

**DEPARTMENT OF LOCAL GOVERNMENT AND
TRADITIONAL AFFAIRS**

PROVINCE OF THE EASTERN CAPE

ANNUAL REPORT

for the year ended 31 March 2012

FOREWORD

The Department of Local Government and Traditional Affairs (DLGTA) is turning the corner with expediting the achievement of the national goal of creating a better life for all and supporting the province's march towards an Eastern Cape that is devoid of the imbalances and inequities of the past.

Indeed the triple burdens of "poverty, inequality and unemployment" still confront us in a real way. Municipalities and Traditional Leadership institutions are still marred by various challenges which negatively manifest themselves in the actual theatre of service delivery. This Annual Report showcases milestones recorded in order to improve the prevailing situation in municipalities and transformation of traditional leadership institutions.

What propels the Department of Local Government and Traditional Affairs to deliver better services to our communities is the consciousness of the responsibilities we have to our people, particularly the poor, who have endured successive decades of colonial and apartheid repression. We once again reaffirm our commitment to turn a new leaf in service delivery and utilizing the single window of co-ordination to give effect to Outcome 9.

Intergovernmental Relations remains the lever to ensure that the development outcomes of government are achieved. To this end, our efforts are bearing fruit with the Provincial MuniMEC and King Sabata Dalindyebo Presidential Initiative being hailed as co-operative governance in action in both the Minister's Budget Speech and President's State of the Nation Address respectively. Moving forward, we will strengthen the co-operation of various spheres towards the acceleration of service delivery in municipalities.

Until our people are uplifted from the intolerable burden of poverty, inequality and unemployment, we will not rest.



Honourable M Qoboshiyane (MPL)
MEC for Local Government and Traditional Affairs
Date: 30 August 2012

I have the honour of submitting the Annual Report of the Department of Local Government and Traditional Affairs for the period 1 April 2011 to 31 March 2012.



Advocate S. Khanyile
Superintendent-General
Department of Local Government and Traditional Affairs
Date: 30 August 2012

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**Provincial Vuna Awards Ceremony
Promoting Municipal Performance Excellence**

SECTION A

GENERAL INFORMATION

1. GENERAL INFORMATION ON THE MINISTRY

1.1. VISION, MISSION AND VALUES

1.1.1. VISION

A strong efficient department that promotes viable developmental municipalities, traditional institutions and enables sustainable development to thrive.

1.1.2. MISSION

To lead the enabling of developmental municipalities and traditional institutions through hands-on support, integrated planning, governance arrangements, refined and strengthened fiscal and regulatory framework.

1.1.3 VALUES

Our values are people orientated and are based on the Batho Pele Principles.

Consultation

We shall always consult our customers on the level, quality and choices of the services we offer.

Quality

We shall set high standards geared towards effective and efficient service delivery.

Equality

We shall give equal access to our services to all, with special emphasis on targeted groups.

Professionalism

We believe that our customers are entitled to be treated courteously and with the highest level of professionalism.

Highest ethical standards

We shall always maintain zero tolerance towards fraud and corruption.

Staff our greatest assets

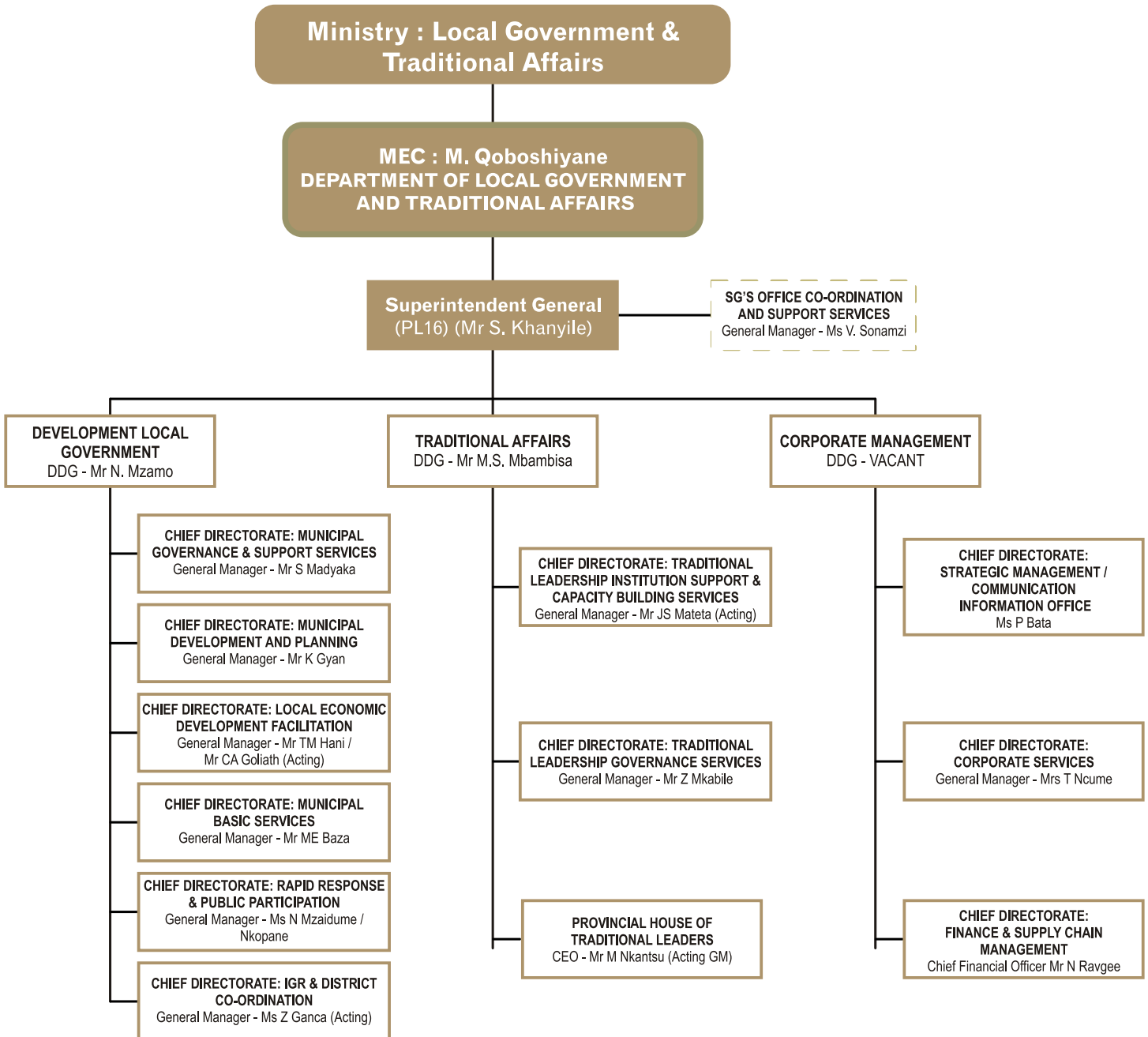
We believe that our employees are integral to the success of the department and we will at all times endeavour to ensure that their organizational needs are satisfied.

Responsiveness

We pledge to respond speedily and effectively to the needs of stakeholders and communities.

1.2 ORGANISATIONAL STRUCTURE

ORGANISATION AND ESTABLISHMENT



1.3 LEGISLATIVE MANDATE/S

1.3.1. Local Government Legislative and other Mandates

Programme	Legislation	Description
Local Governance	<p>Constitution, 1996 (Act No. 108 of 1996 Section 154, Section 155 (5, 6 and 7) Section 12 of the Local Government: Municipal Structures Act 117 of 1998, Section 105 of the Local Government: Municipal Systems Act 32 of 2000</p>	<p>The national and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and perform their function.</p> <p>The Provincial legislation must determine the different types of municipalities to be established in the Province.</p> <p>The Provincial Government must establish mechanisms, processes and procedures to provide for :</p> <ul style="list-style-type: none"> • the monitoring of municipalities in the Province in managing their own affairs, exercising their powers and performing their functions, and • monitor the development of local government capacity in the Province; and • assess the support needed by municipalities to strengthen their capacity to manage their own affairs, exercise their powers and perform their functions. • promote the development of local government capacity to enable municipalities to perform their functions and manage their own affairs <p>The Provincial Government has the legislative and executive authority to see to the effective performance by municipalities of their functions in respect of matters listed in Schedule 4 and 5, by regulating the exercise by municipalities of their executive authorities referred to in Section 156 (1)”</p>
	Local Government: Transition Act, 1993	Provides for the revised interim measures with a view to promoting the re-structuring of Local Government and for that purpose to provide for the establishment of Provincial Committees for Local Government as well as the establishment and appointment of Transitional Councils in the pre-interim phase
	Local Government: Municipal Structures Act, 117 of 1998 as amended	Provides for the establishment of municipalities in accordance with the requirements relating to and the types of municipalities; provides for an appropriate division of functions and powers between categories of municipalities; and regulates the internal systems, structures and office-bearers of municipalities

Programme	Legislation	Description
	Local Government: Municipal Systems Act, 32 of 2000 as amended	Provides for the core principles, mechanisms, and processes that are necessary to enable municipalities to move progressively towards the social and economic up-liftment of local communities and ensure universal access to essential services that are affordable to all
	Local Government: Municipal Finance Management Act, 1 of 2003	Provides for the governance of municipal financing, minimising the opportunity for undue political influence
	Local Government: Municipal Property Rates Act, 6 of 2004	Provides for the compilation of Municipal Valuation Rolls and the development of rates policies
	Local Government: Municipal Demarcation Act, 27 of 1998 as amended	Provides for the criteria and procedures for the determination of municipal boundaries by an independent authority
	Disaster Management Act, 57 of 2002	Provide for an integrated and co-ordinated Disaster Management Policy

1.3. 2. Traditional Affairs Legislative and other Mandates

Programme	Legislation	Description
Traditional Affairs	Constitution, 1996 (Act No. 108 of 1996) Section 211 and 212	To provide for the recognition and roles of traditional leaders
	House of Traditional Leaders Act, 1995 (Act No. 1 of 1995)	To provide for the establishment of the House of Traditional Leaders
	Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003)	To provide for the functions and roles of traditional leaders
	Provincial Traditional Leadership and Governance Act, 2005 (Act No. 4 of 2005)	Participation of Traditional Leaders in Municipal Councils

1.3.3. The following are other mandates, legislation and policies that guide the mandate of the Department of Local Government and Traditional Affairs:

- Basic Conditions of Employment Act 75 of 1997 (as amended)
- Broad Based Black Economic Empowerment Act, No 53 of 2003

- Control of Access to Public Premises Act 53 of 1985
- Development Facilitation Act 67 of 1995 (DFA)
- Division of Revenue Act No. 28 of 1998 and No. 30 of 1999
- Department of Provincial Local Government Strategic Plan 2007-2012
- Eastern Cape Draft Disaster Management Policy Framework
- Environment Impact Assessment Regulations: Implementation of Sections 21, 22, 26 of the Environment Conservation Act, April 1998
- Employment Equity Act No. 55 of 1998
- Fire Brigade Services Amendment Act 14 of 2000
- Free Basic Energy Policy
- Free Basic Water Policy
- General Recognised Accounting Practice
- Growth, Employment and Redistribution : A Macro- Economic Strategy, 1996
- Guidelines for the Implementation of Free Basic Services
- Guidelines for the National Indigent Policy
- Integrated Sustainable Rural Development Strategy
- Inter-governmental Relations Framework, Act No. 13 of 2005
- Labour Relations Act No. 127 of 1998 and all related labour legislation and policies
- Land Survey Act No. 8 of 1997
- Land Use Management Bill
- Land Use Planning Ordinance 15 of 1985
- Land Use Regulations Ordinance 15 of 1987
- Less Formal Township Establishment Act 113 of 1991
- Local Government White Paper
- Minimum Information Security Standards
- Municipal Comprehensive Infrastructure Management Framework
- Municipal Comprehensive Infrastructure Planning Framework
- Municipal Infrastructure Grant Policy Framework
- Municipal Infrastructure Investment Framework
- National Disaster Management Policy Framework
- National Environmental Management Act, Act No 107 of 1998
- National Integrated Development Plan Guide Pack (Volumes 0 - 7)
- National Spatial Development Perspective
- National Treasury Practice Notes
- National Treasury Regulations
- Occupational Health and Safety Act No. 85 of 1993
- Operational Guide for Nodal Urban Recourse Practitioners
- Policy Guidelines for Implementing Local Economic Development in South Africa
- Preferential Procurement Policy Framework Act, No 5 of 2000
- Promotion of Access to Information Act No. 2 of 2000
- Promotion of Administrative Justice Act No. 3 of 2000
- Promotion of Equality and Prevention of Unfair Discrimination Act No. 4 of 2000
- Provincial Growth and Development Plan
- Provincial Spatial Development Plan
- PSCBC resolutions – these regulate the administration of the public service, and conditions of service
- Public Finance Management Act No. 1 of 1999
- Public Service Act 46, 1994 as amended

- Public Service Regulation
- Reconstruction and Development Programme , 1994
- Re-determination of the Boundaries of Cross-Boundary Municipalities Act No. 6 of 2005
- Regulation in terms of Municipal Property Rates Act
- Skills Development Act No. 97 of 1998
- State Information Technology Agency Act No. 88 of 1998
- Strategic Framework for Water Services
- Townships Ordinance
- Townships Ordinance 33 of 1934
- Transfer of staff to Municipalities Act No. 17 of 1998
- Treasury Regulation
- Urban Renewable Implementation Framework
- Urban Renewal Implementation Framework
- White Paper on Batho Pele
- White Paper on Disaster Management
- White Paper on Transforming the Civil Service
- Municipal Act of 1985 (Ciskei)
- Municipal Act of 1079 (Transkei)
- Land Use Regulation Act 15 of 1987 (Ciskei)
- Township Ordinance 33 of 1934
- Land Use Planning Ordinance 15 of 1985
- Municipal Ordinance 20 of 1974
- Regulations in terms of Black Communities Development Act 1984
- Regulations in terms of Land Use Planning Ordinance 15 of 1985
- Land Tenure in Towns Regulations
- Township Development Regulations for towns
- Administration and Control of Township in Black Areas Regulations.
- R293 Proclamation of 1962
- Removal of Restrictions Act 84 of 1967

1.4 ENTITIES REPORTING TO THE MEC

Name of entity	Legislation	Nature of business
Planning Advisory Board	Ordinance 15 of 1985	Consideration of development application and appeals as well as the removal of restrictive title restrictions for the former Cape Provincial area
Development Tribunal	Development Facilitation Act 67 of 1995	Consideration of land development applications submitted in terms of Section 33 of the act.
Townships Board	Ordinance 33 of 1934	Consider development applications, subdivisions, consolidations and appeals for the former Transkei area
Land Use Planning Board	Act 15 of 1987	Consider development applications, subdivisions, consolidations and appeals as well as the removal of restrictive title restrictions for the former Ciskei area
Valuation Appeals Board	MPRA Act of 2004	Considers and decides on appeals against decisions of various municipal valuers.

1.5 MEC's STATEMENT



It is my honour and privilege to present our Annual Report for the 2011/2012 Financial Year. The department is charged with the Constitutional responsibility of supporting municipalities and transforming traditional leadership institutions to become agents of building a Developmental State, we all aspire for.

This year saw a term of local government coming to an end with its incumbent responsibilities. The seamless execution of department-led programmes prior and post the local government elections, has contributed to the stability in municipalities.

Post-elections, the department implemented a series of workshops to induct the Councillors into the workings of local government and to enable them to comprehend with the challenges that will confront them. Role-clarification workshops were also held to

promote cohesive relations among the Troika (Mayor/Speaker/Chief Whip).

In the area of good governance, Delivery Agreements for Outcome 9 were signed with Mayors and Municipal Managers. This signing ceremony constituted our public commitment to create a responsive, accountable, effective and efficient Local Government.

Municipal oversight was invigorated through the establishment of Municipal Public Accounts Committees (MPACs). These committees were also capacitated to enable them to discharge their responsibilities in terms of the law. In the fight against fraud and corruption, Anti-Corruption Strategies were developed in targeted municipalities whilst investigations were conducted in certain municipalities.

With regards to service delivery, Operation Clean Audit (OCA) continued to be our vehicle to realize clean audit outcomes by 2012 and in turn improve service delivery. The department has expanded the Community Work Programme (CWP) to create over 20 000 job opportunities. Local Economic Development (LED) experts and assistants were deployed in 26 municipalities.

The indigent communities must access Free Basic Services (FBS) without fail. The establishment of structural arrangements to facilitate the uninterrupted provision of these services was a priority to which we responded by launching a Provincial Free Basic Services Forum.

A Provincial Public Participation Forum was also launched to strengthen the functioning of Ward Committees and Community Development Workers (CWP) as service delivery agents. An effective and ongoing dialogue between government and the communities will be pursued to further entrench our democracy.

The quarterly MuniMEC meetings have been held including the Provincial Water Forums as structures to co-ordinate issues of service delivery. The implementation of the King Sabatha Dalindyebo Presidential Initiative is proceeding very well as an example of Inter-governmental Relations (IGR) in action.

I take this opportunity to thank Members of the Legislature for their vigorous oversight role, my Cabinet colleagues ably-led by the Honourable Premier for their support and guidance, National and Provincial sector departments, Municipalities, the House of Traditional Leaders, Contralesa, SALGA, DLGTA Staff, organised labour and other strategic partners in our endeavours to create better communities.

Working together, united in our diversity, we can do more to create better communities.

1.6 ACCOUNTING OFFICER'S OVERVIEW



The Department of Local Government and Traditional Affairs has closed another successful year in the path of creating a strong local government system and traditional leadership institutions. Our mid-term review indicated that we were on course with the implementation of our mandate and improving the lives of the people.

This term of government has seen a number of policy and legislative shifts which sought to take service delivery to a new and higher trajectory. In line with these shifts, the seven outputs in Outcome 9 formed a critical focus for the department. Indeed, much work was done to refine the strategic framework to guide better implementation, performance monitoring and evaluation.

We unleashed the value of partnerships to produce a formidable, single game plan. The Service Delivery Agreements for Local Government were signed towards the realization of Outcome 9. Using the concept of a single window of coordination, the department drove the Local Government Turn-Around Strategy (LGTAS) at a Provincial and Local level. The Department is gaining recognition as the single entry point for any government programme, policy directive or other initiatives for support that moves into a municipal area.

This has gone a long way to lessen the fragmentation within the cooperative governance arrangements impacting on local government. It also provides for a more focused oversight and support role for provinces and creates a greater knowledge bank on municipal environments.

At the bedrock of these achievements was strong fiscal discipline and sound financial management. Overall Budgeting, Financial Management and Supply Chain Management systems and controls were improved during the year under review. On the governance front, a number of mechanisms were put in place. These include but were not limited to:

- Appointment of the Audit Committee
- Setting up a fully-fledged Internal Audit Unit

All these measures were aimed at accelerating delivery against set the targets, improving governance and strengthening the oversight capacity of the department.

The unqualified audit report from the Office of the AG for the last three financial years bears testimony to the healthy state of the financial affairs of the department. The objective of the Department is to obtain a "clean" audit report by 2014.

In the implementation of the LGTAS, the municipalities that are leading in good practices, innovation and performance will be requested to assist those that have fallen behind. Replication of good practices must also become institutionalised and managed across government.

This is incentivised through the Vuna Awards System which focuses on innovation, recognizes achievement and performance according to the annual hands-on assessment process. The latter has become the basis of the Section 46 and 47 reporting system.

In relation to Operation Clean Audit (OCA), there has been improvement in the Audit Outcomes of municipalities with minor regressions. During the year under review, the department focused on hands on support to municipalities which has brought about improvements in the Audit Outcomes of some municipalities to the extent that the number of municipalities which have improved increased to thirteen (13). Moving forward, the Department will be focusing on municipalities with adverse and disclaimer opinions.

The Department proceeded with interventions in targeted municipalities to strengthen their capacity. To this end, Section 154 support was provided to the following municipalities:

- Mbashe Local Municipality
- Amahlathi Local Municipality
- Ngqushwa Local Municipality
- Nelson Mandela Bay Metro
- Buffalo City Metro
- Port St John's Municipality
- Mbizana Local Municipality
- Makana Local Municipality
- Sunday's River Valley Local Municipality
- Inxuba Local Municipality
- Ndlambe Local Municipality
- Nkonkobe Local Municipality
- Makana Local Municipality
- Kouga Local Municipality

In line with the mandate of supporting a functional local government system, the department deployed Acting Municipal Managers and Chief Financial Officers in municipalities where there were vacancies. This was to promote administrative stability.

The Department has furthermore contributed to key legislative developments currently taking place at national level. These include amendments to the Municipal Systems Act. In this regard, the department has already developed practice notes to municipalities on the provisions of this Act and practical implementation. We will leave no stone unturned to implement the enacted pieces of legislation.

In relation to Traditional Leadership Institutions, the following milestones were recorded:

- Capacitating Traditional Leaders who are members of Municipal Councils
- The integration of Traditional Leaders in municipalities
- Strategic positioning of this branch within the department
- Establishment of a Commission on Traditional Leadership Claims and Disputes
- Roll-out of the Initiation Monitoring and Intervention Strategy
- Creating a platform for traditional leadership institutions to play their legislated role

I wish to conclude by extending a word of appreciation firstly to municipalities and traditional leadership institutions for their preparedness to work with us in advancing the turn-around effort in their spaces. I would like to thank the staff and management for their support and cooperation in what was an eventful year. Furthermore, I value the partnerships forged with my colleagues in other departments who have come to regard the department as an ally and partner in enabling their delivery at a local level. Sincere appreciation goes to the Honourable MEC for his solid political direction to the department and for keeping us all focused on the goal of building better communities. At another level, our gratitude goes to the Provincial Co-ordination and Monitoring Team, Departmental Audit Committee and Portfolio Committee on Local Government and Traditional Affairs who have through their guidance, taken our work to greater heights.

2. INFORMATION ON PREDETERMINED OBJECTIVES

Performance information (i.e. information on predetermined objectives) is key to effective management planning, budgeting, implementation, monitoring, evaluation and reporting. Measuring performance ensures that policy, planning, budgeting and reporting are aligned in order to achieve improved service delivery. Performance information indicates how well an institution is meeting its aims and objectives and which policies and processes are working efficiently. Making the best use of available data and knowledge is crucial for improving the execution of the department's mandate.

Performance information also facilitates effective accountability, enabling legislators, members of the public and other interested parties to track progress of the department's activities, identify the areas of improvement and better understand local issues involved. Thus it allows one department to report on its performance against set service delivery objectives.

The performance information reported in the annual report enables parliament, the provincial legislature and the general public to track the department's performance and to hold it accountable. Performance information also needs to be available to managers at each stage of the planning, budgeting and reporting cycle so that they can adopt a results-based approach to managing service delivery. This approach emphasises planning and managing with a focus on desired results and managing inputs and activities to achieve these results.

The department ensured that there is alignment in terms of the strategic objectives and its associated targets between the Strategic Plans, Annual Performance Plans and its MTEF budget.

2.1. OVERALL PERFORMANCE

The department customised the framework and the content to reflect its own specific circumstances.

2.1.1. VOTED FUNDS

Main Appropriation R '000	Adjusted Appropriation R '000	Actual Amount Spent R '000	Variance R '000
746,085	761,690	738,943	22,747
Responsible MEC	The Honourable MEC Mlibo Qoboshiyane		
Administering Department	The Department of Local Government and Traditional Affairs		
Accounting Officer	Advocate Stanley Khanyile		

2.1.2. AIM OF VOTE

To facilitate and promote the stabilisation, consolidation and development of sustainable municipalities and traditional institutions through effective stakeholder participation, integrated planning and capacity building.

2.1.3. STRATEGIC OUTCOME ORIENTATED GOALS

2.1.3.1 Key Priorities for the Department

The department is reflecting the strategic outcome orientated goals as reflected in the Strategic Plan of the department.

Five strategic priorities have been identified for the term 2010 - 2014:

- Priority 1: Strengthening leadership, accountability, and clean local government
- Priority 2: Strengthening co-operative governance and development planning in a democratic developmental state
- Priority 3: Accelerating service delivery to support the poor and vulnerable
- Priority 4: Supporting local economic development and rural development to create decent work and sustainable livelihoods
- Priority 5: Improving the developmental capacity of the Institutions of Traditional Leadership

Strategic Goals

The strategic goals of the Department are:

- To build an effective and improving Department
- To strengthen municipal institutional capacity to promote good governance and effective service delivery
- To have enabling viable, sustainable developmental municipalities that deliver basic services
- To improve the developmental capacity of the Traditional Leadership Institutions for rural development

Strategic Objectives

The strategic objectives of the department are:

- To support 45 municipalities to meet their targets for basic services in line with credible IDP's by 2014
- To support the achievement of clean audit outcomes in the department and 45 municipalities by 2014
- To facilitate improved functionality, performance and professionalism of 45 municipal institutions through the complete implementation of individual performance management and development systems aligned to organizational performance management systems by 2014
- To implement a monitoring and evaluation service in 45 municipalities based on a Provincial Municipal-specific support programme aimed at improving the credibility of IDP's by 2014
- To support municipalities to implement ward based planning and socio-economic growth initiatives in 636 wards by 2014 which includes monitoring, evaluation, reporting and communication of ward development initiatives
- To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions

2.1.3.2. SUMMARY OF PROGRAMMES

PROGRAMMES		SUB-PROGRAMMES
1	Administration	1.1 Office of the MEC 1.2 Corporate Services
2	Local Governance	2.1 Municipal Administration 2.2 Municipal Finance 2.3 Public Participation 2.4 Capacity Development 2.5 Municipal Performance Monitoring, Reporting and Evaluation
3	Development and Planning	3.1 Spatial Planning 3.2 Land Use Management 3.3 Integrated Development Planning 3.4 Local Economic Development 3.5 Municipal Infrastructure 3.6 Disaster Management
4	Traditional Institutional Management	4.1 Traditional Institutional Administration 4.2 Traditional Resource Administration 4.3 Rural Development Facilitation
5	House of Traditional Leaders	5.1 Administration of Houses of Traditional Leaders

2.1.4. OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR 2011/12

The department has derived the performance indicators and based ID targets on the Delivery Agreement for Outcome 9, which states: A responsive, accountable, effective and efficient local government system.

Vision for Outcome 9

The vision of this outcome is a responsive, accountable, effective and efficient local government system whereby we have restored the confidence of our people in the local sphere of government as the primary expression of the developmental state by 2015 and beyond.

The key ways to achieve this vision as follows:

- Develop a more rigorous, data driven and detailed segmentation of municipalities that better reflect the varied capacities and contexts within municipalities and lays the basis for a differentiated approach to municipal financing, planning and support
- Ensure improved access to essential services
- Initiate ward-based programmes to sustain livelihoods
- Contribute to the achievement of sustainable human settlements and quality neighbourhoods
- Strengthen participatory governance
- Strengthen the administrative and financial capability of municipalities
- Address coordination problems and strengthen cross-departmental initiatives

The approach to managing local government support and intervention has a greater and more sustainable impact than previous interventions such as Project Consolidate and the Five-Year Strategic Agenda. The central force for change reconstitute the principle of municipal „own“

accountability and the involvement of ordinary people and communities in turning the tide of local government. This combined with the concept of differentiated support and the necessary legislative and policy adjustments create a binding yet supportive force around municipalities.

The Delivery Agreement for Outcome 9 has outputs that are discussed below in terms of achievements.

Output 1: Implementation of a differential approach to Municipal Financing, Planning and Support

- ❑ 602 Ward Committees were supported in terms of training on the implementation of the funding model. The funding model addresses issues of payment of a stipend to Ward Committees as entailed in the revised Ward Committee Legislative Framework.
- ❑ IDP Assessor's Training took place on in March 2012. The aim of the training was to capacitate prospective assessors from municipalities, sector Departments and parastatals in preparation for the main IDP Assessment session. 180 participants from municipalities, sector Departments and parastatals were capacitated. The training focused on the application of the IDP assessment tool.
- ❑ The seamless execution of the department-led plans prior and post-election have contributed to the relative stability in municipalities and to date. 96% of ward committees have been elected.

Output 2: Improving Access to Basic Services

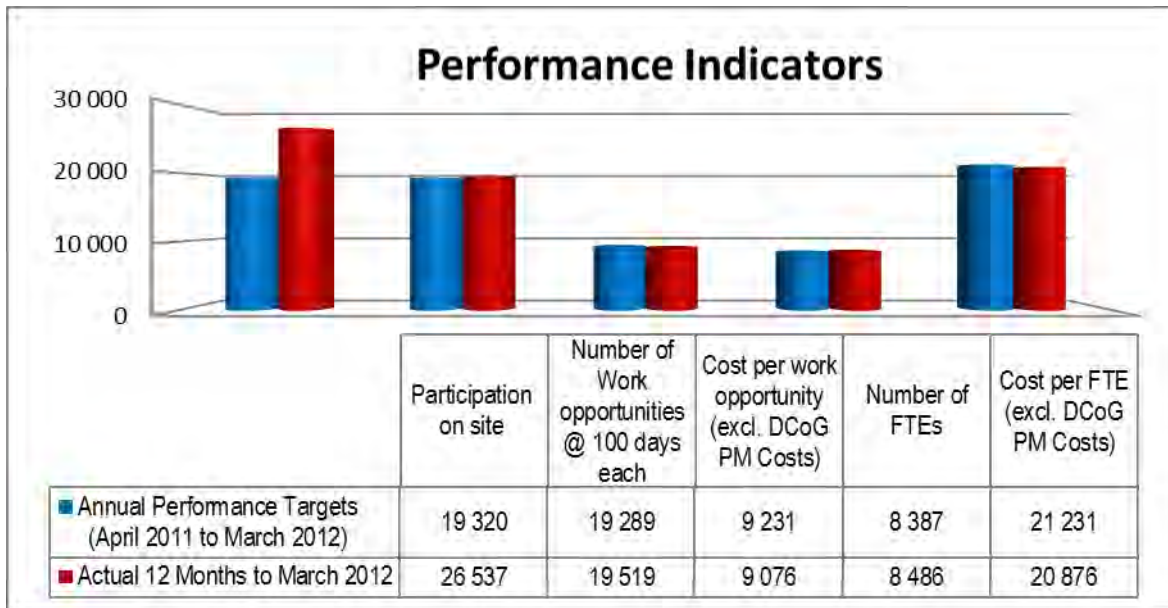
- ❑ The construction of the Fire Station at Engcobo Local Municipality has been completed and was handed over to the municipality in March 2012 together with two fire engines. 30 job opportunities were created by this project.
- ❑ The Engcobo municipality has a population of 149 000 people comprising 31 000 households and 322 villages. These households depend mainly on alternative sources of energy like candles, paraffin and wood which poses major fire hazards.
- ❑ The construction of this facility will ensure an accelerated response to fire incidents and thereby reduce the number of fatalities and the severity of damages caused by fire to infrastructure and the environment. The fire station will also serve as a Centre for continuous community fire safety and awareness campaigns.
- ❑ The primary purpose has been to improve the quality of life of the Engcobo community and the surrounding areas and the establishment of the Fire Station is quite a significant achievement.
- ❑ Financial support was provided to the District Disaster Management Centres in Cacadu and Chris Hani District Municipalities to enhance capacity of Disaster Management Centres to the value of R1.8million. The two districts were supported to enhance the capacity of their satellite centres in the following areas:
 - ✓ Appointment of volunteers to assist in fire-fighting
 - ✓ Improve information management systems of the satellite centre to effectively respond to post disaster incidents
- ❑ All 45 municipalities have updated indigent registers, which assist the municipalities in the implementation of Free Basic Services. The Provincial Free Basic Services Forum was launched in Mthatha on 27 February 2012. The Forum is aimed at providing guidance on

matters pertaining to the provision and monitoring of Free Basic Services and institutional capacity of Local Municipalities.

- ❑ An engineer has been deployed at KSD municipality by National CoGTA.
- ❑ The MIG performance assessment was performed on the 43 targeted municipalities.

Output 3: Implementation of the Community Work Programme (CWP)

- ❑ The target number of jobs to be created was 19 320, and the actual number of job opportunities created through the CWP was 19 519 in 19 sites in 16 municipalities. This translates to 101% performance for the Eastern Cape, exceeding the national average of 97%. The cumulative total number of people who worked and had gone through the programme in the province is 26 537. The following municipalities benefited from CWP: Amahlathi, Mzimvubu, Gariiep, BCM, Intsika Yethu, Senqu, Elundini, Matatiele, KSD, Mbashe, Sakhisizwe, Mbizana, Ngqushwa, Ikwezi and Ingquza Hill.



Output 4: Action supportive of the Human Settlement Outcomes

- ❑ 39 municipalities are implementing the Municipal Property Rates Act
- ❑ 2527,1085 ha of land was released for development purposes
- ❑ Amatola Water was appointed to develop a Provincial ISD Implementation Framework and Guidelines. Municipalities were assisted to establish ISDs through workshops and some of them already have established ISD Units.

Output 5: Deepen democracy through a refined Ward Committee Model

- ❑ Ward Councillor Induction was conducted and the induction was specifically for new councillors who have been elected after the Local Government elections held in May 2011.
- ❑ All 45 Municipalities have been trained on a complaint management system including the Presidential Corruption Hotline.

- ❑ 32 Municipalities have been trained on Customer Care. The training was done over two sessions and the municipalities that did not attend the session were individually visited and taken through the process. There are close working relationships with the Office of the Premier to turn around the poor performance of the Province with regards to delayed response times to Presidential Hotline matters.
- ❑ Resolutions of service delivery complaints have improved. The Rapid Response Unit (RRU) has developed a system which encourages municipalities to centralize service delivery complaints. There have been regular follow-ups on outstanding issues. During the Local Government elections, a high number of complaints were received and have since reduced.
- ❑ Performance assessments of all CDW's was been conducted to assess their effectiveness. The assessment was done in line with the Performance Monitoring and Development System (PMDS).
- ❑ Two outreach programmes were conducted, where the President and Deputy President visited. The visits were held in OR Tambo and Alfred Nzo DM during September and October 2011, respectively. The aim of the visits was for the Presidency to determine the gap between policy and policy implementation as well as discuss the service delivery matters with communities.
- ❑ Facilitated the establishment of the Eastern Cape Rapid Response Unit in conjunction with the Department of Water Affairs. The aim of the Unit is to ensure that an integrated support is rendered to challenge municipalities.
- ❑ Assisted 37 municipalities in the establishment and induction of Ward Committees. The 6 District Municipalities do not have wards. Baviaans LM is still considering the establishment of Ward Committees. However NMBMM has put the establishment of the committees on hold due to challenges experienced by the Metro.

Output 6: Administrative and financial capability

- ❑ 23 municipalities identified with OCA specialists having been deployed by the Department to 22 municipalities. Out of the 23, 5 have been permanently placed at Port St Johns, Ngqushwa, Nxuba and 2 at Nelson Mandela Bay Metro Municipality.
- ❑ The department received an unqualified audit opinion in the 2011/12 financial year.
- ❑ Municipalities gradually moved from adverse and disclaimer audit opinions to qualified and unqualified audit opinions. 13 municipalities received unqualified audit opinions against the previous audit opinion of 9 unqualified opinions. 14 municipalities received qualified audit opinions against the previous audit opinion of 14 qualified opinions. 16 municipalities received disclaimer audit opinions against the previous audit opinion of 19 disclaimer opinions. 2 municipalities received adverse audit opinions against the previous audit opinion of 3 adverse opinions.
- ❑ 43 municipalities have functional audit committees. The 2 outstanding municipalities are Kouga and OR Tambo.
- ❑ 45 municipalities were assisted with Municipal Public Account Committees (MPACs).
- ❑ 15 municipalities were supported to develop Employment Equity Plans.

- Nineteen municipalities that have demonstrated excellence in various Key Performance Areas were awarded financial incentives.
- 43 municipalities have institutionalized Performance Management Systems (PMS). The outstanding municipalities are Port St Johns and Baviaans, who did not attend the sessions.
- Leadership Empowerment Sessions were conducted in all District Municipalities to delineate roles and responsibilities of Mayors, Speakers and Chief Whips in line with legislation.

Output 7: Single window of co-ordination

- Provincial MuniMECs (Technical and Political) are having more impact and are well attended by municipalities, national and provincial departments and other relevant stakeholders.
- DIMAFOs (District Mayor’s Fora) are functioning relatively well.
- The Legal Advisor’s Forum with the municipal legal advisors is functioning well to ensure legal compliance in local municipalities.
- A Risk and Security Management Committee was established and is fully functional
- An Internal Audit Unit is in place and is functioning well in strengthening governance in the department.
- The Audit Committee is functional and exercising its oversight function.
- Enhanced support to District, Metro and Local Municipalities through the quarterly Local Government Communicator’s Forums to entrench the Local government Communication System.
- In building a better South Africa and a better world, the department has extended international relations through the BRICS programme.
- During the current financial year, municipalities were assisted to collect R454 818 465 of money due by government departments.
- Service Delivery Agreements were signed with Mayors, Municipal Managers and Chief Financial Officers and monitoring mechanisms are in place.
- Anti-corruption awareness programmes were rolled out in municipalities.

2.1.5. OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT FOR 2011/12

1. The Department of Local Government and Traditional Affairs consists of five (5) programmes, namely :
 - Programme 1 Administration
 - Programme 2 Municipal Governance
 - Programme 3 Municipal Development and Planning

- Programme 4 Traditional Affairs
 - Programme 5 Provincial House of Traditional Leaders
2. Out of six (6) District Offices that have been provided for in the organisational structure, the department is currently in operation in 5 Districts Offices namely:
 - Cacadu District Support Office
 - Joe Gqabi District Support Office
 - Amatole District Support Office
 - Chris Hani District Support Office
 - OR Tambo District Support Office
 3. The following key critical appointments have been made to strengthen the executive management in its ability to respond to the strategic imperatives:
 - Deputy Director General (DDG) for Developmental Local Government
 - Deputy Director General (DDG) for Traditional Affairs
 - Chief Financial Officer
 - GM: SG Co-ordination & Support Services
 - Chief Executive Officer for Committee on Traditional Leadership Claims & Disputes
 4. The following key challenges are identified which put a few constraints on the department to transform itself into an effective development and service delivery orientated organization:
 - Insufficient budget to fill critical vacant posts.
 - Inadequate technical and professional human resources.
 - Inadequate physical resources (Shortage of office space in Head Office as well as District Support Offices).
 5. Strike management
During this period there was no strike that took place within the department.
 6. Restructuring process
The department is on its final stages of the development of an organisational structure. The intention is mainly to implement the newly adopted service delivery model that talks to bringing service delivery closer to users at local level as compared to the centralised approach that is being used by the department. The support provisions to municipalities and Traditional Leadership Institutions currently made from Bhisho Head Office is a costly exercise. The Task Team (composed of Line Managers and Organised Labour) to deal with implementation plan will be established during June /July 2012. This Team is expected to produce the implementation plan not later than August 2012 and thereafter also participate in the monitoring of the implementation process.

2.1.6. KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

The Department of Local Government and Traditional Affairs committed itself to providing a better life for all, as such the transformation of apartheid local government was a central pillar to achieve government's objective. The local government process was a complex one, and it involved the basic and most critical services that affect the people on a daily basis. The department has made significant strides towards the local government transformation and ensuring that, the majority of the people have access to basic services.

A critical milestone in the key policy developments within the department is the introduction of a Policy Development Unit and its purpose is to coordinate and manage policy development within the department. Over the past financial year the department has succeeded in directing the improvement in terms of developing operational policies and by so doing strengthening internal controls within the department.

The review of provincial and local government structures has been initiated as a result of observations of service delivery inefficiencies in levels of government, whether in the form of gaps, duplications or non-achievement of service targets. In this regard government has launched and completed the first phase of the provincial and local government policy review and we have seen that the public has taken the process seriously. The department will continue leading this process through its Political Head and the Head of the Department.

2.1.7. DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

2.1.7.1. COLLECTION OF DEPARTMENTAL REVENUE

The Department of Local Government and Traditional Affairs did not budget for revenue generation during the 2011/12 financial year as it is not a revenue generating department. The revenue is not significant and is only received through the sale of goods and services in the form of tenders, garnishee orders and commission on insurance deductions. For the year under review stale cheques written back contributed to the revenue recorded under financial transactions.

Item	2008/09 Actual R'000	2009/10 Actual R'000	2010/11 Actual R'000	2011/12 Actual R'000
Sales of Goods & Services	345	440	535	544
Financial Transactions	1,408	1,602	212	1,110
TOTAL DEPARTMENTAL RECEIPTS	1,753	2,042	747	1,654

2.1.7.2. DEPARTMENTAL EXPENDITURE

The department has spent R738, 943 million which represents 97% of the adjusted budget. The total under-expenditure recorded amounts to R22, 747 million. At year end the department had exhausted all its voted funds requested from Provincial Treasury and was unable to pay some of the expenses incurred. The major contributing factor was the impact of R10 million which related to voted funds to be surrendered which were utilised from the current year budget. Other items impacting on the under expenditure is an amount of R5,6 million relating to the pension fund contributions for Traditional Leaders which was refunded by the Public Office Bearers Pension Fund subsequent to year end, as well as the unspent amount of R5 million from SALGA as explained below.

Goods and Services (R9.910 million)

R9.910 million is attributable to goods and services due to delays in the implementation of projects as well as invoices which were received towards the end of the financial year, thus resulting to them not being processed. An amount of R5 million of this figure relates to a project allocated to the South African Local Government Association (SALGA) for municipal support projects which could not be completed at year end. These projects would be rolled over to the next financial year.

Transfer Payments (R1.569 million)

The amount of R1.5 million earmarked to be transferred to municipalities to assist them with revenue generation strategies could not be transferred on time due to problems encountered during the gazetting process.

Capital Assets (R3.776 million)

The delays in the process of procuring of furniture for the department, the non-payment of invoices relating to the construction of Engcobo Fire Station as well as the slow progress in the construction of Traditional Councils resulting in delays in submissions of invoices for capital expenditure.

Analysis of departmental expenditure per programme

PROGRAMMES	Adjusted Appropriation R '000	Virements R '000	Final Allocation R '000	Actual Expenditure R '000	Variance R '000
Programme 1 - Administration	178,180	-5,527	172,653	171,866	787
Programme 2 - Local Governance	197,742	7,919	205,661	196,427	9,234
Programme 3 - Development and Planning	107,330	-5,358	101,972	99,397	2,575
Programme 4 - Traditional Institutional Management	256,306	743	557,049	247,438	9,611
Programme 5 - House of Traditional Leaders	22,132	,223	24,355	23,815	540
TOTAL	761,690	-	761,690	738,943	22,747

EXPLANATIONS AND REASONS FOR ADDITIONS TO OR VIREMENTS BETWEEN PROGRAMMES AFTER THE ADJUSTED APPROPRIATION

Virements which were done after adjustment of the adjusted appropriation were meant to deal with unanticipated adjustment resulting from the needs of municipalities as well as to defray excess expenditure in some programmes from the savings realised from other programmes within the department. The virements done in terms of Sections 43 of the PFMA are reflected in detail in the Report of the Accounting Officer on page 97 of this report.

ROLL-OVERS RECEIVED FROM THE PREVIOUS YEAR

The department received funds totalling R15.605 million from the previous year, and it is broken down as follows:

R13.727 million was allocated to Programme 4- Traditional Institutional Management towards the purchase of furniture for the traditional councils and gratuity payments for Traditional Leaders. R1.878 million was allocated towards goods and services in programme 1: Administration and Programme 5: House of Traditional Leaders.

2.1.7.3. TRANSFER PAYMENTS

The department has transferred a total of R7.726 million out of a budget of R9.266 million. Transfers made were aimed at supporting municipalities as stated in the constitution. The department transferred the funds in line with Section 38(1) (j) of the Public Finance Management Act.

2.1.7.4. PUBLIC ENTITIES

The department did not make any transfers to Public Entities during the year 2011/12.

2.1.7.5. CONDITIONAL GRANTS AND EARMARKED FUNDS

No transfers were made by the department during the reporting year in the form of the Conditional Grant

2.1.7.6. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

2.1.7.6.1 CAPITAL INVESTMENT

An amount of R13.568 million was budgeted for capital investment in the financial year of which R12.259 million was incurred in acquiring immovable tangible assets in the departments. The expenditure incurred relates to the construction of Traditional Councils and the Engcobo Fire Station which has been completed and handed over to the Engcobo Municipality.

- During the year under review four traditional councils could not be finalised and are planned for finalisation during the 2012/13 financial year.
- Three traditional councils are under refurbishment and are planned for finalisation during the 2012/13 financial year
- There are no plans to close down or down grade any current facilities
- There are no current developments that would impact on the departments current expenditure

2.1.7.6.2 ASSET MANAGEMENT**2.1.7.6.2.1 Payment of capital assets**

Payment of Capital Assets	2011 / 2012	Medium Term Estimate		
		2012 / 2013	2013 / 2014	2014 / 2015
Building and Other Fixtures	12,259	10,081	12,116	12,843
Machinery and Equipment	8,278	7,393	4,195	4,446
	20,537	17,474	16,311	17,289

2.1.7.6.2.2 Details as to how assets holding have changed over the period under review including information on disposal, scraping and loss due to theft

- The department spent R8, 278 million on movable tangible assets during the year. Items acquired related to operational equipment, computer equipment, office equipment and furniture.
- The value of assets lost due to loss or theft during the year under review is R254 125.56. These assets all relate to computer equipment.
- No disposal was made during the year under review as the department did not have an approved Asset Disposal Policy in place. The policy has been developed and approved and the disposal committee has been established.
- Assets have been identified for disposal and these will be disposed of in the new financial year in accordance with the approved policy.

2.1.7.6.2.3 Measures taken to ensure that the departments asset register remained up to-date during the period under review

- Additions to assets are reconciled to the BAS system on a monthly basis and the new assets bar coded and recorded in the asset register.
- Physical verification and an annual inventory count were done at Head Office, Districts and Traditional Councils.
- Reconciliation of the asset register is performed on a monthly basis.
- Where movement of assets are identified the asset register is updated.

2.1.7.6.2.4 The current state of the department capital stock

Period	State	Percentage
Up to 31/03/2006	Bad	31%
01/04/2006 to 31/03/2010	Fair	29%
01/04/2010 to date	Good	40%

2.1.7.6.2.5 Major maintenance projects that have been undertaken during the period under review

- During the year under review the department have spent R 4.3 million on maintenance of Traditional Councils, however these projects are undertaken by the Department of Public Works as the implementing agent.

2.1.7.6.2.6 Facilities that were closed down or downgraded during the year

- Facilities management is the responsibility of the Department of Public Works and the department would merely recommend any closure or downgrading for their consideration and decision.

- There were no facilities that were closed down or downgraded during the year under review.

2.1.7.6.2.7 Projects that will be carried forward to the forthcoming financial year

- There are projects relating to the maintenance of Traditional Councils which will be finalised during the forthcoming financial year.

2.1.7.6.2.8 New projects that will commence in the forthcoming financial year

- The department is planning to construct a new Provincial Disaster Management Centre in Bhisho and a budget of R2 million has been allocated for planning and design for the first year. Due to budgetary constraints the department had to opt to span the construction over a two to three year period. This centre will enable the department to have an effective and better co-ordinated approach to dealing with Provincial disasters.

2.1.7.6.2.9 Processes in place for the tendering of projects

- For all immovable assets, the assistance of the Department of Public Works is obtained as they have the required skills and expertise to effectively carry out these projects from planning to completion. If the department performed this function it would have to outsource the service and this would not be cost effective.

2.1.7.6.3 MAINTENANCE

2.1.7.6.3.1 How the actual expenditure compares to what the department planned to spend on maintenance

- A total of R555 894 was spent on maintenance and repairs during the year. This was within the allocated budget.

2.1.7.6.3.2 Whether the expenditure is more or less than the property industry norms

- The extent of maintenance incurred by the department is not significant and is in line with the property industry norms as it is incurred on an open bid basis where the open market is explored.

2.1.7.6.3.3 Progress made in addressing the maintenance backlog during the period under review

- The department does not have any maintenance backlogs.

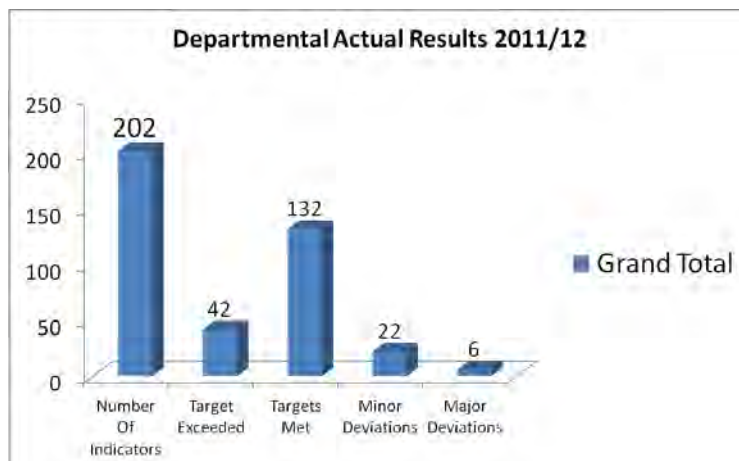


Signing of Service Delivery Agreements with Mayors

SECTION B

PROGRAMME PERFORMANCE

KEY MEASURABLE OBJECTIVES, PROGRAMMES AND ACHIEVEMENTS





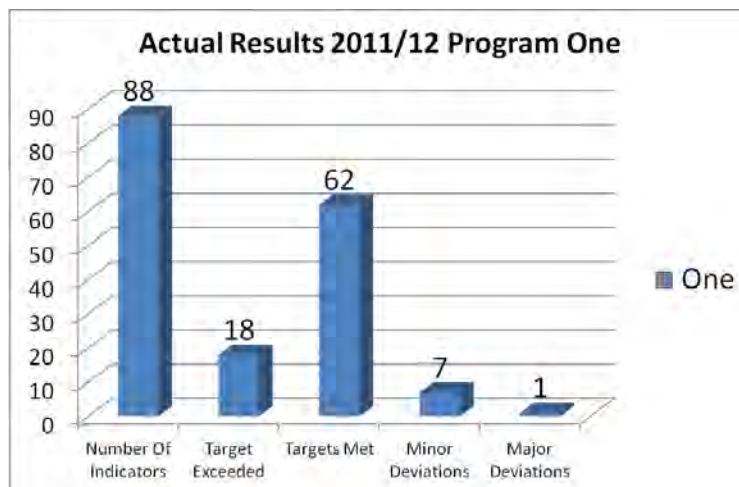
**KSD Presidential Intervention
Site visit**



Taking a girl/boy child to work programme

PROGRAMME 1

ADMINISTRATION/ CORPORATE GOVERNANCE



2.2. Programme performance

2.2.1. Purpose

The purpose of Programme 1 is to give effective strategic leadership, efficient administration and support services to the other programs in the department.

2.2.2. Strategic Objectives

To support the achievement of clean audit outcomes in the department and 45 municipalities by 2014.

To implement a monitoring and evaluation service in 45 municipalities based on a Provincial Municipal-specific support programme aimed at improving the credibility of IDP's by 2014.

2.2.3. Performance indicators and targets

The following highlights occurred in programme one during the current year.

- ❑ The department appointed its own Audit Committee during the year. This function was previously a shared service. Having a dedicated Audit Committee has resulted in improved financial oversight and governance.
- ❑ An Internal Audit Unit was established within the department and it is now fully operational. This function was also previously a shared service, managed through the Provincial Treasury. The dedicated unit has resulted in an increase in the extent to which the department has been audited thus resulting in improved systems and controls.
- ❑ The Risk Management and Internal Control Unit was established and has been capacitated. An effective risk management unit will ensure that the department identifies and mitigates risks which prevent it from achieving its objectives.
- ❑ Facilitated training of 814 employees against a target of 600. More employees were empowered in terms of specific fields such as Leadership Programmes for Executive Managers, Accelerated Management Development programmes for Middle Managers, Supervisory Effectiveness for Supervisors, Computer skills and Language Proficiency Programme for lower levels. There were generic Programmes in which staff members at all levels participated: e.g. - Project Management, Supply Chain Management, Financial Management, etc. Employees were also trained in line function specific programmes that address the Core Business of the department. This has resulted into 49 internal staff members promoted/appointed to vacant posts within the department during the year under review.
- ❑ Administered 97 internal and external bursaries against a target of 53
Fields of study that the internal staffs were exposed to enhanced their capacity in their Business Units. Nine (9) candidates have been absorbed by the department during the year under review in the following technical and professional fields.
 - Spatial Planning
 - Land Survey
 - Geographic Information System

- Property valuation
 - Civil Engineering
- Administered 66 internship contracts against a target of 50
This programme provided exposure and experience in the Public Service to the unemployed graduates and this assisted them to be marketable in the workplace. This allowed them to get confidence, a sense of independence and higher level of maturity. Twenty one (21) Interns have been absorbed by the department in various fields.
 - Conducted 8 Occupational, Health and Safety audits against a target of 7.
The intention of this programme was to eliminate health hazards within the workplace and the following areas were audited:
 - Phalo House (inspected on 2 occasions)
 - Provincial House of Traditional Leaders
 - Tyamazshe Building (inspected on 2 occasions)
 - Disaster Management Offices
 - Bhisho Business village (Free Basic Services component)
 - Global life Building (Municipal Infrastructure component)
 - Conducted two public awareness campaigns on customer care
 - 13 Municipalities supported to review their communication strategies against a target of 6

2.2.4. Changes to planned targets

The department is providing reasons per performance measure/indicator for the targets that were changed for programme one.

2.2.4.1. Indicators removed or reduced

Page No	Performance indicator	Reason for amendment
Pg 37	% progress towards the implementation of the SPU Strategy.	The incumbent within this unit resigned and these responsibilities were not re-allocated as a result of capacity constraints.
Pg 40	Number of monitoring reports on the implementation of Quality Assurance Framework standards, policy and procedures.	A Quality Assurance Unit was never established and there is no intention for this financial year or the next financial year to establish such unit as a direct result of the limited funding available. Sub-programmes are requested to quality assure their documents. It must thus be removed from the APP as it is an unfunded indicator.
Pg 40	Number of key departmental documents quality assured.	See reason above.
Pg 42	Number of internal control review reports submitted to management.	The Department established an Internal Control and Risk Management Unit and all internal control related matters are dealt with by the unit. The reporting of the indicator is done under the

Page No	Performance indicator	Reason for amendment
		performance indicator: "Number of Internal Control & Risk Management Reports submitted". Thus the performance indicator eliminates the division of work by different units and reports on this indicator.
Pg 42	Number of reports compiled on the implementation of the AG recommendations.	The Department established an Internal Audit Unit and all audit related matters are dealt with by the unit. The reporting of the indicator is done under the performance indicator: "Number of reports on the implementation of the Audit turnaround plan". Thus the performance indicator eliminates the division of work by different units and reports on this indicator.
Pg 48	Number of municipalities supported to implement the Anti-Corruption and Anti-fraud strategies.	This indicator is listed under Corporate Services but the activities have been retained by Municipal Finance and is reflected on Page 64 and reported on within Programme 2. The indicator in Programme 1 should have read: "% of received allegations on fraud and corruption investigated".
Pg 49	Number of coordinated Provincial Water Forums meetings recorded.	Target must be changed from 4 to 2 as the Department of Water Affairs (DWA) which is the lead department was meant to commit funds to ensure that the two additional meetings are convened but were unable to do so. This is beyond our control and an item over which we do not have any influence and must thus be adjusted.
56	Number of municipalities investigated on fraud and corruption	Changed to: Number of investigations conducted on fraud and corruption allegations at municipalities

2.2.4.2. Performance indicator and quarterly targets amended

Performance indicator	Annual target	Q1 target	Q2 target	Q3 target	Q4 target
Number of bursaries administered (internal plus external bursaries awarded)	53	53	53	53	53
Number of systems/software and licenses procured	1041	10	-	-	1031
Number of computers and accessories installed	150	100	50	-	-

PROGRAM 1: ADMINISTRATION

SUB-PROGRAMME: OFFICE OF THE MEC

Strategic Objective: 2 -To support the achievement of clean audit outcomes in the department and 45 municipalities by 2014.

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for the deviation
Number of reports on the implementation of departmental strategy directions and budget imperatives.	4	4 100%	4 Reports	No deviation	None
Number of reports on the effective administrative and technical support provided to the MEC.	4	4 100%	4 Reports	No deviation	None
Number of reports on the coordination of MEC's government and Public Representative responsibilities.	4	4 100%	4 Reports	No deviation	None
Number of reports on the implementation of departmental service delivery programmes targeting designated vulnerable groups of beneficiaries	4	4 100%	4 Reports	No deviation	None
Number of monitoring reports on the implementation of the Employment Equity Plan in Municipalities and Department	4	4 100%	Reports from HRP, Minutes and Agendas	No deviation	None

SUB-PROGRAMME: CORPORATE SERVICES

Strategic Objective: 2 – To support the achievement of clean audit outcomes in the department and 45 municipalities by 2014.

Strategic Objective: 5(IGR)- To implement monitoring and evaluation services in 45 municipalities based on a provincial municipal-specific support programme aimed at improving the credibility of IDPs by 2014.

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
Number of reports on the implementation of institutionalised coordination submitted.	4	4 100%	4 Reports	No deviation	None
Number of analysis reports submitted on the implementation of the departmental plans.	4	4 100%	4 Reports	No deviation	None
Number of strategic planning documents (Annual Performance Plan, Technical Indicators and Operational Plan) developed in line with the prescribed formats and within prescribed dates:	3	3 100%	Copies of APP, Technical Indicator Descriptions and Operational Plan	No deviation	None
<ul style="list-style-type: none"> • 1st Drafts • 2nd Drafts • Final printed APP, Technical Indicators and Operational Plan placed on website 					
Number of monitoring and compliance reports submitted to management and stakeholders on the overall performance of the department in relation to the APP.	4	4	Copies of:	No deviation	None
<ul style="list-style-type: none"> • Programme of Action (PoA) • Quarterly Reports • QPR Treasury • Half Year Report • Annual Report (1st Draft) 	4 4 4 1 1	4 4 4 1 1 100%	POA Quarterly reports QPR reports Half Yearly report 1 st Draft of Annual Report.		

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
Number of corporate reports submitted to management on the implementation of strategic decisions (Top Management, Senior Management and Staff Meetings) towards improving the functioning of the Department.	24	24 100%	Action issues and minutes with resolutions	No deviation	None
Number of IGR forum reports, including resolutions and issues for implementation, circulated to all departmental General Managers and Municipal Managers.	8	6 75%	Minutes of the MuniMEC meetings and action issues	2	IGR recruited more staff thereby enhancing its capacity to provide secretariat services. This led to the reduction of support provided by Corporate Secretariat.
Number of directorates assisted to develop policies in line with the departmental policy guidelines.	8	8 100%	Copies of reports from directorates including signed memo by the SG/draft copies of policies	No deviation	None
% legal opinions generated to assist the Department with service delivery.	100%	100%	Copies of actual Legal Opinions	No deviation	None
Number of out-of-court settlements negotiated.	5	4 80%	Copies of court order or letters of settlements.	1	No other matter justifying out of court settlement.
% of court matters handled on behalf of the Department.	100%	100%	Letters of instructions to State Attorney.	No deviation	None
Number of departmental contracts and agreements vetted.	30	13 contracts were received and vetted	13 contracts	No deviation	None

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
Number of written opinions on policies and legislation	12	16 133%	Written opinions.	4	Demand exceeded expectation
Number of sessions conducted on legal advocacy programmes to stakeholders	2	2 100%	2 Reports	No deviation	None
% progress towards the implementation of the reviewed Communication Plan	100%	100%	Approved memos for multi media campaigns.	No deviation	None
Number of statutory publications produced by the Department.	4	5 125%	Half Yearly report, Annual report, APP, Policy Speech and Operational Plan.	Target exceeded by 1	The Operational Plan was also printed.
Number of DLGTA newsletters produced	4	4 100%	4 Copies of DLGTA newsletters.	No deviation	None
Number of District Municipalities with reviewed communication strategies in place.	6	13 216%	Presentations, Attendance Registers.	Target exceeded by 7	Due to enhanced support requirements from Local Municipalities.
Number of District Municipalities with functional Communication Forums.	6	6 100%	Attendance Registers, Invitations and agendas of the meetings	No deviation	None
Number of publicity awareness campaigns on customer care conducted.	2	2 100%	2 Reports	No deviation	None
Number of reports compiled on the implementations of the Internal Audit recommendations.	4	4 100%	4 Reports	No deviation	None
Number of Internal Audit reports issued.	16	18 112%	18 Reports	Target exceeded by 2	Two more internal audits were performed.

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
Number of internal audit documents reviewed (AC and IA Charter, IA Methodology and the 3 year rolling plan)	4	4 100%	Approved AC and IA Charters, IA Methodology and a 3 year rolling plan.	No deviation	None
Number of internal audit reports issued on the Risk Management, Internal Controls and Governance Processes.	4	4 100%	4 Summary of quarterly reports presented to AC.	No deviation	None
Number of reports submitted to Treasury as per PFMA and Treasury Regulations.	53	53 100%	Signed reports submitted to Provincial Treasury on a monthly basis	No deviation	None
Approved Annual Financial Statements submitted by end May each year.	1	1 100%	Signed AFS submitted to the Auditor General and Provincial Treasury	No deviation	None
Number of reports on the implementation of the Audit Turnaround Plan.	3	3 100%	Audit Intervention Plan (AIP) submitted to Provincial Treasury	No deviation	None
Number of expenditure reviews conducted annually.	12	12 100%	Expenditure Reports presented at the Financial Management meetings as well as the signed IYM Reports submitted to Provincial Treasury	No deviation	None
Certificate of alignment issued between Budget, APP and Operational Plan.	1	1 100%	Signed certificate submitted to Provincial Treasury	No deviation	None
Risk Assessment Report submitted to management and relevant stakeholders.	1	1 100%	1 Report	No deviation	None

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
Number of reports on the implementation of the Risk Management Implementation Plan submitted.	4	4 100%	4 Reports	No deviation	None
Number of Internal Control and Risk Management Reports submitted.	12	12 100%	12 Reports	No deviation	None
Report on the implementation of the Fraud Prevention Plan submitted.	1	1 100%	1 Report	No deviation	None
Number of monthly reports on demand management activities submitted.	12	12 100%	Signed reports submitted to Provincial Treasury on a monthly basis	No deviation	None
Number of reports on the implementation of acquisition management in relation to SCM framework submitted.	12	12 100%	Signed reports submitted to Provincial Treasury on a monthly basis	No deviation	None
Number of reports on the status of assets and disposal management submitted.	12	12 100%	Signed reports submitted to Provincial Treasury on a monthly basis	No deviation	None
Number of reports on logistics management submitted.	12	12 100%	Signed reports submitted to Provincial Treasury on a monthly basis	No deviation	None
Number of reports on the implementation of existing contracts and projects (reports on the status of existing contracts and projects) submitted.	12	12 100%	Signed reports submitted to Provincial Treasury on a monthly basis	No deviation	None
Number of compliance reports on SCM framework and other relevant legislation submitted.	12	12 100%	Signed reports submitted to Provincial Treasury on a monthly basis	No deviation	None

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
Number of employees trained.	600	814 135%	Attendance Registers	Positive Variance of 214.	There was an overwhelming response from the staff members for all planned training programmes.
Number of WSP reports submitted to OTP and PSETA	1	1 100%	Copy of WSP reports submitted to OTP & PSETA	No deviation	None
Number of employees re-oriented and inducted	350	308 88%	Course material Attendance Registers	42	Non availability of accredited trainers from Public Administration Leadership And Management Academy (PALAMA). Non-attendance by the officials who had confirmed their attendance.
Number of bursaries administered (internal plus external bursaries awarded).	53	97 183%	Schedule of interns administered	Target exceeded by 43	More requests received and additional funding enabled the extension of the service
Number of internship administered	50	66 132%	Schedule of interns administered	Target exceeded by 16	More requests received from programmes. Additional funding was sourced.
% of employees with signed performance agreements/work plans/standard	100%	88%	Signed performance agreements/ work plans	12%	Deviation arising from newly appointed

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
frameworks for 2011/2012			submitted for 2012.		officials, deceased, retired as well as excess personnel.
% of employees with signed performance assessments for 2011/12	100%	78%	1034 Schedule of employees submitted their annual assessments. Copies of performance assessment documents.	22%	Deviation arising from newly appointed officials, deceased, retired as well as excess personnel.
% of progress towards the implementation of the reviewed integrated HR plan.	100%	100%	Four quarterly reports.	No deviation	None
Number of reviewed HR policies implemented.	5	8 160%	8 copies of the reviewed/developed policies	Target exceeded by 3	After identifying gaps in some of the existing policies, it was decided to review them.
Number of vacant funded posts filled.	40	148 370%	Progress report on the advertised posts.	Target exceeded by 108	Increased demand on appointments for newly established components on contract basis such as OCA, Committee on Claims and Disputes as well as permanent appointments within the department.
% updated records on PERSAL system	100%	100%	Copies of PERSAL reports with full information	No deviation	None
% of PILLIR applications processed timely	100%	100%	Copies of application documents	No deviation	None
% of qualifying staff granted service benefits	100%	100%	PERSAL reports/print outs	No deviation	None

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
			of terminations. Schedule of retired employees.		
Number of health wellness and related awareness sessions conducted for staff and traditional leaders	12	34 283%	Attendance registers.	Target exceeded by 22	The Department signed an MOU with United Nations Development Fund (UNDF) and more officials were trained.
% of counselling sessions conducted for all referred cases.	100%	100%	Schedule/List of sessions.	No deviation	None
Number of Occupational Health and Safety Audits conducted and referred to the relevant components	7	8 114%	8 Reports	Target exceeded by 1	One additional component was audited by the National Department of Labour.
Number of employees capacitated on labour relations matters	200	667 333%	Attendance registers, Presentations	Target exceeded by 467	New appointments resulted in exceeding the target.
% of misconduct cases finalised	100%	76%	Schedule of cases	24%	Other matters were referred to Legal Services for further investigations and waiting for an outcome.
% of grievance cases finalised	100%	100%	Memorandum and minutes of Appeals Committee. Letters that are written to officials.	No deviation	None
Number of approved labour relations	2	1	Copy of reviewed	1	No new trends depicted

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
policies		50%	abscondment policy		
Number of collective agreements implemented for the year	3	3 100%	Copy of agreements implemented	No deviation	None
Number of reports on employer-employee relations within the Department.	4	4 100%	Copy of minutes and attendance registers	No deviation	None
% progress towards the implementation of a reviewed organizational structure.	100%	100%	Copies of amendments to organogram submitted. Copy of draft organogram and report.	No deviation	None
Number of job evaluations conducted for newly created, critical jobs and other lower level jobs.	60	60 100%	Copy of spread sheets of jobs evaluated	No deviation	None
Number of reviewed service excellence programmes implemented.	2	2 100%	Copy of documents submitted.	No deviation	None
Number of monitoring reports on the implementation of filing system	4	4 100%	Reports submitted	No deviation	None
% progress towards the implementation of a records management policy	100%	100%	Progress reports and copies of presentations done to employees	No deviation	None
% of progress towards the implementation of a registry procedure manual	100%	100%	Progress reports and copies of presentations done to employees	No deviation	None
% uptime of LAN and WAN per month	98%	98%	Available on Website	No deviation	None
Number of computers and accessories installed	150	225 150%	Copies of procured IT equipment.	Target exceeded by 75	More staff members were appointed which increased the number of

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
Number of systems/software and licences procured.	1041	1068 103%	Documentation submitted to support user numbers.	Target exceeded by 27	users. Funding was sourced from roll-overs. Number of users have increased due to recruitment and has necessitated the department to increase licenses
Number of approved ICT-SLAs monitored	4	4 100%	Copies of approved ICT-SLA documents submitted.	No deviation	None
Number of Traditional Council connectivity sites maintained.	50	50 100%	Schedule/list of Traditional Council connectivity sites maintained.	No deviation	None
Number of ICT interventions conducted in municipalities	7	7 100%	Attendance registers and reports.	No deviation	None
Number of reports on the implementation of the Security Policy/Plan and Disaster Recovery Plan	4	6 150%	6 Reports	Exceeded target by 2	A need arose to perform two additional reports on which the assessments were done.
Number of disclosure of interest received	95	95 100%	Control register	No deviation	None
Number of staff vetted	60	299 498%	List of names submitted to the State Security Agency	Target exceeded by 239	There was an increase in the number of new appointments.
Number of investigations conducted on	12	14	14 Reports	Exceeded target by 2	There was a need for

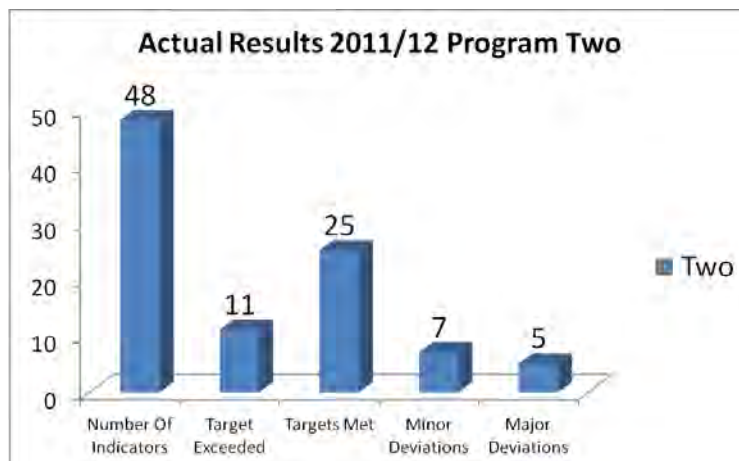
Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
fraud and corruption allegations at Municipalities		117%			two additional investigations to be conducted.
Number of KSD Presidential Intervention reports developed	12	12 100%	12 KSD Presidential Intervention reports	No deviation	None
Number of Municipalities with functional IGR structures	7	11 157%	11 presentations, minutes and agendas	Exceeded target by 4	The service was extended to more municipalities
Number of coordinated IGR meetings recorded, e.g. MuniMEC, SALGA MANCO	12	12 100%	12 Reports	No deviation	None
Number of coordinated Provincial Water Forum meetings recorded.	2	2 100%	2 Reports	No deviation	None
Number of outreach programmes supported with technical assistance (EXCO, Ministerial and MEC)	11	8 72%	8 Outreach reports	3	3 EXCO Outreach programmes were postponed.
Number of institutional day celebrations supported with technical provisions	5	5 100%	5 Reports	No deviation	None
Number of departmental programmes supported with IGR functions.	4	4 100%	4 Reports	No deviation	None



Vuna Awards Ceremony at Port Elizabeth

PROGRAMME 2

LOCAL GOVERNANCE



2.3.1. Purpose

The purpose of this programme is to ensure the transformation of Developmental Local Government by strengthening municipal institutions that will be responsive to the needs of the communities.

2.3.2. Strategic Objectives

To support the achievement of clean audit outcomes in the department and 45 municipalities by 2014

To facilitate improved functionality, performance and professionalism of 45 municipal institutions through the complete implementation of individual performance management and development systems aligned to organizational performance management systems by 2014

To implement a monitoring and evaluation service in 45 municipalities based on a Provincial Municipal-specific support programme aimed at improving the credibility of IDPs by 2014

To support municipalities to implement ward based planning and socio-economic growth initiatives in 636 wards by 2014 which includes monitoring, evaluation, reporting and communication of ward development initiatives

2.3.3. Performance indicators and targets

The following highlights occurred in programme two during the current year.

- Ward Councillor Induction conducted during the second quarter of the Financial Year. The induction was specifically for new Councillors who had been elected after the Local Government elections held in May 2011
- Leadership Empowerment Sessions were conducted in all District Municipalities. The session focused on MPAC's, Performance Management Systems (PMS), Local Government Municipal Systems Amendment Act, MIG, IDP and TROIKA roles and responsibilities.
- All 45 Municipalities have been trained on the Presidential Hotline.
- In terms of the December 2011 Presidential Hotline Complaints Report, the average output of the 6 District Municipality and Nelson Mandela Metro is 24% of complaints resolved. Before training the percentage of complaints resolved was very low.
- 32 Municipalities have been trained on Customer Care. The training was done over two sessions to accommodate municipalities. The municipalities that did not attend the session were individually visited and taken through the process.
- There are close working relationships with the Premiers Office to turnaround the poor performance of the Province relating to response times to Presidential Hotline matters
- Resolution of service delivery complaints improved. The Rapid Response Unit (RRU) has developed a system which encourages municipalities to centralize service delivery complaints. There are regular follow-ups on outstanding issues. During the Local Government elections, a high number of complaints were received and have since dropped

- ❑ Municipalities now have a centralised complaints management system. Before the introduction of this system, complaints were dealt with in an unco-ordinated manner.
- ❑ Performance assessment of all CDW's has been conducted to assess their effectiveness. Assessment was done in line with the Performance Monitoring and Development System (PMDS).
- ❑ The CDW's are being assessed on Five (5) key performance areas. The assessment depends per municipality because of their varying number, for instance a municipality with a bigger number like Metro's, the duration is 4-5 days, a municipality with a smaller number the duration is 1-2 days. They are being assessed to determine their performance and the impact.
- ❑ Two outreach programmes were conducted, where the President and Deputy President visited. The visits were held in OR Tambo and Alfred Nzo during September and October 2011, respectively. The aim of the visits was for the Presidency to determine the gap between policy and policy implementation as well as discuss the service delivery matters with communities.
- ❑ Facilitated establishment of the Eastern Cape Rapid Response Unit in conjunction with Department of Water Affairs. The aim of establishing the Unit is to ensure that an integrated support is rendered to challenged municipalities.
- ❑ Through this partnership, 9 municipalities were assisted with water related service delivery challenges. The Eastern Cape Rapid Response Unit improved the spillages in Ndlambe LM which was receiving bad publicity in the media. In Cacadu DM, 6 municipalities (Baviaans, Blue Crane Route, Kou-Kamma, Sunday's River Valley, Ikwezi and Camdeboo) were assisted with the minor refurbishment of the water treatment plants. Blue Crane was also assisted with training of artisans, processors and their supervisors. OR Tambo was also assisted with the refurbishment water treatment plants. Lastly, the Eastern Cape Rapid Response Unit improved the Blue and Green Drop status of Joe Gqabi DM.
- ❑ Assisted 37 municipalities in the establishment and induction of Ward Committees. The 6 District municipalities do not have wards. Baviaans LM is still considering the establishment of Ward committees. NMBMM has put the establishment of the committees on hold due to challenges experienced by the Metro.
- ❑ 23 municipalities identified with OCA specialists having been deployed by the Department at 22 municipalities. Out of the 23, 5 are permanently deployed at Port St Johns, Ngqushwa, Nxuba, 2 at Nelson Mandela Bay Metro Municipality
- ❑ Municipalities gradually moved from adverse and disclaimer audit opinions to qualified and unqualified audit opinions
- ❑ 13 municipalities received unqualified audit opinions against the previous audit opinion of 9 unqualified opinions
- ❑ 14 municipalities received qualified audit opinions against the previous audit opinion of 14 qualified opinions
- ❑ 16 municipalities received disclaimer audit opinions against the previous audit opinion of 19 disclaimer opinions

- 2 municipalities received adverse audit opinions against the previous audit opinion of 3 adverse opinions.
- At the end of the financial year all municipalities but two namely: Kouga LM and OR Tambo DM had established audit committees. Kouga LM advertised for new committee members with OR Tambo, the term of the Committee expired in February 2012 and the council has to approve new Audit committee members.
- 45 municipalities have established Municipal Public Accounts Committees (MPACs) to strengthen the oversight function which will ultimately improve governance and administration as well as reducing corruption in municipalities.
- 15 municipalities were supported to develop Employment Equity Plans. For the financial year, the planned target was 7 but the DLGTA managed to assist 15 municipalities with the development of EE Plans that are required in terms of applicable legislation.
- 43 municipalities have institutionalized performance management systems (PMS). The outstanding municipalities are Port St Johns and Baviaans, which did not attend the session
- Institutionalisation of PMS is ensuring that the system is understood and implemented by all the stakeholders within the municipalities. Previously the PMS was confined to section 56 managers when in fact it needed to be cascaded to lower levels. The process is assisting the various structures within the municipality to manage, monitor, measure and account to various stakeholders about the performance of their institution.

KSD PRESIDENTIAL INTERVENTION PROJECT

- The Department is the convener of the KSD Presidential Intervention Task Team and has mobilised Provincial and National Departments to contribute financially and technically towards the project

THE FOLLOWING MILESTONES HAVE BEEN ACHIEVED AS A RESULT OF THE INTERVENTION

- Upgrading of strategic roads in Mthatha : R991.9m
- Upgrading of Mthatha Airport : R13.7m
- Upgrading of Bulk Water Supply : R108m
- Construction of Mqanduli Milling Project : R2.2m

KSD PRESIDENTIAL INTERVENTION PROJECT (CONT)

The Department mobilised Provincial and National Departments to contribute financially and technically towards the project. The following Departments are participating;

- The Presidency
- National Department of Cooperative Governance
- Department of Local Government & Traditional Affairs
- National Treasury
- Department of Trade and Industry
- Department of Economic Development
- Department of Economic Development & Environmental Affairs and Tourism
- Department of Social Development & Special Programmes
- Provincial Department of Health

- National Department of Rural Development and Land Reform
- Provincial Department of Rural Development & Agrarian Reform
- Department of Water Affairs
- Department of Environment Affairs
- Office of the Premier
- EC Department of Transport
- National Department of Transport
- National Department of Public Works
- Department of Roads and Public Works
- Provincial Treasury
- OR Tambo District Municipality and
- KSD Local Municipality

Municipalities" performance through Vuna Awards held on the 14 February 2012. The awards aim at recognizing excellent Service Delivery in municipalities.

To encourage and promote municipal performance excellence through learning and sharing best practices. The department has as a consequence developed criteria that seek to recognize and acknowledge pockets of performance excellence that are being exhibited by our municipalities.

Challenges experienced

- The customer satisfaction survey was started and 70% completed by the end of the financial year due to funds that were made available at a late stage. The project is continuing into the new financial year.
- External factors beyond the control of the department, such as the lack of resources at municipal level to implement key recommendations by OCA project implementers resulted in the 8 out of 23 municipalities not being improved on their audit outcomes.
- Specific municipalities did not budget the R 1000 per month stipend for ward committees due to budget restrictions in small municipalities.
- The replacements of CDWs were restricted due to the unavailability of trained human resources in CDW matters.
- In three instances the Workplace Skills Plan were submitted after the deadline of 30th June and were not adopted.
- The reluctance of section 56 managers to submit signed performance contracts was due to the amendment of legislation. The department referred the section 56 managers to the relevant clause in the legislation for compliance.
- The department had inadequate capacity and limited budget to engage a service provider to assist in the alignment of the IDPs with the organogram.
- Municipal officials raised various reasons for not attending technical training arranged by this department.
- The national target is not commensurate with the resources available in the department and municipalities. The municipalities experienced limited technical capacity to effectively address the issues raised by the Auditor General.
- The municipalities experienced a limited capacity to participate in the oversight of their annual reports.

2.3.4. Changes to planned targets

The department is providing reasons per performance measure/indicator for the targets that were changed for programme two.

2.3.4.1. Indicators removed or reduced

Page No	Performance indicator	Reason for amendment
Pg 60	Number of municipalities supported to develop archive systems	Project was put on hold for the following financial year 2012/13.
Pg 66	Number of provincial election steering committee reports	The performance indicator is removed to the operational plan.
Pg 66	Number of provincial steering committee meetings coordinated in order to facilitate and prepare for successful elections	The performance indicator is removed to the operational plan.
Pg 68	Number of councillors that have undergone training in leadership programmes	The training could not be executed due to the fact that the funds budgeted for training was instead used for induction of councillors which was the priority of the department.
Pg 71	Number of municipalities with improved audit outcomes through Operational Clean Audit ("OCA")	KSD Municipality was not supported as they had other interventions such as the presidential intervention. Therefore the target is to be amended from 24 to 23 municipalities.
Pg 71	Number of municipal quarterly performance reports submitted timeously	The delays in publicising the Notice in the Provincial Government Gazette have necessitated the request for the removal of this indicator.

2.3.4.2 Performance indicators and quarterly targets amended

Performance indicator	Annual target	Q1 target	Q2 target	Q3 target	Q4 target
% progress toward the implementation of the revised ward committee legislative framework	100%	-	-	-	100%
Number of provincial steering committee meetings coordinated in order to facilitate and prepare for successful elections	4	1	1	1	1

PROGRAMME 2: LOCAL GOVERNANCE

SUB-PROGRAMME 2.1: MUNICIPAL ADMINISTRATION

Performance Indicator measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for Deviation
Strategic Objective: 3 – To facilitate improved functionality, performance and professionalism of 45 municipal institutions through the complete implementation of individual performance management and development systems aligned to organizational performance managements systems by 2014.					
Number of Municipalities assessed in terms of complying with relevant legislation.	45	45 100%	Signed reports	No deviation	None
Number of Municipalities whose Section 12 Notices have been amended.	2	15 750%	Published Section 12 Notices	Target exceeded by 13	Since the local government elections of 2011, there were additional requests for the amendment of Section 12 Notices
Number of District Municipalities (with all its Local Municipalities) worked on the roles and functions of the political office bearers; <ul style="list-style-type: none"> • Mayor • Speaker • Chief Whip • Traditional Leaders 	6	6 100%	Presentations, attendance registers	No deviation	None
Number of Municipalities supported in terms of Section 154 of the Constitution	5	6 120%	Secondment letters	Target exceeded by 1	An additional request was received to render this support.

SUB-PROGRAMME: 2.2 - MUNICIPAL DEVELOPMENT FINANCE

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Strategic Objective: 2 – To support the achievement of clean audit outcomes in the department and 45 municipalities by 2014.					
% (number) of Municipalities with unqualified opinions	60% 27	48% 13	Audit reports	14	National target is more than the available resources of the department
% (number) of Municipalities with current debtors more than 50% of own revenue.	44% 20	110% 22	Questionnaires	Target exceeded by 2	Increased engagements with municipalities.
Number of Municipalities supported in AFS preparation	13	13 100%	Attendance registers. AFS. Audit committee review	No deviation	None
Number of Municipalities submitted AFS by 31 August	45	44 97%	AG confirmation	1	Makana municipality submitted late due to internal processes within municipality.
Number of Municipalities where Anti-corruption Strategy is implemented.	20	20 100%	Attendance registers	No deviation	None
Number of Municipalities monitored on the implementation of grant funding (MSIG)	45	45 100%	MSIG reports	No deviation	None
Number of municipal annual reports submitted timeously	45	44 97%	Annual reports	1	Mhlontlo municipality submitted late due to internal processes within municipality.
Number of oversight reports submitted by Councils	45	15 33%	Oversight reports	30	Some municipal oversight committees lack capacity to carry out an oversight function.
Number of Municipalities with functional Audit Committees	45	44 97%	Audit committee minutes	1	One municipal's audit committee had its term of office expired.
Number of Municipalities with Internal Audit Units	45	45 100%	Internal audit reports	No deviation	None

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Strategic Objective: 2 – To support the achievement of clean audit outcomes in the department and 45 municipalities by 2014.					
Number of Municipalities with statutory/prescribed financial policies	35	35 100%	Financial policies	No deviation	None
Number of Audit Improvement Plans assessed for adequacy.	45	45 100%	Audit improvement plans	No deviation	None
Number of Municipalities supported to establish Municipal Public Accounts Committees	33	45 136%	Minutes	Exceeded target by 12	Joint efforts with strategic partners helped to do more than the target

SUB-PROGRAMME: 2.3 - PUBLIC PARTICIPATION

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Strategic Objective: 5 – To support municipalities to implement ward based planning and socio-economic growth initiative in 636 wards by 2014 which includes monitoring, evaluation, reporting and communication of ward development initiative.					
% progress towards the implementation of the revised ward committee legislative framework	100%	96%	Induction reports and attendance registers	4%	Ward committees are not yet established in two municipalities.
Number of ward committees supported in terms of the funding model	659	603 91%	Municipal council resolutions	56	This reason for deviation is because some municipalities have not yet established ward committees and others are paying only out of pocket expenses
Number of Municipalities with functional ward committees	39	37 95%	Minutes and attendance registers	2	Ward Committees not yet established.
Number of CDWs deployed in Municipalities	589	545 93%	Persal report	44	Due to deaths, expulsions and resignations.
Number of public participation outreach programmes supported	10	10 100%	Reports and attendance registers	No deviation	None
Number of Municipalities with effective Public Participation Units	20	20 100%	Designed programmes and organisational structure	No deviation	None
Number of reports submitted on the implementation of the public participation programme	4	4 100%	Reports	No deviation	None

SUB-PROGRAMME: 2.4 - CAPACITY BUILDING

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Strategic Objective: 3 – To facilitate improved functionality, performance and professionalism of 45 municipal institutions through the complete implementation of individual performance management and development systems aligned to organizational performance management systems by 2014.					
Number of Municipalities with all six critical posts filled	45	37 82%	Consolidated Report	8	Personnel turnover in municipalities resulted in the creation of new vacancies in municipalities.
Number of Municipalities with skills plan adopted	45	42 93%	Skills plans adopted	3	Processes were completed and awaiting council adoption.
Number of Section 57 Managers with signed employment contracts and performance agreements	260	92 35%	Signed copies	168	Non-compliance by municipalities to compile employment contracts
	260	237 91%		23	Non-compliance by municipalities to compile performance agreements
Number of Municipalities supported to align their organograms with IDPs	12	7 58%	Reports	5	Limited human resource capacity within the department.
Number of Municipalities supported in developing HR plans reflecting Recruitment and Retention Strategy	10	5 50%	HR Plans	5	Limited human resource capacity within the department.
Number of Municipalities supported in developing their Employment Equity Plans	10	18 180%	Employment Equity Plans	Target exceeded by 8	More requests for support were received from municipalities.
Number of officials that have undergone technical training	33	27 81%	Attendance registers	6	Non-attendance of invited officials
Number of Section 57 Managers that have undergone training in the strategic management programme	14	15 107%	Attendance registers	Target exceeded by 1	Additional municipal official was included in the program.

SUB-PROGRAMME: 2.5 - MUNICIPAL PERFORMANCE MONITORING, REPORTING AND EVALUATION

Performance Indicator/Measure	Annual Target	Actual Performance	Hard evidence	Deviation from the target	Reason for deviation
<p>Strategic Objective: 2 – To support achievement of clean audit outcomes' in the Department and 45 municipalities by 2014. Strategic Objective: 3 – To Facilitate improved functionality of 45 municipal institutions through the complete implementation of individual performance management and development systems aligned to organisational performance management systems by 2014. Strategic Objective: 4 – To implement a monitoring and evaluation service in 45 municipalities based on a provincial municipal-specific support programme aimed at improving the credibility of IDPs by 2014.</p>					
Number of Municipalities with improved audit outcomes through Operation Clean Audit	23	15 65%	Signed reports	8	Weak internal controls and non-compliance with legislation
Number of consolidated municipal support programmes coordinated	3	3 100%	Consolidated report	No deviation	None
Number of District Offices operating as single window of coordination	4	4 100%	Reports	No deviation	None
Number of monthly reports developed on complaints from the Presidential Hotline System	12	12 100%	Signed monthly reports	No deviation	None
Number of Municipalities with Institutionalized Performance Management System (PMS)	10	43 430%	Report	Target exceeded by 33	The service was extended to more municipalities due to applied approach in providing support at no additional costs.
Number of consolidated Municipal Annual Performance Report (s47) developed	1	1 100%	Consolidated Municipal Annual Performance Report (S 47)	No deviation	None
Number of Municipalities supported in conducting customer satisfaction surveys	45	0 70%	Minutes of training sessions, questionnaire	45	Non-availability of funds led to delayed onset of projects hence the operations were 70% complete. The roll out will take place in the new financial year due to time constraints.

Performance Indicator/Measure	Annual Target	Actual Performance	Hard evidence	Deviation from the target	Reason for deviation
<p>Strategic Objective: 2 – To support achievement of clean audit outcomes' in the Department and 45 municipalities by 2014. Strategic Objective: 3 – To Facilitate improved functionality of 45 municipal institutions through the complete implementation of individual performance management and strategic systems aligned to organisational performance management systems by 2014. Strategic Objective: 4 – To implement a monitoring and evaluation service in 45 municipalities based on a provincial municipal-specific support programme aimed at improving the credibility of IDPs by 2014.</p>					
% progress toward the revision of the Municipal Capacity Assessment Tool	100%	118%	13 Chapters of MUCAT	Target exceeded by 18%	Two additional chapters were developed due to demand.
Number of consolidated quarterly monitoring reports on support programmes compiled.	4	4 100%	Quarterly reports	No deviation	None
Mid-term evaluation report compiled	1	1 100%	Report	No deviation	None
Number of Municipalities who participated in the Municipal Excellence Performance (VUNA) Awards	23	45 196%	Report	Target exceeded by 22	The S46 reports provided excess to all municipalities.
Number of training programmes conducted to support Municipalities to manage the Presidential Hotline Queries	4	12 300%	Agenda and minutes. Signed reports	Target exceeded by 8	The service was extended to more municipalities.
Number of Municipalities with reviewed MTAS	45	45 100%	Consolidated report	No deviation	None
Number of quarterly analysis progress reports developed from MTAS progress for LGTAS	4	4 100%	Signed reports	No deviation	None
Number of Municipalities assisted to unblock service delivery issues (including LGTAS interventions and Outcome 9)	25	30 120%	Desktop system that is backed up by reports.	Target exceeded by 5	The service delivery issues referred were higher than anticipated



Launch of Clean Cities and Towns Programme at Flagstaff



Opening of Engcobo Fire Station

PROGRAMME 3 DEVELOPMENT AND PLANNING



2.4.1 Purpose

The purpose of this programme is to render support services regarding integrated planning and development in municipalities.

2.4.2. Strategic Objectives

To support 45 municipalities to meet their targets for basic needs services in line with the credible IDPs by 2014.

To implement a monitoring and evaluation service in 45 municipalities based on a Provincial Municipal-specific support programme aimed at improving the credibility of IDPs by 2014.

To support municipalities to implement ward based planning and socio-economic growth initiatives in 636 wards by 2014 which includes monitoring, evaluation, reporting and communication of ward development initiatives.

2.4.3. Performance indicators and targets

The following highlights occurred in programme three during the current year.

- ❑ Supported 12 municipalities on the development of Integrated Development Plans. An amount of R3 269 790 was budgeted for this purpose. Support was also rendered in the form of refinement of situational analysis and prioritization of projects.
- ❑ IDP Assessor's Training was conducted during 01-02 March 2012. The aim of the training was to capacitate prospective assessors from municipalities, sector Departments and parastatals in preparation for the main IDP Assessment session. A total number of 180 participants from municipalities, sector Departments and parastatals were capacitated. The training focused on the refinement and application of the IDP assessment tool. This was done through Commissions established per IDP KPA considering expertise and constitutional mandates of the respective departments and municipalities (assigned powers and functions and applicable legislation). The delegated IDP assessors continue to change, therefore the session continually receives new participants who have to be inducted and capacitated in the IDP assessment.
- ❑ 4 Municipalities namely Blue Crane Route, Amahlathi, Koukamma and Camdeboo were assisted in the review and refinement of their Spatial Development Frameworks (SDFs) which had been identified through the IDP Assessment process as being weak. This was done to ensure that their SDFs were appropriate to assist them make informed decisions around land development.
- ❑ Facilitated the release of 2527, 1085 ha of land in support of human settlements, economic development and land redistribution in Municipalities of Lukhanji [Whittlesea -1324, 4324 Ha & Queenstown – 421, 3126 Ha] and Mquma [Butterworth 411, 5663 Ha] and upgrading of limited land rights in Matatiele Municipality [Maluti – 369, 7972 Ha].
- ❑ Upgraded the leasehold land rights to freehold in Fort Beaufort [KwaTinidubu], Adelaide [Lingelethu], Uitenhage [KwaNobuhle], Somerset East [KwaNojoli] and Dordrecht for the benefit of 4664 households and housing subsidy beneficiaries.

- ❑ The 39 municipalities implemented the Municipal Property Rates Act by conducting Supplementary Valuations to ensure the municipal valuation rolls are updated for the enhancement of revenue generation since the municipal valuation rolls are utilized as basis to levy property rates
- ❑ The construction of the Fire Station at Engcobo Local Municipality has been completed and was handed over to the municipality together with two fire engines, on 20 March 2012. An amount of R11 million has been spent by the Department on the project.
- ❑ The Engcobo municipality has a population of 149 000 people comprising 31 000 households and 322 villages. These households depend mainly on alternative sources of energy like candles, paraffin and wood which poses major fire hazards.
- ❑ The construction of this facility will ensure an accelerated response to fire incidents and thereby reduce the number of fatalities and the severity of damages caused by fire to infrastructure and the environment. The fire station will also serve as a Centre for continuous community fire safety and awareness campaigns.
- ❑ The primary purpose has been to improve the quality of life of the Engcobo community and the surrounding areas and the establishment of the Fire Station is quite a significant achievement.
- ❑ Provided financial support to the District Disaster Management Centers in Cacadu and Chris Hani District Municipalities to enhance capacity of Disaster Management Centers to the value of R1.8m
 - The two district municipalities have a legal mandate to coordinate disaster management in their respective areas and provide institutional support to their local municipalities (satellite centres). The two districts were supported to enhance the capacity of their satellite centres in the following areas:
 - ✓ Appointment of volunteers to assist in fire-fighting
 - ✓ Improve information management systems of the satellite centre to effectively respond to post disaster incidents
 - The aim of the support was to enhance the capacity of local municipalities in the jurisdiction of these districts to respond to disasters without relying heavily on the district municipalities.
- ❑ All municipalities have updated indigent registers, which assist the municipalities in the implementation of Free Basic Services.
- ❑ Provincial Free Basic Services Forum launched in Mthatha on the 27 February 2012. The Forum is aimed at providing guidance on matters pertaining to the provision and monitoring of Free Basic Services and institutional capacity of Local Municipalities.
- ❑ An engineer has been deployed at KSD municipality by National CoGTA
- ❑ The 43 targeted municipalities reported monthly on MIG performance
- ❑ Six (6) municipalities were supported with the review and development of LED strategies. (Sundays River Valley, Nyandeni, Nkonkobe, Engcobo, Senqu, Umzimvubu).The LED facilitation unit provided support on identification and stakeholder management and mobilisation during the LED planning process (i.e. Private, Public and Community, sectors) co - facilitated the stakeholder sessions, provided socio-economic data in the development of the LED Strategy / Plan. The objective of the strategy is to have a common economic vision and comprehensive strategy and plans to drive sustainable economic growth

- ❑ 26 LED experts and assistants deployed to municipalities. The output was to boost LED capacity through the deployment of LED Professionals (Human Resource) to enhance and supplement LED capacity in category B3 and B4 municipalities. The aim is to up-scale the support for LED planning and implementation and also institutionalize LED in municipalities. Municipalities had previously not budgeted, prioritized or planned for LED and the programme saw an increase in capacity and implementation of LED strategies.
- ❑ 13 Municipalities were provided with data and software to develop credible LED project plans and LED strategies. The situation before was such that municipalities had either no socio – economic data and or obsolete data. The programme provided relevant and more accurate socio – economic data that informed the development of credible LED Strategies and Plans
- ❑ District Support Team (DST) Toolkit developed to support functioning of LED structures. DST's are efforts to integrate, better coordinate and improve local economic development so that it is more effective. Towards this end the DST,s are an important vehicle to synergise and coordinate the actions of various public sector institutions that have a role to invest, support and enable economic development across the Province. The DST Toolkit was developed to strengthen functionality and to introduce quality standards in their operations
- ❑ 20 358 job opportunities created through the CWP and 19 519 audited actual job opportunities were created through the CWP in 19 sites in 16 municipalities. The statistics are based on the annual national report of Community Work Programme Targets and Performance per province released by national CoGTA. In the report, while the national average is 97%, Eastern Cape is above national average with the highest performance of **101%** of all the provinces. The cumulative audited total i.e. the total number of people who worked and had gone through the programme, were 26 537
- ❑ Operation Clean Cities and Towns launched in three (3) municipalities, (Mbashe, Ingquza Hill and KSD). The programme was also introduced in Makana, The purpose is to promote, maintain and sustain clean villages, towns and cities through the active mobilisation and participation of stakeholders including residents to improve the living conditions.
- ❑ The number of development initiatives supported to promote regeneration of second economies was undertaken in 10 small towns and villages. This took the form of financial transfers to the following municipalities: Port St Johns, Engcobo, Dutywa, Barkly East, Matatiele, Ngqushwa, Mhlontlo, Intsika Yethu and Elundini.
- ❑ Seven IGR LED structures have been established during the financial year.
- ❑ A sum of R4. 2m has been utilised to assist 26 municipalities in Local Economic Development Facilitation.
- ❑ A sum of R1 .1m has been utilised to support the revitalisation of 5 small towns and 5 villages. The money has been used to initiate and support identified projects with the aim of stimulating local economic development. The department jointly with the local municipality planned the projects and monitored the implementation and the expenditure

- ❑ 437.6126 ha of land released for development purposes. Submission for 1 248.500 ha is awaiting ministerial approval (Erf 178 in Whittlesea). The released land parcels will be utilized for the upgrading of land tenure rights (Maluti Township – 369.7972 ha), formalisation of informal settlements and housing development (Butterworth – 411.5663 ha) as well as social and economic development (Whittlesea and Queenstown – 1745.7450 ha)
- ❑ Amatola Water appointed to develop Provincial ISD Implementation Framework and Guidelines. Municipalities are being assisted to establish ISD through workshops and some of them already have established ISD Units. Roll out will take effect during the 2012/13 financial year.

Challenges

- Stakeholder consultation sessions for their inputs on the strategies arranged by the municipality were postponed resulting in delays in completing the strategy.
- The MDG goals regarding the provision of basic services to households was restricted due to the lack of infrastructure

2.4.4. Changes to planned targets

The department is providing reasons per performance measure/indicator for the targets that were changed for programme three.

2.4.4.1. Indicators removed or reduced

Page No	Performance indicator	Reason for amendment
Pg 79	Number of prioritized municipalities with general plans	Poor responses from service providers and challenges with internal processes relating to procurement resulted in this project being deferred.
Pg 79	Number of municipalities supported to establish their cadastral databank	Poor responses from service providers and challenges with internal processes relating to procurement resulted in this project being deferred.
Pg 80	Number of prioritised municipalities with certified valuation rolls	Poor responses from service providers and challenges with internal processes relating to procurement resulted in this project being deferred.
Pg 81	Number of municipalities supported on the development of IDPs	Poor responses from service providers and challenges with internal processes relating to procurement resulted in this project being deferred.
Pg 81	Number of smaller municipalities where simplified IDP framework guide has been implemented	Poor responses from service providers and challenges with internal processes relating to procurement resulted in this project being deferred.

2.4.4.2. Indicators amended or transferred

Indicator	Amendment
% progress of support toward the implementation of the Land Use Planning and Management Act	Being deleted as at National it was removed from the list of priorities
Number of Municipalities supported to implement their reviewed LUMS"	Indicator moved to Land Use Management and Administration as per National priority
Number of municipal SDF"s uploaded on the Provincial Spatial Development Plan (PSDP) Website	Now reads: Number of municipal IDP"s uploaded on the Provincial Spatial Development Plan (PSDP) Website

2.4.4.3. Performance indicators and quarterly targets amended

Performance indicator	Annual target	Q1 target	Q2 target	Q3 target	Q4 target
Number of municipalities implementing CWP in at Least two wards	17	15	16	17	17
Number of CWP job opportunities created by 2014	19300	18700	19000 (300)	19300 (300)	19300
Number of indigent households with access to free basic water	630 000	165 000	165 000	150 000	150 000
Number of indigent households with access to free basic sanitation	590 000	170 000	170 000	125 000	125 000
Number of indigent households with access to free basic refuse removal	135 000	135 000	135 000	135 000	135 000

PROGRAMME 3: DEVELOPMENT AND PLANNING

SUB-PROGRAMME: 3.1 – SPATIAL PLANNING

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Strategic Objective: 1 – To support 45 to meet their targets for basic needs in line with the credible IDPs by 2014.					
Number of Provincial Spatial Development Framework in place	1	100%	Copy of Provincial Spatial Development Framework	No deviation	None
Number of Municipalities with SDFs aligned to the PSDP and PGDP	45	100%	45 Spatial Development Framework Plans (SDFs) aligned to the PSDP and PGDP	No deviation	None
Number of prioritized Municipalities with weakest Spatial Development Frameworks supported	4	100%	4 Completed SDFs	No deviation	None
% of received land development applications assessed, timeously as per the predetermined guidelines	100%	100%	Schedules of assessed applications	No deviation	None
Number of municipal SDFs uploaded on to the Provincial Spatial Development Plan (PSDP) Website	45	100%	Provincial Spatial Development Plan Website	No deviation	None

SUB-PROGRAMME 3.2: DEVELOPMENT ADMINISTRATION/LAND USE MANAGEMENT

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for deviation
Strategic Objective: 1 – To support 45 municipalities to meet their targets for basic needs in line with the credible IDPs by 2014.					
Hectares of land released for development purposes	2 721	2527,1085 93%	Proof of registration, Premier's approvals and Eastern Cape Provincial State Land Disposal Committee (ECPSLDC) minutes	193,8915 ha (7%)	Non-finalisation of the donation to Kouga Municipality of Ptn 62 of Farm 746 Humansdorp (Sea Vista Settlement) comprising 211,2840 Ha by the Dept of Rural Development and Land Reform as it requires the consent of the Minister.
Number of Municipalities that are implementing MPRA.	39	39 100%	Approvals of extension of validity of Valuation Rolls. Monthly progress reports Supplementary Valuation Rolls	No deviation	None
% of land development applications submitted for approval by the Planning Boards	100%	100%	Minutes of Planning Boards meetings and resolutions Technical Supporting documents	No deviation	None
Number of prioritized Municipalities with promulgated rates policies	3	3 100%	Draft amended Rates Policies	No deviation	None
Number of Municipalities supported to implement their reviewed LUMS	5	5 100%	Project Progress reports	No deviation	None

SUB-PROGRAMME 3.3 - INTEGRATED DEVELOPMENT PLANNING

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for deviation
Strategic objective 1: To support 45 municipalities to meet their targets for basic needs in line with the credible IDP's by 2014.					
Number of Municipalities with credible IDPs	45	45 100%	Assessed IDPs	No deviation	None

SUB-PROGRAMME 3.4 – LOCAL ECONOMIC DEVELOPMENT

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for deviation
Strategic objective: 5 - To support municipalities to implement ward based planning and socio-economic growth initiatives in 636 wards by 2014 which includes monitoring, evaluation, reporting and communication of ward development initiatives.					
Number of Municipalities implementing the CWP in at least two wards	17	17 100%	COGTA report, site visit reports	No deviation	None
Number CWP job opportunities created by 2014	19 300	23 585 122%	COGTA report, site visit reports	Target exceeded by 4 285	The program was up scaled towards the end of the financial year which allowed more people to enter and exit the program.
Number of Municipalities with LED strategies/plans reviewed annually	6	3 86%	3 strategies	3	The review of LED strategies/plans in 3 municipalities was affected by the late appointment of service providers and stake holder mobilisation.
Number of Municipalities with LED structures (for LED intergovernmental relations)	6	6 100%	Minutes, programs, annual calendar, signed reports	No deviation	None
Number of Municipalities supported with LED experts and LED assistants to supplement LED capacity	26	25 96%	Expenditure reports, appointment letters, work plans	1	Delays on the appointment of LED assistants, due to municipal procurement management system (SRV)
Number of development initiatives supported to promote regeneration of second economies	15	15 100%	Monthly reports signed, expenditure reports, site visit reports, concept document	No deviation	None
Number of Municipalities supported with operation clean cities and towns	8	8 100%	Execution plans, site visit reports	No deviation	None

SUB-PROGRAMME: 3.5 – MUNICIPAL INFRASTRUCTURE

Performance Indicator /Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for deviation
Strategic objective: 1 – To support 45 municipalities to meet their targets for basic needs services in line with the credible IDP's by 2014.					
% of households (total number of households in the Province) with access to basic level of water	1390 841 (81%) 94 608 hh	117 135 hh 123%	Dora Report, progress report from DWA (RBIG) and DoHS water reticulation	24% positive deviation	Positive deviation due to estimated projections (target)
% of households (total number of households in the Province) with access to basic level of sanitation	1133 278 (66%) 123 226 hh	137 056 hh 111%	Dora Report and progress report from DoHS sanitation	11% positive deviation	Positive deviation due to estimated projections (target)
% of households (total number of households in the Province) with access to basic level of refuse removal	1525 092 (16%) 11 863 h	8 350 hh 70%	Progress report from DEDEAT and Municipalities	30% deviation	Inconsistency in and fluctuating figures provided by municipalities
% of households (total number of households in the Province) with access to electricity	1236 303 (72%) 192 583 hh ¹	148 637 hh 77%	Progress report from Eskom and municipalities	33% deviation	Lack of progress on the last quarter by Eskom due to community and boundary related issues
Number of municipalities that have registered projects on MIG-MIS	43	43 100%	Approval letters for MIG projects	No deviation	None
Number of Municipalities submitted monthly reports on MIG performance	43	43 100%	Monthly reports	No deviation	None
Number of Municipalities that have been supported on MIG spending	2	18 900%	Approval letters of engineers	Target exceeded by 16	Support was received from DBSA
Number of indigent households with access to Free Basic Water	630 000	551 637 87%	FBS Monthly Status Quo Reports	78 363	Some indigent households are unable to access FBW due to infrastructure backlogs more especially in rural areas.

¹ The target is to provide 192 583 extra households with access to electricity (1034 720 baseline + 192 583 new target = 1 236 303 total target for 2011/12).

Performance Indicator /Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for deviation
Strategic objective: 1 – To support 45 municipalities to meet their targets for basic needs services in line with the credible IDP's by 2014.					
Number of indigent households with access to Free Basic Sanitation	590 000	480 727 81%	FBS Monthly Status Quo Reports	109 272	Infrastructure backlogs especially in rural areas thereby leading to inability of some indigent households to access FBS.
Number of indigent households with access to Free Basic Electricity	220 000	309 075 140%	FBS Monthly Status Quo Reports	Target exceeded by 89 075	Mobilisation of municipalities assisted in the provision of alternative energy to households by municipalities.
Number of indigent households with access to Free Basic Refuse Removal	135 000	229 275 169%	FBS Monthly Status Quo Reports	Target exceeded by 94 275	Awareness campaign led to increase the number of indigent households.
Number of Municipalities that have updated Indigent Registers for the provision of Free Basic Services	45	45 100%	Indigent Registers	No deviation	None
Number of Municipalities implementing credible indigent policies	45	45 100%	Copies of indigent policies	No deviation	None

SUB-PROGRAMME: 3.6 – DISASTER MANAGEMENT

Performance Indicator /Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for deviation
Strategic objective: 1 - To support 45 municipalities to meet their targets for basic needs services in line with the credible IDP's by 2014.					
Strategic objective: 4 - To implement a monitoring and evaluation service in 45 municipalities based on a provincial municipal-specific support programme aimed at improving credible IDP outcomes by 2014.					
Number of Municipalities supported to develop applicable Municipal Disaster Management Plans	2	2 100%	Disaster Risk Assessment Reports	No deviation	None
Number of meetings of Intergovernmental Disaster Management structures (advisory forum)	4	4 100%	Minutes, Attendance Registers	No deviation	None

Performance Indicator /Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for deviation
Strategic objective: 1 - To support 45 municipalities to meet their targets for basic needs services in line with the credible IDP's by 2014.					
Strategic objective: 4 - To implement a monitoring and evaluation service in 45 municipalities based on a provincial municipal-specific support programme aimed at improving credible IDP outcomes by 2014.					
Number of provincial fire preparedness reports compiled	2	2 100%	Fire and Festive Season Readiness Plans and reports in place.	No deviation	None
% progress made towards a Provincial Disaster Management Policy Framework being in place	100%	100%	Disaster Risk Management Framework	No deviation	None
% progress made towards an Integrated Disaster Management & Fire Service satellite station constructed at Engcobo LM	100%	100%	Reports, Attendance registers and pictures. Hand over speech.	No deviation	None
Number of functional District Disaster Management Centres supported with operational costs	2	2 100%	Expenditure reports from Cacadu and Chris Hani District Municipalities	No deviation	None



PROGRAMME 4

TRADITIONAL INSTITUTIONAL MANAGEMENT



2.5.1. Purpose

The purpose of this programme is to support and capacitate institutions of traditional leadership to effectively perform their statutory and customary obligations.

2.5.2. Strategic Objectives

To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions.

2.5.3. Performance indicators and targets

The following highlights occurred in programme four during the current year.

- ❑ Four (4) Traditional Councils were constructed and Traditional Councils meetings are now being held in decent offices.
- ❑ Traditional Affairs resolved 100% of the claims and disputes received which resulted in stability within the royal families and the communities concerned.
- ❑ Provincial Commission on Claims and Disputes was supported with resources (personnel, offices, budget) to enable it to do desktop work.
- ❑ Fourteen (14) Senior Traditional Leaders have genealogies that were agreed upon and signed by all royal family members with a view to minimise disputes during succession.
- ❑ Traditional Leaders are now participating in the Municipal Councils as a result of the policy on the Participation of Traditional Leaders in Municipal Councils which was developed to guide the process
- ❑ Towards the end of the term of the members of the Provincial House of Traditional Leaders ten (10) voter education sessions were successfully conducted.
- ❑ Support in relation to financial management activities was extended to 211 Traditional Leadership Institutions and as such Traditional Communities concerned are informed about the financial activities of Traditional Councils.
- ❑ In facilitating rural development, awareness sessions on Community Works Programmes, Developmental role of Traditional Leaders including Imbumba Yamakhosikazi Akomkhulu (IYA) in communities, were conducted to Traditional Leaders and as such
 - ✓ Ward Councillors and communities are beginning to benefit from such programmes and impacting positively even to their existing development initiatives.
 - ✓ Traditional Leaders are working closely with government departments in ensuring that communities" access government services i.e. South African Social Security Agency, Home Affairs, Rural Development and Agrarian Reform, South African Police Services, Minerals and Energy.
 - ✓ Partnerships between IYA and government departments and other Public Entities such as Health, Social Development, Eastern Cape Aids Council, Commission on Gender Equality, Medical Research Council were established resulting to, amongst other things, an increase in the number of people doing Voluntary Counselling and Testing(VCT) and identification of new TB cases.

The following challenges were experienced in relation to the two (2) indicators

- ❑ Training was extended to 360 Traditional Leaders in service delivery and development issues instead of 378 as planned which was due to non-attendance of participants during training sessions but traditional leaders who were trained have a broader understanding and effects of gender based violence as well as application of customary law, recognition of customary act and are also taking up their position in municipal councils and assist in their communities. Training was on the following areas :-
 - ✓ on Gender Based violence, Indigenous Law and various legislative framework relevant to their role and responsibility
 - ✓ Restorative Justice
 - ✓ Disaster management
 - ✓ Orientation of Traditional Leaders in the Local sphere
- ❑ In restoring the dignity of the Traditional Leaders and to be in line with the transformation of the Institution of the Traditional Leadership so that it can deliver on the its mandate, support with regards to travelling, hotel accommodation, payment of electricity bills installation and funeral ceremonies was provided to **211** Traditional Leadership Institutions instead of 247. This deviation is due to the fact that support is based on the number of requests received.

2.5.4. Changes to planned targets

The department is providing reasons per performance measure/indicator for the targets that were changed for programme four.

2.5.4.1. Indicators removed or reduced

Page No	Performance indicator	Reason for amendment
Pg 93	Number of reports on claims and disputes submitted to the Premier by the Provincial Commission	The Provincial Committee of the Commission of Traditional Leadership Institution Support Services has not yet been gazetted.
Pg 93	Number of remaining traditional councils reconstituted	The term of reconstituted Traditional Councils will expire on 30 April 2012 in line with the provisions of the legislation.

2.5.4.2. Performance indicators and quarterly targets amended

Performance indicator	Annual target	Q1 target	Q2 target	Q3 target	Q4 target
Number of voter education sessions conducted for election of members of the house of traditional leaders	10	-	-	10	-
Number of monitoring reports on the implementation of Internal Control Procedures	4	1	1	1	1

PROGRAMME 4 TRADITIONAL AFFAIRS

SUB-PROGRAMME: 4.1 – TRADITIONAL INSTITUTIONAL ADMINISTRATION

Performance Indicator /Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the Reason for deviation target
Strategic objective: 6 - To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions.				
Number of Traditional Leadership Institutions supported with resources	247	211 85%	211 Approved memos	38 Support is based on the number of requests received.
Number of Traditional Leadership Council offices constructed and maintained	4	4 100%	Report and pictures of constructed and renovated Traditional Councils	No deviation None
% of disputes and claims investigated and resolved by the Department	100%	100%	Approved memos	No deviation None
Provincial Commission supported with resources	1	1 100%	1 Approved memo	No deviation None

SUB-PROGRAMME: 4.2 – TRADITIONAL RESOURCE ADMINISTRATION

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the Reason for deviation target
Strategic objective: 6 - To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions.				
Number of developed policies reviewed	3	3 100%	Copies of approved policies	No deviation None
Impact assessment report on existing policies and legislation submitted to management	1	1 100%	A copy of impact assessment report	No deviation None
Number of research reports on genealogies of Senior Traditional Leaders in place	12	14 116%	Copies of confirmed genealogies	Target exceeded by 2 High demand for confirmation of genealogies

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for deviation
Strategic objective: 6 - To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions.					
Number of voter education sessions conducted for election of Members of House of Traditional Leaders	10	10 100%	Attendance registers and course material	No deviation	None
Number of members trained in service delivery and development of traditional community areas (PHoTL, Local Houses, King's and Principal Traditional Councils, Traditional Councils and Support Staff)	378	360 95%	Attendance registers and course material	18	Non-attendance of participants during training session.
Number of awareness sessions conducted on Traditional Leadership legislation and policies	15	20 133%	Attendance registers	Target exceeded by 5	The component had to participate in other awareness sessions for the National Department of Traditional Affairs
Impact Assessment Report on training submitted to management	1	1 100%	Report	No deviation	None
Number of monitoring reports on the implementation of Internal Control Procedures	4	4 100%	Reports	No deviation	None
Number of budget analysis reports submitted to the General Manager	12	12 100%	Reports	No deviation	None
Number of Traditional Leadership Institutions (Traditional Councils) supported on financial management activities	196	211 107%	Attendance registers	Target exceeded by 15	Targeted all gazetted Traditional Councils
Number of expenditure reports on infrastructure projects submitted to Accounting Officer	4	4 100%	Reports	No deviation	None

SUB-PROGRAMME: 4.3 – RURAL DEVELOPMENT FACILITATION

Performance Indicator/Measure	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for deviation
Strategic objective: 6 - To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions.					
Number of reports compiled on the Traditional Leadership Institutions implementation of the CWP plan	4	4 100%	4 reports	No deviation	None
Number of Traditional Councils supported on development plans	25	25 100%	25 reports	No deviation	None
Number of Imbumba Yamakhosikazi Akomkhulu (IYA) members supported with resources for community development projects	200	232 116%	4 reports	Target exceeded by 32	More partners showed interest with IYA than anticipated.
Number of poverty alleviation projects supported with resources	20	20 100%	Budget for support of 20 projects	No deviation	None
Number of poverty alleviation projects monitored	39	39 100%	39 project reports	No deviation	None
% of Traditional Leaders participating in Municipal Councils	100% (204)	256 125%	List of participating Traditional Leaders	Target exceeded by 52	The number of councillors increased after the demarcation of wards.



Initiation Monitoring and Intervention Programme



House of Traditional Leaders Building at Bhisho

PROGRAMME 5

HOUSE OF TRADITIONAL LEADERS



2.6.1. Purpose

The purpose of this programme is to improve and promote the effective and efficient functioning of the Eastern Cape House of Traditional Leaders as well as the Local House.

2.6.2. Strategic Objectives

To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions

2.6.3. Performance indicators and targets

The following highlights occurred in programme five during the current year.

- ❑ Monitoring intervention strategy with regards to promotion of tradition, culture and customary programme relating to male circumcision was successfully implemented as such there was a significant decrease on the number of deaths of initiates.
- ❑ Special Sitting for women was hosted for the first time to create a platform of engagement for women so that they were fully involved and informed about matters of Traditional Leadership.
- ❑ The House in partnership with the Office of the Premier spearheaded moral regeneration summit between Traditional and Religious leaders which resulted into the development of a programme of action on moral regeneration issues.

The following challenges were experienced:-

- ❑ Instead of 41 reports on the implementation of resolutions of EXCO, House sittings and Committee meetings, 39 reports were compiled since two (2) House meetings could not be convened due to the end of the term of current members of the House. In addition, one (1) Bill that was referred to the House could not be finalised due to the same reason.

2.6.4. Changes to planned targets

No changes were effected for programme five during the financial year.

PROGRAMME 5: HOUSE OF TRADITIONAL LEADERS

SUB-PROGRAMME: 5.1 - ADMINISTRATION OF HOUSE OF TRADITIONAL LEADERS

Performance Indicator /Measure	Annual Target	Actual Performance	Hard evidence	Deviation from the target.	Reason for deviation
Strategic objective: 6 - To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions.					
Number of reports on the implementation of resolutions of EXCO, House sittings and Committee meetings submitted	41	39 95%	Reports, attendance registers, minutes, and memorandums for hotel accommodation	2	2 House sittings could not be convened due to the end of the term of current members.
Number of reports on comments on Bills and policies referred to the House, within the prescribed timeframe	5	4 80%	3 Bills and 1 consolidated report of inputs made on Traditional courts Bill	1	One outstanding Bill could not be finalised due to the House not sitting
% user satisfaction levels with library services	100%	100%	User satisfaction questionnaires	No deviation	None
Number of reports on the promotion of Traditional, Cultural and Customary Programmes submitted	7	17 243%	Report and attendance registers	Target exceeded by 10	There was an increase in the number of responsive traditional, cultural and customary programmes.
Number of research programmes conducted	3	3 100%	3 research reports	No deviation	None
Number of constituencies supported through outreached programmes	14	14 100%	2 reports, attendance registers from all 14 constituencies	No deviation	None
Number of reports on referred claims and disputes	4	7 175%	7 attendance registers, 7 referral letters	Target exceeded by 3	More cases were referred to the house that was not initially expected.
Number of ceremonies for the official opening of the House of Traditional Leaders	1	1 100%	Attendance register	No deviation	None



SECTION C

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2012

Report of the audit committee

Overview

We are pleased to present our report for the financial year ended 31 March 2012

Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and should meet quarterly as per its approved terms of reference. During the current year four meetings were held.

Name of Member		Number of Meetings Attended
Ms. N. Jaxa (Chairperson)	appointed 25 March 2011	4
Ms. T Moja	appointed 25 March 2011	4
Ms. N. Sishuba	appointed 25 March 2011	4
Mr. N. Nicholls	appointed 25 March 2011	3
Mr. P. Zitumane	appointed 25 March 2011	3

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities as prescribed by section 38(1) (a) of the Public Finance Management Act, (Act No. 1 of 1999) (PFMA) and Treasury Regulation (TR) 3.1. The Audit Committee has adopted a formal terms of reference by way of the Audit Committee Charter, has regulated its affairs in compliance with the charter and has discharged all of its responsibilities as contained therein.

Effectiveness of Internal Control

The system of internal control applied by the department over financial risk and risk management is effective, efficient and transparent.

In line with the PFMA and King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are adequate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the control processes. From the various reports of the Internal Auditors and the management report of the Auditor-General, it was noted that some matters were reported indicating deficiencies to the system of internal control. Management is required to compile action plans to ensure that these issues are not reported in forthcoming financial years, of which the Audit Committee will effectively monitor progress made in this regard.

The Quality of In-Year Management and Quarterly Reports Submitted in Terms of the PFMA and the Division of Revenue Act (Act No. 6 of 2011)

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

Audit of Performance Information

The monitoring of the department's performance is a key function of the executive management of the department. The Audit Committee has no direct line of responsibility over the department's performance. However, the Audit Committee is responsible for ensuring, principally through the Internal Audit Function that the systems of performance management, measurement and reporting; as well as the systems of internal control that underpin the performance management framework of the department, remain robust and are reviewed routinely in the internal audit plans.

The Committee has accepted the responsibility of ensuring that adequate reporting on performance information is in line with its mandate and charter.

The Committee reviewed the reports relating to Performance Information and noted no material deficiencies.

Risk Management Function

Risk Management is a proactive discipline that involves scenario planning and that is intended to provide reasonable assurance that the department will achieve its objectives. King III principle 2.2 states that the board, (executive authority in the case of a government department) "should appreciate that strategy, risk, performance and sustainability are inseparable." A risk assessment was performed by the department and the audit plan were developed using the assessment.

The Audit Committee is apprised of the fraud prevention strategies that have been developed and implemented by provincial departments as this function is co-ordinated by the Office of the Premier.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Accounting Officer
- Reviewed the Auditor-General's management report and management's response thereto
- Reviewed that there are no changes to the accounting policies and practices
- Reviewed the department's compliance with legal and regulatory provisions
- Reviewed the information on predetermined objectives to be included in the annual report.

The Audit Committee concurs and accepts the Auditor-General's conclusion on the annual financial statements.

Independence of the Audit Committee

The Audit Committee is independent of management in the execution of its duties.

Internal audit

The Audit Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the department in its audits.

Auditor-General South Africa

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues.

Appreciation

The Audit Committee appreciates the assistance and cooperation of management in assisting the Audit Committee to discharge its responsibility.



Chairperson of the Audit Committee

Date: 31 July 2012

Report of the Accounting Officer for the year ended 31 March 2012

1. Introduction

The Department of Local Government and Traditional Affairs (DLGTA) is progressively advancing with **building better communities** through creating a strong local government system and traditional leadership institutions. The department's performance in the past three financial years provides tangible evidence of progress made in implementing the five priorities of government in the term under review.

This term of government has been characterised by numerous policy and legislative changes which sought to take service delivery to a new and higher trajectory. It has taken some time for the development and implementation of new policy and programme areas to be implemented with haste particularly at the delivery level within municipalities. We have been through Municipal Assessments late in 2009, development and implementation of Local Government Turn-around Strategy (LGTAS) in early 2010 and the rollout of the Outcomes Based Approach, in particular Outcome 9.

The seven outputs in outcome 9 have been our delivery inferno through which we directed all the resources at the department's disposal. Against this backdrop we need to appreciate the enormity of the work done towards refining the strategic framework to guide better implementation, performance monitoring and evaluation.

Unleashing the value of partnerships was necessary to ensure that all relevant strategic partners and role-players rallied around a single game plan. The signing of Delivery Agreements for Local Government can be heralded as a significant milestone towards the realization of the development outcomes of the state. The concept of a **single window of coordination** is driving the approach to the LGTAS at a Provincial and Local level. This means there is a single entry point, via DLGTA for any government programme, policy directive or other initiative for support that moves into a municipal area.

This assists to lessen the fragmentation within the cooperative governance arrangements impacting on local government. It also provides for a more focused oversight and support role for provinces and provide for a greater knowledge bank on municipal environments.

At the bedrock of these achievements was strong fiscal discipline and sound financial management. Overall Budgeting, Financial Management and Supply Chain Management systems and controls were improved during the year under review. On the governance front, a number of mechanisms were put in place. These include but were not limited to:

- The establishment of the departmental Risk Management and Internal Control Unit
- Appointment of the Audit Committee
- Setting up a fully-fledged Internal Audit Unit

All these measures were aimed at accelerating delivery on the targets that have been tabled, improving governance and strengthening the oversight capacity of the department.

The unqualified audit report from the Office of the AG for the last three financial years bears testimony to the healthy state of the financial affairs of the department. The objective of the DLGTA is to obtain a "clean" audit report by 2014.

2. General review of the state of financial affairs

Important policy decisions and strategic issues facing the Department

The raison d'être of the Department is to play a significant role in building better communities through providing support to municipalities, beefing up coordination systems and processes with regards to the capacity and services of municipalities. Furthermore the department has the onerous mandate of transforming traditional leadership institutions to play their legislated role.

The key policy development to which we had to apply due priority was Outcome 9 and the seven outputs which are listed hereunder:

- Output 1: Implement a differentiated approach to municipal financing, planning and support
- Output 2: Improving Access to Basic Services
- Output 3: Implement the Community Work Programme
- Output 4: Actions supportive of the Human Settlement outcomes
- Output 5: Deepen democracy through a refined Ward Committee model
- Output 6: Administrative and financial capability
- Output 7: Single window of coordination

Significant events that have taken place during the year

Local Government Elections

The seamless execution of department-led programmes prior and post the local government elections have contributed to the stability in municipalities. Post-election, the department implemented a series of workshops to induct the Councillors into the workings of local government and to enable them to comprehend with the challenges that will confront them. Role-clarification workshops were also held to promote cohesive relations among the Troika (Mayor/Speaker/Chief Whip).

Vuna Awards

In the implementation of the LGTAS, the municipalities that are leading in examples of good practices, innovation and performance will be requested to assist those that have fallen behind. Replication of good practice must also become institutionalised and managed across government. This is incentivised through the **Vuna Awards** system that focuses on innovation and recognizes achievement and performance according to the annual hands-on assessment process which has become the basis of the section 46 and 47 reporting system.

Major projects undertaken or completed during the year

Operation Clean Audit (OCA)

There has been improvement in the Audit Outcomes of municipalities with minor regressions. Moving forward, the Department will be focussing on municipalities with adverse and disclaimer opinions.

Community Work Programme (CWP)

Operation Clean Cities and Town Programmes was launched in municipalities and as part of this initiative, over 20 000 jobs were created.

Forging partnerships

Key instruments which are being utilized by the Department of Local Government and Traditional Affairs to ensure that there are dedicated resources for implementation of the LGTAS and achievement of Clean Audit outcomes, include

- A number of working structures to guide and steer the LGTAS (e.g. District Mayors Forums for IGR. District Infrastructure Fora, District Free Basic Services Fora, Provincial Municipal Infrastructure Forum, Local Government Communicators Forum);
- Implementation and monitoring of the hands on support through OCA;
- The review of capacity assessment tool has been conducted to ensure that there is more robust monitoring of performance of municipalities and as part of early warning systems on required areas of support.

During the 2011/12 financial year, the department focused on hands on support to the municipalities which has brought about improvements in the Audit Outcomes of some municipalities to the extent that the number of municipalities which have improved have increased from nine to thirteen. Support to strengthen capacity within municipalities

Interventions:

The Department has interventions in terms of **Section 154 of the Constitution** in the following municipalities:

- Mbashe Local Municipality
- Amahlathi Local Municipality
- Ngqushwa Local Municipality
- Nelson Mandela Metro
- Buffalo City Metro
- Port St John's Municipality
- Mbizana Local Municipality
- Makana Local Municipality
- Sunday's River Valley Local Municipality
- Inxuba Local Municipality
- Ndlambe Local Municipality
- Nkonkobe Local Municipality
- Makana Local Municipality
- Kouga Local Municipality

KSD Presidential Intervention

In line with the mandate of supporting a functional local government system, the department deployed Acting Municipal Managers and Chief Financial Officers in municipalities where there were vacancies. This was to promote administrative stability. A case in point would be the successes registered in the support to Mbashe Local Municipality which saw an improvement in the audit outcomes. In the same vein, Ngqushwa Local Municipality experienced relative stability arising from the secondment of an Acting Municipal Manager. These two municipalities have since adopted the IDP's and budgets.

The department was mandated by the Premier to champion the effective and efficient implementation of the KSD Presidential Intervention. This is an example of Intergovernmental

Relations in practice. The Department's co-ordination of this initiative has earned it recognition and acknowledgement by the Presidency. This intervention has seen tangible improvements in the lives of the people of the area. We are also proud to host the best MuniMEC meetings country-wide. These forums are a platform to unblock service delivery bottlenecks and adopt a whole-of-government approach in implementing government's programme.

The Department has furthermore contributed to key legislative developments currently taking place at the national level. These include the amendments to the Municipal Systems Act. In this regard, the department has already developed guidelines to municipalities on the provisions of this act and practical implementation in the operational arena. We will leave no stone unturned to implement the enacted pieces of legislation.

Traditional Leadership Institution

Initiative and achievements relating to Traditional Institution Management include:

- Capacitating Traditional Leaders who are members of municipal council
- The integration of Traditional Leaders in municipalities
- Strategic positioning of this branch within the department
- Establishment of a Commission on Traditional Leadership Claims and Disputes
- Roll-out of the Initiation Monitoring and Intervention Strategy and
- Finally creating a platform for these traditional leadership institutions to play their legislated role

Spending Trends

Departmental Summary	Original Budget	Adjusted Budget	Shifting /Virements	Current Budget	Actual Expenditure	Balance	% Spent
Compensation of Employees	575,932	570,402	(7,958)	562,444	554,437	8,007	98.58%
Goods & Services	143,723	150,332	4,758	155,090	145,180	9,910	93.61%
Payments for Financial Assets	-	-	-	-	517	-517	
Transfer Payments	9,148	16,147	3,681	19,828	18,259	1,569	92.09%
Interest and Rent on Land	-	-	-	-	13	-13	
Payments for Capital Assets	17,282	24,809	(481)	24,328	20,537	3,791	84.42%
TOTAL	746,085	761,690	-	761,690	738,943	22,747	97.01%

The department reflects an under-expenditure of R22.7 million which is equivalent to 2.99 %. The under-spending is reflected in the following economic classifications:

Compensation of Employees: (R8 million)

Programme 4: Reflects an under-expenditure of R5.6 million due to delays in the processing of Traditional Leaders pension fund contribution to the Public Office Bearers Pension Fund.

Goods and Services: (R9.9 million)

Programme 1: Reflects an under expenditure of R0,483 million due to the payments which could not be made at year end as a result of invoices not being presented on time and also because the department did not have adequate cash available at year end.

Programme 2: R6.1 million which was set aside for specific projects could not be fully implemented at year end due to delays experienced by the appointed service provider. Out of the R6.1 million under-expenditure for the programme, R5,0 million relate to projects contracted to SALGA which could not be completed at year end. R 1.1 million worth of invoices were presented at year end and will form part of the accrual list as services had been rendered.

Programme 3: Reflects an under-expenditure of R 2.1million due to the delays in the implementation of projects earmarked for the programme.

Programme 4: Reflects and under-expenditure of R0.9 million. The under –expenditure relates to the sitting allowances of Traditional Leaders which could not be paid on time

Transfer Payments (R1.569 million)

An amount of R1.5 million meant to be transferred to municipalities could not be transferred on time due to problems encountered during the gazetting process.

Capital Assets (3.7 million)

The delays in the process of procuring furniture for the department, the delayed submission of invoices relating to the construction of the Engcobo Fire Station as well as the slow submission of invoices and progress in the construction of Traditional Councils impacted negatively on the spending of the department

Programme 1 – Administration:

Administration	Original Budget	Adjusted Budget	Shifting /Virements	Current Budget	Expenditure to Date	Balance	% Spent
Compensation of Employees	104,838	101,792	(7,181)	94,611	94,257	354	99.63%
Goods & Services	59,010	70,035	2,139	72,174	71,691	483	99.33%
Payments for Financial Assets	-	-	-	-	517	-517	0.00%
Transfer Payments	2,497	2,297	15	2,312	2,283	29	98.75%
Interest and Rent on Land	-	-	-	-	6	-6	0.00%
Payments for Capital Assets	3,713	4,056	(500)	3,556	3,112	444	87.51%
TOTAL	170,058	178,180	(5,527)	172,653	171,866	787	99.54%

Programme One has spent 99.54 % of the budget as at the end of the year.

The under- expenditure of 0,46% per cent is caused by:

The 0.67% under–expenditure in goods and services which is caused by the delays in the submission of invoices as well as problem of limited cash towards the end of the year.

The delays in the delivery of furniture and equipment have also impacted negatively on the expenditure for Capital assets. This reflects 12.49 % under-expenditure.

Programme 2 – Local Governance:

Local Governance	Original Budget	Adjusted Budget	Shifting /Virements	Current Budget	Expenditure to Date	Balance	% Spent
Compensation of Employees	170,233	163,745	1,944	165,689	164,128	1,561	99.06%
Goods & Services	38,137	32,932	4,417	37,349	31,216	6,133	83.58%
Payments for Financial Assets	-	-	-	-	-	-	0.00%
Transfer Payments	-	1,065	1,550	2,615	1,075	1,540	41.11%
Interest and Rent on Land	-	-	-	-	-	-	0.00%
Payments for Capital Assets	-	-	8	8	8	-	100.00%
TOTAL	208,370	197,742	7,919	205,661	196,427	9,234	95.51%

Programme Two has spent 95.51 % of its allocated budget

4.49 % under-expenditure is attributable to:

16.42 % under goods and services is due to delays in the implementation of projects. A significant project relates to an amount of R 5 million transferred to the South African Local Government Association (SALGA) but the related projects could not be completed at year end. These funds were transferred back to the department after year end.

R1.5 million under spending under Transfers and Subsidies is as a result of the delays encountered during the gazetting process.

Programme 3 – Development and Planning:

Development and Planning	Original Budget	Adjusted Budget	Shifting /Virements	Current Budget	Expenditure to Date	Balance	% Spent
Compensation of Employees	67,992	72,527	(1,871)	70,656	70,510	146	99.79%
Goods & Services	23,135	22,265	(3,498)	18,767	16,656	2,111	88.75%
Payments for Financial Assets	-	-	-	-	-	-	0.00%
Transfer Payments	6,651	6,651	-	6,651	6,651	-	100.00%
Interest and Rent on Land	-	-	-	-	-	-	0.00%
Payments for Capital Assets	5,887	5,887	11	5,898	5,580	318	94.61%
TOTAL	103,665	107,330	(5,358)	101,972	99,397	2,575	97.47%

Programme Three has spent 97.47% of the available budget.

The under-expenditure is attributable to the under expenditure of 11.25% under goods and services due to the delays in the implementation of projects earmarked for the programme and 5.39 % under payments for capital assets due to furniture not being procured before year end.

Programme 4 – Traditional Affairs:

Traditional Affairs	Original Budget	Adjusted Budget	Shifting /Virements	Current Budget	Expenditure to Date	Balance	% Spent
Compensation of Employees	222,658	222,127	(2,573)	219,554	213,871	5,683	97.41%
Goods & Services	12,770	13,557	1,200	14,757	13,835	922	93.75%
Payments for Financial Assets	-	-	-	-	-	-	0.00%
Transfer Payments	-	6,073	2,116	8,189	8,189	-	100.00%
Interest and Rent on Land	-	-	-	-	7	-7	0.00%
Payments for Capital Assets	7,682	14,549	-	14,549	11,536	3,013	79.29%
TOTAL	243,110	256,306	743	257,049	247,438	9,611	96.26%

Programme Four has spent 96.26 % of its budget thus leaving a variance of 3.74% remaining unspent.

The under-expenditure reflected of 2.59% under compensation of employees is due to delays in the processing of Traditional Leaders pension fund contributions into the Public Office Bearers Pension Fund.

Goods and service which indicates 6.25 % is due to the non-payment of allowances for traditional Leaders as well as the invoices which could not be paid at year end. Capital assets is reflecting 20.71 % under-spending mainly due to the delays in procuring furniture for the programme as well as delays in the construction of Traditional Councils

Programme 5 – Provincial House of Traditional Leaders:

House of Traditional Leaders	Original Budget	Adjusted Budget	Shifting /Virements	Current Budget	Expenditure to Date	Balance	% Spent
Compensation of Employees	10,211	10,211	1,723	11,934	11,671	263	97.80%
Goods & Services	10,671	11,543	500	12,043	11,782	261	97.83%
Payments for Financial Assets	-	-	-	-	-	-	0.00%
Transfer Payments	-	61	-	61	61	-	100.00%
Interest and Rent on Land	-	-	-	-	-	-	0.00%
Payments for Capital Assets	-	317	-	317	301	16	94.95%
TOTAL	20,882	22,132	2,223	24,355	23,815	540	97.78%

Programme Five has spent 97, 78 % of their budget and the variances are not significant. An under-expenditure of 2.22 % is attributable to:

Compensation of Employees: The under –expenditure of 2.22% is due to delays in the processing of members of the House of Traditional Leaders to the Public Office Bearers pension fund.

The under-expenditure in Goods and Services and Payment of Capital Assets is as a result of invoices which were not presented for payment at year end.

Virements

The Virements that were made after the time the approval of the adjustment budget and the end of the financial year are shown in the table below:

From			To		
Programme & sub-programme	Economic Classification	Amount R	Programme & sub-programmes	Economic Classification	Amount R
Programme 1 Corporate Services	Compensation of Employees	1 180 000	Programme 2 Municipal Finance	Goods and Services	1 180 000
Programme 1 Corporate Services	Compensation of Employees	1 500 000	Programme 2 Municipal Finance	Transfers and Subsidies (Transfers to municipalities)	1 500 000
Programme 1 Corporate Services	Goods and Services	150 000	Programme 3 Disaster Management	Goods and Services	150 000
Programme 1 Corporate Services	Compensation of Employees	400 000	Programme 4- Intuitional Support	Goods and Services	400 000
Programme 1 Corporate Services	Compensation of Employees	1 650 000	Programme 5- House of Traditional Leaders	Compensation of Employees	1 650 000
Programme 1 Corporate Services	Compensation of Employees	350 000	Programme 5- House of Traditional Leaders	Goods and Services	350 000
Programme 1 Corporate Services	Goods and Services	150 000	Programme 5- House of Traditional Leaders	Goods and Services	150 000
Programme 1 Corporate Services	Compensation of Employees	131 161	Programme 2 Municipal Performance, Monitor, Rep & Eval.	Compensation of Employees	131 161
Programme 1 Corporate Services	Transfers & Subsidies - Households	9 000	Programme 4- Traditional Resource Admin	Transfers & Subsidies - Households	9 000
Programme 1 Corporate Services	Transfers & Subsidies - Households	7 405	Programme 4- Traditional Resource Admin	Transfers & Subsidies – Prov. & Local Government	7 405
Programme 3 Spatial Planning	Compensation of Employees	58 014	Programme 2- Municipal Finance	Goods and Services	58 014
Programme 3 Spatial Planning	Compensation of Employees	400 000	Programme 2- Municipal Public Participation	Compensation of Employees	400 000
Programme 3 Spatial Planning	Compensation of Employees	275 905	Programme 2 Municipal Performance, Monitor, Rep & Eval.	Compensation of Employees	275 905
Programme 3 Land Use	Compensation of Employees	644 458	Programme 2 Municipal Performance, Monitor, Rep & Eval.	Compensation of Employees	644 458
Programme 3 Free Basic Services	Compensation of Employees	201 826	Programme 2 Municipal Performance, Monitor, Rep & Eval.	Compensation of Employees	201 826
Programme 3 LED Planning	Compensation of Employees	166 555	Programme 2 Municipal Performance, Monitor, Rep & Eval.	Compensation of Employees	166 555
Programme 3	Goods & Services	171 000	Programme 2- Head Local	Goods and Services	171 000

From			To		
Programme & sub-programme	Economic Classification	Amount R	Programme & sub-programmes	Economic Classification	Amount R
Survey Services			Government		
Programme 3 Survey Services	Goods & Services	424 000	Programme 2 Rapid Response		424 000
Programme 3 GM Infrastructure, FBS & Disaster	Compensation of Employees	9 095	Programme 2 Municipal Performance, Monitor, Rep & Eval	Compensation of Employees	9 095
Programme 3 GM Development & Planning	Compensation of Employees	115 000	Programme 2 Municipal Performance, Monitor, Rep & Eval	Compensation of Employees	115 000
Programme 3 Integrated Development Planning	Goods & Services	2 641 986	Programme 2 Municipal Finance	Goods and Services	2 641 986
Programme 3 Integrated Development Planning	Goods and Services	400 000	Programme 4 Traditional Resources Admin	Goods and Services	400 000
Programme 4 Traditional Resource Admin	Compensation of Employees	73 000	Programme 5 House of Traditional Leaders	Compensation of Employees	73 000

All these Virements were approved by the Accounting Officer and a report in terms of section 43(3) of the PFMA was submitted to Provincial Treasury.

3. Services rendered by the department

- Provide support to municipalities to enable them to achieve “clean” audit reports by 2014.
- Provide support to municipalities to enable them to strengthen municipal institutional capacity to promote good governance and effective service delivery.
- Provide support for enabling viable, sustainable developmental municipalities that deliver basic services.
- To capacitate and support traditional leadership institutions for rural development.

3.1 Tariff Policy

The Department does not conduct any formal trading in goods & services and does thus not have a tariff policy. The only revenue generated is from the sale of bid documents and from the disposal of redundant assets.

3.2 Free Services

The department does not render any free services.

3.3 Inventories

The department maintains a centralised stores section and the major items relate to stationery, pre-printed documents, office equipment, cartridges and cleaning material. The value of stock on hand at year end is R508, 000 and is reconciled as follows:

Details	Amount R'000
Opening Balances	698
Add: Purchases	1,260
Less: Issue	(1,450)
Closing Balance	508

4. The capacity constraints facing the department fall under two main headings, namely

4.1 Vacancy Rate

The vacancy rate of the Department is currently standing at 52%. Because of the budget constraint there are no prospects of the Department being able to reduce this rate. However, the department is in the process of reviewing the organogram with the intention of reducing the number of unfunded vacant posts which will not be filled within the medium term expenditure framework period.

Summary of departmental statistics

Category	Total Number Of Posts	Number Of Posts Filled	Number Of Posts Vacant
Superintendent General (PL16)	1	1	0
Executive Manager (DDG) (PL15)	3	2	1
General Managers (PL14)	15	9	6
Senior Manager (PL13)	79	65	14
MMS (PL 11/12)	158	125	33
Ass. M (PL 9/10)	318	175	143
Admin Officers/Snr & Equivalent Rank (PL7/ 8)	628	256	372
Snr Admin Clerks & Equivalent Rank (PL 4-6)	1303	827	476
Cleaners/Labourers/Drivers/Machine Operator (PL2-3)	824	133	691
TOTAL	3329	1593 (48%)	1736 (52%)

4.2 Office Space

Through the capacitation of critical directorates, additional office space was requested from the Department of Public Works (DPW) to relieve some of the pressure. These were partially resolved during the year but there are still concerns around the positions that have been approved for recruitment. A process has been initiated with DPW to identify the long term office accommodation requirements of the department and to find suitable alternate accommodation which will meet these needs.

5 Utilisation of donor funds

No donor funding was received or utilised during the year.

6 Trading entities and public entities

There are no trading or public entities under the control of the Department

7 Organisations to whom transfer payments have been made

Transfers are made to municipalities in terms of the Division of Revenue Act.

The Department transfers funds to municipalities as part of its support. An amount of R7,677 million was transferred to 37 municipalities and such transfers are tabulated in Annexure 1 to the Annual Financial Statements.

8 Public private partnerships (PPP)

The department did not enter into or engage in any public private partnerships during the year under review.

9 Corporate governance arrangements

9.1 Risk Management

During the year under review the Department established and capacitated the Risk Management and Internal Control Unit and it is now fully functional. The Department developed and approved a new Risk Management Plan and a Fraud Prevention Plan. A risk assessment process was undertaken and risk registers produced. Risk Management awareness sessions were also conducted with all directorates and it is intended to become a standard agenda item on the Senior Management Services (SMS) meetings held within the department. In line with good governance principles, this function has now been shifted to the Office of the Accounting Officer.

9.2 Internal Audit and Audit Committee

The departmental Internal Audit Unit was established and the departmental Audit Committee was appointed during the year under review. These units continued to play an important role in strengthening the oversight capability of the department in its strive towards achieving a "clean" audit report.

A three year Internal Audit Plan was approved by the Audit Committee. The department adopted a risk based approach and the plan is aligned to the priority risk areas of the department.

The Audit Committee has held regular meetings at which the department made presentations. The committee is also required to issue a report on the Annual Financial Statements of the department on an annual basis.

9.3 Prevention of fraud and corruption

The Department established a Directorate called Security Management and Anti-corruption Services to perform the function of investigating fraud and corruption in the Department.

The Department developed and implemented the Fraud Prevention Plan, which focuses on ensuring that there are adequate and effective policies and procedures in place to prevent, identify and address acts of corruption; increasing the awareness and responsibilities of officials in eradicating corruption. The Department launched its operation clean audit campaign internally and externally.

The department ascribes significance to the national programme of fighting fraud and corruption within the department and in municipalities. In the year under review, five investigations were concluded and tabled in municipalities. We are aiming at 100% vetting of all SMS members and staff in strategic components in 2012/13.

9.4 Code of conduct

Through the induction programme new employees have been work-shopped on the code of conduct. The impact of these workshops will be evaluated against the anticipated reduction in disciplinary cases and the improvement in service delivery within the department.

The department conducted fourteen (14) Human Resources roll-out session through-out the province (Bhisho and District offices inclusive of Traditional Councils) during 2011/2012 financial year and in these sessions Code of conduct booklets were distributed to all those attended. Workshops participants were taken through the contents of booklets.

Furthermore 250 induction and re-orientation sessions of the newly appointed employees were conducted during the same period and the code of conduct is one of critical aspects during the induction/orientation process.

9.4 Safety, health and environmental issues

A Safety, Health and Environment (SHE) Committee was appointed, an integrated employee wellness programme has been established and physical risk assessment was conducted with Department of Labour.

The department is amongst other things, embracing these issues, more especially as the global focus turns to matters of climate change. The environment and more especially the mismanagement thereof is now seriously undermining our efforts to maintain levels of consumption associated with neoliberalism and the ethos of modernism. Environmental degradation and the accumulation of greenhouse gases in the atmosphere have enormous consequences for both health and safety.

If we are to ensure the maintenance of reasonable levels of safety and health we must then engage in the prescripts of the sustainable agenda.

The department has prepared a climate change position paper and are actively seeking and embracing partnerships to address all of the above. This Directorate and hence Department is represented on the Provincial Co-ordinating Committee for Climate Change headed by DEDEAT.

9.5 Conflict of interest

All employees are required to declare any conflict of interest and must obtain written approval from the MEC for any remunerated work received outside the scope of their employment. Reminders are sent to staff on an annual basis and where staff are found not to have complied, decisive action is taken.

10 Discontinued activities/activities to be discontinued

The mandate of the Department has not changed. Therefore, there are no plans to discontinue any activities.

11 New/proposed activities

The department has established the Provincial Committee of the Commission on Traditional Leadership to deal with Claims and Disputes as per the Traditional Leadership and Governance Framework Amendment Act, 2009. The Commission operates nationally in plenary and provincially in committees and has authority to investigate and make recommendations on any traditional leadership dispute and claims. The establishment of the Provincial Committee was critical since the establishment of the Commission at National level which will work closely with Provincial Committees.

The Provincial Committee consist of three members appointed by the Premier, by notice in the Provincial Gazette for a period of five years. The department has set aside an amount of R8, 242,950 during 2012/13 financial year.

Currently the department is reviewing the organisational structure with an emphasis in strengthening district co-ordination and establishing district offices in line with the new service delivery model. The focus of this model is to decentralize service delivery functions closer to local level/sphere.

12 Asset Management

The Department is guided by the National Treasury Asset Management Guidelines and is in compliance with its requirements. There is a dedicated Asset Management Unit under the Departmental Supply Chain Management Unit, and this unit has been capacitated during the year under review by the filling of key vacancies.

An Asset Disposal Policy has been approved and an implementation plan has been developed and approved. These initiatives should ensure that overall asset management within the department improves to an acceptable level.

Events after the reporting date

During the year under review the department entered into an Memorandum of Understanding with South African Local Government of Association (SALGA) to conduct various projects including training and municipal support initiatives. An amount of R6, 8 million was transferred to them but at year end an amount of R5 million remained unspent as a result of operational challenges. This amount was transferred back to the department after year end.

The department attempted to obtain membership for Traditional Leaders to the Public Office Bearers Pension Fund in terms of the Government Gazette (No 53 of 2008) and made contributions to the Fund from September 2011. The Fund subsequently informed the department that their Remuneration Board had not finalised the process of approving the amended rules for contributions and benefits relating to Traditional Leaders. The Fund had thus not accepted any of the members and the Trustees decided to refund the contributions until such time that the rules of the fund were properly approved. An amount of R5,6 million was confirmed as owing as at 31 March 2012 and is reflected as a claim. A further amount of R3 million was contributed for the period after year end. These amounts are to be paid to the department subsequent to year end.

13 Information on predetermined objectives

The Department has, as part of its establishment, a Monitoring & Evaluation Unit. This unit, which is a fully fledged directorate, coordinated and consolidated all the inputs on the performance of the various components of the Department against the targets set in the DLGTA Strategic and Annual Operational Performance Plans.

The procedure for quarterly reporting is set out in the Quarterly Performance Procedure Manual. This procedure provides for quarterly review sessions where all the quarterly report has to be tabled and discussed.

14 SCOPA resolutions

Reference to financial years	Subject	SCOPA Resolution / Finding
Financial year ended 31 March 2009	Unauthorised expenditure of R3, 588 million for Programme 3 and R18, 366 million for Programme 4.	The Committee could not recommend that the amounts of R3, 588 million and R18, 366 million for programmes 3 and 4 respectively be appropriated through the Finance Bill and recommended that this expenditure should be recovered from the Departments' future budget in terms of section 34(2) of the PFMA. The Committee further recommended that disciplinary steps be taken against the officers responsible for the unauthorised expenditure in terms of section 38(1)(h)(iii) of the PFMA. These actions are subject to the outcome of investigations which have been initiated.
Financial year ended 31 March 2009	Irregular expenditure incurred as a result of the economic classifications of the main divisions being exceeded and procurement processes not followed.	The Committee recommended that disciplinary steps be taken against the officers responsible for the unauthorised expenditure in terms of section 38(1)(h)(iii) of the PFMA. These actions are subject to the outcome of investigations which have been initiated.
Financial year ended 31 March 2010	Unauthorised expenditure of R2 million paid to Koukama Municipality as an urgent bail out and R67,548 paid for medical bills for one of the Kings.	The Committee recommended that the R2 million be authorised but not the cost for the medical bills as these costs fell outside the mandate of the department. The amount is to be recovered from the responsible official or be met from its future budget. The Committee further recommended that disciplinary steps be taken against the officers responsible for the unauthorised expenditure in terms of section 38(1)(h)(iii) of the PFMA. These actions are subject to the outcome of investigations which have been initiated.

15 Prior modifications to audit reports

During the past three years the department did not have any qualifications, disclaimers or adverse opinions, so it will only report on matters of significant non-compliance. The items reported below have been traced back to the first annual report after the department split with the Department of Human Settlements, being 31 March 2009.

Nature of matters of non – compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
The department did not ensure that its performance management system was effective, efficient and transparent.	31 March 2009	Performance management reports are generated on a quarterly basis and presented to the Senior Management Meeting. Responsible officials are required to sign off on their reports and evidence to support achievements are verified by the Monitoring & Evaluation Unit. Verification of performance information is also included in the three year internal audit plan.
The department submitted financial statements for auditing which were not prepared in all material aspects in accordance with Generally Recognised Accounting Practice and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Significant adjustments were made to accruals, commitments and contingent liabilities.	31 March 2009	A project plan was approved for the monthly review and reporting of commitments and accruals. These are monitored on a monthly basis and systems have been put in place to ensure that the reports are accurate. Contingent liabilities are dealt with on a case by case basis because the approach for each is dependent on the complexity and significance of each one.
The Audit Committee did not function fully as per the requirements of section 77 of the PFMA	31 March 2009	The Audit Committee operates under an approved Audit Charter, is now fully functional and meets at least quarterly.
The Internal Audit function did not adhere to the requirements set by section 38(1)(a)(ii) of the PFMA.	31 March 2009	The Internal Audit Charter has been approved. The Unit is now capacitated and conducts its audits as per the approved three year rolling audit plan and in accordance with standards set by the Institute of Internal Auditors.
The department did not take effective and / or appropriate steps to prevent irregular expenditure as per the requirements of section 38(1)(c)(ii) of the PFMA.	31 March 2009	Additional processes and checklists have been put in place to eliminate irregular expenses. A register is maintained and reviewed on a monthly basis where irregular expenditure is identified. These are reported to the Accounting Officer and once the investigation is finalised will be reported to the Provincial Treasury. The Accounting Officer has taken steps against the officials involved in non-compliance with S38.
Payments to suppliers were not settled within 30 days from receipt of an invoice as required by section 38(1)(f) of the PFMA	31 March 2009	Processes are in place to reduce the average payment period but as a result of past challenges the department still has a backlog of old unpaid invoices without adequate supporting documents. Once these are resolved the department will be in a good position to adhere to this requirement.

16 Exemptions and deviations received from National Treasury

The Department requested National Treasury to exempt it from the requirements of the PFMA and Treasury Regulations by condoning the irregular expenditure incurred through the Turn Around Action Plan (TAP) Project which was undertaken during the 2008/9 financial year. No response has yet been received on this matter.

17 Interim Financial Statements

The department has initiated the process of preparing Interim Financial Statements and these were prepared for the second and third quarter of the year under review as requested by the

Provincial Treasury. This was done to improve the overall reporting of the department as well as to facilitate the year end annual financial statement preparation.

18 Other

During the year under review a delegation was nominated to undertake a trip to China to attend a BRICS (Brazil, Russia, India, China, South Africa) workshop. The first BRICS Friendship Cities and Local Government Cooperation Forum which is a supporting activity of the BRICS Leaders Meeting was organized by the Chinese People's Association for Friendship with Foreign Countries, (CPAFFC) and China International Friendship Cities Association (CIFCA) from 1-3 December 2011 at Sanya City, Hainan Province, People's Republic of China; The theme of the Forum was "Broad vision, shared prosperity, developing friendship cities and promoting cooperation" especially among the BRICS nations. The objective of the Forum was to engage with problems and challenges by sharing experiences in the fields of financial crisis, new low carbon energy, energy strategy, food security, environmental protection, urban development and culture;

A South African delegation of 31 members from four provinces, namely the Eastern Cape, Limpopo, Orange Free State and KwaZulu Natal, led by MEC Nomusa Dube of KwaZulu-Natal attended the first Forum. The delegation from the Eastern Cape was led by the honourable MEC and included the Accounting Officer and four employees of the department as well three employees from the Nelson Mandela Metro.

HROPT

The Office of the Premier (OTP) procured the services of Grant Thornton to review the results of the HROPT processes conducted by departments.

A draft report dated March 2011 was then issued by Grant Thornton and on engaging with the draft report it transpired that there are gaps in the information, findings and recommendations made by Grant Thornton. The department consulted OTP and Grant Thornton, and it was agreed that Grant Thornton should review the draft report in consultation with the department. The HROPT issue is currently under review and the process will be finalised during the second quarter of the 2012/13 financial year. The outcome of this process is unknown.

19 Appreciation

I would like to take this opportunity to thank the MEC, Audit Committee members, the management and staff of the department for the support and the dedication that all concerned display in the promotion of good governance and the promotion of efficiencies.

20 Approval

The Annual Financial Statements set out on pages 104 to 157 have been approved by the Accounting Officer.



Advocate S. Khanyile
Accounting Officer
Date: 31 July 2012

REPORT OF THE AUDITOR-GENERAL TO THE EASTERN CAPE PROVINCIAL LEGISLATURE ON VOTE NO.7: DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Department of Local Government and Traditional Affairs set out on pages 104 to 148, which comprise the appropriation statement, the statement of financial position as at 31 March 2012, the statement of financial performance, and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the departmental financial reporting framework 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 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.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Local Government and Traditional Affairs as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with the departmental financial reporting framework prescribed by the National Treasury and the requirements of the PFMA.

Emphasis of matter

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

Exemption from Financial reporting framework

8. As disclosed in note 24 to the financial statements: Lease commitments, the National Treasury have exempted the department from the requirement to disclose their finance lease arrangements with the Eastern Cape Government Fleet Management Services. The exemption allows them to instead classify the arrangement as an operating lease in note 24, and also allows them to omit the required disclosure of the lease payments in note 30: Movable tangible capital assets.

Additional matter

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

Financial reporting framework

10. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they "present fairly". Section 20(2) (a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

11. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

12. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 31 to 79 of the annual report.
13. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.
14. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

Reliability of Information**Reported performance not valid**

15. The National Treasury Framework for managing programme performance information (FMPPI) requires that processes and systems which produce the indicator should be verifiable. A total of 35% of the actual reported performance relevant to *Programme 2: Local Governance* and a total of 30% of the actual reported performance relevant to *Programme 4: Traditional Institutional Management* was not valid when compared to the evidence provided.

This was due to a lack of review of the recording of actual achievements and lack of review of supporting information used to support the reported performance by senior management.

Reported performance not accurate

16. The National Treasury Framework for Managing Programme Performance Information (FMPPI) requires that the indicator be accurate enough for its intended use and respond to changes in the level of performance. A total of 35% of the actual reported indicators relevant to *Programme 2: Local Governance* and a total of 26% of the actual reported indicators relevant to *Programme 3: Development and Planning* were not accurate when compared to source information.

This was due to a lack of review of actual achievements by senior management

Compliance with laws and regulations

17. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

Strategic Planning and Performance Management

18. The accounting officer did not ensure that the department had and maintained an effective, efficient and transparent system of internal control regarding performance management, which described and represented how the department's processes of performance planning, monitoring, measurement, review and reporting were conducted, organised and managed as required by section 38(1) (a) (i) and (b) of the Public Finance Management Act 1999 (Act No. 1 of 1999) (PFMA).

Budgets

19. Increases in the budget for transfers and subsidies to other institutions were not approved by the provincial treasury, as required by Treasury Regulation (TR) 6.3.1(a) and 6.3.1 (d).

Annual financial statements, performance and annual report

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1) of the PFMA. Material misstatements in disclosure items identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal audit

21. The internal audit function did not evaluate the compliance with supply chain laws and regulations, as required by TR 3.2.11 (e).

Human resource management and compensation

22. The accounting officer did not ensure that all leave taken by employees was recorded accurately and in full as required by Public Service Regulation (PSR) 1NIF (b).

Expenditure management

23. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 38(1) (c) (ii) of the PFMA and TR 9.1.1. This resulted in the department incurring irregular expenditure during the year as disclosed in note 25 to the annual financial statements.

Procurement and Contract Management

24. Employees of the department performed remunerative work outside their employment in the department without written permission from the relevant authority as required by section 30 of the Public Service Act, 1994 (Act No. 103 of 1994) (PSA).

Internal control

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

26. The accounting officer did not exercise adequate oversight responsibilities over reporting on predetermined objectives to ensure that reported performance is valid and accurate. Furthermore the accounting officer did not exercise oversight responsibility over compliance with laws and regulations including SCM regulations. Monthly financial statements were not prepared to detect and correct misstatements timeously.

Financial and performance management

27. Material misstatements, which were not detected by internal controls of the department, were identified and subsequently corrected by management in commitments and accruals. This is due to inadequate processes in place and staff members that do not fully understanding the requirements of the financial reporting framework.
28. The accounting officer did not design and implement adequate monitoring systems for predetermined objectives, as the documented policy and procedure manuals were not adequately implemented. As a result, material deficiencies were identified in the performance report on predetermined objectives

Governance

29. The internal audit function did not fulfil their responsibilities in terms of reviewing compliance with laws and regulations including SCM regulations.

Auditor-General

East London
31 July 2012



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

APPROPRIATION STATEMENT
for the year ended 31 March 2012

		Appropriation per programme									
		2011/12					2010/11				
1.1	APPROPRIATION STATEMENT	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										
	Current payment	170,130	469	(5,511)	165,088	164,388	700	99.6%	177,612	174,712	
	Transfers and subsidies	2,297	31	(16)	2,312	2,283	29	98.7%	2,278	2,133	
	Payment for capital assets	4,056	(500)	-	3,556	3,112	444	87.9%	5,107	5,103	
	Payment for financial assets	-	-	-	-	517	(517)	-	-	412	
2.	Local Governance										
	Current payment	196,677	(58)	6,419	203,038	195,344	7,694	96.2%	187,668	177,976	
	Transfers and subsidies	1,065	50	1,500	2,615	1,075	1,540	41.1%	65,597	65,597	
	Payment for capital assets	-	8	-	8	8	-	100.0%	3,227	2,632	
3.	Development and Planning										
	Current payment	94,791	(11)	(5,358)	89,422	87,165	2,257	97.5%	82,519	75,172	
	Transfers and subsidies	6,652	-	-	6,652	6,652	-	100.0%	11,919	11,919	
	Payment for capital assets	5,887	11	-	5,898	5,580	318	94.6%	4,783	3,764	
4.	Traditional Institutional Management										
	Current payment	235,684	(2100)	727	234,311	227,714	6,597	97.2%	252,766	242,688	
	Transfers and subsidies	6,073	2100	16	8,189	8,189	-	100.0%	3,617	3,601	
	Payment for capital assets	14,549	-	-	14,549	11,535	3,014	79.3%	20,816	5,173	

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Appropriation per programme										
APPROPRIATION STATEMENT	2011/12					2010/11				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
5. House of Traditional Leaders										
Current payment	21,754	-	2,223	23,977	23,453	524	97.8%	-	-	
Transfers and subsidies	61	-	-	61	61	-	100.0%	-	-	
Payment for capital assets	317	-	-	317	301	16	95.0%	-	-	
Subtotal	759,993	-	-	759,993	737,377	22,616	97.0%	817,909	770,882	
Statutory Appropriation										
Current payment	1,697	-	-	1,697	1,566	131	92.3%	1,600	1,541	
TOTAL	761,690	-	-	761,690	738,943	22,747	97.0%	819,509	772,423	

TOTAL (brought forward) Reconciliation with statement of financial performance ADD Departmental receipts Actual amounts per statement of financial performance (total revenue) Actual amounts per statement of financial performance (total expenditure)	2011/12		2010/11	
	Final Appropriation	Actual Expenditure	Final Appropriation	Actual Expenditure
	1,654		747	
	763,344		820,256	
		738,943		772,423

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Appropriation per economic classification									
	2011/12					2010/11			
	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									
Compensation of employees	568,705	(4,470)	(3,488)	562,444	554,437	8,007	98,6%	521,086	503,036
Goods and services	150,332	2,770	1,988	155,090	145,180	9,910	93,4%	179,479	167,433
Interest and rent on land	-	-	-	-	13	(13)		-	79
Transfers and subsidies									
Provinces and municipalities	7,724	1	1,500	9,225	7,685	1,540	83,3%	77,442	77,297
Households	8,423	2,130	-	10,553	10,524	29	99,7%	5,224	5,208
Gifts and donations	-	50	-	50	50	-	100,0%	745	745
Payments for capital assets									
Buildings and other fixed structures	12,587	11	-	12,598	12,259	339	97,3%	16,579	8,873
Machinery and equipment	12,222	(492)	-	11,730	8,278	3,452	70,6%	17,354	7,799
Payments for financial assets									
	-	-	-	-	517	(517)		-	412
Total	759,993	-	-	761,690	738,943	22,747	97,0%	817,909	770,882

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Statutory Appropriation									
	2011/12					2010/11			
	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
Direct changes against the Provincial Revenue Fund									
Member of the Executive committee/ parliamentary officers	1,697	-	-	1,697	1,566	131	92.3%	1,600	1,541
Total	1,697	-	-	1,697	1,566	131	92.3%	1,600	1,541

Statutory Appropriation per economic classification									
	2011/12					2010/11			
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 1 Per Economic classification: Statutory Appropriation									
Current payments									
Compensation of employees	1,697	-	-	1,697	1,566	131	92.3%	1,600	1,541
Total	1,697	-	-	1,697	1,566	131	92.3%	1,600	1,541

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Detail per sub-programme	011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 1: Administration									
1.2 Corporate Services									
Current payment	170,130	469	(5,511)	165,088	164,388	700	99.6%	177,612	174,712
Transfers and subsidies	2,297	31	(16)	2,312	2,283	29	98.7%	2,278	2,133
Payment for capital assets	4,056	(500)	-	3,556	3,112	444	87.9%	5,107	5,103
Payment for financial assets	-	-	-	-	517	(517)		-	412
Total	176,483	-	(5,527)	170,956	170,300	656	99.6%	184,997	182,360
Economic classification									
Programme 1: Administration									
Current payments									
Compensation of employees	100,095	(1,970)	(5,211)	92,914	92,691	223	99.8%	82,058	79,129
Goods and services	70,035	2,439	(300)	72,174	71,691	483	99.3%	95,554	95,543
Interest and rent on land	-	-	-	-	6	(6)		-	40
Transfers and subsidies to:									
Provinces and municipalities	-	1	-	1	1	-	100.0%	671	526
Households	2,297	30	(16)	2,311	2,282	29	98.7%	1,607	1,607
Payment for capital assets									
Machinery and equipment	4,056	(500)	-	3,556	3,112	444	87.5%	5,107	5,103
Payments for financial assets									
	-	-	-	-	517	(517)		-	412
Total	176,483	-	(5,527)	170,956	170,300	656	99.6%	184,997	182,360

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 2: Local Governance									
2.1 Municipal Administration									
Current payment	21,594	(1,740)	595	20,449	17,673	2,776	86.4%	26,632	26,220
Transfers and subsidies	-	-	-	-	-	-	-	2,300	2,300
2.2 Municipal Finance									
Current payment	15,690	-	3,880	19,570	17,916	1,654	91.5%	16,602	15,899
Transfers and subsidies	-	-	1,500	1,500	-	1,500	-	16,800	16,800
2.3 Municipal Public Participation									
Current payment	110,070	-	400	110,470	109,086	1,384	98.7%	108,233	100,090
Transfers and subsidies	-	-	-	-	-	-	-	45,000	45,000
Payment of capital assets	-	-	-	-	-	-	-	1,796	1,796
2.4 Capacity Development									
Current payment	6,422	118	-	6,540	6,525	15	99.8%	6,403	5,966
2.5 Municipal Performance Monitoring, Reporting and Evaluation									
Current payment	42,901	1,564	1,544	46,009	44,144	1,865	95.9%	29,798	29,801
Transfers and subsidies	1,065	50	-	1,115	1,075	40	96.4%	1,497	1,497
Payment of capital assets	-	8	-	8	8	-	100.0%	1,431	836
Total	197,742	-	7,919	205,661	196,427	9,234	95.5%	256,492	246,205

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 2: Local Governance									
Current payments									
Compensation of employees	163,745	-	1,944	165,689	164,128	1,561	99.1%	156,892	149,656
Goods and services	32,932	(58)	4,475	37,349	31,216	6,133	83.6%	30,776	28,281
Interest and rent on land	-	-	-	-	-	-	-	-	39
Transfers and subsidies to:									
Provinces and municipalities	1,065	-	1,500	2,565	1,025	1,540	40.0%	64,852	64,852
Gift and donations	-	50	-	50	50	-	100.0%	745	745
Payment for capital assets									
Machinery and equipment	-	8	-	8	8	-	100.0%	3,227	2,632
Total	197,742	-	7,919	205,661	196,427	9,234	95.5%	256,492	246,205

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Detail per sub-programme	2011/12					2010/11			
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual expenditure R'000
Programme 3: Development and Planning									
3.1 Spatial Planning									
Current payment	12,646	(20)	(734)	11,892	11,271	621	94.8%	3,802	3,712
Transfers and subsidies	-	-	-	-	-	-		1,600	1,600
3.2 Development Admin/ Land Use Management									
Current payment	22,685	74	(1,364)	21,395	20,247	1,148	94.6%	21,391	21,391
Transfers and subsidies	-	-	-	-	-	-		930	930
Payment for capital assets	-	-	-	-	-	-		-	-
3.3 IDP									
Current payment	7,905	211	(3,042)	5,074	4,890	184	96.4%	2,964	2,898
Transfers and subsidies	-	-	-	-	-	-		3,118	3,118
Payment for capital assets	-	-	-	-	-	-		20	-
3.4 LED & Planning									
Current payment	17,391	(191)	(166)	17,034	17,033	1	100.0%	15,695	15,177
Transfers and subsidies	4,790	-	-	4,790	4,790	-	100.0%	4,516	4,516
3.5 Municipal Infrastructure									
Current payment	21,880	(193)	(202)	21,485	21,336	149	99.3%	25,377	19,020
Transfers and subsidies	-	-	-	-	-	-		-	-
Payment for capital assets	-	11	-	11	6	5	54.5%	-	-
3.6 Disaster Management									
Current payment	12,284	108	150	12,542	12,368	154	98.8%	13,290	12,974
Transfers and subsidies	1,862	-	-	1,862	1,862	-	100.0%	1,755	1,755
Payment for capital assets	5,887	-	-	5,887	5,574	313	94.7%	4,763	3,764
Total	107,330	-	(5,358)	101,972	99,397	2,575	97.5%	99,221	90,855

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Programme 3:Development and Planning	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	72,527	-	(1,871)	70,656	70,510	146	99.8%	62,082	61,932
Goods and services	22,265	(11)	(3,487)	18,767	16,656	2,111	88.8%	20,437	13,240
Transfers and subsidies to:									
Provinces and municipalities	6,651	-	-	6,651	6,651	-	100.0%	11,919	11,919
Payment for capital assets									
Building and other fixed structures	5,887	11	-	5,898	5,574	324	94.5%	4,763	3,746
Machinery and equipment	-	-	-	-	6	(6)		20	18
Total	107,330	-	(5,358)	101,972	99,397	2,575	97.5%	99,221	90,855

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 4: Traditional Institutional Management									
4.1 Traditional Resource Administration									
Current payment	228,803	(2,514)	727	227,016	220,443	6,573	97.1%	226,327	216,710
Transfers and subsidies	6,073	2,100	16	8,189	8,189	-	100.0%	3,617	3,601
Payment for capital assets	14,549	-	-	14,549	11,535	3,014	79.3%	20,738	5,132
4.2 Rural Development Facilitation									
Current payment	6,881	414	-	7,295	7,271	24	99.7%	6,562	6,562
4.3 Traditional Institutional Administration									
Current payment	-	-	-	-	-	-	-	19,877	19,416
Payment for capital assets	-	-	-	-	-	-	-	78	41
Total	256,306	-	743	257,049	247,438	9,611	96.3%	277,199	251,462

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 4: Traditional Institutional Management									
Current payments									
Compensation of employees	222,127	(2,500)	(73)	219,554	213,871	5,683	97,4%	220,054	212,319
Goods and services	13,557	400	800	14,757	13,835	922	93,8%	32,712	30,369
Interest and rent on land	-	-	-	-	7	(7)	-	-	-
Transfers and subsidies to:									
Provinces & municipalities	8	-	-	8	8	-	100,0%	-	-
Households	6,065	2,100	16	8,181	8,181	-	100,0%	3,617	3,601
Payment for capital assets									
Building and other fixed structures	6,700	-	-	6,700	6,685	15	99,8%	11,816	5,127
Machinery and equipment	7,849	-	-	7,849	4,851	2,998	61,8%	9,000	46
Total	256,306	-	743	257,049	247,438	9,611	96,3%	277,199	251,462

APPROPRIATION STATEMENT
for the year ended 31 March 2012

Detail per sub-programme	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 5:House of Traditional Leadership									
5.1 House of Traditional Leaders									
Current payment	21,754	-	2,223	23,977	23,453	524	97.8%	-	-
Transfers and subsidies	61	-	-	61	61	-	100.0%	-	-
Payment for capital assets	317	-	-	317	301	16	95.0%	-	-
Total	22,132	-	2,223	24,355	23,815	540	97.8%	-	-

Economic classification	2011/12						2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme 5:House of Traditional Leadership									
Current payments									
Compensation of employees	10,211	-	1,723	11,934	11,671	263	97.8%	-	-
Goods and services	11,543	-	500	12,043	11,782	261	97.8%	-	-
Transfers and subsidies to:									
Households	61	-	-	61	61	-	100.0%	-	-
Payment for capital assets									
Machinery and equipment	317	-	-	317	301	16	95.0%	-	-
Total	22,132	-	2,223	24,355	23,815	540	97.8%	-	-

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2012

1. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**
Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexures (1-8) 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 1.1 (Annual Appropriation) to the Annual Financial Statements.
3. **Detail on payments for financial assets**
Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.
4. **Explanations of material variances from Amounts Voted (after Virement):**

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
1. Administration	172,653	171,866	787	0%
2. Local Governance	205,661	196,427	9,234	4%
3. Development and Planning	101,972	99,397	2,575	3%
4. Traditional Institutional Management	257,049	247,438	9,611	4%
5. House of Traditional Leaders	24,355	23,815	540	2%

4.2 Per Economic classification	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation R'000
Current payments				
Compensation of employees	562,444	554,437	8,007	1%
Goods and services	155,090	145,180	9,910	6%
Interest and rent on land	-	13	(13)	-
Transfers and subsidies				
Provinces and municipalities	9,225	7,685	1,540	17%
Households	10,553	10,524	29	100%
Gifts and donations	50	50	-	100%
Payments for capital assets				
Buildings and other fixed structures	12,598	12,259	339	2%
Machinery and equipment	11,730	8,278	3,452	29%
Payments for financial assets	-	517	(517)	-

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
REVENUE			
Annual appropriation	1	759,993	817,909
Statutory appropriation	2	1,697	1,600
Departmental revenue	3	1,654	747
TOTAL REVENUE		763,344	820,256
EXPENDITURE			
Current expenditure			
Compensation of employees	4	554,437	504,577
Goods and services	5	145,180	167,433
Interest and rent on land	6	13	79
Total current expenditure		699,630	672,089
Transfers and subsidies			
Transfers and subsidies	8	18,259	83,250
Total transfers and subsidies		18,259	83,250
Expenditure for capital assets			
Tangible capital assets	9	20,537	16,672
Total expenditure for capital assets		20,537	16,672
Payments for financial assets	7	517	412
TOTAL EXPENDITURE		738,943	772,423
SURPLUS/(DEFICIT) FOR THE YEAR		24,401	47,833
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		22,747	47,086
Annual appropriation		22,747	47,086
Departmental revenue	3	1,654	747
SURPLUS/(DEFICIT) FOR THE YEAR		24,401	47,833

STATEMENT OF FINANCIAL POSITION
as at the year ended 31 March 2012

1.2	<i>Note</i>	2011/12	2010/11
		R'000	R'000
ASSETS			
Current assets			
Unauthorised expenditure	10	6,366	6,366
Fruitless and wasteful expenditure	11	7,589	7,589
Cash and cash equivalents	12	995	2,001
Prepayments and advances	13	5,415	-
Receivables	14	6,696	61,143
TOTAL ASSETS		27,061	77,099
LIABILITIES			
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	15	22,746	75,951
Departmental revenue to be surrendered to the Revenue Fund	16	48	42
Payables	17	4,267	1,106
TOTAL LIABILITIES		27,061	77,099

CASH FLOW STATEMENT
for the year ended 31 March 2012

1.3	Note	2011/12	2010/11
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		763,343	779,540
Annual appropriated funds received	1.1	759,992	777,193
Statutory appropriated funds received	2	1,697	1,600
Departmental revenue received	3	1,654	747
Net (increase)/decrease in working capital		52,193	571
Surrendered to Revenue Fund		(77,599)	(6,180)
Current payments		(699,630)	(672,089)
Payments for financial assets		(517)	(412)
Transfers and subsidies paid		(18,259)	(83,250)
Net cash flow available from operating activities	18	19,531	18,180
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	9	(20,537)	(16,672)
Net cash flows from investing activities		(20,537)	(16,672)
Net increase/(decrease) in cash and cash equivalents		(1,006)	1,508
Cash and cash equivalents at beginning of period		2,001	493
Cash and cash equivalents at end of period	19	995	2,001
Nett Assets		995	2,001

ACCOUNTING POLICIES

for the year ended 31 March 2012

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, 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, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 6 of 2011.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

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.

1.5 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

ACCOUNTING POLICIES

for the year ended 31 March 2012

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure notes to the annual financial statements.

2.3 Direct Exchequer receipts

All direct exchequer receipts are recognised in the statement of financial performance when the cash is received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund at the end of the financial year is recognised as a payable in the statement of financial position.

2.4 Direct Exchequer payments

All direct exchequer payments are recognised in the statement of financial performance when final authorisation for payment is effected on the system (by no later than 31 March 2012).

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March 2012).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

ACCOUNTING POLICIES for the year ended 31 March 2012

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March 2012).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.

3.2 Goods and services

Payments made during the year for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March 2012).

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March 2012). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

3.4 Payments for financial assets

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the financial statements amounts.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

ACCOUNTING POLICIES

for the year ended 31 March 2012

3.6 Unauthorised expenditure

When confirmed unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.7 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.8 Irregular expenditure

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

Bank overdrafts are shown separately on the face of the statement of financial position.

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.

4.2 Other financial assets

Other financial assets are carried in the statement of financial position at cost.

4.3 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

ACCOUNTING POLICIES

for the year ended 31 March 2012

4.4 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.5 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

4.6 Capital assets

4.8.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

4.8.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

ACCOUNTING POLICIES

for the year ended 31 March 2012

Repairs and maintenance is expensed as current “goods and services” in the statement of financial performance.

4.8.3 Intangible assets

Initial recognition

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.*

Subsequent expenditure

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as “expenditure for capital asset” and is capitalised in the asset register of the department.

Maintenance is expensed as current “goods and services” in the statement of financial performance.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the statement of financial position.

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Contingent assets

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

5.4 Commitments

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.5 Accruals

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

ACCOUNTING POLICIES
for the year ended 31 March 2012

5.6 Employee benefits

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the statement of financial performance or the statement of financial position.

5.7 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.

5.8 Impairment

The department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

5.9 Provisions

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Receivables for departmental revenue

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

7. Net Assets

7.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the Provincial Revenue Fund when the underlying asset is disposed and the related funds are received.

ACCOUNTING POLICIES
for the year ended 31 March 2012

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National/Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

8. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

9. Key management personnel

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

1. Annual Appropriation

1.1 Annual Appropriation

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

	2011/12	2010/11		
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation received R'000
1. Administration	170,956	170,955	1	175,650
2. Local Governance	205,661	205,661	-	243,723
3. Development and Planning	101,972	101,972	-	94,282
4. Traditional Institutional Management	257,049	257,049	-	263,538
5. House of Traditional Leaders	24,355	24,355	-	-
Total	759,993	759,992	1	777,193

2. Statutory Appropriation

	2011/12 R'000	2010/11 R'000
Member of executive committee/parliamentary officers	1,697	1,600
Total	1,697	1,600
Actual Statutory Appropriation received	1,697	1,600

3. Departmental revenue

	Note	2011/12 R'000	2010/11 R'000
Sales of goods and services other than capital assets	3.1	544	535
Transactions in financial assets and liabilities	3.5	1,110	212
Total revenue collected		1,654	747
Less: Own revenue included in appropriation	22	-	-
Departmental revenue collected		1,654	747

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

3.1 Sales of goods and services other than capital assets

	Note 3	2011/12 R'000	2010/11 R'000
Sales of goods and services produced by the department			
Other sales		544	523
Sales of scrap, waste and other used current goods		-	12
Total		544	535

3.2 Transactions in financial assets and liabilities

	Note 3	2011/12 R'000	2010/11 R'000
Stale cheques written back		-	53
Other Receipts including Recoverable Revenue		1,110	159
Total		1,110	212

4. Compensation of employees**4.1 Salaries and Wages**

	2011/12 R'000	2010/11 R'000
Basic salary	310,088	249,423
Performance award	3,431	4,666
Service Based	1,287	565
Compensative/circumstantial	4,828	5,912
Other non-pensionable allowances	176,299	192,216
Total	495,933	452,782

4.2 Social contributions

	2011/12 R'000	2010/11 R'000
Employer contributions		
Pension	36,210	32,270
Medical	22,204	19,442
UIF	6	-
Bargaining council	84	83
Total	58,504	51,795
Total compensation of employees	554,437	504,577
Average number of employees	1,808	1,579

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

5. Goods and services

	Note	2011/12 R'000	2010/11 R'000
Administrative fees		133	127
Advertising		3,073	2,925
Assets less than R5,000	5.1	3,905	623
Bursaries (employees)		630	664
Catering		3,763	3,245
Communication		17,110	13,921
Computer services	5.2	1,821	2,841
Consultants, contractors and agency/outsourced services	5.3	19,315	55,931
Entertainment		337	231
Audit cost – external	5.4	4,581	4,058
Fleet services		3,039	2,246
Inventory	5.5	2,728	4,011
Operating leases		11,732	10,083
Property payments	5.6	7,776	3,403
Travel and subsistence	5.7	49,724	43,490
Venues and facilities		11,134	8,029
Training and staff development		2,050	2,301
Other operating expenditure	5.8	2,329	9,304
Total		145,180	167,433

5.1 Assets less than R5,000

	Note	2011/12 R'000	2010/11 R'000
Tangible assets	5		
Machinery and equipment		3,905	623
Total		3,905	623

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

5.2 Computer services

	<i>Note</i> <u>5</u>	2011/12 R'000	2010/11 R'000
SITA computer services		1,751	2,179
External computer service providers		70	662
Total		1,821	2,841

5.3 Consultants, contractors and agency/outsourced services

	<i>Note</i> <u>5</u>	2011/12 R'000	2010/11 R'000
Business and advisory services		13,176	40,712
Infrastructure and planning		34	2,542
Legal costs		5,148	5,708
Contractors		745	889
Agency and support/outsourced services		212	6,080
Total		19,315	55,931

5.4 Audit cost – External

	<i>Note</i> <u>5</u>	2011/12 R'000	2010/11 R'000
Regularity audits		4,581	4,058
Total		4,581	4,058

5.5 Inventory

	<i>Note</i> <u>5</u>	2011/12 R'000	2010/11 R'000
Other consumable materials		292	595
Materials and supplies		10	-
Stationery and printing		2,411	3,396
Medical supplies		15	7
Medicine		-	13
Total		2,728	4,011

5.6 Property payments

	<i>Note</i> <u>5</u>	2011/12 R'000	2010/11 R'000
Municipal services		5,687	1,888
Property maintenance and repairs		2,089	716
Other		-	799
Total		7,776	3,403

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

5.7 Travel and subsistence

	Note	2011/12	2010/11
Employee costs	<u>5</u>		
Domestic travel costs		49,724	43,490
Total		49,724	43,490

5.8 Other operating expenditure

	Note	2011/12	2010/11
	<u>5</u>	R'000	R'000
Professional bodies, membership and subscription fees		47	27
Resettlement costs		417	158
Other		1,865	9,119
Total		2,329	9,304

6. Interest and rent on land

	Note	2011/12	2010/11
		R'000	R'000
Interest paid		13	79
Total		13	79

7. Payments for financial assets

	Note	2011/12	2010/11
		R'000	R'000
Debts written off	7.1/7.2	517	412
Total		517	412

7.1 Debts written off

	Note	2011/12	2010/11
	7	R'000	R'000
Nature of debts written off			
Interest paid on Fleet Africa & Pension Fund		-	342
Staff debts written-off		338	70
Total		338	412

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

7.2 Detail of theft

	Note 7	2011/12 R'000	2010/11 R'000
Nature of theft			
Loss of Computer Equipment		179	-
Total		179	-

8. Transfers and subsidies

	Note	2011/12 R'000	2010/11 R'000
Provinces and municipalities	Annex 1; 31	7,685	77,297
Households	Annex 2	10,524	5,208
Gifts, donations and sponsorships made	Annex 3	50	745
Total		18,259	83,250

9. Expenditure for capital assets

	Note	2011/12 R'000	2010/11 R'000
Tangible assets			
Buildings and other fixed structures	30	12,259	8,873
Machinery and equipment	30	8,278	7,799
Total		20,537	16,672

9.1 Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	20,537		20,552
Buildings and other fixed structures	12,259	-	12,259
Machinery and equipment	8,278	-	8,278
Total	20,537	-	20,537

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

9.2 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	16,672		16,672
Buildings and other fixed structures	8,873	-	8,873
Machinery and equipment	7,799	-	7,799
Total	16,672	-	16,672

10. Unauthorised expenditure

10.1 Reconciliation of unauthorised expenditure

	Note	2011/12 R'000	2010/11 R'000
Opening balance		6,366	6,240
Unauthorised expenditure – discovered in current year	21	-	126
Unauthorised expenditure awaiting authorisation / written off		6,366	6,366

Analysis of awaiting authorisation per economic classification

Capital			
Current		6,172	6,172
Transfers and subsidies		194	194
Total		6,366	6,366

10.2 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2011/12 R'000	2010/11 R'000
Current	6,172	6,172
Transfers and subsidies	194	194
Total	6,366	6,366

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

10.3 Analysis of unauthorised expenditure awaiting authorisation per type

	2011/12 R'000	2010/11 R'000
Unauthorised expenditure relating to overspending of the vote or a main division within a vote	6,172	6,172
Unauthorised expenditure incurred not in accordance with the purpose of the vote or main division	194	194
Total	6,366	6,366

11. Fruitless and wasteful expenditure**11.1 Reconciliation of fruitless and wasteful expenditure**

	2011/12 R'000	2010/11 R'000
Opening balance	7,589	7,589
Fruitless and wasteful expenditure awaiting condonement	7,589	7,589
Analysis of awaiting condonement per economic classification		
Current	7,589	7,589
Total	7,589	7,589

12. Cash and cash equivalents

	2011/12 R'000	2010/11 R'000
Consolidated Paymaster General Account	995	2,001
Total	995	2,001

13. Prepayments and advances

	2011/12 R'000	2010/11 R'000
Advance on Travel and subsistence	12	-
Prepayment paid to other entities	5,403	-
Total	5,415	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

14. Receivables

	Note	2011/12			2010/11
		R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total
Claims recoverable	14.1 <i>Annex 4</i>	5,638	-	-	59,826
Recoverable expenditure	14.3	32	-	-	192
Staff debt	14.4	580	407	31	1,107
Other debtors	14.5	8	-	-	18
Total		6,258	407	31	61,143

14.1 Claims recoverable

	Note	2011/12	2010/11
		R'000	R'000
National departments	14	5,602	
Provincial departments		36	59,826
Total		5,638	59,826

14.2 Recoverable expenditure (disallowance accounts)

	Note	2011/12	2010/11
		R'000	R'000
Disall: Damage & Losses: Recover CA	14	15	192
SAL:UIF:CL		17	-
Total		32	192

14.3 Staff debt

	Note	2011/12	2010/11
		R'000	R'000
Debt Account	14	1,018	1,061
Salary Reversal Control		-	46
Total		1,018	1,107

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

14.4 Other debtors

	Note 14	2011/12 R'000	2010/11 R'000
Sal: Pension Fund		-	12
SAL: TAX DEBT		3	6
SAL: INCOME TAX		5	-
Total		8	18

15. Voted funds to be surrendered to the Revenue Fund

	Note	2011/12 R'000	2010/11 R'000
Opening balance		75,951	74,718
Transfer from statement of financial performance		22,747	47,086
Add: Unauthorised expenditure for current year	10	-	126
Voted funds not requested/not received	1.1	(1)	(40,716)
Paid during the year		(75,951)	(5,263)
Closing balance		22,746	75,951

2

16. Departmental revenue to be surrendered to the Revenue Fund

	2011/12 R'000	2010/11 R'000
Opening balance	42	212
Transfer from Statement of Financial Performance	1,654	747
Paid during the year	(1,648)	(917)
Closing balance	48	42

17. Payables – current

	Note	2011/12 Total	2010/11 Total
Amounts owing to other entities	<i>Annex 7</i>	4,237	1,096
Other payables	17.1	30	10
Total		4,267	1,106

17.1 Other payables

	Note 17	2011/12 R'000	2010/11 R'000
Description			
Debt Receivable Income: CA		5	-
Sal: ACB Recalls		25	10
Total		30	10

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

18. Net cash flow available from operating activities

	2011/12 R'000	2010/11 R'000
Net surplus/(deficit) as per Statement of Financial Performance	24,401	47,833
Add back non cash/cash movements not deemed operating activities	(4,870)	(29,653)
(Increase)/decrease in receivables – current	54,447	85
(Increase)/decrease in prepayments and advances	(5,415)	-
Increase/(decrease) in payables – current	3,161	486
Expenditure on capital assets	20,537	16,672
Surrenders to Revenue Fund	(77,599)	(6,180)
Voted funds not requested/not received	(1)	(40,716)
Net cash flow generated by operating activities	19,531	18,180

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

	2011/12 R'000	2010/11 R'000
Consolidated Paymaster General account	995	2,001
Total	995	2,001

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

20. Contingent liabilities and contingent assets

20.1 Contingent liabilities

		Note	2011/12 R'000	2010/11 R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 4	379	294
Claims against the department		Annex 5	979	19,848
Other departments (interdepartmental unconfirmed balances)		Annex 7	2	-
Total			1,360	20,142

21. Commitments

	2011/12 R'000	2010/11 R'000
Current expenditure		
Approved and contracted	3,173	21,658
Approved but not yet contracted		-
	3,173	21,658
Capital expenditure		
Approved and contracted	433	5,108
Approved but not yet contracted		-
	433	5,108
Total Commitments	3,606	26,766

22. Accruals

	2011/12 R'000			2010/11 R'000
Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	11,237	2,056	13,293	18,463
Transfers and subsidies	-	-	-	237
Capital assets	599	59	658	7,163
Other	2,466	-	2,466	861
Total	14,302	2,115	16,417	26,724

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	2011/12 R'000	2010/11 R'000
Listed by programme level		
Administration	7,516	8,721
Local Governance	3,284	4,472
Development & Planning	2,302	2,996
Traditional Institutional Management	1,483	10,535
House of Traditional Leaders	1,832	-
Total	16,417	26,724
	2011/12	2010/11
	R'000	R'000
Confirmed balances with other departments	4,237	1,096
Total	4,237	1,096

Note

Annex 7

23. Employee benefits

	2011/12 R'000	2010/11 R'000
Leave entitlement	23,413	21,239
Service bonus (Thirteenth cheque)	12,203	10,845
Capped leave commitments	43,955	43,061
Total	79,571	75,145

Included in the PERSAL report for leave entitlement are the amounts for negative leave credit as results of employees taking leave without enough leave credit. The negative leave credits amount to R73, 370.65 and have since been excluded on the figure disclosed as leave entitlement as they have an effect of reducing the leave liability amount.

24. Lease commitments**24.1 Operating leases expenditure**

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	6,764	6,764
Later than 1 year and not later than 5 years	-	-	-	23,486	23,486
Total lease commitments	-	-	-	30,250	30,250

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2010/11					
Not later than 1 year	-	-	-	3,058	3,058
Later than 1 year and not later than 5 years	-	-	-	4,954	4,954
Total lease commitments	-	-	-	8,012	8,012

24.2 Finance leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2011/12					
Not later than 1 year	-	-	-	2,455	2,455
Total present value of lease liabilities	-	-	-	2,455	2,455

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2010/11					
Not later than 1 year	-	-	-	1,703	1,703
Later than 1 year and not later than 5 years	-	-	-	250	250
Total lease commitments	-	-	-	1,953	1,953
LESS: finance costs					-
Total present value of lease liabilities	-	-	-	1,953	1,953

- During the year under review DLGTA have had the free use of 8 buildings from Public Works.
- The Department of Roads and Public Works paid an amount of R 3,029,110.91 for rental of building (leases) on behalf of Department of Local Government and Traditional Affairs.
- The department has entered into a lease agreement with the Department of Transport for the provision of 33 vehicles. In the current year the lease is being treated as operating lease and not a finance lease in terms of an exemption granted by National Treasury. The lease was entered into on the 14 February 2012.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

25. Irregular expenditure**25.1 Reconciliation of irregular expenditure**

	2011/12	2010/11
	R'000	R'000
Opening balance	47,364	40,938
Add: Irregular expenditure – relating to prior year	-	-
Add: Irregular expenditure – relating to current year	558	6,824
Less: Amounts condoned	(7,169)	(398)
Irregular expenditure awaiting condonation	40,753	47,364

Analysis of awaiting condonation per age classification

Current year	558	6,824
Prior years	40,195	40,540
Total	40,753	47,364

25.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2011/12
		R'000
(a) Payment made to Minah Soga for air travel services prior authorisation.	Under investigation	12
(b) Consulting services were Engaged without following The SCM processes.	Under investigation	490
(c) Contract incorrectly awarded To another service provider.	Under investigation	56
Total		558

Irregular Expenditure relating to prior year condoned:

An amount of R7, 169, 345.82 was condoned by the Executive Authority relating to the purchase of vehicles for Kings and Executive members of the House of Traditional Leaders and has since adjusted the balance of prior year Irregular expenditure.

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

26. Fruitless and wasteful expenditure• **Reconciliation of fruitless and wasteful expenditure**

	2011/12 R'000	2010/11 R'000
Opening balance	7,668	7,726
Fruitless and wasteful expenditure – relating to current year	36	79
Less: Amounts resolved	(39)	(137)
Fruitless and wasteful expenditure awaiting condonement	7,665	7,668

• **Analysis of awaiting condonation per economic classification**

	2011/12	2010/11
Current	7,665	7,668
Total	7,665	7,668

• **Analysis of Current year's fruitless and wasteful expenditure**

Incident	Disciplinary steps taken/criminal proceedings	2011/12 R'000
(a) Interest incurred by the payment of Telkom account for telephones.	The incident is still under investigation as it was reported to the accounting officer in terms of PFMA.	6
(b) This relates to interest paid to Ikamva Architects due to late payment of their account	This has also been reported to the accounting officer and is still under investigation	7
(c) This relates to the overpayment Of leave gratuity in respect of Chief Gayika		23
Total		36

27. Related party transactions

- *During the year under review DLGTA have had the free use of 8 numbers of buildings from Public Works.*
- *The Department of Local Government and Traditional Affairs is utilising a building which the custodian is Department of Roads and Public Works, and no maintenance and rental is paid by Local Government and Traditional Affairs as Roads and Public Works department is responsible for all repairs, maintenance and electricity.*
- *The department of Roads and Public Works paid an amount of R 3,029,110.91 for rental of building (leases) on behalf of Department of Local Government and Traditional Affairs.*

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

28. Key management personnel

	No. Of Individuals	2011/12 R'000	2010/11 R'000
Political office bearers (provide detail below)	1	1,582	1,537
Officials:			
Level 15 to 16	10	6,927	2,809
Level 14 (incl. CFO if at a lower level)	15	10,908	10,621
Total		19,417	14,967

29. Provisions

	2011/12 R'000	2010/11 R'000
Potential irrecoverable debts – Staff debtors	31	133
Total	31	133

- Debt written-off during 2011-12 financial year amounted to R517,432.82 (Staff debts R338 and R179 for assets)(rounded off to the nearest thousands)
- Theft and losses incurred during 2011-12 financial year amounted to R254,125.56

30. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Curr Year Adjust- ments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	32,075	(239)	8,278	-	40,114
Transport assets	6,842	-	497	-	7,339
Computer equipment	16,995	(239)	2,100	-	18,856
Furniture and office equipment	7,797	-	5,173	-	12,970
Other machinery and equipment	441	-	508	-	949
BIOLOGICAL ASSETS					
Biological assets	190	-	-	-	190
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	32,265	(239)	8,278	-	40,304

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

Additions**ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	8,278	-	-	-	8,278
Transport assets	497	-	-	-	497
Computer equipment	2,100	-	-	-	2,100
Furniture and office equipment	5,173	-	-	-	5,173
Other machinery and equipment	508	-	-	-	508
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	8,278	-	-	-	8,278

- *The department has entered into a lease agreement with the Department of Transport for the provision of 33 vehicles. In the current year the lease is being treated as operating lease and not a finance lease in terms of an exemption granted by National Treasury. The lease was entered into on the 14 February 2012.*

30.1 Movement for 2010/11**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	24,276	7,799	-	32,075
Transport assets	6,125	717	-	6,842
Computer equipment	10,700	6,295	-	16,995
Furniture and office equipment	7,061	736	-	7,797
Other machinery and equipment	390	51	-	441
BIOLOGICAL ASSETS	190	-	-	190
Biological assets	190	-	-	190
TOTAL MOVABLE TANGIBLE ASSETS	24,466	7,799	-	32,265

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

30.2 Minor assets

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Opening balance	4	-	6,467	69	6,540
Additions	-	-	3,905	-	3,905
TOTAL MINOR ASSETS	4	-	10,372	69	10,445

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	2,078	-	2,078
Number of minor assets at cost	-	-	12,488	-	12,488
TOTAL NUMBER OF MINOR ASSETS	-	-	14,566	-	14,566

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2011

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	4	-	162	89	255
Curr Year Adjustments to Prior Year balances	-	-	-	5,682	(20)	5,662
Additions	-	-	-	623	-	623
TOTAL MINOR ASSETS	-	4	-	6,467	69	6,540
	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	5	-	5
Number of minor assets at cost	-	-	-	7,424	-	7,424
TOTAL NUMBER OF MINOR ASSETS	-	-	-	7,429	-	7,429

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

30.3 Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	12,259		(12,259)	-	-
Dwellings	12,259		(12,259)	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	12,259		(12,259)	-	-

31. STATEMENT OF UNCONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER		SPENT			2010/11
	Amount	Roll Overs	Other Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Dept. of Transport – Vehicle Licenses	8	-	-	8	8	100%	-	-	-	-
	8	-	-	8	8	100%	-	-	-	-

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2012

32. STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department
	R'000	R'000	R'000		R'000	R'000	%
Alfred Nzo District Municipality	371	-	-	371	371	-	-
Amahlathi Local Municipality	67	-	-	67	67	-	-
Amatole District Municipality	40	-	-	40	40	-	-
Baviaans Local Municipality	30	-	-	30	30	-	-
Blue Crane Route Local Municipality	107	-	-	107	107	-	-
Cacadu District Municipality	1,055	-	-	1,055	1,055	-	-
Camdeboo Local Municipality	476	-	-	476	477	-	-
Chris Hani Municipality	1,322	-	-	1,322	1,322	-	-
Elundini Local Municipality	212	-	-	212	212	-	-
Emalahleni Local Municipality	67	-	-	67	67	-	-
Engcobo Local Municipality	184	-	-	184	184	-	-
Gariep Local Municipality	67	-	-	67	67	-	-
Joe Gqabi District Municipality	371	-	-	371	371	-	-
Inkwanca Local Municipality	67	-	-	67	67	-	-
Ikwezi Local Municipality	67	-	-	67	67	-	-
Intsika Yethu Local Municipality	187	-	-	187	187	-	-
Kouga Local Municipality	35	-	-	35	35	-	-
Kou-kama Local Municipality	102	-	-	102	102	-	-
Maletswai Local Municipality	112	-	-	112	112	-	-
Matatiele Local Municipality	346	-	-	346	346	-	-
Mbashe Local Municipality	184	-	-	184	184	-	-
Mbizana Local Municipality	67	-	-	67	67	-	-
Mhlontlo Local Municipality	184	-	-	184	184	-	-
Ndlambe Local Municipality	35	-	-	35	35	-	-
Nelson Mandela Metro	45	-	-	45	45	-	-
Nqushwa Local Municipality	488	-	-	488	488	-	-
Nkonkobe Local Municipality	67	-	-	67	67	-	-
Ntabankulu Local Municipality	67	-	-	67	67	-	-
Nxuba Local Municipality	67	-	-	67	67	-	-
O.R. Tambo District Municipality	425	-	-	425	425	-	-
Port St Johns Municipality	184	-	-	184	184	-	-
Qaukeni Local Municipality	95	-	-	95	95	-	-
Sakhisizwe Local Municipality	67	-	-	67	67	-	-
Senqu Local Municipality	202	-	-	202	202	-	-
Sunday's River Municipality	67	-	-	67	67	-	-
Tsolwana Local Municipality	107	-	-	107	107	-	-
Mnquma Local Municipality	40	-	-	40	40	-	-
Umzimvubu Local Municipality	40	-	-	40	-	-	-
	7,716	-	-	7,716	7,677	-	-

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

ANNEXURE 1
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2010/11 Division of Revenue Act R'000	
	Division of Revenue Act 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 %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Alfred Nzo District Municipality	371	-	-	371	371	-	-	-	-	-	460
Amahlathi Local Municipality	67	-	-	67	67	-	-	-	-	-	53
Amatole District Municipality	40	-	-	40	40	-	-	-	-	-	-
Baviaans Local Municipality	30	-	-	30	30	-	-	-	-	-	53
Blue Crane Route Local Municipality	107	-	-	107	107	-	-	-	-	-	53
Cacadu District Municipality	1055	-	-	1055	1055	-	-	1000	1000	-	1053
Camdeboo Local Municipality	476	-	-	476	477	-	-	340	340	-	350
Chris Hani Municipality	1322	-	-	1322	1322	-	-	646	646	-	1426
Elundini Local Municipality	212	-	-	212	212	-	-	11	11	-	110
Emalaheni Local Municipality	67	-	-	67	67	-	-	-	-	-	-
Engcobo Local Municipality	184	-	-	184	184	-	-	128	128	-	608
Gariep Local Municipality	67	-	-	67	67	-	-	-	-	-	53
Joe Gqabi District Municipality	371	-	-	371	371	-	-	-	-	-	53
Inkwanca Local Municipality	67	-	-	67	67	-	-	-	-	-	53
Ikwezi Local Municipality	67	-	-	67	67	-	-	-	-	-	-
Intsika Yethu Local Municipality	187	-	-	187	187	-	-	25	25	-	110
Kouga Local Municipality	35	-	-	35	35	-	-	-	-	-	-
Kou-kama Local Municipality	102	-	-	102	102	-	-	-	-	-	445
Matlswai Local Municipality	112	-	-	112	112	-	-	-	-	-	53
Matatiele Local Municipality	346	-	-	346	346	-	-	179	179	-	163
Mbashe Local Municipality	184	-	-	184	184	-	-	-	-	-	163
Mbizana Local Municipality	67	-	-	67	67	-	-	22	22	-	499
Mhlonlo Local Municipality	184	-	-	184	184	-	-	130	130	-	499
Ndlambe Local Municipality	35	-	-	35	35	-	-	-	-	-	53

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2010/11 Division of Revenue Act R'000	
	Division of Revenue Act 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 %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Nelson Mandela Metro	45	-	-	45	45	-	-	-	-	-	-
Nqushwa Local Municipality	488	-	-	488	488	-	-	200	200	-	460
Nkonkobe Local Municipality	67	-	-	67	67	-	-	-	-	-	499
Ntabankulu Local Municipality	67	-	-	67	67	-	-	17	17	-	53
Nxuba Local Municipality	67	-	-	67	67	-	-	-	-	-	53
O.R. Tambo District Municipality	425	-	-	425	425	-	-	26	26	-	510
Port St Johns Municipality	184	-	-	184	184	-	-	28	28	-	110
Qaukeni Local Municipality	95	-	-	95	95	-	-	-	-	-	446
Sakhisizwe Local Municipality	67	-	-	67	67	-	-	11	11	-	53
Senqu Local Municipality	202	-	-	202	202	-	-	-	-	-	100
Sunday's River Municipality	67	-	-	67	67	-	-	-	-	-	445
Tsolwana Local Municipality	107	-	-	107	107	-	-	-	-	-	53
Mnquma Local Municipality	40	-	-	40	40	-	-	-	-	-	-
Ukhahlamba Local Municipality	-	-	-	-	-	-	-	-	-	-	350
Umzimvubu Local Municipality	40	-	-	40	-	-	-	-	-	-	-
TOTAL	7,716	-	-	7,716	7,677	-	-	2,763	2,763	-	9,389

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 2
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

	TRANSFER ALLOCATION				EXPENDITURE		2010/11 R'000
	Adjusted Appropriation Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
HOUSEHOLDS							
Transfers							
Leave Gratuity					9,428		4,155
Retirement benefit					779		784
Injury on Duty					-		3
Sub-Total					10,207		4,942
Subsidies							
Bursaries					317		282
Sub-Total					317		282
Total					10,524		5,224

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 3
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2011/12		2010/11	
	R'000		R'000	
Paid in cash				
Amahlathi Local Municipality	-		30	
Amatole District Municipality	-		25	
Baviaans Local Municipality	50		25	
Blue Crane Local Municipality	-		25	
Buffalo City Local Municipality	-		40	
Cacadu District Municipality	-		40	
Camdeboo Local Municipality	-		90	
Engcobo Local Municipality	-		25	
Gariep Local Municipality	-		75	
Ikwezi Local Municipality	-		50	
Intsika Local Municipality	-		50	
Matatiela Local Municipality	-		40	
Mnquma Local Municipality	-		25	
Nelson Mandela Metro	-		95	
Nggushwa Local Municipality	-		25	
Nyandeni Local Municipality	-		30	
Port St. Johns Local Municipality	-		55	
TOTAL	50		745	

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 4
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	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
	Housing								
Standard Bank	Housing	-	84	76	-	-	160	-	-
Nedbank LTD	Housing	-	7	-	5	-	2	-	-
ABSA	Housing	-	185	47	103	-	129	-	-
FNB	Housing	-	18	70	-	-	88	-	-
	Subtotal	-	294	193	108	-	379	-	-
	TOTAL	-	294	193	108	-	379	-	-

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

**ANNEXURE 5
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2012**

Nature of Liability	Opening Balance 1 April 2011 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31 March 2012 R'000
Claims against the department					
Legal Fees (i) HROPT (86 applicants)	19,848	-	19,848	-	-
(ii) Khanya Consulting	-	888	-	-	888
(iii) Mawonga Mdzana	-	91	-	-	91
Subtotal	19,848	979	19,848	-	979
TOTAL	19,848	979	19,848	-	979

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 6
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Housing-From Conversion	-	59,826	-	-	-	59,826
National Treasury Pension Fund	5,602	-	-	-	5,602	-
Department of Education	-	-	27	13	27	13
Department of Justice	-	-	1	-	1	-
Office of the Premier	6	-	-	-	6	-
Department of Sport	24	-	-	-	24	-
Department of Public Works	-	-	15	-	15	-
Department of Safety	6	-	-	-	6	-
TOTAL	5,638	59,826	43	13	5,681	59,839

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 7
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Dept. of Sport, Recreation, Arts and Culture	-	-	2	-	2	-
Provincial Treasury	3,528	-	-	-	3,528	-
Department of Justice	684	1,093	-	-	684	1,093
South African Police Service	25	3	-	-	25	3
Subtotal	4,237	1,096	2	-	4,239	1,096
Total	4,237	1,096	2	-	4,239	1,096

UNAUDITED ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2012

**ANNEXURE 8
INVENTORY**

Inventory	Note	2011/12		2010/11	
		Quantity	R'000	Quantity	R'000
Opening balance		15,152	698	10,440	328
Add: Additions/Purchases – Cash		20,573	1,260	65,984	3,932
(Less): Issues		(24,002)	(1,450)	(61,272)	(3,562)
Closing balance		11,723	508	15,152	698



Long Service Awards



Youth Event at Bisho

SECTION D

HUMAN RESOURCE MANAGEMENT

4. HUMAN RESOURCE MANAGEMENT

Service delivery

The department is required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

TABLE 1.1 – Main services provided and standards

Main Services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Provide support to ensure sustainable, viable developmental Local Government	Municipalities, Communities,		1. Municipalities supported in Annual Financial Statements (AFS) preparation	13 Municipalities supported in AFS preparation
			2. The department will assist municipalities with the development of IDPs	45 municipalities supported on the development of IDPs. (assessed credible IDP's)
			3. Municipalities with Spatial Development Framework Plans (SDFs) aligned to the PSDP and PGDP	45 municipalities with Spatial Development Framework Plans (SDFs) aligned to the PSDP and PGDP
			4. Functional District Disaster Management Centres supported with operational costs	2 functional District Disaster Management Centres (Cacadu and Chris Hani District Municipalities) supported with operational costs.
			5. Community Works programme (CWP) job opportunities created by 2014	23 585 CWP job opportunities created during 2011/12 year.
To provide support to traditional leadership institutions	Traditional Institutions and communities		1. Traditional Leaders and support staff trained	360 Traditional Leaders and support staff trained
			2. Traditional councils supported on developmental issues.	25 Traditional councils supported on developmental issues.
			3. Poverty alleviation projects monitored and evaluated.	39 poverty alleviation projects monitored and evaluated.
			4 Traditional Leadership Council offices constructed and maintained	Four (4) Traditional Leadership Council offices constructed and maintained

TABLE 1.2 – Consultation arrangements with customers

Type of arrangement	Actual customers	Potential Customers	Actual Achievements
Imbizo & outreach programmes	Municipalities, Communities, Traditional Institutions	Municipalities, Communities, Traditional Institutions	Imbizo & outreach programmes conducted

TABLE 1.3 – Service delivery access strategy

Access Strategy	Actual Achievements
Website	Continuous updating of website
Circulars	Issuing of circulars
Media	Information sharing

TABLE 1.4 – Service Information tool

Types of information tool	Actual achievements
Policies	Developed and communicated
Plans & strategies	Developed and communicated

TABLE 1.5 – Complaints mechanisms

Complaints Mechanism	Actual Achievements
Grievance procedure	Procedure complied with

Expenditure

The Department budgeted in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

TABLE 2.1 – Personnel costs by programme, 2011/2012

Program	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)	Employment
Elg:administration	167634	94222	0	0	56.2	52	1812
Elg:development & planning	99398	70 510	0	0	70.9	39	1812
Elg:house of traditional leaders	24078	11933	0	0	49.6	7	1812
Elg:local governance	196428	164129	0	0	83.6	91	1812

Program	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)	Employment
Elg:traditional institute manage	252813	219247	0	0	86.7	121	1812
Z=Total as on Financial Systems (BAS)	740348	560040	0	0	75.6	309	1812

TABLE 2.2 – Personnel costs by salary bands, 2011/2012

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (levels 1-2)	1	0	0	580 753	0
Skilled (Levels 3-5)	17886	3.1	120 040	580 753	149
Highly skilled production (Levels 6-8)	227 668	39.2	179 691	580 753	1267
Highly skilled supervision (Levels 9-12)	123 675	21.3	425 000	580 753	291
Senior Management (Levels 13-16)	43 597	7.5	703 177	580 753	62
Contract (Levels 3-5)	233	0	116 500	580 753	2
Contract (Levels 6-8)	573	0.1	286 500	580 753	2
Contract (Levels 9-12)	9 535	1.6	595 938	580 753	16
Contract (Levels 13-16)	15 567	2.7	676 826	580 753	23
Abnormal Appointment	122 512	21.1	81 080	580 753	1511
TOTAL	561247	96.6	168898	580753	3323

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2011/2012

Program	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost per Programme (R'000)
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost	
House of traditional leaders	8289	71.3	0	0	368	3.2	633	5.4	11626
Prog four-traditional affairs	195266	87.3	156	0.1	2947	1.3	3746	1.7	223754
Prog one : administration	309	57.4	0	0	42	7.8	16	3	538
Prog one-corporate governance	69017	70.8	14	0	2301	2.4	3942	4	97487
Prog three-development & planning	83031	72.7	0	0	2352	2.1	3189	2.8	114243
Prog two-developmental local govt	94311	70.9	0	0	5025	3.8	9520	7.2	133106
Total	450223	77.5	170	0	13035	2.2	21046	3.6	580754

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2011/2012.

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost per Salary Band (R'000)
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical Assistance as a % of personnel costs	
Lower Skilled (Levels 1-12)	0	0	0	0	0	0	0	0	26
Skilled (Levels 3-5)	12539	68.7	0	0	1222	6.7	1238	6.8	18248
Highly Skilled production (Levels 6-8)	166699	72.5	148	0.1	8233	3.6	14811	6.4	229933
Highly Skilled supervision (Levels 9)	94326	70.9	22	0	2194	1.7	4183	3.1	132951

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost per Salary Band (R'000)
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical Assistance as a % of personnel costs	
- 12)									
Senior Management (Levels 13-16)	35413	75	0	0	1049	2.2	572	1.2	47244
Contract (Levels 3-5)	156	67	0	0	10	4.3	23	9.9	233
Contract (Levels 6-8)	462	80.1	0	0	0	0	20	3.5	577
Contract (Levels 9-12)	8080	76.1	0	0	111	1	135	1.3	10620
Contract (Levels 13-16)	14233	83	0	0	217	1.3	57	0.3	17142
Abnormal Appointment	118315	95.6	0	0	0	0	5	0	123778
TOTAL	450223	77.5	170	0	13036	2.2	21044	3.6	580752

Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Department have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2012

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Prog one-Corporate Governance.	431	321	25.5	10
Prog two & three-Developmental Local Govt	1281	888	30.7	23
Prog four - Traditional Affairs	1567	342	78.2	1
Prog five -House of Traditional Leaders	50	42	16	0
TOTAL	3329	1593	52.1	34

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2012

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled to the establishment
Lower skilled. Cleaners/Labourers/Drivers/Machine Operator (PL2-3)	824	133	83.9	27
Skilled production. Snr Admin Clerks & Equivalent Rank (PL 4-6)	1303	827	36.5	6
Highly skilled production.Admin Officers/Snr & Equivalent Rank (PL7/ 8)	628	256	59.2	1
Skilled supervision. Asst Managers & Equivalent Rank(Levels 9-10)	318	175	45	0
Highly skilled supervision. Managers & Equivalent Rank (Levels 11-12)	158	125	20.9	0
Senior Management Service. Level 13 - (Band A)	79	65	17.7	0
Senior Management Service Band. Level 14 - (Band B)	15	9	40	0
Senior Management Service Band. Level 15 - (Band C)	3	2	33.3	0
Senior Management Service Band. Level 16 - (Band D)	1	1	0	0
TOTAL	3329	1593	52.1	34

TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2012

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
ADMINISTRATIVE RELATED	395	239	60.51	1
APPRAISERS-VALUERS AND RELATED PROFESSIONALS	5	2	40.00	0
ARCHITECTS TOWN AND TRAFFIC PLANNERS	30	16	53.33	0
BUS AND HEAVY VEHICLE DRIVERS				0
CARTOGRAPHERS AND SURVEYORS	10	5	50.00	0
CLEANERS IN OFFICES WORKSHOPS HOSPITALS ETC.	26	18	69.23	27
ELECTRICAL AND ELECTRONICS ENGINEERING TECHNICIANS	15		0.00	0
ENGINEERING SCIENCES RELATED	24	10	41.67	0
ENGINEERS AND RELATED PROFESSIONALS	12	8	66.67	0
FARM HANDS AND LABOURERS	13	1	7.69	0
FINANCE AND ECONOMICS RELATED	1	1	100.00	0

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
FINANCIAL AND RELATED PROFESSIONALS	52	33	63.46	0
FINANCIAL CLERKS AND CREDIT CONTROLLERS	9	7	77.78	0
GENERAL LEGAL ADMINISTRATION & REL. PROFESSIONALS	3	3	100.00	0
HUMAN RESOURCES & ORGANISAT DEVELOPM & RELATE PROF	2	1	50.00	0
HUMAN RESOURCES CLERKS	19	18	94.74	0
HUMAN RESOURCES RELATED	43	28	65.12	0
LIBRARY MAIL AND RELATED CLERKS	9	6	66.67	0
LIGHT VEHICLE DRIVERS	32	14	43.75	0
MATERIAL-RECORDING AND TRANSPORT CLERKS	1	1	100.00	0
MESSENGERS PORTERS AND DELIVERERS	630	113	17.94	0
METEOROLOGISTS STATISTICAL & RELATED TECHNICIANS	4		0.00	0
MINING GEOLOGY & GEOPHYSICAL & RELATED TECHNICIANS	1	1	100.00	0
MOTOR VEHICLE DRIVERS	1	1	100.00	0
NATURAL SCIENCES RELATED	1	1	100.00	0
OTHER ADMINISTRAT & RELATED CLERKS AND ORGANISERS	30	18	60.00	6
OTHER ADMINISTRATIVE POLICY AND RELATED OFFICERS	511	140	27.40	0
OTHER OCCUPATIONS	71	44	61.97	0
SECRETARIES & OTHER KEYBOARD OPERATING CLERKS	1281	787	61.44	0
SENIOR MANAGEMENT SERVICES	98	77	78.57	0
Grand Total	3329	1593	47.85	34

Job evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

TABLE 4.1 – Job Evaluation, 1 April 2011 to 31 March 2012

Salary Band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled. Cleaners/Labourers/Drivers/Machine Operator (PL2-3)	824	0	0	0	0	0	0
Skilled production. Snr Admin Clerks & Equivalent Rank (PL 4-6)	1303	0	0	0	0	0	0
Highly skilled production. Admin Officers/Snr & Equivalent Rank (PL7/ 8)	628	0	0	0	0	0	0
Skilled supervision. Asst Managers & Equivalent Rank (Levels 9-10)	318	0	0	0	0	0	0
Highly skilled supervision. Managers & Equivalent Rank (Levels 11-12)	158	25	15.8	0	0	0	0
Senior Management Service. Level 13 - (Band A)	79	25	31.6	0	0	0	0
Senior Management Service Band. Level 14 - (Band B)	15	8	53.3	0	0	0	0
Senior Management Service Band. Level 15 - (Band C)	3	2	66.7	0	0	0	0
Senior Management Service Band. Level 16 - (Band D)	1	0	0	0	0	0	0
TOTAL	3329	60	1.8	0	0	0	0

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

TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2011 – 31 March 2012.

Beneficiaries	African	Asian	Coloured	White	Total
Female	NIL	NIL	NIL	NIL	NIL
Male	NIL	NIL	NIL	NIL	NIL
Total	NIL	NIL	NIL	NIL	NIL
Employees with a disability	NIL	NIL	NIL	NIL	NIL

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2011 to 31 March 2012 (in terms of PSR 1.V.C.3)

Occupation	Number of Employees	Job evaluation level	Remuneration Level	Reason for deviation
NIL	NIL	NIL	NIL	NIL
Total	NIL	NIL	NIL	NIL
Percentage of Total Employment	NIL	NIL	NIL	NIL

TABLE 4.4 Profile of employees whose salary level exceed the grade the grade determine by job evaluation, 1 April 2011 to 31 March 2012

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

Employment changes

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 3.3).

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2011 – 31 March 2012

Salary Band	Number of employees per band as on 1 April 2011	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Skilled (Levels 3-5), Permanent	168	2	19	11.3
Highly skilled production (Levels 6-8), Permanent	1038	80	36	3.5
Highly skilled supervision (Levels 9-12), Permanent	262	43	8	3.1
Senior Management Service Band A, Permanent	37	4	4	10.8
Senior Management Service Band B, Permanent	10	1	0	0
Senior Management Service Band D, Permanent	1	0	0	0

Salary Band	Number of employees per band as on 1 April 2011	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Contract (Levels 3-5), Permanent	1	1	0	0
Contract (Levels 6-8), Permanent	4	1	1	25
Contract (Levels 9-12), Permanent	49	5	34	69.4
Contract (Band A), Permanent	15	11	2	13.3
Contract (Band B), Permanent	0	0	0	0
Contract (Band D), Permanent	1	0	0	0
TOTAL	1586	148	104	6.6

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2011 – 31 March 2012

Occupation:	Number of employees per occupation as on 1 April 2011	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, Permanent	197	7	10	5.1
Agriculture related, Permanent	1	0	0	0
Appraisers-valuers and related professionals, Permanent	3	0	0	0
Architects town and traffic planners, Permanent	15	0	0	0
Bus and heavy vehicle drivers, Permanent	10	0	2	20
Cartographers and surveyors, Permanent	5	0	0	0
Cartographic surveying and related technicians, Permanent	1	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	7	4	18	257.1
Communication and information related, Permanent	1	0	0	0
Community development workers,	1	0	0	0

Occupation:	Number of employees per occupation as on 1 April 2011	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Permanent				
Economists, Permanent	1	0	0	0
Electrical and electronics engineering technicians, Permanent	1	0	0	0
Engineering sciences related, Permanent	8	0	0	0
Engineers and related professionals, Permanent	5	0	0	0
Finance and economics related, Permanent	5	0	0	0
Financial and related professionals, Permanent	60	12	0	0
Financial clerks and credit controllers, Permanent	9	2	3	33.3
Head of department/chief executive officer, Permanent	0	1	0	0
Human resources & organisat developm & relate prof, Permanent	6	0	0	0
Human resources clerks, Permanent	7	11	0	0
Human resources related, Permanent	50	5	0	0
Library mail and related clerks, Permanent	7	0	0	0
Logistical support personnel, Permanent	2	0	0	0
Messengers porters and deliverers, Permanent	142	0	0	0
Other administrat & related clerks and organisers, Permanent	326	6	22	6.7
Other administrative policy and related	121	15	8	6.6

Occupation:	Number of employees per occupation as on 1 April 2011	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
officers, Permanent				
Other occupations, Permanent	101	225	37	36.6
Risk management and security services, Permanent	1	0	0	0
Secretaries & other keyboard operating clerks, Permanent	447	4	0	0
Senior managers, Permanent	46	7	4	8.7
TOTAL	1586	299	104	6.6

Table 5.3 identifies the major reasons why staff left the department.

TABLE 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of Total Resignations	% of Total Employment	Total	Total Employment
Death, Permanent	23	22.5	1.5	102	1586
Resignation, Permanent	21	20.6	1.3	102	1586
Expiry of contract, Permanent	37	36.3	2.3	102	1586
Discharged due to ill health, Permanent	3	2.9	0.2	102	1586
Dismissal-misconduct, Permanent	2	2	0.1	102	1586
Retirement, Permanent	18	17.6	1.1	102	1586
TOTAL	104	102	6.6	102	1586
Resignations as % of Employment	6.4				

TABLE 5.4 – Granting of Employee initiated severance packages

Occupation	Employees as at 1 April 2011	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Lower Skilled (Salary Level 1-2)	0	0	0	0	0
Skilled (Salary Level 3-5)	0	0	0	0	0
Highly Skilled Production (Salary Level 6-8)	0	0	0	0	0

Occupation	Employees as at 1 April 2011	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Highly Skilled Production (Salary Level 9-12)	0	0	0	0	0
Senior Management (Salary Level 13 and higher)	0	0	0	0	0
Total	0	0	0	0	0

TABLE 5.5 – Promotions by critical occupation

Salary Band	Employees 1 April 2011	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band.
Administrative related	197	33	16.8	174	88.3
Agriculture related	1	0	0	0	0
Appraisers-valuers and related professionals	3	0	0	3	100
Architects town and traffic planners	15	0	0	8	53.3
Bus and heavy vehicle drivers	10	1	10	5	50
Cartographers and surveyors	5	0	0	8	160
Cartographic surveying and related technicians	1	0	0	1	100
Cleaners in offices workshops hospitals etc.	7	0	0	1	14.3
Communication and information related	1	1	100	0	0
Community development workers	1	0	0	0	0
Economists	1	0	0	0	0
Electrical and electronics engineering technicians	1	0	0	1	100
Engineering sciences related	8	0	0	8	100
Engineers and related professionals	5	0	0	1	20
Finance and economics related	5	2	40	5	100

Salary Band	Employees 1 April 2011	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band.
Financial and related professionals	60	6	10	41	68.3
Financial clerks and credit controllers	9	1	11.1	5	55.6
General legal administration & rel. professionals	0	1	0	0	0
Human resources & organisat developm & relate prof	6	0	0	6	100
Human resources clerks	7	2	28.6	2	28.6
Human resources related	50	6	12	9	18
Library mail and related clerks	7	1	14.3	6	85.7
Logistical support personnel	2	0	0	1	50
Messengers porters and deliverers	142	1	0.7	78	54.9
Other administrat & related clerks and organisers	326	2	0.6	200	61.3
Other administrative policy and related officers	121	10	8.3	58	47.9
Other occupations	101	2	2	57	56.4
Risk management and security services	1	0	0	1	100
Secretaries & other keyboard operating clerks	447	0	0	323	72.3
Senior managers	46	2	4.3	36	78.3
TOTAL	1586	71	4.5	1038	65.4

Table 5.6 Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2011)	Promotions to another Salary level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Skilled (Levels 3-5) Permanent	168	1	0.6	84	50
Highly skilled production (Levels 6- 8) Permanent	1038	25	2.4	654	63

Salary Band	Employment at Beginning of Period (April 2011)	Promotions to another Salary level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Highly skilled supervision (Levels 9-12) Permanent	262	33	12.6	224	85.5
Senior management (Levels 13-16) Permanent	48	9	18.8	71	147.9
Contract(Levels 3-5) Permanent	1	1	100	0	0
Contract(Levels6-8) Permanent	4	0	0	2	50
Contract(Levels9-12) Permanent	49	0	0	1	2
Contract(Levels13-16) Permanent	16	2	12.5	2	12.5
TOTAL	1586	71	4.5	1038	65.4

Employment equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

TABLE 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2012

Occupational Categories (SASCO)	Male					Female					Total
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
Legislators, senior officials	44	1	1	46	2	29	0	0	29	0	77
Professionals, Technicians and associate professionals	123	2	0	125	8	126	1	0	127	3	263
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	403	5	0	408	5	673	10	0	691	6	1102
Semi-skilled and discretionary decision making,	58	6	1	65	0	86	0	0	86	0	151

Occupational Categories (SASCO)	Male					Female					Total
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
Permanent											
TOTAL	628	14	2	644	15	914	11	0	933	9	1593

6.2- Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2012.

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
Top Management, Permanent	3	0	0	3	0	0	0	0	0	0	3
Senior Management, Permanent	41	1	1	43	2	29	0	0	29	0	74
Professionally qualified and experienced specialists and mid-management, Permanent	123	2	0	125	8	126	1	0	127	3	263
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	403	5	0	408	5	673	10	0	691	6	1102
Semi-skilled and discretionary decision making, Permanent	58	6	1	65	0	86	0	0	86	0	151
TOTAL	628	14	2	644	15	914	11	0	933	9	1593

6.3 – Recruitment for the period 1 April 2011 to 31 March 2012

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
Senior Management, Permanent	4	0	0	4	0	1	0	0	3	0	5
Professionally qualified and experienced specialists and mid-	2	0	0	2	0	0	0	0	0	0	2

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
management, Permanent											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	6	0	0	6	0	12	0	0	12	0	18
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Semi-skilled), Permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	12	0	0	12	0	13	0	0	13	0	25

6.4 – Promotions for the period 1 April 2011 to 31 March 2012

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
Top Management, Permanent	0	0	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	2	0	0	2	0	2	0	0	2	0	4
Professionally qualified and experienced specialists and mid-management, Permanent	4	0	0	4	0	4	0	0	4	0	8
Skilled technical and academically qualified workers,	2	0	0	2	0	2	0	0	2	0	4

Occupational Bands	Male				Female				Total		
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
junior management, supervisors, foremen, Permanent											
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Top Management), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Semi-skilled), Permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	8	0	0	8	0	8	0	0	8	0	16

6.5 Terminations for the period 1 April 2011 to 31 March 2012.

Occupational Bands	Male				Female				Total		
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
Senior Management, Permanent	2	0	0	2	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	1	0	1	0	0	1	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	6	0	0	6	0	4	0	0	4	0	10

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
Semi-skilled and discretionary decision making, Permanent	1	0	0	1	0	1	0	0	1	0	2
Contract (Senior Management), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	10	0	0	10	0	6	0	0	6	0	16

6.6 – Disciplinary action for the period 1 April 2011 – 31 March 2012.

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Verbal warning	1	0	0	0	0	0	0	0	1
Final written warning	5				1				6
Suspended without payment	3								3
Demotion	1	0	0	0	0	0	0	0	1
TOTAL	10	0	0	0	1	0	0	0	11

6.7 – Skills development for the period 1 April 2011 – 31 March 2012

Occupational Bands	Male					Female					Total
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	
Senior Management Services	66	0	0	66	0	185	0	0	185	0	251
Professionally qualified and experienced specialists and mid-management, Permanent	50	0	0	50	0	116	0	0	116	0	166

Occupational Bands	Male					Female					
	African	Coloured	Indian	Total Black	White	African	Coloured	Indian	Total Black	White	Total
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making, Permanent	83	0	0	83	0	251	0	0	251	0	334
Semi-skilled /elementary occupations	31	0	0	31	0	32	0	0	32	0	63
TOTAL	230	0	0	230	0	584	0	0	584	0	814

Performance rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (table 6.1), salary bands (table 6.2) and critical occupations (table 6.3).

TABLE 7.1 – Performance rewards by race, gender and disability, 1 April 2011-31 March 2012

Demographics	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African, Female	176	955	20.6	2 094	10 685
African, Male	72	807	9.5	1 141	14 813
Asian, Male	0	2	0	0	0
Coloured, Female	2	11	9.1	9	8 969
Coloured, Male	1	14	7.1	6	5 678
Total Blacks, Female	178	966	20.5	2 103	10 677
Total Blacks, Male	73	823	9.4	1 146	14 696
White, Female	3	9	44.4	80	19 915
White, Male	4	15	33.3	90	18 056
TOTAL	258	1813	15.7	3 420	12 040

TABLE 7.2 – Performance rewards by salary bands for personnel below Senior Management Service, 1 April 2011 – 31 March 2012.

Salary Bands	Beneficiary Profile		Cost		
	Number of beneficiaries	Number of employees	% of total within Salary bands	Total Cost (R'000)	Average cost per employee
Skilled (Levels 3-5)	45	148	30.4	204	4 533
Highly skilled production (Levels 6-8)	134	1270	10.6	1 110	8 284
Highly skilled supervision (Levels 9-12)	79	315	25.1	1 614	20 430
Contract (Levels 3-5)	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0
Abnormal Appointment	0	1185	0	0	0
TOTAL	258	2918	8.8	2928	11349

TABLE 7.3 – Performance rewards by critical occupations, 1 April 2011 – 31 March 2012.

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Cost (R'000)	Average cost per employee
Appraisers-valuers and related professionals	1	2	50	27	27 000
Architects town and traffic planners	0	16	0	0	0
Cleaners in offices workshops hospitals etc.	19	18	105.6	82	4 316
Engineering sciences related	3	10	30	42	14 000
Engineers and related professionals	0	13	0	0	0
Finance and economics related	2	1	200	46	23 000
Financial and related professionals	9	33	27.3	77	8 556
Financial clerks and credit controllers	8	8	100	62	7 750
General legal administration & rel. professionals	0	3	0	0	0
Human resources & organisat developm & relate prof	1	1	100	24	24 000

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Cost (R'000)	Average cost per employee
Human resources clerks	1	18	5.6	15	15 000
Human resources related	5	28	17.9	72	14 400
Library mail and related clerks	0	6	0	0	0
Light vehicle drivers	5	14	35.7	19	3 800
Logistical support personnel	1	1	100	10	10 000
Material-recording and transport clerks	1	1	100	10	10 000
Messengers porters and deliverers	19	114	16.7	93	4 895
Motor vehicle drivers	0	1	0	0	0
Other administrat & related clerks and organisers	23	257	8.9	230	10 000
Other administrative policy and related officers	15	140	10.7	177	11 800
Other occupations	14	44	31.8	157	11 214
Secretaries & other keyboard operating clerks	61	787	7.8	410	6 721
Senior managers	18	77	23.4	396	22 000
TOTAL	206	1593	12.9	1949	9461

TABLE 7.4 – Performance related rewards (cash bonus, by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure	Personell Cost SMS (R 000)
	Number of beneficiaries	Number of employees	% of total within band				
Band A (level13)	14	65	21.5	395	28 214	0.9	46 309
Band B (level14)	4	9	44.4	96	24 000	0.7	13 066
Band C (level15)	0	2	0	0	0	0	0
Band D (level16)	0	1	0	0	0	0	0
Total	18	77	23.4	491	27277.8	0.8	59 375

Foreign workers

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

TABLE 8.1 – Foreign Workers, 1 April 2011 – 31 March 2012, by salary band

Salary Band	Employment at Beginning Period	% of total	Employment at end of Period	% of total	Change in Employment	% of Total	Total employment at Beginning	Total employment at end	Total Change in employment
Highly skilled production (Levels 6-8)	0	0	0	0	0	0	0	0	0
Contract (Levels 9-12)	3	75	3	75	0	0	4	4	0
TOTAL	3	75	3	75	0	0	4	4	0

TABLE 8.2 – Foreign Workers, 1 April 2011 – 31 March 2012 by Major Occupation

Major Occupation	Employment at Beginning Period	% of total	Employment at end of Period	% of total	Change in Employment	% of Total	Total employment at Beginning	Total employment at end	Total Change in employment
Administrative office workers	0	0	0	0	0	0	0	0	0
Professionals and managers	3	75	3	75	0	0	4	4	0
TOTAL	3	75	3	75	0	0	4	4	0

Leave utilisation for the period 1 January 2011 to 31 December 2011

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2011 – 31 December 2011

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)	Total Number of Employees using sick leave	Total number of days with medical certification
Skilled (Levels 3-5)	491	96.9	56	8.2	9	144	679	476
Highly skilled production (Levels 6-8)	2647	90.9	351	51.7	8	1 595	679	2405
Highly skilled supervision (Levels 9-12)	1507	84.7	212	31.2	7	1 958	679	1277
Senior management (Levels 13-16)	263	86.7	34	5	8	706	679	228

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)	Total Number of Employees using sick leave	Total number of days with medical certification
Contract (Levels 9-12)	97	111.3	12	1.8	8	182	679	108
Contract (Levels 13-16)	120	99.2	16	2.4	8	341	679	119
TOTAL	5125	90	681	100.3	8	4926	679	4613

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2011 – 31 December 2011.

Salary band	Total days taken	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)	Total Number of Employees using sick leave	Total number of days with medical certification
Skilled (Levels 3-5)	3	100	1	10	3	1	3	10
Highly skilled production (Levels 6-8)	170	74.1	7	70	24	73	126	10
Highly skilled supervision (Levels 9-12)	19	100	2	20	10	23	19	10
Highly skilled supervision (Levels 13 - 16)	10	190	1	10	10	1	19	10
TOTAL	202	82.7	11	110	18	98	167	10

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 9.3 – Annual Leave, 1 January 2011 to 31 December 2011

Salary bands	Total days taken	Average per employee	Number of Employees who took
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	2156	17	127
Highly skilled production (Levels 6-8)	12834	16	816
Highly skilled supervision (Levels 9-12)	5611	21	267
Senior management (Levels 13-16)	1082	19	57
Contract (Levels 3-5)	5	5	1
Contract (Levels 6-8)	2	2	1
Contract (Levels 9-12)	152	15	10
Contract (Levels 13-16)	207	11	19
TOTAL	22049	17	1298

TABLE 9.4 – Capped Leave, 1 January 2011 to 31 December 2011

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2011	Number of Employees who took Capped leave	Total number of capped leave available at	Number of Employees as at 31 December 2011
Skilled (Levels 3-5)	23	12	70	2	4170	60
Highly skilled production (Levels 6-8)	59	6	103	10	22449	219
Highly skilled supervision (Levels 9-12)	41	6	116	7	17104	148
TOTAL	123	6	102	19	43723	427

TABLE 9.5 – Leave pay-outs for the period 1 April 2011 to 31 March 2012

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

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Capped leave pay-outs on termination of service for 2011/12	1 287	119	10815
Current leave pay-out on termination of service for 2011/12	286	48	5958
TOTAL	1573	167	9419

HIV and AIDS & health promotion programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

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

TABLE 10.2 – Details of Health promotion & HIV and 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		Mrs T.Ncume: General Manager - Corporate Services
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		Employee Wellness Unit
3. Has the department introduced an Employee Assistance or Health	Yes		Employee Wellness

Question	Yes	No	Details, if yes
Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.			Programme
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	
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		Integrated Employee Health & wellness Policy
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Awareness sessions & provision of condoms
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have you achieved.	Yes		See attachments
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion program? If so, list these measures/indicators.	Yes		Client satisfaction surveys

Labour Relations

The following collective agreements were entered into with trade unions within the department.

TABLE 11.1 – Collective agreements, 1 April 2011 to 31 March 2012.

Subject Matter	Date
Nil	Nil

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

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2011 to 31 March 2012.

Outcomes of disciplinary hearings	Number	% of total
Final written warning	2	50%
Suspended without pay	2	50%
Total	4	100%

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Absent from work without reason or permission	1	50
Disrespect/abusive or insolent behaviour	1	50
TOTAL	2	100

TABLE 11.4 – Grievances lodged for the period 1 April 2011 – 31 March 2012

	Number	% of total
Number of grievances resolved	5	100
Number of grievances not resolved		
Total number of grievances lodged	5	100

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2011 – 31 March 2012

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

TABLE 11.6 – Strike actions for the period 1 April 2011 to 31 March 2012

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

TABLE 11.7- Precautionary suspensions for the period 1 April 2011 to 31 March 2012

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

Skills development

This section highlights the efforts of the department with regards to skills development

12.1- Training needs identified 1 April 2011 to March 2012

Occupational Categories	Gender	Number of employees as at 1 April 2011	Training needs identified at start of reporting period			
			Learner ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	103	0	103
	Male	0	0	84	0	84
Professionals	Female	0	0	43	0	43
	Male	0	0	18	0	18

Occupational Categories	Gender	Number of employees as at 1 April 2011	Training needs identified at start of reporting period			
			Learner ships	Skills Programmes & other short courses	Other forms of training	Total
Technicians and associate professionals	Female	0	0	7	0	7
	Male	0	0	5	0	5
Clerks	Female	0	0	204	0	204
	Male	0	0	107	0	107
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related traders workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	39	0	39
	Male	0	0	11	0	11
Sub Total	Female	0	0	396	0	396
	Male	0	0	225	0	225
Total		0	0	621	0	621

12.2 – Training provided 1 April 2011 to 31 March 2012

Occupational Categories	Gender	Employment	Training provided within the reporting period			
			Learner ships	Skills Programs & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	167	18	185
	Male	0	0	58	8	66

Occupational Categories	Gender	Employment	Training provided within the reporting period			Total
			Learner ships	Skills Programs & other short courses	Other forms of training	
Legislators, senior officials and managers	Female	0	0	167	18	185
	Male	0	0	58	8	66
Professionals	Female	0	0	116	0	116
	Male	0	0	50	0	50
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	251	0	251
	Male	0	0	83	0	83
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	32	0	32
	Male	0	0	31	0	31
Sub Total	Female	0	0	566	18	584
	Male	0	0	222	8	230
Total		0	0	788	26	814

Injury on duty

The following tables provide basic information on injury on duty

TABLE 13.1 – Injury on duty, 1 April 2011 to 31 March 2012

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

Utilisation of consultants

TABLE 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
1. Appointment of a Service Provider for the development of Financial Policies, corresponding By-laws and Procedure Manuals. SCMU7-10/11-Q0059.	6	three(3) months	R394 776
2. Appointment of a Service Provider for training of Minute taking and Report writing skills. SCMU7-11/12-Q0015.	2	one(1) month	R135 090
3. Appointment of a Service Provider to facilitate services to the strategic review session of the Traditional Affairs Chief Directorate. SCMU7-11/12-Q0033.	2	two(2) days	R117 648
4. Appointment of a Service Provider to design and develop a computerized application of the Municipal Capacity Assessment Tool SCMU7-11/12-Q0013.	3	three(3) months	R450 756
5. Appointment of a Service Provider to develop a Provincial Disaster Management Plan. SCMU7-11/12-Q0050	1	The project was supposed to be four (4) months but the Service Provider passed away before the completion of the project and hence the termination of the contract. It means the project only lasted for two (2) months.	R460.000 Two payments totaling up to R320 000 during the lifetime of the Service Provider for service rendered (information can be brought forward if needed). The amount that remained was R140 000
6. Appointment of a Service Provider to complete supplementary valuation in Ntabankulu Local Municipality in terms	1	seven(7) months	R189 781

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
of Municipal Property Rates Acts/2004(MPRA). SCMU7-11/12-Q0018			
7. Appointment of a Service Provider to complete supplementary valuation in Mhlontlo Local Municipality in terms of Municipal Property Rates Act/2004(MPRA) SCMU7-11/12-Q0017	1	seven(7) months	R100 000
8. Appointment of a Service Provider to review municipal Spatial Development Framework at aMahlathi Local Municipality. SCMU7-11/12-Q0023	4	four(4)months	R291 954
9. Appointment of a Service Provider to develop a Spatial Development Framework at Blue Crane route. SCMU7-11/12-Q0022	7	four(4)months	R289 674
10. Appointment of a Service Provider to facilitate change management programme for Executive and Senior Management members. SCMU7-11/12-Q0060	3	two(2) days	R80 700
11. Appointment of a Service Provider to provide statistical data to be used for situational analysis and economic potential analysis for local and district municipality. SCMU7-11/12-Q0051	5	twelve(12) months	R137 940
12. Appointment of a Service Provider for training of finance and non-finance Managers. SCMU7-11/12- Q0031	5	one(1) month	R216 600
13. Appointment of a Service Provider for training of Personal Assistants SCMU7-11/12-Q0035	3	one(1)month	R328 320
14. Appointment of a Service Provider for Project Management training for Middle Managers and Supervisors. SCMU7-11/12-Q0030	2	one(1)month	R234 803
15. Appointment of a Service Provider to review Municipal Spatial Development Framework at Camdeboo Local Municipality. SCMU7-11/12Q0059	5	three(3) months	R176 671
16. Appointment of a Service Provider to review Municipal Spatial Development Framework at Koukama Local Municipality. SCMU7-11/12-Q0058	5	three(3)months	R212 467
17. Appointment of a Service Provider for basic computer training. SCMU7-11/12-Q0064	2	one (1)month	R204 800
18. Appointment of a Service Provider for advanced computer training.	2	one(1)month	R204 800

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
SCMU7-11/12-Q0065			
19. Appointment of a Service Provider to host and maintain Provincial Spatial Development Plan (PSDP). SCMU7-11/12-Q0048	3	twelve(12)months	R57 171
20. Appointment of a Service Provider to design and implement a customer satisfaction survey for forty five (45) municipalities in the Eastern Cape Province. SCMU7-11/12- Q0057	6	one(1)month	R493 866
21. Appointment of a Service Provider to offer Supply Chain Management Support programme to Buffalo City Municipality. SCMU7-11/12-Q0038	5	five(5)months	R435 024
22. Appointment of a Service Provider to supply furniture for five (5) Senior Managers and five (5) Personal Assistants. SCMU7-11/12-69	1	one(1)month	R483 517
23. Appointment of a Service Provider to supply office furniture for five (5) Senior Managers and five (5) personal assistants. SCMU7-11/12-Q0073	1	one(1)month	R369 985
24. Appointment of a Service Provider for Capacity Building of thirty (30) section 57 Managers in five (5) district municipalities on strategic leadership. SCMU7-11/12-Q0046	1	four(4) months	R418 200
25. Appointment of a Service Provider to provide training for thirty three (33) candidates from technical staff on storm water drainage from Joe Gqabi and Chris Hani District Municipalities. SCMU7-11/12 Q0083	4	twenty(20)days	R194 526
26. Appointment of a Service Provider to assist with facilitation of the strategic planning review session and the development of the strategic planning documents. SCMU7-11/12-Q0081	2	five(5) days	R138 719
27. Appointment of a Service Provider for the "I CAN MAXWELL" leadership development programme. SCMU7-11/12-Q0084	1	eight(8)months	R200 000
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
27	83	87months 20days	R6 877 787

TABLE 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
1. Appointment of a Service Provider for the development of Financial Policies, Corresponding by-laws and Procedure Manuals. SCMU7-10/11-Q0059	33.3%	33.3%	1
2. Appointment of a Service Provider to provide minute taking and report writing skills. SCMU7-11/12 Q0015	100%	100%	1
3. Appointment of a Service Provider to render facilitation services to strategic review session of Traditional Chief Directorate. SCMU7-11/12-Q0033	100%	100%	1
4. Appointment of a Service Provider to design and develop a computerized assessment tool. SCMU7-11/12-Q0013	66.6%	66.6%	3
5. Appointment of a Service Provider to develop a Provincial Disaster Management Policy Framework and Disaster Management Plan. SCMU7-11/12-Q0050	100%	100%	1
6. Appointment of a Service Provider to complete Supplementary Valuation at Ntabankulu Local Municipality in terms of the Municipal Property Rates Act/2004 (MPRA) SCMU7-11/12-Q0018	100%	100%	1
7. Appointment of a Service Provider to complete Supplementary Valuation in Mhlontlo Local Municipality in terms of the Municipal Property Rates Act/2004 (MPRA) SCMU7-11/12-Q0017	100%	100%	1
8. Appointment of a Service Provider to review Municipal Spatial Development Framework at aMahlathi Local Municipality. SCMU7-11/12Q-0023	0%	0%	0
9. Appointment of a Service Provider to review Municipal Spatial Development Framework at Blue Crane route. SCMU7-11/12-Q0022	0%	0%	0
10. Appointment of a Service Provider to facilitate Change Management Program for Executive and Senior Management members. SCMU7-11/12-Q0060	100%	100%	1
11. Appointment of a Service Provider to provide statistical data to be used for situational analysis and economic potential analysis of local and district municipalities. SCMU7-11/12-Q0051	0%	0%	0

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
12. Appointment of a Service Provider to provide training of finance and non- finance. SCMU7-11/12-Q0031	100%	100%	3
13. Appointment of a Service Provider for training of Personal Assistant. SCM7-11/12-Q0035	100%	100%	4
14. Appointment of a Service Provider for Project Management training of the Middle Managers and Supervisors. SCMU7-11/12-Q0030	26%	26%	2
15. Appointment of a Service Provider to review Municipal Spatial Development Framework at Camdeboo Municipality. SCMU7-11/12-Q0059	0%	0%	0
16. Appointment of Service Provider to review municipal Spatial Development Framework at Koukama Local Municipality. SCMU7-11/12-Q0058	0%	0%	0
17. Appointment of a Service Provider to provide Spatial Development Framework at Blue Crane. SCMU7-11/12-Q0022	0%	0%	1
18. Appointment of a Service Provider for basic computer training. SCMU7-11/12-Q0064	100%	100%	1
19. Appointment of a Service Provider for advanced computer training program. SCMU7-11/12-Q0065	100%	100%	1
20. Appointment of a Service Provider to host and maintain Spatial Development Plan (PSDP) website for Department of Local Government and Traditional Affairs. SCMU7-11/12-Q0048	0%	0%	1
21. Appointment of a Service Provider to design and implement a Customer Satisfaction Survey for forty five (45) municipalities in the Eastern Cape. SCMU7-11/12-Q0057	100%	100%	4
22. Appointment of a Service Provider to offer Supply Management Support program to Buffalo City Municipality. SCMU7-11/12-Q0038	33.3%	33.3%	2
23. Appointment of a Service Provider to supply furniture for five(5) Senior Managers and five (5) Personal Assistants. SCMU7-11/12-Q0069	0%	0%	0
24. Appointment of a Service Provider to provide office furniture for five (5) Senior Managers and (5) five Personal Assistants. SCMU7-11/12 Q0073	100%	100%	1
25. Appointment of a Service Provider to provide training of thirty three(33) candidates from technical staff on storm	100%	100%	4

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
water drainage from Joe Gqabi and Chris Hani District Municipalities. SCMU7-11/12Q0083			
26. Appointment of a Service Provider to assist with the facilitation of the Strategic Planning review session and development of Strategic Planning documents. SCMU7-11/12-Q0081	100%	100%	2
27. Appointment of a Service Provider for the "I CAN MAXWELL" leadership development program. SCMU7-11/12-Q0084	100%	100%	1

TABLE 14.3 – Report on consultant appointments using Donor Funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Nil	Nil	Nil	Nil
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
Nil	Nil	Nil	Nil

TABLE 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project.
Nil	Nil	Nil	Nil



Operation Clean Cities and Towns



**Preparations towards the
Elections of HOTL members**

SECTION E

OTHER INFORMATION

5.1. List of acronyms

5 YLGSA	Five Year Local Governments Strategic Agenda
ANDM	Alfred Nzo District Municipality
AFS	Annual Financial Statements
ASGI-SA	Accelerated & Shared Growth Initiative of South Africa
BBBEE	Broad Based Black Economic Empowerment
BRICS	Brazil, Russia, India, China, South Africa
CDW	Community Development Workers
CHDM	Chris Hani District Municipality
CIFCA	China International Friendship Cities Association
COIDA	Compensation for Occupational Injuries and Diseases Act
CPAFFC	Chinese People's Association for Friendship with Foreign Countries
DBSA	Development Bank of Southern Africa
DLGTA	Department of Local Government & Traditional Affairs
DM	District Municipality
DORA	Division of Revenue Act
DPW	Department of Public Works
EDMS	Electronic Document Management System
EPWP	Expanded Public Works Programme
EU	European Union
GAMAP	General Accepted Municipal Accounting Practices
GPSSBC	General Public Service Sectoral Bargaining Council
GRAP	General Recognized Accounting Practices
GTZ	German Technical Support
HO	Head Office
HRM	Human Resources Management
ICT	Information & Communication Technology
IDP	Integrated Development Plan
IEC	Independent Electoral Commission
IGR	Inter-Governmental Relations
ISRDP	Integrated Sustainable Rural Development Programme
IYA	Imbumba Yamakhosikazi Akomkhulu
IYM	In-Year Monitoring
JIPSA	Joint Initiative on Priority Skills Acquisition
LED	Local Economic Development

LG SETA	Local Government SETA
LM	Local Municipality
MDB	Municipal Demarcation Board
MER	Monitoring, Evaluation & Reporting
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MTEF	Medium Term Expenditure Framework
NMBM	Nelson Mandela Bay Municipality
NSDF	National Spatial Development Framework
OHS	Occupational Health and Safety
ORT DM	O R Tambo District Municipality
PCC	Presidential Coordinating Council
PEC	Provincial Executive Committee
PFMA	Public Finance Management Act
PCLG	Provincial Committees for Local Government
PGDP	Provincial Growth & Development Plan
PILLIR	Policy on Ill Health and Incapacity Retirements
PMDS	Performance Management & Development System
PMS	Performance Management System
PSCBC	Public Service Coordinating Bargaining Council
PSDP	Provincial Spatial Development Plan
RMU	Revenue Management Unit
SCMU	Supply Chain Management Unit
SDBIP	Service Delivery and Budget Implementation Plan
SHE	Safety Health Environment
UNDP	United Nations Development Programme
URP	Urban Renewal Programme
WSP	Water Services Provider

5.2. Additional information

The department has 46 approved policies that were registered in the official policy register as at 31st March 2012. The policies are listed per directorate/chief directorate, name of the policy and the description and purpose of the policy.

POLICY REGISTER DETAILS

CORPORATE SERVICES

No	Directorate / Chief Directorate	Name of the Policy	Description and Purpose of the Policy
1.	Corporate Secretariat	Guidelines for Policy Formulation, Development and Review	Provide guidance on how to develop departmental policies
2.	Corporate Secretariat	Action Item Follow Up Procedures	Provide guidance on how to track the decisions of strategic meetings of department
3.	Corporate Secretariat	Administrative Procedure: Procedure For Management And Coordination Of The Policy Process	Explaining roles and responsibilities of all officials involve in policy environment and how policies process should be managed and coordinated
4.	Human Resource Management	Acting Policy	To provide guidance on the acting of staff and consistent application of legislative guidelines.
5.	Human Resource Planning and Development	Bursary Policy	To provide guidelines on financial assistance to applicants (employees and external) who wish to acquire skills required by the department.
6.	Human Resource Planning and Development	Disability Strategy	To serve as a guide for employers and employees on promoting equal opportunities for People with Disabilities in order for the department to have 2% or more representation.
7.	Human Resource Planning and Development	Internship Policy	To give guidance on how to provide work experience to unemployed graduates.
8.	Human Resource Management	Leave Management Policy	To provide guidelines on leave to all employees of the department
9.	Human Resource Management	Overtime and Hours of Work Policy	To provide framework for the determination of working hours per week and daily hours.
10.	Human Resource Planning and Development	Performance Management and Development Policy	To regulate the implementation of principles and framework of Performance Management and Development System (PMDS) for improvement and measurement of departmental and individual performance.
11.	Organisational	Records Management Policy	To promote a systematic approach to

No	Directorate / Chief Directorate	Name of the Policy	Description and Purpose of the Policy
	Transformation		departmental records management in line with National Archives and Records Service of South Africa Act.
12.	Human Resource Management	Recruitment and Selection Policy	To give guidance on the recruitment of staff so as to comply with the provisions of Constitution, Employment Equity Act and other related legislation.
13.	Human Resource Management	Resettlement Policy	To define the roles of HRM pertaining to the resettlement process to be followed by all employees within the Public Service transferred or employed from one Municipality to another.
14.	Human Resource Planning and Development	Retention Strategy	To retain employees of a calibre with high potential and scarce skills to meet human capital needs.
15.	Labour Relations	Sexual Harassment Policy	To provide guidelines on how to handle sexual harassment related incidents.
16.	Human Resource Management	Special Leave Policy	To regulate an employee's absence from duty by means of granting special leave of absence.
17.	Labour Relations	Strike Management Policy	To promote best practices in giving effect to strike management
18.	Labour Relations	Suspension Policy	To provide guidance in the implementing suspension policy effectively and comply with the provisions of relevant legislation.
19.	Human Resource Planning and Development	Training Policy	To ensure access to training and development opportunities to employees of the department.
20.	Labour Relations	Abscondment Policy	To promote fairness in the application of Section 17(3) (a) (i) of the Public Service Act, 1994 and consistence in handling of abscondment cases in the department.
21.	Human Resource Management	Dress Code Policy	To maintain a high professional image of the departmental employees with an acceptable dress code
22.	Human Resource Management	Employee Wellness Policy	To provide guidelines for both employer and the employee on how to utilize the services offered by Employee Wellness Programme to enhance service delivery within the department.
23.	Human Resource Management	Exit Management Policy	To provide a harmonious termination of the employment relationship.
24.	Organisational Transformation	Job Evaluation Policy	To provide guidance to line managers on the evaluation of all posts within the departmental organisational structure to comply with provisions of the applicable

No	Directorate / Chief Directorate	Name of the Policy	Description and Purpose of the Policy
			legislations.
25.	Human Resource Management	Persal Management Policy	To provide the department with a policy to regulate and manage the usage of the Persal System.
26.	Human Resource Management	Smoking Policy	To establish a smoke-free environment for non-smoking employees, visitors and clients.
28.	Human Resource Management	Transfer Policy	To provide Procedures and processes to be followed when applying transfers and ensure that they are fair and transparent
SECURITY MANAGEMENT AND ANTI CORRUPTION			
30	Security Management & Anti-Corruption	Security Policy	To support national interest & the Department's strategic objectives by protecting employees, information & assets and assuring the continued delivery of services in South Africa

MUNICIPAL SUPPORT & MONITORING

No	Directorate / Chief Directorate	Name of Policy	Description and purpose of the Policy
31.	Municipal Support & Monitoring	Funds Transfer and Monitoring	A Policy which serve as a guide on the processes of procedures of transfer of grants / funds to municipalities: To provide processes to be followed when funds are transferred & to ensure that funds are used to intended purpose

FINANCIAL ACCOUNTING SERVICES

No	Directorate/Chief Directorate	Name of Policy	Description and Purpose of Policy
32.	Financial Accounting Services	Debt write – off Policy	To give guidance on writing off of debts with the Department
33.	Financial Accounting Services	Travel and Subsistence Policy	A guide to compensate officials for s&t claims
34.	Financial Accounting Services	Management of debts and Recovery Policy	To manage Departmental debts officially

SUPPLY CHAIN MANAGEMENT

No	Directorate/Chief Directorate	Name of Policy	Description and Purpose of Policy
35.	Supply Chain Management	Acquisition Management	Process of procurement of goods and services
36.	Supply Chain	Demand Management	This user's manual shall give effect to the

	Management		legislation through policy
37.	Supply Chain Management	Cellular Policy	To provide effective for management & utilization category A B
38.	Supply Chain Management	Compliance Management	To give effect to the legislation through policies and procedures

MUNICIPAL INFRASTRUCTURE SERVICES

No	Directorate/Chief Directorate	Name of Policy	Description and Purpose of Policy
39.	Municipal Infrastructure Services	MIG PMU Guidelines	Establishment of PMU Guidelines
40.	Municipal Infrastructure Services	MIG Policy Framework	Objective of Framework
41.	Municipal Infrastructure Services	MIG Processes and Procedures	Reflects the objective of MIG
42.	Municipal Infrastructure Services	MIG Unit Costs Guidelines	Costing guidelines
43.	Municipal Infrastructure Services	ISD Guidelines	How ISD functions
44.	Municipal Infrastructure Services	Roles and Responsibilities of Sector Departments, Provincial	Reflects the roles of the three spheres of government in infrastructure development
45.	Municipal Infrastructure Services	MIS Roles and Responsibilities	Role Clarification
46.	Municipal Infrastructure Services	Provincial Sector Support Task Team (TOR)	Promote integrated planning by sector departments

5.3. List of contact details

Office of the MEC

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MS N. MZAYIDUME
GM: Rapid Response
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MR C. GOLIATH
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MR Z. MKHABILE
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MS V. SONAMZI
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