framework	54	54	54	0	
	2.3. Improved decision making of municipalities through citizen participation	Number of municipalities supported on the development of ward level database with community concerns and remedial actions produced (NT Indicator)	44	44	44	0	
		Number municipalities with functional rapid response teams in line with the strategy	49	54	51	-3	Not all municipalities achieved the set criteria for functionality
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Public Participation COGTA B2B issues resolved	New	100%	100%	0	
3.39. CAPACITY BUILDING	2.1. Improved capacity of political and administrative governance	Number of provincial capacity building strategies coordinated	New	1	1	0	
		Number of capacity building interventions conducted	2	3	3	0	
		Number of strategic partnerships facilitated	2	2	2	0	
		Number of learnership programmes implemented in accordance to the provincial capacity building strategy	1	1	1	0	
		Percentage of Capacity Building COGTA B2B issues resolved	New	100%	100%	0	
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Capacity Building COGTA B2B issues resolved	New	100%	100%	0	

STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

Continuous support will be provided to those municipalities where the functionality of ward committees remains a challenge. This will include workshopping, and some one on one engagement with these affected municipalities. The Department will strengthen its approach to align ward based plans to the programmes of municipal IDP to ensure that the voice of communities is heard through practical solutions on the ground. Intensified work sessions and again one on one support is planned in areas of greatest need,

The challenges with respect to the 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 displayed correctly and used in calculations.

CHANGES TO PLANNED TARGETS

No changes were made to planned targets.

LINKING PERFORMANCE TO BUDGETS

Programme 2: Local Governance									
	2017/18							2016/17	
	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	36 227	-	(4 812)	31 415	31 731	(316)	101.0%	49 764	49 843
2. Municipal Finance	27 120	-	(1 948)	25 172	24 635	537	97.9%	23 847	23 704
3. Public Participation	172 066	-	(8 540)	163 526	158 780	4 746	97.1%	158 138	158 227
4. Capacity Development	17 082	-	(8 000)	9 082	7 548	1 534	83.1%	10 706	10 498
5. Municipal Performance, Reporting & Evaluation	9 617	-	(700)	8 917	8 792	125	98.6%	11 827	11 858
Total for sub programmes	262 112	-	(24 000)	238 112	231 486	6 626	97.2%	254 282	254 130

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

Spatial Planning

The goal 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, the Department have supported all 54 municipalities in improving their Spatial Development Frameworks with Provincial Spatial Planning Guidelines. The Department further supported 44 municipalities on the development of land use schemes and systems in the province. 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. GIS is being used to map all municipal schemes in order to promote an integrated Spatial Planning System. All of the adopted schemes have been mapped. This 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 traditional areas in the Mthonjaneni, Umvoti and uPhongolo Municipalities. 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 continued monitoring and support on the implementation of the densification framework. A report was prepared where progress in this regard has been recorded. The targeted municipalities were Umhlathuze, Ethekwini, Newcastle, Ray Nkonyeni and Umzumbe. The aim of densification is to increase in the population density within designated development areas. A further 5 municipalities; Umshwathi, Nongoma, Umlalazi, KwaDukuza, Ugu municipalities had densification strategies developed and approved by the provincial steering committee. To assist municipalities in promoting growth in small towns, 4 municipalities were monitored on the development of nodal plans. Five nodal plans were developed for implementation and two are still in the process of being developed. These are Emadlangeni (Nkosi Nzima), Ray Nkonyeni (Gamalakhe, Gcilima, Hibberdene, Port Edward and Shelly Beach-Uvongo-Margate), Umfolozi (IDZ), Umdoni (Scottburgh) and Dr Nkosazana Dlamini Zuma (Traditional Area). To further attract investment into new towns to create more employment and enhance the economy, the N2 South Corridor Plan has been finalised.

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. Support was also provided to municipalities with the amendments of delegations from the Planning Development Act to SPLUMA by-laws. Since Norms and Standards are required by legislation to assist municipalities with decision making, Norms and Standards were developed for Landscapes and Telecommunications.

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. Thirteen municipalities have been supported with the formalisation of towns. Working plans have been drafted; however, due to the provisions of the Ingonyama Trust Land Act, only 2 general plans were framed for settlements on State Land.

The Department have also supported traditional councils in surveying their boundaries and have developed maps of izigodi (traditional wards).

With regards to strengthening municipal development and planning governance required from the Department to support municipalities to meet the norms for processing of development applications, the target of 73% was increased to 76% compliance. The monitoring data reflects that of the applications received; 98.9% (588 of 594) applications met the time norms for the financial year.

Local Economic Development - Special Initiatives

The 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 all Districts have been funded to host summits to review District Growth and Development Plans. Furthermore, UGu, Harry Gwala and uMgungundlovu District Development Agencies have been allocated a further R3 million each to operationalise their RASET programme. The RASET grant funding is aimed specifically to implement the National Schools Nutrition Programme. The District Development Agencies will leverage off the National Schools Nutrition Programme to create access to markets for emerging farmers, economic development for the region and empowerment of the communities through inclusion in the economy and alleviation of poverty.

All 10 districts and the Metro were supported with platforms that allow discussions on the informal economy as follows:-

- Ugu District on Tea Tree oil harvesting and also to redevelop the SMME component of the project.
- Harry Gwala District along with Umzimkhulu Municipality on the formulation of the operational plan for the SMME facility.
- Ethekwini Metro to deliberate on the finalization of the Isithumba Tourism project.
- Umgungundlovu District on the construction of SMME Richmond Incubator Centre
- Umzinyathi District regarding the Kranskop Market Stalls.
- Amajuba District in partnership with Dannhauser Informal Traders to finalise the allocation plan of the trading stalls.
- Uthukela District in relation to the Inkosi Langalibalele Market Stalls.
- King Cetshwayo District regarding the KwaMbonambi Market Stalls.
- Zululand District with a site assessment for the eDumbe/ Paul Pietersburg Market Stalls in order to engage with relevant stakeholders regarding challenges affecting Traders.
- Umkhanyakude District on the Ndumo Market Stalls.
- Ilembe District with the Maphumulo Taxi Rank stalls site visit and the recommendation that a special forum need to be established to deal with operation and maintenance of the stalls.

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.

The Department specifically targets to establish agri-hubs/fresh produce market facilities that are aligned to government markets such as schools, prisons and hospitals. As at the end of this financial year, two municipalities (Okhahlamba and King Cetshwayo) have functional agri-hubs/fresh produce market facilities aligned to these identified institutional markets.

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 Traditional Councils were supported with development initiatives; Emadungeni Piggery and Vegetable Production, KwaNdelu TC Mushroom Production and Emalangeneni Vegetable Production.

The establishment of Community Service Centres (CSC) 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. Bergville and Magabheni CSC projects have reached construction phase. Five projects from the previous financial year have reached 95% completion. These are Amahlubi - 96.6%, Bulwer - 96%, Sonkombo - 95%, Ngwenya - 95%, Matimatolo - 55% & Shange - 100%. In addition, 4 new Park Home & Toilet Block projects have reached final delivery. These are located in Magwaza, Embo, Fodo and Thokozani Madumisa.

The Community Works Programme created 43 589 employment opportunities and the EPWP programme 1537 at the end of the financial year in different municipalities.

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.

The Department supported and registered Sanitation Project Business Plans for 6 WSAs (UGu, Amajuba, Ilembe, City of Umhlathuze, Umzinyathi and Uthukela). Support was provided in the form of site meetings and inspections, guidance and assistance to the municipalities in identifying and/or addressing project challenges. A further four municipalities were supported with electrification, project implementation and monitoring as well as capacity building. These municipalities were Edumbe, Abaqulusi, Ndwedwe and Maphumulo.

The Department registered a total of 239 MIG projects. MIG implementation plans are reviewed on a monthly basis for all 53 municipalities (excluding the Metro) in line with MIG and DORA Framework.

Support was provided to 53 municipalities with the expenditure through compilation of monthly expenditure reports, support meetings, site visits and workshops. The impact of support interventions has allowed the province to maintain the number one position in terms of MIG expenditure in the 2016/2017 as at end of June 2017 and also maintain that position in the 2017/2018 as at end of February 2018.

The interventions have also reduced the number of municipalities that have funds stopped from 10 to 6 if compared with the 2015/2016 FY. The Province has gained a further allocation of R19,8 million through the Stopping and Reallocation process as gazetted in March 2018.

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. All 53 municipalities were monitored against pre-determined service delivery standards, and various other performance indicators. Two municipalities achieved higher than 80% in the assessment (Okhahlamba & Mthonjaneni), eight achieved between 70% and 79% (Umuziwabantu, Ugu, Msunduzi, Richmond, Umgungundlovu, Newcastle, Umlalazi, Umzimkhulu) and one municipality (Jozini) achieved less than 40 %. Eight municipalities fall into the “of concern” category (Umgeni, Mkhambathini, Umvoti, Umzinyathi, Dannhauser, eDumbe, Mtubatuba, Umkhanyakude). Many of these municipalities have been under administration in the past.

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.

To ensure that the 10 district 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. 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 organizational 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 are being encouraged and supported to establish the same.

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 Department is stepping up community awareness campaigns in the face of severe climate change events over the past 2 years to promote community education and skills development and 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.

ACHIEVEMENTS: PROGRAMME 3

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
1.1. SPATIAL PLANNING	5.1. Improved spatial hierarchy of services	Number of municipal SDFs aligned with Spatial Planning Guidelines	54	54	54	0	
		Number of municipalities supported with the development of Demarcation Strategies	5	10	10	0	
		Number of provincial spatial planning norms and standards on spatial equity implemented	New	1	1	0	
		Number of municipalities supported to implement Land Use Schemes	New	44	44	0	
		Number of provincial hierarchy of plans model developed	New	1	1	0	
		Number of municipalities supported to produce precinct plans	New	5	5	0	
		Number of Traditional Master Settlement Plans developed	5	8	8	0	
		Number of nodal development plans developed to promote growth of small towns	6	4	4	0	
		Number of Corridor Development Plans developed	1	1	1	0	
	1.1. Improved functionality of Inter-Governmental Relations	Percentage of Spatial Planning COGTA B2B issues resolved	New	100%	100%	0	
1.2. DEVELOPMENT INFORMATION SERVICES	6.1. Increased adaptation to Climate Change impacts	Percentage of incidents data mapped	100%	100% of incidents data received mapped	100%	0	
		Percentage of incidents, where early warning messages were disseminated mapped	100%	100% of incidents mapped (where early warning was disseminated)	100%	0	
	5.1. Improved spatial hierarchy of services	Percentage of adopted municipal schemes in the Province mapped	100%	100% of adopted municipal schemes mapped	100%	0	
		Percentage of PGDP Projects mapped	New	100% PGDP Projects Mapped	100%	0	
	2.1. Improved capacity of political and administrative governance	Number of municipalities supported with MPRA implementation	38	38	38	0	
	2.1. Improved capacity of political and administrative governance	Number of municipalities supported to achieve 76% development applications that meet time norms for processing	New	44	44	0	
1.3. LAND USE MANAGEMENT	5.1. Improved spatial hierarchy of services	Number of municipalities supported with the implementation of SPLUMA	44	44 municipalities	44	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
		Number of municipalities supported with the Formalisation of Towns	12	13	13	0	
		Number of Provincial Development Norms and Standards developed	New	2	2	0	
3.3. LAND USE MANAGEMENT (TRADITIONAL LAND ADMINISTRATION)	2.1. Improved capacity of political and administrative governance	Percentage of received boundary description requests attended to	100%	100%	100%	0	
		Number of Izigodi mapped	335	232	365	133	More Izigodi was mapped than planned
3.4. LOCAL ECONOMIC DEVELOPMENT - SPECIAL INITIATIVES	3.1. Strengthened sectoral development	Number of District Agencies supported to drive LED	10	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 municipalities with agri-hubs/fresh produce market facilities aligned to the institutional markets	3	2	2	0	
		Number of municipalities supported to implement Local Economic Development projects in line with updated municipal LED strategies	10	10 Districts	10	0	
		Number of Municipalities supported to implement the Red Tape Reduction programme	11	10 Districts and 1 Metro	11	0	
		Number of TCs supported with Development Initiatives	6	2	2	0	
	2.3. Improved decision making of municipalities through citizen participation	Number of dialogues held to support social cohesion and nation building	6	6	6	0	
3.5. LOCAL ECONOMIC DEVELOPMENT - COMMUNITY SERVICE CENTRES	5.1. Improved spatial hierarchy of services	Number of CSC programmes implemented	New	1	1	0	
		Number of CSC Rehabilitation programmes implemented	New	1	1	0	
		Number of municipalities supported with Grade 1 CSCs Functionality	New	20	20	0	
		Number of Grade 2 CSCs supported for Functionality	New	30	30	0	
3.6. LOCAL ECONOMIC DEVELOPMENT - COMMUNITY WORKS PROGRAMME	3.2. Improved government led job creation programmes	Number of work opportunities created through the CWP in municipalities	36155	40 500	43589	3089	More jobs were created than expected
3.6. LOCAL ECONOMIC DEVELOPMENT - EXPANDED PUBLIC WORKS PROGRAMME	3.2. Improved government led job creation programmes	Number of employment opportunities created through EPWP inclusive of sub-programmes	2017	1500	1537	37	More jobs were created than expected
		Number of municipalities supported to comply with EPWP principles	New	54	54	0	
3.7. MUNICIPAL INFRASTRUCTURE	4.1. Improved co-ordination of service delivery	Number of functional coordinating structures for infrastructure development and service delivery	11	11	11	0	
		Number of municipalities supported with service delivery programmes	31	31	31	0	
		Number of municipalities supported with increasing	13	13	13	0	

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
		yard water connections					
		Number of municipalities supported in provision of basic level of sanitation services	13	13	13	0	
		Number of municipalities supported with increasing households with a source of electrical supply	13	9	9	0	
		Number of municipalities implementing operation and maintenance plans	54	53	53	0	
		Number of municipalities monitored on the delivery of infrastructure as per required standards	54	53	53	0	
	1.1. Improved functionality of inter-Governmental Relations	Percentage of Municipal Infrastructure COGTA B2B issues resolved	New	100%	100%	0	
1.1. DISASTER MANAGEMENT	6.1. Increased adaptation to Climate Change impacts	Number Districts and Metro supported with Disaster Risk Management Planning	New	10 districts plus 1 metro (11)	11	0	
		Number of Sector Departments and stakeholders supported with Disaster Risk Management Planning	New	04 Sector Department and 02 Stakeholders	8	0	
		Percentage of disaster incidents where prior warning was disseminated	New	100%	100%	0	
		Percentage of disaster events responded to within 6 hours	New	100%	100%	0	
	6.2. Improved Disaster Management	Number of Provincial Disaster Management Advisory Forums held	New	4	4	0	
		Number of Municipal Disaster Management Advisory Forums supported	New	11	11	0	
		Provincial Fire brigade services established by target date (2018)	0	1	1	0	
		Number of Disaster Risk Management public awareness campaigns conducted	2	2 awareness campaigns	2	0	
		Number of municipalities supported with Disaster Risk Management	11	10 districts plus 1 metro (11)	11	0	
		Number of Districts and Metro monitored on the implementation of Disaster Risk Management Legislation	11	10 districts plus 1 metro (11)	11	0	
		Number of sector departments and Stakeholders monitored on the implementation of Disaster Risk Management Legislation	11	7 Sector Departments and 3 Stakeholders	10	0	
		Number of functional Municipal Disaster Management Centres	11	Province, 10 districts plus 1 metro (11)	11	0	

STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

Even though the Department provided intense support to all Districts in establishing District Development Agencies (DDAs), a number remain inoperative or barely operating. To drive the Radical Economic Transformation (RET) and Radical Agrarian and Socio Economic Transformation (RASET) agendas the Department will further direct appropriate resources to those areas where most needed to operationalise these DDAs.

CHANGES TO PLANNED TARGETS

No changes were made to planned targets.

LINKING PERFORMANCE TO BUDGETS

Programme 3: Development and Planning									
	2017/18							2016/17	
	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	41 682	-	(1 000)	40 682	39 450	1 232	97.0%	33 437	32 900
2. Land Use Management	21 579	-	-	21 579	19 801	1 778	91.8%	21 828	21 876
3. Local Economic Development	164 835	-	28 200	193 035	184 294	8 741	95.5%	254 864	252 417
4. Municipal Infrastructure	80 150	-	15 800	95 950	92 389	3 561	96.3%	107 125	108 756
5. Disaster Management	56 448	-	(3 400)	53 048	49 927	3 121	94.1%	210 924	206 373
6. IDP Coordination	12 733	-	-	12 733	11 895	838	93.4%	15 252	14 826
Total for sub programmes	377 427	-	39 600	417 027	397 756	19 271	95.4%	643 430	637 148

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, 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.

Traditional Institutional Administration

The Traditional Affairs branch aims to strengthen 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.

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 has increased it in 2017/2018 to about R390 million to also now include the remuneration of approximately 3200 Izinduna.

Furthermore, 24 Amakhosi and amaBambabukhosi were recognised by the Province. To promote the cultural and customary way of life, eleven cultural events were supported.

All of the 124 disputes and conflict claims have been finalised through the dispute resolution policy framework. The updating of family trees is a key programme to provide a clear frame of reference to deal with the succession disputes. Twenty family trees have been updated.

Traditional Resource Administration

In ensuring that Amakhosi are capacitated on their functions, the Department has rolled out a capacity building programme throughout the province. Amongst the training provided was capacity building on the state's Rural Housing Development Programme, training by World Vision on Gender Based Violence and on entrepreneurship to contribute towards local economic development targeting youth in rural areas.

The Department also held a Seminar in the Durban City Hall on 15 September 2017. The topics that were presented were, among other: Initiation in Traditional Leadership Communities, Financial Management with reference to revenue collection, auditing and risk for functional Traditional Leadership and Governance as a tool for alignment between Government and Traditional Institutions. These topics were discussed and raised numbers of questions and concerns which were responded to by the relevant presenters. About 50 Amakhosi who attended the seminar are also those that were newly sworn in members of the KwaZulu-Natal Provincial House of Traditional Leadership (KZNPHTL). One hundred and eighty two (182) of the two hundred and fifty five (255) Traditional Councils were supported in accordance with the Traditional Leadership and Governance Framework Act of 2005.



ACHIEVEMENTS: PROGRAMME 4

SUB-PROGRAMME	STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT FOR 2016/2017	PLANNED TARGET FOR 2017/2018	ACTUAL ACHIEVEMENT FOR 2017/2018	DEVIATION FROM PLANNED TARGET	COMMENTS ON DEVIATIONS
4.1. TRADITIONAL INSTITUTIONAL ADMINISTRATION	2.1. Improved capacity of political and administrative governance	Number of programmes implemented to support Traditional Institutions	1	1	1	0	
		Number of Provincial and Local Houses reconstituted	New	1 Provincial House and 11 Local Houses	12	0	
		Number of Amakhosi installed	3	5	0	-5	Challenges with official diary coordination
		Number of Amakhosi recognised	27	15	24	9	More recognitions could be processed
		Percentage of Dispute claims finalised	100%	100%	100%	0%	
		Percentage of approved cultural platforms supported	100%	100%	100%	0	
		Number of izizwe with updated family trees	New	15	15	0	
4.2. 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	2	2	2	0	
		Number of Houses of Traditional Leaders supported with functionality	12	12	12	0	
		Number of Traditional Councils supported with functionality	New	257	182	-75	Strike of TC secretaries impeded the tasks to be performed
		Number of head counts conducted on Izinduna	New	4	4	0	

STRATEGIES TO OVERCOME AREAS OF UNDERPERFORMANCE

The Department will continue to coordinate diaries of major stakeholders and role-players in order to ensure restoration of dignity to the Institution of Traditional leadership by installing Amakhosi.

CHANGES TO PLANNED TARGETS

No changes were made to planned targets.

LINKING PERFORMANCE TO BUDGETS

Programme 4: Traditional Institutional Management									
2017/18								2016/17	
	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	443 760	-	-	443 760	430 568	13 192	97.0%	227 404	223 827
1. Traditional Institutional Administration	71 617	-	(1 500)	70 117	66 934	3 183	95.5%	73 989	73 923
2. Traditional Resource Administration	17 987	-	-	17 987	15 775	2 212	87.7%	17 309	17 310
3. Rural Development Facilitation	17 883	-	-	17 883	16 594	1 289	92.8%	16 734	16 607
4. Traditional Land Administration									
Total for sub programmes	551 247	-	(1 500)	549 747	529 871	19 876	96.4%	335 436	331 607

2.4.5 TRANSFER PAYMENTS

Transfer Payments to Public Entities

Name of public entity	Service rendered by public entity	Amount transferred to the public entity	Amount spent by the public entity	Achievements of the public entity
Nil	Nil	Nil	Nil	Nil

Transfer payments to all organizations 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
Umswathi	Local municipality	To develop a Spatial Development Framework	Yes	R 400 000	R 25 080	Sino Hydro Consultant has been appointed at R501 600.00. The situational analysis was presented to the PSC and was referred back for amendments.
Ugu	District municipality	To develop a Spatial Development Framework	Yes	R 400 000	R 238 346	Project in progress.
Dannhauser	Local	To develop a	Yes	R 400 000	R 49 600	Inzuzo Yesizwe

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
	municipality	Spatial Development Framework				Consulting has been appointed. Inception report submitted. SC meeting scheduled for 23 March 2018.
Umshwathi	Local municipality	Development of a single scheme for the Umshwathi Municipality	Yes	R 1 000 000	R 84 981	The municipality has appointed the Isibuko Development Planners and the inception report has been prepared. The PSC approved the inception report.
Msunduzi	Local municipality	Development of a single scheme for the uMsunduzi Local Municipality (reviewing Ashburton Town planning scheme)	Yes	R 1 000 000	R 114 000	A final draft land use management framework report for Ashburton Town planning scheme.
eDumbe	Local municipality	Development of a single scheme for eDumbe Local Municipality	Yes	R 1 000 000	R 52 400	Black Cubans Consulting has been appointed for R977 040.00. The consultant is currently sorting the base mapping. The public participation was interrupted with community unrests. Programme to resume before end of March 2018.
Ray Nkonyeni	Local municipality	Development of a single scheme for Ray Nkonyeni Local Municipality	Yes	R 1 000 000	R 48 505	Data World (Pty) Ltd was awarded the tender at R970 105.80. Inception report and invoice submitted. Technical meeting will be held on 16/03/2018 to discuss draft status quo report. (The main data acquisition was on development applications registers, particularly rezoning and special zones)
Alfred Duma	Local municipality	Development of a single scheme for Alfred Duma Local Municipality	Yes	R 1 000 000	R 69 440	The Land Use Survey is complete. The service provider is in the process of capturing survey onto the GIS to finalise the Land Use Framework, the Traditional Settlement

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
						Master Plans and the Draft Scheme Map and Clauses to be finalised by 15 March 2018.
Umhlabuyalingana	Local municipality	Wall to wall land use management scheme	Yes	R 1 000 000	R 460 000	Project in progress; phase 1&2 inception report and situational analysis complete. Phase 3 of the project is being undertaken.
Inkosi Langalibalele	Local municipality	Development of a single scheme for the Inkosi Langalibalele Local Municipality	Yes	R 1 000 000	R 100 440	Project in progress, phase 1&2 project initiation complete and the interim report is 80% complete.
Okhahlamba	Local municipality	Construction of the Bergville Community Service Centre in support of the Bergville Precinct development plan	Yes	R 7 500 000	R 1 885 155	Project is at 50% complete. Total project cost is R21m. R15m funded by CoGTA and R5m funded by LM. Reminder to LM sent on the 13/3/2018 to apply for roll over on the 16/3/2018. LM advised that it would be premature to apply this early for a roll over as the grant balance will be incorrect at the time of Municipal end of financial year
Umkhanyathi	Local municipality	Assist with the functionality of the Joint Municipal Tribunal	Yes	R 300 000	R 0	Progress reports not received. Reminder sent
uThukela	District municipality	Town and Regional Planner and a GIS Specialist	Yes	R 250 000		Multiyear project. Balance as at end of February 2018 is R2628.54 from the 2016/17 grant.
King Cetshwayo	District municipality	Senior Planner	Yes	R 400 000	R 242 125	Multiyear project.
Inkosi Langalibalele	Local municipality	Disability mainstreaming and integration in the implementation of the 4th generation IDP	Yes	R 300 000	R 0	Progress reports not received. Reminder sent

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
Okhahlamba	Local municipality	Okhahlamba Fresh produce market-sustainable job creation and skills development	Yes	R 1 500 000	R 0	The advert was issued and closed on the 16th of February 2018. The BEC and BAC sat on the 2nd and 13th/03/2018 respectively. Municipality will issue intent to award.
Mfolozi	Local municipality	Upgrading of KwaMbonambi street light reticulation	Yes	R 2 000 000	R 0	Izingodla Engineering was appointed for a turnkey approach. Inception meeting held on 26/01/2018.
Endumeni	Local municipality	Procurement of equipment for Sibongile Township community garden project.	Yes	R 750 000	R 0	The BSC meeting was held on 9/04/2018. The municipality is expected to issue an advert for the service provider by 20/04/2018.
Emadlangeni	Local municipality	Kantoor Street-Tarred road upgrade/rehabilitation	Yes	R 1 000 000	R 0	Challenges due to the resignation of the project Champion in February 2018. The new appointee to resubmit the report in order to facilitate the payment of outstanding fees.
uPhongolo	Local municipality	Imbube cultural village to promote tourism and trade and investments in Zululand	Yes	R 3 500 000	R 605 900	Project in progress.
uPhongolo	Local municipality	Imbube cultural village to promote tourism and trade and investments in Zululand	Yes	R 1 000 000	R 0	Project in progress.
eDumbe	Local municipality	2x eDumbe refusal collection trucks to promote health and tourist attraction.	Yes	R 3 000 000	R 0	Grant transferred on 03/04/2018
Greater Kokstad	Local municipality	To develop a cultural village to promote cultural diversity as well as historical methods of	Yes	R 5 000 000	R 0	Grant transferred on 03/04/2018

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
		farming and heritage knowledge				
uMngeni	Local municipality	Mandela capture site multipurpose exhibition centre	Yes	R 13 450 000	R 0	Grant transferred on 03/04/2018
Umlalazi	Local municipality	Roll out a pilot building plans management software system for effective management and archiving of building plans	Yes	R 495 987	R 0	Tender document and specifications have been approved by BSC
Mandeni	Local municipality	Roll out a pilot building plans management software system for effective management and archiving of building plans	Yes	R 500 000	R 0	Vote number not allocated as yet. Advert will be placed by 05/03/2018
Greater Kokstad	Local municipality	Procurement of 2 fire engines and 1 compactor to support the establishment of functional and effective disaster management, fire and rescue service.	Yes	R 6 000 000	R 0	A service provider for the supply and delivery of Fire engines was appointed from 30 January 2018 for R4 430 609.94 - Expected delivery date May-June 2018
Harry Gwala	District municipality	To assist with the implementation of National Schools Nutrition Programme (RASET)	Yes	R 3 000 000	R 0	Grant transferred on 03/04/2018
Umgungundlovu	Local municipality	To assist with the implementation of National Schools Nutrition Programme (RASET)	Yes	R 3 000 000	R 0	Grant transferred on 03/04/2018
Ugu	District municipality	To assist with the	Yes	R 3 000 000	R 0	Grant transferred on 03/04/2018

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
		implementation of National Schools Nutrition Programme (RASET)				
Ugu	District municipality	District Development Agency Support project Hosting of a 2 day summit	Yes	R 300 000	R 0	Grant transferred on 05/04/2018
Umgungundlovu	Local municipality	District Development Agency Support project Hosting of a 2 day summit	Yes	R 300 000	R 0	Grant transferred on 05/04/2018
uThukela	District municipality	District Development Agency Support project Hosting of a 2 day summit	Yes	R 300 000	R 0	Grant transferred on 05/04/2018
Umzinyathi	Local municipality	District Development Agency Support project Hosting of a 2 day summit	Yes	R 300 000	R 0	Grant transferred on 05/04/2018
Amajuba	District municipality	District Development Agency Support project Hosting of a 2 day summit	Yes	R 300 000	R 0	Grant transferred on 05/04/2018
Zululand	District municipality	District Development Agency Support project Hosting of a 2 day summit	Yes	R 300 000	R 0	Grant transferred on 05/04/2018
King Cetshwayo	District municipality	District Development Agency Support project Hosting of a 2 day summit	Yes	R 300 000	R 0	Grant transferred on 05/04/2018
Ilembe	District municipality	District Development Agency Support project Hosting of a 2 day summit	Yes	R 300 000	R 0	Grant transferred on 05/04/2018
Harry Gwala	District municipality	District Development	Yes	R 300 000	R 0	Grant transferred on 05/04/2018

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
		Agency Support project Hosting of a 2 day summit				
King Cetshwayo	District municipality	Supply of portable water to Mbongolwane/ Silambo area, Umlalazi Ward 3	Yes	R 1 500 000	R 0	Grant transferred on 03/04/2018
eDumbe	Local municipality	Nhlungwane electrification to benefit 150 households to be implemented in line with Eskom procedures and MoU.	Yes	R 3 000 000	R 0	Grant transferred on 03/04/2018
Umvoti	Local municipality	Makhabeleni Electrification project Ward 5,6,12 and 14- electrification of 2422 households	Yes	R 10 500 000	R 0	Grant transferred on 03/04/2018
Newcastle	Local municipality	1. Supply and installation of Apollo lights in Newcastle East townships. 2. Newcastle Non Revenue Water (NRW) reduction project. Water shortage intervention	Yes	R 11 000 000	R 0	Grant transferred on 03/04/2018

The table below reflects the transfer payments which were budgeted for in the period 1 April 2017 to 31 March 2018, but not transferred.

Name of transferee	Type of organisation	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
Ethekwini	Local municipality	Integrated Youth Development Summit	1000	0	Non-compliance with Departmental Transfer Manual (required documentation not

Name of transferee	Type of organisation	Purpose for which the funds were to be used	Amount budgeted for (R'000)	Amount transferred (R'000)	Reasons why funds were not transferred
					submitted)
Umkhanyakude	District municipality	District growth and Development summit	300	0	Non-compliance with Departmental Transfer Manual (unspent and balances on historic grants)
uMlalazi	Local municipality	GIS Precinct Support	500	496	R4000 unspent funds recovered and paid over to the Provincial Revenue Fund

2.4.6 CONDITIONAL GRANTS

The department received a national conditional grant allocation in respect of the Expanded Public Works Programme (EPWP) Integrated Grant for Provinces, which is used for the department's Food for Waste programme. THIS IS where most needy community members collect domestic waste from households and in public places and are then compensated for performing these tasks. The programme is being implemented in the Alfred Duma, Langalibalele, Abaqulusi and eDumbe Local Municipalities. The grant, which is allocated to Programme 3 against Goods and services, was fully spent at year-end.

Department/ Municipality to whom the grant has been transferred	KZN COGTA
Purpose of the grant	EPWP- Food for Waste Programme
Expected outputs of the grant	Creating temporary work through waste management, food security and bead work production
Actual outputs achieved	510 participants, working 12 days a month, receiving a daily wage of R90
Amount per amended DORA (R'000)	R3 338
Amount transferred (R'000)	R3 338
Reasons if amount as per DORA not transferred	N/A
Amount spent by the department (R'000)	100%
Reasons for the funds unspent by the entity	N/A
Monitoring mechanism by the transferring department	Monthly financial report and quarterly non-financial reports to Department of Public Works

2.4.7 DONOR FUNDS

No donor funding was received during the year under review.

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

2.4.8 CAPITAL INVESTMENT

Infrastructure Projects	2017/18			2016/17		
	Final Appropriation (R'000)	Actual Expenditure (R'000)	Over/Under Expenditure (R'000)	Final Appropriation (R'000)	Actual Expenditure (R'000)	Over/Under Expenditure (R'000)
New and Replacement Assets	18 358	16941	1 417	108 160	98 067	10 093
Existing Infrastructure Assets	23558	22302	1 256	7 962	12 855	-4 893
Upgrades and Additions	228	0	228			
Rehabilitation, renovations and refurbishments	23558	22302	1 256	7 962	12 855	-4 893
Maintenance and Repairs						
Infrastructure transfer						
Current						
Capital						
Total	42 144	39 243	2 901	116 122	110 922	5 200

PART C: GOVERNANCE



2.5.1 INTRODCUTION

The continued commitment by the Department to maintain the highest standards of governance was sustained. The Accounting Officer through the Governance, Risk and Ethics Committee (GREC) 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.

As done in the previous 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 made certain 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 Policy and its accompanying Strategy. It 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. Through this the Department has in place an approved Risk Management Policy, approved Risk Management Strategy and an approved Risk Management implementation plan.

The unit has supported and advised management components in identifying and assessing risks while ensuring adherence to the approved Risk Appetite and Tolerance Framework of the Department; and also monitored and evaluated the implementation of risk mitigation plans across the Department.

The implementation of risk mitigation plans was monitored and discussed at the Internal Governance, Risk and Ethics Committee (GREC) meetings as well as at the quarterly Cluster Audit and Risk Committee (CARC) meetings.

The Department focused on the following key areas in the 2017/2018 financial year:

- The Departmental (GREC), chaired by the Accounting Officer of the Department continued ensuring the implementation of Enterprise Risk Management through its Terms of Reference.
- Risk assessment workshops were conducted to review the register of the Department and to identify and assess any emerging risks.
- Interventions to manage fundamental risks were put in place by management to enhance the internal control environment.
- The annual statistics for 17/18 financial year show that out of thirty (33) action plans that were agreed upon, thirty two (32) have been implemented. This amounts to ninety seven percent (97 %) of action plans implemented.
- 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 and maturity.

2.5.3 FRAUD AND CORRUPTION

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

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

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

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

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

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

The Departmental Governance, Risk and Ethics Committee is fully functional and has ensured that all the fraud pillars, with an emphasis in fraud prevention as a first level of defence, are properly implemented. The control environment of the Department is revised and strengthened regularly, whether or not fraud and/or corruption have been detected. In addition, all fraud is investigated and followed up by the application of all remedies available within the full extent of the law as well as the application of appropriate prevention and detection controls.



Below were fraud related cases within the Department during the 17/18 financial year:

NO.	ALLEGATION	AMOUNT (R)	UPDATE
1	Irregularities committed by officials in the Supply Chain Management Unit (SCM).	148 000	Disciplinary against 3 officials has been finalised and they received Final Written Warnings for Negligence / Failing to follow SCM Processes. A criminal case was also opened and the HAWKS are investigating the complaint. The docket was referred to the Senior Public Prosecutor and the department is awaiting the decision.
2	Transfer payments: Funds that were meant to be paid to a Municipality were fraudulently diverted to another private account.	7 500 000	The Department instituted disciplinary charged against the employees and were dismissed. One former employee appealed against the verdict and the appeal was dismissed by the MEC. The former employee has lodged a formal dispute with the GPSSBC and the matter is set for arbitration. A criminal case was opened and investigated by the HAWKS. One private person and 2 former employees were charged. The trial of the two officials is ongoing in the Commercial Crimes Court in Durban
3	The account information of a service provider was fraudulently changed to divert funds to another (wrong) service provider.	1 064 447	A criminal case was opened The criminal matter was considered by the Senior Public Prosecutor, who has issued an instruction that criminal charges must be brought against the employee. One Employee was charged and dismissed from the Public Service 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. The Department awaits a Notice of Set Down in the Labour Court.
5	Abuse of Government vehicles, travel claim allowances and diverting of catering services meant for councils	100 000	A criminal case was opened and investigations are handled by the Specialized Commercial Crimes Unit, where after the criminal trial will commence. The employee was subsequently dismissed

NO.	ALLEGATION	AMOUNT (R)	UPDATE
			on 5 April 2017. The employee lodged an Appeal to the MEC on 13 April 2017 which was dismissed. The employee has now lodged an unfair dismissal dispute with the GPSSBC and the matter is in progress
6	Alleged irregularities relating to payment of R19 million to COEGA	19 000 000	Investigation is in progress
7	Alleged irregularities by Traditional Council members/ Izinduna within KwaMbhense in the UThukela District.	Unknown	Investigation is in progress

The above cases are inclusive of new cases during 17/18 and those that were ongoing from 16/17 financial year.

The Department conducted investigations into the effectiveness of internal control measures around where fraud and/corruption had been detected and worked towards closing those identified gaps.

The following are some of the internal controls that have been put in place to mitigate the reoccurrence of such fraud and/or corruption:

- 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 11;
- 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 have been installed in all state vehicles within the Department and any variances are monitored and followed up on.
- The Accountant General has written and requested all Government Departments to register on the Central Supplier Database as the risk of false payment was discussed at the CFOs forum and at COHOD.

2.5.4 MINIMISING CONFLICT OF INTEREST

The department minimizes conflict of interest through the following controls:

- All suppliers must complete SDB4 (Declaration of Interest form). The form is a questionnaire whereby the supplier must declare any relationship that exists between the supplier and officials within the department, whether family, friend or relative.
- Furthermore, the Human Resources Unit facilitates all the appropriate authority obtained to undertake remunerative work outside the employment sector.
- In terms of the SCM Policy, all Bid Committee members must declare any interest that they may have with a bidder that has tendered and recuse themselves from the bid process.

In the event where employees transgress any of the above internal controls, the departmental disciplinary steps are taken against those employees.

2.5.5 CODE OF CONDUCT

As part of the recruitment process, all employees go through an induction programme where a pack containing the code of conduct and departmental policies are workshopped. In the event where employees transgress any policies, the departmental disciplinary steps are taken against those employees.

2.5.6 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department is committed to managing Occupational Health and Safety (OHS) issues as an integral part of our business in compliance with national laws, regulations and international standards. In particular, it is our policy to assure the OHS integrity of our processes and facilities at all times. COGTA employs management systems and standards specifically designed to prevent activities and/or conditions that pose a threat to its employees.

COGTA Departmental buildings are subjected to inspections in terms of the Occupational Health and Safety Act and the Safety, Health, Environment, Risk and Quality Management (SHERQ) policy. All 19 buildings are inspected and reported on every quarter. Remedial actions are implemented as per findings. In the financial year 2017/2018, all (100%) of Departmental buildings were expected to be compliant with the Occupational Health and Safety Act and 99.44% compliance was achieved. The Emergency and Evacuation Policy was communicated and distributed to all Departmental employees. Each building has Safety Representatives and First Aiders who are trained in compliance to Occupational Health and Safety Act.



2.5.7 PORTFOLIO COMMITTEES

COGTA Portfolio Committee

12 May 2017

1. 4th Quarter Report (Financials and Non-financial)
2. Responses to 2016 Youth Parliament Resolutions
3. Detailed briefing on :
 - a. KwaZulu-Natal Joint Municipal Pension Fund Bill, 2016
 - b. KwaZulu-Natal Joint Municipal Pension Fund (Superannuation) Bill, 2017
 - c. KwaZulu-Natal Joint Municipal Provident Fund Bill, 2106

01 August 2017

1. 1st Quarter Report (Financials and Non-financials)
2. Responses to 2016 Women's Parliament Resolutions
3. Finance Resolutions

26 September 2017

1. Report on Forensic Investigations
2. Annual Report 2016/17
3. Quality of Life Responses
4. Briefing on the KwaZulu-Natal uMzimkhulu Alignment Bill, 2015

27 October 2017

1. KwaZulu Natal uMzimkhulu Alignment Bill, 2015
2. 2018/19 Draft Annual Performance Plan
3. 206/17 Annual Report

09 February 2018

1. 2nd Quarter Report (Financials and Non-Financials)
2. 3rd Quarter Report (Financials and Non-Financials)
3. Finance/Scopa Resolutions
4. Responses to Inter-faith Resolutions 2017

Finance Portfolio Committee

22 August 2017

1. 2016/17 Unaudited Closeout Budget Performance Hearing with Vote 11: Cooperative Governance and Traditional Affairs (COGTA)
2. Review of responses to the 2017/18 Budget Performance Hearings resolutions

27 March 2018

1. Budget hearings
2. Review of responses to previous resolutions



2.5.8 SCOPA RESOLUTIONS

SCOPA Hearings on 2016/17 AG reports held on 20 October 2017

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
86/2017	Irregular expenditure	<p>The Committee resolves:- That the Accounting Officer reports to the Committee by <u>31 January 2018</u> on:</p> <ol style="list-style-type: none"> 1. The measures that have been instituted by the Department to prevent a recurrence of irregular expenditure and to create effective internal control in respect of laws and regulations. 2. That a report be submitted on action taken against those officials who did not take effective steps to prevent irregular expenditure. 	<ol style="list-style-type: none"> 1. The panel for event managers has been in place since May 2016 and the services of the accommodation, events and travel company whose scope was extended were terminated. 2. The Turnkey approach in implementation of projects has been abolished. The department will appoint a panel of construction companies. This will ensure that the CIDB requirements are met. 3. The department utilizes Windeed to search for common Directors prior to awards being made. The implementation of PAJA rules on the consideration of common directors during the vetting of Directors on the recommendations of the Bid Adjudication Committee will be adhered to. 4. All bid advertisement will comply with the 21 days inclusive of the request for information (RFI). 5. The department is implementing succession planning with mentoring to ensure that all key officials can be succeeded by internal candidates where possible. 6. All upgraded systems will be reviewed for SITA approval in the year of acquisition. 7. All deviations are now reviewed by the Directors: Supply Chain Management, Director: Internal Control and Director: Legal Services prior to consideration by the Chief Financial Officer and the Head of Department. 8. All irregular expenditure incurred will be investigated and consequence management will be implemented by the Accounting Officer. The irregular expenditure has been categorized according to the respective authorities that can condone the irregular expenditure. 	Yes
87/2017	Fruitless and wasteful expenditure	<p>The Committee resolves:- That the Accounting Officer reports by <u>31 January 2018</u> on:</p> <ol style="list-style-type: none"> 1. The reasons for the fruitless and wasteful expenditure being 	<ol style="list-style-type: none"> 1. The fruitless and wasteful expenditure register has a balance of R 2 million made up of twelve incidents. Four of these cases have 	Ongoing

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
		<p>incurred</p> <p>2. Action taken against those officials responsible for incurring the fruitless and wasteful expenditure.</p> <p>3. Recovery of money from those responsible and;</p> <p>4. Measures put in place to ensure that fruitless and wasteful expenditure does not occur in future.</p>	<p>been investigated by the Internal Control unit and relate to the payment of izinduna. The value of these four cases is R 1, 99 million which is 99% of the register value. The register also contains incidents where the employees of the department have not presented themselves to accommodation bookings.</p> <p>2. The Accounting officer is considering the report and will implement the recommendations of the Internal Control Unit.</p> <p>3. The travel company monitors "No shows" and reports to the SCM unit who institute the loss control processes in line with the Treasury regulations and ensure that a determination of liability is done. Where officials have been considered to be negligence and have forfeited state cover the monies are requested to be paid back.</p> <p>4. The department reviews the travel reports for "No Shows" on a monthly basis. The Finance and Human Resources Unit perform monthly reconciliations of izinduna paid. Exceptions are followed up in subsequent months to ensure that these are cleared.</p>	
88/2017	Material uncertainty relating to financial sustainability	<p>The Committee resolves:</p> <p>That the Accounting Officer report to the Committee by <u>31 January 2018</u> on the outcome of the negotiations with the Provincial and National Treasury as well as on an action plan to secure the requisite funding to pay the liability.</p>	<p>A cabinet Memo was submitted to the Ministerial Budget Committee for consideration for funding of the back pay of Izinduna. The Executive Council requested for all outstanding actions of the Provincial Task team for izinduna to be completed. One action that was not dealt with by the task team was that of negotiations by the task team with izinduna regarding them forfeiting the back pay.</p> <p>A meeting with Amakhosi is to be held by the Office of the Premier prior to engaging izinduna on the matter.</p> <p>A proposition to fund the back in line</p>	No

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
			with the initial method of budget cuts across all Provincial Departments will be proposed to the Provincial Treasury.	
89/2017	Investigations	<p>The Committee resolves:-</p> <p>That the Accounting Officer submits a full report to the Committee by <u>31 January 2018</u> on all investigations and the implementation of the recommendations emanating from them.</p>	The investigation Report as at 14 November 2017 which was presented to the Cluster Audit and Risk Committee is attached.	Ongoing
111/2017	Irregular expenditure	<p>That the Accounting Officers of the departments and Accounting Authorities of the public entities report to the Committee by <u>31 January 2018</u> on:</p> <ol style="list-style-type: none"> 1. What disciplinary steps have been taken by the Accounting Officers in terms of section 38(1)(h)(iii) and the Accounting Authorities in terms of section 51(1)(e)(iii) of the PFMA against those people responsible for the irregular expenditure. If no disciplinary action has been taken, the Accounting Officers and Accounting Authorities must provide reasons for this. 2. Whether any forensic or internal audit investigations are being conducted into the irregular expenditure which was incurred during the 2016/2017 financial year. 	All irregular expenditure incurred will be investigated and consequence management will be implemented by the Accounting Officer. The irregular expenditure has been categorized according to the respective authorities that can condone the irregular expenditure.	Ongoing
112/2017	Settlement of payment to creditors within 30 days	<p>The Committee resolves:-</p> <p>That the Accounting Officers of Departments and the Accounting Authorities of public entities submit to the Committee by <u>31 January 2018</u> the following information:</p> <ol style="list-style-type: none"> 1. The names of service providers owed and not paid on time. 2. The amount owed to those service providers. 3. The due date for 	<p>The department has achieved the below payment statistics as at November 2017:</p> <p>Total invoices paid - 352</p> <p>Paid within 30 days – 327</p> <p>Paid after 30 days – 25</p> <p>% paid – 92.9%</p> <p>% not paid – 7.1%</p> <p>The details of each supplier who had not been paid on time are attached as per annexure A and annexure B. The main reasons for the delays in settlement of</p>	Ongoing

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
		<p>payment.</p> <p>4. The officials responsible for making payment to service providers</p>	<p>invoices has been: a) Central Database banking details not being validated by the suppliers on time b) Outstanding documentations from the respective business units c) the system conversion from BAS V4 to V5 in April was the cause for the main regression. The average for the department is 90% and the department is working every day to improve the statistic.</p>	
113/2017	Official doing business with government	<p>The Committee resolves:</p> <p>That the Accounting Officers and Accounting Authorities report by 31 January 2018 on the number of employees conducting business with government, and where any irregularities have occurred, what action is being/has been taken against the employee in each case.</p>	<p>There are 4 employees that are being investigated members of Close Corporations or Directors in companies without declaring their interest in such entities. The matter was referred for investigation during the beginning of December and the investigation has commenced, although to date no evidence has been obtained that any of these employees have been conducting business with government. It appears that many of the entities are dormant or in the process of de-registration. But the investigation is ongoing and a final report will be submitted during January 2018.</p>	Yes
114/2017	Investigations	<p>The Committee resolves:</p> <ol style="list-style-type: none"> 1. That the Accounting Officers of departments and Accounting Authorities of public entities report to the Committee by 31 January 2018 on the following: <ul style="list-style-type: none"> • What investigations are currently underway in the departments and public entities and what deadline has been set for these to be completed? • What investigations have been completed in the 2015/16 and 2016/17 financial years? 2. The Committee be provided with copies of the reports on completed investigations by 31 January 2018. 3. That the Accounting Officers of Departments and Accounting Authorities of public entities report on action taken to implement the recommendations contained 	<ol style="list-style-type: none"> 1. <u>Morar Incorporated – Investigation into Subsistence and Travel Claims:</u> The investigation has been completed and the final report has been submitted to the Head of Department for further instructions. 2. <u>Mdledle Incorporated – Investigation into Supply Chain Management maladministration:</u> The investigation has been completed and the final report has been submitted to the Head of Department for further instructions. 3. <u>Mdledle Incorporated – Investigation into the awarding of the contract to refurbish boreholes:</u> The investigation has been completed and the final report has been submitted to the Head of Department for further instructions. 	No

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
		in the reports on investigations, disciplinary cases that may have been initiated, criminal cases and recovery of money by way of civil proceedings.		
115/2017	Consequence management	<p>The Committee resolves:</p> <p>That the Accounting Officers report to the Committee by <u>31 January 2018</u> on actions taken against officials who transgressed the provisions of the PFMA as well as reasons for not taking action against officials who committed transgressions.</p>	<p>The Department has undertaken the following investigations and instituted disciplinary action against the relevant employees:</p> <ol style="list-style-type: none"> 1. Ms. V V Myezo – The official was charged with fraud on her Subsistence and Travel Claims, and convicted and dismissed. Her appeal to the MEC was dismissed on 30 May 2017, subsequent to which a dispute was lodged with the GPSSBC, which is currently awaiting a Notice of set down for arbitration. Criminal charges were lodged with the SAPS in Port Shepstone, and the matter has been referred to the Directorate: Priority Crimes for further investigation. 2. Ms. H P Hlela was charged with fraud and other charges related to the changing of the Bank Account details of a Municipality, and convicted and dismissed. Her appeal to the MEC was dismissed on 12 April 2017, subsequent to which a dispute was lodged with the GPSSBC, which is currently awaiting a Notice of set down for arbitration. Criminal charges were lodged with the HAWKS, and Ms. Hlela is currently standing trial in the Commercial Crimes Court in Durban. The matter has been postponed for further evidence, and a new trial date is awaited. 3. Mr. M Mwelase was charged with maladministration of supply chain management processes, and his disciplinary hearing is ongoing. The hearing has been postponed 	Internal disciplinary processes finalized and criminal cases are ongoing
116/2017	Material misstatements and	<p>The Committee resolves:-</p> <ol style="list-style-type: none"> 1. That in compliance with Section 40(1)(b) of the Public 	<ol style="list-style-type: none"> 1. All lease contracts have been reviewed and the relevant supporting documentation were 	Yes

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
	omissions in submitted AFS	<p>Finance Management Act, Accounting Officers be requested to ensure that financial statements are prepared regularly during the financial year and that due diligence is exercised to ensure that the financial statements are correct in all respects and that the financial statements are submitted to Internal Audit and the Provincial Audit and Risk Committee timeously.</p> <p>2. That all Accounting Officers report by <u>31 January 2018</u> on action taken in terms of resolution (1) above to resolve this audit issue</p>	<p>tested for compliance.</p> <p>2. The department has prepared monthly financial statements which have been reviewed by the senior management within Finance.</p> <p>3. Pre-audit assessments will be undertaken by the department to ensure readiness on the status of records by the department.</p>	
117/2017	Fruitless and wasteful expenditure	<p>The Committee resolves: That the Accounting Officers of Departments and Accounting Authorities of public entities report by <u>31 January 2018</u> on the following:</p> <p>1. The reasons for the fruitless and wasteful expenditure being incurred in the 2016/2017 financial year.</p> <p>2. Action taken against those officials responsible for incurring the fruitless and wasteful expenditure.</p> <p>3. Recovery of money from those responsible and;</p> <p>4. Measures put in place to ensure that fruitless and wasteful expenditure does not occur in future.</p>	The department maintains a register which denotes the reasons for the incurrance of the fruitless and wasteful expenditure. The recovery processes are instituted in line with the losses and claims policy of the department. The recovery from all officials who have forfeited state cover is done in line with the Loss Control Committee.	Yes
118/2017	Human resource matters - Funded vacant posts not filled within 12 months	<p>The Committee resolves: That the Accounting Officers of the relevant departments report by <u>31 January 2018</u> on the following:</p> <p>1. A list of vacant senior management posts in their respective departments.</p> <p>2. What action is being taken in</p>	<p>1. A list of all vacant senior management posts as at 30 November 2017 is attached to this correspondence. See Annexure A</p> <p>2. <u>Actions taken by the departments to address the findings of the Auditor-General</u></p> <p>During the period in question i.e. 2016/2017, the department did not</p>	No

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
		<p>the departments and public entities to address the findings of the Auditor-General with regard to the filling of vacancies in senior management positions?</p> <p>3. That the Portfolio Committees be requested to monitor filling of all vacant funded posts in departments, especially key positions and senior management positions.</p>	<p>experience recruitment and selection challenges as specified by the Auditor-General of South Africa, however we experience challenges owing to austerity measures and budget cuts. This meant that we could not necessarily fill posts within 12 months. To be proactive, the department embarked on a prioritisation process.</p> <p>3. <u>Monitoring of the filling of all vacant funded posts in departments, especially key positions and senior management positions.</u></p> <p>The department prepares monthly progress reports on the filling of all posts for both MANCO and EXCO; this information will further be packaged for SCOPA as a Monitoring mechanism.</p>	
119/2017	Assets register	<p>The Committee resolves:-</p> <p>That the Accounting Officers of the relevant departments report by <u>31 January 2018</u> on:-</p> <ol style="list-style-type: none"> 1. Departmental asset management policy which will address weaknesses identified by the Auditor-General. 2. The completeness of the departments' asset registers. 3. What action will be taken against those who do not comply with the policy? 	<p>The department had been reconciling items between the ledger and FAR for the asset class: Office furniture. These differences were explained in the reconciliation and were as a result of unassembled furniture which will be assembled in the 2017/18 financial year as all the recruitment processes have been concluded.</p>	Yes
120/2017	Performance agreements	<p>The Committee resolves:</p> <p>That the MECs of the Departments be requested to report by <u>31 January 2018</u> on:-</p> <ol style="list-style-type: none"> 1. Whether the Accounting Officers and Senior Managers in their departments have all signed performance agreements and if not, the reasons for non-compliance in this regard. 2. Whether performance agreements clearly set out the consequences for non-performance and under-performance on responsibilities set out in the agreements and financial mismanagement and the sanctions which will be imposed in the event of non- 	<ol style="list-style-type: none"> 1. The Accounting Officer and all Senior Managers have signed performance agreements. 2. All SMS sign Performance Agreements as per the DPSA Handbook on Senior Management Service. In terms of Chapter 4 Performance Management and Development is provided for in that SMS sign agreements that include Key Result Areas (KRA). These KRAs are linked to the SMS job descriptions as well as the performance targets included in the Annual Performance Plan of the Department. The Department has in place a Monitoring and Evaluation system that tests the attainment of APP performance targets on a quarterly and annual basis. The Department evaluates the SMS 	Yes

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
		<p>performance, under-performance or financial mismanagement.</p> <p>3. Whether performance agreement include as a key performance indicator the general responsibilities of the Accounting Officers and Senior Managers to prevent unauthorised expenditure, irregular expenditure or fruitless and wasteful expenditure, and if not, the reasons for this exclusion.</p>	<p>according to the achievement of their KRAs, attainment of APP targets, MPAT scores and the Annual Audit outcomes. This is done via the Departmental Moderating Committee. Underperformance is dealt with according to Chapter 7 of the SMS Handbook when and if required.</p> <p>3. The managing of the finances are included as part of the key KRAs as alluded to in 2, above. Furthermore, SMS are appointed as Responsibility Managers over their particular programme or sub programme. The letter of appointment clearly articulates responsibilities in terms of the PFMA including the responsibility of taking steps to prevent unauthorized, irregular, fruitless and wasteful expenditure. The letter of appointment further states that noncompliance constitutes financial misconduct in terms of the PFMA which will result in disciplinary measures being instituted in terms of the PFMA. Chapter 7 of the SMS Handbook also provides for situations of misconduct and incapacity by SMS.</p>	



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*
<p><i>The department did not implement adequate monitoring controls over the identification, recording and payment of Izinduna and did not also maintain an accurate and complete Izinduna register.</i></p> <p><i>The following commitments were made by the Accounting Officer to resolve the matters reported by the AGSA in the previous financial year :</i></p>		
<p>A letter will be written to Office of the Premier (OTP) requesting the creation of a specific (standalone) code for Traditional Levies.</p> <p>OTP will thereafter make a submission to National Treasury for the creation of the code. The standalone code is expected by February 2017.</p> <p>The Department does have a code of Izinduna however it includes, TC Secretaries, Securities and TC members. The Department will use objective codes to classify other TC Stipends that are not Izinduna.</p>	2016/17	<p>The Izinduna code is 0590 however due to the Provincial Treasury instruction note that prevented Traditional Finance from making EFT payments, the same code was used to pay the Traditional Council support staff.</p> <ul style="list-style-type: none"> • The job titles of the payees within the code 0590 are used to distinguish Izinduna, which is TC member, Security, Cleaners etc.) • The PERSAL Code 0590 is a taxable allowance code; however the majority of Izinduna are above age 65 which allows them additional rebates. <p>Furthermore, Provincial Treasury advised the Department to benchmark from the other Provinces on how they process these payments. Upon investigation, it transpired that they do not experience similar challenges, as they do not have similar volumes of Izinduna.</p>
Human resources administration to prepare a month to month reconciliation of payments made to Izinduna.	2016/17	HRA started preparing the monthly report from October 2017, however the reviews revealed that information was not adequately completed.
<p>Human resources administration to draft a checklist for submission to TIS on a monthly basis for completion. The checklist must source information about appointments, terminations and deaths of Izinduna.</p> <p>NB-The information reflected in the checklist will assist in the month to month reconciliation of payments to Izinduna.</p>	2016/17	The Checklist template has been prepared by HRA and submitted to Traditional Affairs for implementation.

2.5.10 INTERNAL CONTROL UNIT

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

The departmental Risk Register was revised and updated throughout the year. The Risk Management Implementation Plan was developed and reported on a quarterly basis.

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

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 KZN Provincial Government to 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 KZN Provincial Government's strategic goals.
- The follow-up on actions taken to remedy the weaknesses identified by internal audit.
- Facilitating the development and review of fraud prevention plans.
- Co-ordinating internal audit efforts with those of the external auditors.
- Provide any other specialized audit services as determined through the risk assessment process.
- Reviewing plans, programs and operations to ascertain consistency with the KZN Provincial Government and National strategy and to establish the extent to which value for money is being achieved.
- Reviewing the planning, design, development, implementation and operation of major computerized systems to ensure that these systems meet their intended purpose and objectives.
- Assist and support the Provincial Audit and Risk Committee to report on the effectiveness of the system of internal controls in the annual report.

2. SUMMARY OF WORK DONE

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

Legislated Audits:

- 1st & 2nd Quarter Performance Information
- Transfer Payments(Including Follow up)

Follow Up Audits

- Follow up on Resolved Findings: Internal Audit & Auditor General

Risk Based Audits:

- Supply Chain management (Including Follow up)
- Traditional Councils (Including Follow up)
- Implementing Agents

Performance Audits

- Subsistence and Travelling Expenditure (Phase 2)
- Back to Basics Programme

IT Audits:

- Protection of Information Assets Audits
- IT Service Management Audit
- Suppliers Banking details data analysis
- Izinduna Payment Data Analysis(Client Request)

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	-	11
Mr David O'Connor (Member)	Chartered Accountant	External	N/A	01 October 2015	-	11
Mr Vereesh Ramphal (Member)	B Comm., Diploma in Accountancy and Chartered Accountant	External	N/A	01 October 2015	-	11



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 2018.

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 consist of the members listed hereunder who have met as reflected below, in line with the approved terms of reference.

#	Name of Member	PARC Meetings Attended	G&A CARC Meetings Attended
1.	Mr S Simelane (Acting Chairman of PARC and Economic CARC)	7 of 7	4 of 4
2.	Mr V Ramphal	7 of 7	4 of 4
3.	Mr P Christianson	7 of 7	N/A*
4.	Ms T Njozela	6 of 7	N/A*
5.	Mr D O'Connor	7 of 7	4 of 4
6.	Ms N Sithole (Appointed 01 May 2018)	N/A	N/A*
7.	Mr M Tarr (Appointed 01 May 2018)	N/A	1 of 4

* refers to PARC members who did 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
- Implementing Agencies
- Supply Chain Management
- Traditional Councils - Payment of Izinduna
- Budget Management.
- Expenditure Management
- Failure to prevent irregular expenditure due to non-compliance with SCM prescripts

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 thirteen (13) audit assignments for the period under review, but one (1) was rolled over to the 2018/19 financial year with the formal approval of the Audit Committee.

The Committee is satisfied that PIAS performed effectively during the period under review. During the 2018/19 financial year, the Committee will continue to monitor the progress made by the PIAS against its operational plans in order to ensure that it continues to fulfil its mandate and add value to the Department.

4. Risk Management

The 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 2018, the status of the Department's risk register was as follows:

	Risk Grouping					Total
	Critical	Major	Moderate	Minor	Insignificant	
Number of Identified Risks	2	16	14	43	7	82
Number of Identified Action Plans	3	32	19	0	0	54
Number of Completed Action Plans.	3	25	11	0	0	39

Although the Department is commended on its high completion rate in implementing risk mitigation plans, the Committee is, however, concerned about the completeness of the risk register as it is not regularly updated with risks emanating from various audit findings.

With regard to various risk-related initiatives, the Committee is pleased to note the excellent progress made by the Department in implementing the agreed action plans in respect of Risk Maturity, Business Continuity, Fraud Prevention, and Occupational Health and Safety.



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

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

Based on the reports of the PIAS and the Auditor General, the Committee noted with concern the material underspending of budget on programme 4 as well as inadequate monitoring controls over identification, recording and payment of iziNduna which resulted in a qualified audit opinion and the Department has been urged to implement the appropriate improvement strategies in order to address the identified shortcomings with immediate effect.

6. Evaluation of Financial Statements

The Committee has:

- Reviewed and discussed the Annual Financial Statements, including the audit report, with the Accounting Officer, Auditor General and PIAS;
- Reviewed the Auditor General's Management Report
- Reviewed the Department's processes for compliance with legal and regulatory provisions, where concerns have been noted around poor procurement and contract management, and failure by management to prevent irregular expenditure.
- Reviewed the conclusion on the usefulness and reliability of performance information resulting from the external audit of the Department.

7. Forensics Investigations

During the 2017/2018 financial year, the Committee noted that there were six (6) forensic investigations, all relating to alleged conflict of interest, supply chain management and procurement irregularities and mismanagement of funds, which the department has referred to the PIAS for investigation. Three (3) of these investigations were completed and three (3) are in progress. The Committee further noted that:

- Two (2) matters are currently under criminal investigation by the South African Police Service (SAPS);
- In two (2) of the completed investigations, disciplinary proceedings had commenced of which one (1) was finalised; and
- For one (1) of the completed investigations whereby disciplinary actions were recommended, the Accounting Officer recommended to another department to institute disciplinary proceedings as official was transferred.

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

8. Auditor-General's Report

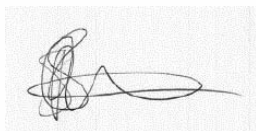
The Committee has monitored the implementation of corrective action plans to address the audit issues raised by the Auditor General in the prior year. The Committee has met with the Auditor General of South Africa to discuss and evaluate the major issues that emanated from the current regulatory audit.

The Committee will ensure that corrective actions in respect of the detailed findings emanating from the current regulatory audit continue to be monitored on a quarterly basis through the CARC processes.

The Committee concurs and accepts the conclusion of the Auditor General's qualified opinion on the Annual Financial Statements, and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor General.

9. Appreciation

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



Mr SP Simelane

Acting Chairman: Provincial Audit and Risk Committee

06 August 2018







PART D: HUMAN RESOURCE MANAGEMENT



2.6.1 INTRODUCTION

Human Resource Management and Development Business Units strive to excel in performing its four (4) broad roles which are as follows:-

- The Strategic Partner,
- Change Agent,
- Employee Champion and
- Administrative Expert

In ensuring that the above mentioned broad roles are performed and in aligning the HR practices with the strategic objectives and the mandate of the department as per the Departmental Strategic Plan, a Human Resources Plan is in place that is for an MTEF period of three years. It entails objectives that are set to be achieved before the said MTEF period expires. The department has a five year Employment Equity Plan which guides the department in its transformation according to the Employment Equity Act requirements. These mentioned plans are currently being implemented.

The following priority human resource activities were undertaken. The internship programme was prioritised to appoint people with disabilities for the internship of 12 months; this exposure was aimed at making the individuals better employable candidates when applying for positions. Reinforcement of the Diversity Management Interventions was prioritised in order to enable the department to have a demographic profile that is a true reflection of the KZN Province, and adhere to the Employment Equity Act requirements. Development of an organisational culture that is expressed in the values and behavioural norms of employees was further prioritised.

The Department has adopted an Employee Performance Management & Development System Policy. The performance of all employees is undertaken in accordance with this policy. The SMS Handbook is utilised to manage the performance of the Senior Managers. The Department seeks to ensure that all employees sign performance agreements, undertake midyear reviews of performance and undergo annual performance assessments. Individual performance agreements need to be aligned with the Annual Performance Plan of the Department and a process has been undertaken whereby all performance agreements of Senior Managers (SMS) and Deputy Directors have been aligned. This validation is undertaken by the Departmental Moderating Committee. Any underperforming employees are required to sign performance improvement plans that deal with specific performance gaps found during the reviews and assessments. The Department does recognise those employees who perform above average and the Departmental Moderating Committee makes recommendations for the rewarding of such employees.

The Department has achieved a high compliance rate in respect of Performance Agreements, Mid-Year Reviews and end of the year Performance. The compliance rate achieved in respect of Performance Agreements, Mid-Year Reviews and Annual Assessments was in the 99% range. This is a high achievement. Performance Improvement Plans were implemented for 9 employees who were performing under the 3 rating scale. The Departmental scoring in terms of MPAT 17 for the performance of SMS and other levels was fully compliant with legal/legislative requirements. During the FY 2018/19 the validation of Performance Agreements by the Departmental Moderating Committee to ensure alignment to the Annual Performance Plan will be expanded to include all Deputy and Assistant Directors.

The Department operates its wellness programmes in terms of the following policies:

- HIV/Aids and TB Management Policy.
- Health and Productivity Management Policy.
- Wellness Management Policy.

A policy Framework on Promoting Physical Exercise and sport, recreation and relaxation activities among employees is also in place and is being implemented. In terms of the aforementioned policies the department undertakes an Employee Health & Wellness programme which includes quarterly wellness testing and screening, providing educational material/information, a nursing service at a wellness centre as well as the provision of professional services to those employees in need of psychological or related assistance. Employees are encouraged to stay in physical health through the sport and exercise programmes and literature provided. The Department manages the participation of employees in various sports codes and is rolling out various fitness activities in the Department and participating in the Interdepartmental Games.

Health problems found in society also remain a challenge within the Department. Diabetes, high BMI rates, HIV & Aids and other psychosocial illnesses will continue to have to receive attention if there is to be a healthy productive public service. Over 70 persons have received professional service as part of the Employee Assistance Programme (671 employees have been referred since the inception of the programme circa 2007). The wellness screening and consultations are vital to the health of employees. All departmental offices are covered by this service. Although MPAT 17 did not require the Employee Health and Wellness to be scored, a scoring of 4 was achieved for MPAT16.

The development of a capable public service is a commitment by the Department's skills development programmes. The Department operates various programmes to increase the level of skills in the department. The development of the management cadre to ensure that any skills needs are addressed is via mainly the competency assessments and the non SMS via the personal development plans which are part of the Performance Agreements agreed upon between employee and supervisor. Employees are able to make application for bursaries that are considered and awarded each year.

Many employees have benefited from ongoing skills development training. This is expounded in the tables contained in this report. It is highlighted that 116 employees and 143 unemployed youth are participating in the bursary programme. The Annual Performance Plan provides for the holding of quarterly Induction/Orientation workshops for employees, particularly newcomers. Issues such as the departmental structure, ethics, code of conduct and sexual harassment. Included in the Orientation Workshop is a segment about the challenges facing Persons living with Disabilities.

As part of the COGTA's developmental role in respect of the youth development, the Department offers bursaries to unemployed, disadvantaged youth particularly women and persons from rural areas. Upon graduation, the youth are able to participate in the internship programme for a twelve month period.

Persons living with disabilities have been marginalised within society in the past. The department has made a firm commitment to ensuring that it plays its part in remedying that legacy. Internships have now been ring fenced to ensure that such persons are given opportunities to grow and develop. Twenty eight (28) interns with disabilities (part of the 100 total intern intake for the year) completed their one year internship during the year under review. Challenges were experienced and the Department learnt a great deal from the experience and will continue to ensure Internships are ring fenced for young people with disabilities.

The department has finalised the re-alignment project for the Local Government Branch, Development and Planning Branch and Traditional Affairs Branch and is in the process of implementation of the structure. Finalisation of the Integrated Administration Services Branch (Programme 1) structure is ongoing. Standard Operating Procedures as well as Business Process mapping and checklists have been designed for some of the departmental process which ensures that correct processes are followed.

The Financial Disclosures were implemented as required by the DPSA and Provincial Policy. A compliance rate of 100% was achieved in respect of all eDisclosures, as prescribed by the ministerial directive and 99% in respect of manual disclosures as prescribed by Provincial Policy. The expansion of the eDisclosure system to all categories of employees will be advantageous.

Despite the ongoing challenge to the fiscus the Department will continue to train and develop the people of the Province as best as it can.

2.6.2 HUMAN RESOURCES OVERSIGHT STATISTICS

HR OVERSIGHT 01 April 2017 to 31 March 2018 - KwaZulu Natal - Cooperative Governance and Traditional Affairs

3.1 PERSONNEL EXPENDITURE

TABLE 3.1.1 – Personnel expenditure by Programme for the period of 01 April 2017 to 31 March 2018

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	374 657	174 299	1 142	0	46.52	31 080	5 608
LOCAL GOVERNANCE	231 486	199 756	15	0	86.29	35 619	5 608
DEVELOPMENT AND PLANNING	397 143	100 440	0	0	25.29	17 910	5 608
TRADITIONAL INSTITUTIONAL MANAGEMENT	529 871	175 107	0	0	33.05	31 224	5 608
Total as on Financial Systems (BAS)	1 533 157	649 602	1 157	0	42.37	115 834	5 608

TABLE 3.1.2 - Personnel costs by salary band for the period of 01 April 2017 to 31 March 2018

Salary Band	Personnel expenditure (R'000)	% of Total Personnel Cost	No. of employees	Average Personnel Cost per Employee (R'000)
01 Lower skilled (Levels 1-2)	4 201	0.40	8.00	525 125
02 Skilled (Levels 3-5)	34 556	3.40	152.00	227 342
03 Highly skilled production (Levels 6-8)	294 299	29.00	957.00	307 522
04 Highly skilled supervision (Levels 9-12)	185 249	18.30	253.00	732 209
05 Senior management (Levels >= 13)	63 192	6.20	54.00	1 170 222
09 Other	5 493	0.30	1.00	3 143 000
10 Contract (Levels 1-2)	1 573	0.20	12.00	131 083
11 Contract (Levels 3-5)	22 463	2.20	99.00	226 899
12 Contract (Levels 6-8)	22 961	2.30	61.00	376 410
13 Contract (Levels 9-12)	11 743	1.20	13.00	903 308
14 Contract (Levels >= 13)	3 872	0.40	3.00	1 290 667
TOTAL	649 602	63.90	1 613.00	9 033 787

TABLE 3.1.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme for the period of 01 April 2017 to 31 March 2018

Programme	Salaries		Overtime		HOA		Medical Aid		Total Personnel Cost per Salary Band (R'000)
	Amount (R'000)	Salaries as % of Personnel Cost	Amount (R'000)	Overtime as % of Personnel Cost	Amount (R'000)	HOA as % of Personnel Cost	Amount (R'000)	Medical Aid as % of Personnel Cost	
ADMINISTRATION	100 637.00	81.70	1 415.00	1.10	2 572.00	2.10	4 807.00	3.90	123 246.00
ADMINISTRATION.	38 234.00	82.60	714.00	1.50	776.00	1.70	1 439.00	3.10	46 282.00
DEVELOPMENT & PLANNING	67 284.00	81.30	0.00	0.00	1 242.00	1.50	1 734.00	2.10	82 738.00
LOCAL GOVERNANCE	186 121.00	79.70	0.00	0.00	7 071.00	3.00	12 851.00	5.50	233 501.00
SYSTEM & INSTITUT DEVELOPMENT	10 464.00	86.40	0.00	0.00	170.00	1.40	193.00	1.60	12 114.00
TRADITIONAL INSTITUT MANAGEMENT	157 909.00	30.60	113.00	0.00	2 901.00	0.60	5 296.00	1.00	516 661.00
TOTAL	560 648.00	55.30	2 242.00	0.20	14 732.00	1.50	26 320.00	2.60	1 014 543.00

TABLE 3.1.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band for the period of 01 April 2017 to 31 March 2018

Salary Bands	Salaries		Overtime		HOA		Medical Aid		Total Personnel Cost per Salary Band (R'000)
	Amount (R'000)	Salaries as % of Personnel Cost	Amount (R'000)	Overtime as % of Personnel Cost	Amount (R'000)	HOA as % of Personnel Cost	Amount (R'000)	Medical Aid as % of Personnel Cost	
01 Lower Skilled (Levels 1-2)	3 180.00	71.30	55.00	1.20	379.00	8.50	328.00	7.40	4 462.00
02 Skilled (Levels 3-5)	27 089.00	72.90	779.00	2.10	2 147.00	5.80	2 997.00	8.10	37 149.00
03 Highly skilled production (Levels 6-8)	239 855.00	80.70	610.00	0.20	9 308.00	3.10	17 954.00	6.00	297 233.00
04 Highly skilled supervision (Levels 9-12)	147 945.00	80.60	443.00	0.20	2 190.00	1.20	4 136.00	2.30	183 608.00
05 Senior management (Levels 13-16)	70 501.00	82.50	0.00	0.00	625.00	0.70	668.00	0.80	85 427.00
10 Contract (Levels 1-2)	1 721.00	98.40	24.00	1.40	0.00	0.00	0.00	0.00	1 749.00
11 Contract (Levels 3-5)	21 732.00	96.90	242.00	1.10	64.00	0.30	162.00	0.70	22 417.00
12 Contract (Levels 6-8)	22 789.00	97.60	88.00	0.40	20.00	0.10	62.00	0.30	23 351.00
13 Contract (Levels 9-12)	11 786.00	88.10	0.00	0.00	0.00	0.00	12.00	0.10	13 381.00
14 Contract (Levels 13-16)	4 102.00	90.70	0.00	0.00	0.00	0.00	0.00	0.00	4 523.00
18 Contract Other	6 396.00	97.60	0.00	0.00	0.00	0.00	0.00	0.00	6 552.00
19 Periodical Remuneration	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	567.00
20 Abnormal Appointment	3 552.00	1.10	0.00	0.00	0.00	0.00	0.00	0.00	334 125.00
TOTAL	560 648.00	55.30	2 242.00	0.20	14 732.00	1.50	26 320.00	2.60	1 014 543.00

3.2 EMPLOYMENT VACANCIES**TABLE 3.2.1 - Employment and Vacancies by Programme as on 31 March 2018**

Programme	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
ADMINISTRATION, Permanent	329.00	290.00	11.90	3.00
ADMINISTRATION, Permanent	184.00	176.00	4.30	94.00
DEVELOPMENT & PLANNING, Permanent	141.00	123.00	12.80	2.00
LOCAL GOVERNANCE, Permanent	636.00	583.00	8.30	8.00
SYSTEM & INSTITUT DEVELOPMENT, Permanent	18.00	15.00	16.70	0.00
TRADITIONAL INSTITUT MANAGEMENT, Permanent	552.00	519.00	6.00	312.00
TOTAL	1 860.00	1 706.00	8.30	419.00

TABLE 3.2.2 - Employment and Vacancies by Salary Band as on 31 March 2018

Salary Band	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
01 Lower Skilled (Levels 1-2), Permanent	10.00	8.00	20.00	4.00
02 Skilled (Levels 3-5), Permanent	183.00	152.00	16.90	29.00
03 Highly Skilled Production (Levels 6-8), Permanent	1 033.00	957.00	7.40	280.00
04 Highly Skilled Supervision (Levels 9-12), Permanent	275.00	244.00	11.30	2.00
05 Senior Management (Levels 13-16), Permanent	78.00	64.00	17.90	0.00
09 Other, Permanent	93.00	93.00	0.00	93.00
10 Contract (Levels 1-2), Permanent	12.00	12.00	0.00	0.00
11 Contract (Levels 3-5), Permanent	99.00	99.00	0.00	7.00
12 Contract (Levels 6-8), Permanent	61.00	61.00	0.00	0.00
13 Contract (Levels 9-12), Permanent	13.00	13.00	0.00	3.00
14 Contract (Levels 13-16), Permanent	3.00	3.00	0.00	1.00
TOTAL	1 860.00	1 706.00	8.30	419.00

TABLE 3.2.3 – Employment and Vacancies by Critical Occupations as on 31 March 2018

Critical Occupations	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate (Includes Fresten Posts)	Number of Posts Filled Additional to the Establishment
ADMINISTRATIVE RELATED, Permanent	467.00	419.00	10.30	98.00
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC., Permanent	3.00	3.00	0.00	2.00
ARCHITECTS TOWN AND TRAFFIC PLANNERS, Permanent	22.00	20.00	9.10	0.00
AUXILIARY AND RELATED WORKERS, Permanent	2.00	2.00	0.00	0.00
BUILDING AND OTHER PROPERTY CARETAKERS, Permanent	8.00	7.00	12.50	3.00
BUS AND HEAVY VEHICLE DRIVERS, Permanent	6.00	6.00	0.00	6.00
CARTOGRAPHERS AND SURVEYORS, Permanent	2.00	2.00	0.00	0.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS, Permanent	25.00	21.00	16.00	0.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC., Permanent	32.00	32.00	0.00	10.00
CLIENT INFORM CLERKS(SWITCHB RECEPT INFORM CLERKS), Permanent	5.00	4.00	20.00	0.00
COMMUNICATION AND INFORMATION RELATED, Permanent	17.00	14.00	17.60	1.00
COMMUNITY DEVELOPMENT WORKERS, Permanent	452.00	425.00	6.00	0.00
ENGINEERING SCIENCES RELATED, Permanent	1.00	1.00	0.00	0.00
ENGINEERS AND RELATED PROFESSIONALS, Permanent	2.00	2.00	0.00	0.00
FINANCE AND ECONOMICS RELATED, Permanent	46.00	42.00	8.70	2.00
FINANCIAL AND RELATED PROFESSIONALS, Permanent	38.00	33.00	13.20	1.00
FINANCIAL CLERKS AND CREDIT CONTROLLERS, Permanent	32.00	29.00	9.40	2.00
FOOD SERVICES AID 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	2.00	0.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF, Permanent	14.00	11.00	21.40	0.00
HUMAN RESOURCES CLERKS, Permanent	16.00	15.00	6.30	0.00
HUMAN RESOURCES RELATED, Permanent	36.00	34.00	5.60	0.00
INFORMATION TECHNOLOGY RELATED, Permanent	5.00	4.00	20.00	0.00
LIBRARY MAIL AND RELATED CLERKS, Permanent	26.00	22.00	15.40	1.00
LIGHT VEHICLE DRIVERS, Permanent	7.00	5.00	28.60	0.00
MATERIAL-RECORDING AND TRANSPORT CLERKS, Permanent	2.00	1.00	50.00	0.00

TABLE 3.2.3 - Employment and Vacancies by Critical Occupation as on 31 March 2018

Critical Occupations	Number of Posts on approved establishment	Number of Posts Filled	Vacancy Rate (Includes Frozen Posts)	Number of Posts Filled Additional to the Establishment
MESSENGERS PORTERS AND DELIVERERS, Permanent	25.00	22.00	12.00	7.00
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS, Permanent	8.00	7.00	12.50	0.00
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	96.00	85.00	11.50	8.00
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS, Permanent	18.00	17.00	5.60	0.00
OTHER INFORMATION TECHNOLOGY PERSONNEL., Permanent	1.00	1.00	0.00	0.00
OTHER OCCUPATIONS, Permanent	271.00	271.00	0.00	270.00
PROFESSIONAL NURSE, Permanent	1.00	1.00	0.00	0.00
REGULATORY INSPECTORS, Permanent	3.00	3.00	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	59.00	49.00	16.90	0.00
SECURITY GUARDS, Permanent	11.00	9.00	18.20	1.00
SECURITY OFFICERS, Permanent	1.00	1.00	0.00	0.00
SENIOR MANAGERS, Permanent	65.00	52.00	20.00	1.00
TRADE LABOURERS, Permanent	4.00	4.00	0.00	4.00
TRADE RELATED, Permanent	3.00	2.00	33.30	0.00
TOTAL	1 860.00	1 706.00	8.30	419.00

3.3 FILLING OF SMS POSTS

TABLE 3.3.1 - SMS posts information as on 31 March 2018

SMS Level	Total number of posts funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General / Head of Department	0	0	0	0	0
Salary Level 16	1	1	2	0	0
Salary Level 15	5	2	3	3	17
Salary Level 14	18	14	25	4	24
Salary Level 13	49	39	70	10	59
TOTAL	73	56	100.00%	17	100 %

TABLE 3.3.2 - SMS posts information as on 30 September 2017

SMS Level	Number of Posts funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General / Head of Department	0	0	0	0	0
Salary Level 16	1	0	0	1	8
Salary Level 15	5	4	7	1	8
Salary Level 14	29	15	25	4	30
Salary Level 13	48	41	68	7	54
TOTAL	73	60	100%	13	100%

Table 3.3.3 Advertising and Filling of SMS posts for the period 1 April 2017 to 31 March 2018

SMS Level	Advertising Number of vacancies per level advertised in 6 months of becoming vacant	Filling of posts	
		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
Director-General / Head of Department	0	0	0
Salary Level 16	1	0	1
Salary Level 15	2	0	0
Salary Level 14	0	0	0
Salary Level 13	7	3	0
TOTAL	10	3	1

Table 3.3.4: Reason for not having complied with the filling of funded vacant SMS posts-Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2017 to 31 March 2018

Remarks

Reason for vacancies not advertised within six months

Due to cost cutting there is a delay in getting approval to fill the posts.

Posts were advertised within 6 months

Due to cost cutting there is a delay in getting approval to fill the posts.

3.4 JOB EVALUATION

TABLE 3.4.1 - Job Evaluation by Salary band for the period of 01 April 2017 and 31 March 2018

Salary Band	Number of Posts on approved establishment	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)	10.00	6.00	60.00	0.00	0.00	0.00	0.00
02 Skilled (Levels 3-5)	183.00	136.00	74.30	54.00	100.00	0.00	0.00
03 Highly Skilled Production (Levels 6-8)	1 033.00	720.00	69.70	24.00	100.00	2.00	100.00
04 Highly Skilled Supervision (Levels 9-12)	275.00	263.00	95.60	43.00	100.00	0.00	0.00
05 Senior Management Service Band A	50.00	50.00	100.00	0.00	0.00	0.00	0.00
06 Senior Management Service Band B	15.00	15.00	100.00	0.00	0.00	0.00	0.00
07 Senior Management Service Band C	8.00	6.00	75.00	0.00	0.00	0.00	0.00
08 Senior Management Service Band D	1.00	0.00	0.00	0.00	0.00	0.00	0.00
09 Other	93.00	0.00	0.00	0.00	0.00	0.00	0.00
10 Contract (Levels 1-2)	12.00	10.00	83.30	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5)	96.00	88.00	88.90	31.00	100.00	0.00	0.00
12 Contract (Levels 6-8)	61.00	55.00	90.20	2.00	100.00	0.00	0.00
13 Contract (Levels 9-12)	13.00	8.00	61.50	0.00	0.00	0.00	0.00
14 Contract Band A	1.00	0.00	0.00	0.00	0.00	0.00	0.00
16 Contract Band C	1.00	0.00	0.00	0.00	0.00	0.00	0.00
17 Contract Band D	1.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	1 860.00	1 361.00	73.20	154.00	100.00	2.00	100.00

TABLE 3.4.2 - Profile of employees whose positions were upgraded due to their posts being upgraded for the period 01 April 2017 to 31 March 2018					
Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Employees with a Disability	0	0	0	0	0

TABLE 3.4.4 - Profile of employees whose salary level exceeded the grade determined by Job Evaluation [i.t.o. PSR 1.V.C.3] for the period 01 April 2017 to 31 March 2018

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

TABLE 3.4.3 - Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o. PSR 1.V.C.3] for the period 01 April 2017 to 31 March 2018

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
TOTAL	0	0	0	0	0

3.5 EMPLOYMENT CHANGES

TABLE 3.5.1 - Annual Turnover Rates by Salary Band for the period 01 April 2017 to 31 March 2018

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
01 Lower Skilled (Levels 1-2) Permanent	57.00	0.00	3.00	5.30
02 Skilled (Levels 3-5) Permanent	255.00	1.00	17.00	6.70
03 Highly Skilled Production (Levels 6-8) Permanent	878.00	15.00	38.00	4.30
04 Highly Skilled Supervision (Levels 9-12) Permanent	227.00	11.00	15.00	6.60
05 Senior Management Service Band A Permanent	41.00	1.00	1.00	2.40
06 Senior Management Service Band B Permanent	19.00	0.00	1.00	5.30
07 Senior Management Service Band C Permanent	8.00	0.00	2.00	25.00
08 Senior Management Service Band D Permanent	1.00	0.00	0.00	0.00
09 Other Permanent	101.00	106.00	108.00	106.90
10 Contract (Levels 1-2) Permanent	27.00	0.00	0.00	0.00
11 Contract (Levels 3-5) Permanent	98.00	15.00	24.00	24.50
12 Contract (Levels 6-8) Permanent	70.00	3.00	9.00	12.90
13 Contract (Levels 9-12) Permanent	19.00	9.00	19.00	100.00
14 Contract Band A Permanent	2.00	0.00	0.00	0.00
16 Contract Band C Permanent	1.00	0.00	0.00	0.00
TOTAL	1 804.00	162.00	237.00	13.10

TABLE 3.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April 2017 to 31 March 2018

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
ADMINISTRATIVE RELATED Permanent	444.00	114.00	134.00	30.20
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC. Permanent	6.00	0.00	3.00	50.00
ARCHITECTS TOWN AND TRAFFIC PLANNERS Permanent	21.00	0.00	1.00	4.80
AUXILIARY AND RELATED WORKERS Permanent	2.00	0.00	0.00	0.00
BUILDING AND OTHER PROPERTY CARETAKERS Permanent	9.00	0.00	1.00	11.10
BUS AND HEAVY VEHICLE DRIVERS Permanent	17.00	12.00	17.00	300.00
CARTOGRAPHERS AND SURVEYORS Permanent	2.00	0.00	0.00	0.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS Permanent	24.00	0.00	3.00	12.50
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC. Permanent	35.00	0.00	3.00	8.60
CLIENT INFORM CLERKS(SWITCHES RECEIPT INFORM CLERKS) Permanent	5.00	0.00	0.00	0.00
COMMUNICATION AND INFORMATION RELATED Permanent	16.00	2.00	4.00	25.00
COMMUNITY DEVELOPMENT WORKERS Permanent	439.00	0.00	12.00	2.70
ENGINEERING SCIENCES RELATED Permanent	2.00	0.00	0.00	0.00
ENGINEERS AND RELATED PROFESSIONALS Permanent	2.00	0.00	0.00	0.00

TABLE 3.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April 2017 to 31 March 2018

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
FINANCE AND ECONOMICS RELATED Permanent	44.00	0.00	0.00	0.00
FINANCIAL AND RELATED PROFESSIONALS Permanent	35.00	0.00	4.00	9.33
FINANCIAL CLERKS AND CREDIT CONTROLLERS Permanent	32.00	0.00	2.00	5.70
FOOD SERVICES AID AND WAITERS Permanent	13.00	0.00	3.00	9.40
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS Permanent	4.00	0.00	0.00	0.00
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER Permanent	1.00	1.00	0.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF Permanent	12.00	0.00	0.00	0.00
HUMAN RESOURCES CLERKS Permanent	15.00	0.00	0.00	0.00
HUMAN RESOURCES RELATED Permanent	34.00	1.00	1.00	2.90
INFORMATION TECHNOLOGY RELATED Permanent	5.00	0.00	1.00	20.00
LIBRARY MAIL AND RELATED CLERKS Permanent	23.00	2.00	5.00	21.70
LIGHT VEHICLE DRIVERS Permanent	8.00	0.00	3.00	37.50
MATERIAL-RECORDING AND TRANSPORT CLERKS Permanent	1.00	0.00	0.00	0.00
MESSENGERS PORTERS AND DELIVERERS Permanent	26.00	1.00	5.00	19.20

TABLE 3.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April 2017 to 31 March 2018

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS Permanent	7.00	0.00	0.00	0.00
MOTOR VEHICLE DRIVERS Permanent	2.00	0.00	0.00	0.00
NATURAL SCIENCES RELATED Permanent	3.00	0.00	0.00	0.00
OTHER ADMINISTRATIVE & RELATED CLERKS AND ORGANISERS Permanent	95.00	7.00	13.00	13.70
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS Permanent	21.00	1.00	3.00	14.30
OTHER INFORMATION TECHNOLOGY PERSONNEL Permanent	1.00	0.00	0.00	0.00
OTHER OCCUPATIONS Permanent	262.00	14.00	5.00	1.90
PROFESSIONAL NURSE Permanent	1.00	0.00	0.00	0.00
REGULATORY INSPECTORS Permanent	4.00	1.00	2.00	50.00
RISK MANAGEMENT AND SECURITY SERVICES Permanent	1.00	0.00	0.00	0.00
ROAD WORKERS Permanent	2.00	0.00	0.00	0.00
SAFETY HEALTH AND QUALITY INSPECTORS Permanent	1.00	0.00	0.00	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS Permanent	54.00	1.00	4.00	7.40
SECURITY GUARDS Permanent	10.00	0.00	1.00	10.00

TABLE 3.5.2 - Annual Turnover Rates by Critical Occupation for the period 01 April 2017 to 31 March 2018

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
SECURITY OFFICERS Permanent	1.00	0.00	0.00	0.00
SENIOR MANAGERS Permanent	55.00	5.00	6.00	10.90
TRADE LABOURERS Permanent	4.00	0.00	0.00	0.00
TRADE RELATED Permanent	3.00	0.00	1.00	33.30
TOTAL	1 804.00	162.00	237.00	13.10

TABLE 3.5.3 - Reasons why staff are leaving the department for the period 01 April 2017 to 31 March 2018

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
01 Death, Permanent	6.00	2.50	0.40	237.00	1 706.00
02 Resignation, Permanent	48.00	20.30	2.80	237.00	1 706.00
03 Expiry of contract, Permanent	147.00	62.00	8.60	237.00	1 706.00
06 Discharged due to ill health, Permanent	9.00	3.80	0.50	237.00	1 706.00
07 Dismissal-misconduct, Permanent	9.00	3.80	0.50	237.00	1 706.00
09 Retirement, Permanent	18.00	7.60	1.10	237.00	1 706.00
TOTAL	237.00	100.00	13.90	237.00	1 706.00

TABLE 3.5.4 - Promotions by Critical Occupation for the period 01 April 2017 to 31 March 2018

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 progression as a % of Employment
ADMINISTRATIVE RELATED	444.00	1.00	0.20	158.00	44.50
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC.	6.00	0.00	0.00	4.00	66.70
ARCHITECTS TOWN AND TRAFFIC PLANNERS	21.00	0.00	0.00	20.00	95.20
AUXILIARY AND RELATED WORKERS	2.00	0.00	0.00	1.00	50.00
BUILDING AND OTHER PROPERTY CARETAKERS	9.00	0.00	0.00	7.00	77.80
BUS AND HEAVY VEHICLE DRIVERS	17.00	0.00	0.00	0.00	0.00
CARTOGRAPHERS AND SURVEYORS	2.00	0.00	0.00	2.00	100.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS	24.00	0.00	0.00	18.00	75.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	35.00	0.00	0.00	24.00	68.60
CLIENT INFORM CLERKS(SWITCHES RECEIPT INFORM CLERKS)	5.00	0.00	0.00	1.00	20.00
COMMUNICATION AND INFORMATION RELATED	16.00	0.00	0.00	5.00	31.30
COMMUNITY DEVELOPMENT WORKERS	439.00	0.00	0.00	415.00	94.50
ENGINEERING SCIENCES RELATED	2.00	0.00	0.00	2.00	100.00
ENGINEERS AND RELATED PROFESSIONALS	2.00	0.00	0.00	0.00	0.00

TABLE 3.5.4 - Promotions by Critical Occupation for the period 01 April 2017 to 31 March 2018

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 progression as a % of Employment
FINANCE AND ECONOMICS RELATED	44.00	0.00	0.00	31.00	70.50
FINANCIAL AND RELATED PROFESSIONALS	35.00	0.00	0.00	21.00	60.00
FINANCIAL CLERKS AND CREDIT CONTROLLERS	32.00	0.00	0.00	15.00	46.90
FOOD SERVICES AID'S AND WAITERS	13.00	0.00	0.00	7.00	53.80
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS	4.00	0.00	0.00	4.00	100.00
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER	1.00	0.00	0.00	0.00	0.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	12.00	0.00	0.00	1.00	8.30
HUMAN RESOURCES CLERKS	15.00	0.00	0.00	3.00	20.00
HUMAN RESOURCES RELATED	34.00	0.00	0.00	18.00	52.90
INFORMATION TECHNOLOGY RELATED	5.00	0.00	0.00	5.00	100.00
LIBRARY MAIL AND RELATED CLERKS	23.00	0.00	0.00	12.00	52.20
LIGHT VEHICLE DRIVERS	8.00	0.00	0.00	5.00	62.50
MATERIAL-RECORDING AND TRANSPORT CLERKS	1.00	0.00	0.00	0.00	0.00
MESSENGERS PORTERS AND DELIVERERS	26.00	0.00	0.00	21.00	80.80

TABLE 3.5.4 - Promotions by Critical Occupation for the period 01 April 2017 to 31 March 2018

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 progression as a % of Employment
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS	7.00	0.00	0.00	4.00	57.10
MOTOR VEHICLE DRIVERS	2.00	0.00	0.00	1.00	50.00
NATURAL SCIENCES RELATED	3.00	0.00	0.00	3.00	100.00
OTHER ADMINISTRATIVE & RELATED CLERKS AND ORGANISERS	95.00	0.00	0.00	34.00	35.80
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	21.00	0.00	0.00	6.00	28.50
OTHER INFORMATION TECHNOLOGY PERSONNEL	1.00	0.00	0.00	1.00	100.00
OTHER OCCUPATIONS	262.00	1.00	0.40	1.00	0.40
PROFESSIONAL NURSE	1.00	0.00	0.00	0.00	0.00
REGULATORY INSPECTORS	4.00	0.00	0.00	3.00	75.00
RISK MANAGEMENT AND SECURITY SERVICES	1.00	0.00	0.00	1.00	100.00
ROAD WORKERS	2.00	0.00	0.00	0.00	0.00
SAFETY HEALTH AND QUALITY INSPECTORS	1.00	0.00	0.00	0.00	0.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	54.00	0.00	0.00	30.00	55.50
SECURITY GUARDS	30.00	0.00	0.00	8.00	80.00

TABLE 3.5.4 - Promotions by Critical Occupation for the period 01 April 2017 to 31 March 2018

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 progression as a % of Employment
SECURITY OFFICERS	1.00	0.00	0.00	0.00	0.00
SENIOR MANAGERS	55.00	1.00	1.80	8.00	14.50
TRADE LABOURERS	4.00	0.00	0.00	4.00	100.00
TRADE RELATED	3.00	0.00	0.00	0.00	0.00
TOTAL	1 804.00	3.00	0.20	944.00	52.30

TABLE 3.5.5 - Promotions by Salary Band for the period 01 April 2017 to 31 March 2018

Salary Band	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Promotions to another Notch within Salary Level	Notch Progressions as a % of Employment
01 Lower Skilled (Levels 1-2), Permanent	57.00	0.00	0.00	5.00	8.80
02 Skilled (Levels 3-5), Permanent	255.00	0.00	0.00	137.00	53.70
03 Highly Skilled Production (Levels 6-8), Permanent	878.00	0.00	0.00	581.00	66.20
04 Highly Skilled Supervision (Levels 9-12), Permanent	227.00	1.00	0.40	179.00	78.90
05 Senior Management (Levels 13-16), Permanent	68.00	1.00	1.40	20.00	29.00
09 Other, Permanent	101.00	0.00	0.00	2.00	2.00
10 Contract (Levels 1-2), Permanent	27.00	0.00	0.00	0.00	0.00
11 Contract (Levels 3-5), Permanent	98.00	0.00	0.00	15.00	15.30
12 Contract (Levels 6-8), Permanent	70.00	0.00	0.00	2.00	2.90
13 Contract (Levels 9-12), Permanent	15.00	0.00	0.00	2.00	10.50
14 Contract (Levels 13-16), Permanent	3.00	1.00	33.30	0.00	0.00
TOTAL	1 804.00	3.00	0.20	944.00	52.30

3.6 EMPLOYMENT EQUITY

TABLE 3.6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO) as on 31 March 2018

Occupational Categories	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
02 – PROFESSIONALS	203.00	0.00	12.00	215.00	9.00	336.00	5.00	18.00	359.00	10.00	593.00
03 - TECHNICIANS AND ASSOCIATE PROFESSIONALS	178.00	3.00	14.00	195.00	11.00	223.00	7.00	21.00	251.00	14.00	471.00
09 - LABOURERS AND RELATED WORKERS	285.00	0.00	0.00	285.00	0.00	65.00	0.00	0.00	65.00	0.00	350.00
08 - PLANT AND MACHINE OPERATORS AND ASSEMBLERS	13.00	0.00	0.00	13.00	0.00	0.00	0.00	0.00	0.00	0.00	13.00
05 - SERVICE SHOP AND MARKET SALES WORKERS	11.00	1.00	0.00	12.00	0.00	2.00	0.00	0.00	2.00	0.00	14.00
04 – CLERKS	46.00	1.00	7.00	54.00	0.00	129.00	5.00	7.00	141.00	10.00	205.00
01 - SENIOR OFFICIALS AND MANAGERS	20.00	0.00	1.00	21.00	6.00	23.00	0.00	4.00	27.00	1.00	55.00
07 - CRAFT AND RELATED TRADE WORKERS	5.00	0.00	0.00	5.00	0.00	0.00	0.00	0.00	0.00	0.00	5.00
TOTAL	761.00	5.00	34.00	800.00	26.00	778.00	17.00	50.00	845.00	35.00	1 706.00
Employees with disabilities	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
	17.00	1.00	2.00	20.00	1.00	18.00	0.00	0.00	18.00	3.00	42.00

TABLE 3.5.2 - Total number of Employees [incl. Employees with disabilities] per Occupational Bands as on 31 March 2018

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
01 Top Management, Permanent	2.00	0.00	1.00	3.00	1.00	3.00	0.00	0.00	3.00	0.00	7.00
02 Senior Management, Permanent	10.00	0.00	2.00	20.00	8.00	22.00	0.00	5.00	28.00	1.00	57.00
03 Professionally qualified and experienced specialists and mid-management, Permanent	77.00	1.00	17.00	95.00	13.00	99.00	8.00	22.00	129.00	7.00	244.00
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	475.00	1.00	30.00	486.00	2.00	430.00	7.00	15.00	443.00	25.00	957.00
05 Semi-skilled and discretionary decision making, Permanent	69.00	0.00	1.00	70.00	1.00	79.00	0.00	1.00	80.00	1.00	152.00
06 Unskilled and defined decision making, Permanent	4.00	0.00	0.00	4.00	0.00	4.00	0.00	0.00	4.00	0.00	8.00
07 Not Available, Permanent	41.00	2.00	1.00	44.00	0.00	48.00	0.00	1.00	49.00	0.00	93.00
08 Contract (Top Management), Permanent	1.00	0.00	1.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
09 Contract (Senior Management), Permanent	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	1.00	0.00	1.00
10 Contract (Professionally Qualified), Permanent	5.00	0.00	0.00	5.00	1.00	6.00	0.00	1.00	7.00	0.00	13.00
11 Contract (Skilled Technical), Permanent	21.00	0.00	0.00	21.00	0.00	38.00	1.00	1.00	40.00	0.00	62.00
12 Contract (Semi-Skilled), Permanent	44.00	1.00	1.00	46.00	0.00	50.00	1.00	2.00	53.00	0.00	99.00
13 Contract (Unskilled), Permanent	4.00	0.00	0.00	4.00	0.00	8.00	0.00	0.00	8.00	0.00	12.00
TOTAL	761.00	5.00	34.00	800.00	25.00	778.00	17.00	58.00	845.00	35.00	1 706.00

TABLE 3.6.3 – Recruitment for the period 01 April 2017 to 31 March 2018

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
02 Senior Management, Permanent	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	1.00	0.00	1.00
03 Professionally qualified and experienced specialists and mid-management, Permanent	4.00	0.00	0.00	4.00	0.00	7.00	0.00	0.00	7.00	0.00	11.00
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	13.00	0.00	0.00	13.00	0.00	2.00	0.00	0.00	2.00	0.00	15.00
05 Semi-skilled and discretionary decision making, Permanent	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	1.00	0.00	1.00
07 Not Available, Permanent	46.00	2.00	1.00	49.00	0.00	55.00	1.00	1.00	57.00	0.00	106.00
08 Contract (Top Management), Permanent	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
10 Contract (Professionally qualified), Permanent	7.00	0.00	0.00	7.00	0.00	2.00	0.00	0.00	2.00	0.00	9.00
11 Contract (Skilled technical), Permanent	1.00	0.00	0.00	1.00	0.00	2.00	0.00	0.00	2.00	0.00	3.00
12 Contract (Semi-skilled), Permanent	14.00	0.00	0.00	14.00	0.00	1.00	0.00	0.00	1.00	0.00	15.00
TOTAL	86.00	2.00	1.00	89.00	0.00	71.00	1.00	1.00	73.00	0.00	162.00
Employees with disabilities	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
	13.00	1.00	0.00	14.00	0.00	12.00	0.00	0.00	12.00	0.00	26.00

TABLE 3.5.4 – Promotions for the period 01 April 2017 to 31 March 2018

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
01 Top Management, Permanent	3.00	0.00	0.00	3.00	0.00	4.00	0.00	0.00	4.00	0.00	7.00
02 Senior Management, Permanent	6.00	0.00	0.00	6.00	2.00	2.00	0.00	4.00	6.00	0.00	14.00
03 Professionally qualified and experienced specialists and mid-management, Permanent	53.00	1.00	11.00	65.00	7.00	75.00	7.00	22.00	104.00	4.00	180.00
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	195.00	0.00	6.00	201.00	1.00	350.00	4.00	26.00	376.00	9.00	581.00
05 Semi-skilled and discretionary decision making, Permanent	63.00	0.00	1.00	64.00	0.00	72.00	0.00	1.00	73.00	0.00	137.00
06 Unskilled and defined decision making, Permanent	4.00	0.00	0.00	4.00	0.00	1.00	0.00	0.00	1.00	0.00	5.00
07 Not Available, Permanent	1.00	1.00	0.00	2.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
08 Contract (Senior Management), Permanent	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	1.00	0.00	1.00
10 Contract (Professionally qualified), Permanent	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	2.00	0.00	2.00
11 Contract (Skilled technical), Permanent	1.00	0.00	0.00	1.00	0.00	1.00	0.00	0.00	1.00	0.00	2.00
12 Contract (Semi-skilled), Permanent	5.00	0.00	0.00	5.00	0.00	11.00	0.00	0.00	11.00	0.00	16.00
TOTAL	331.00	2.00	18.00	351.00	10.00	519.00	11.00	43.00	573.00	13.00	947.00
Employees with disabilities	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
	5.00	0.00	2.00	7.00	0.00	3.00	0.00	0.00	3.00	0.00	10.00

TABLE 3.6.5 – Terminations for the period 01 April 2017 to 31 March 2018

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
01 Top Management, Permanent	1.00	0.00	0.00	1.00	0.00	1.00	0.00	0.00	1.00	0.00	2.00
02 Senior Management, Permanent	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	2.00	0.00	2.00
03 Professionally qualified and experienced specialists and mid-management, Permanent	5.00	0.00	0.00	5.00	1.00	6.00	0.00	0.00	6.00	2.00	15.00
04 Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	13.00	0.00	0.00	13.00	0.00	12.00	0.00	0.00	12.00	3.00	38.00
05 Semi-skilled and discretionary decision making, Permanent	10.00	0.00	1.00	11.00	0.00	6.00	0.00	0.00	6.00	0.00	17.00
06 Unskilled and defined decision making, Permanent	2.00	0.00	0.00	2.00	0.00	1.00	0.00	0.00	1.00	0.00	3.00
07 Not Available, Permanent	45.00	2.00	1.00	48.00	0.00	57.00	1.00	1.00	59.00	0.00	108.00
10 Contract (Professionally qualified), Permanent	14.00	0.00	1.00	15.00	1.00	2.00	0.00	1.00	3.00	0.00	19.00
11 Contract (Skilled technical), Permanent	1.00	0.00	0.00	1.00	0.00	7.00	0.00	1.00	8.00	0.00	9.00
12 Contract (Semi-skilled), Permanent	21.00	0.00	0.00	21.00	0.00	3.00	0.00	0.00	3.00	0.00	24.00
TOTAL	114.00	2.00	3.00	129.00	2.00	97.00	1.00	3.00	101.00	5.00	237.00
Employees with disabilities	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
	14.00	1.00	0.00	15.00	0.00	12.00	0.00	0.00	12.00	0.00	27.00

TABLE 3.6.6 - Disciplinary Action for the period 01 April 2017 to 31 March 2018

Disciplinary action	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
DISMISSAL	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	1.00	0.00	1.00
FINAL WRITTEN WARNING	4.00	0.00	0.00	4.00	1.00	0.00	0.00	0.00	0.00	1.00	5.00
NO OUTCOME	1.00	0.00	1.00	2.00	0.00	1.00	1.00	0.00	2.00	0.00	4.00
SUSPENDED WITHOUT PAYMENT	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
WRITTEN WARNING	0.00	0.00	0.00	0.00	0.00	2.00	0.00	0.00	2.00	0.00	2.00
TOTAL	6.00	0.00	1.00	7.00	1.00	4.00	1.00	0.00	5.00	1.00	14.00

TABLE 3.6.7 - Skills Development for the period 01 April 2017 to 31 March 2018

Occupational Categories	Male					Female					Total
	African	Coloured	Indian	Total Blacks	White	African	Coloured	Indian	Total Blacks	White	
Legislators, Senior Officials and Managers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Professionals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Technicians and Associate Professionals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clerks	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Service and Sales Workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Skilled Agriculture and Fishery Workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Craft and related Trades Workers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Plant and Machine Operators and Assemblers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Elementary Occupations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Employees with disabilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

3.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS**Table 3.7.1 Signing of Performance Agreements by SMS members as on 31 March 2018**

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	1	2	0	0
Salary Level 15	5	2	3	3	17
Salary Level 14	18	14	25	4	24
Salary Level 13	49	39	70	10	59
Total	73	56	100.00%	17	100 %

3.8 PERFORMANCE REWARDS

TABLE 3.8.1 - Performance Rewards by Race, Gender and Disability for the period 01 April 2017 to 31 March 2018

Demographics	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost(R'000)	Average Cost per Beneficiary (R)
African, Female	183.00	760.00	24.10	3 312.33	18 100.00
African, Male	148.00	744.00	19.90	2 699.90	18 243.00
Asian, Female	25.00	50.00	50.00	728.00	29 120.00
Asian, Male	16.00	32.00	50.00	493.41	30 838.00
Coloured, Female	6.00	17.00	35.30	104.04	17 341.00
Coloured, Male	1.00	4.00	25.00	7.34	7 339.00
Total Blacks, Female	214.00	827.00	25.90	4 144.37	19 366.00
Total Blacks, Male	165.00	780.00	21.20	3 200.65	19 398.00
White, Female	13.00	32.00	40.60	311.25	23 942.00
White, Male	7.00	25.00	28.00	220.70	31 528.00
Employees with a disability	5.00	42.00	11.90	69.65	13 929.00
TOTAL	404.00	1 706.00	23.70	7 946.62	19 670.00

TABLE 3.8.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service for the period 01 April 2017 to 31 March 2018

Salary Band	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
01 Lower Skilled (Levels 1-2)	11.00	8.00	137.50	81.21	7 383.00
02 Skilled (Levels 3-5)	56.00	152.00	36.80	545.43	9 740.00
03 Highly Skilled Production (Levels 6-8)	130.00	957.00	13.60	2 019.54	15 535.00
04 Highly Skilled Supervision (Levels 9-12)	128.00	244.00	52.50	4 087.68	31 935.00
09 Other	0.00	93.00	0.00	0.00	0.00
10 Contract (Levels 1-2)	6.00	12.00	50.00	27.73	4 621.00
11 Contract (Levels 3-5)	38.00	99.00	38.40	377.43	9 932.00
12 Contract (Levels 6-8)	27.00	61.00	44.30	405.54	15 020.00
13 Contract (Levels 9-12)	3.00	13.00	23.10	91.84	30 612.00
TOTAL	399.00	1 639.00	24.30	7 636.40	19 139.00

TABLE 3.8.3 – Performance Rewards by Critical Occupation for the period 01 April 2017 to 31 March 2018

Critical Occupations	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
FINANCIAL CLERKS AND CREDIT CONTROLLERS	11.00	29.00	37.90	119.35	10 850.00
HUMAN RESOURCES CLERKS	2.00	15.00	13.30	17.40	8 699.00
SECURITY OFFICERS	1.00	1.00	100.00	13.61	13 608.00
MESSENGERS PORTERS AND DELIVERERS	8.00	22.00	36.40	63.25	7 907.00
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	8.00	11.00	72.70	165.59	20 698.00
ALL ARTISANS IN THE BUILDING METAL MACHINERY ETC.	1.00	3.00	33.30	13.11	13 114.00
RISK MANAGEMENT AND SECURITY SERVICES	0.00	1.00	0.00	0.00	0.00
SAFETY HEALTH AND QUALITY INSPECTORS	0.00	1.00	0.00	0.00	0.00
FINANCE AND ECONOMICS RELATED	13.00	42.00	30.00	384.73	29 595.00
NATURAL SCIENCES RELATED	3.00	3.00	100.00	125.25	41 749.00
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	37.00	85.00	43.50	506.67	13 667.00
AUXILIARY AND RELATED WORKERS	1.00	2.00	50.00	5.92	5 922.00
OTHER OCCUPATIONS	1.00	271.00	0.40	55.59	55 590.00
FINANCIAL AND RELATED PROFESSIONALS	14.00	33.00	42.40	225.30	16 079.00
BUILDING AND OTHER PROPERTY CARETAKERS	2.00	7.00	28.60	11.41	5 706.00
ARCHITECTS TOWN AND TRAFFIC PLANNERS	14.00	20.00	70.00	511.87	36 562.00
ADMINISTRATIVE RELATED	145.00	439.00	34.60	3 263.01	22 504.00
COMMUNICATION AND INFORMATION RELATED	6.00	14.00	42.90	127.31	21 219.00
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	26.00	49.00	53.00	406.05	15 793.00
LIBRARY MAIL AND RELATED CLERKS	7.00	22.00	31.80	87.71	12 530.00
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	15.00	32.00	46.90	102.71	6 847.00
HUMAN RESOURCES RELATED	18.00	34.00	52.90	611.82	33 990.00
HEAD OF DEPARTMENT/CHIEF EXECUTIVE OFFICER	0.00	2.00	0.00	0.00	0.00
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS	1.00	7.00	14.30	32.36	32 361.00

TABLE 3.8.3 – Performance Rewards by Critical Occupation for the period 01 April 2017 to 30 March 2018

Critical Occupations	Beneficiary Profile			Cost	
	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
TRADE LABOURERS	0.00	4.00	0.00	0.00	0.00
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS	2.00	4.00	50.00	93.44	46 719.00
REGULATORY INSPECTORS	2.00	3.00	66.70	59.86	29 929.00
CARTOGRAPHIC SURVEYING AND RELATED TECHNICIANS	4.00	21.00	19.00	77.33	19 333.00
ROAD WORKERS	0.00	2.00	0.00	0.00	0.00
MATERIAL-RECORDING AND TRANSPORT CLERKS	1.00	1.00	100.00	9.97	9 972.00
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	7.00	17.00	41.20	146.85	20 978.00
PROFESSIONAL NURSE	1.00	1.00	100.00	20.30	20 096.00
BUS AND HEAVY VEHICLE DRIVERS	0.00	6.00	0.00	0.00	0.00
SENIOR MANAGERS	0.00	52.00	0.00	0.00	0.00
CLIENT INFORM CLERKS(SWITCH RECEPT INFORM CLERKS)	0.00	4.00	0.00	0.00	0.00
ENGINEERS AND RELATED PROFESSIONALS	1.00	2.00	50.00	49.83	49 826.00
CARTOGRAPHERS AND SURVEYORS	1.00	2.00	50.00	39.26	39 265.00
TRADE RELATED	3.00	2.00	150.00	17.55	5 848.00
OTHER INFORMATION TECHNOLOGY PERSONNEL	1.00	1.00	100.00	19.20	19 198.00
LIGHT VEHICLE DRIVERS	6.00	5.00	120.00	51.98	8 663.00
ENGINEERING SCIENCES RELATED	1.00	1.00	100.00	33.84	33 839.00
MOTOR VEHICLE DRIVERS	1.00	2.00	50.00	5.34	5 336.00
SECURITY GUARDS	9.00	9.00	100.00	84.02	9 335.00
FOOD SERVICES AID AND WAITERS	4.00	13.00	30.80	23.31	5 827.00
COMMUNITY DEVELOPMENT WORKERS	23.00	425.00	5.40	290.74	12 641.00
INFORMATION TECHNOLOGY RELATED	3.00	4.00	75.00	72.18	24 061.00
TOTAL	404.00	1 706.00	23.70	7 946.62	19 630.00

TABLE 3.8.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service for the period 01 April 2017 to 31 March 2018

SMS Band	Beneficiary Profile			Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
	Number of Beneficiaries	Total Employees	Percentage of Total Employment				
Band A	3.00	41.00	7.30	152.93	50 975.00	0.30	47 807.31
Band B	2.00	17.00	11.80	157.30	78 647.70	0.60	25 197.32
Band C	0.00	7.00	0.00	0.00	0.00	0.00	13 859.42
Band D	0.00	2.00	0.00	0.00	0.00	0.00	3 085.59
TOTAL	5.00	67.00	7.50	310.22	62 044.10	0.30	89 949.64

3.9 FOREIGN WORKERS

TABLE 3.9.1 - Foreign Workers by Salary Band for the period 01 April 2017 to 31 March 2018

Salary Band	Employment at Beginning of Period	Percentage of Total at Beginning of Period	Employment at End of Period	Percentage of Total at End of Period	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 5-8)	1.00	12.50	1.00	16.70	0.00	8.00	8.00	8.00	- 2.00
Highly skilled supervision (Levels 9-12)	4.00	50.00	3.00	50.00	- 1.00	8.00	8.00	6.00	- 2.00
Other	2.00	25.00	1.00	16.70	- 1.00	8.00	8.00	6.00	- 2.00
Senior management (Levels 13-16)	1.00	12.50	1.00	16.70	0.00	8.00	8.00	6.00	- 2.00
TOTAL	8.00	100.00	6.00	100.00	- 2.00	8.00	8.00	6.00	- 2.00

TABLE 3.9.2 - Foreign Workers by Major Occupation for the period 01 April 2017 to 31 March 2018

Major Occupational Class	Employment at Beginning of Period	Percentage of Total at Beginning of Period	Employment at End of Period	Percentage of Total at End of Period	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Other occupations	1.00	12.50	1.00	16.70	0.00	8.00	8.00	6.00	- 2.00
Professionals and managers	6.00	75.00	4.00	66.70	- 2.00	8.00	8.00	6.00	- 2.00
Technicians and associated professionals	1.00	12.50	1.00	16.70	0.00	8.00	8.00	6.00	- 2.00
TOTAL	8.00	100.00	6.00	100.00	- 2.00	8.00	8.00	6.00	- 2.00

3.10 LEAVE UTILISATION

TABLE 3.10.1 - Sick Leave for the period 01 January 2017 to 31 December 2017

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)
Contract (Levels 1-2)	46.00	0.00	10.00	0.00	5.00	22.00
Contract (Levels 13-16)	13.00	0.00	2.00	0.00	7.00	46.00
Contract (Levels 3-5)	351.00	0.00	66.00	0.00	5.00	275.00
Contract (Levels 6-8)	186.00	0.00	36.00	0.00	5.00	232.00
Contract (Levels 9-12)	20.00	0.00	5.00	0.00	4.00	47.00
Contract Other	110.00	0.00	42.00	0.00	3.00	37.00
Highly skilled production (Levels 6-8)	2 474.00	0.00	309.00	0.00	8.00	3 060.00
Highly skilled supervision (Levels 9-12)	1 254.00	0.00	173.00	0.00	7.00	3 237.00
Lower skilled (Levels 1-2)	147.00	0.00	13.00	0.00	11.00	80.00
Senior management (Levels 13-16)	224.00	0.00	39.00	0.00	6.00	987.00
Skilled (Levels 3-5)	640.00	0.00	95.00	0.00	7.00	511.00
TOTAL	5 465.00	0.00	790.00	0.00	7.00	8 534.00

TABLE 3.10.2 - Disability Leave (Temporary and Permanent) for the period 01 January 2017 to 31 December 2017

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'0000)
Contract (Levels 3-5)	5.00	0.00	1.00	0.00	5.00	4.00
Contract (Levels 6-8)	4.00	0.00	1.00	0.00	4.00	4.00
Highly skilled production (Levels 6-8)	1 502.00	0.00	35.00	0.00	43.00	1 747.00
Highly skilled supervision (Levels 9-11)	292.00	0.00	13.00	0.00	22.00	701.00
Lower skilled (Levels 1-2)	51.00	0.00	3.00	0.00	17.00	26.00
Senior management (Levels 13-15)	9.00	0.00	1.00	0.00	9.00	33.00
Skilled (Levels 3-5)	660.00	0.00	9.00	0.00	73.00	439.00
TOTAL	2 523.00	0.00	63.00	0.00	40.00	2 955.00

TABLE 3.10.3 - Annual Leave for the period 01 January 2017 to 31 December 2017

Salary Band	Total Days Taken	Average Days per Employee	Number of Employees who took leave
Contract (Levels 1-2)	250.00	17.00	15.00
Contract (Levels 13-16)	54.00	9.00	6.00
Contract (Levels 3-5)	1 548.00	16.00	94.00
Contract (Levels 6-8)	1 068.00	16.00	68.00
Contract (Levels 9-12)	189.00	9.00	20.00
Contract Other	906.00	6.00	154.00
Highly skilled production (Levels 6-8)	13 336.00	20.00	673.00
Highly skilled supervision (Levels 9-11)	5 153.00	21.00	244.00
Lower skilled (Levels 1-2)	693.00	24.00	29.00
Senior management (Levels 13-15)	1 223.00	17.00	72.00
Skilled (Levels 3-5)	3 218.00	19.00	168.00
TOTAL	27 638.00	18.00	1 543.00

TABLE 3.10.4 - Capped Leave for the period 01 January 2017 to 31 December 2017

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
Contract (Levels 1-2)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (Levels 13-16)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (Levels 3-5)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (Levels 6-8)	0.00	0.00	0.00	0.00	0.00	0.00
Contract (Levels 9-12)	0.00	0.00	0.00	0.00	0.00	0.00
Contract Other	0.00	0.00	0.00	0.00	0.00	0.00
Highly skilled production (Levels 6-8)	13.00	4.00	90.00	3.00	15 875.70	177.00
Highly skilled supervision (Levels 9-12)	88.00	29.00	69.00	3.00	5 461.29	79.00
Lower skilled (Levels 1-2)	0.00	0.00	90.00	0.00	627.82	7.00
Senior management (Levels 13-16)	0.00	0.00	54.00	0.00	1 021.28	19.00
Skilled (Levels 3-5)	0.00	0.00	75.00	0.00	9 648.85	128.00
TOTAL	101.00	17.00	80.00	6.00	32 634.94	410.00

TABLE 3.10.5 - Leave Payouts for the period 01 April 2017 to 31 March 2018

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Capped leave payouts on termination of service for current financial year	5 530.00	61.00	90 656.00
Current leave payout on termination of service for current financial year	32.00	2.00	16 000.00
TOTAL	5 562.00	63.00	88 286.00

3. 11 HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Elementary Occupations	<ul style="list-style-type: none"> • Compulsory Protective wear and uniforms • Trained first-aiders per COGTA site to handle minor injuries. • Fully stocked first-aid kits per COGTA Site. • Condom Dispensers at all COGTA sites

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Mr DA Beykirch –Director: Human Capital Development
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		<ul style="list-style-type: none"> • Number of Employee Health and Wellness Staff : <ul style="list-style-type: none"> 4 Permanent staff 1 Contract staff 1 Intern • Annual Budget: R 5 613 million
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		As per EHW Strategic Framework <ul style="list-style-type: none"> • HIV, AIDS, STI's and TB Management • Wellness Management • Health and Productivity Management

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes [tick the applicable boxes and provide the required information]

Question	Yes	No	Details, if yes
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2002? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		<p>Approved Wellness Committee</p> <ul style="list-style-type: none"> • Legal Services • Human Capital Development • Employee Health and Wellness • Unions • Human Resource Administration • Auxiliary Services • Traditional Houses • Peer Educators • Training and Development
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		<ul style="list-style-type: none"> • HIV, AIDS, STI's and TB Policy • Wellness management Policy • Health and Productivity Management Policy • Sexual Harassment Policy • Bereavement Policy • Sports and Recreation Policy • Employee Health and Wellness Strategic Framework (2008) • BCEA 75(2007)
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		<ul style="list-style-type: none"> • Confidential referral and counselling • Staff Induction and Orientation Programmes • HIV and AIDS, STI and TB Training for Interns • Confidential HIV Testing and Post Management by Service provider
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		<ul style="list-style-type: none"> • Employees are encouraged to screen 4 times a year • Employees referred to test during one on one confidential counselling. • Approximately 700+ staff members attend wellness screening every quarter. Staff are able to undergo ICT. • 155 employees who have disclosed their status are supported by the wellness centre.

Table 3.11.2 Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		<ul style="list-style-type: none"> • More than 86% of staff that attended the World AIDS day event in Mkuze tested for HIV. • Quarterly Wellness Report from External Service Provider • Monthly Unit Reporting • Office of the Premier Monthly reporting • Operational Plans for Office of the Premier and DPSA : <ul style="list-style-type: none"> ➢ HIV, AIDS, STI's and TB Policy ➢ Wellness management Policy ➢ Health and Productivity Management Policy <p>Departmental Wellness Committee Meeting SMT tool populated for the Office of the Premier and DPSA Implementation Review Report (4 Quarters) + Annual Report) to OTP and DPSA</p>

3.12 LABOUR RELATIONS

TABLE 3.12.2 - Misconduct and Discipline Hearings Finalised for the period 1 April 2017 to 31 March 2018

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
DISMISSAL	09	20.0	09
SUSPENSION WITHOUT PAY AND FINAL WRITTEN WARNING	01	2.2	01
FINAL WRITTEN WARNING	09	20.0	09
WRITTEN WARNING	19	42.2	19
VERBAL WARNING	04	8.9	04
CORRECTIVE COUNSELLING	03	6.7	03
TOTAL	45	100%	45

TABLE 3.12.3 - Types of Misconduct Addressed and Disciplinary Hearings for the period 01 April 2017 to 31 March 2018

Type of misconduct	Number	Percentage of Total	Total
FRAUD	02	4.5	02
GROSS INSUBORDINATION	02	4.5	02
SCM IRREGULARITIES	01	2.3	01
UNAUTHORISED ABSENCES	05	11.4	05
VEHICLE MISUSE	21	47.7	21
POOR PERFORMANCE	05	11.4	05
FAILED TO COMPLY WITH A LEGAL OBLIGATION	01	2.3	01
CONTRAVENES A CODE OF CONDUCT	01	2.3	01
ABSCONDMENTS SECTION 17 (3)(a)(i) PUBLIC SERVICE ACT 1994	06	13.6	06
TOTAL	44	100%	44

TABLE 3.12.4 - Grievances Lodged for the period 01 April 2017 to 31 March 2018

	Number of grievances addressed	Number	Percentage of Total	Total
Resolved		20	76	20
Not Resolved		6	23	6
TOTAL		26	100%	26

TABLE 3.12.5 - Disputes Lodged with the Councils for the period 01 April 2017 to 31 March 2018

	Number of grievances addressed	Number	Percentage of Total	Total
Number of disputes upheld		0	0	0
Number of disputes dismissed		0	0	0
TOTAL number of disputes lodged		6	100%	6

TABLE 3.12.6 – Strike actions for the period 1 April 2017 and 31 March 2018

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

TABLE 3.12.7 – Precautionary suspensions for the period 1 April 2017 and 31 March 2018

Number of people suspended	6
Number of people whose suspensions exceeded 30 days	6
Average number of days suspended	6
Cost of suspension (R'000)	Nil

3.13 SKILLS DEVELOPMENT

Table 3.13.1 Training needs identified for the period 1 April 2017 to 31 March 2018

3.13 SKILLS DEVELOPMENT							
Table 3.13.1 Training needs identified for the period 1 April 2017 to 31 March 2018							
Training needs identified at start of the reporting period		Gender	Number of employees as at 1 April 2017	Training needs identified at start of the reporting period			
Occupational Category				Leaverships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	28	0	11	1	12	
	Male	28	0	9	2	11	
Professionals	Female	380	0	13	6	19	
	Male	237	0	15	6	21	
Technicians and associate professionals	Female	283	0	22	2	24	
	Male	272	0	18	5	23	
Clerks	Female	161	0	17	3	20	
	Male	63	0	12	1	13	
Service and sales workers	Female	2	0	0	0	0	
	Male	13	0	1	0	1	
Skilled agriculture and fishery workers	Female	N/A	N/A	N/A	N/A	N/A	
	Male	N/A	N/A	N/A	N/A	N/A	
Craft and related trades workers	Female	0	0	9	0	9	
	Male	9	0	7	0	7	
Plant and machine operators and assemblers	Female	0	0	0	0	0	
	Male	27	0	1	0	1	
Elementary occupations	Female	70	0	4	0	4	
	Male	280	0	3	0	3	
Sub Total	Female	924	0	76	12	88	
	Male	599	0	66	14	80	
Total		1523	0	142	26	158	

Table 3.13.2 Training provided for the period 1 April 2017 to 31 March 2018

Occupational Category		Gender	Number of employees as at 1 April 2017	Training provided within the reporting period				Total
				Leaverships	Skills Programmes & other short courses	Other forms of training		
Legislators, senior officials and managers	Female		28	0	12	4	16	
	Male		28	0	8	4	12	
Professionals	Female		380	0	6	3	9	
	Male		237	0	3	1	4	
Technicians and associate professionals	Female		283	0	11	0	11	
	Male		222	0	11	1	12	
Clerks	Female		161	0	10	1	11	
	Male		63	0	9	1	10	
Service and sales workers	Female		2	0	0	0	0	
	Male		13	0	0	0	0	
Skilled agriculture and fishery workers	Female		N/A	N/A	N/A	N/A	N/A	
	Male		N/A	N/A	N/A	N/A	N/A	
Craft and related trades workers	Female		0	0	0	0	0	
	Male		9	0	0	0	0	
Plant and machine operators and assemblers	Female		0	0	0	0	0	
	Male		27	0	2	0	2	
Elementary occupations	Female		70	0	1	0	1	
	Male		280	0	0	0	0	
Sub Total	Female		924	0	40	8	48	
	Male		599	0	33	7	40	
Total			1523	0	73	15	88	

3.14 INJURY ON DUTY

Nature of Injury on Duty	Number	% of Total
Required basic medical attention only	0.00	0.00
Temporary Total Disablement	0.00	0.00
Permanent Disablement	0.00	0.00
Fatal	0.00	0.00
Total	0.00	0.00

3.15 UTILISATION OF CONSULTANTS

REPORT ON THE USE OF CONSULTANTS FOR THE FINANCIAL YEAR 2017-18				CONTRIBUTION % ON RDT's										
Consultants Appointed	Costs Per Appointment	Scope Of Work	Duration Of Contract/ Service	Black female	Black male	Coloured female	Coloured male	Indian female	Indian male	White female	White male	Youth	Disability	BEE Level
SMEC South Africa	R 458 088.80	Developing business process, specific action plans and monitoring tool for reducing red tape	8 months											1
Infrastructure Logistics	R 458 600.00	The appointment of a service provider for upgrading Traditional Database Management System	6 months	100%								100%		1
EMKM Consulting and Engineering	R 7 818 025.00	The appointment of a service provider to conduct Wellness Screening for employees	36 months		100%									3
Price Waterhouse Coopers	R 350 019.08	The appointment of a service provider to investigate maladministration, fraud and corruption at Umsinyathi DM	3 months	3.22%	5.52%		2.30%	2.76%	12.88%	10.76%	60.72%	2.30%		1

REPORT ON THE USE OF CONSULTANTS FOR THE FINANCIAL YEAR 2017-18			CONTRIBUTION % ON BEE'S											
Consultants Appointed	Costs Per Appointment	Scope Of Work	Duration Of Contract/ Service	Black female	Black male	Coloured female	Coloured male	Indian female	Indian male	White female	White male	Youth	Disability	BEE Level
Marrat Incorporated	R 254 150.00	The appointment of a service provider to investigate maladministration, fraud and corruption at Mooi Mpotlana	3 months		1%	1%		4%	85%	3%	2%	5%		1
Lungi Africa Quantity Surveyors	R 496 102.12	Quantity Surveyor to assist in the provision of specialists input in the evaluation of capital projects	2 months	100%										1
Londiscorp Trading or	R 317 600.00	Clerk of Works for Mhlumbisa Electrification Project	4 months		100%							100%		1
Urbis Consulting	R 339 720.00	Drafting of Public Service Infrastructure Norms and Standards	6 months		50%						50%			4
Mallu-zile Incorporated	R 450 300.00	The appointment of a service provider to conduct Forensic Investigation at Endumeni Municipality	3 months			100%								1

REPORT ON THE USE OF CONSULTANTS FOR THE FINANCIAL YEAR 2017-18				CONTRIBUTION % ON BEE's										
Consultants Appointed	Costs Per Appointment	Scope Of Work	Duration Of Contract/ Service	Black female	Black male	Coloured female	Coloured male	Indian female	Indian male	White female	White male	Youth	Disability	BEE Level
The Planning Initiative	R 400 000.00	The appointment of a service provider to support the drafting and development Norms and Standard on climate change	10 months								100%			4
NMK Forensics	R 486 552.00	The appointment of a service provider to conduct Forensic Investigation services at Nongoma Municipality	3 months		100%							30%		1
Phindile Development	R 426 000.00	The appointment of a service provider to assist with Municipal Governance matters	6 months		100%									3
OS Holdings	R 482 000.00	The appointment of a service provider to provide support for the Financial Management and Internal System (Sage Evolution	3 months	100%										1

REPORT ON THE USE OF CONSULTANTS FOR THE FINANCIAL YEAR 2017-18				CONTRIBUTION % ON HDI's										
Consultants Appointed	Costs Per Appointment	Scope Of Work	Duration Of Contract/ Service	Black female	Black male	Coloured female	Coloured male	Indian female	Indian male	White female	White male	Youth	Disability	BEE Level
Mdledle Incorporated	R 450 300.00	Conduct an investigation into Maladministration, fraud and corruption against Harry Gwala DM	3 months		100%									1
Silalele Consultants	R 497 250.00	The appointment of a service provider to rollout National Certificate: Local Government Councillor	12 months	50%	50%							50%		1

PART E: FINANCIAL INFORMATION



Department of Cooperative Governance and Traditional Affairs

Audit report for the year ended
31 March 2018

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

Qualified opinion

1. I have audited the financial statements of the Department of Cooperative Governance and Traditional Affairs set out on pages 165 to 231, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, 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, except for the possible effects of the matter described in the basis for qualified opinion section of this report, 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 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act of South Africa, 2017 (Act No. 3 of 2017) (Dora).

Basis for qualified opinion

Goods and services

3. Included in goods and services is an amount of R312,74 million for allowance payments to *iziNduna*. The department had not implemented adequate monitoring controls over the identification, recording and payment of *iziNduna* and did also not maintain an accurate and complete *iziNduna* register. I was unable to obtain sufficient appropriate audit evidence to substantiate these payments disclosed in note 4.8 to the financial statements. As a consequence, I was unable to determine whether any adjustments were necessary to the financial statements arising from these payments.

Context for the opinion

4. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
5. 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.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Material uncertainty relating to financial sustainability

8. I draw attention to notes 25 and 1.1.1 to the financial statements, which indicate that the department has a liability to settle the backpay of allowances to *iziNduna* amounting to R1,28 billion at 31 March 2018. 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.

Material underspending of the budget

9. As disclosed in the appropriation statement, the department had materially underspent its budget on programme 4 – traditional institutional management by R21,88 million, mainly due to delays in filling vacant posts in the department as well as the postponement of the traditional council elections.

Other matter

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 232 to 249 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Responsibilities of the accounting officer for the financial statements

12. 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.
13. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting officer either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

16. 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.
17. 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.
18. 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 2018:

Programmes	Pages in the annual performance report
Programme 2 – local governance	49 – 57
Programme 3 – development and planning	57 – 64
Programme 4 – traditional institutional management	64 – 67

19. 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.
20. I did not raise any material findings on the usefulness and reliability of the reported performance information for the selected programmes tabulated in paragraph 18 of my report.

Other matter

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report on pages 49 to 67 includes information on the achievement of planned targets for the year and explanations for the underachievement or overachievement of a significant number of targets.

Report on the audit of compliance with legislation

Introduction and scope

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

Annual financial statements

25. 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)(a) and (b) of the PFMA. Material misstatements of other operating expenditure identified by the auditors in the submitted financial statements were not corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

26. Effective and appropriate steps were not taken to prevent irregular expenditure as disclosed in note 21 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was as a result of a competitive bidding process not having been followed.

27. In some instances, payments to suppliers were not made within 30 days or an agreed period, as required by treasury regulation 8.2.3.

Procurement and contract management

28. Some goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.
29. Some quotations and contracts were awarded to suppliers whose tax matters had not been declared by the South African Revenue Service to be in order, as required by treasury regulation 16A9.1(d).
30. Goods and services with a transaction value above R500 000 were procured without inviting competitive bids, as required by treasury regulation 16A6.1. Similar non-compliance was also reported in the prior year.
31. Some construction contracts were awarded to contractors that were not registered with the Construction Industry Development Board (CIDB) and did not qualify for the contract in accordance with section 18(1) of the CIDB Act of South Africa, 2000 (Act No. 38 of 2000) and CIDB regulation 17.
32. Some of the bid documentation for the procurement of commodities designated for local content and production did not meet the stipulated minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 9(1).
33. Some of the commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content, as required by the 2017 preferential procurement regulation 9(1).
34. Sufficient appropriate audit evidence could not be obtained that all variations or modifications to contracts were approved by a properly delegated official, as required by section 44 of the PFMA and treasury regulation 8.2.1 and 8.2.2.

Other information

35. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the member of the executive committee's (MEC's) foreword, 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.
36. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
37. 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.

38. The other information I obtained prior to the date of this auditor's report is the accounting officer's report. The MEC's foreword and audit committee's report are expected to be made available to me after 31 July 2018.
39. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.
40. After I receive and read the MEC's foreword and the audit committee's report, and if I conclude that there is a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

41. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
42. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the findings on compliance with legislation included in this report.

Leadership

43. The accounting officer did not implement sufficient monitoring controls over the identification, recording and payment of *iziNduna*, resulting in a qualification of the financial statements. Furthermore, inadequate oversight in respect of compliance with supply chain management prescripts resulted in a number of compliance deviations and irregular expenditure that could have been avoided.

Financial management

44. Management did not implement a proper system of records management to ensure that complete, relevant and accurate information was accessible and available to support the allowance payments to *iziNduna*. Furthermore, compliance with supply chain management regulations was not adequately monitored and reviewed.

Other reports

45. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the department's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

46. The KwaZulu-Natal Provincial Treasury conducted six investigations covering the period 1 December 2009 to 31 March 2018. These investigations related to allegations of irregularities in supply chain management, unauthorised changing of a service provider's bank details, diverting of catering services, abuse of official vehicles as well as subsistence and travel claims. Of the six investigations conducted, three were completed while another three were still in progress at the date of my report. The accounting officer commenced with legal and disciplinary action against officials in three of the finalised investigations.
47. The Directorate for Priority Crime Investigation (Hawks), was investigating an allegation of fraud involving the payment of *iziNduna* allowances. The allegation relates to the unauthorised changing of *iziNduna* banking details, numerous irregular payments as well as the existence of a significant number of 'ghost' *iziNduna*. The investigation was still in progress.

Auditor-General

Pietermaritzburg

31 July 2018



Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

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

KWAZULU-NATAL COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS VOTE 11

2.7.2 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Appropriation per programme									
2017/18							2016/17		
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
1. Administration	395 940	-	(14 100)	381 840	374 657	7 183	98.1%	382 920	380 420
2. Local Governance	262 112	-	(16 600)	245 512	231 486	14 026	94.3%	254 282	254 130
3. Development and Planning	377 427	-	30 194	407 621	397 143	10 478	97.4%	643 430	637 148
4. Traditional Institutional Management	551 247	-	506	551 753	529 871	21 882	96.0%	335 436	331 667
TOTAL	1 586 726	-	-	1 586 726	1 533 157	53 569	96.6%	1 616 068	1 603 365

2017/18					2016/17	
	Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
TOTAL (brought forward)						
Reconciliation with statement of financial performance						
ADD						
Departmental receipts	5 072				4 766	
Actual amounts per statement of financial performance (total revenue)	1 591 798				1 620 834	
ADD						
Aid assistance		-				-
Actual amounts per statement of financial performance (total expenditure)		1 533 157				1 603 365

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Appropriation per economic classification									
	2017/18					2016/17			
	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	1 478 417	(49 002)	(69 295)	1 360 120	1 319 109	41 011	97.0%	1 233 328	1 231 104
Compensation of employees	665 031	-	(15 345)	649 686	649 602	84	100.0%	630 145	630 145
Salaries and wages	588 943	-	(15 175)	573 768	575 139	(1 371)	100.2%	558 593	558 892
Social contributions	76 088	-	(170)	75 918	74 463	1 455	98.1%	71 552	71 253
Goods and services	813 386	(49 002)	(53 950)	710 434	669 507	40 927	94.2%	603 183	600 959
Administrative fees	3 023	(512)	-	2 511	2 165	346	86.2%	2 586	1 983
Advertising	24 687	-	(4 612)	20 075	19 551	524	97.4%	26 713	26 374
Minor assets	5 524	(190)	-	5 334	5 559	(225)	104.2%	10 573	11 217
Audit costs: External	7 422	-	-	7 422	8 257	(835)	111.3%	6 229	6 772
Bursaries: Employees	1 057	-	-	1 057	752	305	71.1%	1 161	1 058
Catering: Departmental activities	5 229	(3 040)	-	2 189	1 628	561	74.4%	2 936	1 464
Communication	14 521	(3 006)	-	11 515	13 261	(1 746)	115.2%	14 781	14 397
Computer services	41 616	(490)	(2 000)	39 126	34 965	4 161	89.4%	46 002	42 164
Consultants: Business and advisory services	191 033	(28 055)	(36 880)	126 098	114 451	11 647	90.8%	163 242	159 222
Infrastructure and planning services	-	-	-	-	-	-	-	342	342
Legal services	6 061	(756)	(276)	5 029	5 028	1	100.0%	10 915	11 091
Contractors	34 417	(650)	(4 891)	28 876	20 215	8 661	70.0%	59 691	70 340
Agency and support / outsourced services	3 527	-	(1 800)	1 727	1 696	31	98.2%	3 716	4 172
Fleet services	18 324	-	-	18 324	16 538	1 786	90.3%	11 753	11 788
Inventory: Other supplies	-	-	-	-	-	-	-	15 555	11 679

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Appropriation per economic classification									
	2017/18						2016/17		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Consumable supplies	6 143	(333)	-	5 810	5 005	805	86.1%	2 253	2 561
Consumable: Stationery, printing and office supplies	8 169	(500)	(1 000)	6 669	5 341	1 328	80.1%	8 870	8 735
Operating leases	28 392	(1 922)	-	26 470	27 759	(1 289)	104.9%	23 737	21 837
Property payments	32 160	(134)	(2 000)	30 026	32 023	(1 997)	106.7%	28 565	29 785
Transport provided: Departmental activity	-	-	-	-	-	-	-	226	192
Travel and subsistence	48 690	(9 005)	(81)	39 604	38 322	1 282	96.8%	40 806	44 651
Training and Development	1 540	-	-	1 540	1 157	383	75.1%	1 505	1 490
Operating payments	330 970	(405)	(140)	330 425	315 511	14 914	95.5%	119 618	116 242
Venues and Facilities	600	-	-	600	313	287	52.2%	1 341	1 341
Rental and Hiring	281	(4)	(270)	7	10	(3)	142.9%	67	62
Transfers and subsidies	41 102	32 326	67 647	141 075	139 776	1 299	99.1%	235 503	233 930
Provinces and municipalities	28 959	-	65 641	94 600	93 300	1 300	98.6%	163 292	161 956
Provinces	259	-	191	450	450	-	100.0%	422	422
Provincial agencies and funds	259	-	191	450	450	-	100.0%	422	422
Municipalities	28 700	-	65 450	94 150	92 850	1 300	98.6%	162 870	161 534
Municipal bank accounts	28 700	-	65 450	94 150	92 850	1 300	98.6%	162 870	161 534
Departmental agencies and accounts	-	-	-	-	-	-	-	14 550	14 550
Departmental agencies and accounts(Non business entities)	-	-	-	-	-	-	-	14 550	14 550
Public corporations and private enterprises	-	-	-	-	-	-	-	10 100	10 100
Public corporations	-	-	-	-	-	-	-	8 100	8 100

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Appropriation per economic classification									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Other transfers to public corporations	-	-	-	-	-	-	-	8 100	8 100
Private enterprises	-	-	-	-	-	-	-	2 000	2 000
Subsidies on products and production (pe)	-	-	-	-	-	-	-	2 000	2 000
Non-profit institutions	-	32 326	-	32 326	32 326	-	100.0%	32 652	32 651
Households	12 143	-	2 006	14 149	14 150	(1)	100.0%	14 909	14 673
Social Benefits	4 519	-	2 006	6 525	8 209	(1 684)	125.8%	7 321	7 133
Other transfers to households	7 624	-	-	7 624	5 941	1 683	77.9%	7 588	7 540
Payments for capital assets	67 207	16 676	-	83 883	72 624	11 259	86.6%	147 237	138 331
Buildings and other fixed structures	42 144	17 355	-	59 499	56 598	2 901	95.1%	116 122	110 922
Buildings	42 144	-	-	42 144	39 243	2 901	93.1%	116 122	110 922
Other fixed structures	-	17 355	-	17 355	17 355	-	100.0%	-	-
Machinery and equipment	24 818	(679)	-	24 139	15 939	8 200	66.0%	29 394	26 728
Transport equipment	6 582	-	-	6 582	5 898	684	89.6%	20 200	19 391
Other machinery and equipment	18 236	(679)	-	17 557	10 041	7 516	57.2%	9 194	7 337
Intangible assets	245	-	-	245	87	158	35.5%	1 721	681
Payments for financial assets	1 586 726	-	1 648	1 648	1 648	-	100.0%	-	-
				1 586 726	1 533 157	53 569	96.6%	1 616 068	1 603 365

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Programme 1: Administration									
2017/18							2016/17		
	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	22 370	-	(1 300)	21 070	20 007	1 063	95.0%	20 820	20 820
2. Corporate Services	373 570	-	(12 800)	360 770	354 650	6 120	98.3%	362 100	359 608
Total for sub programmes	395 940	-	(14 100)	381 840	374 657	7 183	98.1%	382 920	380 420
Economic classification									
Current payments	373 957	-	(15 939)	358 018	353 890	4 128	98.8%	358 667	357 235
Compensation of employees	180 175	-	(5 291)	174 884	174 299	585	99.7%	168 131	168 131
Salaries and wages	160 579	-	(5 269)	155 310	154 787	523	99.7%	149 441	149 544
Social contributions	19 596	-	(22)	19 574	19 512	62	99.7%	18 690	18 587
Goods and services	193 782	-	(10 648)	183 134	179 591	3 543	98.1%	190 536	189 104
Administrative fees	1 031	-	-	1 031	953	78	92.4%	762	848
Advertising	22 965	-	(4 000)	18 965	18 976	(11)	100.1%	26 008	25 697
Minor assets	443	-	-	443	311	132	70.2%	726	503
Audit costs: External	7 422	-	-	7 422	8 257	(835)	111.3%	6 229	6 772
Bursaries: Employees	1 057	-	-	1 057	752	305	71.1%	1 161	1 058
Catering: Departmental activities	410	-	-	410	344	66	83.9%	125	113
Communication	5 697	-	-	5 697	6 912	(1 215)	121.3%	7 891	8 465
Computer services	40 661	-	(2 000)	38 661	34 954	3 707	90.4%	43 727	39 964

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Consultants: Business and advisory services	9 125	-	(961)	8 164	3 994	4 170	48.9%	5 199	5 706
Infrastructure and planning services	-	-	-	-	-	-	-	342	342
Legal services	5 305	-	(276)	5 029	5 028	1	100.0%	9 151	9 326
Contractors	3 059	-	(60)	2 999	3 280	(281)	109.4%	9 154	9 152
Agency and support / outsourced services	130	-	-	130	131	(1)	100.8%	99	130
Fleet services	18 324	-	-	18 324	16 538	1 786	90.3%	11 712	11 747
Consumable supplies	1 439	-	-	1 439	1 510	(71)	104.9%	1 650	1 501
Consumable: Stationery, printing and office supplies	6 696	-	(1 000)	5 696	4 657	1 039	81.8%	6 288	6 238
Operating leases	23 661	-	-	23 661	25 520	(1 859)	107.9%	19 804	18 720
Property payments	31 117	-	(2 000)	29 117	31 380	(2 263)	107.8%	27 705	28 973
Travel and subsistence	12 748	-	(81)	12 667	14 205	(1 538)	112.1%	10 844	11 894
Training and development	1 525	-	-	1 525	1 142	383	74.9%	1 505	1 490
Operating payments	690	-	-	690	737	(47)	106.8%	440	451
Rental and hiring	277	-	(270)	7	10	(3)	142.9%	14	14
Transfers and subsidies	10 879	-	191	11 070	10 669	401	96.4%	11 993	11 961
Provinces and municipalities	259	-	191	450	450	-	100.0%	422	422
Provinces	259	-	191	450	450	-	100.0%	422	422
Provincial agencies and funds	259	-	191	450	450	-	100.0%	422	422
Households	10 620	-	-	10 620	10 219	401	96.2%	11 571	11 539

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Social benefits	2 996	-	-	2 996	4 308	(1 312)	143.8%	3 983	3 999
Other transfers to households	7 624	-	-	7 624	5 911	1 713	77.5%	7 588	7 540
Payments for capital assets	11 104	-	-	11 104	8 450	2 654	76.1%	12 260	11 224
Buildings and other fixed structures	-	-	-	-	-	-	-	4 112	4 112
Buildings	-	-	-	-	-	-	-	4 112	4 112
Machinery and equipment	10 859	-	-	10 859	8 363	2 496	77.0%	6 804	6 696
Transport equipment	6 582	-	-	6 582	5 898	684	89.6%	3 988	3 906
Other machinery and equipment	4 277	-	-	4 277	2 465	1 812	57.6%	2 816	2 790
Intangible assets	245	-	-	245	87	158	35.5%	1 344	416
Payment for financial assets	-	-	1 648	1 648	1 648	-	100.0%	-	-
Total	395 940	-	(14 100)	381 840	374 657	7 183	98.1%	382 920	380 420

1.1 Office of the MEC									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22 231	-	(1 300)	20 931	19 868	1 063	94.9%	20 561	20 585
Compensation of employees	13 522	-	(1 300)	12 222	12 140	82	99.3%	12 795	12 795
Goods and services	8 709	-	-	8 709	7 728	981	88.7%	7 766	7 790
Transfers and subsidies	98	-	-	98	98	-	100.0%	-	-
Households	98	-	-	98	98	-	100.0%	-	-
Payments for capital assets	41	-	-	41	41	-	100.0%	259	227
Machinery and equipment	41	-	-	41	41	-	100.0%	259	227
Total	22 370	-	(1 300)	21 070	20 007	1 063	95.0%	20 820	20 812

1.2 Corporate Services									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	351 726	-	(14 639)	337 087	334 022	3 065	99.1%	338 106	336 650
Compensation of employees	166 653	-	(3 991)	162 662	162 159	503	99.7%	155 336	155 336
Goods and services	185 073	-	(10 648)	174 425	171 863	2 562	98.5%	182 770	181 314
Transfers and subsidies	10 781	-	191	10 972	10 571	401	96.3%	11 993	11 961
Provinces and municipalities	259	-	191	450	450	-	100.0%	422	422
Households	10 522	-	-	10 522	10 121	401	96.2%	11 571	11 539
Payments for capital assets	11 063	-	-	11 063	8 409	2 654	76.0%	12 001	10 997
Buildings and other fixed structures	-	-	-	-	-	-	-	4 112	4 112
Machinery and equipment	10 818	-	-	10 818	8 322	2 496	76.9%	6 545	6 469
Software and other Intangible assets	245	-	-	245	87	158	35.5%	1 344	416
Payments for financial assets	-	-	1 648	1 648	1 648	-	100.0%	-	-
Total	373 570	-	(12 800)	360 770	354 650	6 120	98.3%	362 100	359 608

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Programme 2: Local Governance									
	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	36 227	-	(1 781)	34 446	31 731	2 715	92.1%	49 764	49 843
2. Municipal Finance	27 120	-	(1 948)	25 172	24 635	537	97.9%	23 847	23 704
3. Public Participation	172 066	-	(4 171)	167 895	158 780	9 115	94.6%	158 138	158 227
4. Capacity Development	17 082	-	(8 000)	9 082	7 548	1 534	83.1%	10 706	10 498
5. Municipal Performance, Reporting & Evaluation	9 617	-	(700)	8 917	8 792	125	98.6%	11 827	11 858
Total for sub programmes	262 112	-	(16 600)	245 512	231 486	14 026	94.3%	254 282	254 130
Economic classification									
Current payments	259 720	-	(16 600)	243 120	230 484	12 636	94.8%	246 372	246 711
Compensation of employees	204 236	-	(6 548)	197 688	199 756	(2 068)	101.0%	194 979	194 979
Salaries and wages	173 930	-	(6 400)	167 530	169 543	(2 013)	101.2%	165 986	166 044
Social contributions	30 306	-	(148)	30 158	30 213	(55)	100.2%	28 993	28 935
Goods and services	55 484	-	(10 052)	45 432	30 728	14 704	67.6%	51 393	51 732
Administrative fees	355	-	-	355	350	5	98.6%	483	472
Advertising	1 228	-	(612)	616	385	231	62.5%	613	585
Minor assets	100	-	-	100	44	56	44.0%	311	333
Catering: Departmental activities	895	-	-	895	335	560	37.4%	888	846
Communication	4 932	-	-	4 932	5 612	(680)	113.8%	4 912	4 797
Computer services	4	-	-	4	-	4	-	-	-
Consultants: Business and advisory services	16 163	-	(4 969)	11 194	5 125	6 069	45.8%	14 103	12 914
Contractors	18 551	-	(4 331)	14 220	6 761	7 459	47.5%	12 567	14 268
Agency and support / outsourced services	1 595	-	-	1 595	1 565	30	98.1%	1 617	2 142
Consumable supplies	503	-	-	503	265	238	52.7%	265	279

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Consumable: Stationery, printing and office supplies	518	-	-	518	553	(35)	106.8%	1 899	2 007
Operating leases	1 157	-	-	1 157	1 086	71	93.9%	1 447	1 311
Travel and subsistence	8 625	-	-	8 625	7 835	790	90.8%	9 389	9 298
Training and development	15	-	-	15	15	-	100.0%	-	-
Operating payments	743	-	(140)	603	797	(194)	132.2%	1 509	1 091
Venues and facilities	100	-	-	100	-	100	-	1 341	1 341
Rental and Hiring	-	-	-	-	-	-	-	49	48
Transfers and subsidies	1 196	-	-	1 196	376	820	31.4%	6 423	6 423
Provinces and municipalities	1 000	-	-	1 000	-	1 000	-	5 500	5 500
Municipalities	1 000	-	-	1 000	-	1 000	-	5 500	5 500
Municipal bank accounts	1 000	-	-	1 000	-	1 000	-	5 500	5 500
Households	196	-	-	196	376	(180)	191.8%	923	923
Social benefits	196	-	-	196	346	(150)	176.5%	923	923
Other transfers to households	-	-	-	-	30	(30)	-	-	-
Payments for capital assets	1 196	-	-	1 196	626	570	52.3%	1 487	996
Machinery and equipment	1 196	-	-	1 196	626	570	52.3%	1 487	996
Other machinery and equipment	1 196	-	-	1 196	626	570	52.3%	1 487	996
Total	262 112	-	(16 600)	245 512	231 486	14 026	94.3%	254 282	254 130

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

2.1 Municipal Administration									
Economic classification	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	36 021	-	(1 781)	34 240	31 657	2 583	92.5%	43 477	43 556
Compensation of employees	23 862	-	(4 200)	19 662	22 289	(2 627)	113.4%	26 329	26 329
Goods and services	12 159	-	2 419	14 578	9 368	5 210	64.3%	17 148	17 227
Transfers and subsidies	6	-	-	6	35	(29)	583.3%	5 980	5 980
Provinces and municipalities	-	-	-	-	-	-	-	5 500	5 500
Households	6	-	-	6	35	(29)	583.3%	480	480
Payments for capital assets	200	-	-	200	39	161	19.5%	307	307
Machinery and equipment	200	-	-	200	39	161	19.5%	307	307
Total	36 227	-	(1 781)	34 446	31 731	2 715	92.1%	49 764	49 843

2.2 Municipal Finance									
Economic classification	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	26 722	-	(1 948)	24 774	24 338	436	98.2%	23 557	23 609
Compensation of employees	21 980	-	(448)	21 532	21 622	(90)	100.4%	18 016	18 016
Goods and services	4 742	-	(1 500)	3 242	2 716	526	83.8%	5 541	5 593
Payments for capital assets	398	-	-	398	297	101	74.6%	290	95
Machinery and equipment	398	-	-	398	297	101	74.6%	290	95
Total	27 120	-	(1 948)	25 172	24 635	537	97.9%	23 847	23 704

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

2.3 Public Participation									
Economic classification	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	170 676	-	(4 171)	166 505	158 408	8 097	95.1%	157 259	157 348
Compensation of employees	143 017	-	(400)	142 617	142 228	389	99.7%	136 972	136 972
Goods and services	27 659	-	(3 771)	23 888	16 180	7 708	67.7%	20 287	20 376
Transfers and subsidies	1 190	-	-	1 190	341	849	28.7%	443	443
Provinces and municipalities	1 000	-	-	1 000	-	1 000	-	-	-
Households	190	-	-	190	341	(151)	179.5%	443	443
Payments for capital assets	200	-	-	200	31	169	15.5%	436	436
Machinery and equipment	200	-	-	200	31	169	15.5%	436	436
Total	172 066	-	(4 171)	167 895	158 780	9 115	94.6%	158 138	158 227

2.4 Capacity Development									
Economic classification	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	16 821	-	(8 000)	8 821	7 367	1 454	83.5%	10 300	10 388
Compensation of employees	7 700	-	(1 500)	6 200	5 869	331	94.7%	5 794	5 794
Goods and services	9 121	-	(6 500)	2 621	1 498	1 123	57.2%	4 506	4 594
Payments for capital assets	261	-	-	261	181	80	69.3%	406	110
Machinery and equipment	261	-	-	261	181	80	69.3%	406	110
Total	17 082	-	(8 000)	9 082	7 548	1 534	83.1%	10 706	10 498

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

2.5 Municipal Performance, Reporting & Evaluation									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 480	-	(700)	8 780	8 714	66	99.2%	11 779	11 810
Compensation of employees	7 677	-	-	7 677	7 748	(71)	100.9%	7 868	7 868
Goods and services	1 803	-	(700)	1 103	966	137	87.6%	3 911	3 942
Payments for capital assets	137	-	-	137	78	59	56.9%	48	48
Machinery and equipment	137	-	-	137	78	59	56.9%	48	48
Total	9 617	-	(700)	8 917	8 792	125	98.6%	11 827	11 858

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Programme 3: Development and Planning									
Sub programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2016/17	
								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	41 682	-	(1 700)	39 982	39 450	532	98.7%	33 437	32 900
2. Land Use Management	21 579	-	(606)	20 973	19 801	1 172	94.4%	21 828	21 876
3. Local Economic Development	164 835	-	23 131	187 966	184 294	3 672	98.0%	254 864	252 417
4. Municipal Infrastructure	80 150	-	14 800	94 950	92 389	2 561	97.3%	107 125	108 756
5. Disaster Management	56 448	-	(5 431)	51 017	49 314	1 703	96.7%	210 924	206 373
6. IDP Coordination	12 733	-	-	12 733	11 895	838	93.4%	15 252	14 826
Total for sub programmes	377 427	-	30 194	407 621	397 143	10 478	97.4%	643 430	637 148
Economic classification									
Current payments	298 476	(18 942)	(35 256)	244 278	239 575	4 703	98.1%	323 475	325 309
Compensation of employees	104 987	-	(2 006)	102 981	100 440	2 541	97.5%	98 736	98 736
Salaries and wages	94 060	-	(2 006)	92 054	90 140	1 914	97.9%	88 962	88 926
Social contributions	10 927	-	-	10 927	10 300	627	94.3%	9 774	9 810
Goods and services	193 489	(18 942)	(33 250)	141 297	139 135	2 162	98.5%	224 739	226 573
Administrative fees	860	-	-	860	862	(2)	100.2%	596	609
Advertising	494	-	-	494	190	304	38.5%	92	92
Minor assets	4 615	-	-	4 615	5 087	(472)	110.2%	9 496	10 344
Catering: Departmental activities	704	-	-	704	949	(245)	134.8%	1 199	499
Communication	599	-	-	599	737	(138)	123.0%	886	1 105
Computer services	11	-	-	11	11	-	100.0%	2 200	2 200
Consultants: Business and advisory services	156 632	(18 942)	(30 950)	106 740	105 332	1 408	98.7%	142 621	140 484

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Programme 3: Development and Planning									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2016/17	
	R'000	R'000	R'000	R'000	R'000	R'000	%	Final Appropriation	Actual Expenditure
Contractors	7 486	-	(500)	6 986	6 586	400	94.3%	35 218	43 194
Agency and support / outsourced services	1 802	-	(1 800)	2	-	2	-	2 000	1 900
Fleet services	-	-	-	-	-	-	-	41	41
Inventory: Other supplies	-	-	-	-	-	-	-	15 555	11 679
Consumable supplies	3 683	-	-	3 683	3 230	453	87.7%	166	591
Consumable: Stationery, printing and office supplies	313	-	-	313	131	182	41.9%	563	480
Operating leases	1 248	-	-	1 248	1 153	95	92.4%	1 307	1 196
Property payments	909	-	-	909	643	266	70.7%	860	812
Transport provided: Departmental activities	-	-	-	-	-	-	-	192	192
Travel and subsistence	12 998	-	-	12 998	13 456	(458)	103.5%	11 385	10 950
Operating payments	635	-	-	635	455	180	71.7%	362	205
Venues and facilities	500	-	-	500	313	187	62.6%	-	-
Transfers and subsidies	27 841	1 587	65 450	94 878	94 666	212	99.8%	187 401	186 065
Provinces and municipalities	27 700	-	65 450	93 150	92 850	300	99.7%	157 370	156 034
Municipalities	27 700	-	65 450	93 150	92 850	300	99.7%	157 370	156 034
Municipal bank accounts	27 700	-	65 450	93 150	92 850	300	99.7%	157 370	156 034
Departmental agencies and accounts	-	-	-	-	-	-	-	14 550	14 550
Departmental agencies	-	-	-	-	-	-	-	14 550	14 550
Public corporations and private enterprises	-	-	-	-	-	-	-	10 100	10 100
Public corporations	-	-	-	-	-	-	-	8 100	8 100

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Programme 3: Development and Planning									
	2017/18					2016/17			
	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
Other transfers to public corporations	-	-	-	-	-	-	-	8 100	8 100
Private enterprises	-	-	-	-	-	-	-	2 000	2 000
Subsidies on products and Production (pe)	-	-	-	-	-	-	-	2 000	2 000
Non-profit institutions	-	1 587	-	1 587	1 587	-	100.0%	4 947	4 947
Households	141	-	-	141	229	(88)	162.4%	434	434
Social benefits	141	-	-	141	229	(88)	162.4%	434	434
Payments for capital assets	51 110	17 355	-	68 465	62 902	5 563	91.9%	132 554	125 774
Buildings and other fixed structures	42 144	17 355	-	59 499	56 598	2 901	95.1%	112 010	106 810
Buildings	42 144	-	-	42 144	39 243	2 901	93.1%	112 010	106 810
Other fixed structures	-	17 355	-	17 355	17 355	-	100.0%	-	-
Machinery and equipment	8 966	-	-	8 966	6 304	2 662	70.3%	20 279	18 699
Transport equipment	-	-	-	-	-	-	-	16 212	15 485
Other machinery and equipment	8 966	-	-	8 966	6 304	2 662	70.3%	4 067	3 214
Software and other Intangible assets	-	-	-	-	-	-	-	265	265
Total	377 427	-	30 194	407 621	397 143	10 478	97.4%	643 430	637 148

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

3.1 Spatial Planning									
Economic classification	Adjusted Appropriation	2017/18				Variance	Expenditure as % of final appropriation	2016/17	
		Shifting of Funds	Virement	Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	31 370	-	(1 700)	29 670	29 278	392	98.7%	29 766	29 793
Compensation of employees	21 432	-	(700)	20 732	20 701	31	99.9%	19 606	19 606
Goods and services	9 938	-	(1 000)	8 938	8 577	361	96.0%	10 160	10 187
Transfers and subsidies	9 200	-	-	9 200	9 200	-	100.0%	2 212	2 212
Provinces and municipalities	9 200	-	-	9 200	9 200	-	100.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	2 000	2 000
Private enterprises	-	-	-	-	-	-	-	2 000	2 000
Households	-	-	-	-	-	-	-	212	212
Payments for capital assets	1 112	-	-	1 112	972	140	87.4%	1 459	895
Machinery and equipment	1 112	-	-	1 112	972	140	87.4%	1 194	630
Software and other intangible assets	-	-	-	-	-	-	-	265	265
Total	41 682	-	(1 700)	39 982	39 450	532	98.7%	33 437	32 900

3.2 Land Use Management									
Economic classification	Adjusted Appropriation	2017/18				Variance	Expenditure as % of final appropriation	2016/17	
		Shifting of Funds	Virement	Final Appropriation	Actual Expenditure			Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	21 147	-	(606)	20 541	19 656	885	95.7%	20 748	20 796
Compensation of employees	17 834	-	(606)	17 228	17 168	60	99.7%	16 719	16 719
Goods and services	3 313	-	-	3 313	2 488	825	75.1%	4 029	4 077
Transfers and subsidies	50	-	-	50	48	2	96.0%	15	15
Households	50	-	-	50	48	2	96.0%	15	15
Payments for capital assets	382	-	-	382	97	285	25.4%	1 065	1 065
Machinery and equipment	382	-	-	382	97	285	25.4%	1 065	1 065
Total	21 579	-	(606)	20 973	19 801	1 172	94.4%	21 828	21 876

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

3.3 Local Economic Development									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2016/17	
								Final Appropriation	Actual Expenditure
Current payments	106 458	(1 587)	(10 319)	94 552	95 214	(662)	100.7%	113 551	113 605
Compensation of employees	29 390	-	(700)	28 690	28 262	428	98.5%	25 787	25 787
Goods and services	77 068	(1 587)	(9 619)	65 862	66 952	(1 090)	101.7%	87 764	87 818
Transfers and subsidies	17 282	1 587	33 450	52 319	52 019	300	99.4%	115 912	114 826
Provinces and municipalities	17 250	-	33 450	50 700	50 400	300	99.4%	96 415	95 329
Departmental agencies and accounts	-	-	-	-	-	-	-	14 550	14 550
Non-profit institutions	-	1 587	-	1 587	1 587	-	100.0%	4 947	4 947
Households	32	-	-	32	32	-	100.0%	-	-
Payments for capital assets	41 095	-	-	41 095	37 061	4 034	90.2%	25 401	23 986
Buildings and other fixed structures	40 738	-	-	40 738	36 864	3 874	90.5%	24 247	22 921
Machinery and equipment	357	-	-	357	197	160	55.2%	1 154	1 065
Total	164 835	-	23 131	187 966	184 294	3 672	98.0%	254 864	252 417

3.4 Municipal Infrastructure									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2016/17	
								Final Appropriation	Actual Expenditure
Current payments	80 091	-	(11 200)	68 891	66 183	2 708	96.1%	77 448	79 079
Compensation of employees	19 744	-	-	19 744	19 000	744	96.2%	15 638	15 638
Goods and services	60 347	-	(11 200)	49 147	47 183	1 964	96.0%	61 810	63 441
Transfers and subsidies	59	-	26 000	26 059	26 059	-	100.0%	29 294	29 294
Provinces and municipalities	-	-	26 000	26 000	26 000	-	100.0%	21 155	21 155
Public corporations and private enterprises	-	-	-	-	-	-	-	8 100	8 100
Households	59	-	-	59	59	-	100.0%	39	39
Payments for capital assets	-	-	-	-	147	(147)	-	383	383
Machinery and equipment	-	-	-	-	147	(147)	-	383	383
Total	80 150	-	14 800	94 950	92 389	2 561	97.3%	107 125	108 756

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

3.5 Disaster Management									
Economic classification	2017/18					2016/17			
	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	48 187	(17 355)	(11 431)	19 401	18 689	712	96.3%	71 710	71 760
Compensation of employees	7 227	-	-	7 227	6 624	603	91.7%	12 746	12 746
Goods and services	40 960	(17 355)	(11 431)	12 174	12 065	109	99.1%	58 964	59 014
Transfers and subsidies	-	-	6 000	6 000	6 000	-	100.0%	35 168	35 168
Provinces and municipalities	-	-	6 000	6 000	6 000	-	100.0%	35 000	35 000
Households	-	-	-	-	-	-	-	168	168
Payments for capital assets	8 261	17 355	-	25 616	24 625	991	96.1%	104 046	99 445
Buildings and other fixed structures	1 406	17 355	-	18 761	19 734	(973)	105.2%	87 763	83 889
Machinery and equipment	6 855	-	-	6 855	4 891	1 964	71.3%	16 283	15 556
Total	56 448	-	(5 431)	51 017	49 314	1 703	96.7%	210 924	206 373

3.6 IDP Coordination									
Economic classification	2017/18					2016/17			
	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	11 223	-	-	11 223	10 555	668	94.0%	10 252	10 276
Compensation of employees	9 360	-	-	9 360	8 685	675	92.8%	8 240	8 240
Goods and services	1 863	-	-	1 863	1 870	(7)	100.4%	2 012	2 036
Transfers and subsidies	1 250	-	-	1 250	1 340	(90)	107.2%	4 800	4 550
Provinces and municipalities	1 250	-	-	1 250	1 250	-	100.0%	4 800	4 550
Households	-	-	-	-	90	(90)	-	-	-
Payments for capital assets	260	-	-	260	-	260	-	200	-
Machinery and equipment	260	-	-	260	-	260	-	200	-
Total	12 733	-	-	12 733	11 895	838	93.4%	15 252	14 826

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Programme 4: Traditional Institutional Management									
	2017/18						2016/17		
	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	
Sub programme									
1. Traditional Institutional Administration	443 760	-	-	443 760	430 665	13 095	97.0%	227 404	223 827
2. Traditional Resource Administration	71 617	-	506	72 123	66 837	5 286	92.7%	73 989	73 923
3. Rural Development Facilitation	17 987	-	-	17 987	15 775	2 212	87.7%	17 309	17 310
4. Traditional Land Administration	17 883	-	-	17 883	16 594	1 289	92.8%	16 734	16 607
Total for sub programmes	551 247	-	506	551 753	529 871	21 882	96.0%	335 436	331 667
Economic classification									
Current payments	546 264	(30 060)	(1 500)	514 704	495 160	19 544	96.2%	304 814	301 849
Compensation of employees	175 633	-	(1 500)	174 133	175 107	(974)	100.6%	168 299	168 299
Salaries and wages	160 374	-	(1 500)	158 874	160 669	(1 795)	101.1%	154 204	154 378
Social contributions	15 259	-	-	15 259	14 438	821	94.6%	14 095	13 921
Goods and services	370 631	(30 060)	-	340 571	320 053	20 518	94.0%	136 515	133 550
Administrative fees	777	(512)	-	265	-	265	-	745	54
Minor assets	366	(190)	-	176	117	59	66.5%	40	37
Catering: Departmental activities	3 220	(3 040)	-	180	-	180	-	724	6
Communication	3 293	(3 006)	-	287	-	287	-	1 092	30
Computer services	940	(490)	-	450	-	450	-	75	-
Consultants: Business and advisory services	9 113	(9 113)	-	-	-	-	-	1 319	118
Legal services	756	(756)	-	-	-	-	-	1 764	1 765

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

Programme 4: Traditional Institutional Management									
	2017/18					2016/17			
	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	
Contractors	5 321	(650)	-	4 671	3 588	1 083	76.8%	2 752	3 726
Consumable supplies	518	(333)	-	185	-	185	-	172	190
Consumable: Stationery, printing and office supplies	642	(500)	-	142	-	142	-	120	10
Operating leases	2 326	(1 922)	-	404	-	404	-	1 179	610
Property payments	134	(134)	-	-	-	-	-	-	-
Transport provided: Departmental activities	-	-	-	-	-	-	-	34	-
Travel and subsistence	14 319	(9 005)	-	5 314	2 826	2 488	53.2%	9 188	12 509
Operating payments	328 902	(405)	-	328 497	313 522	14 975	95.4%	117 307	114 495
Rental and hiring	4	(4)	-	-	-	-	-	4	-
Transfers and subsidies	1 186	30 739	2 006	33 931	34 065	(134)	100.4%	29 686	29 481
Non-profit institutions	-	30 739	-	30 739	30 739	-	100.0%	27 705	27 704
Households	1 186	-	2 006	3 192	3 326	(134)	104.2%	1 981	1 777
Social benefits	1 186	-	2 006	3 192	3 326	(134)	104.2%	1 981	1 777
Other transfers to household	-	-	-	-	-	-	-	-	-
Payments for capital assets	3 797	(679)	-	3 118	646	2 472	20.7%	936	337
Machinery and equipment	3 797	(679)	-	3 118	646	2 472	20.7%	824	337
Other machinery and equipment	3 797	(679)	-	3 118	646	2 472	20.7%	824	337
Software and other intangible assets	-	-	-	-	-	-	-	112	-
Total	551 247	-	506	551 753	529 871	21 882	96.0%	335 436	331 667

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

4.1 Traditional Institutional Administration									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	443 590	(14 515)	-	429 075	415 762	13 313	96.9%	211 725	208 156
Compensation of employees	93 643	-	-	93 643	96 193	(2 550)	102.7%	87 767	87 767
Goods and services	349 947	(14 515)	-	335 432	319 569	15 863	95.3%	123 958	120 389
Transfers and subsidies	100	14 515	-	14 615	14 885	(270)	101.8%	15 529	15 528
Non-profit institutions	-	14 515	-	14 515	14 515	-	100.0%	15 529	15 528
Households	100	-	-	100	370	(270)	370.0%	-	-
Payments for capital assets	70	-	-	70	18	52	25.7%	150	143
Machinery and equipment	70	-	-	70	18	52	25.7%	150	143
Total	443 760	-	-	443 760	430 665	13 095	97.0%	227 404	223 827

4.2 Traditional Resource Administration									
	2017/18					2016/17			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	67 467	(13 225)	(1 500)	52 742	49 856	2 886	94.5%	61 704	62 292
Compensation of employees	51 304	-	(1 500)	49 804	49 406	398	99.2%	50 740	50 740
Goods and services	16 163	(13 225)	-	2 938	450	2 488	15.3%	10 964	11 552
Transfers and subsidies	702	13 904	2 006	16 612	16 473	139	99.2%	11 689	11 516
Non-profit institutions	-	13 904	-	13 904	13 904	-	100.0%	10 098	10 098
Households	702	-	-	2 006	2 708	2 569	139	1 591	1 418
Payments for capital assets	3 448	(679)	-	2 769	508	2 261	18.3%	596	115
Machinery and equipment	3 448	(679)	-	2 769	508	2 261	18.3%	596	115
Total	71 617	-	506	72 123	66 837	5 286	92.7%	73 989	73 923

APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

4.3 Rural Development Facilitation									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2016/17	
								Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 642	(1 063)	-	16 579	14 478	2 101	87.3%	15 003	15 003
Compensation of employees	15 621	-	-	15 621	14 469	1 152	92.6%	15 003	15 003
Goods and services	2 021	(1 063)	-	958	9	949	0.9%	-	-
Transfers and subsidies	215	1 063	-	1 278	1 277	1	99.9%	2 228	2 228
Non-profit institutions	-	1 063	-	1 063	1 063	-	100.0%	2 078	2 078
Households	215	-	-	215	214	1	99.5%	150	150
Payments for capital assets	130	-	-	130	20	110	15.4%	78	79
Machinery and equipment	130	-	-	130	20	110	15.4%	78	79
Total	17 987	-	-	17 987	15 775	2 212	87.7%	17 309	17 310

4.4 Traditional Land Administration									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	2016/17	
								Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 565	(1 257)	-	16 308	15 064	1 244	92.4%	16 382	16 398
Compensation of employees	15 065	-	-	15 065	15 039	26	99.8%	14 789	14 789
Goods and services	2 500	(1 257)	-	1 243	25	1 218	2.0%	1 593	1 609
Transfers and subsidies	169	1 257	-	1 426	1 430	(4)	100.3%	240	209
Non-profit institutions	-	1 257	-	1 257	1 257	-	100.0%	-	-
Households	169	-	-	169	173	(4)	102.4%	240	209
Payments for capital assets	149	-	-	149	100	49	67.1%	112	-
Machinery and equipment	149	-	-	149	100	49	67.1%	-	-
Software and other intangible assets	-	-	-	-	-	-	-	112	-
Total	17 883	-	-	17 883	16 594	1 289	92.8%	16 734	16 607

NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

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 1B, 1D, 1F and 1G to the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	
Administration	381 840	374 657	7 183	1.9%
<div style="border: 1px solid black; padding: 5px;"> Explanation of variance: 98.1% of the adjusted budget has been spent. The under expenditure can be attributed to the non-receipt of outstanding invoices for SITA Migration and GIS licence fees. Outstanding Department of Public Works invoices for property payments which includes renovations and leases for various official buildings and houses further impacted on the under expenditure. </div>				
Local Governance	245 512	231 486	14 026	5.7%
<div style="border: 1px solid black; padding: 5px;"> Explanation of variance: 94.3% of the adjusted budget has been spent. The over expenditures is due to journals that were processed for movement of staff within the Local Government Branch due to creation of new responsibility codes on Persal system. Under expenditure is also due to the termination of contracts for the Rapid Response officials as well as the slow progress with the filling of vacant posts. </div>				
Development and Planning	407 621	397 143	10 478	2.6%
<div style="border: 1px solid black; padding: 5px;"> Explanation of variance: 97.4% of the adjusted budget has been spent. The under expenditure is due to the halting of specific projects in order to finalise the Nelson Mandela exhibition centre project. However Provincial Treasury did not grant approvals for the full amount to be transferred in this financial year as projected for, hence the savings in the current year. </div>				

NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

Traditional Institutional Management	551 753	529 871	21 882	4.0%
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Explanation of variance: 96.0% of the adjusted budget has been spent. The under expenditure can be attributed to the less than anticipated payment of sitting allowances and Amakhosi salary increases. The year to date under expenditure relates to delays in the filling of vacant posts in the department as well as the postponement of the Traditional Council elections.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	649 686	649 602	84	0.0%
Goods and services	710 434	669 507	40 927	5.8%
Transfers and subsidies				
Provinces and municipalities	94 600	93 300	1 300	1.4%
Non-profit institutions	32 326	32 326	0	0.0%
Households	14 149	14 150	(1)	0.0%
Payments for capital assets				
Buildings and other fixed structures	42 144	56 598	(14 454)	(34.3)%
Machinery and equipment	24 139	15 939	8 200	34.0%
Software and other intangible assets	245	87	158	64.5%
Payments for financial assets	1 648	1 648	0	0.0%

CURRENT EXPENDITURE: As at 31st March 2018 **Compensation of employees** the under-expenditure is mainly attributed to the projected payment of sitting allowances and Amakhosi salary increases been less than what was projected for.

The year to date under expenditure can be attributed to the payment of Izinduna stipends within the incorrect economic classification. The budget allocation for Izinduna was classified under Compensation of Employees category, however due to challenges faced with the placing of the Izinduna on the PERSAL system, the stipends are been paid within the Goods and Service category. Also contributing to the year-end under expenditure is the delays with the approval of the new structure, as well as the Cost Cutting circular which has a direct impact on the filling of vacant posts.

This year to date under expenditure can be attributed to the delays with the filling of vacant posts within the department, as well as the resignation of officials due to better employment opportunities. **Goods and Services** the under expenditure occurred can be explained as follows:

Within Programme 1, the under expenditure can be attributed to the non-receipt of outstanding invoices for SITA Migration and GIS licence fees. In addition outstanding invoices from Department of Works for property payments which includes renovations and leases for various official buildings and houses further impacted on the under expenditure. Within Programme 3, the non-receipt of invoices pertaining to special projects and the eDumbe CDB roads, water and storm management further increased the under expenditure. Provision was also made for the purchase of jo-jo tanks which did not take place as projected for. In addition provision was also made for the transfer of funds to Umgeni Municipality for the Nelson Mandela Exhibition Centre. However approval was only granted to move R13 450 million to Provinces and Municipalities. The balance of R11 051 million will be requested as a roll over. Included in the projections was the funding requested to be transferred to municipalities for projects such as District

NOTES TO THE APPROPRIATION STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

Growth and Development summits, Small Town Rehabilitation, RASET and Massification projects. The funds were placed under Goods and Services until such time as approval was received from Provincial treasury for the virement of funds. The year-end under expenditure is similarly affected. **Transfers and Subsidies** to Provinces and Municipalities the over expenditure relates to the transfer of funds to recipient municipalities for Small Town Rehabilitation, Massification and Corridor Development projects. Provision was made to the above mentioned projects under the Goods and Services economic classification until Provincial Treasury approval was received. The year-end savings is due to the non-transfer of funds to EThekweni Municipality for the Integrated Youth Development Summit and UMkhanyakude Municipality for the District Growth and Development Summit due to challenges experienced with the municipalities. Households the over expenditure is due to the influx of outstanding invoices from tertiary institutions for external bursaries awarded. Contributing to the over expenditure was the payment of two months outstanding invoices relating to medical aid contributions for uMsekeli support. The year to date and year end over expenditure can be attributed to the payment to the leave gratuity pay-outs for numerous officials within the department which was not adequately projected for. **Payments for capital assets** buildings and other fixed structures over expenditure relates to the payment of outstanding invoices pertaining to the construction and rehabilitation of CSCs. The year to date over projections relates to commitments made in the 2016/17 financial year for the refurbishment and rehabilitation of CSC's which has been dealt with during the Mid Term review and the budget has been adjusted accordingly. The year-end under expenditure relates to delays with the finalisation of professional fees SPLUMA and design for Mvozana CSC. Machinery and equipment under expenditure can be attributed delayed procurement processes relating to the supply and installation of lightening conductors in communities to mitigate the scourge of fatal lightning strikes in the Province. The year-end under expenditure is similarly affected. The year to date over expenditure can be attributed to the purchase of replacement vehicles for the departmental fleet. **Software** and other intangible assets over expenditure relates to the balance of the outstanding payment relating to the purchase of assistive devices for the vision impaired interns employed by the department. **Payments for financial assets** over-expenditure relates to the write-off of Thefts and Losses incurred by the department.

4.3 Per conditional grant	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
EPWP Integrated Grant for Provinces	3 338	3 338	0	0.0%

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2018**

	<i>Note</i>	2017/18 R'000	2016/17 R'000
REVENUE			
Annual appropriation	1	1 586 726	1 616 068
Departmental revenue	2	5 072	4 766
TOTAL REVENUE		1 591 798	1 620 834
EXPENDITURE			
Current expenditure			
Compensation of employees	3	649 602	630 144
Goods and services	4	669 509	600 961
Total current expenditure		1 319 111	1 231 105
Transfers and subsidies			
Transfers and subsidies	6	139 775	233 931
Total transfers and subsidies		139 775	233 931
Expenditure for capital assets			
Tangible assets	7	72 536	137 648
Intangible assets	7	87	681
Total expenditure for capital assets		72 623	138 329
Payments for financial assets	5	1 648	-
TOTAL EXPENDITURE		1 533 157	1 603 365
SURPLUS/(DEFICIT) FOR THE YEAR		58 641	17 469
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		53 569	12 703
Annual appropriation		53 569	12 703
Departmental revenue and NRF Receipts	12	5 072	4 766
SURPLUS/(DEFICIT) FOR THE YEAR		58 641	17 469

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	<i>Note</i>	2017/18 R'000	2016/17 R'000
ASSETS			
Current assets		60 016	19 491
Cash and cash equivalents	8	35 515	144
Prepayments and advances	9	3 024	1 020
Receivables	10	21 477	18 327
TOTAL ASSETS		60 016	19 491
LIABILITIES			
Current liabilities		58 174	17 864
Voted funds to be surrendered to the Revenue Fund	11	53 569	12 703
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	2 070	35
Payables	13	2 535	5 126
TOTAL LIABILITIES		58 174	17 864
NET ASSETS		1 842	1 627
	<i>Note</i>	2017/18 R'000	2016/17 R'000
Represented by:			
Recoverable revenue		1 842	1 627
TOTAL		1 842	1 627

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 MARCH 2018**

NET ASSETS	<i>Note</i>	2017/18 R'000	2016/17 R'000
Recoverable revenue			
Opening balance		1 627	1 181
Transfers:		215	446
Debts raised		215	446
Closing balance		1 842	1 627
TOTAL		1 842	1 627

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2017/18 R'000	2016/17 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 591 778	1 618 507
Annual appropriated funds received	1.1	1 586 726	1 616 068
Departmental revenue received	2	4 988	2 387
Interest received	2.2	64	52
Net (increase)/decrease in working capital		(7 745)	(2 117)
Surrendered to Revenue Fund		(15 740)	(86 564)
Current payments		(1 319 111)	(1 231 105)
Payments for financial assets		(1 648)	-
Transfers and subsidies paid		(139 775)	(233 931)
Net cash flow available from operating activities	14	107 759	64 790
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(72 623)	(138 329)
Proceeds from sale of capital assets	2.3	20	2 327
Net cash flows from investing activities		(72 603)	(136 002)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		215	446
Net cash flows from financing activities		215	446
Net increase/(decrease) in cash and cash equivalents		35 371	(70 766)
Cash and cash equivalents at beginning of period		144	70 910
Cash and cash equivalents at end of period	15	35 515	144

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018**

<p>Summary of significant accounting policies</p> <p>The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.</p> <p>The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.</p> <p>Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.</p>	
1	<p>Basis of preparation</p> <p>The financial statements have been prepared in accordance with the Modified Cash Standard.</p>
2	<p>Going concern</p> <p>The financial statements have been prepared on a going concern basis, 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.</p>
3	<p>Presentation currency</p> <p>Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.</p>
4	<p>Rounding</p> <p>Unless otherwise stated financial figures have been rounded to the nearest one thousand Rand (R'000)</p>
5	<p>Foreign currency translation</p> <p>Cash flows arising from foreign currency transactions are translated into South African Rands using the exchange rates prevailing at the date of payment / receipt.</p>
6	<p>Comparative information</p>
6.1	<p>Prior period comparative information</p> <p>Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.</p>
6.2	<p>Current year comparison with budget</p> <p>A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.</p>
7	<p>Revenue</p>
7.1	<p>Appropriated funds</p> <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</p>

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018**

	<p>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. 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. Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.</p> <p>Write-offs are made according to the department's debt write-off policy</p>
8	Expenditure
8.1	Compensation of employees
8.1.1	<p>Salaries and wages</p> <p>Salaries and wages are recognised in the statement of financial performance on the date of payment.</p>
8.1.2	<p>Social contributions</p> <p>Social contributions made by the department in respect of current employees are recognised in the statement of financial performance on the date of payment.</p> <p>Social contributions made by the department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.</p>
8.2	<p>Other expenditure</p> <p>Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.</p>
8.3	<p>Accruals and payables not recognised</p> <p>Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.</p>

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018**

8.4	Leases
8.4.1	<p>Operating leases</p> <p>Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.</p> <p>The operating lease commitments are recorded in the notes to the financial statements.</p>
8.4.2	<p>Finance leases</p> <p>Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.</p> <p>The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.</p> <p>Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:</p> <ul style="list-style-type: none"> • cost, being the fair value of the asset; or • the sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.
9	Aid Assistance
9.1	<p>Aid assistance received</p> <p>Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.</p> <p>Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.</p>
9.2	<p>Aid assistance paid</p> <p>Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.</p>
10	<p>Cash and cash equivalents</p> <p>Cash and cash equivalents are stated at cost in the statement of financial position.</p> <p>Bank overdrafts are shown separately on the face of the statement of financial position as a currently liability.</p> <p>For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.</p>
11	<p>Prepayments and advances</p> <p>Prepayments and advances are recognised in the statement of financial position when the department receives or disburses the cash.</p> <p>Prepayments and advances are initially and subsequently measured at cost.</p>
12	<p>Loans and receivables</p> <p>Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the department's write-off policy.</p>

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018**

13	Investments Investments are recognised in the statement of financial position at cost.
14	Financial assets
14.1	Financial assets A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
14.2	Impairment of financial assets Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.
15	Payables Loans and payables are recognised in the statement of financial position at cost.
16	Capital Assets
16.1	Immovable capital assets Immovable assets reflected in the asset register of the department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment. Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use. Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
16.2	Movable capital assets Movable capital assets are initially recorded in the notes to the financial statements at cost. Movable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition. Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1. All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1. Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment. Subsequent expenditure that is of a capital nature forms part of the cost of the existing asset when ready for use.

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018**

	department.
17.4	<p>Commitments</p> <p>Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.</p>
18	<p>Unauthorised expenditure</p> <p>Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:</p> <ul style="list-style-type: none"> • approved by Parliament or the Provincial Legislature with funding and the related funds are received; or • approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance; or • transferred to receivables for recovery. <p>Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.</p>
19	<p>Fruitless and wasteful expenditure</p> <p>Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.</p> <p>Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables 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>
20	<p>Irregular expenditure</p> <p>Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.</p> <p>Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery 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>
21	<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</p>

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018**

	<p>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>
22	<p>Events after the reporting date</p> <p>Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.</p>
23	<p>Principal-Agent arrangements</p> <p>The department is party to a principal-agent arrangement for [include details here]. In terms of the arrangement the department is the [principal / agent] and is responsible for [include details here]. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.</p>
24	<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>
25	<p>Capitalisation reserve</p> <p>The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National/Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.</p>
26	<p>Recoverable revenue</p> <p>Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.</p>
27	<p>Related party transactions</p> <p>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> <p>Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation is recorded in the notes to the financial statements.</p>
28	<p>Inventories (Effective from date determined in a Treasury Instruction)</p> <p>At the date of acquisition, inventories are recognised at cost in the statement of financial</p>

**ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2018**

	<p>performance.</p> <p>Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.</p> <p>Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.</p> <p>The cost of inventories is assigned by using the weighted average cost basis.</p>
29	<p>Public-Private Partnerships</p> <p>Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.</p> <p>A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the department are recorded in the notes to the financial statements.</p>
30	<p>Employee benefits</p> <p>The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.</p>

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

1. Annual Appropriation

1.1 Annual Appropriation

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

	Final Appropriation R'000	2017/18 Actual Funds Received R'000	Funds not requested/n ot received R'000	2016/17 Final Appropriation R'000	Appropriation received R'000
Administration	381 840	381 840	-	382 920	382 920
Local Governance	245 512	245 512	-	254 282	254 282
Development and Planning	407 621	407 621	-	643 430	643 430
Traditional Institutional Management	551 753	551 753	-	335 436	335 436
Total	1 586 726	1 586 726	-	1 616 068	1 616 068

1.1.1 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, 282 billion as disclosed in note 25

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

1.2 Conditional grants

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Total grants received	32	3 338	3 667

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

2. Departmental revenue

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services other than capital assets	2.1	1 603	1 788
Interest, dividends and rent on land	2.2	64	52
Sales of capital assets	2.3	20	2 327
Transactions in financial assets and liabilities	2.4	3 385	596
Transfer received	2.5	-	3
Departmental revenue collected		5 072	4 766

The increase in departmental revenue for 2017/2018 in comparison to 2016/2017 is mainly due to the advances transferred to revenue for unallocated credits for the development of the Dukuduku Settlement. The department did not have an auction in 17/18 and has subsequently re-started the process and it is envisaged that the auction will take place in the first quarter of the financial year.

2.1 Sales of goods and services other than capital assets

	Note	2017/18 R'000	2016/17 R'000
Sales of goods and services produced by the department	2	1 600	1 777
Sales by market establishment		856	980
Other sales		744	797
Sales of scrap, waste and other used current goods		3	11
Total		1 603	1 788

2.2 Interest, dividends and rent on land

	Note	2017/18 R'000	2016/17 R'000
Interest	2	64	52
Total		64	52

2.3 Sale of capital assets

	Note	2017/18 R'000	2016/17 R'000
Tangible assets	2	20	2 327
Machinery and equipment	26.2	20	2 327
Total		20	2 327

2.4 Transactions in financial assets and liabilities

	Note	2017/18 R'000	2016/17 R'000
Receivables	2	97	129
Other Receipts including Recoverable Revenue		3 288	467
Total		3 385	596

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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2.5 Transfers received

	<i>Note</i> 2	2017/18 R'000	2016/17 R'000
Public corporations and private enterprises		-	3
Total		-	3

3. Compensation of employees

3.1 Salaries and Wages

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Basic salary		467 769	453 927
Performance award		7 887	6 234
Service Based		519	767
Compensative/circumstantial		10 010	11 711
Other non-pensionable allowances		88 953	86 254
Total		575 138	558 893

3.2 Social contributions

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Employer contributions			
Pension		47 826	46 007
Medical		26 487	25 122
UIF		38	13
Bargaining council		113	109
Total		74 464	71 251
Total compensation of employees		649 602	630 144
 Average number of employees		 1 769	 1 825

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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4. Goods and services

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Administrative fees		2 165	1 983
Advertising		19 550	26 375
Minor assets	4.1	5 561	11 217
Bursaries (employees)		752	1 058
Catering		1 627	1 464
Communication		13 262	14 397
Computer services	4.2	34 965	42 164
Consultants: Business and advisory services		114 451	159 224
Infrastructure and planning services		-	342
Legal services		5 029	11 091
Contractors		20 214	70 341
Agency and support / outsourced services		1 697	4 173
Audit cost – external	4.3	8 257	6 772
Fleet services		16 538	11 788
Inventory	4.4	-	11 679
Consumables	4.5	10 346	11 293
Operating leases		27 759	21 836
Property payments	4.6	32 023	29 785
Rental and hiring		10	62
Transport provided as part of the departmental activities		-	192
Travel and subsistence	4.7	38 322	44 652
Venues and facilities		313	1 340
Training and development		1 157	1 490
Other operating expenditure	4.8	315 511	116 243
Total		669 509	600 961

The increase in Goods and & Services in 2017/2018 in comparison to 2016/2017 is mainly due to the payment of Izinduna that is classified under Other Operating Expenditure. In the 2016/2017 financial year the Izinduna were paid for four (4) months of the financial year in comparison to twelve (12) months in 2017/2018. It must be noted that despite the overall increase, most items in this classification has decreased substantially.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

4.1 Minor assets

	<i>Note</i> 4	2017/18 R'000	2016/17 R'000
Tangible assets		5 561	11 217
Machinery and equipment		5 561	11 217
Total		5 561	11 217

4.2 Computer services

	<i>Note</i> 4	2017/18 R'000	2016/17 R'000
SITA computer services		25 520	24 125
External computer service providers		9 445	18 039
Total		34 965	42 164

4.3 Audit cost – External

	<i>Note</i> 4	2017/18 R'000	2016/17 R'000
Regularity audits		8 257	6 772
Total		8 257	6 772

4.4 Inventory

	<i>Note</i> 4	2017/18 R'000	2016/17 R'000
Materials and supplies		-	11 679
Total		-	11 679

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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4.5 Consumables

	<i>Note</i> 4	2017/18 R'000	2016/17 R'000
Consumable supplies		5 005	2 561
Uniform and clothing		868	442
Household supplies		3 142	888
Building material and supplies		-	316
IT consumables		444	17
Other consumables		551	898
Stationery, printing and office supplies		5 341	8 732
Total		10 346	11 293

4.6 Property payments

	<i>Note</i> 4	2017/18 R'000	2016/17 R'000
Municipal services		15 630	13 599
Property maintenance and repairs		5 851	7 350
Other		10 542	8 836
Total		32 023	29 785

4.7 Travel and subsistence

	<i>Note</i> 4	2017/18 R'000	2016/17 R'000
Local		33 215	44 119
Foreign		5 107	533
Total		38 322	44 652

4.8 Other operating expenditure

	<i>Note</i> 4	2017/18 R'000	2016/17 R'000
Professional bodies, membership and subscription fees		10	56
Resettlement costs		81	8
Other		315 420	116 179
Total		315 511	116 243

Included in other operating expenditure under other is expenditure for Honoraria for the payment of Izinduna amounting to R312 746 454.67.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

5. Payments for financial assets

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Debts written off	5.1	1 648	-
Total		1 648	-

5.1 Debts written off

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Nature of debts written off			
Other debt written off			
Claims Recoverable – Eastern Cape Local Govt.		1 648	-
Total debt written off		1 648	-

Debts written off during the current period of reporting was ECLGOV Department for the amount of R1 648 098.18
--

6. Transfers and subsidies

		2017/18 R'000	2016/17 R'000
	<i>Note</i>		
Provinces and municipalities	33, 34	93 300	161 956
Departmental agencies and accounts	Annex 1B	-	14 550
Public corporations and private enterprises	Annex 1D	-	10 100
Non-profit institutions	Annex 1F	32 326	32 652
Households	Annex 1G	14 149	14 673
Total		139 775	233 931

7. Expenditure for capital assets

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Tangible assets			
Buildings and other fixed structures	28.1	56 598	110 922
Machinery and equipment	26.1	15 938	26 726
Intangible assets			
Software	27	87	681
Total		72 623	138 329

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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7.1 Analysis of funds utilised to acquire capital assets – 2017/18

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	72 536	-	72 536
Buildings and other fixed structures	56 598	-	56 598
Machinery and equipment	15 938	-	15 938
Intangible assets	87	-	87
Software	87	-	87
Total	72 623	-	72 623

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

	Voted funds	Aid assistance	Total
	R'000	R'000	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

8. Cash and cash equivalents

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General Account		35 523	145
Disbursements		(13)	(3)
Cash on hand		5	2
Total		35 515	144

9. Prepayments and advances

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Travel and subsistence		-	21
Advances paid (Not expensed)	9.1	3 024	999
Total		3 024	1 020

Re-classification of prior period balance to the correct sub-note

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

9.1 Advances paid (Not expensed)

	<i>Note</i>	Balance as at 1 April 2017	Less: Amount expensed in current year	Add: Current Year advances	Balance as at 31 March 2018
		R'000	R'000	R'000	R'000
Public entities	9	999	(673)	2 698	3 024
Total		999	(673)	2 698	3 024

10. Receivables

		2017/18			2016/17		
		Current	Non- current	Total	Current	Non- current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims	<i>Note</i>						
recoverable	10.1	6 087	-	6 087	5 100	-	5 100
Recoverable	10.2	11 657	-	11 657	9 781	-	9 781
expenditure							
Staff debt	10.3	754	-	754	749	-	749
Other	10.4	2 979	-	2 979	2 697	-	2 697
debtors							
Total		21 477	-	21 477	18 327	-	18 327

10.1 Claims recoverable

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
Provincial departments	10 and Annex 4	-	1 648
Public entities		6 087	3 452
Total		6 087	5 100

10.2 Recoverable expenditure (disallowance accounts)

	<i>Note</i>	2017/18	2016/17
		R'000	R'000
(Group major categories, but list material items)	10		
Payment Fraud		8 083	8 083
Salary Reversal		3 066	1 343
Income Tax		13	2
Medical Aid		3	3
Sal Deduction Disallowance		73	26
Tax Debt		31	4
ACB Recalls		335	306
Pension Fund		14	14
Pension Recoverable		39	-
Total		11 657	9 781

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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10.3 Staff debt

	<i>Note</i> 10	2017/18 R'000	2016/17 R'000
(Group major categories, but list material items)			
Breach of Contract		164	237
Vehicle Damage		190	195
Overpaid Salary		103	5
Other		62	74
Tax Debt		7	6
Telephone		1	17
Unauthorised Vehicle Usage		227	215
Total		754	749

10.4 Other debtors

	<i>Note</i> 10	2017/18 R'000	2016/17 R'000
(Group major categories, but list material items)			
Ex-Employee		2 748	2 482
External Debtors		230	214
Appeal Board		1	1
Total		2 979	2 697

10.5 Impairment of receivables

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Estimate of impairment of receivables		1 460	881
Total		1 460	881

Incorrect classification under note 26 in 16/17 AFS now correctly classified under sub-note 10.5 since the transaction relates to impairment for receivables.

11. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Opening balance		12 703	81 776
As restated		12 703	81 776
Transfer from statement of financial performance (as restated)		53 569	12 703
Paid during the year		(12 703)	(81 776)
Closing balance		53 569	12 703

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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12. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Opening balance		35	57
As restated		35	57
Transfer from Statement of Financial Performance (as restated)		5 072	4 766
Paid during the year		(3 037)	(4 788)
Closing balance		2 070	35

13. Payables – current

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Advances received	13.1	-	2 411
Clearing accounts	13.2	2 535	2 715
Total		2 535	5 126

13.1 Advances received

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Provincial departments	13 <i>Ann 8B</i>	-	2 411
Total		-	2 411

13.2 Clearing accounts

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Description (Identify major categories, but list material amounts)	13		
ACB Recalls		1 735	674
Appeal Board Deposits		50	50
Sal: GEHS		2	-
Salary Reversal		327	242
Tax Recoveries		3	1
Income Tax		130	1 466
Pension Fund		268	277
Salary Deduction		20	4
Sal: Garnishee Orders		-	1
Total		2 535	2 715

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

14. Net cash flow available from operating activities

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Net surplus/(deficit) as per Statement of Financial Performance		58 641	17 469
Add back non cash/cash movements not deemed operating activities		49 118	47 321
(Increase)/decrease in receivables – current		(3 150)	(2 875)
(Increase)/decrease in prepayments and advances		(2 004)	(115)
Increase/(decrease) in payables – current		(2 591)	873
Proceeds from sale of capital assets		(20)	(2 327)
Expenditure on capital assets		72 623	138 329
Surrenders to Revenue Fund		(15 740)	(86 564)
Voted funds not requested/not received		-	-
Net cash flow generated by operating activities		107 759	64 790

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

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Consolidated Paymaster General account		35 523	145
Disbursements		(13)	(3)
Cash on hand		5	2
Total		35 515	144

16. Contingent liabilities and contingent assets

16.1 Contingent liabilities

Liable to	Nature	<i>Note</i>	2017/18 R'000	2016/17 R'000
Housing loan guarantees	Employees	<i>Annex 3A</i>	40	40
Claims against the department		<i>Annex 3B</i>	786	668
Intergovernmental payables (unconfirmed balances)		<i>Annex 5</i>	4 017	10 172
Total			4 843	10 880

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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17. Commitments

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Current expenditure			
Approved and contracted		146 187	183 968
Approved but not yet contracted		2 993	11 702
		149 180	195 670
Capital expenditure			
Approved and contracted		40 207	145 087
Approved but not yet contracted		3 681	41
		43 888	145 128
Total Commitments		193 068	340 798

18. Accruals and payables not recognised

18.1 Accruals

			2017/18 R'000	2016/17 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	25 260	3	25 263	2 681
Transfers and subsidies	300	-	300	-
Capital assets	16	-	16	-
Total	25 576	3	25 579	2 681
			<i>Note</i>	
			2017/18 R'000	2016/17 R'000
Listed by programme level				
Administration			18 846	1 597
Local Governance			4 763	87
Development and Planning			1 221	974
Traditional Institutional Management			749	23
Total			25 579	2 681

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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18.2 Payables not recognised

			2017/18 R'000	2016/17 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	1 405	32 363	33 768	44 938
Transfers and subsidies	-	-	-	12
Capital assets	-	-	-	432
Total	1 405	32 363	33 768	45 382

		R'000	R'000
Listed by programme level			
Administration		1 579	21 463
Local Governance		75	3 740
Development and Planning		433	14 062
Traditional Institutional Management		31 681	6 117
Total		33 768	45 382

		2017/18 R'000	2016/17 R'000
Included in the above totals are the following:		R'000	R'000
Confirmed balances with other departments	<i>Annex 5</i>	6 708	793
Total		6 708	793

19. Employee benefits

	Note	2017/18 R'000	2016/17 R'000
Leave entitlement		12 677	12 523
Service bonus (Thirteenth cheque)		14 774	14 123
Capped leave commitments		33 300	35 998
Other		659	672
Total		61 410	63 316

Included in the leave entitlement is a negative current pro-rata leave balance amounting to R252 470.64. Other benefits relates to the provision for long service awards.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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20. Lease commitments

20.1 Operating leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2017/18					
Not later than 1 year	-	-	18 476	2 448	20 924
Later than 1 year and not later than 5 years	-	-	15 317	1 013	16 330
Later than five years	-	-	-	-	-
Total lease commitments	-	-	33 793	3 461	37 254

	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
Later than five years	-	-	-	-	-
Total lease commitments	-	-	48 987	6 997	55 984

20.2 Finance leases expenditure**

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

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	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
Later than five years	-	-	-	-	-
Total lease commitments	-	-	-	5 061	5 061

21. Irregular expenditure

21.1 Reconciliation of irregular expenditure

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Opening balance		400 888	105 711
Prior period error		-	164 484
As restated		400 888	270 195
Add: Irregular expenditure – relating to prior year		-	71 124
Add: Irregular expenditure – relating to current year		139 120	59 569
Less: Prior year amounts condoned		-	-
Less: Current year amounts condoned		-	-
Less: Amounts not condoned and not recoverable		-	-
Less: Amounts not condoned and not recoverable		-	-
Closing balance		540 008	400 888

Analysis of awaiting condonation per age classification

Current year	139 120	224 053
Prior years	400 888	176 835
Total	540 008	400 888

21.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
No contract	None	575
Cost containment measures	None	10
No service level agreement	None	567
3 quotes not requested	None	244
No supporting documentation	None	854
Incorrect award of quote/Lowest quote not selected	None	9
Contract expired	None	9 200

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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Competitive bidding process not followed	None	1 163
No order issued	None	486
SBD 9 form not completed	None	58
NO SUBMISSION	None	13
Deviation not reported to Treasury	None	22 517
SCM processes not followed	None	103 424
Total		139 120

21.3 Prior period error

	<i>Note</i>	2017/18 R'000
Nature of prior period error		
Relating to 2016/17		-
SCM processes not followed		164 418
Incorrectly stated balance in 16/17		66
Total prior period errors		164 484

22. Fruitless and wasteful expenditure

22.1 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Opening balance		1 704	148
Prior period error		-	(8)
As restated		1 704	140
Fruitless and wasteful expenditure – relating to prior year		311	-
Fruitless and wasteful expenditure – relating to current year		215	1 704
Less: Amounts resolved		(37)	(140)
Less: Amounts transferred to receivables for recovery		-	-
Closing balance		2 193	1 704

22.2 Analysis of awaiting resolution per economic classification

	2017/18 R'000	2016/17 R'000
Current	2 055	1 704
Capital	138	-
Total	2 193	1 704

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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22.3 Analysis of Current year's (relating to current & prior years) fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2017/18 R'000
1. Izinduna paid when sharing Isigodi @ Amajuba District R311 306.54 :16/17	Matter investigated, recommendations to be actioned	311
2. Two Interns were paid without working amounting to R32 272.08 (17/18)	Matter is still being investigated	32
3. Brail Printers x2 @ R68 963.16 each purchased for the 2 interns and not used	Matter is still being investigated	138
4. Eleven cases of no show of officials at booked hotels amounting to R17 813.00 (17/18)	Matter is still being investigated	18
5. One official did not show for a SMS Competency Assessment, R2 381.80 cancellation fee was charged	Matter is still being investigated	3
6. Interest relating to Telkom Account	Matter to be investigated	24
Total		526

22.4 Prior period error

Nature of prior period error	Note	2016/17 R'000
Relating to 2016/17 (affecting the opening balance)		(8)
G27 (13/14) resolved cases in 14/15		(6)
G10 (15/16) resolved cases in 15/16		(2)
Relating to 2016/17		(135)
Izinduna payouts to TC members for 16/17 was understated		5
Parking area Wadley House for resolved cases by Legal Services (16/17)		(140)
Total prior period errors		(143)

23. Related party transactions

Relates to Traditional Levies Trust Account for Goods and Services to the value of R30 060 065.72 and Expenditure for Capital Assets to the value of R2 266 009.21 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 R17 355 489.83 for the aforementioned programme under the current reporting period.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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24. Key management personnel

	No. of Individuals	2017/18 R'000	2016/17 R'000
Political office bearers (provide detail below)	1	1 978	1 902
Officials:			
Level 15 to 16	6	7 917	8 660
Level 14 (incl. CFO if at a lower level)	16	18 895	17 561
Family members of key management personnel	4	1 326	1 709
Total		30 116	29 832

25. Provisions

	<i>Note</i>	2017/18 R'000	2016/17 R'000
Back pay for Izinduna		1 281 918	1 205 814
Total		1 281 918	1 205 814

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 39 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.

25.1 Reconciliation of movement in provisions – 2017/18

	Izinduna Backpay R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	1 205 814	-	-	1 205 814
Increase in provision	80 032	-	-	80 032
Change in provision due to change in estimation of inputs	(3 928)	-	-	(3 928)
Closing balance	1 281 918	-	-	1 281 918

Reconciliation of movement in provisions – 2016/17

	Izinduna Backpay R'000	Provision 2 R'000	Provision 3 R'000	Total provisions R'000
Opening balance	988 651	-	-	988 651
Increase in provision	217 163	-	-	217 163
Closing balance	1 205 814	-	-	1 205 814

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

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	130 042	-	15 938	(6 769)	139 211
Transport assets	69 938		5 898	(459)	75 377
Computer equipment	41 791		3 385	(1 786)	43 252
Furniture and office equipment	14 764		956	-	15 721
Other machinery and equipment	3 549		5 699	(4 524)	4 861
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	130 042	-	15 938	(6 769)	139 211

26.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	15 938	-	-	-	15 938
Transport assets	5 898	-	-	-	5 898
Computer equipment	3 385	-	-	-	3 385
Furniture and office equipment	956	-	-	-	956
Other machinery and equipment	5 699	-	-	-	5 699
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	15 938	-	-	-	15 938

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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26.2 Disposals

**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER
FOR THE YEAR ENDED 31 MARCH 2018**

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	(6 769)	(6 769)	20
Transport assets	-	(459)	(459)	20
Computer equipment	-	(1 786)	(1 786)	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	(4 524)	(4 524)	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	(6 769)	(6 769)	20

26.3 Movement for 2016/17

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	113 416	-	26 726	(10 100)	130 042
Transport assets	55 517	-	19 390	(4 969)	69 938
Computer equipment	40 686	-	5 657	(4 552)	41 791
Furniture and office equipment	14 073	-	758	(67)	14 764
Other machinery and equipment	3 140	-	921	(512)	3 549
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	113 416	-	26 726	(10 100)	130 042

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

26.4 Minor assets

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

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	14 671	-	14 671
Additions	-	-	-	5 561	-	5 561
Disposals	-	-	-	(39)	-	(39)
TOTAL MINOR ASSETS	-	-	-	20 193	-	20 193

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	12 435	-	12 435
Number of minor assets at cost	-	-	-	8 584	-	8 584
TOTAL NUMBER OF MINOR ASSETS	-	-	-	21 019	-	21 019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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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	-	-	-	13 194	-	13 194
Prior period error	-	-	-	-	-	-
Additions	-	-	-	11 217	-	11 217
Disposals	-	-	-	(9 740)	-	(9 740)
TOTAL MINOR ASSETS	-	-	-	14 671	-	14 671

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	12 435	-	12 435
Number of minor assets at cost	-	-	-	9 995	-	9 995
TOTAL NUMBER OF MINOR ASSETS	-	-	-	22 430	-	22 430

27 Intangible Capital Assets

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

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
SOFTWARE	-	-	87	(87)	-
TOTAL INTANGIBLE CAPITAL ASSETS	-	-	87	(87)	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

27.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash	Non-Cash	(Develop- ment work in progress – current costs)	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	87	-	-	-	87
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	87	-	-	-	87

27.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
SOFTWARE	-	87	(87)	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	87	(87)	-

27.3 Movement for 2016/17

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	-	-	681	(681)	-
TOTAL INTANGIBLE CAPITAL ASSETS	-	-	681	(681)	-

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

28 Immovable Tangible Capital Assets

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

	Opening balance R'000	Value adjustments	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	135 259	-	135 259
Non-residential buildings	-	-	117 904	-	117 904
Other fixed structures			17 355	-	17 355
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	135 259	-	135 259

28.1 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	56 598	135 259	(56 598)	-	135 259
Non-residential buildings	39 243	117 904	(39 243)	-	117 904
Other fixed structures	17 355	17 355	(17 355)	-	17 355
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	56 598	135 259	(56 598)	-	135 259

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

28.2 Disposals

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
TOTAL DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	-	-

28.3 Movement for 2016/17

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	71 672	(71 672)	21 201	(21 201)	-
Non-residential buildings	71 672	(71 672)	21 201	(21 201)	-
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	71 672	(71 672)	21 201	(21 201)	-

28.3.1 Prior period error

Note
28.3

	2016/17
	R'000
Correct opening balance disclosure	(71 672)
Relating to 2016/17	(89 721)
Correct cash additions disclosure	(110 922)
Correct disposals disclosure	21 201
Total	(161 393)

The opening balance, additions and non-cash additions had to be restated in terms of the disclosure of work-in-progress. Work-in-progress is accordingly disclosed in note 29.4 and Annexure 7

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

28.4 Capital Work-in-progress

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018

	Note	Opening balance 1 April 2017	Current Year WIP	Ready for use (Assets to the AR) / Contracts terminated	Closing balance 31 March 2018
	<i>Annexure 7</i>	R'000	R'000	R'000	R'000
Buildings and other fixed structures		161 393	56 598	(135 259)	82 732
TOTAL		161 393	56 598	(135 259)	82 732

Age analysis on ongoing projects	Number of projects		2017/18
	Planned, construction not started	Planned, construction started	Total R'000
1 to 3 year(s)	-	9	82 732
Total	-	9	82 732

Madlebe and Shiyabane projects which both stalled at 85% completion due to contractual issues had to be re-advertised for project completion

	2017/18 R'000	2016/17 R'000
Accruals and payables not recognised relating to Capital WIP		
Drought relief projects at Charlestown	334	-
Drought relief projects at Kwabonambi	734	-
Drought relief project verification process	441	-
Final payment to drought relief project	933	-
Total	2 442	-

CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017

	Note	Opening balance 1 April 2016	Prior period error	Current Year WIP	Ready for use (Assets to the AR)) / Contracts terminated	Closing balance 31 March 2017
	<i>Annexure 7</i>	R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures		71 672		110 922	(21 201)	161 393
TOTAL		71 672		110 922	(21 201)	161 393

In the prior year the note on WIP was excluded, hence the correction is effected in the current year

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FOR THE YEAR ENDED 31 MARCH 2018**

29 Principal-agent arrangements

29.1 Department acting as the principal

	Fee paid	
	2017/18	2016/17
	R'000	R'000
Independent Development Trust	1 782	1 643
Coega Development Corporation	510	765
Mhlathuze Water	929	7 213
Agriculture Development Agency	-	785
Total	3 221	10 406

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.

30 Prior period errors

	<i>Note</i>	Amount bef error correction	Prior period error	Restated Amount
		2016/17	2016/17	2017/18
		R'000	R'000	R'000
30.1 Correction of prior period errors				
Expenditure: (E.g. Movable tangible capital assets, Compensation of employees etc.)	<i>Note</i>			
Capital WIP incorrectly stated as opening balance of Immovable Tangible Capital Assets	28	57 801	13 871	71 672
Capital WIP incorrectly accounted as additions to Immovable Tangible Assets	28	6 193	15 008	21 201
Provision for long service award	19	-	672	672
Net effect		63 994	29 551	93 545

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	Amount bef error correction	Prior error	period	Restated Amount
		2016/17 R'000	2016/17 R'000		2016/17 R'000
Liabilities: (E.g. Provisions)					
Error in capturing of increase in provision for Izinduna	25,1	217 651		(488)	217 163
TC member payable		816		981	1 797
		218 467		493	218 960
Net effect					

	Note	Amount bef error correction	Prior error	period	Restated Amount
		2016/17 R'000	2016/17 R'000		2016/17 R'000
Other: (E.g. Irregular expenditure, Fruitless and wasteful expenditure, etc.)					
Izinduna payouts to TC members overstated	22	1 699		(32)	1 667
Resolved 15/16 cases for parking not disclosed	22	-		(140)	(140)
Resolved cases G27 (13/14) in 14/15	22	-		(6)	(6)
Resolved cases G10 (15/16) in 15/16	22	-		(2)	(2)
Net effect		1 699		(180)	1 519

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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31 STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT				2016/17	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustment s	Other Adjustment s	Total Available	Amount received by department t	Amount spent by department t	Under / (Overspen ding)	% of available funds spent by departmen t	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'00
EPWP											
Integrated Grant for Provinces	3 338	-	-	-	3 338	3 338	3 338	-	100%	3 667	3 667
	3 338	-	-	-	3 338	3 338	3 338	-	100%	3 667	3 667

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, when appropriate, into the CPD account of the province.

Transfers for EPWP in terms of the Division of Revenue Act were deposited into the primary bank account of the department.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

32 STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION			TRANSFER			SPENT			2016/17
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation 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	%
Summary by Province KwaZulu-Natal	259	-	191	450	450	-	-	450	450	100%
	259	-	191	450	450	-	-	450	450	100%
Summary by Grant Vehicle licences	259	-	191	450	450	-	-	450	450	100%
	259	-	191	450	450	-	-	450	450	100%
Vehicle licences KwaZulu-Natal	259	-	191	450	450	-	-	450	450	100%
	259	-	191	450	450	-	-	450	450	100%

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

33 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	Actual Transfer R'000	Funds Withheld R'000	Re-allocations by National Treasury or National Department %
eThekweni	-	-	1 000	1 000	-	-	-
Ray Nkonyeni	1 000	-	-	1 000	1 000	-	-
Ugu	400	-	3 300	3 700	3 700	-	-
uMshwathi	1 400	-	-	1 400	1 400	-	-
uMngeni	-	-	13 450	13 450	13 450	-	-
Msunduzi	1 000	-	-	1 000	1 000	-	-
uMngungundlovu	-	-	3 300	3 300	3 300	-	-
Okhahlamba	7 500	-	1 500	9 000	9 000	-	-
Inkosi Langalibalele	1 300	-	-	1 300	1 300	-	-
Alfred Duma	2 100	-	(1 100)	1 000	1 000	-	-
Uthukela	300	-	250	550	550	-	-
Endumeni	-	-	750	750	750	-	-
Umvoti	-	-	10 500	10 500	10 500	-	-
Umkhanyakude	300	-	300	600	600	-	-
Newcastle	-	-	11 000	11 000	11 000	-	-
eMahlangueni	-	-	1 000	1 000	1 000	-	-
Dannhauser	400	-	-	400	400	-	-
Amajuba District Municipality	1 300	-	(1 000)	300	300	-	-
eDumbe	2 500	-	4 500	7 000	7 000	-	-
uPhongolo	-	-	4 500	4 500	4 500	-	-
Zululand	-	-	300	300	300	-	-
Umhlabyalingana	1 000	-	-	1 000	1 000	-	-
Umkhanyakude	-	-	300	300	-	-	-

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Mfolozi	-	-	2 000	2 000	2 000
uMlalazi	-	-	500	500	500
King Cetshwayo	400	-	1 800	2 200	2 200
Mandeni	-	-	500	500	500
Ilembe	-	-	300	300	300
Greater Kokstad	-	-	11 000	11 000	11 000
Harry Gwala District Municipality	-	-	3 300	3 300	3 300
	20 900	-	73 250	94 150	92 850

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT				2016/17
	DoRA and other transfers	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocation by National Treasury or National Department	Amount received by municipal entity	Amount spent by municipal entity	Unspent funds	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	%	R'000
Umdoni	-	-	-	-	-	-	-	-	-	-	-	24 000
uMuziwabantu	-	-	-	-	-	-	-	-	-	-	-	2 000
eThekweni	-	-	1 000	1 000	-	-	-	-	-	-	-	-
Ray Nkonyeni	1 000	-	-	1 000	1 000	-	-	1 000	49	951	-	1 100
Ugu	400	-	3 300	3 700	3 700	-	-	3 700	238	3 462	-	5 400
uMshwathi	1 400	-	-	1 400	1 400	-	-	1 400	110	1 290	-	-
uMngeni	-	-	13 450	13 450	13 450	-	-	13 450	-	13 450	-	-
Msunduzi	1 000	-	-	1 000	1 000	-	-	1 000	114	886	-	-
uMngungundlovu	-	-	3 300	3 300	3 300	-	-	3 300	-	3 300	-	14 415
Okhahlamba	7 500	-	1 500	9 000	9 000	-	-	9 000	1 885	7 115	-	15 414
Inkosi	1 300	-	-	1 300	1 300	-	-	1 300	100	1 200	-	13 610
Langalibalele	-	-	-	-	-	-	-	-	-	-	-	3 500
Alfred Duma	2 100	-	(1 100)	1 000	1 000	-	-	1 000	69	931	-	1 500
Uthukela	300	-	250	550	550	-	-	550	-	550	-	11 200
Endumeni	-	-	750	750	750	-	-	750	-	750	-	2 000
Nquthu	-	-	-	-	-	-	-	-	-	-	-	8 611
Umvoti	-	-	10 500	10 500	10 500	-	-	10 500	-	10 500	-	6 434

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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Umzinyathi	300	-	300	600	-	-	600	-	600	400
Newcastle	-	-	11 000	11 000	-	-	11 000	-	11 000	-
eMadlangeni	-	-	1 000	1 000	-	-	1 000	-	1 000	5 000
Dannhauser	400	-	-	400	-	-	400	50	350	-
Amajuba District Municipality	1 300	-	(1 000)	300	-	-	300	-	300	750
eDumbe	2 500	-	4 500	7 000	-	-	7 000	52	6 948	200
uPhongolo	-	-	4 500	4 500	-	-	4 500	606	3 894	-
Zululand	-	-	300	300	-	-	300	-	300	-
The Big 5 Hlabisa	-	-	-	-	-	-	-	-	-	1 100
Umkhanyakude	1 000	-	-	1 000	-	-	1 000	460	540	-
Mfolozi	-	-	300	300	-	-	-	-	-	-
uMlalazi	-	-	2 000	2 000	-	-	2 000	-	2 000	3 000
King Cetshwayo	400	-	500	500	-	-	496	-	496	-
Mandeni	-	-	1 800	2 200	-	-	2 200	242	1 958	400
Ilembe	-	-	500	500	-	-	500	-	500	-
Greater Kokstad	-	-	300	300	-	-	300	-	300	-
Umkhkhulu	-	-	11 000	11 000	-	-	11 000	-	11 000	12 000
Dr Nkosazana	-	-	-	-	-	-	-	-	-	18 000
Harry Gwala	-	-	-	-	-	-	-	-	-	1 500
District Municipality	-	-	3 300	3 300	-	-	3 300	-	3 300	10 000
TOTAL	20 900	-	73 250	94 150	92 850	-	92 846	3 975	88 871	161 534

"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 2018**

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

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2016/17
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjust- ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Prov DA: Agri Business Development Agency	-	-	-	-	-	-	14 550
	-	-	-	-	-	-	14 550

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

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 1D
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2016/17
	Adjusted Appropriati on Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Available funds Transferred %	Capital R'000	Current R'000	
Public									
Corporations Transfers	-	-	-	-	-	-	-	-	8 100
Mhlathuze Water	-	-	-	-	-	-	-	-	8 100
Umgengi Water Board	-	-	-	-	-	-	-	-	-
Sub Total: Public Corp	-	-	-	-	-	-	-	-	8 100
Private									
Enterprises Transfers									
Donations & Gifts Priv: Ent.	-	-	-	-	-	-	-	-	2 000
SubTotal:Private Enterprise	-	-	-	-	-	-	-	-	2 000
TOTAL	-	-	-	-	-	-	-	-	10 100

"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 2018**

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

	TRANSFER ALLOCATION			EXPENDITURE		2016/17
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000
NON-PROFIT INSTITUTIONS						
Transfers						
Traditional Levies and Trust Account	-	-	32 326	32 326	32 326	32 652
Total	-	-	32 326	32 326	32 326	32 652

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

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 1G
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
Transfers							
Employee Social Benefits	3 554	-	965	4 519	8 209	182%	7 133
Bursaries (Non Employees)	9 545	-	(1 998)	7 547	5 834	77%	7 475
Claims against the State	-	-	77	77	106	138%	65
Total	13 099	-	(956)	12 143	14 149	117%	14 673

"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 2018**

**ANNEXURE 1H
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2017/18	2016/17
		R'000	R'000
Received in cash			
LDM	Cooler Box @ R400 each - Dube TO	-	-
LDM	Cooler Box @ R400 each - Govender K	-	-
LDM	Cooler Box @ R400 each - Jili ME	-	-
LDM	Cooler Box @ R400 each - Mare GDT	-	-
LDM	Cooler Box @ R400 each - Mazibuko SB	-	-
LDM	Cooler Box @ R400 each - Mbatha TJ	-	-
LDM	Cooler Box @ R400 each Mbhense NE	-	-
LDM	Cooler Box @ R400 each - Mbombo P	-	-
LDM	Cooler Box @ R400 each - Ngubane T	-	-
	Total amount of gifts received is R3 600.00	4	-
Subtotal		4	-
TOTAL		4	-

The gifts of the 9 cooler boxes disclosed above at a cost of R400 each have been received by the 9 officials as listed for the 2017/18 FY
"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 2018**

**ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2017	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2018	Guaranteed interest for year ended 31 March 2018	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	-	-

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

**ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018**

Nature of Liability	Opening Balance 1 April 2017 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancell ed/reduced during the year R'000	Liabilities recoverabl e (Provide details hereunder) R'000	Closing Balance 31 March 2018 R'000
Claims against the department					
Collision with NKR 16243: BE Msomi V31(11/12)	43	-	43		-
Collision: KZN 45836 and ND 659-885: EN Ngcobo	3	-	-		3
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 46041 and NPN 2677 V67(15/16)	122	-	-		122
Collision: KZN 45956 and ND 307-738 V1(15/16)	17	-	-		17
Nkosi v MEC CoGTA & Another	224	-	224		-
Myeni v CoGTA & Another	22	-	22		-
Collision: KZN 45942 and NP 45619 V67(16/17)	35	-	35		-
Collision: KZN 45941 and NCW 11257	8	-	8		-
Collision KZN45959 and ND 237453 V18 (17/18)	-	17	-		17
Collision: KZN 45918 and NK 4514 V8 (13/14)	-	82	-		82
Collision: KZN 45778 and SELLING V99 (14/15)	-	77	77		-
Collision: KZN 45930 and BTM681B and TAYLIN-ZN	-	210	-		210
BIGEN Africa Services (Pty) Ltd vs CoGTA – unpaid invoices	-	141	-		141
TOTAL	668	527	409	-	786

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

**ANNEXURE 4
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at yearend 2017/18 *	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	Receipt date up to six (6) working days after year end	Amount R'000
Department								
Eastern Cape Department of	-	-	-	1 648	-	1 648		
	-	-	-	1 648	-	1 648		
Other Government Entities								
Traditional Levies and Trust Account	394	2 169	3 029	-	3 423	2 169		
Umhlathuze Water	-	-	2 664	1 283	2 664	1 283		
	394	2 169	5 693	1 283	6 087	3 452		
TOTAL	394	2 169	5 693	2 931	6 087	5 100		

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

**ANNEXURE 5
INTER-GOVERNMENT PAYABLES**

	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at yearend 2017/18 *	
	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	31/03/2018 R'000	31/03/2017 R'000	Payment date up to six (6) working days before year end	Amount R'000
GOVERNMENT ENTITY								
DEPARTMENTS								
Current								
Department of Transport	49	-	3 265	2 018	3 314	2 018	-	-
Department of Public Works	6 659	793	752	7 430	7 411	8 223	-	-
Department of Health	-	-	-	724	-	724	-	-
Total	6 708	793	4 017	10 172	10 725	10 965		-

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

**ANNEXURE 7
MOVEMENT IN CAPITAL WORK IN PROGRESS**

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	161 393	56 598	(135 259)	82 732
Non-residential buildings	161 393	39 243	(117 904)	82 732
Other fixed structures	-	17 355	(17 355)	-
TOTAL	161 393	56 598	(135 259)	82 732

Age analysis on ongoing projects	Number of projects		2017/18
	Planned, No construction started	Planned, Construction started	Total R'000
1 to 3 Years	-	9	82 732
Total	-	9	82 732

Madlebe and Shiyabane projects which both stalled at 85% completion due to contractual issues had to be re-advertised for project completion.

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018**

Continued ANNEXURE 7

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

	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	71 672	-	110 922	(21 201)	161 393
Non-residential buildings	71 672	-	110 922	(21 201)	161 393
TOTAL	71 672	-	110 922	(21 201)	161 393

Age analysis on ongoing projects	Number of projects		2016/17
	Planned, No construction started	Planned, Construction started	Total R'000
1 to 3 Years	-	41	161 393
Total	-	41	161 393

2 (Madlebe, Shiyabane) projects implemented through the IDT were stalled at 85% due 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 2018**

ANNEXURE 8B

INTER-ENTITY ADVANCES RECEIVED (note 15 AND note 15.1)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000

PROVINCIAL DEPARTMENTS

Current

KwaZulu Natal Department:

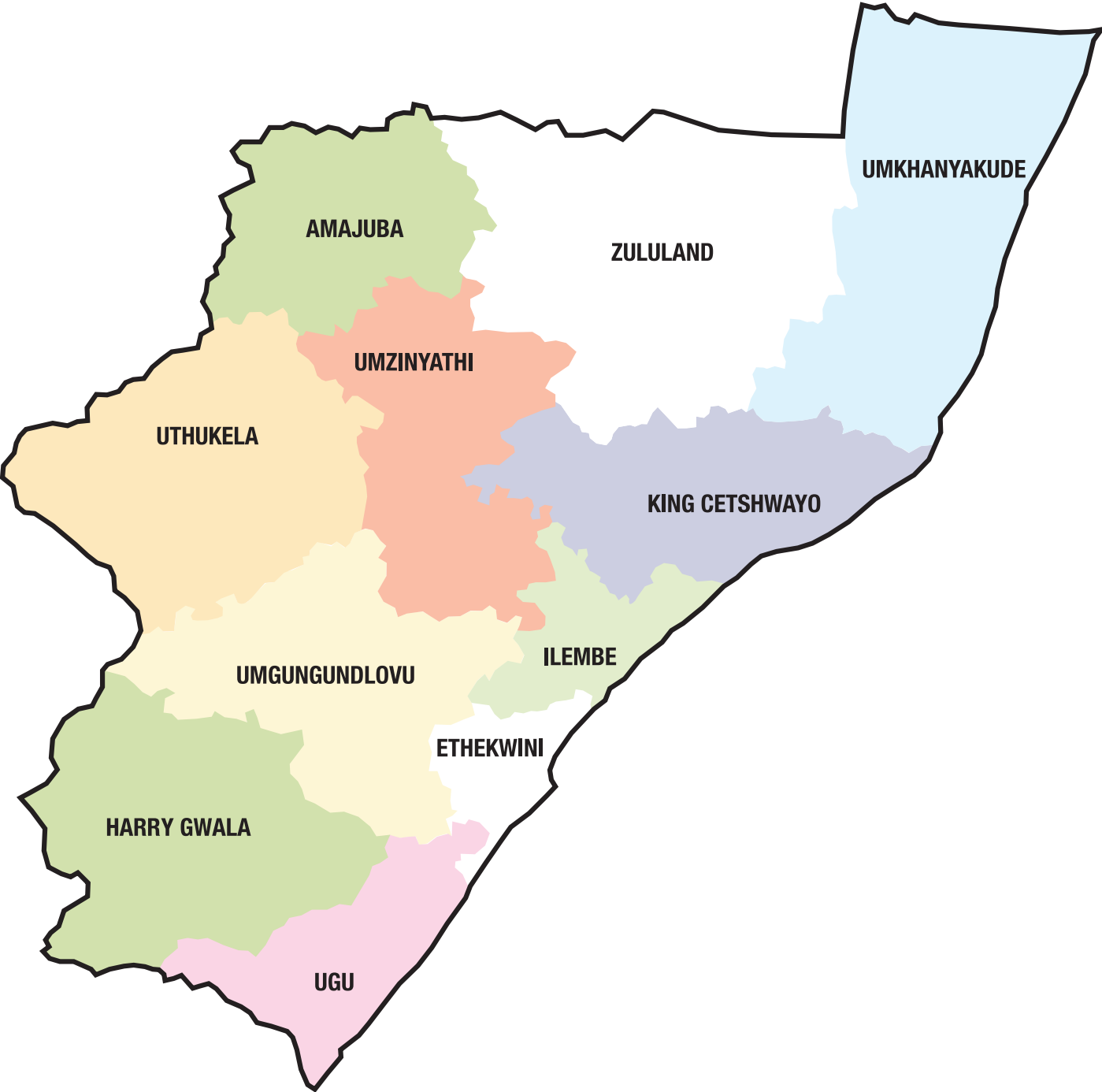
Office of The Premier	-	2 411	-	-	-	2 411
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TOTAL

Current

-	2 411	-	-	-	2 411
-	2 411	-	-	-	2 411

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NOTES

2017/18 ANNUAL REPORT

BACK TO BASICS: SERVING OUR COMMUNITIES BETTER



cogta

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Cooperative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL



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