



Province of the
EASTERN CAPE
LOCAL GOVERNMENT
& TRADITIONAL AFFAIRS



ANNUAL REPORT

2012-2013



Province of the
EASTERN CAPE
LOCAL GOVERNMENT
& TRADITIONAL AFFAIRS

**DEPARTMENT OF
LOCAL GOVERNMENT AND
TRADITIONAL AFFAIRS**

PROVINCE OF THE EASTERN CAPE

**ANNUAL REPORT
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VOTE 7



MEC's Foreword

The 2012/13 financial year signified the turning point in the transformative trajectory of local government and traditional leadership institutions. Armed with the results of the department's mid-term review, we unified in action to give impetus to the project of constructing an effective, efficient, accountable and responsive local government sphere.

The stabilization of local government took centre stage along with measures aimed at unlocking a service delivery tide across the length and breadth of the province. This Annual Report provides an account of leaps taken to achieve greater coordination of government investment at municipal level, making traditional leadership institutions vehicles of socio-economic transformation and gearing the organisation to more effectively fulfil its mandate.

2012/13 saw the department making inroads into improving the credibility and trust that our people have put in a democratic government and the capacity of our institutions to better service them. Notwithstanding the myriad of challenges that we face in the course of implementation of our programmes, the strategic compass that we have developed for the next financial year affords us an opportunity to do more to meet the aspirations of the citizens of this province.



MEC M. Qoboshiyane

A handwritten signature in black ink, appearing to read 'M. Qoboshiyane', written over a light blue horizontal line.

Honourable M. Qoboshiyane (MPL)
MEC for Local Government and Traditional Affairs
30 August 2013

I have the honour of submitting the Annual Report of the Department of Local Government and Traditional Affairs for the period 1 April 2012 to 31 March 2013.



Advocate S. Khanyile

Superintendent-General

Department of Local Government and Traditional Affairs

Date: 29 August 2013

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Province of the **EASTERN CAPE**

LOCAL GOVERNMENT
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MEC at Nangu Primary School in Alice where he handed over seven computers.



School Principal of Moses Mabhida in Kirkwood Mr Danster, SG Khanyile and Mayor of Kirkwood Mr Kebe during the handing over of laptops and water tanks to the management of the school.

SECTION A

GENERAL INFORMATION ON THE MINISTRY

1.1 DEPARTMENT GENERAL INFORMATION

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LIST OF ABBREVIATIONS/ACRONYMS

5 YLGSA	Five Year Local Government Strategic Agenda
ANDM	Alfred Nzo District Municipality
AFS	Annual Financial Statements
AG	Auditor General
APP	Annual Performance Plan
ASGI-SA	Accelerated and Shared Growth Initiative of South Africa
BBBEE	Broad Based Black Economic Empowerment
CDW	Community Development Workers
CHDM	Chris Hani District Municipality
COIDA	Compensation for Occupational Injuries and Diseases Act
DBSA	Development Bank of Southern Africa
DIMAFO	District Mayoral Forums
DLGTA	Department of Local Government and 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
FBS	Free Basic Services
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
IEW	Integrated Employee Wellness
IGR	Inter-Governmental Relations
ISD	Institutional Social Development
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
LGCS	Local Government Communication System
LGTAS	Local Government Turn Around Strategy
LG SETA	Local Government Sector Education Training Authority
LM	Local Municipality
MDB	Municipal Demarcation Board
MER	Monitoring, Evaluation & Reporting
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant

MPRA	Municipal Property Rates Act
MTEF	Medium Term Expenditure Framework
NMBM	Nelson Mandela Bay Municipality
NSDF	National Spatial Development Framework
OCA	Operation Clean Audit
OHS	Occupational Health and Safety
ORT DM	O R Tambo District Municipality
PAC	Public Accounts Committees
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
SALGA	South African Local Government Association
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

1.2 STRATEGIC OVERVIEW

1.3.1 Vision

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

1.3.2 Mission

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

1.3.3 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 services 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

1.3. Strategic outcome orientated goals

Key Priorities for the Department

The strategic outcome orientated goals for the current term are listed hereunder. They are 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; and
- Priority 5: Improving the developmental capacity of the institution of Traditional Leadership.

Strategic Goals

- 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

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

The Outcomes Based Approach – Outcome 9

The department responds to the seven (7) outputs in Outcome 9 which are listed below:

- Implement a differentiated approach to municipal financing planning and support
- Improve access to basic services
- Implement the Community Works Programme and cooperatives support
- Undertake actions in support of Human Settlements
- Deepen democracy through a refined Ward Committee model
- Improve municipal financial and administrative capability
- Single window of Coordination

In alignment to these seven outputs, the department came up with four focal areas to achieve the outputs namely;

- Good governance
- Basic Service Delivery and Infrastructure
- Co-ordination and Integration
- Traditional Affairs

The table below illustrates the thread running through the Outputs in Outcome 9, departmental Focal Areas and the Programmes responding to those.

Priorities	Outcome 9: Output number	Focal area no.	Programmes
Priority 1: Strengthening leadership, accountability and clean local government	Outputs 1, 5, & 6	1. Good Governance	Programmes 1, 2, & 3
Priority 2: Strengthening co-operative governance and development planning in a democratic development state	Outputs 4 & 7	3. Basic Service Delivery	Programmes 1, 2, & 3
Priority 3: Accelerating service delivery to support the poor and vulnerable	Output 2	2. Co-ordination & Integration	Programmes 2 & 3
Priority 4: Supporting local economic development and rural development to create decent work and sustainable livelihoods	Output 3	3. Basic Service Delivery	Programmes 3 & 4
Priority 5: Improving the developmental capacity of the Institution of Traditional Leadership	Output 7	4. Traditional Affairs	Programmes 2, 4, & 5

1.4 LEGISLATIVE MANDATES

1.4.1 Local Government Legislative and other Mandates

Programme	Legislation	Description
Local Governance	Constitution of South Africa, 1996 (Sections 154 and 155 (5, 6 and 7)	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 functions.
	Local Government: Transition Act, 1993	Provides for the revised interim measures with a view to promoting the re-structuring of Local Government. It also provides 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, 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.
	Local Government: Municipal Systems Act, 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, Act 1 of 2003 as amended	Provides for the governance of municipal financing, minimising the opportunity for undue political influence.
	Local Government: Municipal Property Rates Act, Act 6 of 2004	Provides for the compilation of Municipal Valuation Rolls and the development of rates policies.
	Local Government: Municipal Demarcation Act, 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, Act 57 of 2002	Provides for an integrated and co-ordinated Disaster Management Policy.

1.4. 2 Traditional Affairs Legislative and other Mandates

Programme	Legislation	Description
Traditional Affairs	Constitution of South Africa, 1996 Sections 211 and 212	Provides for the recognition and roles of traditional leaders
	House of Traditional Leaders Act, Act 1 of 1995	Provides for the establishment of the House of Traditional Leaders
	Traditional Leadership and Governance Framework Act, Act 41 of 2003 c	Provides for the functions and roles of traditional leaders
	Provincial Traditional Leadership and Governance Act, Act 4 of 2005	Provides for the establishment of the Provincial House of Traditional Leaders

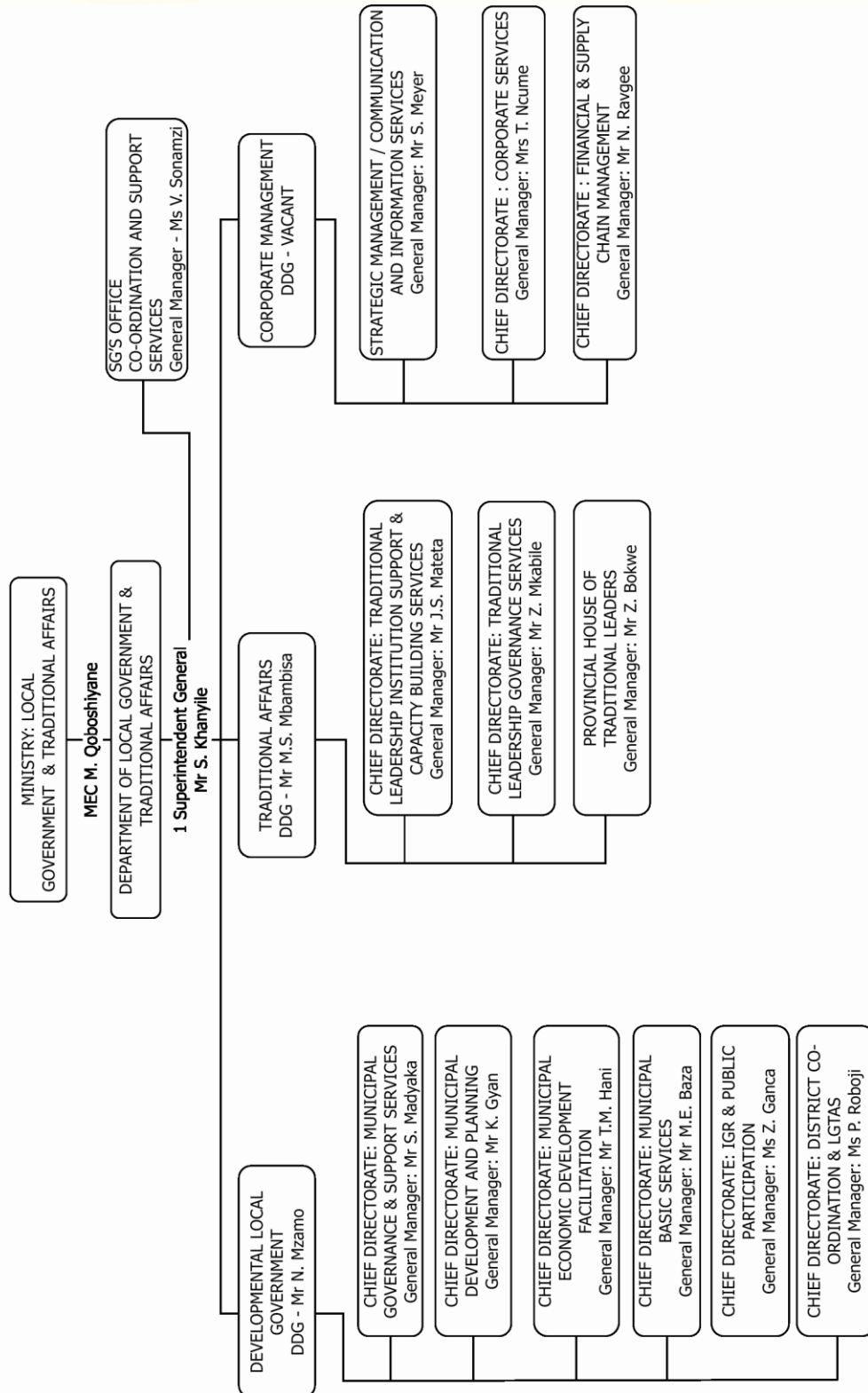
1.4.3 The following are other legislative and policy mandates that guide the Department of Local Government and Traditional Affairs in the implementation of its mandate:

- Basic Conditions of Employment Act, Act 75 of 1997 (as amended)
- Broad Based Black Economic Empowerment Act, Act 53 of 2003
- Control of Access to Public Premises Act, Act 53 of 1985
- Development Facilitation Act, Act 67 of 1995 (DFA)
- 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, Act 55 of 1998
- Fire Brigade Services Amendment Act, Act 14 of 2000
- Free Basic Energy Policy
- Free Basic Water Policy
- 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, Act 13 of 2005
- Labour Relations Act No. 127 of 1998 and all related labour legislation and policies
- Land Survey Act Act 8 of 1997
- Land Use Planning Ordinance 15 of 1985
- Less Formal Township Establishment Act 113 of 1991
- 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
- Occupational Health and Safety Act, Act 85 of 1993
- Operational Guide for Nodal Urban Recourse Practitioners
- Policy Guidelines for Implementing Local Economic Development in South Africa, 18 September 2006
- Preferential Procurement Policy Framework Act, Act 5 of 2000
- Promotion of Access to Information Act Act 2 of 2000
- Promotion of Administrative Justice Act Act 3 of 2000
- Promotion of Equality and Prevention of Unfair Discrimination Act Act 4 of 2000
- Provincial Growth and Development Plan, 08 August 2003
- Provincial Spatial Development Plan 2004-2014
- Public Finance Management Act, Act 1 of 1999
- Public Service Act 46, 1994 as amended
- Re-determination of the Boundaries of Cross-Boundary Municipalities Act No. 6 of 2005
- Skills Development Act, Act 97 of 1998
- State Information Technology Agency Act, Act 88 of 1998
- Strategic Framework for Water Services

- Townships Ordinance 33 of 1934
- Transfer of staff to Municipalities Act, Act 17 of 1998
- Urban Renewable Implementation Framework, 2006
- Urban Renewal Implementation Framework, 2006
- Municipal Act of 1985 (Ciskei)
- Municipal Act of 1979 (Transkei)
- Township Ordinance 33 of 1934
- Land Use Planning Ordinance 15 of 1985
- Municipal Ordinance 20 of 1974
- 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, Act 84 of 1967

1.5 Organisational Structure

ORGANISATION & ESTABLISHMENT



1.6 Boards/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 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 title restrictions for the former Ciskei area

1.7 MEC's STATEMENT

Our Department continued to make an intelligible mark in the Province's march towards extending basic services and strengthening democratic institutions in the realm of Local Government and Traditional Affairs.

The practical translation of the intent to unify all sectors of society behind the programme of creating better communities produced the commendable results that are outlined in this report. The unity of purpose and cohesive action was rooted on the Delivery Agreements for Outcome 9 which were signed in the 2011/12 financial year between our department and municipalities. To this end, we affirm our commitment to these partnership agreements that form some of the mechanisms to deliver to the 12 Development Outcomes of the state. As we journey through the second municipal financial year, we built on the foundation laid through the Councillor induction workshops by training Municipal Public Account Committees in 44 municipalities. The training programme which was aimed at improving the efficacy of Municipal Public Account Committees, was co-hosted with the National Department of Co-operative Governance. On the same pedestal of training, a total number of 14 Section 56 Managers benefitted from the technical training with at least 40 municipal officials having undergone training.



MEC M. Qoboshiyane

Enhancing the capacity of the political and administrative arms of municipalities is crucial in the broader picture of improving governance and making local government work.

Primarily, significant in the ambit of local government is clean governance and the attainment of clean audits in the department and in municipalities. In the year under review, we have thrown our weight behind the attainment of an unqualified audit opinion in the department. In municipalities however, there has been notable progressions and regressions. Working together with Provincial Treasury and the Office of the Premier, we will solidify our intent to clean audits for better service delivery.

On the delivery of Free Basic Services, the department has supported municipalities to review their indigent registers to ensure that these services are delivered to worthy beneficiaries.

The mainstreaming of hands-on support to municipalities for the provision of free basic water, energy and sanitation will proceed without fail in the next financial year as part of our daily onslaught on poverty.

The participation of the people in the planning, implementation and reporting of service delivery initiatives remains central to our efforts. It is for this reason that we endeavoured to hold more community engagements than scheduled. The municipal public participation and accountability drives will be stepped up as we move to the end of this electoral cycle.

We appreciate the support of the Portfolio Committee, the Premier and her Provincial Cabinet, the House of Traditional Leaders, Audit Committee, CONTRALESA, SALGA, DLGTA staff and other strategic partners in our long walk to create better communities.

Finally, it is my honour and privilege to present our Annual Report for the 2012/2013 Financial Year.

Honourable M Qoboshiyane (MPL)

MEC for Local Government and Traditional Affairs

Date: 30 August 2013

1.8 Overview of the Accounting Officer

It is with a great sense of pride that we close another financial year that has had landmark victories on the path to implement our onerous mandate of making local government a delivery machine of the state with the role of traditional leadership institutions being entrenched in our constitutional democracy.

The work of the department cuts across all national government priorities including but not limited to, the creation of decent work and sustainable livelihoods, Health, Education, Crime, Human Settlements and Rural Development. The aforementioned apex priorities are the department's torch as we support municipalities to facilitate service delivery in the areas of their jurisdiction. Working collectively with our strategic partners, we registered milestones towards the achievement of the seven outputs in Outcome 9 which are premised on the Local Government Turn-Around Strategy.



Advocate S. Khanyile

The latter strategy directs us to promote municipal financial viability and build solid economic bases in municipalities. On revenue enhancement, we supported three local municipalities namely, Inkwanca, Blue Crane Route and Ikwezi with a Computerised Valuation System. This initiative assisted these municipalities to improve their Valuation Rolls.

In propelling forward the agenda of clean audits in municipalities, we established a formal working relationship with the department of Provincial Planning and Treasury (PPT). Working together, we resuscitated the Memorandum of Understanding (MoU) that sought to formalise and guide the working relationship between the two Departments. We also actively participated in the Auditor-General's door-to-door campaign whose basis was to identify challenges in municipalities and promote the achievement of Clean Audits by 2014.

The arena of Municipal administration services also received a boost with seven municipalities having been supported to develop their archive systems. Records keeping and archival systems continue to pose a risk to the clean audits of municipalities and this support will contribute to the overarching departmental priority of clean audits in municipalities. As part of the ongoing support to improve legislative compliance, in particular the Municipal Structures Act, a total of twelve (12) municipalities were assisted to amend their Section 12 Notices.

The alignment of a municipal organograms to the Integrated Development Plans (IDPs) paves the way for institutionalization of such plans. To this end, we have supported ten (10) municipalities to align their organograms with their IDPs. Furthermore, the department introduced a paradigm shift emphasizing Ward Based Planning as a pillar to the development of IDPs. This planning approach constitutes a movement away from top-down approach to municipal planning and thus bodes well for placing the people at the centre of the municipal plans.

The Local Government support further yielded some dividends with the set targets for accessing basic services being exceeded. This is demonstrated through programs such as Community Work Programme (CWP) where job opportunities increased from the annual target of 35 000 to 40 926. The target on indigent households accessing Free Basic Services (FBS) also reflected a positive variance with the target being exceeded by 44 646. A 55% positive deviation was recorded in the target of households with access to a basic level of refuse removal. 1 275 204 households had access to decent sanitation at year end from a target of 1 242 508. The record of these results gives us the confidence to progress with the plans to keep poverty at bay.

The Section 154 support was rendered through the deployment of Executive Management in the levels of Municipal Manager, Chief Operations Officer, Chief Financial Officer, Corporate Services and Supply Chain Management in the municipalities.

The positive developments outlined above demand robust and vigorous oversight structures in municipalities so that this momentum is sustained and even taken to a higher level. In this regard, the department has invested in the capacity of Public Accounts Committees (PAC) to make them effective agents of performance monitoring and oversight in municipalities. Equally important is the dire need to create a culture of accountability and a degree of responsiveness to the people who deserve a return on their vote. This was done through enhancing the public participation machinery of the state and following up on municipal responses to the Presidential Hotline enquiries.

In order to enhance the effectiveness of our eyes and ears on the ground, Smart Pens were procured for the Community Development Workers (CDW).

The Vuna Awards present the highest accolade that can be bestowed on a municipality that has excelled in the one or more of the key performance areas of local government. This concept of Awards was born in the Province and we pride ourselves for hosting a successful awards ceremony in this financial year. The ethos of Municipal Performance Excellence was also encouraged in categories such as Institutional Performance, Revenue Enhancement and Service Delivery Improvement. We also introduced a new category for best District and Metro Municipality in the implementation of Local Government Communication System (LGCS).

In furtherance of performance excellence within local government, we have expanded our partnership to include the business sector, higher education institutions and municipalities under the banner of the "BUSINESS ADOPT A MUNICIPALITY" programme. In this regard, key partnerships were formed between the Nelson Mandela Municipality and South African Breweries, Buffalo City Metropolitan Municipality and Mercedes Benz SA and finally Nkonkobe Local Municipality with the University of Fort Hare.

The MuniMEC platform which seeks to promote co-ordinated and integrated service delivery was hailed by the Cooperative Governance Department as the best practice countrywide which should be emulated by other Provinces. Some of the key resolutions of this forum in the year under review ranged from turning around the poor audit outcomes, disaster management, implementation of performance management systems, spending on infrastructure grant funds and intergovernmental relations. The role of political leadership in driving change in municipalities permeated all structures together with the promotion of clean governance at all levels.

The King Sabata Dalindyebo Presidential Initiative (KSD PI) is a living example of co-operative governance in action as the Single Window of Co-ordination with the Superintendent-General Chairing the meetings of the Provincial Working Group of this project.

In extending intergovernmental co-operation, the department sustained its co-ordination platforms such as Provincial Municipal Infrastructure Forum, Free Basic Services, Disaster Management and the Fire Management Forum. These forums will assist to unravel challenges to service delivery in the operational arena and sponsor collective solutions to such challenges.

In the future, we will be strengthening our resolve to harness intergovernmental relations for accelerated service delivery as we move towards the closure of the current term of government.

On Traditional leadership transformation, our endeavours bore fruit this year with 438 traditional leaders and Imbumba Yamakhosikazi Akomkhulu (IYA) members being trained through partnerships forged with Human Settlements, Department of Water Affairs (DWA) as well the Tsolo Agricultural and Rural Development Institute. Traditional leaders were trained on Marine Resourcing, Beef, Maize, Jam and Chutney, Leadership Development, Project Management, Water Affairs and finally Human Settlements.

The Department engaged municipalities to advance working relations on the Initiation Monitoring and Intervention Program (IMIS). This is an old-age custom which the House of Traditional Leaders wants to preserve and protect for those who want to selfishly enrich themselves at the expense of the precious lives of the boys.

Provision of requisite immovable assets was however not without challenges. The wheel of approval for traditional affairs infrastructure did not move at the desired pace thereby impacting negatively on the ability of the department to meet its plans for the construction of traditional councils. This is an area that the department will be focussing on in the next financial year and finding ways the Department of Roads and Public Works.

Indeed, working together with our employees, municipalities and key stakeholders we can do more to create better communities.



Adv. S. Khanyile

Superintendent-General

Date: 29 August 2013



Province of the **EASTERN CAPE**

LOCAL GOVERNMENT
& TRADITIONAL AFFAIRS



From left is Executive Mayor of KSD Ms Ngqongwa, MEC visiting one of the KSD Presidential Intervention Projects in Mthatha.

From left MEC, Minister for Co-operative Government and Traditional Affairs, Mr Baloyi and the Speaker of the EC Legislature, Mr Xasa at the Munimec meeting.



Local Government Communications Forum meeting held in East London.

SECTION B

PROGRAMME PERFORMANCE

2.1 Accounting Officer's Statement of Responsibility for Performance Information for the year ended 31 March 2013

The Accounting Officer is responsible for the preparation of the department's performance information and for the judgements made in this information.

The Accounting Officer is responsible for establishing, and implementing a system of internal control designed to provide reasonable assurance as the integrity and reliability of performance information.

In my opinion, the performance information of the department for the financial year ended 31 March 2013 is fairly reflected in this report.



Advocate S. Khanyile
Department of Local Government and Traditional Affairs
Date: 29 August 2013

2.2 Auditor General's Report: Predetermined Objectives

The AGSA performed the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the report.

Predetermined objectives

1. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 36 to 77 of the annual report.
2. 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's 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*.
3. 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).
4. The material findings are as follows:

Reliability of information

5. The National Treasury *Framework for managing programme performance information* (FMPPI) requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.
6. Significant targets with respect to programme 2: Local governance and programme 4: Traditional affairs are materially misstated.
7. Furthermore, the reported performance information as a whole for programme 2: Local governance is materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the targets that were selected for testing. This is due to a lack of review by the Monitoring and Evaluation Unit of the validity, accuracy and completeness of the reported achievements against the source documentation.

Compliance with laws and regulations

8. I performed procedures to obtain evidence that the entity had 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

9. 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 PFMA.

2.3 Overview of Departmental Performance

2.3.1 Service delivery environment

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. 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 scope for improvement and better understand the issues involved.

The performance information reported in the annual report enables parliament, the provincial legislature and the 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 budget documents. The programme performance clearly reports on the department's performance against service delivery objectives and targets as identified in the Strategic Plans, Annual Performance Plans and budget documents.

2.3.2 Service Delivery Improvement Plan

The following tables reflect the components of the SDIP as well as progress made in the implementation of the plans

2.3.2.1 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	Municipalities, Communities	Facilitate and assist municipalities to obtain unqualified audit opinions.	9 Municipalities with unqualified audit opinions.
			Municipalities supported with preparation of Annual Financial Statements (AFS).	13 Municipalities supported with the preparation of AFS.
			The department will assist municipalities with the development of IDPs.	45 Municipalities with IDP's in accordance with developmental outcomes.
			Support all municipalities to	15 Municipalities supported to conduct

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
			conduct customer satisfaction surveys.	customer satisfaction survey.
			Support and monitor municipalities on Municipal Infrastructure Grant (MIG) spending performance.	43 Municipalities supported and monitored on the implementation of grant funding (MSIG).
			Facilitate the provision of Free Basic Services in all Municipalities.	45 Municipalities that have updated indigent registers for the provision of free basic services.
				574 685 Indigent households with access to free basic water.
				517 508 Indigent households with access to free basic sanitation.
				271 068 Indigent households with access to free basic electricity.
				204 646 Indigent households with access to free basic refuse removal.
			Facilitation of the establishment and improvement of provincial disaster management centre.	100% Progress toward the construction of the Provincial Disaster Management Centre.
			Assist municipalities with deployment of LED Experts and Assistants.	26 Municipalities supported with LED experts and LED assistants to supplement LED capacity.
			Support municipalities to develop / review credible LED Strategies / plans per annum.	96% of municipalities with LED strategies and implementation plans.
			Support Small Towns through revitalisation programme.	6 Municipalities supported with operation clean cities and towns programme.
			Community Works programme (CWP) job opportunities created by 2014.	40 926 of work opportunities created through the community work programme by 2014.
To provide support to traditional leadership	Traditional Leadership	Traditional Leadership	Facilitate capacity building for	438 Traditional leaders trained

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
institutions	Institutions and communities	Institutions and communities	Traditional Leaders.	
			Traditional councils supported on developmental issues.	4 Reports on participation of Imbumba Yamakhosikazi Akomkhulu (IYA) members in community development programmes.
			Poverty alleviation projects monitored and evaluated.	4 Reports on poverty alleviation projects supported.
			Construction and maintenance of traditional leadership institutions.	40% of 2 traditional leadership institutions constructed. 70% of 2 traditional leadership institutions renovated.

2.3.2.2 Consultation arrangements with customers

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

2.3.2.3 Service delivery access strategy

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

2.3.2.4 Service information tool

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

2.3.2.5 Complaints Mechanism

Complaints Mechanism	Actual achievement
Grievance procedure	Procedure complied with

2.3.3 Organisational Environment

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

Out of six (6) District Offices that have been provided for in the organisational structure, the department is currently operational in 5 Districts namely:

- Cacadu District Support Office
- Joe Gqabi District Support Office
- Amathole District Support Office
- Chris Hani District Support Office
- OR Tambo District Support Office

Owing to financial constraints, the main pilot sites were identified as Chris Hani and Cacadu District Municipalities.

The following key critical posts have been filled to strengthen the core management to respond to the strategic imperatives :

- General Manager for Communications and Strategic Management Services,
- General Manager for Traditional Leadership Institution and Capacity Building
- General Manager for House of Traditional Leaders
- General Manager for Operational Clean Audit (Contract)
- General Manager for District Co-ordination and LGTAS
- General Manager for IGR and Public Participation
- Senior Manager for Supply Chain Management
- Senior Manager for Departmental Information Technology Services
- Senior Manager for Municipal Information Technology Services
- Senior Manager for Legal Services
- Senior Manager for O.R.Tambo District Office
- Senior Manager for Urban renewal and Small Town Regeneration

The following key challenges are identified which put some constraints on the department to transform itself into an effective development and service delivery orientated institution:

- Insufficient budget to fill critical vacant posts.
- Inadequate technical and professional human resources.
- Shortage of office space in Head office as well as District Support Offices.

Strike management

During this period there was no strike actions that took place within the department.

Restructuring process

The department is in the final stages of developing its Organisational Structure. The intention is to implement the newly adopted service delivery model that talks to bringing service delivery closer to the people at local sphere as compared to the centralised approach that is currently being utilised by the department. All support provided to municipalities and traditional leadership institutions is done from the Head Office which is located in Bhisho. This has serious cost saving implications for the department especially in respect of Goods and Services.

Structural arrangements are in place for steering this process to its proper conclusion. A Steering Committee is in place with sub-committees that have clear terms of reference. Another Task Team composed of Line Managers and Organised Labour was assigned the responsibility of developing an implementation plan to measure progress.

2.3.4 Key policy developments and legislative changes

Chapter 3 of the Constitution, 1996 of the Republic of South Africa determines that the three spheres of government are distinctive, interdependent and interrelated. These spheres are bound by principles of co-operative government and intergovernmental relations.

The Constitution defines the following key duties for the department:

- Support (Sections 154 and 155)
- Intervention (Section 139) and
- Monitoring (Section 155)

General legislation pertaining to the local government system, include the Municipal Systems, Municipal Structures and the Traditional Leadership and Governance Framework Acts, all of which have their policy home in the White Paper on Developmental Local Government.

The department is also guided by Government policy mandates, such as the Medium Term Strategic Framework which guides departmental programmes, the Policy Speech which outlines the key priorities for a given financial year, the department's Annual Performance Plan and Service Delivery Charter. The mandate of the department places it at the centre of delivering on Outcome 9. The Outcome talks to a responsive, accountable, effective and efficient Local Government System. Aligned to the seven outputs of Outcome 9, are the four departmental focal areas listed below:

- Good Governance
- Basic Service Delivery and Infrastructure Development
- Co-ordination and Integration and
- Traditional Affairs.

It is important to assert that the department remains pivotal in ensuring sound and solid economic growth, poverty alleviation and job creation within the context of the developmental local government agenda.

Essentially, the developmental role accorded to the department is accompanied by the provision of adequate institutional and administrative support, financial resourcing and workable legislative and policy frameworks that promote good governance and effective service delivery.

The impetus to build viable, efficient and effective department is informed by development of internal systems, policies and procedures that include:

- Reviewed Financial Accounting Policies and Procedures
- Reviewed Supply Chain Management Policies and Procedures
- Reviewed Human Resource Policies
- Reviewed Corporate Secretariat Meeting Planning Manual and Introduction of a Procedure of Policy Management and Development
- Communication Policy and Procedure of Drafting Policy Speeches
- New Information Management Service Policies Developed
- Security Management and Anti-Corruption Policies Developed
- Risk Management Policy Developed and
- Traditional Affairs Policies Developed.

The department will continue leading the process of improving its internal systems, controls, policies and procedures under the guidance of the Member of the Executive Council and the Accounting Officer.

2.4 Strategic Outcome Orientated Goals

The department based its performance indicators and targets on the Delivery Agreement for Outcome 9 which was signed between the department and municipalities.

Vision for Outcome 9

The vision of this outcome is that of a responsive, accountable, effective and efficient local government system whereby the confidence of our people in the local sphere of government has been restored as the primary expression of the developmental state by 2011 and beyond.

The key ways to achieve this vision are to:

- 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 Local Government Strategic Agenda. The central force for change lies in reconstituting the principle of municipal 'own' accountability and the involvement of ordinary people and communities in turning the tide of local government delivery. This combined with the concept of differentiated support, and necessary legislative and policy adjustments create a binding yet supportive force around municipalities.

The Delivery Agreement for Outcome 9 lists 7 outputs that are discussed in terms of achievements as follows:

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

- Introduced a paradigm shift, emphasizing Ward Based Plans in eight municipalities to strengthen the credibility of situational analysis in the development of Integrated Development Plans (NB six municipalities were assisted through service providers and two through the hands-on supports).
- Initiated interventions through ensuring cooperation between business, academic institutions and municipalities through the "BUSINESS ADOPT A MUNICIPALITY" programme, such as NMBMM with SAB Miller, BCM with MBSA and Nkonkobe with Fort Hare University.
- ICT support to municipalities

OUTPUT 2: Improving Access to Basic Services

- An amount of R1, 3 million was utilised for the development of designs for the Provincial Disaster Management Centre
- All municipalities have updated indigent registers which assist them in the implementation of Free Basic Services.
- Free Basic Services Forums were convened on a quarterly basis
- The Provincial Disaster Management and Fire Services Forum was convened quarterly. This is an inter-governmental forum to discuss policy and strategic related matters pertaining to the programme
- 14 MISA Technical Consultants were deployed to assist in 14 Municipalities.
- Initiated one-on-one sessions to engage with Chief Directorates, inclusive of Senior Managers, with the aim of improving information dissemination as a monitoring tool as well as early identification of performance difficulties.
- The department solicited funds from the United Nations Population Fund for training of 30 Senior Management Service members on Monitoring and Evaluation.

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

- Through the Community Works Programme, 40 926 job opportunities were created against an annual target of 35 000 in 29 municipalities
- The DLGTA Institutional Social Development (ISD) Unit is recognized as the best in the country on the institutionalization of the ISD.

OUTPUT 4: Action Supportive of the Human Settlement Outcome

- Developed and piloted a Computerized Valuation System at Inkwanca, BCRLM and Ikwezi. This initiative has assisted the 3 municipalities in the compilation of their Valuation Rolls.

OUTPUT 5: Deepen democracy through a refined Ward Committee Model

- Performance assessments of all CDW's have been conducted to assess their effectiveness.
- The department procured Smart Pens to assist in the reporting process by CDWs.

OUTPUT 6: Administrative and Financial Capability

- Operation Clean Audit (OCA) professionals are deployed in 21 Municipalities.
- OCA has established an Oversight Division to assist municipalities.
- The Department accompanied the Auditor General (AG) on the Door-to-Door campaign in 45 municipalities.
- In 43 municipalities audit committees were established.

- Established a formal working relationship with Provincial Planning and Treasury (PPT) management followed by an interactive session with functionaries on the 02/10/2012 on financial support to municipalities.
- Resuscitated the Memorandum of Understanding (MoU) with PPT that seeks to formalize and guide the working relationship between the two Departments.
- 44 municipalities have established their Municipal Public Accounts Committees
- The Provincial Disaster Management Unit played a major role in ensuring a disaster free Orange Africa Cup of Nations in Port Elizabeth.
- The audit units were established in all 45 municipalities.
- The 43 grant funded municipalities were monitored on the implementation of the grant funding (MSIG).

OUTPUT 7: Single Window of Coordination

- Developed a Developmental Local Government Branch Calendar, as means of streamlining and coordinating the Branch's efforts towards achieving a Single Window of Coordination Approach
- Established and coordinates functional Provincial Structures, i.e. PMIF, FBS Forum, Disaster and Fire Management Fora, MuniME, Local Government Communicators Forum, etc.
- Introduced a Co-ordinated and Integrated Team Approach in its operations/ support to municipalities

2.5 Performance Information by Programme

Annual Performance Report for the 2012/2013 Financial Year: 1 April 2012 – 31 March 2013

The department had the following achievements on performance indicators per programme for the financial year under review:

Programme One

In 116 instances instructions were issued on ongoing matters and 52 consultations were held with briefed advocates and state attorneys.

The Department's Legal Directorate provided 83 legal opinions and attended to 71 court matters during the year.

The Legal Directorate perused and prepared reports on 26 judgements that included municipalities.

In 8 municipalities functional Communication Forums were established.

The vacant and funded posts filled stood at 100 for the financial year.

The health, wellness and related awareness sessions conducted for staff and traditional leaders numbered 68.

Awareness sessions on the implementation of the security and fraud prevention policy were conducted in 34 instances.

The department received an unqualified audit for 5 consecutive financial years.

Provincial MuniMEC meetings (Technical & Political) have more impact and are well attended by municipalities, National and Provincial Departments and other relevant stakeholders.

District Mayoral Forums (DIMAFO's) are functioning relatively well.

Programme Two

The municipalities that met the August deadline to submit their Annual Financial Statements stood at 41.

The 43 grant funded municipalities were monitored on the implementation of MSIG.

The municipalities submitting their Annual Reports on time improved to 44.

The establishment of audit committees stands at 43.

The audit units in all 45 municipalities were established.

The Municipal Public Accounts Committees were established in 44 municipalities.

All 45 municipalities participated in the VUNA Awards.

Capacity assessments were conducted in all 45 municipalities.

Programme Three

In 45 municipalities the reviewed Spatial Development Frameworks were aligned to the PSDP and PGDP.

In 14 municipalities support was provided on a land ownership audit.

The 39 local municipalities implemented MPRA (37LM's + 2 Metros).

The 45 municipalities produced IDP's in accordance with the developmental outcomes.

The work opportunities created through the Community Works Programme stands at 40 926.

Credible indigent policies maintained in all 45 municipalities.

Updated indigent registers for the provision of free basic services maintained in all 45 municipalities.

Programmes Four and Five

In 41 instances recommendations for Traditional Leadership disputes and claims were sent to the Office of the Premier.

Research reports on genealogy of Traditional Leaders were conducted in 12 instances.

The handbook on the Tools of Trade for Traditional Leaders and members of Traditional Leadership Institution was developed.

The Policy Guide on the Identification of a Traditional Leader now in place.

Two research projects namely "on the role of Royal Women in Community Development and Histories of Kingdoms" in the Province of the Eastern Cape now in place.

Three Traditional Councils were renovated (Gqutyini TC in Engobo, Gaba TC in Lady Frere and the Mount Fletcher Offices and one Traditional Council constructed Bolwe TC in Mthatha

The Nelson Mandela and Cacadu Municipal areas continued to be the shining examples of zero deaths for three consecutive years.

The development of Local Government and Traditional Affairs worked with the Department of Health to reduce deaths related to initiation through the traditional circumcision forums in and around the province.

The House through the Monitoring Intervention Strategy (MIS) managed to decrease the number of initiate deaths from 49 in the June season to 25 in the December season. This was done through engagements with relevant stakeholders and Initiation Imbizos in the hot spots areas of OR Tambo and Alfred Nzo District Municipalities.

The Eastern Cape House of Traditional Leaders (ECHOTL) and the Congress of Traditional Leaders of South Africa (CONTRALESASA) were entrusted with the responsibility of profiling the role of traditional leaders in the liberation struggle. This was seen as an opportunity to begin a process of managing contradictions of history; particularly with regard to striking a balance between what is viewed as popular history and what is perceived to be negative history.

As part of the development of Traditional Leaders the House in partnership with the Departments of Local Government and Education managed to revitalize Jongilizwe College for Traditional Leaders.

The House has managed to negotiate with the Department of Education to facilitate the renovations of the Jongilizwe College and as such the existing Hostels and Classrooms are being renovated and the process is due to end in June. Fencing of the entire school grounds will commence in March. Processes of finalizing the curriculum are underway.

The strategies to overcome areas of under performance

The department determined the following strategies to overcome areas of underperformance on the pre-determined objectives.

- The department holds quarterly reviews discussing areas of underperformance and plans interventions on how to improve on the areas that have been identified
- Chief Directorate specific discussions on performance information are held on a quarterly basis with emphasis on non-performance of specific indicators
- A sustainability strategy in the areas of good practices and performance are also developed and maintained
- Planning for indicators with SCM implications must be done in the last quarter to be ready for implementation in the first quarter of the new financial year.

The tables in the Annual Report on performance information will reflect the following:

- Actual outputs achieved during 2011/2012
- The planned targets as per the Annual Performance Plan and the actual outputs for the financial year under review.
- The calculated the variance between the planned targets and the actual achievements.
- The comments on all deviations, whether positive or negative.



Mandela Day Event



Province of the **EASTERN CAPE**

LOCAL GOVERNMENT
& TRADITIONAL AFFAIRS

MEC and SG with panelist at the Women's Dialogue Session as part of celebrating Women's Month held in Bhisho.



SG with learners from the King Williams Town District during a Take a Girl and Boy Child to a Workplace event.

PROGRAMME 1

ADMINISTRATION

PROGRAMME 1: ADMINISTRATION

In the following tables the department will report on strategic objectives, performance indicators and targets for each programme and sub-programmes as specified in the Annual Performance Plan of the department.

2.5.1.1 Purpose

The purpose of Programme One (1) is to give effective strategic leadership, efficient administration and support services to the Department of Local Government and Traditional Affairs

2.5.1.2 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 IDPs by 2014

2.5.1.3 Sub-programmes

Sub-Programme	Sub-Programme Purpose
Office of the MEC	To coordinate administrative support to the MEC and mainstream the needs of vulnerable groups
Corporate Services	To provide efficient and effective support services to the Department

SUB-PROGRAMME: 1.1 OFFICE OF THE MEC

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from the target	Reason for the deviation
Strategic Objective: 2 -To support the achievement of clean audit outcomes in the department and 45 municipalities by 2014.						
Number of reports presented to Cabinet on delivery against all Departmental policy directives and agreements	New	4	4 100%	4 Consolidated Reports	0	No Deviation
Number of oversight reports from municipalities assessed and Departmental Legislative Compliance and Accountability.ie Municipal IDP Commentaries, Mayoral Delivery Agreements and Tabling of Annual Reports	New	4	4 100%	4 Consolidated Reports	0	No Deviation
Number of monitoring reports on the provincial benefits derived from the implementation of Provincial and National Summit Resolutions and other active agreements	New	4	4 100%	4 Consolidated Reports	0	No Deviation
Number of programmes implemented as part of Public Representative responsibilities	4	4	4 100%	4 Consolidated Reports	0	No Deviation
Number of reports on the Executive and Management engagements	New	4	6 150%	6 Public Participation Reports	Target exceeded by 2	More public participation programmes took place due to a higher demand from the citizens
Number of reports on the implementation of departmental service delivery programmes targeting designated vulnerable groups as beneficiaries	4	4	4 100%	4 Consolidated Reports	0	No Deviation
Number of monitoring reports on the implementation of the Employment Equity Plan in municipalities and the department	4	4	4 100%	Invitations, attendance registers and reports	0	No Deviation

SUB-PROGRAMME: 1.2 CORPORATE SERVICES

Performance Indicator/Measure	Actual Achievement 2011/2012	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. 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.						
Number of reports presented to MEC on delivery against all Departmental policy directives, agreements and departmental performance and co-ordination of programmes	4	4	4 100%	4 Consolidated reports and agreements	0	No Deviation
Number of strategic planning documents (Annual Performance Plan, Technical Indicators and Operational Plan) developed in line with the prescribed formats and within prescribed dates: 1st Drafts 2nd Drafts - Final printed APP, Technical Indicators and Operation Plan placed on website	3	3	3 100%	3 Strategic documents: Annual Performance Plan, Technical Indicators and Operational Plan	0	No Deviation
Number of monitoring and compliance reports submitted to management and stakeholders internal and external stakeholders on the overall performance of the department in relation to the APP: - Quarterly reports - QPR Treasury - Half year report - Annual Report	4 4 1 1	4 4 1 1	4 4 1 1 100%	4 Quarterly Reports 4 QPR to Provincial Treasury 1 Half- yearly report 1 Annual Report	0 0 0 0	No Deviation
Number of Corporate Secretariat strategic minutes developed	24	12	15 125%	15 Approved minutes	Target exceeded by 3	There were additional meetings where the service was provided.
Number of Directorates assisted to develop policies in line with the Departmental Policy Guidelines	8	8	35 437,5%	4 Approved policies or procedures and 31 draft policies or draft procedures	Target exceeded by 27	More policies and procedures were due for review. Policy working sessions were organised and gave priority to review of these policies.

Performance Indicator/Measure	Actual Achievement 2011/2012	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. 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.						
% of referrals and court matters attended	100%	100%	100% (154)	83 Copies of legal opinions, 71 new court matters (38 opposed and 33 unopposed)	0	No Deviation
Number of bills and policies attended to	16	12	20 166,66%	20 Copies of policies and copies of legislation.	Target exceeded by 8	There were more requests from client directorates than anticipated. This support was rendered with no extra costs to the department.
Reviewed Communication Plan in place	100%	1	1 100%	Copy of Communication Plan	0	No Deviation
Number of DLGTA publications produced	5	11	11 100%	4 DLGTA newsletters, Financial Oversight Report, Annual Report, Annual Performance Plan, Operational Plan, Service Delivery Charter and Policy Speech	0	No Deviation
Number of municipalities with reviewed Communication Strategies and Plans in place	13	8	11 137,5%	Copy of Communication Strategies, presentations and attendance registers.	Target exceeded by 3	The Directorate extended its hands-on support to three other Municipalities that needed support at no extra costs.
Number of municipalities with functional Communication Forums	6	8	8 100%	Invitations, attendance registers and meeting minutes	0	No Deviation
Number of internal audit reports presented detailing findings, recommendations, reports adopted by Audit Committee	18	26	41 157,69%	41 Internal Audit reports detailing findings, rectified and approved by Audit Committee	Target exceeded by 15	There was an instruction from the Superintendent-General and Provincial Treasury to conduct

Performance Indicator/Measure	Actual Achievement 2011/2012	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. 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.						
						additional projects. These projects became mandatory and were executed on a quarterly basis with no additional costs to the department.
Number of approved internal audit strategic documents (Internal Audit Charter, Audit Committee Charter, Internal Audit Methodology, Internal Audit Plan)	4	4	4 100%	4 Internal audit charter, audit committee charter, internal audit methodology, internal audit plan	0	No Deviation
Number of reports submitted to Treasury as per PFMA and Treasury Regulations, Practice Notes and Treasury Circulars	53	101	101 100%	Consolidated Reports	0	No Deviation
Approved Annual Financial Statements submitted by end May each year	1	1	1 100%	Annual Financial Statements	0	No Deviation
Number of reports on implementation of Audit Intervention Plan	3	8	8 100%	8 Reports	0	No Deviation
Certificate of alignment issued between budget, APP and Operational Plan	1	1	1 100%	Certificate of Alignment	0	No Deviation
Risk Assessment Report / Risk registers submitted to Management and relevant Stakeholders	1	1	1 100%	Risk assessment report/ risk register.	0	No Deviation
Number of Internal Control & Risk Management reports submitted to Management and Risk and Security Management Committee	12	4	4 100%	4 Internal control and risk management reports.	0	No Deviation
Number of employees trained	814	600	471 78,5%	Attendance registers, Presentations and Signed copies of Memos	129 21,5%	Costs of training and education have escalated beyond the inflation rate which the department made provision for in the budget.
Number of employees inducted and re-orientated	308	100	571 571%	Attendance registers, Copies of presentations	Target exceeded by 471	There was an additional demand from line managers

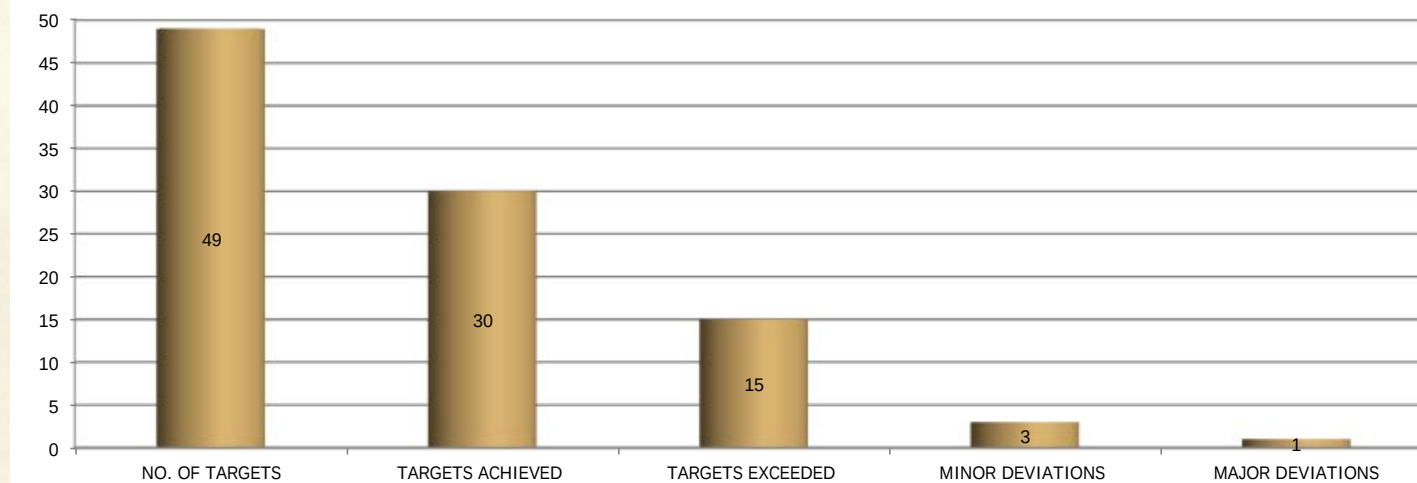
Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from target.	Reason for deviation
Strategic Objective: 2 – To support the achievement of clean audit outcomes in the department and 45 municipalities by 2014. Strategic Objective: 5 (IGR)- 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.						
						with no additional funding incurred.
Number of bursaries administered (awarded and administered)	97	163	120 73,62%	Schedule of bursary holders administered and approved departmental memos.	43 26.38%	There were lesser applications received from internal staff than anticipated. Identified external students failed to register.
Number of internship administered	66	25	34 136%	Approved memo and schedule of interns administered	Target exceeded by 9	The contracts of the existing interns were extended until the end of March 2013
% of employees with signed performance agreements / work plans / standard frameworks and assessments reviews for 2012/13	88%	100% (1604)	97% (1559)	Copies of signed agreements/ work plans/ standards frameworks	3%	New appointments and retirements
Number of vacant funded posts filled	148	75	110 133,33%	Schedule of filled posts	Target exceeded by 35	The increase was due to posts vacated during the year that were not included in the recruitment plan due to natural attrition, resignations, etc. Posts for special interventions in municipalities were filled.
% of PILIR applications processed timeously	100%	100%	100% (78)	Register of submissions of application forms of PILIR cases to SOMA.	0	No Deviation
% of qualifying staff granted service benefits	100%	100%	100%	Copies of memorandum, Register for submission of	0	No Deviation

Performance Indicator/Measure	Actual Achievement 2011/2012	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. 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.						
				payments for leave gratuities.		
Number of health wellness and related awareness sessions conducted for staff and traditional leaders	34	12	68 566,66%	Approved memos, Presentations and attendance registers and report	Target exceeded by 56	The department partnered with external service providers (i.e. GEMS and SUMMIT) and through their support, managed to increase the number that was initially planned.
% of counselling sessions conducted for all referred cases	100%	100%	100% (99)	Schedule/ List of sessions and register	0	No Deviation
% received of misconduct and grievance cases attended	76%	100%	100%	Statistics, Reports, Signed Memorandum, Minutes of Committee, Approved letters written to officials	0	No Deviation
Number of job evaluations conducted	60	40	40 100%	Copies of spread sheets of jobs evaluated	0	No Deviation
ICT Governance Framework administered	4	4	4 100%	Equipment, Goods & Services -Invoices, Delivery notes; Job Cards for visits to District Offices and Traditional Councils	0	No Deviation
Number of awareness sessions on the implementation of the security and fraud prevention policy	New	12	34 283,33%	10 Attendance registers of awareness sessions, 24 Security threat and risk assessment reports	Target exceeded by 22	There was an additional demand for awareness sessions. Most municipalities visited by the MEC and Top Management had threats thereby requiring that security threats and risk assessments be

Performance Indicator/Measure	Actual Achievement 2011/2012	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. 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.						
						conducted.
% of received allegations on fraud and corruption investigated	14	100%	100% (19)	19 Completed investigation reports signed by the MEC	0	No Deviation
% of staff vetted	299	100%	100%	8 Vetting requests submitted to State Security Agency, 528 pre-screening requests submitted to State Security Agency.	0	No Deviation
Number of municipal support and traditional council programmes coordinated at Metro/ District levels to enhance the quality of municipal IDPs for effective service delivery	New	8	8 100%	District Coordination Consolidated report, Presentations Attendance registers and minutes.	0	No Deviation
Number of KSD Presidential interventions reports developed	12	12	13 108,33%	PWG Minutes 1 PMU report 1 Work Streams Reports and Attendance Registers	Target exceeded by 1	There was a special extended KSD PWG meeting, which was requested by the Minister for Performance Monitoring and Evaluation.
Number of municipalities with functional IGR structures	11	8	9 112,5%	IGR forum reports/minutes/attendance registers, Presentations and terms of reference.	Target exceeded by 1	Local Municipalities requested DLGTA Support to institutionalise IGR as per the 2009 Provincial IGR Summit Resolutions. This was done with no additional funding to the Department.

Performance Indicator/Measure	Actual Achievement 2011/2012	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. 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.						
Number of coordinated IGR meetings recorded. e.g. Technical MuniMEC, SALGA MANCO and MuniMEC	12	12	9 75%	Minutes of the Technical MuniMEC/Political MuniMEC and SALGA MANCO Attendance registers and resolutions of the meetings	3 25%	Meetings were deferred during the second quarter because of other competing government and political programmes.
Number of coordinated Provincial Water Forums meetings recorded	2	2	1 50%	Minutes of the PROWAF meetings, Resolutions of the PROWAF meetings, Attendance Registers	1 50%	DLGTA organised the PROWAF meetings in collaboration with the Department of Water Affairs (DWA). Competing commitments from DWA resulted in the meeting being deferred to the beginning of the new financial year.
Number of outreach programmes supported with technical assistance (EXCO, Ministerial and MEC)	4	4	10 250%	MEC outreach reports and attendance registers.	Target exceeded by 6	There were six (6) more MEC Outreach Programmes with no additional budget implications.
Number of departmental programmes supported with IGR functions	4	4	14 350%	Reports and attendance registers	Target exceeded by 10	The demand was higher than anticipated, however there was no additional funding required.

PROGRAMME 1





CWP Project in Keiskammahoek



Province of the EASTERN CAPE

LOCAL GOVERNMENT
& TRADITIONAL AFFAIRS

Senior Manager for Municipal Public Participation; Ms Tikana at an event for Community Development Workers in Port Elizabeth.



DDG for Developmental Local Government Mr Mzamo at the Municipal Infrastructure Services Forum at the Gariep Dam.

From left is MEC for Rural Development and Agrarian Reform; Ms Capa, Executive Mayor of Cacadu DM Ms Kekana, MEC and SG during the Vuna Awards Ceremony of East London. Executive Mayor Kekana received a Vuna Award for the Best Mayor in 2011/12 Financial Year.



PROGRAMME 2

LOCAL GOVERNANCE

PROGRAMME 2: LOCAL GOVERNANCE

2.5.2.1. Purpose

The purpose of this programme is to ensure the transformation of Developmental Local Government by strengthening municipal institutions and ensuring that they become responsive to the needs of the communities.

2.5.2.2 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 715 wards by 2014 which includes monitoring, evaluation, reporting and communication of ward development initiatives

2.5.2.3 Sub-programmes

Sub-Programme	Sub-Programme Purpose
Municipal Administration	To provide support services and monitor the effective municipal administrative matters within the regulatory framework
Municipal Finance	To support services and monitor the implementation of efficient and effective financial management systems in municipalities in accordance with the applicable Acts.
Public Participation	To deepen democracy for better service delivery
Capacity Development	To provide support and management services to municipalities in respect of capacity building.
Municipal Performance Monitoring, Reporting and Evaluation	To provide effective, coordinated and hands-on support to municipalities, improve performance, monitoring, reporting and evaluation services.

SUB-PROGRAMME: 2.1 MUNICIPAL ADMINISTRATION

Performance Indicator	Actual Achievement 2011/2012	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 managements systems by 2014.						
Number of municipalities supported to reduce incidence of unethical conduct	New	45	44 97,78%	Signed reports	1 2,22%	Due to political and administrative instability in the Mnguma Local Municipality, the verification could not be finalised.
Number of municipalities assessed in terms of complying with relevant legislation	45	45	44 97,78%	Signed reports	1 2,22%	Due to political and administrative instability in the Mnguma Local Municipality, the verification could not be finalised.
Number of municipalities supported to develop archive systems	New	6	7 116,66%	Attendance registers Presentations	Target exceeded by 1	The department received an additional request.
Number of municipalities whose section 12 notices have been amended	15	9	12 125%	Copies of provincial gazettes	Target exceeded by 3	The indicator is demand driven. The department received and attended to more applications than anticipated at no additional costs.
Number of municipalities given intensive support to restore proper functioning	6	3	3 100%	Copies of pronouncement letter signed by SG	0	No deviation

SUB-PROGRAMME: 2.2 MUNICIPAL DEVELOPMENT FINANCE

Performance Indicator/Measure	Actual Achievement 2011/2012	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	13	75% (34)	26,47% (9)	Audit reports/ High Level AFS Assessment tool	25 73,53%	The national target is not commensurate with the available resources in the department and municipalities.
% (number) of municipalities with current debtors more than 50% of own revenue	22	15% (7)	7 100%	Schedule of collection, minutes of the debt management meetings, attendance registers, funds transfer letters	0	No deviation
Number of municipalities supported in AFS preparation	13	13	13 100%	Attendance Registers on AFS review meetings/ High Level AFS Assessment tool	0	No deviation
Number of municipalities submitted AFS by 31 August	44	45	41 91,11%	Schedule of submission.	4 8,89%	Ntabankulu, Mhlontlo, Emalahleni Local Municipalities were still updating asset registers and Baviaans Local Municipality had to re-perform bank reconciliations from July 2011.
Number of municipalities monitored on the implementation of grant funding (MSIG)	45	43	43 100%	Monthly expenditure reports	0	No deviation
Number of municipal annual reports submitted timeously	44	45	44 97,78%	Schedule of submission	1 2,22%	Intsika Yethu municipality received its audit report late from the Auditor General.
Number of oversight reports submitted by councils	15	45	40 88,89%	Schedule of submission, Circular letter to municipalities.	5 11,11%	The Municipal Public Accounts Committees of Tsolwana, Intsika Yethu, Baviaans, Koukamma and Ikwezi

Performance Indicator/Measure	Actual Achievement 2011/2012	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						
						Local Municipality MPACs lacked the capacity to conduct oversight on their annual reports.
Number of municipalities with established audit committees	44	45	43 95,56%	Schedule of existence Questionnaires, Audit Committee Minutes	2 4,44%	The Audit Committee's term of office expired in December 2012 (Ikwezi and Camdeboo).
Number of municipalities with established internal audit units	45	45	45 100%	Schedule of existence and Questionnaires	0	No deviation
Number of audit improvement plans assessed for adequacy	45	45	45 100%	Schedule of Assessment and Assessment report	0	No deviation
Number of municipalities supported on functionality of Municipal Public Accounts Committees	45	12	44 366,66%	Attendance registers and Reports	Target exceeded by 32	The programme was elevated into a national programme and the department had to train MPAC members for all municipalities except the Baviaans Local Municipality.

SUB-PROGRAMME: 2.3 PUBLIC PARTICIPATION

Performance Indicator/Measure	Actual Achievement 2011/2012	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 715 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	96%	100% (39)	97,44%% (38)	Establishment report and attendance registers	1 2,56%	The department could not facilitate the process in Nelson Mandela Metropolitan Municipality due to the political and administrative challenges in that municipality.
Number of ward committees supported in terms of the funding model	603	715	642 89,79%	Reports on council resolutions	73 10,21%	Financial constraints and non-establishment on fifty (50) wards in Nelson Mandela Bay Metro, four (4) Baviaans, four (4) Gariep, four (4) Nxuba, eleven (11) Kouga Local Municipalities.
Number of municipalities with functional ward committees	37	39	38 97,44%	Minutes and attendance registers and reports	1 2,56%	The department could not facilitate the process in Nelson Mandela Metropolitan Municipality due to the political and administrative challenges in that municipality.
Number of CDWs deployed in municipalities	545	546	532 97,44%	Persal report	14 2,56%	Resignations and death of CDWs
Number of public participation outreach programmes supported	10	12	20 166,66%	Outreach consolidated reports	Target exceeded by 8	Higher demand of support received from municipalities
Number of municipalities without Public Participation Units supported	New	25	25 100%	Presentations, attendance registers and Reports	0	No Deviation

Performance Indicator/Measure	Actual Achievement 2011/2012	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 715 wards by 2014 which includes monitoring, evaluation, reporting and communication of ward development initiative.						
% of bi-elections supported	New	100%	100%	Gazettes	0	No Deviation

SUB-PROGRAMME: 2.4 CAPACITY DEVELOPMENT

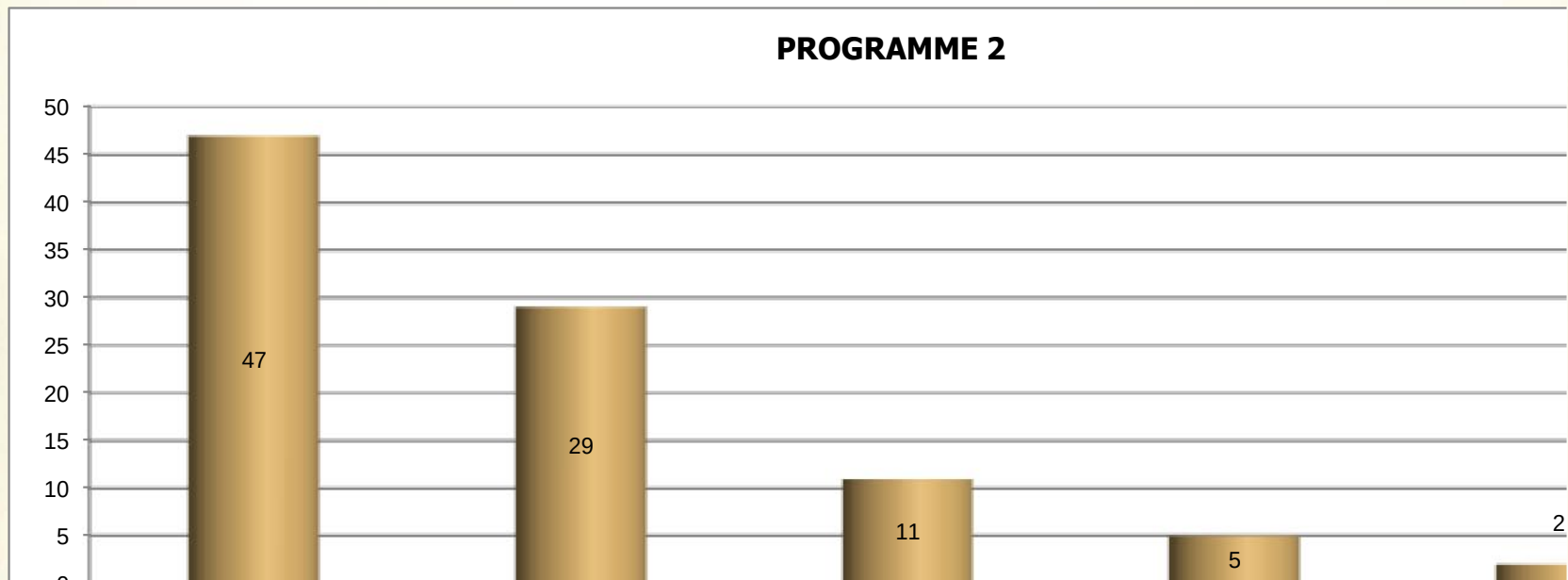
Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Strategic Objective: 3 – To facilitate improved functionality, performance and professionalism of 45 municipal institutions through the complete implementation of individual performance management and development systems aligned to organizational performance management systems by 2014.						
Number of municipalities supported in the filling of critical posts	New	45	45 100%	Letters of concurrence or non-concurrence signed by the MEC	0	No Deviation
Number of Municipalities supported in the development and submission of signed Employment Contracts for Municipal Managers and Section 56 managers	New	45	42 93,33%	Employment contracts submitted by municipalities	3 6,67%	3 Municipalities did not submit, namely Joe Gqabi District Municipality, Elundini and Senqu Local Municipalities.
Number of municipalities supported in the development and submission of Workplace Skills Plan (WSP)	42	45	45 100%	Attendance registers and report	0	No Deviation
Number of municipalities supported in developing HR Plans reflecting Recruitment and Retention Strategy	5	12	15 125%	Attendance registers, copies of HR Plans	Target exceeded by 3	Additional requests were received from Kouga, Blue Crane Route and Emalahleni Local Municipalities for support at no extra cost to the department.
Number of municipalities supported in developing and submitting Employment Equity Plans	18	45	43 95,56%	Attendance registers, close-out report	2 4,44%	Two municipalities did not attend the workshop, Chris Hani District Municipality and Engcobo Local Municipality
Number of municipalities supported in aligning	7	6	10	Attendance registers,	Target exceeded by 4	There had been more

Performance Indicator/Measure	Actual Achievement 2011/2012	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.						
their organograms with IDPs			166,66%	copies of draft organograms		requests from municipalities for light technical support on alignment, namely Sakhisizwe, Kouga, Ntabankulu and Amahlathi Local Municipalities at no extra cost to the department.
Number of section 56 managers that had undergone training in strategic management programme	15	14	14 100%	Attendance registers and close-out report from the service provider	0	No Deviation
Number of officials that have undergone technical training	27	33	40 121,21%	Attendance registers and close-out report from the service provider	Target exceeded by 7	More officials turned-up for the training and were accommodated by the service provider at no extra cost to the department

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

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
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.						
Number of municipalities supported to implement the Clean Audit Programme	New	19	21 110,53%	1 Consolidated report with annexures	Target exceeded by 2	Higher demand from Municipalities
Number of consolidated municipal support programmes coordinated	3	3	3 100%	Departmental support from programmes database. District coordination support programme reports. Section 154 intervention municipal support programme reports.	0	No Deviation
Number of municipalities supported to respond to all service delivery complaints	30	12	20 166,66%	Reports and Attendance registers	Target exceeded by 8	More complaints were received than anticipated.
Number of municipal quarterly performance reports submitted timeously	4	2	2 100%	2 Municipal quarterly performance reports.	0	No Deviation
Number of municipalities with Institutionalized Performance Management System (PMS)	43	15	15 100%	Consolidated Reports	0	No Deviation
Number of consolidated Municipal Annual Performance report (s47) developed	1	1	1 100%	A Consolidated Municipal Annual Performance Report	0	No Deviation
Number of municipalities with signed performance agreements for all Section 56 managers	New	45	43 95,55%	43 Municipalities, Performance Agreements submitted and assessed	2 4.44%	Contracts of Section 56 Managers in Blue Crane and Gariep Local Municipalities lapsed
Number of municipalities supported to conduct their customer satisfaction survey	0	45	15 33,34%	Customer satisfaction survey report	30 66,66%	Lack of co-operation from municipalities.
Number of municipalities assisted in improving financial management	New	2	3 150%	Appointment letters and Progress reports	Target exceeded by 1	General Managers appointed to assist Nelson Mandela

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
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.						
						Metropolitan Municipality Service Provider have been appointed to assist Ikwezi Local Municipality in financial management
Number of municipalities who participated in the Municipal Excellence Performance (VUNA) Awards	45	45	45 100%	Vuna concept document and a report on the awarding process.	0	No Deviation
Number of municipalities with capacity assessment conducted	45	45	45 100%	MUCAT Report	0	No Deviation
Number of consolidated quarterly monitoring reports on support programmes compiled (LGTAS and Outcome 9)	4	4	4 100%	Report and attendance registers	0	No Deviation
Mid-term evaluation report compiled	1	1	1 100%	Draft evaluation report	0	No Deviation
Number of training programmes conducted to support municipalities to manage the Presidential Hotline Queries	12	4	6 150%	Report and attendance registers	Target exceeded by 2	Additional requests were received than anticipated from Tsohwana and Nkwanca Local Municipalities
Number of municipalities supported on the implementation of LGTAS and Outcome 9	45	45	45 100%	Progress Report on implementation of LGTAS	0	No Deviation
% of municipalities assisted to unblock service delivery issues (including Presidential Hotline Queries, LGTAS interventions and Outcome 9)	30	100%	100%	Letters of referral and acknowledgement	0	No Deviation







Province of the EASTERN CAPE

LOCAL GOVERNMENT
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One of the KSD Presidential
Intervention Projects in Mthatha.



Departmental Officials at a working
session to assess the performance of
municipalities held at Mpekweni
Resort in Peddie.

MEC, Executive Mayor of Nelson
Mandela Metro Mr Wayile and the
Executive Director of South African
Breweries, Dr Mapayi at the signing of
the Memorandum of Understanding
between the Metro and SAB.



PROGRAMME 3

DEVELOPMENT AND PLANNING

PROGRAMME 3: DEVELOPMENT AND PLANNING

2.5.3.1 Purpose

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

2.5.3.2 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

2.5.3.3 Sub-programmes

Sub-Programme	Sub-Programme Purpose
Spatial Planning	To support municipalities with spatial planning
Development administration/Land Use Management	To support municipalities with effective and efficient land use management and admiration
Integrated Development Planning	To provide effective and efficient integrated development planning
Local Economic Development	To provide seamless and integrated local economic development facilitation
Municipal Infrastructure	To build efficient social infrastructure to support service delivery
Disaster Management	To improve disaster prevention, mitigation and responses

2.5.3.4 Changes to targets in indicators

The indicator "Number of municipalities implementing the CWP in at least wards" has increased from 28 to 29 municipalities. The indicator "Total number of work opportunities created through the community work programme by 2014 was decreased from 37 985 to 35 000 after the baseline information was adjusted.

SUB-PROGRAMME: 3.1 SPATIAL PLANNING

Performance Indicator/Measure	Actual Achievement 2011/2012	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.						
% progress of support towards the implementation of the National Spatial Planning and Land Use Management Act	New	50%	50%	Written inputs towards the formation of the Bill.	0	No Deviation
Number of municipalities with reviewed Spatial Development Frameworks aligned to the PSDP and PGDP	45	45	45 100%	IDP and SDF Assessment Report.	0	No Deviation
Number of municipalities supported to implement their reviewed LUMS through the assessment of their development applications	5	39	39 100%	Reports submitted to Planning Boards.	0	No Deviation
% of progress towards the development of the Provincial Spatial Planning/ Land Use Management legislation and regulations	New	30%	30%	Minutes of meetings and attendance registers. Prepared issues report.	0	No Deviation
Number of Municipal IDP's uploaded on to the Provincial Spatial Development Plan (PSDP) Website	45	45	45 100%	IDP's uploaded on to the Provincial Spatial Development Plan (PSDP) Website	0	No Deviation

SUB-PROGRAMME 3.2 DEVELOPMENT ADMINISTRATION/LAND USE MANAGEMENT

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from 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.						
Number of hectares of land released for development purposes	2527,1085	3100	27.2176 0,88%	Database of priority land needs Minutes of the Eastern Cape Provincial State Land Disposal Committee (ECPSLDC) meetings.	3072.7824 99.12%	ECPSLDC unable to recommend the release of identified parcels of land due to the reluctance of municipalities to pass council resolutions that would guarantee the free transfer of land required or currently utilised for state purposes e.g. clinics, magistrate offices, police stations, etc. National Department of Rural Development and Land Reform only vests land disposal responsibilities to Provinces which in turn deal with their Local Municipalities.
Number of municipalities supported on land ownership audit	New	14	14 100%	Status Quo Analysis Report and sourced data.	0	No Deviation
Number of municipalities supported to establish their cadastral databank	New	1	1 100%	Appointment letters, service level agreements, monthly progress reports, minutes of meetings and KSD Real Estate Map.	0	No Deviation
Number of municipalities that are implementing MPRA	39	39	39 100%	Consolidated Reports.	0	No Deviation
% of land development applications submitted for approval by the Planning Boards	100%	100%	100%	Monthly Reports, Minutes of the Boards,	0	No Deviation

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from 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.						
				Tribunal Resolutions and MEC Approved memoranda		
Number of prioritized municipalities with general plans	New	1(100%)	75%	Appointment letters, service level agreements, monthly progress reports, and minutes of meetings, detailed layout and draft general plans.	25%	Extensive public participation processes associated with the approval of the detailed layout and general plans.
Number of prioritized municipalities with promulgated rates policies	3	4	4 100%	Rates Policies and monthly progress reports	0	No Deviation
Number of prioritized municipalities with certified valuation rolls	New	1	1 100%	Certified Valuation Roll	0	No Deviation

SUB-PROGRAMME 3.3 INTEGRATED DEVELOPMENT PLANNING

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from 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 smaller municipalities where simplified IDP framework has been rolled out and implemented	New	16	16 100%	Attendance registers, presentations and reports. Draft Reviewed IDPs with Council Resolutions.	0	No Deviation
Number of municipalities with IDP's in accordance with developmental outcomes	45	45	45 100%	Eastern Cape IDP Assessment Report. 45 Draft Reviewed IDPs with Council Resolutions that are in accordance with developmental outcomes.	0	No Deviation

SUB-PROGRAMME: 3.4 LOCAL ECONOMIC DEVELOPMENT

Performance Indicator/Measure	Actual Achievement 2011/2012	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 initiatives in 715 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	29	29 100%	Signed-off Reports	0	No Deviation
Total number of work opportunities created through the community work programme by 2014	23 585	35 000	40 926 116,93%	Signed-off Reports	Target exceeded by 5 926	Appointment of new provincial implementing agency improved efficiency in the implementation of the programme. Improved monitoring and co-ordination.
Number of municipalities with LED strategies and implementation plans	3	100% (6)	96%	Implementation Strategy, Situational Analysis Report, Signed MOU, Strategy Review and Inception Report.	4%	Delay in the appointment of Service Provider by Amathole District Municipalities (Funder) and the Nxuba Local Municipality. Late appointment of service provider to assess the outcomes of the implementation of the LED strategy (SCM).
Number of municipalities with LED structures (for LED intergovernmental relations)	6	7	7 100%	PWG-DST pack (includes Minutes and Reports from DST's)	0	No Deviation
Number of municipalities supported with LED experts and LED assistants to supplement LED capacity	25	27	26 96,30%	Monthly progress and expenditure reports	1 3.70%	Delayed approval of incorporation of posts into the organogram by Camdeboo municipal council
Number of development initiatives supported to promote revitalization of small towns	New	5	5 100%	Transfer documents Monthly progress and expenditure reports.	0	No Deviation

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Number of municipalities supported with operation clean cities and towns programme		6	6 100%	Consolidated Reports	0	No Deviation

SUB-PROGRAMME: 3.5 MUNICIPAL INFRASTRUCTURE

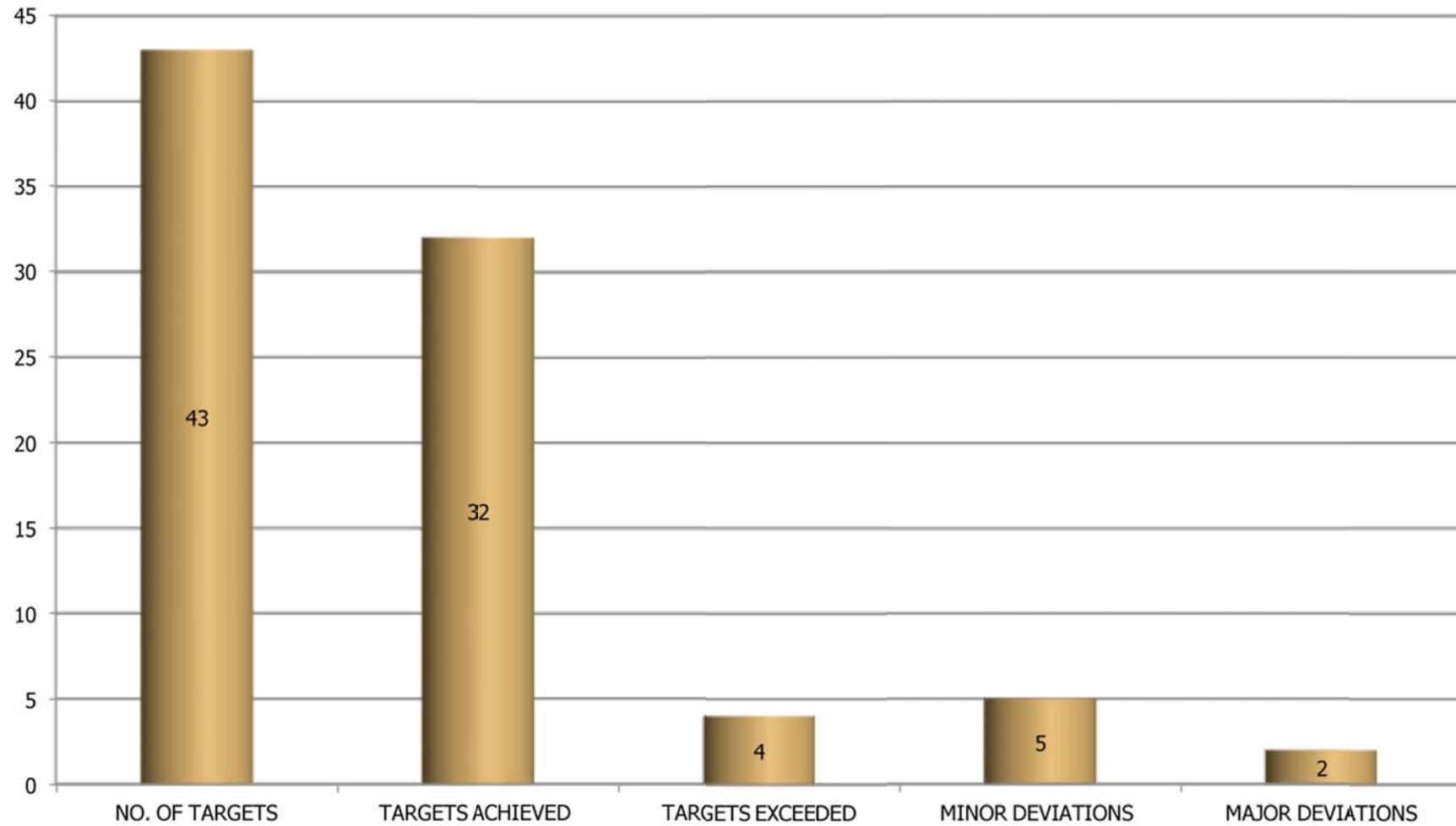
Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Strategic objective: 1 – To support 45 municipalities to meet their targets for basic needs services in line with the credible IDP's by 2014.						
% of households (total number of households in the province) with access to basic level of water		1 480 211 (86%)	1 455 830 (85%)	Quarterly reports	-24 381 hh 1.64%	Inaccurate projections by municipalities
% of households (total number of households in the province) with access to basic level of sanitation		1 242 508 (72%)	1 275 204 (74%)	Quarterly reports	Target exceeded by 32 696	Inaccurate projections by municipalities
% of households (total number of households in the province) with access to basic level of refuse removal		814 720 (51.7%)	900 451 (55%)	Quarterly reports	Target exceeded by 85 731	Inaccurate projections by municipalities
% of households (total number of households in the province) with access to electricity		1 283 745 (74%)	1 202 466 (69%)	Quarterly reports	81 279 hh 6.33%	Inaccurate projections by municipalities
Number of municipalities supported through the infrastructure coordination fora programme (PMIF and DWIFs)	43	43	43 100%	Minutes and Attendance registers for Municipalities that attended DWIFs. PMIFs and one on one meetings	0	No Deviation
Number of municipalities monitored on MIG performance	43	43	43 100%	DORA, Non-financial Report Components	0	No Deviation
Number of municipalities requiring emergency support supported through deployment of technical personnel	18	2	2 100%	Letter of request for the support. Secondment report signed by the Municipal Manager	0	No Deviation
Number of municipalities supported with the implementation of the ISD Framework and Guidelines	New	28	28 100%	Minutes and Attendance Registers for municipalities who attended the ISD Workshops	0	No Deviation
Number of indigent households with access to	551 637	710 000	574 685	FBS Monthly Status	135 315	Infrastructure

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from 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.						
free basic water			80,95%	Quo Reports	19.05%	backlogs more especially in rural areas retarded the access to FBW
Number of indigent households with access to free basic sanitation	480 727	680 000	517 508 76,10%	FBS Monthly Status Quo Reports	162 492 23.90%	Infrastructure backlogs more especially in rural areas retarding access to FBS
Number of indigent households with access to free basic electricity	309 075	300 000	271 068 90,36%	FBS Monthly Status Quo Reports	28 932 9.64%	This has been caused by an update of Indigent Registers (illegitimate indigent beneficiaries were eliminated)
Number of indigent households with access to free basic refuse removal	229 275	160 000	204 646 127,90%	FBS Monthly Status Quo Reports	Target exceeded by 44646	The target was exceeded due to a higher demand for the service
Number of municipalities that have updated indigent registers for the provision of free basic services	45	45	45 100%	Confirmation letters that municipalities have functional Indigent Registers	0	No Deviation
Number of municipalities implementing credible indigent policies	45	45	45 100%	Hard copies of Indigent Policies	0	No Deviation

SUB-PROGRAMME: 3.6 DISASTER MANAGEMENT

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from 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 with capacity assessment in disaster management and fire services coordination	New	45	45 100%	Reports and Attendance Registers	0	No Deviation
Number of meetings of the Intergovernmental Disaster Management Structures (advisory forum)	4	8	8 100%	Minutes	0	No Deviation
Number of disaster preparedness reports compiled	2	2	2 100%	Reports and Plans in place	0	No Deviation
Number of municipalities supported with the installation of lightning conductors	New	5	0 0%	Letter of Withdrawal by Service Provider	The appointed Service Provider deviated from the required specifications outlined in the Terms of Reference 100%	The Service Provider indicated compliance with the specifications in the tender proposal. Upon the signing of the contract, the Service Provider introduced new options that were contrary to the departmental specifications.
% progress toward the construction of the Provincial Disaster Management Centre	100%	100%	100%	Reports, Appointment letters Project Plan and Cash flow projections	0	No Deviation
Number of disaster relief vehicles acquired for effective response to disaster incidents	New	2	2 100%	Vehicles	0	No Deviation
Number of municipalities monitored on the implementation of the applicable disaster management frameworks / plans	New	8	8 100%	Reports	0	No Deviation

PROGRAMME 3





Province of the **EASTERN CAPE**

LOCAL GOVERNMENT
& TRADITIONAL AFFAIRS



From left is Nkosi Nogcantsi, Ndevu and Zibi at an induction programme for new members of the Eastern Cape House of Traditional Leaders held in Stutterheim.



Provincial Heritage Day celebrations in Mount Fletcher hosted by Imbumba Yamakhosilkazi Akomkhulu (IYA).

PROGRAMME 4

**TRADITIONAL
AFFAIRS**

PROGRAMME 4: TRADITIONAL AFFAIRS

2.5.4.1 Purpose

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

2.5.4.2 Strategic Objectives

To promote sustainable communities by implementing appropriate institutional systems, good governance and s

2.5.4.3 Sub-programmes

Sub-Programme	Sub-Programme Purpose
Traditional Resource Administration	To conduct traditional leadership research and policy development, and provide administrative and infrastructural support, capacity building and financial management support to traditional leadership institutions.
Rural development Facilitation	To support rural development initiatives

2.5.4.4 Changes to indicators

The indicator "Number of policies reviewed" was adjusted from 3 to 2 since only two policies were available for review.

SUB-PROGRAMME: 4.1 TRADITIONAL RESOURCE ADMINISTRATION

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from 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 Traditional Leadership Institutions supported with resources	New	4	4	4 Signed Reports	0	No Deviation
Number of traditional leadership institutions constructed	4	100% (2)	40% (2)	Approved Payment Certificates	60 %	The use of emerging contractors by the implementing agent resulted in poor quality of work and contractors running out of funds to implement the projects. The main contractor at Amadiba Traditional Council passed away during the implementation of the project and was not replaced on time.
Number of traditional leadership institutions renovated	New	100% (2)	70 % (2)	Approved Payment Certificates	30 %	The delays were due to Department of Public Works' Supply Chain Management Processes. The use of emerging contractors by the implementing agent result in poor quality of work and contractors running out of funds to implement the projects.
% of received disputes and claims finalized	100%	100%	100%	Approved memos for the cases	0	No Deviation
Number of Traditional Leadership disputes and claims recommendations sent to the Premier	New	42	41 97,62%	Signed recommendations to	1 2.38%	The committee was prohibited from

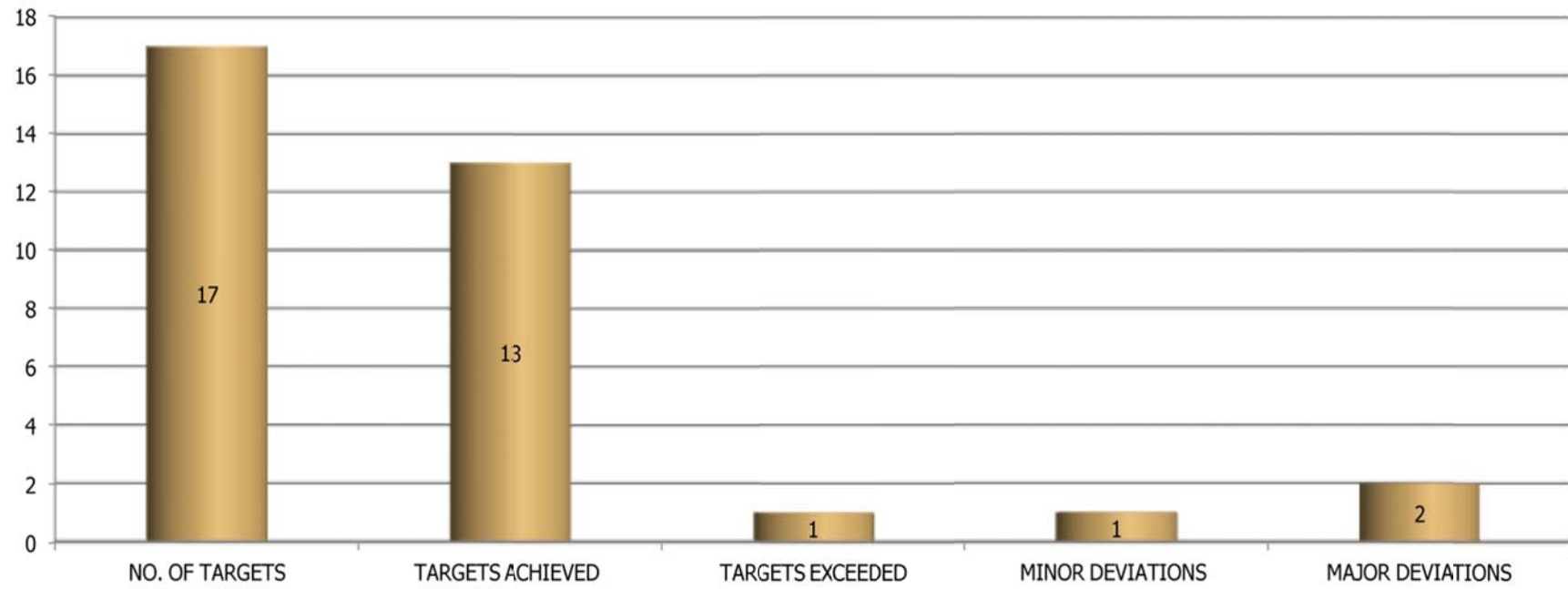
Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Strategic objective: 6 - To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions.						
				the Premier.		hearing claims and disputes in the Dalindyebo Region. The committee had to re-group and focus on other claims and disputes.
Number of traditional leaders trained	360	193	438 226,94%	Invitations, Attendance registers, Programmes, Reports	Target exceeded by 245	The department in partnership with sector departments and other stakeholders (i.e. DWAF, Human Settlement and Tsolo Agriculture and Rural Development Institute) managed to increase the number initially planned.
Number of policies developed	New	1	1 100%	Attendance registers for consultation sessions and 1 Approved Policy	0	No Deviation
Number of policies reviewed	3	2	2 100%	Attendance Registers for consultation sessions and 2 signed reviewed policies.	0	No Deviation
Number of pieces of legislation amended	New	1	0 0%	None	1 100%	There were delays in the appointment of the service provider to finalize the bill and the bid was subsequently cancelled by the Bid Evaluation Committee.
Number of research reports on genealogy of Traditional Leaders	14	12	12 100%	12 Signed research reports	0	No Deviation
Number of research reports on indigenous	New	2	2	2 Signed reports	0	No Deviation

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from 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.						
knowledge systems			100%			
Number of financial oversight reports on traditional leadership institutions	4	4	4 100%	4 Signed oversight reports	0	No Deviation

SUB - PROGRAMME: 4.2 RURAL DEVELOPMENT FACILITATION

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from 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 submitted on participation of Traditional Leadership Institutions on implementation of Community Work Programme (CWP)	4	4	4 100%	4 Signed reports	0	No Deviation
Number of reports on traditional councils supported on formulation of community development plans	New	4	4 100%	4 Signed reports	0	No Deviation
Number of reports on participation of Imbumba Yamakhosikazi Akomkhulu (IYA) members in community development programmes	New	4	4 100%	4 Signed reports	0	No Deviation
Number of reports on poverty alleviation projects supported	New	4	4 100%	4 Signed reports	0	No Deviation
Number of reports on Traditional Leaders participating in municipal councils	New	4	4 100%	4 Signed reports	0	No Deviation

PROGRAMME 4





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Chairperson of the ECHTL Nkosi Matanzima



Deputy Chairperson of the ECHTL Prince Burns Ncamashe casting his vote during the election of the new members of the House in Alice.

PROGRAMME 5

HOUSE OF TRADITIONAL LEADERS

PROGRAMME 5: HOUSE OF TRADITIONAL LEADERS

2.5.5.1 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.

2.5.5.2. Strategic Objectives

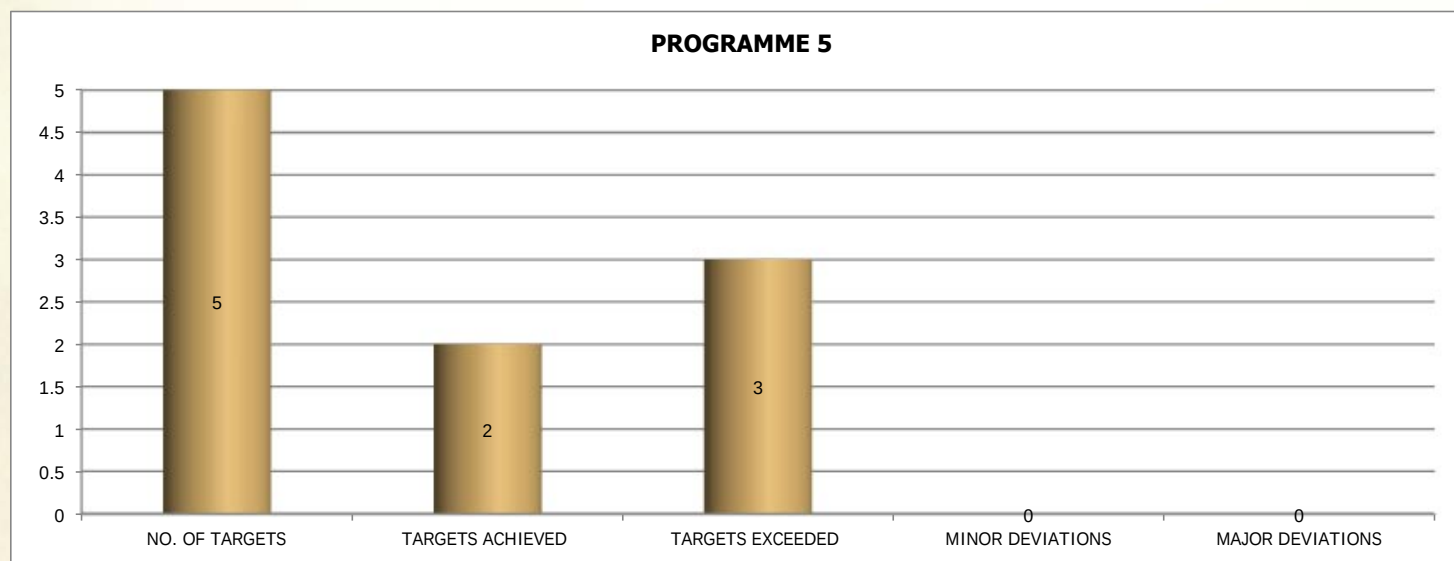
To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development in all Traditional Leadership Institutions

2.5.1.3 Sub-programmes

Sub-Programme	Sub-Programme Purpose
Administration of House of Traditional Leaders	To provide overall administration and support services to the provincial house of traditional leaders; and to play an oversight role to provincial and local spheres of government on matters of service delivery; proposed legislation affecting traditional communities; management of communal land; conflict resolution and socio-economic development within traditional communities.

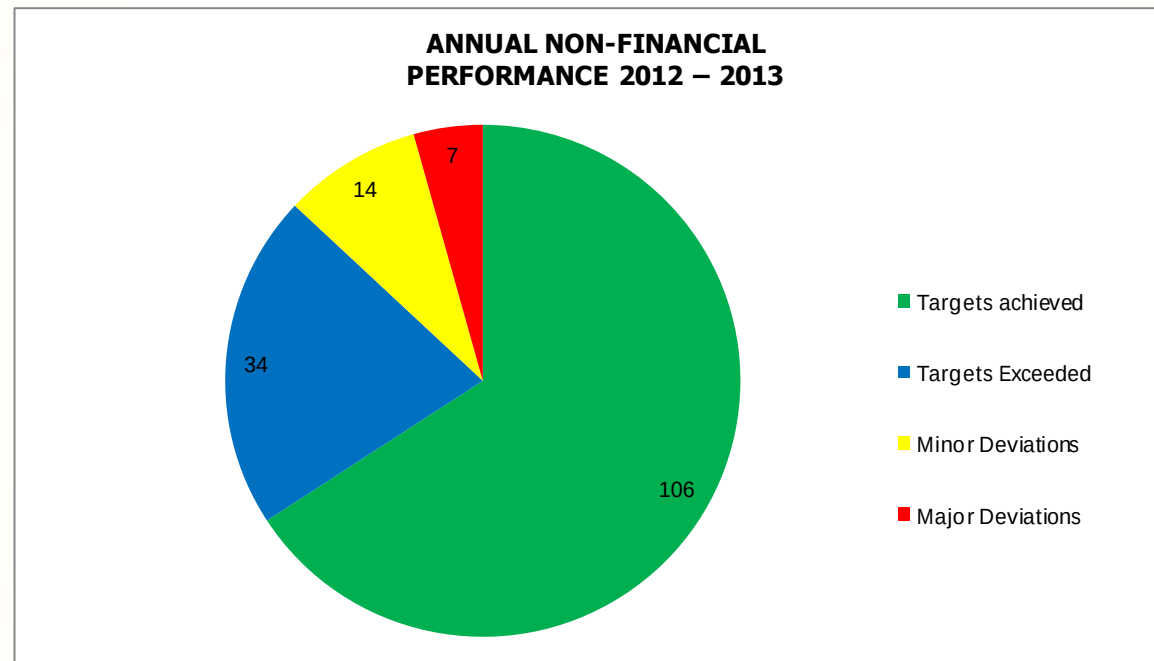
SUB-PROGRAMME: 5.1 ADMINISTRATION OF HOUSE OF TRADITIONAL LEADERS

Performance Indicator/Measure	Actual Achievement 2011/2012	Annual Target	Actual Performance	Hard Evidence	Deviation from target	Reason for deviation
Strategic objective: 6 - To promote sustainable communities by implementing appropriate institutional systems, good governance and sustainable development all Traditional Leadership Institutions.						
Number of reports on the implementation of resolutions of EXCO, house and committee meetings submitted	39	35	36 102,86%	36 Signed reports and attendance registers	Target exceeded by 1	During March the EXCO meetings were exceeded due to preparations for the official opening of the House of Traditional Leaders.
Number of constituencies supported through outreach programmes	3	1	1 100%	1 Consolidated report and attendance registers	0	No Deviation
Number of reports on the promotion of traditional, cultural and customary programmes submitted	17	8	27 337,50%	27 Signed reports and attendance registers	Target exceeded by 19	There were more consultative meetings with Municipalities due to an increase in the number of injuries and fatalities during the June/July initiation season and preparation for December/January
Number of comments reports on Bills referred to the House, submitted to relevant legislative bodies within the prescribed timeframe	4	3	4 133,33%	4 Signed reports on comments by members and attendance registers	Target exceeded by 1	More Bills have been referred to the House
% of claims and disputes reports submitted to MEC	7	100%	100%	Signed reports on 10 hearings held and attendance registers	0	No Deviation



ANNUAL NON-FINANCIAL PERFORMANCE 2012 – 2013

PROGRAM	NO. OF TARGETS	TARGETS ACHIEVED	Targets Exceeded	Minor Deviations	Major Deviations
1	49	30	15	3	1
2	47	29	11	5	2
3	43	32	4	5	2
4	17	13	1	1	2
5	5	2	3	0	0
TOTALS	161	106	34	14	7





Ms Sonjica and members of the Local Implementing Agent in Keiskammahoek.



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**SUMMARY OF
FINANCIAL
INFORMATION**

2.6 Summary of financial information

2.6.1 Departmental receipts

Departmental receipts	2012/2013			2011/2012		
	Estimate Amount	Actual	(Over)/Under Collection	Estimate Amount	Actual	(Over)/Under Collection
	R'000	Amount Collected	R'000	R'000	Amount Collected	R'000
		R'000			R'000	
Sale of goods and services other than capital assets	590	643	-53	255	544	-289
Transactions in financial assets and liabilities	234	1,204	-970	456	1110	-654
Total	824	1847	-1023	711	1654	-943

The table above represents revenue collections resulting from the sale of tender documents and commission received from insurance companies for deducting monthly premiums from employees on behalf of the insurers. The other amount relates to cheques which were issued, but not cashed at year end.

2.6.2 Programme Expenditure

The department recorded a number of successes and progress on the implementation of plans in respect of 2012/13, but there were challenges which ensued during the year which affected the financial performance of the department. Those are reflected in the analysis and variance explanations presented on the statements below. For the year under review the department spent 97% of its adjusted budget, representing 3% under-expenditure. The administrative challenges which include late implementation of projects and lengthy recruitment processes are but some of the challenges the department experienced. The areas where significant amounts of under expenditure were incurred are on Compensation of Employees (R6, 5 million), Goods and Services (R11, 9 million) and Capital Budget (R 5, 4 million). Within the various programmes, the under expenditure is R8.5 million in programme 1, R5 million in programme 2, R3,6 million in programme 3, R6,1million in programme 4 and R1,7 million in programme 5.

Factors which influenced the under expenditure on compensation of employees were internal promotions which resulted in vacancies continuing to exist, posts for additional traditional leaders which had not materialised and the rate at which the recruitment processes are finalised.

Within goods and services the major items which contributed to the under expenditure were subsistence and travel costs, business and advisory services and expenditure relating to the use of transversal systems, operating leases, legal fees and venues and facilities. For the above items commitments of R6, 6 million were reflected on the system which indicated that they would all be expended and some would form part of accruals.

The under expenditure on the capital budget was as a result of the slow pace in the construction and renovations of Traditional Councils.

	2012/2013			2011/2012		
Programme Name	Final	Actual	(Over)/ Under Expenditure	Final	Actual	(Over)/Under Expenditure
R'000	Appropriation	Expenditure	R'000	Appropriation	Expenditure	R'000
	R'000	R'000		R'000	R'000	
Administration	191 404	182 846	8 558	172 653	171 866	787
Local Governance	231 079	225 990	5 089	205 661	196 427	9 234
development and Planning	105 932	102 296	3 636	101 972	99 397	2 575
Traditional Institutional Management	259 099	252 979	6 120	257 049	247 438	9 611
House of Traditional Leaders	25 860	24 117	1 743	24 355	23 815	540
Total	813 374	788 228	25 146	761 690	738 943	22 747

2.6.3 Transfer payments

The Department transferred 100% of the R18.1million allocated under Provincial and Local Government to the municipalities listed below. The allocation of R4.6 million was directed towards the Provision of LED Capacity in municipalities in a form of LED Experts and Assistants and towards the Revitalisation of small Towns and Cities.

The R13.5 million was allocated towards strengthening the capacity of municipalities to improve governance, administration and to enhance revenue collection.

All transfers to municipalities during the 2012/13 financial year were done in accordance with section 38(1)(j) of the PFMA and the department has set out mechanisms to ensure that funds are spent according to the specified purpose and that municipalities abide to the conditions set out by the department.

TRANSFERS TO MUNICIPALITY AS AT 31 MARCH 2013		
SUMMARY PER MUNICIPALITY	BUDGET ALLOCATION	ACTUAL TRANSFER
Alfred Nzo	371	371
Amahlathi Local Municipality	88	88
Baviaans Local Municipality	2,000	2,000
Blue Crane Route Local Municipality	588	588
Camdeboo Local Municipality	88	88
Emalaheni Local Municipality	88	88
Engcobo Local Municipality	329	329
Gariep Local Municipality	2,088	2,088
Ikwezi Local Municipality	88	88
Inkwanca Local Municipality	88	88
Inxuba Yethemba Local Municipality	500	500
Kou-kamma Local Municipality	88	88
Makana Local Municipality	500	500
Maletswai Local Municipality	88	88
Matatiele Local Municipality	88	88
Mbhashe Local Municipality	329	329
Mbizana Local Municipality	88	88
Mhlontlo Local Municipality	88	88
Ndlambe Local Municipality	88	88
Ngqushwa Local Municipality	612	612
Nkonkobe Local Municipality	329	329
Ntabankulu Local Municipality	88	88
Nxuba Local Municipality	88	88
OR Tambo District Municipality	424	424

TRANSFERS TO MUNICIPALITY AS AT 31 MARCH 2013		
SUMMARY PER MUNICIPALITY	BUDGET ALLOCATION	ACTUAL TRANSFER
Port St Johns Local Municipality	1,829	1,829
Sakhisizwe Local Municipality	88	88
Sunday's River Valley Local Municipality	88	88
Tsolwana Local Municipality	88	88
Joe Gqabi District Municipality	1,871	1,871
Umzimvubu Local Municipality	5,000	5,000
TOTAL	18,178	18,178

2.6.4 Public entities

There are no public entities reporting to the department.

2.6.5 Conditional grants and earmarked funds paid

No conditional grants and earmarked funds were paid.

2.6.6 Conditional grants and earmarked funds received

No conditional grants and earmarked funds were received.

2.6.7 Donor funds

No donor funds were received

2.6.8 Capital investment, maintenance and asset management plan

An amount of R 15.4 million was spent during the year off-which R11.3 million was spent on movable assets and R4.1 million on immovable assets.

The department planned to construct and renovate four Traditional Councils and a Provincial Disaster Centre. During the year under review none of the planned infra-structure projects were completed due to the time taken to procure services for such major projects as well as the slow pace of progress on actual construction and renovation once service providers are appointed by the implementing agent. Challenges with the quality of work produced also played a significant role in the delayed processes.

R2.6 million was spent on constructing new infra-structure relating to Traditional Councils and the Provincial Disaster Centre and R1.5million spent on the renovations and refurbishment of Traditional Councils.

Progress on the planned construction is depicted in percentages as follows:

Amanzamlhlophe Traditional Council	- 40% complete
Amadiba Traditional Council at site establishment	- 5% complete
Amakhwalo Traditional Council	- 90% completed
Makaula Traditional Council	- 80 % complete
Construction of the Provincial Disaster Centre	- 10% complete

The following Infrastructure projects are currently in progress and expected to be completed as stated below:

Amanzamlhlophe Traditional Council	- August 2013
Amadiba Traditional Council	- April 2014
Amakhwalo Traditional Council	- July 2013
Makaula Traditional Council	- July 2013
Construction of the Provincial Disaster Centre	– February 2015

Once all the above projects have been completed they will be transferred to the Department of Public Works to include the asset in the Provincial Infra-structure Asset register. During the year under review the department did not have an investment or infra-structure asset management plan as it is the responsibility and competency of the provincial Department of Public Works.

Infrastructure projects	2012/2013			2011/2012		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	5697	2586	3111	5887	5574	313
Rehabilitation, renovations and refurbishments	2384	1521	863	6711	6685	26
Total	8081	4107	3974	12598	12259	339

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

During the year the Department spent R 11,3million on movable tangible assets. The amount spent relates to operational, computer, office equipment and furniture, motor vehicles and is inclusive of finance lease amounting to R5.8 million.

During the year under review the department lost computer equipment to the value of R 0.239 million. Assets identified as obsolete and redundant were disposed of at a value of R0.065 million.

ITEM DESCRIPTION	OPENING BALANCE	ADJUSTMENT TO PRIOR YEAR BALANCES	DISPOSAL	ADDITIONS 2012/2013	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
MOTOR VEHICLES	7339	0	0	3426	10765
COMPUTER HARDWARE & SYSTEM/PERIPHERALS	18856	0	65	1394	20185
OTHER MACHINERY AND EQUIPMENT	949	0	0	72	1021
OFFICE EQUIPMENT& OFFICE FURNITURE	12970	0	0	627	13597
BIOLOGICAL ASSETS	190	0	0	0	190
TOTAL	40304	0	65	5519	45758

Additions to assets are reconciled to the Basic Accounting System (BAS) and LOGIS system on a monthly basis and new assets bar coded and recorded in the asset register.

Physical verification and annual inventory count were done at Head Office, Districts and Traditional Councils. Where movement of assets are identified the asset register is updated

The current state of the departments capital assets excluding those managed by the department of Roads and Public Works are as follows:

Period	State
Up to 31/03/2007	Poor
01/04/2007 to 31/03/2011	Fair
01/04/2011 to date	Good



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Health screening session for officials of the Department in Bhisho.

SECTION C
GOVERNANCE

3.1 Introduction

The Department of Local Government and Traditional Affairs is committed to the maintenance of the highest standards of governance to manage public finances and resources in compliance with legislation and relevant prescripts.

3.2 Risk management

It is a process of identifying, analysing and evaluating the potential events/risks that may affect the achievement of the Department's objectives and putting measures in place to manage and reduce those risks to an acceptable level. Management is expected to continuously monitor and report monthly on the management of risks by submitting Monthly Risk Management Monitoring Tools.

The purpose of Monthly Risk Management Monitoring Tool is to report on the progress made in implementing the actions to improve the management of risks by Risk Owners for their Chief Directorates respectively.

The risk identification process takes mainly a group discussion approach, participants/officials from the department are requested to reflect on the current risks as per the risk register and identify new risks or potential events within different sections and rate the impact and likelihood of the identified risks.

Participants are also requested to give controls / mitigation measures that are in place to manage the risks as well as further actions to improve management of risks in the case where controls or mitigation measures are insufficient and or inefficient.

Reports from Internal and External Auditors, oversight and governance committees are taken into account during the risk assessment review sessions.

Risk Management unit officials continually engage Risk Owners, Action Owners and Risk Champions regarding the risk register as it is a living document that should be consulted whenever the decisions are made, and this assist Management to make informed decisions and increase the level of Risk Management Culture and Maturity in the Department.

Risk Management is also included as Key Performance Indicator (KPI) in Management's Performance Agreements to ensure that there is accountability and ownership of risks.

There has been minimal progress in the management of risks as most risks status remained unchanged. Out of the thirteen (13) strategic risks that were rated high, two (2) risks moved to a medium rating.

3.3 Fraud and corruption

The Revised Fraud Prevention Plan was approved in March 2013. Ten (10) Advocacy sessions were conducted as part of the implementation plan. Fraud Risk Assessment was also conducted and Fraud Risk Register was developed, report was approved in March 2013.

The public is at liberty to report alleged Fraud and Corruption through the Presidential Hotline, the Public Protector, the Public Service Commission, Office of the Premier as well as Walk Ins. Disclosure is treated confidentially to protect the Whistle Blowers in terms of the Department's policy under the Protected Disclosures Act as well as the Whistle Blowing Act.

The investigations in municipalities in respect of the complaints received are commissioned by the MEC in terms of Section 106 of the Municipal Systems Act and the internal investigations are commissioned by the Superintendent General.

3.3.1 Performance Information by Programme

Annual Performance Report for the 2012/2013 Financial Year: 1 April 2012 – 31 March 2013

The department had the following achievements on performance indicators per programme for the financial year under review:

Programme One

Awareness sessions on the implementation of Security and Fraud prevention Policy were conducted in 34 instances. The department recommended remedial advices and gave feedbacks on reported Fraud and Corruption matters in forums such as Provincial Anti-corruption Council, G & A Cluster, Provincial Crime Prevention Multi-Sectoral Steering Committee and Joint Provincial Security Cluster. Two (2) Forensic Investigations were successfully conducted in two local municipalities. The Department of Local Government and Traditional Affairs in collaboration with the Office of the Premier and Provincial Planning and Treasury established Anti-corruption and Anti-Fraud capacity at District Municipalities and Metros. Capacity Assessment has been done in all District Municipalities and Metros. People have been arrested and charged criminally for being implicated in corruption, fraud and criminal activities. In the Department, disciplinary actions have been taken against officials implicated in fraud and corruption practices.

3.4 Minimising conflict of interest

The Conflict of Interest is addressed through the advocacy sessions conducted on the implementation of Anti-corruption, Fraud prevention and Security policies. Pre-screening of service providers was done for companies that offered services. Disclosure forms were circulated to SMS members and were submitted to the Public Service Commission.

At each Bid Evaluation Committee and Bid Adjudication Committee sittings a declaration and conflict of interest form is signed by each members

3.5 Code of conduct

The Code of conduct was addressed through the advocacy sessions conducted on the implementation of Anti-corruption policy/fraud prevention policy and Security policy and is guided by the Code of Conduct of the department and the Provincial Code of Ethics. PSCBC resolution 1 of 2004 governs the expected behaviour and conduct for all the employees. Compliance is always enforced through the advocacy and awareness session.

The SMS handbook, Chapter 7 also deals with the conduct of SMS members and these members are made aware that there are consequences where there are violations.

3.6 Health safety and environmental issues

Integrated Employee Wellness (IEW) comprises of:

- HIV & AIDS and TB management
- Health and productivity management
- Wellness Management
- Safety, Health, Environment and Quality management

All these interventions were intended to build and maintain a healthy workforce for increased productivity and improved service delivery for the benefit of the department and employees.

Through the IEW programme, employees knew their health status. Counselling services were provided on a voluntary basis to assist employees.

3.7 Legal Services

HIGHLIGHTS AND SUCCESSES

3.7.1 PROVISION OF SUPPORT IN MUNICIPALITIES

Legal Services Directorate successfully hosted 2 meetings of the Eastern Cape Local Government Legal Advisors Forum. The status of the forum is recognised by the Technical Munimec and most municipalities have acknowledged a need to have their own legal advisory services unit.

The Legal Services Directorate provided legal support function to various municipalities in the province. The support relates to issues of governance, appointments and employment contracts, interpretation of legislation and explanation of the implications of judgments delivered in favour or against municipalities.

3.7.2 LEGISLATIVE PROGRAMME

The development of the following bills have been initiated;

- Local Government and Traditional Affairs Bill, to repeal all obsolete legislation that is administered by the department
- Traditional Leadership and Governance Bill
- Eastern Cape Matatiele alignment Bill.

3.7.3 ALTERNATIVE DISPUTE RESOLUTION MECHANISM (ADR)

The Legal Services Directorate has intensified the ADR with a view to mitigate litigation costs and subsequently there was no increase in the budget for legal fees.

3.8 AUDIT COMMITTEE REPORT

Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2013.

Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and have met 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	4
Ms. T. Moja	4
Ms. N. Sishuba	3
Mr. R. Nicholls	4
Mr. P. Zitumane	4

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 (PFMA) and Treasury Regulation (TR) 3.1. The Audit Committee has adopted 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 risk and risk management is partly effective to provide reasonable assurance that departmental objectives will be achieved.

In line with the PFMA and King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with reports that show the internal controls are partly adequate and effective. From the

reports of the Internal Auditors and the management report of the Auditor-General, it was noted that matters were reported indicating deficiencies to the system of internal control. Management is implored to develop action plans to ensure that these findings are corrected and are not reported in the future financial years. The Audit Committee will monitor progress made in this regard at their quarterly meeting.

The Quality of Management and Quarterly Reports Submitted in Terms of the PFMA and the Division Of Revenue Act.

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Department as required by the PFMA. The committee is aware of lack of control on the collection, recording and reporting of financial and non-financial information and management has plans to design and implement such controls.

Evaluation of Financial Statements

The Audit Committee has:

Reviewed and discussed the unaudited 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 any changes to the accounting policies and practices;

Concurred with the Auditor-General's conclusions on the Annual Financial Statements.

We recommended the Annual Financial Statement to the Head of Department for inclusion in the Annual Report.

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 has been effective and that its Annual Operational Plan is risk based and pertinent to the department.

Auditor-General's Report

We have reviewed the Department's implementation plan for audit issues raised by the Auditor General in the 2011/12 management report. Some of the matters have not been adequately resolved.

The Audit Committee concurs and accepts the Auditor-General's conclusion on the annual financial statements and the pre-determined objectives. There were no unresolved issues between management and the Office of the Auditor-General.

Appreciation

The Audit Committee appreciates the assistance and cooperation it received from departmental management in assisting the Audit Committee to discharge its responsibilities.



Chairperson of the Audit Committee

Date: 31 July 2013





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SG Khanyile in front with female senior managers and other officials during a meeting to discuss SG's Eight Principle Action Plan to promote women empowerment and gender equality in the workplace.



Departmental officials at the Women's Dialogue event held in Bhisho to celebrate Women's Month.

SECTION D

HUMAN RESOURCE MANAGEMENT

4.1 Legislation that governs HR management

The schedule hereunder reflects the legislation that governs HR management environment:

- Basic Conditions of Employment Act, Act 75 of 1997 (as amended)
- Employment Equity Act, Act No. 55 of 1998
- Labour Relations Act, Act No. 66 of 1995.
- Occupational Health and Safety Act No. 85 of 1993
- Promotion of Equality and Prevention of Unfair Discrimination Act, Act No. 4 of 2000
- PSCBC Resolutions
- Public Service Act, Act 103, 1994 as amended with Regulations
- Skills Development Act, Act 97 of 1998
- PFMA Act, Act 1 of 1999 as amended
- Skills Development Levies Act 9 of 1999

4.2 Introduction

The following sections will be discussed as introduction to the tables

• The value of human capital in the department

The Human Capital is at the centre of the performance of the department. The department relied on competencies and skills of its workforce for it to achieve its strategic objectives.

The key role played by the department in order to keep up with the expected service delivery priorities and standards, is as follows:

- Training and development initiative which includes bursary programme, internship programme, etc.
- Employee health and wellness programmes were conducted.
- Performance management and development programmes.

• Overview of HR matters at the department

The HR management environment in the department is categorised into two groups, namely:

- Public Servants
- Traditional Leaders

The department provided the following key HR functions:

- Optimal development of departmental human resources.
- Human resources management services that include recruitment, conditions of service, PERSAL management and employee wellness services
- Organisational transformation & development services.
- Labour relations services

• Set HR priorities for the year under review and the impact of these priorities

HR PRIORITIES	IMPACT OF THESE PRIORITIES
Capacity/Training and bursary programmes	Well skilled and capacitated employees.
Internship Programme	Experienced interns who are in turn employable. Poverty alleviation.
Recruitment	Provision of suitable qualified personnel.
Performance Management and Development Programme	Better management of individual performance.
Employee wellness programme	Conducive environment, productive workforce and reduced employee absenteeism.

- **Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce**

Adequacy of compensation

Job design that will engender job satisfaction

More satisfying job conditions, facilities and resources

Competent leadership and management

Accommodation for career planning and potential prospects within work environment

- **Employee performance management framework**

The department vigorously implemented the PMDS across all levels of staff members. There is no backlog in respect of compliance related to PMDS

- **Employee wellness programmes**

The department strengthened this function in line with the four (4) pillars as determined by DPSA Policy development.

The services of Employee Wellness Programme have been extended to Traditional Leaders and the 68 sessions were held.

- **Highlight of achievements;**

The following has been achieved by the department:

- Developed (2) and reviewed (4) HR policies
- Development of 1 Employee handbook

These documents will be rolled out during 2013/14 financial year to all departmental employees across the Province.

- **Challenges faced by the department;**

The limited budget made it difficult to do roll-out across the Province, however the department was integrating trips to ensure that there was a smooth implementation of these policies.

- **Future HR plans /goals**

- Capacity development initiatives
- Organizational support initiatives
- Governance & Institutional Development Initiatives
- Economic growth and development initiatives

4.3 HUMAN RESOURCE OVERSIGHT STATISTICS

Personnel related expenditure

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

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

TABLE 1.1 – Personnel costs by programme, 2012/2013

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a % of total expenditure	Average personnel cost per employee (R'000)
P1 - ADMINISTRATION	182 846	107 144	1 786	6 365	59%	324
P2 – LOCAL GOVERNANCE	225 990	174 008	0	2 404	77%	251
P3 – DEVELOPMENT & PLANNING	102 296	77 611	0	3 356	76%	406
P4 – TRADITIONAL INSTITUTE MANAGEMENT	252 979	226 730	0	2 763	90%	124
P5 – HOUSE OF TRADITIONAL LEADERS	24 117	13 359	0	1 509	55%	247
TOTAL	788 228	598 852	1 786	16 397	76%	193
Notes	1	2	3	4	5	6

Note 1. The amount of total expenditure agrees with the total expenditure for the department that agrees to the appropriation statement in the annual financial statements.

Note 2. The amount of personnel expenditure agrees to the total expenditure for compensation of employees as disclosed in the annual financial statements.

Note 3. The amount for training expenditure agrees with the total expenditure for training and development as disclosed in the note for goods and services in the annual financial statements.

Note 4. The amount for professional and special services agrees to the total expenditure for consultants and professional services as disclosed in the note for goods and services in the annual financial statements.

Note 5. The personnel expenditure in note 2 calculated as a percentage of the total expenditure in note 1.

Note 6. The amount reflects the total personnel expenditure divided by the number of employees.

TABLE 1.2 Personnel costs by salary bands, 2012/2013

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	No of employees	Average personnel cost per employee (R'000)
Lower Skilled (Levels 1-12)	0	0.00%	0	0
Skilled (3-5)	17 923	2.99%	146	123
Highly skilled production (Levels 6-8)	259 755	43.38%	1 260	206
Highly skilled supervision (Levels 9-12)	133 263	22.25%	291	458
Senior Management (Levels 13 – 16)	55 877	9.33%	74	755
Contract Levels (Levels 3 – 5)	344	0.06%	2	172
Contract Levels (Levels 6 – 8)	417	0.07%	2	209
Contract Levels (Levels 9 -12)	7 090	1.18%	13	545
Contact Levels Senior Management (Levels 13 – 16)	20 236	3.38%	32	632
Abnormal Appointment	103 947	17.36%	1 278	81
TOTAL	598 852		3 098	193
Notes	1	2	3	4

Note 1. The amount for personnel expenditure agrees with the total expenditure for compensation of employees as disclosed in the annual financial statements.

Note 2. This amount reflects the personnel expenditure per salary band as a percentage of the total personnel expenditure in the department.

Note 3. The average number of employees calculated for the 2012/13 financial year.

Note 4. The total personnel expenditure calculated by dividing it by the number of employees.

TABLE 1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme, 2012/2013

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	% of personnel costs of programme	Amount (R'000)	% of personnel costs of programme	Amount (R'000)	HOA as a personnel costs of programme	Amount R'000)	% of personnel costs of programme
House of traditional leaders	10237	71.6	30	0.2	463	3.2	692	4.8
Programme four-traditional affairs	204801	86.4	11	0	3407	1.4	3957	1.7
Programme one-corporate governance	79432	71.5	267	0.2	2999	2.7	4591	4.1
Programme three-development & planning	63680	71.1	0	0	1874	2.1	2866	3.2
Programme two-developmental local govt	126046	70.6	0	0	6450	3.6	10489	5.9
TOTAL	484196	76.8	308	0	15193	2.4	22595	3.6

TABLE 1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary bands, 2012/2013

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	% of personnel costs of salary bands	Amount (R'000)	% of personnel costs of salary bands	Amount (R'000)	% of personnel costs of salary bands	Amount R'000)	% of personnel costs of salary bands
Lower Skilled (Levels 1-12)	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	12536	68.2	3	0	1295	7	1249	6.8
Highly Skilled production (Levels 6-8)	194677	73.1	213	0.1	9605	3.6	15849	6
Highly Skilled supervision (Levels 9 – 12)	102710	70.6	93	0.1	2514	1.7	4444	3.1
Senior Management (Levels 13-16)	46704	75.3	0	0	1328	2.1	768	1.2
Contract (Levels 3-5)	234	67.2	0	0	19	5.5	23	6.6
Contract (Levels 6-8)	314	74.1	0	0	0	0	17	4
Contract (Levels 9-12)	5789	68.3	0	0	109	1.3	146	1.7
Contract (Levels 13-16)	18582	78.3	0	0	323	1.4	99	0.4
Abnormal Appointment	102650	97.1	0	0	0	0	0	0
TOTAL	484196	76.8	309	0	15193	2.4	22595	3.6

Employment and vacancies

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

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

This information is presented in terms of three key variables namely programme, salary land and critical occupation.

TABLE 2.1 Employment and vacancies by programme, 31 March 2013

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Prog one-corporate governance, Permanent	384	331	13.8	1
Prog two-developmental local govt, Permanent	728	694	4.7	7
Prog three-development & planning, Permanent	219	191	12.8	0
Prog four-traditional affairs, Permanent	614	554	9.8	3
House of traditional leaders, Permanent	57	54	5.3	0
TOTAL	2002	1824	8.9	11

TABLE 2.2 Employment and vacancies by salary bands, 31 March 2013

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (Levels 1-2), Permanent	0	0	0	0
Skilled (Levels 3-5), Permanent	168	146	13.1	2
Highly skilled production (Levels 6-8), Permanent	1359	1264	7	2
Highly skilled supervision (Levels 9-12), Permanent	340	303	10.9	0
Senior management (Levels 13-16), Permanent	86	67	22.1	1
Contract (Levels 3-5), Permanent	2	2	0	0
Contract (Levels 6-8), Permanent	2	0	100	0
Contract (Levels 9-12), Permanent	13	11	15.4	3
Contract (Levels 13-16), Permanent	32	31	3.1	3
TOTAL	2002	1824	8.9	11

TABLE 2.3 Employment and vacancies by critical occupation, 31 March 2013

Critical occupations	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administrative related, Permanent	615	576	6.3	1
Appraisers-valuers and related professionals, Permanent	2	2	0	0
Architects town and traffic planners, Permanent	7	6	14.3	0
Bus and heavy vehicle drivers, Permanent	10	7	30	0
Cartographers and surveyors, Permanent	5	5	0	0
Cashiers tellers and related clerks, Permanent	3	3	0	0
Cleaners in offices workshops hospitals etc., Permanent	89	89	0	2
Community development workers, Permanent	1	1	0	0
Economists, Permanent	1	1	0	0
Electrical and electronics engineering technicians, Permanent	0	0	0	0
Engineering sciences related, Permanent	24	23	4.2	0
Engineers and related professionals, Permanent	8	6	25	0
Finance and economics related, Permanent	16	16	0	0
Financial and related professionals, Permanent	38	38	0	0
Financial clerks and credit controllers, Permanent	22	21	4.5	0
General legal administration & rel. professionals, Permanent	2	2	0	0
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources & organisational development & relate prof, Permanent	3	3	0	0

Critical occupations	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Human resources clerks, Permanent	22	22	0	0
Human resources related, Permanent	41	32	22	5
Legal related, Permanent	1	1	0	0
Library mail and related clerks, Permanent	5	5	0	0
Light vehicle drivers, Permanent	9	9	0	0
Logistical support personnel, Permanent	2	2	0	0
Material-recording and transport clerks, Permanent	1	1	0	0
Messengers porters and deliverers, Permanent	62	46	25.8	0
Motor vehicle drivers, Permanent	1	1	0	0
Other administrat & related clerks and organisers, Permanent	65	62	4.6	1
Other administrative policy and related officers, Permanent	92	51	44.6	0
Other occupations, Permanent	253	245	3.2	0
Risk management and security services, Permanent	7	7	0	0
Secretaries & other keyboard operating clerks, Permanent	498	462	7.2	1
Senior managers, Permanent	96	78	18.8	1
TOTAL	2002	1824	8.9	11

Job evaluation

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

TABLE 3.1 Job Evaluation, 1 April 2012 - 31 March 2013

Salary Band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Contract (Levels 3-5)	2	0	0	NIL	NIL	NIL	NIL
Contract (Levels 6-8)	2	0	0	NIL	NIL	NIL	NIL
Contract (Levels 9-12)	13	0	0	NIL	NIL	NIL	NIL
Contract (Band A)	28	24	85.7	NIL	NIL	NIL	NIL
Contract (Band B)	2	1	50	NIL	NIL	NIL	NIL
Contract (Band C)	1	0	0	NIL	NIL	NIL	NIL
Contract (Band D)	1	0	0	NIL	NIL	NIL	NIL
Skilled (Levels 3-5)	168	0	0	NIL	NIL	NIL	NIL
Highly skilled production (Levels 6-8)	1359	0	0	NIL	NIL	NIL	NIL
Highly skilled supervision (Levels 9-12)	340	8	2.4	NIL	NIL	NIL	NIL
Senior Management Service Band A	62	6	9.7	NIL	NIL	NIL	NIL
Senior Management Service Band B	22	1	4.5	NIL	NIL	NIL	NIL
Senior Management Service Band C	1	0	0	NIL	NIL	NIL	NIL
Senior Management Service Band D	1	0	0	NIL	NIL	NIL	NIL
TOTAL	2002	40	2	NIL	NIL	NIL	NIL

The following table provides a summary of the number of employees whose own positions were upgraded due to their post being upgraded.

TABLE 3.2 Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2012 – 31 March 2013

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 tables summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

TABLE 3.3 Employees who have been granted higher salaries than those determined by job evaluation by race

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

TABLE 3.4 Profile of employees who have been granted higher salary bands than those determined by job evaluation

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

Employment changes

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

TABLE 4.1 Annual turnover rates by salary band for the period 1 April 2012 – 31 March 2013

Salary Band	Employment at beginning of period 1 April 2012	Appointments	Terminations	Turnover rate
Skilled (Levels 3-5), Permanent	149	9	13	8.7
Highly skilled production (Levels 6-8), Permanent	1272	44	38	3
Highly skilled supervision (Levels 9-12), Permanent	296	23	12	4.1
Senior Management Service Band A, Permanent	46	13	2	4.3
Senior Management Service Band B, Permanent	16	6	2	12.5
Senior Management Service Band C, Permanent	1	0	0	0
Senior Management Service Band D, Permanent	1	0	0	0
Contract (Levels 3-5), Permanent	2	0	0	0
Contract (Levels 6-8), Permanent	2	1	0	0
Contract (Levels 9-12), Permanent	16	1	1	6.3
Contract (Band A), Permanent	21	10	1	4.8
Contract (Band B), Permanent	0	3	1	0
Contract (Band C), Permanent	1	0	0	0
Contract (Band D), Permanent	1	0	0	0
TOTAL	1824	110	70	3.8

TABLE 4.2 Annual turnover rates by critical occupation for the period 1 April 2012 – 31 March 2013

Critical Occupation:	Employment at beginning of period 1 April 2012	Appointments	Terminations	Turnover rate
Administrative related, Permanent	206	7	11	5.3
Appraisers-valuers and related professionals, Permanent	3	0	1	33.3
Architects town and traffic planners, Permanent	4	0	0	0
Bus and heavy vehicle drivers, Permanent	4	2	1	25
Cartographers and surveyors, Permanent	0	5	0	0
Cashiers tellers and related clerks, Permanent	3	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	92	7	7	7.6
Communication and information related, Permanent	2	0	0	0
Community development workers, Permanent	1	0	20	2000
Electrical and electronics engineering technicians, Permanent	1	0	0	0
Engineering sciences related, Permanent	32	4	4	12.5
Engineers and related professionals, Permanent	3	1	0	0
Finance and economics related, Permanent	17	0	0	0
Financial and related professionals, Permanent	37	2	0	0
Financial clerks and credit controllers, Permanent	26	1	1	3.8
General legal administration & rel. professionals, Permanent	1	0	0	0
Head of department/chief executive officer, Permanent	1	0	0	0
Human resources & organisational development & relate prof, Permanent	2	0	0	0
Human resources clerks, Permanent	19	4	1	5.3
Human resources related, Permanent	32	7	2	6.3
Legal related, Permanent	2	0	0	0
Library mail and related clerks, Permanent	5	0	0	0
Light vehicle drivers, Permanent	13	0	2	15.4
Logistical support personnel, Permanent	2	0	0	0
Material-recording and transport clerks, Permanent	2	0	1	50
Messengers porters and deliverers, Permanent	46	5	0	0
Motor vehicle drivers, Permanent	1	0	0	0
Other administration & related clerks and organisers, Permanent	419	10	11	2.6
Other administrative policy	69	3	0	0

Critical Occupation:	Employment at beginning of period 1 April 2012	Appointments	Terminations	Turnover rate
and related officers, Permanent				
Other occupations, Permanent	250	18	0	0
Risk management and security services, Permanent	6	0	0	0
Secretaries & other keyboard operating clerks, Permanent	454	22	2	0.4
Senior managers, Permanent	69	12	6	8.7
TOTAL	1824	110	70	3.8

TABLE 4.3 Reasons why staff are leaving the department

Termination Type	Number	% of Total Employment
Death, Permanent	19	1
Resignation, Permanent	29	1.6
Expiry of contract, Permanent	1	0.1
Dismissal-misconduct, Permanent	4	0.2
Retirement, Permanent	17	0.9
TOTAL	70	3.8

TABLE 4.4 Promotions by critical occupation

Occupation	Employees 1 April 2012	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
Administrative related	206	23	11.2	487	236.4
Appraisers-valuers and related professionals	3	0	0	1	33.3
Architects town and traffic planners	4	0	0	6	150
Bus and heavy vehicle drivers	4	0	0	3	75
Cashiers tellers and related clerks	0	0	0	5	0
Cleaners in offices workshops hospitals etc.	3	0	0	77	2566.7
Communication and information related	92	0	0	1	1.1
Community development workers	2	0	0	0	0
Economists	1	0	0	2	200
Electrical and electronics engineering technicians	1	0	0	1	100
Engineering sciences related	32	0	0	23	71.9
Engineers and related professionals	3	0	0	2	66.7
Finance and economics related	17	0	0	12	70.6
Financial and related professionals	37	1	2.7	25	67.6

Occupation	Employees 1 April 2012	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
Financial clerks and credit controllers	26	0	0	10	38.5
General legal administration and related professionals	1	0	0	2	200
Head of department/chief executive officer	1	0	0	0	0
Human resources & organisational development and related professionals	2	1	50	1	50
Human resources clerks	19	0	0	6	31.6
Human resources related	32	5	15.6	7	21.9
Legal related	2	0	0	1	50
Library mail and related clerks	5	0	0	3	60
Light vehicle drivers	13	0	0	6	46.2
Logistical support personnel	2	0	0	1	50
Material-recording and transport clerks	2	0	0	1	50
Messengers porters and deliverers	46	0	0	24	52.2
Motor vehicle drivers	1	0	0	0	0
Other administration, related clerks and organisers	419	2	0.5	37	8.8
Other administrative policy and related officers	69	5	7.2	28	40.6
Other occupations	250	0	0	20	8
Risk management and security services	6	1	16.7	5	83.3
Secretaries & other keyboard operating clerks	454	2	0.4	456	100.4
Senior managers	69	6	8.7	29	42
TOTAL	1824	46	2.5	1282	70.3

TABLE 4.5 Promotions by salary band

Salary Band	Employees 1 April 2012	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.
Skilled (Levels 3-5), Permanent	149	0	0	105	70.5
Highly skilled production (Levels 6-8), Permanent	1272	14	1.1	915	71.9
Highly skilled supervision (Levels 9-	296	17	5.7	222	75

Salary Band	Employees 1 April 2012	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.
12), Permanent					
Senior management (Levels 13-16), Permanent	64	12	18.8	33	51.6
Contract (Levels 3-5), Permanent	2	0	0	0	0
Contract (Levels 6-8), Permanent	2	0	0	0	0
Contract (Levels 9-12), Permanent	16	0	0	5	31.3
Contract (Levels 13-16), Permanent	23	3	13	2	8.7
TOTAL	1824	46	2.5	1282	70.3

Employment equity

TABLE 5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2013

Occupational Categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers, Permanent	45	1	1	1	31	0	0	0	79
Professionals, Permanent	53	1	0	3	72	1	0	1	131
Technicians and associate professionals, Permanent	256	3	0	5	359	3	0	5	631
Clerks, Permanent	204	4	0	3	359	7	0	2	579
Service and sales workers, Permanent	1	0	0	1	5	0	0	0	7
Plant and machine operators and assemblers, Permanent	17	0	0	0	0	0	0	0	17
Elementary occupations, Permanent	232	7	0	1	139	0	0	0	379
Other, Permanent	1	0	0	0	0	0	0	0	1
TOTAL	809	16	1	14	965	11	0	8	1824

5.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2013.

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management, Permanent	3	0	0	0	0	0	0	0	3
Senior Management, Permanent	54	2	1	2	34	0	0	0	93
Professionally qualified and experienced specialists and mid-management, Permanent	120	2	0	7	117	1	0	3	250
Skilled technical and academically qualified workers, junior management, supervisors, foremen,	396	5	0	5	692	10	0	5	1113

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Permanent									
Semi-skilled and discretionary decision making, Permanent	55	7	0	0	86	0	0	0	148
Unskilled and defined decision making, Permanent	0	0	0	0	0	0	0	0	0
Contract (Top Management), Permanent	2	0	0	0	0	0	0	0	2
Contract (Senior Management), Permanent	20	0	0	0	10	0	0	0	30
Contract (Professionally qualified), Permanent	7	0	0	0	6	0	0	0	13
Contract (Skilled technical), Permanent	1	0	0	0	1	0	0	0	2
Contract (Semi-skilled), Permanent	2	0	0	0	0	0	0	0	2
TOTAL	660	16	1	14	946	11	0	8	1656

5.3 Recruitment for the period 1 April 2012 - 31 March 2013

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	3	0	0	0	4	0	0	0	7
Professionally qualified and experienced specialists and mid-management, Permanent	5	0	0	0	2	0	0	0	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	4	0	0	0	6	0	0	0	10
Semi-skilled and discretionary decision making, Permanent	1	0	0	0	6	0	0	0	7
Contract (Senior Management), Permanent	6	0	0	0	3	0	0	0	9
Contract (Professionally qualified), Permanent	1	0	0	0	1	0	0	0	2
Contract (Skilled technical), Permanent	0	0	0	0	1	0	0	0	1
TOTAL	20	0	0	0	23	0	0	0	43

5.4 Promotions for the period 1 April 2012 - 31 March 2013

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	2	0	0	0	4	0	0	0	6
Professionally qualified and experienced specialists and mid-management, Permanent	2	0	0	0	1	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1	0	0	0	5	0	0	0	6
Semi-skilled and discretionary decision making, Permanent	1	0	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	3	0	0	0	2	0	0	0	5
Contract (Professionally qualified), Permanent	1	0	0	0	4	0	0	0	5
TOTAL	10	0	0	0	16	0	0	0	26

5.5 Terminations for the period 1 April 2012 - 31 March 2013.

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management, Permanent	2	0	0	0	3	0	0	0	5
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	0	3	0	0	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	7	0	0	0	2	0	0	0	9
Semi-skilled and discretionary decision making, Permanent	1	0	0	0	1	0	0	0	2
Contract (Top Management), Permanent	1	0	0	0	1	0	0	0	2
Contract (Senior Management), Permanent	1	0	0	0	2	0	0	0	3
Contract (Professionally qualified), Permanent	1	0	0	0	2	0	0	0	3
TOTAL	14	0	0	0	14	0	0	0	28

5.6 Disciplinary action for the period 1 April 2012 – 31 March 2013.

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	1	0	0	0	0	0	0	0	1
TOTAL	1	0	0	0	0	0	0	0	1

5.7 Skills development for the period 1 April 2012 – 31 March 2013

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, Senior Officials and Managers	56	1	1	2	75	0	0	0	135
Professionals	4	2	0	1	2	1	0	0	10
Technicians and Associate Professionals	0	0	0	0	0	0	0	0	0
Clerks	111	0	0	2	205	5	0	3	326
Service and Sales Workers	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0
TOTAL	171	3	1	5	282	6	0	3	471
Employees with disabilities	1	0	0	0	2	0	0	0	3

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 6.1 Performance rewards by race, gender and disability, 1 April 2012-31 March 2013

	Beneficiary Profile		Cost		
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African, Female	306	965	31.7	3 392	11 086
African, Male	152	809	18.8	2 008	13 213
Asian, Male	0	1	0	0	0
Coloured, Female	1	11	9.1	12	12 159
Coloured, Male	2	16	12.5	78	38 821
Total Blacks, Female	307	976	31.5	3 404	11 089
Total Blacks, Male	154	822	18.7	2 086	13 546
White, Female	6	8	75	94	15 639
White, Male	3	14	21.4	81	27 058
TOTAL	470	1824	25.8	5 665	12 054

TABLE 6.2 Performance rewards by salary bands for personnel below Senior Management Service, 1 April 2012 – 31 March 2013.

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)	75	146	51.4	388	5 173
Highly skilled production (Levels 6-8)	282	1264	22.3	2 754	9 766
Highly skilled supervision (Levels 9-12)	102	303	33.7	2 231	21 873
Contract (Levels 3-5)	1	2	50	10	10 000
Contract (Levels 6-8)	0	2	0	0	0
Contract (Levels 9-12)	3	11	27.3	75	25 000
Abnormal Appointment	0	0	0	0	0
TOTAL	463	1726	26.8	5458	11788

TABLE 6.3 Performance rewards by critical occupations, 1 April 2012 – 31 March 2013.

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	160	206	77.7	2 600	16 250
Appraisers-valuers and related professionals	1	3	33.3	24	24 000
Architects town and traffic planners	0	4	0	0	0
Bus and heavy vehicle drivers	3	4	75	24	8 000
Cartographers and surveyors	0	0	0	0	0
Cashiers tellers and related clerks	1	3	33.3	12	12 000
Cleaners in offices workshops hospitals etc.	51	92	55.4	256	5 020
Community development workers	0	2	0	0	0

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Economists	0	1	0	0	0
Electrical and electronics engineering technicians	0	1	0	0	0
Engineering sciences related	3	32	9.4	102	34 000
Engineers and related professionals	1	3	33.3	18	18 000
Finance and economics related	10	17	58.8	170	17 000
Financial and related professionals	13	37	35.1	171	13 154
Financial clerks and credit controllers	12	26	46.2	143	11 917
General legal administration and related. professionals	0	1	0	0	0
Head of department/chief executive officer	0	1	0	0	0
Human resources, organisational development and related professionals	2	2	100	72	36 000
Human resources clerks	3	19	15.8	29	9 667
Human resources related	1	32	3.1	6	6 000
Legal related	0	2	0	0	0
Library mail and related clerks	3	5	60	25	8 333
Light vehicle drivers	3	13	23.1	18	6 000
Logistical support personnel	2	2	100	30	15 000
Material-recording and transport clerks	1	2	50	9	9 000
Messengers porters and deliverers	21	46	45.7	117	5 571
Motor vehicle drivers	1	1	100	10	10 000
Other administrative, related clerks and organisers	24	419	5.7	334	13 917
Other administrative policy and related officers	12	69	17.4	136	11 333
Other occupations	13	250	5.2	179	13 769
Rank: Unknown	0	0	0	0	0
Risk management and security services	2	6	33.3	16	8 000
Secretaries and other keyboard operating clerks	124	454	27.3	1 067	8 605
Senior managers	3	69	4.3	94	31 333
TOTAL	470	1824	25.8	5662	12047

TABLE 6.4 Performance related rewards (cash bonus, by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	% of SMS wage bill
	Number of beneficiaries	Number of employees	% of total within band			
Band A	6	80	7.5	168	28 000	0.3
Band B	0	22	0	0	0	0
Band C	0	2	0	0	0	0
Band D	0	2	0	0	0	0
TOTAL	6	106	5.7	168	28000	0.3

Foreign workers

The table below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation.

TABLE 7.1 Foreign Workers by salary band, 1 April 2012 – 31 March 2013,

Salary Band	1 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% change
Highly skilled production (Levels 6-8)	1	25	1	20	0	0
Contract (Levels 9-12)	3	75	3	60	0	0
Contract (Levels 13-16)	0	0	1	20	1	100
TOTAL	4	100	5	100	1	100

TABLE 7.2 Foreign Workers by major occupation, 1 April 2012 – 31 March 2013

Major Occupation	1 April 2012		31 March 2013		Change	
	Number	% of total	Number	% of total	Number	% change
Administrative office workers	1	25	1	20	0	0
Professionals and managers	3	75	4	80	1	100
TOTAL	4	100	5	100	1	100

Leave utilisation for the period 1 January 2012 to 31 December 2013

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 8.1) and disability leave (Table 8.2). In both cases, the estimated cost of the leave is also provided.

TABLE 8.1 Sick leave, 1 January 2012 – 31 December 2012

Grade (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)
Skilled (Levels 3-5)	528	89.4	58	8.5	9	161
Highly skilled production (Levels 6-8)	2834	86	350	51	8	1 766
Highly skilled supervision (Levels 9-12)	1692	84.1	214	31.2	8	2 276
Senior management (Levels 13-16)	261	86.6	43	6.3	6	752
Contract (Levels 9-12)	44	90.9	9	1.3	5	64
Contract (Levels 13-16)	67	92.5	12	1.7	6	177
TOTAL	5426	85.9	686	100	8	5196

TABLE 8.2 Disability leave (temporary and permanent), 1 January 2012 – 31 December 2012.

Grade (Salary band)	Total days taken	% certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Skilled (Levels 3-5)	21	100	2	8.3	11	6
Highly skilled production (Levels 6-8)	202	100	13	54.2	16	147
Highly skilled supervision (Levels 9-12)	149	100	9	37.5	17	190
TOTAL	372	100	24	100	16	343

Table 8.3 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 8.3 Annual Leave, 1 January 2012 - 31 December 2012

Grade (Salary bands)	Total days taken	Number of employees	Average per employee
Lower skilled (Levels 1-2)	10	10	1
Skilled (Levels 3-5)	2184	17	129
Highly skilled production (Levels 6-8)	13314	17	794
Highly skilled supervision (Levels 9-12)	6442	22	289
Senior management (Levels 13-16)	1398	21	66
Contract (Levels 3-5)	1	1	1
Contract (Levels 9-12)	205	17	12
Contract (Levels 13-16)	375	14	27
TOTAL	23929	18	1319

TABLE 8.4 Capped Leave, 1 January 2012 - 31 December 2012

Grade (Salary Bands)	Total days of capped leave taken	Number of employees taking capped leave	Average number of days taken per employee
Highly skilled production (Levels 6-8)	49	7	7
Highly skilled supervision (Levels 9-12)	25	10	3
TOTAL	74	17	4

TABLE 8.5 Leave pay-outs for the period 1 April 2012 - 31 March 2013

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 per employee (R 000)
Capped leave payouts on termination of service for 2012/13	591	48	12313
Current leave payout on termination of service for 2012/13	0	16	0
TOTAL	591	64	9234

HIV/AIDS and health promotion programmes

TABLE 9.1 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
Traditional leaders,	Conduct awareness sessions and make HCT accessible to the employees
Community Development Workers	
Employees in Traditional councils	

TABLE 9.2 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		Mr. Z Magqagga : Senior Manager - Human Resource Management
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 with 5 employees
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		The Unit is focussing on 4 Pillars, namely: SHERQ, HIV/AIDS & TB, REPRODUCTIVE HEALTH AND WELLNESS
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	The Department is in the process of establishing these committees both at Head Office and Districts/Traditional Affairs Institutions
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		HIV/AIDS Policy addresses issues of discrimination
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		HIV/AIDS Policy addresses these issues
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	Yes		HCT always forms part of information sessions - more employees are aware of their status
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Verbal Feedback and evaluation at the end of Financial Year. Number of sessions conducted and number of employees utilizing the program are indicators

Labour Relations

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

TABLE 10.1 Collective agreements, 1 April 2012 - 31 March 2013.

Subject Matter	Date
Resolution 1 of 2012	31/07/2012
Resolution 2 of 2012	02/08/2012
Resolution 3 of 2012	03/09/2012

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

TABLE 10.2 Misconduct and disciplinary hearings finalised, 1 April 2012 - 31 March 2013.

Outcomes of disciplinary hearings	Number	% of total
Final written warning	2	2
Dismissal	1	1
TOTAL	3	3%

TABLE 10.3 Types of misconduct addressed at disciplinary hearings

Type of misconduct (Based on annexure A)	Number	% of total
Negligence	1	1
Absenteeism	1	1
Dereliction of Duties	1	1
TOTAL	3	3%

TABLE 10.4 Grievances lodged for the period 1 April 2012 – 31 March 2013

	Number	% of total
TOTAL	170	0

TABLE 10.5 Disputes lodged with Councils for the period 1 April 2012 – 31 March 2013

	Number	% of total
Number of disputes upheld	2	22.2
Number of disputes dismissed	7	77.8
Total number of disputes lodged	9	100%

TABLE 10.6 Strike actions for the period 1 April 2012 - 31 March 2013

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 10.7 Precautionary suspensions for the period 1 April 2012 - 31 March 2013

Number of people suspended	1
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	60
Cost (R'000) of suspensions	83,840.07

Skills development

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

11.1 Training needs identified 1 April 2012 - March 2013

Occupational Categories	Gender	Number of employees as at 1 April 2012	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	90	0	90
	Male	0	0	35	0	35
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	200	80	280
	Male	0	0	135	60	195
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	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	0	0	290	80	370
	Male	0	0	170	60	230
TOTAL		0	0	460	140	600

11.2 Training provided 1 April 2012 - 31 March 2013

Occupational Categories	Gender	Number of employees as at 1 April 2012	Training provide within the reporting period			
			Learner ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	70	30	100
	Male	0	0	20	15	35
Professionals	Female	0	0	0	7	7
	Male	0	0	0	3	3
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	71	142	213
	Male	0	0	38	75	113
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	0	0	0
	Male	0	0	0	0	0
Sub Total	Female	0	0	140	179	319
	Male	0	0	58	93	151
TOTAL		0	0	199	272	471

Injury on duty

The following tables provide basic information on injury on duty

TABLE 12.1 Injury on duty, 1 April 2012 - 31 March 2013

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 consultant

TABLE 13.1 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 to render cleaning and hygienic services at Local Government and Traditional Affairs. SCMU7-10/11-0010	2	27 months	4 323 723
2. Appointment of a service provider to provide services for re-assessment of human resource operation project team (HROPT) Cases. SCMU7-12/13-Q0002	3	2 months	132 810
3. Appointment of a service provider to Survey park homes sites in Mthatha. SCMU7-12/13-Q0004	2	7 months	200 000
4. Appointment of a service provider for the creation of a Topographical and Cadastral Database. SCMU7-12/13-Q0003	3	7 months	482 220
5. Appointment of a service provider to develop ward based plans for thirty one (31) wards located in the Nyandeni Local Municipality and twenty (20) located at Port St Johns Local Municipality within the OR Tambo District Municipality. SCMU7-12/13-Q0008	4	4 months	491 232
6. Appointment of a service provider to develop ward based plans for Eighteen (18) Wards located at Ntabankulu Local Municipality within Alfred Nzo District Area of the Eastern Cape Province. SCMU7-12/13-Q0005	4	4 months	251 808
7. Appointment of a service provider to develop ward based plans for nine (9) wards Located at Sakhisizwe Local Municipality within Chris Hani District Municipality Area and (6) Wards located at Maletswai Local Municipality within Joe Gqabi District Municipality Area of Eastern cape province SCMU7-12/13-Q0007	4	2 months	345 000
8. Appointment of a service provider to conduct a forensic investigation at the	4	5 months	R402 750

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Ngqushwa Local Municipality. SCMU7-12/13-Q0014			
9. Appointment of a service provider to supply office furniture for the boardroom and sixteen members of the Eastern Cape Provincial Committee (Commission). SCMU7-12/13-Q0009	3	1 month	R541 055
10. Appointment of a service provider for capacity building: 14 Section 57 managers from Cacadu and Amathole District Municipalities on strategic leadership. SCMU7-12/13-Q0017	1	3 months	R195 160
11. Appointment of a service provider to conduct leadership skills development training programme for twenty (20) members of the Imbumba Yamakhosikazi Akomkhulu (IYA) Provincial Executive Committee (PEC). SCMU7-12/13-Q0012	5	2 weeks	R136 800
12. Appointment of a Service Provider to develop a Computerized Valuation system to monitor and implement the provisions of the Local Government: Municipal Property Rates Act: 2004 (MPRA) for three municipalities (Ntabankulu, Inkwanca and Blue Crane). SCMU7-12/13-Q0013	7	5 months	R362 976
13. Appointment of a service provider to develop a Local Spatial development framework (LSDF) for Intsika Yethu Local Municipality. SCMU7-12/13-Q0021	8	5 months	R180 000
14. Appointment of a service provider to develop a Local Spatial development framework (LSDF) for Gqeleni at Nyandeni Local Municipality. SCMU7-12/13-Q0022	8	5 months	R180 000
15. Appointment of a service provider to develop a Local Spatial development framework (LSDF) for Coffee Bay in the King Sabata Dalindyebo Municipality. SCMU7-12/13-Q0023	10	5 months	R180 000
16. Appointment of a service provider to develop ward based plans at Nqushwa Local Municipality. Project SCMU7-12/13-Q0006	4	2 months	160 218
17. Appointment of a service provider to provide services for identification of skills GAP of members of senior management services (SMS) and ensure continuous development through targeted training and development SCMU7-12/13-Q0010	5	2 days	76 882
18. Appointment of a service provider to conduct a forensic investigation at Great Kei Municipality. SCMU7-12/13-0011	1	4 months	1 430 000
19. Appointment of a service provider to conduct skills development training on project management for 30 members	2	2 weeks	344 000

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
of Imbuba Yamakhosikazi SCMU7-12/13-Q0031			
20. Appointment of a service provider to Amend the Ciskei Land Use Regulations ACT, Act of 15 of 1987: Creation of zoning scheme regulations and update of the existing procedure manual. SCMU7-12/13-Q0045	2	4 months	200 389
21. Appointment of a service provider to amend the Transkei Townships ordinance, ordinance 33 of 1934; Creation of new zoning scheme regulations and update of the existing procedure manual. SCMU7-12/13-Q0046	1	4 months	200 389
22. Appointment of a service provider to conduct team building and skills development training for 38 members of the Provincial House of Traditional Leaders. SCMU7-12/13-Q0037	2	3 days	35 766
23. Appointment of a service provider to evaluate the outcome of the implementation of Local Economic Development (LED) strategies in the Eastern Cape Municipalities. SCMU7-12/13-Q0011	1	4 months	335 000
24. Appointment of a service provider for supply and installation of lightning conductors in five (5) pilot Municipalities. SCMU7-12/13-Q0048	6	6 months	826 101
25. Appointment of a service provider for capacity building for technical staff on storm water and drainage at OR Tambo and Alfred Nzo District Municipality (33 Candidates in total) SCMU7-12/13-Q0016	3	1 month	180 000
26. Appointment of a service provider for I CAN MAXWELL leadership development programme (March-November) SCMU7-11/12-Q0084	2	8 months	200 000
27. Appointment of a service provider to design and implement a customer satisfaction survey for 45 municipalities of the Eastern Cape Province. SCMU7-11/12-Q0057	6	10 months	493 866
28. Appointment of a service provider to offer Supply Chain Management support programme to Buffalo City Municipality. SCMU7-11/12-Q0038	5	11 months	435 024
29. Appointment of a service provider for Capacity Building 30 Section 57 Managers in five (5) district municipalities on strategic leadership. SCMU7-11/12-Q0046	1	4 months	418 200
30. Appointment of a service provider to render facilitation service for team building session of operation clean audit. SCMU7-11/12-Q0072	2	3 days	132 810

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
31. Appointment of an Administrator at Mquma Local Municipality for a period of three (3) months. SCMU7-12/13-Q0053	6	3 years	4 572 084
32. Appointment of a service provider for the provision of the digital pen and paper technology for community development workers. SCMU7-12/13-0007	1	3 months	770 880
33. Appointment of service provider to provide people management training programme. SCMU7-12/13-Q0049	3	1 month	120 000
Total number of projects			R 19 220 784

TABLE 13.2 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 to render cleaning and hygienic services at Local Government and Traditional Affairs. SCMU7-10/11-0010	100%	100%	2
2. Appointment of a service provider to provide services for re-assessment of human resource operation project team (HROPT) Cases. SCMU7-12/13-Q0002	0%	33.3%	2
3. Appointment of a service provider to Survey park homes sites in Mthatha. SCMU7-12/13-Q0004	100%	100%	2
4. Appointment of a service provider for the creation of a Topographical and Cadastral Database. SCMU7-12/13-Q0003	0%	0%	0
5. Appointment of a service provider to develop ward based plans for thirty one (31) wards located in the Nyandeni Local Municipality and twenty (20) located at Port St Johns Local Municipality within the OR Tambo District Municipality. SCMU7-12/13-Q0008	100%	100%	5
6. Appointment of a service provider to develop ward based plans for Eighteen (18) Wards located at Ntabankulu Local Municipality within Alfred Nzo District Area of the Eastern Cape Province. SCMU7-12/13-Q0005	100%	100%	5
7. Appointment of a service provider to develop ward based plans for nine (9) wards Located at Sakhisizwe Local Municipality within Chris Hani District Municipality Area and (6) Wards located at Maletswai Local Municipality within Joe Gqabi District Municipality Area of Eastern cape province SCMU7-12/13-Q0007	100%	100%	1
8. Appointment of a service provider to	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
conduct a forensic investigation at the Ngqushwa Local Municipality. SCMU7-12/13-Q0014			
9. Appointment of a service provider to supply office furniture for the boardroom and sixteen members of the Eastern cape Provincial Committee (Commission). SCMU7-12/13-Q0009	100%	100%	3
10. Appointment of a service provider for capacity building: 14 Section 57 managers from Cacadu and Amathole District Municipalities on strategic leadership. SCMU7-12/13-Q0017	0%	0%	1
11. Appointment of a service provider to conduct leadership skills development training programme for twenty (20) members of the imbumba yamakhosikazi akomkhulu (IYA)Provincial Executive Committee (PEC). SCMU7-12/13-Q0012	100%	100%	5
12. Appointment of a service provider to develop a Computerized Valuation system to monitor and implement the provisions of the Local Government: Municipal property Rates Act:2004 (MPRA) for three municipalities (Ntabankulu, Inkwanca and Blue Crane). SCMU7-12/13-Q0013	50%	50%	0
13. Appointment of a service provider to develop a local spatial development framework (LSDF) for Intsika Yethu Local Municipality. SCMU7-12/13-Q0021	33.3%	33.3%	4
14. Appointment of a service provider to develop a local Spatial development framework (LSDF) for Gqeleni at Nyandeni Local Municipality. SCMU7-12/13-Q0022	33.3%	33.3%	4
15. Appointment of a service provider to develop a local Spatial development framework (LSDF) for Coffee Bay in the King Sabata Dalindyebo Municipality. SCMU7-12/13-Q0023	33.3%	33.3%	2
16. Appointment of a service provider to develop ward based plans at Nqushwa Local Municipality. Project SCMU7-12/13-Q0006	100%	100%	4
17. Appointment of a service provider to provide services for identification of skills GAP of members of senior management services (SMS) and ensure continuous development through targeted training and development SCMU7-12/13-Q0010	34.16%	34.16%	0
18. Appointment of a service provider to conduct a forensic investigation at Great Kei Municipality. SCMU7-12/13-0011	100%	100%	1
19. Appointment of a service provider to	100%	100%	2

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
conduct skills development training on project management for 30 members of imbuba Yamakhosikazi SCMU7-12/13-Q0031			
20. Appointment of a service provider to Amend the Ciskei Land Use Regulations ACT, Act of 15 of 1987: Creation of zoning scheme regulations and update of the existing procedure manual. SCMU7-12/13-Q0045	0%	0%	0
21. Appointment of a service provider to amend the Transkei Townships ordinance, ordinance 33 of 1934; Creation of new zoning scheme regulations and update of the existing procedure manual. SCMU7-12/13-Q0046	0%	0%	0
22. Appointment of a service provider to conduct team building and skills development training for 38 members of the Provincial House of Traditional Leaders. SCMU7-12/13-Q0037	100%	100%	2
23. Appointment of a service provider to evaluate the outcome of the implementation of Local Economic Development (LED) strategies in the Eastern Cape Municipalities. SCMU7-12/13-Q0011	100%	100%	1
24. Appointment of a service provider for supply and installation of lightning conductors in five (5) pilot Municipalities. SCMU7-12/13-Q0048	100%	100%	5
25. Appointment of a service provider for capacity building for technical staff on storm water and drainage at OR Tambo and Alfred Nzo District Municipality (33 Candidates in total) SCMU7-12/13-Q0016	100%	66.6%	3
26. Appointment of a service provider for I CAN MAXWELL leadership development programme (March-November) SCMU7-11/12-Q0084	100%	100%	2
27. Appointment of a service provider to design and implement a customer satisfaction survey for 45 municipalities of the Eastern Cape Province. SCMU7-11/12-Q0057	100%	100%	4
28. Appointment of a service provider to offer Supply Chain Management support programme to Buffalo City Municipality. SCMU7-11/12-Q0038	33.3%	33.3%	2
29. Appointment of a service provider for Capacity Building 30 Section 57 Managers in five (5) district municipalities on strategic leadership. SCMU7-11/12-Q0046	0%	0%	1
30. Appointment of a service provider to render facilitation service for team building session of operation clean	100%	100%	2

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
audit. SCMU7-11/12-Q0072			
31. Appointment of a service provider for provisions of digital pens and paper technology for community development workers. SCMU7-12/13-0007	100%	100%	5
32. Appointment of an Administrator at Mnquma Local Municipality for a period of three (3) months. SCMU7-12/13-Q0053	100%	100%	1
33. Appointment of service provider to provide people management training programme. SCMU7-12/13-Q0049	100%	100%	2

TABLE 13.3 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
None	None	None	None
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
None	None	None	None

TABLE 13.4 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.
None	None	None	None





Province of the
EASTERN CAPE
LOCAL GOVERNMENT
& TRADITIONAL AFFAIRS

SECTION E

FINANCIAL INFORMATION

5.1 Report of the Accounting Officer

Report by the Accounting Officer to the Executive Authority and Provincial Legislature of the Republic of South Africa.

5.1.1 General review of the state of financial affairs

Policy and Strategic Context

The Department of Local Government and Traditional Affairs is guided by five priorities enunciated for government in this term. These priorities which are in alignment to the ruling party's Election Manifesto can be summed up as follows:

- The creation of decent work and sustainable livelihoods
- Health, Education, Crime, and Rural development (including land reform, food production and security).

The addition of Local Government demonstrated a deliberate attempt to build an effective Developmental State with requisite capacity to co-ordinate planning throughout government. The aforementioned apex priorities are the department's torch as we support municipalities to facilitate service delivery in the areas of their jurisdiction.

In the same vein, traditional leadership institutions have a legitimate role to play in the reconstruction and development of rural communities as well as in the preservation and promotion of traditional customs and culture. They are vital players in the development of their constituent communities especially in a province that is the second poorest in the country. It is for this reason that the fourth year in this term of government was used to mainstream the role of traditional leaders in governance, in particular local governance.

The movement towards an outcomes based approach is a significant step in the achievement of the development outcomes of government which are etched on the priorities contained in the manifesto. The outcomes based approach brings to life government's vision of implementing a vigorous performance monitoring and evaluation system.

The vision behind Outcome 9 is to ensure a responsive, accountable, effective and efficient Local Government (LG). The department in turn unveiled four focal areas which are aligned to Outcome 9, namely:

- Good Governance
- Basic Service Delivery and Infrastructure Development
- Co-ordination and Integration
- Traditional Affairs

These are the focal areas which form our delivery inferno as we journey through the course of the fourth term of government. A reflection of the 2012/13 financial year indicates that we are on course in terms of implementing the performance plans of the department utilizing the resources at our disposal.

5.1.2 Key milestones recorded in the 2012/13 financial year

The department registered some milestones that display the vigour within which this year's plans were implemented. These also indicate the strides made from working collectively with strategic partners towards the achievement of the seven Outputs in Outcome 9 which are premised on the Local Government Turn-Around Strategy (LGTAS). The latter strategy directs the department to promote municipal financial viability and build solid economic bases in municipalities.

On revenue enhancement, the department supported three municipalities with a Computerised Valuation System. This initiative assisted local municipalities in the improvement of their valuation rolls e.g. Inkwanca, Blue Crane Route and Ikwezi..

In propelling forward the agenda of clean audits in municipalities, the department established a formal working relationship with Provincial Planning and Treasury (PPT). Together, we resuscitated the Memorandum of Understanding that seeks to formalise and guide the working relationship between the two Departments.

We also actively participated in the Auditor-General's door-to-door campaign whose basis was to identify challenges in municipalities and promote achievement of the targets of Operation Clean Audit by 2014.

Municipal administration services received a boost with seven municipalities having been supported to develop their archive systems. Records keeping and archival systems continues to pose a risk to positive audits of municipalities and this support will contribute to the overarching departmental priority of clean audits in municipalities.

As part of the on-going support to improve legislative compliance, in particular the Municipal Structures Act, a total of twelve (12) municipalities were assisted to amend their Section 12 Notices.

The alignment of a municipal organogram to the Integrated Development Plans (IDPs) provides for seamless execution and paves the way for institutionalization of such plans. To this end, we have supported ten (10) municipalities to align their organograms with the their IDPs. Furthermore, the department introduced a paradigm shift emphasizing Ward Based Plans as a pillar to the development of IDP's. This planning approach constitutes a movement away from top-down approach to municipal planning and thus bodes well for placing the people at the centre of the municipal plans.

Local Government support further yielded dividends with the set targets for accessing basic services being exceeded. This is demonstrated through programs such as CWP where job opportunities increased from 35 000 which was the annual target, to 40 926. The target on indigent households accessing Free Basic Services also reflected a positive variance with the target being exceeded by 44 646. A 55 % positive deviation was recorded in the target of households with access to a basic level of refuse removal. 1 275 204 households had access to decent sanitation at year end form a target of 1 242 508. The record of these results gives the department confidence to progress with the plans to keep poverty at bay.

Section 154 support was rendered through the deployment of executive management in the levels of Municipal Manager, Chief Operations Officer, Chief Financial Officer, Corporate Services and Supply Chain Management. Municipalities that benefitted from this support are Emalahleni; Nelson Mandela Bay; King Sabata Dalindyebo; Mbhashe; Mquma; Ngqushwa; Nxuba; OR Tambo and Port St John's.

Support was also provided to the following municipalities on financial management, revenue enhancement, payment of audit fees and bail-outs warranted by fact that some of the municipalities are ailing with poor revenue bases. These municipalities are Baviaans; Blue Crane Route; Gariep; Great Kei; Inkwanca; Inxuba Yethemba; Kouga; Koukamma; Makana; Ntabankulu; Nxuba; Port St John's; Sundays River Valley and Umzimvubu.

The positive developments outlined above demand robust and vigorous oversight structures in municipalities so that this momentum is sustained and even taken to a higher level. In this regard, the department invested in the capacity of Public Accounts Committees to make them effective agents of performance monitoring and oversight in municipalities.

Equally important is the dire need to create a culture of accountability and a degree of responsiveness to the people who deserve a return on their vote. This was done through enhancing the public participation machinery of the state and following up on municipal responses to the Presidential Hotline enquiries. In order to enhance the effectiveness of our eyes and ears on the ground, Smart Pens were procured for the Community Development Workers.

The Vuna Awards presents the highest accolade that can be bestowed on a municipality that has excelled in one or more of the key performance areas of local government. The Vuna Awards concept was born in the province and we pride ourselves for hosting a successful awards ceremony in this financial year. The ethos of Municipal Performance Excellence was also encouraged in categories such as Institutional Performance, Revenue Enhancement and Service Delivery Improvement.

In furtherance of performance excellence within local government, we have expanded our partnership base between various sectors and municipalities. These include partnerships between the business sector, higher education sector and municipalities under the banner of the "BUSINESS ADOPT A MUNICIPALITY" program. In this regard, key partnerships were formed between the Nelson Mandela Bay Municipality and South African Breweries; Buffalo City Metropolitan Municipality and Mercedes Benz SA and finally Nkonkobe Municipality with the University of Fort Hare.

The MuniMEC platform which seeks to promote co-ordinated and integrated service delivery was hailed by the Cooperative Governance Department as a best practice countrywide which should be emulated by other provinces. Some of the key resolutions of this forum in the year under review ranged from turning around the poor audit outcomes, disaster management, implementation of performance management systems, spending on infrastructure grant funds and intergovernmental relations. The role of political leadership in driving change at municipalities permeated all structures together with the promotion of clean governance at all levels.

The King Sabata Dalindyebo Presidential Initiative is a living example of co-operative governance in action and the department is playing a strategic role as the Single Window of Co-ordination with the Superintendent-General Chairing the Provincial Working Group of this project.

In extending intergovernmental co-operation, the department sustained its co-ordination platforms such as Provincial Municipal Infrastructure Forum, Free Basic Services, Disaster Management and the Fire Management Forum. These forums will assist to unravel challenges to service delivery in the operational arena and sponsor collective solutions to such challenges.

In the future, we will be strengthening our resolve to harness intergovernmental relations for accelerated service delivery as we move towards the closure of the current term of government.

5.1.3 Traditional Affairs

Traditional leadership transformation endeavours bore fruit in this year with at least 438 traditional leaders and IYA members being trained in this year through partnerships forged with Human Settlements, Department of Water Affairs (DWA) as well as the Tsoho Agricultural and Rural Development Institute. The Traditional Leaders were trained on Marine Resourcing, Beef, Maize, Jam and Chutney, Leadership Development, Project Management, Water Affairs and finally Human Settlements.

The Department engaged with municipalities to advance working relations on the Initiation Monitoring and Intervention Program. This is an old-age custom which the House of Traditional Leaders wants to preserve and protect for those who want to selfishly enrich themselves at the expense of the precious lives of the boys.

Provision of requisite immovable assets was however not without challenges. The wheel of approval for traditional affairs infrastructure did not move at the desired pace thereby impacting negatively on the ability of the department to meet its plans for the construction of traditional councils. This is something that the department will be focussing on in the next financial year and finding ways the Department of Roads and Public Works.

5.1.4 General financial review of the department

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

All programmes made their net inputs to contribute towards the aforementioned outputs and making them a reality. The table below illustrates the alignment between the Outputs in Outcome 9, departmental Focal Areas and the Programmes responding to those.

Priorities	Outcome 9: Output number	Focal area no.	Programmes
Priority 1: Strengthening leadership, accountability and clean local government	Outputs 1, 5, & 6	1. Good Governance	Programmes 1, 2, & 3
Priority 2: Strengthening co-operative governance and development planning in a democratic development state	Outputs 4 & 7	3. Basic Service Delivery	Programmes 1, 2, & 3
Priority 3: Accelerating service delivery to support the poor and vulnerable	Output 2	2. Co-ordination & Integration	Programmes 2 & 3
Priority 4: Supporting local economic development and rural development to create decent work and sustainable livelihoods	Output 3	3. Basic Service Delivery	Programmes 3 & 4
Priority 5: Improving the developmental capacity of the Institution of Traditional Leadership	Output 7	4. Traditional Affairs	Programmes 2, 4, & 5

■ Spending trends

The department has recorded a number of successes and progress on the implementation of the plans in respect of 2012/13, but there were challenges which ensued during the year which affected the financial performance of the department. Those are reflected in the analysis and variance explanations presented on the statements below. For the year under review the department spent 97% of its adjusted budget, representing 3% under-expenditure. The administrative challenges which include late implementation of operational and infrastructure projects and the lengthy recruitment processes are but some of the challenges the department experienced. The areas where significant amounts of under expenditure were incurred are on Compensation of Employees (R6, 5 million), Goods and Services (R11, 9 million) and Capital Budget (R 5,4million). Within the various programmes, the under expenditure is R8.5 million in programme 1, R5 million in programme 2, R3,6 million in programme 3, R6,1million in programme 4 and R1,7 million in programme 5.

The details are reflected in the table below;

Departmental Summary	Original Budget	Adjusted Budget	Shifting /Virements	Final Appropriation	Actual Expenditure	Variance	% Spent
Compensation of Employees	615,617	611,617	(6,233)	605,384	598,852	6,532	99%
Goods & Services	141,652	161,347	(4,442)	156,905	144,922	11,983	92%
Interest and Rent on Land	0	0	0	0	3	(3)	
Transfers and Subsidies	13,709	25,260	4,936	30,196	28,956	1,240	96%
Payments for Financial Assets	0	0	0	0	0	0	
Payments for Capital Assets	17,474	15,150	5,739	20,889	15,495	5,394	74%
TOTAL	788,452	813,374	0	813,374	788,228	25,146	97%

Factors which influenced the under expenditure on compensation of employees are internal promotions which resulted in vacancies continuing to exist, posts for additional traditional leaders which had not materialised and the rate at which the recruitment processes are finalised.

Within goods and services the major items which contributed to the under expenditure were subsistence and travel costs, business and advisory services and expenditure relating to the use of transversal systems, operating leases, legal fees and venues and facilities. For the above items commitments of R6, 6 million were reflected on the system which indicates that they would all be expended and some would form part of accruals.

The under expenditure on capital budget was as a result of slow pace in the construction and the construction and renovations of traditional councils.

Programme 1 – Administration:

- Programme 1 reflects 96% expenditure, being 98% on Compensation of Employees, 91% on Goods and Services, 92% on Transfers and Subsidies and 98% on Capital Budget.

ADMINISTRATION	Original Budget	Adjusted Budget	Shifting /Virements	Final Appropriation	Actual Expenditure	Variance	% Spent
Compensation of Employees	111,903	110,403	(1,500)	108,903	107,144	1,759	98%
Goods & Services	56,466	65,940	1,664	67,604	61,313	6,291	91%
Payments for Financial Assets			0			0	
Transfers and Subsidies	2,646	2,896	556	3,452	3,170	282	92%
Interest and Rent on Land			0			0	
Payments for Capital Assets	3,957	3,207	8,238	11,445	11,219	226	98%
TOTAL	174,972	182,446	8,958	191,404	182,846	8,558	96%

- Within Goods and Services, the delays in the receipting and processing of invoices relating to Operating Leases, Legal Fees and SITA Licences were the main contributing factors to the under-expenditure of R6,7 million. Commitments of R4 million were recorded at year end.
- The delays in supply of office furniture and computer equipment resulted in the under- expenditure of R1,6 million within Capital Budget.

Programme 2 – Local Governance:

- Programme 2 reflects 98% expenditure, being 99% on Compensation of Employees, 95% on Goods and Services, 100% on Transfers and Subsidies and 13% on Capital Budget.

LOCAL GOVERNANCE	Original Budget	Adjusted Budget	Shifting /Virements	Final Appropriation	Actual Expenditure	Variance	% Spent
Compensation of Employees	184,450	179,950	(4,213)	175,737	174,008	1,729	99%
Goods & Services	41,820	46,187	(5,693)	40,494	38,313	2,181	95%
Payments for Financial Assets			0			0	
Transfer Payments	1,129	9,500	4,000	13,500	13,500	0	100%
Interest and Rent on Land			0			0	
Payments for Capital Assets	2,903	1,362	(14)	1,348	169	1,179	13%
TOTAL	230,302	236,999	(5,920)	231,079	225,990	5,089	98%

- Under Goods and Services the under-expenditure of R1 million is reflected under Subsistence and Travel, for which there are commitments of R0.900 million. The other area where under-expenditure was incurred was under business and advisory services and relate to projects which were still in progress at year end.
- The under-expenditure within Capital Budget relates to the computer equipment and peripherals as well as office furniture and equipment costs which could not be finalised by year end.

Programme 3 – Development and Planning:

- Programme 3 reflects 97% expenditure, being 99% on Compensation of Employees, 91% on Goods and Services, 100% on Transfers and Subsidies and 40% on Capital Budget.

DEVELOPMENT AND PLANNING	Original Budget	Adjusted Budget	Shifting /Virements	Final Appropriation	Actual Expenditure	Variance	% Spent
Compensation of Employees	77,822	78,822	(520)	78,302	77,611	691	99%
Goods & Services	22,776	21,539	(290)	21,249	19,326	1,923	91%
Payments for Financial Assets			0		1	(1)	
Transfer Payments	4,677	4,677	0	4,677	4,677	0	100%
Interest and Rent on Land			0			0	
Payments for Capital Assets	3,533	3,600	(1,896)	1,704	681	1,023	40%
TOTAL	108,808	108,638	(2,706)	105,932	102,296	3,636	97%

- Major items which contributed to the under-expenditure within Programme 3 relate to Business Advisory and Consultancy Fees, Subsistence and Travel expenses and finally Venues and Facilities.
- The under-expenditure within Capital Budget relates to the construction of the Provincial Disaster Management Centre which is a multi-year project. During the year under review, costs related mainly to the development of plans and drawings for the centre.

Programme 4 – Traditional Institutional Management:

- Programme 4 reflects 98% expenditure, being 99% on Compensation of Employees, 93% on Goods and Services, 98% on Transfers and Subsidies and 54% on Capital Budget.

TRADITIONAL AFFAIRS	Original Budget	Adjusted Budget	Shifting /Virements	Final Appropriation	Actual Expenditure	Variance	% Spent
Compensation of Employees	228,029	228,529	0	228,529	226,730	1,799	99%
Goods & Services	11,278	16,919	(508)	16,411	15,215	1,196	93%
Payments for Financial Assets			0		2	(2)	
Transfer Payments	5,257	7,787	(20)	7,767	7,606	161	98%
Interest and Rent on Land			0			0	
Payments for Capital Assets	7,081	6,981	(589)	6,392	3,426	2,966	54%
TOTAL	251,645	260,216	(1,117)	259,099	252,979	6,120	98%

- Items which impacted on Goods and Services expenditure within programme 4 are sitting allowances for members, Venues & Facilities and Subsistence & Travel claims. Late receipt of claims from members resulted in sitting allowances not being processed timeously.

- The under-expenditure relates to the construction and renovations of traditional councils which are caused by the time taken to procure services for such major projects as well as the slow pace of progress on actual construction and renovations once service providers are appointed. Challenges with the quality of work produced also played a significant role in the delayed processes. The Department of Roads and Public Works are the implementing agents for these projects and regular meetings have been initiated to address these challenges.

Programme 5 – House of Traditional Leaders:

- Programme 5 reflects 93% expenditure, being 96% on Compensation of Employees, 97% on Goods and Services, 1% on Transfers and Subsidies.

HOUSE OF TRADITIONAL LEADERS	Original Budget	Adjusted Budget	Shifting /Virements	Final Appropriation	Actual Expenditure	Variance	% Spent
Compensation of Employees	13,413	13,913	0	13,913	13,359	554	96%
Goods & Services	9,312	10,762	385	11,147	10,755	392	96%
Payments for Financial Assets			0			0	
Transfer Payments		400	400	800	3	797	0%
Interest and Rent on Land			0			0	
Payments for Capital Assets			0			0	
TOTAL	22,725	25,075	785	25,860	24,117	1,743	93%

- The under-expenditure on Transfers and Subsidies relates mainly to the gratuity payments for members of the HOTL which could not be finalised by year end as a result of the delays in receiving written approval from the Legislature approving such payments as required by Section 22 of the National Treasury Regulations.

Virements:

FROM :				TO :			
PROGRAMME	SUB PROGRAMME	ECONOMIC CLASSIFICATION	AMOUNT	PROGRAMME	SUB PROGRAMME	ECONOMIC CLASSIFICATION	AMOUNT
Programme 1	Corporate Services	Goods & Services	870,000	Programme 2	Municipal Public Participation	Goods & Services	870,000
Programme 2	Municipal Performance, Monitoring, Reporting & Evaluation	Capital Assets	14,000	Programme 1	Corporate Services	Capital Assets	14,000
Programme 2	Municipal Performance, Monitoring, Reporting & Evaluation	Goods & Services	160,000	Programme 1	Corporate Services	Transfers and Subsidies(Households)	160,000
Programme 2	Municipal Performance, Monitoring, Reporting & Evaluation	Goods & Services	55,000	Programme 1	Corporate Services	Goods & Services	55,000

FROM :				TO :			
PROGRAMME	SUB PROGRAMME	ECONOMIC CLASSIFICATION	AMOUNT	PROGRAMME	SUB PROGRAMME	ECONOMIC CLASSIFICATION	AMOUNT
Programme 2	Municipal Performance, Monitoring, Reporting & Evaluation	Compensation of Employees	61,000	Programme 1	Corporate Services	Goods & Services	61,000
Programme 2	Municipal Performance, Monitoring, Reporting & Evaluation	Compensation of Employees	140,000	Programme 3	Municipal Infrastructure Services	Goods & Services	140,000
Programme 2	Municipal Performance, Monitoring, Reporting & Evaluation	Goods & Services	20,000	Programme 5	House of Traditional Leaders	Goods & Services	20,000
Programme 2	Municipal Administration	Capital Assets	397,000	Programme 1	Corporate Services	Capital Assets	397,000
Programme 2	Municipal Public Participation	Capital Assets	803,000	Programme 1	Corporate Services	Capital Assets	803,000
Programme 2	Municipal Performance, Monitoring and Reporting	Compensation of Employees	2,000,000	Programme 1	Corporate Services	Goods & Services	2,000,000
Programme 2	Municipal Performance, Monitoring and Reporting	Compensation of Employees	300,000	Programme 4	Traditional Resource Administration	Goods & Services	300,000
Programme 2	Municipal Administration	Compensation of Employees	500,000	Programme 1	Corporate Services	Goods & Services	500,000
Programme 2	Municipal Finance	Compensation of Employees	350,000	Programme 4	Traditional Resource Admin	Goods & Services	350,000
Programme 2	Municipal Public Participation	Goods & Services	300,000	Programme 1	Corporate Services	Goods & Services	300,000
Programme 2	Municipal Administration	Goods & Services	1,690,000	Programme 1	Corporate Services	Goods & Services	1,690,000

FROM :				TO :			
PROGRAMME	SUB PROGRAMME	ECONOMIC CLASSIFICATION	AMOUNT	PROGRAMME	SUB PROGRAMME	ECONOMIC CLASSIFICATION	AMOUNT
Programme 3	Disaster Management	Capital Assets	1,895,589	Programme 1	Corporate Services	Capital Assets	1,895,589
Programme 3	Municipal Infrastructure Services	Compensation of Employees	50,000	Programme 1	Corporate Services	Goods & Services	50,000
Programme 3	Spatial Planning	Compensation of Employees	300,000	Programme 1	Corporate Services	Goods & Services	300,000
Programme 3	Spatial Planning	Compensation of Employees	50,000	Programme 4	Traditional Resource Admin	Goods & Services	50,000
Programme 3	Land Use Management	Compensation of Employees	70,000	Programme 1	Corporate Services	Goods & Services	70,000
Programme 3	Disaster Management	Compensation of Employees	50,000	Programme 1	Corporate Services	Goods & Services	50,000
Programme 3	Municipal Infrastructure Services	Goods & Services	130,000	Programme 1	Corporate Services	Goods & Services	130,000
Programme 3	Municipal Infrastructure	Goods & Services	100,000	Programme 4	Traditional Resource	Goods & Services	100,000

FROM :				TO :			
PROGRAMME	SUB PROGRAMME	ECONOMIC CLASSIFICATION	AMOUNT	PROGRAMME	SUB PROGRAMME	ECONOMIC CLASSIFICATION	AMOUNT
Programme 3	Spatial Planning	Goods & Services	20,000	Programme 1	Corporate Services	Goods & Services	20,000
Programme 3	Local Economic Development	Goods & Services	30,000	Programme 1	Corporate Services	Goods & Services	30,000
Programme 3	Disaster Management	Goods & Services	150,000	Programme 1	Corporate Services	Goods & Services	150,000
Programme 4	Traditional Resource	Capital Assets	604,411	Programme 1	Corporate Services	Capital Assets	604,411
Programme 4	Traditional Resource Administration	Goods & Services	465,277	Programme 5	House of Traditional Leaders	Goods & Services	465,277
Programme 4	Traditional Resource	Goods & Services	208,000	Programme 1	Corporate Services	Goods & Services	208,000
Programme 4	Traditional Resource	Goods & Services	240,000	Programme 5	House of Traditional	Goods & Services	240,000
Programme 4	Traditional Resource	Goods & Services	52,000	Programme 5	House of Traditional	Transfers and Subsidies	52,000
Programme 4	Traditional Resource	Goods & Services	200,000	Programme 5	House of Traditional	Transfers and Subsidies	200,000
Programme 4	Traditional Resource	Goods & Services	50,000	Programme 5	House of Traditional	Transfers and Subsidies	50,000
Programme 4	Traditional Resource	Goods & Services	98,000	Programme 5	House of Traditional	Transfers and Subsidies	98,000
Programme 5	House of Traditional	Goods & Services	290,000	Programme 1	Corporate Services	Transfers and Subsidies	290,000
Programme 5	House of Traditional	Goods & Services	50,000	Programme 1	Corporate Services	Goods & Services	50,000

All the virements listed above were approved by the Accounting Officer and where necessary an approval from the relevant Treasury was obtained.. During the year under review the department ensured compliance with Section 43(3) of the PFMA.

5.1.5 Service rendered by the department

5.1.5.1 General

- 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.

5.1.5.2 Tariff policy

The Department did not conduct any formal trading in Goods and Services and does thus not have a tariff policy. The only revenue generated was from the sale of bid documents and from the disposal of redundant assets.

5.1.5.3 Free Services

The department did not render any free services.

5.1.5.4 Inventories

The total inventories on hand at year-end amounted to R445, 000 (2011/12 – R508, 000) and the reconciliation is reflected in Annexure 9 to the annual financial statements.

5.1.5.5 Capacity constraints

Vacancy rate

The vacancy rate of the Department in relation to Public Servants was at 52%. The department is in the process of reviewing its organogram.

Summary of departmental statistics is as follows:

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)	19	16	3
Senior Manager (PL13)	81	73	8
MMS (PL 11/12)	156	130	26
Ass. M (PL 9/10)	318	177	141
Admin Officers/Snr and Equivalent Rank (PL7/ 8)	628	261	367
Snr Admin Clerks and Equivalent Rank (PL 4-6)	1303	814	489
Cleaners/Labourers/Drivers/Machine Operator (PL2-3)	824	131	693
TOTAL	3333	1605 (48%)	1728 (52%)

5.1.6 OVERVIEW OF ORGANISATIONAL ENVIRONMENT FOR 2012/2013

5.1.6.1 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
-

5.1.6.2 Out of six (6) District Offices that have been provided for in the organisational structure, the department is currently in operation in 5 District Offices namely:

- Cacadu District Support Office
- Joe Gqabi District Support Office
- Amathole District Support Office
- Chris Hani District Support Office
- OR Tambo District Support Office

It should however be emphasized that the department decided to pilot two district offices i.e. Cacadu District Municipality and Chris Hani District Municipalities in terms of capacitating and resourcing the district offices because of budget limitations and linked challenges,.

5.1.6.3 The following key critical posts have been filled to strengthen the core management to respond to the strategic imperatives :

- General Manager for Strategic Management, Communications and Information Services
- General Manager for Traditional Leadership Institution & Capacity Building
- General Manager for house of Traditional Leaders
- General Manager for Operational Clean Audit (Contract)
- General Manager for District Co-ordination & LGTAS
- General Manager for IGR & Public Participation
- Senior Manager for Supply Chain Management (SCM)
- Senior Manager for Departmental Information Technology Services
- Senior Manager for Municipal Information Technology Services
- Senior Manager for Legal Services
- Senior Manager for O.R.Tambo District Office
- Senior Manager for Urban renewal & Small Town Regeneration

5.1.6.4 The following key Challenges are identified constraining the department to transform itself into an effective development and service delivery orientated organization:

- Inadequate technical and professional human resources.
- Inadequate physical resources (Shortage of office space in Head office as well as District Support Offices).

5.1.6.5 Strike management

During this period there was no strike action that took place within the department.

5.1.6.6 Restructuring process

The department is in its final stages of the development of the organisational structure, and this will assist in implementation of 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 new organisational structure focuses on implementation of the strategic goals of the department which supports improvement in the performance of municipalities and traditional leadership institutions.

It will be implemented by using the District footprint to co-ordinate the support to municipalities and traditional leadership institutions. Inter-governmental Relations and Public participation will be utilized as tools for successful implementation of the new delivery model.

This driving force behind the delivery model is cost efficiency and hands on support to municipalities. It is envisaged that it will foster strong collaboration and the harmonization in the manner in which government implements its programmes.

The new service delivery model is aligned and linked to the name change of the department which seeks to foreground cooperative governance. The new name will be "Co-operative Governance and Traditional Affairs".

5.1.6.7 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.

5.1.6.8 Utilisation of donor funds

No donor funding was received or utilised during the year.

5.1.6.9 Trading entities and public entities

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

5.1.6.10 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 R18, 178 million was transferred to 28 municipalities for revenue enhancement programs, improvement of audit outcomes and other areas of Section 154 support. The transfers are tabulated in Annexure 1 to the Annual Financial Statements.

5.1.6.11 Corporate governance arrangements

In the year under review, the departmental audit committee performed their oversight and advisory role in the department. The Internal Audit unit exercised its functions in terms of legislation with the risk management developing a more hands-on approach to support programmes to enhance their capacity.

The organisational structure review was conducted with a view to institutionalise the paradigm shift of district co-ordination. The department together with the Office of the Premier facilitated the establishment of anti-corruption units in municipalities.

5.1.6.12 Discontinued activities/activities to be discontinued

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

5.1.6.13 New/proposed activities

The department has undertaken a process to change its name to the Department of Co-operative Governance and Traditional Affairs in line with the name changes of the National Department and the equivalent departments in other Provinces. The legal process of implementing this has begun and the matter will be presented to Cabinet for approval.

Linked with that and as alluded to above, the department is in the process of fully rolling out district co-ordination through the five district offices. The aim of the department is to adopt a differentiated approach to municipal support that will ensure that we are able to tailor support to the areas of greatest need in municipalities. The district presence will also expand our hands-on support and improve efficacy.

5.1.6.14 Asset Management

The Department is guided by the National Treasury Asset Management Guidelines and is in compliance with its requirements. There is an operational Asset Management Unit in the Supply Chain Management Directorate.

An Asset Disposal Policy exists and an implementation plan has been developed. An Asset Management Policy is also in the process of being developed. Assets consist mainly of vehicles, computer equipment and office furniture. Physical verification is conducted on an annual basis and the extent of impairment assessed to determine the need for replacement.

5.1.6.15 Events after the reporting date

There has been no significant event subsequent to year end.

5.1.6.16 Information on predetermined objectives

The Department has, as part of its establishment, a Monitoring and 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.

5.1.6.17 SCOPA resolutions

In order to address these findings, the department has incorporated them into the risk management and internal audit processes so that credible action plans can be developed. Checklists, improved controls and more vigilant monitoring and reporting mechanisms have also been incorporated into the supply chain management processes in order to alleviate such findings.

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress	Progress
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.	The Unauthorised expenditure is still under investigation and appropriate action will be taken once these reports have been finalised.
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.	The investigations relating to irregular expenditure takes time because of the volume of transactions and the nature of the cases report. During the year under review an amount of R3, 204 million was condoned.
Financial year ended 31 March 2010	Unauthorised expenditure of R2 million paid to Koukama Municipality as an	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	The Unauthorised expenditure is still under investigation and appropriate action will be

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress	Progress
	urgent bail out and R67,548 paid for medical bills for one of the Kings.	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.	taken once these reports have been finalised.
Financial year ended 31 March 2011	Unauthorised expenditure of R126,000 as a result of a Transfer Payment made to Joe Gqabi District Municipality instead of Senqu Local Municipality	There was no overspending incurred and it is recommended as a direct charge in terms of the PFMA section 34(1)(b) without additional funding.	The Unauthorised expenditure is still under investigation and appropriate action will be taken once these reports have been finalised.

Prior modifications to audit reports

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Reported performance recorded was not valid when compared to the evidence provided.	31 March 2012	Circulars on performance information were issued to all staff. Direct interaction will take place with directorates to evaluate validity of evidence.
Actual reported indicators were not relevant when compared to source information	31 March 2011	Circulars on performance information were issued to all staff. Direct interaction will take place with directorates to ensure that source information is relevant to the reported indicators.
Increase in the budget for transfers and subsidies to municipalities were not approved by the Provincial Treasury.	31 March 2012	All virements and transfers for the year under review have been approved by Provincial Treasury
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	31 March 2011	Internal Audit will perform a more comprehensive review of the final AFS
The Internal Audit function did not evaluate the compliance with supply chain management (SCM) laws and regulations as required by TR 3.2.11 (e).	31 March 2012	SCM has been included in the Internal Audit plan
Leave taken by employees was not recorded accurately and in full as required by the Public Services Regulation (PSR) 1 NIF (b)	31 March 2012	Applicable notices were issued on leave management and controls have been put in place to ensure accurate capturing of leave.
Effective steps to prevent irregular expenditure as required by section 38(1)(c) was not taken	31 March 2009	Checklists have been developed, Internal Audits have been performed and SCM processes have been presented to management
Employees of the department	31 March 2012	A notice has been sent to all staff

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
performed remunerative work without permission from the executive authority.		

5.1.6.18 Exemptions and deviations received from the National Treasury

No deviations or exemptions were requested from the National Treasury during the year under review.

5.1.6.19 Interim Financial Statements

The department has initiated the process of preparing Interim Financial Statements and these were prepared on a quarterly basis for 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

5.1.6.20 Other

There is no additional information or events which have occurred which are not disclosed in the annual financial statements and which will impact on the users' assessment of these statements.

Approval

The Annual Financial Statements set out on pages 146 to 202 have been approved by the Accounting Officer.



.....
Adv. S Khanyile
Superintendent General
Department of Local Government and Traditional Affairs
31 July 2013

5.2 Accounting Officer's Statement of Responsibility for Annual Financial Statements

The Financial Statements have been prepared in accordance with the departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The department has applied internal control processes and policies which it deemed necessary to ensure that credible financial statements have been prepared. The findings that have been raised by the Office of the Auditor General will be addressed through a formal audit intervention process.



.....
Adv. S Khanyile

Superintendent General

Department of Local Government and Traditional Affairs

31 July 2013

5.3 Report of the Auditor General

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 Eastern Cape Department of Local Government and Traditional Affairs set out on pages 146 to 193, which comprise the appropriation statement, the statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets 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 Eastern Cape Department of Local Government and Traditional Affairs as at 31 March 2013, 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.

Additional matter

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

Financial reporting framework

- 8 The *Departmental financial reporting framework* prescribed by National Treasury and applied by the department is a compliance framework. The wording of our 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 us to express an opinion on the fair presentation of the financial statements. The wording of our opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- 9 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

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 36 to 77 of the annual report.
11. 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's 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*.
12. 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).
13. The material findings are as follows:

Reliability of information

14. The National Treasury *Framework for managing programme performance information* (FMPPI) requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets.
15. Significant targets with respect to programme 2: Local governance and programme 4: Traditional affairs are materially misstated.
16. Furthermore, the reported performance information as a whole for programme 2: Local governance is materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements in the targets that were selected for testing. This is due to a lack of review by the Monitoring and Evaluation Unit of the validity, accuracy and completeness of the reported achievements against the source documentation.

Compliance with laws and regulations

17. I performed procedures to obtain evidence that the entity had 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 PFMA.

Annual financial statements, performance and annual report

19. 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.

Procurement and contract management

20. Goods and services of a transaction value of above R500 000 were procured without inviting competitive bids, as required by Treasury Regulation 16A6.1.

Human resource management and compensation

21. Employees were appointed without following a proper process to verify the claims made in their applications, in

contravention of Public Service Regulation 1/VII/D.8.

22. The accounting officer did not always ensure that all leave taken by employees was recorded accurately and in full, as required by Public Service Regulation 1/V/F (b).
23. Persons in charge at pay points did not always certify that the employees receiving payment were entitled to such payment, as required by Treasury Regulation 8.3.4.

Internal control

24. I considered internal control relevant to my audit of the financial statements, 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 performance report and the findings on compliance with laws and regulations included in this report.

Leadership

25. The accounting officer did not exercise the required oversight to ensure compliance with laws and regulations relating to human resource management and procurement and contract management. Furthermore, the accounting officer did not properly review the financial statements and annual performance report prior to submission for auditing.

Financial and performance management

26. The annual financial statements submitted for audit were amended due to material misstatements identified. The financial controls for financial statement disclosure notes were not adequately implemented throughout the financial year to ensure that all transactions and balances were accounted for accurately and completely. Furthermore, the documented policy and procedure manuals with regard to the collation, collection and recording of information for the annual performance report were not adequately implemented and monitored.

Governance

27. The department did not include the risk of material misstatements of accruals and commitments as part of their risk assessment activities, even though these two disclosure notes had required material corrections in prior year audits. The financial statements and monthly management accounts, as well as the quarterly and annual performance reports, were not sent to internal audit for verification and to ensure the credibility of information contained therein.

Auditor - General

East London

31 July 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Province of the
EASTERN CAPE

LOCAL GOVERNMENT
& TRADITIONAL AFFAIRS



**ANNUAL
FINANCIAL
STATEMENTS**

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
APPROPRIATION STATEMENT	2012/13							2011/12	
	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	174,699	(4,701)	4,794	174,792	166,805	7,987	95.4%	165,088	164,388
Transfers and subsidies	2,896	106	450	3,452	3,170	282	91.8%	2,312	2,283
Payment for capital assets	3,207	4,524	3,714	11,445	11,219	226	98.0%	3,556	3,112
Payment for financial assets	-	-	-	-	-	-	-	-	517
2. Local Governance									
Current payment	226,137	(5,200)	(4,706)	216,231	212,321	3,910	98.2%	203,038	195,344
Transfers and subsidies	9,500	4,000	-	13,500	13,500	-	100.0%	2,615	1,075
Payment for capital assets	1,362	1,200	(1,214)	1,348	169	1,179	12.5 %	8	8
3. Development and Planning									
Current payment	100,361	-	(810)	99,551	96,938	2,613	97.4%	89,422	87,165
Transfers and subsidies	4,677	-	-	4,677	4,677	-	100.0%	6,652	6,652
Payment for capital assets	3,600	-	(1,896)	1,704	681	1,023	40.0%	5,898	5,580
4. Traditional Institutional Management									
Current payment	245,448	5	(513)	244,940	241,947	2,993	98.8%	234,311	227,714
Transfers and subsidies	7,787	(20)	-	7,767	7,606	161	97.9%	8,189	8,189
Payment for capital assets	6,981	15	(604)	6,392	3,426	2,966	53.6%	14,549	11,535
5. House of Traditional Leaders									
Current payment	24,675	-	385	25,060	24,114	946	96.2%	23,977	23,453
Transfers and subsidies	400	-	400	800	3	797	0.4%	61	61
Payment for capital assets	-	-	-	-	-	-	-	317	301
Subtotal	811,730	(71)	-	811,659	786,576	25,083	96.9%	759,993	737,377

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per programme									
APPROPRIATION STATEMENT	2012/13							2011/12	
	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
Statutory Appropriation									
Current payment	1,644	71	-	1,715	1,652	63	96.3%	1,697	1,566
TOTAL	813,374	-	-	813,374	788,228	25,146	96,9%	761,690	738,943

	2012/13			2011/12	
	Final Appropriation	Actual Expenditure		Final Appropriation	Actual Expenditure
TOTAL (brought forward)					
Reconciliation with statement of financial performance					
ADD					
Departmental receipts	1,847			1,654	
Actual amounts per statement of financial performance (total revenue)	815,221			763,344	
Actual amounts per statement of financial performance (total expenditure)		788,228			738,943

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Appropriation per economic classification									
2012/13								2011/12	
	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	609,973	(2,433)	(3,871)	603,669	597,200	6,469	98.9%	560,747	552,871
Goods and services	161,347	(7,463)	3,021	156,905	144,922	11,983	92.4%	155,090	145,180
Interest and rent on land	-	-	-	-	3	(3)	-	-	13
Transfers and subsidies									
Provinces and municipalities	14,207	3,980	-	18,187	18,183	4	100.0%	9,225	7,685
Households	10,948	106	850	11,904	10,765	1,139	90.4%	10,553	10,524
Gifts and donations	-	-	-	-	-	-	-	50	50
Departmental agencies & accounts	105	-	-	105	8	97	7.6%	-	-
Payments for capital assets									
Buildings and other fixed structures	10,048	-	(1,967)	8,081	4,107	3,974	50.8%	12,598	12,259
Machinery and equipment	5,102	5,739	1,967	12,808	11,388	1,420	88.9%	11,730	8,278
Payments for financial assets	-	-	-	-	-	-	-	-	517
Total	811,730	(71)	-	811,659	786,576	25,083	96.9%	759,993	737,377

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Statutory Appropriation									
2012/13								2011/12	
Direct changes against the Provincial Revenue Fund	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
Member of executive committee	1,644	71	-	1,715	1,652	63	96.3%	1,697	1,566
Total	1,644	71	-	1,715	1,652	63	96.3%	1,697	1,566

Statutory Appropriation per economic classification									
2012/13								2011/12	
Program 1 Per Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	1,644	71	-	1,715	1,652	63	96.3%	1,697	1,566
Total	1,644	71	-	1,715	1,652	63	96.3%	1,697	1,566

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

2012/13								2011/12	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Programme 1: Administration	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Corporate Services									
Current payment	174,699	(4,701)	4,794	174,792	166,805	7,987	95.4%	165,088	164,388
Transfers and subsidies	2,896	106	450	3,452	3,170	282	91.8%	2,312	2,283
Payment for capital assets	3,207	4,524	3,714	11,445	11,219	226	98.0%	3,556	3,112
Payment for financial assets	-	-	-	-	-	-	-	-	517
Total	180,802	(71)	8,958	189,689	181,194	8,495	95.5%	170,956	170,300

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

2012/13								2011/12	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Programme 1-Administration	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	108,759	(1,571)	-	107,188	105,492	1,696	98.4%	92,914	92,691
Goods and services	65,940	(3,130)	4,794	67,604	61,313	6,291	90.7%	72,174	71,691
Interest and rent on land	-	-	-	-	-	-	-	-	6
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	-	1	1
Households	2,791	106	450	3,347	3,162	185	94.5%	2,311	2,282
Departmental agencies & accounts	105	-	-	105	8	97	7.6%	-	-
Payment for capital assets									
Machinery and equipment	3,207	4,524	3,714	11,445	11,219	226	98.0%	3,556	3,112
Payments for financial assets									
	-	-	-	-	-	-	-	-	517
Total	180,802	(71)	8,958	189,689	181,194	8,495	95.5%	170,956	170,300

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per sub-programme	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Programme 2: Local Governance	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Municipal Administration									
Current payment	20,031	2,420	(2,190)	20,261	19,808	453	97.8%	20,449	17,673
Transfers and subsidies	6,500	-	-	6,500	6,500	-	100.0%	-	-
Payment for capital assets	-	1,200	(397)	803	-	803	-	-	-
2.2 Municipal Finance									
Current payment	25,689	(1,396)	(350)	23,943	23,813	130	99.5%	19,570	17,916
Transfers and subsidies	3,000	4,000	-	7,000	7,000	-	100.0%	1,500	-
2.3 Municipal Public Participation									
Current payment	117,006	(2,493)	570	115,083	114,376	707	99.4%	110,470	109,086
Payment for capital assets	803	-	(803)	-	-	-	-	-	-
2.4 Capacity development									
Current payment	7,156	174	-	7,330	7,018	312	95.7%	6,540	6,525
2.5 Municipal Performance Monitoring, Reporting and Evaluation									
Current payment	56,255	(3,905)	(2,736)	49,614	47,306	2,308	95.3%	46,009	44,144
Transfers and subsidies	-	-	-	-	-	-	-	1,115	1,075
Payment for capital assets	559	-	(14)	545	169	376	31.0%	8	8
Total	236,999	-	(5,920)	231,079	225,990	5,089	97.8%	205,661	196,427

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Economic classification	2012/13							2011/12	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Programme 2-Local Governance	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	179,950	(862)	(3,351)	175,737	174,008	1,729	99.0%	165,689	164,128
Goods and services	46,187	(4,338)	(1,355)	40,494	38,313	2,181	94.6%	37,349	31,216
Transfers and subsidies to:									
Provinces and municipalities	9,500	4,000	-	13,500	13,500	-	100.0%	2,565	1,025
Gifts and donations	-	-	-	-	-	-	-	50	50
Payment for capital assets									
Machinery and equipment	1,362	1,200	(1,214)	1,348	169	1,179	12.5%	8	8
Total	236,999	-	(5,920)	231,079	225,990	5,089	97.8%	205,661	196,427

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

Detail per sub-programme	2012/13							2011/12	
	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
3.1 Spatial Planning									
Current payment	11,961	(980)	(370)	10,611	10,418	193	98.2%	11,892	11,271
3.2 Development Admin/Land Use Management									
Current payment	23,624	41	(70)	23,595	22,993	602	97.4%	21,395	20,247
3.3 IDP									
Current payment	7,040	292	-	7,332	6,961	371	94.9%	5,074	4,890
3.4 LED & Planning									
Current payment	19,626	1,370	(30)	20,966	20,785	181	99.1%	17,034	17,033
Transfers and subsidies	4,677	-	-	4,677	4,677	-	100.0%	4,790	4,790
3.5 Municipal Infrastructure									
Current payment	23,347	(595)	(140)	22,612	21,929	683	97.0%	21,485	21,336
Payment for capital assets	-	-	-	-	-	-	-	11	6
3.6 Disaster Management									
Current payment	14,763	(128)	(200)	14,435	13,852	583	96.0%	12,542	12,388
Transfers and subsidies	-	-	-	-	-	-	-	1,862	1,862
Payment for capital assets	3,600	-	(1,896)	1,704	681	1,023	40.0%	5,887	5,574
Total	108,638	-	(2,706)	105,932	102,296	3,636	96.6%	101,972	99,397

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

2012/13								2011/12	
Economic classification	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	78,822	-	(520)	78,302	77,611	691	99.1%	70,656	70,510
Goods and services	21,539	-	(290)	21,249	19,326	1,923	91.0%	18,767	16,656
Interest and rent on land	-	-	-	-	1	(1)	-	-	-
Transfers and subsidies to:									
Provinces and municipalities	4,677	-	-	4,677	4,677	-	100.0%	6,651	6,651
Payment for capital assets									
Buildings and other fixed structures	3,067	-	(1,363)	1,704	681	1,023	40.0%	5,898	5,574
Machinery and equipment	533	-	(533)	-	-	-	-	-	6
Total	108,638	-	(2,706)	105,932	102,296	3,636	96.6%	101,972	99,397

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

2012/13								2011/12	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Programme 4: Traditional Resource Administration	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Traditional Resource Administration									
Current payment	237,152	(20)	(513)	236,619	234,227	2,392	99.0%	227,016	220,443
Transfers and subsidies	7,787	(20)	-	7,767	7,606	161	97.9%	8,189	8,189
Payment for capital assets	6,981	15	(604)	6,392	3,426	2,966	53.6%	14,549	11,535
4.2 Rural Development Facilitation									
Current payment	8,296	25	-	8,321	7,720	601	92.8%	7,295	7,271
Total	260,216	-	(1,117)	259,099	252,979	6,120	97.6%	257,049	247,438

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

2012/13								2011/12	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Programme 4-Traditional Institutional Management	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	228,529	-	-	228,529	226,730	1,799	99.2%	219,554	213,871
Goods and services	16,919	5	(513)	16,411	15,215	1,196	92.7%	14,757	13,835
Interest and rent on land	-	-	-	-	2	(2)		-	7
Transfers and subsidies to:									
Provinces and municipalities	30	(20)	-	10	6	4	60.0%	8	8
Households	7,757	-	-	7,757	7,600	157	98.0%	8,181	8,181
Payment for capital assets									
Buildings and other fixed structures	6,981	-	(604)	6,377	3,426	2,951	53.7%	6,700	6,685
Machinery and equipment	-	15	-	15	-	15	-	7,849	4,851
Total	260,216	-	(1,117)	259,099	252,979	6,120	97.6%	257,049	247,438

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
APPROPRIATION STATEMENT
for the year ended 31 March 2013

2012/13								2011/12	
Detail per sub-programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Programme 5: House of Traditional Leadership	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 House of Traditional Leaders									
Current payment	24,675	-	385	25,060	24,114	946	96.2%	23,977	23,453
Transfers and subsidies	400	-	400	800	3	797	0.4%	61	61
Payment for capital assets	-	-	-	-	-	-	-	317	301
Total	25,075	-	785	25,860	24,117	1,743	93.3%	24,355	23,815

2012/13								2011/12	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
Programme 5: House of Traditional Leadership	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	13,913	-	-	13,913	13,359	554	96.0%	11,934	11,671
Goods and services	10,762	-	385	11,147	10,755	392	96.5%	12,043	11,782
Transfers and subsidies to:									
Households	400	-	400	800	3	797	0.4%	61	61
Payment for capital assets									
Machinery and equipment	-	-	-	-	-	-	-	317	301
Total	25,075	-	785	25,860	24,117	1,743	93.3%	24,355	23,815

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013**1. Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure notes and Annexure 1-9 to the Annual Financial Statements.

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

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

3. Detail on payments for financial assets

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

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

4.1 Per programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
1. Administration	191,404	182,846	8,558	4%
Programme 1 reflect 95% expenditure, being 98 % on compensation of employees, 90% on goods and services, 92% on transfers and subsidies and 85% on capital expenditure. Within goods and services, the delays in the receipt and processing of invoices relating to operating leases, legal fees and system licences were the main contributing factors to the under expenditure of R6,7 million and the commitments amounted to R4 million were recorded and year end. The under-expenditure amounting to R1.6 million is due to delays in the supply of office furniture and computer equipment at year end.				
2. Local Governance	231,079	226,007	5,072	2%

Programme 2 reflect 98% expenditure, being 99% on compensation of employees, 95% on goods and services, 100% on transfers and subsidies and 13% on capital expenditure.

Out of the R2 million under-expenditure in goods and services, R1 million is reflected under subsistence and travel, off-which the committed amount at year end amounted to R0.900million. The other area where under expenditure was incurred was under business and advisory services and relate to projects which were still in progress at year end.

The under expenditure of R1 million within capital expenditure relates to the computer equipment and peripherals relating to the Records Management Project as well as for office furniture and equipment costs which could not be finalised at year end.

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE

VOTE 7

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013

3. Development and Planning	105,932	102,297	3,635	3%
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Programme 3 reflect 97% expenditure, being 99% on compensation of employees, 91% on goods and services, 100% on transfers and subsidies and 40% on capital expenditure.

The under-expenditure of R1.9 million in goods and services is due to the projects that were not finalised at year end as well the subsistence and travelling resulting from travelling engaged in the last quarter of the financial year.

The under expenditure of R1million under capital expenditure relates to the construction of the provincial Disaster Management Centre which is a multi-year project. During the year under review, costs related mainly to the development of plans and drawings for the centre and the consultants were appointed late, thus resulting to failure to make the payments at year end.

4. Traditional Resource	259,099	252,979	6,120	2%
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Programme 4 reflect 98% expenditure, being 99% on compensation of employees, 93% on goods and services, 98% on transfers and subsidies and 54% on capital expenditure

The R1.1million under-expenditure on goods and services relates to the sitting allowances for members of Traditional Councils, venues and facilities for funerals benefits and subsistence and travel claims. These amounts have been included in the department's accrual listing.

The R2.9 million under-expenditure on Capital Assets relates to the construction and renovations of Traditional Councils which are caused by the time taken to procure services for such major projects as well as the slow pace of progress on actual construction and renovation once service providers are appointed by the implementing agent. Challenges with the quality of work produced also plays a significant role in the delayed processes. The Department of Roads and Public Works are the implementing agents for these projects and regular meetings have been initiated to address these concerns

5. House of Traditional Leadership	25,860	24,117	1,743	7%
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Programme 5 reflects 93% expenditure, being 96% on compensation of employees, 97% on goods and services, 1% on transfers and subsidies.

The under expenditure on transfers and subsidies relate mainly to the gratuity payments for members of the HOTL which could not be finalised at year end as a result of the delays in receiving written approval from the Legislature approving such payments as required by section 22 of the National Treasury Regulations.

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2013

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	605,384	598,852	6,532	1%
Goods and services	156,905	144,922	11,983	8%
Interest and rent on land	-	3	(3)	-
Transfers and subsidies				
Provinces and municipalities	18,187	18,184	3	-
Departmental agencies and accounts	105	8	97	92%
Households	11,904	10,764	1,140	9%
Payments for capital assets				
Buildings and other fixed structures	8,081	4,107	3,974	45%
Machinery and equipment	12,808	11,388	1,420	11%

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2013

PERFORMANCE	Note	2012/13 R'000	2011/12 R'000
REVENUE			
Annual appropriation	<u>1</u>	811,659	759,993
Statutory appropriation	<u>2</u>	1,715	1,697
Departmental revenue	<u>3</u>	1,847	1,654
TOTAL REVENUE		815,221	763,344
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>4</u>	598,852	554,437
Goods and services	<u>5</u>	144,922	145,180
Interest and rent on land	<u>6</u>	3	13
Total current expenditure		743,777	699,630
Transfers and subsidies			
Transfers and subsidies	<u>8</u>	28,956	18,259
Unauthorised Expenditure approved without funding	<u>10</u>	-	-
Total transfers and subsidies		28,956	18,259
Expenditure for capital assets			
Tangible capital assets	<u>9</u>	15,495	20,537
Total expenditure for capital assets		15,495	20,537
Payments for financial assets	<u>12</u>	-	517
TOTAL EXPENDITURE		788,228	738,943
SURPLUS/(DEFICIT) FOR THE YEAR		26,993	24,401
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		25,146	22,747
Annual appropriation		25,146	22,747
Departmental revenue	<u>16</u>	1,847	1,654
SURPLUS/(DEFICIT) FOR THE YEAR		26,993	24,401

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2013

POSITION	Note	2012/13	2011/12
		R'000	R'000
ASSETS			
Current assets		34,465	27,061
Unauthorised expenditure	<u>10</u>	6,366	6,366
Fruitless and wasteful expenditure	<u>11</u>	96	7,589
Cash and cash equivalents	<u>12</u>	19,017	995
Prepayments and advances	<u>13</u>	-	5,415
Receivables	<u>14</u>	8,986	6,696
TOTAL ASSETS		34,465	27,061
LIABILITIES			
Current liabilities		34,465	27,061
Voted funds to be surrendered to the Revenue Fund	<u>15</u>	25,146	22,746
Departmental revenue to be surrendered to the Revenue Fund	<u>16</u>	76	48
Payables	<u>17</u>	9,243	4,267
TOTAL LIABILITIES		34,465	27,061

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
CASH FLOW STATEMENT
for the year ended 31 March 2013

CASH FLOW	Note	2012/13	2011/12
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		815,221	763,343
Annual appropriated funds received	<u>1.1</u>	811,659	759,992
Statutory appropriated funds received	<u>2</u>	1,715	1,697
Departmental revenue received	<u>3</u>	1,847	1,654
Net (increase)/decrease in working capital		15,594	52,193
Surrendered to Revenue Fund		(24,565)	(77,599)
Current payments		(743,777)	(699,630)
Payments for financial assets		-	(517)
Transfers and subsidies paid		(28,956)	(18,259)
Net cash flow available from operating activities	<u>18</u>	33,517	19,531
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>8</u>	(15,495)	(20,537)
Net cash flows from investing activities		(15,495)	(20,537)
Net increase/(decrease) in cash and cash equivalents		18,022	(1,006)
Cash and cash equivalents at beginning of period		995	2,001
Cash and cash equivalents at end of period	<u>19</u>	19,017	995

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

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 1 of 2010.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting.

Under this basis, the effects of transactions and other events are recognised in the financial records when the resulting cash is received or paid. The "modification" results from the recognition of certain near-cash balances in the financial statements as well as the revaluation of foreign investments and loans and the recognition of resulting revaluation gains and losses.

In addition supplementary information is provided in the disclosure notes to the financial statements where it is deemed to be useful to the users of the financial statements.

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.

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

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 Funds 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 2013).

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 2013).

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.

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

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 2013).

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 2013).

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 2013). 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 underspending 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.

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 2013).

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 stipulated in the Act.

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS - EASTERN CAPE
VOTE 7
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2013

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.

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.

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4.6 Capital assets

4.6.1 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.

4.6.2 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.

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

4.6.3 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.

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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.

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 a capital expense in the statement of financial performance and are not apportioned between the capital and the interest portions. The total finance lease payment 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. These receivables are written off when identified as irrecoverable and are disclosed separately.

7. Related party transactions

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

8. Key management personnel

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

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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:

	Final Appropriation R'000	Actual Funds Received R'000	2012/13 Funds not requested/ not received R'000	2011/12 Appropriation received R'000
1. Administration	189,689	189,689	-	170,955
2. Local Governance	231,079	231,079	-	205,661
3. Development and Planning	105,932	105,932	-	101,972
4. Traditional Institutional Management	259,099	259,099	-	257,049
5. House of Traditional Leadership	25,860	25,860	-	24,355
Total	811,659	811,659	-	759,992

2. Statutory Appropriation

	2012/13 R'000	2011/12 R'000
Member of executive committee/parliamentary officers	1,715	1,697
Judges and magistrates salaries		
Total	1,715	1,697
Actual Statutory Appropriation received	1,715	1,697

3. Departmental revenue

	Note	2012/13 R'000	2011/12 R'000
Sales of goods and services other than capital assets	3.1	643	544
Transactions in financial assets and liabilities	3.2	1,204	1,110
Total revenue collected		1,847	1,654
Departmental revenue collected		1,847	1,654

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3.1 Sales of goods and services other than capital assets

	<i>Note</i> 3	2012/13 R'000	2011/12 R'000
Sales of goods and services produced by the department			
Other sales		643	544
Total		643	544

3.2 Transactions in financial assets and liabilities

	<i>Note</i> 3	2012/13 R'000	2011/12 R'000
Other Receipts including Recoverable Revenue		1,204	1,110
Total		1,204	1,110

4. Compensation of employees**4.2 Salaries and Wages**

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Basic salary		359,581	310,088
Performance award		5,610	3,431
Service Based		591	1,287
Compensative/circumstantial		4,308	4,828
Other non-pensionable allowances		165,239	176,299
Total		535,329	495,933

4.3 Social contributions

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Employer contributions			
Pension		40,113	36,210
Medical		23,324	22,204
UIF		-	6
Bargaining council		86	84
Total		63,523	58,504
Total compensation of employees		598,852	554,437
Average number of employees		1,824	1,808

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	<i>Note</i>	2012/13 R'000	2011/12 R'000
Administrative fees		48	133
Advertising		3,252	3,073
Assets less than R5,000	5.1	2,874	3,905
Bursaries (employees)		841	630
Catering		3,446	3,763
Communication		15,018	17,110
Computer services	5.2	3,035	1,821
Consultants, contractors and agency/outsourced services	5.3	16,397	19,315
Entertainment		408	337
Audit cost – external	5.4	15,351	4,581
Fleet services		2,678	3,039
Inventory	5.5	3,638	2,728
Operating leases		5,617	11,732
Property payments	5.6	2,537	7,776
Travel and subsistence	5.7	54,994	49,724
Venues and facilities		9,968	11,134
Training and staff development		1,786	2,050
Other operating expenditure	5.8	3,034	2,329
Total		144,922	145,180

5.1. Assets less than R5, 000

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Tangible assets	5		
Machinery and equipment		2,874	3,905
Total		2,874	3,905

5.2 Computer services

	<i>Note</i>	2012/13 R'000	2011/12 R'000
SITA computer services	5	1,878	1,751
External computer service providers		1,157	70
Total		3,035	1,821

5.3 Consultants, contractors and agency/outsourced services

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Business and advisory services	5	9,827	13,176
Infrastructure and planning		779	34
Legal costs		4,901	5,148
Contractors		742	745
Agency and support/outsourced services		148	212
Total		16,397	19,315

5.4 Audit cost – External

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Regularity audits	5	15,351	4,581
Total		15,351	4,581

R15, 351,000 includes an amount of R11 million for audit fees paid to Auditor General on behalf of the municipalities within the province.

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5.5 Inventory

	<i>Note</i>	2012/13	2011/12
	5	R'000	R'000
Other consumables		206	292
Materials and supplies		-	10
Stationery and printing		3,402	2,411
Medical supplies		30	15
Total		3,638	2,728

5.6 Property payments

	<i>Note</i>	2012/13	2011/12
	5	R'000	R'000
Municipal services		397	5,687
Property maintenance and repairs		2,140	2,089
Total		2,537	7,776

5.7 Travel and subsistence

	<i>Note</i>	2012/13	2011/12
	5	R'000	R'000
Local		54,412	49,724
Foreign		582	-
Total		54,994	49,724

5.8 Other operating expenditure

	<i>Note</i>	2012/13	2011/12
	5	R'000	R'000
Gifts		40	-
Professional bodies, membership and subscription fees		54	47
Resettlement costs		673	417
Other		2,267	1,865
Total		3,034	2,329

6. Interest and rent on land

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
Interest paid			
Rent on land		3	13
Total		3	13

7. Payments for financial assets

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
Material losses through criminal conduct			
Theft	7.1	-	179
Debts written off	7.2	-	338
Total		-	517

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7.1 Details of theft

	<i>Note</i> 7.1	2012/13 R'000	2011/12 R'000
Nature of theft			
Loss of computer equipment		-	179
Total		-	179

7.2 Debts written off

	<i>Note</i> 7	2012/13 R'000	2011/12 R'000
Nature of debts written off			
Staff debts written off		-	338
Total		-	338

8. Transfers and subsidies

		2012/13 R'000	2011/12 R'000
	<i>Note</i>		
Provinces and municipalities	33, Annexure 1	18,184	7,685
Department agency and accounts	Annexure 2	8	-
Households	Annexure 3	10,764	10,524
Gifts, donations and sponsorships made	Annexure 4	-	50
Total		28,956	18,259

9. Expenditure for capital assets

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Tangible assets			
Buildings and other fixed structures	22	4,107	12,259
Machinery and equipment	30	11,388	8,278
Total		15,495	20,537

9.2 Analysis of funds utilised to acquire capital assets – 2012/13

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets			
Buildings and other fixed structures	4,107	-	4,107
Heritage assets	-	-	-
Machinery and equipment	11,388	-	11,388
Total	15,495	-	15,495

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9.3 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		20,537
Buildings and other fixed structures	12,259	-	12,259
Machinery and equipment	8,278	-	8,278
Total	20,537	-	20,537

10. Unauthorised expenditure**10.2 Reconciliation of unauthorised expenditure**

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Opening balance		6,366	6,366
Unauthorised expenditure awaiting authorisation / written off		6,366	6,366
Analysis of awaiting authorisation per economic classification			
Current		6,172	6,172
Transfers and subsidies		194	194
Total		6,366	6,366

10.3 Analysis of unauthorised expenditure awaiting authorisation per economic classification

	2012/13 R'000	2011/12 R'000
Current	6,172	6,172
Transfers and subsidies	194	194
Total	6,366	6,366

10.4 Analysis of unauthorised expenditure awaiting authorisation per type

	2012/13 R'000	2011/12 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

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11. Fruitless and wasteful expenditure

11.2 Reconciliation of fruitless and wasteful expenditure

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Opening balance		7,589	7,589
Less: Amounts transferred to receivables for recovery		(7,493)	-
Fruitless and wasteful expenditure awaiting resolution		96	7,589
Analysis of awaiting resolution per economic classification			
Current		96	7,589
Total		96	7,589

12. Cash and cash equivalents

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Consolidated Paymaster General Account		19,017	995
Total		19,017	995

13. Prepayments and advances

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Travel and subsistence		-	12
Prepayments paid to other entities		-	5,403
Total		-	5,415

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14. Receivables

		R'000	R'000	R'000	2012/13 R'000	2011/12 R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	<i>Note 14.1</i>	7,540	-	-	7,540	5,638
	<i>Annex 7</i>					
Recoverable expenditure	<i>14.2</i>	52	15	-	67	32
Staff debt	<i>14.3</i>	602	645	129	1,376	1,018
Other debtors	<i>14.4</i>	3	-	-	3	8
Total		8,197	660	129	8,986	6,696

14.1 Claims recoverable

	<i>Note 14</i>	2012/13 R'000	2011/12 R'000
National departments		31	5,602
Provincial departments		7,509	36
Total		7,540	5,638

14.2 Recoverable expenditure (disallowance accounts)

	<i>Note 14</i>	2012/13 R'000	2011/12 R'000
Disall: Damage & Losses: Recover CA		15	15
SAL: Disallowance Account		52	-
SAL:UIF:CL		-	17
Total		67	32

14.3 Staff debt

	<i>Note 14</i>	2012/13 R'000	2011/12 R'000
Debt Account		1,376	1,018
Total		1,376	1,018

14.4 Other debtors

	<i>Note 14</i>	2012/13 R'000	2011/12 R'000
Sal: Tax Debt		3	3
Sal: Income Tax		-	5
Total		3	8

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15. Voted funds to be surrendered to the Revenue Fund

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
Opening balance		22,746	75,951
Transfer from statement of financial performance		25,146	22,747
Voted funds not requested/not received	1.1	-	(1)
Paid during the year		(22,746)	(75,951)
Closing balance		25,146	22,746

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

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
Opening balance		48	42
Transfer from Statement of Financial Performance		1,847	1,654
Paid during the year		(1,819)	(1,648)
Closing balance		76	48

17. Payables – current

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
Amounts owing to other entities		1,933	4,237
Other payables	17.1	7,310	30
Total		9,243	4,267

17.2 Other payables

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
Description			
Payable: Adv.N/Dept: Adv (Pensions Trad.Leaders)		6,978	-
Debt receivable income: CA		317	5
Sal: ACB Recalls		15	25
Total		7,310	30

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18. Net cash flow available from operating activities

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		26,993	24,401
Add back non cash/cash movements not deemed operating activities		6,524	(4,870)
(Increase)/decrease in receivables – current		(2,290)	54,447
(Increase)/decrease in prepayments and advances		5,415	(5,415)
(Increase)/decrease in other current assets		7,493	-
Increase/(decrease) in payables – current		4,976	3,161
Expenditure on capital assets		15,495	20,537
Surrenders to Revenue Fund		(24,565)	(77,599)
Voted funds not requested/not received		-	(1)
Net cash flow generated by operating activities		33,517	19,531

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

	<i>Note</i>	2012/13	2011/12
		R'000	R'000
Consolidated Paymaster General account		19,017	995
Total		19,017	995

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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

		<i>Note</i>	2012/13 R'000	2011/12 R'000
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annex 5</i>	249	379
Claims against the department		<i>Annex 6</i>	6,396	979
Other departments (interdepartmental unconfirmed balances)		<i>Annex 8</i>	-	2
Total			6,645	1,360

21 Commitments

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Current expenditure			
Approved and contracted		6,714	3,173
Approved but not yet contracted		155	-
		6,869	3,173
Capital expenditure			
Approved and contracted		-	433
		-	433
Total Commitments		6,869	3,606

22 ACCURALS

			2012/13 R'000	2011/12 R'000
Listed by economic classification				
	30 Days	30+ Days	Total	Total
Goods and services	12,092	1,047	13,139	13,293
Transfers and subsidies	934	-	934	-
Capital assets	-	-	-	658
Other	355	-	355	2,466
Total	13,381	1,047	14,428	16,417

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Listed by programme level			
Administration		8,572	7,516
Local Governance		2,293	3,284
Development and Planning		1,727	2,302
Traditional Institutional Management		1,524	1,483
House of Traditional Leaders		312	1,832
Total		14,428	16,417

	<i>Note</i>	2012/13 R'000	2011/12 R'000
Confirmed balances with other departments	<i>Annex 5</i>	1,933	4,237
Total		1,933	4,237

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Employee benefits

	Note	2012/13 R'000	2011/12 R'000
Leave entitlement		26,211	23,413
Service bonus (Thirteenth cheque)		13,610	12,203
Performance awards		126	-
Capped leave commitments		44,901	43,955
Total		84,848	79,571

- Included in the PERSAL report for leave entitlement are the amounts for negative leave credit as a result of employees taking leave without enough leave credit.
- The negative leave credits amount to R146, 974.10 and have since been excluded on the figure disclosed as leave entitlement as they have an effect of reducing the leave liability amount.
- Capped leave commitments have increased during the year under review due to transfer of employees from other departments and adjustment to notches.

Lease commitments

24.1 Operating leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2012/13					
Not later than 1 year	-	-	-	2,651	2,651
Later than 1 year and not later than 5 years	-	-	-	165	165
Total lease commitments	-	-	-	2,816	2,816

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2011/12					
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

24.2 Finance leases expenditure**

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2012/13					
Not later than 1 year	-	-	-	8,524	8,524
Later than 1 year and not later than 5 years	-	-	-	22,525	22,525
Total lease commitments	-	-	-	31,049	31,049

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	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2011/12					
Not later than 1 year	-	-	-	2,455	2,455
Later than 1 year and not later than 5 years	-	-	-		
Total lease commitments				2,455	2,455
Total present value of lease liabilities	-	-	-	2,455	2,455

- During the year under review DLGTA had the free use of 7 buildings from DRPW.
- The department of Roads and Public Works paid an amount of R3, 276,976.76 for rental of buildings (leases) on behalf of Department of Local Government and Traditional Affairs.

25 Irregular expenditure

25.1 Reconciliation of irregular expenditure

	Note	2012/13 R'000	2011/12 R'000
Opening balance		40,753	47,364
Add: Irregular expenditure – relating to current year		1,808	558
Less: Amounts condoned		(3,204)	(7,169)
Irregular expenditure awaiting condonation		39,357	40,753

Analysis of awaiting condonation per age classification

Current year	1,808	558
Prior years	37,549	40,195
Total	39,357	40,753

25.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
PPPFA Point system not applied	Under investigation	57
One Quotation in transaction above R 10,000	Under investigation	120
Incomplete documentation	Under investigation	201
Services not procured through competitive bidding	Under investigation	1,430
Total		1,808

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25.3 Details of Irregular Expenditure under investigation

Incident	Disciplinary steps taken/criminal proceedings	2011/12 R'000
(a) It relates to PPPFA Point system which was not applied	The incident is still under investigation as it was reported to the Accounting Officer	57
(b) It relates to one Quotation in a transaction above R10,000 that was requested from service providers	This was also reported to the Accounting Officer and the outcome is pending.	120
(c) It relates to payment made with inadequate documentation and processes were not followed.	It was reported to the Accounting Officer and the outcome of the investigation is also pending.	201
(d) It was not reported within 10 days to Provincial Treasury and Auditor General.	Reported to the Accounting Officer	1,430
Total		1,808

Irregular Expenditure relating to prior year condoned:

An amount of R3, 203,995.50 was condoned by the Superintendent General relating to the non-adherence to Procurement processes and has since adjusted the balance of prior year Irregular expenditure.

26 Fruitless and wasteful expenditure

26.1 Reconciliation of fruitless and wasteful expenditure

	Note	2012/13 R'000	2011/12 R'000
Opening balance		7,665	7,668
Fruitless and wasteful expenditure – relating to current year		3	36
Less: Amounts resolved		-	(39)
Less: Amounts transferred to receivables for recovery		(7,516)	-
Fruitless and wasteful expenditure awaiting resolution		152	7,665

26.2 Analysis of awaiting resolution per economic classification

	2012/13 R'000	2011/12 R'000
Current	152	7,665
Total	152	7,665

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26.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2012/13 R'000
Interest on overdue account for ESKOM for electricity	Under investigation	2
Payment of Area salary for Mr Strauss for acting allowance which was not authorised at legal rate	Under investigation	1
Total		3

27 Related party transactions

28 During the year under review DLGTA had the free use of 7 of buildings from DRPW.

- The Department of Local Government and Traditional Affairs is utilising a building which the custodian is the Department of Roads and Public Works, no maintenance and rental is paid by Local Government and Traditional Affairs as DRPW is responsible for all repairs, maintenance and electricity installation.
- The department of Roads and Public Works paid an amount of R3, 276,976.76 for rental of buildings(leases) on behalf of department of Local Government and Traditional Affairs.

28. Key management personnel

	No. of Individuals	2012/13 R'000	2011/12 R'000
Political office bearers (provide detail below)	1	1,668	1,582
Officials:			
Level 15 to 16	9	10,937	6,927
Level 14 (incl. CFO if at a lower level)	23	14,614	10,908
Total		27,219	19,417

29. Provisions

	Note	2012/13 R'000	2011/12 R'000
Potential irrecoverable debts-Staff debtors		129	31
Total		129	31

- Thefts and losses incurred during the 2012/13 amounted to R239, 862.56 which are still under investigation. Out of this amount, a debt of R15, 000.00 has been raised for an employee who was found guilty.
- There were two employees which were incorrectly paid an amount of R669, 805.55 relating to HROPT (Human Resources Operation Team). These employees were deemed by the Grant Thornton report unqualified to receive these funds. The payments have not been accounted for in this financial year ended 31 March 2013, a debt will be raised against the employees in 2013/14 financial year.

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30. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	Opening balance	Curr Year Adjust- ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	40,114	-	5,519	(65)	45,568
Transport assets	7,339	-	3,426	-	10,765
Computer equipment	18,856	-	1,394	(65)	20,185
Furniture and office equipment	12,970	-	627	-	13,597
Other machinery and equipment	949	-	72	-	1,021
BIOLOGICAL ASSETS					
Biological assets	190	-	-	-	190
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	40,304	-	5,519	(65)	45,758

a. Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	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	11,388		(5,869)		5,519
Transport assets	9,295	-	(5,869)	-	3,426
Computer equipment	1,394	-	-	-	1,394
Furniture and office equipment	627	-	-	-	627
Other machinery and equipment	72	-	-	-	72
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	11,388	-	(5,869)	-	5,519

- The department has entered into a lease agreement with the Department of Transport for the provision of 38 vehicles.
- Finance Leases relating to Government Fleet Management Services (GFMS) are classified as expenditure for capital assets and are taken off the asset values as they increase the value of the assets on the asset register.

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b. Disposals**DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	65	65	-
Computer equipment	-	65	65	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	65	65	-

- 7 Computer Equipment amounting to R 65, 251.19 were donated to Nangu Primary School during the year.
- The computers have since been taken off the asset register of the Department of Local Government and Traditional Affairs.

c. Movement for 2011/12**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	31,836	8,278	-	40,114
Transport assets	6,842	497	-	7,339
Computer equipment	16,756	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 ASSETS	32,026	8,278	-	40,304

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d. Minor assets**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2013**

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	4	-	10,372	69	10,445
Additions	-	-	-	2,874	-	2,874
TOTAL MINOR ASSETS	-	4	-	13,246	69	13,319

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	-	1,229	-	1,229
TOTAL NUMBER OF MINOR ASSETS	-	-	-	1,229	-	1,229

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2012

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total
Opening balance	-	4	-	6,467	69	6540
Additions	-	-	-	3,905	-	3905
Disposals	-	-	-	-	-	-
TOTAL MINOR ASSETS	-	4	-	10 372	69	10,445

	Specialised military assets	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

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30. Additions

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2013

	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					
Dwellings	4,107	-	(4,107)	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	4,107	-	(4,107)	-	-

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

31. STATEMENT OF UNCONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER		SPENT			2011/12
	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 licence	10	-	-	10	6	60%	6	6	100%	8
	10	-	-	10	6	-	6	6	-	8

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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	88	-	-	88	88	-	-
Amatole District Municipality	-	-	-	-	-	-	-
Baviaans Local Municipality	2,000	-	-	2,000	2,000	-	-
Blue Crane Route Local Municipality	588	-	-	588	588	-	-
Cacadu District Municipality	-	-	-	-	-	-	-
Camdeboo Local Municipality	88	-	-	88	88	-	-
Chris Hani Municipality	-	-	-	-	-	-	-
Elundini Local Municipality	-	-	-	-	-	-	-
Emalahleni Local Municipality	88	-	-	88	88	-	-
Engcobo Local Municipality	329	-	-	329	329	-	-
Gariep Local Municipality	2,088	-	-	2,088	2,088	-	-
Joe Gqabi District Municipality	1,871	-	-	1,871	1,871	-	-
Inkwanca Local Municipality	88	-	-	88	88	-	-
Ikwezi Local Municipality	88	-	-	88	88	-	-
Intsika Yethu Local Municipality	-	-	-	-	-	-	-
Kouga Local Municipality	-	-	-	-	-	-	-
Kou-kamma Municipality	88	-	-	88	88	-	-
Lukhanji Local Municipality	-	-	-	-	-	-	-
Makana Local Municipality	500	-	-	500	500	-	-
Maletswai Local Municipality	88	-	-	88	88	-	-
Matatiele Local Municipality	88	-	-	88	88	-	-
Mbashe Local Municipality	329	-	-	329	329	-	-
Mbizana Local Municipality	88	-	-	88	88	-	-
Mhlontlo Local Municipality	88	-	-	88	88	-	-
Ndlambe Local Municipality	88	-	-	88	88	-	-

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2013

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	%
Nelson Mandela Metro	-	-	-	-	-	-	-
Nqushwa Local Municipality	612	-	-	612	612	-	-
Nkonkobe Local Municipality	329	-	-	329	329	-	-
Ntabankulu Local Municipality	88	-	-	88	88	-	-
Nxuba Local Municipality	88	-	-	88	88	-	-
O.R. Tambo District Municipality	424	-	-	424	424	-	-
Port St Johns Municipality	1,829	-	-	1,829	1,829	-	-
Qaukeni Local Municipality	-	-	-	-	-	-	-
Sakhisizwe Local Municipality	88	-	-	88	88	-	-
Senqu Local Municipality	-	-	-	-	-	-	-
Sunday's River Municipality	88	-	-	88	88	-	-
Tsolwana Local Municipality	88	-	-	88	88	-	-
Mnquma Local Municipality	-	-	-	-	-	-	-
Umzimvubu Local Municipality	5,000	-	-	5,000	5,000	-	-
InxubaYethembaLocal Municipality	500	-	-	500	500	-	-
TOTAL	18,178	-	-	18,178	18,178	-	-

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ANNEXURE 1
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Alfred Nzo District Municipality	371			371	371			371			371
Amahlathi Local Municipality	88			88	88			88			67
Amatole District Municipality	-			-	-			-			40
Baviaans Local Municipality	2,000			2,000	2,000			2,000	1,500	75%	30
Blue Crane Route Local Municipality	588			588	588			588			107
Cacadu District Municipality	-			-	-			-			1,055
Camdeboo Local Municipality	88			88	88			88			476
Chris Hani Municipality	-			-	-			-			1,322
Elundini Local Municipality	-			-	-			-			212
Emalahleni Local Municipality	88			88	88			88			67
Engcobo Local Municipality	329			329	329			329	241	73%	184
Gariep Local Municipality	2,088			2,088	2,088			2,088			67
Joe Gqabi District Municipality	1,871			1,871	1,871			1,871	1,500	80%	371
Inkwanca Local Municipality	88			88	88			88			67
Ikwezi Local Municipality	88			88	88			88			67
Intsika Yethu Local Municipality	-			-	-			-			187
Kouga Local Municipality	-			-	-			-			35

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NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2011/12
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Kou-Kamma Local municipality	88			88	88			88			102
Makana Local Municipality	500			500	500			500			-
Maletswai Local Municipality	88			88	88			88			112
Matatiele Local Municipality	88			88	88			88			346
Mbashe Local Municipality	329			329	329			329			184
Mbizana Local Municipality	88			88	88			88			67
Mhlontlo Local Municipality	88			88	88			88			184
Ndlambe Local Municipality	88			88	88			88			35
Nelson Mandela Metro	-			-	-			-			45
Nqushwa Local Municipality	612			612	612			612			488
Nkonkobe Local Municipality	329			329	329			329			67
Ntabankulu Local Municipality	88			88	88			88			67
Nxuba Local Municipality	88			88	88			88			67
O.R. Tambo District Municipality	424			424	424			424			425
Port St Johns Municipality	1,829			1,829	1,829			1,829	241	13%	184
Qaukeni Local Municipality	-			-	-			-			95
Sakhisizwe Local Municipality	88			88	88			88			67
Senqu Local Municipality	-			-	-			-			202
Sunday's River Municipality	88			88	88			88			67
Tsolwana Local Municipality	88			88	88			88			107
Mnquma Local Municipality	-			-	-			-			40
Umzimvubu Local Municipality	5,000			5,000	5,000			5,000			40
InxubaYethembaLocal Municipality	500			500	500			500	500	100%	-

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TOTAL	18,178	18,178	18,178	18,178	3,982	22%	7,716
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ANNEXURE 2
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2011/12
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
SABC Licenses	105	-	-	105	8	8%	-
	105	-	-	105	8	8%	-

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ANNEXURE 3
STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2011/12
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
HOUSEHOLDS							
Transfers							
Leave Gratuity	9,923	-	-	9,923	9,721	98%	9,428
Retirement benefit	780	-	-	780	647	83%	779
Severance Package	800	-	-	800	4	1%	-
Sub-Total	11,503	-	-	11,503	10,372		10,207
Subsidies							
Bursaries	401	-	-	401	392	98%	317
	401	-	-	401	392		317
Total	11,904	-	-	11,904	10,764		10,524

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ANNEXURE 4

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)	2012/13	2011/12
	R'000	R'000
Paid in cash		
Baviaans Local Municipality	-	50
TOTAL	-	50

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ANNEXURE 5

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2013 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2012	Guarantees draw downs during the year	Guarantees released during the year	Revaluations	Closing balance 31 March 2013	Guaranteed interest for year ended 31 March 2013	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		160	90	(84)	-	166		
Nedbank LTD	Housing		2	-	(2)	-	-		
ABSA	Housing		129			-			
FNB	Housing		88	65	(129)	-	65		
				20	(90)		18		
	Subtotal		379	175	(305)	-	249		
	Other								
	Subtotal		379	175	(305)	-	249		
	Total		379	175	(305)	-	249		

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ANNEXURE 6
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2013

Nature of Liability	Opening Balance 1 April 2012 R'000	Liabilities incurred during the year R'000	Liabilities paid/reduced during the year R'000	Liabilities recoverable (Provide details hereunder R'000	Closing Balance 31 March 2013 R'000
Claims against the department					
Legal: (i) Khanya Consulting	888	-	-	-	888
(ii)Mawonga Mdazana	91	-	(91)	-	-
Ms Patricia Xokwa	-	3,500	-	-	3,500
Hexagon Fisheries	-	87	-	-	87
ST Jikijo	-	64	-	-	64
Mninawa Mtirara	-	120	-	-	120
SAMRO	-	1,102	(1,061)	-	41
Defamation of Character S.L Baninzi	-	200	-	-	200
PD Naidoo & Associates(Allegedly services rendered)	-	1,496	-	-	1,496
Subtotal	979	6,569	(1,152)	-	6,396
TOTAL	979	6,569	(1,152)	-	6,396

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**ANNEXURE 7
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
National Treasury Pension Fund	-	5,602	-	-	-	5,602
Department of Justice and Constitutional Development	-	-	1	1	1	1
Department of Education-Eastern Cape	-	-	-	27	-	27
Office of the Premier-Eastern Cape	-	6	-	-	-	6
Department of Sport, Arts and Culture	-	24	-	-	-	24
Department of Public Works-National	-	-	-	15	-	15
Department of Safety and liaison-Eastern Cape	-	6	-	-	-	6
Department of Transport-Eastern Cape	-	-	16	-	16	-
MISA	-	-	31	-	31	-
Department of Human Settlement-EC	7,493	-	-	-	7,493	-
Subtotal	7,493	5,638	48	43	7,541	5,681
TOTAL	7,493	5,638	48	43	7,541	5,681

DEPARTMENT OF LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS-EASTERN CAPE
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for the year ended 31 March 2013**ANNEXURE 8**
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2013	31/03/2012	31/03/2013	31/03/2012	31/03/2013	31/03/2012
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Department of Sports, Recreation, Arts and Culture	-	-	-	2	-	2
Department of Provincial Treasury and Planning	843	3,528	-	-	843	3,528
Department of Justice and Constitutional Development	1,074	684	-	-	1,074	684
South African Police Services	15	25	-	-	15	25
Office of the Premier Free State	1	-	-	-	1	-
State Information Technology Agency (SITA)	-	-	649	-	649	-
Total	1,933	4,237	649	2	2,582	4,239

ANNEXURE 9
INVENTORY

Inventory	Note	Quantity	2012/13 R'000	Quantity	2011/12 R'000
Opening balance		11,723	508	15,152	698
Add: Additions/Purchases - Cash		550	74	20,573	1,260
(Less): Issues		(1,992)	(137)	(24,002)	(1,450)
Closing balance		10,281	445	11,723	508



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